



# **Standards and Procedures for Membership of the Board of Directors**

## **Saudi Networkers Services Company**

Approved by:	Extraordinary General Assembly
Approval date	24/04/1446 H (Corresponding to 27/10/2024 G)
Version	1.0



## **Table of Contents**

<b>PREAMBLE .....</b>	<b>1</b>
<b>ARTICLE (1): PURPOSE OF POLICY .....</b>	<b>1</b>
<b>ARTICLE (2): POLICIES AND STANDARDS OF THE MEMBERSHIP OF THE BOARD OF DIRECTORS</b>	<b>1</b>
<b>ARTICLE (3): PRINCIPLES OF HONESTY AND LOYALTY .....</b>	<b>2</b>
<b>ARTICLE (4): CONDITIONS OF MEMBERSHIP IN THE BOARD OF DIRECTORS .....</b>	<b>2</b>
<b>ARTICLE (5): PROCEDURES OF NOMINATION TO THE MEMBERSHIP OF THE BOARD OF DIRECTORS.....</b>	<b>3</b>
<b>ARTICLE (6): EXPIRATION OF BOARD MEMBERSHIP AND VACATION OF A POSITION .....</b>	<b>4</b>
<b>ARTICLE (7): GENERAL CONDITIONS (PUBLICATION, ENFORCEMENT AND MODIFICATION) ....</b>	<b>5</b>



## Preamble

The policies, standards and procedures for membership of the Board of Directors (Hereinafter referred to as the "**Policy**") of Saudi Networks Services Company (the "**Company**") were prepared for the purpose of complying with the Corporate Governance Regulations issued by the Board of the Capital Market Authority, under Resolution No. (8-16-2017) dated 16/05/1438H, corresponding to 13/02/2017G, and amended by the Board of the Capital Market Authority Resolution No. (8-5-2023) dated 25/06/1444H, corresponding to 18/01/2023G, and based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H, stating that the Board of Directors (the "**Board**") shall prepare clear and specific policies, standards and procedures for membership of the Board, in a manner that does not conflict with the mandatory provisions of the Corporate Governance Regulations and enforce them after being approved by the General Assembly.

## Article (1): Purpose of Policy

The purpose of preparing this policy is to be procedural rules and a guide that identifies the general and special standards for the selection and appointment of candidates for membership of the Company Board of Directors, including executives, non-executives and independents, who should have appropriate know-how, skills and experience, which contributes to the effectiveness of the Board's business, and to the provision of appropriate leadership that contributes to the success of the Company and its business. As a general principle, it shall be taken into account that the members of the Company Board of Directors shall be qualified to carry out the work assigned to them, to clearly understand the task required to be done by them, and to be able to exercise proper and objective judgment in all the Company's affairs, business and activities. As a main requirement, it shall be taken into account that each member of the Company Board of Directors shall be a reputable person With high efficiency and ability to assume responsibility, and that members have influential leadership characteristics and role models and are able to supervise, follow up and direct the affairs of the Company to achieve its strategic objectives.

## Article (2): Policies and Standards of the Membership of the Board of Directors

It is required that the Board Member is professionally competent and has the necessary experience, know-how, skill and independence that enable him to perform his duties efficiently and competently, provided that the General Assembly, upon electing the Board Members, takes into account the recommendations of the Nomination & Remuneration Committee of the Company and the availability of the personal and professional elements required for the effective performance of their duties. In particular, the member shall meet the following requirements:

- 1- The candidate shall be a natural person and he shall at least be twenty-five (25) years old.
- 2- The candidate shall not be a member of the boards of directors of more than 5 (five) joint stock companies listed on the Capital Market at the same time.
- 3- The candidate has not previously been convicted of a crime involving a breach of honour and public trust, or has become unfit for membership of the Board in accordance with any law or instructions applicable in the Kingdom of Saudi Arabia.



- 4- The candidate shall be of a high level of academic qualification and have practical and administrative experience. Priority in the nomination shall be given to the requirements to be met by those with the skills that are appropriate for membership of the Board of Directors.
- 5- A member of the Board of Directors shall represent all members and shall be committed to doing what is in the general interest of the Company and not what is in the interests of the group represented by him, or that voted to appoint him to the Board of Directors.
- 6- The Nomination & Remuneration Committee shall consider the candidate's qualifications and assess the aspects of his/her ability to lead and judge independently, along with knowledge of the accounting and financial aspects to determine his/her readiness to perform the tasks of his/her duties in the event of selecting him/her.
- 7- The Nomination & Remuneration Committee shall receive and examine the curricula vitae of the candidates for membership of the Board, and disclose these curricula vitae to investors at the time of election, in a way that enables investing shareholders to judge the efficiency and competence of candidates for membership of the Board.
- 8- It is the responsibility of the committee, when examining the submitted nomination applications, to interview the candidates and assess their qualifications and skills, and in this respect, the committee shall develop a record containing the information of the candidates based on their qualifications and skills.

#### **Article (3): Principles of honesty and loyalty**

Each Board Member shall abide by the principles of honesty, loyalty, care and attention to the interests of the Company and the shareholders and to give them precedence over his own interests. In particular, the following shall be included:

- 1- Honesty: The relationship of the Board Member with the Company shall be honest and professional, and he shall disclose to it any influential information before carrying out any transaction or contract with the Company or one of its subsidiaries.
- 2- Loyalty: The Board Member shall avoid transactions involving a conflict of interest, while verifying the fairness of the transaction and taking into account the provisions of the conflict of interest in accordance with the relevant regulations and the bylaws of the Company.
- 3- Care and attention through the performance of the duties and responsibilities contained in the Companies Law, the Capital Market Law and their executive regulations, the Company's Bylaws and other relevant regulations.

#### **Article (4): Conditions of Membership in the Board of Directors**

The Board Member shall be of professional competence with the necessary experience, knowledge, skill and independence, in order to enable him to perform his duties efficiently. In particular, he shall have as follows:

- 1- Leadership ability: To have the leadership skills that empower him to grant powers, which encourages performance and best practices in effective management and adherence to professional values and ethics.

- 2- He shall be characterized by honesty, integrity, good reputation and justice, and he shall have never been convicted of committing any crime that breaches honor or trust within the Kingdom or abroad.
- 3- Competence: by having the appropriate educational qualifications, professional and personal skills, level of training and practical experience relevant to the current and future Company activities, familiarity with management, economics, accounting, law or governance as well as the desire to learn and be trained.
- 4- The ability to give directions by having the technical, leadership and administrative capabilities, speed in decision-making, understanding the technical requirements related to the work progress, and being able to provide strategic guidance, planning and a clear future vision.
- 5- Financial knowledge by being able to read and understand financial statements and reports.
- 6- Health fitness: To have no health impediment that prevent him from exercising his duties and responsibilities.

The General Assembly shall, upon electing the members of the Board of Directors, take into account the recommendations of the Nomination & Remuneration Committee and the availability of the personal and professional elements required for the effective performance of their duties in accordance with the provisions of this Article.

#### **Article (5): Procedures of Nomination to the Membership of the Board of Directors**

- 1- Each shareholder shall be entitled to nominate himself or one or more other persons for board membership, within the limits of his share in the capital.
- 2- The Nomination & Remuneration Committee shall coordinate with the executive management of the Company to announce the launch of the nomination for membership of the Board of Directors of the Company, at least sixty (60) days before the end of the Board's session and in light of the requirements required by the regulations and laws.
- 3- The announcement of the nomination shall be published on the website of the Capital Market (Tadawul), and in any other means specified by the Authority, to invite persons who want to nominate for membership of the Board of Directors, provided that the nomination remains open for at least one month from the date of the announcement.
- 4- The Nomination & Remuneration Committee shall submit its recommendations to the Board of Directors, regarding nomination for membership of the Board, in accordance with the standards clarified in this policy.
- 5- Those who want to nominate for membership of the Company's Board of Directors shall disclose their desire to be nominated, under a notice to be submitted to the Company's management, in accordance with the identified periods and dates, according to this policy and the applicable laws and regulations. This notice shall include an introduction to the candidate in Arabic, in terms of his CV, qualifications, and practical experience. The Company shall be provided with all supporting documents such as (ID card, family card, passport for non-Saudis nominated for membership of the Board and any other relevant documents required by the Company to meet the legal requirements).
- 6- A candidate for membership of the Board shall disclose to the Board and to the General Assembly any cases of conflict of interest, including:



- A. There shall be a direct or indirect interest in the business and contracts made for the account of the Company he wishes to be nominated for membership of its Board of Directors.
  - B. Engaging in a business that would compete with the company, or with one of the activities carried out by it.
- 7- Applicants for membership of the Board shall fill out the form(s) specified by the Capital Market Authority, which can be obtained through the website of the Capital Market Authority.
- 8- A candidate who has previously been a member of the Board of Directors of a joint stock company shall attach a statement of the number and dates of the boards of directors of the companies in which he was a member.
- 9- A candidate who has previously been a member of the Board of Directors of the Company shall attach to the nomination notice a statement from the Company's management, regarding the last session in which he was a member of the Board, including the following information:
- A. Number of board meetings that took place during each year of the session.
  - B. Number of meetings attended by the member in person, and the percentage of his attendance of the whole meetings.
  - C. The standing committees in which the member participated, the number of meetings held by each of such committees during each year of the session, the number of meetings attended, and the percentage of his attendance to the total meetings.
- 10- Membership description shall be clarified when nominating, i.e. whether the member is an executive, a non-executive, or an independent member.
- 11- The nature of the membership shall be mentioned, i.e. whether the member is a candidate in his personal capacity or a representative of a legal person.
- 12- The Nomination & Remuneration Committee shall coordinate with the Executive Management to finalize the statutory requirements and provide the competent statutory bodies with all the required documents.
- 13- The selection of the members of the Board of Directors shall be voted on through the cumulative voting method.

Voting in the General Assembly shall be limited to those who have nominated themselves in accordance with the aforementioned policies, standards and procedures.

#### **Article (6): Expiration of Board Membership and Vacation of a Position**

- 1- The membership of the Board shall expire upon the expiry of its period, its resignation, or the expiry of the member's membership period, in accordance with any law or instructions applicable in the Kingdom of Saudi Arabia. The General Assembly may (upon the recommendation of the Board of Directors) terminate the membership of a member who is absent from (three) consecutive meetings or (five) separate meetings during the period of his membership, without a legitimate excuse deemed by the Board of Directors to be reasonable. However, the Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors. In this case, the Ordinary General Assembly shall elect a new Board



of Directors or whoever replaces the dismissed member, as the case may be, in accordance with the provisions of the Companies Law.

- 2- If the position of one of the Board Members becomes vacant due to the death or retirement of him, and this vacancy does not result in a breach of the conditions necessary for the validity of the Board's meeting due to the lack of the number of its members below the quorum, the Board may appoint a temporary experienced and competent member in the vacant position. The Board shall also inform the Commercial Register and the Capital Market Authority, within fifteen (15) working days from the appointment date, and such appointment shall be presented to the Ordinary General Assembly at its first meeting. The appointed member shall then complete the period of the previous member.

#### **Article (7): General Conditions (Publication, Enforcement and Modification)**

This policy shall be applied and adhered to by the Company as of the date of being approved by the General Assembly. This policy shall be published on the Company's website to enable shareholders, the public and stakeholders to view it. The contents of this policy shall be amended, as applicable, upon the recommendation of the Board of Directors, provided that any proposed amendment thereto shall be submitted to the General Assembly, at its earliest meeting, for approval thereof.

---

**End of Document**