

البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



## | Executive Committee (EC) Charter

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## Table of Abbreviations

S. No.	Abbreviation	Expansion
1	AC	Audit Committee
2	BoD	Board of Directors
3	BSF	Banque Saudi Fransi
4	CFO	Chief Financial Officer
5	CGD	Corporate Governance Division
6	DoA	Delegation of Authority Manual
7	EC	Executive Committee
8	JV	Joint Venture
9	M&A	Merger and Acquisition
10	CEO	Chief Executive Officer
11	Executive Management / Senior Executives	Persons responsible for managing the daily operations of the Bank, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her direct reportees.
12	SAMA	Saudi Central Bank
13	CMA	Capital Market Authority

# 1. Introduction

## 1.1. Document Authorization Control Sheet

<b>Document Type</b>	Charter
<b>Document Title</b>	Executive Committee Charter
<b>Version</b>	2.1 (English)
<b>Document Reference</b>	-
<b>Date</b>	18/10/2023
<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	April 16, 2014	New Charter
1.1	January 07, 2015	SAMA's 1st update on Corporate Governance Principles.
1.2	April 20, 2017	SAMA Observation No. 3.11
1.3	27 March, 2019	Comprehensive review to incorporate all regulatory & legal requirements and meet best practices
1.4	December 31, 2020	Periodic General Review.
2.0	July 26, 2022	Based on SAMA new Corporate Governance Principles
2.1	October 18, 2023	Based on the new Companies Law and it's implementing regulations.

## 1.3. Review, Update & Maintenance

- 1.3.1 The authority to amend this charter rests with the Board of Directors (BoD or the Board) upon committee 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. CGD is responsible for ensuring that this document is reviewed & approved as required.
- 1.3.4 This charter shall be a permanent part of the induction program provided to the new Board and Board Committee members upon their 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 Executive Committee (hereinafter referred to as “the Committee” or “EC”), is appointed by Banque Saudi Fransi’s (hereinafter referred to as “BSF” or “the Bank”) Board of Directors, is authorized to:

- 3.1.1. 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;
- 3.1.2. The EC may request, through coordination with the Chief Executive Officer that any employee, officer, outside advisor or any person of Banque Saudi Fransi meet with any members or consultants of the EC. The EC may also request the assistance of these parties in discharging its duties;
- 3.1.3. The EC may not delegate its duties to a sub-Committee of the EC; and
- 3.1.4. In carrying out its responsibilities, the Committee may seek assistance from any experts or specialists, whether internal or external, provided that such assistance is included in the minutes of the Committee meeting; stating name of the expert and his relation with the Bank or its Executive Management, if any

### 3.2. Purpose of the Committee

- 3.2.1. The EC represents and assists the BoD in fulfilling its oversight responsibility relating to exercising the authority of the Board in monitoring and managing the business and affairs of BSF, as delegated by the Board.

## 4. Roles & Responsibilities of the Committee

The following represent the duties and responsibilities of the Committee:

### 4.1. Executive Committee Duties & Responsibilities

- 4.1.1. Review annual budgets and plans, and investigate material budgetary variances and deviations from the approved plans (if any) before submitting its recommendation to the Board of Directors. The EC may be granted authority to approve budget variances to a certain extent;
- 4.1.2. Approve loans and credit facilities to BSF clients, as per the Bank's DoA, in line with SAMA rules and regulations for granting loans and credit facilities;
- 4.1.3. Approve credit and fixed assets write-off cases as per DoA;
- 4.1.4. Approve contracts exceeding the CEO and other Committee authorities within the approved budget limits as per DoA;
- 4.1.5. Approve related party transactions as per the DoA;
- 4.1.6. Review periodic management report activities and reports on the execution and completion of the Bank's major projects; and
- 4.1.7. Approve the strategic allocation of the investment portfolio.

### 4.2. Other Responsibilities

- 4.2.1. Perform any other activities consistent with this Charter, DoA, BSF's By laws and governing laws, as the Board deems necessary and appropriate;
- 4.2.2. 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;
- 4.2.3. 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; and
- 4.2.4. 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 based on the recommendation of the Nomination & Remuneration Committee. Such appointment is subject to SAMA's written "Non-objection";
- 5.1.2. The Committee shall be comprised of at least three (3) members and not more than Five (5) members from within or outside the Board of Directors. The number of members shall not be less than three (3) members at any point in time;
- 5.1.3. The Chairman of the Committee can designate any Committee member as a Vice Chairman for the purpose to Chair the Committee meetings in his/her absence;
- 5.1.4. The Committee shall not be chaired by the CEO;
- 5.1.5. It is preferable that a member is not a member in more than two committees;
- 5.1.6. The CMA & SAMA shall be notified with the names of the members and the types of their memberships within five (5) days from their appointment, and shall be notified also about any changes in the Committee's membership within five (5) days of the date of such changes; and
- 5.1.7. 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. The Chairman of the Committee shall be appointed by the Board based on majority of the votes, upon recommendation of the Nomination & Remuneration Committee.

### 5.4. Roles & Authority of the Chairman

- 5.4.1. Determine, after consultation with the Chairman of the Board, the items that shall be included in the Agenda of the Board meetings; including any other matters not related to other board committees;
- 5.4.2. Oversee the planning and preparations for the Committee meetings, including approving the agenda of the meetings;
- 5.4.3. 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;



- 5.4.4. Ensure that all items requiring the Committee's approval and recommendations to the Board are appropriately tabled;
- 5.4.5. Ensure proper flow of information to the Committee and reviewing adequacy and timing of documentary materials in support of management's proposals;
- 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 by the Board;
- 5.4.8. Attend the General Assembly Meetings and answer any questions raised by the shareholders; and
- 5.4.9. Report to the Board any major issue, recommendations, decisions, and actions taken by the Committee; and oversee verbal presentations to the Board from the Committee.

## 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), and 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) working 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. Ensuring 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.
- 5.7.3. Board of Director's Report that is presented to the General Assembly will disclose the remunerations and other payments made to the Committee members.

## 5.8. Resignation & Replacement of Committee Members

- 5.8.1. The entire Committee or any individual Committee member may be discharged by the affirmative vote of the majority of Board members;
- 5.8.2. The Office of a member of the Committee shall be vacated:
- If the person holding it resigns his/her office or dies;
  - If the person at any time has been bankrupt or insolvent, or compounds with his/her creditors or suspends payment;
  - If the person is facing mental challenges, or become rationally unfit;
  - If the person has been absent from three (3) consecutive meetings or five (5) non-consecutive meetings of the Committee, as the case may be, or from all such meetings for a continuous period of six (6) months, whichever is longer, without leave of absence from the Committee concerned, or without good cause; and
  - If the person incurs any of the disqualifications mentioned in Article (19) of the Bank's By-laws.
- 5.8.3. 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 the resigned member may propose a successor; and
- 5.8.4. 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 Code of Conduct for Board and Board Committees’ Members”; 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’s 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 six (6) times a year. 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. Other than the Committee members and its secretary, no other Board member or the executive director may attend the meetings of a committee unless such committee requests his/her opinion or advice.

## 6.4. Invitees

6.4.1. At the discretion of the EC and the approval of the Committee Chairman, other members of the Board, CRO, 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 meeting agendas circulated prior to meeting 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. The Committee's Chairman can consult with the Committee's members on the meeting's agenda whenever he/she deems necessary; and

6.6.2. 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 telephone or video conference.

## 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

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) 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. 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;
- 6.9.4. The minutes shall be entered into a special register and be kept for a period of no less than ten (10) years; and
- 6.9.5. If the Committee has obtained assistance from any experts or specialists, whether internal or external, such assistance is 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; and
- 7.2. The Committee shall submit its approved minutes regularly to the Board.

## 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