



ZAKAT, TAX AND CUSTOMS AUTHORITY REGULATIONS OF THE ZATCA BOARD'S NOMINATION AND REMUNERATION COMMITTEE

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Article (1):

Definitions

Unless the context otherwise requires, the following words and phrases ,wherever stated herein- shall have the meaning ascribed to it below:

ZATCA: Zakat, Tax and Customs Authority.

The Statute: The Statute of ZATCA under the Council of Ministers Resolution No. (570) dated 22 Ramadan 1442 H. or amendments made thereon.

Regulations: The Audit Committee Regulations.

Board: The ZATCA Board of Directors.

Committee: The Nomination and Remuneration Committee of ZATCA Board is formed by a decision thereof.

President: The Committee president.

Member: A Committee member collectively referred to as the members.

Secretary-General: A ZATCA employee assigned to assume responsibilities of the Committee Secretariat.

Relatives or Family Connections: Fathers, mothers, grandfathers, and grandmothers, if higher, children and their children, and if lower, brothers, sisters, husbands and wives.



Governor: ZATCA Governor.

Technology Means: Any communication means that covers exchanging opinions and discussions among the members, including phone and video calls, besides other means approved by the Committee.

Circulation Decision: A decision issued by the Committee by the vote of all its members and the approval of the majority in a written form hand or digital signature.

Conflict of Interest: Includes a direct or indirect interest, whether actual or potential, for any member in a topic listed or intended to be included in the Committee agenda.

Article (2):

Purpose and Scope

The present Regulations aims at identifying the Committee framework and governance in line with the Statute. Further, this scope identifies the method of the Committee operation, including its formation, role, and responsibilities, along with the President, members, and Secretary General duties.

Article (3):

Committee Formation, Term, Membership Conditions, and Expiry

- A. The Committee shall be formed by a Board decision and contain three Board members as a minimum. The membership term in the Committee shall be three years, may renewable once.
- B. The Committee term shall commence as of its formation decision issuance and expire by the end of the Board term.



- C. The membership in the Committee shall expire upon:
 - 1. Death.
 - 2. Recusal or rejecting the membership, and it shall be effective (1) month after the delivery date of the recusal notification to the President, unless the notification specifies a later date for its effectiveness, or as the Committee deems appropriate.
 - 3. Membership expiry in the Board for its members.
 - 4. Member's absence from attending (3) meetings of the Committee on an annual basis without an excuse accepted by the Committee President.
 - 5. Issuance of a judicial sentence against a member, whether such sentence is financial or in relation to honesty and honor.
- D. Upon expiry of the membership of a Committee member, the Board shall appoint a replacement to complete the remaining term. Moreover, the Committee shall maintain to perform its work until a replacement is appointed, in the event that the minimum number of members provided in Paragraph (a) herein is provided.
- E. The Board shall appoint the President in the decision of the Committee formation.

Article (4):

President's Duties and Responsibilities

The President shall:

- A. Represent the Committee in the meetings of the Board and meetings with ZATCA Management and other agencies.
- B. Organize and manage the Committee meetings and identify its agenda with the support of the SecretaryGeneral.
- C. Meet with any of ZATCA employees or others, if needed.



- D. Ensure that an annual action plan is developed for the Committee to ensure that it completes its duties as required.
- E. Submit Committee work outcomes, recommendations, and reports to the Board with the support of the Secretary General.
- F. The president may assign a member to carry out any duties stipulated herein.
- G. The President shall appoint a Committee member to attend the Committee meeting on its behalf if it is absent. If it does not appoint a member, the present Committee members shall select a president for the meeting.

Article (5):

Member Duties and Responsibilities

The member shall:

1. Attend the Committee meetings and inform the President, in the event that he is absent.
2. Comply with the principles of good governance and provisions of the rules of related professional conduct in ZATCA, which are adopted by the Board, especially the provisions related to compliance with the rules of transparency, integrity, and lack of trading in influence or powers to achieve personal gains or interests.
3. Refrain from disclosing any of ZATCA secrets accessed by it due to its membership in the Committee, protect ZATCA rights and interests, and take into account the optimal use of its resources and assets.
4. Participate in the Committee deliberations and discussions and vote on the issues presented to it.
5. Read and study the issues submitted to the Committee before attending the meeting.
6. Avoid cases of conflict of interest and disclose any case upon occurrence as per the provisions of the Regulations.
7. Any other duties or responsibilities identified by the Committee.



Article (6):

Secretary General Duties and Responsibilities

The Secretary General of the Board shall supervise the secretariat of the Committee and shall carry out, including but not limited to, the following duties:

1. Attend meetings of the Committee, write down its key deliberations related to the subject of the meeting, record the voting and its results in the minutes of the meeting and the names of supporters and opponents with their signatures, and ensure that the minutes of Committee meeting are completely signed.
2. Coordinate between the Committee, Board, and other Committees formed by the Board and between the Committee and ZATCA Management.
3. Prepare and submit the Committee agenda to the President for approval.
4. Send invitations for, attend, and document the Committee meetings after being approved by the President, record the voting on decisions and recommendations taken in it, and ensure that the minutes of meetings are completely signed in accordance with the Regulation.
5. Ensure compliance with the provisions of the Regulation and advise the Committee in this regard.
6. Provide the members with information, documents, and data discussed at the meetings.
7. Prepare, organize, arrange, number, and maintain a minute for each meeting.
8. Develop an annual plan for Committee meetings in coordination with the President.
9. Inform the members of meeting dates, agenda, and relevant documents.
10. Inform the Governor and/ or stakeholders of the decisions and recommendations of the Committee to be implemented.
11. Notify the members of the decisions requiring notification of the Committee according to the Authority Matrix.
12. Arrange and organize the relationships and communications between the Committee and the President with the external agencies and parties in accordance with the President's direction.



13. Supervise copying works, maintain and retrieve files, maintain, organize, arrange, and number records and documents, and supervise all written works, correspondences, records, and documents of the Committee.
14. Carry out any other duties assigned to it by the Committee.

Article (7):

Committee Duties and Responsibilities

Without prejudice to the provisions of the Statute, the Committee shall carry out the following duties and responsibilities:

1. It shall recommend to the Board President to nominate two Board members who are specialists and have experience in the field of ZATCA as provided in Paragraph (11) of Article (4) of the Statute and propose standards and policies of such membership.
2. It shall recommend to the Board regarding the remuneration of Board members in line with the relevant decisions issued.
3. It shall recommend to the Board regarding the remuneration of Committee members emanating from it in line with the relevant decisions issued.
4. It shall recommend to the Governor to appoint a vice-governor and deputies of the Governor.
5. Approve succession planning for the vice-governor and deputies of the Governor.
6. Review the updates of the organizational structure at the level of organizational units of the governor agents and deputies of the Governor and submit the necessary recommendations to the Board.
7. Review the benefits and financial compensation program for ZATCA employees and submit the necessary recommendations to the Board.
8. Review the salary scale and benefits of ZATCA employees and submit the necessary recommendations to the Board.
9. Submit an annual report to the Board regarding all remuneration, incentives, benefits, and advantages ZATCA employees obtained during the financial year.



10. Review work organization regulations and submit the necessary recommendations to the Board.
11. Perform any other duties and responsibilities the Board finds that it shall be assigned to the Committee.
12. Review and monitor the implementation of the human resources strategy and policies related to human resources on an annual basis.
13. Review programs and policies of recruitment, development, training, evaluation, and promotion for ZATCA employees who are organizationally associated with employees in the senior executive management or others, ensure their conformity with ZATCA strategies and objectives and submit the recommendation to the Board in this regard.
14. Assess the effectiveness and efficiency of HR systems and systems related to talent development, and ensure the effective implementation of successful practices in the field of resources to meet the needs of key and support sectors according to priorities.
15. Supervise the provision of the necessary identification programs about ZATCA activities, operations, and duties to Board members.

Article (8):

Committee Powers

Under a decision to be issued by the Committee, it may perform the following:

1. Accessing all information, data, reports, records, documents, and correspondences of ZATCA and other matters that the Committee believes are significant to be accessed to perform its duties and responsibilities as provided herein.
2. Requesting any clarification or statement from the Governor, Board Members, ZATCA employees, or others.



3. Engaging consultants and specialists when needed to provide the support and consultation regarding the works of the Committee according to the provisions of the Regulations, provided that no conflict of interest shall arise directly or indirectly upon engagement of any of them.

Article (9):

Committee Meetings

1. The Committee meetings shall be held at ZATCA headquarters in Riyadh. When needed, the President shall have the right to convene at other places. The member residing outside Riyadh shall have the right to obtain compensation for housing and air tickets according to the internal policy of ZATCA. The Committee meetings may be remotely held and the voting on its decisions and recommendations may be done by using technology means.
2. The Committee shall annually acknowledge a schedule at the beginning of each calendar year to organize its meetings, provided that the Committee meetings shall be four at a minimum per year. The President shall have the right to invite the Committee to meet when needed or upon request by the Board or two members as a minimum.
3. Upon a written invitation of the President at least five days prior the meeting date, the Committee meeting shall be held, unless the president or its legal representative decides to hold the meeting urgently in emergencies. The invitation shall include the agenda and the related materials.
4. The Secretary General shall immediately send the invitation to the members in writing or via email upon issuance of the President instructions of the meeting invitation.
5. By a prior notice to the members, the President may cancel the invitation to the meeting.
6. The Committee meeting shall be valid if most of the members including the President or its legal representative attend. The member may participate in the meeting remotely via modern technology means after the approval of the President.
7. After inviting it, when attendance of a members becomes difficult, it shall be recorded in the minute.



8. The Committee may invite non-members of the specialists and consultants to attend its meeting, without having the right to vote and access confidential information or data except in limits, which achieves the purpose of its attendance, after it signs the acknowledgement of non-disclosure of information to be accessed, prepared by ZATCA.

Article (10):

Committee Decisions and Recommendations

1. The Committee decision shall be written and include its number and date particularly, as well as it shall provide its documents and then the decision-wording.
2. The Committee recommendation submitted to the Board or the executive management shall be written and shall particularly include its number and date, besides providing its documents then the recommendation wording.
3. If there is an error in the decision or recommendation of the Committee after signing it after approval of the President, the Secretary General shall rectify the decision or recommendation and rewrite the same with a new number, then it shall be submitted to the Committee for voting via the email or any other method, along with that it shall be recorded in the minute.
4. The Committee decisions and recommendations shall be issued by the majority of the votes of the attending members. If the votes are equal, the side with which the president of the meeting votes shall prevail.
5. The member may not refrain from voting- except in the cases of interest conflict. If the member has a viewpoint contrary to the decision, the Secretary General shall record the same in the minute.
6. Upon its absence, no member may authorize another member to vote on its behalf.
7. Recommendations and decisions of the Committee may be taken by circulation to the members, in the exceptional emergencies, which necessitate taking an urgent decision and the meeting convention shall be difficult. It shall be signed that all members have reviewed it. The decisions issued in the same manner shall not be valid unless they are passed to all the members and are unanimously voted.



Article (11):

Agenda

The Committee meetings shall be restricted by the previously agreed agenda, excluding any emergent clause to be agreed upon by the President according to the following procedures:

- A. The Secretary General shall prepare the agenda of Committee meetings and submit it to the President to be approved.
- B. The agenda shall be read at the beginning of each meeting.
- C. Any member may request to add a specified topic to the agenda. The said topic shall be added to the agenda if the Committee agrees upon the same by majority.
- D. The Secretary-General shall send the agenda, documents, and instruments prepared regarding the topic listed within the specified period to send the invitation to the meeting as specified in Paragraph (3) of Article (9) of the Regulations unless all members agree on a shorter time or unless the President or its legal representative decides on the need to hold the meeting urgently.
- E. The Secretary General shall specify in the agenda the estimated time to discuss each topic.

Article (12):

Committee Minutes and Deliberations

- A. Pursuant to what is required by the relevant laws, deliberations and minutes of the Committee shall be confidential, and it may be disclosed only as required.
- B. The Secretary General shall write the deliberations of the Committee meeting in a written minute, to be signed by the President, attended members, and the Secretary General after the remarks of the members are taken, provided that the minute shall include the following:
 - 1. Date and number of the meeting.



2. Place of meeting.
 3. Names of the attending members and type of attendance- personal or by technology means.
 4. Topics discussed by the Committee.
 5. Brief of the deliberations made regarding each topic.
 6. Numbers and topics of the recommendations and decisions issued in the meeting, including their date, decisions and its real and legal evidence - if any- with reference to the documents and instruments that have been depended on upon issuance of the recommendation or the decision.
 7. Results of voting on the recommendations, decisions, and any reservations or objections stated by a member towards any of them.
 8. Any other data or information that the Committee agrees to add within the meeting.
- C. The Secretary General shall send a draft of the Committee minutes to the President and members via the email or any other method to be decided by the Committee within two working days after the meeting is ended.
- D. d. The member may express his remarks on the minute within three working days after the date of receiving the minute and shall send the final minute after that to the attending member to sign it in writing or electronically within a period not exceeding two working days.
- E. If the member does not state its remarks on the minute draft or sign its final copy within the specified time in paragraph (d) herein, that shall be deemed as an approval to so provided in the minute.
- F. In drafting the minute, the Secretary General shall exercise due diligence consider and to verify ensure the verification and completeness of the minute and that it is free of unnecessary information.
- G. All reservations of the members that do not agree on any recommendations or decisions taken by the Committee and its reasons shall be written down in the minute or an independent annex to be referred to in the minute.
- H. All the Committee members shall have the right to review the previous minutes of the Committee.



Article (13):

Report Submission to the Board and Implementation and Following-Up Decisions

- A. The Committee shall submit to the Board periodic reports on works performed, decisions, and recommendations taken by it. In addition, the Committee shall submit an annual comprehensive report on its works at the end of each year.
- B. The Governor in its capacity as the person responsible for managing ZATCA affairs according to the Statute shall implement and follow up on the recommendations and decisions issued by the Committee, unless the Committee specifies another person.
- C. The Secretary General shall submit periodic reports to the Committee clarifying the case of implementation of the recommendations and decisions issued by it and any obstacles that face its implementation according to the mechanism and periods as provided by the Committee and the Secretary General shall, upon the President instructions, organize, maintain and update such periodic reports, in a continuous manner.

Article (14):

Conflict of Interests

The members shall comply with the following:

1. Keen on the interests of ZATCA and the considerable public interests as provided, overcoming any personal interest, seeking to take the necessary to avoid the direct and indirect interest conflict, prohibiting its occurrence as soon as possible, and complying with the provisions of regulation when occurred.
2. Their membership in the Committee or the gained information from that membership shall not be used for its interests or the interest of their relatives or acquaintances. The powers or authorities they have shall not be exploited to achieve personal gains and the personal interests shall not be overcome on the ZATCA interests or other public interests.



3. Any benefit whatever shall not be accepted, received, offered, or requested whether they are financial or real, services of hospitality or gifts from the third party due to their membership in the Committee directly or indirectly.
4. The member shall disclose to the committee any conflict or interests directly or indirectly on any topic or matter to be offered to the Committee, provided that this disclosure shall be recorded in the minute. The member disclosing the conflict of interests shall refrain from attending meetings of the related Committee and shall not participate in its deliberations and voting on its decisions.
5. The form of disclosure of the interest conflict shall be signed and the information confidentiality shall be complied with by the Committee members according to the form attached to the Regulations.

Article (15): Committee Member Remunerations

Without prejudice to the related issued decisions, the Committee member shall be entitled to an annual remuneration and allowance for attending each session. The remuneration and allowances value shall be identified under the Nomination and Remuneration Policy for members of the Board and its Committees, which are approved by the Board.

Article (16): Regulations Review and Amendments

The Committee shall conduct a periodic review of the provisions of the Regulations every two years, when needed, to identify the extent of its effectiveness and the need to amend the same, promoting the works of the Committee. A member of the Secretary General may submit its proposals in this frame to the President. The President shall order to insert the amendment proposal to the agenda of the meeting of the Committee to be discussed and a decision shall be taken regarding the same according to provisions of the Regulations, consequently, submitting that to the Board to request and agree upon the amendment.

Article (17): Effectiveness

Such Regulations shall be effective as of the approval date by the Board.



Form of Disclosure of Conflict of Interest and Compliance with Confidentiality

I certify that I have reviewed the Statute of ZATCA issued under the Resolution of the Council of Ministries No. (570) dated 22 Ramadan 1442 H, and Regulations of the Nomination and Remuneration Committee. In addition, I certify that I recognize and understand such laws and regulations and comply with the provisions contained therein and all amendments that may be made thereon in the future.

I, the undersigned, declare that I comply with the principles and values of ZATCA, including those concerning ZATCA interests, and avoid what may lead to a conflict of interests. Further, I shall promptly disclose any conflict of interest. I shall keep the information confidentiality that I access or receive under my membership in the Nomination and Remuneration Committee emanated from the Board. Using of such information shall be limited to performing duties of membership, and I shall not disclose the same to any party whatsoever, use or exploit it for any purpose contrary to the Regulations of the Nomination and Remuneration Committee. My compliance with the confidentiality of information shall be extended after the expiry of my membership in the Committee.

Name:

Signature:

Date:



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