

**Board Membership Policies, Standards and Procedures**

**Al-Omran Industrial & Trading Co.**

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**Article One: Definitions:**

The phrases and words contained in the policy mean the Companies Law and the Capital Market Law and Their Regulations, and the Corporate Governance Regulations issued by the Board of the Capital Market Authority and based on the Companies Law and the Rules Guide for the Corporate Governance Regulations for Al-Omran Industrial & Trading Co., and its bylaws, the following words and phrases denote the meanings shown in front of them unless the context requires otherwise

**Companies Law:** The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437 AH and its amendments.

**Capital Market Law:** The Capital Market Law issued by Royal Decree No. (M / 30) on 2/6/1424 AH.

**Corporate Governance Regulations:** Corporate Governance Regulations issued by the Board of Directors of the Capital Market Council Authority pursuant to Resolution No. (8-16-2017) dated 5/16/1438 AH corresponding to February 13, 2017 AD based on the Companies Law.

**The Authority:** The Financial Market Authority.

**The Market:** The Saudi Stock Exchange.

**Articles of Association:** The Articles of Association of Al-Omran Industrial & Trading Co.

**Company:** Al-Omran Industrial & Trading Co.

**General Assembly:** The ordinary or extraordinary general assembly of the Saudi Real Estate Company, which is held in the presence of the shareholders of the company in accordance with the provisions of the Companies Law and the Company's Articles of Association.

**Board of Directors or Board:** The Board of Directors of Al-Omran Industrial & Trading Co.

**Policies:** policies, standards and procedures for membership in the Board of Directors of Al-Omran Industrial & Trading Co.

**Executive member:** a member of the board of directors who is full-time in the executive management of the company and participates in its daily business.

**Non-executive member:** A member of the board of directors who is not dedicated to managing the company and does not participate in its daily business.

**Independent member:** A non-executive board member who enjoys complete independence in his position and decisions, and none of the independence symptoms stipulated in the Corporate Governance Regulations apply to him.

**Stakeholders:** Everyone who has an interest with the company (such as employees, creditors, customers, suppliers, and the community).

**Cumulative voting:** a method of voting for the selection of members of the board of directors that gives each shareholder the ability to vote according to the number of shares he owns, so that he has the right to vote for one candidate or to divide it among the candidates he chooses without repeating these votes.

## **Article Two: Composition of the Board of Directors.**

The company's board of directors consists of five (5) members elected by the general assembly of shareholders for a period not exceeding three years, and the cumulative voting system is followed when the members of the board of directors are elected in the general assembly.

The majority of the company's board of directors must be non-executive.

The number of independent board members must not be less than two of the five board members.

## **Article Three: Appointing the members of the board of directors.**

The General Assembly elects the members of the Board of Directors for a period of three years, and the General Assembly may re-elect them for another similar term.

The company's management shall notify the Capital Market Authority of the names of the members of the board of directors and their membership capacity within five working days from the date of the changes occurring.

## **Article Four: Conditions for Membership of the Board of Directors:**

The board must deal with and plan for future changes in the board, and one of the board's most important responsibilities is the evaluation and selection of candidates to serve as members of the board of directors.

The member eligible for membership in the Council must not have a criminal record or have previously been convicted of a crime involving dishonesty or dishonesty.

It is required that a member of the Board of Directors be of professional competence who possesses the necessary experience, knowledge, skill and independence, so that he can perform his duties efficiently and competently, taking into account that the following are available in particular:

A- Leadership ability (having leadership skills and adherence to professional values and ethics when exercising his powers)

B- Competence (availability of academic qualifications, appropriate professional and personal skills, level of training and practical experience relevant to the company's activity, and the desire to learn and train)

C - The ability to direct (speed of decision-making and familiarity with the technical requirements necessary for work, planning and vision)

D- Financial knowledge (the ability to read and understand financial statements and reports)

E - Health fitness.

F- The ability to allocate sufficient time and effort to perform the duties as a member of the Board of Directors.

G- A member of the board of directors must not be a member of five joint stock companies listed on the market at the same time.

H- It is stipulated that he has not previously been dismissed or dismissed from the membership of the board of directors of a joint-stock company or from the management of the company due to negligence, mismanagement, or irregular attendance at the meetings of the board of directors.

#### **Article Five: Procedures for Membership in the Company's Board of Directors:**

The Nominations and Remunerations Committee shall coordinate with the company's executive management to announce the opening of candidacy for membership of the company's board of directors for a period of no less than thirty days.

The Nominations and Remunerations Committee submits its recommendation to the Board of Directors regarding candidacy for membership of the Board in accordance with the aforementioned policies and criteria.

Whoever wishes to run for membership in the company's board of directors must announce his desire by notifying the Nominations and Remunerations Committee in

accordance with the periods and dates stipulated in the applicable laws, regulations, instructions and decisions.

Upon nomination, the Nomination and Remuneration Committee must be notified of the candidate by providing the committee with a curriculum vitae and scientific and practical qualifications, as required by the statutory requirements contained in the announcement.

The candidate who has previously served as a member of the board of a joint stock company must indicate the number and date of the boards of directors of the companies he has been a member of.

The Nominations and Remunerations Committee, in coordination with the company's executive management, shall provide the Capital Market Authority with the CVs of the candidates for membership of the company's board of directors, according to the CV template for the candidate for membership of the board of directors of a joint stock company listed in the Saudi stock market.

#### **Article Six: Symptoms of Independence:**

The following are incompatible with the independence required for an independent board member:

A- He should own five percent or more of the company's shares, or of the shares of another company in its group, or he has a kinship relationship with the one who owns this percentage.

B- To be a representative of a legal person who owns five percent or more of the company's shares or of the shares of another company from its group.

C- He has a kinship relationship with any of the members of the board of directors in the company or in another company of its group.

D- He should be related to any of the senior executives in the company or in another company of its group.

E- To be a member of the board of directors in another company from the group of the company nominated for membership in its board of directors.

F- To work or have worked as an employee during the past two years for the company or any party dealing with it or another company of its group as auditors and major suppliers, or to have been the owner of controlling stakes with any of those parties during the past two years.

G- To have a direct or indirect interest in the business and contracts that are made for the company.

H- He receives sums of money from the company in addition to the remuneration for membership of the Board of Directors or any of its committees.

I- To participate in a business that would compete with the company, or to trade in one of the branches of the company's activity.

J- He must have spent more than nine consecutive or separate years as a member of the company's board of directors.

#### **Article Seven: The candidate's disclosure of a conflict of interest..**

Whoever wishes to nominate himself for membership in the Board of Directors shall disclose to the Board and the General Assembly about cases of conflict of interest in accordance with the procedures established by the Capital Market Authority, including the following:

A- Having a direct or indirect interest in the business and contracts that are made for the benefit of the company

b- His participation in a business that would compete with the company, or its competition in one of the branches of the activity he is engaged in.

#### **Article Eight: Termination of Board Membership and Vacancy of Membership.**

The membership of the Council shall expire upon the expiry of its term or the expiry of the member's eligibility for it in accordance with any system or instructions in force in the Kingdom.

The Ordinary General Assembly may dismiss all or some of the members of the Board of Directors, 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. The company for the consequences of retiring from the damages.

If the position of one of the members of the board of directors becomes vacant, the board may appoint a temporary member in the vacant position according to the order of obtaining votes in the assembly that elected the board, provided that he is one of those who have experience and competence. The appointment of the Ordinary General Assembly in its first meeting, and the new member completes the term of an advance. If the necessary conditions for the convening of the Board of Directors are not met due to the lack of the number of its members below the minimum stipulated in the Companies Law, the rest of the members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

In the event that the position of a member of the Board becomes vacant during the term of membership as a result of his resignation or dismissal by the General Assembly or otherwise, for example (death - criminal conviction - disability - bankruptcy - etc.), the Board may appoint a person to replace him based on the recommendation of a committee Nominations and rewards, and through a temporary appointment of a new member, provided that this appointment is presented at the first meeting of the Ordinary General Assembly for approval, and the new member completes the term of his predecessor's membership.

#### **Article Nine: Publication and Enforcement:**

These policies and any subsequent amendments there to shall be effective from the date of their approval by the General Assembly, and the Board of Directors shall take them into effect after their approval by the General Assembly.

The company publishes it to shareholders and the public through its website.