

Policies, Criteria and Procedures of the Membership of the Board of Directors

Al-Hassan Ghazi Ibrahim Shakir Company

Listed Joint Stock Company

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Version	Updates and Document Amendment	Recommendation of the Board of Directors	Approval of the Assembly
One	Policies and Criteria of the Membership of the Board of Directors	03/05/2023	29/05/2023
Two	Policies and Criteria of the Membership of the Board of Directors	03/04/2024	19/05/2024

Introduction

This Policy has been approved and recommendation was communicated to the General Assembly for approval under the Board of Directors resolution issued on 24/09/1445 AH corresponding to 03/04/2024 AD. This Policy has been approved under the resolution of the General Assembly of the Company's Shareholders held on 11/11/1445 AH corresponding to 19/05/2024 AD.

Article One:

Purpose of the Policy

This policy aims to establish clear and specific criteria and procedures for candidacy for Board membership, in accordance with the regulations and standards set forth in the Companies Law, the Corporate Governance Regulations issued by the Board of Directors of the Capital Market Authority, and other relevant laws and regulations.

Article Two:

Board of Directors

1. The Company shall be managed by a Board of Directors consisting of (7) members elected by the Ordinary General Assembly of Shareholders for a term of no less than four (4) years, with the possibility of re-election for additional terms.
2. The majority of Board members must be non-executive members.
3. The number of independent Board members shall not be less than two or one-third of the Board, whichever is greater.
4. The Company must notify the Authority of the names of the Board members and their membership status within five working days from the commencement of the Board's term or from the date of their appointment, whichever is earlier, and report any changes within five working days of their occurrence.

Article Three:

Policies and Criteria for Board Membership

Candidates for Board membership must possess the necessary professional competence, expertise, knowledge, skills, and independence to effectively perform their duties. The General Assembly shall consider the recommendations of the Nomination and Remuneration Committee in the Company when electing the Board Members and ensure that candidates meet the required personal and professional qualifications to effectively perform their tasks. In particular, a member must meet the following criteria: Good reputation, conduct, and integrity, Commitment to principles of honesty, loyalty, diligence, and prioritizing the interests of the Company and its Shareholders over his/her own interests. The Candidate must have:

1. No prior convictions in crimes involving dishonesty or breach of trust.
2. No previous bankruptcy or insolvency declarations.
3. No simultaneous membership in more than five publicly listed companies.
4. Sufficient time allocation to fulfill Board responsibilities in the Company.
5. Minimum age of 25 years, whether applying individually or representing a legal entity.

6. The independent member must have complete independence in his/her position and resolutions and no independence conflicts as outlined in Article (19) of the Corporate Governance Regulations issued by the Capital Market Authority are applied to him/her.
7. The Board Member shall represent of all Shareholders, ensuring that decisions serve the Company's overall interest not what achieves the interest of the group he/she represents or voted on his/her appointment in the board of directors.
8. Consideration of diversity in academic qualifications and professional experience, prioritizing candidates with the required skills for the membership of the Board of Directors.
9. Leadership ability: To have leadership skills that qualify him/her to grant authority, enhance performance, apply best effective management practices, and adhere to professional ethics and values and ability to reach effective communication, thinking and strategic planning.
10. Qualifications, skills and expertise: Relevant academic qualifications, professional and personal skills, training, and practical experience aligned with the Company's current and future activities and management knowledge.
11. Ability to provide guidance: Must have technical, leadership, managerial abilities and quick decision making, and understand technical work requirements.
12. Financial literacy, including the ability to read and interpret financial statements and reports.
13. Physical fitness to perform duties and tasks without health constraints.
14. Resignation is required if a Board member loses eligibility, becomes incapacitated, or fails to allocate sufficient time and effort for Board duties. Conflict of interest cases shall be handled per Chapter Six of the Corporate Governance Regulations.

Article Four:

Shareholder Right to Nominate

Every shareholder has the right to nominate themselves or others for Board membership, within the limits of their ownership percentage in the company's capital.

Article Five:

Procedures for Board Membership Nomination

1. The Nomination and Remuneration Committee shall announce the opening of nominations before the current Board's term expires, in accordance with applicable regulations.
2. The nomination announcement shall be published on the company's website, the Capital Market (Tadawul) website, and any other method determined by the competent authority, with the application period remaining open for at least one month from the date of the announcement.
3. Candidates must submit a signed written application to the company, including details of their experience, qualifications, skills, previous and current positions, and Board memberships.
4. Candidates must disclose any conflicts of interest as required by the Capital Market Authority, including:
 - a. Direct or indirect interest in contracts or transactions conducted by the company.
 - b. Engagement in activities that compete with the company's business.
5. Candidates must complete the required forms prescribed by the Capital Market Authority.
6. Candidates must disclose their past and present executive positions and Board memberships in a separate statement attached to the nomination application.
7. Recommended candidate by the Nomination and Remuneration Committee must agree to a personal interview with the Nomination and Remuneration Committee if requested.
8. Candidates must specify their membership status (executive, non-executive, or independent).
9. Cumulative voting shall be used for electing Board members, ensuring that each share's voting right is exercised only once.
10. Voting in the General Assembly shall be limited to candidates who have applied per the policies, criteria and procedures stipulated in this Policy.

Article Six:

Mechanism for Selecting the Chairman and Vice Chairman

Shareholders shall elect Board members at the General Assembly meeting as per the Law and the criteria stipulated in this policy. The Board shall then select its Chairman and Vice Chairman from among its non-executive members, with the right to remove or reappoint them at any time.

Article Seven:

Termination of Board Membership and Vacancy

1. Board membership shall expire upon the completion of the four-year term from the election date.
2. Membership shall also terminate in accordance with applicable laws and instructions in Saudi Arabia or due to death, resignation, or conviction in a dishonesty-related crime. The Ordinary General Assembly has the right to dismiss all or some of Board members at any time without prejudice to the right of the dismissed member to claim compensation from the Company if the dismissal is due to unjustified reason or at inappropriate time. The Board Member may resign on condition that he/she does so at an appropriate time otherwise, he/she shall be liable towards the Company for any damages arising from his/her resignation.
3. The General Assembly may, based on Board recommendations, terminate the membership of any member who is absent from three consecutive Board meetings without a valid excuse or five separate meetings during their term without a valid excuse accepted by the board of directors.
4. If a Board seat becomes vacant, the Board may appoint a temporary replacement with the required expertise and qualifications. The Authority must be notified within five working days from the appointment date and the nomination must be presented to the Ordinary General Assembly in its first meeting to authenticate it. The new member fills the term of his predecessor in the light of what is stipulated in the Article of Association of the Company.
5. If the Board lacks the minimum number of members required by the Companies Law or the company's bylaws, the remaining members must convene a General Assembly within 60 days to elect new members.

Article Eight:

Legal Reference

This policy has been prepared in compliance with relevant regulations issued by authorities, including:

- The Companies Law (issued by the Royal Decree No. M/132, dated 01/12/1443H) and its executive regulations.
- The executive regulations issued by the Capital Market Authority.
- The Article of Association of Al-Hassan Ghazi Ibrahim Shakir Company.

Article Nine:

Review and Enforcement

1. This policy shall be approved by the General Assembly and enforced accordingly by the company, Board members, and Board committees.
2. The policy is subject to annual review and may be amended based on recommendations from the Nomination and Remuneration Committee whenever necessary or in response to changes in applicable laws and regulations.
3. Amendments to this policy shall take effect upon approval by the General Assembly and recommendation by the Board of Directors.