



The National Agricultural Development Company

The Board Nomination and Selection Policy

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1. Introduction

1.1 Purpose of the Policy

This policy aims to set criteria for the nomination and selection of members of the Board in the Company based on competence and ability to represent the Board and its committees, in a manner that ensures the availability of expertise, ability and scientific and practical knowledge that would contribute to raising the Company's operational efficiency, in accordance with the Companies Law, Corporate Governance Regulations issued by the Authority, and other relevant rules and regulations.

1.2 Scope of Implementation

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

1.2.1 Company's Board of Directors.

1.2.2 Board Committees

Senior Executives, and all employees who act on its behalf or represent the Company with third parties.

2. Responsibilities

2.1 The Nominations Remuneration Committee (NRC) shall be responsible for preparing and revising this policy and proposing the necessary changes to the Board to take the necessary action.

2.2 The Board's Secretary shall be responsible for implementing this policy.

3. Policy Statement

3.1 Responsibilities of The Nominations Remuneration Committee to Nominate the Board Members:

3.1.1 Recommending to the Board to nominate or re-nominate a new member in accordance with the Company's Bylaw and the Charter of The Nominations Remuneration Committee, ensuring not to nominate any person previously convicted of a crime resulting in breach of trust.

3.1.2 Preparing criteria for the capabilities and qualifications required for membership in the Board and Executive Management.

3.1.3 Determining the time that the member should dedicate to the Board.

3.1.4 Performing annual review of the skills and expertise required of the Board and Executive Management.

3.1.5 Providing a job description for Executive, Non-executive, Independent Board members and the Senior Executive.

3.1.6 The Nominations and Remuneration Committee shall coordinate with the Board to announce the opening of the nomination for membership of the Company's Board at least sixty (60) days before the end of the Board's term, and in accordance with the requirements of applicable laws and regulations.

- 3.1.7 Publishing a post on the Company's website, on the Saudi Exchange website, and in any other means determined by the competent authority, to invite persons interested in the membership of the Board, provided that the nomination date remains open for at least one month from the date of the announcement.
- 3.1.8 Reviewing the structure of the Board and the Executive Management and recommending the changes that can be made.
- 3.1.9 Taking into account that the nominees shall have a sufficient number of independent candidates in order to give the General Assembly the opportunity to elect from among them at least one third of the Board members, and to verify on an annual basis the independence of such members, and the absence of any conflicts of interest.
- 3.1.10 Anyone who is interested in being nominated to the Company board shall declare their wish by notifying The Nominations and Remuneration Committee secretary in accordance with the applicable rules. This notice shall include an introduction of the nominee with respect to their curriculum vitae, their qualifications and their work experience, such documents shall be submitted in Arabic language. In addition, the member shall provide the Company with all supporting documents such as (national ID, family ID, passport for non-Saudis nominees for Board membership and any other relevant documents requested by the Company to meet the legal requirements).
- 3.1.11 Announcing the candidates for membership of the Board on the Authority website in case of publishing or inviting the General Assembly, provided that this information includes a description of the candidates' experiences, qualifications, skills, jobs and previous and current memberships. A copy of this information shall be kept at the Company's head office and website.

3.2 Conditions and Requirements of the Board Membership:

- 3.2.1 In addition to any controls or procedures issued by the regulatory authorities in the formation of the Board, the Board member shall be of professional competence who have the necessary experience, knowledge, skill and independence, in a way that enables him/her to exercise the duties efficiently and competently, provided that the member shall have the following competencies:
 - 3.2.1.1 Ability to lead: The member shall enjoy leadership skills, which enable him/her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values as well as being able to communicate effectively, plan and think strategically.
 - 3.2.1.2 Qualifications, skills and experience: The member shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training.
 - 3.2.1.3 Ability to guide: The member shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. The

member shall also be able to provide strategic guidance and long-term planning and have a clear future vision.

3.2.1.4 Financial Knowledge: The member shall have the ability to read and understand financial statements and reports.

3.2.1.5 Physical Fitness: The member shall not suffer from any health issue that may hinder him/her from performing their duties and responsibilities.

3.2.1.6 The Independent Nominee shall not have any of the negating factors outlined in the Corporate Governance Regulations.

3.2.1.7 The nominee shall not have been previously convicted of a crime of dishonesty.

3.2.1.8 The nominee shall not be a member of the boards of more than five (5) listed joint stock companies at the same time.

3.2.1.9 The nominee shall be a natural person of at least (25) years of age.

3.2.2 Issues Affecting Independence:

The independence of the Board member shall be incompatible with the following:

3.2.2.1 To own 5% or more of the shares of the Company or its subsidiaries or to has a relationship with anyone owns such percentage.

3.2.2.2 To be an immediate relative of one of the Board members in the Company or its subsidiaries.

3.2.2.3 To be an immediate relative of a senior executive in the Company or its subsidiaries.

3.2.2.4 To be a Board member of a subsidiaries, and is nominated for membership in the Board of the holding company.

3.2.2.5 To be an employee or have been employed during the past two years by the Company or any company within its group, or to own controlling interest in the Company, any company within its group or any party deals with it or any company within its group, like auditors or major suppliers.

3.2.2.6 To have a direct or indirect interest in the business and contracts made for the Company's benefit, except in the following cases:

A- An authorization from the Ordinary General Assembly.

B- A member of the Board shall inform the Board of their direct or indirect interest in the business and contracts that are made for the Company's benefit, and this notification is recorded in the minutes of the meeting.

C- This member may not participate in voting on the resolution issued in this regard by the Board and the shareholders' assemblies.

D- The Board shall inform the Ordinary General Assembly, when it convenes, of the business and contracts in which a member of the Board has a direct or indirect interest. Such notification shall be accompanied by a special report from the Company's External Auditor.

- 3.2.2.7 To receive amounts from the Company over the remuneration for the membership of the Board or any of its committees in excess of (200,000) riyals or more than 50% of their remuneration in the previous year that he received in return for such membership in the Board or any of its committees, whichever is less.
- 3.2.2.8 To engage in a business that would compete with the Company, or to trade in one of the branches of the Company's activity.
- 3.2.2.9 The member shall have spent more than nine (9) consecutive or intermittent years as a member of the Company's Board.

3.3 Procedures of Nomination for the Board Membership:

- 3.3.1 The Company shall publish the nomination announcement on the websites of the Company and the website of the Saudi Exchange; to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.
- 3.3.2 Any nominee for membership of the Company's Board shall announce their desire by means of a notification submitted to the Company's management at least thirty (30) days before the date of the General Assembly. This notification shall include the candidate profile, CV, qualifications, and expertise in the field of the Company's business.
- 3.3.3 Any nominee who is a previous Board member of Joint stock company shall state the names and dates of the boards in which the member was a member. Any nominee who has served as a Board member in the Company shall enclose with the nomination notice a statement from the Company management on the last session in which the member was a Board member including the following:
- 3.3.3.1 The number of Board meetings held during each year of the session, the number of meetings attended by the member, and the percentage of their attendance of the total meetings.
- 3.3.3.2 The committees in which the member participated, the number of meetings held by each of these committees during each year of the session, the number of meetings attended and the attendance percentage of the total number of meetings.
- 3.3.3.3 Summary of the financial results achieved by the Company during each year of the term.
- 3.3.4 A person who desires to nominate themselves for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:
- 3.3.4.1 Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which the member desires to be nominated to the Board.
- 3.3.4.2 Engaging in business that may compete with the Company or any of its activities.
- 3.3.5 The Nominations Committee shall review the nominations submitted in accordance with the previous controls and determines a list of candidates to vote on their appointment to the General Assembly after providing them to the Authority.

3.3.6 It should be noted that the number of candidates for the Board whose names are presented to the General Assembly exceeds the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.

3.4 Procedures of Nominating the Board Members:

3.4.1 The Company shall publish the information of the nominees on the websites of the Company and the website of the Saudi Exchange; when publishing the invitation to the General Assembly, provided that such publication shall include a description of the candidates' experiences, qualifications, skills, jobs and previous and current memberships. A copy of this information shall be kept at the Company's head office.

3.4.2 The cumulative voting method shall be used when electing the Board Members.

3.4.3 Voting in the General Assembly shall be confined to the Board nominees who nominate themselves in accordance with the procedures, the criteria's and policies mentioned above.

3.5 Chairman and Vice-Chairman Appointment:

3.5.1 The Board Chairman shall appoint a Chairman and Vice-Chairman from among its members except the executive members.

3.5.2 It is prohibited to hold, at the same time, the position of the Board Chairman and any other executive position in the Company, including the positions of the CEO.

3.5.3 The Board may dismiss/re-elect the Board Chairman and his Deputy from such roles at any time.

3.6 Termination of a Board Membership:

3.6.1 The Membership terminates in the following events:

3.6.1.1 The membership of the Board shall expire upon the end of its term or upon the expiry of the member's term of office.

3.6.1.2 The General Assembly may, at any time, dismiss all or some of the Board members, without prejudice to the right of the dismissed member for compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. Board members may resign, provided that such resignation shall be at the appropriate time, otherwise, the member shall be liable before the Company for the damages resulting from such resignation.

3.6.1.3 The Company's General Assembly may, based on a recommendation from the Board, terminate the membership of a member who fails to attend (3) Three consecutive meetings or (5) Five intermittent meetings during the term of their membership without a legitimate excuse accepted by the Board.

3.6.2 If the position of a member becomes vacant, the Board has the right to appoint a temporary member in the vacant position as per the order to receive the votes, provided that the member shall be fulfilling the necessary expertise and efficiency. The Board shall notify the Authority and Ministry of Commerce of such appointment within five (5) working days from the date of the appointment, provided that such appointment shall be

presented to the Ordinary General Assembly in its first meeting, and the new member shall continue the term of thier predecessor.

- 3.6.3 If the General Assembly (or whomever it delegates) rejects the authorization relating to conflict or competition, the Board member shall resign within a period specified by the General Assembly; otherwise, thier membership in the Board shall be deemed terminated, unless the member decides to withdraw from such contract, transaction or competing venture or regularize thier situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly (or whomever it delegates).
- 3.6.4 Upon termination of the membership of a member of the Board by any of the means of termination of membership, the Company shall immediately notify the Authority and the Market with a statement of the reasons for that.
- 3.6.5 If a member of the Board resigns, and the member has comments on the performance of the Company, the member shall present a written statement to the Board Chairman, and this statement shall be presented to the Members.
- 3.6.6 In the event of failure to elect a Board for a new term and the term of the current Board has lapsed, the members of such Board shall continue to perform their duties until a new Board is elected, provided that the period of such continuation of the lapsed Board does not exceed (90) days from the end date of the Board's term. And the Board shall undertake all necessary procedures to elect a new replacement Board before the expiry of the period specified in this paragraph.
- 3.6.7 In the event that the chairman and members of the Board resign, they shall call for the Ordinary General Assembly meeting to convene in order to elect a new Board, and such resignation shall not be effective until a new Board is elected, provided that the period of such continuation of the resigned Board does not exceed (120) days from the date of such resignation. And the Board shall undertake all necessary procedures to elect a new replacement Board before the expiry of the period specified in this paragraph.