

## **POLICIES, STANDARDS AND PROCEDURES OF MEMBERSHIP IN THE BOARD OF DIRECTORS**

### **Policies and Standards of the Company BOD Membership:**

- Candidate shouldn't have been convicted before in a crime violating honor or honesty or adjudicated in bankruptcy, or has made arrangements or reconciliation with his creditors.
- Candidate shall not be a member at boards of directors of more than five (5) joint stock companies concurrently.
- He shall be capable of communicating effectively, and thinking in a strategic way.
- He must not be a government employee.
- Observing diversity in academic qualification and work experience, and giving priority in nomination to the needs from persons having skills suitable for membership of the board of directors.
- The number of the independent members shall not be less than third of the board members.
- In case of independent member, he shall be free from any of the cases that contradict independence.
- A member of the board of directors shall be owner of a number of company shares with a value of not less than ten thousand Saudi Riyal (SR 10,000) within thirty days from date of appointing the member.
- A member of the board of directors shall represent all shareholders, and shall commit to what realizes interest of the company as general and not interests of the group that he represents that voted for appointing him in the board of directors.
- A member of the board of directors shall resign before expiry of his term in the board if he loses his eligibility to act as a member of the board of directors, becomes unable to practice his works or cannot devote the time and effort required for performing his tasks at the board, but in case of conflict of interests, member will have the option of either obtaining a license from the general assembly to be renewed every year, or to resign.

### **Second: Procedures of Membership at the Board of Directors:**

- Nominations and Remuneration Committee coordinates with the company executive management to announce for opening nomination for membership of the company board of directors according to Companies Law, circulations of the Ministry of Commerce, and Companies Governance Regulation.
- Nominations and Remuneration Committee presents its recommendation to the board of directors regarding nomination for the board membership according to the aforesaid policies and standards.
- A member wishing to nominate himself for membership of the company board of directors will announce his intention through a notification to the company management according to the

terms and times stipulated in the current laws, regulations, circulations and decisions, and this notification shall include a definition of the candidate in terms of his resume, qualification and work experiences.

- A candidate who was previously a member of one of the joint stock companies shall mention number and date of the boards of directors at the companies in which he was a member.
- A candidate who was a member before at the board of directors of the company shall enclose with the nomination notice a statement from company management about the last session in which he was a board member, including the following information:
  - 1- Number of the meetings of the board of directors held during each of the course years.
  - 2- Number of the meetings that the member attended in person, and percentage of his presence out of the total number of meetings.
  - 3- The permanent committees in which the member participated, and the number of meetings held by each of these committees during each of the session years, the number of meetings he attended, and percentage of his presence out of the total number of meetings.
- Type of membership shall be explained , i.e. whether the member is executive or non-executive, and if he is independent member.
- Nature of membership shall be defined, and this is related to whether the member is nominated for his personal capacity or as a representative of a legal person.
- Nominations and Remuneration Committee will, through coordination with the executive management of the company, send copies of the nomination notifications and their attachment and a list of the name of candidates to the General Administration of Companies at the Ministry of Commerce and Industry.
- Nominations and Remuneration Committee will, through coordination with the executive management of the company, provide Capital Market Authority with the CVs of the candidates for membership of the board of directors of the company according to the form of CV of the person nominated for membership of a board of directors of a joint stock company enlisted in Saudi Stock Exchange (Tadawul).
- Nominations and Remuneration Committee will put into effect any remarks coming from the competent authorities about any candidate.
- Voting in the general assembly will be limited to persons who nominated themselves according to the policies and standards.