

**SAUDI ADVANCED INDUSTRIES
COMPANY**

**Policy, Standards and Procedures of
Nomination to Membership of the Board
of Directors**

First: Conditions of Nomination for Board of Directors Membership

- 1- The candidate must have a clean record without any prior convictions related to moral turpitude, dishonesty, administrative offenses due to fraudulent or deceitful conduct, bankruptcy, violations of regulations and legislation set by the Capital Market Authority and the Arab Monetary Agency, or any disqualification specified by applicable laws or regulations in the Kingdom, and he is required to provide a declaration confirming his eligibility in this regard.
- 2- The candidate should not have previously been dismissed or removed from the board of directors of a listed joint-stock company or any board of directors of any company due to negligence, mismanagement, or failure to attend meetings of the board or its committees, and he has to submit a declaration of that.
- 3- The member should not have previously submitted his resignation during the validity of his membership in the Board of Directors.
- 4- The candidate should not be a member of the boards of directors of more than five (5) joint-stock companies listed at one time.
- 5- The candidate should not be a government employee.
- 6- Taking into account diversity in educational qualification and practical experience, and giving priority in nomination to the required needs of people with suitable skills for membership of the Board of Directors.
- 7- The ability to lead: by having leadership skills that qualify him to grant powers in a way that leads to stimulating performance, applying best practices in the field of effective management, adherence to professional values and ethics, and the ability to communicate effectively, think and plan strategically.
- 8- Qualifications, skills, and experience: by having practical qualifications, with a minimum of obtaining a university degree. Appropriate professional and personal skills, level of training, practical experiences relevant to the company's current and future activities, knowledge of management, economics, accounting, law, governance, or any related field in the company's activities, as well as a desire to learn and train.
- 9- Financial knowledge: by being able to read and understand financial data and reports.
- 10- Healthy fitness: that he has no health impediment that hinders him from exercising his duties and competencies.

- 11- The candidate must abide by the principles of honesty, trustworthiness, loyalty, care and concern for the interests of the company and the shareholders, prioritizing them over his personal interest, and taking into account the following:
- A- That the Board member's relationship with the company be an honest professional relationship, and disclose to the company any influential information before executing any deal or contract with the company or one of its subsidiaries.
 - B- Loyalty is achieved by avoiding transactions that involve conflict of interests, while verifying the fairness of dealing and observing the provisions related to conflict of interests contained in the relevant regulations.
 - C- Care and interest in performing the duties and responsibilities stipulated in the relevant regulations.
- 12- The candidate must be a natural person.
- 13- An independent member must enjoy complete independence in his position and decisions, and none of the signs of independence stipulated in the relevant regulations should be applicable to him.
- 14- The candidate must disclose to the board and the association any cases of conflict of interest - according to the procedures established by the oversight authorities, including:
- A- The existence of a direct or indirect interest in the business and contracts that are concluded for the company's account.
 - B- His participation in a business that would compete with the company, or with it in one of the branches of the activity that it practices.
- 15- That the member of the Board of Directors represents all shareholders, and that he adheres to what achieves the interests of the company in general and not what achieves the interests of the group he represents or that voted to appoint him to the Board of Directors.
- 16- A member of the Board of Directors must resign before the end of his term in the Board, or in the event of his loss of eligibility to work as a member of the Board of Directors, or his inability to carry out his work, or his inability to dedicate the necessary time or effort to perform his duties in the Board. However, 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 resignation.
- 17- The candidate must complete, fill in and sign the forms specified by the Authority and the regulatory authorities, and the forms prepared by the company to meet the company's requirements and the statutory requirements on time.

Second: Procedures of Membership at the Company's Board of Directors

- 1- Nominations and remunerations committee undertakes coordination with the company executive management to announce opening of nomination for membership of the company's board of directors before expiry of the board term according to the specified period as stipulated by laws and regulation of the legislative and regulatory entities.
- 2- Nominations and remunerations committee presents its recommendations to the board of directors regarding nomination for the board membership according to the aforesaid policies and standards.
- 3- Whoever would like to nominate himself to membership of the company's board of directors shall announce his intention through a notification to the company management according to the terms and times stipulated in the current laws, regulations and circulations, and this notification shall include a definition of the candidate in terms of his CV, qualifications and work experiences.
- 4- The candidate who has held before membership of a board of directors at one of the shareholding companies shall state the number and date of the boards of directors in which he was a member.
- 5- The candidate who has held before membership of the company board of directors shall enclose with the nomination notification a statement from the company management of the last session in which he was a member of the board involving the following information.
 - A- The number of board meetings that took place during each year of the session.
 - B- The number of meetings attended by the member, and the percentage of his attendance to all meetings.
 - C- The permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the session, the number of meetings he attended, and the percentage of his attendance to the total number of meetings.
- 6- The status of membership must be clarified, ie whether the member is an executive member, a non-executive member, or an independent member.
- 7- The nature of membership must be clarified, i.e. whether the member is a candidate in his personal capacity or is a representative of a legal person.
- 8- The Nominations and Rewards Committee, in coordination with the executive management of the company, provides the Capital Market Authority with the resumes of the candidates for membership of the company's board of directors according to the "CV model of the candidate for membership of the board of directors of a joint-stock company listed on the Saudi Stock Exchange (Tadawul).

- 9- The Nominations and Rewards Committee must implement any observations received from the competent authorities about any candidate.
- 10- Voting in the General Assembly is limited to those who nominated themselves in accordance with the policies and criteria.

*This policy has been approved by the **extraordinary** assembly meeting on 25/10/2023 AD.