



Board Membership Policy and Procedures

 سيرا SEERA	مجموعة سيرا القابضة SEERA GROUP	Approval	2.0	Date	11/06/2023
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Definitions:

The following terms and expressions shall have the meanings assigned to them hereunder, unless the context requires otherwise:

Terminology List:

Term	Definition
Conflict of Interests	Means a conflict between the personal interests and the Company's interests that affects the performance of a member in the BoDs, its Committees, Executive Management or other employees of the Company when dealing with the Company or with other stakeholders in their job and professional duties and responsibilities with objectivity, integrity and impartiality, whether actual, apparent or potential conflict.
Executive Member	A member who works full time to manage the Company and engages in its daily affairs.
Non-Executive Member	A Board member who does not work full-time to manage the Company, nor engage in its daily affairs.
Independent Member	A non-executive board member who is not subject to any of the Issues Affecting Independence , and is independent in his position and decisions, and is able to exercise his duties, express his opinions and vote on decisions objectively and impartially, which helps the board of directors to take sound decisions that contribute to achieving the interests of the Company

List of Abbreviations:

Abbreviation	Meaning
Co.	Seera Holding Group
BoD.	The Board of Directors of Seera Holding Group
Chairman	Chairman of the Board of Directors
CEO	Chief Executive Officer of Seera Holding Group
Member	The Committee Members, referred to collectively as "Members"
Authority	Capital Market Authority
Market	Saudi Capital Market
Bylaws	Bylaws of Seera Holding Group

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Introduction:

These policies aim to set clear and specific criteria and procedures for membership in the Board of Directors of Seera Holding Group, in application of the provisions of Paragraph (3) of Article Twenty-One of the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority under Resolution No. 8-16-2017, dated 16/05/1438 AH corresponding to 13/02/2017 AD, based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437 AH amended by the Capital Market Authority Board Resolution No. 5-8-2023 dated 25/06/1444 AH Corresponding to 18/01/2023 AD based on the Companies Law issued by Royal Decree No. M/132 dated 12/01/1443 AH. Therefore, the company's board of directors seeks to apply best practices in the field of governance to protect the rights and interests of shareholders to ensure the effectiveness of the nomination and replacement process in order to achieve compliance with standards And the procedures established by the regulatory authorities in a way that achieves the interests of shareholders. Accordingly, the company has prepared a clear and specific policy, standards, and procedures for membership in the Board of Directors. The Board of Directors should review the recommendation of the Nominations and Remuneration Committee regarding the amendment, addition, or deletion of any of the articles of this policy in a manner that does not conflict with the provisions Compulsory regulations in the financial market system, its executive regulations and related regulations, and putting them into effect after approval by the General Assembly.

Article (1) Formation of the Board of Directors:

The following shall be adhered in the formation of the Board of Directors:

1. The number of its members shall be suitable with the Company's size and type of its nature activities, without prejudice to what is stated in the Company's Articles of Association.
2. The majority of it shall be non-executive members.
3. The number of its independent members shall not be less than two or one-third of the members of the Board, whichever is greater.
4. Inconsistent with the independence required for an independent member of the Board of Directors – including but not limited to:
 - 4.1. If he/she holds five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
 - 4.2. If he/she is a relative of any member of the Board of the Company, or any other company within the Company's group;
 - 4.3. If he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's group;
 - 4.4. If he/she is a Board member of any company within the group of the Company for which he/she is nominated to be a Board member.
 - 4.5. If he/she is an employee or used to be an employee, during the preceding two years, of the Company or a company within its group, or if he/she held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or main suppliers during the preceding two years.

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- 4.6. If he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account.
- 4.7. If the member of the Board receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less.
- 4.8. If he/she engages in a business where he competes with the Company or conducting businesses in any of the company's activities.
- 4.9. If he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.

Unless the Nominations Committee considers otherwise, the businesses and contracts with the board member to meet his/her personal needs shall not be deemed as an interest that affect the independence of the board member which require an authorisation from the ordinary general assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by the Company with all contractors and dealers, and that such businesses and contracts must be within the normal course of the Company's activities.

Article (2) Appointment of the Members of the Board of Directors:

1. The Company's Bylaws stipulated that the number of the board of directors shall not be less than (3) Three members;
2. The General Assembly shall elect the members of the Board of Directors for the term stipulated in the company's bylaws, provided that it does not exceed four years and may be re-elected, unless the company's bylaws stipulate otherwise.
3. The nominee shall not be a member of the boards of more than five listed joint stock companies at the same time.
4. The company's management shall notify the Capital Market Authority of the names of the members of the Board of Directors and their membership descriptions within five working days from the start date of the Board term or from the date of their appointment - whichever is earlier - and any changes to their membership within five working days from the date of the changes.
5. Cumulative Voting shall be used in electing the Board of Directors, in which it is not allowed to use the voting right of a single share more than once.
6. The company shall announce on Saudi Exchange (Tadawul) website information about the candidates for membership of the Board of Directors when publishing or sending the invitation to convene the General Assembly, provided that this information includes a description of the candidates' experiences, qualifications, skills, jobs, and previous and current memberships.
7. The Company's bylaws may stipulate the right for one or more shareholders to appoint one or more members in the Board subject to the following rules:

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- 7.1. The Company's bylaws shall specify the name of the shareholder who has such right, the number of seats allocated to such shareholder and the mechanism to be followed in case the position of the Board member(s) appointed in accordance with paragraph (b) of this Article becomes vacant.
- 7.2. The number of seats allocated for any shareholder in the Company's bylaws shall not exceed the number of seats in which he/she can elects members of the Board in the General Assembly through his/her voting rights; and in all cases, the total number of seats occupied through such appointment shall not exceed half of the number of Board seats or three seats, whichever is less.
- 7.3. The appointed Board member shall fulfil the standards and conditions for membership of the Board that are approved by the General Assembly.
- 7.4. The shareholder who has such appointment right shall not use the voting rights based on which he/she made such appointment in the election of the remaining members of the Board.
- 7.5. He shall be fully and legally competent.
- 7.6. The candidate should not have been sentenced by any judicial or oversight authority to commit a gross violation of any regulations or a crime punishable by the system that violates honesty or integrity, or involves any fraud, fraud or misleading.
- 7.7. Any other rules specified in the Company's bylaws .
- 7.8. Any other rules specified by the Authority.

Article (3) Conditions and Requirements of the Board Membership:

The member of the board of directors shall be of professional competence who have the necessary experience, knowledge, skill, and independence, in a way that enables him/her to exercise the duties efficiently and competently, provided that he/she shall have the following competencies:

1. 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.
2. Qualifications: 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.
3. 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.
4. Financial Knowledge: The member shall have the ability to read and understand financial statements and reports.

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5. Physical Fitness: The member shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.

In case of electing the Members of the Board of Directors, the General Assembly shall consider the recommendations of the Remuneration and Rewards Committee and provide the necessary personal and professional competencies required for carrying out their tasks and duties effectively in accordance with this Article .

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

1. The nomination procedures shall consider:
 - 1.1 Give sufficient time to submit applications for candidacy for membership of the Board of Directors.
 - 1.2 The Nominations and Remunerations Committee coordinates with the executive management of the company to announce the opening of nominations for membership of the Board of Directors in accordance with the requirements of the regulatory and supervisory authorities and relevant regulations.
 - 1.3 The Nominations and Remunerations Committee shall submit its recommendations to the Board of Directors regarding nomination for membership of the Board of Directors, considering not to nominate any person previously convicted of a breach of trust.
 - 1.4 Provide the shareholders with sufficient information about the eligible candidates and their relationship to the company before starting voting.
2. A person wishes to nominate himself/herself for membership of the Board shall announce his/her desire to do so by means of a notification sent to the management of the company in accordance with the periods and dates stipulated by law in the Authority and the relevant regulations. This notification includes a detailed introduction to the candidate in terms of his CV, qualifications, and practical and scientific experience.
3. The Remuneration and Nominations Committee, in coordination with the executive management of the company, provides the Commission with the resumes of the candidates for membership of the company's board of directors according to the "CV model of the candidate for membership of the board of directors of a joint-stock company listed in the Saudi financial market".
4. The Remuneration and Nominations Committee shall implement any observations received from the competent authorities about any candidate.
5. Voting in the General Assembly is limited to those who have nominated themselves in accordance with the aforementioned policies, standards and procedures.
6. The number of Board of Directors candidates whose names are presented to the General Assembly must exceed the number of seats available, so that the General Assembly has an opportunity to choose from among the candidates.

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Article (5) Disclosure of the Conflict of Interest by the Nominee:

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, in accordance with CMA Procedures, including:

1. 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.
2. Engaging in business that may compete with the Company or any of its activities.
3. Its membership in any Boards or Committees of other Companies.

Article (6) Board Vacancy:

1. If there is a vacancy in the Board of Directors during the Board term without violating the conditions necessary for the validity of the meeting of the Council due to the decrease in the number of its members below the minimum number, then the Board has the option to keep the seat vacant until the end of the session, or to temporarily appoint another member in the vacant position who is available He has experience and competence, provided that he informs the authority related to the commercial register of the company and the Authority within (15) days from the date of appointment, and that this appointment is presented to the Ordinary General Assembly in its first meeting for approval, and the appointed member completes the term of his predecessor.
2. If the number of members of the Board of Directors falls short of the quorum required for the validity of its meetings, the Ordinary General Assembly must be called to convene within (60) days to elect the necessary number of members.

Article (7): Policy Update and Effectiveness:

1. This Policy may be revised whenever the need arises.
2. The Board shall have the sole authority to approve any amendments to these Regulations and shall then be approved by the General Assembly of the Company .
3. Any update to this Policy shall be initiated by the Secretary of the Nomination and Remuneration Committee to its Chairman, and the Committee Chairman shall escalate its approval to the Board to be approved by the General Assembly.
4. This Charter shall remain in force unless cancelled or amended by the General Assembly.

Article (8) Publication and Enforcement:

This Policy shall come into effect after the date of its approval by the General Assembly.