

# Tasks and terms of reference of the company's committees

## Audit Committee

The Audit Committee shall be responsible for monitoring the company's business, and for this purpose it has the right to view its records and documents and request any clarification or statement from the members of the board of directors or the executive management, and it may request the board of directors to convene the general assembly of the company if the board of directors obstructs its work or the company suffers serious damages or losses, and the most prominent tasks of the committee are the following:

- Assist the Board in fulfilling its responsibilities with regard to the internal control system in the Company, in addition to that, the Audit Committee is responsible for supervising the accounting reports, ensuring compliance with the legal and regulatory requirements of the Company, and ensuring the effectiveness of control and review of the Company's accounting policies.
- Supervise both the representatives of the internal audit and the external auditor.
- Study the internal control system in the company and prepare a written report on its opinion and recommendations.
- Review the internal audit report and follow up on corrective actions.
- Submit recommendations to the Board of Directors regarding the appointment or replacement of internal audit representatives or the termination of the services of external auditors and determine their fees, taking into account its independence during the submission of recommendations.
- Follow up the work of the external auditors and approve any activities outside the scope of the audit work entrusted to them during their audit work.
- Review the plan of the external auditor and make observations thereon.
- Discuss the observations of the external auditor on the financial statements with the executive management and follow up on the corrective actions taken in this regard.
- Review the quarterly and annual financial statements before presenting them to the Board of Directors and submit their observations and recommendations on these statements to the Board of Directors of the Company.
- Study the accounting policies adopted by the company and submit its recommendations in this regard to the Board of Directors.

## Nomination and Remuneration Committee

The main tasks and responsibilities of the Nomination and Remuneration Committee include:

- Prepare a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the executive management and submit it to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in that policy the following of standards related to performance, disclosure thereof, and verification of their implementation.
- Clarify the relationship between the bonuses granted and the applicable remuneration policy and indicate any material deviation from this policy.
- Periodically review the remuneration policy and evaluate its effectiveness in achieving the objectives envisaged thereof.
- Recommending to the Board of Directors the remuneration of the members of the Board of Directors, its committees, and senior executives of the company in accordance with the approved policy.
- Propose clear policies and criteria for membership in the Board of Directors and executive management.
- Recommending to the Board of Directors the nomination and renomination of its members in accordance with the approved policies and standards.
- Prepare a description of the capabilities and qualifications required for membership of the Board of Directors and fill the positions of executive management.
- Determine the time that the member must allocate to the work of the Board of Directors.
- Annual review of the necessary needs of skills or experience appropriate to the membership of the Board of Directors and the functions of executive management.
- Review the structure of the Board of Directors and executive management and make recommendations regarding changes that can be made.
- Verify on an annual basis the independence of independent members, and the absence of any conflict of interest if the member is a member of the board of directors of another company.
- Develop job descriptions for executive members, independent non-executive members, and senior executives.
- Establish special procedures in the event of a vacancy in the position of a member of the Board of Directors or senior executives.
- Identify the weaknesses and strengths of the Board of Directors and propose solutions to address them in accordance with the interest of the company.

## Executive Committee

It is responsible for assisting the Board of Directors in supervising the executive management of the company, reviewing, and monitoring the company's business on a regular basis, making the necessary recommendations to the board, studying the estimated budget, and deciding on the work entrusted to it by the board of directors, in addition to following up on strategic procurement plans and reviewing the approved capital expenditures of the company.

## Investment Committee

It is concerned with preparing and drafting the investment policy, following up on its implementation, presenting it to the Board of Directors for review and approval before its implementation, identifying the strengths and weaknesses in the company's investment performance and providing recommendations to address them and raise its efficiency, reviewing and evaluating the company's investment portfolio, in addition to evaluating and following up the risks related to investment, and the committee also submits its minutes of its work to the Board of Directors.

## Risk Committee

It is concerned with developing a comprehensive strategy and policies for risk management commensurate with the nature and size of the company's activities, determining the level of acceptance and verifying the feasibility of continuing and continuing its activities successfully, identifying the risks that threaten its continuation during the coming period, as well as supervising the risk management system, re-evaluating its tolerance and exposure to it periodically, preparing detailed reports of the proposed steps, reviewing the organizational structure of risk management to ensure the availability of adequate resources and systems and making recommendations thereon before its adoption. From the Board of Directors and verifying the independence of its employees from activities that may result in the company's exposure to risks, as well as understanding the surrounding risks and reviewing the issues raised by the audit committee that may affect the company's risk management.

## Training and development of the members of the Board of Directors:

There is no training for board members during the year 2023.

## Transactions with interests of board members:

Nature of the relationship	Party to the relationship	Stakeholder	Value of transactions for the year 2023	Duration	Additional information
Managing the company's portfolio of government securities	Alrajhi Capital	Board member Ahmed Abdulrahman Al Muhsen, being an executive at Al Rajhi Financial Company	157,459	Annually	This activity was authorized by the Board of Directors following the mandate granted to them by the assembly.