

**In the name of Allah, the most gracious, the most merciful**

## **A list of conditions and criteria for membership in the**

### **Board of Directors**

**Al khaleej Company for Training and Education**

**(a Saudi joint stock company)**

**Approved by the decision of the General Assembly of Shareholders on 01/12/1444 AH corresponding to 19/06/2023 AD**

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## **A list of conditions and criteria for membership in the Board of Directors**

### **Introduction:**

The success of any company depends primarily on success in selecting the members of its board of directors, so it was necessary to pay attention to the process of selecting members of the board of directors and to set special conditions and criteria for candidacy for membership, as the board of directors must include the optimal number of diverse competencies necessary to perform their roles and responsibilities and be able To make decisions with independence, transparency and integrity in a way that achieves the interest of the company, and they have the necessary practical experience to achieve their main goal to protect and grow the company, as the job of a board member falls under a lot of responsibilities and many achievements are expected from it, and this is confirmed by the laws and regulations in the Kingdom that it took care of And its interest in joint-stock companies, as it decided that special conditions and criteria should be established for nomination to the membership of the Board of Directors. The basic principles of the company and putting it into effect after the approval of the general assembly. Based on the foregoing and our keenness to comply with all laws and regulations in force in the Kingdom, the Board of Directors of the company decided to issue these regulations to regulate membership in the Board of Directors of Al-Khaleej Training and Education Company as follows:

### **Article 1: Objectives of the Regulations**

This regulation aims to set clear and specific criteria and procedures for membership in the Board of Directors of the company and announce them for all to see. Administration,

For the purpose of applying the provisions of this bylaw, the words and expressions mentioned below shall have the meanings indicated opposite each of them, unless the context requires otherwise:

- Bylaws: Bylaws for membership in the Board of Directors of Al-Khaleej Training and Education Company.
- Company: Gulf Training and Education Company (a Saudi joint stock company)
- Board: The Board of Directors of Al-Khaleej Training and Education Company,
- Members: Executive, non-executive and independent members of the Company's Board of Directors.
- Executive member: a member of the Board of Directors who is dedicated to the management of the company and participates in its daily business and receives a salary from it.
- Non-executive member: a member of the Board of Directors who is not dedicated to the management of the company does not participate in its daily business and does not receive a salary from it.
- Independent member: A non-executive board member who enjoys complete independence in his position and decisions, and the symptoms of independence do not apply to him.
- Authority: Saudi Capital Market Authority
- Committee: The Nominations and Remunerations Committee of the Gulf Training and Education Company
- Control stakes: the ability to influence decisions by owning 30% or more of the voting rights in the company.

### **Article Two: Conditions and criteria for candidacy for membership in the Board of Directors**

Each shareholder has the right to nominate himself or another person or more of the shareholders or others for the membership of the Board of Directors in accordance with the following conditions and criteria:

1. The candidate must be a natural person at least twenty-five (25) years old.
2. The candidate must not have been previously convicted of a crime involving moral turpitude, dishonesty, or a criminal judgment.

3. The candidate must not have been previously convicted of conducting a violation in the financial markets or commercial business, or has been convicted, through any committee, of manipulation or fraud in the stock market,
4. The candidate should not be insolvent or have previously been declared bankrupt.
5. The nominee should not be a former CEO or general manager of a company that was liquidated due to the losses incurred.
6. The candidate should not be unfit for membership of the Council in accordance with any system or instructions in force in the Kingdom.
7. The candidate should not be a member of the boards of directors of more than five (5) joint-stock companies listed on the market at the same time.
8. The candidate should not be a government employee.
9. That the candidate be able to allocate sufficient time and effort to manage the company is business with good performance and according to the best standards.
10. The candidate must be committed to the provisions of the applicable laws, regulations and instructions, and enjoy independence and non-conflict of interests.
11. The candidate should be professionally competent with experience, knowledge and skill, enabling him to perform his duties efficiently and competently, taking into account that he has, in particular, the following:
  - The ability to lead: by having leadership skills that qualify him to grant powers in a way that leads to stimulating performance and applying best practices in the field of effective management and adherence to professional values and ethics.
  - Efficiency: by having academic qualifications, appropriate professional and personal skills, level of training, and practical experience related to the company's current and future activities, management, economics, accounting, law, or governance, as well as the desire to learn and train.
  - The ability to direct: by having technical, leadership, and administrative capabilities, speed in decision-making, understanding technical requirements related to workflow, and being able to strategically direct, plan, and have a clear future vision.
  - Financial knowledge: by being able to read and understand financial statements and reports.
  - Healthy fitness: that he has no health impediment that hinders him from exercising his duties and specializations to the fullest.

### **Article Three: Conditions and criteria for selecting independent board members**

1. In addition to the aforementioned standards and conditions for membership in the Board of Directors, the independent member of the Board is required to:
2. He should not be the owner of (5%) or more of the company's shares or the shares of another company in its group, or be related to the one who owns this percentage.
3. Not to be a representative of a legal person who owns (5%) or more of the company's shares or the shares of another company in its group.
4. He should not have been a senior executive during the past two years in the company or in a company of its group.
5. Not to be related to any of the members of the Board of Directors in the company or in another company of its group.
6. Not to be related to any of the senior executives in the company or another company in its group.
7. Not to be a member of the board of directors of another company from the group of the company nominated for membership in its board of directors.
8. He should not have been an employee during the past two years with the company or another company of its group, or the owner of controlling shares in the company or any party dealing with the company or another company of its group, such as auditors and major suppliers during the past two years.

9. Not to have a direct or indirect interest in the business and contracts that are concluded for the account of the company whose board of directors he wishes to run for.
10. He should not be involved in a business that would compete with the company, or compete with it in one of the branches of the activity it is engaged in.
11. He should not have received sums of money from the company in addition to the remuneration for membership of the Board of Directors or any of its committees in excess of (200,000) riyals or more than (50%) of his remuneration in the previous year that he obtained for membership of the Board of Directors or any of its committees, whichever is less.
12. He should not have spent more than nine years, consecutive or intermittent, as a member of the company's board of directors.
13. Business and contracts that are concluded with a member of the Board of Directors to meet his personal needs are not considered as an interest precluding the independence of a board member who must obtain a license from the Ordinary General Assembly if these works and contracts are carried out in the same terms and conditions that the company follows with all contractors and dealers and were Within the company's usual activity, unless the Nominations Committee deems otherwise.

#### **Article 4: Nomination procedures for membership in the company's board of directors**

1. The company must publish the candidacy announcement on the company's website and the website of the financial market (Tadawul) in order to invite persons wishing to run for membership of the Board of Directors, provided that the nomination door remains open for at least one month from the date of the announcement.
2. Each candidate for membership of the Board of Directors must submit an application for his candidacy to the company during the announced nomination period, along with the following:
  - The application for candidacy for membership of the Council is submitted to the attention of the Secretary of the Nominations and Remunerations Committee, showing his CV, qualifications, and practical experience.
  - Filling in the Financial Market Shaw's form for the CV of the candidate for membership of the Board of Directors of a listed joint-stock company, which was prepared for this purpose and which can be obtained from the Capital Market website, in addition to any other forms and submitting any documents required by the relevant laws, regulations and instructions.
3. A candidate who has previously held membership in the board of directors of a joint-stock company must provide a statement of the number and date of the boards of directors of the companies of which he assumed membership.
4. A candidate who has previously held membership in the company's board of directors must attach to the candidacy notification a statement from the company's management on the last term in which he was a member of the board, including the following information:
  - The number of board meetings that took place during each year of the session.
  - The number of meetings the member genuinely attended, and the percentage of his attendance to all meetings.
5. 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 number of meetings
  - The status of membership must be clarified, ie whether the member is an executive member, a non-executive member, or an independent member.
  - The nature of membership must be clarified, ie whether the member is a candidate in his personal capacity or is a representative of a legal person.
6. The CV of the applicants for membership is reviewed and evaluated by the Nominations and Remuneration Committee and makes its recommendation to the Board of Directors regarding nomination for the membership of the Board in accordance with the aforementioned policies and criteria after ensuring the availability of the

previous conditions and any other conditions required by the regulations in the candidates for the membership of the Board.

7. The Nominations and Rewards Committee, in coordination with the executive management of the company, sends copies of the nomination notifications, their attachments, and a list of the names of the candidates to the General Administration of Companies at the Ministry of Commerce to express an opinion before presenting them to the General Assembly for voting.
8. The Nominations and Remuneration Committee, in coordination with the executive management of the company, provides the Capital Market Authority with the resumes of the candidates for membership of the company's board of directors according to the CV form of the candidate for membership of the board of directors of a joint-stock company listed on the Saudi Stock Exchange (Tadawul) after approval by the competent authority.
9. The Nominations and Remunerations Committee shall implement any observations received from the competent authorities regarding any candidate.
10. The company announces on the Market's 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, and the company must provide a copy of this information in its headquarters and on its website.
11. The cumulative vote must be used in electing the Board of Directors, so that the voting right per share may not be used more than once.
12. Voting in the General Assembly is limited to candidates for membership of the Board of Directors whose information has been announced by the company in accordance with the policies and standards described above .

## **Article Five: General Provisions**

1. Before the end of the term of membership of the Board of Directors, the opening of nomination for membership of a new Board of Directors shall be announced on the website of the financial market (Tadawul) and on the company's website.
2. Whoever wishes to nominate himself for membership of the Board of Directors must disclose to the Board and the General Assembly any potential current or future cases of conflict of interest in accordance with the procedures established by the Authority, including:
  - The existence of 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.
  - His participation in a business that would compete with the company or its competition in one of the branches of the activity it is engaged in.
3. Any member of the current board of directors of the company has the right to present his candidacy for the subsequent terms of his membership.
4. The majority of the members of the Board of Directors must be non-executive members.
5. The number of independent members of the Board of Directors shall not be less than two members or one-third of the members of the Board, whichever is greater.
6. A member of the Board of Directors represents all the shareholders of the company, and he must adhere to what achieves the interests of the company in general and not what achieves the interests of the group he represents or that voted to appoint him to the Board of Directors.
7. It is prohibited to combine the position of Chairman of the Board of Directors with any executive position in the company, such as the position of Managing Director, Chief Executive Officer or General Manager.
8. The management of the company in accordance with the articles of association of the company shall be undertaken by a board of directors consisting of seven members elected by the general assembly for the period

stipulated in the articles of association of the company, provided that it does not exceed four years. They may be re-elected unless the company's articles of association stipulate otherwise.

9. The company shall 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 commencement of the term of the Board of Directors 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 taking place.

#### **Article Six: Introducing the members to the company's activities**

1. The company provides the new members of the Board of Directors with an introductory program to introduce them to the company's activities, directions, financial and accounting issues, risk management, work ethics, corporate government guidelines, key officials of the company, and internal and external auditors.
2. Board members, upon the recommendation of the Nominations and Remunerations Committee, shall participate in continuous training programs to maintain the necessary level of expertise required to carry out their responsibilities as members of the Board.
3. The members of the Board shall visit the company and its subsidiaries to know its activities and the activities of those companies, and the Managing Director or the CEO of the company shall make the necessary arrangements to carry out such visits.

#### **Article Seven: Termination of Council membership**

1. Membership in the Board of Directors ends for one of the following reasons:
2. Membership of a member of the Board of Directors ends with his resignation, expiration of his term, or death, or if he is convicted of any crime involving dishonor and dishonesty, or is declared bankrupt, or becomes unfit for membership of the Board in accordance with any system or instructions in force in the Kingdom, or if he loses one or more of the membership conditions.
3. A member of the Board of Directors must resign before the end of his term in the Board, in the event that he loses his eligibility 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 Board, but in the event of a conflict of interest, he shall The member has the option to obtain a license from the General Assembly, which is renewed every year, or to submit his resignation.
4. The Ordinary General Assembly may, at any time, dismiss all or some of the members of the Board, even if the company's articles of association stipulate otherwise, without prejudice to the right of those dismissed to compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.
5. The General Assembly may - based on a recommendation from the Board of Directors - terminate the membership of any member who fails to attend three consecutive meetings of the Board without a legitimate excuse.
6. When the membership of a member of the Board of Directors ends by one of the methods of termination of membership, the company must notify the Authority and the Market immediately, stating the reasons for that.
7. If a member of the Board of Directors resigns and has comments on the company's performance, he must submit a written statement thereof to the Chairman of the Board of Directors, and this statement must be presented to the members of the Board of Directors.
8. If the position of a member of the Board of Directors becomes vacant, the Board may appoint a temporary member in the vacant position, provided that this temporary appointment is presented to the Ordinary General Assembly at its first meeting, and the new member completes the term of his predecessor.
9. If the number of members of the Board of Directors falls below the quorum required to hold its meetings, the Board shall call the Ordinary General Assembly as soon as possible to elect the necessary number of members.

### **Article Eight: Final Provisions**

1. The members of the Board of Directors represent all shareholders of the company, and they must exercise the duties of care and loyalty in managing the company and everything that would preserve its interests, develop it, and maximize its value.
2. The tasks and responsibilities of the members of the Board of Directors and their remuneration shall be determined in accordance with the company's Articles of Association and the governance regulations issued by the Capital Market Authority and the Companies Law in the Kingdom, and they can be viewed in detail through the company's Board of Directors Regulations.
3. No amendment, addition or cancellation shall be made to the items of these regulations except through the Board of Directors and shall be approved by the General Assembly.
4. These regulations shall come into force as of the date of their approval by the Board of Directors and approval by the General Assembly.

**Allah bless**