



**Astra Industrial Group  
Saudi Joint-Stock Company**

**Membership Policy, Standards, and Procedures for the Board of Directors**

This policy was approved by the Extraordinary General Assembly of Astra Industrial Group held on 16/05/2017, amended by the Extraordinary General Assembly held on 21/04/2019, further amended by the Ordinary General Assembly held on 11/04/2021, and most recently amended by the Extraordinary General Assembly held on 24/06/2024.



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## **Article 1: Introduction**

1. The Membership Policy, Standards, and Procedures for the Board of Directors of Astra Industrial Group — a listed Saudi company — were approved in accordance with the regulations of the Ministry of Commerce and the Capital Market Authority (CMA) and their implementing regulations.
2. This regulation includes policies, standards, procedures, and requirements for membership in the company's Board of Directors and shall take effect upon its approval by the General Assembly.

## **Article 2: Composition of the Board of Directors**

1. The company shall be managed by a Board of Directors consisting of nine members.
2. The majority of the Board members must be non-executive members.
3. The number of independent members must not be less than two or one-third of the Board members, whichever is greater.

## **Article 3: Appointment of Board Members**

- **A.** The company's articles of association specify the number of Board members, provided that it is not less than three.
- **B.** The General Assembly shall elect the Board members for the period specified in the company's articles of association, provided that it does not exceed four years. Members may be re-elected unless otherwise stated in the articles of association.
- **C.** A Board member may not hold membership in the boards of more than five listed joint-stock companies simultaneously.
- **D.** The company must notify the Capital Market Authority (CMA) of the names and membership types of Board members within five working days from the start of the Board's term or the date of their appointment, whichever is earlier, as well as notify the Authority of any changes in their membership within five working days from the date of the changes.

## **Article 4: Conditions for Board Membership**

A Board member must possess the necessary professional competence, experience, knowledge, skills, and independence to perform their duties effectively and efficiently. Specifically, the following criteria should be met:

1. **Leadership Ability:** The member must possess leadership skills that enable them to grant authority, foster performance, and implement best practices in effective governance while adhering to professional values and ethics.
2. **Competence:** The member must have the appropriate academic qualifications, professional and personal skills, relevant training, and practical experience related to the company's current and future activities or in the fields of management, economics, accounting, law, or governance, as well as a willingness to pursue continuous learning and training.

3. **Guidance Ability:** The member must have the technical, leadership, and managerial capabilities necessary for quick decision-making, understanding the technical requirements of business operations, and providing strategic direction, planning, and a clear future vision.
4. **Financial Knowledge:** The member must be able to read and understand financial statements and reports.
5. **Health Fitness:** The member must not have any health conditions that hinder them from performing their duties and responsibilities.

The General Assembly shall take into consideration, when electing Board members, the recommendations of the Nomination Committee and the required personal and professional attributes necessary for performing their duties effectively as outlined in this article.

### **Article 5: Independence Impairments**

- **A.** An independent Board member must be capable of performing their duties, expressing their opinions, and voting on decisions objectively and impartially, thereby enabling the Board to make sound decisions that contribute to the company's best interests.
- **B.** The Board must conduct an annual evaluation to ensure the member's independence and confirm that no relationships or circumstances exist that could affect or potentially affect their independence.
- **C.** Factors that are considered as impairing the necessary independence of an independent Board member include, but are not limited to, the following:
  1. Ownership of 5% or more of the company's shares or shares of another company within the group, or having a kinship relation with anyone who owns this percentage.
  2. Having a kinship relation with any Board members in the company or another company within the group.
  3. Having a kinship relation with any senior executives in the company or another company within the group.
  4. Serving as a Board member in another company within the group.
  5. Being employed by the company or another company within the group within the past two years, or holding controlling shares in the company or any party dealing with the company or another company within the group, such as auditors or major suppliers, during the past two years.
  6. Having a direct or indirect interest in the company's transactions and contracts.
  7. Receiving financial compensation from the company beyond Board membership remuneration or committee-related remuneration exceeding SAR 200,000 or 50% of their remuneration from the previous year for Board or committee membership, whichever is lower.
  8. Engaging in activities that compete with the company or conducting business in any of the company's areas of operation.
  9. Serving for more than nine consecutive or non-consecutive years as a Board member in the company.
- **D.** Transactions and contracts aimed at fulfilling personal needs that are carried out under the same conditions the company applies to general contractors and customers within its usual business activities, and which are not deemed by the Nomination Committee to affect independence, do not constitute an interest negating the independence of a Board member and

do not require approval from the Ordinary General Assembly unless otherwise indicated by the committee.

## **Article 6: Eligibility and Nomination Procedures for Board Membership**

1. Every shareholder in the company has the right to nominate themselves or one or more individuals for Board membership.
2. The nomination announcement shall be published on the Saudi Stock Exchange (Tadawul) website, the company's website, and any other medium specified by the relevant authority, inviting individuals to apply for Board membership. The nomination period shall remain open for at least one month from the date of the announcement.
3. Any individual wishing to nominate themselves for the company's Board membership must disclose their intention by submitting a notification to the company's management in accordance with the timelines and procedures set forth in this policy and applicable regulations. This notification must include a candidate profile in both Arabic and English, covering their resume, qualifications, and work experience, along with all supporting documents such as a national ID, family ID, or a passport for non-Saudi candidates, and any other documents requested by the company to meet regulatory requirements.
4. The candidate must disclose to the Board and the General Assembly any potential conflicts of interest, in line with regulatory procedures, including but not limited to:
  - **A.** Having a direct or indirect interest in the company's transactions and contracts.
  - **B.** Engaging in activities that compete with the company or operating in one of the company's lines of business.
5. Candidates for Board membership must complete any forms specified by the Capital Market Authority.
6. A candidate who has previously held a Board position in any joint-stock company must provide a statement listing the number and dates of the Board memberships they have held.
7. Cumulative voting must be used during the election of the Board of Directors, ensuring that voting rights for each share are used only once.
8. The Nomination and Remuneration Committee shall submit its recommendations to the Board regarding the nominations for Board membership in accordance with the criteria outlined in this policy.
9. Voting in the General Assembly shall be limited to candidates who have nominated themselves in accordance with the policies, standards, and procedures outlined above.

## **Article 7: Termination of Board Membership**

- **A.** The company's articles of association specify how Board membership ends or can be terminated upon request by the Board. However, the Ordinary General Assembly may dismiss all or some of the Board members, even if the company's articles of association state otherwise, in accordance with regulations set by the relevant authority. In such cases, the Ordinary General Assembly must elect a new Board or a replacement for the dismissed member(s) as per the provisions of the Companies Law and its implementing regulations. Additionally, the General Assembly may terminate the membership of any Board member who is absent from three consecutive meetings or five separate meetings during their term without a valid excuse accepted by the Board.

- **B.** If a Board member's membership ends for any reason, the company must promptly notify the relevant authority and the stock market, providing the reasons for termination.
- **C.** When a shareholder or shareholders representing 10% of the company's voting shares submit a request to dismiss all or some of the Board members in accordance with Article 90 of the Companies Law, the Board must include the name of the applicant and the reasons for the request in the General Assembly meeting invitation. The concerned Board member has the right to provide a statement regarding the request during the relevant General Assembly meeting.
- **D.** If a Board member resigns and has remarks concerning the company's performance, they must submit a written statement to the Chairman of the Board, which must be presented to the Board members.
- **E.** If the Board of Directors cannot be re-elected for a new term and the current term expires, the existing Board members shall continue performing their duties until a new Board is elected, provided that this period does not exceed 90 days from the end of the current Board term. The Board must take the necessary measures to ensure the election of a new Board within this timeframe.
- **F.** If the Chairman and Board members resign collectively, they must call for an Ordinary General Assembly meeting to elect a new Board. The resignation becomes effective only upon the election of the new Board. This interim period must not exceed 120 days from the resignation date, during which the resigning Board remains in office to manage urgent matters.

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

Board member remuneration may consist of a fixed amount, attendance allowances, in-kind benefits, or a percentage of the company's net profits. It is permissible to combine two or more of these forms of remuneration, provided that the compensation is fair, incentivizing, and commensurate with the performance of the member and the company. The Board of Directors' annual report to the Ordinary General Assembly must include a detailed statement of all remuneration, attendance allowances, expense reimbursements, and other benefits received or due to each Board member during the fiscal year. This report must also disclose any payments received by Board members in their capacity as employees or administrators, or as compensation for technical, administrative, or advisory work. Additionally, it must include information on the number of Board meetings held and the attendance record of each member.

## **Article 9: Approval and Implementation of the Policy**

The General Assembly approves this policy based on the recommendation of the Board of Directors. The policy becomes effective upon approval and is subject to amendment as needed.