

Board Membership Policies and Standards

Table of Contents

Article #	Detail	Page
First	Introduction	2
Second	Objective of Policy	2
Third	Conditions and Standards of Board Membership	2
Fourth	Board Nomination Procedures	2
Fifth	Vacant Positions on the Board	3
Sixth	Membership Termination	3
Seventh	Review	4
Eighth	Final Provisions	4

Disclaimer: The Arabic version is the official text. In case the English translation differs from the Arabic version, the Arabic version shall prevail, and the English translation shall not be legally binding for any purpose. This document is an unofficial translation and is provided for information purposes only.

Page	Approval Date	Prepared By	Approved By	Policy/Charter Name
Page 1 of 4	23/05/2024	Board Affairs	General Assembly	Board Membership Policies and Standards

BOARD AFFAIRS

First: Introduction:

In compliance with the Companies Law issued by Royal Decree No. (M/132), dated 01/12/1443 AH, and its Implementing Regulations, and in accordance with paragraph (3) of Article (21) of the Corporate Governance Regulations issued by the Capital Market Authority ("CMA") pursuant to Resolution No. (8-5-2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD, this "Board Membership Policies and Standards" ("Policy") has been prepared.

This policy was amended pursuant to a proposal by the Board of Directors on 12/10/1445 AH corresponding to 21/04/2024, and approval by the General Assembly on 15/11/1445 AH corresponding to 23/05/2024.

Second: Objective of Policy:

This Policy aims to establish clear and specific procedures and standards for the membership of the Board of Directors, specifying the conditions, criteria, and procedures followed in the selection and election of Board members.

Third: Conditions and Standards of Board Membership:

1. Candidates for Board membership shall not have been convicted of an offense against honor and honesty and shall not be insolvent, bankrupt, or invalid for membership by any law or regulation in force in the Kingdom.
2. Government/Public employees are not eligible nomination unless approved by his employer.
3. The Board member shall not be a member of the Board of Directors of more than (5) five listed joint stock companies at the same time.
4. The number of Independent Directors shall not be less than (2) two members or one-third of the Board members, whichever is greater.
5. The Independent Member shall enjoy full independence in his position and decisions and shall not be from those on whom the issues affecting independence in Article (19) of the Corporate Governance Regulations, do not apply.
6. A candidate must be a natural person.
7. The Board member shall represent all the shareholders and shall be committed to the interests of the company in general and not to the interests of the group that he/her represents, or which elected him/her.
8. A Board member is required to have the necessary competencies, experience, knowledge, skills, and independence to effectively perform the duties. He/she shall have the following qualifications in particular:
 - a) **Ability to Lead:** He/she shall enjoy leadership skills which enable him/her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values.
 - b) **Competency:** He/she shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training.
 - c) **Ability to Guide:** He/she shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. He/she shall also be able to provide strategic guidance and long-term planning and have a clear future vision.
 - d) **Financial Knowledge:** He/she shall have the ability to read and understand financial statements and reports.
 - e) **Physical Fitness:** He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.

Fourth: Board Nomination Procedures:

1. Each shareholder shall have the right to nominate himself or another person or more than one person for Board membership in accordance with the provisions of the Companies Law and its implementing regulations and within the limits of his ownership in the Company.
2. The Company shall announce the opening of nominations for Board membership on the Saudi Exchange (Tadawul) website and on the Company's website, in addition to any other means as determined by CMA, to invite persons wishing to be nominated for the Board of Directors. The nomination period shall remain open for at least one month from the date of the announcement.

Page	Approval Date	Prepared By	Approved By	Policy/Charter Name
Page 2 of 4	23/05/2024	Board Affairs	General Assembly	Board Membership Policies and Standards

BOARD AFFAIRS

3. Any person who wishes to nominate himself/herself for membership on the Board of Directors must apply during the nomination period and provide the following in both Arabic and English:
 - a) Application for Board nomination addressed to the NRC secretary.
 - b) Fill the CMA Resume Form for Board membership. The form can be obtained from the CMA website.
4. Those wishing to nominate themselves for Board membership shall disclose to the Board and the General Assembly any conflicts of interest, which may include the following:
 - a) Direct or indirect interest in the Company business and contracts.
 - b) Participating in a business that would compete with the Company or in one of its subsidiaries.
5. A Candidate who has previously served on the Board of Directors of a joint stock company shall disclose the number and terms for those company boards he was a member of.
6. A Candidate who has previously served on the Company's Board must attach a statement from the Company regarding the last serving term, and shall include the following information:
 - Number of meetings held during each year of the term.
 - Number of meetings attended by the candidate and the percentage of attendance.
 - The committees on which the candidate served, number of meetings held, number of meetings attended, and the percentage of attendance.
7. Membership status should be stated whether Executive, Non-Executive, or Independent.
8. The NRC shall submit its recommendations to the Board on the nominations in accordance with the criteria outlined in this policy.
9. The Company shall provide CMA with the resumes of the nominees for Board membership according to the designated form through the CMA electronic portal, and any copies of the nomination notices and attachments.
10. The Company shall upload the information about the candidates for Board membership on Tadawul website when announcing the General Assembly invitation. It shall provide copies at its headquarters and on its website.
11. Voting in the General Assembly shall be limited to candidates for Board membership the Company made public.

Fifth: Vacant Positions on the Board:

1. If any position in the Board becomes vacant due to the death or resignation of a Board member, and if the minimum number of members required for the validity of board meetings as stipulated in these articles is not affected by such vacancy, then the Board of Directors may (temporarily) appoint qualified person with relevant expertise to provisionally fill the vacancy, provided that the concerned authorities be informed accordingly within (fifteen) days from the date of such appointment.
2. The appointment shall be referred to the ordinary general assembly in its first meeting. The new member shall complete the term of his predecessor.
3. If the necessary terms to form the Board are not met due to the number of its members not meeting the minimum stipulated in the company's bylaws or the Articles of Association of the company, the serving members shall call on the General Assembly to convene within sixty days to elect the necessary number of members.

Sixth: Membership Termination:

1. The Board expires by the end of its term, or by the expiry of membership in accordance with any prevailing rules or regulations in the Kingdom. Upon Board recommendation, the General Assembly may terminate a member's membership who fails to attend (3) three consecutive or (5) five non-consecutive meetings without a valid excuse accepted by the Board.
2. The Ordinary General Assembly may, however, dismiss some or all the Board members, and in such case, the General Assembly shall elect a new Board or a replacement of the dismissed member, in accordance with the provisions of the Companies Law.
3. The Board of Directors shall call the Ordinary General Assembly to convene prior to the expiration of the Board's term to elect a Board of Directors for a new term. If the elections cannot be held and the term of the current Board expires, its members shall continue to carry out their duties until a Board of Directors is elected for a new term, provided period does not exceed (90) ninety days from the date of the end of the Board term, and the Board of Directors must take the necessary measures to elect a Board of Directors that shall replace it before the expiration of the period specified above in this paragraph.

Page	Approval Date	Prepared By	Approved By	Policy/Charter Name
Page 3 of 4	23/05/2024	Board Affairs	General Assembly	Board Membership Policies and Standards

BOARD AFFAIRS

4. If the Chairman and Board members resign, they shall call for an Ordinary General Assembly meeting to elect a new Board. The resignation shall not take effect until a new Board is elected, provided that the resigning Board does not continue to carry out its duties beyond (120) one hundred and twenty days, according to Article (6) of the Companies Law implementing regulations. The Board must take the necessary measures to elect a Board of Directors to replace it before the expiration of the period specified above in this paragraph.
5. A Board member may resign through a written notification addressed to the Chairman. If in case the Chairman resigns, the notification must be directed to the remaining Board members and the Secretary of the Board. The resignation shall be effective – in both cases – from the date specified in the notification.
6. When a Board member's membership expires through one of the termination methods, the Company must notify the CMA immediately, stating the reasons for this.

Seventh: Review:

The NRC shall review this Policy in accordance with the Companies Law and the Corporate Governance Regulations issued by CMA.

Eighth: Final Provisions:

1. This Policy shall be effective, and its provisions shall be adhered to upon its adoption by the General Assembly.
2. This Policy shall be published on the company's website.
3. This Policy shall be amended, as and when required, upon a proposal by the Board under a resolution issued by the General Assembly.

* * *

Page	Approval Date	Prepared By	Approved By	Policy/Charter Name
Page 4 of 4	23/05/2024	Board Affairs	General Assembly	Board Membership Policies and Standards