



Remuneration and Nomination Committee Charter

Saudi Basic Industries Corporation (SABIC)

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Contents

Article (1): Objective	3
Article (2): Committee Formation	3
Article (3): Committee Duties and Responsibilities	4
A. Remuneration.....	5
B. Board of Directors	5
C. Board Members.....	6
D. Orientation Program to New Board Members.....	7
E. Senior Executives.....	7
Article (4): Committee Authorities	7
Article (5): Committee Working Procedures	7
A. Authorities of the Chairman and Secretary	7
B. Member's Duties and Responsibilities	9
C. Committee Meetings	9
D. Meetings Documentation.....	10
E. Committee Performance Evaluation	11
Article (6): Confidentiality	11
Article (7): Conflict of Interest	11
Article (8): Committee Members Remunerations	13
Article (9): Charter Review	13
Article (10): Entry into Force	13

Article (1): Objective

The objective of this Charter is to regulate the Remuneration and Nomination Committee function through determining its duties, authorities, working procedures and its members' selection rules, in accordance with regulatory rules for remuneration and nomination committees of listed joint stock companies as provided for in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies, and in the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

Article (2): Committee Formation

- The Committee is formed by a Board resolution. However, the Ordinary General Assembly sets forth the rules of selection of the Committee members and their tenure and remunerations as well as the Committee's duties and working procedures based on the Board's proposal.
 - The Committee is formed among shareholders or others, other than non-executive Board members. The Committee shall be formed of not less than three nor more than five members, comprising an independent Board member, according to the following selection rules:
 - The candidate shall have a record of expertise relevant to the Remuneration and Nomination Committee's duties and responsibilities.
 - The candidate shall have a good awareness of the Company's business activities as well as the required skills and expertise necessary to manage them.
 - The candidate shall have a university degree.
 - The candidate shall have not been convicted of an offence of dishonesty, breach of trust or violation of the laws and regulations of the Kingdom of Saudi Arabia or any other country.
 - The selection of the candidate shall not violate the relevant laws, regulations and instructions.
 - Committee members elect, from among themselves, a chairman for the Committee term, who shall be an Independent Director. In the absence of the Committee's Chairman, the present members appoint a chairman to preside the meeting.
 - A Committee member shall carry out his/her role and responsibilities from the date of his appointment until one of the following cases takes effect:
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- Expiry of the Board's term.
 - Submitting his/her resignation, without prejudice to the Company's right to demand compensation if the resignation tendered at an inappropriate time.
 - The member has developed a mental illness or physical disability that prevents him/her from performing his/her Committee duties.
 - Issuance of a court order declaring the member's bankruptcy or insolvency, or his request of settlement with creditors.
 - Conviction of committing an offence of dishonesty, breach of trust, forgery, or violation of the laws and regulations in the Kingdom of Saudi Arabia or any other country.
 - A resolution by the Board to terminate his/her Committee membership for any of the following reasons:
 - The member's breach of his/her responsibilities, duties and tasks to the extent that results in damage to the Company's interests.
 - Absence from three consecutive meetings within one year without a legitimate excuse.
 - Other reasons as may be decided by the Board, without prejudice to the right of the dismissed member to claim compensation if the dismissal occurs for an unacceptable reason or at an inappropriate time.
 - Becoming disqualified due to losing any of the Committee's membership conditions stated in this Charter.
 - If the position of a Committee member becomes vacant due to one of the preceding or other cases during the Committee's term, the Board may appoint a member in the vacant position, provided that the Committee's membership rules stated in this Charter are met. The new member completes the term of his/her predecessor.
 - The Committee shall have a Secretary General to be appointed by the Board.

Article (3): Committee Duties and Responsibilities

Pursuant to the regulatory rules for the remuneration and nomination committee stated in the Corporate Governance Regulations issued by the Capital Market Authority (CMA), the Committee's duties and responsibilities shall be as follows:

A. Remuneration

- Developing the Company's Remunerations Policy of Board Members, Committees Members and Executive Management and providing recommendations thereon to the Board for approval by the General Assembly.
- Reviewing the Remuneration Policy regularly to ensure consistency with the possible changes in relevant legislation and regulations, the Company's strategic objectives, and the skills and qualifications required, and recommending proposed changes to the Board.
- Recommending to the Board the remunerations of the members of the Board, committees and Executive Management in accordance with the policy approved by the Ordinary General Assembly.
- Preparing an annual report on remunerations granted to the members of the Board, committees, and Executive Management.
- Specifying and recommending the types of rewards to employees of the Company.

B. Board of Directors

- Developing the Board Membership's Policy and Standards, and recommending it to the Board for approval by the Ordinary General Assembly.
 - Recommending to the Board nominees to Board membership according to the approved Board Membership Policy.
 - Conducting an annual review of the required skills for the Board membership and preparing a description of the required capabilities and qualifications.
 - Reviewing the Board Membership Policy regularly to ensure its consistency with the possible changes in the relevant legislation and regulations, the Company's strategic objectives, skills and qualifications required, and recommending to the Board proposed changes to the Policy.
 - Examining conflict of interest status for those who desire to run for the Board membership, and making related recommendations to the Board.
 - Examining the structure of the Board and recommending possible changes.
 - Reviewing the charters of the Board and the Board committees and updating them in accordance with the regulatory requirements and best practices.
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- Keep Board members always informed of latest developments in the field of corporate governance and best practices.
- Identifying weaknesses and strengths of the Board and proposing remedies in line with the Company's interest.
- Establishing procedures to deal with the vacancies of the Board or committees and making recommendations thereon.
- Providing recommendations to the Board on performance measures to evaluate the Board's activities, members, and committees.

C. Board Members

- Defining the time that the Board member shall allocate for performing Board duties.
- Verifying, annually, the independence of independent directors and absence of any conflict of interest in case the independent director is also a member of the Board of another Company.
- Verifying whether a Board member is engaged in any business that competes with the Company's businesses, or competes in any activity or a branch of an activity carried out by the Company ("Competing Business"), and making recommendations to the Board in that respect after receiving the member's notification about the Competing Businesses in which he/she desires to be engaged based on the concept of the Competing Businesses according to the following criteria and standards:
 - A. Conducting a technical examination of the member's notification on the Competing Business in which he/she desires to be engaged;
 - B. Studying the market(s) in which the Competing Business or any of its related products are found;
 - C. Studying the relationship between the Competing Business and the Company's Strategy and future directions.

The Committee shall have the right to obtain the information it needs for the sake of conducting the abovementioned investigation, and to consult a proper party to conduct needed studies or evaluation.

- Reviewing status of the member's competition against the Company's businesses (approved by the General Assembly) on an annual basis. To that end, the Committee is authorized to obtain the information required for conducting such review.
- Developing job descriptions of Executive, Non-executive, and Independent directors.
- Recommending to the Board re-nomination or dismissal of a Board member or committee member.

D. Orientation Program to New Board Members

- Recommending to the Board an orientation program for new Board members. The program should cover the Company's activity, nature of its business, and its financial and legal aspects.

E. Senior Executives

- Recommending to the Board appropriate policies and standards for the appointment of Senior Executives and identifying the required capabilities and skills; and reviewing such policies and standards regularly to ensure their consistency with changes in the Company's strategic objectives and the required skills and qualifications to achieve them.
- Developing job descriptions for Senior Executives, reviewing the Company's organizational structure, and making recommendations on possible changes.
- Developing succession planning processes for cases of vacancy of the position of any Senior Executive, and making recommendations thereon.

Article (4): Committee Authorities

The Committee shall have the following authorities to carry out its duties:

- Requesting the information and data that may assist the Committee in studying the matters falling within its competencies, or otherwise referred thereto by the Board.
- Subject to the Board approval, using the services of any expert, specialist or others to study the matters that fall within its duties and responsibilities.

Article (5): Committee Working Procedures

A. Authorities of the Chairman and Secretary

- The Committee Chairman shall have the following duties:
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- Leadership of the Committee meetings and seeking to enhance their effectiveness.
- Representing the Committee before the Board.
- Convening the Committee meetings, and specifying their times, dates, and venues in coordination with Committee members.
- Preparing meeting agenda, taking into consideration the topics that any Committee member wishes to include.
- Ensuring that the topics presented to the Committee are accompanied by sufficient information to enable decision-making.
- Ensuring that sufficient time is made available for the discussion of agenda items.
- Enhancing the active participation of the Committee members in the Committee meetings through their study and discussion of the agenda items and expressing their views in such a manner that contributes to the achievement of the Committee's objectives.
- Ensuring provision of complete and correct information to Committee members in a timely manner to enable them performing their duties and responsibilities.
- Preparing regular reports on the Committee's activities and submitting them with its recommendations and conclusions to the Board.
- Following up the implementation of the Committee decisions.
- Arranging for conducting the Committee's periodical performance evaluation.
- The Secretary General shall have the following duties and responsibilities:
 - Coordinating the Committee's meetings and proposing agenda items in coordination with the Committee Chairman.
 - Notifying the Committee members of meeting dates and providing them with meeting agenda and information necessary for studying the agenda items.
 - Attending and documenting the Committee meetings and preparing the minutes of meeting and maintaining them in a special record.
 - Maintaining documents, records and reports submitted to or issued by the Committee.

- Providing assistance and advice to the Committee in matters falling within its competencies.

B. Member's Duties and Responsibilities

- Complying with the provisions of the Companies Law and its Implementing Regulations, the Capital Market Law and its Implementing Regulations, other related laws and regulations, and the Company's By-Laws in exercising his/her duties. He/ She shall refrain from engaging or participating in any transaction that may harm the interests of the Company.
- Acquainting himself/herself of the Committee's duties and responsibilities, and devoting sufficient time to exercise his/her role in achieving them.
- Carrying out his duties free from any external influence, whether from inside and outside the Company, and not prioritizing his/her personal interests over those of the Company.
- Refraining from acceptance of gifts from any person who has business dealings with the Company.
- Preparing for and attending the meetings, and not absenting himself/herself except for valid reasons that are notified to the Committee Chairman in advance and be acceptable to the Committee.
- Participating effectively in Committee meetings through his/her prior examination and discussion of agenda items.
- Seeking to acquaint himself/herself with the regulatory updates related to the areas and subjects relevant to the Committee's duties and responsibilities.
- Seeking to acquaint himself/herself with the recent developments related to the Company's activities and business, and other relevant areas.

C. Committee Meetings

- The Committee meets at least once every six months at the Chairman's invitation. The Committee Chairman shall also convene a meeting in an exceptional case such as when it is requested by the Board or two Committee members; or if the circumstances so require, provided that the reasons for such exceptional meeting are stated.
 - The Committee adopts the dates and agendas of meetings of a fiscal year prior to its commencement. The meeting's invitation shall be issued at least 15 days in advance and
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be accompanied by the agenda as well as documents and information necessary for discussing and deciding on the agenda items.

- In exceptional cases, meeting invitations may be issued at least five days prior to the meeting date in accordance with the invitation procedures specified in this Charter.
- The Committee holds its meetings at the Company headquarters; however, they may be held elsewhere if necessary, subject to the Board approval.
- The quorum of the Committee's meeting requires attendance of a majority of its members. A member – in cases of necessity – may attend using one of the forms of communication, subject to the Committee approval.
- The Committee meeting shall be attended by its members only. However, a member of the Board or Executive Management, who is not a member to the Committee, may only attend that meeting upon invitation by the Committee to take his/her opinion or advice.
- Committee decisions are made by a majority vote of the present members. When votes are equal, the Chairman's vote shall be casting.
- A Committee member is entitled to object to any Committee's decision, provided that his/her objection is expressly stated in the meeting minutes together with the reasons for the objection. Absence from a meetings at which a decision is made, does not preclude the member's liability for implementing the decision unless it is proven that the member was unaware of the decision or was unable to challenge it immediately after knowing of it.

D. Meetings Documentation

- The Committee Secretary prepares minutes of meeting, which must include:
 - The venue, date, and start and end times of the meeting.
 - Names of present and absent members as well as the names of invitees who are not Committee members.
 - Committee deliberations and resolutions, together with stating the results of votes and reasons for objections, if any.
 - Specifying the party to be responsible for implementing resolutions issued as well as setting the implementation timeline and follow-up mechanism.

- The Committee Secretary sends the draft minutes of the meeting to Committee members who must record their comments, if any, on the draft within a maximum of five working days from the date of dispatch.
- After incorporating the Committee members' comments into the draft minutes, and obtaining the meeting's Chairman approval, the Committee Secretary sends the amended draft to the Committee members in preparation for its approval at the next Committee meeting.
- The meeting's minutes, agenda and all accompanying documents must be maintained in a special record to be signed by the Committee Chairman and Secretary.

- **Committee Activities Follow-up**

The Committee Chairman submits the Committee's recommendations and conclusions to the Board at the first Board meeting following the Committee meeting.

E. Committee Performance Evaluation

- The Committee reviews and evaluates its performance on a regular basis against such indicators as the Committee's effectiveness in carrying out its prescribed duties and responsibilities.

Article (6): Confidentiality

- A Committee member must maintain confidentiality of the information and documents made available to him/her. He/ She may, in no case and even if his/her membership is terminated, disclose them to any person or entity unless he/she is so authorized by the Board, nor may he/she use any such information for his/her personal benefit or for that of his relatives or other third parties. The Company has the right to demand compensation in case of violation of the provisions of this article. This obligation also applies to the Committee's Secretary.

Article (7): Conflict of Interest

- Members must avoid situations that lead to conflicts of interest with the Company. A conflict of interest means that there is a direct or indirect interest to a member in any matter listed on the Committee agenda; and such an interest may (or is believed to) influence the independence of the member's opinion, which is assumed to reflect his/her professional views.

- If a member has a conflict of interest in relation to any matter on the Committee agenda, he must disclose such conflict before starting the discussion of that matter, provided that it is stated in the minutes of the meeting. In such a case, the member must not attend nor participate in the discussion of that matter nor vote thereon.
- Committee member may not have a direct or an indirect interest in the businesses and contracts to be carried out or concluded for the Company's account unless an authorization thereto is obtained from the Ordinary General Assembly and according to the criteria developed by the competent party.
- Committee member may neither be engaged in any business that would compete the Company nor compete with the Company in any branch of an activity it carries out unless an authorization thereto is obtained from the Ordinary General Assembly and according to the criteria developed by the competent party.
- If a Committee member fails to disclose his/her interest in the contracts carried out for the Company's account, whether before or during his membership of the Committee, the Company may claim, before the competent judicial authority, revocation of the contract and obliging the member to pay a compensation or any profit or benefit he/ she gained through such interest.
- If a Committee member fails to disclose his/her engagement in any business that may compete with the Company or one of the branches of its business activity, the Company may claim before the competent judicial authority a proper compensation.
- Committee member must not – directly or indirectly – makes use of, exploit, or benefit from any of the Company's assets, information, or investment opportunities that are under consideration by the Company, even if the Company has decided not to proceed with such an opportunity. A member may not exploit such investment opportunities even after expiry of his/her membership term.
- If it is proven that a member has exploited an investment opportunity, the Company or any interested party, may claim before the competent judicial authority revocation of any business, profit, or gain resulting from such an opportunity. The Company may also claim a proper compensation.

Article (8): Committee Members Remunerations

- Committee members are entitled to an annual remuneration in accordance with the Remuneration Policy of Board Members, Committees Members, and Executive Management approved by the General Assembly.
- The Board determines the remunerations and allowances to be paid to the Committee's Secretary.
- In the event of a decision by the General Assembly to terminate the membership of a Committee member due to his/her absence from three consecutive meetings within one year, without an excuse acceptable to the Board, the member shall not be entitled to any remunerations or compensations for the period following the last meeting he/she attended. In addition, he/she shall be required to return all the remunerations and compensations paid to him/her for that period.
- The Company has the right to claim compensation for damage to its reputation, and recover the remunerations and allowances paid and any other costs incurred to enable the member to perform his/her responsibilities if that member committed an offence of dishonesty, breach of trust, forgery, or violation of the laws and regulations in Saudi Arabia or any other country; or when he fails to carry out his responsibilities, duties and tasks to the extent that results in damage to the Company's interest.

Article (9): Charter Review

- This Charter is subject to regular review for enhancement and keeping it abreast with the relevant laws and regulations updates, and according to the discretion of the Board. No amendment may be made to this Charter except upon a recommendation of the Board approved by the Ordinary General Assembly.

Article (10): Entry into Force

- This Charter is effective from the date of its approval by the Ordinary General Assembly.