



شركة هرفي للخدمات الغذائية (شركة مساهمة)
HERFY FOOD SERVICES CO. (J.S.C)

**The policies, standards and procedures for
Membership in the Board of Directors
Approved by the General Assembly
on November 19, 2023**



Appendix

Title	Page No.
Subject	2
The purpose	2
The scope	2
Reference	2
The Reviewer	3
Definitions	3
Composition of the Board of Directors	4
Conditions and criteria for candidacy for membership in the Board of Directors	4
Procedures for membership in the company's Board of Directors	5
Procedures for electing members of the Board of Directors	7
Vacant position on the board	7
Expiration of Board Membership	8
Chairman and Vice President	9
Final provisions	9



1. Subject:

Policies, standards and procedures for candidacy for membership in the Board of Directors of HERFY Food Services Company.

2. The purpose:

This policy explains the mechanism for determining and approving the criteria and procedures for nomination for membership in the Board of Directors of HERFY Food Services Company (“the Company”), in addition to the criteria and procedures for elections of the Chairman and members of the Board of Directors, as well as the criteria for expiring their membership.

These policies aim to set clear and specific standards and procedures for membership in the Board of Directors of HERFY Food Services Company in accordance with the relevant provisions and regulations, and to allow the nomination of appropriate candidates who have the academic and practical qualifications to maximize and preserve shareholders’ rights, as well as putting them into effect after approval by the General Assembly. she has.

This policy has been prepared in accordance with the applicable laws and regulations issued by the relevant regulatory authorities in the Kingdom of Saudi Arabia, and the company’s articles of association.

3. The scope:

These regulations apply to candidates for membership in the Board of Directors of HERFY Food Services Company.

4. Reference:

The policy, standards and procedures for membership in the HERFY Board of Directors were prepared with the aim of complying with Paragraph (3) of Article (21) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/5/1438 AH. Corresponding to 13/2/2017 G, amended by Capital Market Authority Board Resolution No. 8-5-2023 dated 25/6/1444 AH corresponding to 18/1/2023 G, which stipulated that the Board of Directors (the Council) shall prepare a clear and specific policy, standards and procedures. Membership in the Board in a manner that does not conflict with the mandatory provisions in the Corporate Governance Regulations and putting them into effect after the General Assembly approves them.



5. the reviewer:

- 5-1 The corporate system issued by the Ministry of Commerce for listed joint stock companies.
- 5-2 Corporate Governance Regulations issued by the Capital Market Authority.
- 5-3 Bylaws and policies of the Council and other committees.
- 5-4 The articles of association of HERFY Food Services Company.

6. Definitions:

The following words and phrases have the meanings stated in front of them unless the context requires otherwise:

- 6-1 Financial Market Law: The Financial Market Law issued by Royal Decree No. (M/30) dated 2/6/1424 AH and its amendments.
- 6-2 Executive Member: A member of the Board of Directors who is full-time in the executive management of the company and participates in its daily work.
- 6-3 Non-Executive Member: A member of the Board of Directors who is not dedicated to managing the company and does not participate in its daily work.
- 6-4 Independent member: A non-executive board member who enjoys complete independence in his position and decisions, and none of the criteria of independence stipulated in the laws and regulations apply to him.
- 6-5 Executive Management/Senior Executives: People entrusted with managing the company's daily operations, proposing and implementing strategic decisions, such as the CEO, his deputies, and the CFO.
- 6-6 Relatives: What is meant by relatives is any of the following:
 - 6-6-1 Fathers, mothers, grandfathers and grandmothers, no matter how high.
 - 6-6-2 Children and their children, even if they come down.
 - 6-6-3 Full brothers and sisters, paternal or maternal.
 - 6-6-4 Husbands and wives.
- 6-7 The company's main activity: establishing, operating, maintaining or managing quick service restaurants, such as burger, pizza, broasted, shawarma, etc. restaurants, as well as establishing or ... Run or Maintenance or Managing sweets exhibitions or Cafes.
- 6-8 Competing companies: These are companies that operate in any of the businesses mentioned in the company's main activity above.
- 6-9 Cumulative voting: A voting method for selecting members of the Board of Directors that gives each shareholder voting power by the number of shares he owns, such that he has the right to vote for one candidate or divide it among the candidates he chooses without repeating these votes.



7. Composition of the Board of Directors:

In accordance with the company's bylaws, the company is managed by a board of directors consisting of nine (9) members elected by the ordinary general assembly of shareholders for a period not exceeding four years, and the following is taken into account:

- 7-1 The majority of it shall be non-executive members.
- 7-2 The number of independent members shall not be less than two members or one-third of the Council members, whichever is more.
- 7-3 Every shareholder has the right to nominate himself or one or more other persons or others for membership in the Board of Directors.

8. Conditions and criteria for candidacy for membership in the Board of Directors:

- 8-1 The candidate must be a natural person who is at least twenty-five (25) years old.
- 8-2 The candidate must not have previously been convicted of a crime against honor or trust, or been ruled bankrupt, or made arrangements or reconciliation with his creditors, or be unfit for membership in the Council in accordance with any law or instructions in force in the Kingdom.
- 8-3 Every member of the Board of Directors must adhere to the duties of care and loyalty, including in particular the following:
 - 8-3-1 Exercising tasks within the limits of established powers.
 - 8-3-2 Working for the interest of the company and enhancing its success.
 - 8-3-3 Make or vote on decisions independently.
 - 8-3-4 Use reasonable and expected care, attention, diligence and skill.
 - 8-3-5 Avoid conflicts of interest.
 - 8-3-6 Disclosing any direct or indirect interest he has in the business and contracts conducted on behalf of the company.
 - 8-3-7 Not accepting any benefit granted to him by others in relation to his role in the company.
- 8-4 The candidate must not be a member of the boards of directors of more than five (5) joint stock companies listed on the Saudi Stock Exchange at the same time.
- 8-5 The candidate must not be a state employee, with the exception of candidates from government agencies that own shares in the company.
- 8-6 The candidate must have the ability to communicate effectively and think strategically.



8-7 In the case of an independent candidate, the independent member must not have any of the conditions that contradict independence in accordance with Article (19) of the Corporate Governance Regulations.

8-8 The candidate or any of his relatives must not participate in work that would compete with the company in its main activity that it practices. The following is included within the concept of competition for the purposes of this condition:

8-8-1 The candidate or one of his relatives owns - for a company or an individual institution - 5% or more of shares or stakes in a company or other facility that carries out an activity of the type of the company's main activity, whether directly or indirectly through a subsidiary company or any facility in which he owns. (**)

8-8-2 The candidate or one of his relatives obtains a commercial agency or something similar, whether apparent or hidden, for a company or other facility competing with the company or its group.

** (For clarification, this condition does not prejudice the provisions of Article 27 of the Companies Law or Article 44 of the Corporate Governance Regulations regarding obtaining a license from the General Assembly for members of the Board of Directors to participate in competing businesses. For example, if the cases apply to the candidate in other competitions according to what is stated in the provisions of Article 45 of the Corporate Governance Regulations, he may apply for membership provided that he is committed to disclosing the competing business and obtaining a license in accordance with the relevant controls specified in the Corporate Governance Regulations, or if the competing business mentioned in this clause arises after Appointment, in which case the provisions of Articles 27 of the Companies Law or Article 44 of the Corporate Governance Regulations apply.

8-9 The candidate must not have previously been a member of the board of directors of a listed joint stock company that was placed under compulsory liquidation or a director or receiver was appointed over it during the period he was on its board of directors, or previously been removed from this position by the general assembly of a listed joint stock company in the Saudi market.

8-10 The candidate for the Board of Directors must represent all shareholders, and must be committed to what is in the interest of the company in general and not what is in the interests of the people, group or entities that he represents or that voted for his appointment to the Board of Directors.

9. Procedures for membership in the company's Board of Directors:

9-1 The Nominations and Remuneration Committee shall coordinate with the company's executive management to announce the opening of nominations for membership in the company's Board of Directors in accordance with the controls regulating the competent authorities and the corporate governance regulations, provided that the announcement of the opening of nominations is made at least sixty days before the date of the end of the Board's session.



- 9-2 The Nominations and Remuneration Committee submits its recommendations to the Board of Directors regarding nomination for Board membership in accordance with the policies, standards and conditions mentioned above.
- 9-3 Whoever wishes to nominate himself for membership in the company's board of directors must declare his desire in a letter requesting nomination to manage the company in accordance with the terms and dates stipulated in the applicable laws, regulations, circulars and decisions. This letter must include an introduction to the candidate in Arabic and English in terms of his CV, qualifications, and practical experience, as well as Fill out the form or forms specified by the Capital Market Authority and the company in both Arabic and English, which can be obtained within the attachments of the company's announcement for nomination on the Tadawul website or the Capital Market Authority website, provided that the candidate also attaches the rest of the identification documents such as (national ID card, family card, passport Travel for non-Saudis nominated for membership in the Board of Directors, and any other relevant documents required by the company to meet the requirements of the regulatory authorities).
- 9-4 The candidate who previously served as a member of the Board of Directors of HERFY Company must attach to the nomination notification a statement from the company's management for the last session in which he served as a member of the Board, including the following information:
- 9-4-1 The number of Board of Directors meetings that took place during each year of the term.
- 9-4-2 The number of meetings that the member attended in person, and the percentage of his attendance to the total number of meetings.
- 9-4-3 The permanent 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 number of meetings.
- 9-4-4 A summary of the financial results achieved by the company during each year of the session.
- 9-5 The membership status must be clarified, i.e., whether the member is an executive member, a non-executive member, or an independent member.
- 9-6 The nature of membership must be clarified, i.e., whether the member is running in his personal capacity or whether he is running on behalf of a legal person or a natural person.



9-7 Anyone who wishes to nominate himself for membership in the Board of Directors must disclose to the Board and the General Assembly any cases of conflict of interest - including:

9-7-1 The existence of a direct or indirect interest for him or any of his relatives or any of the entities he represents in the business and contracts carried out on behalf of the company.

9-7-2 His participation or any of his relatives in any work that would compete with the company, or compete with it in one of the branches of the activity that it practices, taking into account that in the event that the company competes in its main activity - in accordance with what is stipulated in Clause 8-8 of these regulations - The candidate does not meet the conditions and criteria for membership in the Council.

9-8 The Nominations and Remuneration Committee, in coordination with the company's executive management, shall provide the Capital Market Authority and any other parties with the forms received from candidates for membership of the Board of Directors and required in this regard.

9-9 The Nominations and Remuneration Committee must commit to implementing or responding to any comments received from the competent authorities regarding any candidate.

10. Procedures for electing members of the Board of Directors:

10-1 Publish the nomination announcement on the company's website and the Capital Market website, and in any other means determined by the Capital Market Authority, in order to invite people wishing to nominate for membership in the Board of Directors, provided that the nomination period remains open for at least one month from the date of the announcement, and the company may extend the nomination period. Before its expiration with the announcement of that extension.

10-2 Voting on the selection of members of the Board of Directors is done through the cumulative voting method.

10-3 Voting in the General Assembly is limited to those who nominated themselves in accordance with the aforementioned policies, standards and procedures.

11. Vacant position on the board:

11-1 According to the company's bylaws, in the event that the position of a member of the board of directors becomes vacant due to his death, retirement, or removal, and this vacancy does not result in a violation of the conditions necessary for the validity of a quorum for the board to convene due to a decrease in the number of its members below the minimum stipulated in these bylaws, the board may or may not appoint one or more members. Temporarily in the vacant position from someone who has experience and competence, and the competent authorities must be informed within (fifteen) days from the date of appointment, and the appointment must be



presented to the Ordinary General Assembly at its first meeting, and the appointed member must complete a term of appointment.

11-2 If the Chairman and members of the Board of Directors retire, they must convene the Ordinary General Assembly to convene to elect a new Board of Directors. The retirement shall not take effect until the election of the new Board, provided that the term of the retiring Board does not exceed the period specified by the regulations.

11-3 In the event that a Board of Directors is not elected for a new session or the necessary number of Board of Directors members is not completed for the validity of the meeting, any interested party may request the competent judicial authority to appoint, from those with experience and expertise, and in the number it deems appropriate, someone to supervise the management of the company and call the General Assembly to convene within Ninety days to elect a new board of directors or complete the number of board members necessary for the validity of the meeting, according to the circumstances, or to request the dissolution of the company.

12. Expiration of Board Membership:

The membership of a member of the Board of Directors ends, for example, as follows:

12-1 Council membership ends at the end of the prescribed period of four years.

12-2 Board membership ends in accordance with any law or instructions in force in the Kingdom, or due to death or resignation, or if he is convicted of a crime against honor and honesty, or if he loses the ability to work as an effective member of the Board of Directors (if he is unable to carry out his work or is unable to allocate the necessary time or effort to perform his duties in the council), and with Therefore, the Ordinary General Assembly may dismiss all or some of the members of the Board, and a member of the Board of Directors may retire from membership of the Board through a written notification addressed to the Chairman of the Board. If the Chairman of the Board retires, the notification must be directed to the remaining members of the Board and the Secretary of the Board, and the retirement shall be considered effective - in both cases - from the date specified in the notification.

12-3 The General Assembly may, based on a recommendation from the Council, terminate the membership of any member who fails to attend (three) consecutive meetings or (five) separate meetings of the Council without a legitimate excuse accepted by the Council.

12-4 In the event of a conflict of interest, if the Board of Directors refuses to grant a license to a member of the Board of Directors in accordance with what is stated in the executive regulations of the competent authorities, the member of the Board of Directors must submit his resignation within a period specified by the Board of



Directors, otherwise his membership in the Board will be considered terminated unless he decides to withdraw from the contract, dealing, or Competing businesses, or adjusting their conditions in accordance with the Companies Law and its executive regulations before the expiry of the period specified by the Board of Directors.

13. Chairman and Vice President:

At its first meeting, the elected Board of Directors selects a Chairman and Vice-Chairman.

14. Final provisions:

- 14-1 The company notifies the regulatory authorities of the names of the members of the Board of Directors and their membership positions within the statutory periods from the date of their membership in the Board of Directors or from the date of any changes that may arise.
- 14-2 This regulation shall be effective from the date of its approval in the company's General Assembly. The Board, with the support of the Nominations and Remuneration Committee, reviews this policy periodically to ensure its suitability to the changes occurring in the nature of the company's business, its strategic objectives, and relevant legislation, and makes recommendations to the General Assembly regarding it.