



**Policies, Standards, and Procedures of Membership of the  
Board of Directors of  
Abdullah Al-Othaim Markets Co.**

### **First: Definitions:**

- **The company:** Abdullah Al-Othaim Markets Company
- **The General Assembly:** The general assembly of Abdullah Al-Othaim Markets Company shareholders.
- **Board of Directors:** Board of Directors of Abdullah Al-Othaim Markets Company.
- **Non-Executive Member:** member of the board of directors- Abdullah Al-Othaim Markets Company, who is not full time devoted for the executive management of the company and not participating in the daily activities of the company.
- **Independent member:** 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 regulations issued by CMA and relevant authorities.
- **Executive Management:** People assigned to run operations of Abdullah Al-Othaim Markets Company, and responsible for proposing and implementation of the strategic resolutions, such as the CEO, his deputies and financial manager.

### **Second: General Membership Conditions:**

A member of the Board of Directors is required to:

1. Must have the legal capacity.
2. His honesty and integrity are evident and not condemned of honor or integrity crime and not to be insolvent or bankrupt.
3. No resolution or judgment is issued against him that prevent him of work in companies registered in CMA during the period of the membership.
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 a good healthy.
8. Must have enough time and readiness to exert efforts to pursue his tasks and duties efficiently and effectively.
9. Must not be government official without the approval of his reference and the relevant regulatory authorities.
10. Must not be board member in five stock companies register in CMA at the same time during his membership in the company.

### **Third: Prerequisites for membership nomination:**

- 1- Candidate must satisfy the prerequisites for the membership of the board of directors.
- 2- Candidate must follow the announce nomination procedures issued by the company then prevailing.
- 3- Must submit his data according to requirements and forms made by the concerned authorities and the company.

- 4- He must disclose to the board and general assembly any conflict of interests according to legally defined procedures.
- 5- The candidate must disclose to the company any judgments or resolutions issued against him by any authority.

**Fourth: Formation of the Board of Directors:**

- 1) The number of the board members must comply with size of the company and nature of activities, not less than three members and not more than eleven members.
- 2) Majority of the board members shall be non-executive members
- 3) The number of independent members must not be less than two members or one third of the board members whichever is more.
- 4) In case a position becomes vacant during the cycle, the board of directors shall appoint a member in the vacant post, and this appointment shall be presented before the first general assembly, and the appointed member shall complete the office term of his predecessor

**Fifth: Tasks and obligations of the Board Members:**

Each member shall pursue the following tasks and obligations:

- 1) Suggest proposals to develop the company strategy.
- 2) Monitor performance of the executive management and extent of achieving the company objectives and goals.
- 3) Verify the company performance reports.
- 4) Ensure integrity and fairness of the financial statements of the company.
- 5) Ensure that financial control and risk management in the company is strong and solid.
- 6) Determine the suitable remunerations levels of the executive management members.
- 7) Reflect opinion on the appointment and dismiss of the executive management.
- 8) Participate in setting plans for the administrative succession and substitution of the executive positions in the company.
- 9) Compliance with companies law, CMA regulation, and theirs executive rules, relevant regulations, and company articles of association in practicing the tasks of his membership in the board of directors and abstain to practice or participate in any activity that insult the company affairs.
- 10) Attend meetings of the board of directors and general assembly and shall not be absent without a justifiable cause to be communicated in advance the chairman, or for emergency circumstances.
- 11) Devote sufficient time to perform his responsibilities and prepare for board and committee meetings, and effectively participate therein including asking the relevant questions and discuss with the chief executive officers in the company.
- 12) Study and analyze information relevant to issue examined by the board of directors before reflecting an opinion.
- 13) Enable other members of the board of directors to freely express their opinions, and encourage the board to deliberate the issues and seek opinion of the specialists in the executive management of the company and other parties if necessary.
- 14) Act according to complete information in good faith while exerting the necessary care for the interests of the company and shareholders.

- 15) Be aware of his responsibilities and roles of being a board member.
- 16) Develop and upgrade his knowledge in the field of company activities, business and related financial, commercial and industrial fields.
- 17) Resign from the board of directors in case of failure to meet his responsibilities as required.
- 18) Notwithstanding the above stated, responsibilities of the independent board member includes:
  - A- Reflect opinion in strategic matters, company policies, performance, and appointment of the executive management members.
  - B- Ensure taking care of the company and shareholders' interests while giving priority in case of conflict of interests.
  - C- Supervise the development of governance rules of the company and monitor performance of the executive management.
- 19) In addition to what is assigned to him by the Board of Directors from time to time.

**Sixth: Obligations of Members of the Board of Directors:**

- 1) Must not accept any gift from any person having deals with the company, if such gift may result in conflict of interest.
- 2) Performs his tasks with diligence and honesty and give priority to company interests over his personal interest, and may not use his position for personal gains.
- 3) Avoid conflict of interest cases that may affect his neutrality when processing issues presented before the board.
- 4) Be aware of regulations, and rules that necessitate disclosure of any changes in his title or any change in his membership in registered stock companies or any change in his personal data that requires disclosure.
- 5) Promptly and completely notify the board of directors of any personal interest whether direct or indirect – in works and contracts executed for the company account. This shall include notifying the nature and limits of that interests, names of any concerned parties, and the expected direct or indirect benefit whether financial or otherwise. The member who is having interest must not participate in voting for any resolution in this regard according to provisions of companies' regulation, CMA regulation, and executive bylaws.
- 6) Promptly and completely notify the board of directors of his participation- direct or indirect- in activities that may compete with the company, or compete directly or indirectly with one of the company branches according to provisions of companies' regulation, CMA regulation, and executive bylaws.
- 7) Submit his resignation within the period specified by the general assembly in case of refusing to renew the awarded license regarding contracts, dealings, or competition where he is having interests, otherwise his membership in the board of directors shall be considered invalid, unless he decides to retreat of the contract or deal or competition, and rectify his posit position according to respective regulations before the expiry of the grace period specified by the general assembly.
- 8) Maintain confidentiality of information and not to disclose or reveal any secrets became known to him because of his membership in the board of directors to any of the company shareholders except during the general assembly meetings, or to other parties other than

being required according to the provisions of the companies' regulation, CMA regulation and executive bylaws.

**Seventh: Restrictions of the member of the board of directors:**

- 1) Voting for the resolution of the board of directors or general assembly in relation to works and contracts executed for the company if he is having direct or indirect interest
- 2) Abuse or benefit – directly or indirectly – of the company assets, information, or offered investment opportunities as being member of the board of directors., including opportunities within the scope of activities of the company, or which the company is intending to benefit f it. This restriction extends to include the member who resigns in order to benefit - directly or indirectly- of the investment opportunities where the company is intending benefit of it and that he came to know about while he is a member of the board of directors.

**Eighth: Expiry of Membership:**

Membership of the board of directors expires by any of the following reasons:

1. If the member loses one or more of the membership conditions.
2. Expiry of membership term or validity or representation according to any valid regulations or instructions.
3. Resignation, death, or loss of member capacity.

**Ninth: Secretary of the Board of Directors:**

The board of directors must specify the prerequisites of the secretary that shall include any of the following:

- A- Holder of university degree in law, finance, accounting or equivalent, with relevant practical experience not less than three years.
- B- Must have relevant experience not less than five years