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1. Article 1: General introduction:

This policy and criteria have been prepared in accordance with the provisions of the Companies Law promulgated by Royal Decree No. D/3, dated 28/01/1437 AH, and the Company's Articles of Association and after reviewing the regulatory controls and procedures issued in implementation of the Companies Law for Listed Joint-stock Companies and the registration and listing rules issued by the Capital Market Authority, and pursuant to the provisions of paragraph Article (22/3) of the Corporate Governance Regulations issued by the Board of the Saudi Capital Market Authority pursuant to Decision No. (8-16-2017), dated 16/05/1438 AH, corresponding to 13/02/2017 G, as read with Article 41(41/3) of the Corporate Governance Regulations of the Saudi Chemicals Company Holding.

1.1. Objective:

This policy regulates the criteria and procedures for membership in the Board of Directors of the Saudi Chemical Company Holding.

2. Article 2: Criteria of membership in the Company's Board of Directors:

Directors must be of professional competence and shall possess the necessary experience, knowledge, skill and independence, in order to be able to carry out their duties efficiently and competently, provided that the General Assembly, when electing directors, shall take into account the recommendations of the Nomination and Remuneration Committee of the Company and the availability of the personal and professional capabilities necessary to perform their duties effectively. The director shall meet the following criteria and conditions, in particular:

- 2.1. Submitting a written application requesting running for membership of the Board of Directors, provided that it includes an introduction to the candidate, his CV, his academic and practical qualifications.
- 2.2. The candidate must submit a statement of the number of companies or institutions in which he is a director or a partner.
- 2.3. The candidate for membership of the Board must not have been previously convicted of a crime involving breach of honor and trust, and he shall not be insolvent, bankrupt, or become unfit for membership in the Board pursuant to any law or instructions in force in the Kingdom.
- 2.4. No director may be a director in more than five listed joint-stock companies in the financial market, immediately.
- 2.5. The director shall represent all the Shareholders, and shall adhere to achieving the interest of the Company in general, not the interests of the group he represents or that voted his appointment to the Board of Directors.
- 2.6. The number of Independent directors shall not be less than (3) directors, which represents one-third of the members of the Board, as the Company's Board of Directors consists of (9) members.
- 2.7. The Independent director must enjoy complete independence in his position and decisions, and none of the independence symptoms stipulated in Article 20 of the Governance Regulations issued by the Authority shall apply to him.
- 2.8. Leadership ability: That he has leadership skills that qualify him to grant the powers that lead to stimulating performance, application of best practices in the field of effective management, and commitment to professional values and ethics, and the ability of active communication and of strategic thinking and planning.
- 2.9. Qualifications, Skills and Experience: By having the educational qualifications, appropriate professional and personal skills, level of training and practical experience related to the current and future activities of the Company, knowledge of administration, economics, law or governance, in addition to the desire to learn.
- 2.10. Ability to direct others: That he has the technical, leadership, and administrative capabilities, the speed of decision-making, the understanding of the technical requirements related to the work flow, and the ability to strategic direction, long-term planning, and a clear future vision.
- 2.11. Financial Knowledge: By being able to read and understand financial statements and reports.
- 2.12. Healthy Fitness: He shall not have a health obstacle that hinders him from carrying out his duties and specializations.

- 2.13. The candidate for membership of the Board shall adhere to the principles of honesty, trust, loyalty, care and concern for the interests of the Company and Shareholders, and shall advance them to his own interest.
 - 2.14. The relationship of the director with the Company is a sincere professional relationship. Thus, he must disclose to the Company any significant information before executing any deal or contract with the Company or one of its subsidiaries.
 - 2.15. Loyalty is achieved by avoiding dealings that involve conflict of interest while verifying fair dealing and observing the provisions related to conflicts of interest contained in the Governance Regulation.
 - 2.16. As for the care and attention, it is to allocate sufficient time to perform the duties and responsibilities entrusted to him under the membership of the Board, in accordance with the provisions contained in the Companies Law, the Financial Market Law and their Implementing Regulations, the Company's Articles of Association and other relevant laws.
 - 2.17. The candidate shall be a natural person of no less than twenty-five (25) years old, whether applying in his personal capacity or as a representative of a legal person.
 - 2.18. Diversity in academic qualifications and practical experience should be taken into consideration, and priority should be given, in nominations, to the need for those with the appropriate skills for membership of the Board of Directors.
 - 2.19. A director must resign before the end of his term in the Board of Directors, in the event that he loses his eligibility to work as a director, if he becomes unable to carry out his business, or is unable to allocate the time or effort necessary to perform his duties in the Board; but in the event of conflict of interests, he is free to choose whether to obtain a permit from the General Assembly, to be renewed each year, or to submit his resignation.
- 3. Article 3: Nomination for membership of the Board of Directors**
- 3.1. The Company announces - according to the laws and instructions - to those who meet the conditions, that it is possible to nominate for membership of the Board of Directors for the new cycle of the Board for a period of three years, in accordance with the conditions and controls contained in the Companies Law, the Capital Market Authority Law and their Implementing Regulations, and the Company's Articles of Association.
 - 3.2. Each Shareholder has the right to nominate himself or another person (or other persons) for membership in the Board based on his percentage share in the Company's capital.
 - 3.3. The Company must receive nominations from Shareholders and candidates sixty days before the General Assembly meeting.
 - 3.4. The Board of Directors has the right to add candidates in case the list of candidates is incomplete.
 - 3.5. Candidates who submit their nominations for membership of the Board of Directors must either submit it via the registered mail address of the Company or hand it over to the Secretary of the Board and obtain a receipt, or by email.
 - 3.6. The nomination documents that must be submitted in writing include the following:
 - 3.6.1. The candidate's quadruple name and his date of birth.
 - 3.6.2. A copy of the candidate's status or identity card.
 - 3.6.3. Contact numbers, including mobile, email, phone, and fax numbers.
 - 3.6.4. Financial Market Authority Form No. (3) after filling it out.
 - 3.6.5. The candidate's academic certificates, including the date obtained and the awarding body.
 - 3.6.6. The candidate's professional experience, including the positions held during the last ten (10) years.
 - 3.6.7. List of companies and entities with which the candidate has a relationship or interests.
 - 3.6.8. List of relatives of the candidate for membership of the Board of Directors, as defined in the Corporate Governance Regulations issued by the Board of the Capital Market Authority and its subsequent Amendments.
 - 3.7. The Company's Nomination and Remuneration Committee shall review the submitted nominations and determine the candidates whom it recommends to the Board of Directors to be included in the list of candidates, within two weeks of the date stipulated in Paragraph (3.2) of this Article.

4. Article 4: The General Assembly voting on the candidates

- 4.1 Voting in the General Assembly is restricted to those who have been approved by the Board of Directors for membership of the Board after they have fulfilled all the statutory requirements and conditions set forth in this policy.
- 4.2 A person with legal capacity, who is entitled according to the Company's Articles of Association to appoint his representatives to the Board of Directors, may not vote on the selection of candidates for membership in the Board of Directors.

5. Article 5: Election of directors and termination of their membership

- 5.1 The Ordinary General Assembly shall elect directors for a period of three years as stipulated in the Articles of Association of the Company.
- 5.2 Upon the expiration of the three-year period, a director may be re-elected for a new term.
- 5.3 The Ordinary General Assembly has the power to dismiss all directors or specific directors in accordance with the provisions of Article 68/3 of the Companies Law.
- 5.4 In the event that there is a vacancy in the Board, the Board may, in accordance with the provisions of Article (70 / 1) of the Companies Law, appoint a temporary member to fill the vacant position. The Ministry of Commerce and the Financial Market Authority must be notified within (5) working days from the date of appointment. Then, this appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new director shall complete the remaining term of his predecessor.
- 5.5 If the number of directors who can attend Board meetings is less than three, according to Article (70/2) of the Companies Law and the Company's Articles of Association, an Ordinary General Assembly must be held within (60) days to elect the necessary number of directors. The remaining directors may not take any other decision regarding the Company until the General Assembly is held.
- 5.6 The General Assembly may, upon the recommendation of the Board of Directors, terminate the membership of those of its members who are absent from attending 3 (three) successive meetings of the Board without a legitimate excuse.
- 5.7 The membership of a director shall end for any of the following:
 - 5.7.1 The expiration of the term of the Board, resignation, death, or dismissal by a decision of the General Assembly.
 - 5.7.2 Conviction for a crime involving breach of honor and trust.
 - 5.7.3 If he is ruled bankrupt or becomes unfit for membership in the Board according to any law or instructions in force in the Kingdom.
- 5.8 Upon the termination of the membership of the Board of Directors for any reason, the Company must, according to the statutory terms, notify the Capital Market Authority, and explain the reasons.

6. Article 6: Membership expiry

The membership of a director ends for any of the following:

- 6.1. The expiration of the term of the Board, resignation, death, or dismissal by a decision of the General Assembly.
- 6.2. Conviction for a crime involving breach of honor and trust.
- 6.3. If he is ruled bankrupt or becomes unfit for membership in the Board according to any law or instructions in force in the Kingdom.

7. Article 7: Concluding provisions

- 7.1. These Regulations shall be effective in accordance with its approval decision by the General Assembly.
- 7.2. This policy replaces the previous version of the approved policy according to the decision of the Board of Directors on 01/05/2018 and in accordance with the decision of the Twenty-second Ordinary General Assembly held on 05/06/2018.
- 7.3. In the event of any inconsistency between the provisions of these Regulations and the provisions of the Saudi Chemical Company Holding Governance Regulations and the Corporate Governance Regulations issued by the Board of the Capital Market Authority, the provisions of the latter shall prevail.
- 7.4. Any amendment to these Regulations must be made according to a decision from the General Assembly. If there are no legislative amendments or the Company's policy that require modification of this policy, the Audit Committee must evaluate and review it three years after the date of its approval.