

# Investment Committee Charter

Saudi Basic Industries Corporation (SABIC)



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## Article (1): Objective

The objective of this charter is to clarify how the Investment Committee should assume its functions in accordance with regulatory requirements and best practices of Corporate Governance.

## Article (2): Committee Composition

- The Committee is appointed by the Board who defines its role and responsibilities, authority, processes, tenure and remuneration.
  - The Committee is composed of Board members, provided that the number of Committee members shouldn't be less than three nor more than five, and according to the following principles:
    - The candidate has a relevant experience to the Committee's role and responsibilities.
    - The candidate has a good understanding of the company's business activities and the required skills and experience to manage them.
    - The candidate has a university degree and knowledge of finance and accounting.
    - The candidate must not be convicted of an act of dishonor or dishonesty or violation of the laws and regulations of the Kingdom of Saudi Arabia or any other country.
    - The selection of the candidate must not violate the relevant regulations and instructions.
  - Committee members elect a Chairman for the Committee term. In the absence of the Committee's Chairman, the present members appoint a chairman to lead the meeting.
  - The Committee has a Secretary General appointed by the board.
  - A Committee member will carry out his role and responsibilities from the date of his appointment until one of the following cases take effect:
    - End of the board's term.
    - Submitting his/her resignation, without prejudice to the company's right to demand compensation if the resignation occurred at an inappropriate time.
    - Member's mental illness or physical disability that prevents him/her from performing Committee duties.
    - Issuance of a court order to declare member's bankruptcy or insolvency or a request for settlement with creditors.
    - Conviction of committing an act of dishonesty, honesty, forgery, or violation of laws and regulations in the Kingdom of Saudi Arabia or any other country.
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- A decision by the General Assembly to dismiss his/her membership of the Committee for any of the following reasons:
  - Breaching of member's role and responsibilities which results in damage to the company's interests.
  - Absence from three consecutive meetings within one year without a reasonable excuse.
  - Other reasons as decided by the General Assembly, 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.
- Disqualification of any Committee's membership principles which is mentioned in this Charter or under other regulation.
- If the position of a Committee member becomes vacant due to one of the preceding cases or other cases during the Committee's term, the board may appoint a member to the vacant position, provided that Committee's membership principles mentioned in this charter are met. The new member completes the term of his predecessor.

### **Article (3): Role and Responsibilities**

The Committee role and responsibilities includes the following:

- Working with Executive Management to develop an investment strategy and policy for the company commensurate with the nature of its business, activities and risks, and making appropriate recommendations.
  - Reviewing the investment strategy and policy regularly to ensure consistency with changes that may occur in the external environment in which the company operates, legislation regulating business, or strategic objectives or otherwise, and recommending to the Board proposed changes.
  - Overseeing company investment activities and establishing appropriate processes for measuring and assessing investment performance.
  - Studying and evaluating the investment opportunities proposed by the Executive Management regarding the following transactions and making appropriate recommendations:
    - Mergers or acquisitions of companies, businesses, or assets.
    - Any termination, sale, transfer of ownership, exit, or disposition of an existing investment.
    - Joint ventures under partnership agreements.
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- Investments in new or existing projects, expansions, or other expansions projects in which the company has an interest.
  - Investment opportunities that Executive Management wishes to enter.
  - Examination of financing prospects for the above transactions.
- Ensuring that the proposed investment opportunities comply with relevant regulations and instructions.
- Identifying and prioritizing proposed investment proposals.
- Studying the progress reports of the Executive Management on the approved investment opportunities.

#### **Article (4): Committee Authority**

The Committee has the following authorities:

- Requesting appropriate information that will enable the Committee in exercising its role and responsibilities.
- Obtaining, after the Board approval, advise from any expert or specialist on subjects that fall within its role and responsibilities.
- Approving or rejecting investment opportunities proposed by the Executive Management that are worth less than US\$500 million, provided that the justifications for approval or rejection are documented in the minutes of meetings.
- Recommending to the Board whether to approve investment opportunities proposed by Executive Management, which are worth US\$ 500 million or more, provided that the justifications for approval or rejection are documented in the minutes of meetings.

#### **Article (5): Committee Processes**

##### **A. Role of the Chairman and Secretary**

- The Chairman role includes the following:
    - leadership and effective performance of the Committee.
    - Representing the Committee before the General Assembly and the Board.
    - Convening Committee meetings, and specifying the time, date, and venue of the meeting in coordination with Committee members.
    - Preparing the agenda, taking into consideration the topics that any Committee member wishes to include.
    - Ensuring that subjects presented to the Committee are accompanied by sufficient information for decision making.
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- Encouraging Committee members to participate effectively; to study and discuss agenda items and express their views in a manner that contributes to the achievement of the Committee's objectives.
- Ensuring that sufficient time is available to discuss agenda items.
- Ensuring the availability of information to Committee members in a timely manner to enable them performing their role and responsibilities.
- Preparing regular reports on Committee's activities and recommendations to the Board.
- Following up the implementation of decisions issued by the Committee.
- Arranging the performance evaluation of the Committees.
- The Secretary General assumes role includes the following:
  - Coordinating Committee's meetings and proposing agenda items to Committee Chairman.
  - Informing Committee members of meeting dates and providing them with agendas items and necessary information.
  - Attending Committee meetings and preparing the minutes of meeting.
  - Maintaining meeting's minutes and reports submitted or issued by the Committee.
  - Providing consultancy to the Committee on matters within its scope.

## B. Member's Responsibilities

- Complying with all regulatory requirements under the Companies Law and Regulations, the Capital Market Law and Regulations, and the Company's articles of association in exercising his duties, and refraining from taking or participating in any work that would harm the interests of the company.
  - Being aware of the Committee's role and responsibilities and devoting sufficient time to exercise his role in achieving them.
  - Carrying his duties away from any inappropriate influence both inside and outside the company and not prioritizing personal interests over those of the company.
  - Not accepting gifts from anyone who has business dealings with the company.
  - Preparing for meetings and not being absent except for valid reasons notified to the Committee chairman in advance, or emergency matters accepted by the Committee.
  - Participating effectively in Committee meetings through examination and discussion of agendas items.
  - Increasing his knowledge of the subjects related to Committee's role and responsibilities.
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- Increasing his knowledge of the developments related the company's activities, business, and other areas.

### C. Committee Meetings

- The Committee meets at least once every six months at the Chairman's invitation. The Committee Chairman also convenes meeting if requested by the Board, two Committee members, or if circumstances so require, indicating the reasons for the meeting.
- The Committee approves the dates and agenda of annual meetings prior to commencement. The meeting's invitation is issued at least 15 days in advance. The invitation is accompanied by the agenda items and required documents and information.
- In exceptional cases, meeting invitations can be issued at least five days in advance in accordance with the invitation procedures specified in this charter.
- The Committee holds its meetings at company headquarters and may meet outside if necessary; after obtaining Board approval.
- The quorum of the Committee's meeting is a majority of its members. A member – in cases of necessity – may attend using one of the forms of communication, after obtaining Committee approval.
- The Committee meeting will be attended by its members only. However, other Board / Committee members or Executive Management may attend that meeting based on invitation by the Committee to take their opinion or advice.
- The Committee will meet regularly with the External Auditor and the Internal Auditor.
- Committee decisions are made by a majority vote of the present members. When votes are equal, the side that includes the meeting Chairman's vote prevails.
- Committee members are entitled to object to any Committee's decision, provided that his objection is expressly stated in the meeting minutes with the reasons for the objection. Absence from meetings at which a decision is made is not a reason for exemption from liability for implementing a decision unless proven that the member is unaware of the decision or is unable to challenge it directly after knowing it.

### D. 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.
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- Committee deliberations and decisions, indicating results of votes and reasons for the objections, if any.
  - Party whose is responsible for implementing decisions.
- The Committee Secretary sends drafted minutes of the meeting to Committee members. Members must present comments on the draft, if any, within a maximum period of five working days from the date of dispatch.
- After processing the Committee members' comments on the draft minutes, and the meeting's Chairman approves, the Committee Secretary sends the amended draft to the Committee members for approval at the next Committee meeting.
- The minutes of the meeting must be maintained with the meeting agenda and all documents in a special record signed by the Chairman and Secretary.

#### E. Monitoring

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

#### F. Committee Performance

- The Committee will review its performance in regular basis against, for example, its effectiveness in carrying its role and responsibilities.

### Article (6): Disclosure and Transparency

The Committee shall determine the need to publish public announcements on the "Tadawul" website when considering investment opportunities proposed, considering the following:

- Willingness of the Company to implement the proposed investment opportunity.
- Inability to comply with confidentiality and protection of information.
- Knowledge of such opportunities is not available to the public and may affect the company's assets, liabilities, financial position, or direction of its business and affiliates.
- A resulting change in the price of the company's securities.
- Significant effects on the company's ability to meet its debt instrument obligations.
- Possibility for any investor to take into consideration such investment opportunities when making an investment decision.
- Cases provided for in Article 41 of Listing Rules.



**Article (7): Confidentiality**

- Members must maintain the confidentiality of the information and documents made available to him. In any case, he may not, even in the case of termination of his membership, disclose it to any individual or entity unless authorized by the Board, or use any such information for his personal benefit or that of relatives or third parties. The company has the right to demand compensation in case of violation of what is stated in this article. In addition, this article 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 of any subject listed on the Committee agenda. Such an interest would influence (or could influence) the way in which the member reflects his professional point of view.
- If a member has a conflict of interest with a subject on the Committee agenda, he must disclose this before starting the discussion of the subject, provided that it is mentioned in the minutes of the meeting. In such cases, the member must not attend the discussion of the subject, participate in the discussion, nor vote.
- Committee members 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 in any branch of its business activity.
- If a Committee member fails to disclose his interest in the contracts carried out for the company's account, either before or after he became a Committee member, the company may claim the judicial authority to terminate the contract and claim for compensation or require the member to pay any profit or benefit realized through such interest.
- If a Committee member fails to disclose his participation in any business that would compete with the company or one of the branches of its business activity, the company may claim the judicial authority for 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 study by the company – even if a decision is taken not to implement such opportunity. A member may not exploit such opportunity even after expiry of his membership term.

- If proved that a member exploited an investment opportunity, the company or any stakeholder of interest, may claim the judicial authority to terminate any work, profit, or advantage resulting from such an opportunity. The company may also claim for proper compensation.

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

- Committee members are entitled to an annual remuneration in accordance with the Remuneration Policy approved by the General Assembly.
- The Board determines the remuneration and allowances received by the Committee's Secretary.
- In the event of a decision by the General Assembly to terminate the membership of a Committee member due to absence of three consecutive meetings within one year without an excuse accepted by the Board, the member is not entitled to any remuneration or compensation for the period following the last meeting attended and is required to return all the remuneration and compensation paid to him for that period.
- The company has the right to claim compensation for damage to its reputation and get back the remunerations, and any other costs incurred that enable the member to do his responsibilities, if the member committed an act of dishonesty, honesty, forgery, or violation of regulations in Saudi Arabia or any other country, or when he fails to carry out his responsibilities, duties resulting in damage to the company's interest.

#### **Article (10): Review**

- This Charter are subject to regular review to be align with the relevant regulations and in accordance with the Board's perspective. No amendment may be made except upon the recommendation of the Board.

#### **Article (11): Application**

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