

Policies, Standards, and Procedures for Membership in the Board of Directors of National Gypsum Co - Previous Version	Policies, Standards, and Procedures for Membership in the Board of Directors of National Gypsum Co – Amended Version
<p><u>Introduction:</u></p> <p>The Policy, Standards, and Procedures for membership in the Board of Directors of National Gypsum Co. have been prepared in accordance with the Corporate Governance Regulations issued by the Capital Market Authority pursuant to Resolution No. (16-08-2017) dated 16/5/1438 AH, corresponding to 13/2/2017AD, which provide that the Board of Directors shall prepare clear and specific policies, standards, and procedures for membership on the Board, in a manner that does not conflict with the mandatory provisions of the Corporate Governance Regulations, and shall put them into effect after their approval by the Company's General Assembly.</p>	<p><u>Preamble:</u></p> <p>These regulations, standards, and procedures governing membership in the Board of Directors of National Gypsum Co. have been prepared for the purpose of implementing the principles of the Corporate Governance Regulations issued by the Capital Market Authority pursuant to Ministerial Resolution No. (16-08-2017), dated 16/5/1438 AH, corresponding to 13/2/2017 AD, which require the Board of Directors to prepare clear and specific policies, standards, and procedures governing membership in the Board of Directors, in a manner that does not conflict with the mandatory provisions of the Corporate Governance Regulations, and to place them into effect after their approval by the General Assembly.</p> <p>These standards and procedures, or any part thereof, may not be amended or waived except by a resolution of the Board of Directors, as it deems appropriate, and subject to the approval of the General Assembly, unless otherwise stipulated by the Companies Law, any other regulation, or a resolution issued by the Capital Market Authority or any other competent governmental authority requiring the mandatory application of certain provisions herein or the addition of further provisions thereto.</p>
<p><u>First: Policies and Standards for Membership in the Board of Directors of National Gypsum Co.</u></p> <p>The Board of Directors of the Company shall be composed of <b>no more than nine (9) members</b>, who shall be appointed by the <b>Ordinary General Assembly</b> in accordance with the provisions of the <b>Company's Articles of Association</b>. Each member of the Board of Directors shall possess the requisite professional competence and shall</p>	<p><u>Definitions:</u></p> <p>The following words and expressions shall have the meanings assigned thereto below, unless the context requires otherwise: -</p> <p><b>The Company:</b> National Gypsum Co.  <b>The Ministry:</b> Ministry of Commerce.  <b>The Authority:</b> Capital Market Authority.  <b>The Market:</b> Saudi Stock Exchange (Tadawul).</p>







have the experience, knowledge, skills, and independence necessary to discharge his duties efficiently and effectively.

In electing the members of the Board of Directors, the General Assembly shall take into account the recommendations of the **Nomination and Remuneration Committee**, as well as the availability of the personal and professional qualifications required to ensure the proper and effective performance of Board responsibilities. In particular, the following considerations shall apply:

**Board of Directors:** The Board of Directors of the Company as stipulated in the Articles of Association.

**Chairman of the Board:** A non-executive member of the Board of Directors elected by the members of the Board to preside over meetings and organize the conduct of business.

**Chairman of the Board: -**

**Executive Board Member:** A member of the Board of Directors who is engaged full-time in the executive management of the Company, participates in its day-to-day operations, and receives a monthly salary.

**Non-Executive Board Member:** A member of the Board of Directors who is not engaged full-time in the management of the Company, does not participate in its day-to-day operations, and does not receive a monthly salary.

**Independent Board Member:** A non-executive member of the Board of Directors who enjoys complete independence in his position and decisions, and to whom none of the circumstances affecting independence apply.

**Managing Director:** A member of the Board of Directors appointed by the Board to perform executive and administrative duties within the Company, and who serves as a liaison between the Board of Directors and the executive management. Such member often exercises broad executive powers.

**Chief Executive Officer / Company Manager:** The natural person who manages the Company's day-to-day operations.

**Secretary:** The Secretary of the Company's Board of Directors.

**General Assembly:** The General Assembly convened in the presence of the Company's shareholders in accordance with the provisions of the Companies Law and the Company's Articles of Association.

**Traded Security:** A security traded in the Saudi market.

**Relatives or Degree of Kinship: -**



- Fathers, mothers, grandfathers, and grandmothers, howsoever ascending.
- Children and their descendants, howsoever descending.
- Brothers and sisters, whether full siblings, paternal, or maternal.
- Husbands and wives.

**Affiliate:** A person who controls another person, or who is jointly controlled with such person by a third party. In any of the foregoing cases, control may be direct or indirect.

**Calendar Day:** Any day, whether a business day or otherwise.

**Quarterly Trading Blackout Period for Members of the Board of Directors and Senior Executives:** The period during which members of the Company's Board of Directors, senior executives, or any Related Person to any of them are prohibited from trading in the Company's securities during the fifteen (15) calendar days preceding the end of the fiscal quarter and until the date of announcement of the Company's interim financial statements after review.

**Annual Trading Blackout Period for Members of the Board of Directors and Senior Executives:** Members of the Company's Board of Directors, senior executives, or any Related Person to any of them may not trade in any of the Company's securities during the thirty (30) calendar days preceding the end of the fiscal year and until the date of announcement of the interim financial statements after review or the audited annual financial statements of the Company.

(1) The nominee for membership of the Board shall not have been previously convicted of a crime involving dishonor or breach of trust, shall not be insolvent or bankrupt, and shall not have become unfit for Board membership pursuant to any law or instructions in force in the Kingdom.

First: Objective of These Standards:

<p>(2) A member of the Board of Directors shall not hold membership in the boards of more than five listed joint stock companies at the same time.</p>	<p>These standards aim to establish specific procedures clarifying the manner of joining the Board of Directors and the steps required to be followed upon assuming membership in the Board of Directors.</p>
<p>(3) A member of the Board of Directors shall represent all shareholders and shall be committed to achieving the interests of the Company as a whole, rather than the interests of the group he represents or that voted for his appointment to the Board of Directors of the Company.</p>	<p><u>Second: Standards for Membership in the Board of Directors:</u></p>
<p>(4) The majority of the members of the Board of Directors shall be non-executive members.</p>	<p>The Remuneration and Nominations Committee shall be responsible for balancing the standards required for membership in the Company's Board of Directors, such that the members of the Board collectively possess sufficient skills and practical and academic experience to enable the Board, as a whole, to add value to the Company. Candidates for Board membership shall be selected based on several criteria, including: Skills, experience, leadership qualities, integrity in business-related decisions, diversity, personality, judgment ability, age, independence, experience in corporate matters, length of service, absence of conflicts of interest, service on the boards of other companies, in addition to other attributes that enhance the Board's ability to manage and direct the Company's affairs and activities effectively and competently, and to meet the independence criteria imposed by laws, regulations, or the listing and registration rules issued by the Ministry and the Authority. Candidates, or members of the Company's Board of Directors in general, should possess capabilities such as: The ability to understand the nature of the Company's business, to issue independent analytical decisions, to communicate effectively, and to have the ability and willingness to devote the time and effort required to be an effective and active member of the Board of Directors.</p>
<p>(5) The number of independent members shall</p>	<p><u>Third: - Term and Conditions of Membership:</u></p>





<p>not be less than two members or one-third of the members of the Board, whichever is greater.</p>	
<p>(6) An independent member shall enjoy complete independence in his position and decisions, and none of the circumstances affecting independence stipulated in Article Twenty of the Corporate Governance Regulations issued by the Authority shall apply to him.</p>	<ol style="list-style-type: none"> <li>1. Members of the Board of Directors shall be appointed by the Ordinary General Assembly of shareholders for a term not exceeding three years.</li> <li>2. The Chairman of the Board, the Vice Chairman, the Managing Director, and the Secretary of the Board of Directors shall be appointed at the first meeting of the Board of Directors.</li> <li>3. Representatives from the Board or the executive management shall be appointed before the Capital Market Authority.</li> <li>4. The majority of the members of the Board of Directors shall be non-executive members.</li> <li>5. The Chairman is prohibited from combining his position as Chairman of the Board with any executive position in the Company (such as Managing Director, Chief Executive Officer, General Manager, or any other executive position within the Company).</li> <li>6. Medical Fitness: The member shall not suffer from any health condition that would prevent him from performing his duties and exercising his functions. In electing members of the Board of Directors, the General Assembly shall take into consideration the recommendations of the Nominations Committee and the availability of the personal and professional qualifications necessary to perform their duties effectively, as set forth in this Article.</li> </ol>
<p>(7) Leadership Capability, whereby the member shall possess leadership skills that qualify him to delegate authority in a manner that motivates performance, applies best practices in effective Board governance, adheres to professional values and ethics, demonstrates effective communication skills, and exercises strategic thinking and planning for the Company.</p>	<p><u>Fourth: - Conditions for Membership in the Board of Directors:</u></p>





(8) Qualifications, skills, and experience, whereby the member shall possess appropriate academic, professional, and personal qualifications, an adequate level of training, and experience relevant to the Company's current and future activities, as well as knowledge of management, accounting, economics, or law, or a demonstrated willingness to pursue education and training.

1. A member of the Company's Board of Directors shall possess integrity, knowledge of financial and administrative matters, and the experience necessary to perform his duties.
2. A member of the Company's Board of Directors may not be a member of the board of directors of another competing company.
3. A member of the Board of Directors shall not hold membership on the boards of directors of more than five joint stock companies at the same time.
4. A notification shall be submitted to the Company's management including information identifying the nominee, including his curriculum vitae, qualifications, and experience in the field of management.
5. A nominee who has previously served as a member of the board of directors of a joint stock company shall submit a statement including the following: -
  - a) The number of Board of Directors' meetings held during each year of the Board's term, the number of meetings attended by the member in person, and his attendance percentage of the total number of meetings.
  - b) The standing committees in which the member participated and the number of meetings held by each such committee during each year of the Board's term.
  - c) The nominee shall not have been removed, nor requested to be removed, by the Company's shareholders, the Board of Directors, or the General Assembly from membership on the boards of directors of joint stock companies.

(9) Guidance capability, whereby the member shall possess technical, leadership, and administrative capabilities, the ability to make prompt decisions, provide strategic direction, engage in long-term planning, comprehend the

Fifth: - Procedures for Membership in the Board of Directors:





technical requirements related to workflow, and possess a clear forward-looking vision.

(10) Financial knowledge, whereby the member shall be capable of reading and understanding financial statements and reports.

1. No person who held the same position or function in a company that has been liquidated may be nominated for membership on the Company's Board of Directors or appointed to a managerial position therein except with the prior written approval of the Board of Directors. This also applies to any person who was removed from such position or function in another company.
2. A nominee for membership on the Board of Directors shall submit the following documents: -
  - a) Completion of Form No. (1) issued by the Authority.
  - b) Completion of Form No. (3) issued by the Authority.
  - c) Submission of an application for nomination to the Board of Directors.
  - d) Submission of an updated curriculum vitae.
  - e) A statement of the companies or entities in which the nominee participates in management or ownership during each year of membership therein.
  - f) A clear copy of the national identity card or residency permit, family card, commercial registration of companies and entities, and the nominee's contact numbers.
  - g) Submission of contact details (mobile number, email address, and national address).
  - h) A statement of the number and dates of the boards of directors of joint stock companies and committees in which the nominee has held and continues to hold membership, as follows: -
3. The number of Board of Directors' meetings and the dates of attendance in person or by proxy.
4. The number of meetings of committees emanating



	<p>from the Board of Directors and the dates of attendance in person or by proxy, separately for each committee.</p> <p>5. A summary of the financial results achieved by the company during each year of the Board's terms.</p> <p>a) The nature of the membership (executive, non-executive, independent) shall be specified.</p> <p>b) The capacity in which a nominee with legal personality is represented shall be specified.</p> <p>The Authority may, as it deems necessary for the protection of investors, require the Company to comply with such governance rules as it deems appropriate, whether with respect to the qualifications of members of the Board of Directors, senior management, the Audit Committee, or the external auditor, or the eligibility, responsibilities, powers, or decision-making procedures of any of them.</p>
<p>(11) Medical fitness, whereby the member shall not suffer from any health condition that would hinder the performance of his duties and functions on the Board of Directors.</p>	<p><u>Sixth: - Required Skills and Qualifications:</u></p>
<p>(12) A nominee for membership in the Company's Board of Directors shall adhere to the principles of honesty, integrity, loyalty to the Company, and due care for the interests of the Company and its shareholders, and shall give precedence thereto over his personal interest.</p>	<p>Members of the Board shall be required to meet the following: -</p> <ol style="list-style-type: none"> <li>1. An appropriate level of qualifications, skills, knowledge, and experience, enabling them to contribute to safeguarding the Company's achievements and promoting its growth.</li> <li>2. The distribution of qualifications, skills, and experience among members shall be balanced to achieve effectiveness and provide the Board with adequate collective expertise; it is not necessary for each member to possess all required skills.</li> <li>3. Members shall possess foresight, a strategic perspective, sound managerial insight, the ability to manage and supervise, familiarity with legal and financial aspects, and specific knowledge of the Company's business and activities.</li> </ol>



	<p>4. Leadership capability, whereby the member shall possess leadership skills enabling him to delegate authority in a manner that motivates performance, applies best practices in effective management, and adheres to professional values and ethics.</p> <p>5. Guidance capability, whereby the member shall possess technical, leadership, and administrative capabilities, prompt decision-making ability, an understanding of the technical requirements related to workflow, and the capacity for strategic direction, planning, and a clear forward-looking vision.</p> <p>6. The nominee's age at the time of application for membership in the Board of Directors shall not be less than eighteen (18) years.</p>
<p>* Honesty shall mean that the relationship between a Board member and the Company is a bona fide professional relationship, and that the member discloses to the Company any material information prior to the execution of any transaction or contract with the Company or any of its subsidiaries, without prejudice to the provisions of the Company's Articles of Association.</p>	<p><u>Seventh: - Commitment:</u></p>
<p>* Loyalty shall be achieved by avoiding transactions involving conflicts of interest, ensuring the fairness of transactions, and observing the provisions governing conflicts of interest set forth in the Corporate Governance Regulations.</p>	<p>1. The member shall perform all duties and tasks with responsibility, good faith, diligence, and due care.</p> <p>2. The member shall allocate sufficient time to perform his duties and assume his responsibilities, including preparation for meetings of the Board and its standing and ad hoc committees, and shall endeavor to attend such meetings.</p> <p>3. The member shall remain continuously informed of all matters relating to the Company, be aware of all developments, and maintain ongoing communication with the executive management and any other reliable source, such as the Company's external auditor.</p>





	<p>4. The member shall represent all shareholders and commit to acting in a manner that serves the interests of the Company as a whole, rather than the interests of the group he represents or that voted for his appointment.</p>
<p>* Due care and attention shall be exercised in the performance of the duties and responsibilities set forth in the Companies Law, the Capital Market Law, the Company's Articles of Association, and other relevant laws and regulations.</p>	<p><u>Eighth: - Termination of Board Membership and Removal of Board Members:</u></p>
<p>(13) Due consideration shall be given to diversity in academic qualifications and practical experience, and priority in nomination for Board membership shall be accorded to candidates possessing the skills required to meet the needs of the Company's Board of Directors.</p>	<p>1. The membership of a Board member or members shall terminate in the following cases: -</p> <ol style="list-style-type: none"> <li>Expiry of the term of appointment.</li> <li>Resignation.</li> <li>Death.</li> <li>If the Board of Directors determines that the member has breached his duties in a manner detrimental to the interests of the Company, provided that such determination is approved by the Ordinary General Assembly.</li> <li>Termination of membership pursuant to any law or instructions in force in the Kingdom.</li> <li>Absence from attending more than three consecutive meetings or five non-consecutive meetings during the term of the Board without an excuse acceptable to the Board of Directors.</li> <li>Or if he suffers from a mental illness.</li> <li><b>If the nominee has been convicted of, or it has been established that he committed, acts involving breach of trust, immorality, or forgery.</b></li> </ol> <p>2. Upon the termination of the membership of any Board member by any means, the Company shall promptly notify the Capital Market Authority and Tadawul, stating the reasons therefor.</p> <p>3. The General Assembly may, at any time, remove all</p>





	or any of the members of the Board of Directors.
(14) A member of the Company's Board of Directors shall resign prior to the end of his term if he loses his eligibility to serve as a Board member, becomes unable to perform his duties, or is unable to devote the time or effort necessary to discharge his responsibilities on the Board. In the event of a conflict of interest, the member shall have the option either to obtain an authorization from the General Assembly, renewable annually, or to submit his resignation from Board membership.	<u>Ninth: - Vacancy of a Board Membership Position:</u>
(15) Any requirements prescribed by the competent legislative authorities in the Kingdom shall be applied.	<ol style="list-style-type: none"> <li>1. If a seat of a member of the Board of Directors becomes vacant, the Board may appoint an interim member to fill such vacancy, provided that such appointment is presented to the Ordinary General Assembly at its first meeting. The newly appointed member shall complete only the remaining term of his predecessor.</li> <li>2. If the number of members of the Board of Directors falls below the quorum required for the validity of its meetings, the Ordinary General Assembly shall be convened as soon as possible to appoint the required number of members.</li> </ol>
<u>Second: Procedures and Eligibility for Nomination to Membership of the Board of Directors of National Gypsum Co.</u>	<u>Tenth: - Independence:</u>
(1) Each shareholder shall have the right to nominate himself or one or more other persons for membership of the Board of Directors, within the limits of the percentage of shares he owns in the Company's capital.	<ol style="list-style-type: none"> <li>1. The number of independent members of the Board of Directors shall not be less than two members or one-third of the members of the Board, whichever is greater.</li> <li>2. The principle of independence aims to assist members in making their decisions free from any economic or personal conflicts of interest that would arise if the independence criteria are not satisfied, even if such conflicts do not practically affect their decisions, including the following: - <ol style="list-style-type: none"> <li>a) The independent member, or the legal person he</li> </ol> </li> </ol>





	<p>represents, shall not own 5% or more of the shares of the Company or any of its group companies.</p> <p>b) The independent member shall not have been a senior executive — including the Chief Executive Officer, his deputies, or the Chief Financial Officer — during the past two years in the Company or any of its group companies.</p> <p>c) The independent member shall not be a member of the board of directors of any company within the group of the company for which he is nominated for Board membership.</p> <p>d) The independent member shall not have been an employee of, nor an owner of a controlling interest in, any Related Party of the Company or any of its group companies during the past two years. - including, without limitation, external auditors, major suppliers, financial advisory firms, or other consultancy firms.</p>
<p>(2) The nomination announcement shall be published on the websites of the Saudi Stock Exchange and the Company, and through any other means determined by the Authority, inviting persons wishing to nominate themselves for membership of the Board of Directors. The nomination period shall remain open for one month from the date of the announcement, and voting at the Company's General Assembly shall be limited to the candidates for Board membership announced by the Company.</p>	<p><u>Eleventh: - Obligations of Members of the Board of Directors:</u></p>
<p>(3) The Remuneration and Nominations Committee shall submit its recommendations to the Company's Board of Directors regarding nominations for Board membership in accordance with the applicable policies and standards.</p>	<ol style="list-style-type: none"> <li>1. Applying the highest possible ethical standards.</li> <li>2. Acting based on their full knowledge of the Company's affairs, in a manner that benefits the Company, while taking into consideration the interests of the remaining shareholders.</li> <li>3. Exercising the duty of due care and the duty of loyalty in the performance of their duties, and exercising the required diligence in the decisions</li> </ol>



	<p>they make.</p> <ol style="list-style-type: none"> <li>4. Performing the duties assigned to them without bias toward any shareholder or group of shareholders, and treating all shareholders fairly.</li> <li>5. Issuing independent and objective decisions with respect to the Company's affairs.</li> <li>6. Discharging their responsibilities effectively; in order to fulfill their obligations, they shall receive accurate and appropriate information in a timely manner and make such information available to all members of the Board.</li> <li>7. Complying with the laws, instructions, and regulations issued by the Ministry of Commerce, the Capital Market Authority, Tadawul, and other regulatory authorities relevant to the Company's business.</li> <li>8. Not disclosing material information discussed during periodic meetings of the Board of Directors or its subcommittees to any media outlet or individual except with the prior approval of the Board of Directors.</li> </ol>
<p>(4) Any person wishing to nominate himself for membership of the Company's Board of Directors shall disclose his intention to do so by submitting a notification to the Company's management in accordance with the periods and deadlines prescribed under this Policy and the applicable laws and regulations. Such notification shall include an Arabic-language profile setting out his curriculum vitae, qualifications, and practical experience, in addition to providing the Company with all personal identification documents, such as the national identity card, family card, passport for non-Saudi nominees for Board membership, and any other related or relevant documents required by the Company to satisfy the regulatory requirements for nomination.</p>	<p><u>Twelfth: - Expected Practices of Members of the Board of Directors:</u></p>
<p>(5) A nominee for membership of the Board of</p>	<p>The Board of Directors of the Company expects each</p>



<p>Directors of National Gypsum Co. shall disclose to the Board of Directors and to the General Assembly any cases of conflict of interest, including the following:</p>	<p>member of the Board to do the following: -</p> <ol style="list-style-type: none"> <li>1. Understand the nature of the Company's activities.</li> <li>2. Attend meetings of the Board of Directors and the committees to which the Board member belongs.</li> <li>3. Review and comprehend the written materials provided prior to meetings and any other materials submitted to the Board of Directors from time to time.</li> <li>4. Participate effectively, objectively, and constructively in meetings and in strategic decision-making processes.</li> <li>5. Contribute his vision, background, experience, and knowledge in a manner appropriate to the matters presented to the Board of Directors and its committees.</li> </ol>
<p>(a) The existence of a direct or indirect interest in the business and contracts entered into for the account of National Gypsum Co..</p>	<p><u>Thirteenth: - Selection of Members of the Board of Directors:</u></p>
<p>(b) Engagement in any activity that competes with National Gypsum Co. or competes with it in any of the lines of business it conducts.</p>	<p><b>A. <u>Nomination:</u></b></p> <ol style="list-style-type: none"> <li>1. The Remuneration and Nominations Committee shall resolve to open the nomination period for the election of a new Board of Directors at the General Assembly.</li> <li>2. The Remuneration and Nominations Committee shall undertake the necessary announcements to publish the decision to open the nomination period.</li> <li>3. The Remuneration and Nominations Committee shall supervise the process of receiving nomination applications for membership of the Board of Directors.</li> <li>4. The Remuneration and Nominations Committee shall review and examine the nomination applications for Board membership (which include all documents stipulated in the policies and standards approved by the Board of Directors and adopted by the General Assembly).</li> </ol>



5. The Remuneration and Nominations Committee shall submit the nomination applications to the Authority to obtain the required regulatory approvals.
6. The Remuneration and Nominations Committee shall recommend to the General Assembly the election of members in accordance with the approved policies and standards, taking into consideration the capabilities and qualifications of the nominees and ensuring that no person previously convicted of a crime involving dishonor or breach of trust is nominated.
7. The nomination period shall remain open for a minimum of thirty (30) days from the date of opening the nomination period, in order to allow candidates to apply for membership.
8. The number of nomination applications shall exceed the number of vacant seats on the Board.
9. If the legally required quorum of nominees for Board membership is not achieved within thirty (30) days, the nomination period shall be extended until the required quorum is completed, provided that such extension is published on the Market's website.
10. No application for nomination to Board membership shall be considered if submitted after the closure of the nomination period and the completion of the legal quorum.

**B. Election:**

1. The Company's Articles of Association shall determine the number of members of the Board of Directors.
2. The General Assembly shall elect the members of the Board of Directors from among the nominees, provided that sufficient information regarding the nominees has been made available well in advance



	<p>of the General Assembly meeting.</p> <ol style="list-style-type: none"> <li>The number of independent members of the Board of Directors shall not be less than two members or one-third of the members of the Board, whichever is greater.</li> <li>The cumulative voting method may be used in the election of members of the Board of Directors.</li> </ol> <p><b>C. Notification:</b></p> <ol style="list-style-type: none"> <li>Following the approval of the General Assembly election results, the Remuneration and Nominations Committee shall notify the elected members and formally provide them with their powers, duties, the amount of their remuneration, and all internal regulations in force within the Company.</li> <li>The Remuneration and Nominations Committee shall familiarize the newly elected Board members with the Company's business, particularly its financial, legal, and administrative aspects, and shall provide training to them if necessary.</li> </ol>
<p>(6) Applicants for membership of the Board of Directors of National Gypsum Co. shall complete the form or forms specified by the Capital Market Authority, which may be obtained through the Authority's official website.</p>	<p><u>Fourteenth: - Duties and Objectives of the Board of Directors:</u></p>
<p>(7) A nominee who has previously served as a member of the board of directors of any joint stock company shall attach a statement specifying the dates and the boards of directors of the companies on which he served as a board member.</p>	<ol style="list-style-type: none"> <li>Developing the investments of the Company's shareholders and ensuring their sustainable long-term growth, and working to affirm the vital role performed by the Company in serving its shareholders, employees, and other individuals and institutions that rely on it.</li> <li>Monitoring the performance of the Company, as well as the performance of the Chief Executive Officer and senior executive management, and providing constructive advice and guidance.</li> <li>Approving strategic directions and evaluating the outcomes resulting therefrom.</li> </ol>







4. Performing supervisory functions that ensure the Company conducts its activities within a legal, ethical, and social framework.
5. Providing necessary advice to the Chief Executive Officer and senior executives.
6. Reviewing and approving the Company's mission, its core financial strategies, and the strategies relating to its activities, objectives, and policies.
7. Periodically reviewing the Company's financial performance, with particular emphasis on benchmarking the Company against peer companies and other competitors, including consideration of the views of management, major investors, and analysts.
8. Reviewing, guiding, and approving the Company's long-term strategies and plans, and evaluating their strategic, financial, and competitive performance in comparison with the practices and policies of peer companies and competitors.
9. Reviewing, guiding, and approving budget forecasts and annual business plans.
10. Defining desired performance objectives and monitoring the Company's performance.
11. Supervising the Company's financial structure and its financial policies and practices.
12. Supervising disclosure controls and procedures and internal control over financial reporting, including independent audit reviews aimed at producing complete, fair, accurate, and understandable reports on a timely basis.
13. Ensuring the existence of appropriate control systems for risk management and compliance with applicable laws and related standards.
14. Selecting Company officers, evaluating their performance, determining their remuneration, and preparing succession plans for senior management positions.





15. Reviewing and approving the salaries and incentives of the Chief Executive Officer and other executive members in consideration of the services they perform in their capacity as executives or employees of the Company.
16. Reviewing assessments of material risks and obstacles facing the Company and providing advice and guidance to management thereon, in addition to reviewing available options to mitigate their impact.
17. Ensuring the establishment of methods and procedures that safeguard the integrity of the Company's conduct, including its relationships with customers, suppliers, and shareholders, and monitoring compliance with such methods.
18. Reviewing the results achieved by management in light of the Company's plans, annual objectives, and long-term objectives.
19. Appointing committees of the Board of Directors and evaluating their performance.
20. Establishing a remuneration program for senior executives in alignment with the long-term interests of the Company and its shareholders.
21. Ensuring that the Board of Directors and its committees are timely and adequately informed of the Company's status and operations through reports and other means.
22. Ensuring the effectiveness of the Company's corporate governance practices, measuring and monitoring them, and making changes when necessary.
23. Ensuring that published reports provide a true and fair reflection of the Company's operating results and financial position.
24. Verifying the establishment of appropriate policies to identify and address conflicts of interest within the Company, in addition to monitoring any



	<p>potential conflicts of interest involving management, Board members, and shareholders, including misuse of the Company's resources or misconduct in transactions with Related Parties.</p> <p>25.Ensuring the establishment and periodic updating of a written policy governing relationships with stakeholders, with the objective of providing adequate protection for their rights, which shall include the following: -</p> <p>a) Mechanisms for compensating stakeholders in the event of violations of their rights guaranteed under applicable laws and the agreements entered into in this regard.</p> <p>b) Mechanisms for resolving complaints or disputes that may arise between the Company and any of its stakeholders.</p> <p>c) Mechanisms for maintaining sound relationships between the Company and its customers and suppliers and for protecting the confidentiality of their information.</p> <p>26.Establishing rules of professional conduct for the Company's executive officers and employees and regulating their relationships with stakeholders, with the Board of Directors taking the necessary measures to monitor the implementation of and compliance with such rules.</p>
<p>(8) A nominee who has previously served as a member of the Board of Directors of National Gypsum Co. shall attach to the nomination notice a statement issued by the Company's management regarding the most recent term during which he served as a Board member, including the following:</p>	<p><u>Fifteenth: - Criteria for the Selection of Independent Members of the Board of Directors:</u></p>
<p>(a) The number of Board of Directors' meetings held during each year of the Board's term.</p>	<p>The following criteria shall be met by an independent member of the Board of Directors, including but not limited to the following: -</p> <p>1. Possession of the necessary experience,</p>



knowledge, skills, and independence enabling him to perform his duties efficiently and competently, provided that independence is ensured based on the member's relationships with others, including relationships among Board members themselves, which may affect the member's objectivity and loyalty to shareholders. Accordingly, an independent member is one who does not have relationships that may conflict with the judgments he renders regarding the Company's activities. A member shall not be deemed independent if he fails to comply with the independence criteria set out below, which must be consistent with the standards established by the Authority; the scope of independence enjoyed by an independent Board member shall be determined as follows: -

- a) The Board member shall not own a significant shareholding that renders him controlling ("controlling interest") in the Company or in any of its group companies.
  - b) The Board member shall not have held an executive position in the Company or any of its group companies during the past two years.
  - c) The Board member shall not be, nor have been during the past two years, an executive manager or employee of any entity considered a Related Party to the Company or any of its group companies; for the purposes of this paragraph, Related Parties include external auditors, major suppliers, and the like. Ownership of a "controlling interest" during the past two years in any of the Company's Related Parties shall be deemed inconsistent with the member's independence.
2. The Company's Board of Directors shall review the foregoing guidelines and amend them if the Board deems such amendment necessary. This may include making the necessary changes to comply



	with the Authority's independence rules. The Remuneration and Nominations Committee shall ensure compliance with the independence requirements.
(b) The number of meetings attended by the member in person and his attendance percentage of the total number of meetings.	<u>Sixteenth: - Conflict of Interest in the Board of Directors:</u>
(c) The standing committees in which the member participated and the number of meetings held by each such committee.	A member of the Board of Directors shall comply with and apply the Company's approved Conflict of Interest Policy.
During each year of the Board's term, the number of meetings attended and the attendance percentage of the total meetings.	<u>Seventeenth: - Change in the Current Job Responsibilities of a Board Member:</u>
(9) The capacity of the member shall be specified upon nomination (executive member / non-executive member / independent member).	Each member of the Board of Directors shall notify the Remuneration and Nominations Committee in writing prior to accepting membership on the board of directors or any other position in another entity. He shall also submit such notification before or immediately upon the occurrence of any material change in his personal circumstances, including a change in employment or principal job responsibilities. Non-employee members — other than representatives of corporate members of the Board — who have retired or changed the position they held when they became Board members shall not be required to resign from the Board; however, in such cases, each Board member shall notify the Remuneration and Nominations Committee. The Committee shall assess the suitability of the concerned member's continued membership on the Board in light of the newly arisen circumstances. The member concerned is expected to comply with the decisions reached by the Board of Directors following such assessment.
(10) The nature of the membership sought shall be specified, i.e., whether the nominee is standing in his personal capacity or as a representative of a legal person.	<u>Eighteenth: - Attendance at the General Assembly of Shareholders:</u>
(11) Voting for the election of members of the	1. The Company shall use its best efforts to determine





<p>Board of Directors shall be conducted using the cumulative voting method.</p>	<p>an appropriate date for the annual shareholders' meeting (General Assembly) so as to enable members of the Board of Directors to attend, taking into consideration the schedules of the members.</p> <p>2. The Company shall request all members of the Board of Directors to attend the annual shareholders' meeting (General Assembly).</p>
<p>(12) The Remuneration and Nominations Committee shall coordinate with the executive management to complete the regulatory requirements and provide</p>	<p><u>Nineteenth: - Orientation Program for Board Members and Continuing Education:</u></p>
<p>the competent regulatory authorities with all documents required for nomination.</p>	<p>The Company shall place adequate emphasis on the training and qualification of members of the Board of Directors and the development of the necessary programs therefor, including the preparation of orientation and development programs for newly appointed members to familiarize them with the Company's operations and activities, particularly the following: -</p> <ol style="list-style-type: none"> <li>1. The Company's strategy, objectives, and directions.</li> <li>2. The financial, accounting, and operational aspects, risk management of the Company's activities, and the roles of internal and external auditors.</li> <li>3. The obligations, duties, responsibilities, and rights of Board members, business ethics, corporate governance guidelines, and the key officers of the Company.</li> <li>4. The duties and responsibilities of the Company's committees.</li> </ol> <p>Mechanisms shall also be established to enable Board members to obtain training programs and courses whenever necessary, with the aim of developing their skills and knowledge in areas related to the Company's activities. All members of the Board of Directors shall obtain copies of the following documents: -</p> <ol style="list-style-type: none"> <li>1. The Company's Articles of Association.</li> </ol>



	<p>2. The Company's organizational structure.</p> <p>3. The Company's Corporate Governance Manual.</p> <p>4. The Board of Directors' bylaws and the bylaws of its subcommittees.</p> <p>5. The schedule of financial and administrative authorities of the Board, its committees, and the executive management.</p> <p>Members of the Company's Board of Directors shall visit the Company's head office and branches to become familiar with its activities, and the Chief Executive Officer shall make the necessary arrangements for such visits.</p>
<p>(13) Voting at the General Assembly shall be limited to those who have nominated themselves in accordance with the policies, standards, and procedures set forth above.</p>	<p><u>Twentieth: - Legal Accountability of Members of the Board of Directors:</u></p>
<p><u>Third: Mechanisms for the Selection of the Chairman, the Vice Chairman, and the Managing Director</u></p>	<p>Members of the Board of Directors shall be jointly liable to compensate the Company, its shareholders, or third parties for any damage arising from mismanagement of the Company's affairs or violation of the provisions of this Policy or the Company's Articles of Association, and any provision stipulating otherwise shall be deemed null and void. Liability shall attach to all members of the Board of Directors if the fault arises from a decision issued unanimously. As for decisions issued by majority vote, dissenting members shall not be liable provided that they expressly recorded their objection in the minutes of the meeting. Absence from the meeting at which the decision was issued shall not constitute grounds for exemption from liability unless it is proven that the absent member was unaware of the decision or was unable to object thereto after becoming aware of it.</p>
<p>The Company's shareholders shall elect the members of the Board of Directors at the General Assembly meeting in accordance with the system and standards set forth in this Policy. The Board shall then elect from among its members a</p>	<p><u>Twenty-First: - Evaluation of Members of the Board of Directors:</u></p>



Chairman and a Vice Chairman, and may appoint a Managing Director (at the first Board meeting following the conclusion of the General Assembly for the election of Board members). The Chairman of the Board may not combine his position with any executive position in the Company, and the Board shall have the right to remove them from their positions or reappoint them at any time.

Fourth: Termination of a Board Member's Membership and Vacancy of a Board Position:

1. The Board of Directors shall, based on a recommendation and proposal submitted by the Remuneration and Nominations Committee, establish mechanisms for the annual evaluation of the performance of the Board as a whole, its members, and the committees emanating therefrom, through performance-related indicators aimed at achieving the Company's strategic objectives, the quality of risk management, the adequacy of internal control systems, and other relevant factors, provided that strengths and weaknesses are identified and corrective measures proposed in a manner consistent with the Company's interests.
2. Performance evaluation procedures shall be documented, clear, and shall cover all members of the Board of Directors.
3. The performance evaluation shall include an assessment of the skills and expertise possessed by the Board, identification of strengths and weaknesses, and addressing weaknesses through feasible means such as nominating advisors or appointing qualified professionals capable of enhancing the Board's performance. The evaluation shall also include an assessment of the Board's overall working mechanisms.
4. The individual evaluation of Board members shall include the extent of their effective participation and commitment to performing their duties and



	<p>responsibilities, including attendance at meetings of the Board and its committees and allocating sufficient time thereto.</p> <p>5. The Board of Directors shall make the necessary arrangements to obtain an evaluation of its performance by a specialized external entity every three to four years.</p> <p>6. The policy for evaluating Board members and committees shall be applied in cases of diminished performance by any member of the Board or its committees, in accordance with the Board-approved evaluation policy.</p> <p>7. The non-executive members of the Board shall conduct a periodic evaluation of the Chairman's performance, after considering the views of the executive members, without the Chairman being present during the discussion held for this purpose, provided that strengths and weaknesses are identified and corrective actions proposed in line with the Company's interests.</p>
<p>(1) The membership of the Board shall terminate upon expiry of its prescribed term, which is three years from the date of its election by the General Assembly, and members whose terms have expired may be re-elected.</p>	<p><u>Twenty-Second: - Final Provisions:</u></p>
<p>(2) The Ordinary General Assembly of the Company may, at any time, remove all or some members of the Board of Directors even if the Company's Articles of Association provide otherwise, without prejudice to the removed member's right to claim compensation from the Company if the removal occurred for an unjustified reason or at an inappropriate time. A Board member may resign provided that such resignation occurs at an appropriate time; otherwise, he shall be liable for any damages resulting from such resignation to the Company.</p>	<p>The provisions of this Regulation shall be implemented and complied with by the Company as of the date of its approval by the General Assembly of shareholders, and this Regulation shall be published on the Company's website to enable shareholders, the public, and stakeholders to review it. The contents of this Regulation may be amended as needed based on a recommendation from the Board of Directors, provided that any proposed amendment is submitted to the General Assembly of shareholders at its nearest meeting for approval.</p>
<p>(3) If a seat of a member of the Board of</p>	





<p>Directors becomes vacant, the Board may temporarily appoint a member to fill such vacancy based on the order of votes received, provided that the appointee possesses the requisite experience and competence. The competent authorities shall be notified within five (5) business days from the date of such appointment by the Board, and the matter shall be presented at the first meeting of the Ordinary General Assembly. The newly appointed member shall complete the remaining term of his predecessor.</p>	
<p>(4) If the conditions required for convening the Board of Directors are not met due to the number of its members falling below the minimum prescribed under the Companies Law, the remaining members shall convene the Ordinary General Assembly within sixty (60) days to elect the required number of members.</p>	
<p>(5) The General Assembly may, based on a recommendation from the Board, terminate the membership of any member who fails to attend three consecutive meetings of the Board without a legitimate excuse.</p>	
<p>(6) If a member of the Board of Directors resigns and has observations regarding the Company's performance, he shall submit a written statement thereof to the Chairman of the Board, and such statement shall be presented to the members of the Board of Directors.</p>	
<p><u>Final Provisions</u></p>	
<p>This Policy shall be published on the Company's website to enable shareholders, the public, and stakeholders to review it. This Policy shall be reviewed periodically, as needed, by the Remuneration and Nominations Committee, and any proposed amendments shall be submitted to the Company's Board of Directors, which shall</p>	





study and review such proposed amendments and recommend them to the General Assembly of shareholders for approval. The provisions of this Policy shall be implemented and complied with by the Company as of the date of its approval by the General Assembly of shareholders.



Remuneration Policy for the Board of Directors, its Committees, and the Executive Management – Old Version	Remuneration Policy for the Board of Directors, its Committees, and the Executive Management – Amended Version
Introduction:	<b>Introduction:</b>
<p>The remuneration policy for the Board of Directors, its committees, and the executive management of National Gypsum Co. was prepared with the aim of complying with the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (16-8-2017) dated 16/05/1438H, corresponding to 13/02/2017G, which stipulated that the Remuneration and Nominations Committee shall prepare a clear policy for the remuneration of the members of the Board of Directors, the committees emanating from the Board, and the Executive Management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly of Shareholders.</p>	<p>This policy aims to define clear criteria for the remuneration of the members of the Board of Directors, its committees, and senior executives in light of the Companies Law and the regulations of the Capital Market Authority. The policy also aims to attract individuals possessing an appropriate level of competence, capability, and talent to serve on the Board of Directors, the committees, and the Executive Management through the adoption of incentive-based remuneration plans and programs linked to performance, thereby contributing to the enhancement of the Company's performance and the achievement of the interests of its shareholders. This policy is issued pursuant to the Corporate Governance Regulations issued by the Capital Market Authority under Resolution No. (16-08-2017G) dated 16/05/1438H, corresponding to</p>

	<p>13/02/2017G, and pursuant to the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H, as amended by the Resolution of the Board of the Capital Market Authority No. (8-5-2023) dated 25/06/1444H, corresponding to 18/01/2023G, and further pursuant to the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H.</p>
<p>Second: Objective of the Policy:</p>	<p><b>Preamble</b></p>
<p>This policy aims to define clear criteria for the remuneration of the members of the Board of Directors, its committees, and senior executives in light of the Companies Law and the regulations of the Capital Market Authority. The policy also aims to attract individuals possessing an appropriate level of competence, capability, and talent to serve on the Board of Directors, the committees, and the Executive Management through the adoption of incentive-based remuneration plans and programs linked to performance, thereby contributing to the enhancement of the Company's performance and the achievement of the interests of its shareholders.</p>	<p>1- This Remuneration Policy for the members of the Board of Directors, the committees, and the Executive Management has been prepared in accordance with the Companies Law and its Implementing Regulations, the Corporate Governance Regulations issued by the Authority, and the Company's Bylaws.</p> <p>2- This policy may not be amended except upon a recommendation from the Remuneration and Nominations Committee, and any amendment shall not take effect unless approved by the General Assembly of the</p>





	<p>Company, unless otherwise provided for under the laws, regulations, or instructions issued by the competent authorities.</p>
Third: General Standards for Remuneration:	<b>Definitions</b>
<p>The Remuneration and Nominations Committee shall be responsible for recommending to the Board of Directors the remuneration of the members of the Board, the members of the committees, and the senior executives of the Company in accordance with the approved criteria, as follows:</p>	<p>For the purposes of applying the provisions of this Policy, the following words and expressions shall have the meanings set forth opposite each of them, unless the context otherwise requires:</p> <p><b>The Company:</b> National Gypsum Co. <b>The Board:</b> The Board of Directors of the Company. <b>Authority/CMA:</b> The Capital Market Authority. <b>Companies Law:</b> The Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H, as amended by Royal Decree No. (M/79) dated 25/07/1439H, as further amended by Royal Decree No. (M/17) dated 26/01/1441H, and as further amended by Royal Decree No. (M/132) dated 01/12/1443H. <b>Company Bylaws:</b> The Bylaws of the Company. <b>Corporate Governance Regulations:</b> The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (16/08/2017G), issued based on the Companies Law promulgated by Royal Decree No. (M/3) dated 28/01/1437H, as amended by the Resolution of the Board of the Capital Market Authority No. (8-5-2023) dated 25/06/1444H, corresponding to 18/01/2023G,</p>



and based on the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H.

**General Assembly:** The General Assembly of the Company's shareholders in accordance with the provisions of the Companies Law and the Company Bylaws.

**Remuneration Policy:** The policy governing the remuneration of the members of the Board of Directors, the committees, and the Executive Management.

**Annual Remuneration:** Amounts, allowances, profit shares and the like, periodic or annual performance-related remuneration, short-term or long-term incentive plans, and any other in-kind benefits, excluding reasonable actual expenses incurred by the Company on behalf of a Board member for the purpose of performing his duties.

**Attendance Allowance:** The specified amount payable to a member of the Board or a committee in consideration of attendance at scheduled meetings or for internal or external work assignments in which the member represents the Company pursuant





to an authorization issued by the Board or the Executive Management.

**Senior Executives:** Persons entrusted with the management of the Company's day-to-day operations and the proposal and implementation of strategic decisions, such as the Chief Executive Officer, his deputies, and the Chief Financial Officer.

**Non-Executive Member:** A member of the Board of Directors who is not engaged on a full-time basis in the management of the Company and does not participate in its day-to-day operations.

**Independent Member:** A non-executive member of the Board of Directors who enjoys full independence in position and decision-making and to whom none of the independence disqualifiers set forth in the Corporate Governance Regulations issued by the Authority apply.

**Managing Director:** A member of the Board of Directors appointed by the Board to carry out executive and administrative duties within the





Company, and who acts as a link between the Board of Directors and the Executive Management, and who typically exercises broad executive powers.

**Chief Executive Officer:** The highest-ranking executive of the Company, responsible for managing day-to-day operations and implementing strategic plans.

**Attendance of Meetings:** The number of meetings that were scheduled in advance and attended by the member, whether in person or through modern means of communication, including virtual or telephonic meetings.

**First: Objectives of the Policy**

1) The remuneration shall be commensurate with the Company's activities, strategy, objectives, and the skills required for its effective management.

2) Due consideration shall be given to linking the variable component of remuneration to long-term performance.

1- To establish clear and specific standards and procedures that set out for the Company's shareholders the conditions, criteria, and procedures applied in granting remuneration to the members of the Board of Directors, the members of the committees, and the senior executives of the Company.

2- To attract individuals possessing



	an appropriate level of competence, capability, and experience to serve on the Board of Directors, the committees, and the Executive Management.
3) The Company shall ensure that remuneration is aligned with the Company's strategy and objectives and is proportionate to the scale and nature of the risks undertaken.	<b><u>Second: Remuneration of the Members of the Board of Directors</u></b>
4) In determining remuneration, consideration shall be given to the Company's practices, the practices of other companies, and prevailing conditions in the labor market, while avoiding any unjustified increase in remuneration and compensation.	<ol style="list-style-type: none"><li>1- The Company Bylaws shall determine the remuneration of the members of the Board of Directors. The Board of Directors shall propose the remuneration of its members based on a recommendation from the Remuneration and Nominations Committee, and such remuneration shall be approved upon obtaining the approval of the General Assembly.</li><li>2- The remuneration of the Board of Directors shall be determined in accordance with what is proposed by the Board and approved by the General Assembly, within the limits prescribed under the Companies Law and its implementing regulations. Such remuneration may consist of a fixed amount, attendance fees for meetings, in-kind benefits, or a specified percentage of the net profits, and any two or more of the foregoing may be</li></ol>





combined. The remuneration shall be fair and incentive-based, and shall be commensurate with the member's performance and the Company's activities.

- 3- Members of the Board of Directors may be granted remuneration in the form of shares, subject to the fulfillment of all applicable statutory and regulatory requirements in this regard. In such case, the value of the shares shall be determined based on their market value as of the entitlement date.
- 4- Where the General Assembly resolves to terminate the membership of any Board member due to his absence from three consecutive meetings of the Board without a legitimate excuse, such member shall not be entitled to any remuneration for the period following the last meeting attended, and shall be required to refund all remuneration paid to him for that period.
- 5- If it is established by the Audit Committee or the Authority





that any remuneration paid to a member of the Board of Directors was based on incorrect or misleading information presented to the General Assembly or included in the annual report of the Board of Directors, such member shall be required to refund such remuneration to the Company, and the Company shall have the right to claim restitution thereof.

6- Attendance allowances and reimbursable expenses shall be disbursed at the end of each Gregorian month in which the Board meetings are held.

7- Each member of the Board of Directors, whether from among the Board members or from outside the Board, shall be reimbursed for the actual expenses incurred for the purpose of attending Board meetings, including travel, accommodation, and subsistence expenses, where their place of residence is



	<p>outside the Company's head office.</p> <p>8- Members of the Board of Directors shall not be entitled to vote on the item relating to the Board's remuneration at the General Assembly, whether in person, by proxy, or by representation.</p>						
<p>5) The remuneration shall be prepared by the Remuneration and Nominations Committee, with respect to new appointments, in coordination with the relevant departments and authorities within the Company.</p>	<p><b><u>Third: Remuneration of Committee Members</u></b></p>						
<p>6) Remuneration shall be determined based on the job level, the duties and responsibilities of the position holder, academic qualifications, professional experience, skills, and level of performance.</p>	<p>An annual remuneration shall be granted to the members of the Board committees and shall be disbursed at the end of the Company's financial year in accordance with the following schedule:</p> <table border="1" data-bbox="906 1263 1501 1771"> <thead> <tr> <th>Position</th> <th>Amount of Remuneration</th> </tr> </thead> <tbody> <tr> <td>Chairperson and Members of the Audit Committee</td> <td>Annual remuneration in the amount of SAR (50,000) (fifty thousand Saudi riyals).</td> </tr> <tr> <td>Chairperson and Members of the Other</td> <td>Annual remuneration in the amount of SAR (30,000) (thirty</td> </tr> </tbody> </table>	Position	Amount of Remuneration	Chairperson and Members of the Audit Committee	Annual remuneration in the amount of SAR (50,000) (fifty thousand Saudi riyals).	Chairperson and Members of the Other	Annual remuneration in the amount of SAR (30,000) (thirty
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<b>Committees</b>	thousand Saudi riyals).
<b>Members from Outside the Board serving on Committees</b>	Annual remuneration in the amount of SAR (60,000) (sixty thousand Saudi riyals).

- 1- Each member of the committees emanating from the Board of Directors, whether from among the Board members or from outside the Board, shall be reimbursed for the actual expenses incurred for the purpose of attending committee meetings, including travel, accommodation, and subsistence expenses, where their place of residence is outside the Company's head office.
- 2- Committee members may be granted remuneration in the form of shares, subject to the fulfillment of all applicable statutory and regulatory requirements in this regard. In such case, the value of the shares shall be determined based on their market value as of the entitlement date.



- 3- The remuneration of committee members may vary in amount so as to reflect the member's level of experience, areas of specialization, assigned duties, independence, number of meetings attended, and other relevant considerations.
- 4- Committee members may not combine annual remuneration, whether serving on one committee or on multiple committees.
- 5- Attendance allowances and reimbursable expenses shall be disbursed at the end of each Gregorian month in which committee meetings are held.
- 6- The annual remuneration shall be disbursed at the end of the financial year and shall be calculated on a pro-rata basis according to the number of months served during the year.

7) Remuneration shall be reasonable and sufficient to attract, motivate, and retain individuals possessing the appropriate competencies and experience within the Company.

8) The remuneration of members of the Board of Directors shall be determined in a manner that reflects the member's level of experience, areas of

#### **Fourth: Remuneration of Senior Executives**

- 1- The Board of Directors, based on a recommendation from the Remuneration and Nominations



specialization, assigned duties, and responsibilities, taking into account the number of meetings attended and other relevant considerations.

Committee, shall determine the types of remuneration to be granted to the Company's senior executives, including fixed remuneration and performance-based remuneration.

2- The Remuneration and Nominations Committee shall periodically review and approve the salary scale applicable to all employees, as well as the incentive programs and plans, based on a recommendation from the Executive Management and in accordance with the Company's employee remuneration policy.

3- Senior executives shall be granted annual remuneration based on performance evaluation, in addition to fixed compensation and benefits in accordance with the employment contracts concluded with them.

4- Senior executives may be granted remuneration in the form of shares, subject to the fulfillment of all applicable statutory and regulatory

	<p>requirements in this regard. In such case, the value of the shares shall be determined based on their market value as of the entitlement date.</p> <p>5- The performance evaluation of senior executives shall be primarily based on their professional performance during the year and the extent of their effective contribution toward the achievement of the Company's strategic objectives.</p>
<p>9) Payment of remuneration shall be suspended or such remuneration shall be recovered if it is established that it was approved based on inaccurate or misleading information provided by a member of the Board of Directors or the Executive Management, in order to prevent the exploitation of the functional position to obtain undeserved remuneration.</p>	<p><b><u>Fifth: Remuneration of the Secretary of the Board of Directors</u></b></p>
<p>10) In the event of developing a program for granting shares in the Company to members of the Board of Directors, the Executive Management, and the Company's employees, whether through a new issuance or shares acquired by the Company, such program shall be implemented under the supervision of the Remuneration and Nominations Committee and in accordance with the Company Bylaws and the relevant laws, regulations, and rules issued by the Capital Market Authority.</p>	<p>The Board of Directors shall determine, by a separate resolution, the attendance allowance and the annual remuneration to be granted to the Secretary of the Board.</p> <p>1- The Board of Directors shall determine the annual remuneration to be granted to the Secretary of the Board in the amount of SAR (10,000) (ten</p>





	<p>thousand Saudi riyals) per annum, to be calculated on a pro-rata basis according to the number of months served during the year.</p> <p>2- The attendance allowance payable to the Secretary of the Board shall be calculated based on the achievement of pre-determined performance indicators, in the amount of SAR (1,500) (one thousand five hundred Saudi riyals) per meeting.</p> <p>3- The Secretary of the Board shall be paid an additional lump-sum amount of SAR (250) (two hundred fifty Saudi riyals) per day if the meeting is held outside the city in which the Company's head office is located, in addition to travel and accommodation expenses.</p>
Fourth: Members of the Board of Directors	<b><u>Sixth: Remuneration of the Secretaries of the Committees</u></b>
A. The remuneration of the members of the Board of Directors of National Gypsum Co., attendance allowances for meetings, expense allowances, in-kind benefits, or a percentage of profits may be granted, and it shall be permissible to combine two or more of such benefits, provided that such remuneration does	1- Each committee shall determine the annual remuneration to be granted to its Secretary in the amount of SAR (5,000) (five thousand Saudi riyals) per



not exceed the limits prescribed under the Companies Law and its Implementing Regulations, in accordance with the schedule set forth in this Policy and any subsequent amendments thereto duly approved in accordance with the applicable laws and regulations.

annum, to be calculated on a pro-rata basis according to the number of months served during the year.

- 2- The attendance allowance payable to the Secretary of the committee shall be calculated based on the achievement of pre-determined performance indicators, in the amount of SAR (1,000) (one thousand Saudi riyals) per meeting.
- 3- The Secretary of the Board shall be paid an additional lump-sum amount of SAR (250) (two hundred fifty Saudi riyals) per day if the meeting is held outside the city in which the Company's head office is located, in addition to travel and accommodation expenses.

B. Such remuneration may vary in amount, in accordance with the policy issued by the Remuneration and Nominations Committee and approved by the General Assembly. The annual report of the Board of Directors submitted to the General Assembly of shareholders shall include a comprehensive statement of all remuneration, expense allowances, and other benefits received by the members of the Board during the financial year. The report shall also include a statement of any amounts received by Board members in their capacity

**Seventh: Attendance Allowance for Meetings of the Board of Directors and the Committees**



<p>as employees or managers, or in consideration of technical, administrative, or consultancy services, if any, and shall further include a statement of the number of Board meetings held and the number of meetings attended by each member from the date of the last meeting of the General Assembly.</p>							
<p>C. Where the remuneration of the members of the Board of Directors consists of a percentage of profits, the provisions of paragraph (2) of Article (76) of the Companies Law, Article (39), and paragraph (4) of Article (62) of the Company Bylaws of National Gypsum Co. shall be observed, provided that the total financial and in-kind remuneration and benefits received by any single Board member shall not, in all cases, exceed the amount of SAR (500,000) (five hundred thousand Saudi riyals) per annum.</p>	<p>A financial consideration shall be granted as an attendance allowance for meetings of the Board of Directors and the committees in accordance with the following schedule:</p> <table border="1" data-bbox="925 806 1527 1176"> <thead> <tr> <th>Attendance Allowance</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Attendance allowance for a Board of Directors meeting</td> <td>SAR 500,000 five hundred thousand riyals</td> </tr> <tr> <td>Attendance allowance for a committee meeting</td> <td>SAR 50,000 fifty thousand riyals</td> </tr> </tbody> </table>	Attendance Allowance	Amount	Attendance allowance for a Board of Directors meeting	SAR 500,000 five hundred thousand riyals	Attendance allowance for a committee meeting	SAR 50,000 fifty thousand riyals
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Attendance allowance for a committee meeting	SAR 50,000 fifty thousand riyals						
<p>Fifth: Remuneration of Members of the Board Committees</p>	<p><b><u>Eighth: Rules and Criteria for Granting Remuneration</u></b></p>						
<p>1- The Board of Directors shall determine and approve the remuneration for membership of the committees emanating from it, with the exception of the Audit Committee, as well as attendance allowances and other entitlements, based on a recommendation from the Remuneration and Nominations Committee.</p>	<p>Without prejudice to the provisions of the Companies Law, the Capital Market Authority regulations and their Implementing Regulations, and the Company Bylaws, the following rules and criteria shall be observed when determining the remuneration of the members of the Board of Directors, the committees, and the Executive</p>						





Management:

- 1- Remuneration shall be based on a recommendation from the Remuneration and Nominations Committee.
- 2- Remuneration shall be fair and proportionate to the functions, duties, and responsibilities assumed by the Board member, committee member, or executive, in addition to the objectives determined by the Board of Directors to be achieved during the financial year, in a manner that ensures alignment with the Company's strategy and objectives.
- 3- Remuneration shall be determined based on the job level, the duties and responsibilities entrusted to the position holder, academic qualifications, professional experience, skills, and level of performance.
- 4- Remuneration shall be aligned with the scale and nature of the risks borne by the Company.
- 5- If it is established that any remuneration was approved





based on inaccurate information provided by a member of the Board of Directors, any committee, or the Executive Management, payment thereof shall be suspended, or statutory measures shall be taken to recover such remuneration if it has already been disbursed.

- 6- Remuneration shall be commensurate with the Company's activities and the skills required for its management.
- 7- Due consideration shall be given to the sector in which the Company operates, the size of the Company, and the experience of the members of the Board of Directors.
- 8- Remuneration shall be reasonable and sufficient to attract, motivate, and retain Board members, committee members, and executives possessing appropriate experience and competence.
- 9- The practices of other companies shall be taken into account when determining remuneration.



2- Attendance allowances for meetings and other entitlements shall be disbursed as set out in this Policy, in accordance with the schedule provided below.

3- As for the remuneration for membership of the Audit Committee or the attendance allowance for its meetings, the same shall be approved by the General Assembly of Shareholders based on a recommendation from the Board of Directors, in accordance with the applicable regulations and the policy and rules governing the Audit Committee.

### **Ninth: Assignment of a Board Member to Represent the Company Internally or Externally**

Where a member of the Board of Directors is assigned to perform work duties or to represent the Company internally or externally in a manner that serves the interests of the Company and its shareholders, the following controls shall apply:

- 1- An assignment allowance for representing the Company at meetings, seminars, and conferences related to the Company's activities and organized by official or quasi-official entities outside the Kingdom shall be set at an amount of SAR (1,000) (one thousand Saudi riyals) per day, calculated from the date of travel until the completion date of the assigned mission.
- 2- For the purposes of applying this provision, a member shall be deemed to be representing the Company if he performs internal or external duties or is delegated on an official mission pursuant to





an authorization and a resolution of the Board of Directors adopted by majority vote, specifying the nature of the assignment, the expected outcomes thereof, any related instructions, and the duration of the assignment.

- 3- The Company shall bear the travel and accommodation expenses of the member if the assignment is outside his place of residence, in consideration of representing the Company or performing internal or external work duties, provided that the member submits a detailed report on the assigned mission and such report is approved, upon which the entitlement to the assignment allowance shall be deemed duly earned.

4- When forming the committees emanating from the Board of Directors, due consideration shall be given to the number of committees in which a member may serve, so that the total remuneration received by the member in respect of his membership on the Board of Directors and the committees does not exceed the maximum limit prescribed under the Companies Law and the Company Bylaws.

#### Tenth: Disclosure of Remuneration

Sixth: Remuneration of the Executive Management

- 1- The Board of Directors shall





disclose in its annual report full details of the policies relating to remuneration, the mechanisms for determining such remuneration, and the amounts and financial and in-kind benefits paid to each member of the Board of Directors in consideration of any executive, technical, administrative, or consultancy functions or positions.

2- Disclosure shall be made with accuracy, transparency, and sufficient detail in the reports of the Board of Directors, the committees, and the Executive Management, whether such remuneration or benefits are paid directly or indirectly, whether in cash or in kind, and regardless of their nature or designation.

3- Where the benefits take the form of shares in the Company, the value of such shares shall be determined based on their market value as of the entitlement date.

The Remuneration and Nominations Committee shall periodically review and approve the salary scale

### Eleventh: Review and Effectiveness



applicable to all employees and senior executives, as well as the incentive programs and plans, based on a recommendation from the Executive Management. The remuneration of the Executive Management shall include the following:

A basic salary payable at the end of each Gregorian month on a monthly basis, together with allowances including, without limitation, housing, transportation, and telephone allowances, medical insurance benefits for the employee and his family, and other insurance policies.

- 1- This Policy shall be subject to periodic review and oversight, as necessary, by the Remuneration and Nominations Committee. Any proposed amendments by the Committee shall be submitted to the Board of Directors, which shall examine and review such amendments and recommend them to the General Assembly of Shareholders.
- 2- Any amendment to this Policy shall be approved by the General Assembly of Shareholders upon a recommendation from the Board of Directors, and this Policy shall become effective immediately upon its approval by the General Assembly.
- 3- In respect of any matter not expressly provided for in this Policy, the provisions of the Companies Law, its Implementing Regulations, the Company Bylaws, and the



	decisions issued by the competent authorities in relation to this Policy shall apply.
An annual bonus linked to performance indicators and the Company's results in accordance with the annual performance evaluation conducted for this purpose.	
Short-term incentive plans linked to exceptional performance, and long-term incentive plans such as share option programs (where applicable), as well as other benefits including, without limitation, annual leave, annual travel tickets, and end-of-service gratuity in accordance with the Labor Law and the Company's approved human resources policy.	
* The Remuneration and Nominations Committee shall approve the plans and programs relating to the remuneration of senior executives.	
* The General Manager shall be entrusted with the implementation of the remuneration policy for employees and senior executives in light of the plans, programs, and general guidelines approved by the Remuneration and Nominations Committee.	
Seventh: Additional Determinants of Remuneration and Method of Disbursement	
1) Members of the Board of Directors may not vote on the item relating to the remuneration of the members of the Board of Directors at the meeting of the General Assembly of Shareholders.	
2) The Company shall disclose the remuneration of the members of the Board of Directors, the committees, and the senior executives in the annual report of the Board of Directors, in accordance with the controls and directives issued pursuant to the Companies Law, the regulations of the Capital Market Authority, and their Implementing Regulations governing the same.	
3) A member shall be entitled to remuneration as of	







the date of joining the Board of Directors or the committee, in accordance with the term of his membership.	
4) The procedures for disbursing the remuneration of the members of the Board of Directors and the committees shall be prepared by the Secretary of the Board, provided that the disbursement order is approved by the General Manager in accordance with the Company's financial regulations.	
5) Attendance allowances for meetings of the Board of Directors, remuneration of the committees, and attendance allowances for meetings of other committees shall be disbursed within one week from the date of holding the meeting. As for the annual remuneration of the members of the Board of Directors of National Gypsum Co., it shall be paid in full after being approved by the annual meeting of the General Assembly of Shareholders.	
Eighth: Statement of the Details of the Remuneration of the Members of the Board of Directors and Its Committees	
A. Members of the Board of Directors	
Attendance allowance for Board meetings (per meeting)	SAR (3,000) (three thousand Saudi riyals).
Additional allowances (transportation and travel) for members residing outside the city of Riyadh, the location of the Company's meetings	As per the supporting documents evidencing the actual amounts incurred.
Annual lump-sum amount per member	To be determined annually and shall not exceed the limits prescribed under the Companies Law, in accordance with paragraph (C) of Article





Amendments and Disbursement Mechanisms	Fourth of this Policy. <ul style="list-style-type: none"><li>The annual lump-sum remuneration payable to a member of the Company's Board of Directors referred to in item (3) of paragraph (A) of Article Eighth may be reviewed from time to time based on a recommendation from the Remuneration and Nominations Committee, in light of performance-related variables, subject to obtaining the approval of the General Assembly of Shareholders.</li><li>Attendance allowances for meetings shall be disbursed within one week from the end of the meeting, whereas the annual remuneration shall be disbursed after its approval by the General Assembly of Shareholders, in accordance with the provisions of the Company Bylaws.</li></ul>	
B. Members of the Committees Emanating from the Company's Board of Directors		
Attendance allowance for Board meetings (per meeting)	SAR (3,000) (three thousand Saudi riyals).	
Remuneration of a	To be approved by the	





committee member from outside the Board, as approved based on the duties assigned thereto	Remuneration and Nominations Committee.	
C. Secretariat of the Board Committees		
Attendance allowance for Board meetings (per meeting)	SAR (3,000) (three thousand Saudi riyals).	
Final Provisions (Review, Amendment, and Publication of this Policy)		
<p>This Policy shall be implemented and adhered to by the Company as of the date of its approval by the General Assembly of Shareholders. This Policy shall be published on the Company's website to enable shareholders, the public, and stakeholders to review it. The Policy shall be subject to periodic review, as necessary, by the Remuneration and Nominations Committee, and any amendments proposed by the Committee shall be submitted to the Board of Directors, which shall examine and review the proposed amendments and recommend them to the General Assembly of Shareholders for approval.</p>		



Rules of Procedure of the Nomination and Remuneration Committee – Old Version	Rules of Procedure of the Nomination and Remuneration Committee – Amended Version
<p><b>Introduction:</b> The Rules of Procedure of the Nomination and Remuneration Committee emanating from the Board of Directors of National Gypsum Co. were prepared in order to comply with the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (16-8-2017) dated 16/05/1438H, corresponding to 13/05/2017G, which require that the General Assembly of the Company's shareholders, based on a proposal from the Board of Directors, approve the Rules of Procedure of the Nomination and Remuneration Committee (the "Committee"). Such Rules of Procedure shall include the controls and procedures governing the Committee's work, its duties, the rules for selecting its members, the term of their membership, and their remuneration. The provisions of Article Fifteen of the Corporate Governance Regulations relating to the Nomination and Remuneration Committee became mandatory for companies whose shares are listed on the financial market (Tadawul) as of 2011G. Accordingly, the General Assembly shall determine the formation of the Nomination and Remuneration Committee, define its duties, method of work, term of membership, and number of members, based on a proposal from the Board of Directors.</p>	<p>Pursuant to the Corporate Governance Regulations issued by the Capital Market Authority, including Chapter Three, Article Fifty-Seven concerning the formation of the Remuneration Committee, paragraph (B), and Article Sixty-One concerning the formation of the Nomination Committee, paragraph (B).</p> <p><b>Preamble:</b> The General Assembly of Shareholders shall vote on the Rules of Procedure of the Nomination and Remuneration Committee, which define its functions, scope of work, authorities, and duties, and ensure the effectiveness of internal regulations and compliance therewith. The Committee shall submit its reports directly to the Board of Directors. This is in compliance with the Corporate Governance Regulations issued by the Capital Market Authority pursuant to Resolution No. (16/08/2017G) dated 16/05/1438H, corresponding to 13/02/2017G, and pursuant to the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H, as amended by the Resolution of the Board of the Capital Market Authority No. (8-5-2023) dated 25/06/1444H, corresponding to 18/01/2023G, and further pursuant to the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H. In accordance with Articles Fifty-Seven and Sixty-One thereof, and in light of the provisions of Chapter Four concerning the formation of company committees, Section One: General Provisions, and as provided for in Article Forty-Seven (Formation of Committees), which permits the Company to merge the Nomination Committee and the Remuneration Committee into a single committee to be named the Nomination and Remuneration Committee.</p>



First: Merger of the Nomination and Remuneration Committees	First: Formation of the Nomination and Remuneration Committee
<p>Pursuant to paragraph seven of Article (50) of the Corporate Governance Regulations, which provides that a company may merge the Remuneration Committee and the Nomination Committee into a single committee to be named the Nomination and Remuneration Committee, provided that such committee satisfies the requirements applicable to each of them and exercises all powers and authorities prescribed for both committees, and that the committee shall convene on a periodic basis at least once every six months, the Company has resolved, under these Rules, to merge the Remuneration Committee and the Nomination Committee into a single committee to be named the Nomination and Remuneration Committee.</p>	<ol style="list-style-type: none"><li>1. The Committee shall be formed pursuant to a resolution of the Board of Directors of the Company. Membership therein shall commence at the beginning of the Board's term and shall expire upon the expiry thereof.</li><li>2. The Committee shall consist of not less than three (3) and not more than five (5) members, from among non-executive Board members or from outside the Board, whether shareholders or non-shareholders, provided that at least one member shall be an independent Board member.</li><li>3. The General Assembly of the Company, based on a proposal from the Board of Directors, shall approve the Rules of Procedure of the Nomination and Remuneration Committee, which shall include the controls and procedures governing the Committee's work, its duties, the rules for selecting its members, the term of their membership, and their remuneration.</li><li>4. Members of the Committee shall possess appropriate experience and qualifications commensurate with the duties, responsibilities, and nature of the Committee's work.</li><li>5. The Company shall notify the Capital Market Authority of the names of the Committee members and the nature of their membership upon their appointment, and of any changes thereto, within five (5) business days from the date such changes occur.</li><li>6. In the event that the position of any Committee member becomes vacant, the Board of Directors may appoint a replacement member, provided that such appointee</li></ol>



	<p>possesses the required experience and competence.</p> <p>7. The Board of Directors may relieve any member of the Committee of his membership in any of the following cases:</p> <p>a) The member's resignation from the Board of Directors or the Committee.</p> <p>b) The member's absence from three (3) consecutive meetings or five (5) non-consecutive meetings during the Committee's term without an acceptable excuse.</p> <p>c) The restructuring of the Committee by the Board of Directors.</p>
<p><b>Second: Objectives of the Nomination and Remuneration Committee</b></p>	<p><b>Second: Members of the Nomination and Remuneration Committee</b></p>
<p>The Nomination and Remuneration Committee aims to assist the Board of Directors of National Gypsum Co. in carrying out the following duties and responsibilities:</p>	<p>1. The Chairperson of the Committee shall be elected from among its members. In the event of the Chairperson's absence from a Committee meeting, the members present shall elect one of them to chair the meeting.</p> <p>2. The Chairperson of the Board of Directors may not chair the meetings of the Nomination and Remuneration Committee.</p> <p>3. The Chairperson of the Committee may delegate one of the members to chair the meeting in his absence.</p> <p>4. The Committee may seek the assistance of non-executive members or persons who are not members of the Board, upon a written request submitted by the Chairperson of the Committee.</p> <p>5. The term of membership of the Committee may not exceed the term of the Board of Directors.</p>
<p>1) Supervising the remuneration and incentive plans for the employees of National Gypsum Co. and monitoring the implementation thereof.</p>	<p><b>Third: Duties, Responsibilities, and Powers of the Nomination and Remuneration Committee</b></p>
<p>2) Supervising succession planning for senior leadership</p>	<p>A. <u>With respect to Remuneration:</u></p>



positions at the level of National Gypsum Co.

1. Preparing a clear remuneration policy for the members of the Board of Directors, the committees emanating from the Board, and the Executive Management, and submitting such policy to the Board of Directors for review in preparation for its approval by the General Assembly, taking into account the adoption of performance-linked criteria, disclosure thereof, and verification of its implementation.
  2. Clarifying the relationship between the remuneration granted and the applicable remuneration policy, and identifying any material deviation from such policy.
  3. Conducting periodic reviews of the remuneration policy and assessing its effectiveness in achieving the intended objectives.
  4. Recommending to the Board of Directors the remuneration of the members of the Board of Directors, the committees emanating therefrom, and the senior executives of the Company in accordance with the approved policy.
  5. The Committee may, when necessary, seek the assistance of specialized external advisory services to perform its duties, at the Company's expense and subject to the approval of the Board of Directors.
  6. Reviewing all data and documents relating to remuneration and allowances within the Company.
- B. With respect to Nominations:
1. Proposing clear policies and criteria for membership of the Board of Directors and the Executive Management.
  2. Recommending to the Board of Directors the nomination and re-nomination of its members in accordance with the approved policies and



- criteria, taking into account that no person who has been previously convicted of a crime involving dishonesty or breach of trust shall be nominated.
3. Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and for occupying positions within the Executive Management.
4. Conducting an annual review of the Company's needs for appropriate skills or experience required for membership of the Board of Directors and positions within the Executive Management.
5. Reviewing the structure of the Board of Directors and the Executive Management and submitting recommendations regarding any changes that may be made thereto.
6. Verifying, on an annual basis, the independence of independent members and ensuring that no conflict of interest exists in the event that a member serves on the board of directors of another company.
7. Preparing job descriptions for executive members, non-executive members, independent members, and senior executives.
8. Establishing procedures to be followed in the event of a vacancy in the position of any Board member or senior executive.
9. Identifying areas of weakness and strength within the Board of Directors and proposing appropriate solutions to address them in a manner that serves the interests of the Company.
10. Determining the amount of time required to be devoted by a member to the work of the Board of Directors.
11. Periodically evaluating the performance of the members of the Board of Directors and the



	<p>committees emanating therefrom.</p> <p>12. Receiving, reviewing, and screening all applications submitted by candidates, and providing comments, if any, in respect of each applicant or nominee.</p> <p>13. Submitting all applications to the Board of Directors after completion of the forms prescribed by the Capital Market Authority by applicants or nominees for membership of the Board of Directors, in preparation for their inclusion among the items of the General Assembly.</p> <p>14. Taking into account, in the screening process of applicants or nominees, the requirement of independence, in particular with respect to independent members, in accordance with the Company Bylaws and the Corporate Governance Regulations issued by the Capital Market Authority.</p> <p>15. Complying with the regulations governing the criteria and procedures for membership of the Board of Directors.</p>
<p>3) Supervising the nomination process for membership of the Board of Directors, the committees, and the Executive Management of National Gypsum Co., and ensuring that such process is linked to performance.</p>	<p><b>Fourth: Remuneration Policy Without prejudice to the provisions of the Companies Law, the Capital Market Authority Law, and their Implementing Regulations, the following shall be observed in the Remuneration Policy:</b></p>
<p>4) Supervising and ensuring the implementation of the Company's employee grievance policy.</p>	<p>1. The policy shall be aligned with the Company's strategy and objectives.</p> <p>2. Remuneration shall be granted with the objective of incentivizing members of the Board of Directors and the Executive Management to ensure the Company's success and long-term growth, including by linking the variable component of remuneration to long-term performance.</p> <p>3. Remuneration shall be determined based on the job level, the duties and responsibilities</p>



- entrusted to the position holder, academic qualifications, professional experience, skills, and level of performance.
4. The policy shall be aligned with the scale, nature, and degree of risks borne by the Company.
  5. The practices of other companies shall be taken into account when determining remuneration, while avoiding any unjustified increase in remuneration and compensation.
  6. Remuneration shall aim to attract, retain, and motivate professional competencies, without excess or exaggeration.
  7. The policy shall be prepared in coordination with the Nomination and Remuneration Committee in relation to new appointments.
  8. The policy shall regulate cases in which payment of remuneration is suspended or recovered if it is established that such remuneration was approved based on inaccurate information provided by a member of the Board of Directors or the Executive Management, in order to prevent exploitation of the functional position to obtain undeserved remuneration.
  9. The policy shall regulate the granting of shares in the Company to members of the Board of Directors and the Executive Management, whether through a new issuance or shares acquired by the Company.
  10. Recommending to the Board of Directors the approval of salary scales and allowances for employees.
  11. Recommending to the Board of Directors the approval of the principles governing annual increments for all Company employees.
  12. The Committee may engage external consultants, as it deems necessary, to perform

	its duties and fulfill its responsibilities.
5) Managing the process of evaluating the performance of the members of the Board of Directors and the committees emanating therefrom.	<b>Fifth: Nomination Procedures:</b>
<u>Third: Rules for the Selection and Nomination of the Members of the Nomination and Remuneration Committee and the Term of Their Membership:</u>	The Company shall publish an announcement inviting nominations on the Company's website, the market's website, and any other means determined by the Capital Market Authority, for the purpose of inviting persons wishing to nominate themselves for membership of the Board of Directors. The nomination period shall remain open for a minimum period of one (1) month from the date of the announcement.
1) The Nomination and Remuneration Committee shall be formed by a resolution of the Board of Directors of the Company from among non-executive Board members, provided that at least one member shall be an independent member.	<b>Sixth: Shareholders' Right to Nominate</b>
2) The Committee shall consist of not less than three (3) and not more than five (5) members, whose members shall be selected from among the non-executive members of the Board of Directors, with the possibility of appointing external experts as members of the Committee, whether from among shareholders or non-shareholders, as deemed necessary.	Without prejudice to the provisions set forth in the Corporate Governance Regulations issued by the Capital Market Authority, each shareholder of the Company shall have the right to nominate himself or another person for membership of the Board of Directors, in accordance with the provisions of the Companies Law and its Implementing Regulations.
3) Members of the Committee shall be appointed for a term not exceeding three (3) years, and may be reappointed in accordance with the requirements of the Committee's composition.	<b>Seventh: Meetings of the Nomination and Remuneration Committee</b>
4) The Chairperson of the Board of Directors may be a member of the Nomination and Remuneration Committee, provided that he shall not serve as the Chairperson of the Committee.	1. The Committee shall convene on a periodic basis at least once every six (6) months, and whenever necessary, upon a written invitation issued by the Chairperson of the Committee or his delegate at least fifteen (15) days prior to the scheduled meeting date, provided that the invitation is accompanied by the agenda and the relevant supporting documents. 2. Minutes of the Committee's meetings shall be recorded and signed by the Chairperson of the Committee and the Secretary, and maintained



	<p>in the official records.</p> <p>3. The minutes of the Committee meeting shall indicate the attendees, the matters discussed, significant deliberations, voting processes, objections, abstentions (stating the reasons, if any), the resolutions adopted, and any reservations thereon, and shall include all documents reviewed or referred to during the meeting as attachments to the minutes.</p> <p>4. Resolutions of the Committee shall be adopted by a majority vote of the members present or represented at the meeting. In the event of a tie, the side voted for by the Chairperson of the Committee shall prevail.</p> <p>5. Committee members may attend and participate in meetings through modern means of communication, and such participation shall be deemed equivalent to physical attendance in cases where attendance in person is not possible due to any emergency circumstance.</p> <p>6. The Committee may adopt urgent resolutions by circulation.</p> <p>7. The Chairperson of the Committee shall determine the schedule of Committee meetings, specifying the time, date, place, and method of the meeting, and notification thereof shall be made through the Secretary.</p> <p>8. If members are delayed in attending the meeting beyond fifteen (15) minutes from the scheduled time, resulting in the lack of a quorum, the meeting shall be postponed and rescheduled.</p>
<p>5) The Chairperson of the Committee shall be an independent member, and shall be appointed at the first meeting of the Committee following its formation.</p>	<p><b>Eighth: Agenda of the Committee</b></p>
<p>6) Members of the Committee shall possess appropriate experience and qualifications relevant to the Committee's duties, responsibilities, and the nature of its work.</p>	<p>1. The Secretary of the Committee shall circulate the proposed agenda to be discussed by the Committee, together with the supporting documents and attachments, to all members at</p>



	<p>least five (5) days prior to the meeting date.</p> <p>2. Where any Committee member requests the inclusion of an item on the proposed agenda, such member shall submit a written request to the Chairperson of the Committee and provide the Secretary of the Committee with sufficient notice together with the supporting documents, provided that such materials are circulated to all members at least five (5) days prior to the meeting.</p> <p>3. Committee members shall discuss the matters included in the agenda circulated to them by the Secretary of the Committee, as well as any new matters relating to previous agenda items or matters that do not require prior preparation by Committee members.</p>
<p>7) The Board of Directors shall have the right to remove or replace any member or all members of the Committee at any time as it deems appropriate. A Committee member may also resign from Committee membership, provided that such resignation is submitted at an appropriate time.</p>	<p><b>Ninth: Documentation of Meetings of the Nomination and Remuneration Committee</b></p>
<p>8) In the event that the position of any Committee member becomes vacant, the Board of Directors of the Company may appoint a replacement member, provided that such appointee possesses the required competence and experience. The Capital Market Authority shall be notified of such appointment within five (5) business days from the date thereof.</p>	<p>1. The Secretary of the Committee shall document all Committee meetings and prepare minutes thereof, including the discussions and deliberations held, the place, date, and time of commencement and adjournment of the meeting, the resolutions adopted, and the voting results. Such minutes shall be recorded and maintained in a dedicated and organized register, and shall include the names of the members present. The minutes shall be signed by the Chairperson of the meeting, all members present, and the Secretary of the Committee.</p> <p>2. The Secretary of the Committee shall document all Committee meetings through written records and audio recordings of the meetings, and shall retain such records within</p>





	<p>the Company's documents.</p> <ol style="list-style-type: none"> <li>3. The Secretary of the Committee shall circulate the minutes of the meeting by electronic mail, reflecting the matters discussed and any remarks made by Committee members, if any, within three (3) days from the date of the meeting.</li> <li>4. Committee members shall sign the minutes and record any reservations they may have, if any, and submit the same to the Secretary of the Committee within five (5) days for retention and submission to the Board of Directors for discussion and approval.</li> <li>5. Where any Committee member is unable, for any reason, to sign the minutes, such member shall provide written confirmation of his approval of the minutes, and the minutes shall be formally signed at the first subsequent Committee meeting.</li> <li>6. The Committee shall retain all minutes, documents, reports, and records at the Company's head office for a period of not less than ten (10) years. Without prejudice to this period, where any legal action exists or is threatened, including any pending or anticipated lawsuit, claim, or investigation proceedings relating to such minutes, documents, reports, or records, the Committee shall retain the same until the conclusion of such legal action, claim, or investigation proceedings.</li> </ol>
<p>9) The Company shall notify the Capital Market Authority of the names of the Committee members and the nature of their membership upon their appointment, and of any changes thereto, within five (5) business days, as prescribed under the Corporate Governance Regulations issued by the Authority.</p>	<p><b>Tenth: Evaluation</b></p>
<p><u>Fourth: Duties and Powers of the Nomination and Remuneration Committee</u></p>	<p><b>The Committee shall conduct an annual evaluation of its performance and submit a report thereon to</b></p>



	<p><b>the Board of Directors.</b></p> <p>The Board of Directors shall also organize disclosure processes relating to each of its members and the members of the Executive Management, taking into account the following:</p> <p>Establishing a dedicated register for the disclosures of the members of the Board of Directors and the Executive Management and updating it on a periodic basis, in accordance with the disclosure requirements set forth under the Companies Law, the Capital Market Authority Law, and their Implementing Regulations.</p>
<p>The Committee shall undertake the duties and powers relating to both remuneration and nominations. In addition, it shall be responsible for submitting periodic reports on its activities to the Board of Directors. The Committee's powers shall include the following:</p>	<p><b>Eleventh: Responsibilities of the Secretary of the Nomination and Remuneration Committee</b></p>
<p>(A) Powers of the Remuneration Committee:</p>	<ol style="list-style-type: none"> <li>1. Maintaining and retaining all reports submitted to the Committee.</li> <li>2. Providing Committee members with the agenda, working papers, documents, and information relating thereto, as well as any additional documents or information requested by any member in relation to the matters included on the meeting agenda.</li> <li>3. Verifying the Committee members' compliance with the procedures approved by the Board of Directors.</li> <li>4. Notifying Committee members of the dates of Committee meetings sufficiently in advance of the scheduled meeting date.</li> <li>5. Circulating draft minutes to Committee members to obtain their comments prior to signing.</li> <li>6. Ensuring that Committee members receive complete and timely copies of the Committee meeting minutes and the information and documents relating to the meeting.</li> <li>7. Coordinating among Committee members.</li> <li>8. Organizing and maintaining the disclosure register of Committee members in accordance with Article (89) of the Corporate Governance Regulations issued by the Authority.</li> <li>9. Providing assistance and advisory support to</li> </ol>



	<p>Committee members.</p> <p>10. Retaining all documents discussed at Committee meetings, together with the relevant meeting minutes.</p> <p>11. Verifying the validity and duration of any delegation granted by a Committee member to another Committee member, and ensuring that the retained copy of such delegation is an original.</p>
1) Preparing a clear remuneration policy for the members of the Board of Directors, the committees emanating from the Board, and the Executive Management, in a manner that enhances motivation of the administrative apparatus, retains outstanding talent within the Company, and submitting such policy to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that performance-linked criteria are adopted, disclosed, and their implementation verified.	<b>Twelfth: Annual Remuneration:</b>
2) Clarifying the relationship between the remuneration granted and the applicable remuneration policy, and identifying any material deviation from such policy.	The Chairperson and members of the Committee, as well as the Secretary of the Committee, shall be entitled to an annual remuneration in accordance with the Remuneration Policy for the Members of the Board of Directors, the Committees Emanating from the Board, and the Executive Management, as approved by the General Assembly of Shareholders.
3) Conducting periodic reviews of the remuneration policy and evaluating its effectiveness in achieving its objectives.	<b>Thirteenth: Review of the Rules of Procedure</b>
4) Recommending to the Board of Directors the remuneration of the members of the Board of Directors, the committees emanating therefrom, and the senior executives of the Company in accordance with the approved policy.	These Rules of Procedure shall be reviewed periodically or whenever the need arises. Where any amendments are required, the Committee shall approve such amendments and submit a recommendation thereon to the Board of Directors, which shall in turn recommend the same to the General Assembly of Shareholders for approval.
5) Granting remuneration with the objective of incentivizing the members of the Board of Directors and the Executive Management to ensure the Company's	<b>Fourteenth: Publication and Effectiveness:</b>



success and long-term growth, including by linking the variable component of remuneration to long-term performance.	
6) Reviewing the financial remuneration of the General Manager, including short-term and long-term incentives, determining the performance ceiling expected to be achieved by the General Manager, and submitting recommendations in this regard to the Board of Directors.	These Rules of Procedure shall enter into force and be effective immediately upon their approval by the General Assembly of the Company.
7) Reviewing the recommendations of the General Manager regarding the general directions and criteria for financial remuneration and other benefits of the Company's senior executives, which the General Manager shall implement in accordance with the applicable policy referred to in Article Fourth, paragraph (1/A).	
(A) Powers of the Nomination and Remuneration Committee – Nomination Aspect	
1) Establishing clear policies and criteria for membership of the Board of Directors and the Executive Management.	
2) Recommending to the Board of Directors candidates for Board membership in accordance with the approved policies and criteria, taking into account that no person who has previously been convicted of a crime involving dishonor or breach of trust shall be nominated.	
3) Conducting an annual review of the required skills for Board membership, and preparing a description of the capabilities and qualifications required, including determining the time required to be devoted by a member to the work of the Board of Directors and positions within the Executive Management of the Company.	
4) Reviewing and submitting recommendations regarding the structure of the Board of Directors, the committees, and the Executive Management, including proposed changes, identifying areas of strength and weakness therein, and proposing appropriate remedial measures in a manner that serves the interests of the Company.	
5) Verifying, on an annual basis, the independence of independent members and ensuring that no conflict of interest exists if a member serves on the board of directors of another company.	
6) Establishing clear policies for the remuneration and compensation of Board members and senior executives, taking into account the use of performance-linked criteria and ensuring compliance with applicable laws and	



regulations.	
7) Preparing job descriptions for executive members, non-executive members, independent members, and senior executives of the Company.	
8) Establishing procedures to be followed in the event of a vacancy in any position among the members of the Board of Directors or senior executives.	
9) Reviewing the remuneration of Board committees and recommending any amendments thereto, and submitting such recommendations to the Board of Directors for approval. The Committee may also submit recommendations to the Board of Directors, where necessary, to appoint new members in the event of a vacancy in any Board committee.	
10) Providing an appropriate level of induction, training, and orientation for new members of the Board of Directors and committees regarding the Company's activities and achievements, enabling them to perform their duties with the required level of efficiency.	
11) Developing the necessary mechanisms to enable members of the Board of Directors and the Executive Management to participate in ongoing training programs and courses aimed at enhancing their skills in areas related to the Company's activities.	
12) Studying and reviewing succession planning and replacement plans within the Company in general, and for the Board of Directors, the General Manager, and senior executives in particular.	
13) Studying and reviewing the recommendations of the General Manager relating to the appointment and termination of senior executives of the Company.	
14) Assisting the Board of Directors in establishing and reviewing the Company's organizational structure.	
(C) Publication of Nomination Announcement for Membership of the Board of Directors	
The Company shall publish the nomination announcement on the Company's website, the market website (Tadawul), and through any other means determined by the Capital Market Authority, for the purpose of inviting persons wishing to nominate themselves for membership of the Board of Directors, provided that the nomination period shall remain open for a minimum period of one (1) month from the date of the announcement.	
<b>Fifth: Key Powers of the Committee</b>	



1) The right to investigate any matter falling within its powers and duties, or any matter specifically requested by the Board of Directors.	
2) The right to review the Company's records and documents.	
3) The right to request clarifications or information from members of the Board of Directors, the Executive Management, or the Company's employees for the purpose of inquiry and verification of any matter in the interest of the Company.	
4) The right to seek legal, technical, or professional advice from any external party or independent advisory entity whenever deemed necessary to assist the Committee in the performance of its duties.	
<u>Sixth: Meetings and Procedural Rules Governing the Work of the Committee</u>	
1) The Committee shall convene upon invitation by its Chairperson on a periodic basis at least once every six (6) months, and may hold extraordinary or urgent meetings as required by the Company's business needs, upon invitation by the Chairperson of the Committee.	
2) A Committee member may participate in Committee meetings through modern means of communication (including collective telephonic conferencing), and such participation shall be deemed equivalent to physical attendance where attendance in person is not possible due to travel or any emergency circumstances.	
3) The quorum for a Committee meeting shall be constituted by the attendance of a majority of its members.	
4) A Committee member attending in person may not represent more than one other member at the same meeting. In the event that the Chairperson of the Committee is unable to attend, he may delegate one of the members to chair the meeting. If no such delegation is made, the members present shall elect one of them to chair the meeting.	
5) Committee resolutions shall be adopted by a majority vote of the members present, and in the event of an equality of votes, the vote cast by the Chairperson of the Committee shall prevail.	
6) The agenda for Committee meetings shall be prepared and included with the meeting invitation in coordination with the Chairperson of the Committee prior to the meeting.	
7) Invitations to attend Committee meetings shall be	



<p>issued by the Chairperson of the Committee or by the Secretary of the Committee if delegated by the Chairperson, sufficiently in advance of the meeting date. All documents to be discussed at the meeting shall be circulated sufficiently in advance to enable Committee members to review and study them.</p>	
<p>8) No person other than Committee members may attend Committee meetings. However, members of the Executive Management, directors, employees, or observers may attend all or part of a meeting upon request or invitation of the Committee for the purpose of providing the necessary information.</p>	
<p>9) Committee meetings shall be documented and minutes thereof shall be prepared, recording the discussions and deliberations held, the Committee's recommendations, and the voting results. Such minutes shall be maintained in a dedicated and organized register at the Company, indicating the names of the members present and any reservations expressed, if any. The minutes shall be signed by all members present at each meeting.</p>	
<p>10) The Chairperson of the Committee, or his delegate from among the Committee members, shall attend the Company's General Assemblies to respond to shareholders' questions.</p>	
<p>11) The Board of Directors shall monitor the work and performance of the Committee through its Chairperson and through the periodic reports submitted to the Board of Directors.</p>	
<p><b>Seventh: Committee Secretariat (Secretary)</b></p>	
<p>The Committee shall appoint a Secretary from among its members or from among the Company's employees, provided that such Secretary shall not have the right to vote on the Committee's resolutions where he is not a member thereof. The Secretary shall be responsible for preparing the Committee's meetings and activities, drafting and documenting the minutes thereof, following up on the implementation of the Committee's recommendations, directives, and resolutions, facilitating communication among Committee members, and undertaking the related administrative and logistical procedures. The Committee shall determine the Secretary's remuneration and the method of its disbursement in accordance with the policies applicable in this regard.</p>	
<p><b>Eighth: Remuneration of Committee Members</b></p>	



1) The annual remuneration of Committee members shall be determined in accordance with the policy adopted by the Board of Directors, in compliance with the Company Bylaws, the resolutions of the General Assembly of Shareholders, and the applicable laws and regulations.	
2) Committee remuneration shall consist of a lump-sum amount (if any), in addition to attendance allowances for meetings and any other benefits stipulated in the remuneration policy adopted by the Board of Directors for its members, the members of the committees, and the Executive Management, and shall be disbursed in accordance with the controls set forth in such policy.	
<u>Final Provisions</u>	
The Company shall act in accordance with and comply with the provisions of this Policy as of the date of its approval by the General Assembly of Shareholders. This Policy shall be published on the Company's website to enable shareholders, the public, and stakeholders to review it. The Policy shall be reviewed periodically, as needed, by the Nomination and Remuneration Committee, and any proposed amendments shall be submitted to the Board of Directors, which shall review and study such proposed amendments and recommend them to the General Assembly of Shareholders for approval.	





Rules of Procedure of The Audit Committee - Old Version	Rules of Procedure of The Audit Committee – Amended Version
<p><b>Preamble:</b></p> <p>The Audit Committee is one of the important committees in the listed public shareholding companies due to its essential and effective role in the internal and external audit work, the internal control process, the development of systems and plans related to these activities, and the follow-up of their implementation and the company's commitment and compliance with generally accepted regulations and standards. The regulations of the Saudi Capital Market Authority and the Saudi Companies Law have given special priority to the Audit Committee through its formation by the General Assembly of Shareholders in accordance with the provisions of Article (101) of the Companies Law, and strengthening its framework and validity. The following are the main objectives of the Committee:</p>	<p><b>Preamble:</b></p> <p>Rules of Procedures of the Audit Committee is approved by the General Assembly based on the Board of Directors' proposal and in accordance with the Corporate Governance Regulations issued by the Capital Market Authority Chapter Two – Audit Committee - Article (51) – Formation of the Audit Committee, Paragraph (e)</p> <p><b>Preamble:</b> The General Assembly shall approve the Rules of Procedures of the Audit Committee following its ratification by the Board of Directors, which defines the Committee's functions, scope of work, authorities, and responsibilities, and ensures the effectiveness and compliance of the systems and regulations, with the Committee required to submit its reports directly to the Board of Directors. This approval is issued based on the Corporate Governance Regulations promulgated by the Capital Market Authority pursuant to Resolution No. 16/08/2017, dated 16/5/1438 AH (13 February 2017 G), and in accordance with the Companies Law issued by Royal Decree No. M/3, dated 28/1/1437 AH (18 November 2015 G), as amended by the Capital Market Authority Board Resolution No. 8-5-2023, dated 25/6/1444 AH (18 January 2023 G), and further based on the Companies Law issued by Royal Decree No. M/132, dated 1/12/1443 AH (23 June 2022 G). Moreover, the formation and operation of the Audit Committee are in accordance with the provisions stipulated in Chapter Four of the Charter, as well as the Company's Governance Charter.</p>
<p><b>Committee objectives:</b></p> <p>1) Verifying the completeness and adequacy of the internal audit work by reviewing the effectiveness of the arrangements for the internal audit department and their completeness and adequacy.</p>	<p><b>Definitions:</b></p> <p><b>Ministry:</b> The Ministry of Commerce. <b>Authority:</b> The Capital Market Authority. <b>Financial Market:</b> The Saudi Stock Exchange (Tadawul). <b>Articles of Association:</b> The Articles of Association of the National Gypsum Company. <b>Charter:</b> The Rules of Procedures of the Audit Committee of the National Gypsum Company. <b>General Assembly:</b> The General Assembly convened with the attendance of the Company's shareholders in accordance with the Companies Law and the Articles of Association. <b>Board of Directors:</b> The Board of Directors of the National Gypsum Company.</p>





	<p><b>Non-Executive Member:</b> A member of the Board of Directors who is not engaged full-time in managing the Company and does not participate in its daily operations.</p> <p><b>Independent Member:</b> A non-executive member of the Board of Directors who enjoys full independence in position and decisions and is not subject to any of the independence impediments stipulated in the Corporate Governance Regulations issued by the Authority.</p> <p><b>Managing Director:</b> A member of the Board of Directors who is part of the Company's executive Department, participates in daily operations, and receives a monthly salary for this role.</p> <p><b>Chief Executive Officer (CEO):</b> The highest-ranking executive responsible for managing the Company's daily operations and implementing strategic plans.</p> <p><b>Executive Management:</b> Includes the Managing Director, the CEO and their deputies, the Chief Financial Officer, heads of main departments, and officers responsible for risk, compliance, legal affairs, and internal audit.</p> <p><b>Competent Authority:</b> The entity vested with the authority to make decisions in accordance with the powers and responsibilities approved within the Company.</p> <p><b>Internal Audit Department:</b> The Company's Internal Audit Department, responsible for preparing and executing the Company's internal audit plans.</p> <p><b>Committee Chair:</b> The Chair of the Audit Committee in the National Gypsum Company.</p> <p><b>Committee:</b> The Audit Committee of the National Gypsum Company.</p>
2) Verifying the response of the company's management to the issues that are identified and monitored through the activity and work of the Committee, especially the internal and external audit work, and verifying its independence.	<p><b>First: Committee Objectives:</b></p>
3) Verifying the company's acceptance and understanding of the role, work and value of internal auditing through the mechanisms in place, such as the annual report of the internal audit.	<p>The primary purpose of the Audit Committee is to assist the Board of Directors in exercising oversight over the Company's financial reporting processes, monitoring the adequacy and effectiveness of the internal control system, supervising the work of the Internal Audit Department, and verifying its effectiveness. This oversight helps the National Gypsum Company achieve its objectives while ensuring the protection of the interests of shareholders and stakeholders.</p>
4) Measuring and evaluating the effectiveness of the company's internal control and audit systems.	<p><b>Second: Formation of the audit committee</b></p>





<p>5) Verifying compliance with the regulations, laws, standards and policies related to the committee's scope of work, duties and responsibilities.</p>	<ol style="list-style-type: none"><li>1. The Audit Committee shall be formed by a resolution of the Board of Directors of The National Gypsum Company and may include shareholders or other individuals, provided that none of the executive members of the Board of Directors are part of the Committee. The number of Audit Committee members shall not be less than (3) three and shall not exceed (5) five, and must include at least one member specialized in financial and accounting affairs.</li><li>2. At least one member of the Audit Committee must be an Independent Member.</li><li>3. The Chair of the Audit Committee must be an Independent Member.</li><li>4. Half of the members of the Audit Committee must be Independent Members or individuals who are not subject to any of the independence impediments set forth in Article (19) of the Corporate Governance Regulations.</li><li>5. The General Assembly of the Company, upon a proposal from the Board of Directors, shall issue the Rules of Procedures of the Audit Committee, which shall include the Committee's work controls and procedures, its responsibilities, rules for selecting members, nomination procedures, term of membership, remuneration, and the mechanism for temporarily appointing members in the event of a vacancy.</li><li>6. Any person who is currently or has been employed in the Company's Executive Management or Finance Department during the past two years, or by the Company's external auditor, shall not be eligible to serve as a member of the Audit Committee.</li><li>7. A member of the Audit Committee shall not serve on the audit committees of more than (5) five listed joint-stock companies at the same time.</li></ol>
<p><b>First: Committee membership rules and regulations:</b></p>	<p><b>Third: Term and Termination of Membership in the Audit Committee</b></p>





<p><b>Formation of the audit committee</b></p>	<p>Membership in the Audit Committee shall commence from the date of appointment of its members and shall continue until the expiration of the term of the Board of Directors as determined in accordance with the Company's regulations. Membership shall terminate in any of the following cases, including but not limited to:</p> <ol style="list-style-type: none"><li>1. The Committee member's illness or physical disability that prevents them from performing the Committee's duties.</li><li>2. Absence of the Committee member from three consecutive meetings within one year or from five meetings during the Committee's term without an acceptable excuse.</li><li>3. A Committee member may submit their resignation without prejudice to the Company's right to seek compensation if such resignation occurs at an untimely or inappropriate moment.</li><li>4. A Committee member shall not engage in any commercial activity that competes with the Company's business, whether directly or indirectly through other companies, partnerships, or entities.</li><li>5. The Board of Directors shall have the right to remove any member of the Audit Committee in any of the following cases:<ol style="list-style-type: none"><li>a. In the event the Committee member commits any violation of relevant regulations or rules.</li><li>b. In the event the Committee member violates any provisions of this Charter or undertakes actions deemed appropriate by the Company with respect to the member concerned.</li></ol></li></ol>
<p>1. An audit committee shall be formed by a resolution of the Company's Ordinary General Assembly, and the members of the audit committee shall be from the shareholders or others, provided that at least one of its members is an Independent Director and that no Executive Director is among its members. The number of the members of the audit committee shall not be less than three or more than five, provided that one of its member is specialized in finance and accounting.</p>	<p><b>Fourth: Duties of the Audit Committee</b></p>
<p>2. It is not permissible for anyone who works or has worked during the past two years in the executive or</p>	<p>The Audit Committee shall oversee the Company's operations and verify the accuracy and integrity of its financial statements and reports, as well as the</p>





financial management of the company, or with the company's auditor, to be a member of the audit committee.

effectiveness of its internal control systems. The Committee's responsibilities, in particular, include the following:

**A. Financial Reports:**

1. Studying the Company's preliminary and annual financial statements before submission to the Board of Directors, providing technical opinions, and making recommendations to ensure their accuracy, fairness, and transparency.
2. Providing a technical opinion, upon request from the Board of Directors, on whether the Board of Directors' report and the Company's financial statements are fair, balanced, and understandable, and whether they include sufficient information to enable shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
3. Examining any significant or unusual matters contained in the financial reports.
4. Investigating in detail any issues raised by the Company's Chief Financial Officer, their delegate, the Compliance Officer, or the external auditor.
5. Verifying accounting estimates in material matters included in the financial reports.
6. Studying the accounting policies adopted by the Company and providing opinions and recommendations to the Board thereon.

**B. Internal Audit:**

1. Studying and assessing the Company's internal control, financial systems, and risk management frameworks.
2. Studying Internal Audit reports and following up on the implementation of corrective actions in response to noted observations.





3. Following and supervising the performance and activities of the Internal Auditor and the Internal Audit Department to ensure the availability and effectiveness of resources in carrying out their assigned duties.
4. Recommending to the Board the appointment of the Head of the Internal Audit Department and proposing their remuneration.

**C. External Auditors:**

1. Recommending to the Board the nomination, dismissal, and remuneration of external auditors, and evaluating their performance, after verifying their independence and reviewing the scope of their work and the terms of their engagement.
2. Verifying the independence, objectivity, and fairness of the external auditor, as well as the effectiveness of audit work, taking into consideration relevant rules and standards.
3. Reviewing the external auditor's plan and activities, ensuring that no technical, administrative, or advisory work outside the scope of auditing is performed, and providing opinions thereon.
4. Responding to inquiries raised by the external auditor.
5. Studying the external auditor's report and observations on the financial statements and following up on the actions taken in response.

**D. Compliance Guarantee:**

1. Reviewing the results of regulatory reports and verifying that the Company has taken the necessary actions in response thereto.
2. Ensuring the Company's compliance with applicable laws, regulations, policies, and related instructions.





	<ol style="list-style-type: none"><li>Examining proposed contracts and transactions with related parties and providing opinions thereon to the Board of Directors.</li><li>Reporting any matters deemed necessary for action to the Board of Directors and providing recommendations on the measures to be taken.</li></ol>
<p>3. The term of the committee's membership shall be three years, starting with the beginning of the company's Board of Directors' term and ending with the end of the Company's Board of Directors term. The Board may also re-nominate them to the general assembly of shareholders for another period or periods.</p>	<p><b>Fifth: Audit Committee Meetings</b></p>
<p>4. The members of the committee choose from among themselves a chairman of the committee, provided that he is a non-executive or independent member.</p>	<ol style="list-style-type: none"><li>Meeting regularly, the Audit Committee shall convene at least (4) four times during the Company's financial year, and additionally whenever deemed necessary.</li><li>The Audit Committee shall meet periodically with the Company's external auditor and the Internal Audit Department.</li><li>The Internal Auditor and the external auditor shall have the right to request a meeting with the Audit Committee whenever deemed necessary.</li><li>The financial statements shall be circulated at least fifteen (15) days prior to the meeting date, accompanied by the agenda and all necessary supporting documents.</li><li>Minutes of the Audit Committee meetings shall be recorded and signed by the Committee Chair and the Secretary, and maintained in the official records.</li><li>The minutes of the Audit Committee meeting shall clearly record the attendees, the subjects discussed, key deliberations, the voting process including any votes against or abstentions (with reasons, if any), the decisions taken, and any reservations noted. All documents reviewed or referred to during the meeting shall be attached to the minutes.</li></ol>





	<ol style="list-style-type: none"><li>7. Committee members may participate in meetings via modern communication technology, and such participation shall be deemed equivalent to physical attendance in cases where the member is unable to attend in person due to unforeseen circumstances.</li><li>8. The Committee Chair shall determine the schedule of meetings, specifying the date, time, place, and method of the meeting, with notice provided by the Secretary.</li><li>9. The Committee shall publish a summary of the Internal Audit report within the Board of Directors' annual report and make it available to shareholders at least twenty-one (21) days prior to the General Assembly meeting, and it shall be presented during the Assembly.</li><li>10. The Committee shall have the right to invite any person from outside the Committee to attend its meetings without granting them voting rights.</li><li>11. In the event that members are late by more than fifteen (15) minutes, resulting in the failure to achieve the required quorum, the meeting shall be postponed and rescheduled accordingly.</li></ol>
<p>5. In the event that one of the committee's seats becomes vacant during the term of membership, the company's Board of Directors shall have the right to appoint a temporary member in the vacant position, provided that he is one of those who have sufficient experience and that this appointment is presented to the Ordinary General Assembly at its first meeting for approval, and the new member completes the term of his predecessor.</p>	<p><b>Sixth: Other Duties of the Audit Committee</b></p>
<p>6. The committee shall appoint a secretary for it, whether from among its members, whoever it deems appropriate from among the company's management staff, to prepare for the committee's meetings and work, prepare its minutes, document them, and follow up on the implementation of its</p>	<ol style="list-style-type: none"><li>1. Preparing a report detailing the Committee's performance in relation to its responsibilities and duties stipulated under the Companies Law and its implementing regulations, including the Committee's recommendations and opinions regarding the adequacy of the Company's internal control, financial systems, and risk management.</li></ol>





recommendations, directives, and decisions, without having the right to vote.	<ol style="list-style-type: none"><li>2. Evaluating the competence, effectiveness, and objectivity of the work performed by the external auditors, the Internal Audit Department, the Internal Auditor, and the Compliance Department.</li><li>3. Studying the internal control system and assessing the Company's assets and financial solvency.</li><li>4. Considering any amendments to the scope of audit work and the reasons thereof.</li></ol>
<b>Second: Committee meetings, procedures and controls:</b>	<b>Seventh: Audit Committee Agenda</b>
a. The audit committee shall meet periodically, at least four times a year, and whenever the need arises. Minutes of its meetings shall be prepared, which include a summary of its discussions, recommendations, directives, and decisions.	<ol style="list-style-type: none"><li>1. The Audit Committee Secretary shall circulate the proposed agenda for discussion at the Committee meeting, accompanied by all supporting documents and attachments, to all members at least five (5) days prior to the meeting.</li><li>2. Should any Audit Committee member request the inclusion of a topic on the proposed agenda, the member shall submit a written notice to the Committee Chair, accompanied by supporting documents, and provide it to the Committee Secretary with sufficient time to ensure circulation to all members at least five (5) days prior to the meeting.</li><li>3. The Audit Committee members shall discuss the items included in the agenda circulated by the Committee Secretary, as well as any follow-up matters arising from previous topics or any items that do not require prior preparation by the Committee members.</li></ol>
b. The audit committee shall meet periodically with the company's auditor and the company's internal audit department.	<b>Eighth: Powers of the Audit Committee</b>
c. The director of the internal audit and the (external) auditor may request a meeting with the committee whenever the need arises.	In order to perform its duties, the Audit Committee shall have the authority to: <ol style="list-style-type: none"><li>1. Examine the Company's records and documents.</li><li>2. Request any clarification or statement from the Board members, Executive Management, or Company employees.</li></ol>





	<p>3. Request the Board of Directors to convene the Company's General Assembly if the Board obstructs the Committee's work or if the Company suffers material harm or significant losses.</p>
<p>d. The committee may hold extraordinary meetings as necessary. The chairman of the committee or the majority of the members may call for an extraordinary meeting as required. The quorum for the committee meeting shall be complete when the majority of its members are present.</p>	<p><b><u>Ninth: Responsibility of the Audit Committee</u></b></p>
<p>e. The invitation to attend the committee's meetings shall be sent in writing or by using electronic means or modern means of communication by the chairman of the committee or whomever he delegates from among the members of the committee or its secretary before a sufficient period of time from the date of the meeting date.</p>	<p>1. The members of the Audit Committee shall be accountable to the shareholders and the Board of Directors for implementing the provisions of this Charter and for preparing and executing the Audit Committee's work plan as approved by the Board.</p> <p>2. While performing their duties, members of the Audit Committee shall give priority to the Company's interests over any other considerations that may affect their actions or decisions.</p>
<p>f. In the event that the committee chairman is not present, he may delegate one of its members to preside over the specified session.</p>	<p><b><u>Tenth: Committee Report</u></b></p>
<p>g. In the event that the member is unable to attend the committee meeting in person, sufficient effort shall be made to enable the member to attend. In this case, the presence of the member through the use of modern means of communication shall be considered as presence in person.</p>	<p>1. The Audit Committee report shall include details of the Committee's performance regarding its responsibilities and duties, and shall contain its recommendations and opinions on the adequacy of the Company's internal control, financial systems, and risk management, in accordance with the Companies Governance Regulations, the Companies Law, and the Company's Articles of Association.</p> <p>2. The annual Committee report shall be made available at the Company's head office and published on both the Company's website and the Capital Market Authority's website upon issuance of the notice to convene the General Assembly, to enable any shareholders who wish to obtain a copy, at least twenty-one (21) days prior to the General Assembly meeting. The report shall be presented during the General Assembly.</p>
<p>h. In the event that the member cannot attend in person, the member may deputize another member of the committee on his behalf, and a member of the</p>	<p><b><u>Eleventh: Arrangements for Submitting Observations</u></b></p>





committee may not represent more than one member in the same meeting.	
i. Each member of the committee shall have an equal vote, and the committee's decisions shall be issued by the majority of the opinions of the members present and represented at the meeting.	The Audit Committee shall establish a mechanism that allows Company employees to confidentially submit their observations regarding any irregularities in financial reports or other matters. The Committee shall ensure the proper implementation of this mechanism by conducting an independent investigation proportionate to the nature and severity of the irregularity and determining appropriate follow-up actions.
j. The committee's secretary shall prepare a draft of the committee's meeting minutes and send it to the chairman and members of the committee for review and to make any observations via e-mail, where the minutes of the committee's meetings are recorded in writing in a special record signed by the committee's chairman and secretary, and those minutes are kept among the important documents of the company.	<b><u>Twelfth: Conflict of Interest between the Audit Committee and the Board</u></b>
k. No member of the Board of Directors or the executive management who is not a member of the committee has the right to attend its meetings unless the committee requests hearing his opinion or obtaining his advice.	In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board, or if the Board declines to follow the Committee's recommendation regarding the appointment, dismissal, remuneration, or performance evaluation of the Company's external auditor, or the appointment of the Internal Auditor, the Board's report shall include the Committee's recommendation and rationale, along with the reasons for not adopting it.
<b><u>Third: Research, studies and (external) consultants:</u></b>	<b><u>Thirteenth: Audit Committee Decisions</u></b>
The committee may carry out investigations or studies on issues falling within the scope of its responsibilities or delegate someone to do so. It may seek assistance at the company's expense with an independent, specialized third party to carry out such work whenever it deems fit. The committee also has the authority to appoint or dismiss any party that helps it to carry out its responsibilities, as well as the authority to approve the wages of this body and other conditions related to its fees, provided that the company bears these expenses.	Decisions of the Audit Committee shall be adopted by a majority vote. In the event of a tie, the vote of the Audit Committee Chair shall be decisive. The Committee Secretary shall record the views of all meeting participants.
<b><u>Fourth: The main powers of the Audit Committee:</u></b>	<b><u>Fourteenth: Quorum of the Audit Committee</u></b>
1) The committee has the right to form a working group emanating from it for any purpose it deems appropriate and achieving its objectives, and it has the right to grant the work group emanating from it some of its powers and	An Audit Committee meeting shall not be convened unless at least two (2) members are present.





authorities whenever it deems it appropriate, provided that the number of members of any working group shall not be less than two members.	
2) The committee shall investigate any activity that falls under its powers and tasks, or any topic requested by the Board of Directors, the shareholders' assembly, or the company's external auditor.	<b><u>Fifteenth: Confidentiality</u></b>
3) The Committee shall have the right to seek legal and technical advice from any external or advisory body whenever this is necessary to assist the Committee in performing its duties.	All members of the Audit Committee shall maintain the confidentiality of matters related to the Committee's work, even after ceasing to hold their positions.
4) The Audit Committee is responsible for monitoring the company's business and verifying the integrity of its reports, financial statements and internal control systems. In order to perform its duties, it has the following rights:	<b><u>Sixteenth: Evaluation of the Audit Committee's Performance</u></b>
1) The right to review the company's records and documents.	The Board shall annually evaluate the overall performance of the Audit Committee as well as the performance of its individual members. This evaluation shall be recorded and maintained in the records of the Committee Secretary.
2) The right to request for clarification or a statement from the members of the Board, the executive management or the company's employees for the purpose of investigating and inquiring about any information.	<b><u>Seventeenth: Documentation of Audit Committee Meetings</u></b>
3) The right to request the Board of Directors to invite the company's general assembly to convene if its work is obstructed or the company is exposed to damages or losses.	<ol style="list-style-type: none"><li>1. The Committee Secretary shall document all Audit Committee meetings and prepare minutes reflecting the discussions and deliberations, specifying the meeting location, date, start and end times. The minutes shall record the Committee's decisions and voting results, be maintained in a dedicated and organized record, list the names of attending members, and be signed by the Chair, all attending members, and the Committee Secretary.</li><li>2. The Committee Secretary shall document all Audit Committee meetings through written minutes and audio recordings, which shall be preserved in the Company's records.</li></ol>





	<ol style="list-style-type: none"><li>The Committee Secretary shall circulate the meeting minutes via email, including the proceedings and any remarks from Audit Committee members, if applicable, within three (3) days from the date of the meeting.</li><li>Audit Committee members shall sign the minutes and record any reservations they may have, if applicable, and submit them to the Committee Secretary within five (5) days for preservation and subsequent submission to the Board of Directors for discussion and approval.</li><li>If any Audit Committee member is unable to sign the minutes for any reason, they shall submit a written confirmation of their approval, and the minutes shall be signed at the next Audit Committee meeting.</li></ol>
4) The right to interview the external auditors and the company's employees, including the internal auditor, to inquire of them about the audit work and to make any observations within the scope of its work.	<b><u>Eighteenth: Responsibilities of the Audit Committee Secretary</u></b>
<b><u>Fifth: Duties of the Chairman of the Audit Committee</u></b>	<ol style="list-style-type: none"><li>Safeguarding all reports submitted to the Audit Committee.</li><li>Providing Audit Committee members with the agenda, working papers, documents, and related information, as well as any additional documents or information requested by any Committee member relating to the subjects included in the meeting agenda.</li><li>Ensuring that Audit Committee members comply with the procedures approved by the Board.</li><li>Notifying Audit Committee members of Committee meeting dates sufficiently in advance.</li><li>Circulating draft minutes to Audit Committee members for their feedback prior to signing.</li><li>Ensuring that Audit Committee members promptly and fully receive copies of the meeting</li></ol>





	<p>minutes and all related information and documents.</p> <p>7. Coordinating among Audit Committee members.</p> <p>8. Maintaining the disclosure register of Audit Committee members in accordance with Article (89) of the Corporate Governance Regulations issued by the Capital Market Authority.</p> <p>9. Providing assistance and advice to Audit Committee members.</p> <p>10. Preserving all documents discussed during Audit Committee meetings, attached to the respective meeting minutes.</p>
1. Managing the committee's meetings and its work priorities;	<b><u>Nineteenth: Annual Remuneration</u></b>
2. Assigning the committee's work and tasks to members through its meetings;	The Chair and members of the Audit Committee shall be entitled to an annual remuneration in accordance with the remuneration policy for Board members and its committees, as approved by the General Assembly upon the recommendation of the Board and the Executive Management. The Committee Secretary shall be granted a remuneration determined by the Board based on the recommendation of the Audit Committee.
3. Informing members of the committee of important events related to the business sector and cases of business exposure to high risks;	<b><u>Twentieth: Review of the Rules of Procedures of the Audit Committee</u></b>
4. Generally responsible for implementing the decisions taken by the committee;	The Rules of Procedures of the Audit Committee shall be reviewed periodically or whenever necessary. Should any amendments be required, they shall be approved by the Audit Committee and submitted to the General Assembly for voting, based on the recommendation of the Board.
5. Presenting and reading the audit report in the General Assembly or assigning the task to one of the members or the secretary of the committee.	<b><u>Twenty-First: Publication and Enforcement</u></b>
<b><u>Sixth: Duties of the members of the Committee:</u></b>	The Charter shall be amended by a resolution of the Board of Directors and submitted to the General Assembly for approval, unless otherwise provided by applicable laws, regulations, or instructions issued by the competent authorities.
1) Attending committee meetings;	





2) Active participation during meetings and the use of their expertise and competencies for the benefit of work;	
3) Participation in the management and handling of tasks and work-related matters.	
<b>Seventh: Duties and Responsibilities of the Audit Committee:</b>	
1. Supervising and evaluating the adequacy of the tasks, rules and controls included in this regulation from time to time; recommending any proposed changes to the Board of Directors, which studies and recommends them to the General Assembly of shareholders.	
2. Monitoring the company's business and verifying the policies and procedures that guarantee the integrity of the reports and financial statements and the internal control systems therein.	
The duties of the committee shall include in particular the following:	
4.1. Financial reports	
1) Studying the preliminary quarterly and annual financial statements before presenting them to the Board of Directors and expressing an opinion and recommendation in this regard to ensure their integrity, fairness and transparency;	
2) Expressing a technical opinion at the request of the Board of Directors regarding whether the annual report of the Board of Directors and the company's financial statements being fair, balanced and understandable and include information that allows shareholders and investors to assess the company's financial position, performance, business model and strategy;	
3) Studying any important or unfamiliar issues included in the financial reports and accounts;	
4) Researching any issues raised by the financial manager, whoever undertakes his duties, the compliance officer in the company, or the auditor.	
5) Checking accounting estimates on material issues in financial reports;	
6) Studying the accounting policies followed in the company and expressing an opinion and	





recommendation to the Board of Directors in this regard.	
<b>4.2. Internal audit</b>	
1. Studying and reviewing the company's internal and financial control and risk management systems;	
2. Studying internal audit reports and following up the implementation of corrective actions for the observations contained therein;	
3. Monitoring and supervising the performance and activities of the internal audit department in the company to verify the availability of the necessary resources and their effectiveness in performing the work and duties;	
4. Recommending to the Board of Directors the appointment of the Director of Internal Audit and proposing his remuneration or fees;	
5. Ensuring the independence of the internal audit and enable it to perform its work effectively.	
<b>4.3. The company's external auditor</b>	
1) Recommends to the Board of Directors to nominate auditors, determine their fees and evaluates their performance after verifying their independence and reviewing the scope of their work and the terms of their contract;	
2) Verifies the auditor's independence, objectivity and fairness, and the effectiveness of audit work, taking into account the relevant rules and standards;	
3) Reviews the company's auditor's plan and his works, and verifies that he has not submitted technical or administrative works that are outside the scope of the audit work, and expressing his opinions in this regard;	
4) Answers the company's auditor's inquiries;	
5) Studies the auditor's report and his notes on the financial statements and follows up on what was taken in their regard.	
<b>4.4. Compliance Guarantee:</b>	





1) Reviewing the results of the reports of the regulatory authorities and verifying that the company has taken the necessary measures in this regard;	
2) Verifying the company's compliance with the relevant laws, regulations, policies and instructions;	
3) Reviewing the contracts and transactions proposed to be conducted by the company with related parties, and presenting its opinions in this regard to the Board of Directors;	
4) Raising the issues it deems necessary to take action on to the Board of Directors and making recommendations for the actions to be taken.	
<b><u>Eighth: Audit report:</u></b>	
1. The audit committee report must include details of its performance of its functions and duties stipulated in the Companies Law and its implementing regulations, provided that it includes its recommendations and opinion on the adequacy of the company's internal and financial control systems and risk management;	
2. The Board of Directors must deposit sufficient copies of the audit committee report at the company's head office, and it should be published on the company's website and the Saudi Capital Market's website when the invitation to convene the general assembly is published to enable shareholders who wish to obtain a copy of it. The summary of the report shall be read during the general assembly meeting of the company	
<b><u>Ninth: Arrangements for Submission of observations:</u></b>	
The Committee shall review the establishment of a mechanism that allows employees and stakeholders in the company to submit their observations regarding any abuse in the financial or other reports confidentially.	
<b><u>Tenth: Remuneration policy for members of the Audit Committee:</u></b>	
1) An attendance allowance shall be paid for each session in the amount of (3,000) three thousand riyals;	





2) First-class ticket allowance (round trip) for committee members residing outside Riyadh, in addition to housing and transportation expenses;	
3) Accommodation allowance and tickets for all members in case the meeting is held outside the city of Riyadh;	
4) The allowance for attending the committee's meetings is (3000) three thousand riyals for the committee's secretary for one session, and the committee has the right to review the allowances of its secretary from time to time as it deems appropriate;	
5) An annual bonus of 50,000 riyals (fifty thousand riyals) as a lump sum in return for their responsibilities in the committee;	
6) The committee secretary is not entitled to a special remuneration if he is one of the company's employees, advisors, or members of the committee who receives a monthly salary, except for the attendance allowance referred to in (4) above;	
7) The details of the remuneration received by the committee members shall be disclosed within the contents of the annual report of the Board of Directors	
<b><u>Eleventh: Conflict between the Audit Committee and the Board of Directors:</u></b>	
If there is a conflict between the audit committee's recommendations and the decisions of the Board of Directors, or the Board refuses to accept the committee's recommendation regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance, or appointing the internal auditor, the Board's report must include the committee's recommendation and its justifications and the reasons the Board rejected them.	
<b><u>Final Provisions (Review, amend and publish this policy)</u></b>	
The provisions of this policy shall be implemented and adhered to by the Company as of the date of its approval by the shareholders' General Assembly. This policy shall be published on the Company's website to enable	





shareholders, the public and stakeholders to view it. The contents of this regulation shall be amended - when needed - based on a recommendation from the Board of Directors, and any proposed amendments shall be presented to the General Assembly of shareholders at its nearest meeting for approval.



## Regulations, Controls, and Criteria for Participation in Competing Businesses Approved by the General Assembly

### First: Preamble

The National Gypsum Company is committed to achieving the highest standards of transparency in the management of its business activities and day-to-day operations. In furtherance of this commitment, and in order to regulate matters related to engagement in activities that may compete with the Company's business, these Regulations, Controls, and Criteria governing participation in competing businesses have been adopted.

### Second: Objective

These Regulations, Controls, and Criteria governing participation in competing businesses of the National Gypsum Company have been prepared in implementation of the Companies Law promulgated by Royal Decree No. (M/132) dated 1/12/1443 AH (30 June 2022 G) and its Implementing Regulations, as well as the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to the amended Resolution No. (08-05-2013) dated 25/06/1444 AH (18 January 2023 G) and their Implementing Regulations.

In particular, these Regulations are issued in accordance with Paragraph (3) of Article (44) of the Corporate Governance Regulations, which requires the Board of Directors to verify whether a Board member or a member of any of its committees engages in any business that competes with the Company or with any of its lines of activity, in accordance with criteria issued by the General Assembly based on a proposal from the Board of Directors.

The objective of these Regulations is to identify and define the businesses and activities that are considered competitive with the Company or any of its subsidiaries, and to clarify the procedures and controls to be followed in the event that a Board member, a member of any of its committees, or any nominee for Board membership engages in competing activities, in accordance with the provisions of the Implementing Regulations of the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority.



### Third: Scope of Application

These Regulations shall apply in accordance with the provisions set forth in Articles (27) and (71) of the Companies Law, as well as Articles (3), (43), (44), and (45) of the Corporate Governance Regulations issued by the Capital Market Authority.

### Fourth: Definitions

For the purposes of these Regulations, the following terms and expressions shall have the meanings set out below, unless the context otherwise requires:

<b>Companies Law:</b>	The Companies Law promulgated by Royal Decree No. (M/132) dated 1/12/1443 AH (30 June 2022 G).
<b>The Authority:</b>	The Capital Market Authority.
<b>Implementing Regulations:</b>	The Implementing Regulations of the Corporate Governance Regulations applicable to listed joint stock companies.
<b>Corporate Governance Regulations:</b>	The Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-127-2016) dated 16/01/1438 AH (17 October 2016 G), issued pursuant to the Companies Law promulgated by Royal Decree No. (M/3) dated 28/01/1437 AH (10 November 2015 G), as amended by Resolution of the Board of the Authority No. (2-26-2023) dated 05/09/1444 AH (27 March 2023 G).
<b>Articles of Association:</b>	The Articles of Association of the National Gypsum Company.
<b>General Assembly:</b>	The General Assembly convened in the presence of the Company's shareholders in accordance with the Articles of Association.
<b>Board of Directors:</b>	The Board of Directors of the National Gypsum Company.
<b>Chairman:</b>	The Chairman of the Board of Directors of the National Gypsum Company.
<b>Committees:</b>	The committees formed by the Board of Directors of the Company.
<b>Relatives / Degree of Kinship:</b>	<ol style="list-style-type: none"> <li>1. Parents, grandparents, and grandmothers, howsoever ascendant.</li> <li>2. Children and their descendants, howsoever descendant.</li> <li>3. Full siblings, as well as half-siblings (whether by father or mother).</li> <li>4. Spouses.</li> </ol>
<b>Related Parties:</b>	<ol style="list-style-type: none"> <li>1. The Company's affiliates, excluding wholly owned subsidiaries of the Company.</li> <li>2. Major shareholders of the Company.</li> <li>3. Members of the Board of Directors and senior executives of the Company.</li> </ol>






	<p>4. Members of the boards of directors of the Company's affiliates.</p> <p>5. Members of the boards of directors and senior executives of the Company's major shareholders.</p> <p>6. Any relatives of the persons referred to in items (1), (2), (3), or (5) above.</p> <p>7. Any company or other establishment controlled by any of the persons referred to in items (1), (2), (3), (5), or (6) above.</p>
<b>Affiliate:</b>	Any person who controls another person, is controlled by that person, or is jointly controlled with that person by a third party. In all such cases, control may be exercised directly or indirectly.
<b>Stakeholders:</b>	Any party having an interest in the Company, including employees, creditors, customers, suppliers, and the community.
<b>Major Shareholders:</b>	Any person who owns five percent (5%) or more of the Company's shares or voting rights.
<b>Holding Company:</b>	A joint stock company, simplified joint stock company, or limited liability company that establishes other companies or owns shares or equity interests in existing companies, which thereby become its subsidiaries in accordance with the provisions of the Companies Law and its Implementing Regulations.
<b>Controlling Interest:</b>	The ability to influence the actions or decisions of another person, directly or indirectly, individually or jointly with a relative or affiliate, through any of the following means: (a) Ownership of thirty percent (30%) or more of the voting rights in a company; or (b) The right to appoint thirty percent (30%) or more of the members of the management body.
<b>Indirect Interest:</b>	An indirect interest shall mean contracts or transactions conducted for the account of the Company that may result in financial or non-financial benefits.

### **Fifth: Criteria for Competing Businesses**

For the purposes of these Regulations, competing businesses shall include any activity that competes with the Company in any of the lines of business in which the Company operates, including the following:

1. A member of the Board of Directors or a member of any of its committees shall not establish a company or a sole proprietorship, nor acquire a material or controlling shareholding in a joint stock company, nor hold any equity interest in the capital of any company or other



establishment that carries on activities similar to or competing with those of the Company or any of its subsidiaries.

2. A member of the Board of Directors or any of its committees shall not accept membership on the board of directors of any company or sole proprietorship that carries out activities competing with those of the Company or any of its subsidiaries, nor shall such member assume the management of any competing sole proprietorship or competing company, regardless of its legal form, except for the Company's subsidiaries.
3. A member of the Board of Directors or any of its committees shall not be permitted, whether directly or indirectly, to obtain or hold any commercial agency or any arrangement of a similar nature, whether apparent or concealed, for the benefit of any company or establishment that carries out activities competing with the Company or any of its subsidiaries.
4. A member of the Board of Directors or any of its committees shall not provide any technical, administrative, or consultancy services to any competing entity, nor shall such member receive any financial consideration in return for providing advisory or consultancy services to any other company that competes with the Company, where the nature of its business or activities is similar to any of the activities carried out by National Gypsum Company.
5. A member of the Board of Directors or any of its committees shall not use their knowledge or relationships with any of the Company's clients, any other company within its group, its suppliers, or advisors for the benefit of any company or individual acting on behalf of a competitor of the Company.
6. A member of the Board of Directors or any of its committees shall not accept membership in any committee of an entity that competes with the Company.
7. A member of the Board of Directors or any of its committees shall not, directly or indirectly, benefit from any investment opportunities presented to them by virtue of their position on the Board, or of which they became aware in such capacity, whether such opportunities fall within the business activities of the Company or its subsidiaries, or outside such activities but in which the Company intends to participate. This prohibition shall also apply to any Board member who resigns for the purpose of exploiting such investment opportunities, whether directly or indirectly.





8. Any individual intending to nominate themselves for membership on the Board of Directors must disclose to both the Board and the General Assembly any potential conflicts of interest, in accordance with the procedures prescribed by the relevant regulatory authority. Such disclosure shall include any direct or indirect interest in the Company's contracts or business activities for which the individual seeks Board membership, or participation in any activity that may compete with the Company or any of its subsidiaries in any of the business sectors in which the Company operates.

### **Sixth: Duties of Board Members Regarding Non-Competition with the Company**

A conflict of interest between the Company and the Board of Directors refers to any set of actions or decisions undertaken by the Board or any of its members that may result in prioritizing the personal interest of a Board member, or a group of members, over the interests of the Company, or in favoring the interests of certain shareholders at the expense of others. Accordingly, each Board member shall comply with the following obligations:

1. A Board member shall perform their duties with honesty, integrity, and diligence, prioritizing the interests of the Company over personal interests and refraining from exploiting their position for private gain. Any individual intending to nominate themselves for membership on the Board must disclose to both the Board and the General Assembly any activities that may compete with the Company or its subsidiaries in any line of business in which the Company operates.
2. A Board member must avoid conflicts of interest, including direct or perceived conflicts, whenever personal interests, in any form, may interfere or overlap with the interests of the Company or its subsidiaries.
3. A Board member shall not hold any direct or indirect interest in the Company's transactions or contracts, except with the authorization of the Ordinary General Assembly, in accordance with the prescribed procedures.
4. If a Board member fails to disclose their interest referred to in paragraph (3) of this Article, the Company shall have the right to claim appropriate compensation before the competent judicial authority.



5. Liability for any damages resulting from the transactions and contracts referred to in paragraph (3) of this Article shall fall upon the interested Board member as well as the Board members collectively, in the event that such transactions or contracts are conducted in violation of the provisions of that paragraph, are proven to be unfair, or involve a conflict-of-interest causing harm to the Company or its shareholders.
6. Board members who formally register their objection to a decision in the minutes of the meeting shall be exempt from liability. Absence from the meeting in which the decision is made does not constitute a reason for exemption from liability, unless it is established that the absent member was unaware of the decision or was unable to object to it after becoming aware of it.
7. A board member shall safeguard the confidentiality of all information related to the Company and its activities and shall not disclose such information to any third party.
8. Contracts and transactions executed to meet personal needs shall not be considered as direct or indirect interests requiring approval from the Ordinary General Assembly, provided that they are conducted under the same terms and conditions applied by the Company to all other contractors and counterparties, and provided that such contracts and transactions fall within the Company's ordinary course of business.

### **Seventh: Nature of the Company's Competing Activities:**

For the purposes of this Policy, any activity shall be considered competitive with the Company if it relates to the core business activities of the Company or **its operating branches, or if it relates to the core business activities of any of the Company's subsidiaries or affiliated companies.**

### **Eighth: Rules Governing Competition with the Company's Activities:**

1. Any Board Member who competes with the Company or its subsidiaries, or intends to compete with (the Company or its subsidiaries, must obtain prior authorization from the Ordinary General Assembly.)
2. If a Board Member intends to engage in any activity that may compete with the Company or its subsidiaries, the following procedures must be observed:



- a. The Member must notify the Board of the competing activities they intend to undertake, and such notification shall be recorded in the Board minutes. The notification must include a signed letter from the Member detailing all competing activities they intend to engage in, accompanied by the necessary supporting documents.
- b. The Board shall refer the matter to the Nominations and Remuneration Committee to examine the issue, issue a recommendation or decision for the Board, and ensure that no conflict of interest exists that could affect the Company or the Member's duties. The Committee may summon the Member for discussion and seek advice from experts or consultants, whether internal or external to the Company.
- c. If the Committee issues a recommendation confirming that there is no impediment to the Member's participation in the competing activity, the matter shall be submitted to the Board. The Board shall vote on the Member's engagement in competing activities with the Company or its subsidiaries, provided that the Member with the interest shall not participate in the vote at either the Board or the General Assembly level.
- d. If the Board determines that the proposed activities constitute competition with the Company, the matter shall be submitted to the Ordinary General Assembly, and such activities shall be reviewed annually.
- e. The Chairman of the Board shall report to the Ordinary General Assembly, at its convening, on the competing activities undertaken by the Board Member, presented under a separate agenda item for voting.

### **Ninth: Denial of Authorization to Engage in Competing Activities:**

If the General Assembly, or the Board acting pursuant to an authorization from the Ordinary General Assembly, refuses to grant a Board Member the authorization to engage in any activity that competes with the Company or any of its subsidiaries, the Board Member shall submit their resignation within a period determined by the General Assembly, or by the Board if so, authorized by the General Assembly. Failure to submit the resignation within the specified period shall result in the automatic termination of the Board membership, unless the Member decides to cease the competing activity or rectifies their position in accordance with the Companies Law and its Executive Regulations before the expiration of the period set by the General Assembly or the Board, as applicable. **The Company shall have the right to claim compensation from the Member for any material or moral damages incurred as a result of such competing activities.**



**Tenth: Final Provisions:**

1. The Regulations and Guidelines for Participation in Competing Activities shall be effective as of the date of their approval by the General Assembly, and no provision may be amended except with the approval of the Ordinary General Assembly.
2. The Company shall publish the Regulations and Guidelines for Participation in Competing Activities on its website to enable shareholders, the public, and stakeholders to access and review them.
3. The Regulations and Guidelines for Participation in Competing Activities shall repeal and replace any internal procedures, decisions, or regulations of the Company that conflict with them. Any matter not addressed in this Regulation shall be governed by the relevant laws and regulations issued by the competent authorities.
4. The Nomination and Remuneration Committee shall periodically review the Regulations and Guidelines for Participation in Competing Activities, assess their effectiveness in achieving their objectives, and recommend to the Board any necessary amendments or additions.



