



# Policies, Standards and Procedures for Board Membership

This Charter was approved based on the Gasco Extraordinary General Assembly's resolution in its meeting held on May 26th 2024

<u>DISCLAIMER</u>	<u>تنويه هام لأخذه في الاعتبار</u>
<p>This English version of this document is a translation of the original Arabic document and has been made for the purpose of informing non-Arabic speakers of the said document. In case of any discrepancy or misinterpretation of any clause or article, the original Arabic document shall prevail.</p>	<p>هذه النسخة الإنجليزية من هذه الوثيقة تمثل ترجمة للنسخة الأصلية الصادرة باللغة العربية، والغرض منها تعريف الناطقين بغير اللغة العربية بهذه الوثيقة، وفي حالة وجود اختلاف في الترجمة أو خطأ في تفسير النص لأي بند أو مادة من هذه الوثيقة يُعتبر النص الأصلي الصادر باللغة العربية هو الحاكم.</p>

## Table of Contents

Information on the Policy, Documentation and Preservation .....	2
Definitions and Terms .....	3
Article One: Preamble.....	6
Article Two: Membership Policies and Standards.....	6
Article Three: Procedures for Nominations for Board Membership .....	9
Article Four: Vacancy in the Board Membership.....	10
Article Five: Termination of Board Membership.....	10
Article Six: Final Provisions .....	11

## Information on the Policy, Documentation and Preservation

Amendments to this policy should be numbered and dated using the following record that should be signed at each update.

### Summary of the amendments:

Version	Nature of the Amendment
2	Amendment in accordance with the executive regulations of the Capital Market Authority

### Preparation, revision and approval of the amendments:

Version	Date	Prepared by	Reviewed by	Date and Decision of Approval
2			Governance and compliance	These regulations were approved by the decision of the Extraordinary General Assembly at its meeting held on May 26, 2024 AD, corresponding to Dhul-Qi'dah 18, 1445 .AH

### Record-preservation body:

Body	Notes
Governance Department	

### Approval:

Board Secretary	Board Chairman

## Definitions and Terms

The following words and phrases have the indicated meanings unless the context requires otherwise:

Word/Phrase	Definition
Policy	Policies, Standards and Procedures for Board Membership.
Company	National Gas and Industrialization Company (GASCO).
Kingdom	Kingdom of Saudi Arabia.
Ministry	Ministry of Commerce.
Authority	Capital Market Authority.
The Companies Law	The Companies Law, issued by Royal Decree No. (M/132) dated 01/12/1443 A.H.
The Capital Market Law	The Capital Market Law, issued by Royal Decree No. (M/30) dated 08/6/1424 A.H.
Articles of Association	Articles of Association of the Company.
Corporate Governance Regulations	Governance Regulations for joint stock companies issued by the Board of the Capital Market Authority.
Assembly	The assembly is formed from the company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.
Board	The Board of Directors of the National Gas and Industrialization Company (GASCO).
Committee/s	Committees emanating from the board.
Executive Member	A member of the Board of Directors who is dedicated to the executive management of the company and participates in its daily work.
Non-Executive Member	A member of the Board of Directors who is not dedicated to the executive management of the company and does not participate in its daily work.

<b>Independent Member</b>	A non-executive board member who enjoys complete independence in his position and decisions, and none of the criteria of independence stipulated in the Corporate Governance Regulations apply to him.
<b>Executive Management or Senior Executives</b>	Persons entrusted with managing the company's daily operations and proposing and implementing strategic decisions, such as the CEO and his deputies and the financial director.
<b>Stakeholders</b>	Everyone who has an interest in the company, such as employees, creditors, customers, suppliers and the community.
<b>Relatives or Kinship</b>	<ul style="list-style-type: none"> <li>• Parents, grandparents and great-grandparents.</li> <li>• Children and their descendants.</li> <li>• Full and half siblings, whether from both parents, or only from the father or mother.</li> <li>• Spouses.</li> </ul>
<b>Related Parties</b>	<ol style="list-style-type: none"> <li>1. Subsidiaries of the company, except for those fully owned by the company.</li> <li>2. Major shareholders of the company.</li> <li>3. Members of the Board of Directors and senior executives in the company.</li> <li>4. Members of the Board of Directors of the company's subsidiaries.</li> <li>5. Members of the Board of Directors and senior executives at the company's major shareholders.</li> <li>6. Any relatives of the individuals referred to in paragraphs (1), (2), (3) or (5) above.</li> <li>7. Any other company or entity controlled by any person referred to in paragraphs (1), (2), (3), (5) or (6) above.</li> </ol> <p>For the purposes of paragraph (6) of this definition, relatives are defined as the father, mother, spouse and children.</p>
<b>Group</b>	In relation to persons, it means persons and all their affiliates.

<b>Affiliate</b>	A person who controls another person, is controlled by the other person, or is under common control with the other person by a third party. In any of the above, control may be direct or indirect.
<b>Controlling Share</b>	The ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively, with a relative or an affiliate, by owning 50% or more of the voting rights in the company or the right to appoint 50% or more of the members of the Board of Directors or senior executives.
<b>Day</b>	A calendar day, whether or not it is a business day.

All terms that are not defined in this policy shall have the same meaning as in the list of terms used in the Company's Governance Regulations and the Corporate Governance Regulations, unless the context requires otherwise.

## Article One: Preamble

1. This policy has been prepared in accordance with the Company's Governance Regulations and the provisions of the Corporate Governance Regulations [Paragraph (3) of Article (21)]: (Setting forth specific and explicit policies, standards and procedures for membership in the board, without prejudice to the mandatory provisions of these regulations, and implementing them following approval by the General Assembly).
2. These rules shall be subject to the provisions of the articles contained in the Companies Law and its executive regulations, the Company's Articles of Association and the Capital Market Law and its executive regulations.
3. This policy aims to establish a legal framework for the rules of selecting board members and the regulations governing the nomination mechanism.

## Article Two: Membership Policies and Standards

The general assembly shall consider the recommendations of the Remuneration and Nomination Committee and the availability of personal and professional qualifications for the prospective board members effectively performing their duties according to the following policies and standards:

1. The candidate for board membership should not have been previously convicted of a crime involving dishonor or dishonesty and should not be insolvent, bankrupt or otherwise unfit for board membership according to any regulations or instructions in force in the Kingdom.
2. In all cases, board members should be natural persons.
3. Board members should not hold board memberships in more than five listed joint-stock companies at the same time, including their membership in the National Gas and Industrialization Company (GASCO).
4. Board members should represent all shareholders and be committed to the interests of the company as a whole, not just the interests of the group they represent or who voted for their appointment to the board.
5. The majority of the board members should be non-executive, and the number of independent members should not be less than two or one-third of the board members, whichever is greater; if calculating one-third results in a fraction, it should be rounded up to the nearest whole number.
6. Independent members should have complete independence in their position and decisions, and none of the independence impediments specified in the Corporate Governance Regulations should apply to them.

7. Consideration should be given to diversity in academic qualifications and practical experience, and priority in nomination should be given to the required needs of those with skills suitable for board membership.
8. Each board member should comply with the duties of care and loyalty, which specifically include the following:
  - a. **Exercising duties within the determined authorities:** Board members should exercise their duties and authorities in managing the company and directing its operations within their determined authorities, according to the provisions of the Companies Law, its executive regulations, the company's articles of association and other related regulations, to achieve the purposes for which those authorities were granted.
  - b. **Working for the company's interest and enhancing its success:** Board members should act in good faith to achieve the company's interest and that of all shareholders, not prioritizing their personal interest over the company's and its shareholders'. This should be performed while considering the rights of other stakeholders and striving to do everything that enhances the company's success, development and maximization of its value for the long term benefit of its shareholders.
  - c. **Making decisions or voting independently:** Board members should perform their duties objectively and independently regarding the company's management and decision-making, and avoid situations that affect their independence in making decisions or when voting.
  - d. **Exercising reasonable care, attention, caution and skill:** Board members should perform their duties and responsibilities according to the Companies Law, the Capital Market Law, their executive regulations, the company's articles of association and other related regulations. This should be with the care and attention that a prudent person should exercise and that is expected from someone performing the same functions as the member, along with the general knowledge, skill and experience that a board member possesses.
  - e. **Avoiding conflicts of interest:** Board members should avoid transactions and situations where they have or may have a direct or indirect interest that conflicts or may conflict with the company's interest, and they should comply with the provisions related to conflicts of interest in the Companies Law and its executive regulations.
  - f. **Disclosing any direct or indirect interest in the company's transactions and contracts:** Board members should disclose any direct or indirect interest in the

company's transactions and contracts as soon as they become aware of it, and they should comply with the provisions related to disclosing interest in transactions and contracts in the Companies Law and its executive regulations.

- g. **Not accepting any benefit granted by others related to their role in the company:** Board members should not exploit their position and the duties and authorities they have as board members under any circumstances to obtain benefits from others or accept any benefit granted by others in exchange for performing or refraining from performing a specific action.

9. Board members should be professionally competent, with the necessary experience, knowledge, skill and independence enabling them to perform their duties efficiently and effectively, and should particularly possess the following:

- a. **Leadership ability:** They should have leadership skills that qualify them to delegate authorities in a way that stimulates performance, applies the best practices in effective management, and instills professional values and ethics.
- b. **Competence:** They should have the appropriate academic qualifications, professional and personal skills, training level and practical experiences related to the company's current and future activities or management, economics, accounting, law or governance, as well as a desire to expand their knowledge and training.
- c. **Guidance ability:** They should have technical, leadership and managerial capabilities, the ability to make quick decisions, an understanding of the technical requirements related to workflow, and be able to provide strategic guidance, planning and a clear future vision.
- d. **Financial knowledge:** They should be able to read and understand financial statements and reports.
- e. **Physical fitness:** They should not have any health impediment that hinders them from performing their duties and responsibilities.

10. The candidate should be committed to performing the duties and responsibilities stipulated in the Companies Law, the Capital Market Law, their executive regulations, related regulations and the Company's Articles of Association.

11. The candidate should not be less than 30 years of age.

12. Board members should resign before the end of their term on the board if they lose their eligibility to work as board members, are unable to perform their duties, or cannot allocate the necessary time or effort to perform their tasks on the board. In case of a conflict of interest, members have the option to obtain a license from the General Assembly or submit their resignation.

### **Article Three: Procedures for Nominations for Board Membership**

1. Shareholders have the right to nominate themselves or one or more other person for membership of the Board of Directors, within the limits of their ownership percentage in the capital.
2. The Remuneration and Nominations Committee coordinates with the company's executive management to announce the opening of nominations for membership of the company's Board of Directors at least ninety (90) days before the end of the board's term, in light of the requirements stipulated by the regulations and bylaws.
3. The nomination announcement is published on the financial market website "Tadawul", the company's website and in any other medium determined by the Authority to invite those interested in nomination for membership of the Board of Directors, and the nomination should remain open for at least (30) days from the date of the announcement.
4. Those wishing to nominate themselves for membership of the company's Board of Directors should disclose their intention to nominate themselves by submitting a request to the Nominations and Remunerations Committee according to the duration and dates specified by this policy and the applicable regulations and bylaws. This request should be accompanied by a profile of the candidates, in both Arabic and English, detailing their biography, qualifications, practical experience and experience in the company's field of work, in addition to providing the company with all the required documentary evidence, such as (national ID card, family card, passport for non-Saudi candidates for board membership, and any other related documents requested by the company to fulfill the regulatory requirements). The forms and declarations required by the company or the Authority should also be filled out and attached to the request.
5. Candidates for board membership should disclose to the board and the General Assembly any conflict of interest cases that include:
  - a. Having a direct or indirect interest in the business and contracts conducted for the company they wish to nominate for its board.
  - b. Participating in work that competes with the company or competes in one of the branches of activity it practices.
6. Candidates should clarify any kinship or other relationship that links them with any of the company's major shareholders, senior executives or one of its external auditors as defined in this policy or in the Company's Governance Regulations.

7. Any candidate who has previously held membership of the Board of Directors of a joint-stock company or one of its committees should attach a statement with the number and dates of the membership in the company boards and/or committees.
8. The nature of the membership should be clarified when nominating, whether the member is executive, non-executive or independent.
9. The number of candidates for the Board of Directors whose names are presented to the General Assembly should exceed the number of available seats so that the General Assembly has the opportunity to choose from among the candidates.
10. The Remuneration and Nominations Committee should present its recommendations to the board regarding the nomination for board membership according to the criteria outlined in this policy.
11. The Remuneration and Nominations Committee should coordinate with the executive management to complete the regulatory requirements and provide all the required documents to the relevant regulatory authorities.
12. Voting on the selection of board members should be performed using the cumulative voting method.
13. Voting in the General Assembly should be limited to those who have nominated themselves in accordance with the policies, criteria and procedures previously mentioned.

#### **Article Four: Vacancy in the Board Membership**

If a position of a member of the Board of Directors becomes vacant due to death, resignation or termination of membership by any other means, and this vacancy does not result in non-compliance with the conditions necessary for the validity of the board convening due to the number of members falling below the minimum required by the company's regulations, the board may temporarily appoint someone with the necessary expertise and competence to fill the vacant position. This appointment should be reported to the commercial registry and the Capital Market Authority within fifteen (15) days from the date of appointment, and it should be presented to the Ordinary General Assembly at its first meeting. The appointed member shall complete the term of their predecessor.

#### **Article Five: Termination of Board Membership**

1. Membership of the board shall terminate upon the expiration of its term, resignation or the end of the member's eligibility according to any regulations or instructions in force in the Kingdom. Membership shall also terminate upon the absence of any of the conditions and standards of membership approved by the General Assembly.

2. The Ordinary General Assembly may, at any time, dismiss all or some of the members of the Board of Directors, taking into account the controls set by the Capital Market Authority.
3. The General Assembly may, based on a recommendation from the board, terminate the membership of any member who is absent for three consecutive meetings or five separate meetings of the board during their membership term without a legitimate excuse accepted by the board.

### **Article Six: Final Provisions**

1. This policy is subject to annual review as part of the Company's Corporate Governance Review or when new instructions or regulations are issued by the competent authorities, and the policy is considered complementary to the Company's Articles of Association and Governance Rules.
2. The content of this policy shall be implemented and complied with by the company as of the date of its adoption by the Ordinary General Assembly and shall be published on the company's website to enable shareholders, the public and stakeholders to review. The content of this policy shall be amended, as needed, based on a proposal from the Nomination and Remuneration Committee and a recommendation from the board, provided that the amendment shall be presented to the ordinary General Assembly at its nearest meeting for approval.
3. This policy is owned by the company and shall not be reproduced or disclosed in whole or in part without the written permission of the company.