



الشركة السعودية للطباعة والتغليف
Saudi Printing & Packaging Co

شركة مساهمة - رأس المال 600 مليون ريال سعودي - س.ت. 1010219709 - عضوية رقم 17517

Board of Directors Membership Policy, Standards, and Procedures

Saudi Printing and Packaging Company



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Introduction:

Referring to Section (3) of Article (22) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Decision No. (8-16-2017) dated 16/5/1438 corresponding to 12/13/2017, which stipulated that the Board of Directors "prepare explicit and specific policies, standards, and procedures for the membership in the Board - while not inconsistent with the mandatory provisions of the Corporate Governance Regulations - and implement them after the approval of General Assembly". Where this policy aims to set clear and specific standards and procedures for membership in the Board of Directors of the Saudi Printing and Packaging Company. And that is as follows:

Article 1: Assembling Board of Director:

- 1- The company is managed by a board of directors consisting of nine (9) members elected by the general assembly of shareholders for a period of three (3) years.
- 2- That the majority of the members are non-executive members.
- 3- The number of its independent members shall not be less than two members or not be less than one third of the members of the Board, whichever is greater.
- 4- A sufficient number of members with experience in the main field of activity of the company shall be appointed in the board, in addition to their other general experiences based on their curricula vitarum.
- 5- That the member is committed to allocating sufficient time to fulfil his responsibility in the company.

Article 2: Appointing members of the Board of Directors:

- 1- The General Assembly elects members of the Board of Directors for a period of 3 years, and it is allowed to re-elect them.
- 2- It is not permissible for a board member to hold a membership in the board of directors of more than five joint stock companies listed in the market simultaneously.
- 3- That the candidate has not been previously convicted of a crime involving dishonour or dishonesty, a ruling of bankruptcy, arrangements or reconciliation with his creditors, or he is not fit for membership in the council according to any system or instructions in the Kingdom of Saudi araba.
- 4- The company shall notify the Authority of the board of directors' names and their membership description within five working days from the date of the start of the new session or from the date of their appointment, whichever is earlier. And any changes made to their membership within five working days from the date on which the changes are made.



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Article 3: Criteria for membership in the Board of Directors:

The board member must be a professional competence who possesses the necessary experience, knowledge, skill and independence, in order to enable him to carry out his duties efficiently and competently, provided that the general assembly, when electing members of the board of directors, takes into consideration the recommendations of the remuneration and nomination committee of the company and the availability of the personal and professional elements necessary to perform their duties effectively, and taking into account that the member in particular has the following:

- 1- The candidate for membership of the Council must not have been previously convicted of a crime involving breach of honour or trust, and he shall not be insolvent, bankrupt, or become unfit for membership in the Council in accordance with any system or instructions in force in the Kingdom.
- 2- A member of the board should not hold membership in more than five joint stock companies listed in the financial market simultaneously.
- 3- That a member of the Board of Directors represents all the shareholders, and that he commits to what is in the interest of the company in general and not to what is in the interests of the group that he represents, or which voted to appoint him to the Board of Directors.
- 4- The number of independent members shall not be less than one third of the members of the Council.
- 5- 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 Regulations issued by the Authority shall not apply to him.
- 6- **Leadership ability:** By having leadership skills that qualify him to grant powers in a way that leads to stimulating performance, applying best practices in the field of effective management, commit to professional values and ethics, and the ability to communicate effectively, think, and strategize.
- 7- **Qualifications, skills, and experiences:** by having academic qualifications, appropriate professional and personal skills, level of training, practical experiences related to the current and future activities of the company, and knowledge of management, economics, accounting, law, or governance, as well as desire in learning and training.
- 8- **Ability to direct:** By having technical, leadership and administrative capabilities, speed in decision-making, understanding technical requirements related to workflow, and being able to strategic direction, long-term planning, and a clear future vision.
- 9- Financial knowledge: By being able to read and understand financial statements and reports.
- 10- **Health decental:** by not having a health impediment that hinders him from doing his duties and specializations.
- 11- The candidate for board membership must commit to the principles of honesty, honour, loyalty, care and concern for the interests of the company and the shareholders and make it his priority over his personal interest,



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- a) The honesty is that the relationship of the board member to the company is a sincere professional relationship and to disclose to the company any influential information before executing any deal or contract with the company or one of its subsidiaries.
 - b) While loyalty is achieved by avoiding dealings that involve conflict of interest while verifying fairness of dealings and observing the provisions relating to conflict of interest contained in the Governance Regulations,
 - c) As for the care and concern, it is to perform the duties and responsibilities stipulated in the Companies Law, the Financial Market Law, the Company's Articles of Association, and other relevant regulations.
- 12- The candidate must be a normal person of no less than twenty-five (25) years old, whether applying in his personal capacity or as a representative of a legal person.
- 13- Diversity in academic qualification and practical experience should be taken into consideration, and priority should be given in nomination to the needs of those with appropriate skills for membership in the Board of Directors.
- 14- A member of the board of directors must resign before the end of his term in the board of directors, or if he loses his capacity to work as a member of the board of directors, or his inability to carry out his work, or his inability to allocate the necessary time or effort to perform his duties in the Council, but in the event of a conflict of interests, the member has the option to obtain a license from the General Assembly to be renewed every year or to submit his resignation.

Article 4: Membership Procedures in the Company's Board of Directors:

- 1- Every shareholder has the right to nominate himself or one or more other persons for membership in the Board of Directors, within the limits of his ownership percentage in the capital.
- 2- The Remuneration and Nominations Committee coordinates with the executive management of the company to announce the opening for nominations for membership of the company's board of directors at least sixty (60) days before the end of the board session and considering the requirements of the laws and regulations.
- 3- The candidacy announcement is published on the financial market website (Tadawul) as well as on the company's website, and in any other methods specified by the authority, in order to invite individuals wishing to run for membership in the Board of Directors, provided that the nomination remains open for at least one month from the date of the announcement.
- 4- The Remuneration and Nominations Committee submits its recommendations to the Board of Directors regarding candidacy for membership of the Board in accordance with the criteria described in this policy.
- 5- Those who wish to nominate themselves for membership in the company's board of directors must disclose their desire to run, by a notification letter submitted to the management of the company according to the period and dates stipulated in accordance with this policy, rules, and regulations in force, and this notification must include an



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- introduction to the candidate in Arabic in terms of his resume, qualifications, and practical experience, in addition to providing the company with all supporting documents such as (national identity card, family card, passport for non-Saudis nominated for membership of the Council and any other related documents required by the company to fulfil the regulatory requirements).
- 6- The candidate for membership in the Council must disclose to the Council and the General Assembly any cases of conflict of interest that include:
 - a- The existence of a direct or indirect interest in the business and contracts that are made for the account of the company whose board of directors he wishes to run for.
 - b- His participation in a business that would compete with the company, or compete with it in one of the branches of the activity that it is practicing
 - 7- Board membership applicants must fill out the form or forms specified by the Capital Market Authority, which can be obtained through the Authority's website.
 - 8- The candidate who previously held the membership of the board of directors of a joint stock company must attach a statement of the number and dates of the boards of directors of the companies that he assumed membership.
 - 9- The candidate who previously held a membership in the company's board of directors must attach to the nomination notification a statement from the company's management about the last term in which he took up the membership of the board including the following information:
 - a- The number of board meetings that took place during each year of the session.
 - b- The number of meetings attended by the member originally, and his attendance rate for the total meetings.
 - c- The permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the session, the number of meetings he attended, and the percentage of his attendance to the total meetings
 - 10- Membership status must be clarified upon candidacy, i.e., whether the member is an executive, non-executive, or independent member.
 - 11- The nature of the membership must be clarified, that is, whether the member is a candidate in his personal capacity or if he is a representative of a legal person.
 - 12- The Remuneration and Nominations Committee shall coordinate with the Executive Management to complete the statutory requirements and provide the relevant statutory authorities with all the required documents.
 - 13- Voting for the selection of the members of the Board of Directors is made by the method of cumulative voting.
 - 14- Voting in the General Assembly is restricted to those who nominate themselves in accordance with the mentioned policies, criteria and procedures.



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Article 5: The Chairman and Vice President Selecting Process:

The shareholders of the Saudi Printing and Packaging Company elect the members of the board of directors at the general assembly meeting of the shareholders according to the rules and criteria included in this policy, then the board selects a chairman and a vice president from among its members.

Article 6: Termination of Board Member Membership and Vacancy of a spot:

- 1- Council membership ends with the expiration of its term (which is three years from the date of its election by the General Assembly).
- 2- The member's validity shall expire according to any system or instructions in force in the Kingdom. Nevertheless, the Ordinary General Assembly may dismiss all or some of the members of the Board of Directors at any time, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an unacceptable time. A member of the board of directors may retire if it is at an appropriate time, otherwise he shall be liable before the company for the damages resulting from his retirement.
- 3- If the position of one of the members of the Board of Directors becomes vacant, the Board may appoint a temporary member in the vacant position, provided that he is of those who have experience and sufficiency. Also the Ministry of Trade and Investment and the Financial Market Authority must be informed within five working days from the date of appointment, and the appointment shall be presented to the General Assembly at the beginning of its first meeting and the new member completes the term of his predecessor.
- 4- If the necessary conditions for the meeting of the Board of Directors are not met due to the lack of the number of its members below the minimum stipulated in the Companies Law or this Bylaw, the remaining members must call the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

Article 7 : Final Provisions (Publication, Entry into Force, and Amendment):

- 1- These policies, standards and procedures shall be approved by a decision of the general assembly of shareholders, and they shall take effect from the date of their approval.
- 2- These policies, standards and procedures are amended with the recommendation of the Nomination and Remuneration Committee, the approval of the Board of Directors, and the approval of the General Assembly.