

Regulation of controls and criteria for participation in competing business

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The Regulations of Controls and Criteria for Participation in the Competing Business of Tabuk Agricultural Development Company have been prepared pursuant to the Corporate Governance Regulations issued by the Board of the Capital Market Authority based on the Companies Law and its Executive Bylaws¹.

Therefore, the Board of Directors of Tabuk Agricultural Development Company, with its powers, decided to set a regulation of controls and standards for participation in the competition business, provided that this regulation includes setting the necessary controls and standards to control and regulate the participation of any members of the Board of Directors or members of the committees emanating from the Board in one of the competing works for the company's activities or in one of the branches of the activity it engages, in order to clarify the company's competition, its mechanism, the concept of competition work and the mechanism for the Board of Directors to verify the competition of member(s). The Board for the company's business or competition in one of the branches of the activity it practices, which contributes to enhancing confidence and transparency in all the company's transactions and avoiding conflict of interest, provided that this regulation is presented to the General Assembly of Shareholders at its first meeting for approval.

Article I: Definitions

The words and expressions mentioned in these Regulations shall have the meanings assigned to them unless the context otherwise requires.

Regulation : Regulation of controls and criteria for participation in the competing business in Tabuk Agricultural Development Company

Authority: The Capital Market Authority.

Company: Tabuk Agricultural Development Company, a Saudi joint stock company, Commercial Registration No. (3550005403) issued on 14/08/1404H.

Companies Law: Companies Law issued by Royal Decree No. (M/132) dated 01/02/1443 AH.

Executive Bylaws: The Executive Bylaws of the Companies Law for Listed Joint Stock Companies issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-127-2016 Dated

(1) Where the Corporate Governance Regulations oblige listed companies to develop a regulation of controls and standards for participation in the competing business and approve them by the General Assembly in the third paragraph of Article (44) of the Corporate Governance Regulations, which states: « 3- The Board of Directors shall inform the Ordinary General Assembly when it convenes of the competing business practiced by a member of the Board or a member of one of its committees, after the Board of Directors verifies that the Board member or a member of one of its committees competes with the company's business or its competition in one of the branches of the activity it engages in. According to standards issued by the general assembly of the company upon the proposal of the Board of Directors - and published on the company's website, provided that these works are verified on an annual basis.



16/1/1438H as amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H corresponding to 18/01/2023G.

Corporate Governance Regulations: Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 Dated 16/5/1438H as amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H corresponding to 18/01/2023G.

Articles of Association : Articles of Association of Tabuk Agricultural Development Company

General Assembly: The general assembly held in the presence of the company's shareholders in accordance with the Companies Law and the Company's Articles of Association.

Board of Directors or Board: The Board of Directors of Tabuk Agricultural Development Company.

Chairman of the Board of Directors : Chairman of the Board of Directors of Tabuk Agricultural Development Company

Committee: Remuneration and Nomination Committee at Tabuk Agricultural Development Company

Relatives or kinship :

- Parents and grandparents, even if they are higher.
- Children, and their children, even if they descend.
- Brothers and sisters, brothers, fathers, or mothers.
- Husbands and wives .

Holding Company: A joint stock company, a simplified joint stock company or a limited liability company that establishes companies or owns shares or shares in existing companies that become affiliated to it in accordance with the provisions of the Companies Law and its implementing regulations.

Major shareholders: Anyone who owns 5% or more of the company's shares or voting rights therein.

Control share: The ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively with a relative or follower by:

- (a) Owning 30% or more of the voting rights in a company.
- (b) The right to appoint 30 or more members of the administrative body.

Continued: A person who controls another person, or is controlled by that other person, or shares with him being controlled by a third person. In any of the foregoing, control is direct or indirect.

Related Parties:

- 1- Affiliates of the company except for companies wholly owned by the company.
- 2- Large shareholders in the company.

- 3- Members of the Board of Directors and senior executives of the company.
- 4- Members of the boards of directors of the company's affiliates.
5. Members of the boards of directors and senior executives of the company's major shareholders.
6. Any relatives of persons - relatives for the purposes of this paragraph are the father, mother, husband, wife and children - referred to in (1, 2, 3 or (5) above.
7. Any other company or establishment controlled by any person referred to in (1, 2, 3, 5 or 6) above.

Indirect interest: An indirect interest is considered if the business and contracts in which the company is accounted for can bring financial or non-financial benefits to the following categories - but not limited to:

- 1- To relatives of the member of the Board of Directors.
2. For a partnership, limited partnership or limited liability company in which any of the members of the Board of Directors or his relatives is a partner or one of its managers.
3. A joint stock or simplified joint stock company in which the member of the Board of Directors or any of his relatives owns separately or collectively a percentage of his percentage or more of its total ordinary shares.
4. To an establishment - other than companies - in which a member of the Board of Directors or any of his relatives owns or manages. e. For an establishment or company in which the member or any of his relatives is a member of the board of directors or one of its senior executives, except for the company's affiliates. For the purpose of implementing this Article, relatives shall have the meaning given to the Corporate Governance Regulations.

The "Glossary of Terms Used in the Regulations and Rules of the Capital Market Authority" is also a reference to the undefined terms contained in these Regulations.

Article II: Competing Business Standards

The concept of participation in any business that would compete with the company or compete with it in one of the branches of the activity it carries out shall include the following:

1. A member of the Board of Directors shall establish a company or sole proprietorship, own an influential percentage of the shares of a joint stock company, or own a share in the capital of another company or establishment engaged in an activity of the type of activity of the company or any of its subsidiaries.

2. Accepting membership in the board of directors of a competing company or sole proprietorship of the company or any of its subsidiaries, or assuming the management of a competing sole proprietorship or a competing company in any form, except for the company's subsidiaries.
3. The member's obtaining a commercial agency or the like, whether apparent or hidden for another company or establishment competing with the company or any of its subsidiaries.
- 4- The member of the Board of Directors submits technical, administrative or advisory work to any competing entity. Or obtaining a financial compensation for providing consultations to another company competing with the company, meaning that the nature of its work and activity is similar to one of the main activities of the Tabuk Agricultural Development Company.
5. The Member's use of his knowledge or influence on any of the Company's clients or any other company in its group, suppliers or consultants for the benefit of any company or person working for the benefit of a competing company of the Company.
6. Acceptance of membership of any committee in a competing entity.
- 7 - Benefit - directly or indirectly - from the investment opportunities offered to him in his capacity as a member of the Board of Directors, or that he knew about in his capacity as a member of the Board of Directors of the company, which fall within the activities of the company or its subsidiaries, or opportunities that do not fall within the activities of the company or its subsidiaries and that the company wishes to benefit from, and the prohibition applies to a member of the board who resigns in order to exploit investment opportunities directly or indirectly - that the company wishes to Benefit from it and which he learned about during his membership in the Council.

Article III: The duties of the BOD members not to compete with the company to avoid conflict of interest

Conflict of interest between the company and its board of directors means that it is a set of actions or decisions that can be taken by the board of directors or any of its members according to which the members of the board of directors or any of its members outweigh their interest or interest at the expense of the interest of the company or achieve the interest of some shareholders at the expense of the interest of others, so a member of the board of directors must abide by the following:

1. A member of the Board of Directors shall exercise his duties with honesty and integrity and shall put the interests of the Company ahead of his personal interest, and shall not exploit his position to achieve private interests, and any person who wishes to nominate himself for membership of the Board of Directors shall disclose to the Board of Directors and the General Assembly his

participation in a work that would compete with the Company, or compete with it in one of the branches of the activity it engages.

2- A member of the Board of Directors or his first-degree relatives must avoid conflict of interest, or its likeness of conflict of interest, when individual interests interfere in any way with the interest of the company, or with its subsidiaries.

3. A member of the Board of Directors may not have any direct or indirect interest in the business and contracts concluded for the company's account except with the authorization of the Ordinary General Assembly, in accordance with specific procedures.

4. If a member of the Board fails to disclose his interest referred to in paragraph (3) of this Article, the company may claim appropriate compensation before the competent judicial authority .

5. Liability for damages resulting from the works and contracts referred to in paragraph (3) of this Article shall be borne by the member who has an interest in the work or contract, as well as on the members of the Board of Directors, if such works or contracts are carried out in violation of the provisions of that paragraph or if they prove to be unfair, involve a conflict of interest and cause harm to shareholders.

6. Members of the Board of Directors opposed to the resolution shall be exempted from liability if they expressly prove their objection in the minutes of the meeting, and absence from attending the meeting in which the resolution is issued shall not be considered a reason for exemption from responsibility unless it is proved that the absent member did not know about the decision or was unable to object to it after becoming aware of it.

7- The member shall protect the confidentiality of information related to the company and its activities, and not to disclose it to anyone.

8. The direct and indirect interest in which the license of the ordinary general assembly must be obtained shall not be considered as the works and contracts that are made to meet personal needs if they are carried out in the same conditions and conditions followed by the company with the general contractors and dealers and these works and contracts are within the company's usual activity.

Article IV: The nature of the company's competing activities

The concept of the competing business of the company includes any work related to the basic activities of the company or its branches stipulated in the company's articles of association or any work related to the basic activities of the subsidiaries stipulated in the memorandum of association or articles of association, as the case may be.

Article V: Company Competition Controls

1- A member of the Board of Directors who competes with the Company or its subsidiaries or wishes to compete with them (the Company or its subsidiaries) must obtain an authorization from the Ordinary General Assembly.

2. If a member of the Board of Directors wishes to participate in a business that would compete with the company or its subsidiaries, the following shall be followed:

(A) Inform the Board of Directors of the competing business that it wishes to practice, and record such notification in the minutes of the meeting of the Board of Directors, provided that the notification includes a letter signed by the member explaining all the details and competing business that he wishes to practice, and attached with the necessary documents.

(B) The Board of Directors shall refer the subject to the Nomination and Remuneration Committee to examine the subject to issue a decision or recommendation to the Board of Directors, and to ensure that there is no conflict of interest that could affect the company or the exercise of the member's duties with honesty and integrity, and the Committee may summon the member and discuss it and seek the assistance of experts and consultants from the company's employees or from outside.

(C) In the event that a recommendation is issued by the Committee that there is nothing to prevent the participation of the member in the competing work, the matter shall be submitted to the Board of Directors.

(d) The Board of Directors shall vote on the resolution of the Board member's competition with the Company's business or the business of its subsidiaries, provided that the stakeholder member shall not participate in voting on the resolution issued by the Board of Directors and the Shareholders' Assemblies.

(E) If the Board decides that the business that the member wishes to practice as a competition with the company's business or a competition with the business of its subsidiaries, the Board shall submit to the ordinary general assembly, provided that such business is verified on an annual basis.

(f) The Chairman of the Board of Directors shall inform the Ordinary General Assembly when it convenes of the competing business carried out by the Board member for voting.

