



شركة العبد اللطيف للاستثمار الصناعي
Al Abdullatif Industrial Investment Co.

Policies, Standards & Procedures for the Membership of the Board of Directors

preamble:

These policies aim to set clear and specific criteria and procedures for membership in the Board of Directors of Al-Abdullatif Industrial Investment Company (the Company), in implementation of the provisions of Paragraph (3) of Article Twenty-Two

From the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority pursuant to Resolution No. (2017-16-8) dated 5/16/1438 AH.

The words and phrases mentioned below have the meanings shown next to each of them, unless the context of the text requires otherwise:

Regulation:

Board membership policies, standards and procedures.

Company:

Al-Abdullatif Industrial Investment Company (a listed joint stock company).

the Council:

The Board of Directors of Al-Abdullatif Industrial Investment Company, which is the entity entrusted with managing the company in a manner that achieves the interests of shareholders and stakeholders fairly.

Members :

Executive, non-executive and independent members of the company's board of directors, and a board member also means a member of the board of directors.

Executive Member:

A member of the company's board of directors who is dedicated to managing the company and carries out executive work in the company, and receives a monthly or annual salary from it.

Non-Executive Member:

A member of the board of directors who is not dedicated to managing the company and does not participate in its daily business.

Independent Member

He is a member of the Board of Directors who enjoys complete independence and is able to exercise his duties, express his opinions, and vote on decisions objectively and impartially, which helps the Board of Directors to take sound decisions that contribute to achieving the interests of the company, and which contradicts independence, for example, but not limited to, any of the following:

1. The member's ownership of (5%) or more of the company's shares, or in a company of its group, or to be a representative of a legal person who owns (5%) or more of the company's shares, or in any company of its group
2. to own a controlling stake in the Al-Abdullatif Industrial Investment Company, or in any company of its group.
3. To be one of the senior executives during the past two years in the Al-Abdullatif Industrial Investment Company, or in any of its companies.
4. To be a first-degree relative with any of the members of the Board of Directors or any of the senior executives of the Abdul Latif Industrial Investment Company, or any of its subsidiaries
5. He worked or was an employee during the past two years for the Abdul Latif Industrial Investment Company or any of its companies, or with any of the parties associated with the company such as accountants and major suppliers, or he has been the owner of controlling shares with any of those parties during the past two years
6. To be a member of the board of directors in another company from the group of the company nominated for membership in its board of directors.
7. To have a direct or indirect interest in the business and contracts made for the company's account.
8. To receive sums of money from the company in addition to the remuneration for membership of the Board of Directors or any of its committees.
9. To participate in a business that would compete with the company, or to trade in one of the branches of the company's activity.
10. He must have spent more than nine consecutive or separate years as a member of the company's board of directors.

the control:

The ability or ability to influence the actions or decisions of another person directly or indirectly, individually or collectively with a relative, or a follower through any of the following:

- owning a percentage equal to 30% or more of the voting rights in the company.
- the right to appoint 30% or more of the members of the company's administrative body, and the word (controller) shall be interpreted accordingly.

Commission :

Saudi Capital Market Authority

Governance Committee:

Remuneration and Nominations Committee

First: Composition of the Board of Directors:

The following shall be taken into account in the composition of the Board of Directors:

1. The number of their members is proportional to the size of the company and the nature of its activity, without prejudice to what is stated in the company's articles of association.
2. That the majority of the members are non-executive.
3. The number of its independent members shall not be less than two members, or one third of the members of the Board, whichever is greater.

Second: Appointment of Board Members:

1. The company's articles of association specify the number of members of the board of directors, provided that it is not less than three and not more than eleven.
2. The general assembly elects the members of the board of directors for a period of three years, and they may be re-elected unless the company's articles of association stipulate otherwise.
3. It is required that a member of the board of directors not be a member of five joint stock companies listed on the market at the same time.
4. The company's management shall notify the Capital Market Authority of the names of the members of the Board of Directors and the capacities of the accused member within five working days from the date of the start of the Board session or from the date of their appointment, whichever is sooner, and any changes that occur to their membership within five working days from the date of the changes taking place.

Third: Conditions for Board Membership:

1. Leadership ability: by having leadership skills that qualifies him to grant powers in a way that leads to motivating performance and applying best practices in the field of effective management and adherence to professional values and ethics.
2. Efficiency: by having scientific qualifications, appropriate professional and personal skills, level of training, and scientific expertise related to the company's current and future activities, management, economics, accounting, law or governance, as well as the desire to learn and train.
3. The ability to direct: by having technical, leadership, and administrative capabilities, And speed in decision-making, understand the technical requirements related to the workflow, and be able to strategic direction, planning and a clear future vision.
4. Financial knowledge: by being able to read and understand financial statements and reports.
5. Health fitness: This is because he does not have a health impediment that hinders him from exercising his duties and competencies.
6. He should not be employed in the governmental or mixed sector.
7. He must not have been sentenced in a case involving moral turpitude, dishonesty, morals, or a criminal judgment.
8. that he has not been previously convicted through any committee of manipulating the stock market, or of disclosing any data related to any company for the purpose of raising its shares.

The General Assembly, when electing members of the Board of Directors, shall take into account the recommendation of the Remuneration and Nomination Committee and the availability of the personal and professional components

necessary to effectively perform their duties in accordance with what is stated in this article.

Fourth: Membership procedures in the company's board of directors:

1. The Remuneration and Nomination Committee shall coordinate with the company's executive management to announce the opening of nominations for membership of the company's board of directors in accordance with the Companies Law and the Corporate Governance Regulations.
2. The Remuneration and Nominations Committee for Policies shall submit its recommendation to the Board of Directors regarding the nomination for membership of the Board in accordance with the aforementioned policies and criteria.

3. Whoever wishes to nominate himself for membership of the company's board of directors must announce his desire by virtue of a notification to the company's management in accordance with the periods and deadlines stipulated for the applicable laws, regulations, circulars and decisions, and this notification must include a definition in the candidate's chapter in terms of his biography, qualifications, and practical experience.

4. The candidate who has previously served as a member of the board of directors of a joint stock company must indicate the number and date of the boards of directors of the companies he has been a member of.

5. The candidate who has previously served as a member of the company's board of directors must attach to the nomination notification a statement from the company's management about the last term in which he became a board member, including the following information:

a) The number of board meetings held during each year of the term.

b) The number of meetings attended by the member in person, and the percentage of his attendance to the total meetings.

c) The permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the session, the number of meetings he attended, and the ratio of his attendance to the total meetings.

d) The capacity of the membership must be clarified, i.e. whether the member is an executive member, a non-executive member or an independent member.

e) The nature of the membership must be clarified, whether the member is a candidate in his personal capacity or is a representative of a legal person

6. The Remuneration and Nominations Committee, in coordination with the company's executive management, shall provide the Capital Market Authority with the CVs of the candidates for membership of the company's board of directors according to the CV template for the candidate for membership of the board of directors of a joint stock company listed in the Saudi Stock Exchange.

7. The Remuneration and Nomination Committee shall implement any comments received from the competent authorities regarding any candidate.

8. Voting in the General Assembly is limited to those who have nominated themselves in accordance with the aforementioned policies, criteria and procedures.

Fifth: Termination of Board Membership:

1. Membership in the Board of Directors shall terminate in accordance with Article 18 of the Company's Articles of Association for one of the following reasons:

Expiry of the term of membership in the Council.

- If the member becomes unfit for membership of the Council in accordance with any system or instructions in force in the Kingdom.

The member's resignation from his membership in the Council, his death or loss of eligibility.

If he is convicted of a crime that violates honor and trust.

- If he is declared bankrupt.

If the member is dismissed by a decision of the Ordinary General Assembly with a majority of 51% of the shares represented at the meeting.

The member's loss of one or more of the membership conditions.

Absence of a member from attending three consecutive meetings of the Board without a legitimate excuse.

2. If the position of a member becomes vacant during the year, the Board shall appoint a member in the vacant position, provided that this appointment is presented to the first ordinary general assembly for approval, and the appointed member completes the term of his predecessor. If the number of members of the Board of Directors falls below the quorum required for holding its meetings (which is half of the members), the assembly must be called Ordinary General Assembly as soon as possible to appoint the necessary number of members.

3. The General Assembly may at any time dismiss all or some of the members of the Board of Directors.

Sixth: Tasks and Objectives of the Board of Directors:

Among the duties of the Board of Directors, in addition to the tasks stipulated in the company's articles of association, are the following, for example, but not limited to:

- 1) Developing the investments of the company's shareholders and continuing its growth in the long term, and working to confirm the vital role played by the company in order to serve its customers, employees, and other individuals and institutions that depend on it.
- 2) Follow up the company's general performance as well as the performance of the CEO and senior executives, and provide guidance, advice and constructive advice.
- 3) Approving strategic directions, and evaluating the consequences thereof.
- 4) Carry out supervisory work that ensures that the company carries out its activities within a responsible legal, ethical and social framework.
- 5) Providing the necessary advice to the CEO and senior executives, and evaluating their level of performance.
- 6) Reviewing and approving the company's mission, its basic financial strategies, its activities, its objectives and its policies as set by the management.
- 7) Reviewing the company's financial performance periodically, with special emphasis on comparing the company with its counterparts from other companies, and other competing companies. These reviews will include the views of management, major investors and analysts.
- 8) Reviewing the company's long-term strategy and plans, directing and approving it, and evaluating its strategic, financial and competitive performance, and comparing that with the practices and policies of similar companies and competitors.
- 9) Reviewing, directing and approving the estimated budgets and annual work plans.
- 10) Determining the desired performance goals, and monitoring the company's performance.
- 11) Overseeing the company's financial structure, policy and financial practices.
- 12) Overseeing disclosure controls, procedures and internal control over financial reports, including independent review, the objective of which is to prepare complete, impartial, accurate and understandable reports in a timely manner.
- 13) Ensure the existence of appropriate control systems to manage risks, and adherence to the system and the standards associated with it.
- 14) Choosing and evaluating senior officials of the company, determining their financial compensation, preparing a plan for the succession of senior management officials to assume their positions, and setting a program for remuneration of senior executives in line with the long-term interests of the company and its shareholders.
- 15) Reviewing and approving the salaries and bonuses of the company's president and CEO, and other executive members in return for the services they perform in their capacity as executives or employees of the company.

- 16) Reviewing the assessments of the serious risks and matters facing the company and providing advice and guidance to management in this regard, as well as reviewing the options available to mitigate their impact.
- 17) Ensuring the establishment of methods and procedures to ensure the integrity of the company's actions, including its relations with its customers, suppliers and all citizens, and follow-up on compliance with those methods.
- 18) Reviewing the results achieved by the management in light of the company's philosophy, annual goals and long-term goals.
- 19) Appointing the committees of the Board of Directors (except for the Audit Committee whose members are appointed by the Ordinary General Assembly after being nominated by the Nomination Committee and the Board), and evaluating their level of performance.
- 20) Ensure that the Board of Directors and its affiliated committees are fully informed of the company's status and operations through reports and other methods in a timely manner.
- 21) Ensuring the effectiveness of the corporate governance practices, measuring them, following them up and making changes when necessary.
- 22) Ensuring that the published reports give a true reflection of the company's operational results and financial position.
- 23) Verify that appropriate policies are in place to define and identify and present conflict of interest in the company, and address the matter, in addition to monitoring any potential conflict of interest from management, board members and shareholders, including misuse of company assets, or misuse of stakeholder transactions.
- 24) Ensure the development of a written policy governing the relationship with stakeholders, the objective of which is to provide the necessary protection for their rights, which should include the following:
 - Mechanisms to compensate stakeholders in the event of a violation of their rights guaranteed by the applicable systems, and the agreements concluded in this regard.
 - Mechanisms for settling complaints or disputes that may arise between the company and any of its stakeholders. Mechanisms to maintain good relations between the company, its customers and its suppliers, and to protect the confidentiality of their information.
 - Code of professional conduct for the company's executives and employees, and the regulation of their relations with stakeholders. The council takes the necessary measures to follow up the implementation of these rules and to abide by them. Mechanisms to compensate stakeholders in the event of a violation of their rights guaranteed by the applicable systems, and the agreements concluded in this regard. Mechanisms for settling complaints or disputes that may arise between the company and any of its stakeholders.
 - Mechanisms to maintain good relations between the company, its customers and its suppliers, and to protect the confidentiality of their information.
 - Laying down the rules of professional conduct for the company's executives and employees, and regulating their relations with stakeholders. The council takes the necessary measures to follow up the implementation of these rules and to abide by them. The company's social responsibility.
- 25) Reviewing and approving the main works carried out by the company, for example: Overseeing the company's internal control.
 - Capital expenditures on all projects beyond the limits authorized by the Department.
 - Acquisitions, selling investments, or adopting new strategies. Recommending a proposal to distribute dividends for approval by the General Assembly.
 - Fundamental investments, credit facilities obtained by the company, strategic operations, and other important transactions that do not fall within the usual scope of the company's activity.
- 26) Act on the basis of their full knowledge of the company's affairs, and in a way that benefits them, taking into consideration serving the interests of the rest of the shareholders.
- 27) The maintenance of two main elements is the duty to exercise due diligence, and the duty of loyalty.

- 28) Commitment to carry out the tasks entrusted to them without prejudice to a shareholder or a class of shareholders without other shareholders, their responsibilities effectively.
- 29) Issuing independent and objective judgments regarding the company's affairs.
- 30) Supervising the company's financial management, its cash flows, and its financial and credit relations with third parties.
- 31) To propose to the Extraordinary General Assembly what it deems appropriate regarding the following:
 - Increase or decrease the company's capital.
 - NS. Dissolution of the company before the term specified in the company's articles of association or deciding its continuation.
- 32) To suggest to the Ordinary General Assembly what it deems appropriate regarding the following:
 - a. Using the company's consensual reserve in case it was formed by the extraordinary general assembly and not allocated for a specific purpose.
 - b. Creating additional reserves or financial allocations for the company.
 - c. Method of distributing net profits of the company.
- 33) Preparing and approving the company's initial and annual financial statements before publishing them.
- 34) Preparing and approving the Board of Directors' report before its publication.
- 35) Ensure the accuracy and integrity of the data and information to be disclosed, in accordance with the applicable disclosure and transparency policies and systems.
- 36) Establishing effective communication channels that allow shareholders to be informed on a continuous and periodic basis of the various aspects of the company's activities and any material developments.
- 37) Forming specialized committees emanating from it by decisions specifying the duration of the committee, its powers and responsibilities, and how the Council will monitor it, provided that the decision to form includes naming the members and specifying their tasks, rights and duties, with an evaluation of the performance and work of these committees and their members.
- 38) Determining the types of remuneration granted to company employees, such as fixed remuneration, performance-related remuneration, and remuneration in the form of shares, in a manner that does not conflict with the controls and regulatory procedures issued in implementation of the Companies Law for Listed Joint Stock Companies.
- 39) Setting the values and standards that govern work in the company.

Seventh: The candidate's disclosure of a conflict of interest:

Whoever wishes to nominate himself for membership in the Board of Directors shall disclose to the Board and the General Assembly any cases of conflict of interest in accordance with the procedures established by the Capital Market Authority, including:

- 1) Having a direct or indirect interest in the business and contracts made for the company's account.
- 2) His participation in a business that would compete with the company, or its competition in one of the branches of the activity he is engaged in.

Eight: Commitment

The members of the Board are personally and jointly committed to the good management of the company, and their duties and responsibilities are defined in accordance with the applicable regulations.

Ninth: Effective Date

From the date of its approval by the Twelfth General Assembly held on 11/04/2017 AD