

Policies, Standards, and Procedures for Board Membership of the Arabian Contracting Services Co.

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Introduction

The importance of the membership policy and procedures in the Board of Directors, with its statement of the criteria (conditions) that must be met by the membership candidates for the company's Board of Directors, is clear, given that the Board of Directors is entrusted with establishing a system of governance and providing the appropriate environment for its application, and then follow-up and control of the application.

1-1 Composition of the board of directors

- The criteria for membership in the company's board of directors are determined in accordance with the Companies Law, the company's articles of association, the corporate governance regulations, the rules for offering securities and continuing obligations issued by the Board of the Capital Market Authority and any amendments thereto.
- The company is managed by a board of directors consisting of seven (7) members elected by the ordinary general assembly for a period not exceeding four years, and they may be reelected for another term or sessions unless there is any amendment to the company's bylaws to the contrary.
- The majority of the board of directors must be non-executive members.
- The number of independent members must not be less than two members or one third of the members of the board, whichever is more. The independent member must enjoy complete independence in his position and decisions, and none of the independence symptoms stipulated in Article (20) of the governance regulation issued by the authority apply to him.
- The company must notify the Authority of the names of the members of the Board of Directors and their membership descriptions within five working days from the date of the start of the term of the Board of Directors or five days from the date of their appointment - whichever is sooner - and any changes that occur to their membership within five working days from the date of the changes taking place.



1-2 Standards (conditions) for membership in the Board of Directors

- To have an academic qualification that allows him to perform his responsibilities in the council.
- He must have sufficient experience in the company's field of work or similar fields.
- To be familiar with the companies' system, rules, regulations and circulars related to the company's activity.
- To have the ability to read and analyze balance sheets and knowledge of financial accounts.
- To have sufficient motivation and time to contribute to directing the company's business and policies.
- He should have independence in thought and the courage to present his own opinions on strategic and commercial matters in the company's field of activity.
- To be knowledgeable and continually educated.
- To have a commitment to serve the company as a board member for at least one full term since the beginning of his election.
- To have morals, integrity, honesty, and credibility.
- He must not have been convicted of a crime involving moral turpitude and dishonesty.
- That no decision has been issued against him by the Capital Market Authority.
- He shall not have any direct or indirect interest in the business and contracts made for the account of the company except after obtaining the approval of the Assembly according to article (71) of the Companies Law.
- Not to be involved in any business that would compete with the company, or to trade in any of the branches of the company's activity, except after obtaining the approval of the assembly according to article (72) of the Companies Law.
- 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 Saudi Stock Exchange at the same time.
- Commitment to all the articles and clauses related to membership in the board of directors of joint-stock companies mentioned in the Companies Law and the regulations of the Capital Market Authority.
- Anyone who has occupied the same position in a liquidated company or has been dismissed in another company may not (except with the prior written approval of the competent authorities) be nominated for membership in the Board of Directors.
- Agreeing to conduct a personal interview with the Company's Nominations and Remunerations Committee.



1-3 Board Membership Procedures

- The approval of the Board of Directors to open the door for candidacy for membership of the Board, and the approval of the period for submitting applications for candidacy and the agenda of the Ordinary General Assembly to vote on the appointment of members of the Board of Directors whenever the rules or circumstances require that.
- Notifying the Ministry of Commerce on each of the agenda of the ordinary general assembly, and the format for announcing the company's shareholders' invitation to nominate for members of the board of directors for its session (to be determined) or to complete the remaining period of the current session (to be determined).
- Announcing the invitation of the company's shareholders to nominate or to nominate another person or more for membership of the Board of Directors for its session (to be determined) or to complete the remaining period of the current session (to be determined).
- Shareholders of the company wishing to nominate or nominate another person or more for membership in the company's board of directors must do the following:
 - a) Submitting an application (notification) to the company's management of the shareholder's desire to nominate himself and his willingness to carry out the responsibilities entrusted to membership in the Board.
 - b) Fill out the form issued by the Capital Market Authority No. (3) according to the Authority's circular No. 4/2359 issued on 12/04/1431 AH, which can be obtained from the website of the Ministry and the Authority.
- Every shareholder in the company has the right to nominate himself or others for membership of the board of directors in accordance with the provisions of the Companies Law and its implementing regulations. The candidates must submit their applications to the company in one of the following ways:
 - a) Attend the company's headquarters (attention of the Nomination and Remuneration Committee) at the following address: Olaya Towers - Floor 33, P. O Box 55905, Riyadh 11544, Kingdom of Saudi Arabia.
 - b) By express mail: Attention of the Nomination and Remuneration Committee, Olaya Towers - Floor 33, PO Box 55905, Riyadh 11544, Kingdom of Saudi Arabia.
 - c) On fax number: + 966112292550
 - d) Attach copies of his qualifications and experience in the company's business field.
- - Submit a separate record of the significant and significant work and accomplishments achieved by the candidate in his membership in the boards of directors he held or in the senior executive and administrative positions he held during the previous ten years, and the current work.
- Attaching a statement of the boards of directors of the companies to which he assumed membership and a notarized letter from each company that includes the membership period, the number of sessions for each session, the member's attendance rate for those sessions and the committees emanating from the board in which the member participates, and the percentage of his attendance therein, and a summary of the financial results achieved by the companies that he took on board membership of During each year of the course.
- Attach a statement of the joint stock companies that he is still holding.

- Attach a statement of the companies that he jointly manages or own and that practice similar business to the company.
- Attach a copy of the national / family identity card for individuals, the commercial register for companies and institutions, the candidate's contact numbers and three personal photos of him.
- The candidate must provide a certified Arabic translation of any documents or documents written in a foreign language.
- Studying applications by the company's nominations and remuneration committee.
- Arranging personal interviews for those who are initially selected.
- Presenting a report to the Board of Directors that includes the recommendation of the Nomination and Remuneration Committee of qualified candidates for membership, explaining the number of applicants for membership, those who were initially selected for personal interviews, and the justifications for recommending qualified members to fill the membership.
- Calling an ordinary general assembly to vote on the appointment of vacant board members in accordance with the recommendations of the Board of Directors and the Nominations and Remunerations Committee, after obtaining the approval of the competent authorities.
- The form for the membership of the boards of directors of listed companies is sent to the Capital Market Authority after completing the above-mentioned procedures.
- The company announces on the website of the Saudi Stock Exchange (Tadawul) information about the candidates for membership of the Board of Directors when publishing or sending the invitation to the general assembly, provided that this information includes a description of the candidates' experiences, qualifications, skills, jobs and previous and current memberships. The company must provide a copy of this information in the head office of the company and on its website.
- Cumulative voting must be used in electing the board of directors, so that the right to vote per share may not be used more than once
- Voting in the General Assembly is limited to the candidates for membership of the Board of Directors whose information the company has announced.

1-4 Termination of membership in the Board of Directors

The membership of the Board shall terminate in accordance with the conditions stipulated in Article 17 of the Company's Articles of Association and shall terminate if one or more of the following cases are fulfilled:

- The membership of the Council shall expire upon the expiry of its prescribed term, which is four years from the date of its election by the General Assembly.

The membership of a board member shall terminate 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 that violates honor and honesty. By claiming compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. The member of the Board may resign, provided that this is at an appropriate time, otherwise he shall be liable before the company for the damages resulting from the retirement.

- The General Assembly may, upon the recommendation of the Board, terminate the membership of a member who has been absent from three consecutive meetings of the Board without a legitimate excuse.
- If the position of a member of the Council becomes vacant during the term of membership, the Council shall have the right to appoint a temporary member in the vacant position, provided that he is one of those who have experience and competence. The appointment shall be presented to the Ordinary General Assembly at its first meeting for approval, and the new member shall complete the term of his predecessor, in light of what is stated in the company's articles of association.
- In the event that a member of the Board of Directors resigns, and he has comments on the company's performance, he must submit a written statement containing his remarks to the Chairman of the Board of Directors, and this statement must be presented to the members of the Board of Directors.

1-5 The candidate's disclosure of a conflict of interest

Whoever wishes to nominate himself for membership in the Board of Directors shall disclose to the Board and the General Assembly any cases of conflict of interest in accordance with the procedures established by the Authority, including following:

- Having a direct or indirect interest in the business and contracts that are made for the account of the company he wishes to run for its board of directors.
- Participation in a business that competes with the company, or its competition in one of the branches of its activity.

1-6 Final Provisions (Publication, validity and Amendment)

The provisions of this policy shall be implemented and should be committed by the company as of the date of its approval by the general assembly of shareholders. This policy shall be published on the company's website to enable shareholders, the public and stakeholders to view it. Presenting any proposed amendments to the Board of Directors, which studies and reviews the proposed amendments and recommends them to the Shareholders' General Assembly for approval.

