



Policies, Standards and procedures for the membership of Savola Group's Board of Directors

This Policy was approved based on the Savola Group Extraordinary General Assembly's resolution in its meeting held on May 10th 2023

<u>DISCLAIMER</u>	<u>تنويه هام لأخذه في الاعتبار</u>
<p>This English version of this document is a translation of the original Arabic document and has been made for the purpose of informing non-Arabic speakers of the said document.</p> <p>In case of any discrepancy or misinterpretation of any clause or article, the original Arabic document shall prevail.</p>	<p>هذه النسخة الإنجليزية من هذه الوثيقة تمثل ترجمة للنسخة الأصلية الصادرة باللغة العربية، والغرض منها تعريف الناطقين بغير اللغة العربية بهذه الوثيقة، وفي حالة وجود اختلاف في الترجمة أو خطأ في تفسير النص لأي بند أو مادة من هذه الوثيقة يُعتبر النصّ الأصلي الصادر باللغة العربية هو الحاكم.</p>

1. Introduction

The "Policies, Standards and procedures for the membership of the Board of Savola Group" (Savola or the Company) have been prepared to comply with item (3) of article (21) of the Corporate Governance Regulations (CGR) issued by the Capital Market Authority (CMA) Board pursuant to resolution No. (8-16-2017) dated 13/2/2017 and amended pursuant to Decision No. (8-5-2023) dated 18/01/2023, which stipulated that the board shall "*set forth specific and explicit policies, standards and procedures for membership in the board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly.*"

2. Policies and standards of Savola's Board membership

The board shall have the appropriate balance of skills, experience, independence and knowledge of Savola's business to enable them to discharge their respective duties and responsibilities effectively. The General Assembly (GA) shall take into account, when electing members to the board, the recommendations of the RNC committee and the availability of the personal and professional capabilities required to perform their duties effectively. The member shall have the following qualifications in particular:

1. The nominee shall not have been previously convicted of a crime of dishonesty, declared bankruptcy or insolvency, or deemed unfit for the board membership in accordance with any law or instructions applied in the Kingdom.
2. The nominee shall not be a member of the boards of more than five listed joint stock companies at the same time.
3. The board member shall represent all shareholders and shall abide by what meets the interests of the company in general and not what serves the interests of the group he represents or the group that voted in favor of his/her appointment as a board member.
4. The independent board members of Savola shall not be less than one-third of the total board members (i.e. 4 out of 11).
5. Independent board members shall enjoy complete independence in his/her position and decisions and not have any independence conflicts stipulated in the CG Regulation.
6. **Ability to lead:** The member shall enjoy leadership skills, which enable him/her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values as well as being able to communicate effectively, plan and think strategically.

7. **Qualifications, skills and experience:** The member shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training.
8. **Ability to guide:** The member shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. He/she shall also be able to provide strategic guidance and long-term planning and have a clear future vision.
9. **Financial knowledge:** The member shall have the ability to read and understand financial statements and reports.
10. **Physical fitness:** The member shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.
11. **Duty to act within conferred powers:** A member of the Board shall perform and exercise his/her duties and powers in managing the Company and guiding its activities within his/her conferred powers in accordance with the Companies Law, its implementing regulations, the Company's bylaws and other relevant laws, and only exercise powers for the purposes to achieve the objectives of which they were conferred.
12. **Duty to act for the best interest of the Company and to promote its success:** A member of the Board shall comply with the following:
 - a) working in good faith for the best interest of the Company and all its shareholders and shall not prioritize his/her personal interests over the interest of the Company and its shareholders, and in doing so shall take into consideration the rights of the other stakeholders;
 - b) ensure exerting all efforts to promote the success and growth of the Company and maximize its value on the long-term for the benefit of its shareholders.
13. **Duty to exercise independent judgment:** A member of the Board shall perform his/her duties objectively and independently in relation to managing the Company and making decisions and shall avoid cases that affect his/her independence in making decisions or voting on them.
14. **Duty to exercise reasonable and expected care, skill and diligence:** A member of the Board shall perform his/her duties and responsibilities in accordance with the Companies Law, the Capital Market Law, their implementing regulations, the Company's bylaws and other relevant laws, and in accordance with the diligence and

care that should be exercised by a diligent person with the general knowledge, skill and experience that the member of the Board has and that are expected of a person carrying out the functions carried out by the member of the Board.

15. **Duty to avoid conflict of interest:** A member of the Board shall avoid transactions and situations in which he/she has actual or potential direct or indirect interest that conflicts or may conflict with the Company's interest, and the member of the Board shall comply with the provisions relating to conflicts of interest in the Companies Law and its implementing regulations.
16. **Duty to disclose any direct or indirect interest in businesses and contracts executed for the Company's account:** A member of the Board shall disclose any direct or indirect interest he/she has in the business and contracts executed for the Company's account immediately upon becoming aware thereof and shall comply with the provisions relating to disclosure of interest in business and contracts in the Companies Law and its implementing regulations.
17. **Duty not to accept benefits from third parties in relation to his/her role in the company:** A member of the Board shall not exploit his position, duties and powers vested in him/her in his/her capacity as a board member in any way to obtain or accept benefits from third parties for a specific act or to refrain from doing a specific act.
18. The nominee shall be a natural person of at least 25 years of age, and he/she shall apply in his/her capacity as a shareholder or as a nominee of a shareholder.
19. Diversity of qualification and practical experience shall be taken into consideration, and priority shall be given to nominees with the appropriate skills for the board of directors.
20. A member of the board shall resign before the end of his/her office term, if he/she lost his/her eligibility to serve as a member, or if he/she lost his/her ability to perform responsibilities or couldn't allocate the time or effort required to perform his/her role and responsibilities in the board. Also, in the event of conflict of interest, the member has the option either to obtain the approval of the ordinary General Assembly or to submit his/her resignation.

3. Nominate right procedures of the company board membership

1. Each shareholder shall have the right to nominate himself/ herself or other person(s) for membership to the board of directors.
2. The RNC committee shall coordinate with the executive management of the company to announce the opening of the nomination for the company board membership at least 60 days prior to the end of the Board's office term in accordance with applicable laws and regulations.
3. The Company shall publish the nomination announcement on the websites of the Company and the Exchange and through any other medium specified by the Authority; to invite persons wishing to be nominated to the membership of the Board, provided

that the nomination period shall remain open for at least a month from the date of the announcement.

4. The RNC committee shall submit its recommendation to the board of directors on nomination for the board membership in accordance with the standards mentioned in this policy.
5. Anyone who is interested in being nominated to the company board shall declare his/her wish by notifying the company administration in accordance with the applicable rules and regulations. This notice shall include an introduction of the nominee with respect to his/her curriculum vitae, his/her qualifications and his/her work experience, such documents shall be submitted in Arabic and English language. In addition, he/she must provide the Company with all supporting documents such as (national ID, family ID, passport for non-Saudis nominees for board membership and any other relevant documents requested by the company to meet the legal requirements).
6. A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:
 - a) having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board.
 - b) engaging in business that may compete with the Company or any of its activities.
7. Nominees for board membership shall complete the form(s) specified by the CMA, which can be found on their website.
8. Any nominee who is a previous board member of Joint stock company shall state the names and dates of the boards in which he was a member.
9. Membership type shall be clarified upon nomination, i.e. if the nominee is an executive member or a non-executive member or an independent member.
10. The RNC shall coordinate with the executive team of the company to satisfy the regulatory requirements and to provide the regulatory authorities with all required documents.
11. Cumulative voting is used as a voting method in Board elections.
12. Voting in the General Assembly shall be confined to the Board nominees whose nominate himself/herself in accordance with the procedures, the criteria's and polices mentioned above.

4. Appointment of Chairman and Vice Chairman

Savola's shareholders elect the members of the board at the GA meeting in accordance with the rules and regulations and provision provided herein. Then the board, at its first meeting, selects from its non-executive members a chairman and a Vice chairman and the board shall have the right to remove or re-appointment them.

5. The Expiry of the Board Membership and Vacancies

1. The office term of the board shall expire by the end of the defined period which is 4 years from the date of his/her election by the General Assembly.
2. The office term of the board member shall expire in accordance with any law or regulation worked under in the Kingdom, or because of death or resignation or conviction of a crime against honor and honesty; nonetheless, the GA may dismiss, all or any of the members of the board. Further, a board member may resign pursuant to a written notice submitted to the chairman of the board of directors. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.
3. Upon the recommendation of the board of directors, the general assembly may terminate the membership of board member who fails to attend (three) consecutive board meetings or (five) non-consecutive meetings during the course of his membership without an excuse acceptable to the board.
4. If during the membership period, any position becomes vacant, the board shall temporarily appoint a member to fill that position provided that such member be from among persons who are experienced and qualified and that such appointment be brought before the Ordinary General Assembly in its first meeting; and the member newly appointed shall complete the terms of his predecessor in light of the Company's Bylaws.
5. If the chairman and members of the board of directors resign, they shall call for an ordinary general assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected, provided that the resigning board does not continue to carry out its duties beyond the period specified in the Regulations.
6. If the board of directors is not elected for a new term or if the required number of board members is not satisfied, in accordance with the Companies' Law, any person with interest may petition the competent judicial authority to appoint qualified persons with expertise, in any number it deems appropriate, to supervise the management of the company and call on the general assembly to convene within

(ninety) days to elect a new board of directors or appoint board members to satisfy the required number, as the case may be, or may petition the competent judicial authority to dissolve the company.

6. Final Provisions (for Publications, Access and Amendments)

This policy shall be implemented and complied with by the Company starting from the date it is approved by the GA. This policy shall be published and made available to the shareholder and the public in the Company’s website after GA meeting approval. The content of this policy shall be reviewed - as needed - upon the recommendation of the board, provided that, any recommended changes are presented to the GA in the next meeting for approval.

<u>Screening Committee</u>	<u>General Assembly Secretary</u>	<u>General Assembly Chairman</u>
Signature:.....	Signature:.....	Signature:.....
Date: .././2023G corresponding to .././1444H		