



Current Policy	Proposed Policy	Procedure
<p><b>First: Preface:</b> Based on the provisions of paragraph (3) of Article (22) of the Corporate Governance Regulations issued by the The Capital Market Authority (CMA) Resolution No. ( 6-16-2017 ) dated 16/05/1438H corresponding to 13/02/2017 Based on the Companies Law issued by Royal Decree No. (M/3) Date 28/01/1437 H as amended by CMA Board Resolution No. (1-35-2018) 09/07/1439 AH corresponding to 26/03/2018 AD and Article XXI, Twenty-second and Third And the 20th of the corporate governance regulations approved on 17/01/2018 AD, policies and conditions have been prepared and these criteria and procedures for membership in the Board of Directors in accordance with the requirements of the Companies Law and the Corporate Governance issued by the Capital Market Authority, the Company's Articles of Association and the Company's Corporate Governance Regulations.</p> <p><b>Second: Objective of the Policies:</b> The purpose of the policies and standards of membership procedures in the Board of Directors is to establish standards and procedures Clear and specific for the membership of the Board of Directors and clarifying the conditions, criteria and procedures necessary for the selection of Members and the conditions for their election.</p>	<p><b>Article I: Preamble</b></p> <ol style="list-style-type: none"> <li>1- This policy has been prepared in accordance with the company's corporate governance rules, and in accordance with the provisions of paragraph (3) of Article (21) of the Corporate Governance Regulations: (Preparing clear and specific policies, standards and procedures for membership in the Board of Directors - in a manner that does not conflict with the mandatory provisions of the Corporate Governance Regulations -, and putting them into effect after the approval of the General Assembly).</li> <li>2- These Rules shall be subject to the provisions of the Articles contained in the Companies Law and its Implementing Regulations, the Company's Articles of Association, and the Capital Market Law and its Implementing Regulations.</li> <li>3- This policy aims to establish a legal framework for the rules for selecting members of the Board of Directors and the controls governing the nomination mechanism.</li> </ol>	<p>The article has been reworked and merged</p>
<p><b>Third: Criteria and Conditions of Membership in the Board of Directors</b> A member of the Board of Directors must be of professional competence who possesses the necessary experience, knowledge, skill and independence to enable him to exercise his duties efficiently and competently, and in particular the following:</p> <ol style="list-style-type: none"> <li>1- Leadership ability: by having leadership skills that qualify him to grant powers in a way that leads to motivating performance, applying best practices in the field of effective management, and adhering to professional values and ethics.</li> </ol>	<p><b>Article II: Membership Policies and Criteria</b> The General Assembly shall, when electing the members of the Board of Directors, take into account the recommendations of the Remuneration and Nomination Committee and the availability of personal and professional assets to perform their duties effectively in accordance with the following policies and standards:</p> <ol style="list-style-type: none"> <li>1- The candidate for membership of the Council must not have previously been convicted of a crime involving moral turpitude and dishonesty, and he must not be insolvent,</li> </ol>	<p>Key Amendments:</p> <ul style="list-style-type: none"> <li>- Paragraph (2) has been added in accordance with paragraph 1 of Article 68 of the new Companies Law.</li> <li>- Paragraph (3) has been added clarification to include membership in</li> </ul>



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<p>2- Competence: To have the appropriate academic qualifications, professional and personal skills, level of training and practical experience related to the company's current and future activities, management, economics, accounting, law or governance, as well as the desire to learn and train.</p> <p>3- Ability to direct: by having technical, leadership, and administrative capabilities and speed to make decisions, and to absorb technical requirements and developments related to workflow, and to be able to strategic direction , planning and a clear future vision.</p> <p>4- Financial knowledge: by being able to read and understand financial statements and reports</p> <p>5- Health fitness: by not having a health impediment that hinders him from exercising his duties and competencies.</p> <p>6- The candidate for membership of the Council should not have previously been convicted of a crime involving moral turpitude and dishonesty, and should not be insolvent, bankrupt or become unfit for membership of the Council in accordance with any system or instructions in force in the Kingdom.</p> <p>7- A member of the Board of Directors shall not be a member of the Board of Directors of more than five joint stock companies listed on the Capital Market at the same time.</p> <p>8- The number of independent members shall not be less than two or one-third of the members of the Board, whichever is greater.</p> <p>9- The independent member must enjoy full independence in his position and decisions, and none of the symptoms of independence stipulated in Article (20) of the Corporate Governance Regulations apply to him.</p> <p>10- The Board member shall represent all shareholders and shall be committed to the interest of the company in general and not in the interests of the group he represents or that voted to appoint him to the Board.</p>	<p>bankrupt or become unfit for membership of the Council in accordance with any system or instructions in force in the Kingdom.</p> <p>2- In all cases, a member of the Board of Directors must be a natural person.</p> <p>3- Not to be a member of the Board of Directors of more than five joint stock companies listed on the market at the same time, including his membership in Jazan Energy and Development Company (JAZADCO).</p> <p>4- The member of the Board of Directors shall represent all shareholders, and shall commit to what is in the interest of the company in general and not what achieves the interests of the group he represents or that voted to appoint him to the Board of Directors.</p> <p>5- The majority of the members of the Board shall be non-executive members, and the number of independent members shall not be less than two members or one third of the members of the Board, whichever is greater, even if the calculation of the third results in a fraction, it shall be calculated on the basis of the higher integer number.</p> <p>6- The independent member must enjoy full independence in his position and decisions, and none of the independence symptoms stipulated in Article (19) of the Corporate Governance Regulations shall apply to him.</p> <p>7- Taking into account diversity in scientific qualification and practical experience, and giving priority in nomination to the needs required of those with the appropriate skills for membership of the Board of Directors.</p> <p>8- Each member of the Board of Directors shall abide by the duties of care and loyalty, including, in particular, the following:</p> <p>I- Exercising duties within the prescribed powers: A member of the Board of Directors shall exercise his duties and powers in managing the company and directing its work within the limits of his prescribed powers in accordance with the provisions of the Companies Law, its implementing regulations, the company's articles of association and other relevant regulations, in order to achieve the purposes for which he was granted those powers.</p>	<p>Jazan Energy and Development Company.</p> <p>- Paragraph (5) A clarification has been added to the mechanism for calculating one third in accordance with the Capital Market Law and its implementing regulations.</p> <p>- Paragraph (8) has been added in accordance with the Executive Bylaws of Companies Law for Listed Joint Stock Companies.</p> <p>- Paragraphs (10), (11) and (12) have added new conditions for membership.</p>



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<p>11- Each member of the Board of Directors shall abide by the principles of honesty, honesty, integrity, loyalty, care and concern for the interests of the Company and the shareholders and put them before his personal interest, including in particular the following:</p> <p>I- Honesty and integrity: that the relationship of the member of the Board of Directors with the company is professional - honest and honest, and that he discloses to her any influential information before executing any transaction or contract with the company or one of its subsidiaries.</p> <p>II- Loyalty: The member of the Board of Directors avoids transactions that involve a conflict of interest, while verifying the fairness of dealing, and observing the provisions of the conflict of interest in these Regulations.</p> <p>III- Care and attention: by performing the duties and responsibilities contained in the Companies Law, the Capital Market Law and their implementing regulations, the Company's Articles of Association and other relevant regulations.</p> <p>12- Diversity in scientific qualification and practical experience should be taken into account, and priority should be given in nomination to the required needs of those with the appropriate skills for membership of the Council.</p> <p>13- A member of the Council must resign before the end of his term in the Council, in the event that he loses his eligibility to work as a member of the Council, or his inability to exercise his work, or his inability to allocate the time or effort necessary to perform his responsibilities in the Council, but in the event of a conflict of interest, the member has the option to obtain a license from the General Assembly renewed every year or submit his resignation.</p>	<p>II- Working on the interest of the company and enhancing its success: A member of the Board of Directors must act in good faith in the interest of the company and all shareholders and not put his personal interest ahead of the interest of the company and its shareholders, taking into account the rights of other stakeholders, in addition to being keen to do everything that would enhance the company's success, development and maximize its value for the benefit of its shareholders in the long term.</p> <p>III- Independent decision-making or voting: A member of the Board of Directors must exercise his duties objectively and independently with regard to the management and decision-making of the company, and avoid situations that affect his independence in making decisions or when voting on them.</p> <p>IV- Reasonable and expected care, attention, diligence and skill: A member of the Board of Directors shall perform his duties and responsibilities in accordance with the Companies Law, the Capital Market Law and their Implementing Regulations, the Company's Articles of Association and other relevant regulations, and in accordance with the care and care that must be exercised by the careful person with the general knowledge, skill and experience possessed by the Board member himself, and those expected of him performing the same functions performed by that member.</p> <p>V- Avoid Conflict of Interest: A member of the Board of Directors must avoid transactions and cases in which he has or is likely to have a direct or indirect interest that conflicts or may conflict with the interest of the company, and abide by the provisions of the conflict of interest contained in the Companies Law and its implementing regulations.</p> <p>VI- Disclosure of any interest he has directly or indirectly in the business and contracts concluded for the company's account: A member of the Board of Directors shall be obliged to disclose any interest he has directly or indirectly in the business and contracts concluded for the company's account as soon as he becomes aware of</p>	



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	<p>them, and he must abide by the provisions for disclosure of interest in business and contracts contained in the Companies Law and its implementing regulations.</p> <p>VII- Non-acceptance of any benefit granted to him by third parties in relation to his role in the company: A member of the Board of Directors shall not exploit his position and the tasks and powers he has as a member of the Board of Directors in any way to obtain benefits from third parties or accept any benefit granted to him by third parties in return for performing a certain work or refraining from performing a specific work.</p> <p>9- A member of the Board of Directors shall be of professional competence who shall have the necessary experience, knowledge, skill and independence to enable him to exercise his duties efficiently and competently, taking into account the following, in particular:</p> <p>I- Leadership ability: by having leadership skills that qualify him to grant powers in a way that leads to motivating performance, applying best practices in the field of effective management, and spreading professional values and ethics.</p> <p>II- Competence: by having academic qualifications, appropriate professional and personal skills, level of training and practical experience related to the company's current and future activities, management, economics, accounting, law or governance, as well as the desire to learn and train.</p> <p>III- Ability to direct: by having technical, leadership, and administrative capabilities, speed of decision-making, understanding the technical requirements related to workflow, and being able to strategic direction, planning and a clear future vision.</p> <p>IV- Financial knowledge: by being able to read and understand financial statements and reports.</p> <p>V- Health fitness: by not having a health impediment that hinders him from exercising his duties and competencies.</p> <p>10- The candidate must be committed to performing the duties and responsibilities set forth in the Companies Law, the Capital Market Law, their implementing regulations, the relevant regulations and the Company's Articles of Association.</p>	



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	<p>11- The nominee must be at least twenty-five (25) years old, whether the candidate is applying in his personal capacity or representing a legal person.</p> <p>12- The candidate's employer shall not object to his appointment to the Council if the candidate is an employee.</p> <p>13- A member of the Board of Directors shall resign before the end of his term in the Board, in the event that he loses his eligibility to work as a member of the Board of Directors, or is unable to exercise his duties, or is unable to allocate the time or effort necessary to perform his duties in the Board, but in the event of a conflict of interest, the member shall have the option to obtain a license from the General Assembly or submit his resignation.</p>	
<p>Fourth: Procedures for nomination for membership of the Board of Directors:</p> <p>1- Each shareholder has the right to nominate himself or one or more other persons for membership of the Board of Directors, within the limits of his ownership percentage in the capital.</p> <p>2- The Nomination and Remuneration Committee, in coordination with the Company's Executive Management, shall publish and announce the opening of nominations for membership of the Board of Directors on the Tadawul website, the Company's website and any other means determined by the Authority to invite persons wishing to nominate for membership of the Board of Directors, provided that the nomination door remains open for at least one month from the date of the announcement.</p> <p>3- The company shall announce on the market's website information about the candidates for membership of the Board of Directors when publishing or calling for the General Assembly, and the company shall provide a copy of this information at its head office and website.</p> <p>4- The Nomination and Remuneration Committee shall submit its recommendations to the Board of Directors regarding candidacy for membership of the Board in accordance with the criteria described in this policy.</p>	<p>Article Three: Procedures for Candidacy for Board Membership</p> <p>1- Each shareholder has the right to nominate himself or one or more other persons for membership of the Board of Directors, within the limits of his ownership percentage in the capital.</p> <p>2- The Remuneration and Nomination Committee shall coordinate with the Company's Executive Management to announce the opening of nomination for membership of the Board of Directors of the Company at least ninety (90) days before the end of the Board session and in light of the requirements required by the laws and regulations.</p> <p>3- The announcement of candidacy shall be published on the Capital Market "Tadawul" website and the company's website, and in any other means determined by the Authority, in order to invite persons wishing to nominate for membership of the Board of Directors, provided that the nomination door remains open for at least (30) days from the date of the announcement.</p> <p>4- Whoever wishes to nominate himself for membership of the Board of Directors of the company must disclose his desire to be nominated according to an application submitted to the Nomination and Remuneration Committee in accordance with the period and dates stipulated in accordance with this policy and the applicable laws and regulations, and this application must be accompanied by an introduction to the candidate in both Arabic and English in terms of his CV, qualifications, practical experience and experience</p>	



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<p>5- Anyone wishing to nominate himself for membership of the Board of Directors must submit his candidacy application to the Company during the announced nomination period, accompanied by the following:</p> <p>A- The application for candidacy for membership of the Board is submitted to the attention of the Secretary of the Nomination and Remuneration Committee, attached to it - the candidate's CV, explaining his qualifications and salary in the field of the company's work and current work, as well as the candidate's means of communication.</p> <p>B- Fill out the Capital Market Authority Form No. (3) for the CV of the candidate for membership of the Board of Directors of a listed joint stock company, which has been prepared for this purpose and can be obtained from the Capital Market Authority website.</p> <p>6- Those who wish to nominate themselves for membership of the Board must disclose to the Council and the General Assembly any cases of conflict of interest, which include:</p> <p>A- The existence of a direct or indirect interest in the business and contracts made for the account of the company for which he wishes to run for the Board of Directors.</p> <p>B- Participating in a business that would compete with the company or compete with it in one of the branches of the activity it engages. -</p> <p>7- Clarifying any relationship between a wife or another person with any of the company's major shareholders, senior executives or one of his external auditors as described in the definitions of related parties and kinship in the Corporate Governance Regulations issued by the Capital Market Authority.</p> <p>8- A candidate who is or has previously served as a member of the board of directors of a joint stock company or a member of any of its committees must attach a statement of the number and date of the boards of directors of the companies in which he is a member, as well as the meetings of the committees.</p> <p>9- The candidate who has previously served as a member of the Board of Directors of the Company must attach to the nomination application a statement from the Company's</p>	<p>in the field of the company's work, in addition to providing the company with all supporting documents such as (national identity card, family card, passport for non-Saudis nominated for membership of the Board). and any other relevant documents required by the company to meet the statutory requirements) in addition to filling out the forms and declarations required by the company or the Authority.</p> <p>5- A candidate for membership of the Board must disclose to the Council and the General Assembly any conflicts of interest that include:</p> <p>A- The existence of a direct or indirect interest in the business and contracts made for the account of the company for which he wishes to run for the Board of Directors.</p> <p>B- Participating in a business that would compete with the company or compete with it in one of the branches of the activity it engages.</p> <p>6- Clarify any kinship or other relationship between him or any of the company's major shareholders, senior executives or one of his external auditors as described in the definitions in this policy or in the corporate governance regulations.</p> <p>7- A candidate who has previously served as a member of the board of directors of a joint stock company or one of its committees shall attach a statement of the number and dates of the boards of directors of the companies and the committees in which he is a member.</p> <p>8- The candidate who has previously served as a member of the Board of Directors of the Company must attach to the nomination application a statement from the Company's management about the last session in which he became a member of the Board, including the following information:</p> <p>I- The number of Board meetings held during each year of the session.</p> <p>II- The number of meetings attended by the member Asala, and the percentage of his attendance to the total meetings.</p> <p>III- The standing committees in which the member participated, the number of meetings held by each of those committees during each year of the session, the</p>	



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<p>management about the last session in which he became a member of the Board, including the following information:</p> <ul style="list-style-type: none"> <li>- The number of Board meetings held during each year of the session.</li> <li>- The number of meetings attended by the member Asala, and the percentage of his attendance to the total meetings.</li> <li>- The standing 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 attended and the ratio of his attendance to the total meetings.</li> <li>- A summary of the financial results for each year of the cycle.</li> </ul> <p>10- The status of membership must be clarified, i.e. whether the member is executive, non-executive or independent member.</p> <p>11- The nature of the membership capacity must be clarified, i.e. whether the member is a candidate in his personal capacity or a representative of a legal person.</p> <p>12- The Nomination and Remuneration Committee, in coordination with the Company's Executive Management, shall provide the Capital Market Authority with the CVs of the candidates for membership of the Board of Directors in accordance with the CV form of the candidate for membership of the Board of Directors of a listed joint stock company through the Authority's electronic linking system, in addition to any copies of the nomination notices and their attachments.</p> <p>13- Voting in the General Assembly is limited to candidates for membership of the Board of Directors whose information has been announced by the Company.</p> <p>14- The selection of the members of the Board of Directors is voted on through cumulative voting.</p>	<p>number of meetings he attended, and the ratio of his attendance to the total meetings.</p> <p>9- Membership status must be clarified when nominating, i.e. whether the member is an executive, a non-executive member or an independent member.</p> <p>10- The number of candidates for the Board of Directors whose names are submitted to the General Assembly must exceed the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.</p> <p>11- The Remuneration and Nomination Committee shall submit its recommendations to the Board regarding candidacy for membership of the Board in accordance with the criteria described in this policy.</p> <p>12- The Remuneration and Nomination Committee coordinates with the executive management to finalize the statutory requirements and provide the competent statutory authorities with all the required documents.</p> <p>13- The selection of the members of the Board of Directors is voted on through the cumulative voting method.</p> <p>14- Voting in the General Assembly shall be restricted to those who have nominated themselves in accordance with the above-mentioned policies, criteria and procedures.</p>	
<p><b>Fifth: Vacant position in the Council:</b></p> <p>1- If the position of one of the members of the Board of Directors becomes vacant, the Board may appoint a temporary member to the vacant position, provided that he is experienced and sufficient, and such appointment shall be presented to the Ordinary</p>	<p><b>Article Four: Vacant position in the membership of the Council</b></p> <p>If the position of a member of the Board of Directors becomes vacant due to his death, retirement or termination of his membership by one of the other methods of termination of membership and this vacancy does not result in a breach of the conditions necessary for the validity of the convening of the Board due to the lack of its members from the minimum</p>	<p>Amended in accordance with the amendments to the Company's Articles of Association</p>



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<p>General Assembly at its first meeting and the new member shall complete the term of his predecessor.</p> <p>2- The Capital Market Authority shall be notified within five working days from the date of appointment.</p> <p>3- If the necessary conditions for the convening of the Board of Directors are not met due to the lack of the number of its members from the minimum stipulated in the Companies Law or the Company's Articles of Association, the rest of the members shall convene the General Assembly within sixty days to elect the necessary number of members.</p>	<p>stipulated in the Companies Law, the Board may appoint, temporarily, to the vacant position a person who has experience and competence, provided that he is informed of this by the Commercial Register, as well as the Capital Market Authority within fifteen) days from the date of appointment, and the appointment shall be submitted to the Ordinary General Assembly at its first meeting, and the appointed member shall complete the term of his predecessor.</p>	
<p>Sixth: Termination of Membership:</p> <p>1- The membership of a member of the Board shall be terminated in accordance with any system or instructions in force in the Kingdom, or due to death or resignation or if he is convicted of a crime involving moral turpitude and dishonesty, however, the General Assembly may at all times dismiss all or some of the members of the Board, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time, and the member of the Board may resign, provided that this is in a timely manner, otherwise he shall be responsible before the company. The damages resulting from retirement.</p> <p>2- The General Assembly may, upon the recommendation of the Council, terminate the membership of any member who is absent from attending three consecutive meetings of the Council without a legitimate excuse.</p>	<p>Article Five: Termination of the membership of the Council</p> <p>1- The membership of the Council shall expire upon the expiry of its term, retirement, or the expiry of the member's validity thereof in accordance with any system or instructions in force in the Kingdom, or the absence of any of the conditions and criteria for membership approved by the General Assembly.</p> <p>2- The Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors, subject to the controls set by the Capital Market Authority.</p> <p>3- The General Assembly may, upon the recommendation of the Board, terminate the membership of any member who is absent from attending three consecutive meetings or five separate meetings of the Board during his term of office without a legitimate excuse acceptable to the Board.</p>	<p>Amended in accordance with the amendments to the Company's Articles of Association</p>