

Policies, Criteria, and Procedures of the Membership of the Board

THIMAR Development Holding Company

This policy was issued under the resolution of the General Assembly of the Shareholders of the Company held on 23/03/1445H, corresponding to 08/10/2023G.

Table of Content:

First: Introduction

Second: Formation of the Board of Directors

Third: Policies and Criteria of Membership of the Board of Directors of the Company

Fourth: Eligibility and Procedures for Candidacy for Membership of the Board of Directors

Fifth: Role of the Governance Department at the Company

Sixth: Board Members getting acquainted with the company's affairs

Seventh: Mechanism for electing the Chairman of the Board and the Vice-Chairman

Eighth: Expiry of the Board Member Membership and a Position Vacancy

Ninth: Final Provisions (Publication, Validity and Amendment)

First: Introduction:

The policies, criteria, and procedures of the membership of the board of directors of the Company were prepared with the aim of alignment with the requirements of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, which stipulated that the board of directors (the board) shall “prepare clear and specified policies, criteria, and procedures for the membership of the board in a way that does not contradict with the mandatory provisions in the Corporate Governance Regulations and to implement them after being approved by the General Assembly.

Second: Formation of the Board of Directors

- A. The board of directors of the Company shall be formed of 7 members elected by the General Assembly of the Shareholders for a period not exceeding four years according to the articles of association of the Company and under Article (17) of the Corporate Governance Regulations issued by the Capital Market Authority. The cumulative voting system shall be followed when electing board members in the General Assembly in line with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority and the articles of association of the Company.
- B. The majority of board members of the Company must be non-executive members in accordance with Article (16) of the Corporate Governance Regulations issued by the Capital Market Authority, provided that one third of the board members or at least two members, whichever is greater, must be independent members.
- C. A legal person - who is entitled, according to the articles of association of the Company, to appoint representatives in the board of directors - may not vote on the election of the other members of the board of directors (when applicable).

Third: Policies and Criteria of Membership of the Board of Directors of the Company

It is required that the board member be professionally competent who possess the necessary experience, knowledge, skill and independence, in order to enable him/her to exercise his/her duties efficiently and skillfully, provided that the General Assembly, when electing the board members, takes into account the recommendations of the Remuneration and Nomination Committee of the Company and the availability of the necessary personal and professional attributes to perform their duties effectively, and the member must, in particular, have the following:

1. The candidate for membership of the board shall not have been previously convicted of a crime involving moral turpitude, and shall not be unfit for membership of the board in accordance with any law or instructions in force in the Kingdom.
2. The board member shall not be a member in more than five joint stock companies listed in the Capital Market at the same time.
3. The board member shall represent all the shareholders and abide by what achieves the interest of the Company in general and not what achieves the

interests of the Company he/she represents or that voted on his/her appointment in the board of directors.

4. The number of independent members shall not be less than two, which represents one third of the board members, as the membership of the board of directors of the Company consists of 7 members.
5. The independent member must enjoy complete independence in his/her position and decisions, and none of the independence affecting issues stipulated in Article (19) of the Governance Regulations issued by the Authority shall apply to him/her.
6. **The ability to lead:** by having leadership skills that qualify him/her to grant powers in a way that leads to encouraging performance, applying best practices in the field of effective management, adhering to values and professional ethics, and the ability to communicate effectively, think and plan strategically.
7. **Qualifications, skills, and experiences:** by having the academic qualifications, professional skills, suitable character, training, level, and practical experiences related to the current and future activities of the Company, and by having knowledge about management, economy, accounting, law, or governance, in addition to the desire to learn and be trained.
8. **The ability to direct:** by having the technical, leadership, administrative abilities, quick decision making, understanding the technical requirements related to the work progress and to be able to direct strategically and plan for long-term and have clear future vision.
9. **Financial knowledge:** to be able to read and understand financial statements and reports.
10. **Physical fitness:** by not having a medical condition that prevents him/her from exercising his/her duties and specializations.
11. The candidate for membership of the board must be committed to the principles of honesty, trust, loyalty, care and concern for the interests of the Company and shareholders and prioritize them over his/her personal interest, and honesty is that the relationship of the board member with the Company be an honest professional relationship, and he/she shall disclose to the company any influential information before executing any transaction or contract with the Company or one of its subsidiaries, while loyalty is achieved in avoiding dealings that involve conflict of interests while verifying the fairness of dealing and observing the provisions related to conflict of interests contained in the Governance Regulations, as for care and concern, they shall be in performing the duties and responsibilities stipulated in the Companies Law, the Capital Market Law, the articles of association of the Company and other related laws.
12. The candidate must be a natural person whose age shall not be less than (30), whether he/she is applying in his/her personal capacity or as a representative of a legal person.

13. Diversity in the academic qualification and the practical experience must be taken into account and priority in nomination must be given to the required needs from appropriate skilled persons for the membership of the board of directors.
14. The board member must resign before the end of his/her term in the board of directors, in the event that he/she loses his/her eligibility to work as a board member, or his/her inability to carry out his/her work, or his/her inability to devote the necessary time or effort to perform his/her duties in the board, but in the event of a conflict of interests, the member will have the option to obtain a license from the General Assembly, which will be renewed every year, or to submit his/her resignation.

Fourth: Eligibility and Procedures for Candidacy for Membership of the Board of Directors:

1. Every shareholder has the right to nominate himself/herself or another person or more than one person for the membership of the board of directors within the limit of his/her equity in the capital.
2. The Remuneration and Nomination Committee shall coordinate with the executive management the announcement of candidacy for the membership of the board of directors before the end of the board session with (60) days at least, in the light of the requirements of the laws and regulations.
3. The announcement for candidacy shall be published on the website of the Saudi Stock Exchange (Tadawul) as well as on the website of the Company and in any other mean determined by the Authority to invite the persons wishing to apply to the membership of the board of directors and the candidacy shall remain open for one month at least from the announcement date.
4. The Remuneration and Nomination Committee shall make its recommendation to the board of directors about the candidacy for the membership of the board according to the criteria specified in this Policy.
5. Anyone who wishes to nominate himself/herself for the membership of the board of directors of the Company must disclose his/her desire to be nominated by virtue of a notification submitted to the management of the Company in accordance with the period and dates stipulated in this policy and the applicable laws and regulations, and this notification must include an introduction about the candidate in Arabic in terms of his/her CV, qualifications, and his/her practical experiences, in addition to providing the Company with all identification documents such as (national ID card, family card, passport for non-Saudis running for membership of the board and any other related documents required by the Company to fulfill the statutory requirements).
6. The candidate for the board membership must disclose to the board and the General Assembly any cases of conflict of interest that include:

- A direct or indirect interest in the business and contracts that are made for the benefit of the Company that he/she wishes to run for its board of directors.
 - His/her participation in a business that would compete with the Company, or its competition in one of the branches of the activity it is engaged in.
7. Candidates for board membership must fill in the form(s) specified by the Capital Market Authority, which can be obtained through the website of the Authority.
 8. Attaching a clear copy of the national ID, family record, and contact numbers of the candidate, including at least the mobile number, landline number, fax number, and e-mail address.
 9. Delivering the original candidacy application to the Remuneration and Nomination Committee at the Company's headquarters, or by e-mail.
 10. The candidate who has previously held membership in the board of directors of a joint stock company must attach a statement of the number and dates of the boards of directors of the companies in which he/she assumed membership.
 11. The candidate who has previously held membership in the board of directors of the Company must attach to the candidacy notification a statement from the management of the Company on the last session in which he/she was a board member, including the following information:
 - Number of board meetings held during each year of the session.
 - Number of meetings attended by the member in person and the percentage of his/her attendance to the total meetings.
 - Permanent committees in which he/she participated as a member, number of meetings held by each committee during each year of the session, number of meetings attended by him/her, and his/her attendance percentage to the total meetings.
 12. The status of membership must be clarified upon nomination, i.e. whether the member is an executive member, a non-executive member, or an independent member.
 13. The nature of membership must be clarified, i.e. whether the member is a candidate in his/her personal capacity or is a representative of a legal person.
 14. The Remuneration and Nomination Committee shall coordinate with the executive management to finalize the legal requirements and provide the competent regulatory authorities with the required documents.
 15. Voting on the election of the board members shall be made through cumulative voting.
 16. Voting in the General Assembly shall be limited to those who applied for candidacy by themselves according to the aforementioned policies, criteria, and procedures.

Fifth: Role of the Governance Department at the Company

1. After stopping to receive the nomination applications, the Governance Department shall submit all the data of the candidates to the Remuneration and Nomination Committee within two business days attached to them all legally required documents while indicating the complete applications and the un-complete ones.
2. After completing the procedures and the recommendations of the Remuneration and Nomination Committee, the Governance Department shall send the Form No. (3) to the Capital Market Authority via the automated system to obtain its non-objection to the candidates.
3. In the event that the candidate fulfills the requirements of all the criteria specified in this Policy, the Governance and Compliance Department will deposit the nomination notifications and its attachments at the headquarters of the Company at the disposal of shareholders at least ten days before the date of the meeting of the General Assembly.

Sixth: Board Members getting acquainted with the company's affairs

In line with the requirements of the Corporate Governance Regulations, the new members of the Board of Directors and its committees must acquire appropriate skills and knowledge after their appointment, through a comprehensive program prepared by the company that includes the following:

- a. Holding a meeting with the officials of the Company and the executive management.
- b. Informing the new members upon their appointment, or upon each new session of the board, about all laws, regulations, policies and charters regulating the work of the board, its work and activities, and its general strategies and any updates thereto.
- c. Providing the new board members with a document specifying their tasks, responsibilities and contractual obligations that govern their relationship with the company.
- d. Providing the members with adequate information about the Company, including (its various activities, business sectors, products, administrative organization, main operations and procedures, financial conditions, main risks, key performance indicators, legal and regulatory restrictions, laws and regulations).
- e. Providing the members with information about the stakeholders and the policies that govern their relationship.
- f. Participating in introductory and educational programs in order to learn about the latest developments and develop their skills to enable them to participate effectively in the works of the board.

Seventh: Mechanism for electing the Chairman of the Board and the Vice-Chairman

The shareholders of the Company shall elect the board members in the meeting of the General Assembly of the Shareholders according to the law and criteria included in this Policy, then the board shall elect its chairman and vice-chairman from among its non-executive members. The board shall have the right to dismiss them or re-elect them at any time.

Eighth: Expiry of the Board Member Membership and a Position Vacancy:

1. The membership of the board expires with the expiration of its term, which is four years from the date of its election by the General Assembly.
2. The membership of the board member expires in accordance with any law or instructions in force in the Kingdom, or due to death or resignation, or if he/she is convicted of a crime involving moral turpitude. Nevertheless, the Ordinary General Assembly may at any time dismiss all or some of the board members without prejudice to the right of the dismissed member towards the Company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time, and the board member may resign, provided that it is at an appropriate time, otherwise he/she will be liable to the Company for the damages resulting from the resignation.
3. A board member may retire, provided that this is at an appropriate time, otherwise he/she will be liable to the Company for the damages resulting from his/her retirement.
4. The General Assembly may, based on a recommendation from the board, terminate the membership of any member who fails to attend three consecutive meetings or five separate meetings of the board without a legitimate excuse.
5. If the position of one of the board members becomes vacant during the term of membership, the board shall have the right to appoint a temporary member in the vacant position, provided that he/she is one of those who have sufficient experience, and that the appointment shall be presented to the Ordinary General Assembly in its first meeting for approval, and the new member shall complete the term of his/her predecessor, in the light of what was stated in the articles of association of the Company.
6. When the membership of a board member expires by one of the methods of expiration of membership, the Company must immediately notify the Authority and the Saudi Stock Exchange (Tadawul) with a statement of the reasons for that.
7. If a board member resigns and has comments on the performance of the Company, he/she must submit a written statement thereof to the chairman of the board, and this statement must be presented to the board members.
8. If the necessary conditions for holding the meeting of the board of directors are not met due to the number of its members falls below the minimum stipulated in the Companies Law or the articles of association of the Company, the rest of the members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

Ninth: Final Provisions (Publication, Validity and Amendment):

The provisions of this Policy shall be implemented and adhered to by the Company as of the date of its approval by the General Assembly of the Shareholders. This Policy shall be published on the website of the Company to enable shareholders, the public, and stakeholders to view it. The contents of this Policy shall be amended - as needed - based on a recommendation from the board of directors, provided that any proposed amendment thereto shall be presented to the General Assembly of the Shareholders at its nearest meeting for approval.