

*Board Membership Standards and Procedures Policy*

*Thob Al Aseel Company*

*1441 AH - 2020 AD*



Subject	Page No.
Article 1: Definitions	4
Article 2: Preamble	6
Article 3: Background	6
Article 4: Public Policy	7
Article 5: Standards and Conditions for Membership in the Board of Directors	7
Article 6: The characteristics that shall be in the member and board of directors	10
Article 7: Procedures for Membership in the Board of Directors	11
Article 8: Election of Board Members	13
Article 9: Accreditation and Enforcement	14

## Article 1: Definitions

SR	Words and Phrases	Meanings
1	Corporate Law	Companies Law issued by Royal Decree No. (3/M) dated: 28/01/1437
2	Financial Market System	The Capital Market Law issued by Royal Decree No.: (30/M) dated: 2/6/1424
3	Listing Rules	Listing rules approved by the Board of the Capital Market Authority.
4	Corporate Governance Regulations	Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8/16/2017) dated: 16/05/1438 corresponding to: 13/2/2017 Based on the Companies Law issued by Royal Decree No.: M/3 dated: 28/01/1437 h, amended by the decision of the Board of the Capital Market Authority No.: 003/57/2019 dated: 15/09/1440 h, corresponding to: 20/05/2019
5	Authority	Financial Market Authority
6	Market	The Saudi Stock Exchange (Tadawul) or the Saudi Stock Exchange, as the context requires.
7	Company	Thob Al Aseel Company
8	Board of Directors	The Company Board of Directors
9	Shareholders	Company shareholders
10	General Assembly	An Assembly formed from the company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.
11	Related parties	<ul style="list-style-type: none"> <li>a. Major shareholders in the company.</li> <li>b. Members of the Board of Directors of the company or any of its subsidiaries and their relatives.</li> <li>c. Senior executives of the company or any of its subsidiaries and their relatives.</li> <li>d. Board members and senior executives of major shareholders in the company.</li> <li>e. Establishments other than companies owned by a member of the board of directors or a senior executive or their relatives.</li> </ul>

		<p>f. Companies in which any of the members of the Board of Directors or senior executives or their relatives are a partner.</p> <p>g. Companies in which any of the members of the board of directors or senior executives or their relatives is a member of its board of directors or one of its senior executives.</p> <p>h. Joint stock companies in which any of the members of the board of directors or senior executives or their relatives owns (5%) or more, taking into account what is stated in paragraph (d) of this definition.</p> <p>i. Companies in which any of the members of the board of directors or senior executives or their relatives have an influence on its decisions, even by giving advice or guidance</p> <p>j. Any person whose advice and guidance influence the decisions of the company, members of its board of directors and senior executives.</p> <p>k. Holding companies or subsidiaries of the company.</p> <p>l. Paragraphs (i) and (j) are excluded from this definition of advice and directions that are professionally provided by a person authorized to do so.</p>
<b>12</b>	Affiliate	A person who controls another person, is controlled by that other person, or is jointly controlled by that other person by a third person. In any of the above, control is direct or indirect.
<b>13</b>	Cumulative Voting	A voting method for selecting members of the board of directors that gives each shareholder a voting power according to the number of shares he owns; So that he has the right to vote for one candidate or to divide it among the candidates he chooses without repeating these votes.
<b>14</b>	Control Share	<p>The ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively with a relative or dependent, through:</p> <p>a. Owning 30% or more of the voting rights in a company.</p> <p>b. The right to appoint 30% or more of the members of the administrative body.</p>

15	Rewards	Amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other benefits in kind, with the exception of reasonable actual expenses and expenses incurred by the company on behalf of a member of the Board of Directors for the purpose of performing his work.
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## **Article 2: Preamble**

This policy clarifies the criteria and procedures for membership in the Board of Directors, and the terms of this policy are applied in accordance with the articles of association and articles of association of the company and the relevant regulations governing the company's business without prejudice to the provisions of the Companies Law, the Capital Market Law, the Corporate Governance Regulations and the regulatory controls for listed joint stock companies and the list of terms used in the rules Market and other related systems.

## **Article 3: Background**

This policy clarifies the importance of the policies, procedures, conditions and criteria for membership in the Board of Directors, with its statement of the conditions and qualifications that shall be met by the membership candidates for the company's Board of Directors, given that the Board of Directors is entrusted with establishing a system of governance and providing the appropriate environment for its application and then follow-up and control of implementation.

## **Article 4: Public Policy**

The general policy for membership in the company's board of directors is the terms and conditions under which the selection is made from among the candidates applying for membership of the board through comparison between them, in accordance with what was stipulated in paragraph (3) of Article twenty-two of the corporate governance regulations, and what is also stipulated in the provisions of the Companies Law, the Company's Articles of Association, the Corporate Governance Regulations and the Listing Rules issued by the Board of the Capital Market Authority.

## **Article 5: Standards and Conditions for Membership in the Board of Directors**

The Board shall be responsible for reviewing the conditions that shall be met by a member of the Board of Directors in addition to the composition of the Board as a whole. This shall include evaluating the qualifications, experience and skills of the members. A member of the Board of Directors shall, in particular, have the following:

1. **Saudi Nationals:** The candidate shall be Saudi nationals
2. **Experience:** Having an appropriate amount of experience in the following areas:
  - a. Financial accounting and corporate finance, especially with regard to trends in the debt and equity markets, as well as understanding the concepts of internal financial controls.
  - b. Assessment and control of risks in the areas and environment related to the company's business.
  - c. Management of companies, and an understanding of management trends in general and in the areas in which the company's business is active.
  - d. Experience in areas related to the company's business
  - e. Experience in global markets, and the norms and practices of foreign business.
3. **Qualifications:** It is recommended that a member of the Board of Directors hold a qualification related to the following specializations:
  - a. Law
  - b. Finance, including accounting background.
  - c. Marketing.
  - d. Operations of corporate activities
  - e. The main areas in which the companies operate, including real estate expertise.
  - f. Corporate Governance.
  - g. HR.
  - h. Risk Management.
  - i. Banking business.
4. **Knowledge and ability:** to have an appropriate degree of understanding of the contents of the financial statements and other financial reports, accounting systems and standards, reading and understanding budgets, income statements and cash flows, and extrapolating the semantics of financial equations and other indicators to evaluate the performance of the company.

5. **Independence:** To present an objective viewpoint, and to avoid transactions that involve a conflict of interest, while verifying the fairness of dealing, and observing the provisions relating to conflict of interest in accordance with the regulations of the Capital Market Authority in this regard.
6. **Crisis management:** the ability to respond and act in record time during the reign of short and long crises.
7. **Honour and honesty:** He should not have been convicted of a crime against honour and honesty.
8. He shall not have been subjected to a decision by the Capital Market Authority.
9. **Not to compete with the company:** not to be involved in any business that would compete with the company or to trade in one of the branches of the company's activity except after obtaining the approval of the General Assembly in accordance with the controls set by the competent authority, and taking into account what is stipulated in Article (72) of the Companies Law, And Articles forty-six and forty-seventh of the Corporate Governance Regulations.
10. **The absence of a conflict of interest:** He shall not have any direct or indirect interest in the business and contracts that are made for the company's account in accordance with Article (71) of the Companies Law, except with a license from the Ordinary General Assembly and in accordance with the controls set by the competent authority.
11. **Membership of the Board of Directors of another company:** Not to be a member of the Board of Directors of more than five listed joint stock companies at the same time.
12. **Prior written approval from the relevant authorities:** It is required for a person who has previously served as a board member in a company or has been dismissed from it to obtain a prior written approval from the competent authorities before being nominated for membership in the company's board of directors.
13. **Adherence to the terms and conditions of membership:** full adherence to the provisions of the Companies Law, the Capital Market Law and their implementing regulations, the relevant regulations and the bylaw when exercising his membership duties in the Board, and abstaining from undertaking or participating in any act that constitutes mismanagement of the company's affairs.

14. **Diversity:** Taking into account diversity in academic qualifications and professional experience when selecting members, as this diversity contributes to providing all the talents, skills and experiences needed by the Council as a team to support current resources and provide talent for future needs.
15. **Personal Interview:** Agreeing to conduct a personal interview with the Company's Nominations and Remunerations Committee.

#### **Article 6: The characteristics that shall be available in a member of the board of directors**

Taking into account the important role that a member of the board of directors plays in the management of the company, it requires that he possess a number of personal characteristics, in addition to the conditions of membership, that enable him to perform his duties towards the company to the fullest, and taking into account the twenty-ninth article of the governance regulations, several features are required Member of the Board of Directors, including in particular the following:

1. **Integrity and Responsibility:** High ethical standards, integrity, strength of character in a member's professional and personal dealings, ability to discuss issues thoroughly and in depth, ask insightful questions and express reservations and not vote in favour of objections, show signs of intelligence and wisdom, reflect on decisions made, and prepares to bear the consequences of accountability about it.
2. **Trust:** to be consistent, responsible and supportive in dealing with others, respecting others, frankness and openness to others' opinions and the desire to listen to them.
3. **Leadership:** Possessing the necessary leadership arts and skills, and supporting this with a high motivational performance record that talented people usually enjoy.
4. **Commitment to its duties as a member of the Board:** Full readiness and desire to efficiently meet the requirements of membership of the Board's committees, including but not limited to: -



- a. Attending and participating in all meetings of the Board of Directors, and meetings of the Board committees of which he is a member.
  - b. Always ready to help prepare for and actively participate in each meeting.
  - c. Expressing a desire to attend the administration upon request to provide advice and consultation.
  - d. Assuming all responsibilities in relation to the company's business.
  - e. Disclosing any effective information before executing any deal or contract with the company or one of its subsidiaries.
5. **Desire to learn and know:** Desire to learn and develop in particular those important issues that affect the company (including operation, technology and market information), and the roles and responsibilities of board members (including general legal principles facing board members).

#### **Article 7: Procedures for Membership in the Board of Directors**

After the approval of the Board of Directors to open the door for candidacy for membership of the Board, and its approval of the nomination period and the agenda of the General Assembly, in order to vote on appointing members of the Board of Directors whenever the rules or circumstances require that, according to the following procedures:

1. Announcing the opening of the door for candidacy for membership of the Board of Directors on the company's website and the market's website and in any other means determined by the Authority, provided that the door for candidacy remains open for at least one month from the date of the announcement.
2. Shareholders wishing to run for membership in the company's board of directors or nominate another person shall do the following:
  - a. Submitting an application (notification) to the company's management of the desire to candidate.
  - b. Fill out Form No. (3) issued by the Capital Market Authority, which can be obtained from the Authority's website.

- c. Candidates shall submit their applications to the company in one of the following ways:
- Coming to the company headquarters.
  - By Post via P. O. Box: 23236 Riyadh: 11426, Attention of the Nomination and Remuneration Committee
  - Via Email: [nr@alaseel.com](mailto:nr@alaseel.com)
  - Attaching a copy of his qualifications and experience in the company's business field.
3. Candidates shall submit their applications together with the following documents:
- a. A separate record of the significant and significant work and achievements of the candidate in his membership in the boards of directors he held or in the senior executive and administrative positions he held during the previous ten years, and the current work.
  - b. A statement of the boards of directors of the companies to which he has been a member, and a documented letter from each company that includes the membership period, the number of sessions for each term, the member's attendance rate for those meetings and committees emanating from the board in which he is a member, and the percentage of his attendance therein, and a summary of the financial results achieved by the companies that he took on board membership of during Each year of the course.
  - c. A statement of the joint stock companies of which he is still a member.
  - d. A list of the companies in whose management or ownership he shares and which practice similar business to the company.
  - e. A copy of the national identity card / family card (if any), the commercial register of companies and institutions, the candidate's contact numbers, and three personal photos of him.
4. The candidate shall provide a certified Arabic translation of any documents or documents written in a foreign language.
5. Examining the applications by the Nominations and Remuneration Committee of candidates qualified for membership, indicating the number of applicants for membership and those who were initially selected for personal interviews, the justifications for recommending members qualified to fill the membership, and recommending that to the Board of Directors.

6. Inviting an ordinary general assembly to vote on the appointment of vacant board members in accordance with the recommendations of the Board of Directors and the Nomination and Remuneration Committee, after obtaining the approval of the competent authorities.
7. The form for membership of the boards of directors of listed companies to be sent to the Capital Market Authority after completing the above-mentioned procedures.

#### **Article 8: Election of Board Members**

1. The Company shall announce on the market's website information about the candidates for membership of the board of directors when publishing or sending the invitation to the general assembly, provided that this information includes a description of the candidates' experiences, qualifications, skills, jobs and previous and current memberships. The company must provide a copy of this information on its head office and website.
2. Cumulative voting shall be used to elect members of the Board of Directors, so that the right to vote for a share may not be used more than once.
3. Voting in the General Assembly is limited to candidates for membership of the Board of Directors whose information the company has announced in accordance with Paragraph (1) of this Article.

#### **Article 9: Accreditation and Enforcement**

This policy shall be implemented as of the date of its approval by the General Assembly, and it shall be communicated to the concerned parties. The Board of Directors reviews this policy as needed and based on a recommendation from the Nominations and Remunerations Committee, and it is not amended except by the positions of the General Assembly.

**These regulations were approved by a resolution of the General Assembly of Company's shareholders in its meeting held on:**