



Astra Industrial Group Saudi Joint-Stock Company

Board Membership Policy, Standards, and Procedures

This Policy was approved pursuant to a resolution of the Extraordinary General Assembly of Astra Industrial Group (AIG) held on 16/05/2017 AD, amended pursuant to a resolution of the Extraordinary General Assembly held on 21/04/2019 AD, amended pursuant to a resolution of the Ordinary General Assembly held on 11/04/2021 AD, and further amended pursuant to a resolution of the Extraordinary General Assembly held on 24/06/2024 AD.

Table of Contents

Article (1): Preamble
Article (2): Composition of the Board
Article (3): Appointment of the Board Members
Article (4): Conditions for the Membership of the Board
Article (5): Issues Affecting Independence
Article (6): Eligibility and Procedures for Nomination to Board Membership
Article (7): Termination of Board Membership
Article (8): Board Members Remuneration
Article (9): Policy Approval and Implementation

Article (1): Preamble

- 1) The Board Membership Policy, Standards, and Procedures of Astra Industrial Group (AIG) - a Saudi listed company - was approved in accordance with the laws and regulations of the Ministry of Commerce and the Capital Market Authority (CMA).
- 2) These Regulations encompass the policies, standards, procedures, and specific requirements of membership on AIG Board, shall come into effect immediately upon approval by the General Assembly.

Article (2): Board Membership

- 1) AIG shall be managed by a Board of Directors consisting of nine members.
- 2) The majority of the Board members shall be non-executive.
- 3) The number of Independent Directors shall not be less than two members or one-third of the Board members, whichever is greater.

Article (3): Appointment of the Board Members

- A) AIG bylaws shall specify the number of the Board members, provided that such number shall not be less than three.
- B) The General Assembly shall elect the Board members for the term stated in AIG bylaws, provided that such term shall not exceed four years. Board members may be re-elected, unless otherwise provided for in AIG bylaws.
- C) A Board member shall not be a member of the Boards of Directors of more than five listed joint stock companies at the same time.
- D) AIG shall notify CMA of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is earlier, as well as any changes that may affect their membership within five business days from the occurrence of such changes.

Article (4): Conditions for the Membership of the Board

A member of the Board is required to be professionally capable and has the required experience, knowledge, skill and independence, which enable him/her to perform his/her duties efficiently. He/she shall have the following qualifications in particular:

- 1) Ability to lead: He/she 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) Competency: He/she 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 AIG and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training.

3) Ability to guide: He/she 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: He/she shall have the ability to read and understand financial statements and reports.

5) Physical fitness: He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.

The General Assembly shall take into account, when electing members to the Board, the recommendations of the Nomination Committee and the availability of the personal and professional capabilities required to perform their duties effectively pursuant to this Article.

Article (5): Issues Affecting Independence

A) An Independent Director shall be able to perform his/her duties, express his/her opinions and vote on decisions objectively with no bias in order to help the Board make correct decisions that contribute to achieving the interests of AIG.

B) The Board shall annually evaluate the extent of the member's independence and ensure that there are no relationships or circumstances that affect or may affect his/her independence.

C) By way of example, the following negate the independence requirement for an Independent Director:

1) If he/she holds five percent or more of the shares of AIG or any other company within its group; or is a relative of who owns such percentage.

2) If he/she is a relative of any member of the Board of AIG, or any other company within AIG group;

3) If he/she is a relative of any Senior Executive in AIG, or of any other company within AIG group;

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- 4) If he/she is a Board member of any company within AIG group for which he/she is nominated to be a Board member.
 - 5) If he/she is an employee or used to be an employee, during the preceding two years, of AIG or a company within its group, or if he/she held a controlling interest in AIG or any party dealing with AIG or any company within its group, such as external auditors or main suppliers during the preceding two years.
 - 6) If he/she has a direct or indirect interest in the businesses and contracts executed for AIG account.
 - 7) If the member of the Board receives financial consideration from AIG 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.
 - 8) If he/she engages in a business where he competes with AIG, or conducting businesses in any of AIG activities.
 - 9) If he/she served for more than nine years, consecutive or inconsecutive, as a Board member of AIG.
 - d) Unless the Nomination 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 authorization from the Ordinary General Assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by AIG with all contractors and dealers, and that such businesses and contracts must be within the normal course of AIG activities.

Article (6): Eligibility and Procedures for Nomination to Board Membership

1. Every shareholder in AIG shall have the right to nominate himself or one or more other persons for membership on the Board.
2. The nomination announcement shall be published on the Saudi Exchange (Tadawul) website, AIG website, and any other channels specified by the CMA, inviting persons wishing to nominate themselves for membership of the Board. The nomination period shall remain open for at least one month from the announcement date.
3. Anyone wishing to nominate himself/herself for Board membership shall disclose his/her intention through a notice submitted to AIG management

within the timeframes and deadlines prescribed by this Policy and applicable laws and regulations. Such notice shall include a profile of the nominee in both Arabic and English detailing his/her CV, qualifications, and professional experience. The nominee shall also provide AIG with all supporting documents (such as the national ID, family register, passport for non-Saudi nominees, and any other relevant documents requested by AIG to fulfill regulatory requirements.)

4. A nominee for Board membership shall disclose to the Board and the General Assembly any conflict of interest, in accordance with the procedures prescribed by the CMA, including:
 - A Having a direct or indirect interest in the business and contracts entered into for the account of the Company for which the candidate seeks to be appointed to the Board of Directors.
 - B Participating in any business that would compete with AIG or any branch of its business activities.
5. Applicants for Board membership shall complete the form or forms specified by CMA.
6. A nominee who has previously served as a board member of any joint-stock company shall submit a statement specifying the number and dates of the boards of the board memberships he/she held.
7. Cumulative voting shall be used in the election of the Board of Directors, provided that each share may be voted only once.
8. The Remuneration and Nomination Committee shall submit its recommendations to the Board regarding Board nominations in accordance with the standards outlined herein.
9. Voting at the General Assembly shall be restricted to those who have nominated themselves in accordance with the aforementioned policies, standards, and procedures.

Article (7): Termination of Board Membership

A. AIG Bylaws shall determine set out how Board membership ends or is terminated at the Board request. However, the Ordinary General Assembly may dismiss all or some of the Board members, even if AIG Bylaws state otherwise, subject to any regulations set by CMA. In such event, the Ordinary General Assembly shall elect a new Board or a replacement for the dismissed member, as

the case may be, in accordance with the provisions of the Companies Law and its Implementing Regulations. Furthermore, based on a recommendation from the Board, the General Assembly may terminate the membership of any member who fails to attend three consecutive meetings or five non-consecutive meetings of the Board during his/her term without a legitimate excuse acceptable to the Board.

B. Upon the termination of membership of any Board member's by any means, AIG shall immediately notify CMA and the Saudi Stock Exchange, stating the reasons for such termination.

C. Upon receiving a request from one or more shareholders representing (10%) of AIG voting shares to dismiss all or some of the Board members pursuant to the provisions of Article (90) of the Companies Law, the Board shall include in the notice convening the Ordinary General Assembly the applicant's name and the grounds for the request. In such case, the concerned Board member shall have the right to make a statement regarding the request at the relevant Ordinary General Assembly meeting.

d. If a Board member resigns and has observations regarding AIG performance, he/she shall submit a written statement of these observations to the Chairman of the Board, and this statement shall be presented to the Board members.

E. If a new Board of Directors cannot be elected for a new term and the term of the current Board expires, the members of the current Board shall continue to perform their duties until a new Board is elected for a new term, provided that the such continuation of the expired Board does not exceed ninety (90) days from the expiration date of the Board's term. The Board shall take the necessary actions to elect a replacement Board before the end of the continuation period specified in this paragraph.

F. If the Chairman and members of the Board resign, they must convene an Ordinary General Assembly to elect a new Board. The resignation shall not take effect until the new Board is elected, provided that the continuation period for the resigning Board does not exceed one hundred and twenty (120) days from the date of such resignation. The Board shall take the necessary actions to elect a replacement Board before the end of the continuation period specified in this paragraph.

Article (8): Remuneration of Board Members

The remuneration of Board members shall consist of a fixed amount, attendance allowances for Board meetings, in-kind benefits, or a specified percentage of AIG

net profits. A combination of two or more of these benefits may be granted, provided that the remunerations are fair, motivating, and commensurate with the performance of the member and the performance of AIG. The Board report to the Ordinary General Assembly in its annual meeting shall include a comprehensive statement of all bonuses, attendance fee, expense allowances and other benefits received or to be received by Board members during the financial year. It shall also include a statement of the amounts received by the Board members as working or administrative members of the Board or in exchange for technical, administrative or consulting work. It should also include a statement of the number of Board sessions and the number of sessions attended by each member.

Article (9): Policy Approval and Implementation

The General Assembly shall approve this policy based on a recommendation from the Board, and shall be deemed effective as of its approval date. This policy shall be amended as necessary.