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Al Majed Oud Company's Board of Directors Membership Policy and Criteria

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Al Majed oud

Contents

Statement Number	Page
Definitions.....	3
Article One: Introduction.....	4
Article Two: Scope of Application of the Policy.....	4
Article Three: Policy and Criteria for Membership on the Company's Board of Directors.....	4
Article Four: Procedures for Nominating Members for the Board of Directors.....	6
Article Five: Mechanism for Selecting the Chairman, Vice Chairman, Managing Director, and Chief Executive Officer.....	7
Article Six: Expiration or Termination of Board Membership.....	7
Article Seven: Expiration of the Board of Directors' term, the resignation of its members, or the vacancy of the membership.....	8
Article Eight: Impediments to Independence.....	8
Article Nine: Final Provisions (Review and Amendment of This Policy).....	9





Al Majed oud

Definitions:

For the purpose of applying the provisions of these regulations, the words and phrases listed below shall have the meanings indicated opposite each of them unless the context requires otherwise:

Regulations:	All applicable regulations in the Kingdom of Saudi Arabia, as well as the regulations, instructions, and decisions issued pursuant thereto.
Articles of Association:	Articles of Association of Al Majed Oud Company
The Company:	Al Majed Oud Company
Authority:	Capital Market Authority
Corporate Governance:	Rules for leading and directing the company, including mechanisms to regulate the various relationships between the board of directors, executive management, shareholders, and stakeholders, by establishing special rules and procedures to facilitate the decision-making process and give it a sense of transparency and credibility, with the aim of protecting the rights of shareholders and stakeholders and achieving justice, competitiveness, and transparency in the market and business environment.
Cumulative Voting:	A voting method for selecting members of the board of directors that gives each shareholder voting power proportional to the number of shares he owns, so that he has the right to vote for one candidate or divide them among the candidates he chooses without duplicating these votes.
Board:	Board of Directors of Al Majed Oud Company
Board Member:	A member of the Board of Directors of Al Majed Oud Company, appointed by a decision of the General Assembly.
Chairman:	Chairman of the Board of Directors of Al Majed Oud Company, appointed by the Board of Directors from among its members.
Chief Executive Officer:	CEO of Al Majed Oud Company
Secretary:	Secretary of the Board of Directors of Al Majed Oud Company, appointed by a decision of the Board of Directors.
Committees:	Any of the committees established by the Board of Directors of Al Majed Oud Company.
Professional Conduct and Ethics Policy:	The approved policy of professional conduct and business ethics that applies to members of the Board of Directors of Al Majed Oud Company.
Conflict of Interest:	Any actual or potential direct or indirect conflict between the interests of the Company and any personal, commercial or other interest of any Board member that may affect their impartiality



	when voting on Board decisions and their actions related to the Company.
Relatives or Relationship:	<ul style="list-style-type: none">– Parents, grandparents, and grandmothers, and so on.– Children and their children, and so on.– Full-brothers and sisters, or half-brothers and sisters.– Spouses and wives





Al Majed oud

Article 1: Introduction:

The Board of Directors' membership policies, standards, and procedures are considered the definitive reference for Al Majid Al Futtaim regarding nomination procedures for Board membership. The general framework of the regulations is summarized in the following key points:

- A. General policies and controls for Board membership
- B. Mechanism for implementing the policy and selecting members
- C. The level of competence required to obtain Board membership
- D. Mechanism for disseminating and approving the policy

Article Two: Scope of Application of the Policy:

This policy applies to members of the Board of Directors of Al Majid Perfumes Company and to all those wishing to run for membership in the company's Board of Directors.

Article Three: Policy and Criteria for Membership on the Company's Board of Directors:

The Board of Directors consists of (5) five members, as stipulated in the company's bylaws, and they are required to be persons of natural character. The member of the Board of Directors is required to be professionally competent and possess the necessary experience, knowledge, skill, and independence to enable him to carry out his duties efficiently and competently, provided that the Assembly takes into account When electing members of the Board of Directors, the recommendations of the Company's Remuneration and Nominations Committee, if any, and the availability of personal and professional capabilities necessary to perform their duties effectively, taking into account that the member has the following in particular:

- 1- The candidate for membership in the Board of Directors must not have been previously convicted of a crime involving moral turpitude or dishonesty, nor be insolvent, bankrupt, or otherwise unfit for membership in the Board in accordance with any applicable laws or regulations in the Kingdom.
- 2- A member of the Board of Directors must not simultaneously hold membership in more than five joint-stock companies listed on the financial market.
- 3- The board member must represent all shareholders and be committed to what serves the company's overall interests, not the interests of the group they represent or the group that voted for their appointment to the board.
- 4- The majority of board members must be non-executive.
- 5- The number of independent board members must not be less than one-third of the board members or two members, whichever is greater.
- 6- The independent member must enjoy complete independence in his position and decisions, and none of the obstacles to independence stipulated in Article (19) of the Corporate Governance Regulations issued by the Capital Market Authority shall apply to him.
- 7- The ability to lead, by having leadership skills that qualify him to grant powers that lead to stimulating performance and applying the best practices in the field of effective management,



adhering to professional values and ethics, and the ability to communicate effectively, think and plan strategically.

- 8- Competence, which means having the appropriate academic qualifications, professional and personal skills, level of training and practical experience related to the company's current and future activities, knowledge of management, economics, accounting or law, or a desire to learn and train.
- 9- The ability to direct, by having technical, leadership and administrative capabilities, and the ability to quickly make decisions on strategic direction and long-term planning, and to understand the technical requirements related to the workflow, and to be able to have a clear future vision.
- 10- Financial knowledge, such as the ability to read and understand financial statements and reports.
- 11- Physical fitness, such as not having any health conditions that would impede the performance of their duties and responsibilities.
- 12- The candidate for board membership must adhere to the principles of honesty, integrity, loyalty, and care and concern for the interests of the company and shareholders, prioritizing these interests over personal interests, as detailed below:
 - A. Honesty entails that a board member maintains a sincere, professional relationship with the company, and that he discloses any relevant information to the company before executing any transaction or contract with the company or one of its subsidiaries.
 - B. Loyalty entails avoiding transactions that involve a conflict of interest, ensuring fairness of dealings, and adhering to the conflict of interest provisions contained in the Governance Regulations.
 - C. Care and attention are to be taken in performing the duties and responsibilities stipulated in the Companies Law, the Capital Market Law, the Company's Articles of Association, and other related regulations.
- 13- Diversity in academic qualifications and practical experience should be taken into consideration, and priority should be given in nomination to those with the required skills for membership in the Board of Directors.
- 14- A member of the Board of Directors must resign before the end of his term on the Board of Directors if he loses his eligibility to work as a member of the Board of Directors, or is unable to perform his duties, or is unable to devote the time or effort necessary to perform his duties on the Board. However, in the event of a conflict of interest, the member has the option of obtaining a license from the General Assembly, which is renewed every year, or submitting his resignation.
- 15- Any requirements approved by the competent legislative authorities in the Kingdom must be applied.



Article Four: Procedures for Nomination to the Board of Directors

1. An announcement opening the nomination for Board membership shall be published on the company's website or the Saudi Stock Exchange (Tadawul), as applicable, and through any other means specified by the Authority or the company. The nomination window shall remain open for at least one month from the date of announcement. Voting in the General Assembly shall be limited to the candidates whose names have been announced by the company.
2. A shareholder wishing to nominate themselves must submit their nomination application within the announced nomination period, which shall not be less than 30 days from the date of the announcement on the company's or Tadawul's website, as applicable. The Nomination and Remuneration Committee or the Board of Directors may, as appropriate, extend the nomination period.
3. A candidate must disclose their intention to run for Board membership by submitting a notice to the company's management in accordance with the deadlines and procedures stated in this policy and the applicable laws and regulations. This notice must include a profile in Arabic detailing their CV, qualifications, and experience. Non-Saudi candidates must also submit any other relevant documents required by the company to meet regulatory requirements.
4. A candidate for Board membership must disclose to the Board and the General Assembly any conflict of interest, including:
 - a. A direct or indirect interest in business or contracts undertaken by the company.
 - b. Participation in a business that competes with the company or any of its lines of activity.
5. Board candidates must complete the form(s) specified by the company or the Capital Market Authority, as applicable, which can be obtained from the company's or the Authority's website.
6. A candidate who has previously served as a board member of a joint stock company must attach a statement indicating the names and dates of the companies whose boards they have served on.
7. A candidate who has previously served on the Board must attach to their nomination notice a statement from the company regarding the last term they served, including:
 - a. The number of board meetings held during each year of the term.
 - b. The number of meetings attended in person and the attendance percentage.
 - c. The permanent committees in which the candidate participated, the number of meetings held by each committee annually, the number of meetings the candidate attended, and their attendance percentage.



8. The nature of the membership must be clarified at the time of nomination—whether the candidate is an executive member, non-executive member, or independent member.
9. The capacity of the membership must also be specified—whether the candidate is applying in their personal capacity or as a representative of a legal entity.
10. The Nomination and Remuneration Committee, if established, shall coordinate with executive management to complete the regulatory requirements and provide all necessary documents to the competent regulatory authorities.
11. Voting for the selection of Board members shall be conducted using the cumulative voting method.
12. Voting in the General Assembly shall be limited to those who have nominated themselves in accordance with the aforementioned policies, standards, and procedures.

Article Five: Mechanism for Selecting the Chairman, Vice Chairman, Managing Director, and CEO

Shareholders elect the members of the Board of Directors at the General Assembly meeting in accordance with the regulations and standards outlined in this policy. The Board shall then meet to select from among its members a Chairman and a Vice Chairman. A Managing Director may also be appointed, as well as a Chief Executive Officer. The positions of Chairman of the Board and any executive role within the company may not be held by the same person. The Board has the right to dismiss and reappoint these individuals at any time.

Article Six: Termination or Dismissal of Board Membership

1. A Board member's term shall end in the following cases:
 - a. Expiry of the specified term without renewal.
 - b. Expiry of the member's eligibility under any applicable regulations or instructions in the Kingdom of Saudi Arabia.
 - c. Death or resignation.
 - d. If the General Assembly decides to remove the member for any reason.
 - e. In case of incapacity due to illness.



f. If the member is proven to have acted dishonorably or breached their responsibilities in a manner harmful to the company's interests.

2. The General Assembly may, based on a recommendation from the Board, terminate the membership of any Board member who is absent from three consecutive meetings or five non-consecutive meetings during their term without a valid excuse accepted by the Board.
3. The Ordinary General Assembly may at any time remove all or some of the Board members, even if the company's bylaws state otherwise, without prejudice to the right of the dismissed member to seek compensation from the company if the dismissal was unjustified or occurred at an inappropriate time. A Board member may resign provided the timing is appropriate, otherwise they shall be liable to the company for any resulting damages.

Article Seven: Expiry of the Board of Directors' Term, Resignation of Its Members, or Vacancy of Membership

1. Before the end of its term, the Board of Directors shall convene the Ordinary General Assembly to elect a new board for the upcoming term. If the election cannot be held and the current board's term expires, the members shall continue to perform their duties until a new board is elected, provided that such continuation does not exceed ninety (90) days from the expiry date. The Board must take the necessary measures to ensure the election of a new board within this period.
2. If the Chairman and members of the Board resign, they must call for the Ordinary General Assembly to convene and elect a new Board of Directors. The resignation shall not take effect until a new board is elected, and in any case, the duration of the resigned board's continuation shall not exceed one hundred and twenty (120) days from the resignation date.
3. A board member may resign from the board by submitting a written notice addressed to the Chairman. If the Chairman resigns, the notice shall be addressed to the remaining board members and the Board Secretary. The resignation shall become effective in both cases on the date specified in the notice.
4. If a seat on the Board of Directors becomes vacant without affecting the quorum required for the validity of board meetings under the applicable regulations, the Board may appoint a temporary replacement with sufficient expertise and competence as deemed appropriate, without resorting to the vote ranking mechanism used in the General Assembly that elected the board. The appointment must be reported to the Commercial Register and the Authority if the company is listed in the financial market within fifteen (15) days from the appointment date, and the appointment shall be presented to the next Ordinary General Assembly meeting. The newly appointed member shall complete the remaining term of their predecessor.
4. If the quorum required for convening the Board of Directors is not met due to the number of members falling below the minimum prescribed under the Companies Law, the remaining



board members must convene the Ordinary General Assembly within sixty (60) days to elect the required number of members.

5. In the event that a new Board of Directors is not elected or the required number of board members is not completed, any concerned party may request the competent judicial authority to appoint individuals with experience and expertise in the number it deems appropriate to supervise the management of the company and call the General Assembly to convene within ninety (90) days to elect a new board or complete the required number of members, as applicable, or request the dissolution of the company.

Article Eight: Impediments to Independence

1. An independent board member must be able to perform their duties, express opinions, and vote on decisions objectively and impartially, in a manner that enables the Board of Directors to make sound decisions that serve the company's interests.
2. The Board of Directors shall conduct an annual assessment of the member's independence to verify that no relationships or circumstances exist—or could exist—that may affect their independence.
3. Independence shall be deemed compromised, without limitation, in any of the following situations:
 - a. If the member owns, directly or indirectly, 5% or more of the company's shares or of any company within its group, or has a relative who owns such a percentage.
 - b. If the member represents a legal entity that owns 5% or more of the company's shares or of any company within its group.
 - c. If the member has a kinship relationship with any member of the Board of Directors in the company or any company within its group.
 - d. If the member has a kinship relationship with any senior executive of the company or of any company within its group.
 - e. If the member is or was a board member in another company within the same group of the company for which they are nominated.
 - f. If the member is or was employed within the past two years by the company, any of its related parties, or any company within its group (including external auditors or major suppliers), or holds controlling interests in any of these parties during the past two years.



- g. If the member has a direct or indirect interest in contracts or business dealings made on behalf of the company.
 - h. If the member receives monetary compensation from the company, in addition to their board or committee membership remuneration, exceeding SAR 200,000 or 50% of their previous year's remuneration for such memberships, whichever is lower.
 - i. If the member engages in business that competes with the company or conducts business in one of its operational sectors.
 - j. If the member has served more than nine cumulative or non-cumulative years on the company's Board of Directors.
4. Transactions and contracts concluded to meet personal needs shall not be deemed conflicts of interest that compromise the independence of the board member—provided that such transactions are carried out under the same terms and conditions applied to all other contractors or clients and fall within the company's ordinary business activities.

Article Nine: Final Provisions – Review and Amendment of This Policy

This policy shall be effective and binding on all relevant parties as of the date it is approved by the General Assembly of shareholders. The policy shall be reviewed periodically as needed by the Nomination and Remuneration Committee, if formed, or by the Board of Directors, as applicable. Any proposed amendments shall be submitted by the Committee or the Board to the General Assembly for approval.

