



Governance Policy

سياسة الحوكمة

The Arab Authority for Agricultural Investment and Development (AAAID) believes in the importance and necessity of implementing a system of oversight at the institutional level that defines responsibilities, duties, rights, and relations with all concerned groups in AAAID, and clarifies the rules and procedures necessary for making rational decisions related to work, and supports justice, transparency, and institutional accountability, and enhances trust, credibility and equality in the work environment, and ensures achieving a balance between conflicting interests, and drawing the boundaries between private and public interests. It also reflects the management's concern about the interests of stakeholders in various fields.

Therefore, AAAID has developed a set of policies, procedures, rules, and instructions aimed to activate implementing or pursuing its governing system and defining controls and means of control that ensure effective management through the optimal utilization of its resources, maximizing profitability, and preserving AAAID's gains.

1. Objectives of the Governance System in AAAID:

a. Transparency:

The governance system aims for AAAID to be transparent so that it clearly, accurately, and completely discloses its policies, decisions, and activities for which it is responsible.

b. Accountability:

The governance system aims for AAAID to accept the results of audits, both internal and external, respond to them as required, and understand that it may be held accountable with regard to the laws and regulations governing its activities.

c. Justice:

Dealing with all parties fairly and equally without favoring one party over another.

2. The benefits of the governance system in AAAID are as follows:

a. Building a culture of accountability and transparency and defining the foundations of responsibility for achievement and results.

b. Combating and restricting corruption in all its forms and practices.

c. Documenting instructions, procedures, and systems while defining responsibilities, rights, duties, powers, and relationships within a clear framework.



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- d. Enhancing stakeholders' satisfaction by responding to their requirements and needs effectively and in a timely manner.
- e. Improving the effectiveness and efficiency of AAAID's operations, utilizing its resources optimally, and employing them appropriately to achieve AAAID's strategic objectives.
- f. Promoting a culture of institutional loyalty and developing a sense of responsibility.

3. Principles of Governance:

The principles of governance applied by AAAID are summarized as follows:

- a. Protection of rights of all member states:

AAAID applies the principle of protecting the rights of member states and equal treatment for them to ensure the protection of shareholders' rights and opportunities.

- b. Disclosure of the existence of private interests of members of the Board of Directors and senior executives:

AAAID applies the principle of disclosing the existence of private interests by obligating all members of the Board of Directors and executive officials to disclose their private interests related to AAAID's activity in accordance with the regulations applied in AAAID.

- c. Endorsement of stakeholders' rights:

AAAID applies the principle of recognizing the rights of stakeholders aimed at protecting the rights of stakeholders, namely member states, employees, contractors, and clients of AAAID.

- d. The achievement of disclosure and transparency:

AAAID applies the principle of achieving disclosure and transparency by applying systems and regulations, laws, and rules of professional conduct.

- e. Accountability:

AAAID applies the principle of accountability at all levels:

At the level of executive management, accountability is achieved through discipline rules, referral to investigation and disciplinary boards, annual performance appraisal of employees, departmental annual plans, and achievement reports.

At the level of the Board of Directors, the Board monitors performance through the audit committee's reports on the follow-up tasks and activities carried out by AAAID to ensure the integrity of the financial statement preparation process. The quality and effectiveness of controls, risk



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management, the availability of appropriate conditions for internal audit to perform its duties impartially, and the adequacy of the qualifications and independence of external auditors is also monitored by the Board. The Board also discusses the administrative financial reports, the periodic reports of the Financial Investments Committee, the recommendations and reports of the Executive Committee, the annual plans, the administrative budget, and the periodic achievement reports.

The Board of Shareholders of AAAID ensures accountability by discussing the annual report, which includes AAAID's activities, its performance, the various tasks completed by AAAID, annual investment programs, the external auditor's report, and the consolidated financial statements.

f. Social Responsibility:

AAAID carries out its social responsibility by ensuring that it contributes to achieving sustainable development of agricultural resources in the member states and by accounting for the social and environmental impact when implementing any project. AAAID also undertakes the duties arising from this responsibility through development programs for different groups of society.

4. Governance Framework:

The organizational structure of AAAID reflects the extent of concern it takes to clarify the competencies among its various bodies (directive, supervisory, and executive), and to achieve integration and interaction between them for better participation in decision-making. The following bodies in AAAID are concerned with applying the principles of governance and are committed to applying the laws, regulations, and procedures to achieve the goals of governance.

a. Shareholders' Board:

The Shareholders' Board is the supreme body in AAAID, and it consists of 21 Arab countries, and each country is represented by a representative and his deputy. The Board holds its meetings annually, and the Articles of Association of the Shareholders' Board have granted all the necessary powers to achieve the objectives of AAAID (Article No. (10) of AAAID Statute). There are also approved procedural rules governing the work of the Board of Shareholders.

b. Board of Directors:

AAAID's Board of Directors consists of nine members, chaired by his excellency, the Chairman of AAAID, appointed by the Board of Shareholders for a term of three years, subject to renewal. The Board holds quarterly meetings and additional meetings whenever required. The procedures and rules of the BOD pertain to the powers necessary to manage AAAID's business and activities, and the powers delegated to it by the Board of Shareholders (Article No. (13) of AAAID Statute).



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c. President of AAAID:

The President of AAAID is appointed by the board of shareholders. The Board of shareholders is constituted of experienced and qualified citizens of the member states of AAAID. The President is also the Chairman, and he does not take part in voting unless all votes are even, in that case, his vote is the deciding vote.

d. Executive Committee:

The committee comprises five members from the Board of Directors and the Chairman of the Board of Directors, who is also the Chairman of the Executive committee, the committee's main mission is to discuss the subjects that will be presented at the Board of Directors' meetings. The Executive Committee will also submit its recommendations to the Board of Directors.

e. Audit and Risk Committee:

It comprises three members who are independent of the executive management body, chosen by the board of directors. The committee performs its duties in accordance with a charter regulating its work and within the main powers entrusted to it, including monitoring the integrity of financial statements, following up on the implementation of risk management and internal control policies, evaluating the effectiveness of the internal audit department and discussing its reports along with reports of the external auditor. The committee submits its recommendations to the Board of directors for their consideration and approval.

f. Financial Investments Committee:

The FIC is a committee appointed by the board of directors and it consists of three members chosen by the board of directors. The Chairman of this Committee is usually the Chairman of the board of directors. The committee submits its recommendations to the board of directors for consideration.

g. Internal Audit Department

The internal audit department in AAAID constitutes an important component of the monitoring and control system, and the senior management in AAAID is keen that this department performs its role independently. Its tasks include evaluating the effectiveness of internal control systems and risk management activities according to approved procedures, and it communicates directly with the Audit and Risk Committee.

The risk management system is also a basic pillar in the framework of governance, as the responsibilities of risk management are distributed at all administrative levels in AAAID.



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h. Other organizational units:

The administrative structure of AAAID consists of the president's office, the office of the legal advisor, and seven specialized executive departments, including the Studies and Development Department, the Agricultural Investment Department, the Finance Department, the Human Resources Department, the Services Department, the Strategy and Development Department, the Corporate Communication and International Relations Department. All organizational units shall take into account the regulations, policies, rules, instructions, and procedures that regulate the activities and operations of AAAID, aiming at business continuity and the implementation of annual plans.

i. Committees and Specialized working teams:

Several committees undertake, from various organizational units (in their capacity as advisory bodies), in addition to specialized work teams, provide advice on substantive matters, and their membership shall consist of consultants, experts, and specialized employees, examples of these committees are: Higher Advisory Committee, Agricultural Investment Committee, Loans Committee, Employee Affairs Committee, and Purchases Committee.

The meetings of these committees, which are held regularly, constitute an important mechanism to facilitate decision-making processes.

j. External Audit:

The external audit constitutes an important link in the governance system, and the Board of Shareholders is exclusively responsible for appointing the external auditors in accordance with the "AAAID Statute" and they are appointed upon the recommendation of the Board of Directors.

Mohammed bin Obaid Al Mazrooei

AAAID President