



STANDARDS, CRITERIA AND PROCEDURES FOR THE BOARD MEMBERSHIP AT FIPCO

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Introduction

The policy aims to lay down clear and specific standards and procedures for the board membership of the Filling and Packaging Material Manufacturing Co. (FIPCO) (hereinafter referred to as (the company), in implementation of the provisions of Paragraph 3 of Article Twenty-Two of the Governance Regulations issued by the Capital Market Authority.

Article 1: Composition of the Board of Directors

A) The Company shall be managed by a Board of Directors composed of five (5) members, who shall be appointed by the General Assembly of Shareholders to serve for a maximum of three years according to the article no. 17 of the company's bylaw and the same article of the Governance Regulations issued by the Capital Market Authority (CMA).

B) In line with the article no. 16 of the Governance Regulations issued by the Capital Market Authority, the majority of members shall be non-executive directors, however it's not determined in the company's bylaw but the above-mentioned article considered that the independent directors in the board must be one-third of the board or not less than two members (whichever is higher).

C) It is not permissible for a legal person - who is entitled according to the company's bylaw to appoint his representatives to the board of directors - to vote on electing the other members of the board of directors. (Whenever applicable).

Article 2: Election of the Board Members

A) The Board of Directors shall be appointed by the General Assembly of Shareholders to serve for a maximum of three years, they might be re-elected unless the company's bylaw included any other restrictions.

B) CMA shall be notified of the names of the Members of the Board of Directors and the nature of their membership within five working days from the start date of the Board Term or from the date of their appointment, whichever is first, and any changes to the membership of the Board within five working days of the date of change.

Article 3: Terms & condition of the Board Membership

A) The Board must consider and plan for future changes in the Board, and one of the most important responsibilities of the Board is to evaluate and select candidates to serve as members of the Board of Directors, and the Nomination and Remuneration Committee is responsible for the nomination and initial evaluation of potential Board members, and the committee's role has been explained in more detail in its charter.

B) The potential Board member must not have a criminal record or have been previously convicted of a crime involving breach of honor or trust.

C) The potential Board member must have relevant experience, knowledge, skills and independency in order to be able to carry out his duties efficiently and competently, taking into account that in particular the following shall be met the following:

1- Ability to lead (Having leadership skills and adherence to professional values and ethics when exercising his powers).

2- Efficiency (Having academic qualifications, appropriate professional and personal skills, level of training and practical experience related to the company's activities and the desire to learn and train).

3- Ability to guide (On time decision-making and familiarity with the technical requirements necessary for work, planning and vision).

4- Financial knowledge (Reading, analyzing and understanding the financial reports).

5- Physical fitness.

6- Having University Degree.

7- Having self-Values and ethical attitudes.

8- Considerable and effective participations on the board discussions and decision making.

9- The ability and willingness to spend time and effort being an active member of the Board of Directors.

10- No member of the Board of Directors shall simultaneously serve on more than five listed joint stock companies.

Article 4: Procedures of the Board Membership

- A) The nomination and remuneration committee shall arrange with the executive management to announce its intent to seek candidates for the Board membership and remain nomination open for at least 30 Days from the announcement date.
- B) The nomination and remuneration committee shall recommend with the potential candidates to the board of directors in accordance with the aforesaid standards.
- C) The candidate must submit the application Form including his CV, qualifications, and practical experience on proper time and in light of the terms and conditions included in the company's announcement.
- D) The candidate who has previously served on the board of directors of a joint stock company must indicate for which companies he served on the board and the dates for each.
- E) If the candidate was previously a member of the Board of Directors of the company (FIPCO), he must include a statement from the Company detailing the last term during which he was a member, including the following:
- 1- The number of Board meetings held during each year of the term.
 - 2- The number of meetings attended by the candidate in person, and his attendance percentage.
 - 3- Standing committees in which, the candidate participated, the number of meetings held during each year of the term by each committee, the number of meetings he attended, and his attendance percentage.
 - 4- Determining the status of membership (executive, non-executive or an independent).
 - 5- Determining the nature of membership (personal capacity or a representative of a legal person).
- F) The nomination and remuneration committee shall arrange with the executive management to provide CMA with the CVs of the candidates for membership in the company's board of directors according to the CV template for a candidate for membership in the board of directors of a joint stock company listed in the Saudi Stock Exchange.
- G) The nomination and remuneration committee shall take any required action coming towards any candidate from any of regulatory authorities.
- H) The voting in the General Assembly will be limited to those who have nominated themselves for the board of director membership in accordance with the specific regulations and who has been approved by the competent authorities.
- I) The cumulative voting system during the general assembly meeting will be applied in terms of the board election.

Article 5: The vacant position in the Board Membership

A) If a position on the Board becomes vacant during the board term, as a result of resignation, termination, death, criminal conviction, disability, bankruptcy, etc.), the Board -based on the recommendation of nomination and remuneration committee- may appoint someone with experience and capability whom it deems fit to fill the vacant position. This appointment shall be provisional pending approval from the next meeting of the Ordinary General Assembly of Shareholders. The new member shall complete the term of his predecessor.

B) According to the article no. 17 of the company's bylaw The Company shall be managed by a Board of Directors composed of five (5) members.

C) Resignation shall be effective from the date of notifying the Chairman of the Board of Directors, or at any other time agreed upon, and if the resigning member of the Board of Directors has observations on the performance of the company, he must submit a written statement to the Chairman of the Board of Directors, and this statement must be presented to the members of the Board of Directors.

D) If the Board of Directors confirmed that the board member has violated his duties in a way that harms the interests of the company or provided misleading or incorrect information upon candidacy, then the board may dismiss him and appoint a replacement, provided that this appointment is accompanied by the approval of the ordinary general assembly.

Article 6: Disclosure of the Conflict of Interest

A) The candidate shall disclose to the Board and the general assembly any cases of conflict of interest (in accordance with the procedures prescribed by CMA), including:

1- A direct or indirect interest in the Company's business and contracts.

2- Participation in a business that would compete with the Company or one its branches of activity.

Article 7: Effective Date

A) These policies shall be enforced from the date of approval by the General Assembly.

B) The Board of Directors is entitled to make any amendments to this policy according to the authority of the General Assembly of shareholders, provided that such amendments are in accordance with the laws and regulations of the relevant authorities.