

Policies, Criteria and Procedures for Board Membership

As described in the Governance Regulation

Approved by the Board of Directors at its meeting held in
13/03/1441H corresponding to 10/11/2019G

Approved by the Ordinary General Assembly held at
19/04/1441H corresponding to 16/12/2019G

First: Formation of Board of Directors:

1. The company's bylaws set the number of directors at seven
2. The majority of the members of the Board shall be non-executive members.
3. The number of independent members of the Board shall be at least two members or one third of the members of the Board, whichever is more.

Second: Appointment of Members

1. The General Assembly shall appoint the members of the Board of Directors for the period stipulated in the Company's Bylaws, provided that it does not exceed three years, and the members of the Board of Directors may always be reappointed unless otherwise provided for in the **Company's Bylaws**.
2. Notify CMA of the names of the members of the Board of Directors and their membership qualities within five working days from the date of commencement of the Board of Directors session or from the date of their appointment - whichever comes closest - and any changes to their membership within five working days from the date of the changes.

Third: Criteria and Conditions of Board of Directors Membership

1. When a person applies to the membership of the Board, he/she must be one of those who possess the necessary experience, knowledge, skill, and independence, to enable him to perform his work duties efficiently and effectively, the nominee shall particularly have the following: -
 - A. Leadership:** By having leadership skills that qualify him/her to grant powers in a way that leads to motivating performance, applying best practices in the field of effective management and adherence to professional values and ethics.
 - B. Aptitude:** He/she shall have the reasonable scientific, professional, and personal qualities, the level of training and practical experience relevant to current or prospective business of the company and pertinent to management, economy, accounting, law, or governance
 - C. Guidance:** He/she shall have the technical, leadership and administrative abilities and speed in taking decisions and apprehending technical requirements pertinent to work progress. He/she shall be able to enforce strategic orientation, planning and setting obvious future visions.
 - D. Financial Knowledge:** He/she shall be able to read and understand financial statements and reports.
 - E. Health fitness:** He/she shall not have a health problem that hinders performing his duties.
- f. He/she must not have previously been convicted of a crime against honor and honesty or convicted of contrary conduct in the financial markets or business.
- g. When a candidate applies for board membership, the number of his or her memberships in listed companies should not exceed five companies
- H. The candidate for membership of the Board shall adhere to the principles of honesty, loyalty, care, and concern for the interests of the Company and the shareholders and put them ahead of his personal interest, including, in particular, the following:
 - **Honesty:** The relation of the member of the board to the company shall be professional and truthful. The member shall disclose to the company any important information prior to starting any bargain or entering any contract with the company or any of its affiliates.
 - **Loyalty:** The member of the Board of Directors should avoid transactions involving conflicts of interest, while verifying the fairness of the dealing, and observing the provisions of the conflict of interest.
 - **Care and attention:** by performing the duties and responsibilities referred by the Companies Law, the Capital Market Law, their Executive Regulations, the company's bylaws, and other relevant regulations.
2. The members collectively must possess the qualifications, skills, and experience necessary for Formation of Board of Directors and be distributed in a balanced manner among the members, to achieve effectiveness and to provide sufficient experience to the Board, and it is not necessary that each of the members possess all the required skills.

3. The members should have foresight, strategic perspective, good administrative perception, capability of management and supervision, familiarize themselves with legal and financial aspects, and acquaintance with business and activities of the company particularly.
4. The Nomination and Remuneration Committee shall determine the qualifications, experience, and skills necessary for the Members.
5. The Company discloses the extent of availability of approved standards in current and/or new members.

Fourth: Procedures for the selection of the Board members

1. **Nomination:** The Board adopts the recommendation of the Nomination and Remuneration Committee to nominate the members of the Board in accordance with the approved policies and standards.
2. **Election: The Assembly** selects the members from among the candidates, and fairness in the representation of the minority in the Board is observed through the cumulative voting system, and sufficient information on the candidates is provided in advance of the Assembly meeting.
3. **Notification:** After the election results are adopted, the elected members are informed, formally provided with their Job scopes and duties, the time required to be adhered to, their remuneration, the regulations and rules governing conflicts of interest, confidentiality, the induction program (Orientation), the evaluation and access to information sources.

Fifth: Policies and Criteria of Board Membership

The Nomination and Remuneration Committee shall:

1. Nominating for Board membership, and the Committee shall consider not to nominate any person who has previously been convicted of any crime against honor and honesty.
2. Prepare a description of the capabilities and qualifications required for Board membership, by which candidates to be elected for the new session of the Board, considering the updating of those requirements to suit the needs of the Board of Skills and experience.
3. Conduct an annual review of the required skills requirements appropriate to the Board membership and prepare a description of the capabilities and qualifications required for the Board membership, including determining the time required to be allocated by the member to the work of the Board of Directors.
4. Review the structure of the Board and make recommendations regarding changes that can be made.
5. Identify the weaknesses and strengths of the Board of Directors, and propose to address them in accordance with the interest of the company.
6. Ensure on an annual basis the independence of independent members and ensure that there shall not be any conflict of interest if the member holds membership of another company.
7. Place a job description for executive, non-executive, independent members, and senior executives.
8. The terms and conditions herewith as well as the requirements set by CMA must be taken into consideration on nominating any member of the board.

Sixth: Procedures for candidacy for membership of the Board of Directors

1. Every shareholder has the right to nominate himself or another person or more persons for the Board membership, in proportion to the percentage of his title in the capital.
2. The Company shall publish the announcement of candidacy on the Company's website, TADAWUL website and in any other means determined by CMA in order to invite persons wishing to run for the Board membership, provided that the nomination door shall remain open for at least one month from the date of the announcement.
3. The Nomination and Remuneration Committee makes recommendations to the Board of Directors regarding candidacy for Board membership in pursuance of the requirements herewith.
4. Any candidate for membership of the Board of Directors shall submit his request of candidacy to the company during the specified period accompanied by the following:

- A. The application for candidacy for membership of the Board is submitted to the attention of the Secretary of the Nomination and Remuneration Committee.
- B. Fill out the CMA form for the CV of the candidate for the Board membership prepared for this purpose and which can be obtained from the CMA website.

Seventh: Procedures for the election of members of the Board

1. The Company shall announce on TADAWUL website the information of the candidates for membership of the Board of Directors when publishing or issuing the invitation to the General Assembly, provided that such information includes a description of the candidates' experiences, qualifications, skills, jobs and previous and current memberships, and the Company shall provide a copy of this information in its head office and website.
2. Cumulative voting must be used in the election of the Board of Directors so that the right to vote for the share may not be used more than once.
3. Voting at the General Assembly is limited to candidates for Board membership whose information has been announced by the Company.

Eighth: Vacant position in the Board

If the position of a member of the Board of Directors becomes vacant, the Board may appoint an interim member of the vacant position, provided that he is one of those who have experience and competence, as must be reported to the Ministry of Commerce and Investment and the CMA within five working days from the date of appointment, and such appointment shall be submitted to the Ordinary General Assembly at its first meeting and the new member shall complete the term of his predecessor. If the necessary conditions for the convening of the Board of Directors are not met due to the decrease in the number of its members from the minimum stipulated in the Companies Law or the Company's Bylaw, the rest of the members shall convene the General Assembly within sixty days to elect the necessary number of members.

Ninth: Expiry of Membership

1. The membership of the Board shall expire in accordance with any regulation 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, however, the Ordinary 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 occurs for an unacceptable reason or at an inappropriate time and the Board member may resign provided that it is in a timely manner or else he is liable before The company for the damages resulting from retirement.
2. The General Assembly may, upon the recommendation of the Board, terminate the membership of any member who is absent from attending three consecutive meetings of the Board without excuse.
3. A member of the Board of Directors shall resign from the membership of the Board in the event that he is unable to fully fulfill his duties on the Board.

Tenth: Review and Enforcement

1. These policies and standards are subject to annual review as part of the review of the Corporate Governance Regulations or when new instructions or regulations are issued by the competent authorities.
2. The policy shall be amended by a decision of the Board of Directors in accordance with the recommendation of the Nomination and Remuneration Committee and after its approval by the General Assembly, and the policy shall be effective as soon as it is approved by the first general assembly held by the company after the amendment, unless the laws, regulations and instructions issued by the competent authorities include otherwise.