

## Appendix 12

### Board Membership Policy

## 1. Purpose

This Policy has been prepared in accordance with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority Board, which stipulate that the duties and responsibilities of the Board of Directors shall include: "setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly."

## 2. Board Nomination Conditions

To stand for the Board membership, Nominees shall meet the following requirements:

2-1 Nominees shall not have been previously convicted of a crime involving dishonesty or breach of trust, shall not be insolvent or bankrupt, and shall not be deemed unfit for Board membership pursuant to any applicable laws or regulations in the Kingdom of Saudi Arabia.

2-2 Nominees shall not be members for more than five joint-stock companies listed the capital market, at the same time.

2-3 Nominees shall not be employed by any entity engaged in activities that compete with those of the Company, nor be a partner, shareholder, or have a direct or indirect interest in any legal entity that may be considered a competitor of the Company, or engage in any activity that may give rise to a conflict of interest.

2-4 Nominees shall not have been subject to a final disciplinary penalty resulting in removal from an executive position, board membership, or committee membership of any company, due to gross negligence, material professional misconduct, or persistent failure to perform duties, including failure to attend meetings without a valid excuse.

2-5 Nominees shall be knowledgeable in the principles of corporate governance, which specifically include:

- a. **Commitment to transparency and disclosure:** This includes understanding the importance of accurate and continuous disclosure of material information, and both financial and non-financial reports.
- b. **Protection of shareholders' and stakeholders' rights:** This includes familiarity with mechanisms that ensure shareholders can exercise their rights and that all stakeholders are treated fairly.
- c. **Sustainability and social responsibility:** This includes the importance of integrating Environmental, Social, and Governance (ESG) considerations into the Company's strategy and operations.

2-6 He/she is required to be professionally capable and has the required experience, knowledge, skill and independence, which enable him/her to perform his/her duties efficiently. He/she shall have the following qualifications in particular:

- a. **Ability to lead:** He/she shall enjoy leadership skills which enable him/her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values.
- b. **Competency:** He/she shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training.

- c. **Ability to guide:** He/she shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. He/she shall also be able to provide strategic guidance and long-term planning and have a clear future vision.
- d. **Financial knowledge:** He/she shall have the ability to read and understand financial statements and reports.
- e. **Physical fitness:** He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities
- f. And the General Assembly shall take into account, when electing members to the Board, the recommendations of the nomination committee and the availability of the personal and professional capabilities required to perform their duties effectively pursuant to this Article

2-7 Independent Director shall enjoy complete independence in his/her position and decisions and none of the independence affecting issues stipulated in Corporate Governance Regulations, which specifically include:

- a. if he/she holds five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
- b. if he/she is a relative of any member of the Board of the Company, or any other company within the Company's group.
- c. if he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's group.
- d. if he/she is a Board member of any company within the group of the Company for which he/she is nominated to be a Board member.
- e. if he/she is an employee or used to be an employee, during the preceding two years, of the Company or a company within its group, or if he/she held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or main suppliers during the preceding two years.
- f. if the member of the Board receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of ( 200,000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less.
- g. if he/she engages in a business where he competes with the Company, or conducting businesses in any of the company's activities.
- h. if he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.

2-8 The number of Independent Directors shall not be less than two members or one-third of the Board members, whichever is greater.

2-9 He/she shall perform his duties as a representative of all shareholders, committed to serving the interests of the Company as a whole, without bias or consideration for the interests of any particular group of shareholders, including those who nominated or voted for his appointment.

### 3. Nomination Procedures for Board Membership

- 3-1 Nomination and Remuneration Committee shall coordinate with the executive management of the Company to announce the opening of nomination period for the Board of Directors membership, in accordance with the Companies Law, Corporate Governance Regulation and the Authority's instructions through an announcement on the Company's website and the Saudi Stock Exchange (Tadawul).
- 3-2 The announcement shall specify the commencement and termination dates of the nomination term, which shall not be less than one month prior to the date of the General Assembly meeting.
- 3-3 Each shareholder is entitled to nominate himself/herself or one or more other persons for the Board membership.
- 3-4 Any person wishing to nominate himself/herself for membership in the Board of Directors shall submit a notice to the Company's management within the terms and timelines specified in the applicable laws, regulations, circulars, and relevant resolutions. The notice shall include a profile of the nominee in both Arabic and English, detailing his/her resume, qualifications, and professional experience.
- 3-5 Whoever wishes to nominate himself/herself to the Board membership shall disclose to the Board and the General Assembly any cases of conflicts of interest, including:
- Having a direct or indirect interest in the business executed and contracts drawn up for the company.
  - His/her participation in any business that would compete with the Company or one of the branches of the activity the Company is engaged in.
- 3-6 Nominees for Board membership shall submit the required documents to the Company within the announced nomination period, which shall include the following:
- A signed acknowledgment by Nominees confirming that he/she meets all the conditions and criteria for membership as set out in this Policy, and acknowledging that if proven otherwise, the Company has the right to disqualify his nomination application.
  - A completed nomination form issued by the Capital Market Authority for Board membership.
  - Any other documents requested by the Company that are relevant to the nomination application, aimed at verifying the accuracy and validity of the information and data provided by Nominees, or to fulfill regulatory requirements.
- 3-7 A nominee who has previously held a board membership shall enclose, with the nomination notice, a statement from the Company's management on the last term wherein a nominee served as a board member, including the following information:
- The number of Board meetings held during each year of the term.
  - The number of meetings attended by the member, in person, and the percentage of his/her attendance of the total meetings.

3. Standing committees wherein the member participated, the number of meetings held by each of such committees wherein the member participated, the number of meetings he/she attended, and the percentage of his/her attendance to the total number of meetings.
- 3-8 Membership status shall be clarified, indicating whether the nominee is an executive member or a non-executive member or an independent member.
- 3-9 Membership nature shall be clarified, indicating whether the nominee is running in his capacity as a shareholder, appointed by a shareholder who has the right of appointment under the Company's Bylaws, or nominated by a shareholder.
- 3-10 Nomination and Remuneration Committee shall coordinate with the executive management to fulfill all regulatory requirements and provide the competent authorities with all required documents.
- 3-11 The Company shall announce on its website and the Tadawul website, upon publishing or sending the invitation to convene the General Assembly, information about the nominees for Board membership. This shall include a description of their experience, qualifications, skills, current and previous positions. A copy of this information shall be made available on the Company's website and at its headquarters.
- 3-12 Cumulative voting shall be used in the election of the Board of Directors, whereby the voting rights attached to shares may not be used more than once. Voting at the General Assembly shall be limited to the nominees whose information has been announced by the Company.
- 3-13 The General Assembly shall elect the members of the Board for the term specified in the Company's Bylaws,, provided that such term shall not exceed four years. Members may be re-elected unless otherwise stipulated in the Company's Bylaws.
- 3-14 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.
4. **Termination of Board Membership and Vacancy of a Board Seat**
  - 4-1 Board membership shall terminate upon the expiration of its term or upon the member's loss of eligibility in accordance with any applicable laws or regulations in the Kingdom of Saudi Arabia, or due to death, resignation, or dismissal by a resolution of the General Assembly, or if the member is convicted of a crime involving dishonesty or breach of trust, or declared bankrupt or insolvent, or becomes unfit for Board membership pursuant to any applicable laws, regulations, or instructions in the Kingdom of Saudi Arabia.
  - 4-2 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 their membership term without a legitimate excuse deemed acceptable by the Board.

- 4-3 Notwithstanding, the Ordinary General Assembly may, at any times, dismiss all or some Board members, in which case the Ordinary General Assembly shall elect a new Board or appoint a new director to replace the dismissed director (as the case may be), in accordance with the provisions of the Companies Law and its implementing regulations.
- 4-4 A Board member must resign before the end of his term if he loses eligibility to serve as a Board member, becomes unable to perform his duties, or is no longer able to dedicate the time and effort required to fulfill his responsibilities. In the event of a conflict of interest, the member shall have the option either to obtain a renewable annual authorization from the General Assembly or the Board of Directors, or to submit his resignation.
- 4-5 A board member may resign pursuant to a written notice submitted to the Chairman of the Board of Directors. 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.
- 4-6 If the Chairman and Board members resign, they shall call the Ordinary General Assembly to convene to elect a new Board. The resignation shall only become valid once a new Board is elected, provided that the resigning board does not continue to carry out its duties beyond the period specified in the Regulations for listed joint stock companies.
- 4-7 If a member of the Board resigns and has comments on the performance of the Company, he/she shall submit a written statement explaining such comments to the chairman of the Board and such statement shall be presented to the Board members.
- 4-8 If the position one of the Board of Directors members becomes vacant, due to his death or retirement, and this vacancy did not result in a breach of the conditions necessary for the validity of the Board meeting due to the fact that the number of its members is less than the minimum stipulated in the Company's Bylaws, the Board may appoint - temporarily - in the vacant position a person who has experience and competence. In addition, the Commercial Registry, as well as the Capital Market Authority, are informed of that within fifteen (15) days from the date of appointment, and the appointment is presented to the Ordinary General Assembly at its first meeting, and completes, and the appointed member completes the term of his predecessor.

## 5. Closing Provisions

- 5-1 The content of this Policy shall be reviewed based on a proposal by the Nomination and Remuneration Committee and a recommendation by the Board of Directors, prior to obtaining the approval of the General Assembly.
- 5-2 The Company might publish this Policy on its website or through any other means.
- 5-3 This policy shall come into effect from the date of its approval by the General Assembly.