

# Bylaw of the Nomination and Remuneration Committee

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## **Article 1: General Introduction:**

Bylaw of the Nominations and Remuneration Committee for Al-Jouf Agricultural Development Company "a Saudi Joint Stock Company" has been prepared in accordance with the requirements of the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority under Resolution No. On the Companies Law issued by Royal Decree No. M / and dated: 1/28/1437 AH, and the rules for registration and listing, and in accordance with the articles of association of the company.

The bylaw specifies the powers of the Nomination and Remuneration Committee, how to select and form members, and how to terminate the service, and it also specifies the rights, duties and remuneration of members, and procedures for its meetings.

The Company's Nominations and Remuneration Committee was established to assist the Board of Directors in performing its supervisory duties efficiently and effectively, and in particular the committee is concerned with identifying competent Board members and executives and confirming that the company's nomination policy results in correct appointments and leads to the development and retention of distinguished members of the Board of Directors and trainers and thus helps the company in achieving its goals and economic growth.

All suggestions issued by the Nomination and Remuneration Committee are recommendations only to the Board of Directors and are therefore not binding on it.

**Article 2: Powers of the Nomination and Remuneration Committee:**

The following topics will be considered within the powers of the Nomination and Remuneration Committee:

**(A) With regard to the nominations of directors and executives, they will:**

1. Annual review of the required needs of appropriate skills for membership of the Board of Directors and the preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time that the member should allocate to the business of the Board
2. Review the structure of the Board of Directors and make recommendations regarding the changes that can be made.
3. Determine the strengths and weaknesses of the board of directors and propose remedying them in accordance with the interest of the company
4. Setting standards to determine the independence of a member of the board of directors, and setting up an appropriate mechanism to inform shareholders of any changes that may lead to the member losing his independence, and to

ensure that there is no conflict of interest if the member is a member of the board of directors of another company.

5. Preparing directives and introductory programs for new independent and non-executive board members about the nature of the company's business and a detailed description of their duties as members of the board of directors.

6. Preparing the board of directors 'recommendations related to defining certain criteria for selecting people to fill the position of the managing director or chief executive officer and heads of the main departments of the company.

7. Preparing an initial evaluation of the persons nominated for the position of the Managing Director or the CEO, and directors of the departments and units of the company.

8. Preparing job descriptions and contracting terms for each of the CEO positions and department managers of the company.

9. Establishing appropriate standards and procedures for evaluating the performance of the CEO and department managers of the company.

10. Conducting periodic evaluation of the activities of the CEO, department managers of the company.

11. Organizing training programs for executives related to corporate governance and ethical behavior.

12. Establishing policies related to continuous improvement in the performance of employees at higher administrative levels.

**B) Regarding the remuneration of board members and executives, they will do the following:**

1) Establishing a policy for rewards and incentives for members of the board of directors and executives of the company aimed at increasing the value of the company and is based on the personal efforts of each member of the board of directors and an executive director in implementing the strategic objectives of the company, and also based on the committee's evaluation of their personal performance against the goals set by the board of directors.

Way

-With regard to the remuneration of the members and the chairman of the board of directors, the committee will set standards for remuneration that will enable the company to obtain distinguished performance without affecting the independence of the members.

-With regard to the remuneration of the managing director or chief executive officer and departmental directors of the company, the committee will set standards and review them periodically related to fixed annual salaries and variable bonuses based on a system for financial and non-financial evaluation of performance, as well as setting standards for a system for long-term incentives to link the interests of managers to the interests of the company's shareholders

Continuously reviewing the suitability of the company's remuneration criteria, based on the company's performance, financial position, and basic trends in the labor market.

- Follow up on the implementation of the decisions made by the General Assembly of shareholders related to issues related to the remuneration of the

members of the Board of Directors and the senior executives of the company and how these remunerations are disclosed in the annual report of the company.

**Article 3: Rights and Responsibilities of the Nomination and Remuneration Committee**

**A) The committee will have the following rights:**

1. Requesting appropriate documents, reports, clarifications and other information from company officials, executives and employees.
2. Inviting the company officials, executives and employees to meet with them to ask them and hear their explanations.
3. Seeking the services of experts and consultants from outside the company
4. Performing other services requested by the board of directors and which fall within the authority of the committee
5. The committee will carry out an annual review and evaluation of its regulations in order to ensure that it fulfills its duties and makes recommendations to the Board of Directors regarding making amendments to it.



6. The committee will submit an annual report on its activities to the Board of Directors.

**In addition, the committee members will:**

- 1) Participate in the activities and work of the committee and attend all meetings.
- 2) Members are fully aware of all developments in the business environment in which the company operates
- 3) Considering all the information that they saw because of their work in the committee as confidential information
- 4) Informing the board of directors in the event of changes in any conflict of interest that may arise as a result of decisions taken by the committee.

**Article 4: Selection, Formation and Termination of Service for Members of the Nominations and Remuneration Committee:**

- 1) The committee consists of three members who are chosen by the majority of the votes of the members of the board of directors.

- 2) The committee appointment period will coincide with the board appointment period.
- 3) Only the members of the board of directors are selected for membership in the committee
- 4) Committee members must possess the appropriate knowledge, experience, and skill in their dealings with the chief executives of the company.
- 5) The Board of Directors may at any time terminate the service of any member of the Committee and select another member.

**Article 5: Procedures for Nomination and Remuneration Committee Meetings:**

- 1) The committee will select a chairperson according to the majority of the votes of its members.
- 2) The committee selects one of its members to perform the duties of the committee secretary
- 3) Meetings will be held when there is a need for the committee to perform its functions and duties, and in the event that there is a meeting of the Board of Directors.

- 4) Meetings are called by the committee chairman or members, or by the board of directors.
- 5) The quorum of the committee is achieved by the majority of the members or the equivalence of two members of the committee.
- 6) The committee secretary is responsible for distributing the meeting invitation and agenda to all committee members.
- 7) The meeting minutes are signed by all the members attending the meeting.
- 8) Committee decisions will be taken by majority vote of members attending the meeting.

**Article 6: Remuneration of the Nomination and Remuneration Committee Members:**

The Board of Directors determines the attendance and annual remuneration fees for the members of the Committee in line with the Companies Law and the applicable regulations and instructions of the relevant authorities.

## After Amending



Governance Regulation  
Al-Jouf Agricultural Development  
Company  
(Regulations for the Nominations  
and Remuneration Committee Work)

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### **Article 1: Introduction**

Bylaw of the Nominations and Remuneration Committee for Al-Jouf Agricultural Development Company "A Saudi Joint Stock Company" has been prepared in accordance with the requirements of the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority under Resolution No. 8-16-2017 and dated 05/16/1438 AH corresponding to 02/13/2017 AD. On the corporate system

Issued by Royal Decree No. M / 3 dated 01/28/1437 AH, as amended by the Capital Market Authority Resolution No. 3-57-2019 and dated 9/15/1440 AH corresponding to 05/20/2019

And the rules for registration and listing, and in accordance with the company's articles of association.

The bylaw specifies the responsibilities and powers of the Nominations and Remuneration Committee, and the method for selecting, forming, and terminating members of the members' service. It also defines the remuneration of the members and the procedures for its meetings.

The Company's Nomination and Remuneration Committee was established to assist the Board of Directors in carrying out its supervisory duties efficiently and effectively, and in particular the committee is concerned with determining the required standards for members of the Board of Directors and members of the subordinate committees from outside the Board and competent executives and confirming that the company's nomination policy results in correct appointments and leads to the development and retention of managers The privileged, and thus it helps the company in achieving its goals and economic growth.

All suggestions issued by the Nomination and Remuneration Committee are recommendations only to the Board of Directors and are therefore not binding on it.

**Article 2: Selection, Formation and Termination of Service for Members of the Nomination and Remuneration Committee:**

The committee consists of three to five members who are chosen by the majority of the votes of the members of the board of directors

The period of appointing the committee will coincide with the period of appointing the board of directors.

Committee members should be from the board only

Committee members must possess the appropriate knowledge, experience, and skill in their dealings with the chief executives of the company.

The board of directors is the authority to choose the members of the committee and terminate their membership from the committee.

**Article 3: Powers of the Nomination and Remuneration Committee:**

- 1) Requesting appropriate documents, reports, clarifications and other information from company officials, executives and employees.
- 2) Inviting the officials, executives and employees of the company to meet with them to ask them and hear their explanations.
- 3) Seeking the services of experts and consultants from outside the company.

**Article 4: Responsibilities of the Nomination and Remuneration Committee:**

(A) With regard to nominations:

- 1) Annual review of the required needs of appropriate skills for membership of the Board of Directors and the preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time that the member must devote to the work of the Board.
- 2) Review the structure of the Board of Directors and make recommendations regarding the changes that can be made.
- 3) Determine the strengths and weaknesses of the board of directors and propose remedying them in accordance with the company's interest.
- 4) Setting standards to determine the independence of a member of the board of directors, and setting up an appropriate mechanism to inform shareholders of any changes that may lead to a member losing his independence, and to ensure that there is no conflict of interest if the member is a member of the board of directors of another company.
- 5) Preparing recommendations for the Board of Directors related to specifying certain criteria for selecting persons to fill the position of the Managing Director or the Chief Executive Officer and the directors of departments, whose direct reference is to the Managing Director / CEO.
- 6) Prepare a preliminary evaluation of the persons nominated for the position of the Managing Director or the CEO and the directors of departments, whose direct reference is to the Managing Director / CEO.



7) Preparing job descriptions and contracting terms for each of the CEO positions and departmental managers of the company.

B) With regard to bonuses:

1) Establishing appropriate standards and procedures for evaluating the performance of the CEO and department managers of the company.

2) Conducting periodic evaluation of the activities of the CEO, department managers of the company.

3) Establishing policies related to continuous improvement in the performance of employees at higher administrative levels.

4) Reviewing and approving recommendations of the CEO / General Manager regarding general guidelines and standards for financial rewards and other benefits for senior executives, which are implemented by the CEO.

(C) With regard to governance:

1) Study the topics referred to the committee by the board of directors and submit recommendations to the board regarding them

2) The committee will carry out an annual review and evaluation of its regulations in order to ensure that it fulfills its duties and submit recommendations to the Board of Directors regarding making amendments to it.

3) The committee will submit a periodic report on its activities to the Board of Directors annually.

**Article 5: Procedures for Nomination and Remuneration Committee Meetings:**

- 1) The committee selects a chairperson according to the majority of the votes of its members.
- 2) The committee selects one of its members to perform the duties of a committee secretary or a company employee
- 3) Meetings are held when the need arises for the committee to perform its functions and duties.
- 4) Meetings are called by the committee chairman or the committee secretary.
- 5) Decisions and recommendations are taken by the majority of the committee members, and in case the votes are equal, the decision for which the committee chairman voted shall be weighted
- 6) The committee secretary is responsible for distributing the meeting invitation and agenda to all committee members.
- 7) The meeting minutes are signed by all the members attending the meeting.

**Article 6: Secretary of the Nomination and Remuneration Committee:**

The Nominations and Remuneration Committee appoints a secretary for it, so that his term of office is equivalent to that of the committee's work (while reserving the right to re-appointment) and he is responsible for the following matters:

- 1) Coordinating the committee's meetings and developing the proposal for its agenda in coordination with the committee chairman.

- 2) Inform the committee members of the meeting dates and provide them with its agenda and documents necessary to study the meeting items.
- 3) Attending committee meetings with the aim of preparing meeting minutes, and circulating these minutes to all committee members for approval, signature and keeping in a special record.
- 4) Coordination with the concerned departments with regard to committee decisions that are related to commitment or require taking specific procedural steps.
- 5) Documenting and following up on issues that require the committee to take a specific action and need to be followed up in subsequent committee meetings, as they are recorded in the relevant procedures form.
- 6) Arranging with the parties that the committee requests to invite them to its meetings. These parties include consultants, legal advisors, others or any other party.
- 7) Circulate the committee's decisions to the concerned parties.
- 8) Preparing a periodic follow-up report on the implementation of the committee's decisions by the executive management.

**Article 7: Remuneration of Members of the Nomination and Remuneration Committee:**

The Board of Directors determines the attendance allowances and / or the annual remuneration for the members of the committee in accordance with the corporate governance regulation, the companies' system, and the regulations and instructions in force from the relevant authorities.