



# **| Nomination & Remuneration Committee (NRC) Charter**

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## Table of Abbreviations and Definitions

S. No.	Abbreviation	Expansion
1	NRC	Nomination and Remuneration Committee
2	BoD	Board of Directors
3	CEO	Chief Executive Officer
4	CFSO	Chief Financial & Strategy Officer
5	CGD	Corporate Governance Division
6	DoA	Delegation of Authority Manual
7	Executive Director	A member of the Board who is a full time member of the Executive Management team of BSF and participates in its daily activities.
8	Non-Executive Director	Member of the Board who is not a full-time member of the management team of BSF and does not participate in its daily activities.
9	Independent Director	A non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in SAMA and CMA CG regulations apply to him/her.
10	Executive Management / Senior Executives	Persons responsible for managing the daily operations of BSF, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her direct reportees.
11	External Committee Member	A Committee member who is not Board Director or an Executive and is independent from BSF.
12	SAMA	Saudi Central Bank
13	CMA	Capital Market Authority
14	Remuneration	Amounts, allowances, profits and their equivalent, periodic and annual performance-related bonuses, short and long term incentive plans, in addition to any other in-kind benefits, except for reasonable costs and expenses actually incurred by the Bank on behalf of a Board and the committee members in performing his/her work.

# 1. Introduction

## 1.1. Document Authorization Control Sheet

<b>Document Type</b>	Charter
<b>Document Title</b>	Nomination & Remuneration Committee Charter
<b>Version</b>	5.0 (English)
<b>Document Reference</b>	-
<b>Date</b>	14-5-2025
<b>Charter Custodian</b>	Committee Secretary
<b>Charter Owner</b>	Corporate Governance Division

## 1.2. Document Approval Record

Version	Approval Date	Description of Changes
1.0	16 April 2014	New Charter
1.1	15 April 2015	SAMA's 1st update on Corporate Governance Principles
1.2	19 April 2018	Revised to cover Corporate Governance Regulations issued by the CMA.
2.0	1 May 2019 (GA)	Comprehensive review to incorporate all regulatory & legal requirements and meet best practices
2.1	5 May 2021 (GA)	Periodic General Review.
3.0	12 June 2022 (GA)	Based on SAMA new Corporate Governance Principles
4.0	24 May 2023 (GA)	Review to incorporate the new changes in the Companies Law & it's implementing regulations, as well as Banks Remuneration Rules issued by SAMA.
5.0	14 May 2025 (GA)	Periodic Review.

## 1.3. Review, Update & Maintenance

- 1.3.1 The authority to amend this Charter rests with the General Assembly upon Board of Directors' recommendation.
- 1.3.2 Any amendment to this document shall be as per procedure set out in the DoA.
- 1.3.3 The minimum frequency for reviewing this Charter is two (2) years. However, the Charter must be reviewed / updated earlier if required for the purposes of meeting any new regulatory requirement. CGD is responsible for ensuring that this document is reviewed and approved as required.

1.3.4 This Charter shall be submitted to SAMA on semi-annual basis;

1.3.5 This Charter shall be a permanent part of the induction program provided by the Bank to new Board and Board Committee members upon their election/appointment. It is the duty of the new member to understand and familiarize himself with it.

## 2. General Provisions

The provisions of this charter came to express the law and the applicable rules and regulations, and in the event of any amendments thereof, or any conflict or inconsistency between the provisions of this charter and the applicable laws, rules and regulations, the latter shall prevail, and the new amended provisions shall be applicable to this charter and complied with from its effectiveness date.

## 3. Authority & Purpose of the Committee

### 3.1. Authority of the Committee

The Nomination & Remuneration Committee (hereinafter referred to as the "Committee" or "NRC") is authorized to deal with, and recommend on, all matters falling within the scope of its purpose and duties as set out in this Charter, Delegation of Authority Manual (DoA) and all other matters that may be delegated by the Board to the Committee from time to time. In carrying out its responsibilities, the Committee may seek assistance from any experts or specialists, whether internal or external.

### 3.2. Purpose of the Committee

The NRC represents and assists the Board of Directors (hereinafter referred to as the "Board" or "BoD") of Banque Saudi Fransi's (hereinafter referred to as "BSF" or "the Bank") in fulfilling its oversight responsibilities relating to:

- 3.2.1 Identifying and recommending nominees for selection as executive, non-executive and independent directors of the Board and external committee members;
- 3.2.2 Determining the incentives system and approving the compensations in accordance with SAMA's rules, applicable laws and regulations; and
- 3.2.3 Review the Human Resources Group's functions and activities in line with clause 3.3 of this Charter.

## 4. Roles & Responsibilities of the Committee

The following represents the duties and responsibilities of the Committee:

### 4.1. Nomination of Board & Executive Management

- 4.1.1. Recommend to the Board clear policies and standards for membership of the Board and the Executive Management;
- 4.1.2. Providing recommendations to the Board for the nomination or re-nomination of its members (executive, non-executive, independent and external committee members) in accordance with applicable rules & regulations and approved policies and standards of BSF, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;
- 4.1.3. Recommend the Board Succession Plan for Board approval at every new term;
- 4.1.4. Preparing a description of the capabilities and qualifications required for membership of the Board, Board Committees and Executive Management positions;
- 4.1.5. Annually reviewing the skills and expertise required of the Board members and the Executive Management;
- 4.1.6. The Committee should also determine the amount of time that the member shall allocate to the activities of the Board;
- 4.1.7. Recommend to the Board nominees for serving on other Board Committees whenever the Corporate Secretary informs the Committees about vacancies, the NRC should be notified immediately of Board members, Board Committee members and Executive Management vacancies and/or resignation in order to recommend a replacement-when needed;
- 4.1.8. Provide job descriptions for the Executive Directors, non-Executive Directors, Independent Directors, External Committee members and Executive Management;
- 4.1.9. Review the structure of the Board of Directors and Executive Management and recommend changes as and when required;
- 4.1.10. Ensure, on an annual basis, the independence of the independent members of the Board and absence of any conflict of interest if a Board member also acts as a member of the board of directors of another company;
- 4.1.11. Determine the points of strength and weakness in the Board of Directors and the Board Committees through performance assessments and recommend remedies that are compatible with BSF's interest;
- 4.1.12. The Committee shall develop a record including information on the Board members' qualifications and skills to identify additional required skills to activate the Board's roles to conduct its functions and responsibilities;
- 4.1.13. Review/recommend/approve the appointment of certain Executive Management positions, in accordance with the approved DoA, whose qualities and qualifications are appropriate for BSF's operations and approve any termination of their services;
- 4.1.14. Coordinate with Human Resources Group to develop a succession policy and ensure compliance of the

Senior Management with such policy;

- 4.1.15. Recommend to the Board, every three (3) years, an external specialized firm for conducting an evaluation to assess the BoD and its Committees' contribution and effectiveness in fulfilling their mandates and presenting the results of the evaluations to the Board;
- 4.1.16. Recommend to the Board the nomination of Shariah Committee members;
- 4.1.17. Recommend to the Board a formal procedure to evaluate the performance of Shariah Committee members based on indicators of competence, knowledge, contribution and effectiveness; and
- 4.1.18. Provide recommendations in regards to the appointment, dismissal and replacement of Board Members for BSF subsidiaries & BSF representatives in companies it invests in.

## 4.2. Remuneration & Compensation

- 4.2.1. Preparing a clear policy for the remunerations of the Board members and its Committees in accordance with relevant SAMA guidelines, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy;
- 4.2.2. Preparing the remuneration policy for Executive Management in accordance with relevant SAMA guidelines, and presenting such policy for the Board approval in preparation for approval by the General Assembly;
- 4.2.3. Prepare the remuneration policy for other employees in accordance with relevant SAMA guidelines, and presenting such policy for the Board approval;
- 4.2.4. Shall review the implementation of the remuneration policy of Executive Management and other employees on semi-annual basis and ensuring & assessing its effectiveness in achieving its objectives; and making recommendations to the Board for amending/updating the Policy;
- 4.2.5. Reviewing compliance of the Remuneration & Compensation Policy with relevant rules and the FSB Principles and Standards;
- 4.2.6. Recommend to the Board on setting-up BSF employees compensation policy, which shall include, at a minimum, the types of remuneration (e.g. fixed or performance related remunerations, or remunerations granted in the form of shares), and salary scales of the employees of BSF and oversee the compensation system's design and operation on behalf of the Board of Directors;
- 4.2.7. Clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy;
- 4.2.8. Providing recommendations to the Board in respect of the remunerations of the Board & Board Committees' members, and approving /recommending the remuneration of Senior Executives including any increments or adjustments, in accordance with the DoA, relevant policies and relevant regulations;
- 4.2.9. Evaluating incentives created by the remuneration system along with Risk Management committee and/or Chief Risk Officer;
- 4.2.10. Review and monitor the remuneration for highest paid staff to verify compliance with the remuneration policy and to avoid misuse;
- 4.2.11. Making recommendations to the Board on the level and composition of remuneration of key executives

of the Bank in accordance with the approved policy. The key executives for this purpose will include all those executives whose appointment is subject to no objection by SAMA;

- 4.2.12. Determining an incentives system and approving of compensation according to SAMA's related instructions;
- 4.2.13. Ensuring that the amount of compensations is consistent with the prevailing domestic practices and supervisory regulations, and aligned with the interests of shareholders and the Bank's long-term strategic objectives;
- 4.2.14. Ensuring that the incentives system is periodically reviewed and does not encourage participation in high risk transactions to achieve short-term profits and it complies with the Bank's Risk Policy approved by the Board;
- 4.2.15. Ensuring that an annual remuneration and compensation review (internally through Internal Audit or externally by a recognized firm) is conducted independently without the intervention of the Senior Management. NRC & BoD should take into consideration the results of such a review when making decisions related to remuneration;
- 4.2.16. Determination of bonus pool based on risk-adjusted profit of the Bank for payment of performance bonus;
- 4.2.17. Review/recommend/approve remunerations and compensations in accordance with the approved DoA;
- 4.2.18. Evaluating practices by which compensation is paid for potential future revenues whose timing and likelihood remain uncertain;
- 4.2.19. Performing any other related tasks to comply with the regulatory requirements;
- 4.2.20. Recommend to the Board the appropriate compensation and wages for Shariah Committee members in proportion to the size of their duties and responsibilities and consistent with the relevant instructions of SAMA; and
- 4.2.21. Review reports submitted by the Chief Human Capital Officer – at least on semi-annual basis- which covers the measures taken and steps to be taken towards applying the Bank's Remuneration Rules issued by SAMA and any relevant Laws, regulations, principles and standards.

### 4.3. Human Resources (HR)

- 4.3.1. Review the HR Strategy and recommend to the Board for approval;
- 4.3.2. Review the HR policies and recommend to the Board for approval; and
- 4.3.3. Approve the Succession Plan for Executive Management.

### 4.4. Other Responsibilities

- 4.4.1. Ensure achieving BSF's diversity goals, assess the effectiveness of diversity initiatives and recommend strategies for enhancing diversity within the Bank, including recruitment practices, leadership development, and employee engagement programs, ensuring alignment with local regulations, business objectives and industry best practices;
- 4.4.2. Perform any other activities consistent with this Charter, DoA, BSF's bylaws, as the Board deems necessary and appropriate;

- 4.4.3. Develop at the end of each year an annual plan and schedule of the Committee's activities for the coming year. This includes the Committee's periodic meetings, meetings with management, and other activities in light of the Committee's roles and responsibilities defined within the Charter;
- 4.4.4. Review & approve previous Committee minutes of meeting and follow up on decisions taken and documented in the action sheet of prior Committee meetings in order to ensure that matters raised have been resolved (**Appendix A**); and
- 4.4.5. Conduct an annual self-assessment relative to the Committee's purpose, duties, and responsibilities outlined herein as well as those of its individual members. The purpose is to evaluate and ensure that all responsibilities outlined in this Charter have been carried out.

Please refer to the **DoA** for more details regarding the Committee's delegated authorities.

## 5. Composition of the Committee

### 5.1. Membership

- 5.1.1. The members of the Committee shall be appointed by a majority vote of the Board. Such appointment is subject to SAMA's written "No-objection";
- 5.1.2. The Board may appoint Non-Executive and Independent Directors or persons other than Board members either from shareholders or others, provided that the Chairmen of the Committee shall be a Board independent director;
- 5.1.3. The Committee shall be comprised of at least three (3) members and shall not exceed five (5) members;
- 5.1.4. Executive Directors may not be members of this Committee;
- 5.1.5. The Committee should include at least two (2) independent members;
- 5.1.6. It is preferable that a member is not be a member in more than two committees;
- 5.1.7. The CMA & SAMA shall be notified with the names of the members and the types of their memberships in such within five (5) business days from their appointment, and shall be notified also about any changes thereto within five business (5) days of the date of such changes; and
- 5.1.8. The committee member must work with a sense of intent with the necessary care and attention to benefit the stakeholders in addition to performing his duties away from any external influence, whether from within or from outside BSF, and he must not provide personal reconciliation or the interests of those he represents to the interests of BSF, shareholders and other stakeholders.

### 5.2. Term of Committee Members

- 5.2.1. The term of the Committee members is equivalent with that of the Board, where the Committee members are elected for a period of three (3) years.

### 5.3. Appointment of the Chairman

- 5.3.1. Based on the majority of votes, the Board members shall appoint an independent Board director as Chairman of the Committee;
- 5.3.2. The Chairman of the Board cannot be Chairman of the Committee; and
- 5.3.3. The Chairman of the Committee can designate a Committee member to be the Vice Chairman of the Committee to chair the Committee meetings in his/her absence.

## 5.4. Roles & Authority of the Chairman

- 5.4.1. Oversee the planning and preparations for the Committee meetings, including approving the agenda of the meetings;
- 5.4.2. Ensure that appropriate information from management are presented to the Committee during the meeting to enable the Committee to exercise their accountabilities based on sufficient information;
- 5.4.3. Ensure that all items requiring the Committee's approval and recommendations to the Board are appropriately tabled;
- 5.4.4. Ensure proper flow of information to the Committee and review adequacy and timing of documentary materials in support of management's proposals;
- 5.4.5. Oversee reporting and verbal presentations to the Board from the Committee;
- 5.4.6. Oversee the annual assessment of the Committee's performance;
- 5.4.7. Ensure that the Committee has direct access to members of Executive Management as may be required; and
- 5.4.8. Attend the General Assembly Meetings and answer any questions raised by the shareholders.

## 5.5. Secretary of the Committee

The Committee should appoint a Committee Secretary whose term of service is the same as that of the Committee (with the right of reappointment), it is preferable that the Committee Secretary is not a secretary of other committees. The committee secretary is responsible for the following:

- 5.5.1. Acting as a primary point of contact and source of information and advice for Committee members regarding BSF's relevant activities, in order to support the decision making process;
- 5.5.2. Staying fully aware of the Committee's activities, and ensuring the Committee members take decisions after being provided with the necessary briefings and information/documents;
- 5.5.3. Maintaining the Committee's Charter, and guiding the Committee to carry out its activities in compliance with the Charter;
- 5.5.4. Preparing communication letters, in coordination with the Committee's Chairman as the need arise, and addressing the same to the Committee members, Board of Directors and relevant parties. This includes handling the required communications to schedule/call for Committee meetings;
- 5.5.5. Preparing the Committee's reporting packs that should be circulated to the Committee members with the meeting's agenda at least five (5) business days prior to the meeting date;
- 5.5.6. Attending Committee meetings for the objective of preparing the minutes of meeting and circulating the said minutes within a period not exceeding ten (10) business days to all Committee members for approval;
- 5.5.7. Documenting and following up on the issues requiring Committee's action as raised in subsequent Committee meetings and recorded on the related meeting action sheet (**Appendix A**);
- 5.5.8. Arranging with the parties that the Committee invites to the Committee meetings. This includes consultants, legal advisors, or any other party;
- 5.5.9. Arranging and following up on the completion of the Committee's annual self- assessment;

5.5.10. Circulating Committee decisions to the concerned parties; and

5.5.11. The Secretary shall ensure that meetings are properly documented and the minutes are retained for a minimum of ten (10) years with relevant materials.

## 5.6. Qualifications of the Committee Members

5.6.1. Committee members collectively shall be knowledgeable of the matters presented to the Committee, have relevant work experience and appropriate qualifications and have a thorough understanding of the roles and responsibilities of the Directors and Executive Management. The Committee shall be able to devote adequate time to their duties as members of this Committee.

## 5.7. Compensation of the Committee Members

5.7.1. The Committee members are entitled to receive compensation as per Remuneration Policy approved by the General Assembly; and

5.7.2. Committee members who are resident in a city outside the meeting location are entitled to all out of pocket expenses incurred by them to attend the meeting. Such expenses include first class tickets as well as any accommodation and transportation expenses incurred by them otherwise. BSF will arrange for the above.

## 5.8. Resignation & Replacement of Committee Members

5.8.1. The Office of a member of the Committee shall be vacated:

- a) Upon the expiry of the member term or the termination of the member's validity in accordance with any regulations and rules in force in the Kingdom;
- b) If the member holding it resigns his/her office or retires;
- c) If the member at any time is declared bankrupt, or applies for settlement with creditors or ceases to pay his debts or convicted of a crime involving moral turpitude;
- d) If the member died or becomes incapacitated;
- e) If the member has been absented from three (3) meetings per year without a legitimate excuse to be accepted by the Committee;
- f) If the member does not meet the membership conditions in accordance with the stated regulations of relevant legislative authorities in the Kingdom;
- g) If the member incurs any of the disqualifications mentioned in Article (17) of the Bank's bylaws.

5.8.2. Any Committee member may resign upon giving written notice to the Chairman of the Committee and the Chairman of the Board and the resignation shall be effective at the time such notice is given (unless the notice specifies a later time for the effectiveness of the resignation); and

5.8.3. If any of the Committee seats becomes vacant for any reason, the BoD shall appoint a new member in the vacant seat to continue the term of the previous member, based on NRC's recommendation.

## 5.9. Conflict of Interest

- 5.9.1. All members of the Committee must follow the policies, standards and procedures on conflict of interests as stipulated in the “Conflict of Interest Policy”, and the Bank’s Code of Conduct for the Board; and
- 5.9.2. No Committee member shall simultaneously serve on any Committee of a competitor of BSF or have any role in any of the organization’s competitors. Furthermore, no member shall have any significant contractual or business relationship with BSF that could be seen as materially impairing his/her capacity to act in an independent manner.

## 5.10. Confidentiality of Information

- 5.10.1. In discharging their responsibilities, Committee members shall maintain the confidentiality of their activities, and shall exercise their business judgment to act in a manner that they believe is in the best interest of BSF; and
- 5.10.2. The members shall maintain the confidentiality of the Bank trade secrets gained through performing their duties and shall not publicize confidential information to shareholders as per Control of Inside Information Policy. In such cases, the member shall be dismissed from the Committee and can be held responsible for the financial damages caused by such announcements.

## 6. Meetings of the Committee

### 6.1. Frequency of Meetings

6.1.1. In order to discharge its responsibilities, the Committee shall each year establish a schedule of meetings and shall meet at least two (2) times a year to assess and evaluate members' performance, nominate new candidates, and discuss the compensation and incentives policies. Additional meetings may be scheduled as the Committee or its Chairman deem advisable; provided that a notice of five (5) business days, or shorter time period as per the consent of the Committee members, is given.

### 6.2. Quorum of Meetings

6.2.1. A quorum at any Committee meeting shall consist of a majority of the Committee members.

### 6.3. Attendance Guidelines

6.3.1. The Committee members are expected to attend all Committee meetings and in case a member was absent, his/her absence should be documented in the minutes of the meeting;

6.3.2. Committee members may request a leave of absence from the Chairman of the Committee or may provide justifiable reasons/causes for not attending a Committee meeting; and

6.3.3. No member of the Board or the Executive Management except the Secretary or a member of the Committee may attend the meetings of the Committee unless the Committee requests his/her opinion or advice.

### 6.4. Invitees

6.4.1. At the discretion of the Committee and the approval of the Committee Chairman, other members of the Board, employees of BSF or consultants may be invited to attend and participate in the meetings of the Committee. Non-Committee members will be involved in the discussions but will not have any voting rights; and

6.4.2. The request for attendance of non-Committee members is to be suggested and indicated in the meetings' agendas circulated prior to meetings' dates.

### 6.5. Delegation Guidelines

6.5.1 Voting by proxy is not allowed.

### 6.6. Agenda of the Meeting

6.6.1. The Secretary of the Committee shall be responsible for drafting the meetings' agendas. These agendas should be approved by the Committee's Chairman;

- 6.6.2. The Committee's Chairman can consult with the Committee's members on the meeting's agenda whenever he/she deems necessary; and
- 6.6.3. An agenda, together with relevant materials relating to the subject matter of each meeting, shall be sent to members of the Committee five (5) working days prior to each meeting.

## 6.7. Meeting Methods

- 6.7.1. The Committee may meet personally or via modern means of technology.

## 6.8. Voting Guidelines

- 6.8.1. The voting of the Committee is determined by the majority of the members, and the invitees to the meeting have no voting rights on the resolutions; and
- 6.8.2. In the event of equal voting, the Chairman of the Committee has a casting vote.

## 6.9. Minutes of Meetings

- 6.9.1. The deliberations and resolutions of the Committee should be recorded in the minutes of meetings which must be circulated to all Committee members within a maximum period of ten (10) business days. The Committee members shall approve or provide any comments they may have. If no response is received from any Committee member within ten (10) business days from the date of circulation, the minutes will be deemed as approved by such member;
- 6.9.2. A copy of the minutes of meetings should be signed by chairman and all members present at the meeting as well as the committee secretary and the names of absent members should be recorded;
- 6.9.3. It is permissible to use modern technology to sign, record deliberations and decisions, and record the Minutes.
- 6.9.4. All objections and abstentions from voting should be recorded in the minutes along with decisions that has been determined by the use of the Chairman's casting vote;
- 6.9.5. The minutes shall be entered into a special register and be kept for a period of no less than ten (10) years; and
- 6.9.6. If the Committee has obtained assistance from any experts or specialists, whether internal or external, such assistance should be included in the minutes; stating name of the expert and his relation with the Bank or its Executive Management, in any.

## 6.10. Decisions by Circulation

- 6.10.1. The Committee may take decisions by circulation unless a member request in writing to discuss the circulated matter in a meeting;
- 6.10.2. A decision shall be issued if approved in writing (physically or by email) by the majority of the Committee members; and
- 6.10.3. All approved resolutions taken by circulation shall be recorded in the next meeting minutes.

## 7. Reporting to the Board

- 7.1. The Chairman of the Committee shall report to the Board, no later than the next regular Board meeting on any specific matters assigned to the Committee;
- 7.2. The Committee shall submit its approved minutes regularly to the Board; and
- 7.3. The Chairman of the Committee must provide the following reports to the Board annually:
  - a) A report showing the details of remuneration and compensations paid to the members of the Board and Board Committees with the details required by CMA & SAMA regulations;
  - b) Outcomes of the Board and Board Committees' annual assessment with its recommendations, if any; and
  - c) Information related to recruitment, resignation, service termination and remuneration of the Executive Management.

## 8. Relationship with Others

- 8.1. Communication between the Committee and other committees should be clear to ensure a common understanding of the respective responsibilities of each committee; and
- 8.2. The Committee may coordinate with other Board and Management Committees, if appropriate, on any area as required to support the effectiveness and efficiency of the functioning of these Committees.

## 9. Appendix

### 9.1. Appendix A – Action Sheet

Committee Meeting #	Topic	Discussion	Resolution / Required Action	Person Responsible	Targeted Deadline