



**Board Membership Policy,  
Standards and Procedure**

**for United Wire Factories  
Company (ASLAK)**

The Board of Directors of United Wire Factories Company (ASLAK) has set the Policy, Standards and Procedure for the Board of Directors membership in ASLAK Company and recommended according to the minutes of the Board meeting No. 6 on 26/12/2017 AD. This Policy was approved by the resolution of the General Assembly of the Company's shareholders in its meeting held on 28/08/1439 AH corresponding to 14/05/2018 AD

## **Board Membership Policy, Standards and Procedure for United Wire Factories Company (ASLAK)**

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### **1- Preamble**

Proceeding from the keenness of the Company's board and management to implement the governance regulation, which reflects a high degree of transparency and integrity and improves the Company's performance, including setting clear and specific policies, standards and procedures for the Board of Directors membership. Paragraph (3) of Article (22) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority (CMA) pursuant to Resolution No. (16-08-2017 AD) dated 16-05-1438 AH corresponding to 13 February 2017 AD, based on the Companies Law promulgated by Royal Decree No. M/3 dated 28/01/1937 AH, as amended by CMA Board Resolution No. 1-35-2018 1-35-2018 dated 09-07-1439H corresponding to 03-26-2018G, which stipulated that the Board of Directors (the Board) shall develop clear and specific policies, standards and procedures for membership in the Board – without prejudice to the mandatory provisions in the Corporate Governance Regulations - and put them into practice after approval by the General Assembly.

### **2- Membership Policies and Standards in the Company's Board of Directors:**

It is required that the Board member be of professional competence who possesses the experience, knowledge, skill and independence necessary to enable him to exercise his duties efficiently and competently, provided that the General Assembly, when electing the Board members, takes into consideration

the recommendations of the Company's Nominations and Remunerations Committee and the availability of personal and professional elements necessary to effectively perform their duties, and the Board member in particular shall be characterized by the following:

- 1) The candidate shall be a natural person, whether applying for membership in the Board in his personal capacity or through a representative of a legal person;
- 2) The candidate for membership in the Board shall not have been convicted of a crime against honor and trust, and he shall not be insolvent, bankrupt, or unfit for Board membership in accordance with any law or instructions in force in the Kingdom.
- 3) The Board member shall not be a member of more than five joint stock companies listed in the financial market at the same time.
- 4) The candidate shall not be a government employee.
- 5) The nominated member shall not be an employee or a Board member of a corporate competitor or participate in any activities that compete with the Company's activities.
- 6) That he has not been previously dismissed from the Board of Directors of a joint stock company due to negligence or irregular attendance at meetings of the board or its committees.
- 7) A resolution is not passed by CMA against him regarding violating market behavior.
- 8) In case being an independent member, any of the temporary cases of independence stipulated in Article 20 of the Governance Regulations shall not apply to the independent member.
- 9) There is no conflict of interest, and he has enough time to serve as a Board member.
- 10) It is preferable that the candidate be characterized by:
  1. **Leadership ability:** by having leadership skills that qualify him to grant powers, which leads to motivating performance, applying best practices in the field of effective management, and adherence to professional values and ethics.

2. **Qualifications, Skills, Experience and Efficiency:** by having scientific qualifications, appropriate professional and personal skills, level of training, and practical experience related to the Company's current and future activities, management, economics, accounting, law or governance, as well as the desire for education and training.

3. **The ability to direct:** by having technical, leadership, and administrative ability, speed in decision-making, understanding the technical requirements related to workflow, and being able to strategically direct, plan and have a clear future vision.

4. **Financial knowledge:** by being able to read and understand financial statements and reports.

5. **Health fitness:** That he does not have a health impediment to the exercise of his duties and competencies.

### **3- Obligations of a Board Member:**

A Board member shall do the following:

1- The Board member represents all the shareholders, and he shall abide by what achieves the interest of the company in general and not what achieves the interests of the group he represents or that voted on his appointment to the Board of Directors.

2- The nominee for the membership of the Board shall abide by the principles of honesty, trustworthiness, loyalty, care and concern for the interests of the company and the shareholders, and prioritizing them over his personal interest. Honesty be that the Board member's relationship with the company is a sincere professional relationship, and the disclosure to the company of any influential information before executing

any deal or contract with the company or one of its subsidiaries, while loyalty is achieved in avoiding transactions that involve a conflict of interest while verifying the fairness of dealing and observing the provisions related to conflict of interests contained in the Governance Regulation.

3- It is necessary for the members whose responsibilities or job positions have changed significantly affecting their ability to continue to contribute to the service of the company with the same effectiveness, or in the event of losing his eligibility to serve as a Board member, his inability to carry out his work, or his inability to allocate time Or the effort necessary to perform his duties in the Board by resigning from the Board on their own. In the event of a conflict of

interest, the member has the option to obtain a license from the general assembly that is renewed every year or submit his resignation.

4- Any Board member is expected to inform the Board of any substantial changes in its circumstances, conflict of interests, or any relationships that may affect his independence during the year.

**When nominating and making recommendations for membership, it shall be borne in mind that the candidate shall have a basic understanding of the following matters:**

- 1) The Company's basic operational and financial objectives, plans and policies.
- 2) The results of the operations carried out by the company, its financial position, as well as its subsidiaries and business sectors affiliated therewith.
- 3) Diversity in scientific qualification and practical experience shall be taken into consideration, and priority shall be given in nomination to the needs of those with the appropriate skills for Board of Directors membership.
- 4) Members shall inform the Chairman of the Board of the acceptance of the invitation submitted to them to join the Board of Directors of another public company.
- 5) Joining the Board committees, and the member is appointed to the committee or committees he finds himself inclined to, if possible.
- 6) Members attend the periodic meetings of the Board of Directors and the meetings of the subsidiary boards, and committees, and each member is expected to devote himself to attending the planned periodic meetings, as well as emergency meetings whenever necessary, in order to carry out the responsibilities entrusted to him to the fullest, and in the event that the member is unable to attend. It is expected that the chairman or secretary of the Board or the secretary of the committee to which he belongs will be informed of his apology for not attending.

The General Assembly, when electing Board members, shall take into consideration the recommendations of the Nominations and Remunerations Committee and the availability of the personal and professional ingredients necessary to effectively perform their duties in accordance with what is stated in this article.

#### **4- Candidacy Eligibility and Procedures for Board of Directors Membership:**

1- Every shareholder may nominate himself or one or more other persons for membership in the Board of Directors, within the limits of his ownership percentage in the capital.

2- The Nominations and Remunerations Committee shall coordinate with the Company's executive management to announce the opening of the nomination for membership of the Company's Board of Directors for its new term for a period of three years, sixty days (60 days) before the end of the Board's term, in accordance with the Companies Law, circulars from the Ministry of Commerce and Investment, and the Corporate Governance Regulations.

3- The Nominations and Remunerations Committee shall submit its recommendation to the Board of Directors regarding the nomination for membership of the Board in accordance with the aforementioned policies and standards.

4- The candidacy announcement shall be published on the website of the Stock Exchange (Tadawul) as well as on the Company's website, and in any other means determined by CMA, in order to invite persons wishing

to run for membership in the Board of Directors, provided that the nomination window remains open for at least one month from the date of the announcement.

5- The Nominations and Remunerations Committee shall submit its recommendation to the Board of Directors regarding the nomination for membership of the Board in accordance with the aforementioned policies and Standards.

6- Those who wish to nominate themselves for membership of the Company's Board of Directors are required to disclose their desire to be nominated by means of a notification submitted to the Company's management at least thirty days prior to the date of the assembly, in accordance with the applicable laws, regulations, circulars and resolutions. This notification shall include an introduction to the candidate in terms of his curriculum vitae, qualifications, and practical experience, in addition to providing the company with all supporting documents such as (national ID card, family card, and any other related documents required by the company to meet the legal requirements).

7- A candidate who has previously served as a Board member of a joint stock company shall attach a statement of the number and dates of the boards of directors of the companies he has been a member of.

8- The candidate who previously held the membership of the Company's Board of Directors shall attach to the nomination notification a statement from the Company's management about the last term in which he became a Board member, including the following information:

- 1) The number of Board meetings that took place during each year of the term;
- 2) The number of meetings attended by the member in person, and the percentage of his attendance to the total meetings;
- 3) The standing committees in which the member participated, the number of meetings held by each of those committees during each year of the term, the number of meetings he attended, and the ratio of his attendance to the total meetings;

9- A candidate for membership in the Board shall disclose to the Board and the General Assembly any cases of conflict of interest that include:

- 1) Having a direct or indirect interest in the business and contracts that are made for the account of the company for which he wishes to run for its Board of Directors.
- 2) 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.

10- Applicants for Board membership shall fill out the form or forms specified by CMA, which can be obtained through CMA's website.

11- The membership capacity shall be clarified upon candidacy, i.e. whether the member is an executive member, a non-executive member or an independent member.

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

13- The Nominations and Remunerations Committee, in coordination with the Company's executive management, shall provide CMA with the CVs of the candidates for membership of the Company's Board of Directors in accordance with the CV template for the candidate for Board of Directors membership of a joint stock company listed on the Saudi Stock Exchange (Tadawul).

14- The Remuneration and Nominations Committee coordinates with the Executive Management to finalize the statutory requirements and provide the competent statutory authorities with all the required documents.

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

16- Voting in the General Assembly is restricted to those who have nominated themselves in accordance with the aforementioned policies, standards and procedures.

#### **5. Chairman and Vice-Chairman Selection Mechanism:**

The shareholders of the Union Wire Factories Company elect the Board members at the shareholders general assembly meeting according to the law and standards included in this policy. Then the board chooses a chairman and a vice-chairman from among its non-executive members, and the board may dismiss them from their positions or re-select them at any time.

#### **6- Termination of a Board Member Membership and Vacancy of one of the Positions:**

1- The membership of the Board shall expire upon the expiry of its prescribed term, which is three years from the date of its election by the General Assembly.

2- The Company's articles of association Article (18) lays down the manner of termination of the Board of Directors membership, and the ordinary general assembly may at any time dismiss all or some of the Board members, without prejudice to the right of the dismissed person to be compensated if the dismissal occurred for an unacceptable reason or at an inappropriate time.

3- The General Assembly may also - based on a recommendation from the Board of Directors - terminate the membership of any of its members who fail to attend three consecutive meetings of the Board without a legitimate excuse.

4- The membership of a Board member shall terminate in the event of his resignation, death, or if he is convicted of a crime that violates honor and trust.

5- Upon termination of a member's membership in the Board of Directors by one of the methods of termination of membership, the company shall immediately notify CMA and Tadawul with a statement of the reasons for that.

6- If a Board member resigns, and he has actual notes on the Company's performance, a written statement shall be submitted to the Chairman of the Board, and this statement shall be presented to the Board members



7- If the position of a Board member becomes vacant during the term of membership, the Board shall be entitled to appoint a temporary member in the vacant position according to the order of obtaining votes, provided that he is among those who have experience and competence, and that the appointment shall be presented to the Ordinary General Assembly in its first meeting for approval. The new member completes the term of his predecessor, in light of the provisions of the Company's articles of association.

### **7- Final Provisions (Publication, Enforcement and Amendment)**

1- The provisions of this policy shall be implemented and shall be adhered to immediately by the Company as of the date of its approval by the shareholders general assembly.

2- This policy is reviewed and amended whenever the need arises - and any amendments proposed by the Nomination and Remuneration Committee are presented to the Board of Directors, which studies and reviews the proposed amendments and recommends them to the Assembly, according to which a resolution is passed, by the shareholders General Assembly, approving these amendments.

3- The policy is published on the Company's website.

#### **Note:**

**This policy was approved by the resolution of the General Assembly of the Company's shareholders in its meeting held on 28-08-1439 AH corresponding to 14-05-2018 AD.**