



# Investment Committee Charter

Saudi Basic Industries Corporation (SABIC)

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### Article (1): Objective

The objective of this Charter is to regulate the Investment Committee function through determining its duties, authorities, working procedures and rules of nomination of its members, in accordance with the regulatory rules for activities of committees of listed joint stock companies as provided for in the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

### Article (2): Committee Formation

- The Investment Committee is formed by a Board resolution, which determines the rules of selection of the Committee members and their tenure and remunerations as well as the Committee's duties and working procedures.
  - The Committee is composed from the Board members according to the following selection rules:
    - The candidate shall have a record of expertise relevant to the Investment Committee's duties and responsibilities.
    - The candidate shall have a good awareness of the Company's business activities as well as the skills and expertise necessary to manage them.
    - The candidate shall have a university degree in addition to knowledge of finance and accounting and the nature of the Company's business.
    - The candidate shall have not been convicted of an offence of dishonesty, breach of trust or violation of laws and regulations of the Kingdom of Saudi Arabia or any other country.
    - The candidate selection shall not violate the relevant laws, regulations and instructions.
  - The number of Committee members shall not be less than three nor more than five.
  - Committee members elect a Chairman, from among themselves, for the Committee term. In the absence of the Committee's 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 appointment until one of the following cases takes effect:
    - Expiry of the Board's term.
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- Submitting his/her resignation, without prejudice to the Company's right to demand compensation if the resignation is tendered at an inappropriate time.
  - Member has developed a mental illness or a physical disability that prevents him/her from performing the Committee's duties.
  - Issuance of a court order declaring the member's bankruptcy or insolvency, or his/her request of settlement with creditors.
  - Conviction of committing an act of dishonesty, breach of trust, forgery, or violation of laws and regulations of the Kingdom of Saudi Arabia or any other country.
  - A resolution by the Board of Directors to terminate his/her membership of the Committee for any of the following reasons:
    - Breach of his/her duties and responsibilities 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 determined by the Board, without prejudice to the right of the terminated member to claim compensation if the termination occurs for an unacceptable reason or at an inappropriate time.
  - Becoming disqualified due to losing any of the Committee's membership eligibility conditions, which are stated in this Charter.
  - If the position of a Committee member becomes vacant due to one of the preceding cases or other cases during the Committee membership's term, the Board may appoint a member to 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

#### The Investment Committee shall have the following duties and responsibilities:

- Working with the Executive Management to develop an investment strategy and policy for the Company commensurate with the nature of its business, activities and risk exposure; and making appropriate recommendations thereon.

- Reviewing the Investment Strategy and Policy regularly to ensure its consistency with changes that may occur in: the external environment in which the Company operates; and in the legislations governing the Company's business or strategic objectives or otherwise; and recommending to the Board proposed changes to the Policy.
- Overseeing the Company's investment activities and establishing appropriate processes for measuring and assessing investment performance.
- Studying and evaluating the investment opportunities proposed by the Executive Management as regards the following transactions, and making appropriate recommendations thereon:
  - Merger or acquisition of companies, businesses, or assets.
  - Any termination, sale, transfer of ownership, exit, or disposition of an existing investment.
  - Joint ventures under partnership or joint venture agreements.
  - Investments in new or existing projects, expansion projects, or other expansions in which the Company has an interest.
  - Investment opportunities that the Executive Management wishes to enter.
  - Examination of financing prospects for the above transactions.
- Ensuring that the proposed investment opportunities comply with the relevant laws, regulations and instructions.
- Identifying and prioritizing potential investment proposals.
- Studying the periodical progress reports of the Executive Management on the approved investment opportunities.

#### Article (4): Committee Authorities

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

- 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 any expert or specialist the Committee deems suitable for the study of the matters that fall within its duties and responsibilities.

- Approving or rejecting any investment opportunity, whose value is less than US\$500 million, proposed by the Executive Management, provided that justifications for approval or rejection are recorded in the minutes of meetings.
- Recommending to the Board approval or rejection of an investment opportunity, whose value equals or exceeds US\$500 million, proposed by Executive Management, provided that the justifications for approval or rejection are recorded in the minutes of meetings.

## Article (5): Committee Working Procedures

### A. Authorities of the Committee 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.
    - Convening Committee meetings, and specifying their times, dates, and venues following coordination with the Committee members.
    - Preparing the meeting 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 to enable decision-making.
    - Ensuring that sufficient time is made available for discussion of agenda items.
    - Enhancing the active participation of the Committee members in the meetings through their prior 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 the provision of complete and correct information to Committee members in a timely manner to enable them to perform their duties and responsibilities.
    - Preparing regular reports on the Committee's activities and submitting its recommendations and conclusions to the Board.
    - Following up the implementation of the resolutions issued by the Committee.
    - Arranging for conducting the Committee's performance evaluation.
  - The Secretary General shall have the following duties:
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- Coordinating the Committee's meetings and setting the agenda items in coordination with the Committee Chairman.
- Notifying the Committee members of meeting dates and providing them with agendas and documents and information necessary for studying the meeting's 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 undertaking 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 performing them.
- 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 and attending the meetings and not absenting himself/herself except for valid reasons, which shall be notified to the Committee Chairman in advance and be acceptable to the Committee.
- Participating effectively in the Committee meetings through 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 Committee Chairman's invitation. The Committee Chairman shall also convene a meeting in an exceptional case such as when the meeting 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 agenda of annual meetings of a fiscal year prior to its commencement. The meeting's invitation shall be issued at least 15 days in advance and be accompanied by the meeting agenda, 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 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 the meeting 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 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 his/her objection is expressly stated in the meeting minutes together with the reasons for the objection. Absence from a meeting at which a resolution is made, does not preclude the member's liability for implementing the resolutions, unless it is proven that the
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member was unaware of the resolution or was unable to challenge it immediately after knowing of it.

#### D. Committee Meetings Documentation

- The Committee Secretary prepares minutes of meeting, which must include:
  - The venue, date, and start and end time of the meeting.
  - Names of present and absent members as well as the names of non-member attendees.
  - 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 the resolutions issued as well as setting the implementation timeline and follow-up mechanism.
- The Committee Secretary sends the draft minutes of meeting to Committee members. Members 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 thereon, the Committee Secretary resends 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 Chairman and Secretary.

#### E. Committee Actions Following-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 Investment Opportunities**

The Committee shall determine the necessity of publishing public announcements on the “Tadawul” website when considering proposed investment opportunities, taking into account the following considerations:

- Degree the Company’s willingness to proceed with the proposed investment opportunity.
- Inability to preserve and protect confidentiality of information.
- The opportunity is not known to the public, and its knowledge may affect the Company’s assets, liabilities, financial position, or course of its or its affiliates’ businesses.
- Whether it may result in a change in the price of the Company’s securities.
- Whether it may significantly effects the Company’s ability to meet its debt instrument obligations.
- Possibility for any other investor to take into consideration such investment opportunity when making an investment decision.
- Represents one of the cases provided for in Article (41) of the Listing Rules.

### **Article (7): Confidentiality**

- A Member must maintain the confidentiality of information made available to him/her. He/ She may in no case, even if his/her membership is terminated, disclose them to any individual or entity unless he/she is so authorized by the Board; nor may he/she 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. This obligation 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 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 conflicts 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 meeting. In such a case, the member must not attend nor participate in the discussion of the matter nor vote thereon.

- Committee members may not have a direct or indirect interest in the contracts that are carried out for the Company's account nor engage in any business that may compete with the Company or competes it in any branch of its business activity.
- If a Committee member fails to disclose his/her interest in the contracts and businesses carried out for the Company's account, whether before or after he became 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 may compete with the Company or competes it in one of the branches of its business activity, the Company may claim, before the judicial authority, a proper compensation.
- Committee members must 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 an opportunity. A member may not exploit such opportunity even after expiry of his/her membership term.
- If it is proven that a member exploited an investment opportunity, the Company or any interested party, may claim, before the judicial authority, revocation of any business, profit, or gain resulting from such an opportunity. The Company may also claim a proper compensation.

#### **Article (9): Members Remunerations**

- Committee members are entitled to an annual remuneration in accordance with the Remunerations Policy of the Board Members, Committees Members, and Executive Management approved by the General Assembly.
  - The Board determines the remunerations and allowances 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, that member shall not be entitled to any remunerations or compensations for the period following the last meeting he/she attended.
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In addition, he 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 any remunerations and allowances paid and any other costs incurred to enable the member to perform his/ her duties if that member committed an act of dishonesty, breach of trust, forgery, or violation of the laws and regulations in Saudi Arabia or any other country; or when he/ she fails to carry out his/her responsibilities, duties and tasks 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 according to the discretion of the Board. No amendment may be made to this Charter except upon the recommendation of the Board.

#### **Article (11): Entry into Force**

- This Charter is effective from the date of its approval by the Board.