

Ayan Investment Company

Board Membership Policies, Standards and Procedures

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Introduction: The policies, standards and procedures for membership in the Board of Directors of Ayyan Investment Company have been prepared in order to comply with Paragraph (3) of Article (22) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/5/1438 AH corresponding to 13/2/2017 AD, which stipulated that the Board of Directors (the Board) b) prepare clear and specific policies, standards and procedures for membership in the Board - in a manner that does not conflict with the mandatory provisions in the Corporate Governance Regulations - and put them into practice after approval by the General Assembly)

First: Policies, Criteria and Procedures for nomination and appointment to the Board of Directors

1. Each shareholder has the right to nominate himself or one or more other persons for membership in the Board of Directors, within the limits of his ownership percentage in the capital.
2. The company will announce, on the date set by the Nomination and Remuneration Committee, the start date of the session and the period for receiving nomination requests, to nominate the new members of the Board of Directors on the Tadawul website and in a daily newspaper.
3. The nomination period is opened for a period of no less than (30) days, and it may be more than that in the light of what is determined by the Nomination and Remuneration Committee. Nomination requests are received by the candidates themselves for membership, during the period indicated in the nomination request announcement, and no requests will be accepted after the expiry of the specified period.
4. A candidate for membership in the Board of Directors can submit his candidacy documents through:
 - Registered mail to the company's head office or national address.
 - Direct delivery to company management and obtaining a receipt document.
 - All applications shall be sent in the name of the Secretary of the Nominations and Remunerations Committee at the company's head office.
5. The nomination documents shall include in writing the following:
 - The candidate's full name and date of birth.
 - Academic certificates obtained by the candidate, the date of obtaining each certificate, and the educational authority granting it.
 - The candidate's professional experience, including positions held during the past ten years.
 - A list of companies and entities to which the candidate belongs or has interests in.
 - A list of the persons close to the company for the candidate for membership in the Board of Directors.
 - The candidate must fill out and sign the disclosure form issued by the Capital Market Authority on its website. He must also clarify the membership status.

- The Nominations and Remunerations Committee reviews the submitted nomination applications and determines the number of accepted candidates who will be included in the list of candidates. The Authority is notified according to the forms designated for this procedure on the Authority's website, after which it is announced on the Tadawul website about the number and names of those accepted

Nomination criteria for membership of the Board of Directors:

1. It is required that a member of the Board of Directors be of professional competence, who have the necessary experience, knowledge, skill and independence to enable him to perform his duties efficiently and competently.
2. Possess leadership skills that qualify him to grant powers that lead to motivating performance and applying best practices in the field of effective management and adherence to professional values and ethics.
3. To be able to read and understand financial statements and reports.
4. To have sufficient knowledge of administrative and financial matters and to be familiar with the relevant rules, regulations and legislation, especially issued by the Authority, and the rights and duties of the Board of Directors.
5. That he have the ability to give sufficient time for the company's business that his membership in the Board of Directors requires
6. The Authority shall be notified of the names of the members of the Board of Directors and their membership descriptions within five working days from the date of the start of the term of the Board of Directors or from the date of their appointment - whichever is earlier - and any changes to their membership within five working days from the date of the changes taking place.
7. A member of the board of directors shall not be a member of the board of directors of more than five joint stock companies listed on the market at the same time.
8. If the candidate has previously held the membership of the board of directors of a joint stock company, he shall submit a statement of the number and date of the boards of directors of the companies he has been a member of.
9. If he has previously served as a member of the board of directors of an Company, he must attach to the nomination notification a statement from the company's management about the last term in which he became a member of the board, including the following information:
 - The number of board meetings that took place during each year of the term, the number of meetings attended by the member in person, and the percentage of his attendance of the total meetings.
 - The 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.
10. He must be of full legal capacity.
11. The candidate who represents the shareholders of the private sector is not a government employee.

12. The candidate should have sufficient and appropriate practical and analytical experience that would contribute to supporting the company's march towards optimal performance and achieving its strategy.
13. A person who has been dismissed from such a position or position in another company may not be nominated because he committed a breach of trust.
14. Whoever wishes to nominate himself for the membership of the Board announces his desire to do so by notification to the company's management within the period indicated in the announcement of the candidacy request for membership in the Board of Directors, provided that the candidate submits his papers completed during that period. This notification includes a detailed identification of the candidate in terms of his biography, and his qualifications and expertise in related fields.
15. It is preferable for someone who has previously served as a member of the board of directors of a joint stock company listed in the market, especially similar companies.
16. That the candidate has not been issued a decision against him by any judicial authority to commit a crime against honor and honesty.
17. The candidate shall not be prevented from being nominated for membership in the board of directors of an Company, who has previously been suspended from trading or working in listed joint stock companies, except in the event that the suspension decision is in effect by the General Secretariat for Disputes in Commercial Papers or the Capital Market Authority, and upon the expiry of the suspension decision He has the right to nominate.
18. The company must provide shareholders with sufficient information about the candidates, their qualifications and their relations with the company before voting on their selection. Board members are selected from among the candidates by cumulative voting in the general assembly.
19. The number of candidates for the Board of Directors whose names are presented to the General Assembly must exceed the number of seats available so that the General Assembly has the opportunity to choose from among the candidates, and the Board of Directors can, when there are not enough candidates, use the services of an independent, specialized third party to identify additional candidates for membership in the Board Administration.

Candidates' papers are presented to the Company's Nominations and Remunerations Committee, which issues its recommendations to the Board of Directors for presentation to the Assembly after obtaining the approvals of the relevant authorities. The Assembly shall take into account when electing members of the Board of Directors the recommendations of the Nominations Committee and the availability of the personal and professional components necessary to effectively perform their duties as stated in this matter.

Second: Procedures for Electing Members of the Board of Directors:

- 1- The company shall announce on the website of the Financial Market (Tadawul) as well as in any other means determined by the Authority, information about the candidates for membership of the Board when publishing or directing the invitation to convene the General Assembly.
- 2- The election of the members of the board of directors shall be voted on through cumulative voting.
- 3- Voting in the General Assembly is restricted to those who have nominated themselves in accordance with the approved policies, standards and procedures.

Third: Formation of the Board of Directors

1. Article sixteen of the company's articles of association and its future amendments, if any, stipulated that the company's management shall be assumed by a board of directors consisting of (7) seven members appointed by the ordinary general assembly for a period not exceeding three years.
2. The ordinary general assembly elects the members of the board of directors in accordance with Article sixteen of the company's articles of association. The members of the board of directors may be re-elected, and the cumulative vote is used to elect the members of the board.
3. The board of directors must appoint a secretary to the board, and the board may also appoint one or more advisors in the various affairs of the company, and the board determines their remuneration.
4. Each shareholder has the right to nominate himself or one or more other persons for membership in the Board of Directors, within the limits of his ownership percentage in the capital.
5. It is required that a member of the Board of Directors be of professional competence who possesses the necessary experience, knowledge, skill and independence to enable him to carry out his duties efficiently and competently, taking into account that he possesses in particular the following:
 - Ability to drive.
 - Efficiency.
 - Ability to mentor.
 - Financial knowledge.
 - Health fitness.
6. A Member of the Board of Directors shall not be a member of the board of directors of more than five joint stock companies listed on the market at the same time.
7. The majority of the members of the Board of Directors must be non-executive.

8. It is prohibited to combine the position of the Chairman of the Board of Directors with any other executive position in the company, such as the position of Chief Executive Officer, Managing Director or General Manager.
9. The independent members of the board of directors must not be less than two (2) members or one third of the board, whichever is more.
10. The company shall notify the Authority of the names of the members of the Board of Directors and their membership descriptions within five working days from the date of the start of the term of the Board of Directors 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.
11. The members of the company's board of directors and its senior executives must exercise their powers and carry out their duties in the interest of the company, in accordance with the list of powers approved by the board of directors in accordance with Article 23 of the Corporate Governance Regulations.

Fourth: The Termination of the Membership of the Board of Directors and removal from the Board

1. Membership of the Board of Directors shall terminate for one of the following reasons:

- Expiration of the term.
- The member's resignation or death.
- If the member fails to attend three consecutive sessions without a legitimate excuse.
- If a bankruptcy ruling is issued against him.
- If he becomes unfit for membership in accordance with the provisions of any system in force in the Kingdom of Saudi Arabia.

If the position of a member of the Board of Directors becomes vacant during the year, the Board may appoint another member in the vacant position, provided that this appointment is presented to the first meeting of the 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 necessary for the validity of its meetings, the ordinary general assembly must be called as soon as possible to appoint the necessary number of members.