

Remuneration and Nomination Committee Charter



Remuneration & Nomination Committee Charter

Alandalus Property

Adoption of the Charter

This policy was adopted by the resolution of the Extraordinary General Assembly 6th For the company held on 06/03/2024 AD According to the recommendation of the Board of Directors pursuant to its resolution issued on 07/02/2024 AD

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Introduction:

The purpose of preparing this charter is to specify the framework through which the Remuneration and Nomination Committee works at Alandalus Property Company, in accordance with the provisions of the Companies Law and its executive regulations pursuant to the provisions of paragraph (B) of Article Fifty-Seven and paragraph (B) of Article Sixty-One of the Corporate Governance Charter issued by the Capital Market Authority under resolution No. (8-16-2017) dated 16/05/1438 AH, corresponding to 13/02/2017 AD. The charter is based on the Companies charter issued by Royal Decree No. M/3 dated 28/01/1437 AH, as amended by the Capital Market Authority resolution No. 8-5-2023 dated 25/06/1444 AH, corresponding to 18/01/2023 AD and pursuant to Royal Decree No. M/132 dated 01/12/1443 AH. This can be achieved by also aligning with the best governance practices aspired to by the company.

This charter states an explanation of the objectives that the Remuneration and Nomination Committee at Alandalus Property Company seeks to achieve. It clarifies the rules governing the formation of this committee, the rules for appointing its members, how they are nominated, the term of their membership, their remuneration, and the mechanism for temporarily appointing members in case of a vacant position. In addition to this charter states the duties assigned to this committee with regard to remuneration and nomination procedures, and the responsibilities it undertakes to achieve its purposes. This charter defines the procedures and work mechanism, as well as the organizing of meetings, decision-making process, and other provisions as well.

This charter shall be adopted by the General Assembly with reference to the recommendation of the Board of Directors, in compliance with the regulatory provisions in this instance. The same procedures are mentioned when making any amendments to this charter.

Article (1): Definitions

In this document, the following definitions of words and phrases mentioned below shall apply unless the context clearly requires otherwise:

- **Charter:**
Remuneration and nomination committee charter in Alandalus Property Company.
- **Committee:**
Remuneration and nomination committee in the company.
- **Company:**
Alandalus Property Company (Saudi joint stock company).
- **Board:**
The company's Board of Directors.
- **Chairman of the Board of Directors:**
The chairman of the Board of Directors (Alandalus Property Company)
- **Chairman of the committee:**
The chairman of the remuneration and nomination committee.
- **Members:**
The executive and non executive Board Members and independent members and committee members.
- **Executive Member:**
A board member who is dedicated to managing the company and actively participates in its daily works.
- **Non-Executive member:**
A board member who is not dedicated to managing the company and does not actively participate in its daily works.
- **Independent Member:**
A non-executive board member who enjoys full independence in his legal position and resolution, and is not subject to any conflicts of interest as stipulated in the governance regulations issued by the Capital Market Authority.
- **CMA:**
Capital Market Authority.
- **Tadawul/Market:**
Saudi Financial Market.
- **Bylaws:**
The bylaws of Alandalus Property Company.

Article (2): The purpose of remuneration and nomination committee

To assist the Board of Directors in efficiently and effectively executing its duties, especially in relation to determining competent board members and senior executives. To ensure that the company's remuneration and nomination policy works in accordance with the competencies stated in the regulations, as well as the desired objectives, and keeping distinguished members of the board and senior executives. This aids the company in achieving its objectives by applying high efficiency.

Article (3): The appointment rules of the committee members

1. Committee members shall possess academic qualifications, previous expertise, and sufficient knowledge of administrative aspects and the nature of the company's operations that contribute to the interests of the committee's agenda and discussions.
2. Committee member should adhere to principles of honesty, integrity, loyalty, and objectivity when executing assigned duties, with giving priority to the interests of the company and shareholders instead of personal interest.
3. Committee member shall not be an executive members of the Board of Directors in the company or its subsidiaries, or doing technical, managerial, or advisory roles.
4. Committee member shall abide by allocating respected time for committee duties, attending its sessions, actively participating in its agenda, and exercising due diligence in performing assigned duties, keeping up new and relevant developments for the company's works.

Article (4): The formation of the remuneration and nomination committee

1. The committee is formed by a resolution of the Board of Directors which is called (Remuneration and Nomination Committee), who is non-executive members of the Board, provided that at least one member shall be independent.
2. When forming the Remuneration and Nomination Committee, it shall be taken into consideration that the committee members are independent members of the Board of Directors. The committee may also appoint non-executive members or persons other than the Board, either from shareholders or others. The committee's chairman, as mentioned in this paragraph, shall be one of the independent members.
3. The Committee shall comprise of a minimum of three members and a maximum of five members. The company's Board of Directors appoint them for a four-year term, while working with the Member of Board's term.
4. The company shall notify the CMA of the names and qualifications of committee members within five business days upon the date of their appointment as well as any changes thereto within five business days of the these changes.
5. The committee annually affirms the absence of conflicts of interest in performing its duties.

6. Committee members shall notify the Board of Directors of any competing business activities if any.
7. Committee members are not allowed to accept gifts from individuals who has business dealings with the company when such gifts could lead to a conflict of interest.
8. Re-appointment of committee members is possible.
9. Committee members are appointed by a resolution issued by the company's Board of Directors.

Article (5): The chairman of the remuneration and nomination committee

1. The committee shall appoint a chairman among its members, who presides over its meetings. In the absence of the committee chairman or their delegate, the remaining attending members choose one of them to preside over the committee meeting.
2. The committee chairman shall represent the committee in meetings of the Board of Directors and related meetings with any other authorities.
3. The committee chairman is responsible for managing the committee's meetings and determining its agenda.
4. The Chairman of the Board of Directors is not allowed to be the chairman of the Remuneration and Nomination Committee, but may be a member.
5. The committee chairman or their delegate, among its members, assures attendance at general assemblies of shareholders to answer any inquiries outlined under the committee's jurisdiction.
6. The recommendations of the committee shall be submitted to the Board of Directors.

Article (6): The secretary of the remuneration and nomination committee

A. The Secretary of the Committee shall be appointed by a resolution issued by the Remuneration and Nomination Committee and may be one of the Committee members or others. His responsibilities include the following particulars:

- 1- The secretary shall coordinate for the meetings and provide the members with sufficient time prior to the meetings.
- 2- Documenting the committee meetings, preparing minutes that include discussions and deliberations, registering the committee's recommendations and voting results, recording them in a special and organized register, and preparing a listing stating the names of attending members including any reservations stated - if any - and having these minutes signed by each attending members.
- 3- Archiving the reports which are submitted to the committee, as well as the reports and recommendations in which it approves.
- 4- To provide committee members with its agenda, relevant documents, and any extra documents or information required by any of the committee members related to the issues discussed at the meeting.

- 5- To present draft minutes to committee members after approval by its chairman to know their reviews before finalizing and signing them.
- 6- To guarantee that committee members receive a complete, prompt copy of the meeting minutes, information and documents related to the company.
- 7- To coordinate the procedures between committee members.

B - The Committee secretary shall not be dismissed unless by its resolution issued in this regard.

Article (7): The remuneration & nomination committee membership term

- 1) The term of the committee members shall be four years or the same term as the term of the Board of Directors, whichever is less.
- 2) The committee shall be re-formed at the beginning of each term of the Board, and it is permissible to re-appoint committee members.

Article (8): Membership Termination

- 1) A member of the committee may be exempted from membership if they violate the provisions of this charter, as stipulated by the General Assembly of shareholders.
- 2) A committee member may submit their resignation letter from the committee, provided that it is submitted at a suitable and reasonable time for the Board of Directors. Otherwise, the member shall be held accountable for all the consequences resulting from this resignation.
- 3) **The exemption of any committee member from their position could be processed by a resolution of the Board, under submitting a recommendation from the committee's chairman in the following cases:**
 - Upon the member's request to be exempted from their membership in the committee.
 - When the member exploiting their position in the committee or any misconduct could occurred and deemed by the Board to be detrimental to the company's objectives and reputation in general, and to the committee in particular.
 - The member's absence from attending three consecutive meetings without an a legitimate excuse as determined by the committee's chairman.
 - The member's disqualification to be a member.

Article (9): The vacant position in the committee

If a position of any member becomes vacant during the committee's term, the Board of Directors may appoint a temporary member to fill the vacant position. The temporary member should possess the required experience and efficiency, and they will complete the term of their predecessor.

Article (10) The remuneration & nomination committee members induction & education

New members of the Remuneration and Nomination Committee will be provided with an orientation program that includes clarifications by the executive management about the company's strategic plans, governance regulations and associated policies, company operations, conflict of interest guidelines, and professional ethics. The orientation program should include information about the administrative structure, key policies, practices, and executives managers. Additionally, it may involve visits to the company's ongoing projects, as the case may be.

Consequently, new members will receive a copy of the company's bylaws, an executive summary of the company's business plans, minutes of previous meetings, and other relevant information and details.

Article (11): The committee meetings and quorum

1. The Remuneration and Nomination Committee meets regularly, at least twice a year or as required.
2. Committee meetings are convened upon the invitation of its chairman, upon the request of two committee members, or at the request of the Board of Directors, with the reasons for the meeting clearly stated in all cases.
3. Non-committee members are not allowed to attend the meetings; however, the committee may seek the opinion or consultation of a board member as deemed appropriate. The committee may also invite the CEO, HR executive, or external consultants to attend its meetings.
4. The quorum for the committee is met by the presence of two members. Committee member is fully known to attend meetings in person or remotely by online means, with virtual attendance considered equivalent to physical presence. Member can delegate others to attend on their behalf.
5. The agenda of board meetings should allow the chairman of the Remuneration and Nomination Committee the opportunity to discuss any important topics.
6. Committee resolutions shall be adopted by a majority vote of the present members. in case of a tie vote, the meeting chairman shall have a casting vote.
7. Invitations to committee members must be sent at least five days before the meeting date, including the agenda and necessary documents. In case of an emergency meeting, the invitation, along with the agenda and required documents, may be sent less than five days before the meeting date.
8. If a committee member expresses reservations or a dissenting opinion on a committee resolution, it shall be recorded in the meeting minutes.
9. The committee approves its agenda during the meeting, and any member objects, his objection shall be documented in the meeting minutes.
10. Each committee member has the right to suggest any issue to the agenda.

11. Members unable to attend physically may participate and vote by modern technology means.
12. The committee may invite non-members to attend meetings without voting rights.
13. Postponement or cancellation of a meeting requires the approval of the committee chairman or a request from the majority of members.

Article (12): Committee responsibilities

1. Committee members shall attend all committee meetings and participating in an effective way in its discussions. In the event that a member cannot attend, they shall notify the committee chairman and the secretary as well.
2. A member shall maintain the confidentiality of company secrets and information they come across, and they are not allowed to disclose such information to any party unless stipulated by the Board of Directors or by committee resolution, within the limitations expressed.
3. Members of the Remuneration and Nomination Committee are adhered to enhance their performance and knowledge for achieving the company's interests.
4. Committee members shall have credibility, trustworthiness, objectivity, and independence in performing their duties.
5. The committee shall discuss and look back at its performance at least once a year to determine whether it works in a legal way and determining the procedures to improve and enhance its efficiency, and a report on the committee's performance should be submitted to the Board of Directors.
6. The committee shall be accountable for discussing matters referred to it by the Board of Directors and submitting recommendations to the Board for resolutions. Alternatively, the committee may make resolutions if delegated by the Board to do so.

Article (13): Committee Competences & Duties

The committee shall be competent to the following points:

A) The Nomination Competences

1. Proposing clear policies and criteria for the membership of the Board of Directors and executive management.
2. Providing recommendation to the Board of Directors on the nomination and re-nomination of its members in accordance with the approved policies and criteria, taking into account that the nomination shall not include any person who has already been convicted of a crime involving moral turpitude or dishonesty.
3. Preparing a description of the capacities and qualifications required for the board membership and executive management functions.
4. Determining the time that a member shall allocate to functions of the Board of Directors.

5. Conducting an annual review of the necessary skills or expertise required for the membership of the board of the directors and executive management.
6. Reviewing the structure of the board of directors and executive management and providing recommendations on possible changes related thereto.
7. Annually verify the independence of independent members, making sure that there is no conflicts of interest if a board member of the company is a board member of another company.
8. Developing a job description of the executive and non-executive members, independent members and senior executives.
9. Establishing special procedures in the event that the position of a board member or a senior executive becomes vacant.
10. Identifying the Board of Directors' weaknesses and strengths points, and proposing solutions to address them in line with the company's interests.

B) The Remuneration Competences

1. Prepare a clear policy for the remuneration of the Board of Directors, committees derived from the board, and executive management. The policy shall be submitted to the Board of Directors for consideration before the approval process from the general assembly. Taking into consideration in this policy the adoption of performance-related criteria, disclosure, and following of its implementation.
2. Explain the relationship between granted remuneration and the applicable remuneration policy. Disclose any substantial difference in this policy.
3. Periodically checking up the remuneration policy and assessing its effectiveness in achieving the intended objectives.
4. Recommend to the Board of Directors the remuneration for Board members, committees derived from the board, and senior executives in the company, as stipulated in the approved policy.

C) The committee may recruit experts and specialists, whether from within or outside of the company, provided that this procedures shall be be documented and recorded in the committee meeting minutes, namely the expert's name and their relationship with the company or executive management.

Article (14): The committee members remuneration

1. Members of the Remuneration and Nomination Committee, including the committee's chairman, are entitled to an annual allowance as stated in the remuneration and compensation policy for the Board of Directors and its affiliated committees which are approved by the General Assembly of shareholders.
2. The annual report of the Board of Directors which is submitted to the General Assembly, shall state a detailed disclosure of the compensations and remuneration for committee members as per controls stipulated in the Corporate Governance Code issued by the Capital Market Authority and it is necessary to detail and separate the remuneration and compensations of the members, as well as any financial or in-kind rewards, whether the member is from within or outside the board.

Article (15): Confidentiality

Members of the Remuneration and Nomination Committee shall maintain the confidentiality of the information they come across during their membership term and using solely for the purpose of performing their committee duties and responsibilities. The members shall not disclose or declare any of such information to any other party, or exploit it in any form, or use it for any purpose, or publishing in the media, or speak on behalf of the company. The confidentiality of the information extends beyond the term of membership in the committee. Members are accountable for securing all committee documents and minutes, as well as any materials or data handed to them, whether manually or electronically, by the company or the committee secretary. Members shall maintain the confidentiality of the information during their membership in the committee and upon its termination. In this regard, the members shall not disclose any information absolutely, and the responsibility of securing all committee documents, minutes, and any materials or data handed to them, whether manually or electronically, by the company or the committee secretary, continues even after the end of their membership term in the committee.

Article (16): Committee Members Assessment

1. The Board of Directors shall assess the members of the committee and the committee in general annually to know the extent to which they are executing their designated duties and responsibilities.
2. The advisory assistance may be maintained from the Remuneration and Nomination Committee during the assessment process.
3. An external advisor may be appointed to conduct the assessment if the Board deems it fit.

Article (17): Final Provisions (Publication, Enforcement and Amendment)

1. After approval of the final draft of the charter by the Board of Directors, pursuant to the recommendation of the Remuneration and Nomination Committee, the Board shall submit this charter to the General Assembly of shareholders for adoption.
2. The Board of Directors may facilitate the committee's work by approving any amendments to this charter at any time it deems fit, pursuant to the recommendation of the Remuneration and Nomination Committee with reference to the applicable regulations and controls issued by regulatory authorities, provided that these amendments shall be adopted by the General Assembly of shareholders at its earliest meeting.
3. This charter shall be periodically reviewed and considered by the Board of Directors and the Remuneration and Nomination Committee. This consideration is most important in case of existing some changes in required regulations or changes in the company's policies that necessitate amendments to this charter.
4. All members of the Board of Directors, as well as committees affiliated from the Board and authorities related to the company, shall be notified of these charter or any amendments thereto.
5. This charter shall be applicable and enforceable as of their adoption.
6. This charter is drafted in both Arabic and English. In case of any discrepancy between the two texts, the Arabic text shall prevail.
7. This charter will be published on the company's website to enable stakeholders to access them.