

Board Membership Policies, Criteria and Procedures

First: Introduction:

This policy aims to define the criteria and procedures governing the membership of the Board of Directors in order to enhance the company's ability to achieve its objectives and develop its business and to achieve compliance with the regulatory requirements and related instructions.

Second: Policies and criteria for membership in the company's board of directors:

A member of the Board of Directors must be of professional competence who have the necessary experience, knowledge, skill and independence. The General Assembly shall, when electing the members of the Board of Directors, consider the recommendations of the Remuneration and Nominations Committee and the availability of the personal and professional resources necessary to perform their duties effectively, taking into account the following:

- 1) **Ability to lead:** He/she shall enjoy leadership skills which enable him/her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values.
- 2) **Competency:** He/she shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law, or governance, as well as the desire to learn and receive training.
- 3) **Ability to guide:** He/she shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. He/she shall also be able to provide strategic guidance and long-term planning and have a clear future vision.
- 4) **Financial knowledge:** He/she shall have the ability to read and understand financial statements and reports.
- 5) **Physical fitness:** He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities
6. His membership in the Board of Directors shall not exceed more than five joint stock companies listed on the Market at the same time.
7. Not to be a member of the board of directors of a competing joint stock company or to compete with the company in one of the branches of the activity it carries out except after obtaining a prior license from the ordinary general assembly to be renewed annually.
- 8- The candidate should not have previously been sentenced in one of the crimes against honor or trust.
- 9- The candidate should not have been previously sentenced to bankruptcy.
10. Not to be a member of the board of directors of a joint stock company that has been placed under receivership or forcibly liquidated during the period of his membership therein or a partnership company during the period of his partnership therein.

11. He should not have previously been issued a court judgment against him or any company in which he held the position of a member of the Board of Directors at the time of committing the violation due to fraud, violation of corporate regulations or money laundering.

12. He shall not have previously been judged ineligible to hold the position of a member of the board of directors of a company or to act to manage or manage the management of any company.

13. He should not have previously refused to accept or renew his membership in any professional body, institution, association or financial market anywhere, or he should not have previously been subject to restrictions and disciplinary procedures or withdrawn his membership from anybody to which he belongs or from the capital market.

14- The age of the candidate should not be less than 30 years.

15- He must submit an acknowledgment of any direct or indirect interest in the works and contracts made for the company's account to be presented to the Assembly and commit annually to obtain a prior license from the Ordinary General Assembly, with the exception of works carried out through public competition if he is the best bidder.

16- Not to be a government employee except for those appointed by the government sectors.

17. The majority of the Board of Directors shall be non-executive members.

18- The number of its independent members shall not be less than (3) members, which represents more than one third of the members of the Board, as the membership of the Board of Directors of the Company consists of (7) members.

19- The independent member must enjoy full independence in his position and decisions, and none of the symptoms of independence stipulated in Article (20) of the Governance Regulations issued by the Authority shall apply to him.

Third: Eligibility and procedures for membership of the Board of Directors Nomination:

1. Each shareholder shall have the right to nominate himself, one or more other persons for membership of the Board of Directors, within the limits of his ownership percentage in the capital.

2- The announcement of nomination shall be published on the website of the Capital Market (Tadawul) as well as on the company's website and in any other means specified by the Authority, to invite persons wishing to run for membership of the Board of Directors, provided that the nomination door remains open for at least one month from the date of the announcement.

3. The Remuneration and Nomination Committee shall submit its recommendations to the Board of Directors regarding nomination for membership of the Board in accordance with the criteria set out in this policy.

4- Whoever wishes to nominate himself for membership of the Board of Directors of the company must disclose his desire to be nominated, according to a notification submitted to the company's management in accordance with the period and dates stipulated in this policy and the rules and regulations in force, and this notification must include an introduction to the candidate.

In Arabic in terms of his CV, qualifications and practical experience, in addition to providing the company with all supporting documents such as (national identity card, family card, passport for non-Saudis nominated for membership of the Board and Any other relevant documents required by the Company to meet the statutory requirements).

5- The candidate for membership of the Board shall disclose to the Council and the General Assembly any cases of conflict of interest that include:

- A. The existence of a direct or indirect interest in the business and contracts concluded for the account of the company for which he wishes to run for the board of directors.
- B. Participation in a business that would compete with the company or compete with it in one of the branches of activity it is engaged in.

6- Applicants for Board membership must fill out the form or forms specified by the Capital Market Authority, which can be obtained through the Authority's website.

7- The candidate who has previously served as a member of 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 is a member.

8- The candidate who has previously served as a member of the Board of Directors of the Company shall attach to the notification of nomination a statement from the Company's management for the last session in which he became a member of the Board, including the following information:

- A. The number of meetings of the Board that took place during each year of the session.
- B. The number of meetings attended by the member (himself) and the percentage of his attendance to the total meetings.
- C. The standing 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 meetings.

9- The status of membership must be clarified when nominating, i.e., whether the member is an executive, a non-executive member, or an independent member.

10. The nature of the membership must be clarified, i.e., whether the member is a candidate in his personal capacity or a representative of a legal person.

11- Voting on the selection of the members of the Board of Directors is carried out through the cumulative voting method.

12. Voting in the General Assembly shall be limited to those who have nominated themselves in accordance with the above-mentioned policies, criteria, and procedures.

Fourth: Accessibility:

The provisions of this policy shall apply and shall be adhered to by the company as of the date of its approval by the General Assembly of Shareholders, and this policy shall be reviewed periodically when needed by the Board of Directors, and any proposed amendments shall be submitted to the General Assembly of Shareholders for approval.