



The National Agricultural Development Company

# Business competition standards policy

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## 1. Introduction

### 1.1 Purpose of the Policy

The purpose of this policy is to establish the rules and define the organized tasks and responsibilities for competition standards, in light of the provisions stipulated in the Companies Law, Company ByLaws, the Corporate Governance Regulations issued by the Authority, and other relevant laws and regulations, in addition to the principles and best practices of corporate governance.

In accordance with Article 27 of the Companies Law and Article 44 of the Corporate Governance Regulations, these competition standards set out the criteria and procedures governing the involvement of members of the company's board of directors in competitive activities. These standards are based on the relevant provisions of the Companies Law, Corporate Governance Regulations, the controls and executive regulations of the Companies Law applicable to listed joint-stock companies, Company Bylaws

### 1.2 Scope of Implementation

In consideration of the laws and regulations applicable in the Kingdom of Saudi Arabia and what is provided and determined in the company's Bylaws, regulations, and internal policies, these rules are supplementary without replacing them. This policy applies to the following:

- 1.2.1 Members of the company's board of directors.

Members of the committees emanating from the board of directors.

## 2. Roles and Responsibilities

The Nominations and Remuneration Committee is responsible for executing its relevant tasks outlined in this policy. It is also responsible for monitoring the implementation of other tasks and responsibilities stated in this policy and carried out by the affected organizational units by participating in the preparation/update of the policy and approving the tasks, responsibilities, and authorities outlined therein.

## 3. Policy Statement

### 3.1 Company's Business

The company's activities and operations are detailed in its Bylaws which includes agricultural, food, and beverage production, manufacturing, and distribution.

### 3.2 Concept of Competitive Activities:

The concept of participating in any activity that competes with or rivals the company's interests in any of its business segments includes the following:

- 3.2.1 A board member establishing an individual company or entity or holding a significant ownership stake in the shares or equity of another company or entity engaged in a business activity similar to that of the company or its group.
- 3.2.2 A board member accepting a position on the board of directors of a competing company to the company or its group, or assuming the management of a competing individual enterprise or company, regardless of its legal form, except for the company's subsidiaries.
- 3.2.3 A board member accepting membership in any committee within a company that competes with the company or its group.

- 3.2.4 A board member obtaining a commercial agency or similar representation, whether apparent or concealed, for another company or entity that competes with the company or its group.
- 3.2.5 board member providing advice or guidance to any company or individual working for the benefit of a company engaged in activities that compete with the company or its group.
- 3.2.6 A board member using their knowledge or influence over any of the company's (or its group's) clients, suppliers, or consultants for the benefit of any company or individual working for the benefit of a company that competes with the company.

### **3.3 Company Competition Controls:**

- 3.3.1 A board member shall not engage in any activity that may compete with the company or any of its activities unless that member has received authorization from the General Assembly of Shareholders (or the board of directors if delegated). Members of committees who are not board members may not engage in any competitive activity without the approval of the board of directors.
- 3.3.2 The duty mentioned above is a personal responsibility for each board member (or committee member), and members have committed to regularly disclose any competitive situations to the board in accordance with these controls.
- 3.3.3 When any board member or a member of one of its committees wishes to participate in an activity that competes with the company or any of its activities, the following must be taken into consideration:
  - A. Notifying the board of the competitive activities the member intends to engage in and documenting this notification in the board meeting minutes.
  - B. The interested member shall not participate in the vote on the related decision, or in making the decision, in board meetings, committee meetings, or shareholder meetings.
  - C. The chairman of the board shall inform the ordinary general assembly, when convened, about the competitive activities undertaken by a board member or a member of one of its committees.
  - D. Obtaining a license from the ordinary general assembly of the company (or the board if delegated) allowing a board member to engage in competitive activities. In the case of committee members who are not board members, they should obtain a license from the board of directors.
- 3.3.4 When assessing the competition of a board member or committee in relation to the company's activities, the board must consider the following:
  - A. The geographic scope of the competitive activity compared to the company's operations.
  - B. Whether engaging in competitive activities would hinder the member from acting in the best interests of the company. Whether the compet
  - C. Whether the competitive activities are likely to have a tangible impact on the member's role as a board member or committee member.

- 3.3.5 Discussions and decisions regarding the competitive activities of a board member or committee member must be documented in the board meeting minutes.
- 3.3.6 If the board of directors determines that a violation has occurred concerning this policy, the violators shall be held accountable before the competent judicial authorities and shall be liable to pay appropriate compensation for all damages or losses incurred by the company in this regard unless specific authorization has been obtained from the ordinary general assembly.

#### **3.4 Disclosure of Candidacy Regarding Competitive Activities:**

Anyone wishing to nominate themselves for membership on the board of directors must disclose to the general assembly or the board whether they are currently engaged in or intend to engage in any activities that may compete with the company or any of its operations.

#### **3.5 Duties of Board Members Participating in Competitive Activities:**

- 3.5.1 A board member must perform their duties with integrity and honesty, prioritizing the company's interests over their personal interests, and must not use their position to advance personal interests.
- 3.5.2 A board member is required to safeguard the confidentiality of information related to the company and its activities and not disclose it to any third party.
- 3.5.3 It is prohibited for a board member to directly or indirectly exploit or benefit from any of the company's assets, information, or investment opportunities presented to them in their capacity as a board member. This includes investment opportunities that fall within the company's activities or those the company wishes to pursue. This prohibition also applies to a board member who resigns in order to directly or indirectly exploit investment opportunities that the company wishes to pursue and of which they were aware during their board membership.

#### **3.6 Refusal of License Grant:**

If the general assembly refuses to grant the necessary license in accordance with the provisions of Article 27 of the Companies Law and Article 44 of the Corporate Governance Regulations, the board member must submit their resignation within the timeframe specified by the general assembly (or the board of directors, as the case may be). Otherwise, their membership on the board shall be considered terminated unless the member decides to withdraw from the competitive activity or rectify their situation in accordance with the Companies Law and its executive regulations, before the expiration of the deadline set by the general assembly (or the board of directors, as the case may be).