

The Policies, Standards, and Procedures for Board Membership (2nd version).

Introduction

The Policies ,standards and procedures for membership in the board of directors has been prepared to comply with the provisions of paragraph (3) of Article (21) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority on 13/2/2017 and amended by the CMA Board Resolution on 18/1/2023, which stipulates that the Board of Directors shall "prepare a clear and specific policies, standards and procedures for membership in the Board of Directors – in a manner that does not conflict with the mandatory provisions of the Corporate Governance Regulations and put them into effect after the approval of the General Assembly."

1- Conditions for Membership of the Board

- 1-The Company shall be managed by a board of directors consisting of eight members appointed by the General Assembly for four years.
- 2-The candidate should have professional competence and the necessary experience, knowledge, skills and independence and the appropriate academic qualifications which enable him to perform his duties efficiently.
- 3-The candidate should be in good health and free from any medical problems which hinder him from performing his duties.
- 4-The Candidate shall not be a member of the board of more than five listed companies at the same time.
- 5-The candidate may not be a government employee.
- 6-The candidate may not have been previously convicted of cases involving a breach of honour or integrity.
- 7- The candidate may not have been previously dismissed or removed from the board of directors of a joint stock company or any board of Directors of any company.

2-Nomination Procedures for Membership of the Board of Directors

- 1-Prior to the end of the Board of Directors term, the company shall announce in Tadawul and in its website and through any other mean specified by CMA to invite the persons wishing to nominate themselves for the membership of the board, provided the nomination period shall remain open for at least a month from the date of the announcement.
- 2-The nominee for membership of the board must fill out the required forms specified by CMA, which is available at CMA website.
- 3-The nominee shall Submit the application of the nomination within the period specified in the company's announcement and attach the required documents.
- 4-Submit a statement containing the details of the number and dates of membership in the board of directors of other joint stock companies and the committees he has assumed or is still a member of.

5-Any person wishes to nominate himself for membership of the board shall disclose to the board or the general assembly any cases of conflict of interest in accordance with the procedures prescribed in the Companies Law and CMA regulations.

6-The Remuneration and Nomination Committee shall study the applications of the Nominees and issue a recommendation to the board with a list of the nominees who have met the conditions and criteria of nomination.

7-Voting at the General Assembly meeting shall be limited to the nominees for board membership who have fulfilled the conditions and criteria of nomination.

8- Accumulating voting method shall be followed in electing the members of the board.

9-The company will notify CMA with the names of the board members and the type of their membership within five business days from the start date of the board term or any changes to their membership within five business days from the occurrence of such changes.

3-Expiry of Board membership/ or Resignation of the members

1-Membership of the board shall end upon the expiry of its term or upon the expiration of the member's eligibility for it in accordance with any laws or regulations in the Kingdom, or by resignation or death of the member.

2-The General Assembly may upon recommendation from the board terminate the membership of any member who has been absent from attending three consecutive meetings or five non - consecutive meetings during the term of his membership without a valid excuse accepted by the board.

3- The board of directors shall call for an Ordinary General Assembly to convene prior to the expiry of its term to elect board members for a new term. If the election cannot be conducted and the term of the current board has expired, the board members shall continue to perform their duties until a new board of directors is elected for a new term, provided that the continuation period of the members of the board whose term has expired shall not exceed (90) days from the end date of the board's term.

4-If the chairman and the members of the board resign, they shall call for Ordinary General Assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected. The duration of the resigned board shall not exceed (120) days from the date of such resignation.

5-A member of the board may resign from the board pursuant to a written notice addressed to the chairman of the board. However, if the Chairman of the board resigns, the notification shall be addressed to board members and secretary of the board. In both cases, the resignation shall be effective from the date specified in the notice.

6- If the necessary conditions for the validity of board meetings are not satisfied due to the number of board members is less than the minimum quorum stipulated in the company's Bylaws, the remaining members shall call for General Assembly meeting within (60) days to elect the required number of board members.

4-Vacant Position in the Board of Directors

If the position of a member of the Board becomes vacant due to death or retirement of any of its members, the Board may appoint temporarily in the vacant position, a director who has the necessary experience and competence. Such appointment shall be presented to the Ordinary General Assembly at its earliest meeting, and the appointed member shall complete the term of his predecessor.

5- General Provisions

1-This policy shall enter into force from the date of its adoption by the General Assembly.

2-This policy may be amended as needed upon recommendation from the Board of Directors and General Assembly approval.

Date of approval by EGM: 28 Sept. 2023