



The National Agricultural Development Company

# Nominations & Remuneration Committee (NRC) Charter

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## **1. Introduction**

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

This Charter aims to govern the work of The Nominations Remuneration Committee, which assists the Board in preparing the nominations and remunerations policies for the Board, its committees and executive management members. It defines the roles, responsibilities, and authorities of this committee, as well as the process of nomination, selection of its members, membership duration, remuneration, and the mechanism for temporarily appointing members in the event of a vacancy. This is in accordance with the requirements of the Company Law, the Company's Bylaws, the Corporate Governance Regulations issued by the Authority, and other applicable laws and regulations, in addition to the principles and best practices of corporate governance.

### **1.2 Scope of Implementation**

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

- 1.2.1 Members of the Board and its Committees.
- 1.2.2 Nominees for the Board membership
- 1.2.3 Members of The Nominations Remuneration Committee (NRC) and Secretary.

## **2. Regulations and Procedures of the Committee**

### **2.1 Committee Formation**

- 2.1.1 The NRC shall be formed by a resolution passed by the Board, which includes the rules and procedures governing the Committee's work, its responsibilities, the criteria for selecting its members, their membership duration, and their remuneration, shall be approved by the General Assembly based on a recommendation from the Board. The Committee shall be composed of at least three (3) members and not more than five (5) members who are Non-Executive Board members.
- 2.1.2 The Board shall appoint a Committee Chairman from amongst the Independent Committee Members.
- 2.1.3 The Committee shall report to the Board.
- 2.1.4 The Committee Chairman shall represent the committee in the Board meetings in relation to its work, and shall invite the committee to convene, preside and manage the meetings, determine its agenda, accessing all information and documents necessary to carry out its responsibilities, present the results of the committee's work, recommendations, and reports to the Board. The Committee Chairman may assign a member to carry out the tasks stipulated in this paragraph.

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

- 2.2.1 The Board Chairman may be a member of The Nominations Remuneration Committee, provided that he is not the Committee Chairman.
- 2.2.2 Committee members shall have the appropriate expertise and qualifications relevant to the committee's duties, responsibilities and the nature of its work.
- 2.2.3 The Board shall take into consideration to nominate only non-executive members to the Committee.

- 2.2.4 The Company shall notify the Authority of the names of the committee members and their membership descriptions or any change thereto within five (5) working days from the appointment/change.

### **2.3 Duration of Committee Members and Temporary Appointment**

- 2.3.1 The term of membership shall commence from the date of appointment of the member to the Committee and until the end of the Board tenure, where the committee member performs their duties from the date of their appointment. The membership ends in one of the following events:
- 2.3.1.1 The expiry of the Board tenure.
- 2.3.1.2 The Board may, at any time, dismiss all or some of the members of the NRC Committee, without prejudice to the right of the dismissed person to be compensated if the dismissal occurred for an unlawful reason or at an inappropriate time.
- 2.3.1.3 The member may resign from the Committee's membership.
- 2.3.1.4 The Board terminate the membership of a member of the Nominations Remuneration Committee who failed to attend three (3) consecutive meetings or five (5) intermittent meetings during the term of their membership without a legitimate excuse accepted by the Board, or if the member has lost one of the appointment conditions.
- 2.3.2 If the position of a member becomes vacant for one of the previous cases or others during the term of membership, the Board may appoint - temporarily - a member in the vacant position, provided that the member shall fulfill the election requirements set out herein. The new member shall complete the remaining membership period of their predecessor.

## **3. Roles and responsibilities of the Committee**

The Committee shall assume the roles and responsibilities related to both Nominations and Remuneration aspect. In addition, it is responsible for submitting periodic reports on its activities to the Board. The tasks and duties of The Nominations Remuneration Committee shall include:

### **3.1 Regarding Remunerations**

- 3.1.1 Preparing a clear policy for the remunerations of the Board members, its committees and the Executive Management, and submitting it to the Board for consideration in preparation for its approval by the General Assembly, provided that such policy shall be based on key performance indicators and provide a mechanism for disclosure and its implementation.
- 3.1.2 Reviewing the relationship between the rewards granted and the applicable rewards policy and highlighting any material deviation from such policy.
- 3.1.3 Reviewing the remuneration policy periodically to ensure its alignment with the changes that may occur in the relevant laws and regulations, the Company's strategic goals and the skills necessary to achieve them, and assessing its effectiveness in achieving the desired objectives, and recommending to the Board regarding the proposed changes to this policy.
- 3.1.4 Advising to the Board regarding the remuneration of its members and its committees in accordance with the policy approved by the Company's General Assembly.
- 3.1.5 Recommending to the Board the remuneration of the executive management of the Company in accordance with the policy approved by the Board.

- 3.1.6 Approving the bonuses payment of the Company's employees in accordance with the Company's internal policies.
- 3.1.7 Reviewing the CEO's recommendations regarding the general guidelines and standards for financial rewards and other benefits for the executive management and their approval, which the CEO implements in accordance with the approved policy.
- 3.1.8 Preparing annual report on the remuneration granted to members of the Board, its committees, and the executive management.
- 3.1.9 Preparing criteria for evaluating the performance of the Board, its members and its committees, and submitting such criteria to the Board for approval. The committee is responsible for conducting the evaluation or overseeing it if performed by a third party. Additionally, the committee is tasked with proposing mechanisms to enhance the functioning of the board and its committees.

### **3.2 Regarding Nominations:**

- 3.2.1 Recommend to the Board appropriate policies and criteria for membership in the Board and the Executive Management to determine the required capabilities and skills and review them periodically to ensure their alignment with the changes that may occur in the Company's strategic objectives and the skills and qualifications necessary to achieve them, taking into account not to nominate any person previously convicted of a crime of dishonesty.
- 3.2.2 Review the Board Nomination and Selection Policy periodically to ensure its alignment with the changes that may occur in relevant legislation and regulations, the Company's strategic goals and the skills and qualifications necessary to achieve it and recommend to the board of directors regarding proposed changes to this policy.
- 3.2.3 Recommend nominees for Board membership to the Board in accordance with the approved Board Nomination and Selection policy.
- 3.2.4 Prepare the job description of the capabilities and qualifications required for membership of the Board and its Committees as well as occupying executive management positions.
- 3.2.5 Reviewing the organizational structure of the Company and making recommendations regarding changes that can be made.
- 3.2.6 Develop job descriptions for executive, non-executive and independent members.
- 3.2.7 Determine the time that the member should dedicate for the work of the Board.
- 3.2.8 Review and recommend conflicts of interest cases for those wishing to run for membership in the Board.
- 3.2.9 Establish procedures to fill the vacancy of a position in the Board or its committees. And provide recommendation.
- 3.2.10 Verify the independence of the independent members, and ensure the absence of any conflicts of interest if the member is a member of the Board of another company.
- 3.2.11 Verify whether a Board member is competing with the Company's business, activities, or any of its business sectors, and provide recommendations to the Board in this regard after receiving a notification from the member regarding the competitive activities they intend to engage in, based on the concept of competitive activities and in accordance with the following process:

- 3.2.11.1 Reviewing the notification of the Board member of the competing work that the member wishes to practice from a technical point of view.
- 3.2.11.2 Reviewing the market(s) in which the competing business exists or any of the products related to it.
- 3.2.11.3 Reviewing the relationship of the competing business with the Company's strategy and future directions.
- 3.2.12 Reviewing the nature of the Board member's competition with the Company's business (approved by the General Assembly) on an annual basis and obtain the information necessary to conduct the aforementioned review.
- 3.2.13 Recommending to the Board, re-nomination or dismissal of a member of the Board or its committees.
- 3.2.14 Determining the weaknesses and strengths in the Board and proposing solutions in line with the Company's interest.
- 3.2.15 Carrying out the tasks assigned to it by the Board related to its work.
- 3.2.16 Providing an appropriate level of training and orientation to the new Board members about the Company's tasks and achievements so that they can perform their work efficiently.
- 3.2.17 Reviewing and studying the succession plans for the Company in general, for the Board, the CEO and the executive management, in particular.

#### **4. Powers of the Committee**

The Committee shall have the powers and authorities necessary to carry out the tasks and duties assigned to it, including:

- 4.1 The right to access the Company's records and documents as required.
- 4.2 Request the reports and data necessary to carry out its work, or any clarification or statement from the Board members or the executive management.
- 4.3 The committee may seek the assistance of whoever it deems fit from inside or outside the Company within the limits of its powers, provided that it is included in the minutes of the Committee's meeting, with the name of the expert and their relationship with the Company or the executive management.

#### **5. Regulations of the Committee**

##### **5.1 Powers of the Committee Chairman and Committee Secretary**

###### **5.1.1 Committee Chairman**

The Board shall appoint a Committee Chairman in the formation decision. The Committee Chairman shall have the following tasks:

- 5.1.1.1 Inviting the committee to convene, specifying the time, date and venue of the meeting, after coordinating with the committee members.
- 5.1.1.2 Managing committee meetings and enhancing its effectiveness.
- 5.1.1.3 Preparing the agenda, taking into account the topics that one of the committee members wishes to include.
- 5.1.1.4 Ensuring that there is sufficient time to discuss the items of the agenda.

- 5.1.1.5 Enhancing the effective participation of members in the committee's meetings by reviewing and discussing the topics listed in the agenda of its meetings, and by expressing their views in a way that contributes to achieving the committee's objectives.
- 5.1.1.6 Preparing periodic reports on the activities of the committee and submitting its recommendations and findings to the Board.
- 5.1.1.7 Following up on the implementation of the decisions issued by the committee.
- 5.1.1.8 Representing the Committee before the General Assembly and the Board. The Committee Chairman or their representative from among its members shall attend the Company's General Assemblies to answer the shareholders' questions.

## **5.1.2 Committee Secretary**

The committee may appoint a Committee Secretary for it, provided that the member holds the academic qualification and practical experience necessary to carry out the tasks, which are as follows:

- 5.1.2.1 Arranging the dates of the committee's meetings on an annual basis and preparing a proposal for its agenda in coordination with the Committee Chairman.
- 5.1.2.2 Informing the committee members of the meeting dates and providing them with its agenda and the documents needed to study the committee's meeting items.
- 5.1.2.3 Attending and documenting the committee's meetings, preparing its minutes including the discussions and deliberations, stating the meeting venue, date, start and end time, documenting the committee's decisions and voting results and keeping them in a special register.
- 5.1.2.4 Keeping documents, records and reports presented to or issued by the committee.
- 5.1.2.5 Carrying out all the administrative work of the committee and performing all other tasks assigned from time to time by the committee.
- 5.1.2.6 Maintaining the Company's secrets and not engaging in any activity that may conflict with the interest of the Company.
- 5.1.2.7 Providing assistance and advice to the Committee in matters that fall under its competence.

## **5.1.3 Competencies of the Committee Secretary**

The Committee Secretary shall have the following powers and authorities:

- 5.1.3.1 Documenting the Committee 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 Committee 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 Committee members, the chair of the meeting and the secretary.
- 5.1.3.2 Retaining the reports submitted to the Committee and the reports prepared by it.
- 5.1.3.3 Providing the Committee members with the agenda of the Committee meeting and related worksheets, documents and information and any additional information related to the topics included in the agenda items, requested by any Committee member.

- 5.1.3.4 Ensuring that the Committee members comply with the Committee procedures, or any other procedures approved by the Committee;
- 5.1.3.5 Notifying the Committee members of the dates of the Committee's meetings within sufficient time prior to the date specified for the meeting.
- 5.1.3.6 Presenting the draft minutes to the Committee members to provide their opinions on them before signing the same.
- 5.1.3.7 Ensuring that the Committee members receive, fully and promptly, a copy of the minutes of the Committee's meetings as well as the information and documents related to the Company.
- 5.1.3.8 Coordinating among the Committee members.
- 5.1.3.9 Providing assistance and advice to the Committee members.
- 5.1.3.10 Reporting the decisions taken by the Committee to stakeholders affected by these decisions after obtaining the approval of the Committee Chairman.
- 5.1.3.11 Providing the Committee members in each meeting with an updated list of the follow-up record of the implementation of the Committee's decisions to ensure that Committee members are informed of the status and developments of the implementation of decisions.
- 5.1.3.12 Report to the Committee Chairman any obstacles facing the implementation of the Committee's decisions, including the delay in their implementation.

## **5.2 Duties of the Committee Members**

- 5.2.1 Abiding by the Companies law, its implementing regulations, related laws, and the Company's Bylaw when exercising duties, and refrain from undertaking or participating in any act that may harm the interests of the Company.
- 5.2.2 To be aware of the tasks and responsibilities of the committee, and to dedicate sufficient time to implement their role in achieving them.
- 5.2.3 Carrying out the duties away from any external influence, whether inside or outside the Company, and prioritize the Company's interests over their personal interests.
- 5.2.4 Not to accept any gift from any person who has dealings with the company as per the code of conduct policy.
- 5.2.5 Preparing for meetings and attending them regularly, unless the member is absent for justified reasons as may be notified by the Committee Chairman and accepted by the committee.
- 5.2.6 Active participation of the Committee members in the Committee meetings through their study and discussion of the agenda items.
- 5.2.7 Enhancing knowledge of organizational developments in areas and topics related to the committee's tasks and responsibilities.

## **6. Meetings and Procedures of the Committees**

### **6.1 Invitation to the Meeting**

- 6.1.1 The Committee meets at least once every six (6) months at the Committee Chairman's invitation. The Committee Chairman shall also convene a meeting in exceptional cases, if any.



- 6.1.2 The Committee meetings may be held physically or virtually using means of modern technology whereas the committee members may attend meetings either in person or via proxy. The attendance of members through modern technology means shall be counted in the quorum.
- 6.1.3 The Committee Secretary shall send meeting invitations, in writing or by e-mail, to each member of the Committee at least five (5) days prior to the date of the meeting, provided that the time, date, venue and agenda of the meeting as well as the documents to be discussed in the meeting, shall be specified in the invitation.
- 6.1.4 The Committee meetings may be held at the Company headquarters or elsewhere, if necessary, subject to the committee's approval.
- 6.1.5 The Committee Secretary shall send the invitation to the members in writing or by e-mail, as soon as the Committee Chairman has instructed to invite the meeting.
- 6.1.6 No member of the Board or the Executive Management who is not a member of the Committee has the right to attend meetings - with the exception of the Committee Secretary - except at the invitation of the Committee, to listen to his opinion or obtain their advice.
- 6.1.7 A member may request the Committee Chairman, in writing, to invite the committee to a meeting to discuss specific matters. In this case, the Committee Chairman shall invite the committee to a meeting within a period not exceeding seven (7) days from the date of receiving the request. The Committee Chairman shall call for the meeting whenever requested by the Board.
- 6.1.8 The Committee may hold meetings and vote remotely using modern technology means. Provided that the members can actively and effectively participate, discuss and vote. The Committee Chairman may - unless one of the members requests in writing a meeting of the Committee to deliberate on it - 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 by the majority of the members or through electronic means, provided that the decision is documented in the minutes of the first meeting held by the Committee after the decision is issued.

## **6.2 Quorum and Voting**

- 6.2.1 The meeting shall only be valid if attended by the majority of its members. The Committee resolutions shall be passed by the majority of the present members. In case of a tie, the side supported by Board Chairman shall prevail.
- 6.2.2 A member may not refrain from voting and must note their reasons for objection in the minutes of the committee meeting.

## **6.3 Documentation of the Committee Meetings**

- 6.3.1 The Committee Secretary shall prepare minutes of the Committee's meetings that include the following:
  - 6.3.1.1 Venue, date, start and end time of the meeting.
  - 6.3.1.2 The names of the members present and absent, indicating the names of those invited to attend the meeting who are not members of the committee.
  - 6.3.1.3 The deliberations and decisions of the committee, with a statement of the results of voting on them and the reasons for the objections, if any.

- 6.3.1.4 Determining the authority responsible for implementing the decisions taken, determining the time frame for their implementation, and the follow-up mechanism.
- 6.3.2 The Committee Secretary shall send the draft minutes of the meeting to the members who shall present their feedback on it, if any, within a maximum period of five (5) working days.
- 6.3.3 A member has the right to object any decision taken by the committee, provided that their objection is explicitly mentioned in the meeting minutes with a statement of the reasons for such objection. Their absence from attending the meeting in which decision is issued will not relieve the member from the accountability of the decision being made unless the member was not made aware of the decision or prevented from making an objection.
- 6.3.4 After addressing the committee members' comments on the draft minutes, and approval of Committee Chairman, the Committee Secretary shall send the revised draft to the committee members. The minutes shall be considered official once signed by all members and the Committee Secretary.
- 6.3.5 The minutes of the meeting, agenda and all accompanying documents shall be kept in a special register signed by the Committee Chairman and secretary.
- 6.3.6 The Committee shall follow-up on the implementation of its decisions and any other topics discussed in previous meetings.
- 6.3.7 The Committee Chairman shall present the recommendations and findings to the Board in the first meeting of the Board following the meeting of the Committee.

## **7. Remuneration and Bonus of the Committee Members**

Comprehensive information on rewards and remuneration is detailed in the Board and Committees Members Rewards Policy

## **8. Confidentiality of the Committee's Works**

The committee member shall maintain the confidentiality of the information available and the documents the member has accessed, and shall not in any way, even after the end their membership, disclose it to any unauthorized person or entity unless authorized to do so by the Board, nor use any of this information for personal benefits or 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, as it applies to the Committee Secretary and other persons invited to attend the meeting.

## **9. Conflicts of Interest**

The member shall take care of the interests of the Company and the public interests, give them priority over any personal interest, avoid cases that lead to a conflict of interest, and shall abide by the provisions stipulated in the conflicts of interest policy.

## **10. Term of the Committee**

- 10.1 The term of the Committee shall commence from the date of its formation and shall remain until the end of the Board tenure, where the committee member performs their duties from the date of their appointment. The membership ends in one of the following events:
  - 10.1.1 The expiry of the Board tenure.
  - 10.1.2 The Board may, at any time, dismiss all or some of the members of the Committee, without prejudice to the right of the dismissed person to be compensated if the dismissal occurred for an unlawful reason or at an inappropriate time. A Committee member may also resign from the membership of the Committee.

- 10.1.3 The Board may terminate the membership of a member of the Committee who failed to attend three (3) consecutive meetings or five (5) intermittent meetings during the term of their membership without a legitimate excuse accepted by the Board, or if the member has lost one of the appointment conditions.
- 10.1.4 If the term of a member expires, the board shall appoint a replacement for him/her to complete the remaining period, and the committee shall continue to perform its work until the appointment of the replacement if the minimum number of members stipulated in Article Three of this policy is available.

## **11. General Provisions**

- 11.1 This Regulation cancels and supersedes any contradicting procedures, decisions or internal policies of the Company.
- 11.2 Anything not covered herein shall be subject to the applicable laws and regulations issued by the competent authorities.

## **12. Attending Meetings**

- 12.1 The Committee shall convene, in order to perform its duties, on a regular basis at least once a year, and as may be necessary.
- 12.2 The Committee Chairman shall preside over the meetings of the Committee, put issues for voting, and supervise the voting process when making decisions and announcing the results. In case of the Committee Chairman absence, the Chairman Deputy shall assume Chairman's responsibilities. In case of the Chairman Deputy absence, the Committee shall appoint one of its Committee members to preside over the meeting.
- 12.3 A Committee member may participate in the meeting remotely if it is not possible to attend the meeting physically by linking the Committee member through modern technology means and reviewing the meeting agenda through the means approved by the Committee. The Committee member has the right to discuss items and vote on decisions. The Committee member present remotely shall be considered in attendance to the meeting.