



Corporate Governance

Part 4: The Board of Directors

نظام الحوكمة

الباب الرابع : مجلس الادارة

Article 18: Composition of the Board of Directors

- 2) The majority of the Board members shall be of Non-Executive Directors.
- 3) The number of Independent Directors shall not be less than two members or one-third of the Board members, whichever is greater
- 1) As per The Company's bylaws article (18) shall specify the manner by which membership of the Board may be terminated For one of the following reasons:
- A) The expiry date.
- B) By Any law or valid instructions in the Kingdom of Saudi Arabia
- w) If a member's position becomes vacant during the year, the Board appoints a member to the vacant position, presented to the first ordinary general assembly for approval and the appointed member completes the term of his predecessor. If the number of members of the board of directors falls below the quorum necessary for the validity of its meetings, which is half of the members, the ordinary general assembly should be called as soon as possible to appoint the necessary number of members.
- H) Upon the termination of the membership of a Board member by any termination method, the Company shall promptly notify the Authority and the Exchange and shall specify the reasons for such termination

المادة الثامنة عشرة : تكوين مجلس الإدارة

- ب- يجب أن تكون أغلبية أعضاء مجلس الإدارة من الأعضاء غير التنفيذيين.
- ج- يجب ألا يقل عدد أعضاء مجلس الإدارة المستقلين عن عضوين أو ثلث أعضاء المجلس أيهما أكثر.
- هـ- تنتهي العضوية في مجلس الإدارة طبقاً للمادة (١٨) من النظام الأساسي للشركة العربية للأنابيب بأحد الأسباب التالية:
- ١- انتهاء مدتها.
- ٢- وفقاً لأي نظام أو تعليمات سارية في المملكة العربية السعودية.
- و- إذا شغل مركز أحد الأعضاء أثناء السنة يعين المجلس عضواً في المركز الشاغر على أن يعرض هذا التعيين على أول جمعية عامة عادية لإقراره ويكمل العضو المعين مدة سلفه وإذا هبط عدد أعضاء مجلس الإدارة عن النصاب اللازم لصحة اجتماعاته وهو نصف الأعضاء وجب دعوة الجمعية العامة العادية في أقرب وقت ممكن لتعيين العدد اللازم من الأعضاء.
- ح - عند انتهاء عضوية أحد أعضاء مجلس الإدارة بأي من طرق انتهاء العضوية يجب على الشركة أن تخطر هيئة السوق المالية فوراً مع بيان الأسباب التي دعت إلى ذلك.



العربية للأنابيب
ARABIAN PIPES

الشركة العربية للأنابيب شركة سعودية مساهمة

T)A Board member shall not be a member of the Boards of Directors of more than five listed joint stock companies at the same time

Y)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 choosing the other members of the board of directors.

K)It is prohibited to combine the Chairman of the Board of Directors with any executive position in the company such as the Managing Director, the CEO or the General Manager

L)At all times, the Ordinary General Assembly may dismiss all or any of the Board members, even if the Company's bylaws provides for otherwise,

ط -لا يجوز أن يشغل العضو عضوية مجلس إدارة أكثر من خمس شركات مساهمة في آن واحد.

ي -لا يجوز للشخص ذي الصفة الاعتبارية الذي يحق له بحسب نظام الشركة تعيين ممثلين له في مجلس الإدارة التصويت على اختيار الأعضاء الآخرين في مجلس الإدارة.

ك -يحظر الجمع بين رئيس مجلس الإدارة وأي منصب تنفيذي بالشركة مثل العضو المنتدب أو الرئيس التنفيذي أو المدير العام.

ل -يجوز للجمعية العامة في كل وقت عزل جميع أعضاء مجلس الإدارة أو بعضهم ، ولو نص نظام الشركة على غير ذلك.

Policies, standards and special procedures for Membership in the Board of Directors

Arabian Pipes Company

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Introduction

The "Policies, Standards and procedures for the membership of the Board of Arabian Pipes Company (APC) have been prepared to comply with item number three (3) of article (22) of the Corporate Governance Regulations (CGR) issued by the Capital Market Authority (CMA) Board pursuant to resolution No. (8-16-2017) dated 13/2/2017, which stipulated that the board shall "set forth specific and explicit policies, standards and procedures for membership in the board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly"

These policies, standards and procedures for membership in the company's board of directors are based on the Companies Law and Circulars issued by the Ministry of Commerce and Investment and the Capital Market Authority, and the company's bylaw.

1. Formation of Board of Directors

The following shall be taken into consideration in the formation of the Board of Directors:

- a) The majority of the Board members shall be of Non-Executive Directors.
- b) The number of Independent Directors shall not be less than one-third of the Board members.

2. Policies and Standards for Membership in the Company's Board of Directors:

The board member shall have the appropriate balance of skills, experience, independence and knowledge of APC business to enable them to discharge their respective duties and responsibilities effectively. The General Assembly (GA) shall take into account, when electing members to the board, the recommendations of the Nomination and Remuneration Committee (NRC) and the availability of the personal and professional capabilities required to perform their duties effectively. The member shall have the following qualifications in particular:

- 1) The nominee shall be a natural person of at least 25 years of age.
- 2) The nominee shall not have been previously convicted of a crime of dishonesty, declared bankruptcy or insolvency, or deemed unfit for the board membership in accordance with any law or instructions applied in the Kingdom.
- 3) The nominee shall not be a member of the boards of more than five listed joint stock companies at the same time.
- 4) The nominee shall not be a state employee. Except for those appointed by state sectors.
- 5) The nominee has the ability to communicate effectively and think strategically.
- 6) Independent board members shall enjoy complete independence in his position and decisions and not having any independence conflicts stipulated in article 20 of the CG Regulation.
- 7) The board member shall represent all shareholders and shall abide by what meets the interests of the company in general and not what serves the interests of the group he represents or the group that voted in favor of his appointment as a board member.

- 8) A member of the board shall resign before the end of his office term, if he lost his eligibility to serve as a member, or if he lost his ability to perform responsibilities or could not allocate the time or effort required to perform his role and responsibilities in the board.

3. Nominate right procedures of the company board membership

- 1) Each shareholder shall have the right to nominate himself or other person(s) for membership to the board of directors, to the extent of his shareholding in the capital.
- 2) Diversity of qualification and practical experience shall be taken into consideration, and priority shall be given to nominees with the appropriate skills for the board of directors.
- 3) The NRC shall coordinate with the executive management of the company to announce the opening of the nomination for the company's board membership with a sufficient period. Prior to the end of the Board's office term in accordance with applicable laws and regulations.
- 4) The Company shall publish the nomination announcement on the websites of the Company and the Exchange and through any other medium specified by the Authority. To invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement, and the company may extending the nomination period before its end with the announcement of that extension.
- 5) The NRC shall submit its recommendation to the board of directors on nomination for the board membership in accordance with the standards mentioned in this policy
- 6) Anyone who is interested in being nominated to the company board shall declare his wish by notifying the company administration in accordance with the applicable rules and regulations. This notice shall include an introduction of the nominee with respect to his Curriculum Vitae, his qualifications and his work experience.
- 7) Nominees for board membership shall fill out Form No. three (3) specified by the CMA, which can be find on www.cma.org.sa.
- 8) Any nominee who is a previous board member of a Joint stock company shall state the names and dates of the boards in which he was a member.
- 9) Any nominee who has served as a board member in APC shall enclose with the nomination notice a statement from the company management on the last session in which he was a board member including the following:
 - The number of Board meetings held during each year of the session.
 - The number of meetings attended by the member, and the percentage of his attendance of the total meetings.
 - The committees in which the member participated, the number of meetings held by each of these committees during each year of the session, the number of meetings attended and the attendance percentage of the total number of meetings.
 - Summary of the financial results achieved by the company during each year of the cycle

- 10) Membership type shall be clarified upon nomination, i.e. if the nominee is an executive member, a non-executive member, or an independent member.
- 11) The membership nature shall be clarified, i.e. if the member is a nominee for himself or he represents a legal person.
- 12) A person who desires to nominate himself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:
 - Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board.
 - Engaging in business that may compete with the Company or any of its activities.
- 13) The NRC shall coordinate with the executive management of the company to provide the Capital Market Authority with the CVs of nominee according to the CV template of a joint stock company listed on the Saudi Stock Exchange (Tadawul).
- 14) The NRC must implement any observations received from the competent authorities about any candidate.
- 15) Cumulative voting is used as a voting method in Board elections.
- 16) Voting in the GA shall be confined to the Board nominees who nominate himself in accordance with the procedures, the criteria's and polices mentioned above.

4. The expiry of the Board Membership and vacancies:

1. The office term of the board shall expire by the end of the defined period, which is 3 years from the date of his election by the GA.
2. The office term of the board member shall expire in accordance with his resignation or death or in the event of his dismissal by a decision of the General Assembly, or if he is convicted of any crime involving breach of honor and trust, has been ruled bankrupt, has made arrangements or reconciled with his creditors, or becomes unfit for membership of the Board in accordance with any system or instructions in force in the Kingdom.
3. Upon the recommendation of the board of directors, the general assembly may terminate the membership of board member who fails to attend three consecutive board meetings without a valid reason.
4. If during the membership period, any position becomes vacant, the board shall temporarily appoint a member to fill that position provided that such member be from among persons who are experienced and qualified and that such appointment be brought before the Ordinary General Assembly in its first meeting; and the member newly appointed shall complete the terms of his predecessor.

5. The effective date.

This policy shall come into effect from the date of its approval by the General Assembly.