



Policy, standards and procedures for membership in the Board of Directors of Saudi Marketing Company (Farm Superstores) - approved by the Ordinary General Assembly held on 23/03/1439 AH corresponding to 11/12/2017 AD

Introduction:

These policies, standards and procedures for membership in the Board of Directors of Saudi Marketing Company (Farm Superstores) are based on the text of Paragraph (3) of Article Twenty-Two of the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-6-2017) dated 5/16 /1438 AH corresponding to February 13, 2017 AD, which states that taking into account the competencies established for the General Assembly in the Companies Law, its executive regulations and the company's articles of association, the Board of Directors shall have the widest powers in managing the company and directing its work to achieve its objectives, including the preparation of clear and specific policies and criteria for membership in the Board of Directors in a manner that does not conflict with the mandatory provisions in the Corporate Governance Regulations and put them into practice after approval by the General Assembly.

First: Policies and eligibility criteria for the membership in the company's board of directors

- 1 - That the candidate for the membership of the board has not previously been convicted of a crime against honor and honesty, or has become unfit for membership of the board in accordance with any system or instructions in force in the Kingdom.
- 2- The board member shall not be a member of more than five joint stock companies listed in the financial market at the same time.
- 3- The candidate should not be a government employee.
- 4- The member shall have the academic qualifications, professional and personal skills appropriate to the level of training and practical experience related to the company's activities in management, economics, accounting, law or governance, as well as the desire to learn and train.
- 5- The member should have the ability to communicate effectively, think strategically and have sufficient time to carry out the duties and responsibilities of the membership.
- 6 - To take into account the diversity of scientific qualifications and scientific experience in forming the board in order to achieve efficiency and effectiveness in enriching discussions on the topics presented to the board.

7- The member should have leadership skills that qualify him to grant the powers that lead to motivating performance and applying the best practices in the field of effective management and adherence to professional values and ethics.

8- The member should have the ability to direct, by having leadership, technical and administrative capabilities, speed in decision-making, understanding the technical requirements related to the workflow, and being able to strategically direct, plan and have a clear future vision.

9- The member should be able to read and understand the financial statements and reports.

10- Board member should demonstrate the principles of honesty, trustworthiness and concern for the interests of the company and shareholders, and prioritizing them over his personal interest.

11- The member should have a health fitness that qualifies him to exercise his duties and competencies, and the general assembly must take into account, when electing the members of the board of directors, the recommendations of the Remuneration and Nominations Committee and the availability of the personal and professional elements necessary to perform their duties effectively.

12- The number of independent members of the board shall not be less than two members or one third of the members of the board, whichever is more.

13- That the independent member of the board of directors is able to exercise his duties, express his opinions, and vote on decisions objectively and impartially, which helps the board of directors to take sound decisions that contribute to achieving the interests of the company.

14- The board of directors should represent all shareholders and abide by what achieves the interest of the company in general and not what achieves the interests of the group he represents or that voted on his appointment to the board.

15- Membership of the board of directors ends with his resignation, death, dismissal by a decision of the general assembly, conviction of any crime against honor and honesty, or if he becomes unfit for board membership in accordance with any laws or regulations in force in the Kingdom.

16- A member of the board of directors shall resign before the end of his term in the board in the event of losing his eligibility to serve as a member of the board or his inability to carry out his work or his inability to allocate time to perform his work and responsibilities in the board, and in the event of a conflict of interest, the member has the option to obtain a license from the General Assembly to be renewed each year or to submit his resignation.

17- Board member must demonstrate the principles of honesty, trustworthiness, loyalty, and concern for the interests of the company and shareholders, and prioritizing them over his personal interest.

Second: Membership procedures in the company's board of directors

1 - The Remuneration and Nomination Committee, in coordination with the executive management of the company, announces the opening of the door for candidacy for the membership of the Board in

accordance with the Companies Law, the Governance Regulations and the instructions issued by the Capital Market Authority.

2 - Each shareholder has the right to nominate himself or one or more other persons for membership in the Board of Directors within the limits of his ownership percentage in the company's capital.

3- Anyone who wishes to nominate himself for membership of the Board announces his desire by notification to the company's management in accordance with the terms and dates stipulated in the laws and regulations, and that the notification includes identification of the candidate, his CV, qualifications, practical and scientific experience, filling out the form issued by the Capital Market Authority, and disclosing to the Board and the General Assembly any cases Conflict of interests, whether direct or indirect, in the business and contracts made for the account of the company, or his participation in a business that would compete with the company or in one of its branches.

4- A candidate who has previously served as a member of the boards of a joint stock company must submit a statement of the number and date of the boards of directors of the companies, he has been a member of.

5- The candidate who has previously served as a member of the company's board must attach to the nomination notification a statement from the company's management about the last term in which he became a board member, including the following information:

- The number of board meetings that took place during each year of the session, the number of meetings he attended in person, and the percentage of his attendance to the total meetings.
- The permanent committees in which the member participated, the number of meetings held by each committee during each year of the session, and the percentage of his attendance to the total meetings.

6- Clarify the membership status of the board of directors, whether the member is an executive member, a non-executive member, or an independent member.

7- Clarify the nature of membership, whether the member is a candidate in his personal capacity or is a representative of a legal person.

8 - The Remuneration and Nominations Committee, in coordination with the executive management of the company, shall provide the Capital Market Authority with the CVs of the candidates according to the form (CV of the candidate for membership in the management is a joint stock company listed on Saudi Stock Exchange Tadawul, in addition to any copies of the nomination notifications and their attachments.

9- The Remuneration and Nomination Committee shall implement any observations received from the competent authorities regarding any candidate for the membership of the Board.

10 - Voting takes place in the General Assembly on those who have nominated themselves in accordance with the aforementioned procedures and criteria.

Third: Final Provisions (Publishing and Amendment)

The provisions of this policy shall be implemented and adhered to by the company as of the date of its approval by the general assembly of shareholders and shall be published on the company's website to enable shareholders and stakeholders to view it. The amendments are submitted to the general assembly of shareholders for approval at its nearest meeting.