

F I P C O

FILLING & PACKING MATERIALS MFG. CO.

A Saudi Stock Company

Paid-up Capital : SR. 115,000,000



ف ي ب ك و

شركة تصنيع مواد التعبئة والتغليف

شركة مساهمة سعودية

رأس المال المدفوع : ١١٥,٠٠٠,٠٠٠ ريال

قبل التعديل

Filling & Packing Materials Mfg. Co. (FIPCO)

**Policies, Standards and Procedures for Membership in the
Board of Directors**

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Preamble:

The aim of these policies is to set clear and defined standards and procedures for the membership in the Board of Directors of Filling & Packing Materials Mfg. Co. (FIPCO) (hereinafter referred to as "the Company"), in accordance with the provisions of clause (3) of Article Twenty Two of the Governance Regulations issued by the Capital Market Authority.

Article One: Formation of the Board of Directors

A) The Board of Directors shall consist of 7 members, who are elected by the General Assembly of Shareholders for a period not exceeding three years, with reference to Article (17) of the company's Articles of Association and according to Article (17) of the Corporate Governance Regulations issued by the Capital Market Authority (CMA). The cumulative voting system is followed when electing the members of the Board of Directors at the General Assembly in accordance with Article (8) of the Corporate Governance Regulations issued by the Capital Market Authority and Article (35) of the Company's Articles of Association.

B) The majority of the Board of Directors must be non-executive members in accordance with Article (16) of the Corporate Governance Regulations issued by the Capital Market Authority. Although the company's Articles of Association does not specify the number of the required independent members in the company's Board of Directors, the requirements of the Capital Market Authority (Article 16) stipulate that one-third or at least two members of the Board of Directors (whichever is greater) must be independent.

C) Legal person, who has the right to appoint representatives for itself in the board of directors according to the Company's Articles of Association, may not vote on the election of other board members (if applicable).

Article Two: Appointment of the Board Members

a) The general assembly shall elect the board members for three years. They may be re-elected Unless the Company's articles of association stipulate otherwise.

b) The Company's management shall notify CMA of the names of the board members and their capacity within five working days from the date of the beginning of the board cycles, or from their appointment date, whichever is nearer. CMA shall also be notified of any changes in their membership within five working days from the dates of those changes.

Article Three: Conditions for Membership in the Board of Directors

a) The board of directors shall deal with, and plan for the future changes in the board. Further, among the most important responsibilities of the board is to evaluate and select candidates to be board members. Nomination and remuneration committee shall be responsible for nomination and initial evaluation of the potential board members. Role of that committee is further detailed in its regulations.

b) A member qualified for membership in the Board of Directors may not have a criminal record, or have been previously convicted of a crime involving a breach of honor or honesty.

c) A board member shall have professional competence and shall possess the necessary experience, knowledge, skill and independence; so that he may carry out his duties efficiently and competently. In particular, he shall have the following:

- 1-** Leadership ability (having leadership skills, and adhering to professional values and ethics when exercising his powers).
- 2-** Competence (Having academic qualifications, appropriate professional and personal skills and the level of training and practical experience related to the Company's activities, and having the desire for learning and training).
- 3-** The ability to direct (quick decision-making and familiarity with the technical requirements necessary for work and planning, and for the Company's vision).
- 4-** Financial knowledge (reading and understanding financial statements and reports).
- 5-** Health fitness.
- 6-** Having a university degree.
- 7-** The ability to display the highest ethical standards.

8- The ability to make important and immediate contributions in discussions, and to make decisions within the board.

9- Ability to dedicate sufficient time and effort to perform tasks in his capacity as a board member.

10- The board member may not act as a member of board in five joint stock companies listed on CMA; at the same time.

Article Four: Procedures of Membership in the Board of Directors

a) Nomination and remuneration committee shall coordinate with the Company's executive management to announce the opening of nomination for membership in the Board of Directors of the company for a period of not less than thirty days.

b) The Nominations and remuneration committee shall submit its recommendations to the board of directors regarding nominations for membership in the Board in accordance with the aforementioned policies and standards.

c) Whoever wishes to nominate himself for the membership in the Board of Directors of the Company shall declare his wish by a notification to be submitted to the Company's management in accordance with the periods and dates stipulated in the laws, bylaws, circulars and decisions in force. Such notification shall include introduction of the candidate in terms of his CV, qualifications and practical experience, as required by the statutory requirements mentioned in the declaration of candidacy.

d) The candidate, who was previously board member in one of the joint stock companies, shall state the number and periods of boards of directors in which he was a member.

e) The candidate who was previously a board member shall attach to his nomination notification a statement from the Company's management stating the last cycle in which he was a board member; including the following information:

1- The number of board meetings which were held during each year of the cycle.

2- The number of meetings which the member attended in person, and his attendance rate for all meetings.

3- The permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the cycle, the number of meetings he attended, and his attendance rate for all meetings.

4- Membership capacity shall be stated; i.e. whether the member will be executive, non-executive, or independent.

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

f) Nomination and remuneration committee shall coordinate with the Company's executive management in order to provide CMA with the résumés of candidates for the membership in the board of directors in accordance with " Résumés form of the candidate for membership in the board of directors of a joint-stock company listed in CMA".

g) Nomination and remuneration committee shall implement any observations received from the competent authorities about any candidate.

h) Voting in the General Assembly shall be limited to those who nominated themselves in accordance with the aforementioned policies, standards and procedures.

i) Voting in the General Assembly on the election of the board of directors shall be a cumulative voting.

Article Five: Vacant Membership in the Board of Directors

a) In the event that the position of a board member becomes vacant during the term of membership as a result of his resignation, dismissal, or otherwise (such as death, criminal conviction, incapacity, bankruptcy, etc.), the board then may appoint a person to replace him based on a recommendation from the Nominations and Remuneration Committee, by a temporary appointment of a new member. This appointment shall be presented in the first meeting of the Ordinary General Assembly for approval, and the new member shall complete the term of his predecessor's membership.

b) Article (17) of the company's articles of association requires that the members of the board of directors shall be (7) members.

c) Resignation decision shall be effective from the date of notifying the chairman of the board of the resignation, or at any other time to be agreed upon. If the resigning board member has comments on the Company's performance, he shall submit a written statement thereof to the chairman of the board, and such statement shall be presented to the board members.

d) In the event it is proven to the Board of Directors that a member of the Board breached his duties to the detriment of the Company's interests, or provided misleading or incorrect information upon candidacy, the board may dismiss him and appoint a replacement, provided that this appointment is approved by the Ordinary General Assembly.

Article Six: Member's Disclosure of Conflict of Interests

a) Whoever wishes to nominate himself for membership of the board of directors 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-** Existence of a direct or indirect interest in the business and contracts that are made for the benefit of the company.
- 2-** Involvement in a business that would compete with the company, or compete with it in one of the branches of the activity it is engaged in.

Article Seven: Validity and Effectiveness Date

a) These policies shall be effective starting from the date they are approved by the General Assembly.

b) Making any amendments to this policy falls under the authority of the Board of Directors; and by an authorization from the General Assembly of Shareholders, provided that such amendments are in accordance with the laws and regulations of the relevant authorities.

c) The Company's Law and its Implementing Regulations, the Governance Regulations issued by CMA, and any other relevant regulations issued by the concerned authorities shall be applied unless included in this policy.

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A Saudi Stock Company

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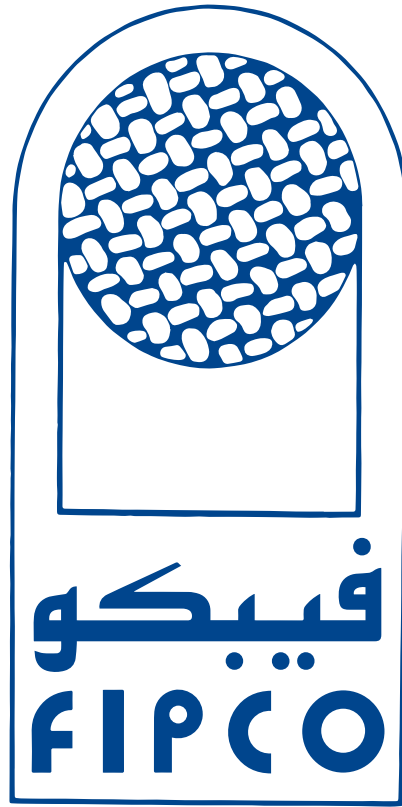
فيبيكو

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شركة مساهمة سعودية

رأس المال المدفوع : ١١٥,٠٠٠,٠٠٠ ريال

بعد التعديل



**Policies, standards, and
procedures for membership
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Article Five: Expiry of membership and vacant membership in the board of directors

Article Six: Member's disclosure of conflict of interests

Article Seven: Effectiveness date

Preamble:

The aim of these policies is to set clear and defined standards and procedures for the membership in the board of directors of Filling& Packing Materials Mfg. Co. (FIPCO) (hereinafter referred to as «the Company»), in accordance with the requirements of the Corporate Governance Regulations which were issued by the Capital Market Authority (CMA). These policies are continuously updated to enhance the Company's ability to achieve its goals, develop and sustain its business, and to comply with the developments of relevant laws and directives.

Article One: Formation of the board of directors

a) The number of the Company's board members shall be commensurate with the Company's size and the nature of its activities.

b) The majority of the board members shall be non-executive members.

c) Independent members shall not be less than two members or one-third of the board whichever is more.

d) The board of directors shall consist of 5 members which are to be selected by the general assembly of shareholders for the term stipulated in the Articles of Association; and in the light of the Articles of Association of the company and what is included in the CMA Corporate Governance Regulations. Cumulative voting shall be used upon election of the board members by the general assembly.

e) Legal person, who has the right to appoint representatives for itself in the board of directors according to the Company's Articles of Association, may not vote on the election of other board members (if applicable).

Article Two: Appointment of the board members

a) The general assemble shall elect the board members for four years. They may be re-elected Unless the Company's articles of association stipulate otherwise.

b) The Company's management shall notify CMA of the names of the board members and their capacity within five working days from the date of the beginning of the board cycles, or from their appointment date, whichever is nearer. CMA shall also be notified of any changes in their membership within five working days from the dates of those changes.

Article Three: Conditions for membership in the board of directors

a) The board of directors shall deal with, and plan for the future changes in the board. Further, among the most important responsibilities of the board is to evaluate and select candidates to be board members. Nomination and remuneration committee shall be responsible for nomination and initial evaluation of the potential board members. Role of that committee is further detailed in its regulations.

b) A member qualified for membership in the board of directors may not have a criminal record, or have been previously convicted of a crime involving a breach of honor. He shall not also be declared insolvent or bankrupt

c) Obtaining the approval of the governmental entity in the event the candidate is a governmental employee.

d) A board member shall have professional competence and shall possess the necessary experi-

ence, knowledge, skill and independence; so that he may carry out his duties efficiently and competently. In particular, he shall have the following:

- 1- Leadership ability (having leadership skills, and adhering to professional values and ethics when exercising his powers);
- 2- Competence (Having academic qualifications, appropriate professional and personal skills and the level of training and practical experience related to the Company's activities, and having the desire for learning and training);
- 3- The ability to direct (quick decision-making and familiarity with the technical requirements necessary for work and planning, and for the Company's vision);
- 4- Financial knowledge (reading and understanding financial statements and reports);
- 5- Health fitness;
- 6- Having a university degree;
- 7- The ability to display the highest ethical standards;
- 8- The ability to make important and immediate contributions in discussions, and to make decisions within the board;
- 9- Ability to dedicate sufficient time and effort to perform tasks in his capacity as a board member;
- 10- The board member may not act as a member of board in five joint stock companies listed on CMA; at the same time;
- 11- The candidate shall have the sufficient knowledge of the local and international markets in relation to the Company's activities and fields of work, and shall have relations that serve the interests of the Company;
- 12- Having personal integrity and commitment to achieving the interests of all stakeholders. His role shall not be limited to achieving the interests of the group that voted to appoint him in the Board of Directors; and
- 13- The candidate shall not younger than 25 years old.

Article Four: Procedures of membership in the board of directors

- a) Nomination and remuneration committee shall coordinate with the Company's executive management to announce the opening of nomination for membership in the Board of Directors of the company for a period of not less than thirty days.
- b) The Nominations and remuneration committee shall submit its recommendations to the board of directors regarding nominations for membership in the Board in accordance with the aforementioned policies and standards. The board shall approve it and instruct its publication in accordance with the applicable laws.
- c) Whoever wishes to nominate himself for the membership in the Board of Directors of the Company shall declare his wish by a notification to be submitted to the Company's management in accordance with the periods and dates stipulated in the laws, bylaws, circulars and decisions in force. Such notification shall include introduction of the candidate in terms of his CV, qualifications and practical experience, as required by the statutory requirements mentioned in the declaration of candidacy.
- d) The candidate, who was previously board member in one of the joint stock companies, shall state the number and periods of boards of directors in which he was a member.
- e) The candidate who was previously a board member shall attach to his nomination notification

a statement from the Company's management stating the last cycle in which he was a board member; including the following information:

- 1- The number of board meetings which were held during each year of the cycle.
 - 2- The number of meetings which the member attended in person, and his attendance rate for all meetings.
 - 3- The permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the cycle, the number of meetings he attended, and his attendance rate for all meetings.
 - 4- A statement listing the companies or organizations in which he co-manage or owns shall be provided; if it operates business similar to the Company's business.
 - 5- Membership capacity shall be stated; i.e. whether the member will be executive, non-executive, or independent.
 - 6- The nature of membership shall be clarified, i.e. whether the member is a candidate in his personal capacity or is a representative of a legal person.
 - 7- The nature of membership shall be clarified, i.e. whether the member is a candidate in his capacity as a shareholder, or is appointed by a shareholder who has the right appoint in accordance with the Company's Articles of Association (if applicable), or whether the candidate has been nominated by another shareholder. The latter's information shall be stated.
- f) Nomination and remuneration committee shall coordinate with the Company's executive management in order to provide CMA with the résumés of candidates for the membership in the board of directors in accordance with « Résumés form of the candidate for membership in the board of directors of a joint-stock company listed with CMA», and Form (3) issued by CMA. Also, a clear copy of the candidate's Id and family record shall be attached; along with the candidate's contact details.
- g) The candidate shall provide the Company with all his qualifications, experiences, works and achievements he has attained during his membership in the board of directors of other companies (if any).
- h) Nomination and remuneration committee shall implement any observations received from the competent authorities about any candidate.
- i) Voting in the General Assembly shall be limited to those who nominated themselves in accordance with the aforementioned policies, standards and procedures.
- j) Voting in the General Assembly on election of the board of directors shall be a cumulative voting.

Article Five: Expiry of membership and vacant membership in the board of directors

- a) Membership of the board of directors shall end upon the expiry of the board's term, or the expiry of the member's term in accordance with any laws or directives in force in the KSA, or in the event of the issuance of a judgment against him for breach of trust and honor.
- b) The General Assembly may at any time dismiss part or all of the board members, without prejudice to the right of the dismissed member against the company in claiming compensation if dismissal occurred for an unacceptable reason or at an inappropriate time.
- c) The board member may retire; provided that it occurs in an appropriate time; otherwise he shall be held responsible before the Company of the consequences of such retirement.

d) CMA shall be notified upon the termination of the membership of a board member by any of the methods of termination. Supporting reasons for such termination shall be stated.

e) Resignation decision shall be effective from the date of notifying the chairman of the board of the resignation, or at any other time to be agreed upon. If the resigning board member has comments on the Company's performance, he shall submit a written statement thereof to the chairman of the board, and such statement shall be presented to the board members.

f) In the event that the position of a board member becomes vacant during the term of membership as a result of his resignation, dismissal, or otherwise (such as death, criminal conviction, incapacity, bankruptcy, etc.), the board then may appoint a person to replace him from whom-ever they deem appropriate, provided that he possesses sufficient experience and qualifications, based on a recommendation from the nominations and remunerations committee. This appointment shall be presented in the first meeting of the Ordinary General Assembly for approval, and the new member shall complete the term of his predecessor's membership.

g) In the event it is proven to the Board of Directors that a member of the Board breached his duties to the detriment of the Company's interests, or provided misleading or incorrect information upon candidacy, the board may dismiss him and appoint a replacement, provided that this appointment is approved by the ordinary general assembly.

Article Six: Member's disclosure of conflict of interests

a) Whoever wishes to nominate himself for membership of the board of directors 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- Existence of a direct or indirect interest in the business and contracts that are made for the benefit of the company.

2- Involvement in a business that would compete with the company, or compete with it in one of the branches of the activity it is engaged in.

Article Seven: Validity and effectiveness date

a) These policies shall be effective starting from the date they are approved by the general assembly.

b) Making any amendments to this policy falls under the authority of the board of directors; and by an authorization from the General Assembly of Shareholders, provided that such amendments are in accordance with the laws and regulations of the relevant authorities.