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**Policies, Standards, and Procedures of Membership of the
Board of Directors of**

Abdullah Al-Othaim Markets Company

Issue (1/3)

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First: Definitions:

The Company: Abdullah Al-Othaim Markets Company "a Saudi public joint stock company".

CMA: Capital Markets Authority.

Market: The Saudi Stock Market.

The General Assembly: A General Assembly of Shareholders of Abdullah Al-Othaim Markets Company In accordance with the provisions of the Companies Law and Bylaws of the Company.

Board of Directors\Board: Board of Directors of Abdullah Al-Othaim Markets Company.

Executive Member: A member of the board of directors of Abdullah Al-Othaim Markets Company, who is full time devoted for the executive management of the company and participating in its daily activities.

Non-Executive Member: A Member of the board of directors of Abdullah Al-Othaim Markets Company, who is not full time devoted for the executive management of the company and not participating in its daily activities.

Independent member: A non-executive member of the board of directors of Abdullah Al-Othaim Markets Company, who is totally independent in status and resolutions, and who is free of all prohibitions of independence stated in the corporate governance regulations issued by CMA.

Executive Management: People assigned to run the day-to-day operations of Abdullah Al-Othaim Markets Company, and responsible for proposing and implementation of the strategic resolutions, such as the CEO, vice CEOs, and financial manager.

Second: Formation of the Board of Directors:

- a) The members of the Board of Directors are elected by the General Assembly from individuals with natural capacity, and may be re-elected in accordance with the relevant rules and regulations.
- b) The company's bylaws shall determine the duration of the Board of Directors' term, provided that it does not exceed the period specified in the relevant rules and regulations.
- c) The company's bylaws shall determine the number of members of the Board of Directors, and the number of members may be amended, provided that it does not fall below the minimum specified in the relevant rules and regulations.
- d) The number of independent members must not be less than two members or one third of the board members whichever is more.
- e) Majority of the board members must be non-executive members.

Third: Conditions for the board of the director's membership:

- 1) Must have the legal capacity.
- 2) Must be characterized by honesty and integrity is evident and have never been convicted of a crime involving dishonesty or moral turpitude.
- 3) There is no decision or judgment preventing him from working in companies listed on market.

- 4) Must have qualifications, skills, experience, and knowledge that enable him to contribute in enriching the activities of the board.
- 5) Must have leadership and guidance abilities.
- 6) Must have the suitable financial knowledge.
- 7) Must enjoy sound health, and to be free of any disease that may prevent him of pursuing his tasks and responsibilities as required.
- 8) Must not be in bankruptcy or insolvency.
- 9) Must have enough time and readiness to exert efforts to pursue his tasks and duties efficiently and effectively.
- 10) Must not be not be board member in more than five stock companies listed on market at the same time from the date of commencement of membership in the company.

Fourth: Board of Directors Nomination Requirements:

Requirements for Self-Nomination to the Board of Directors:

- a) Satisfy the membership requirements for the Board of Directors.
- b) Submit a statement of interest in the nomination process as specified by the company, accompanied by a resume that includes the nominee's qualifications, previous work experience, experience in the company's field of business and current work, and any copies of supporting documents such as a national ID card, family or residency record, and contact information.

- c) Complete the nomination forms issued by CMA.
- d) In the case of nomination for membership of the Board of Directors as an independent member, none of the cases that are incompatible with independence in accordance with the CMA regulations should apply to him.
- e) In the event of any direct or indirect interest in the business and contracts concluded with the company, or participation in any work that would compete with the company or compete with it in any of the branches of activity it carries out, the nominee must inform the Board of Directors and the General Assembly of this.

Fifth: Board of Directors Nomination Procedures:

- a) The nomination announcement is published on the company's website, the stock market website, or any other means specified by the relevant rules and regulations, at least (90) days before the end of the Board of Directors' term, and the nomination door remains open for the specified period in the relevant rules and regulations from the date of its announcement.
- b) The Board of Directors may extend the nomination period before it ends and before a sufficient period for the convening of the General Assembly as needed and as permitted by the rules.

c) After the end of the nomination period and the submission of a sufficient number of nominations, the Remuneration and Nominations Committee reviews the nomination requests in accordance with the relevant policies, standards, and regulations, and submits its recommendation of nominees to the Board of Directors. In the event that the conditions for membership on the Board of Directors are not met, or the required data is not provided within the specified time, the Remuneration and Nominations Committee has the right to exclude the nomination request.

d) The invitation to convene the General Assembly is announced on the stock market website, including the data of the nominees for membership of the Board of Directors. This data shall include a description of the nominees' experience, qualifications, skills, positions, and previous and current memberships, and a copy of this data shall be made available on the company's website and main office.

e) In the event that a sufficient number of nominees do not come forward within the specified period or shortly before its end, one of the following options is taken as appropriate to the company, on an unlimited basis, for example:

- Extend the nomination period.
- Promote and publish the nomination announcement on a wider scale.
- Recommend changing the number of members of the Board of Directors in the articles of association and submitting it to the General Assembly for approval of the change, taking into account the minimum number of members of the Board of Directors.

f) In the event that the company's Board of Directors is unable to elect a new Board for a new term and the current Board's term has ended, its members shall continue to perform their duties until a new Board is elected, provided that the duration of the members of the expired Board does not exceed the statutory period from the date of its expiry. The Board of Directors shall take the necessary steps to elect a Board of Directors to replace it before the expiry of the specified continuation period.

g) In the event that the Chairman and members of the Board of Directors retire, they must invite the Ordinary General Assembly to convene to elect a new Board of Directors. The retirement does not take effect until the new Board is elected, provided that the duration of the retired Board does not exceed the specified period from the date of retirement.

Sixth: Voting for Board of Directors Candidates at the General Assembly:

- a) The cumulative voting method is used to elect the Board of Directors.
- b) Voting in the General Assembly is limited to the nominees for membership of the Board of Directors whose data has been announced by the company.
- c) In the event that the voting results do not show sufficient seats for "independent" members, the independent members (from the highest to the lowest number of votes) are taken, instead of the "non-independent" members (from the lowest to the highest number of votes) until the minimum number of independent members is reached.

d) In the event that the voting results show that the Board of Directors seats will be filled by "executive" members more than the maximum limit, the seats of the executive members (from the lowest to the highest number of votes) are replaced by non-executive or independent members (from the highest to the lowest number of votes) until the minimum number of independent members is reached, and so that the majority of the Board of Directors are non-executive members.

Seventh: Procedures After the Election of the Board of Directors:

a) Immediately after the General Assembly approves the election of the members of the Board of Directors, the results of the General Assembly meeting are disclosed in accordance with the relevant rules and regulations.

b) The Chairman, Vice-Chairman, and Secretary of the Board are to be elected, and the committees are formed at the first meeting of the Board for the new term.

c) CMA is notified of the names of the members of the Board of Directors and their membership characteristics within the specified period from the date of the start of the Board's term, and the commercial register is updated with the names of the Board members within the regular period from the date of appointment in accordance with the decision of the General Assembly.

d) An induction program about the company is prepared for the new members of the Board of Directors.

Eighth: Procedures for the Appointment to the Board of Directors During the Term:

- a) In the event that a member of the Board of Directors vacates his position due to resignation or death or for any reasons that apply in such a case and are mentioned in Paragraph (A) of (Ninth) and this vacancy does not result in a violation of the conditions necessary for the validity of the Board's meeting due to the number of members falling below the minimum according to the relevant rules and regulations, the Board shall appoint a temporary member to the vacant position, provided that the commercial register is updated with the name of the appointed Board member within the statutory period from the date of appointment, and CMA is notified of the name of the Board member and his membership status within the specified period from the date of his appointment and any changes that occur in the membership of the Board of Directors in accordance with the relevant rules and regulations. This appointment is submitted to the General Assembly at its first meeting, and the new member completes the term of his predecessor. The special forms issued by the market are filled in.
- b) In the event that a member of the Board of Directors vacates his position due to dismissal by the General Assembly, another member is appointed by the General Assembly and the regular procedures are to be completed in accordance with the relevant regulations and rules.

Ninth: Expire of Membership on the Board of Directors:

a) Membership on the Board of Directors terminates for one of the following reasons:

- The member's resignation or death.
- Expiration of the Board of Directors' term.
- Issuance of a decision or judgment against the member that prevents him from working in companies listed on the stock market during his term of membership.
- Conviction of the member of a crime involving dishonesty or breach of trust.
- The member being declared bankrupt.
- If the member becomes ineligible for membership on the Board of Directors in accordance with the conditions of membership on the Board of Directors or any rules or instructions in force in the Kingdom of Saudi Arabia.
- Dismissal of the member by the General Assembly of the company or upon the recommendation of the Board of Directors to the General Assembly.
- Dismissal of the member by the General Assembly and upon the recommendation of the Board of Directors in the event that he is absent from (three) consecutive meetings of the Board or (five) separate meetings during his term of membership without a legitimate excuse accepted by the Board of Directors.

b) Procedures for the Resignation of a Board Member:

- If a member of the Board of Directors wishes to resign from his membership on the Board, he must submit a written and signed resignation stating the reason for the resignation to the Board.
- The resignation of a Board member shall take effect from the date of submission of the resignation, and CMA shall be notified thereof and the announcement shall be made in accordance with the relevant rules and regulations.
- In the event that an independent Board member resigns and the effect of such resignation will result in the number of independent members falling below the minimum number specified by the rules, the Remuneration and Nominations Committee shall recommend candidates who do not fall under the independence criteria, so that the Board appoints a member from the nominees to replace the resigned member.

c) Upon the termination of membership of a member of the Board of Directors by one of the methods of termination of membership, the company shall notify CMA and market in accordance with the relevant rules and regulations, stating the reasons for such termination.

Tenth: Implementation and Amendment:

- a) The provisions of this policy shall be effective and binding as of the date of its approval by the General Assembly.
- b) The Board of Directors may propose amendments to this policy from time to time in accordance with the regulations and rules and any amendments thereto, or in the best interests of the company. Such amendments shall be submitted to the General Assembly at its first meeting for approval.



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