



Board of Directors Membership Policy

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Introduction:

These regulations have been prepared in implementation of the provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority (CMA) pursuant to its Resolution No. 8-16-2017, dated 16/5/1438H (corresponding to 13/2/2017G). This is based on the Companies Law issued by Royal Decree No. M/3, dated 28/1/1437H, as amended by the CMA Board Resolution No. (8-5-2023), dated 25/6/1444H (corresponding to 18/1/2023G), and based on the Companies Law issued by Royal Decree No. M/132, dated 01/12/1443H.

This policy aims to regulate the standards and procedures for membership of the Board of Directors of Saudi Azm for Communications and Information Technology, and to ensure that the method used for nominating and appointing Board members is characterized by transparency and fairness. This is in accordance with the Companies Law and the regulatory rules and procedures issued in implementation of the law for listed joint-stock companies, the Corporate Governance Regulations issued by the Capital Market Authority, and the Company's Bylaws, in addition to the sound principles and practices of corporate governance.

Article 1: Definitions

The following terms and phrases, wherever mentioned below, shall have the meanings assigned to them, unless the context requires otherwise:

- **Policy:** The Board of Directors Membership Policy.
- **Corporate Governance Regulations:** The Corporate Governance Regulations issued by the Board of the Capital Market Authority.
- **Company:** Saudi Azm for Communications and Information Technology.
- **Board:** The Company's Board of Directors.
- **General Assembly:** The assembly formed by the Company's shareholders in accordance with the provisions of the Companies Law and the Company's Bylaws.
- **Executive Member:** A member of the Board of Directors who is a full-time member of the Company's executive management and participates in its daily operations.
- **Non-Executive Member:** A member of the Board of Directors who is not a full-time member of the Company's management and does not participate in its daily operations.
- **Independent Member:** A non-executive member of the Board of Directors who enjoys complete independence in their position and decisions, and to whom none

of the independence-conflicting attributes stipulated in the Corporate Governance Regulations apply.

- **Authority:** The Capital Market Authority (CMA).
- **Market:** The Saudi Capital Market (Tadawul).
- **Cumulative Voting:** A voting method for electing Board members that grants each shareholder a voting capacity equal to the number of shares they own. The shareholder has the right to vote for one candidate or to distribute their votes among the candidates of their choice without duplicating these votes.

Article 2: Composition of the Board of Directors

2.1 The Company shall be managed by a Board of Directors composed of (five) members, who must be natural persons, elected by the Ordinary General Assembly of shareholders for a term not exceeding four years.

2.2 The Board of Directors shall appoint from among its members a Chairman and a Vice-Chairman. The Board of Directors shall determine the remuneration of the Chairman and members of the Board in a manner it deems appropriate.

2.3 The Board of Directors shall appoint a secretary for it. The Board of Directors shall specify the conditions that must be met by the Board Secretary, which shall include the following:

- Holding a university degree or higher in law, finance, accounting, administration, or its equivalent.
- Having practical experience of no less than three years.

Article 3: Conditions for Board of Directors Membership

3.1 A member of the Board of Directors must have the professional competence, experience, knowledge, skill, and independence necessary to perform their duties with efficiency and diligence. It should be particularly ensured that they meet the following:

3.1.1 They must not have been previously convicted of a crime against honor or trust, and must not be insolvent, bankrupt, or unfit for Board membership according to any applicable law or instructions in the Kingdom of Saudi Arabia.

3.1.2 They must not hold membership on the boards of more than five listed joint-stock companies at the same time.

3.1.3 They must not be a senior executive or a board member of a company that has been declared bankrupt or liquidated by a judicial order.

3.1.4 The independent member must enjoy complete independence in their position and decisions, and none of the independence-conflicting attributes stipulated in the Corporate

Governance Regulations shall apply to them. Business and contracts entered into with a Board member to meet their personal needs are not considered a conflict of interest that compromises the independence of the Board member, provided that such business and contracts are conducted under the same terms and conditions that the Company follows with all contractors and clients and are within the scope of the Company's usual business, unless the Nominations Committee decides otherwise.

3.1.5 Leadership Ability: To possess leadership skills that enable them to delegate authorities, which leads to motivating performance, applying best practices in effective management, and adhering to professional values and ethics.

3.1.6 Competence: To have the appropriate academic qualifications, professional and personal skills, level of training, and practical experience relevant to the Company's current and future activities, or in management, economics, accounting, law, or governance, in addition to a desire for learning and training.

3.1.7 Guidance Ability: To possess the technical, leadership, and administrative capabilities, speed in decision-making, and ability to grasp the technical requirements related to the workflow, and to be able to provide strategic direction, planning, and a clear future vision.

3.1.8 Financial Knowledge: To be able to read and understand financial statements and reports.

3.1.9 Health Fitness: Not to have any health impediment that prevents them from performing their duties and responsibilities.

3.1.10 The candidate for Board membership must adhere to the principles of honesty, integrity, loyalty, and care in managing the Company and its shareholders, and prioritize their interests over their own personal interests. This includes, in particular:

- **Honesty:** The Board member's relationship with the Company must be a professional and honest one, and they must disclose any influential information before executing any transaction or contract with the Company or one of its subsidiaries.
- **Loyalty:** The Board member must avoid transactions that involve a conflict of interest, while ensuring fairness in dealings and observing the provisions related to conflicts of interest as stated in the Corporate Governance Regulations.
- **Care and Diligence:** To perform the duties and responsibilities stipulated in the Companies Law, the Capital Market Law and their implementing regulations, the Company's Bylaws, and other relevant regulations.

3.1.11 The diversity of academic qualifications and practical experience should be

considered, and priority in nomination should be given to the required needs of individuals with skills suitable for Board membership.

3.1.12 The Board member must allocate the necessary time and effort to perform their duties on the Board.

3.2 The General Assembly shall, when electing the members of the Board of Directors, take into account the recommendations of the Nominations Committee and the availability of the personal and professional attributes necessary for the effective performance of their duties.

Article 4: Nomination for Board of Directors Membership

4.1 The Nominations and Remunerations Committee is responsible for recommending to the Board of Directors the nomination for Board membership and its committees in accordance with the regulatory requirements and the policies and standards adopted in this policy, as follows:

4.1.1 An announcement of the opening of nominations shall be published on the website of the Capital Market (Tadawul) as well as on the Company's website, and through any other means determined by the Authority, to invite individuals wishing to be nominated for Board membership. The nomination period shall remain open for at least one month from the date of the announcement.

4.1.2 Every shareholder has the right to nominate themselves or another person or persons for Board membership.

4.1.3 Prospective candidates must submit an official application supported by all required regulatory documents:

- A summary of practical experience.
- A summary of previous experience on boards of directors or board committees.
- A summary of current experience on boards of directors or board committees.
- A summary of educational qualifications.
- Clear and valid copies of the most relevant qualifications and certificates.
- A clear and valid copy of the national ID and family register for individuals, or the commercial register for companies and institutions, along with the nomination request.
- Any other documents requested by the Company in accordance with regulatory requirements.

4.1.4 The candidate must clarify the capacity of their membership, i.e., whether they are an executive, non-executive, or independent member.

4.1.5 The number of candidates for the Board of Directors whose names are

presented to the General Assembly must exceed the number of available seats, so that the General Assembly has the opportunity to choose from among the candidates.

4.1.6 The candidate for Board membership must disclose to the Board and the General Assembly any cases of conflict of interest - in accordance with the procedures established by the Authority and relevant regulations. This includes:

- Having a direct or indirect interest in the business and contracts conducted for the Company's account, which could generate financial or non-financial benefits. Disclosure is exempted for business and contracts established to meet personal needs if they are conducted under the same conditions that the Company follows with its contractors and if these business and contracts are part of the Company's normal activities.
- Participating in an activity that may compete with the Company, or compete with any of its branches of activity.

4.1.7 The Company shall announce on the website of the Capital Market (Tadawul) information about the candidates for Board membership upon publishing or sending the invitation for the General Assembly meeting. This shall include a description of their experience, qualifications, skills, and their current and previous positions and memberships. The Company shall make a copy of this information available at its head office and on its website.

4.1.8 The candidate must clarify the nature of their membership, i.e., whether the candidate is nominated in their personal capacity or as a representative of a legal person.

4.1.9 Cumulative voting is used in the election of the Board of Directors, such that the right to vote for a share may not be used more than once.

4.1.10 Voting in the General Assembly is restricted to the candidates for Board membership whose names have been announced.

4.1.11 The Company shall notify the Capital Market Authority of the names of the Board members and their membership capacity within "five business days" from the start date of the Board's term or from the date of their appointment, whichever is earlier, and of any changes that occur to their membership within "five business days" from the date of the change.

4.1.12 The Chairman and Vice-Chairman of the Board are elected at the first meeting of the Board after the start of the term, and the Company shall announce this on the website of the Capital Market (Tadawul) in accordance with the approved announcement form from the competent authority.

Article 5: Remuneration of Board of Directors Members

5.1 The remuneration of the Board of Directors members shall be in accordance with what the Board recommends to the General Assembly and is approved by it.

Article 6: End of Board of Directors Membership

6.1 The membership of a Board member ends upon the expiration of their term, their resignation, or the termination of their eligibility for membership in accordance with any applicable law or instructions in the Kingdom. 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 to claim compensation from the Company if the dismissal was for an unacceptable reason or at an inappropriate time. A Board member may resign provided that it is at an appropriate time, otherwise they shall be liable to the Company for any damages resulting from the resignation.

Article 7: Vacancy on the Board of Directors

7.1 If a position of a Board member becomes vacant, the Board may appoint a temporary member to the vacant position in order of votes received in the assembly that elected the Board, provided that they have the necessary experience and competence. The Ministry must be notified of this within "five business days" from the date of appointment, and the appointment shall be presented to the Ordinary General Assembly at its first meeting. The new member shall complete the term of their predecessor.

7.2 If the necessary conditions for convening a Board meeting are not met due to the number of its members falling below the minimum stipulated in the Companies Law or this policy, the remaining members must call for an Ordinary General Assembly to convene within "sixty days" to elect the required number of members.

Article 8: General Provisions

8.1 These regulations are not a substitute for the provisions of the Law and its implementing regulations. In matters for which no provision is made herein, reference shall be made to the Law. In the event of a conflict between them or any paragraph or article therein and the Law, the provisions of the Law shall prevail, and the other paragraphs and articles shall remain in effect.

8.2 The Board of Directors may review this policy when necessary for the purpose of continuous development and improvement and to keep pace with any amendments that may occur to the regulations, in order to achieve best professional practices.

8.3 This policy may not be amended except by a proposal or recommendation from the Board of Directors and the approval of the Company's General Assembly.

8.4 The Company may publish this policy or a summary of it on or through any other means. Any shareholder has the right to view these regulations at the Company's office with prior coordination with the Company's management, in the event they are not published on the Company's electronic website.

8.5 The Board of Directors has the right to interpret or clarify the provisions of this policy.

8.6 This policy shall be effective from the date of its approval by the Company's General Assembly.

