



Policy of standards and procedures for membership in the Board of Directors
Thob Al Aseel Co.



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Article 1: Definitions

SN	Terms and phrases	Meaning
1	Companies law	The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437 AH.
2	Capital market law	The Capital Market Law issued by Royal Decree No. (M/3) dated 2/6/1424 AH.
3	Listing rules	Listing rules approved by the Board of the Capital Market Authority.
4	Corporate governance regulations.	Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No.8-16-2017 dated 16/5/1438 AH corresponding to 13/2/2017 AD based on the Companies Law issued by Royal Decree No. M3/ dated 28/01/1437 AH amended by Resolution Capital Market Authority Board No. 3-57-2019 dated 15/09/1440 AH corresponding to 20/05/2019 AD.
5	Authority	Capital Market Authority.
6	Market	The Saudi Stock Exchange Company (Tadawul) or the Saudi Stock Exchange, as the context requires.
7	Company	Thob Al Aseel Co.
8	Board of Directors	The Board of Directors of the Company
9	Shareholders	The shareholders of the Company
10	General Assembly	An Assembly formed from the company's shareholders in accordance with the provisions of the Companies Law and the Articles of Association.
11	Related Parties	<ul style="list-style-type: none"> a) Major shareholders in the company. b) Members of the company's board of directors or any of its subsidiaries and their relatives. c) Senior executives of the company or any of its subsidiaries and their relatives d) Members of the Board of Directors and senior executives of the company's major shareholders e) Establishments - other than companies - owned by a member of the board of directors, a senior executive, or their relatives. f) Companies in which any member of the board of directors, senior executives, or their relatives is a partner. g) Companies in which any of the members of the board of directors and senior executives or their relatives are members of the board of directors or are senior executives h) Joint stock companies in which any member of



		<p>the Board of Directors, senior executives, or their relatives owns (5%) or more, taking into account what is stated in Paragraph (d) of this definition.</p> <p>i) Companies in which any member of the Board of Directors, senior executives, or their relatives has influence in their decisions, even by providing advice or guidance.</p> <p>j) Any person whose advice and guidance influences the decisions of the company and its board members</p> <p>k) Holding or subsidiary companies</p> <p>Paragraphs (i) and (j) of this definition exclude advice and guidance that are provided in a professional manner by a person licensed to do so.</p>
12	Affiliated	A person who controls another person, is controlled by that other person, or is jointly controlled by a third person. In any of the above, control is direct or indirect.
13	Cumulative voting	A voting method for selecting board members that gives each shareholder voting power based on the number of shares he owns; So he has the right to vote for one candidate or divide it among the candidates he chooses without repeating these votes.
14	Share control	<p>The ability to influence the actions or decisions of another person, directly or indirectly, alone or in combination with a relative or subordinate, through:</p> <p>A) Owning 30% or more of the voting rights in a company.</p> <p>B) The right to appoint 30% or more of the members of the administrative body.</p>
15	Rewards	Amounts, allowances, profits and the like, periodic or annual bonuses linked to performance, short-term or long-term incentive plans, and any other in-kind benefits, with the exception of actual reasonable costs and expenses that the company bears on behalf of a member of the Board of Directors for the purpose of performing his work



Article 2: Preamble

This policy explains the standards and procedures for membership in the Board of Directors, and the terms of this policy are applied in accordance with the company's articles of incorporation and articles of association and the relevant regulations governing the company's business without prejudice to the provisions of the companies' law, the Capital market law, the corporate governance regulations, the regulatory controls of listed joint-stock companies, and the list of terms used in the market rules. And other related systems.

Article 3: Introduction

This policy explains the importance of the policies, procedures, conditions and standards of membership in the Board of Directors, along with the statement it contains of the conditions and qualifications that must be met by candidates for membership in the Company's Board of Directors, given that the Board of Directors is responsible for developing a governance system and providing the appropriate environment for its application and then following up and monitoring the application.

Article 4: General Policy

The general policy for membership in the company's Board of Directors is the terms and conditions under which selection is made from among the candidates applying for Board membership through comparison between them, in accordance with what is stipulated in Paragraph (3) of Article Twenty-Two of the Corporate Governance Regulations, and what is also stipulated in the Companies Law and the Articles of Association. The Company and the Corporate Governance Regulations and Listing Rules issued by the Capital Market Authority Council.

Article 5: Standards and conditions for membership in the Board of Directors

The Board shall be responsible for reviewing the conditions that must be met by a member of the Board of Directors, in addition to the composition of the Board as a whole. This includes evaluating the qualifications, experiences, and skills of the members. A member of the Board of Directors in particular is required to do the following:

- 1- **Saudi nationality:** The candidate must be of Saudi nationality



2. **Experience:** Having an appropriate amount of experience in the following fields:

- a. Financial accounting and corporate finance, especially with regard to trends in debt and stock markets, in addition to understanding the concepts of internal financial controls.
- b. Evaluating and monitoring risks in the areas and environment related to the company's business.
- c. Managing companies and understanding management trends in general and in the areas in which the company's business is active.
- d. Experience in fields related to the company's business.
- e. Experience in global markets, foreign business customs and practices.

3. **Academic qualification:** It is recommended that a member of the Board of Directors hold a qualification related to the following specializations:

- A. Law.
- B. Finance, including accounting background.
- C. Marketing.
- D. Operations of corporate activities.
- E. main areas in which the companies operate including real estate expertise.
- F. Corporate governance.
- G. HR
- H. Risk Management.
- I. Banking.

4. **Knowledge and ability:** to have an appropriate degree of understanding of the contents of financial statements, other financial reports, accounting systems and standards, reading and understanding budgets, income statements and cash flows, and extrapolating the meanings of financial equations and other indicators to evaluate the company's performance.



- 5- **Independence:** To present an objective point of view and avoid transactions involving a conflict of interest, while verifying the fairness of dealing, and taking into account the provisions related to conflicts of interest in accordance with the controls of the Capital Market Authority in this regard.
6. **Crisis management:** the ability to respond and act in record time during the rule of short and long crises.
7. **Honor and honesty:** shall not have been convicted of a crime involving moral turpitude and dishonesty.
8. The Capital Market Authority should not have issued a decision against him.
- 9- **Non-competition with the company:** Not to be involved in any business that would compete with the company or to trade in one of the branches of the activity practiced by the company except after obtaining the approval of the general assembly, in accordance with the controls set by the competent authority and taking into account the provisions of Article (72) of the Companies Law and Article Forty-six and forty-seventh of the Corporate Governance Regulations.
10. **There shall be no conflict of interest:** He shall not have any direct or indirect interest in the business and contracts concluded for the company's account in accordance with Article (71) of the Companies Law except with a license from the Ordinary General Assembly and in accordance with the controls set by the competent authority.
11. **Membership of the Board of Directors of another company:** Not to be a member of the Board of Directors of more than five listed joint stock companies at the same time.
12. **Prior written approval from the relevant authorities :**Those who have previously served as a member of the Board of Directors of Safit Company or have been removed from it must obtain prior written approval from the competent authorities before running for membership of the Company's Board of Directors.
13. **Compliance with the conditions and articles of membership:** Full compliance with the provisions of the Companies Law, the Capital Market Law, their implementing regulations, relevant regulations and articles of association when exercising his duties as a member of the Board, and refraining from carrying out or participating in any act that constitutes an abuse of the management of the company's affairs.



14. **Diversity:** Taking into account the diversity of academic qualifications and professional experience when selecting members, as this diversity contributes to providing all the talents, skills and expertise that the Council needs as a team to support current resources and provide talent for future needs.

15. **Personal Interview:** Approval of the personal interview with the Nomination and Remuneration Committee of the company.

Article 6: Characteristics to be met by a member of the Board of Directors

Due to the important role played by a member of the Board of Directors in the management of the company, it requires that he have a number of personal characteristics in addition to the conditions of membership to enable him to perform his duties towards the company to the fullest, and taking into account Article Twenty-nine of the Governance Regulations, several characteristics are required in the member of the Board of Directors, including in particular the following:

1. **Integrity and responsibility:** high ethical standards, integrity and strength of character in the member's professional and personal dealings, the ability to discuss issues accurately and in depth, ask insightful questions, express reservations, not vote in favor of what is objected to, show fingerprints of intelligence and wisdom, think about the decisions taken, and preparations to bear the consequences of accountability for them.
2. **Trust:** To be steadfast, responsible and supportive in dealing with others and respect for others, frankness and openness to the opinions of others and the desire to listen to them.
3. **Leadership:** Possess the necessary leadership arts and skills and support this with a high motivational performance record that talented people usually enjoy.
4. **Commitment to his duties as a member of the Council:** Full readiness and desire to meet the requirements for membership of the Council's committees efficiently, including - but not limited to:



- A. Attend and participate in all Board of Directors meetings and Board Committee meetings of which he is a member.
- B. Always ready to help prepare for each meeting and participate effectively in it.
- C. Expressing a desire to be present to management upon request to provide advice and counsel.
- D. Bear all responsibilities regarding the company's business.
- E. Disclosing any influential information before executing any deal or contract with the company or one of its subsidiaries.

5. **Desire for learning and knowledge** :Desire for education and development, in particular those important matters affecting the company including operation, technology and market information, and the roles and responsibilities of board members (including the general legal principles facing board members).

Article 7: Procedures for membership in the Board of Directors

After the Board of Directors approves the opening of nominations for Board membership and approves the period for submitting nomination applications and the agenda of the General Assembly, in order to vote on the appointment of members of the Board of Directors whenever the rules or circumstances of the situation require this, in accordance with the following procedures:

1. Announcing the opening of nominations for membership in the Board of Directors on the company's website, the market's website, and in any other means determined by the Authority, provided that nominations remain open for at least one month from the date of the announcement.
2. Shareholders wishing to run for membership in the company's Board of Directors or nominate another person must do the following:
 - A. Submit a request (notification) to the company's management of your desire to be nominated.
 - B. Fill out Form No. (3) issued by the Capital Market Authority and which can be obtained from the Authority's website.



- c. Candidates must submit their applications to the company in one of the following ways
- Attendance to the company headquarters.
 - P.O. Box: 23236, Riyadh: 11426, attention of the Nominations and Remuneration Committee.
 - By email: nr@alaseel.com
 - Attach a copy of his qualifications and experience in the company's field of business.
3. Candidates must submit their applications accompanied by the following documents:
- A. A separate record of the important and significant works and achievements that the candidate has achieved in his memberships in the boards of directors that he held or in the senior executive and administrative positions that he held during the previous ten years, and in his current work.
 - B. A statement of the boards of directors of the companies in which he served as a member and their periods, and a certified letter from each company that includes the period of membership, the number of sessions for each session, the member's attendance rate for those sessions, the committees emanating from the board in which he is a member and his attendance rate in them, and a summary of the financial results achieved by the companies on whose boards he served as a member. During each year of the cycle.
 - C. A statement of the joint stock companies of which he is still a member.
 - D. A statement of the companies in which he participates in management or ownership and which engage in business that is suspicious of the company's business.
 - E. A copy of the national ID card, the family card (if any), the commercial registry of companies and institutions, the candidate's contact numbers, and three personal photographs of him.
4. The candidate must provide a certified Arabic translation of any documents or documents written in a foreign language.
5. Studying the applications by the Nominations and Remuneration Committee for qualified candidates for membership, indicating the number of applicants for membership, those initially selected for personal interviews, the justifications for recommending qualified members for membership, and recommending that to the Board of Directors.



6. Calling for an ordinary general assembly to vote on appointing the vacant members of the Board of Directors in accordance with the recommendations of the Board of Directors and the Nominations and Remuneration Committee, after obtaining the approval of the competent authorities.

7. The form for membership in the boards of directors of listed companies is sent to the Capital Market Authority after completing the procedures referred to above.

Article 8: Election of members of the Board of Directors

1. The company announces on the market's website information about the candidates for membership of the Board of Directors when publishing or directing an invitation to convene the General Assembly, provided that this information includes a description of the candidates' experiences, qualifications, skills, jobs, and previous and current memberships, and the company must provide a copy of this information at its headquarters and its website.
2. Cumulative voting must be used to elect members of the Board of Directors, so that the right to vote per share may not be used more than once.
3. Voting in the General Assembly is limited to candidates for Board of Directors membership whose information the company announced in accordance with Paragraph (1) of this Article.

Article 9: Accreditation and Enforcement

This policy shall be effective as of the date of its approval by the General Assembly, and shall be communicated to the concerned parties. The Board of Directors shall review this policy as necessary and based on the recommendation of the Nominations and Remuneration Committee. It shall not be amended except with the approval of the General Assembly.

These regulations were approved by the decision of the General Assembly of the company's shareholders at its meeting held on 11/27/1443 AH corresponding to 06/26/2022 AD.