



**Tanmiah Food Company**

**Board of Directors  
Charter**

**Effective – November 2022**

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## DOCUMENT CONTROL & APPROVAL

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### **Introduction:**

This document is the Board of Directors Charter of Tanmiah Food Company. This document aims to ensure compliance with the applicable laws and regulations of the company.

Tanmiah Food Company seeks to implement the Corporate Governance Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia in addition to the Company's Governance Charters issued by the Board of Directors to ensure the company's activities are consistent with the best governance practices. This being the case, the Board of Directors has prepared and approved this Board of Directors' Charter.

This Charter Identifies the procedures and scope of responsibilities of the Board, as well as how such responsibilities and duties are implemented and regulating its procedures.

The Board shall review this Charter when needed and may also make amendments whenever deemed necessary by applicable rules.

The Board shall conduct an annual assessment of its performance and its Committees and submit relevant recommendations to improve their performance.

### **Scope:**

This document applies to all members of the board of directors of Tanmiah Food Company.

### **The key components:**

This policy aims to ensure the implementation of Corporate Governance Regulation, pursuant to the mandates and competencies of the board members provided in the Companies Law and the Capital Market Law and their implementing regulations to protect the interests of the Company and its shareholders.

### **Objectives:**

- To regulate the Board of Directors function by determining how it shall assume its duties and responsibilities.
- To define the roles within the Board's organizational structure and their respective duties and working procedures in accordance with the Companies Law, the Regulatory Rules and Procedure issued pursuant to the Companies Law relating to Listed Joint Stock Companies, the Corporate Governance Regulation issued by the Capital Market Authority (CMA), the Company's By-laws, and other relevant laws and regulations.
- Implementing corporate governance principles and best practices.

### **Effective Date:**

This charter is effective from November 2022 and will fall due for review in November 2024 and as and whenever needed to ensure its compliance with laws and regulations and satisfy the requirement of various stakeholders.

### **Board Composition:**

- The Company Board of Directors, comprising Ten members, shall be appointed by the Company General Assembly for a term stated in the Company Bylaws, by cumulative voting. The majority of the Board members shall be of Non-Executive Directors. Third of the Directors shall be independent members. All Board members or some thereof may be re-elected for another term. In addition, the Board members must carry out their duties and assignments as stated in the relevant laws and Charters.

- The Board shall appoint, from among its members, a chairman, a vice chairman, and a Managing Director.

- If the position of a Board member becomes vacant, the Board may appoint a temporary member to the vacant position without considering the order of votes gained by such member, provided that such a temporary appointment shall be presented at the first meeting of the Ordinary General Assembly. The new member shall complete the term of their predecessor. If the number of Board members falls to less

than three (3), the Ordinary General Assembly shall convene in sixty (60) days to elect the required number of members.

- The Board appoints a Secretary General who meets the requirements specified in the Corporate Governance Regulations issued by the Capital Market Authority (CMA).
- A Board member shall comply with the policy organizing conflicts of interest and other related policies, Charters, and laws.
- The Company shall notify the Authority with the names of the members and the types of their memberships within five (5) business days of the commencement date of the Board session, or of the date of their appointment, whichever comes first, and shall notify the Authority of any changes thereto within five (5) business days of the date of such changes.
- The Company shall notify the Public through Tadawul of any changes in the composition of the board of directors, the audit committee, or to CEO's position in the company immediately and before the start of the next trading session in the Saudi Exchange (Tadawul).

### **Responsibilities of the Board:**

1. The Board represents all shareholders and thus shall perform its duties of care and loyalty in managing the Company's affairs and undertake all actions in the company's general interest and develop it and maximize its value.
2. The Board is responsible for the Company's business even if it delegates some of its powers to committees, individuals, or other third parties. In any case, the Board may not issue a general or an open-ended delegation.

### **Competencies and Duties of the Board:**

- With the general assembly's competencies taken into consideration, the Board shall have the widest powers in managing the Company and guiding its activities to achieve its objectives, except procedures and acts of a specific provision in the Companies Law or the Company's incorporation Document which are within the scope of the General Assembly. The Board may, within the limits of its jurisdiction, authorize one or more of its members or a third party to undertake a specific function or function.
- Entering into loan agreements regardless of the duration, selling or mortgaging Company assets, selling or mortgaging the Company business place, and discharging the Company's debtors of their debt obligations towards the Company, without prejudice to the company's incorporation document or the issuance of the General Assembly what can limit the powers of the Board in this matter.
- Laying down the plans, policies, strategies, and main objectives of the Company, supervising their implementation and reviewing them periodically, and ensuring that the human and financial resources required to fulfill them are available, including:
  - Setting a comprehensive strategy for the Company, critical business plans and policies, and risk management policies and reviewing and directing same.
  - Determining the most appropriate capital structure for the Company, its strategies, and financial objectives, and approving all kinds of estimated budgets.
  - Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.
  - Setting performance indicators and monitoring the implementation thereof and the company's overall performance.
  - Reviewing and approving the organizational and functional structures of the Company regularly; and ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available.
- Setting rules and procedures for internal control and generally overseeing them, including:
  - Developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties.
  - Ensuring the integrity of the financial and accounting rules, including rules relating to preparing financial reports.
  - Ensuring the implementation of appropriate control procedures for risk measurement and management by generally forecasting the risks that the Company may encounter and creating

an environment that is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company.

- Reviewing the effectiveness of the Company's internal control procedures annually.
- Setting forth specific and explicit policies, standards, and procedures for membership in the Board in a consistent manner with the mandatory provisions of the Corporate Governance Charters issued by the Capital Market Authority and implementing them following approval by the General Assembly.
- Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of this Charter.
- Setting policies and procedures to ensure the Company's alignment with the relevant laws and Charters and the Company's obligation to disclose essential information to shareholders and Stakeholders and ensuring the alignment of the Executive Management with these policies and procedures.
- Supervising the management of the Company's finances, its cash flows, and its financial and credit relationships with third parties.
- Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
  - Increasing or decreasing the share capital of the Company.
  - Dissolving the Company before the end of its term as specified in its Articles of Association or deciding the continuity of the Company.
- Providing a recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
  - Using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly and has not been allocated to a specific purpose.
  - Forming additional financial allocations or reserves for the Company.
  - The method of distributing the net profits of the Company.
- Preparing the Company's interim and annual financial statements and approving them before publishing same.
- Approving the Board's Report before publishing it.
- Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency.
- Develop effective communication channels allowing shareholders to review the various aspects of the Company's businesses and any material developments continuously and periodically.
- Forming specialized committees of the Board pursuant to decrees that shall specify the term, powers, and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such decrees shall also specify the members' names and their duties, rights, and obligations, and shall evaluate the performance and activities of these committees and their members.
- Specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance, and remunerations in the form of shares without prejudice to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- Setting the values and standards that govern the work at the Company.
- Approve the social responsibility policy and recommend it to the shareholder's general assembly to obtain the final approval before implementation.

### **Distribution of Competencies and Duties:**

The organizational structure of the Company shall specify the competencies and distribute the duties between the Board and the Executive Management in accordance with the best practices and standards in Corporate Governance to improve the efficiency of the Company's decision-making and to strike a balance of powers and authorities across the Board and the Executive Management. To achieve this, the Board shall:

- Approve and develop internal policies in respect of the Company's business, including specifying the duties, competencies, and responsibilities assigned to the various organizational levels.
- Approve a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating such powers, means of implementation, and the delegation period. The Board may request the Executive Management to submit periodic

reports regarding its exercise of such delegated powers.

- Identify the matters on which the Board reserves the power to decide.

### **Oversight over the Executive Management:**

The Board shall form the Company's Executive Management, regulate its operating procedures, monitor and oversee it, and ensure that it performs its duties. To achieve this, the Board shall:

- Develop the necessary administrative and financial policies.
- Ensure that the Executive Management operates in accordance with the policies approved by the Board.
- Select, appoint, and dismiss the Company's Chief Executive Officer, and oversee their work.
- Appoint the chief of internal audit Executive, dismiss him, determine his remuneration, if any, and accept his resignation.
- Convene periodic meetings with the Executive Management to explore the work progress and any obstacles and problems in connection therewith, and review and discuss the important information regarding the Company's business.
- Develop standards for the Executive Management's performance consistent with the Company's objectives and strategy.
- Review and evaluate the performance of the Executive Management.
- Develop succession plans for the management of the Company.

### **Board Chairman:**

Appointing the Board Chairman:

- I. The Board shall appoint a Chairman, and a Vice-Chairman and may appoint a Managing Director from among its members. The Vice-Chairman shall act as Chairman in case of the latter's absence.
- II. The person holding the Chairman position may not hold any other executive position in the Company. Furthermore, the Board shall pass and clearly determine the competencies and powers of the Chairman, Vice-Chairman, Managing Director, and Chief Executive Officer in writing. In all cases, no one person shall be solely entrusted with absolute power to make decisions of the Company.

### **Competencies and Duties of Board Chairman:**

The Board Chairman shall have the powers to represent the Company in its relationships with others and before the judiciary, notaries public, all government departments, commissions for settlements of disputes of all degrees, and any and all other bodies; to represent the Company in buying, selling, and transferring ownership of lands and real estate properties; to sign the articles of association of the companies in which the Company participates, and any other contracts and agreements; and to delegate any of these powers to any other person or persons.

Furthermore, without disruption to the competencies of the Board, the Chairman of the Board shall be responsible for leading the Board and supervising its operations and the effective performance of its duties. The competencies and duties of the Chairman of the Board shall in particular include the following:

- a. Ensuring that the Board members obtain complete, clear, accurate, and non-misleading information in due course.
- b. Ensuring that the Board effectively discusses all fundamental issues in due course.
- c. Representing the Company before third parties in accordance with the Companies Law and its Implementing Charters and the Company's incorporation Document
- d. Encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company.
- e. Ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board.
- f. Encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the Executive, Non-Executive and Independent Directors on the other hand, and creating a culture that encourages constructive criticism.
- g. agendas of the Board meetings, taking into consideration any matters raised by Board

members or the external auditor, as well as consulting with the Board members and the Chief Executive Officer upon preparing the Board's agenda.

h. Convening periodic meetings with the Board's Non-Executive Directors without the presence of any executive officers of the Company.

i. Notifying the Ordinary General Assembly while convening of the businesses and contracts in which any Board member has a direct or indirect interest, and such notification shall include the information provided by the member to the Board. This notification shall be accompanied by a special report from the Company's external auditor.

### **Competencies and Duties of Board Members:**

Each member of the Board shall, being a Board member, perform the following tasks and duties:

- Providing proposals to develop the strategy of the Company.
- Monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company.
- Reviewing reports related to the performance of the Company.
- Ensuring the integrity and impartiality of the financial statements and information of the Company.
- Ensuring that the financial control and risk management systems are sound.
- Determining the appropriate level of remunerations of the members of the Executive Management.
- Expressing opinions as to the appointment and dismissal of members of the Executive Management.
- Participating in developing the succession and replacement plans of executive positions within the Company.
- Complying fully with the provisions of the Companies Law, Capital Market Law, their implementing Charters, the relevant Charters, and the Company's incorporation Document when performing his/her duties as a member of the Board and abstaining from taking or participating in any activities that constitute mismanagement of the Company's affairs.
- Attending the Board and the General Assembly meetings, and not being absent except for legitimate excuse of which the Chairman of the Board shall be notified by prior notice, or for emergency reasons.
- Allocating sufficient time to fulfill his/her responsibilities and preparing for the Board and its committees' meetings, and effectively participating therein, including raising relevant questions and carrying discussions with the Senior Executives.
- Studying and analyzing all information related to the matters looked into by the Board before expressing an opinion on them.
- Enabling other Board members to express their opinions freely and encouraging the Board to deliberate on the subjects and obtain the views of the competent members of the Company's Executive Management and others, when necessary.
- Notifying the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account, the notification shall include the nature and extent of such interest, the names of concerned persons, and the required benefit to be obtained directly or indirectly from interest whether financial or non-financial. The concerned member shall abstain from voting on any decisions issued in connection therewith in alignment with the provisions of the Companies Law, the Capital Market Law, and their implementing Charters.
- Notifying the Board fully and immediately of his/her participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company, directly or indirectly, in respect of any of its activities, in alignment with the provisions of the Companies Law, the Capital Market Law, and their implementing Charters.
- Refraining from disclosing or announcing any secrets he/she came across through his/her membership in the Board to any shareholder of the Company, unless such disclosure is made during the meetings of the General Assembly, or to a third party, in pursuance with the provisions of the Companies Law, the Capital Market Law, and their implementing Charters.
- Working on the basis of complete information, in good faith and with the necessary care and diligence for the interest of the Company and all shareholders.



- Recognizing his/her duties, roles and responsibilities arising from the membership.
- Developing his/her knowledge in the field of the Company's business and activities and in the related financial, commercial, and industrial fields.
- Resigning from the membership of the Board if he/she is unable to fully fulfill his/her duties in the Board.
- Providing professional liability for Board members, Senior Executives, and board members of the affiliated or sister companies against any decisions resulting in legal consequences or financial obligations.

#### **Duties of the Independent Director:**

With the competencies and duties of the Board members taken into consideration, an Independent Director of the Board shall effectively participate in the following duties:

- Expressing his/her independent opinion in respect of strategic issues and the Company's policies and performance and appointing members of the Executive Management.
- Ensuring that the interests of the Company and its shareholders are taken into account and given priority in case of any conflicts of interest.
- Overseeing the development of the Company's governance rules and monitoring the implementation of the rules by the Executive Management.

#### **Exercising the Competencies of the Board:**

- The Board shall exercise its competencies and duties to lead the Company within a framework of effective and prudent controls that allow assessing and managing risks and limiting and mitigating their effects.
- With paragraph (Oversight over the Executive Management) of this charter taken into consideration, the Board may, within the scope of its competencies, delegate to one or more of its members or committees or a third party the performance of a specific function or functions.
- The Board shall develop an internal policy that explains the procedures of the Board's activities and aims at encouraging its members to work effectively to fulfill their obligations towards the Company.
- The Board shall organize its activities and allocate sufficient time to perform the duties and responsibilities assigned to it, including preparing for Board and committees meetings ensuring the coordination, recording and retaining of the minutes of its meetings.

#### **Board Secretary:**

- Tanmiah Board Secretary shall carry out the Board's secretarial duties and the Board can appoint a secretary from among its members provided that he/she meets the appropriate requirements for the position as stipulated in the Corporate Governance Regulations issued by the Capital Market Authority, and whose competencies shall be specified by a Board decree, provided that such responsibilities shall include:
  - a. Documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, and times on which such meetings commenced and concluded; and recording the decisions of the Board and voting results and retaining them in a special and organized register and including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.
  - b. Retaining the reports submitted to the Board and the reports prepared by it.
  - c. Providing the Board members with the agenda of the Board meeting and related worksheets, documents and information, and any additional information related to the topics included in the agenda items requested by any Board member before five calendar days of the date specified for the meeting.
  - d. Notifying the Board members of the dates of the Board's meetings within a period of one month prior to the date specified for the meeting.
  - e. Presenting the draft minutes to the Board members to provide their opinions on them before signing.
  - f. Ensuring that the Board members receive, fully and promptly, a copy of the minutes of the Board's meetings as well as the information and documents related to the Company.

- g. Coordinating among the Board members.
- h. Regulating the disclosure register of the Board and Executive Management.
- i. Providing assistance and advice to the Board members.
- j. Following up on the implementation of the Board decisions and submitting regular reports for the Board including the status of such decisions. The Board Secretary shall also carry out all other duties assigned to him by the Board.
  - The Secretary of the Board may not participate in any of the Board decisions or in voting thereon.
  - The Secretary of the Board may not be dismissed except pursuant to a decision of the Board.

#### **Invitees:**

- Only Board members may attend its meetings. However, the Board may invite other persons to attend any meeting or a part thereof as necessary, and those invitees shall not be entitled to vote at such meetings on any decision the Board takes thereon.
- Invitees may not take part in any discussion related to their appointment, benefits, terminating their services or any other matter related to them unless the Board has invited them to discuss such matters specifically with them.
- Board members and other persons invited to the Board meetings must maintain the confidentiality of such meetings and documents given to them and the contents of their discussions at such meetings, and never disclose to the shareholders or others the Company secrets of which they have become aware during their work in the Board.

#### **Board Duration:**

The Board shall commence its functions as of the date of being formed by the Company General Assembly and shall end by the expiry of its session; Board members may be re-elected for a new session.

#### **Termination of the Board's Membership:**

- The Ordinary General Assembly may dismiss all or any of the Board members, without prejudice to the dismissed member's right for compensation if the dismissal was for an unacceptable reason or at an inappropriate time.
 

Additionally, a Board member may resign provided that such shall be in an appropriate time; otherwise he shall be liable before the Company for the resulting damage. Furthermore, the General Assembly may, as per the recommendation of the Board, terminate the membership of the member who misses three consecutive meetings without a legitimate excuse.
- Membership of the Board shall be terminated upon the expiration of its term. Termination of membership shall also occur if the member becomes unsuitable for membership under any law or Charters prevailing in the Kingdom. However, the Ordinary General Assembly may re-appoint the Board Directors.
- If a member of the Board resigns and has comments on the performance of the Company, he/she shall submit a written statement explaining such comments to the Chairman of the Board, and such statement shall be presented to the Board members.
- Upon the termination of the membership of a Board member by any termination method, the Company shall promptly notify the Authority and the Saudi Stock Exchange and shall specify the reasons for such termination.
- If the seat of a Board member becomes vacant, the Board may appoint a member in the vacant position temporarily at the Board's discretion. Such new member must be qualified and experienced. Additionally, a notice of such appointment shall be sent to the Competent Authority within a period of five business days as of the date of appointment and provided also that such appointment shall be presented before the first meeting of the Ordinary General Assembly for endorsement. The term of the new member designated to fill a vacancy shall only extend to the term of his predecessor.

#### **Remuneration and Allowances of the Board of Directors:**

- Each Board member shall be given annual rewards and attendance allowance as provided for in the Company's incorporation Document, the policy of Nomination of Tanmiah Board

of Directors, Board Committees Members, and their Remuneration.

- The Board members shall be eligible for compensation for the expenses they experience in attending Committee meetings from their places of residence to the Company head office, or to the places where the meetings are held, in addition to any other costs related to accommodation and transportation in accordance with the company's applicable policy.

### **Board Meetings:**

#### **Invitation to Meeting:**

- a. The Board shall meet upon the invitation of its Chairman or upon a request from two of its members. The Chairman of the Board shall call for a meeting if so, requested in writing by any two (2) Board members.
- b. The Board shall convene no less than four meetings per year, and no less than one meeting every three months.
- c. If a Board member cannot attend the meeting in person, he may take part in its deliberations and vote on proposed decrees using one of the modern technological means subject to the relevant regulating directives.
- d. The invitations to the meeting shall be sent to each Board member within a period not less than five calendar days prior to the date specified for the meeting. Such invitation shall be accompanied with the agenda and necessary documents and information and shall specify the time, date, and place of the meeting.
- e. Board meetings shall be held at the Company head office or at any other place the Board Chairman selects.
- f. The Board meetings shall be presided over by the Board Chairman or, in his absence, the Vice-Chairman, or the member designated by the Board from among its members in the absence of the Chairman and Vice-Chairman.

#### **Remarks of the Board Members:**

- a. If any member of the Board has any remarks in respect of the performance of the Company or any of the matters presented but not resolved in the Board meeting, such remarks shall be recorded, and the procedures taken or to be taken by the Board in connection therewith must be set forth in the minutes of the Board meeting.
- b. If a member of the Board expresses an opinion different from the Board decree, such opinion must be recorded in detail in the minutes of the Board meeting.

#### **Organizing the Attendance of the Board Meetings:**

- a. The attendance of Board meetings must be organized, in addition to dealing with irregular attendance of such meetings.
- b. The Board member shall make every effort to attend all meetings in which important and material decisions affecting the position of the Company are made.

#### **The Agenda of Board Meetings:**

- a. The Board Secretary shall, in coordination with the Board Chairman and the Executive Management, prepare the agenda of the Board meeting, which shall be revised and approved by the Board Chairman before being distributed to Board members.
- b. The Board Chairman shall consult with the Board members and the Chief Executive Officer when preparing the agenda of the Board meeting.
- c. The Board shall approve the agenda once the Board meeting is convened. Should any member of the Board raise any objection in respect of such agenda, such objection shall be recorded in the minutes of the meeting.
- d. Each member of the Board shall be entitled to propose additional clauses to the agenda.

#### **Quorum and Voting:**

- a. A Board meeting shall not be a valid meeting unless attended by at least six (6) members.
- b. A Board member may give a proxy to another member to attend a Board meeting on his behalf, and to vote thereat as per the Company's incorporation Document.
- c. Board decrees shall be passed with the approval of the majority vote of the members present in person or represented by proxy. In case of a tie, the meeting Chairman shall have a casting vote. Alternatively, the meeting Chairman may postpone taking the decision for more scrutinizing.
- d. The Board may not take its decisions by circulating them to its members separately except in cases of urgent matters. Such decisions shall be valid if signed by at least six members of the total members of the board unless a member requests, in writing, a meeting of the Board for

deliberation. Such decisions shall be included in the Board's next first meeting for recording the same in the minutes.

▪ **Agenda of the Meeting:**

- a. The Board Secretary shall prepare and send to the Board members the first draft of the agenda of the Board meeting within a sufficient time.
- b. The Board members shall submit their feedback and remarks on the minutes within five business days from receiving the first draft of such minutes by the Committee Secretary.
- c. Each member can object to any decision issued by the Board through declaring the reasons of objection.  
If any member leaves before the meeting is declared adjourned, their objection, if any, should be limited to decisions on articles discussed while the member was present, provided the minutes should refer clearly to a non-attended, discussed article, in case the member expresses his interest in doing so in writing.
- d. The Board Secretary shall amend the first draft minutes of the meeting according to the Board members' feedback.
- e. The Board members shall submit their feedback and remarks on the minutes within two business days of receiving the second draft by the Board Secretary.
- f. The Board Secretary shall prepare the final version of the minutes, which shall be considered official once signed by all attending members and the Board Secretary.
- g. The Board Secretary shall send the final and approved minutes out to Board members.
- h. In case a Board member wishes to add his feedback to the minutes of the meeting following the present meeting as one of the main topics, he must coordinate with the Board Chairman to schedule the same in the meeting agenda.
- i. The Board shall follow up on the implementation of the decisions it made, and any other topics discussed in previous meetings.

▪ **Board Actions Follow-up**

- The Chairman, or his/her delegate, communicates resolutions issued by the Board to the responsible party within the Company for implementation.
- The Board Secretary presents to the Board members an annual Board activities report.

**Board Committees**

▪ **Committees Formation**

- The Board forms committees to support it in carrying out its responsibilities effectively, in accordance with the Company's needs, circumstances, and the nature of its business.
- The Board resolution defines each committee's duties and responsibilities, tenure, authorities, working procedures, and remunerations of its members, provided that the number of committee members is not less than three nor more than five.
- Regarding the Audit Committee, the General Assembly issues, based on the Board proposal, a resolution to form the Audit Committee, and determines its duties and responsibilities, working procedures, and its members' remuneration and tenure.
- The Board proposes to the General Assembly the rules for selecting the members of the Remuneration & Nomination Committee and their numeration and tenure as well as the committee's duties and responsibilities and working procedures.
- The Board Chairman shall not be a member of the Audit Committee. However, by a resolution of the Board, he/she may be a member of other Board committees, provided that he/she shall not become a Chairman of any of the committees stated in the Corporate Governance Regulations issued by the Capital Market Authority.
- Each committee shall have a Secretary General appointed by the Board, which shall determine his/her remuneration and allowances.

▪ **Committees Actions Follow-up**

- Each of the Board committees shall study the matters those fall within its respective competencies, or those referred thereto by the Board and shall submit its recommendations to the Board for issuing resolutions in their respect.
- The committee Chairman shall submit the committee's recommendations and conclusions to the Board at the first Board meeting following the committee's meeting.
- Each committee is accountable to the Board in performing its duties.

- Each committee shall regularly review its performance against such indicators as its effectiveness in performing its prescribed duties.
- Committees may use the services of independent advisers, specialists, or other parties, they deem suitable, to study the topics that fall within the scope of their duties and responsibilities, subject to the Board's approval. Such use of services shall be recorded in the committee minutes of meeting, together with mentioning the name of the adviser and the relationship with the Company.
  - **Committees Meetings**
- A member of the Board or the Executive Management, who is not a member of a committee, is not entitled to attend the committee meetings unless upon the committee invitation in order to take his/her opinion or advice.
- For the sake of the validity of the committee meeting, the majority of the committee members must be present. Committee resolutions are made by a majority vote of the present members. When votes are equal, the Chairman's vote shall be cast.

### **Board Reports:**

- a. Once approved, the minutes of the Board meeting shall be accessible to any Board member alongside related documents.
- b. The Board shall provide proper recommendations to the General Assembly whenever necessary regarding the matters within the competencies of the General Assembly (Ordinary and Extraordinary) towards which the Board considers necessary procedures should be taken or improvements should be made thereon.
- c. The Board shall revise its annual report ensuring it should be submitted to the Shareholders' General Assembly for approval, provided such report shall contain requirements stated in the relevant Charters and laws.

### **Information Resources:**

- The Board shall have access to any and all resources and information necessary for properly carrying out its functions, duties, and responsibilities.
- The Board shall be entitled to approve contracts, directly, and to direct the Executive Management to award the contracts of consulting projects to the consulting firms the Board selects as fitting the nature of duties and responsibilities assigned to the Board, and in such case, application of the procurement policy shall not be required.
- The Executive Management of the Company shall provide the Board members, the Non-Executive Directors in particular, and the committees of the Company with all of the necessary information, data, documents, and records, provided that they shall be complete, clear, correct, and non-misleading, in due course to enable them to perform their duties and obligations.

### **Training and Qualification:**

The Company shall pay adequate attention to the training and qualification of the Board members and the Executive Management, and shall develop the necessary programs required for such purpose, taking the following into account:

- Preparing programs for the recently appointed Board members and Executive Management to familiarize them with the progress of the Company's business and activities, particularly the following:
  - a. The strategy and objectives of the Company.
  - b. The financial and operational aspects of the Company's activities.
  - c. The obligations, duties, responsibilities, and rights of the Board members.
  - d. The duties and competencies of the committees of the Board.
- Developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

### **Board Assessment:**

- The Board shall, based on the proposal of the Nomination and Remuneration Committee, develop the necessary mechanisms to annually assess the performance of the Board, its members, and committees and the Executive Management using proper performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management, and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and solutions shall be proposed in the best interests of the Company.
- The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment.
- The performance assessment shall entail an evaluation of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board, and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the evaluation of the mechanisms of the Board's activities in general.
- The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committee's meetings and dedicating adequate time thereof.
- The Board shall disclose the mechanisms it relied on in assessing its performance and the performance of its committees and Board members.
- The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent consulting body every three years, and the Board shall state such consulting body in its annual report specifying its relevance with the Company if any.

### **Social Responsibility**

The Board shall establish a social responsibility and social initiatives policy that guarantees a balance between the Company's objectives and those of the community for the purposes of developing the social and economic conditions of the community; such policy shall be recommended by to the general assembly for final approval.

#### **▪ Social Initiatives:**

The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which shall include:

1. Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities.
2. Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility.
3. Disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company.
4. Establishing awareness programs to the community to familiarize them with the Company's social responsibility.

### **General Provisions**

1. This Charter shall be effective as of the date of its approval by the Board of Directors. No articles of this Charter shall be amended, omitted, or added without the Board's approval.
2. This Charter shall be complementary to Tanmiah incorporation Document, Tanmiah Governance Document, and other related laws.
3. This Charter shall supersede and replace any decisions not consistent with it.
4. Any topics not covered in this document, must follow the related regulations issued by the competent authorities.