



المراكز العربية
Arabian Centres

8) Board Membership Policy and Procedures





8. Board Membership Policy and Procedures

8.1 introduction

Importance of the membership policy and procedures at the Board of Directors is evident in light of the criteria (requirements) to be satisfied by candidates for membership to the Company's Board Directors, taking into consideration that the Board of Directors is the body in charge of laying down regulations for governance and providing the proper environment for the implementation thereof, and then following-up and controlling the implementation thereof.

8.2 General Policy

The general policy for membership on the Company's Board of Directors revolves around selecting, between candidates applying for Board membership, by comparing between them pursuant to the provisions of the Companies' Law, the Company's bylaws, as well as the Corporate Governance Regulations and the registration and listing rules issued by the CMA's Board.

Each shareholder shall have the right to apply in his personal capacity, or to nominate any other person or persons for Board membership, within the limits of his capital shareholding percentage.

8.3 Board Membership Criteria (Requirements)

Board membership criteria shall be specified in accordance with the provisions of the Companies' Law, the Company's bylaws, as well as the Corporate Governance Regulations and the registration and listing rules issued by the CMA's Board, and any amendments thereto, pursuant to the following:

- 1) Possess educational qualifications enabling him to perform his duties at the Board.
- 2) Possess sufficient experience in the business field of the Company or in similar fields.
- 3) Be familiar with the Companies' Law, rules, regulations and circulars related to the Company's activities.
- 4) Be capable of reading and analyzing general balance sheets and knowledgeable in accounting and financial affairs.
- 5) Have the incentive and sufficient time to contribute in guiding the Company's business and policies.
- 6) Is independent in his thinking, and courageous in presenting opinions that affect strategic and commercial issues related to Company's activities.
- 7) Be educated, knowledgeable and keen to continue learning.





- 8) Be committed to serving the Company as a member of the Board of Directors for at least one full term as of the time of his election thereto.
- 9) Be well-mannered, honest and credible.
- 10) Not convicted of a crime that violates honor and fiduciary duty.
- 11) No decision has been passed against him by the Capital Market Authority.
- 12) Have no conflict of interests with the Company.
- 13) Have no direct or indirect interest in the activities and contracts made on behalf of the Company-[Article 71] of the Companies' Law.
- 14) Participate in activities that may compete with those of the Company or engage in commerce related to that of the Company except after obtaining the consent of the General Assembly-[Article 72] of the Companies' Law.
- 15) Not be a member of the Board of Directors in more than five (5) joint stock listed companies. stock companies as set forth under the Companies' Law and the CMA's regulations.
- 16) Committing to all terms and conditions related to membership in the board of directors of joint stock companies as stated in the Companies Law and CMA's laws.
- 17) It is impermissible (except with the prior written consent of the competent authorities) for any person to apply for membership in the Board of Directors, if such person held said position at a company that was liquidated or was dismissed from another company.
- 18) Agree to be interviewed by the Company's Nomination and Remuneration Committee.

8.4 Board Membership Procedures

- Consent by the Board of Directors to start accepting applications for nomination to the Board, approving the term for filing the applications and the agenda of the Ordinary General Assembly for voting on the appointment of Board members, whenever the rules or surrounding conditions so require.
- Bringing the issue before the Ministry of Commerce and Investment to approve the agenda of the ordinary General Assembly and the form of announcement calling Company shareholders to apply for Board membership for the term (to be specified), or to complete the remaining period of the current term (to be specified).
- Announcing the call for Company shareholders to apply as candidates or to nominate another person or more as candidates for membership on the Board for the term (to be specified), or to complete the remaining period of the current term (to be specified).
- Company shareholders desirous of personally applying or nominating another person or persons, for membership on the Company's Board of Directors, shall:



1. File an application with (inform) the Company's Management of his desire to apply for Board membership, and his willingness to undertake the responsibilities associated with said membership.
 2. Complete Form No. (3), issued by the Capital Market Authority, as per CMA Circular number 4/2359, issued on 12/04/1431H, both of which can be obtained from the websites of the Ministry and the CMA.
 3. Attach copies of his qualifications and experience in the Company's business sector.
 4. Submit a separate record of the important and major works and achievements made by the candidate in the course of his membership on other Boards of Directors or in senior executive and administrative positions occupied during the previous ten years, and the current profession.
 5. Attach a statement of the companies' Boards of Directors where he was a member, and the terms thereof, in addition to a certified letter from each company stating the term of his membership, the number of sessions in each term, the percentage of the times he attended Board meetings, and the Board subcommittees in which he was a member and his attendance record therein, as well as a summary of the annual financial results achieved by such companies during his Board tenure.
 6. Attach a statement of the joint stock companies where he is still a member of the Board of Directors.
 7. Attach a statement of the companies where he participated in the management or ownership thereof, and that conducted activities similar to those of the Company.
 8. For natural persons, attach a copy of the National Identity Card/Family Register; and, for companies and establishments, the Commercial Register, in addition to the candidate's contact numbers and three personal photographs.
 9. The candidate shall submit a certified Arabic translation of any instruments or documents written in a foreign language.
- Applications shall be reviewed by the Company's Nomination and Remuneration Committee.
 - Arrange interviews with preliminarily approved candidates.
 - Submit a report to the Board of Directors that includes the Nomination and Remuneration Committee's recommendations and remuneration for candidates qualified to be members stating the number of applicants, those who are initially selected for personal interviews and the reasons for recommending the qualified candidates for Board membership.





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- Call for a meeting of the Ordinary General Assembly for voting on the appointment of Board members in accordance with the recommendations of the Board of Directors and the Nomination and Remuneration Committee, after obtaining the consent of competent authorities.
- The Board membership application forms of listed companies shall be sent to the, after completing the procedures referred to above.

