



Risk and Sustainability Committee Charter

Saudi Basic Industries Corporation (SABIC)

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Article (1): Objective

The objective of this Charter is to regulate the Risk and Sustainability Committee function through determining its duties and authorities as well as its working procedures and rules of its members' selection; all in accordance with the rules regulating committees' functions at listed joint-stock companies, which are stated under the Corporate Governance Regulation issued by Capital Market Authority (CMA).

Article (2): Committee Formation

- The Committee is formed by a Board resolution, which determines the rules of selecting the Committee's members and their tenure and remunerations as well as the Committee's duties and working procedures.
 - The Committee is formed from Board members according to the following selection rules:
 - The candidate shall have relevant expertise to the Committee's duties and responsibilities.
 - The candidate shall have a good awareness and understanding of the Company's business activities in addition to the skills and expertise required to manage them.
 - The number of the Committee members shall be neither less than three nor more than five.
 - Committee members elect, from among themselves, a chairman and vice chairman for the Committee term. In the absence of the Committee's Chairman and Vice Chairman, the present members appoint a chairman to lead the meeting.
 - A Committee member shall carry out his/her duties and responsibilities from the date of his/her appointment until one of the following cases take effect:
 - Expiry of the Board's term.
 - Submitting his/her resignation, without prejudice to the Company's right to demand compensation if the resignation is tendered at an inappropriate time.
 - The member has developed a mental illness or physical disability that prevents him/her from performing his/her duties within the Committee.
 - Issuance of a court order to declare member's bankruptcy or insolvency, or his/her request of a settlement with his/her creditors.
 - Conviction of committing an act of dishonesty, breach of trust or forgery; or if he violates laws and regulations in the Kingdom of Saudi Arabia or any other country.
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- A resolution by the Board of Directors to dismiss the member from the Committee for any of the following reasons:
 - Breaching his/her membership's 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 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 conditions of eligibility for the Risk and Sustainability Committee membership stated in this Charter, at any time.
- If the position of a Committee member becomes vacant due to occurrence of one of the preceding or other cases during his/her membership term, the Board may appoint a member to the vacant position, provided that the Committee's Membership principles stated in this Charter are met. The new member completes the term of his/her predecessor.
- The Committee shall have a Secretary General appointed by the Board.

Article (3): Committee Duties and Responsibilities

The Risk and Sustainability Committee shall have the following duties and responsibilities:

A. Risk Management

- Working with Executive Management to develop a comprehensive risk management policy that is consistent with the nature of the Company's business and activities, and the Company's objectives and strategy; and recommending approval of such policy to the Board.
 - Reviewing the comprehensive risk management policy periodically to ensure its consistency with changes that may occur to: the internal or external environments in which the Company operates, and in the legislation governing the Company's business or strategic objectives; and hence recommending proposed changes to the policy to the Board.
 - Making recommendations to the Board in relation to specifying an acceptable level of risks that is tolerable to the Company and how to maintain such level. Following the Board's
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adoption of the acceptable level of risks, the Committee shall ensure that it is not exceeded by the Company.

- Verifying the viability of the Company's business continuity and success; and identifying risks that face the Company's continuity on an annual basis.
- Overseeing the Company's risk management systems and assessing the effectiveness of the systems and mechanisms of identifying, measuring, and monitoring risks that may face the Company to identify deficiencies therein.
- Keeping periodical reassessment of the Company's risk tolerance and risk exposure (for example, through risk tolerance testing).
- Preparing and submitting to the Board detailed reports on risk-exposure and proposed steps to manage such risks.
- Providing recommendations to the Board on risk management issues.
- Ensuring availability of adequate resources and systems for risk management and submitting recommendations on them to the Board.
- Reviewing the organizational structure of the Risk Management and making appropriate recommendations to the Board.
- Verifying the independence of Risk Management personnel vis-à-vis activities that may result in Company exposure to risks.
- Ensuring that Risk Management personnel understand the risks surrounding the Company, and working to increase awareness of the risk culture.
- Reviewing the issues raised by the Audit Committee that may affect the Company's risk management.

B. Sustainability

- Working with the Executive Management to develop the Company's sustainability strategy and policies – such as the energy policy, health, environment, safety and security (HESS) policy, and corporate social responsibility policy – those are commensurate with the nature of Company's activities and business; and making necessary recommendations on them.
 - Reviewing the sustainability strategy and policies periodically to ensure their consistency with the changes to: the internal or external environment in which the Company operates,
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and the legislation regulating its business or strategic objectives, or otherwise; and recommending proposed changes to such policies to the Board.

- Supervising preparation of the Sustainability Report according to the approved standards, and providing recommendations on it to the Board.
- Identifying and recommending programs and means for corporate social responsibility initiatives.
- Supervising the Company's environment, health, safety and security (EHSS) systems, and ensuring they comply with the relevant legislation, laws and regulations; and the availability of necessary skills and expertise to manage these systems.
- Examining and reviewing periodic reports of the Executive Management on the effectiveness of environment, health, safety and security (EHSS) systems, and making recommendations thereon to the Board of Directors.

Article (4): Committee Authorities

To enable the Committee to carry out its duties, it shall have the following authorities:

- Requesting the information and data necessary to assist the Committee in studying the topics that fall within its competencies or referred thereto by the Board.
- Subject to the Board approval, using the services of experts or specialists the Committee deems suitable in studying the topics that fall within its duties and responsibilities.

Article (5): Committee Working Procedures

A. Duties of the Chairman and Secretary

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

B. Committee Member's Duties

- Complying with the provisions of the Companies Law and its implementing regulations, the Capital Market Law and its implementing regulations, any other relevant laws and regulations, and the Company's By-Laws in exercising his/her duties. He/ She shall also refrain from engaging in any transactions that may harm the interests of the Company.
 - Acquainting himself/herself with the Committee's duties and responsibilities and devoting sufficient time to exercise his/her role towards performing them.
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- Carrying out his/her duties free from any external influence, whether from inside or 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 meetings and not to absent himself/herself except for valid reasons to be notified to the Committee Chairman in advance; or for emergency circumstances acceptable to the Committee.
 - Participating effectively in Committee meetings through prior examination and discussion of the agenda items.
 - Seeking to acquaint himself/herself with the regulatory updates relevant to the topics and areas related to Committee's duties and responsibilities.
 - Seeking to acquaint himself/herself with all 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 Committee Chairman's invitation. The Committee Chairman shall also invite meetings in exceptional cases such as when the meeting is requested by the Board or two Committee members; or if circumstances so require, providing that the reasons necessitating such an exceptional meeting invitation are stated.
 - The Committee approves the dates and agenda of the meetings of a fiscal year prior to its commencement. The meeting invitation is issued at least 15 days in advance and it shall be accompanied by the agenda, the documents and information necessary for discussing and deciding on the presented topics.
 - In exceptional cases, meeting invitations may be sent at least five days in advance in accordance with the invitation procedures specified in this Charter.
 - The Committee holds its meetings at Company headquarters; however, they may be held elsewhere if necessary and subject to the Board approval.
 - The quorum of the Committee's meeting is met by attendance of a majority of its members. A member – in cases of necessity – may attend the meeting by using one of the forms of communication subject to the Committee approval.
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- The Committee meeting shall be attended by its members only. However, a member of the Board or Executive Management, who is not a member of the Committee, may attend the Committee meeting upon an invitation by the Committee to take his/her opinion or advice.
- Committee resolutions 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 resolution, provided that such objection is expressly stated in the minutes of meeting together with the reasons for the objection. Absence from meetings at which a resolution is made does not preclude the member's liability for implementing the resolution, unless it is proven that the member was unaware of the resolution or was unable to challenge it immediately after knowing of it.

D. Documentation of Meetings

- The Committee Secretary prepares minutes of meeting, which shall include:
 - The venue, date, and start and end time of the meeting.
 - Names of present and absent members, in addition to the names of non-member attendees.
 - Committee deliberations and resolutions together with indicating results of votes thereon and reasons for objections, if any.
 - Specifying the party who shall be responsible for implementing the issued resolutions; and the timeline for implementation and mechanisms for follow-up.
 - The Committee Secretary sends the draft minutes of the meeting to Committee members who shall record their comments, if any, on the draft within a maximum period of five working days from the date of dispatch.
 - After incorporating the Committee members' comments into the draft minutes, and the meeting's Chairman approves them, the Committee Secretary sends the amended draft to the Committee members in preparation for its approval at the next Committees meeting.
 - The minutes of the meeting shall be maintained with the meeting agenda and all accompanying documents in a special record to be signed by the Committee's Chairman and Secretary.
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E. Committee Actions Follow-up

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

F. Committee Performance Evaluation

- The Committee shall review its performance on regular basis against such indicators as its effectiveness in carrying out its duties and responsibilities.

Article (6): Disclosure of Risk Management Policy

- The Committee shall disclose, in the Board of Director Report, any information related to any risks faced by the Company, whether they are operational, financing, or market risks. It shall also disclose the policy of managing these risks and methods of monitoring them, pursuant to the provisions of Paragraph (3) of Article (43) of the Listing Rules.

Article (7): Confidentiality

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

Article (8): Conflicts 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 item listed on the Committee agenda; and such an interest would influence (or is believed to) influence the independence of the member's opinion, which is assumed to reflect his/her professional point of view.
- If a member has a conflict of interest in an item on the Committee agenda, he must disclose such conflict before starting the discussion of that item, provided that such disclosure is recorded in the minutes of the meeting. In such a case, the member shall neither attend or participate in the discussion of that item nor vote thereon.

- A Committee member may not have a direct or indirect interest in the contracts that are carried out for the Company's account nor participate in any work that would compete with the Company or competes in any branch of its business activity.
- If a Committee member fails to disclose his/her interest in the contracts carried out for the Company's account, whether before or after he becomes a Committee member, the Company may claim, before the judicial authority, revocation of the contract with a compensation or an obligation upon the member to pay back any profit or benefit realized through such interest.
- If a Committee member fails to disclose his/her engagement in any business that would compete with the Company or any of the branches of its business activity, the Company may claim proper compensation before the judicial authority.
- A Committee member shall not – directly or indirectly – make 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 pursue such opportunity. A member may not exploit such an investment opportunity even after expiry of his/her membership term.
- If it is proven that a member has exploited an investment opportunity, the Company or any stakeholder, may claim, before the judicial authority, revocation of any business, profit, or gain resulted from such an opportunity. The Company may also claim a proper compensation.

Article (9): 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 remuneration and allowances to be paid to the Committee's Secretary.
- In the event of a resolution 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 remuneration or compensation for the period following the last meeting he/she attended.

Such member 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 to recover the remunerations and any other costs incurred to enable the member to perform his/her responsibilities if the member committed an act of dishonesty, breach of trust or forgery; or if he/she violated the laws and regulations of Saudi Arabia or any other country; or when he fails to carry out his/her responsibilities and duties to the extent that results in damage to the Company's interest.

Article (10): Charter Review

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

Article (11): Entry into Force

- This Charter shall be effective from the date of its approval by the Board of Directors.