

National Gypsum Company

Saudi Joint Stock Company - C.R.No.: 5487 Capital 316.6 million fully paid



شركة الجبس الأهلية

شركة مساهمة سعودية - م.س.ج. ١٤٨٧ - رأس المال ٣١٦,٦ مليون ريال مدفوع بالكامل

Board Membership Policies, Standards and Procedures

The National Gypsum Company

December 2017 AD

Rabi' al-Akhir 1439 AH

Approval of the Ordinary General Assembly No. 52 of 2018 AD on 17/1/2018 AD



جميع الحقوق محفوظة لشركة الجبس الأهلية
المسجلة تجاريًا في المملكة العربية السعودية
Yariba Tel.: 014 3962095 - 3962095 Fax : 014 3962040
Dammam Tel.: 013 6683016 Fax : 013 6683680 C.C.No.: 347

جميع الحقوق محفوظة لشركة الجبس الأهلية
المسجلة تجاريًا في المملكة العربية السعودية
Olaya Tel.: 011 4941963 - 011 4936298 Fax : 011 4936812
Factorys : Riyadh Tel.: 011 4955730 Fax 011 4952647

الدارة العامة (2018) : الرياض 11411
المكتب الرئيسي : طريق الأمير محمد بن عبد العزيز
Head Office : P.O.Box 167 Riyadh 11411
K.S.A - Prince Mohammed Bin Abdul Aziz Road



Introduction:

The policy and criteria for membership procedures in the Board of Directors of the National Gypsum Company were prepared to comply with the corporate governance regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 5/16/1438 AH corresponding to 2/13/2017 AD, which stipulated that The board of directors prepares a specific policy, criteria and procedures for membership in the company's board of directors, in a manner that does not conflict with the mandatory provisions of the corporate governance regulations and put them into practice after the company's general assembly approves them.

First: Policies and criteria for membership in the Board of Directors of the National Gypsum Company.

The company's board of directors consists of (9) nine at most, appointed by the company's ordinary general assembly (as stipulated in the company's articles of association. The General Assembly, when electing members of the Board of Directors, takes into account the recommendations of the Company's Remuneration and Nominations Committee and the availability of the personal and professional components necessary to perform their duties effectively and well. The following shall be taken into account in particular:

- 1) The candidate for a council member must not be previously convicted of a crime against honor and honesty, and he must not be insolvent or bankrupt, or become unfit for council membership in accordance with any system or instructions in force in the Kingdom.
- 2) A member of the Board of Directors shall not be a member of more than five joint stock companies listed in the financial market at the same time.

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- 3) The member of the board of directors should represent all the shareholders and abide by what achieves the interest of the company in general and not what achieves the interests of the group he represents or that voted on his appointment to the company's board of directors.
- 4) That the majority of the members of the Board be non-executive.
- 5) The number of independent members shall not be less than two members or less than one third of the members of the Board, whichever is greater.
- 6) The independent member must enjoy complete independence in his position and decisions, and none of the symptoms of independence stipulated in Article 20 of the Governance Regulations issued by the Authority shall apply to him.
- 7) The ability to lead by having leadership skills that qualify him to grant powers that lead to motivating performance, applying best practices in the effective board of directors, adhering to professional values and ethics, and the ability to effectively communicate, think and strategically plan for the company.
- 8) Qualifications, skills and experience by having the appropriate academic, professional and personal qualifications, level of training and experience related to the company's current and future activities, knowledge of management, accounting, economics, law, or the desire for education and training.
- 9) The ability to direct, by having the technical, leadership and administrative capabilities, and speed in making decisions on strategic direction, long-term planning, understanding the technical requirements related to the workflow, and being able and having a clear future vision.
- 10) Financial knowledge, to be able to read and understand financial statements and reports.

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11) Health fitness by not having a health impediment that hinders him from exercising his duties and responsibilities in the Board of Directors.

12) The candidate for membership in the company's board of directors shall abide by the principles of honesty, trustworthiness, loyalty to the company, care and concern for the interests of the company and its shareholders, and prioritize them over his personal interest.

* Honesty is that the board member's relationship with the company is a sincere professional relationship, and the company's disclosure of any influential information before executing any deal or contract with the company or one of its subsidiaries without conflicting with what is stipulated in the company's articles of association.

* Loyalty is achieved by avoiding transactions that involve a conflict of interest while verifying the fairness of transactions and observing the provisions related to conflict of interests contained in the governance regulations.

* Care and attention shall be given to the performance of the duties and responsibilities contained in the company's system, the financial market system, the company's articles of association and other relevant regulations.

13-Taking into account the diversity in scientific qualification and practical experience, and giving priority to the nomination for membership in the Board of Directors for the required needs of those with the appropriate skills for membership in the company's Board of Directors.

14- A member of the company's board of directors must resign before the end of his term in the board of directors in the event he loses his eligibility to serve as a member of the board of directors, is unable to carry out his work, or is unable to allocate the necessary time or effort to perform his duties in the board of directors.

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In the event of a conflict of interest, the member At the option of obtaining a license from the General Assembly, to be renewed each year, or submitting his resignation from the membership of the Board.

15-Any requirements approved by the competent legislative authorities in the Kingdom shall apply.

Second: Procedures and eligibility for candidacy for a member of the Board of Directors of the National Gypsum Company

1-Each shareholder has the right to nominate himself or another person or more for membership in the Board of Directors, within the limits of the percentage of what he owns in the capital (shares).

2-The nomination announcement shall be published on the website (for the financial market) and (for the company) and in any other means determined by the Authority in order to invite persons wishing to run for membership in the Board of Directors, provided that the nomination door remains open for one month from the date of the announcement. Voting in the company's general assembly is limited to candidates for membership The board of directors that the company announced about them.

3-The Remuneration and Nominations Committee shall submit its recommendations to the Company's Board of Directors regarding candidacy for Board membership in accordance with the relevant policy and criteria.

4-Whoever wishes to nominate himself for a member of the company's board of directors must disclose his desire to be nominated by means of a notification submitted to the company's management in accordance with the period and dates stipulated in accordance with this policy and the rules and regulations in force,

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provided that this notification includes an introduction in the Arabic language in terms of his biography, qualifications and practical experience in addition to providing the company All identity documents such as (national identity, family card, passport for non-Saudis who are candidates for council membership, and any other relevant documents required by the company to fulfill the legal requirements for candidacy).

5-The candidate for a member of the Board of Directors of the National Gypsum Company must disclose to the Board and the General Assembly any cases of conflict of interest that include the following:

A- Existence of a direct or indirect interest in the business and contracts that are made for the account of the National Gypsum Company

b- His participation in a work that would compete with the private gypsum company or its competitors in one of the branches of its activity that he is engaged in.

6-Applicants for membership of the board of directors of the National Gypsum Company must fill out the form or forms specified by the Capital Market Authority, which can be obtained through the authority's website.

7-The candidate who has previously served as a member of the board of directors of a joint stock company must attach a statement with the date and boards of directors of the companies to which he assumed membership in its board of directors.

8-The candidate who previously held the membership of the board of directors from the management of the private gypsum company must attach to the nomination notification a statement from the company's management about the last term in which he became a member of the board, including the following:

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A - The number of board meetings held during each year of the term

B - The number of meetings attended by the member in person and the percentage of his attendance to the total meetings.

C- 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 ratio of his attendance to the total meetings.

9-He must indicate the capacity of the member upon nomination (executive member / non-executive member / independent member)

10-The nature of the membership wishing to nominate must be clarified, i.e. if the member is a candidate in his personal capacity or if he is a representative of a legal person.

11-Voting on the selection of members of the Board of Directors is carried out through the cumulative voting method.

12-The Remuneration and Nomination Committee coordinates with the executive management to finalize the statutory requirements and provide the competent statutory authorities with all the documents required for candidacy.

13-Voting in the General Assembly is restricted to those who have nominated themselves in accordance with the aforementioned policies, criteria and procedures.

Third: Mechanisms for selecting the chairman of the board of directors, the vice-chairman and the managing director

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The company's shareholders elect the members of the board of directors at the meeting of the general assembly of shareholders according to the system and criteria included in this policy, then the board chooses a chairman and a vice-chairman from among its members. It is not permissible to combine the position of the chairman of the board with any other executive position in the company, and the board has the right to dismiss them from their positions or re-select them at any time.

Fourth: The termination of the membership of the Board of Directors member and the vacancy of one of the positions:

1-The membership of the Council shall expire upon the expiry of its prescribed term, which is three years from the date of its election by the General Assembly. Members whose term of membership has expired may be re-elected.

2-The ordinary general assembly of the company may at any time dismiss all or some of the members of the board of directors, even if the company's articles of association stipulate otherwise, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. A member of the board of directors may He shall retire, provided that it is at an appropriate time, otherwise he shall be responsible for the damages resulting from the retirement to the company.

3-If the position of a member of the Board of Directors becomes vacant, the Board may appoint - temporarily - a member in the vacant position, according to the order in obtaining votes, provided that he is among those who have sufficient experience and competence. The competent authorities must be informed of this within five working days from the date of appointment to the Board, and to present that At the first meeting of the Ordinary General Assembly, the new member shall complete the term of his predecessor.

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4-If the necessary conditions for the convening of the board of directors are not met due to the fact that the number of its members is less than the minimum stipulated in the Companies Law, the remaining members must invite the ordinary general assembly to convene within sixty days to elect the necessary number of members.

5) The General Assembly may, "on the recommendation of the Council," terminate the membership of a member who has been absent from three consecutive meetings of the Council without a legitimate excuse.

6) If a member of the board of directors resigns and he has notes on the company's performance, he must submit a written statement about it to the company's chairman of the board of directors, and this statement must be presented to the members of the board of directors.

Final Provisions

This policy is implemented and adhered to by the company as of the date of its approval by the general assembly of shareholders. This policy is published on the company's website to enable shareholders, the public and stakeholders to view it, provided that this policy is reviewed periodically when needed by the Remuneration Committee and nominations. Any proposed amendments are presented to the company's board of directors, which in turn studies and reviews the proposed amendments and recommends them to the shareholders' general assembly for approval.

With the best wishes ,,