

policies, standards and procedures of membership in the board of directors

preface

These policies aim to set clear and specific criteria and procedures for the membership in the Board of Directors of Al Gassim Investment Holding Company (the Company), in accordance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority

First: composition of the board of directors

- 1- Number of directors of the company shall be proportional to size of the company and nature of its activity.
- 2- Majority of directors of the board shall be non-executive directors.
- 3- Number of independent directors of the board shall not be less than two directors or third of directors of the board, whichever the more.

Second: appointing the directors

The company shall be managed by a board of directors composed of six directors elected by the ordinary general assembly of the shareholders for a period not more than three years, and they may be elected for other periods. Each shareholder may nominate himself/ herself or one person or more for membership of the board of directors in limits of his/ her ownership in the capital.

Third: conditions and standards of selecting directors of the board of directors

- 1- The director shall not fill position of a director in a board of directors in more than five stock companies enrolled at the same time.
- 2- The director shall not fill position of a director in the board of directors of a competing stock company or a company working in the same main activity of the company except after getting approval from the general assembly.
- 3- No judgment is issued in the past against the nominated person in crimes of immoral behavior and breach of trust.
- 4- The nominated person shall not be insolvent or bankrupt.
- 5- Approval of his/ her place of work if he/ she is an employee in the government.
- 6- It is required that the director shall be professionally qualified person who has the experience, knowledge, skill and independence required to enable him/ her to practice his/ her tasks professionally. It shall be taken into consideration that the director shall have, specially:
 - **Ability to lead:** i.e. to have leadership skills which enable him/ her to get powers in such a way which lead to motivation of performance and applying the best practices in field of effective management and compliance with the professional values and

ethics.

- **Competence:** i.e. to have the proper scientific qualifications and personal and professional skills and level of training and the practical experiences related to the current and future activities of the company or to the management, economy, accounting, law or governability as well as desire to education and training.
 - **Ability to give directives:** i.e. to have the management, leadership and technical abilities and speediness in taking the decision and knowing the technical requirements related to progress of work and to be able to direct strategically and clear future vision and planning.
 - **Financial knowledge:** to be able to read and understand the financial reports and statement.
 - **Health fitness:** not to suffer from health obstacle which prevent him/ her from practicing his/ her tasks and specialties.
- 7- The nominated person shall not have conflict of interests and his/ her values shall accord values of the company and shall have the enough time to perform his/ her tasks as a director of the board and shall attend regularly in meetings of the board.
 - 8- The nominated person shall be familiar with the international and local markets and shall know activities of the company and shall have relations which serve interests of the company.
 - 9- The nominated person shall have the ability to work in the team and shall have experience in crises management and know and control the risks.
 - 10- The nominated person shall have personal integrity as the director shall represent all shareholders and shall comply with what realize interest of the company in general and not what realize interests of the group which he/ she represents or which voted to appoint him/ her in the board of directors.
 - 11- The age of the nominated person shall not be less than (25) years.
 - 12- When electing directors of the board, the general assembly shall consider recommendations issued by the rewards and nominations committee and availability of the professional and personal basic factors for performing their tasks efficiently.

Fourth: procedures of electing the directors of the board

- 1- Within an enough period from the date of ending the current cycle of the board of directors, the Company shall announce opening the door of election for membership of the board of directors based on a recommendation issued by the rewards and nominations committee and approval of the board on the recommendation.
- 2- Opening the nomination door shall be announced in accordance with the requirements of the Companies Law and the instructions of announcements of companies issued by the Capital Market Authority and any amendments subsequent to them. The door of nomination shall still be opened for one month at least from the date of announcement.

- 3- The nomination request attached to all required documents shall be submitted to the main headquarters of the company in Buraydah City to attention of the rewards and nominations committee, provided that the request shall be submitted in accordance with the conditions and controls issued by the regulating authorities.
- 4- The door of nomination for membership of the board of directors shall be closed based on the period determined in announcement of opening the nomination door.
- 5- The rewards and nominations committee shall check the nomination requests and confirm that the documents submitted by the nominated persons for membership of the board are complete, and then the names of the nominated persons qualified for membership of the board of directors shall be submitted to the board of directors for submitting them to the general assembly for choosing among them for membership of the board after getting approval of the concerned authorities to the request of their nomination.
- 6- The director shall be chosen for membership of the board when he/ she is appointed by general assembly based on the votes which he/ she got.
- 7- The company shall announce results of the general assembly for appointing directors to fill position of membership of the board of directors of the company in accordance with number of votes obtained by each nominated person.
- 8- The company shall notify the authority of the names of the directors and capacities of their membership within five working days from the date of beginning of the cycle of the board or from the date of appointing them – whichever earlier and any changes occurring to their membership within five working days from the date of occurrence of the changes.

Fifth: requirements of nomination for membership in the board of directors

- 1- The nominee to the membership of the board of directors shall submit the nomination request signed by him/ her (based on the form submitted by the company) to the attention of the rewards and nominations committee and attached to the curriculum vitae (form no (1) issued by the Capital Market Authority) and form no (3) issued by the Capital Market Authority as well as attaching a clear copy of the identity of the nominee and family register as well as clarifying methods of communication with the nominee.
- 2- The nominee shall provide the company with all his/ her qualifications, experiences and achievements realized by him/ her in membership of the other boards (if any).
- 3- If the nominee has filled in the past the position of director in the board of directors of AL QASSIM INVESTMENT HOLDING COMPANY, he/ she shall attach to the nomination request a statement from the management of the company about the last cycle in which he/ she has

filled the position of the director, and the statement shall include the following details:

- Number of meetings of the board of directors held within each year of the cycle years and number of meetings which the director attended in person and proportion of his/ her attendance to the total meetings.
 - The permanent committees in which the director took part and number of meetings held by each committee within each year of the cycle years and number of meetings in which the director attend in person for each committee and proportion of his/ her attendance to the total meetings.
- 4- Attaching a statement of the companies or establishments which he/ she takes part in its management or ownership and which practice works similar to works of the company.
 - 5- Attaching a statement of number and date of his/ her membership in boards of directors of the stock companies and the committees in which he/ she was or still member as well as a statement issued by the management of the stock companies about number of meetings of the board of directors, the committees and proportion of his/ her attendance in person to the total meetings and summary of achievements and results realized by the company within each year of the board of directors cycle.
 - 6- Attaching all documents and instruments which support what is mentioned in the nomination request (qualifications, experiences and membership of boards of directors of the other stock companies).

Sixth: end of membership in board of directors

- 1- Membership in the board of directors shall end upon the end of its period or upon the end of validity of the director in accordance with any law or instructions applied in the kingdom or issue of a judgment against the director for breaching the honesty and trust. The ordinary general assembly may at any time remove all or some directors of the board without prejudice to the right of the removed director towards the company to claim a compensation if the removal happens for unaccepted reason or at improper time. The director shall be entitled to retire, provided that this shall happen at a proper time, otherwise he/ she shall be responsible towards the company for damages of retirement. Upon end of membership of a director in the board through any method for end of termination, it is a must to notify the market and the Capital Market Authority immediately as well as stating the reasons which led to that.
- 2- If position of a director is vacant, the board shall issue a resolution for appointing a temporal director in the vacant position which the board

considers proper, provided that the temporal director shall have the experience and competence. The Ministry of Commerce and Investment and the Capital Market Authority shall be notified of that within five working days of the date of appointment, and that appointment shall be submitted to the ordinary general assembly in its first meeting for confirming the appointment, and the new director shall complete the period of the previous director.

- 3- If the requirements needed for convening the board of directors are not fulfilled because of decrease of number of its directors to be less than the minimum provided for in the companies law or in the articles of association of the company, the remaining directors shall call to convene the ordinary general assembly within sixty days for electing the necessary number of directors.

Seventh: independence contradictions

- 1- The independent director shall be able to practice his/ her tasks and present his/ her opinions and vote on the resolutions objectively and neutrally in such a way which helps the board of directors to take the sound resolutions which take part in realizing interests of the company.
- 2- The board of directors shall do an annual evaluation for knowing limit of independency of the director and confirming that there are no relations or circumstances which affect or can affect him/ her.
- 3- Independency to be available in the independent director is contradicted with, including but not limited to, the following:
 - If the director owns a proportion of five percent or more from the shares of the company or shares of another company in its group or if the director has a relationship with anyone who have this proportion.
 - If the director represents a legal entity which owns a proportion of five percent or more of the shares of the company or shares of another company in its group.
 - If the director have a relativeness relationship with any director in the company or in another company in its group.
 - If the director has a relativeness relationship with any executive official in the company or in another company in its group.
 - If the director is a director in another company in a group of the company nominated in its board of directors.
 - If the director works or was working as an employee within the last two years in the company or at any party which deal with it or with another company in its group such as auditors and big suppliers and to be owner of controlling interests at any such party within the last two years.

- If the director has a direct or indirect interest in the works and contracts done for the account of the company.
 - If the director takes financial amounts from the company as well as reward for membership of the board or any committee more than (200000) Riyals or more than 50 % from his/ her rewards in the last year which he/ she obtained against membership in the board of directors or any committees, whichever the less.
 - If the director takes part in a work which competes the company, or to trade in a branch of activity done by the company.
 - If the director spent more than consecutive or separated nine years as a director in the company.
- 4- The interest which contradicts with independency of the director for which the director shall have a license from the ordinary general assembly shall not include the works and contracts done with the director for fulfilling the personal needs if these works and contracts are done in accordance with the same conditions and positions applied by the company with all contracting parties and dealers and included in the ordinary activity of the company unless the rewards and nominations committee sees otherwise.

Final provisions

The provisions included in these regulations shall be applied by AL QASSIM INVESTMENT HOLDING COMPANY as of the date of being approved by the General Assembly of Shareholders. The shareholders, public and interested parties shall be enabled to review these regulations. These regulations shall be amended (based on the need) based on a recommendation issued by the board of directors, provided that any suggested amendment shall be presented to the General Assembly of Shareholders in the nearest meeting for approval.