

## **Policy on Standards and Procedures for Board Membership**

### **Introduction:**

1. This policy sets out the controls and procedures for board membership and the company's policy in appointing board members.
2. This policy does not prejudice the right of each shareholder in the company to nominate himself or others for board membership in accordance with the provisions of the Companies Law and its implementing regulations.
3. This policy may only be amended by a decision of the Board of Directors and shall not take effect until approved by the General Assembly of the company unless otherwise stipulated by the regulations and instructions issued by the competent authorities.

### **Article 1: Objective of the Policy:**

This policy aims to set clear and specific criteria and procedures for shareholders and nominees for board membership regarding the conditions, criteria, and procedures followed in selecting board members and the method of their election. It ensures balance and efficiency in board composition.

### **Article 2: Policies and Criteria for Board Membership:**

Board members must possess professional competence, experience, knowledge, skill, and independence necessary to perform their duties effectively. The General Assembly shall consider the recommendations of the company's Nomination and Remuneration Committee when electing board members and ensure they possess the required personal and professional qualities to perform their duties effectively. Specifically, members should have the following:

1. **Leadership Ability:** Possess leadership skills enabling them to delegate authority, motivate performance, implement best management practices, and adhere to professional values and ethics.
2. **Competence:** Hold appropriate academic qualifications, professional and personal skills, relevant training, and practical experience in the company's current and future activities, as well as management, economics, and accounting, with a willingness to learn and train.
3. **Guidance Ability:** Have technical, leadership, and administrative capabilities, quick decision-making skills, and an understanding of operational requirements, as well as strategic direction, planning, and a clear vision for the future.
4. **Financial Literacy:** Be able to read and comprehend financial data and reports.
5. **Health Fitness:** Have no medical condition that prevents them from performing their duties.
6. **Integrity:** Must not have been convicted of a crime involving dishonesty or breach of trust, committed misconduct in financial markets or business transactions, been declared bankrupt, or entered into arrangements or settlements with creditors, and must comply with all applicable regulations.
7. **No Prior Leadership in Failed Companies:** Must not be executives, board members, or partners in a company that was declared bankrupt or liquidated by court order.
8. **Audit Committee Requirements:** Candidates for the Audit Committee must have financial and accounting expertise and must not have worked in the company's executive or financial management or as its auditor in the past two years.

9. **Independent Membership Requirements:** Independent candidates must not have any conditions that compromise their independence.
10. **Board Membership Limit:** A nominee must not be a board member in more than five publicly listed companies on the Saudi financial market.
11. **Conflict of Interest:** Nominees must not have conflicts of interest.
12. **Independent Members Proportion:** The number of independent board members must be at least one-third of the board.
13. **Commitment to Shareholders:** Board members must represent all shareholders and act in the company's overall interest.
14. **Independence:** Independent members must fully maintain independence in their positions and decisions.
15. **Ethical Commitment:** Nominees must uphold honesty, integrity, loyalty, care, and attention to company and shareholder interests over personal gain.
16. **Board Composition:** The majority of the board must be non-executive members.

### **Article 3: Procedures for Board Nomination:**

1. The company's bylaws determine the number of board members.
2. The General Assembly elects board members for the period specified in the bylaws, provided it does not exceed four years. Members may be re-elected unless otherwise stated.
3. Any shareholder may nominate themselves or others for board membership.
4. The Nomination and Remuneration Committee coordinates with the company's executive management to announce the nomination process before the board term ends.
5. The nomination announcement is published on the financial market's website (Tadawul), the company's website, and other designated media for one month.
6. The Nomination and Remuneration Committee submits recommendations to the board based on the criteria outlined in this policy.
7. Nominees must submit their applications to the company within the designated period, including their biography, qualifications, experience, identification documents, and other relevant records.
8. Nominees must disclose any conflict of interest, including direct or indirect interests in company transactions or activities competing with the company.
9. Nominees must complete the forms required by the Capital Market Authority.
10. The nominee's membership type must be specified (executive, non-executive, or independent).
11. The election of board members follows cumulative voting.
12. If the required number of independent nominees is not met, non-independent nominees receiving the fewest votes will be replaced by independent nominees with the highest votes.
13. The Nomination and Remuneration Committee coordinates with the executive management to complete regulatory requirements and submit documents to the authorities.
14. Voting in the General Assembly is restricted to nominees who comply with the policies and criteria mentioned.

### **Article 4: Selection of Chairman and Deputy Chairman:**

The shareholders elect board members at the General Assembly, and the board elects a

chairman and deputy chairman from among its non-executive members, who may be removed or reappointed at any time.

**Article 5: Filling Vacancies:**

If a board position becomes vacant, the board appoints a temporary member based on voting results in the General Assembly, ensuring experience and competence. The appointment must be approved at the next General Assembly meeting, and the new member completes the term of their predecessor.

**Article 6: Termination of Membership:**

1. Board membership ends after four years unless re-elected.
2. Membership may end due to death, resignation, conviction of a crime, or violations of applicable regulations. The General Assembly may dismiss any member without affecting their compensation rights.
3. The General Assembly may remove members who miss three consecutive meetings without a valid excuse.
4. If the chairman and board members resign, they must call for a General Assembly to elect a new board. The resignation does not take effect until a new board is elected.
5. If a vacancy does not affect the board's legal quorum, the board appoints a temporary member, notifies regulatory authorities within 15 days, and presents the appointment for approval at the next General Assembly.
6. The board must convene the General Assembly before the term ends to elect new members. If the election is delayed, existing members continue their duties until the new board is elected, within the time limits specified by regulations.

**Article 7: Implementation and Publication:**

This policy takes effect upon General Assembly approval and is published on the company's website for shareholder and public access.