



The National Agricultural Development Company

# Dividend Distribution Policy

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## 1. Introduction

### 1.1 Purpose of the Policy

This policy aims to establish a mechanism for distributing the Company's profits to its shareholders and to define the tasks and responsibilities related to that, in accordance with the requirements of the Companies Law, the Company's bylaws and the governance regulations for listed companies issued by the Authority, and other related laws and regulations, in addition to the principles and good corporate governance practices.

### 1.2 Scope of Implementation

Notwithstanding the applicable laws and regulations in the Kingdom of Saudi Arabia, this policy shall be an integral part of the Company's Bylaw and internal policies, and these rules come to complement it without replacing it. This policy applies to each of the following:

- 1.2.1 The General Assembly of the Company.
- 1.2.2 The Board of the Company.
- 1.2.3 The Finance Department.
- 1.2.4 Investors Relations Department
- 1.2.5 Company's Shareholders eligible on the date of dividends.

## 2. Responsibilities

- 2.1 The Finance Department shall be responsible for the development of this policy, coordinate with other departments in the company to ensure that it is aligned with the approved delegation of authority and receive the necessary feedback during the preparation, update or cancellation of this Policy or any of its provisions.
- 2.2 The Finance Department shall be responsible for the implementation of this policy and the preparation and implementation of procedures, as well as to follow up on the implementation of other tasks and responsibilities contained in the policy implemented by the relevant organizational units.

## 3. Policy Statement

- 3.1 The dividend policy must comply with the Company's Bylaw and any other applicable legislative laws and regulations in the Kingdom of Saudi Arabia.



- 3.2 The recommendations of the Board regarding the distribution of dividend to the Company's shareholders are presented at the General Assembly Meeting (on an annual basis) for review and approval in accordance with the following regulations:
- 3.2.1 The decision shall specify the date of entitlement and the date of distribution and shareholders registered in shareholders' records at the conclusion of the day of entitlement.
  - 3.2.2 The Ordinary General Assembly may, upon a proposal from the Board, set aside a certain percentage of the net profit as a consensual reserve for the purposes specified by the General Assembly.
  - 3.2.3 The Ordinary General Assembly may form other reserves to the extent that is in the Company's interest or ensures that fixed dividends are distributed as much as possible to the shareholders. The General Assembly may also deduct from the net profits amounts to establish social organization for the Company's employees or to assist in any such existing establishments.
  - 3.2.4 The remaining will then be distributed to shareholders, representing 5% of the Company's paid-up capital. Subject to the provisions of the Company's Bylaws, the Companies Law, and the relevant rules and regulations. The General Assembly may, after the aforementioned, allocate a certain percentage of the remaining net profits as a remuneration to the Board, provided that the entitlement to the remuneration is proportional to the number of sessions attended by the member.
  - 3.2.5 If dividends are not distributed for any fiscal year, dividends for the following years may not be distributed until the specified percentage has been paid to preferred shareholders (if any) for the current year in accordance with the regulations.
- 3.3 In the event that the General Assembly of the Company decides to authorize the Board to distribute interim dividends, the Board shall, if it deems appropriate, distribute the dividends for that year periodically after fulfilling the requirements stipulated in the laws and regulations issued by the Authorities, as well as what is stipulated in the Company's bylaws, including the following:
- 3.3.1 The Ordinary General Assembly shall authorize the Board to distribute interim dividends through a resolution renewed annually.
  - 3.3.2 The company should enjoy regular positive profitability.
  - 3.3.3 The Company should enjoy reasonable liquidity and be able to reasonably foresee its level of profitability.



- 3.3.4 The Company should have distributable profits according to the latest audited financial statements, sufficient to cover the proposed dividend distribution, after deducting the amount distributed and capitalized from those profits after the date of these financial statements.
- 3.4 The authority and responsibility of the Board in this policy shall be as follows:
- 3.4.1 Call for meetings of the General Assembly of the Company's shareholders to view the annual financial statements, and to submit its recommendation to distribute dividends to shareholders, based on the performance of the Company and what the executive management has proposed.
- 3.4.2 The Board must implement the General Assembly's decision regarding the distribution of dividends to the shareholders entitled to dividend at the conclusion of eligibility date as specified in the General Assembly resolution, and in accordance with the above-mentioned laws and regulations in paragraph 5.2 and 5.3.
- 3.4.3 In the event of an adjustment to the previously announced dividend, the Board shall include an item on the General Assembly's agenda to obtain its authorization for this amendment.
- 3.5 The Finance Department shall:
- 3.5.1 Prepare a proposal for the Board to distribute the dividends based on the financial performance of the Company, the Chief Financial Officer of the Company (or equivalent) shall review it with the CEO of the Company, and then submit it to the Board for consideration and recommendation to the General Assembly in accordance with paragraph 5.4.1 of this policy.
- 3.5.2 Provide cash to be disbursed as dividends to shareholders.
- 3.5.3 Arrange a dividend distribution agreement with banks and financial institutions to ensure that the Company gets the best terms and specifications, and what achieves shareholders satisfaction.
- 3.5.4 The periodic transfer of the distributions amount approved, on the approved date to the bank distribution account(s).
- 3.5.5 Manage the dividend account (s), from which the transfer is made to shareholders' accounts.
- 3.5.6 Update the data and accounts of the shareholders in the relevant system, based on the shareholders' update of the same, send shareholder's data to banks, and follow up the disbursement and match the bank account as needed.



- 3.6 The Investor Relations Department is responsible for:
- 3.6.1 Announcement of the recommendations of the Board for the distribution of dividends in the Saudi Exchange website in accordance with the established controls and in coordination with the Board Secretary.
  - 3.6.2 Provide the Finance department with shareholder data based on the shareholder register on the due date received from the deposit company.
- 3.7 All members of the Board and all employees of the company must adhere to the Authority's disclosure controls regarding interim and annual profits, which require not declaring to the media or social media regarding the distribution of profits to shareholders until after the official announcement on the Saudi Exchange website.
- 3.8 The decision to distribute dividends is made based on the following:
- 3.8.1 The general principle of dividend distribution is what is earned from operating activity of the Company.
  - 3.8.2 The requirement to finance investment projects in progress or under review to expand the Company's activities instead of arranging onerous financial obligations.
  - 3.8.3 The distribution of dividends should not hinder the Company from performing its financial obligations to third parties.
  - 3.8.4 The dividend should be distributed after covering the Company's losses in previous years, setting aside contractual provisions and reserves.