PROCEDURES MANUAL

Nomination for Membership of the Board of Directors of Alkhabeer Capital

Terms and Conditions

Alkhabeer Capital
www.alkhabeer.com
CMA license 07074 - 37
CR 4030177445

Head Office
Al-Madina Road
P.O. Box 128289
Jeddah 21362
Kingdom of Saudi Arabia
Tel. +966 12 658 8888
Fax. +966 12 658 6663

Riyadh Branch
Al-Jumaiah Commercial Center
3rd Floor, Unit 4
P.O. Box 5000
Riyadh 12361
Kingdom of Saudi Arabia
Tel. +966 11 210 1814
Fax. +966 11 210 1813

Table of Contents

Procedures Manual
Nomination for Membership of the
Board of Directors of Alkhabeer Capital

I: General Conditions for Board Membership

1. The nominee for Board membership shall not be serving simultaneously as a member of the board of more than five joint stock companies (closed or public).

2. The nominee for Board membership shall not have obtained loans or advances, or have any outstanding debts or financial claims, which are not timely paid to Alkhabeer Capital ('the Company') at least 90 days prior to the nominee's application for nomination for Board membership.

3. The nominee for Board membership must not have any prior conviction of a crime against honor or breach of trust.

4. The nominee for Board membership shall not be a party in any activity in competition with the Company or engaged in a business activity similar to any of the business activities of the Company.

5. The nominee for Board membership shall not be a government employee.

6. The nominee for Board membership shall have educational qualifications, professional skills, suitable personality, appropriate training and practical experience relevant to the Company's business activities and shall be familiar with the activities of the financial services industry.

7. The nominee for Board membership shall have full knowledge of the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

8. The nominee for Board membership shall be capable of reading and understanding financial statements and reports.

9. The nominee for Board membership shall have sufficient time to exercise his duties and responsibilities, including preparing for, and ensuring attendance of, Board meetings.

II: Special Conditions for Independent Board Membership

In addition to the aforementioned General Conditions for Board Membership, conditions for independent Board membership including total independence, as defined in Clause 7.3 of the Company's approved Corporate Governance Manual, a copy of which is available through the following URL:

https://www.alkhabeer.com/wp-content/uploads/2020/02/Corporate-Governace-2019.pdf

This independence is undermined by the following, without limitation:

1. Holding any shares in the Company or any of its group companies.

2. Being a representative of a legal person that holds shares of the Company or any of its group companies.

3. Having served as a senior executive of the Company or any of its group companies during the past two years.

4. Being a first degree relative of any of the members of the Board of Directors of the Company or any of its group companies.

5. Being a first degree relative of any of the senior executives of the Company or any of its group companies.

6. Being a board member of any company affiliated with the Company in which he is nominated for Board membership.

7. Having served, during the past two years, as an employee of any party affiliated with the Company or with any of its group companies, such as its auditors or main vendors; or having held a controlling interest in any of such party during the past two years.

III: Nomination and Remuneration Committee Process for Selecting the Nominees for Board Membership

The Company's Board of Directors is comprised of nine members, four of whom are independent members.

1. The Nomination and Remuneration Committee ('the NRC') shall, during the nomination period of 30 days as from the date of the invitation for nomination sent by the Company's Chairman of the Board, administer the following tasks:

    a) Receive applications for nomination from shareholders nominated for Board membership, accompanied by the requisite documents of each nominee as described in Clause V below.

    b) Review applications and ensure satisfaction of requirements.

    c) Screen applicants for membership and eliminate those who do not satisfy nomination requirements.

    d) Notify nominees, whether selected or not, of the results of the NRC's screening, including reasons for non-selection as appropriate.

    e) Consideration shall be given to the ratio of required independent members to the total number of non-independent members, where it is required that the number of independent Board members shall be four members, as provided in the Company's Shareholders' General Assembly minutes of meeting dated 08.05.2015G. Moreover, CMA Circular No. 6/519, issued on 24.01.2011G, stipulates that the number of independent board members shall not be less than two, or one third of the board members, whichever is greater.

    f) In the event of objection or rejection by the CMA of any of the elected members, the reserve nominees shall be advanced. The nominee with the next highest number of votes shall be advanced.

2. Current Board members who wish to run for re-election to the Board for another term, shall apply to the said Committee and complete Attachment (4) only, as the member is already registered with the CMA. The NRC shall receive and review the application and apply the aforementioned regulatory requirements, based on the current Board members performance evaluation during the previous term on the Board. Subsequently, the Committee will allow the current Board member to run for elections and receive votes during the Company's General Assembly meeting, similar to other nominees for Board membership.

3. Upon completion of the election process at the General Assembly, a copy of the minutes of meeting shall be sent directly to the CMA.

4. Once the elected members (non-independent and independent) are approved by the CMA, the data with the Company's Registration Department and the CMA, shall be updated to reflect the changes, including the removal of current members who were not reelected, and the registration of new members (using the attached registration forms).

IV: Voting Process

The process of voting for nominees shall be cumulative. The voting process for selecting Board members shall be based on the number of shares held by the shareholder, such that each shareholder may cast the votes of all their shares for one single nominee, or split them between the nominees of his choice, without any duplication. The advantage of this process is that it increases the chances of minority shareholders to have representation on the Board of Directors by casting cumulative votes for a single nominee.

Article (35) of the Company's Articles of Association stipulates that: "The cumulative voting method shall be used when selecting Board members at the Shareholders' General Assembly Meeting, in accordance with the Company's approved Corporate Governance Manual". Moreover, Paragraph (b) of Article (8) of the Corporate Governance Regulations issued by the Capital Market Authority by Resolution No. 1-212-2006 dated 12.11.2006G, as amended by CMA Board Resolution No. 1-35-2018 dated 09.07.1439H, corresponding to 26.03.2018G, stipulates that: (b: Cumulative voting shall be used when electing Board members at the General Assembly Meeting).

The Company's approved Corporate Governance Manual also stipulates in Clause 2.1.5 titled "Cumulative Voting" that: "All voting for Board candidates must be cast via a system of cumulative voting as outlined below:

1. Every Alkhabeer shareholder must have a number of votes that is equal to the number of shares that are held by the shareholder.

2. Shareholders may give a number of votes to a single Board candidate or distribute them amongst such number of candidates as chosen by the shareholder, provided that the number of distributed votes does not in any way exceed the number of shares effectively held by the shareholder.

3. Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders. Alkhabeer procedures should not make it unduly difficult to cast votes

4. Voting is a fundamental right of a shareholder, which may not, in any way be denied or restricted."

In this respect, it is noted that the voting process may be carried out using the Tadawulaty Service for shareholders who have provided us with the numbers of their investment portfolios, and whose shares are linked without any need to come to the Company's Offices.

V: Documents Required of the Nominee for Board Membership

1. Each nominee for Board membership shall submit a written letter addressed to the Chairman of the Company's Nomination and Remuneration Committee, wherein expressing intent to run for Board membership (Attachment No. 1).

2. The nominee's CV, along with educational qualifications and experience certificates, shall be attached.

3. The attached CMA Registration Form (Attachment No. 2) shall be completed.

4. A declaration, wherein stating that the nominee is neither a government employee, nor a member of the boards of more than five (closed or public) companies, shall be signed using the attached form (Attachment No. 3).

5. Current Board members are required to submit a written request addressed to the Chairman of the Company's Nomination and Remuneration Committee, wherein stating their desire to run for re-election to the membership of the Board of Directors (Attachment No. 4).

Alkhabeer Capital
CMA license: No. 07074 - 37
CR: 4030177445
www.alkhabeer.com