



The highlighted changes that occurred in the Regulations for the Criteria for Board Membership



Criteria for Board Membership

Updated Policy

أبرز التغييرات التي طرأت على لائحة سياسات ومعايير العضوية لمجلس الإدارة The highlighted changes that occurred in the Regulations for the Criteria for Board Membership		
المواد المعدلة	المواد السابقة	
1	-	إضافة جدول التحقق من صحة السياسة والاعتماد النهائي Addition of Verification and sign off table
2	-	إضافة مصفوفة الصلاحيات الخاصة باعتماد المستند Addition of Authority matrix table for approval process
3	المادة الثانية : أ- يُحدد نظام الشركة الأساس عدد أعضاء مجلس الإدارة بتسعة أعضاء, وعمومًا لا يقل عدد أعضاء المجلس عن ثلاثة ولا يزيد عن أحد عشر. The Company's bylaws shall specify the number of the Board members, provided that such number shall not be less than three and not more than ب- تنتخب الجمعية العامة أعضاء مجلس الإدارة للمدة المنصوص عليها في نظام الشركة الأساس بشرط ألا تتجاوز ثلاث سنوات. ويجوز إعادة انتخابهم ما لم ينص نظام الشركة الأساس على غير ذلك The General Assembly shall elect members of the Board of Directors for the period stipulated in the Company's Bylaws, provided that it does not exceed three (3) years. They may be re-elected, unless the Company's Bylaws state otherwise. تم حذف فقرة : ألا يقل عمر المرشح عن (35) سنة. Deleted condition of 35YO for candidates	المادة الثانية: أ- يحدد النظام الأساس للشركة عدد أعضاء مجلس الإدارة، بحيث لا يقل عددهم عن ثلاثة أعضاء. The Company's bylaws shall specify the number of the Board members, provided that such number shall not be less than three. ب- تنتخب الجمعية العامة أعضاء مجلس الإدارة للمدة المنصوص عليها في لائحة الشركة بشرط ألا تزيد على أربع (4) سنوات. يجوز إعادة انتخابهم بغض النظر عن عدد المرات التي يتم انتخابهم فيها، ما لم تنص اللائحة الداخلية للشركة على خلاف ذلك. The General Assembly shall elect members of the Board of Directors for the period stipulated in the Company's Bylaws, provided that it does not exceed four (4) years. They may be re-elected irrespective of the number of times they get elected for, unless the Company's Bylaws state otherwise. إضافة الفقرة التالية: يجب على الشركة إخطار الهيئة بأسماء أعضاء مجلس الإدارة ووصف عضويتهم خلال خمسة أيام عمل من تاريخ بدء دورة المجلس أو من تاريخ تعيينهم، أيهما أقصر، وكذلك أي تغييرات قد تؤثر على عضويتهم في غضون خمسة أيام عمل من حدوث هذه التغييرات.

	<p>Addition of point 3</p> <p>The Company shall notify the Authority of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes.</p>	
<p>تم حذف المادة 3: الشخص المعنوي</p> <p>Deleted "Legal person"</p>	-	4
-	<p>إضافة مُدة العضوية</p> <p>أ. لا تزيد مدة مجلس الإدارة عن 4 سنوات، ما لم ينص النظام الأساس للشركة على مدة أقصر، تنتهي العضوية في المجلس في نهاية مدته. ويمكن إعادة تعيين أعضاء اللجنة بعد انتهاء مدة عضويتهم من خلال إتباع إجراءات التعيين المنصوص عليها في الفقرة 7 أدناه.</p> <p>Addition of Membership term</p> <p>The term of the board of directors shall not exceed 4 years, unless the bylaws state shorter period. Membership of the Board shall expire at the end of its term. Members can be reappointed upon expiry of their term by following the appointment procedure stipulated below in Section 7</p>	5
-	<p>تم الاضافة في فقرة إجراءات اختيار أعضاء مجلس الإدارة</p> <p>أ. يتم إغلاق باب الترشيح لعضوية مجلس الإدارة حسب المدة المحددة في الإعلان لفتح باب الترشيح.</p>	6

	<p>ب. يجب على الشركة إخطار الهيئة بأسماء أعضاء مجلس الإدارة ووصف عضويتهم خلال خمسة (5) أيام عمل من بداية دورة مجلس الإدارة أو من تاريخ تعيينهم - أيهما أقرب. - وأي تغييرات على عضويتهم خلال خمسة (5) أيام عمل من تاريخ التغييرات.</p> <p>Points added:</p> <p>Nominations for membership in the Board of Directors are closed depending on the period specified by the announcement to open the nomination.</p> <p>The Company shall notify the authority of the names of the members of the Board of Directors and their membership descriptions within five (5) working days from the start of the term of the Board of Directors or from the date of their appointment - whichever is sooner - and any changes to their membership within five (5) working days of the date of the changes.</p>	
-	<p>اضافة فقرة مكافآت الأعضاء</p> <p>أ. يتعين أن تتضمن سياسة المكافآت الخاصة بأعضاء مجلس الإدارة العناصر التالية:</p> <ul style="list-style-type: none"> ○ أتعاب ثابتة نظير العضوية في المجلس. ○ بدل حضور اجتماعات المجلس. ○ تعويض عن النفقات الفعلية التي تكبدها لحضور اجتماعات المجلس متضمنة نفقات السفر والإقامة. <p>ب. يجب دفع الأتعاب والتعويضات المذكورة أعلاه وفقاً لسياسة المكافآت المعتمدة من قبل الجمعية العامة بناء على توصية لجنة الترشيحات والمكافآت.</p> <p>ج. يتم الإفصاح عن تفاصيل المكافآت والأتعاب والمصاريف الأخرى لأعضاء مجلس الإدارة في تقرير مجلس الإدارة والذي يتم تقديمه في اجتماع الجمعية العامة.</p> <p>Addition of point "Members remuneration"</p>	7

	<p>The remuneration of the Board members shall include the following components:</p> <ul style="list-style-type: none"> ○ Fixed fee for membership in the Board. ○ Sitting fees for attending Board meetings. ○ Reimbursement for actual expenses incurred to attend Board meetings, including travelling and accommodation expenses. <p>a. The above fees and reimbursements shall be paid in accordance with the Board's remuneration Policy approved by the General Assembly based on the recommendation of the Nomination and Remuneration Committee.</p> <p>b. The details of remunerations and other payments made to the Board members shall be disclosed in the Board of Directors' report presented to the General Assembly Meeting.</p>	
	<p>التعديل و الإضافة في مادة إنهاء العضوية</p> <p>في حال شغور أحد مقاعد مجلس الإدارة خلال مدة المجلس بسبب استقالة أو إقالة أو خلاف ذلك (مثل الوفاة والإدانة القانونية والعجز والإفلاس، وغيرها)، وإذا كان الحد الأدنى لعدد الأعضاء المطلوب لصحة اجتماعات مجلس الإدارة كما هو منصوص عليه في النظام الأساس للشركة لا يتأثر بهذا المقعد الشاغر، للمجلس الحق في ملء هذا الشغور مع عرض هذا التعيين على الجمعية العمومية في أول اجتماع لها للنظر فيه. يجب الإبلاغ عن التعيين إلى الهيئات التنظيمية المختصة مثل هيئة السوق المالية، وما إلى ذلك، في غضون 15 يومًا من تاريخ هذا التعيين، وسوف يعتبر هذا تعيينًا مؤقتًا لعضو جديد شريطة أن يتم تقديم هذا التعيين في الاجتماع الأول للجمعية العامة للمصادقة.</p> <p>تقتصر مدة العضو الجديد في مجلس الإدارة على المدة المتبقية لسلفه. وعلى أي حال، تنتهي مدة العضو بانتهاء مدة عضوية مجلس الإدارة الحالي.</p>	8

	<p>إذا كان عدد أعضاء مجلس الإدارة أقل من النصاب القانوني اللازم لصحة اجتماعاته أو كان أقل من الحد الأدنى لعدد الأعضاء وفقًا للاتحة الشركة، فيجب دعوة الجمعية العامة في غضون 60 يومًا لتعيين العدد اللازم من الأعضاء.</p> <p>يجوز للجمعية العامة بناءً على توصية مجلس الإدارة إنهاء عضوية أي عضو يتخلف عن حضور ثلاثة اجتماعات متتالية أو خمسة اجتماعات غير متتالية خلال فترة عضويته دون عذر يقبله مجلس الإدارة.</p> <p>Amendment and addition in Termination of Membership point:</p> <p>If, during the term, a Board position becomes vacant due to the resignation, removal, or otherwise (e.g., death, legal conviction, disability, bankruptcy etc.) of a Director and if the minimum number of members required for the validity of board meetings as stipulated in the company's bylaw is not affected by such vacancy, the Board has the right to fill the vacancy, subjecting this appointment to the General Assembly at its first meeting for consideration. The appointment shall be reported to any competent regulatory body such as CMA, etc. The appointment will be considered a temporary assignment of a new member provided that such assignment must be presented at the first meeting of the General Assembly for approval.</p> <ol style="list-style-type: none"> The term of the new member shall be limited to the remaining term of the predecessor. In any case, the term of the member shall expire with expiry of the term of the current Board. If the number of members of the Board of Directors falls short of the quorum necessary for the validity of its meetings or below the minimum number of members as per the Company's Bylaws, the General Assembly shall be invited within 60 days to appoint the necessary number of members.
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	<p>c. The general assembly may, upon the recommendation of the board of directors, terminate the membership of any member who fails to attend three consecutive meetings or five non-consecutive meetings during the course of his membership without an excuse acceptable to the board.</p>	
-	<p>1. إضافة فقرة الإرشاد والتوجيه</p> <p>أ. يشرف رئيس مجلس الإدارة على البرنامج التوجيهي للأعضاء الجدد بمساعدة أمين سر مجلس الإدارة والإدارة التنفيذية على أن يشمل البرنامج ما يلي:</p> <ul style="list-style-type: none"> ○ استراتيجيات الشركة وأهدافها المستقبلية. ○ الهيكل التنظيمي للشركة ودور ومسؤوليات كل إدارة. ○ الجوانب المالية والتشغيلية لأنشطة الشركة. ○ التزامات أعضاء المجلس وواجباتهم ومسؤولياتهم وحقوقهم. ○ وظائف لجان مجلس الإدارة وموائق العمل لكل منها. <p>ب. يقوم مجلس الإدارة، بناءً على توصية لجنة الترشيحات والمكافآت، بتحديد برنامج التطوير المستمر لأعضائه. وذلك بناءً على المراجعة السنوية للمهارات والقدرات المطلوبة، بعد تحديد نقاط الضعف والقوة في مجلس الإدارة، ومع مراعاة المتغيرات في بيئة السوق الخارجية والقضايا والمسائل المعاصرة والتطورات الاقتصادية.</p> <p>ج. يتولى أمين سر المجلس تنسيق البرامج التدريبية المعتمدة لأعضاء مجلس الإدارة مع إدارة العاملين والثقافة (الموارد البشرية). في ضوء ذلك، يتضمن البرنامج التعريفي لأعضاء الشركة الجدد ما يلي:</p> <ul style="list-style-type: none"> ○ إعداد ملف يحتوي على الوثائق والمستندات الضرورية التي يجب الوصول إليها والنظر فيها. وتشمل على سبيل المثال (لوائح الشركة، والتقرير 	9

	<p>السنوي عن العامين الماضيين، وبعض اللوائح الداخلية مثل لوائح الحوكمة التي تتضمن واجبات والتزامات ومسؤوليات واختصاصات أعضاء مجلس الإدارة واللجان).</p> <ul style="list-style-type: none"> ○ تقوم الإدارة التنفيذية بإعداد تعريف شامل وتقديمه للعضو الجديد حول خطط الشركة واستراتيجيتها والجوانب المالية والتشغيلية لأنشطة الشركة وعمليات الشركات التابعة وجميع الأنشطة ذات الصلة بالشركة. ○ التنسيق للترتيب لزيارة الشركة وأقسامها والتعرف على نشاطها وعملها على أرض الواقع. 	
	<p>2. اضافة فقرة تقييم الأداء</p> <p>أ. يقوم مجلس الإدارة بناءً على اقتراح من لجنة المكافآت والترشيدات، بوضع آليات تقييم الأداء السنوي.</p> <p>ب. يجب أن تتم عملية تقييم الأداء كتابة وأن تكون واضحة ويتم الإفصاح عنها للأطراف الخاضعة للتقييم لضمان فاعلية عمل مجلس الإدارة وأعضاء مجلس الإدارة واللجان المنبثقة عنه والإدارة التنفيذية.</p> <p>ج. يجب أن يتم تقييم الأداء مقابل (على سبيل المثال لا الحصر) مؤشرات الأداء الرئيسية المرتبطة بالأهداف الاستراتيجية للشركة، وجودة إدارة المخاطر، وكفاءة أنظمة الرقابة الداخلية والأنشطة ذات الصلة. يجب أن تتضمن التقييمات أيضًا تقييمًا لنقاط القوة والضعف، والأساليب المقابلة لمعالجة نقاط الضعف.</p> <p>د. يجب أن يأخذ التقييم الفردي لأعضاء مجلس الإدارة بعين الاعتبار مدى المشاركة الفعالة للعضو والتزامه بأداء واجباته ومسؤولياته، ومساهمته الإجمالية في الشركة بما في ذلك التركيز على المجالات التي يعتقد مجلس الإدارة أو الإدارة أن مجلس الإدارة قادر على تحسين فعاليتها، بما في ذلك حضور اجتماعات مجلس الإدارة ولجانه وتخصيص الوقت الكافي لها.</p>	10

	<p>Addition of Performance Evaluation</p> <ol style="list-style-type: none"> a. The Board shall develop, based on a proposal of the Remuneration and Nomination Committee, the mechanisms for annual performance evaluations. b. The performance evaluation shall be in writing, clear and disclosed to the parties under evaluation to ensure the effective functioning of the Board, Board members, Committees and Executive Management. c. The performance evaluation shall test against (and not be limited to) key performance indicators linked the strategic objectives of the Company, the quality of risk management, the efficiency of the internal control systems and relevant activities. Evaluations shall also entail an assessment of the strengths and weaknesses, and the corresponding methods to address weaknesses. d. The individual assessment of Board members shall consider the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, and overall contribution to Company including focusing on areas in which the Board or management believes that the Board could improve its effectiveness, including attending the Board and its Committee meetings and dedicating adequate time thereof. 	
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<p>تم حذف الأمثلة المذكورة على سبيل المثال Examples deleted</p>	<p>3. تم الأختصار في المسائل التي تؤثر على الاستقلالية ببنتين</p> <p>أ. يجب أن يكون عضو مجلس الإدارة المستقل قادرًا على ممارسة مهامه والتعبير عن رأيه والتصويت على القرارات بموضوعية وحيادية، ومن ثم، تعيين مجلس الإدارة لاتخاذ القرارات الصحيحة التي تساهم في مصالح الشركة.</p> <p>ب. يجب على مجلس الإدارة إجراء تقييم سنوي لمدى تحقق استقلالية الأعضاء، على النحو المنصوص عليه في قواعد حوكمة الشركات المعمول بها والصادرة من هيئة السوق المالية، والتأكد من عدم وجود علاقات أو ظروف تؤثر أو قد تؤثر على الاستقلالية.</p> <p>Issues Affecting Independence shortening to two points:</p> <ol style="list-style-type: none"> An independent Board member must be able to exercise his or her duties, express his or her views and vote on decisions objectively and impartially, thereby appointing the Board of Directors to make the right decisions that contribute to the interests of the Company. The Board of Directors should make an annual assessment of the extent to which the members' independence, as mandated by the applicable CMA Corporate Governance Rules, have been achieved and ensure that there are no relationships or circumstances that affect or may affect the independence. 	<p>11</p>
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Criteria for Board Membership

Updated Policy



Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO)

Criteria for Board Membership

ORIGINAL RELEASE CONTROL SHEET

Version number: 2

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VERIFICATION AND SIGN-OFF

Board of Directors Sign Off

This is to assure that this "Criteria for Board Membership" version, have been approved by Assembly Meeting on the date mentioned above, by means of "way of approval, resolution, email, etc."

	Name	sign	Date
BoD Secretary			
Governance Department			

Document Retention, Revision and Disposal

Criteria for Board Membership shall be retained by the Governance Department & board secretary, in the original form and in any secure form. shall periodically (Annually) review and update the document if required. A Release Control Sheet and a Revision Control Sheet shall also be prepared on each occasion of release / revision.

DOCUMENT HISTORY

Version Number	Effective Date	Brief Description of Revision	Approved By	Signature and Date
1		Version: 1		
2		Version: 2		
3		Version: 3		
4		Version: 4		

Document Roles and Responsibilities / Authority Matrix

This table highlights the roles and responsibilities specifically related to the formation of this document including who is responsible for the preparation, review, endorsement and final approval of the document.

Stakeholders	Prepare/ Update/ Amend	Review	Recommend	Endorse	Approve	Publish
Governance, Legal, and Compliance Team / Board Secretary	YES					YES
Executive Director of Governance, Legal, and Compliance		YES				
Governance & Risk committee			Yes			
Board of Director				YES		
General Assembly					YES	

Contents

1.	Composition of the Board of Directors	6
2.	Appointment of Board Members	6
3.	Membership Term.....	6
4.	Terms and Criteria for Board Members	6
5.	Board Membership Conditions	7
6.	Process for Selecting Board Members	7
7.	Requirements for Nomination to the Board of Directors.....	8
8.	Members' Remuneration	8
9.	Termination of Membership	9
10.	Induction and Orientation.....	9
11.	Performance Evaluation.....	10
12.	Issues Affecting Independence	10

1. Composition of the Board of Directors

The composition of the Board of Directors shall take into account the following:

- a. The number of its members is proportional to the size of the Company and the nature of its activities.
- b. The majority of the Board members shall be non-executive members.
- c. The number of its independent members shall not be less than two members or one-third of the members of the Board, whichever is higher.

2. Appointment of Board Members

- a. The Company's bylaws shall specify the number of the Board members, provided that such number shall not be less than three.
- b. The General Assembly shall elect members of the Board of Directors for the period stipulated in the Company's Bylaws, provided that it does not exceed four (4) years. They may be re-elected irrespective of the number of times they get elected for, unless the Company's Bylaws state otherwise.
- c. A Board member shall not be a member of the Boards of Directors of more than five listed joint stock companies at the same time.
- d. The Company shall notify the Authority of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes.

3. Membership Term

- a. The term of the board of directors shall not exceed 4 years, unless the bylaws state shorter period. Membership of the Board shall expire at the end of its term. Members can be reappointed upon expiry of their term by following the appointment procedure stipulated below in Section 7

4. Terms and Criteria for Board Members

- a. A member shall not be a member of the Board of Directors for more than five (5) listed joint stock companies at the same time.
- b. A member shall not be a member of the Board of Directors of a competing joint stock Company nor a company that operates in the same field as the main Company's business except with the approval of the General Assembly.
- c. The candidate has not previously been sentenced for a crime against honour or honesty.
- d. The candidate has not already been sentenced to bankruptcy.
- e. A member shall not be a member of the Board of Directors of a joint stock Company that has been placed in receivership or forcibly liquidated during his term of membership.
- f. No judicial decision has been handed down against him or any Company in which he served as a board member at the time of the offence for fraud, violation of corporate regulations or money laundering.

- g. The candidate has not previously received a judgement declaring them unfit to serve on a company's board of directors or to supervise the management of any company.
- h. The candidate has not previously refused to accept or renew his membership in any professional body, institution, association or financial market anywhere, or has not previously been subject to restricted and disciplinary measures or whose membership has been withdrawn from anybody to which he belongs or from a financial market.

5. Board Membership Conditions

A member of the Board of Directors must be professional with the necessary experience, knowledge, skill and independence, enabling him to carry out his duties efficiently and competently, while taking into account in particular the following:

- a. Leadership: With leadership skills that qualify him to grant powers, stimulating performance, applying best practices in effective management and adhering to professional values and ethics.
- b. Competence: With the appropriate scientific qualifications, professional skills, personality, level of training, practical expertise related to the Company's operational and financial objectives, plans and policies, the Company's current and future activities, management, economy, accounting, law or governance, as well as a desire for learning and training.
- c. Ability to guide: with technical, leadership, management and decision-making capabilities, understanding technical requirements for workflow, and being able to strategically guide, plan and see a clear future.
- d. Financial knowledge: By being able to understand the results of the Company's operations and business sectors, and the ability to read and understand financial statements and reports.
- e. Health fitness: By not having a health barrier that prevents him from exercising his duties and specialties.

When electing Board members, the General Assembly must take into account the recommendations of the Nominations and Remuneration Committee and the availability of the personal and professional components necessary to perform their functions effectively.

6. Process for Selecting Board Members

- a. The Company shall, before a sufficient period of time prior to the expiration of the Board's term, announce the opening of nominations to the Board of Directors on the recommendation of the Nominations and Remuneration Committee as approved by the Board of Directors.
- b. The above announcement must be made in accordance with the requirements of Companies Law and the CMA's Corporate Governance Regulations and Implementing Regulation of the Companies Law which issued by CMA.
- c. Nomination for the Board are submitted for the attention of the "Nominations and Remuneration Committee".
- d. The candidate is eligible for the Board of Directors when he or she is appointed by the General Assembly, depending on the votes granted to the candidate.
- e. Nominations for membership in the Board of Directors are closed depending on the period specified by the announcement to open the nomination.

- f. All procedures are followed up and verified by the Secretary of the Board of Directors and the Nominations and Remuneration Committee.
- g. The Company shall notify the authority of the names of the members of the Board of Directors and their membership descriptions within five (5) working days from the start of the term of the Board of Directors or from the date of their appointment - whichever is sooner - and any changes to their membership within five (5) working days of the date of the changes.

7. Requirements for Nomination to the Board of Directors

- a. Providing a signed notification from the candidate to run the Company includes a definition of him in terms of his CV, qualifications and experience in the Company's business, attaching a clear picture of the identity of the candidate and clarifying the means of contacting the candidate.
- b. A candidate who has previously served on the Board of Directors of a joint stock Company must indicate the number and history of the boards of directors of companies that he or she currently or previously has been a member of.
- c. A statement of companies or institutions that he co-manages or owns and conducts business similar to that of the Company.
- d. If the candidate has previously served on the Board of Directors of SPIMACO he or she must attach to the nomination a statement from the Company's management about the last session in which he has served on the Board, including the following information:
 - o The number of board meetings that took place during each of the session years, the number of meetings attended by the member as original and the percentage of his attendance at the total meetings.
 - o The standing committees in which the member participated, the number of meetings held by each of those committees during each of the session years, the number of meetings he attended and the ratio of his attendance to the total meetings.
 - o Summary of the Company's financial results during each year of the session.
- e. Fill out and attach any required form mandated by any competent regulatory body (e.g. CMA's form number 3).
- f. Candidates applying for the Board shall be voted for in the General Assembly in accordance with the criteria and procedures contained in this list and after the competent authorities have approved their applications.

8. Members' Remuneration

- a. The remuneration of the Board members shall include the following components:
 - o Fixed fee for membership in the Board.
 - o Sitting fees for attending Board meetings.
 - o Reimbursement for actual expenses incurred to attend Board meetings, including travelling and accommodation expenses.

- b. The above fees and reimbursements shall be paid in accordance with the Board's remuneration Policy approved by the General Assembly based on the recommendation of the Nomination and Remuneration Committee.
- c. The details of remunerations and other payments made to the Board members shall be disclosed in the Board of Directors' report presented to the General Assembly Meeting.

9. Termination of Membership

- a. The General Assembly may dismiss the member(s) of the Board or one of them before the end of its term.
- b. Any member of the Board may resign by giving written notice to the Chairman of the Board. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.
- c. If, during the term, a Board position becomes vacant due to the resignation, removal, or otherwise (e.g., death, legal conviction, disability, bankruptcy etc.) of a Director and if the minimum number of members required for the validity of board meetings as stipulated in the company's bylaw is not affected by such vacancy, the Board has the right to fill the vacancy, subjecting this appointment to the General Assembly at its first meeting for consideration. The appointment shall be reported to any competent regulatory body such as CMA, etc. The appointment will be considered a temporary assignment of a new member provided that such assignment must be presented at the first meeting of the General Assembly for approval.
- d. The term of the new member shall be limited to the remaining term of the predecessor. In any case, the term of the member shall expire with expiry of the term of the current Board.
- e. If the number of members of the Board of Directors falls short of the quorum necessary for the validity of its meetings or below the minimum number of members as per the Company's Bylaws, the General Assembly shall be invited within 60 days to appoint the necessary number of members.
- f. The general assembly may, upon the recommendation of the board of directors, terminate the membership of any member who fails to attend three consecutive meetings or five non-consecutive meetings during the course of his membership without an excuse acceptable to the board.

10. Induction and Orientation

- a. The Chairman supervises the orientation program for new members with the assistance of the Board Secretary, and the Executive Management provided that the program includes the following:
 - o The Company's strategy and future objectives.
 - o The organizational structure of the Company and the role and responsibilities of each Department.
 - o The financial and operational aspects of the Company.
 - o The obligations of the Board members and their role, responsibilities, and rights.
 - o The functions of the Board's Committees and their charters.

- b. The Board, upon recommendation of the Nomination and Remuneration Committee, defines the continuous development program for its members. This will be based on the annual review of the required skills and abilities, after identifying weaknesses and strengths of the Board, and taking into consideration the changes in the external market environment and the contemporary issues and economic developments.
- c. The Board Secretary shall coordinate the approved training programs for the Board members with the People and Culture (Human Resources) Department. In light of this, the Company's new member induction program includes the following:
 - Preparing a file that contains the necessary documents that need to be accessed and considered. These include, for example (the Company's Bylaws, the annual report for the past two years, some internal regulations such as the Governance Regulations which include the duties, obligations, responsibilities and terms of reference of the Board members and Committees);
 - Providing a comprehensive introduction by the Executive Management to the new member about Company's plans and strategy, financial and operational aspects of the Company's activities, Subsidiaries' operations, and all related activities of the Company; and
 - Coordinating to arrange a visit to the Company and its business divisions and to identify its activity and work on the ground.

11. Performance Evaluation

- a. The Board shall develop, based on a proposal of the Remuneration and Nomination Committee, the mechanisms for annual performance evaluations.
- b. The performance evaluation shall be in writing, clear and disclosed to the parties under evaluation to ensure the effective functioning of the Board, Board members, Committees and Executive Management.
- c. The performance evaluation shall test against (and not be limited to) key performance indicators linked the strategic objectives of the Company, the quality of risk management, the efficiency of the internal control systems and relevant activities. Evaluations shall also entail an assessment of the strengths and weaknesses, and the corresponding methods to address weaknesses.
- d. The individual assessment of Board members shall consider the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, and overall contribution to Company including focusing on areas in which the Board or management believes that the Board could improve its effectiveness, including attending the Board and its Committee meetings and dedicating adequate time thereof.

12. Issues Affecting Independence

- a. An independent Board member must be able to exercise his or her duties, express his or her views and vote on decisions objectively and impartially, thereby appointing the Board of Directors to make the right decisions that contribute to the interests of the Company.

- b. The Board of Directors should make an annual assessment of the extent to which the members' independence, as mandated by the applicable CMA Corporate Governance Rules, have been achieved and ensure that there are no relationships or circumstances that affect or may affect the independence.