



After the amendment

Policies, Criteria, and Procedures of the Membership of the Board

Al-Jouf Cement Company



رؤية
VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

شركة أسمنت الجوف
AL JOUF CEMENT COMPANY



Policies, Criteria, and Procedures of the Membership of the Board
AL Jouf Cement

This Policy has been issued under the resolution of the General Assembly of the Shareholders of the Company held on corresponding to and amended by the virtue of the resolution of the General Assembly on corresponding to

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First: Introduction:

The policies, criteria, and procedures of the membership of the board of directors of the Company were prepared with the aim of alignment with the requirements of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, which stipulated that the board of directors (the board) shall "prepare clear and specified policies, criteria, and procedures for the membership of the board in a way that does not contradict with the mandatory provisions in the Corporate Governance Regulations and to implement them after being approved by the General Assembly.

Second: Formation of the Board of Directors

a. The board of directors of the Company shall be formed of 7 members elected by the General Assembly of the Shareholders for a period not exceeding four years according to the articles of association of the Company and under Article (17) of the Corporate Governance Regulations issued by the Capital Market Authority. The cumulative voting system shall be followed when electing board members in the General Assembly in line with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority and the articles of association of the Company.

b. The majority of board members of the Company must be non-executive members in accordance with Article (16) of the Corporate Governance Regulations issued by the Capital Market Authority, provided that one third of the board members or at least two members, whichever is greater, must be independent members.

c. A legal person - who is entitled, according to the articles of association of the Company, to appoint representatives in the board of directors - may not vote on the election of the other members of the board of directors (when applicable).

Third: Policies and Criteria of Membership of the Board of Directors of the Company

It is required that the board member be professionally competent who possess the necessary experience, knowledge, skill and independence, in order to enable him/her to exercise his/her duties efficiently and skillfully, provided that the General Assembly, when electing the board members, takes into account the recommendations of the Remuneration and Nomination Committee of the Company and the availability of the necessary personal and professional attributes to perform their duties effectively, and the member must, in particular, have the following:



1. The candidate for membership of the board shall not have been previously convicted of a crime involving moral turpitude, and shall not be unfit for membership of the board in accordance with any law or instructions in force in the Kingdom.
2. The board member shall not be a member in more than five joint stock companies listed in the Capital Market at the same time.
3. The board member shall represent all the shareholders and abide by what achieves the interest of the Company in general and not what achieves the interests of the Company he/she represents or that voted on his/her appointment in the board of directors.
4. The number of independent members shall not be less than two, which represents one third of the board members, as the membership of the board of directors of the Company consists of 7 members.
5. The independent member must enjoy complete independence in his/her position and decisions, and none of the independence affecting issues stipulated in Article (19) of the Governance Regulations issued by the Authority shall apply to him/her.
6. The ability to lead: by having leadership skills that qualify him/her to grant powers in a way that leads to encouraging performance, applying best practices in the field of effective management, adhering to values and professional ethics, and the ability to communicate effectively, think and plan strategically.
7. Qualifications, skills, and experiences: by having the academic qualifications, professional skills, suitable character, training, level, and practical experiences related to the current and future activities of the Company, and by having knowledge about management, economy, accounting, law, or governance, in addition to the desire to learn and be trained.
8. The ability to direct: by having the technical, leadership, administrative abilities, quick decision making, understanding the technical requirements related to the work progress and to be able to direct strategically and plan for long-term and have clear future vision.
9. Financial knowledge: to be able to read and understand financial statements and reports.
10. Physical fitness: by not having a medical condition that prevents him/her from exercising his/her duties and specializations.
11. The candidate for membership of the board must be committed to the principles of honesty, trust, loyalty, care and concern for the interests of the Company and shareholders and prioritize them over his/her personal interest, and honesty is that the relationship of the board member with the Company be an honest professional relationship, and he/she shall disclose to the company any influential information before executing any transaction or contract with the Company or one of its subsidiaries, while loyalty is achieved in avoiding dealings that involve conflict of interests while verifying the fairness of dealing and observing the provisions related to conflict of interests contained in the Governance Regulations, as for care and concern, they shall be in performing the duties and responsibilities stipulated in the Companies Law, the Capital Market Law, the articles of association of the Company and other related laws.
12. The candidate must be a natural person whose age shall not be less than (30), whether he/she is applying in his/her personal capacity or as a representative of a legal person.
13. Diversity in the academic qualification and the practical experience must be taken into account and priority in nomination must be given to the required needs from appropriate skilled persons for the membership of the board of directors.
14. The board member must resign before the end of his/her term in the board of directors, in the event that he/she loses his/her eligibility to work as a board member, or his/her inability to carry out his/her work, or his/her inability to devote the necessary time or effort to perform his/her duties in the board, but in the event of a conflict of interests, the member will have the option to obtain a license from the General Assembly, which will be renewed every year, or to submit his/her resignation.
Fourth: Eligibility and Procedures for Candidacy for Membership of the Board of Directors:
1. Every shareholder has the right to nominate himself/herself or another person or more than one person for the membership of the board of directors within the limit of his/her equity in the capital.
2. The Remuneration and Nomination Committee shall coordinate with the executive management the announcement of candidacy for the membership of the board of directors before the end of the board session with (60) days at least, in the light of the requirements of the laws and regulations.
3. The announcement for candidacy shall be published on the website of the Saudi Stock Exchange (Tadawul) as well as on the website of the Company and in any other mean determined by the Authority to invite the persons wishing to apply to the membership of the board of directors and the candidacy shall remain open for one month at least from the announcement date.
4. The Remuneration and Nomination Committee shall make its recommendation to the board of directors about the candidacy for the membership of the board according to the criteria specified in this Policy.
5. Anyone who wishes to nominate himself/herself for the membership of the board of directors of the Company must disclose his/her desire to be nominated by virtue of a notification submitted to the management of the Company in accordance with the period and dates stipulated in this policy and the applicable laws and regulations, and this notification must include an introduction about the candidate in Arabic in terms of his/her CV, qualifications, and his/her practical experiences, in addition to providing the Company with all identification documents such as (national ID card, family card, passport for non-Saudis running for membership of the board and any other related documents required by the Company to fulfill the statutory requirements).



6. The candidate for the board membership must disclose to the board and the General Assembly any cases of conflict of interest that include: <ul style="list-style-type: none"> • A direct or indirect interest in the business and contracts that are made for the benefit of the Company that he/she wishes to run for its board of directors. • His/her participation in a business that would compete with the Company, or its competition in one of the branches of the activity it is engaged in.
7. Candidates for board membership must fill in the form(s) specified by the Capital Market Authority, which can be obtained through the website of the Authority.
8. Attaching a clear copy of the national ID, family record, and contact numbers of the candidate, including at least the mobile number, landline number, fax number, and e-mail address.
9. Delivering the original candidacy application to the Remuneration and Nomination Committee at the Company's headquarters, or by e-mail.
10. The candidate who has previously held membership in the board of directors of a joint stock company must attach a statement of the number and dates of the boards of directors of the companies in which he/she assumed membership.
11. The candidate who has previously held membership in the board of directors of the Company must attach to the candidacy notification a statement from the management of the Company on the last session in which he/she was a board member, including the following information: <ul style="list-style-type: none"> • Number of board meetings held during each year of the session. • Number of meetings attended by the member in person and the percentage of his/her attendance to the total meetings. • Permanent committees in which he/she participated as a member, number of meetings held by each committee during each year of the session, number of meetings attended by him/her, and his/her attendance percentage to the total meetings.
12. The status of membership must be clarified upon nomination, i.e. whether the member is an executive member, a non-executive member, or an independent member.
13. The nature of membership must be clarified, i.e. whether the member is a candidate in his/her personal capacity or is a representative of a legal person.
14. The Remuneration and Nomination Committee shall coordinate with the executive management to finalize the legal requirements and provide the competent regulatory authorities with the required documents.
15. Voting on the election of the board members shall be made through cumulative voting.
16. Voting in the General Assembly shall be limited to those who applied for candidacy by themselves according to the aforementioned policies, criteria, and procedures.
Fifth: Role of the Governance Department at the Company
1. After stopping to receive the nomination applications, the Governance Department shall submit all the data of the candidates to the Remuneration and Nomination Committee within two business days attached to them all legally required documents while indicating the complete applications and the un-complete ones.
2. After completing the procedures and the recommendations of the Remuneration and Nomination Committee, the Governance Department shall send the Form No. (3) to the Capital Market Authority via the automated system to obtain its non-objection to the candidates.
3. In the event that the candidate fulfills the requirements of all the criteria specified in this Policy, the Governance and Compliance Department will deposit the nomination notifications and its attachments at the headquarters of the Company at the disposal of shareholders at least ten days before the date of the meeting of the General Assembly.
Sixth: Board Members getting acquainted with the company's affairs
In line with the requirements of the Corporate Governance Regulations, the new members of the Board of Directors and its committees must acquire appropriate skills and knowledge after their appointment, through a comprehensive program prepared by the company that includes the following: <ol style="list-style-type: none"> a. Holding a meeting with the officials of the Company and the executive management. b. Informing the new members upon their appointment, or upon each new session of the board, about all laws, regulations, policies and charters regulating the work of the board, its work and activities, and its general strategies and any updates thereto. c. Providing the new board members with a document specifying their tasks, responsibilities and contractual obligations that govern their relationship with the company. d. Providing the members with adequate information about the Company, including (its various activities, business sectors, products, administrative organization, main operations and procedures, financial conditions, main risks, key performance indicators, legal and regulatory restrictions, laws and regulations). e. Providing the members with information about the stakeholders and the policies that govern their relationship. f. Participating in introductory and educational programs in order to learn about the latest developments and develop their skills to enable them to participate effectively in the works of the board.
Seventh: Mechanism for electing the Chairman of the Board and the Vice-Chairman



<p>The shareholders of the Company shall elect the board members in the meeting of the General Assembly of the Shareholders according to the law and criteria included in this Policy, then the board shall elect its chairman and vice-chairman from among its non-executive members. The board shall have the right to dismiss them or re-elect them at any time.</p>
<p>Eighth: Expiry of the Board Member Membership and a Position Vacancy:</p>
<p>1. The membership of the board expires with the expiration of its term, which is four years from the date of its election by the General Assembly.</p>
<p>2. The membership of the board member expires in accordance with any law or instructions in force in the Kingdom, or due to death or resignation, or if he/she is convicted of a crime involving moral turpitude. Nevertheless, the Ordinary General Assembly may at any time dismiss all or some of the board members without prejudice to the right of the dismissed member towards the Company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time, and the board member may resign, provided that it is at an appropriate time, otherwise he/she will be liable to the Company for the damages resulting from the resignation.</p>
<p>3. A board member may retire, provided that this is at an appropriate time, otherwise he/she will be liable to the Company for the damages resulting from his/her retirement.</p>
<p>4. The General Assembly may, based on a recommendation from the board, terminate the membership of any member who fails to attend three consecutive meetings or five separate meetings of the board without a legitimate excuse.</p>
<p>5. If the position of one of the board members becomes vacant during the term of membership, the board shall have the right to appoint a temporary member in the vacant position, provided that he/she is one of those who have sufficient experience, and that the appointment shall be presented to the Ordinary General Assembly in its first meeting for approval, and the new member shall complete the term of his/her predecessor, in the light of what was stated in the articles of association of the Company.</p>
<p>6. When the membership of a board member expires by one of the methods of expiration of membership, the Company must immediately notify the Authority and the Saudi Stock Exchange (Tadawul) with a statement of the reasons for that.</p>
<p>7. If a board member resigns and has comments on the performance of the Company, he/she must submit a written statement thereof to the chairman of the board, and this statement must be presented to the board members.</p>
<p>8. If the necessary conditions for holding the meeting of the board of directors are not met due to the number of its members falls below the minimum stipulated in the Companies Law or the articles of association of the Company, the rest of the members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.</p>
<p>Ninth: Final Provisions (Publication, Validity and Amendment):</p>
<p>The provisions of this Policy shall be implemented and adhered to by the Company as of the date of its approval by the General Assembly of the Shareholders. This Policy shall be published on the website of the Company to enable shareholders, the public, and stakeholders to view it. The contents of this Policy shall be amended - as needed - based on a recommendation from the board of directors, provided that any proposed amendment thereto shall be presented to the General Assembly of the Shareholders at its nearest meeting for approval.</p>

Policies of the Remuneration of the Board, its Committees, and the Executive Management Al-Jouf Cement Company



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Eighth: Final Provisions (Reviewing, amending, and publishing this policy):

First: Objective

This Policy aims at determining clear criteria for the remuneration of the members of the board of directors, its committees, and senior executives in light of the requirements of the Companies Law, Governance Regulations, and the Laws and Regulations of the Capital Market Authority. The Policy aims also at attracting individuals who enjoy a degree of competence, ability and talent in order to work in the board of directors, committees and the executive management by adopting motivating remuneration plans and programs linked to performance, which contributes to improving the performance of the Company and achieving the interests of its shareholders.

Second: General Criteria for Remuneration

According to the approved criteria, the remuneration of the board members consist of the following:

1. The remuneration should be commensurate with the activity of the Company and the skills needed to manage it.
2. Remuneration should be provided for the purpose of motivating the board members and executive management to succeed and develop the Company in the long term, such as linking the variable part of the remuneration to long-term performance.
3. The Company must take into account compatibility of remuneration with the strategy and objectives of the Company and with the size, nature and degree of risks it has.
4. The Company must take into account the practices of other companies and what is prevailing at the labor market in determining the remuneration, while avoiding what may result from this in unjustified increase in remuneration and compensation.
5. The remuneration is determined based on the job level, tasks and responsibilities of its incumbent, academic qualifications, practical experiences, skills, and performance level.
6. The remuneration must be fair and commensurate with the competencies of the member and the works and responsibilities carried out and borne by the board members or committees, in addition to the objectives set by the board of directors to be achieved during the fiscal year.
7. Taking into account the sector in which the Company operates, its size and the experience of the board members.
8. The remuneration must be sufficient in reasonable way to attract the board members with adequate competency and experience, motivate, and retain them.
9. The remuneration disbursement shall be stopped or it shall be refunded if it appears that it was decided on the basis of inaccurate information provided by a board member or the executive management, This is to prevent using the employment status to obtain undue remuneration.
10. In the event of developing a program to grant shares in the Company to the board members, the executive management, and its employees, whether they are a new issue or shares purchased by the Company, this will be done under the supervision of the Remuneration and Nomination Committee and in accordance with the articles of association of the Company and the relevant laws and regulations of the Capital Market Authority.
11. A board member may obtain his/her remuneration for his/her membership in any of the committees of the Company or for any additional works or executive, technical, administrative, or advisory positions- under professional license- assigned to him/her by the Company, in addition to the remuneration he/she can obtain in his/her capacity as a member in the board of directors and in the committees formed by the board of directors according to the Governance Regulations and the articles of association.
12. The remuneration shall be disbursed to the board and the committees based on a resolution of the board of directors. The remuneration of the board members may vary in amount so as to reflect the extent of the member's experience, specializations, tasks entrusted to him/her, his/her independence, the number of sessions he/she attends and other considerations, provided that the remuneration shall be fair and motivating and commensurate with the performance of the member and the Company.
12. If it appears to the Audit Committee or the Authority that the remuneration disbursed to any of the board members or the executive management is based on incorrect or misleading information that was presented to the General Assembly or included in the annual report of the board of directors, then it must be refunded to the Company, and the Company has the right to ask him/her to refund it.

Third Remuneration of the Board Members

The articles of association of the Company shows the method of rewarding the board members and such remuneration may be a specific amount, sessions attendance allowance, in-kind benefits, a specific percentage of net profits, other allowances, or granting shares, and the board member may combine two of them or more and the articles of association of the Company may determine the maximum of this remuneration.

2. The report of the board of directors submitted to the Ordinary General Assembly at its annual meeting shall include a comprehensive statement of all that each board member has received or is entitled to receive during the fiscal year in terms of remunerations, attendance allowances, expenses allowances, and other benefits. It shall also include a statement of what the board members have received in their capacity as workers or administrators, or what they have received in exchange for technical, administrative or consulting works. It shall also include a statement of the number of board sessions and the number of sessions attended by each member.

Policies of the Remuneration of the Board, its Committees, and the Executive Management Al Jouv Cement

Fourth: Remuneration of the Committees Members
1. The board of directors shall determine the remunerations of the membership of its committees and other entitlements and benefits based on this Regulation, provided that they are paid based on the approval of the chairman of the board at the end of each year and they may be paid on quarterly basis.
2. The remunerations of the board of directors committees membership consist of annual remuneration (a lump sum), meetings attendance allowances, and other entitlements and benefits as specified in this Policy according to the schedule included therein.
Fifth: Remuneration of the Executive Management
The remunerations of the executive management shall include the following:
1. Basic salary (paid at the end of each Gregorian month on monthly basis) and allowances, including but not limited to, housing allowance, transportation allowance, education allowance for children, medical insurance benefits for him/her and his/her family, insurance policy (including work injuries, partial and total disability, and death during work).
2. Annual remuneration associated with the performance indicators according to the annual evaluation conducted in this regard. The chairman of the board shall determine and disburse the remuneration to the executive management and the annual incentive to employees, if any.
3. Short-term incentive plans associated with exceptional performance, and long-term incentive plans such as stock option programs (when applicable).
4. Other benefits, including but not limited to, annual leave, annual tickets, end of service gratuity according to the Labor Law and Human Resource Policy approved by the Company.
5. The Remuneration and Nomination Committee shall make recommendation to the board of directors based on a proposal by the CEO regarding the programs for retaining employees and continuing their employment with the Company through the ownership of houses and allocating shares to them in the Company.
Sixths: Additional Specifiers for Remunerations and Disbursement Method
1. The board members may not vote on the item of remuneration for the board members at the meeting of the General Assembly of Shareholders.
2. The Company shall disclose the remunerations of board members, committees, and senior executives in the annual report of the board of directors in accordance with the controls and directives issued under the Companies Law and the Capital Market Authority's laws and their implementing regulations.
3. The member shall be entitled to obtain the remuneration as of the date of joining the board or the committee or according to the term of his/her membership.
4. Procedures for disbursing remunerations to board members and committees shall be prepared by the secretary of the board, provided that the disbursement order is approved by the CEO.
5. The remunerations of the board and committees, board meetings attendance allowance, and committee meetings attendance allowance may be disbursed in payments at the end of each Gregorian quarter.
Seventh: Remuneration Details Statement of Board of Directors Members and its Committees

Schedule of Remunerations and Benefits of the Members of the Board of Directors and its Committees											
Statement	Remuneration type										
The board member and the secretary of the board shall be paid an attendance allowance of SAR (3000) for each session of the board.	Board sessions attendance allowance										
The committee member and the secretary of the committee shall be paid an attendance allowance of SAR (3000) for each session of the committee.	Committees of the board sessions attendance allowance										
An annual remuneration shall be paid to the board members	Annual remuneration for the board members										
<table border="1"> <thead> <tr> <th>SN</th> <th>Position</th> <th>Remuneration</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Chairman of the board</td> <td>400,000</td> </tr> <tr> <td>2</td> <td>Board members</td> <td>300,000</td> </tr> </tbody> </table>	SN	Position	Remuneration	1	Chairman of the board	400,000	2	Board members	300,000		
SN	Position	Remuneration									
1	Chairman of the board	400,000									
2	Board members	300,000									
Its disbursement is linked to the number of sessions attended by the board member from the total number of sessions held by the board of directors during the relevant fiscal year. The annual remuneration is divided among the representatives in the event of a new board member being appointed, according to the date of appointment. The annual remunerations for board membership may be disbursed quarterly and based on a resolution by the chairman of the board.											
A remuneration is disbursed for each member of the committees formed by the board. Annual remunerations for the board committees are disbursed on a quarterly basis and based on a resolution by the chairman of the board.	Annual remuneration for membership of committees of the board of directors										
Audit Committee											

Schedule of Remunerations and Benefits of the Members of the Board of Directors and its Committees			Remuneration type
Statement			
SN.	Position	Remuneration	(from within or outside the board)
1	Head of committee	300,000	
2	Committee members	200,000	
Other committees			
SN.	Position	Remuneration	
1	Head of committee	200,000	
2	Committee members	150,000	
<p>A member of the board of directors/committee, the secretary, or his/her representative shall be paid a transportation allowance equivalent to the value of a business class ticket if his/her residence is outside the city in which the meeting is held.</p> <p>A member of the board of directors / committee, and the secretary or his/her representative shall be paid a daily allowance to include housing, transportation and other petty cash in the amount of SAR 2000, as a lump sum to be paid when attending from outside the city of the meeting, work assignments or training and development courses inside the Kingdom.</p> <p>A member of the board of directors / committee, and the secretary or his/her representative shall be paid a daily allowance to include housing, transportation and other petty cash in an amount of SAR 4,000, or according to the actual costs not exceeding an amount of SAR 4,000, if the meeting, work assignment, or training and development courses are outside Kingdom, and one day is added to travel within the Kingdom, and two days outside the Kingdom.</p>			<p>A housing allowance, transportation, and petty cash to attend meetings and work assignments if the member's location is outside the city of the meeting or work assignment.</p>
<p>A member of the board of directors/committee shall be paid an attendance allowance in the amount of SAR 2,000 for each session he/she attends of the board/committee sessions in the event that he/she is requested to attend a discussion of a topic, or to attend a discussion that requires his/her participation, for any meeting of the board/committee or the Company within his/her competence.</p>			<p>Participation/attendance of a member of the board of directors/ its committee in the event that he/she is requested to attend discussion of a topic, or to attend a discussion that requires his/her participation or a meeting of the Company or the board/committee within his/her competence to discuss a topic, or attend a panel discussion.</p>
<p>The chairman of the board or a board member or a member of the committee shall be paid in return for carrying out additional technical, administrative or advisory works that he/she performs for the Company or the board/committee. The value of this allowance is determined based on a resolution issued by the board of directors. This allowance may be an amount paid monthly, quarterly or annually.</p>			<p>Carrying out technical, administrative, or advisory works for the Company, the board/ committee upon the request and approval of the board.</p>
<p>The Company provides medical services to a board member, his/her family and his/her parents "optionally for the member" in accordance with the insurance system of the Company.</p>			<p>Medical services for the board members</p>
<p>An annual remuneration in the amount of SAR 60,000 is paid to the secretary of the board, and an annual remuneration of in the amount of SAR 40,000 is paid to the secretary of each committee and the remuneration is paid by a resolution of the chairman of the board, and it may be paid quarterly or annually.</p>			<p>Remuneration of the secretary of the board and the secretary of the committee</p>

Eighth: Final Provisions (Reviewing, amending, and publishing this policy):

The provisions of this Policy are implemented and adhered to by the Company as of the date of its approval by the General Assembly of Shareholders. This policy is published on the website of the Company to enable shareholders, the public and stakeholders to view it. This Policy is reviewed periodically - when needed - by the Remuneration and Nomination Committee, and any amendments proposed by the Committee shall be submitted to the board of

directors, which studies and reviews the proposed amendments and makes recommendation about them to the General Assembly of Shareholders for approval.