



The National Agricultural Development Company

# The Board Charter

GRC-BDC-002-3-C-1

February 26, 2025

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## **1. Purpose of the Charter**

### **1.1 Purpose of the Charter**

This Charter aims to organize the work of the Company Board in the Company by defining its competencies, responsibilities, duties, procedures, and work mechanism, controls for convening Board meetings, the functions and tasks of the organizational structure of the Board, in accordance with the requirements of Companies Law, the Implementing Regulations for the Companies Law, the Company's Bylaw and the Corporate Governance Regulations issued by the Authority and other applicable laws and regulations.

### **1.2 Scope of Implementation**

Notwithstanding the applicable laws and regulations in force in the Kingdom of Saudi Arabia, the Company's Bylaw, internal regulations and policies, this Charter shall be complementary thereto, read and interpreted therewith without replacing them. This Charter shall apply to:

- 1.2.1 The Board and Board Secretary.
- 1.2.2 Board Committees.
- 1.2.3 Executive Management.

## **2. Regulations & Procedures of the Board**

### **2.1 Board Formation**

- 2.1.1 The Company shall be managed by the Board composed of (7) Seven members, including the Board Chairman and Deputy Chairman, appointed by the Company's General Assembly using cumulative voting for a period not exceeding (4) four years, and may be re-elected. The number of independent Board members shall not be less than (3) three members or one third of the members of the Board, whichever is higher.
- 2.1.2 The Board shall appoint a Board Chairman and a Deputy Chairman from among its members.
- 2.1.3 The Board shall appoint a Board Secretary for it, provided the fulfillment of the necessary conditions mentioned in Article (9) hereof.

### **2.2 Rules of Nominating the Board Members**

- 2.2.1 The nomination of new members of the Board shall be announced before the expiry of the term of the current Board.
- 2.2.2 Any of the current members shall have the right to nominate themselves for the subsequent board term.
- 2.2.3 The CV of applicants for membership shall be reviewed and evaluated by the Nomination and Remuneration Committee (NRC), and it is prohibited to combine the position of the Chairman of the Board with any other executive position in the Company, such as: The position of Managing Director or CEO.



### **2.3 Temporary Appointment**

- 2.3.1 If the position of a member elected by the General Assembly becomes vacant, the Board has the right to appoint a temporary member in the vacant position, provided that the member shall be fulfilling the necessary expertise and efficiency. Such temporary appointment shall be presented to the Ordinary General Ordinary Assembly at its first meeting, and the new member shall complete the remaining membership period of their predecessor. The Board shall notify the Authority and Ministry of Commerce of such appointment within five (5) working days from the date of the appointment.
- 2.3.2 If the necessary quorum for the meeting of the Board is not met due to the lack of the required minimum of board members stipulated in the Companies Law or the Company's Bylaw, the remaining members shall invite the Ordinary General Assembly to convene within (60) sixty days to elect the necessary number of members.

### **3. Board Membership Expiry**

- 3.1 The membership of the Board shall expire upon the end of its term or upon the expiry of the member's term of office in accordance with any applicable rules and regulations in the Kingdom.
- 3.2 The General Assembly may, at any time, dismiss all or some of the Board members. A Board member may resign, provided that such resignation shall be at the appropriate time, otherwise, the member shall be liable before the Company for the damages resulting from such resignation.
- 3.3 The Company's General Assembly may, based on a recommendation from the Board, terminate the membership of a member who fails to attend (3) three consecutive meetings or (5) five intermittent meetings during the term of their membership without a legitimate excuse accepted by the Board.
- 3.4 If a Board member resigns and has feedback on the performance of the Company, the member shall submit a written statement elaborating on their feedback to the Board Chairman. This statement shall be presented to the Board members.

### **4. Duties and Responsibilities of the Board**

- 4.1 Notwithstanding the authorities of the General Assembly set out in the Companies law, its Implementing Regulations and the Company's Bylaw, the Board shall have the widest authorities in managing the Company and running its affairs to achieve its objectives. Since the Board represents all shareholders, it shall exercise its duties with loyalty and care in the management of the Company and undertake the measures to protect the Company's interests and contribute to its development and maximize its value, and shall, at all times, prioritize the Company's interests over their own interests. The Board shall carry out its responsibilities in light of the regulating provisions as stipulated in the Companies Law, the Implementing Regulations for listed joint stock Companies, and the Company's Bylaw.
- 4.2 The Company's Board shall be the ultimate body responsible for its work, even if it delegates committees, entities or individuals to exercise or carry out some of its powers. In all cases, the Board may not issue a general or unlimited authorization, taking into account the following:
- 4.2.1 The Board may not delegate an authority that is reserved for the General Assembly or prohibited by the Company's law.
- 4.2.2 That a decision is issued by the Board authorizing a person to perform a specific work(s), and that the authorization ends at its expiry.
- 4.2.3 The authorized person obtains a Power of Attorney, if necessary.



- 4.2.4 The Board performs its duties responsibly, in good faith, seriousness and interest, and its decisions are based on adequate information from the executive management, or any other reliable source.
- 4.2.5 Board members participate effectively and objectively in meetings and in the Company's strategic decision-making processes.
- 4.3** The Board member shall consider the following:
- 4.3.1 Representing the interests of all shareholders.
- 4.3.2 Commitment to what achieves the interest of the Company in general and not the interests of the group that voted on their appointment in the Board.
- 4.3.3 Demonstrating the highest degree of integrity and independence in decision-making.
- 4.3.4 Dedicate the time and attention necessary to perform their duties and tasks in the Board.
- 4.3.5 The Board shall ensure that a proper orientation mechanism exists for new members, to acquaint them with the company's objectives, particularly its financial and legal aspects, and to ensure that they understand their roles and responsibilities.
- 4.3.6 The Board shall ensure that the Company provides adequate information on its affairs to all members of the Board in general and to non-executive members in particular, in order to enable them to carry out their duties and tasks adequately. This is done through agendas for Board meetings, written reports sent to them, or direct communication.
- 4.4** The responsibilities of the Board and duties shall include the following:
- 4.4.1 General Policies and Procedures:
- Developing the Company's key plans, policies, strategies and objectives, supervising their implementation and reviewing them periodically, in a manner that ensures the Company's compliance with laws and regulations and its commitment to disclosing material information to shareholders and stakeholders, verifying compliance by the executive management with them, and ensuring the availability of the necessary human and financial resources to achieve them, including:
- 4.4.1.1 Developing the Company's comprehensive strategy, key business plans, and risk management policies and procedures, and review them periodically.
- 4.4.1.2 Determining the optimal capital structure for the Company, its strategies financial objectives, and approving all kinds of budgets.
- 4.4.1.3 Supervising the Company's CAPEX, acquiring and disposing assets.
- 4.4.1.4 Setting the performance objectives and monitoring implementation and overall performance in the Company.
- 4.4.1.5 Periodic review and approval of the organizational and functional structures in the Company.
- 4.4.1.6 Verifying the availability of the human and financial resources necessary to achieve the Company's objectives and key plans.
- 4.4.1.7 Developing a policy regarding the distribution of dividends in a way that achieves the interests of the shareholders and the Company.



- 4.4.1.8 Developing a disclosure policy that ensures the Company's compliance with the rules regulating the governance of material events.
  - 4.4.1.9 Developing the Company's social responsibility policy.
  - 4.4.1.10 Developing a policy that regulates the relationship with stakeholders in order to protect them and preserve their rights.
  - 4.4.1.11 Reviewing mergers and acquisitions and capital projects proposals and recommending them to the General Assembly.
  - 4.4.1.12 Preparing clear and specific policies, standards and procedures for Board membership in a manner that does not conflict with the mandatory provisions of the Corporate Governance Regulations and putting them into practice after approval by the General Assembly.
  - 4.4.1.13 Establishing a policy for supervising the Company's financial management, its cash flows, and its financial and credit relations with others.
  - 4.4.1.14 Forming specialized committees of the Board pursuant to resolutions provided the following:
    - a. The resolution shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees.
    - b. The resolution shall also specify the names of the members and their duties, rights and obligations.
    - c. The Board shall evaluate the performance and activities of these committees and their members.
    - d. The Board shall develop a policy specifying the types of remunerations granted to the Committee members, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the Implementing Regulations for the Companies Law related to Listed Joint Stock Companies.
  - 4.4.1.15 Setting the values and standards that govern the work at the Company.
  - 4.4.1.16 Ensure the accuracy and integrity of the data and information to be disclosed, in accordance with the applicable disclosure and transparency policies and laws.
  - 4.4.1.17 Determining the powers delegated by the Board to the CEO, the decision-making procedures and the term of the delegation.
  - 4.4.1.18 Developing the mechanisms necessary to annually evaluate the performance of the Board, its members, its committees, and the executive management.
- 4.4.2 Internal Control System:
- 4.4.2.1 Developing a written policy to address actual and potential conflicts of interest cases for Board members, executive management and shareholders, including misuse of the Company's assets and facilities, and misconduct resulting from transactions with related parties.
  - 4.4.2.2 Ensuring the integrity of the financial and accounting systems, including financial reporting laws.



- 4.4.2.3 Ensuring that appropriate control systems are in place to measure and manage risks, by developing a general perception of the risks that the Company may face, creating an environment familiar with the culture of risk management at the Company level, and presenting it transparently with stakeholders and related parties.
- 4.4.2.4 Annual review of the effectiveness of the Company's internal control procedures.
- 4.4.2.5 Developing criteria for verifying the competition of the Board member of the Company's business or one of its activities.
- 4.4.3 Company's Strategic Plans and Main Goals:
  - 4.4.3.1 Developing and reviewing the main objectives, strategic plans for the Company, and standards for measuring the Company's overall performance, and general supervision of their implementation.
  - 4.4.3.2 Approving the main work plans and annual budgets, and ensuring the availability of the necessary financial and human resources to achieve the Company's strategy and objectives.
  - 4.4.3.3 Developing the optimal capital structure for the Company and financial objectives, and general supervision of major CAPEX and the acquisition and disposal of assets.
  - 4.4.3.4 Developing the executive organizational structure that enhances the Company's ability to achieve its goals, and reviewing it periodically.
  - 4.4.3.5 Recommending to the Extraordinary General Assembly what it deems appropriate regarding the following:
    - A. Company's capital increase or decrease.
    - B. Dissolution of the Company before the term specified in the Company's Bylaws or deciding its continuation.
    - C. Merger with another company or splitting into two or more companies.
  - 4.4.3.6 Recommending to the Ordinary General Assembly what it deems appropriate regarding the following:
    - A. Using the Company's reserves, if they are not allocated for a specific purpose in the Company's Bylaws.
    - B. Creating additional reserves or financial allocations for the Company.
    - C. Method of distributing net profits of the Company.
- 4.4.4 Other Competencies:
  - 4.4.4.1 Preparing and approving the Board report before its publication.
  - 4.4.4.2 Establishing effective communication channels that allow shareholders to see on a continuous and periodic basis the various aspects of the Company's activities and any material developments.
  - 4.4.4.3 Forming specialized committees by decisions specifying the duration of the committee, powers and responsibilities, and how the Board will monitor it, provided that the formation decision nominates the members, specifies their



- 4.4.4.4 Determining the types of remunerations granted to the Company's employees, such as fixed remunerations, performance-related remunerations, and remunerations in the form of shares, in a manner that does not conflict with the Implementing Regulations of the Companies Law for Listed Joint Stock Companies.
- 4.4.4.5 Seeking the assistance from the expert persons and competent authorities from outside the Company's management in order to advise on the issues in which the Board or its committees wish to take a specialized opinion. The Company shall bear the resulting costs, if necessary. tasks, rights and duties, with an evaluation of the performance and work of these committees and their members.
- 4.4.4.6 Notifying the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest; the notification shall include the information provided by the member of the Board as per paragraph (14) of Article (28) of the Corporate Governance Regulations, and shall be accompanied by a special report of the Company's external auditor.

## **5. Tasks and Duties of the Board Members**

Each Board member shall perform the following tasks and duties:

- 5.1 Providing recommendations to develop the strategy of the Company.
- 5.2 Monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company.
- 5.3 Reviewing reports related to the performance of the Company.
- 5.4 Ensuring the integrity and objectivity of the financial statements and information of the Company.
- 5.5 Ensuring that the financial control and risk management systems are sound.
- 5.6 Determining the appropriate level of remunerations of the members of the Executive Management.
- 5.7 Expressing opinions as to the appointment and dismissal of members of the Executive Management.
- 5.8 Participating in developing the succession and replacement plans of executive positions within the Company.
- 5.9 Complying fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations and the Companies bylaw when performing their duties as a Board member and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs.
- 5.10 Attending the Board and the General Assembly meetings, and not being absent except for a legitimate excuse of which the Board Chairman shall be notified by prior notice, or for emergency reasons.
- 5.11 Allocating sufficient time to fulfill their responsibilities and preparing for the Board and its Committees' meetings and effectively participating therein, including raising relevant questions and carrying discussions with the Company's Executives Management.
- 5.12 Reviewing and analyzing all information related to the matters looked into by the Board before expressing an opinion on the same.



- 5.13 Enabling other Board members to express their opinions freely, and encouraging the Board to deliberate on the subjects and obtain the views of the competent members of the Company's Executive Management and others, when necessary.
- 5.14 Notifying the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account, the notification shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from interest whether financial or non-financial. The concerned member shall abstain from voting on any resolutions issued in connection therewith in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
- 5.15 Notifying the Board fully and immediately of their participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company, directly or indirectly, in respect of any of its activities, provided that the report shall contain sufficient information about the competing works, including but not limited to: The nature of the commercial activity, and the description of the Board member's participation in the competing business, including the percentage of ownership or the level of participation in its management, in accordance with the provisions of the Companies Law and the Capital Market Law and their implementing regulations.
- 5.16 The Board member who wishes to participate in any business that would compete with the Company or its competition in one of the branches of the activity that he is engaged in is responsible for the correctness of the data contained in his communication to the Board in this regard, and he must be obligated to inform the Board when any change occurs to those data, and the Board member must not vote on the resolution issued in this regard by the Board and the shareholders' assemblies.
- 5.17 Refraining from disclosing or announcing any secrets the member came across through their membership in the Board to any shareholder of the Company, unless such disclosure is made during the meetings of the General Assembly, or to a third party, in accordance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
- 5.18 Maintaining the confidentiality of the information available to him/her and the documents the member has accessed, and shall not in any way, even after the end their membership, disclose it to any person or entity unless authorized to do so by the Board, nor use any of this information for personal benefits or to the benefit of their relatives or others, and the Company has the right to claim compensation in the event of a breach of what is stated in this Article.
- 5.19 Working on the basis of complete information, in good faith and with the necessary care and diligence in the interest of the Company and all shareholders.
- 5.20 Recognizing their duties, roles and responsibilities arising from the membership.
- 5.21 Developing their knowledge in the field of the Company's business and activities and in the related financial, commercial and industrial fields.
- 5.22 Resigning from the membership of the Board if the member is unable to fully fulfill their duties in the Board.
- 5.23 Not to accept gifts from any person who has commercial dealings with the Company in accordance with the controls stipulated in the professional conduct policy.

## **6. Competencies and Duties of the Board Chairman**

- 6.1 The Board appoints a Board Chairman, may appoint a managing director of its Board members.



- 6.2 It is prohibited to hold, at the same time, the position of Board Chairman and any other executive position in the Company. The Board Chairman may not be a member in the Audit Committee, or Chairman of the Nomination and Remuneration Committee or Committees stipulated by the Companies Governance Regulations issued by Authority.
- 6.3 Without prejudice to the competencies of the Board, the chairman of the Board shall be responsible for leading the Board and supervising its operations and the effective performance of its duties.
- 6.4 The Board Chairman Duties With respect to Board effectiveness:
  - 6.4.1 Ensuring that the Board has adequate resources in support of its work and that the Board is provided with the required information.
  - 6.4.2 Managing Board room discussions and ensuring conclusions/decisions are reached and clearly understood by all Board members as well as recorded in the minutes.
  - 6.4.3 Ensuring performance evaluation mechanisms are in place for the Board, its members, Committees, and the Executive Management.
  - 6.4.4 Promoting a culture of openness and debate by fostering constructive relationships and effective participation between the Board and the Executive Management on the one hand, and facilitating an effective exchange between non-executive members and independent members on the other.
  - 6.4.5 Encouraging the Board members to carry out their duties effectively and in the interest of the Company.
  - 6.4.6 Encouraging constructive relations and active participation between the Board and the executive management and between executive, non-executive and independent members, and creating a culture that encourages constructive criticism.
- 6.5 The Board Chairman Duties With respect to the Board Management:
  - 6.5.1 Setting meeting agendas at the beginning of the year that factor in any issues presented by Board members or the external auditor, and consulting the Board members and CEO while preparing the Board's agenda.
  - 6.5.2 Enabling all Board members to fully participate in the Board meetings.
  - 6.5.3 Ensuring that processes are in place, so that the Board conducts its work effectively and efficiently.
  - 6.5.4 Convening intermittent meetings exclusively for the non-executive directors.
  - 6.5.5 Ensuring that responsibilities delegated to Committees or individual directors are carried out and results thereof are reported to the Board.
  - 6.5.6 Working on the development of the Board continuously by selecting the best persons suitable for the membership.
  - 6.5.7 Inviting the Board to attend Board meetings and chairing those meetings.
  - 6.5.8 Following up the implementation of the issued decisions of the Board and supervise the report of the Board Secretary on the status of implementation of those decisions.
  - 6.5.9 Representing the Company before others in accordance with the provisions of the Companies Law and its implementing regulations and the Company's Bylaw.



## 6.6 The Board Chairman Duties Towards Shareholders

6.6.1 Chairing the General Assembly meetings.

6.6.2 Ensuring effective communication with shareholders. Ensuring the existence of channels for effective communication with them and communicating their views to the Board.

6.6.3 Any other responsibilities stipulated in the Company's Bylaw.

## 7. Remunerations of the Board Members

7.1 The Board Member shall be entitled to an annual remuneration in accordance with the remuneration policy for the Board members of the Board, its Committees and the Executive approved by the Company' General Assembly.

7.2 The remuneration of the Board members may consist of (a specified sum; an attendance fee; expense fees; other in-kind benefits; a certain percentage of the net profits (The bonus tied to net profits does not apply to independent members), or a combination of two or more of those benefits in accordance with the Companies law or any complementing laws, decisions or instructions. In addition, a Board member shall be entitled to a transportation allowance as determined by the Board, taking into account the regulations, decisions, and instructions issued by the Authority, or any related party, and according to the controls stipulated in the policy of remuneration for Board members and its committees.

7.3 When preparing its report to the General Assembly, the Board shall state all the rewards, expenses allowance and other benefits received by the Board members during the fiscal year, in addition to what the Board members received in their capacity as workers or administrators, or what they received in return for technical, administrative or consulting work.

7.4 If the General Assembly decided to terminate the membership of a Board member, such member will be deprived of any remunerations for the period following their last attended meeting. In addition, such member has to pay-back all remunerations he received for that period.

## 8. Board Secretary

8.1 The Board shall appoint a Board Secretary from among its Board members or others. Such Board Secretary shall be appointed/dismissed by a resolution from the Board. The Board Secretary shall possess at least one of the following:

8.1.1 To have a university degree in law, finance, accounting, management or its equivalent, and to have relevant work experience of not less than (3) three years.

8.1.2 To have at least five (5) years relevant work experience.

## 9. Competencies of the Board Secretary

The Board Secretary shall have the following powers and authorities:

9.1 Documenting the Board meetings and preparing minutes thereof, which shall include the discussions and deliberations carried out during such meetings, as well as the place, date, times on which such meetings commenced and concluded; recording the decisions of the Board and voting results and retaining them in a special and organized register; including the names of the attendees and any reservations they expressed, if any; and signing these minutes by all of the attending Board members, the chair of the meeting and the secretary.

9.2 Retaining the reports submitted to the Board and the reports prepared by it.



- 9.3 Providing the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information related to the topics included in the agenda items, requested by any Board member.
- 9.4 Ensuring that the Board members comply with the Board procedures or any other procedures approved by the Board.
- 9.5 Notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting.
- 9.6 Presenting the draft minutes to the Board members to provide their opinions on them before signing the same.
- 9.7 Ensuring that the Board members receive, fully and promptly, a copy of the minutes of the Board's meetings as well as the information and documents related to the Company.
- 9.8 Coordinating among the Board members.
- 9.9 Regulating the disclosure register of the Board and Executive Management.
- 9.10 Providing assistance and advice to the Board members.
- 9.11 Reporting the decisions taken by the Board to stakeholders affected by these decisions after obtaining the approval of the Board Chairman.
- 9.12 Providing the Board members every six months with an updated list of the follow-up record of the implementation of the Board's decisions to ensure that Board members are informed of the status and developments of the implementation of decisions.
- 9.13 Report to the Board Chairman any obstacles facing the implementation of the Board's decisions, including the delay in their implementation.

## **10. Board Meetings**

- 10.1 The Board shall convene no less than four meetings per year whenever invited by the Board Chairman. The Board Chairman also may convene the meeting whenever requested by one of the Board members.
- 10.2 The invitation shall be sent to all Board members by e-mail and/or any other means approved by the Board at least five (5) days before the meeting date enclosed with the meeting agenda and necessary documents and information to discuss the matters and issues presented to the Board and taking decisions on them.
- 10.3 In case the Board Chairman or their representative decides the need to convene a meeting on urgent basis, the invitation accompanied with the agenda and necessary documents and information can within less than (5) days before the meeting date.
- 10.4 Board meetings shall be held at the head office of the Company or at any other place designated by the Board Chairman.
- 10.5 The Board meeting shall not be validly held unless if it's attended by at least half of the Board members, provided that the number of attendees is not less than four members.
- 10.6 The Board may hold its meetings through the means of modern technology approved by the Board, provided that the Board members can participate effectively, listen to the Board members, discuss and express their opinions through the means of modern technology.



- 10.7 The Board may invite non-members it sees fit to attend the meeting, without having the right to vote nor access the confidential information or data, except within the limits of what achieves the purpose of his attendance.
- 10.8 The Board Chairman may, in urgent cases - unless one of the members requests in writing a meeting of the committee to deliberate in it - to take the committee's recommendations and decisions by passing it on to the members and signing on it to the effect that all members are aware of them, and these decisions are valid only if they are signed the majority of the members in writing or via electronic means, provided that the decision is documented in the minutes of the first meeting held by the committee after the decision is issued.
- 10.9 A Board member has the right to object to any decision taken by the Board, provided that their objection is explicitly mentioned in the meeting minutes with a statement of the reasons for such objection. The Board Secretary shall prove this in writing in the minutes of the meeting, and their absence to attend the meeting at which the resolution is issued is not a reason for exemption from responsibility unless it is proven that the member was not aware of the decision or was unable to object to it after being aware of it.

## **11. Meeting Agenda**

- 11.1 The Board Secretary shall prepare the agenda for the Board's meetings.
- 11.2 The Board Secretary shall coordinate between the Board Chairman and the Executive Management to set the items and agenda of the meeting.
- 11.3 The Board Secretary shall present the agenda to the Board Chairman prior to the meeting for approval.
- 11.4 The Board shall approve the agenda in its meeting, and in the event of any Board member objecting to this agenda, this must be recorded in the Board meeting minutes.
- 11.5 Each Board member has the right to propose the addition of any item to the agenda.
- 11.6 The Board Secretary shall send the agenda, documents and papers prepared on the topics included in it to the Board members at least five (5) days prior to the date set for the meeting, unless all Board members agree on a shorter date, or unless the Board Chairman or their representative decides the need to convene a meeting on urgent basis.

## **12. Attending Meetings**

- 12.1 The Board Chairman shall preside over the meetings of the Board, put issues for voting, and supervise the voting process when making decisions and announcing the results. In case of the Board Chairman absence, his deputy shall replace him. In case of the absence of the Board Chairman Deputy, the Board shall appoint one of its Board members to preside over the meeting.
- 12.2 A Board member may participate in the meeting remotely if it is not possible to attend the meeting physically by linking the Board member through modern technology means and reviewing the meeting agenda through the means approved by the Board. The Board member has the right to discuss items and vote on decisions. The Board member present remotely shall be considered in attendance to the meeting.
- 12.3 A Board member may delegate other Board members to attend Board meetings on their behalf in accordance with the controls stipulated in the Company's Bylaw.

## **13. Board Resolutions and Voting**

- 13.1 Board resolutions shall be issued by a majority vote of the Board members present in person or by proxy. In case of a tie. the side supported by the Board Chairman shall prevail.



- 13.2 A Board member may delegate only other Board members to vote on the resolutions in accordance with the controls stipulated in the Company's Bylaws.
- 13.3 If the Board member has a different point of view, the Board Secretary shall record this in the minutes.
- 13.4 The Board shall pass decisions in urgent matters by presenting them to the Board members separately unless one of the Board members requests - in writing - the meeting of the Board to deliberate in the following manner:
  - 13.4.1 Draft decisions are sent via e-mail for Board members' feedback within one (1) business day.
  - 13.4.2 It will be removed permanently after one day from completing the Board members' observations on it to vote or sign electronically.
  - 13.4.3 The decision is presented at the first subsequent meeting of the Board to record it in the minutes.

#### **14. Minutes of the Meetings and Deliberations**

The minutes of the Board meetings shall be carefully prepared according to the following:

- 14.1 Subject to the provisions of the regulations, the Board's deliberations and minutes shall be treated with full confidentiality and may not be disclosed except as permitted by law.
- 14.2 The Board shall approve its agenda items at the beginning of each meeting.
- 14.3 The Board Secretary shall prepare an initial draft of the minutes of the meeting within five (5) working days from the end of each meeting.
- 14.4 The Board Secretary shall record the deliberations of the Board's Meetings in the minutes signed by the Board Chairman, the present Board members and the Board Secretary after taking the Board members' feedback.
- 14.5 The minutes of the meeting shall include but not limited to:
  - 14.5.1 The date, time and number of the meeting.
  - 14.5.2 place of the meeting.
  - 14.5.3 Names of the present and absent Board members and the capacity of attendance (in person or by means of modern technology).
  - 14.5.4 Names of attendees from outside the Board.
  - 14.5.5 Main discussion topics.
  - 14.5.6 A summary of the deliberations that took place on each topic.
  - 14.5.7 Follow up on previous Board decisions
  - 14.5.8 Number of resolutions and attachments.
  - 14.5.9 The numbers and topics of the decisions issued at the meeting, with a copy of them attached to the minutes, the results of voting on the decisions and any reservations or objections expressed by any of the Board members towards any of the decisions, directives and recommendations issued at the meeting on any topic presented during the meeting.



- 14.5.10 Any other data or information that the Board Chairman agrees to add during the meeting.
- 14.5.11 The signature of the Board Secretary, meeting's Chairman and attending Board members.
- 14.6 When drafting the minutes, the Board Secretary shall exercise care and diligence and ensure that the information included in the minutes is correct and complete, and that the minutes are free of unnecessary information, provided that the minutes reflect the essential discussions that were circulated in the Board.
- 14.7 The draft minutes are sent via e-mail to all Board members present for review and feedback.
- 14.8 Each Board member may propose changes to the drafting or content of the minutes within (5) five working days after receiving it, and the minutes shall become final if no changes or amendments are proposed during this period, and the Board Chairman does not object to its content.
- 14.9 If changes or amendments are proposed to the minutes of the meeting, or if the Board Chairman objects to the content, the amendment or change shall be made after the approval of the Board Chairman. Accordingly, and in all cases, changes or amendments to the meeting minutes that would alter the wording or substance of the decision voted on by the members are not permitted.
- 14.10 The final minutes shall be handed to all Board members present via e-mail or any other means approved by the Board within one (1) working day after the completion of the amendments, and each Board member present at the meeting shall sign the minutes electronically.
- 14.11 The minutes shall be presented at the first meeting of the Board following the signing of the original copy of it, except in matters that require the immediate signature of the Board members, in which case the minutes are passed on to the Board members to sign the original copy.
- 14.12 In order to ensure the comprehensiveness of the documentation, all Board Meetings may be recorded, and the recording is used to extract the minutes of the meeting, and the confidentiality of the recording of the meeting must be maintained, and it may not be shared with anyone outside the Board for any reason, and the audio recordings are safely disposed of after one year from the date of their recording .
- 14.13 The minutes of the Board's meetings and its decisions shall be kept in a special register signed by the Board, Board Chairman and Board Secretary.
- 14.14 Implementation and follow-up of decisions:
- 14.14.1 The CEO shall implement the decisions, directives and recommendations issued by the Board, unless the Board's decision stipulates another person from the members or any of the Company's employees.
- 14.14.2 The CEO submits to the Board periodic reports clarifying the status of implementation of the decisions and directives issued by him and any obstacles facing their implementation, according to the mechanism and the periods approved by the Board.

## **15. General Provisions**

- 15.1 In carrying out its work and the decisions it issues, the Board seeks to achieve and enforce the principles of integrity, and sets the necessary standards and controls to avoid and combat corruption in all its forms and manifestations, as well as combating the concealment of behaviors



that fall under the concept of corruption, and it is committed to cooperating with the competent judicial and supervisory authorities to detect any corruption case.

- 15.2 The Board is keen to ensure that the Company's financial operations are performed accurately, transparently and impartially, in accordance with the accounting principles and standards applicable in the Kingdom. The Board is also keen to ensure that records and documents related to those operations are kept and subject to continuous review and audit.
- 15.3 In addition to the duties and responsibilities stipulated in this regulation, the Board shall abide by the duties and responsibilities stipulated in the laws and regulations in force in the Kingdom of Saudi Arabia, including the Companies Law and the Corporate Governance Regulations issued by the Authority.

#### **16. Confidentiality of the Board's Works**

The Board member shall maintain the confidentiality of the information available and the documents accessed, and shall not in any way, even after the termination of the Board member's membership, disclose such information to any unauthorized person or entity unless authorized to do so by the Board. The Board member shall not, use any of this information for personal benefits, nor for the benefit of their relatives or others. The Company has the right to claim compensation in the event of a breach of what is stated in this Article, as it applies to the Board Secretary and other persons invited to attend the meeting.

#### **17. Conflicts of Interest**

The Board member shall act in the best interests of the Company and the public, giving them priority over any personal interest, and avoid cases that may lead to a conflict of interest. The Board member shall comply with the provisions stipulated in the conflicts of interest policy.