



**Before the amendment**

**Al Jouf Cement Company**

**Saudi Joint Stock Company**

**AUDIT COMMITTEE'S WORK REGULATIONS IN AL JOUF  
CEMENT COMPANY**

**(a Saudi joint stock company)**

## **Audit Committee's Work Regulations**

### **Introduction:**

In view of the Board of Directors' keenness that all departments of the company carry out their tasks and responsibilities to achieve what is beneficial to the company and its shareholders, and based on the Board of Directors' proposal, the General Assembly of the company has issued a working regulation for the Audit Committee to clarify the rules and standards applicable to the work of the Committee and the requirements for membership in accordance with the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority.

### **Article No. (1) – Formation of the Audit Committee and remuneration of its members:**

- 1– By a resolution from the ordinary general assembly of the company, an audit committee shall be formed and consisting from 3 to 5 members who are not executive members of the Board of Directors, whether shareholders or others, provided that at least one of them is an independent member, and that one of them is a specialist in financial and accounting affairs. The resolution shall specify the Committee's tasks, work regulations, and the remunerations of its members.
- 2– The General Assembly shall appoint the members of the Audit Committee based on the Board of Directors' recommendation, according to the following selection criteria:

- The candidate shall have a record of experience related to the tasks of the audit committee.
  - The candidate shall have a good knowledge of the company's activities, business and the risks it faces.
  - The candidate shall have a university degree and be knowledgeable in financial and accounting matters and the nature of the company's business. Among the candidates, there should be a specialist in financial and accounting affairs, such as holders of a university degree or professional accounting fellowship.
  - The candidate shall not be an employee (or have worked as an employee during the past two years) of the company or an auditor of the company's accounts.
  - The candidate shall not have a conviction for committing a dishonorable or dishonest act or violating regulations and laws in the Kingdom of Saudi Arabia or any other country.
  - The selection of the candidate for membership in the Committee shall not violate the applicable laws, regulations, and instructions.
- 3– The members of the Audit Committee shall be selected through nomination by the Nomination Committee, which submits its recommendation to the Board of Directors based on the selection criteria established according to the Company's bylaws.
- 4– The Committee selects a Chairman and Secretary of the Committee from among its members or others. The Board of Directors determines the Chairman and

Secretary of the Committee from among its members or others at the first meeting of the Committee.

5- The Chairman of the Committee shall be an independent member.

6- Board Chairman shall not be a member in the Audit Committee.

7- Based on the recommendation of the Audit Committee and the approval of the Board of Directors, temporary members are appointed to the Committee in case of a vacancy in one of the Committee seats. This appointment shall be presented to the nearest General Assembly of shareholders for approval, and the new member shall complete the remaining term of his predecessor.

8- It is not permissible for anyone who is currently or was previously employed in the executive or financial management of the company or as an auditor of the company's accounts during the past two years to be a member of the Audit Committee.

9- The members of the Audit Committee shall receive an annual remunerations and attendance allowance as stipulated in the policies, controls, standards, and procedures governing the compensation of members of the Board of Directors and committees emanating from the Board of Directors as well as the Executive Management approved by the General Assembly of the company.

**Article No. (2) – Membership and its duration:**

1- The membership term shall be three years maximum, starting from the date of the General Assembly's resolution to form the Committee and ending by the end of the Board's term.

- 2- The members of the Committee may be re-elected, and the General Assembly has the power to remove all members of the Committee or any of them at any time without prejudice to the right of the removed member to compensation. If the removal is for an unjustifiable reason or at an inappropriate time, the member shall have the right to challenge the decision and claim compensation.
- 3- The Committee member has the right to request being relieved of his membership in the Committee, provided that this is done at the appropriate time and that his request is approved by the Board of Directors.
- 4- If a position of one of the members of the Committee becomes vacant, the Board of Directors may appoint a temporary member to fill the vacant position, provided that the member has the necessary experience and competence. The Company shall notify the relevant authorities within five business days of such appointment, and the appointment shall be presented to the nearest General Assembly of shareholders for approval. The new member completes the remaining term of his predecessor.
- 5- The termination of the membership of any member of the Audit Committee shall not invalidate any previous action taken by the Audit Committee, except to the extent required by law or deemed appropriate to meet any regulatory standards.

**Article No. (3) – Audit Committee Terms of Reference and Responsibilities:**

The Audit Committee monitors the Company's business and verifies the integrity of reports, financial statements and internal control regulations. The Committee's duties include:

- 1– Studying the preliminary and annual financial statements of the company before presenting them to the Board of Directors, expressing an opinion on them, and recommending on them to ensure their integrity, fairness, and transparency.
- 2– Providing a technical opinion upon the request of the Board of Directors on whether the report of the Board of Directors and the financial statements of the company is fair, balanced and understandable and includes information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
- 3– Examining any important or unfamiliar issues included in the financial reports.
- 4– Carefully researching any issues raised by the company's financial manager, whoever assumes his duties, the company's compliance officer, or the auditor.
- 5– Verifying the accounting estimates in the fundamental issues mentioned in the financial reports.
- 6– Studying the accounting policies and principles followed in the company and its subsidiary companies according to the nature of its work, and express opinion and recommendation to the Board of Directors regarding it.
- 7– Overseeing and supervising the performance and activities of the internal auditor and the internal audit management in the company, to verify the availability and effectiveness of the necessary resources in carrying out their duties and responsibilities.
- 8– Studying the internal audit reports and monitoring the implementation of corrective actions for the observations included therein.

- 9- Studying and reviewing the internal and financial control systems and risk management in the company.
- 10- Making Recommendation to the Board of Directors regarding the appointment of the director of the internal audit unit or the internal auditor, and proposing their remuneration.
- 11- Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees, and evaluate their performance, after ensuring their independence and reviewing the scope of their work and the terms of their contract.
- 12- Verifying the auditor's independence, objectivity and fairness, and the extent of their audit work effectiveness, taking into consideration the relevant rules and standards.
- 13- Reviewing the company's auditor's plan and work, and verifying that he does not perform technical or administrative work that goes outside the scope of review work, and expressing its views on the same.
- 14- Answering the Inquiries of the company's auditor.
- 15- Studying the auditor's report and his observations on the financial statements and following up on what was taken in their regard.
- 16- Reviewing the results of regulatory authorities reports and verifying that the company has take the necessary actions in this regard.
- 17- Checking the company's compliance with relevant laws, regulations, policies and instructions.



- 18- Reviewing the contracts and transactions proposed to be conducted by the company with the relevant parties, and submitting its views on the same to the Board of Directors.
- 19- Supervising the development of a clear risk management strategy that is appropriate for the nature and size of the company's activities before it is approved by the Board of Directors, and the verification, review, and update of the strategy based on internal and external variables of the company.
- 20- Raising the issues it deems necessary to take action in its regard to the Board of Directors, and expressing its recommendations for the procedures to be taken.
- 21- The committee should set up a mechanism that allows the company's employees to submit their observations in secrecy regarding any infringement of financial or other reports. The committee should verify the application of this mechanism by conducting an independent investigation commensurate with the size of the error or abuse and adopting appropriate follow-up procedures.

**Article No. (4) – Powers of the Audit Committee:**

The Audit Committee, in order to perform its tasks, shall:

- 1- have access to the company's records and documents.
- 2- request any clarification or statement from the members of the Board of Directors or the Executive Management.

3– request the Board of Directors to call the General Assembly of the company to convene if the Board of Directors obstructs its work or the company is exposed to serious damage or loss.

**Article No. (5) – Quorum of the Committee’s meetings and decisions:**

1– The meeting shall not be valid unless the majority of the members are present in person or by proxy according to a letter of authorization, and a member cannot represent more than one member. The Committee shall approve its meeting schedule before the start of each year, with the final agreement reached during each meeting for the date of the next meeting. In any case, the Committee shall hold at least four meetings per fiscal year, or at the request of the Committee Chairman, two members of the Committee, the Chairman of the Board of Directors, or two members of the Board, provided that the invitation to attend the meeting is sent at least one week before the meeting date, along with the relevant agenda and documents.

2– The decisions and recommendations of the Committee shall be issued by a majority of the votes of its present and represented members, and in the event of a tie, the side with the Chairman's vote prevails.

3– Any member may object to any decision taken by the Committee, provided that they state the main reasons for their objection. If any member leaves the Committee meeting before its conclusion, his objection – if any – shall be limited to the decisions related to the items discussed during his attendance. The minutes

shall indicate the items that were discussed during his absence, if so required by him in writing.

- 4- The Committee may also invite any members of the Board, members of the executive management, any specialist, and other individuals from inside or outside the company to attend the meeting to participate in the discussion of any matter within the Committee's terms of reference, without the right to vote on any of the Committee's relevant decisions.
- 5- The committee shall meet periodically with the external auditor and the internal auditor.
- 6- The internal auditor and the external auditor may request a meeting with the Committee whenever necessary.

**Article No. (6) – Duties of the Committee Chairman:**

- 1- To invite the committee to convene and specify the time, date and place of each of the committee's meetings and agenda.
- 2- To preside over the committee meetings.
- 3- To Prepare periodic reports on the activities of the committee and present the same to the committee in preparation for submitting the same to the board of directors.
- 4- To present the committee's reports to the board of directors, accompanied by recommendations, if any, for approval at the first regular meeting following the Committee meeting as per the board of directors request or according to what the committee chairman deems appropriate.

- 5– To represent the committee before the board of directors and any other party that requires that.
- 6– To submit the results of the committee's work and its recommendations to the Board of Directors.

**Article No. (7) – Duties of the Committee Secretary:**

- 1– Informing the committee members of the meeting dates and agenda
- 2– Recording minutes of the meetings, including the date and place of the meeting, the names of attendees, agenda, summary of discussions, the text of recommendations, and the decisions reached by the Committee, and approving them by the Committee Chairman.
- 3– Drafting and publishing financial reports, “financial statements & financial results,” annually and quarterly, as determined by the Committee and in accordance with relevant regulations, decisions, and instructions.
- 4– Providing the Chairman of the Board of Directors, after each meeting, with a copy of the minutes of the committee meeting after it has been approved by the committee members. .
- 5– Keeping minutes of meetings in a safe and orderly place.
- 6– Carrying out any other tasks assigned by the committee to the committee's Rapporteur.

**Article No. (8) – General Provisions and Rules:**

- 1- Committee members shall regularly attend committee sessions and actively participate in its work. If a member is unable to attend a meeting, he shall inform the Committee Chairman in writing of the reasons for his absence. The member may not completely leave the session except with the permission of the committee chairman.
- 2- Committee members shall maintain the confidentiality of the company's secrets, and no member of the Committee may disclose any information he has learned about such secrets. Otherwise, the Board may remove him from the Committee and hold him liable for any damages that may result from such disclosure.
- 3- No member of the Committee may engage in any executive work in the company or any of its subsidiaries.
- 4- Each Committee member shall exercise due diligence in carrying out their assigned duties and keep up-to-date with modern developments related to the company's businesses.
- 5- Committee members shall demonstrate integrity, honesty, objectivity, independence, fairness, and free themselves from personal interests, and commit to confidentiality. These matters should be taken into account when appointing a Committee member or while the member is carrying out his duties.
- 6- Committee members are not allowed to participate in any competitive business or activities for the company or its subsidiaries that compromise their integrity and honesty.

**Article No. (9) – Publication and Implementation:**

The Audit Committee's working regulations shall be reviewed as needed, and any changes approved by the Board of Directors shall be approved by the General Assembly based on a recommendation from the Board of Directors, and shall be implemented from the date of approval by the General Assembly of the company.

**Al Jouf Cement Company**

**Saudi Joint Stock Company**

**Work Regulations of Remunerations and Nomination Committee**

**Al Jouf Cement Company**

**(a Saudi joint stock company)**

## **Regulations of Remunerations and Nomination Committee**

### **Introduction:**

This regulation aims to clarify the rules and standards adopted in the Committee's work, define the procedures and conditions required for membership in the Committee, and determine how the Committee meetings are held and the duties of its members.

### **Article No. (1) – Formation of the Remuneration and Nomination Committee, its term of office, conditions for membership, and remuneration of its members:**

- 1) The Board of Directors shall form Remuneration and Nomination Committee consisting of three to five members, all of whom are non-executive Board members. At least one member shall be an independent member. The Committee's term shall end upon the end of the Board's term, and it may be reformed for a new term or terms.
- 2) The Board of Directors may remove and replace a member of the Remuneration and Nominations Committee for any reasons the Board deems appropriate. A Committee member may resign provided it is at an appropriate time accepted by the Board of Directors.
- 3) If the position of a member of the Nominations and Remuneration Committee becomes vacant during a member's term, the Board shall appoint another member to fill the vacant position, and the new member shall complete the remaining term of their predecessor.



- 4) The membership of the committee ends with the expiration of the member's term on the Board of Directors or the Committee unless renewed, or in the event of the member's death.
- 5) Based on a proposal from the Board of Directors, the General Assembly issues these regulations, which include controls and procedures for the work of this committee. And its tasks, and the rules for selecting its members, and the term of their membership, and their remunerations.
- 6) The Committee members shall, from among themselves, elect an independent member of the Board of Directors as chairman. In the event of his absence, another Committee member, selected by the present members, may preside over meetings.
- 7) The committee's remuneration consists of financial amounts that are determined by the company's board of directors.

**Article No. (2) – Committee Terms of Reference:**

- 1) Preparing a clear policy for remuneration of members of the Board of Directors and the committees emanating from the Board of Directors and the Executive Management, and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy the following standards related to performance, disclosure of them, and verification of their implementation.
- 2) Clarifying the relationship between the bonuses granted and the applicable remuneration policy, and indicate any material deviation from this policy.

- 3) Periodic review of the remuneration policy, and evaluation of its effectiveness in achieving the objectives sought from it.
- 4) Recommending to the Board of Directors the remuneration of members of the Board of Directors, the committees emanating from it, and the senior executive officers of the company, in accordance with the approved policy.
- 5) Proposing clear policies and standards for membership in the Board of Directors and executive management.
- 6) Recommending to the Board of Directors the remuneration of members of the Board of Directors, the committees emanating from it, and the senior executive officers of the company, in accordance with the approved policy
- 7) Preparing a description of the capabilities and qualifications required to be a member of the Board of Directors and occupy executive management positions.
- 8) Determine the time that the member should allocate to the work of the Board of Directors.
- 9) Annual review of the necessary requirements for the skills or appropriate expertise needed for membership in the Board of Directors and executive management positions.
- 10) Reviewing the structure of the Board of Directors and the executive management and making recommendations regarding changes that can be made.
- 11) Verifying annually the independence of the independent members, and the absence of any conflict of interest if the member holds a position on the board of directors of another company.

- 12) Establishing job descriptions for executive members, non-executive members, independent members and senior executive officers.
- 13) Developing special procedures in the event of a vacancy in the position of a member of the Board of Directors or a senior executive.
- 14) Identifying the strengths and weaknesses of the Board of Directors and proposing solutions to address them in line with the company's best interests.

**Article No. (3) – Committee meetings and decisions**

- 1) No member of the Board of Directors or executive management, except for the Committee Secretary and Committee members, may attend its meetings unless the Committee requests their attendance to hear their opinions or obtain their advice.
- 2) For the validity of Committee meetings, the attendance of the majority of its members is required, and its decisions are issued by a majority of the present members. In case of a tie, the side favored by the Chairman's vote shall prevail.
- 3) The Committee meetings shall be documented in minutes that record its discussions, deliberations, recommendations of the committees, and voting results. Such meeting minutes shall be documented and kept in a special and organized record. The minutes shall also include the names of the attending members, any reservations expressed, and be signed by all present members.
- 4) The committee approves the schedule for its meetings before the beginning of each year, with the final agreement to be reached during each meeting on the date of the next meeting.

- 5) The committee shall meet periodically, at least every six months, and whenever the need arises.
- 6) The invitation to attend the meeting shall be sent at least one week prior to its date, along with the agenda and documents.
- 7) Any member may object to any decision taken by the Committee, provided that they state the main reasons for their objection. If any member leaves the Committee meeting before its conclusion, his objection – if any – shall be limited to the decisions related to the items discussed during his attendance. The minutes shall indicate the items that were discussed during his absence, if so required by him in writing.

**Article No. (4) – Duties of the Committee Chairman:**

- 1) To invite the members of the committee to a meeting and specify the time, date and place of each meeting of the committee and its agenda.
- 2) To preside over the committee meetings.
- 3) To Prepare periodic reports on the activities of the committee and present the same to the committee in preparation for submitting the same to the board of directors.
- 4) To present the committee's reports to the board of directors, accompanied by recommendations, if any, for approval at the first regular meeting following the Committee meeting as per the board of directors request or according to what the committee chairman deems necessary.

- 5) To represent the committee before the board of directors and any other party that requires that.
- 6) To submit the results of the committee's work and its recommendations to the Board of Directors.

**Article No. (5) – Duties of the Committee's Rapporteur:**

- 1) Informing the committee members of the dates of the meetings and providing them with the agenda of the meeting.
- 2) Recording minutes of the meetings, including the date and place of the meeting, the names of attendees and absentees, a summary of discussions, the text of recommendations, and the decisions reached by the Committee, and approving them by the Committee Chairman.
- 3) Providing the Chairman of the Board of Directors, after each meeting, with a copy of the minutes of the committee meeting after it has been approved by the committee members. .
- 4) Keeping minutes of meetings in a safe and orderly place.
- 5) Carrying out any other tasks assigned by the committee to the committee's Rapporteur.

**Article No. (6) – General Provisions and Rules:**

- 1) Committee members shall regularly attend committee sessions and actively participate in its work. If a member is unable to attend a meeting, he shall inform the Committee Chairman in writing of the reasons for his absence. The member

may not completely leave the session except with the permission of the committee chairman.

- 2) Committee members shall maintain the confidentiality of the company's secrets, and no member of the Committee may disclose any information he has learned about such secrets. Otherwise, the Board may remove him from the Committee and hold him liable for any damages that may result from such disclosure.
- 3) No member of the Committee may engage in any executive work in the company or any of its subsidiaries except under an independent contract with the company or under direct instruction from the company.
- 4) Each Committee member shall exercise due diligence in carrying out their assigned duties and keep up-to-date with modern developments related to the company's businesses.
- 5) Committee members shall demonstrate integrity, honesty, objectivity, independence, fairness, and free themselves from personal interests, and commit to confidentiality. These matters should be taken into account when appointing a Committee member or while the member is carrying out his duties.
- 6) Without prejudice to the provisions of the Companies Law and the Capital Market Regulations and their implementing regulations, the Committee shall take into account the requirements of Article (62) of the Corporate Governance Regulations issued by CMA Board pursuant to Resolution No. (8-16-2017) dated 16/05/1438 AH corresponding to 13/2/2017 AD when preparing the remuneration policy.

**Al Jouf Cement Company**

**Saudi Joint Stock Company**

**Policies, standards and procedures for membership in the  
Board of Directors**

**For Al Jouf Cement Company**

**(a Saudi joint stock company)**

## **Policies, standards and procedures for membership in the Board of Directors**

### **Introduction:**

These policies aim to establish clear and specific standards and procedures for membership in the Board of Directors of "Al Jouf Cement Company" (the Company), in accordance with paragraph (3) of Article 22 of the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the CMA Board under Decision No. 8-16-2017 dated 13/2/2017G corresponding to 16/5/1438H.

### **First: Board of Directors Composition:**

Composition of the Board of Directors shall observe the following:

- 1- The number of its members shall be proportional to the size and nature of the company's activities, without violating the provisions of the company's Articles of Association.
- 2- The majority of the members shall be non-executive members.
- 3- The number of its independent members shall not be less than two members or one-third of the members of the Board, whichever is greater.

### **Second: Appointment of Board members:**

- 1- The company's articles of association shall determine the number of board members, provided that they are not less than three and not more than eleven.



- 2- The General Assembly shall elect the members of the board of directors for a period of three years, and they may be re-elected unless otherwise stipulated by the company's articles of association.
- 3- The board member is required not to hold membership in more than five listed joint-stock companies at the same time.
- 4- The company's management is required to notify the Capital Market Authority of the names of the board members and their positions within five business days from the start of the board's term or from the date of their appointment, whichever is closer. Any changes to their membership shall also be reported within five business days from the date of the change.

**Third: Conditions of membership in the Board of Directors:**

- 1- **Ability to lead:** This is achieved by appointing a candidate with strong leadership skills and qualifications, capable of delegating authority in a way that motivates performance and implements best practices in effective management while adhering to professional values and ethics.
- 2- **Efficiency:** By having the appropriate academic qualifications, professional skills, and personal qualities, as well as the level of training and relevant academic experience in the current and future activities of the company, management, economics, accounting, law, governance, or finance, in addition to the willingness to learn and train.
- 3- **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.

4– **Financial Knowledge:** To be able to read and understand financial statements and reports.

5– **Healthy Fitness:** By not having a medical condition that prevents him/her from exercising his/her duties and specializations.

The General Assembly is required to consider the recommendations of the Nomination and Remuneration Committee and the availability of the necessary personal and professional qualifications for effective performance of board members when electing them, in accordance with the provisions of this Article.

**Fourth: Procedures for membership in the company's board of directors:**

1– The Nomination and Remuneration Committee is responsible for coordinating with the executive management of the company to announce the opening of nominations for membership on the board of directors in accordance with the Companies Law and the Corporate Governance Regulations.

2– The Nomination and Remuneration Committee provides its recommendation to the Board of Directors regarding the nomination for membership on the board in accordance with the policies and standards mentioned above.

3– Whoever wishes to nominate himself for the membership of the Board of Directors of the company shall announce his intention by notification to the

management of the company in accordance with the periods and dates stipulated in the laws, regulations, instructions and decisions in force, and This notification shall be accompanied by an introduction to the candidate in terms of his CV, qualifications and practical experience.

- 4- The candidate who has previously held membership in the board of directors of a joint stock company shall attach a statement of the number and dates of the boards of directors of the companies in which he/she assumed membership.
- 5- 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:
  - A. Number of board meetings held during each year of the session.
  - B.
  - C. Number of meetings attended by the member in person and the percentage of his/her attendance to the total meetings.
  - D. 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.

- E. 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.
  - F. 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.
- 6– The Nomination and Remuneration Committee coordinates with the executive management of the company to provide the Capital Market Authority with the resumes of candidates for membership on the board of directors of the listed joint-stock company according to the candidate's resume template for board membership in the Saudi Arabian financial market.
- 7– Remuneration and Nominations Committee shall implement any observations received from the competent authorities about any candidate.
- 8– 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: Candidate disclosure of the conflict of interests:**

Whoever wishes to nominate himself for membership of the Board of Directors shall disclose to the Board and the General Assembly any cases of conflict of interest in accordance with the procedures determined by CMA, including:

- 1- Having a direct or indirect interest in the business and contracts carried out on behalf of the company.
- 2- Participating in a business that would compete with the company, or compete with it in one of the branches of the activity it is engaged in.

**Sixth: Date of Implementation:**

These policies shall be enforced from the date of approval by the General Assembly

**Al Jouf Cement Company**

**Saudi Joint Stock Company**

**Policies, controls, standards, and procedures for compensating members of the Board of Directors, committees established by the Board of Directors, and the executive management.**

**Policies, standards, controls, and procedures for compensations and remunerations of members of the Board of Directors, committees established thereby, and the executive management.**

**Introduction:**

These policies aim to set clear standards, controls and procedures for compensation and remuneration of members of the Board of Directors and members of the committees emanating from the Board of Directors, in implementation of the provisions of Paragraph (1) of Article Sixty-one of the Company Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of Directors of the Capital Market Authority.

**First: Board members remuneration:**

The remuneration of the members of the Board of Directors is the amounts, allowances, profits and so on, periodic or annual Remunerations associated with short or long-term performance and incentive schemes, and any other benefits in kind except for reasonable actual expenses and expenses incurred by the company for the member of the Board of Directors.

Such remuneration may be a specific amount or attendance allowance for meetings, in-kind benefits, or a certain percentage of net profits. It is permissible to combine two or more of these benefits, within the limits stipulated by the Companies Law, the Corporate Governance Regulations, and the company's Articles of Association.

**Second: Standards, controls and procedures for remuneration of members of the Board of Directors and Board Committees:**

- 1– The Board of Directors determines the remuneration of its members based on the recommendation of Nominations and Remunerations Committee within the statutory limits stipulated in the Corporate Governance Regulations issued by the Capital Market Authority, the Companies Law and the Regulatory Authorities.
- 2– The remuneration of the Audit Committee and Nomination and Remuneration Committee members is determined by the General Assembly of Shareholders based on a proposal from the board of directors.
- 3– The Board of Directors may establish other committees according to the company's needs and circumstances, and it may determine their work and remuneration based on the recommendation of the Nominations and Remunerations Committee.
- 4– That the remuneration be fair and proportional to the member's competencies and the works and responsibilities that the Board of Directors members carry out and bear, in addition to the goals set by the Board of Directors to be achieved during the fiscal year.
- 5– Remuneration must be based on the recommendations of the Nominations and Remunerations Committee.
- 6– Remuneration should be commensurate with the company's activity and the necessary skill to manage it, as well as the size and experience of the members of the Board of Directors and Board committees in matters related to the company.



- 7- That the remuneration is reasonably sufficient to attract Board of Directors members with appropriate expertise and competence.
- 8- That the remuneration be fair and proportional to the member's competencies and the works and responsibilities that the Board of Directors members carry out and bear, in addition to the goals set by the Board of Directors to be achieved during the fiscal year.
- 9- A member of the Board of Directors may obtain a remuneration in return for his membership in the audit committee formed by the General Assembly, or for any business, executive, technical, administrative or advisory positions – under a professional license – additional to be assigned to the company, in addition to the remuneration that can To obtain it in his capacity as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and the Company's Articles of Association. The total remuneration obtained by a member according to the above does not fall within the scope of the maximum remuneration provided for in paragraph (3) of Article (76) of the Companies Law described in paragraph (4) above.
- 10- The remuneration of the members of the Board of Directors may be of varying magnitude to reflect the member's experience, competencies, tasks entrusted to him and his independence, the number of sessions he attends, and other considerations.
- 11- The remuneration of the independent members of the Board of Directors should not be a percentage of the profits achieved by the company or be based

directly or indirectly on the profitability of the company. This is in order that the association of their Remunerations with the performance of the company or any other factors does not affect the independence of their decisions.

12- According to the provisions of Article Twenty-one of the Company's Articles of Association, the Board of Directors, and according to its discretion and decision, determines the special remuneration that the Chairman of the Board of Directors, his Deputy and the Managing Director receive for each of them in addition to the remuneration determined for the members of the Board of Directors, within the limits of what is stipulated in the Companies Law and its Bylaws.

13- Board of Directors members may not vote on the Board of Directors members remuneration item at the general assembly session in order to ensure the independence of the decision issued by the company's general assembly regarding the Board of Directors members remuneration item.

14- If the General Assembly decides to terminate the membership of a member of the Board of Directors who is absent from attending three successive sessions of the Board of Directors without a legitimate excuse, then this member is not entitled to any remuneration for the period following the last session he attended, and he must return all the remuneration that was paid to him for that period.

15- If the audit committee or the Financial Market Authority finds that the remuneration paid to any of the Board of Directors members is based on incorrect or misleading information that was presented to the general assembly or included in the annual Board of Directors' report, he must return them to the company, and

the company has the right to ask him to return them. This does not exempt any member of the Board of Directors from any responsibilities for any damages that may occur to the company, its shareholders, or any other related parties as a result of such compensation.

16- The Board of Directors must disclose in its annual report the details of the policies related to remuneration and the mechanisms for determining them, the amounts and the financial and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative or advisory work or positions.

### **Third: Compensation and remuneration of members of the Board of Directors and Board committees:**

According to the above, the remuneration and fees of the Board of Directors are calculated as follows:

- 1- Annual remuneration for membership of the Board of Directors and committees established by the Board of Directors, up to SAR 250,000.
- 2- Annual bonus for all members in committees emanating from the Board of Directors for members:
  - 1/2 members of the Audit Committee, who are members of the Board of Directors, up to SAR 100,000.
  - 2/2 members of the Audit Committee, who are not members of the Board of Directors, up to SAR 50,000.

2/2 members of other committees up to SAR 25,000.

- 3- Attendance allowance for the sessions of the Board of Directors and the committees emanating from the Board of Directors for all members is SAR 3,000 for each session.
- 4- The Board of Directors, according to its discretion and a decision from it, determines the additional remuneration that the Chairman, Vice President, and Managing Director shall receive, in exchange for the effort and additional work that they perform, in addition to the remuneration determined for the members of the Board of Directors.
- 5- The company shall pay all reasonable actual expenses incurred by members of the board of directors and committees arising from the board of directors attendance of meetings, including accommodation, meals, travel, and transportation expenses.

**Fourth: Remuneration for senior executive officers in the company (executive management):**

- 1- Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors determines the types of remuneration that are granted to senior executive officers in the company, such as fixed bonuses, performance-related bonuses and incentive bonuses that do not conflict with the regulatory controls and procedures issued to joint stock companies.
- 2- The remuneration aims to attract and reward executive officers, retain qualified and competent employees, and maintain the high level of skills needed by the company.

**Fifth: Remunerations for the Secretary of the Board of Directors and Secretaries of the Committees emanating from the Board of Directors:**

The Board of Directors determines the remuneration of the Board of Directors Secretary and the Secretaries of the Board of Directors Committees in accordance with the details mentioned in the Board of Directors' policies and procedures.

**Sixth: Date of Implementation:**

These policies shall be enforced from the date of approval by the General Assembly.

**Attachment No. (6)**

**Al Jouf Cement Company**

**GOVERNANCE GUIDE**

**For Al Jouf Cement Company**

**2020**

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# **Company Governance Guide and Rules**

## **Introduction**

In line with the policy and direction of Al Jouf Cement Company to provide its shareholders and stakeholders with transparent and credible information, and to enhance its relationship with all relevant parties and ensure the safety of strategic decisions, the company previously prepared a Governance Guide for the Company in 2011 in accordance with the regulations and instructions issued by the Saudi Arabian Capital Market Authority (CMA). The Guide aims to highlight the policies, rules, and standards followed by the company in practicing good management concepts and governance principles that ensure the protection of the rights of shareholders and stakeholders, and activate the principles of disclosure and transparency in a fair manner for all investors. The Guide also clarifies the responsibilities of the board of directors and defines the policies and procedures followed in selecting the committees established thereby (i.e. Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, and Investment Committee), their duties, and the provision of remunerations and compensation for them. It ensures the principle of fairness when carrying out their administrative tasks and provides investors and shareholders with the opportunity to access the governance standards and principles applied, thereby increasing their confidence in the regulations and policies used in managing the company's business.

The board of directors of the aforementioned company has approved governance guidelines for the company under decision number (48) on 12/3/1432H corresponding to



15/2/2011AD, and it was approved by the General Assembly of the company held on 12/6/2011AD.

The Company's Governance Guide are periodically reviewed by the audit committee and updated by the board of directors to ensure compliance with relevant regulations, especially the Companies Law and the Corporate Governance Regulations.

This Governance Guide and Rules consists of thirteen chapters as follows:

### **Chapter One: Preliminary Provisions**

This Guide outlines the set of rules, standards, and policies adopted by the board of directors of the company to manage and monitor the company's operations in order to achieve its goals and plans. It aims to ensure compliance with the best governance practices that assist the board in fulfilling its responsibilities towards the company and its shareholders. The board of directors has the authority to amend or waive some of these guidelines as it deems appropriate based on accumulated experience or as required by applicable laws and regulations and in compliance therewith.

The rules, guidelines, and policies contained in this Guide are binding on all members of the board of directors, the executive management, directors, and employees of the company. They cannot be amended except by a decision of the board, which represents the highest administrative body in the company authorized by the shareholders' assembly. The board is also the main tool for formulating the company's policies and

developing and monitoring its performance within the framework of the decisions of the shareholders' assembly and legal and regulatory requirements. The board shall be held responsible before the shareholders' assembly for all its decisions and actions.

## **Chapter Two: Reference and commitment to governance implementation**

### **1 – Guide Reference:**

This Guide is based on the following:

- 1) Articles of Association of Al-Jouf Cement Company
- 2) Regulations and rules of the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia, including:
  - a) Corporate Governance Regulations, amended by Capital Market Authority Board Decision No. 3-57-2019 dated 15/9/1440 AH corresponding to 20/5/2019 AD
  - b) The Regulations of the Rules for Offering Securities and Continuing Obligations, amended by the Capital Market Authority's Board Resolution No. 1- 104-2019, dated 1/2/1441 AH corresponding to 30/9/2019 AD.
  - c) Market Behavior Regulations amended by the Capital Market Authority Board Decision No. 1-7-2018 dated 1/5/1435 AH corresponding to 18/1/2018 AD.
- 3) Saudi Companies Law, circulars, regulations and legislation issued by the Ministry of Commerce and Investment

- 4) Decisions issued by the General Assembly meetings of shareholders.
- 5) Best international practices in the areas of governance.

## **2– Guide Amendment Procedures:**

These guidelines cannot be modified except with the approval of the board of directors of Al Jouf Cement Company, and in the event of any amendment, they cannot be included until fulfilling the following procedures:

- 1) Any amendments proposed by the management, company advisors, any committee established by the board of directors, or any other entity shall be reviewed and approved by the board of directors of Al Jouf Cement Company, except for policies, and
- 2) Regulations that require approval by the General Assembly of Shareholders, as they are included in the governance documents after being approved by the Assembly.
- 3) Any amendment required by the Corporate Governance Regulations, other regulations of the Capital Market Authority, or regulations of the Ministry of Commerce and Investment shall be immediately incorporated into these guidelines, and the board of directors' approval is implicit.

## **3– Principle of compliance or explanation of non-compliance:**

The rules, procedures, and policies contained in this document constitute the rules and standards regulating the management of Al Jouf Cement Company (as a listed

joint-stock company) to ensure compliance with the best corporate governance practices that guarantee the protection of shareholders' rights and stakeholders' interests. These standards cannot be amended except by a decision of the board of directors of Al Jouf Cement Company or, in some cases, the general assembly. Al Jouf Cement Company, in its commitment to governance standards, follows the approach of "compliance or explanation of non-compliance." Accordingly, all optional (guidance) requirements in the Corporate Governance Regulations issued by the Capital Market Authority and referred to in this document will remain optional for Al Jouf Cement Company unless CMA later decides to make them mandatory for companies.

#### **4- Implementation of Effective Governance:**

The board of directors establishes governance rules specific to the company that do not conflict with the mandatory provisions of the Corporate Governance Regulations issued by the Capital Market Authority. The board is responsible for monitoring the application and effectiveness of these rules, amending them when necessary, and taking the following steps to do so:

- 1) Making sure of the company's compliance with these rules and guidelines.
- 2) Reviewing and update the rules and guidelines in accordance with regulatory requirements and best practices.

- 3) Reviewing and developing rules of professional conduct and ethics that represent the company's values, and other internal policies and procedures to meet the company's needs and be consistent with best practices.
- 4) Keeping the board of directors always informed of the developments in the field of corporate governance and best practices or delegating this task to the audit committee or any other committee or department, provided it does not conflict with relevant regulations.

**5– Definitions:**

- A. The words and phrases used in this Guide shall have the meanings indicated in the list of terms used in the company's articles of association and contained in the regulations of the Saudi Capital Market Authority.
- B. For the purpose of applying this Guide, the following words and phrases shall have the meanings specified next thereto, unless otherwise required by the context.

– **The Company:**

Al Jouf Cement Company

– **Governance:**

- A set of rules for governing and directing the company that comprise mechanisms to regulate the different relationships between the Board of Directors, executive managers, shareholders, and stakeholders by establishing specific rules and procedures to facilitate the decision-making process and promote transparency and credibility to protect the rights of shareholders and stakeholders and achieve

fairness, competitiveness, and transparency in finance and the business environment.

– **Board of Directors:**

The Board of Directors of Al-Jouf Cement Company.

– **Shareholders' Assembly:**

The Shareholders Assembly of Al-Jouf Cement Company formed from the company's shareholders according to the provisions of the Companies Law and the Company's Articles of Association.

– **CMA:**

Capital Market Authority.

– **Market:**

Saudi Stock Exchange.

– **Executive Director:**

The Board member who is engaged full-time in the executive management of the company and participates in its daily business.

– **Non-executive Director:**

A Board member who is not fully engaged in the management of the company and does not participate in the day-to-day business.

– **Independent Director:**

A non-executive board member who enjoys complete independence in his/her position and decisions, and is not subject to any any conflicts of interest that might

compromise their independence. Examples of such conflicts may include, but are not limited to:

- 1) Being a holder of 5% or more of the company's shares or shares of another company in its group, or having a close relationship with someone who owns such a percentage.
- 2) Being a representative of a legal entity that owns 5% or more of the company's shares or shares of another company in its group.
- 3) Having a close relationship with any member of the board of directors in the company or in another company in its group.
- 4) Having a close relationship with any of the senior executives in the company or in another company in its group.
- 5) Being a board member in another company within the group of companies and nominated for membership in its board of directors.
- 6) Having been an employee during the past two years for the company or any party dealing therewith, or another company within its group, such as auditors or major suppliers, or having owned controlling shares in any of these parties during the past two years.
- 7) Having a direct or indirect interest in the business and contracts carried out on behalf of the company.
- 8) Receiving amounts from the company in addition to the remuneration for board membership or any committee exceeding SAR 200,000 or 50% of the previous

year's remuneration received for board membership or any committee, whichever is less.

9) Participating in any activity that competes with the company or engaging in the trade of one of the branches of the company's activities.

10) Having spent more than nine consecutive or separate years as a member of the company's board of directors.

– **Executive management or senior executives:**

The individuals responsible for managing the company's daily operations, proposing and implementing strategic decisions, such as the CEO, deputy CEO, and CFO.

– **Relatives or kinship:**

- Fathers, mothers, grandfathers, grandmothers, even if deceased.
- Children, and their children, even if they are born later.
- Brothers, sisters, step-brothers, step-sisters, half-brothers, and half-sisters.
- Husbands and wives.

– **Stakeholders:**

Everyone who has an interest in the company, such as shareholders, employees, creditors, customers, suppliers, and the community.

– **Major Shareholders:**

Anyone who owns (5%) or more of the company's shares or voting rights.

– **Cumulative voting:**



It is a Proportional Voting Method that allows the selection of Board Members, where each shareholder is granted a voting power based on the number of shares he owns. Each shareholder can then use his voting power to vote for one candidate, or divide the same between multiple candidates without repeating the same votes.

– **Related Parties:**

- a) Company's major shareholders.
- b) Board members of the company or any of its subsidiaries and their relatives.
- c) Senior executives of the company or any of its subsidiaries and their relatives.
- d) Board members and senior executives of the company's major shareholders.
- e) Establishments – other than companies – owned by a Board member or a senior executive or their relatives.
- f) Companies in which any of the members of the Board of Directors or senior executives or their relatives is a partner.
- g) Companies in which any of the Board members or senior executives or their relatives is a member of its board of directors or a senior executive.
- h) Joint-stock companies in which any of the members of the board of directors, senior executives, or their relatives owns 5% or more, taking into account the provisions of paragraph (d) of this definition.

- i) Companies in which any of the Board members or senior executives or their relatives have an influence on their decisions, even by providing advice or guidance.
- j) Any person whose advice and guidance influence the decisions of the company, members of its board of directors and senior executives.
- k) Holding companies or subsidiaries to the company.

The provisions of paragraphs (i) and (j) of this definition do not apply to advice and guidance provided professionally by a licensed person.

– **Group:**

In relation to a person, means that person and each of his subordinates

– **Subsidiary:**

In relation to a company and any other company controlled by the Company.

– **Person:**

Any natural or legal person recognized as such by the laws of the Kingdom of Saudi Arabia.

– **Subsidiary:**

A person who controls another person, is controlled by that other person, or is jointly controlled by a third person, and in any of the foregoing the control is direct or indirect.

– **Controlling Share:**

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: (a) Owning a percentage equal to 30% or more of the voting rights in a company, (b) Having the right to appoint 30% or more of the members of the administrative staff.

– **Administrative Body:**

The group of individuals who make strategic decisions for a person. The company's board of directors is its administrative body.

– **Remuneration:**

Amounts, allowances, profits and the like, periodic or annual Remunerations associated with short or long-term performance and incentive schemes, and any other benefits in kind except for reasonable actual expenses incurred by the company for the member of the Board of Directors for the purpose of performing his work.

– **Day:**

A calendar day, whether it is a working or non-working day.

## **Chapter Three: Shareholders' rights and facilitating their exercise**

### **First: General rights of shareholders**

All rights associated with the share, particularly the right to receive a share of distributed profits, the right to receive a share of the company's assets upon liquidation, the right to attend and participate in shareholder meetings, vote on resolutions, dispose of shares, monitor the board of directors' operations, file claims against board members, inquire and request information that does not harm the company's interests and does not conflict with the Law of the capital market and its implementing regulations, shall be established for the shareholders.

### **Second: Facilitating shareholders' exercise of their rights and providing them with information**

- 1– This includes the company's articles of association, its internal regulations, and the necessary procedures and precautions to ensure that all shareholders exercise their statutory rights.
- 2– The company shall provide all information that enables shareholders to exercise their rights fully, ensuring that such information is comprehensive and accurate, provided and updated regularly and on schedule, and using the most effective means of communication with shareholders. The company also shall ensure non-discrimination between shareholders in providing information in accordance with the applicable regulations in this regard.

### **Third: Shareholders' rights in dividends**

- 1– The Board of Directors sets a clear policy regarding the distribution of dividends in a way that achieves the interests of the shareholders and the company. Shareholders shall be informed of this policy in the meeting of the General Assembly, and refer to the same in the report of the Board of Directors.
- 2– The General Assembly shall approve the proposed dividends and the date of distribution. The eligibility for profits, whether cash dividends or bonus shares, shall be for the shareholders registered in the records of the Securities Depository Center at the end of trading on the day of the General Assembly of Shareholders.

**(The details of the rights and assemblies of shareholders, the dividend distribution policy, the regulations that govern the same, and the dividend distribution policy shall be included in the company's Articles of Association.)**

## **Chapter Four: Board of Directors and Executive Management**

### **First: Board of Directors Composition:**

The Board of Directors of Al-Jouf Cement Company is keen to conduct matters in a manner based on high values and ethics that contribute to making sound decisions. Its members come from diverse backgrounds, ensuring the protection of shareholders' rights, ensuring transparency, and bearing responsibility. These backgrounds (specializations) include: Strategic planning in management and accounting, legal field, marketing, corporate governance, human resources, risk management, mergers and acquisitions, and those with knowledge and familiarity with important local and global information related to all areas in which the company operates; The number of board members is proportional to the size and nature of the company's activities, not less than three and not more than eleven.

### **In addition, each member of the Board shall have the following characteristics:**

- 1- To have the ability to make wise decisions in line with the company's values and ethics.
- 2- To have a good reputation and have never been convicted of a crime related to honor and trust.
- 3- To have the ability to give the necessary time and effort as required by the interest of the company.
- 4- To have the appropriate experience in the above fields.
- 5- To have the willingness and ability to extend his membership term if necessary.

**With regard to the composition of the Board of Directors, Al-Jouf Cement Company is committed to the following:**

- 1- The company shall be managed by a board of directors consisting of seven members.
- 2- The General Assembly elects the members of the Board of Directors using cumulative voting for the period stipulated in the company's articles of association, provided that it does not exceed three years, and they may be re-elected unless the company's articles of association stipulate otherwise.
- 3- The majority of the members of the Board of Directors are non-executive members.
- 4- The number of independent members of the Board of Directors shall not be less than one-third of the members of the Board, whichever is greater.
- 5- The chairman of the board of directors of the company shall not hold any executive position in the company, such as the position of managing director, CEO, or general manager.
- 6- The company's bylaws specify the termination of a board's membership, which ends either at the end of its term or upon the expiration of the member's validity according to any applicable regulations or instructions in the Kingdom. If a position of a board member becomes vacant, the board may temporarily appoint a member to fill the vacancy. This appointment shall be presented to the ordinary general assembly at its first meeting, and the new member shall complete the remainder of his predecessor's term. 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 called as soon as possible to appoint the necessary number of members. The General Assembly may at any time remove all or some of the members of the Board of Directors, even if the company's articles of association stipulates otherwise.

7– Upon the termination of the membership of any board member, by any means of termination, CMA and the Market shall be immediately notified, along with a statement of the reasons that led to that.

8– No member of the board of directors of the company shall serve as a board member for more than five listed joint-stock companies at the same time.

9– If a board member resigns and has comments on the company's performance, he shall submit a written statement thereof to the chairman of the board, and this statement must be presented to the board members.

10– A legal person, who is entitled according to the company's articles of association to appoint representatives in the Board of Directors, may not vote on the selection of other members of the Board of Directors.

**Second: The main functions of the board of directors:**

Subject to the competencies assigned to the general assembly in the Companies' bylaws, implementing regulations, and the company's Articles of Association, the board of directors has the broadest powers to manage the company and direct its affairs in a manner that achieves its objectives. The duties and responsibilities of the board of directors include the following:



**1– The Board of Directors shall develop plans, policies, strategies, and the main objectives of the company, supervise their implementation and periodic review, ensuring the availability of necessary human and financial resources to achieve them, including:**

- a) Developing, reviewing and directing the company's comprehensive strategy, main work plans, and risk management policy.
- b) Determining the optimal capital structure of the company, its strategies and financial objectives, and approving estimated budgets of all kinds.
- c) Overseeing the main capital expenditures of the company, owning and disposing of assets.
- d) Setting performance goals and monitoring implementation and overall performance in the company.
- e) Periodically reviewing and approving the organizational and functional structures in the company.
- f) Verifying the availability of human and financial resources necessary to achieve the company's objectives and main plans.

**2– Developing regulations and controls for internal control and supervision thereof, including:**

- a) Developing a written policy to address actual and potential conflicts of interest for members of the Board, executive management, and shareholders. This includes addressing the misuse of the company's assets and facilities, and any improper conduct resulting from transactions with related parties.

- b) Ensuring the integrity of the financial and accounting regulations, including those related to the preparation of financial reports.
- c) Ensuring the application of appropriate control regulations for measuring and managing risks by developing a general perception of the risks that the company may face, creating an environment familiar with the culture of risk management at the company level, and presenting them transparently to the stakeholders and parties related to the company.
- d) Annual review of the effectiveness of internal control procedures in the company.

**3– Establishing governance rules specific to the company**, in a manner that does not conflict with the provisions of the governance regulations issued by the Saudi Capital Market Authority (CMA), and overseeing and monitoring their effectiveness, with the ability to modify them when necessary.

**4– Developing clear and specific policies, standards, and procedures for Board membership**, and putting them into effect after their approval by the General Assembly.

**5– Develop a written policy that regulates the relationship with stakeholders in order to protect and preserve their rights.** This policy shall cover – in particular – the following:

- a) The process of compensating stakeholders when their rights, as provided by regulations or protected by contracts, are prejudiced.

- b) The process of resolving complaints or disputes that may arise between the company and stakeholders.
- c) Developing good relationships with customers and suppliers while maintaining the confidentiality of their information.
- d) Rules of professional conduct for managers and employees of the company, which are compatible with sound professional and ethical standards, and regulate the relationship between them and stakeholders, provided that the Board of Directors establishes mechanisms to monitor the application of these rules and adherence thereto.
- e) The company's social contribution, since the company has adopted social responsibility since its inception, and has participated in a number of social and charitable events.
- f) Ensuring that the company's dealings with board members and related parties are conducted in accordance with the terms and conditions followed with stakeholders without any discrimination or preference.
- g) Stakeholders should have access to information related to their activities, which enables them to perform their duties, provided that such information is accurate, sufficient, timely, and regularly provided.
- h) Treating the employees of the company in accordance with the principles of justice, equality and non-discrimination.

- 6– Develop policies and procedures that ensure the company's compliance with regulations and laws and its commitment to disclosing essential information to shareholders, creditors, and other stakeholders.
- 7– Overseeing the company's financial management, its cash flows, and its financial and credit relationships with third parties.
- 8– Submitting proposals to the Ordinary and Extraordinary General Assembly as it deems appropriate and in light of what is stated in the company's articles of association and related laws and regulations.
- 9– Developing procedures for introducing the new board members to the company's workflow and activities, especially the financial and legal aspects, as well as training them if necessary.
- 10– Ensuring that the company provides adequate information about its affairs to all board members in general and non–executive board members in particular. This is in order to enable them to carry out their duties and tasks efficiently.
- 11– Preparing and approving the company's initial and annual financial statements prior to publication.
- 12– Ensuring the accuracy and integrity of the data and information that must be disclosed, in accordance with the policies and regulations of disclosure and transparency.
- 13– Establishing effective communication channels that allow shareholders to have continuous and periodic access to the various aspects of the company's activities and any significant developments.

- 14- Forming specialized committees under decisions that specify the duration of the committee, its powers, responsibilities, and how the Board will supervise it. The formation decision shall include the appointment of members, the definition of their tasks, rights, and duties, with an evaluation of the performance and work of these committees and their members.
- 15- Defining the types of remunerations granted to employees in the company, such as fixed remunerations, performance-based rewards, and stock-based remuneration, in a manner that does not conflict with applicable regulatory guidelines and procedures.
- 16- Setting the values and standards that govern work in the company.

**Third: Board of Directors Responsibility:**

The Board of Directors shall represent all shareholders and exercise due diligence and loyalty in managing the company, and in all matters that contribute to preserving, developing, and maximizing its interests and value. The board of directors of the company shall be responsible for its operations, even if it delegates certain powers to committees, entities, or individuals to exercise some of its authorities:

- 1- Taking into account the terms of reference of the General Assembly, the Board of Directors of the company shall assume all powers and authority necessary for its management. The board remains ultimately responsible for the company, even if it forms committees or delegates powers to entities or individuals to carry out some of its tasks.

- 2- In all cases, the board of directors may not issue a general or indefinite authorization.
- 3- The company's Articles of Association determine the responsibilities of the board of directors.
- 4- The Board of Directors performs its duties with responsibility, good faith, seriousness and concern, and its decisions are based on sufficient information from the Executive Management or any other reliable source.
- 5- Each Board member shall represent all shareholders, and shall undertake to do what is in the interest of the company in general and not what achieves the interests of the group he represents or that voted to appoint him to the Board of Directors.
- 6- The Board of Directors determines the powers that it delegates to the executive management, the decision-making procedures and the duration of the delegation, as well as the issues that it reserves the power to decide on. The executive management shall submit periodic reports on its exercise of the delegated powers.
- 7- The Board of Directors ensures that procedures are put in place to introduce the new board members to the company's workflow and activities, especially the financial and legal aspects, as well as training them if necessary.
- 8- The Board of Directors ensures that the company provides adequate information about its affairs to all board members in general and non-executive board members in particular. This is in order to enable them to carry out their duties and tasks efficiently.

Therefore, the board of directors has defined the powers and responsibilities of the board towards the chairman, the managing director, and other members, as well as towards the shareholders. The board has also specified the powers delegated by the board of directors to the executive management, as follows:

**a) Responsibilities of the Board of Directors towards the shareholders:**

- 1– Calling for the general assembly of the company's shareholders to convene in its ordinary and extraordinary meetings and approving its agenda.
- 2– Verifying that the annual report and financial reports sent to and published for the shareholders reflect the true situation of the company. The Board shall ensure that the company's management provides all current and potential shareholders and the investment community with all information regarding sales, profits, and the most significant developments within the company. This information should be consistent with the company's policy of disclosure and transparency, provided it does not conflict with the policy of maintaining the confidentiality of information.
- 3– Establishing the principle of transparency and disclosure as a consistent and clear policy of the Board.
- 4– Recommending a dividend distribution policy for approval by the General Assembly.
- 5– Approving the company's quarterly accounts before being published in newspapers as required by law.

- 6– Approving the distribution of interim dividends (quarterly or semi-annually) to shareholders and determining the entitlement date. Recommending to the general assembly the approval of the annual profits and dividend distribution rates, in accordance with the company's articles of association.
- 7– Recommending an increase or decrease in the company's capital.
- 8– Approving the recommendation of the audit committee in selecting and nominating auditors according to accepted standards, determining their fees, and recommending to the general assembly their acceptance as auditors.
- 9– Reviewing and evaluating significant transactions, including capital allocation, expenses, and capital investments.
- 10– Supervising and authorizing any acquisitions or mergers carried out by the company.

**b) Board responsibilities towards its non-executive members:**

Keeping the Board members, especially the non-executive ones, informed of the shareholders' proposals and feedback regarding the company and its performance through the following procedures:

- 1– Presenting the shareholders' proposals and feedback (if any) to the Board members at the nearest Board meeting or through any other effective means of communication on a continuous basis.
- 2– Organizing regular meetings with investors and keeping the Board informed of any significant proposals they make.



- 3– Taking any other necessary measures or arrangements deemed appropriate by the Board to achieve this purpose and not conflicting with the regulations.
- 4– Publishing these measures in the Board's annual report.
- 5– Encouraging Board members, including non–executive members, to attend shareholders' meetings where shareholders can present their proposals and opinions to the Board during the assembly meeting.

**c) Board responsibilities towards the company:**

- 1– Developing general strategies, investment plans, directions, and general standards for investments in consultation with the Investment Committee.
- 2– Reviewing the regulations related to preparation, planning, and organization, including adopting design rules and organizational structuring that align with the company's policy.
- 3– Identifying the overall concept of the risks facing the company.
- 4– Developing and monitoring performance indicators (for financial and non–financial objectives).
- 5– Overseeing the executive management of the company, organizing its functioning, monitoring its performance and assigned tasks, and for this purpose:
  - 1) Developing necessary administrative and financial policies.
  - 2) Verifying that the executive management is operating according to the policies approved by the Board.

- 3) Selecting and appointing the CEO of the company and supervising his work.
- 4) Appointing and dismissing the Internal Audit Manager or Internal Auditor and determining his remunerations (if any).
- 5) Holding regular meetings with the executive management to discuss work progress, obstacles, and problems, and reviewing and discussing important information about the company's activities.
- 6) Setting performance standards for the executive management that align with the company's objectives and strategy.
- 7) Reviewing and evaluating the executive management performance.
- 8) Setting up a mechanism for administrative succession to manage the company.
- 9) Maintaining the confidentiality of relevant information about the company and its activities and not disclosing it to third parties.

**d) Board Responsibilities towards the subsidiary company:**

- 1- Verifying that the subsidiaries' strategy and financial reporting policies are consistent with those followed by Al-Jouf Cement Company.
- 2- Developing and following up the performance indicators (for financial and non-financial objectives).
- 3- Monitoring approved performance indicators for each of the subsidiaries and submitting periodic reports to the company's board of directors.
- 4- Approving major investments according to the pre-agreed schedule of powers.

- 5- Evaluating of the performance of the boards of subsidiaries and the performance of their membership.
- 6- Examining the business of the subsidiaries closely, provided that the Board of Directors of Al-Jouf Cement Company retains all essential decisions that have a legal or financial impact on the parent company.
- 7- Verifying that the governance regulations of the subsidiaries comply with the Company governance regulations.
- 8- Establishing specific internal policies and standards (decision matrix) that regulate the relationship between the company and its subsidiaries. These policies and standards should be periodically reviewed and updated as necessary.
- 9- Nominating representatives of Al-Jouf Cement Company in the boards of directors of subsidiaries and sister companies in which Al-Jouf Cement Company owns a share in its capital in light of the recommendation of the Nomination and Remuneration Committee.

**e) Board responsibilities towards the company:**

- 1- Developing general strategies, investment plans, directions, and general standards for investments in consultation with the Investment Committee.
- 2- Reviewing the regulations related to preparation, planning, and organization, including adopting design rules and organizational structuring that align with the company's policy.
- 3- Identifying the overall concept of the risks facing the company.

- 4- Developing and monitoring performance indicators (for financial and non-financial objectives).
- 5- Overseeing the executive management of the company, organizing its functioning, monitoring its performance and assigned tasks, and for this purpose:
  - 1) Developing necessary administrative and financial policies.
  - 2) Verifying that the executive management is operating according to the policies approved by the Board.
  - 3) Selecting and appointing the CEO of the company and supervising his work.
  - 4) Appointing and dismissing the Internal Audit Manager or Internal Auditor and determining his remunerations (if any).
  - 5) Holding regular meetings with the executive management to discuss work progress, obstacles, and problems, and reviewing and discussing important information about the company's activities.
  - 6) Setting performance standards for the executive management that align with the company's objectives and strategy.
  - 7) Reviewing and evaluating the executive management performance.
  - 8) Setting up a mechanism for administrative succession to manage the company.
- 6- Maintaining the confidentiality of relevant information about the company and its activities and not disclosing it to third parties.

**f) Responsibilities of the Board towards the Chairman, Vice Chairman, Managing Director, members and the General Manager:**

- 1– The Board chooses its Chairman and Vice–Chairman from among its non–executive members, and the Board has the right to remove them from their positions or re–select them at any time.
- 2– Reviewing and evaluating the performance of the Chairman of the Board of Directors, Vice–Chairman of the Board of Directors and Managing Director and provide them with support
- 3– Reviewing and approving the evaluation mechanisms proposed by the Nomination and Remuneration Committee for its members. Additionally, the responsibilities of the Board towards the Chairman, CEO, and members should be considered and defined.
- 4– Reviewing the remuneration received by the Chairman of the Board of Directors and members of the Board, which is proposed by the Remuneration and Nominations Committee, to the General Assembly for approval.
- 5– In accordance with the recommendation of the Nomination and Remuneration Committee, procedures for nomination and evaluation of executive positions, including the General Manager/CEO position, should be developed, as well as succession plans for these positions.
- 6– Following up on the work and performance of the General Manager / CEO in light of the recommendations of the Remuneration and Nominations Committee.

7– Approving the remuneration received by the CEO based on the proposal of the Remuneration and Nomination Committee.

**Fourth: Duties of the Chairman of the Board:**

Without prejudice to the Board of Directors' responsibilities, the Chairman of the Board assumes the leadership of the Board, supervises its work, and effectively performs its duties. The Chairman of the Board is responsible for ensuring the existence of effective communication channels with shareholders and conveying their opinions to the Board of Directors. Moreover, He is responsible for the optimal management of the work of the Board, and the most prominent of his duties and responsibilities are the following:

**1– Duties of the Chairman in relation to the effectiveness of the Board:**

- 1– Ensuring that the Board has sufficient resources to support its work and that the Board is provided with information as requested.
- 2– Managing discussions and deliberations during Board meetings and ensuring that the decisions made are clear and understood by all Board members, as well as recorded in the meeting minutes.
- 3– Ensuring the establishment of mechanisms for evaluating the performance of the Board, its members, committees, and executive management.
- 4– Creating a culture of frankness and constructive discussions by promoting relationships between members and encouraging active participation between

Board members and executive management, as well as facilitating effective exchange among non-executive and independent members.

**2– Duties of the Chairman in relation to the management of the Board:**

- 1– Preparing the agenda for Board meetings at the beginning of the fiscal year, taking into account any issues raised by Board members or auditors, and consulting with Board members and the CEO when preparing the agenda.
- 2– Enabling all members of the Board of Directors to actively participate in the Board meetings.
- 3– Ensuring the existence of controls that help ensure that the Board carries out its work effectively and efficiently.
- 4– Holding meetings from time to time with non-executive board members.
- 5– Ensuring that delegated responsibilities to committees or company managers have been executed according to the Board's authorization and that the results have been reported to the Board.
- 6– Ensuring that the Board receives adequate support.
- 7– Approving the decisions of the Board and extracting decisions therefrom.
- 8– Supervising the formation of all committees established by the Board and submitting recommendations to the Board for approval of the names nominated for membership in those committees in consultation with the Nomination and Remuneration Committee.
- 9– Working continuously on the development of the Council by selecting the best candidates for membership.

10– Calling to the meeting of the Board of Directors and chairing the sessions thereof.

**3– Duties of the Chairman towards the Shareholders:**

1– Presiding over the company's general assembly meetings.

2– Informing the General Assembly, when it convenes, of the business and contracts in which a member of the Board has a direct or indirect interest, provided that such notification includes all information provided by the member to the Board, and that this notification is accompanied by a special report from the company's external auditor.

3– Ensuring effective communication with shareholders.

4– Any other responsibilities stipulated in the articles of association of the company.

**Fifth: Duties of the Vice Chairman of the Board of Directors:**

1– Assisting the Chairman in matters and issues related to the company's board of directors.

2– Calling the Board to convene in the absence of the Chairman.

3– Presiding over the meetings of the Board in the absence of the Chairman.

4– Presiding over the meetings of the General Assembly in the absence of the Chairman.

5– Managing and leading the performance evaluation process of the Chairman of the Board in coordination with other Board members.



6– Carrying out any other responsibilities stipulated in the company's articles of association.

**Sixth: Duties of the Independent Board Member:**

**An independent Board member should effectively participate in the following tasks:**

- 1– Expressing an independent opinion on strategic issues, company policies, performance, and decisions to appoint executive management members.
- 2– Ensuring that the interests of the company and its shareholders are taken into account and presented in the event of any conflict of interest.
- 3– Supervising the development of the company's governance rules, and monitoring the implementation of the executive management thereof.

**Seventh: Independence Features:**

- a) An independent Board member shall be able to perform his/her duties, express opinions, and vote on decisions objectively and impartially, enabling the Board to make sound decisions that contribute to the company's interests.
- b) The Board shall conduct an annual evaluation of the extent to which the member is independent and ensure that there are no relationships or circumstances that could affect him/her.
- c) The following are inconsistent with the independence features required in an independent Board member, including but not limited to:

- 1– Being a holder of 5% or more of the company's shares or shares of another company in its group, or having a close relationship with someone who owns such a percentage.
- 2– Being a representative of a legal entity that owns 5% or more of the company's shares or shares of another company in its group.
- 3– Having a close relationship with any member of the board of directors in the company or in another company in its group.
- 4– Having a close relationship with any senior executives in the company or another company in its group.
- 5– Being a board member in another company within the group of companies and nominated for membership in its board of directors.
- 6– Having been an employee during the past two years for the company or any party dealing therewith, or another company within its group, such as auditors or major suppliers, or having owned controlling shares in any of these parties during the past two years.
- 7– Having a direct or indirect interest in the business and contracts carried out on behalf of the company.
- 8– Receiving amounts from the company in addition to the remuneration for board membership or any committee exceeding SAR 200,000 or 50% of the previous year's remuneration received for board membership or any committee, whichever is less.

9– Participating in any activity that competes with the company or engaging in the trade of one of the branches of the company's activities.

10– Having spent more than nine consecutive or separate years as a member of the company's board of directors.

- d) The business and contracts made with a Board member to meet his/her personal needs are not considered to be detrimental to the independence of a Board member, provided that these business and contracts are carried out under the same conditions and terms that the company follows with its contractors and are within the company's usual activity, unless the Nomination and Remuneration Committee thinks otherwise.

### **Seventh: Board meetings:**

#### **1 – Number of Meetings:**

The Board of Directors holds regular meetings to effectively carry out its tasks, and it convenes meetings whenever there is a need to do so. The Board meets at least four times a year, with no less than one meeting every three months.

#### **2 – Meeting Procedures:**

- a) The Board of Directors meets upon the invitation of its chairman or upon the request of at least two of its members. The invitation to the meeting, along with the meeting agenda, necessary documents, and information, shall be sent to each Board member no later than five days before the meeting,

unless urgent circumstances require an emergency meeting, in which case the invitation to the second or emergency meeting, along with the meeting agenda, necessary documents, and information, may be sent within a period of less than five days before the meeting date.

- b) In the event of any member's inquiry or objection to any item on the agenda, this must be recorded in the minutes of the Board meeting.

### **3– Meeting Quorum:**

The meeting shall not be considered valid unless at least half the number of Board of Directors members are present, provided that the number of attendees is not less than three. Virtual meetings may be held via telephone or modern technology means.

### **4– Voting**

Each member of the Board of Directors has an equal vote, and decisions are made by a majority vote. In case of a tie, the opinion supported by the chairman of the Board shall prevail.

### **5– Make decisions by passing:**

The Board of Directors has the right to issue decisions on urgent matters by presenting them separately to its members, unless one of the members requests a written meeting of the Board to discuss them. These decisions are presented to the Board at its first subsequent meeting and are recorded in the meeting minutes.

### **6– Board member’s preparations:**

Preparing for Board of Directors meetings includes reading and analyzing the information and documents sent to members at least five days before the meeting. The file should include the meeting agenda and supporting documents, such as:

- 1– A report from the CEO that includes an overview of the company's operations and the most prominent developments that have affected the company since the last meeting.
- 2– A report on the company's financial performance focusing on key performance indicators and the company's strategic performance.
- 3– Minutes of the previous meeting.
- 4– A list of the decisions taken in the previous sessions and the development of their implementation and workflow.
- 5– Information and documents on specific topics that will be discussed and decided upon.

**7– Minutes and facts of the meetings:**

- A. The Board of Directors shall document its meetings and prepare minutes of discussions and deliberations, including the voting procedures that took place, classify and keep them so that they can be easily referred to when needed. The draft minutes shall be provided to the board members within ten (10) days from the date of the meeting for feedback, and if no feedback is received from the esteemed members within seven (7) days from the date

of receipt, this will be considered implicit approval of the minutes until it is approved by the board and signed by all attending members at the next meeting or by circulation if necessary.

- B. If the board members have any observations regarding the company's performance or any of the presented topics that were not addressed in the board meeting, it shall be recorded and the board's actions or decisions regarding these observations shall be stated in the board meeting minutes' report.
- C. If a board member expresses disagreement with a decision made by the board, it shall be detailed in the minutes' report of that meeting.
- D. The absence of a board member from the meeting in which the decision was made is not a reason for exemption from responsibility unless it is proven that the absent member was not aware of the decision or was unable to object to it after being made aware of it.

#### **8– Delegation of Authority Table:**

The authorities of the chairman of the board of directors, his deputy, the board of directors, and the executive management, including the general manager, the CEO, or the managing director – if any – and their responsibilities are clearly defined and written in this Guide or in the company's articles of association. In all cases, no individual should have absolute authority to make decisions in the company. The board of directors shall, therefore:

- 1– Adopt internal policies related to the company's operations and development, including defining the tasks, roles, and responsibilities assigned to the different organizational levels, while specifying the topics that the board reserves the authority to decide on.
- 2– Adopt a written and detailed policy that specifies the authorities delegated to the executive management, and a table that shows these authorities, the method of implementation, and the duration of the delegation. The board of directors can request periodic reports from the executive management regarding their exercise of the delegated authorities.
- 3– Develop a (clear delegation of authority matrix) that aims to organize the relationship between the company and its subsidiaries, and to update it periodically as needed.

**9– Subsidiary Boards Policy:**

Any member of the board of directors of Al Jouf Cement Company who also serves as a member of the board of directors of any subsidiary company or any committee emanating from those boards shall ensure that any decision made by the subsidiary board is in compliance with the delegation of authority matrix approved by the board of Al Jouf Cement Company. In case these decisions exceed the scope of delegated authorities, the member shall refer back to the board of Al Jouf Cement Company on this matter.

**10– Separation of positions:**

- 1– The Board of Directors of Al–Jouf Cement shall appoint from among its members a chairman and a vice–chairman. However, it is not permissible for the Board to appoint a managing director from among its members.
- 2– It is not permissible to combine the position of the chairman of the board of directors and the vice–chairman of the board of directors with any executive position in the company, including the position of the general manager, CEO, or managing director (if any).
- 3– The Articles of Association defines the authorities and responsibilities of the chairman of the board of directors, the vice–chairman, and the executive member (if any).
- 4– In all cases, no individual should have absolute authority to make decisions in the company, and decisions should be made in an institutionalized manner.

**11– Insider Trading:**

- 1– Members of the board of directors, senior executives, the board secretary, and any other person are prohibited from trading in Al Jouf Cement Company shares based on insider information. Non–insiders are also prohibited from trading based on insider information if they obtain such information from an informed person knowing that the information is insider information.
- 2– Insider and non–insider persons referred to in (1) above are prohibited from disclosing any insider information to any other person knowing that the other person may trade in the security related to the insider information.

**12– Training, support and evaluation:**



**a) Training and support:**

The company shall pay sufficient attention to the training and development of the board of directors and the executive management, and develop necessary programs for that purpose, taking into account the following:

1– Developing programs for newly appointed members of the board of directors and executive management to introduce them to the company's operations and activities, especially in the following areas:

- a. The company's strategy and objectives.
- b. Financial and operational aspects of the company's activities.
- c. Board members' obligations, duties, responsibilities and rights.
- d. The tasks and responsibilities of the company's committees.

2– Establishing the necessary mechanisms for the members of the Board of Directors and the executive management to obtain training programs and courses on an ongoing basis in order to develop their skills and knowledge in areas related to the company's activities.

In light of the above, the new member introduction program should include the following:

- ❖ Preparing a file containing the necessary documents that the new member needs to be aware of, including, for example, the company's articles of association, the annual reports of the past two years, some internal regulations such as the governance regulations that include the tasks, obligations, and responsibilities of board members and

committees, and their competencies, and any other relevant documents.

- ❖ Providing a comprehensive presentation by the executive management to the new member about the company's plans, strategy, objectives, financial and operational aspects of the company's activities, its work progress, and its subsidiaries, and all activities related to the company.
- ❖ Coordinating to arrange visits to the company's headquarters, branch, and subsidiary factory to get a field understanding of their activities and work.

**b) Performance Evaluation:**

1– The Board of Directors, based on the proposal of the Nomination Committee, establishes the necessary mechanisms for evaluating the performance of the Board, its committees, and the executive management annually. This is achieved through appropriate performance measurement indicators that are linked to the extent of achieving the company's strategic objectives, the quality of risk management performance, the adequacy of internal control systems, etc., provided that it shall identify strengths and weaknesses and propose solutions that are in the best interest of the company.

2- Performance evaluation procedures should be clearly written and disclosed to board members and individuals involved in the evaluation process.

3- Performance evaluation shall include an assessment of the skills and experience possessed by the Board members, as well as identifying and addressing areas of weakness and strength through possible solutions such as nominating professional competencies capable of improving the Board's performance. The performance evaluation shall also include an assessment of the overall working mechanisms of the Board.

Performance evaluation relies on (but is not limited to) key performance indicators linked to the company's strategic objectives, the quality of risk management, the efficiency of internal control systems, and related activities. Performance evaluation also includes testing strengths and weaknesses, and possible ways to address weaknesses.

4- Individual performance evaluation of Board members shall take into account the degree of the member's active participation, his commitment to performing his duties and responsibilities, including attending the Board and its committees sessions, and allocating the necessary time for them.

5- The Board of Directors shall make the necessary arrangements to obtain an evaluation by a competent third party of its performance every three years.

6- The non-executive members of the Board of Directors shall conduct a periodic evaluation of the performance of the Chairman of the Board after taking the views of the executive members, without the Chairman of the Board attending the discussion designated for this purpose. The evaluation process should identify strengths and weaknesses and propose solutions that are in the best interest of the company.

**11- Communication between board members and executive management:**

To enhance communication between the board of directors, committees, and subsidiary boards inside and outside KSA, the following guidelines shall be adhered to:

- 1- The invitation to hold any meeting is directed by the Chairman of the Board or the appointed committee, whether at the level of the group or the subsidiaries.
- 2- Meetings scheduled should not be canceled or postponed without consultation with the chairman of the board or the concerned committee chairman.
- 3- The chairman has the right to call for an unscheduled meeting whenever he deems it necessary or when requested by two members.
- 4- Coordination shall be made between the chairman of the board, the secretary, members, and the CEO when developing the meeting agenda.
- 5- Coordinating between the Chairman of the board and the committees before holding any meetings and when sending any information.

6– In order to avoid any conflict, the company (Al–Jouf Cement) prepares the schedule of meetings of the board and committees and the meetings of the boards of directors of the subsidiaries and their committees in advance and circulates it to the concerned parties to take their views on the same in preparation for acting according thereto.

7– The Secretary of the Board of Directors is the point of contact with the members of the Board of Directors in matters related to the Board affairs. In his absence or in case of any emergency, any member of the company with relevant experience in board affairs may be appointed by the CEO to carry out the task until the return of the board secretary.

**12– Providing information and communication with board members:**

The executive management of the company shall provide board members, non–executive members, and company committees, in particular, with all the necessary information, data, documents, and records, which must be complete, clear, accurate, and timely, to enable them to perform their duties and tasks.

**13– Sources and authorities:**

To carry out its supervisory role, the board has the authority to investigate any matter presented thereto and has the right to access all records, documents, and employee affairs of the company. The board also has the right to seek the assistance of any external entity, audit firm, consultant, or incur other expenses for this purpose, and the company covers all such expenses. The board may request to meet with any employee of the company or its subsidiary

companies, any external legal advisor, external auditors, or any committee of the board. Additionally, the company is responsible for insuring its board of directors members on their behalf.

**14– Functions and tasks of the executive management (including the general manager):**

Subject to the terms of reference assigned to the board of directors under the provisions of the Companies Law and its implementing regulations, the executive management is responsible for implementing the plans, policies, strategies, and main objectives of the company to achieve its purposes. Within the scope of its competencies, the executive management's tasks include but are not limited to the following:

- 1) Implementation of the company's internal policies and regulations approved by the Board of Directors.
- 2) Proposing a comprehensive strategy for the company, including main and interim action plans, investment policies and mechanisms, financing, risk management, emergency administrative situation plans, and their implementation.
- 3) Determining the optimal capital structure of the company, its strategies and financial objectives.
- 4) Overseeing the main capital expenditures of the company, owning and disposing of assets.

- 5) Proposing the organizational and functional structures for the company and submitting them to the board of directors for consideration and approval.
- 6) Implementing and supervising the internal control regulations, including:
  - a. Implementation of the conflict of interest policy.
  - b. Proper application the financial and accounting regulations, including those related to the preparation of financial reports.
  - c. Implementing suitable control systems to measure and manage risks by developing a general perception of the risks that the company may face and creating an environment that is familiar with the risk management culture throughout the company. These systems should be transparently presented to the board of directors and other stakeholders.
- 7) Effectively implement the company governance rules – in a manner that is consistent with the provisions of this regulations and propose modifications to these rules when necessary.
- 8) Develop policies and procedures that ensure the company's compliance with regulations and laws and its commitment to disclosing essential information to shareholders and stakeholders.
- 9) Provide the Board of Directors with the necessary information to exercise its powers and make recommendations regarding the following:
  - a. Increasing or decreasing the company's capital.

- b. Dissolution of the company before the term specified in its articles of association or taking decision to continue it.
  - c. Use of the company's contingency reserve.
  - d. Create additional reserves for the company.
  - e. Setting the method of distributing the company's net profits.
- 10) Proposing a policy and types of remunerations granted to employees, such as fixed remunerations, performance-based rewards, and stock-based remuneration.
  - 11) Preparing periodic financial and non-financial reports on the progress made in the company's activity in light of the company's strategic plans and objectives, and presenting these reports to the Board of Directors.
  - 12) Managing the company's daily work and conducting its activities, as well as managing its resources in an optimal manner and in accordance with the company's objectives and strategy.
  - 13) Effective participation in building and developing a culture of ethical values within the company.
  - 14) Implementing internal control and risk management regulations, verifying the effectiveness and adequacy of those regulations, and ensuring compliance with the risk level approved by the Board of Directors.



- 15) Suggesting and developing internal policies related to the company's work, including defining the tasks, specializations, and responsibilities assigned to the various organizational levels.
- 16) Suggesting a clear policy for delegating work thereto and the way to implement it.
- 17) Proposing the powers delegated thereto, the decision-making procedures and the duration of the delegation, provided that it submits periodic reports to the Board of Directors on its practices of those powers.
- 18) Maintaining the confidentiality of relevant information about the company and its activities and not disclosing it to third parties.
- 19) Developing a set of procedures to regulate communication with various media outlets to ensure that the company's disclosures are in compliance with regulations and laws.

**15– Secretary of the Board of Directors:**

The Board of Directors shall appoint a secretary from among its members or others. The secretary of the Board of Directors may not be dismissed except by a decision of the Board of Directors. The competencies and remuneration of the company secretary shall be determined by a decision of the board of directors, unless the company's articles of association contain provisions on this matter.

**A. Duties and responsibilities of the Secretary of the Board of Directors:**

- 1– Documenting the board meetings and preparing agenda and minutes thereof which include the discussions and deliberations held, as well as the location, date, start and end time of the meeting. It shall also document the Board's decisions and voting results, and be kept in a special and organized record. The names of the present members and any objections they may have made, if any, should be recorded, and the minutes should be signed by all present members.
- 2– Keeping the reports submitted to the Board of Directors and the reports prepared by the Board.
- 3– Providing board members with the agenda of the board meeting, working papers, documents, and information related to them. Any additional documents or information requested by any of the board members related to the topics covered in the meeting agenda should also be provided.
- 4– Verifying that members of the Board of Directors adhere to the procedures approved by the Board.
- 5– Preparing the annual meeting schedule for the board of directors and its committees in accordance with the governance rules and regulations adopted by the general assembly or the board of

directors. Board members should be informed of the meeting dates well in advance of the specified date.

- 6– Presenting draft minutes to the members of the Board to express their views on the same before signature.
- 7– Ensuring that Board members fully and promptly obtain a copy of the minutes of Board meetings, information and documents related to the company.
- 8– Coordination between members of the Board of Directors.
- 9– Organizing the disclosure record of the members of the Board of Directors and the executive management, as stipulated in Article 92 of the company's governance.
- 10– Providing assistance and advice to members of the Board of Directors.

**B. Qualifications of the Secretary of the Board of Directors:**

1. To hold a university degree in law, management, finance, or accounting, and to have relevant practical experience of no less than three years; Or to have relevant practical experience of no less than five years if he/she does not hold a university degree in any of the aforementioned fields.
2. To have good communication and presence skills.
3. To be knowledgeable of the corporate law and the regulations of the Capital Market Authority.

4. To be familiar with the activities and field of work of the company.
5. To be detail-oriented, flexible and creative.
6. To have good writing skills in Arabic and English.

## **Chapter Five – Board Committees and their Independence**

### **First: Committees' formation:**

The Board of Directors shall form committees according to what is stated in the corporate governance regulations issued by the Capital Market Authority, and other specialized committees as follows:

- A. The company's need, circumstances and conditions to enable it to perform its duties effectively.
- B. The formation of committees shall be in accordance with general procedures determined by the board, including the determination of the tasks of each committee, its term of office, the powers granted thereto during this period, how the board of directors supervises it, and the obligation of the committee to inform the board of directors of its findings or decisions transparently. The board of directors shall regularly monitor the work of these committees to ensure that they carry out their assigned tasks.
- C. The Committee shall be responsible for its work before the Board of Directors, without prejudice to the responsibility of the Board for such work and for the powers or powers it has delegated to the Committee.
- D. The number of committee members shall not be less than three and not more than five.

- E. The chairmen of the committees or whomever they delegate from among their members shall attend the general assemblies to answer the shareholders' questions.
- F. The company shall notify CMA of the names of the committee members and their membership descriptions within five working days from the date of their appointment, and any changes that occur within five working days from the date of the changes.
- G. A sufficient number of committees shall be formed by the board of directors according to the company's needs and circumstances to enable the board of directors to carry out its responsibilities effectively.
- H. The Board of Directors shall approve the work regulations of all permanent committees emanating therefrom.

**Second: Committees' membership:**

- A. Committee members shall be appointed by the company's board of directors based on the recommendation of the Nomination and Remuneration Committee for a period of three years, starting from the board's term, and their membership shall end with the end of the board's term. The number of members of each committee shall be 3 to 5 members. Committee members shall have qualifications and experience relevant to the nature, tasks, and responsibilities of the relevant committee. All members or some of them may be dismissed at any time, according to what is deemed necessary to achieve the objectives and work of the committee,

except for the Audit Committee, whose members are appointed and dismissed by the general assembly of shareholders.

- I. A sufficient number of non-executive board members shall be appointed to the committees concerned with tasks that may give rise to conflicts of interest, and the company shall take into account, when forming the Nomination and Remuneration Committee, that its members are independent board members. Non-executive members or persons who are not board members, whether shareholders or others, may be consulted, provided that the chairman of the Nomination and Remuneration Committee is an independent board member.
- J. Each committee has the right to form a work team arising from it for any purpose it deems appropriate and achieve its objectives. It may also grant some of its powers and authorities to the work team arising from it, provided that the number of members of any work team arising from this committee is not less than two.
- K. The company's board of directors shall appoint a chairman for each committee, and if the board fails to do so, the committee members shall elect a chairman by a majority of the votes of the committee members.
- L. It is not permissible for the Chairman of the Board of Directors to be a member of the Audit Committee, but he may participate in other committees, provided that he holds the position of Chairman in the

committees stipulated in the Corporate Governance Regulations (Audit Committee, Nominations and Remuneration Committee, and Risk Management Committee).

- M. Each member of the independent committees has the right to resign, taking into consideration that the member should submit his resignation at an appropriate time and notify the Board of Directors.
- N. In case of vacancy of any of the seats of the company's committees, the Board of Directors – based on the recommendation of the Nominations and Remuneration Committee – shall appoint a member to the vacant seat to complete the remaining term of his predecessor until the end of the term. As for the Audit Committee, the Board's decision to appoint a new member shall be presented to the nearest general meeting of the shareholders for approval.

**Third: Studying topics:**

- a) The committees are responsible for studying the topics under their specialization or referred to them by the Board of Directors, and they submit their recommendations to the Board for decision-making, or make decisions if the Board delegates that authority to them.
- b) The committees may seek the assistance of experts and specialists from inside or outside the company within their powers, provided that this is documented in the committee meeting minutes, including the name of the expert and his relationship with the company or executive management.



#### **Fourth: Committees' meetings:**

- a) The committees meet at least during the fiscal year of the company as follows:
- ❖ Audit Committee: 4 meetings.
  - ❖ Nominations and Remuneration Committee: 2 meetings.
  - ❖ Risk Management Committee: 2 meetings.
  - ❖ Investment Committee: 1 meeting.
- b) Committee meetings shall be scheduled in advance during the year, and other meetings can be held whenever the need arises.

#### **Fifth: Secretary of the Committees:**

Each committee shall select a secretary from among its members or from the company's employees, provided that the secretary does not have the right to vote on the committee's decisions (if he is not a member). The secretary is responsible for preparing meetings, committee activities, minutes, documentation, and monitoring the implementation of its recommendations, directives, and decisions. He also communicates with the members and handle administrative and logistical procedures. Each committee determines its secretary's remuneration and the method of payment in light of the company's policies in this regard.

#### **Fifth: Committees' Reports:**

- A.** The chairman of each committee shall submit a periodic report to the Board of Directors on the committee's performance and significant achievements. Furthermore, each committee shall prepare and publish an annual report in accordance with the applicable regulations and laws. Each committee shall also inform the Board of Directors periodically about its activities, significant decisions, and recommendations. The report to the board of directors can be in written or oral form, presented by the committee chairman or any member authorized by the committee to do so.
- B.** The audit committee shall submit an annual report to the company's general assembly on the results of the annual review of the effectiveness of the company's internal control, in addition to the committee's opinion on the effectiveness of the company's internal control system.

**Sixth: Evaluating the performance of the committees:**

- A.** Each committee shall conduct an evaluation of its performance in accordance with its regulations, supervised by the Remuneration and Nomination Committee. In doing so, the committee should consider whether it has addressed all the issues within its scope or that should fall within its scope. The evaluation should particularly cover the following:
- The quality and comprehensiveness of the information obtained by the committee.
  - Reports and recommendations submitted by the committee to the Board.

- The manner in which information is discussed and whether the number and duration of committee meetings are sufficient to adequately and comprehensively accomplish its tasks.
- Presence and absence of members.

B. Each committee shall provide the board with a report that includes the results of the evaluation, as well as any proposed modifications.

### **Seventh: Committee Operating Regulations:**

The company has a set of regulations for each of its committees (Audit Committee, Nominating and Compensation Committee, Risk Management Committee, and Investment Committee), which include their tasks, responsibilities, monitoring mechanisms, and the method of compensating their members. These regulations can only be modified with the approval of the Board of Directors for the Audit Committee and the Nominating and Compensation Committee. Once approved, they are adopted by the company's general assembly of shareholders.

## **Chapter Six: Conflict of Interest and Transactions with Related Parties Policy**

### **First: The Purpose of the Conflict of Interest Policy:**

One of the main functions of the board of directors is to establish a clear, written policy for dealing with actual or potential conflicts of interest that may affect the performance of board members, executive management, or other employees when dealing with the

company or other interested parties. This policy shall include the requirements stipulated in the Corporate Governance Regulation issued by the authority and the Companies Law.

The purpose of this policy is to clarify the policies and procedures that regulate conflicts of interest for shareholders, the board of directors, committees, senior executives, employees, auditors, consultants, and other stakeholders as needed. This includes the use of the company's assets and facilities and the avoidance of misconduct resulting from dealings with related parties. The policy aims to help the company "deal with conflict situations in accordance with legal requirements and the accountability and transparency goals that the company applies in its operations.

A conflict of interest in companies occurs when private personal interests conflict in any way with the interests of the company. Al-Jouf Cement Company acknowledges and respects the fact that its employees have personal interests and the right to participate in various activities provided that this does not conflict with the company's public interests. We expect all employees and officials to act in a manner that serves the company's overall interests.

### **Second: Conflict of Interests:**

A conflict of interest can be summarized as follows:

- 1– It is not permissible for Board members to have a direct or indirect interest in the company's business and contracts without permission from the general assembly, which is renewed annually. However, this does not apply to transactions made in a general competitive manner if the board member has the best offer.

- 2- Board members shall disclose to the board of their direct or indirect interest in the company's business and contracts. This disclosure shall be documented in the meeting minutes. Members who have a conflict of interest cannot vote on the decision regarding this matter in the general assembly or board meeting. The Chairman of the Board of Directors shall inform the General Assembly, when it convenes, of any personal interests that a member of the Board of Directors may have in any of the company's transactions or contracts. This disclosure should be accompanied by a special report from the auditors. If a member of the Board of Directors fails to disclose an interest, the company or any interested party may demand before the competent judicial authority the nullification of the contract or require the member to pay any profit or benefit obtained therefrom. If the General Assembly rejects the renewal of the permission, the procedure provided for in Article 48 of the Corporate Governance regulations shall apply.
- 3- In general, a member of the Board of Directors should refrain from using his position to engage in any activity that could result in direct or indirect personal gain and that conflicts with the company's public interest or could potentially lead to such a conflict.
- 4- Without permission from the General Assembly, which is renewed annually, no member of the Board of Directors is allowed to participate in any activity that competes with the company or to trade in any of the company's business areas. If a member of the Board of Directors wishes to participate in an activity that

competes with the company or competes with it in one of its business areas, the following shall be taken into consideration:

- A. Informing the Board of Directors of the competing activities they wish to engage in and documenting this notification in the meeting minutes of the Board of Directors.
- B. The interested member should refrain from voting on any decision made regarding the matter in the Board of Directors or the General Assembly.
- C. The Chairman of the Board of Directors should inform the General Assembly, when convened, of the competing activities engaged in by the member of the Board.
- D. Obtaining prior permission from the General Assembly of the company to engage in competing activities, which should be renewed annually.
- E. If the General Assembly rejects the renewal of the permission, the procedure provided for in Article 48 of the Corporate Governance Regulations applies.

5– The concept of engaging in any activity that competes with the company or its business areas includes:

- a) Founding a company or individual establishment by the board member, or owning a significant percentage of shares or equity in another company or establishment that engages in the same type of business as the company.
- b) Accepting membership on the Board of Directors of a competing company or establishment, or managing a competing individual establishment or company in any form.

- c) Obtaining an agency or any similar form of representation, whether apparent or hidden, for a competing company or establishment.
- 6– The company may not provide any type of cash loans to any member of the Board of Directors or shareholders in it, or guarantee any loan made by any of them with a third party, except for the cases specified in Article 73 of the Companies Law.
  - 7– Board members are prohibited from accepting proxies from shareholders to attend the General Assembly meetings.
  - 8– Board members and executives are not allowed to accept gifts from any person who has business dealings with the company if those gifts could lead to a conflict of interest.
  - 9– Board members are prohibited from exploiting or benefiting, directly or indirectly, from any of the company's assets, information, or investment opportunities presented to him in his capacity as a member of the Board, or offered to the company. This may include investment opportunities that fall within the company's activities or that the company wishes to benefit from. The prohibition applies to a board member who resigns for the purpose of exploiting investment opportunities, directly or indirectly, that the company wishes to benefit from and that they became aware of during their tenure on the board.
  - 10– Board members, executives, and all employees of the company are required to comply with Capital Market Authority Laws and implementing regulations related to conflicts of interest.

### **Third: Policy Application:**

- 1– Members of the Board of Directors, members of committees established by the Board, senior executives and employees of the company (company personnel) shall set an example and represent a role model by achieving the highest levels of relevant behavior in terms of both form and content. The company requests all its employees and their family members to avoid situations in which their personal interests conflict or may conflict with the interests of the company.
- 2– This conflict of interest may arise if members of the Board, committees established by the Board, senior executives, or any of their relatives and dependents have financial or business interests in transactions made on behalf of the company with contractors, suppliers, other companies or institutions, or with parties that compete with the company. The following points are specifically mentioned in addition to the general policy and what will be mentioned later in this policy:
  - a) In cases where company employees seek to hold positions (such as membership in the Board of Directors or other management or advisory positions), and this may create an actual or potential conflict of interest, they shall notify the CEO or Board of Directors (as applicable) of the facts and circumstances related to their intention to work or participate in such activities, and the CEO or Board of Directors, or their assignee, will determine the existence of any conflict of interest.
  - b) Exploitation by any member of the Board, committees established thereby, senior executives, or current or former employees of any of the confidential,



proprietary, technical, customer or supplier information or other information obtained during his employment with the company to influence current or proposed business transactions for personal business advantage, benefit external parties, or cause harm to the company, whether during his employment with the company or after leaving it, shall constitute a conflict of interest and unethical practice. The company will take necessary measures (such as conducting further investigations or assessing potential risks) to monitor such cases of conflict of interest or unethical practice and take appropriate action against any current or former company employees who violate these regulations and the code of professional conduct.

- c) Members of the Board of Directors, committees emanating from and established by the Board, senior executives, and employees of the company are prohibited from trading based on insider information.
- d) The Company takes the necessary measures to detect possible cases of conflict of interest as provided below.

#### **Fourth: Conflict of Interest Disclosure Requirements:**

All members of the Board, committees emanating from and established by the Board, senior executives, and employees are required to disclose any conflicts of interest in accordance with applicable laws and regulations, as well as the following cases for the

company, as appropriate, and obtain the approval of the CEO or the Board of Directors of the company when requested, whether the conflict of interests is actual or potential:

- 1– All members of the council, committees emanating from and established by the Board, senior executives, and employees shall disclose the nature of their interest (financial or personal) in the company concerned (to be dealt with) and the details of the work/service/materials that will be received from or provided to the company (to be dealt with), where a potential or actual conflict of interest may arise from such a relationship. However, permissible negative investments, which are cumulative ownership by an employee or a family member of less than 5% of the company's capital shares that are available for sale or publicly traded, are exempted from this requirement. The exception for permissible negative investments is limited to shares of public joint-stock companies and investments that do not conflict with the company's business.
- 2– All members of the Board and committees emanating from the Board, senior executives and employees shall disclose any position they hold or any personal participation in a foreign company, whether inside or outside the Kingdom, where a potential or actual conflict of interest may arise from any type of participation or dealings between the two companies.
- 3– All members of the Board and committees emanating from the Board, senior executives and employees shall disclose any situation that may involve a prohibited conflict of interest and obtain approval from the CEO or the Board of Directors (or whoever is authorized) for that situation. All such disclosures are

subject to review and evaluation by the management responsible for the employee or official, and may require a decision from the CEO or the Board of Directors to approve or reject them. An employee shall fill out a new conflict of interest form if they move to a supervisory position such as the CEO or a position in the Procurement and Contracts department, or any other position that may involve a conflict of interest within 30 days of changing their position. The employee's supervisor shall be responsible for ensuring that the employee duly gives full disclosure.

- 4– The significant developments to be disclosed by the company shall include, but are not limited to, any transaction between the company and a related party, or any arrangement in which both the company and the related party invest in any project or asset or provide financing for the same, if such transaction or arrangement is equal to or greater than 1% of (the company's total revenues according to the latest audited annual financial statements).
- 5– The company shall attach to its annual financial statements a report issued by the members of the Board of Directors that includes a presentation of its operations during the last fiscal year, and all factors affecting the company's business, which the investor needs to be able to evaluate the company's assets, liabilities and financial position. The report of the Board of Directors shall include the following:
  - A. Description of any transaction between the company and a related party.
  - B. Information about any business or contracts in which the company is a party and in which the interest of a member of the company's board of directors,

the CEO, the CFO, or any related person, including the names of those involved in the business or contracts, the nature, terms, duration, and amount of these business or contracts. If there are no such businesses or contracts, the company shall provide a declaration to that effect.

6– Board members and senior executives shall exercise their powers and carry out their duties in a manner that achieves the interest of the company.

7– When one or more of the cases mentioned below apply to any person (whether an individual in the company or a potential investor), that person shall notify the company and the Capital Market Authority at the end of the trading day of the occurrence of the relevant case:

- a) Becoming a holder or has an interest in 5% or more of any class of the company's voting shares or convertible debt instruments.
- b) When there is an increase or decrease in the ownership or interest of the person referred to above by 1% or more of the company's shares or convertible debt instruments.
- c) When a member of the Board of Directors or a senior executive of the company becomes a holder or has an interest in any of the company's equity or convertible debt instruments.
- d) When there is an increase or decrease of 5% or more in the ownership or interest of any member of the Board of Directors in the company, or any senior executive thereof, in the company's shares or convertible debt

instruments, or by 1% or more of the company's shares or convertible debt instruments, whichever is less.

8- The notice referred to in Paragraph (7) shall be in accordance with the form prepared by CMA, provided that it includes information not less than the following:

- Names of the persons who own the shares or have the right to dispose of them.
- Ownership details.
- Details of any financial support from another person for the acquisition process or financing loans.
- Statement of purpose of ownership.

9- The person related to the situation shall immediately notify CMA if there is a change in the ownership objective that was previously disclosed, and is not allowed to dispose of any of the shares or debt instruments of the company if ten days have elapsed from the date of the change notice.

10- Without prejudice to the provisions of this requirement, a person who becomes a holder or has an interest of 10% or more in any class of the company's shares or convertible debt instruments shall not be allowed to dispose of any of them without the Authority's approval. The Authority may impose certain restrictions on such disposal and specify its method.

11- Members of the Board of Directors or senior executives or any person related to any of them may not deal in any securities of the company during the following periods:

- A. During the 15 calendar days prior to the end of the financial quarter until the date of announcement and publication of the preliminary financial statements after their review for the company.
  - B. During the 30 calendar days prior to the end of the financial year until the date of announcement of the final financial statements after their review or the audited annual financial statements for the company.
- 12- Failure to disclose such conflicts and obtain the required approvals by company personnel may result in corrective disciplinary action in accordance with the Saudi labor law and the relevant internal regulations of the company regarding conflicts of interest.
- 13- Even if a person discloses a potential conflict of interest and obtains approval, he may not participate in any transaction in which he has an interest as specified in this document without obtaining the required approvals according to the company's policy and the applicable regulations for dealing with related parties. Failure to comply with this may result in disciplinary action up to termination of employment.
- 14- In the event that a conflict case is discovered in which one of the company's employees is a party, the company shall handle the conflict case, and for this purpose, if necessary:
- a) It may form a committee to investigate the conflict in the case of senior executives or board members, or other designated individuals appointed by the CEO of the company.

- b) The committee shall have the necessary authority to take measures to verify the case, including allowing related parties to provide statements and access to documents related to the case.
- c) The committee shall prepare a report on the situation, including a description thereof, the measures taken in the investigation, the results, the committee's recommendations, and submit the report with all supporting documents to the executive committee or its authorized representatives to make a decision, in accordance with the labor law and regulations.

**Fifth: Violation of the conflict of interest policy:**

**A) Examples of actions that violate the company's conflict of interest policy:**

The following are examples of actions that constitute a violation of the company's policy regarding conflicts of interest:

1. Failure of members of the board of directors, members of committees emanating from the board, senior executives, and employees to disclose personal interests or family relationships or personal relationships with contractors, service providers, or suppliers who deal with or will deal with the company or its subsidiaries or affiliates.
2. Members of the board of directors, members of committees emanating from the board, senior executives, and employees holding any position in another company that may create a conflict of interest without disclosing that

position. Examples of this include serving as a board member, officer, employee, consultant, or representative of any external party that deals with the company or seeks to deal therewith.

3. Direct competition with the company, and to engage in a branch of activity/business practiced by the company without a license from the General Assembly, to be renewed every year.
4. Having an interest in an entity that competes with the company.
5. Exploiting the position of members of the board of directors, members of committees emanating from the board, senior executives, and employees and using their influence in the company to achieve personal gain for himself or for others.
6. Disclosing secrets or providing information that is considered the company's private property and that is accessed by virtue of their job, even after leaving the service, whether with the intention of directly or indirectly achieving financial gains for themselves or for any member of their family, or without achieving any financial gains.
7. Members of the board of directors, members of committees emanating from the board, senior executives, and employees or their family members receiving gifts or recreational activities without disclosing them, which may affect decision-making in any way or appear to affect it. In addition, employees or officials of the company providing gifts or recreational activities



that may directly or indirectly affect the work and decisions of companies and individuals who deal with the company.

8. Doing or allowing others to actually use the employees, materials, equipment, and devices of the company for any purposes other than those that serve the interests of the company, unless a full announcement or disclosure has been made about that.
9. When a member of the board of directors, committee members, senior executives, or employees use their position in the company, information, or business opportunities they obtain during their work in the company to obtain personal benefits or to achieve benefits for a third party.
10. When members of the board of directors, committee members, senior executives, or employees establish a company that engages in a similar activity to the company.
11. When a member of the board of directors, committee members, senior executives, or employees, such as a board member, makes a decision or engages in a transaction or purchasing process on behalf of a company in which they have an interest.
12. When an employee or one of their relatives engages in any business with suppliers, internal suppliers, or competitors.
13. When a member of the board of directors, committee members, senior executives, or employees engages in activities or has interests that may

make it difficult for them to perform their work in the company objectively and effectively.

14. When a member of the board of directors, committee members, senior executives, or employees, or one of their family members, receives illegal personal benefits due to their position in the company.
15. When a member of the board of directors, committee members, senior executives, or employees receives monetary compensation for providing consultancy services to another company that competes with the company, i.e., its nature of work and activity is similar to one of the main activities of the company.
16. The company and stakeholders shall consider taking actions that ensure the company's interests are given priority in cases of conflicting interests, according to the best available conditions. Members of the board of directors, committee members, senior executives, and employees shall refrain from influencing the company's decisions in any work that may create a potential conflict of interest, including refraining from voting on any decision or order that may be subject to a potential conflict of interest. They shall disclose any conflict of interest that arises due to their relationship with the company, according to the disclosure methods and policies specified by this policy and related regulations in KSA.
17. Mediating the employment of relatives and friends in the company or its subsidiaries or making recommendations regarding their employment. In

the event that a relative applied for a job, the concerned person should not mediate for him and let things proceed according to the procedures and policies determined by the company without direct or indirect influence or interference.

**B) Examples of actions that do not constitute a violation of the company's policy regarding conflicts of interest:**

The following are examples of actions that do not constitute a violation of the company's policy regarding conflicts of interest:

- A. Participation of the company's executives and employees in voluntary civic activities (such as social services, etc.) that do not negatively affect the employee's performance or the overall image of the company and its relationship with the government.
- B. Members of the board of directors, committees, senior executives, and employees who hold positions or work for an external company that does not deal with the company and does not seek to do so, and this does not represent a real or potential conflict of interest, provided that they do not use the company's confidential information or violate their time in the company.
- C. Employees accepting reasonable recreational activities, such as a regular work meal or its equivalent.
- D. Existence of financial interests for employees in external companies that do not deal with or seek to deal with the company, its subsidiaries, or its peers, and this does not represent a real or potential conflict of interest.

E. Family members of the company's executives or employees having financial interests in external companies that do not deal with or seek to deal with the company, and this does not represent a real or potential conflict of interest.

**Sixth: Declaration:**

All board members, committee members, senior executives, and employees shall read all the policies above carefully, acknowledge their understanding, and agree to comply therewith without violating any of their provisions. All board members, employees, and committee members shall sign the company's conflict of interest form once a year (or as needed), as outlined in Appendix (A).

**Seventh: Disclosure:**

The company provides a disclosure and declaration statement for all board members, committee members, and employees, which includes the company's conflict of interest form, Appendix (A). This is considered a fundamental matter within the human resources management to disclose any interests, positions, activities of the employee, or any of their family members that require disclosure under the company's conflict of interest policy. All employees are required to fill out the disclosure and declaration statement and sign it.

**Eighth: Validity & Effective Date:**

1– These policies shall be deemed effective from the date of their approval by the Board of Directors.

2- The Board of Directors shall make any amendments to this policy, provided that such amendments are in accordance with the rules and regulations of the relevant authorities.

**Ninth: Appendix**

**Appendix (A) Company Conflict of Interest Form:**

**Disclosure and Declaration Statement**

All members of the Board of Directors and members of committees emanating from the Board (individuals of the company) shall fill out this statement of conflict of interest upon their appointment and update this statement when necessary. Employees shall also notify the Human Resources Department immediately of any matters that may cause an actual or potential conflict of interest.

Name: -----

Job or administrative title: -----

1- Do you have an outside job that represents a conflict of interest with your job in the company?

No----- Yes----- Please specify: ----- :

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2- Do you have any other conflicts of interest with your position in the company?

No----- Yes----- Please specify: ----- :

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Additional pages can be added if needed.

Signature ----- Date -----  
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## **Chapter Seven: Internal Control**

### **First: Internal Control System:**

The company's Board of Directors shall adopt an internal control system to evaluate the policies and procedures related to risk management and the application of its governance rules, ensuring compliance with relevant regulations and laws. This system shall ensure the adoption of clear standards for responsibility at all executive levels of the company, and that transactions with relevant parties are conducted in accordance with their specific provisions and regulations.

### **Second: Establishing independent units or departments in the company:**

- 1– In order to implement the internal control system, the company shall establish units or departments for risk assessment and management, and internal audit.
- 2– The company may seek the assistance of external parties to exercise the functions and competencies of risk assessment and management units or departments, internal audit, governance and compliance department, without prejudice to the company's responsibility for those tasks and competencies.

### **Fourth, Internal Audit Department:**

#### **1 – Duties of the Internal Audit Department:**

The internal audit unit or department is responsible for evaluating the internal control system and overseeing its implementation, as well as verifying the company's and its employees' compliance with applicable laws, regulations, instructions, company policies, and procedures. The internal audit unit or

department consists of at least one internal auditor who is recommended to be appointed by the audit committee and is accountable to it, provided that the remuneration of the director of the audit unit or department is determined based on the proposal of the audit committee in accordance with the company's policies. The following shall be taken into account in the formation of the internal audit unit or department and its work:

- A. That its employees have competence, independence and appropriate training, and that they are not assigned to any other work other than Internal Audit and the implementation of the internal control system.
- B. The unit or department shall submit its reports to the audit committee and be accountable thereto.
- C. The unit or department shall have access to information, documents, and records without restriction.

## **2– Internal Audit Plan:**

The internal audit unit or department operates according to a comprehensive audit plan approved by the Audit Committee, and this plan is updated annually. The main activities and operations, including risk management and compliance management activities, shall be reviewed at least once a year.

## **3– Internal Audit Report:**

1– The internal audit unit or department shall prepare a written report on its work and submit it to the Audit Committee and the Board of Directors on at least a quarterly basis. This report shall include an evaluation of the internal



control system in the company and the conclusions and recommendations of the unit or department, and a statement of the actions taken by each department with regard to addressing the results and recommendations of the previous review and any observations thereon, especially in the event of not being addressed in a timely manner and the reasons for that.

- 2– The internal audit unit or department shall prepare a general written report and submits it to the Audit Committee and the Board of Directors regarding the audits that were conducted during the fiscal year and compare the same with the approved plan, and shows the reasons for any breach or deviation from the plan – if any – during the quarter following the end of the specified fiscal year.
- 3– The Board of Directors shall determine the scope of the report of the internal audit unit or department based on the recommendation of the Audit Committee and the internal audit unit or department, provided that the report includes in particular the following:
  - A. Procedures for controlling and supervising financial affairs, investments and risk management.
  - B. Assessing the development of risk factors in the company and existing systems to face radical or unexpected changes in the financial market.
  - C. Evaluating the performance of the Board of Directors and senior management in implementing the internal control system, including determining the number of times the Board was informed about

control-related issues (including risk management) and how these issues were handled by the Board.

- D. Failures or weaknesses in applying internal control or emergency situations that affected or may affect the company's financial performance, and the steps taken by the company to address such failures (especially problems disclosed in the company's annual reports and financial statements).
- E. The extent to which the company adheres to internal control systems when identifying and managing risks.
- F. Information describing the company's risk management processes.

#### **4– Maintaining internal audit reports:**

The company shall maintain audit reports and work documents, clearly indicating what has been accomplished and the results and recommendations reached, as well as the actions taken in response thereto.

### **Fifth: Risk Management:**

#### **1– Risk management policies and procedures:**

This policy aims to achieve effective risk management in the group and its subsidiaries. For this purpose, the Board of Directors and the various committees of the company, including the Risks Committee (If any), the Auditors Committee, the Investment Committee, the Remuneration and Nominations Committee, and the Executive Management supervise the activities and works of risk management (each in its field of competence).

The Board of Directors is responsible for ensuring that procedures and measures are taken. The necessary measures to manage risks are carried out effectively and efficiently, which leads to achieving the strategic, operational and commercial goals of the company. The Board may take whatever measures and mechanisms it deems appropriate to achieve this purpose, including the formation of a special unit in the company to manage risks.

The company's risk management policy includes building mechanisms and procedures through which the risks to which the company is exposed are closely monitored through its board of directors, the existing company committees, the executive management, the work teams in the subsidiaries and the risk management unit (if any), since the subsidiaries have policies, plans, procedures and measures in this side. The company is constantly working on the development and modernization of its existing systems in the field of risk management. The company also makes an annual disclosure of the general perception of potential risks through the annual report of its Board of Directors.

Among the types of risks that the group is exposed to and managed through the mechanisms referred to in this policy are (credit risks, currency risks, fair value risks, cash flows of interest rates, liquidity risks, price risks, human resources, compliance with laws and regulations, investments, etc.).

## **2– Risk Management Unit:**

The risk management unit reports to the general manager or managing director (if any) or any other executive, and it submits its performance reports to him. Furthermore, it submits its reports to the risk management committee, which is a department completely independent of the internal audit department. Continuous reports are submitted by the executive management to the council about Risk management work in light of its terms of reference related to risk management, which are included in this Guide.

### **3– Tasks of the risk management unit:**

The following are some of the most important tasks of the risk management unit:

- A. Developing effective strategy, plans, policies, procedures and measures for the company's risk management systems and subsidiaries to identify and evaluate risks in order to identify and address their deficiencies.
- B. Executing risk management plans and strategies.
- C. Monitoring the risks that the company and its subsidiaries may be exposed to and the extent to which they bear those risks, and conducting continuous assessments in this regard.
- D. Developing a crisis and emergency plan.
- E. Coordinating with the executive management of the company and its subsidiaries to ensure the effectiveness and efficiency of the risk management system and ensure its implementation.

- F. Preparing detailed reports on exposure to risks and the proposed steps for managing these risks, and submitting them to the Board of Directors.
- G. Reviewing the issues raised by the Audit Committee that may affect the risk management in the company.
- H. Any other additional tasks assigned thereto in light of the nature of risk management work and tasks aimed at enhancing its efficiency and effectiveness.
- I. The company may seek the assistance of a specialized external party from time to time to assist it in developing risk management systems and plans and implementing them effectively and efficiently.

## **Chapter Eight: Company Auditor**

### **First: Assignment of Audit Task**

The company shall assign the task of auditing its initial (quarterly) and annual accounts to an independent, competent, experienced and qualified auditor in order to prepare an objective and independent report for the board of directors and shareholders indicating whether the company's financial statements clearly and fairly reflect the company's financial position and its performance in all material aspects.

### **Second: Appointment and duties of the auditor:**

The Ordinary General Assembly shall appoint the company's auditor based on the nomination of the Board of Directors, taking into account the following:

- 1– The nomination shall be based on the recommendation of the Audit Committee.
- 2– To be licensed and to fulfill the conditions set by the competent authority.
- 3– To have no conflict of interests with the company.
- 4– The number of candidates shall not be less than two auditors.

### **Third: Duties of the auditor:**

The auditor shall:

- 1– exercise the necessary care and diligence for the company's best interests.
- 2– report to CMA if the Board of Directors does not take the appropriate action regarding the suspicious issues it raised.

3- request the Board of Directors to convene an Ordinary General Assembly if the Board fails to facilitate its work. The auditor shall also be responsible for compensating the damage that befalls the company, the shareholders, or third parties due to the errors committed thereby in the performance of its work. If there are multiple auditors who participate in the error, they are jointly liable.

## **Chapter Nine: Stakeholders**

### **First: Organizing relationships with stakeholders:**

The Board of Directors shall set clear and written policies and procedures to regulate the relationship with stakeholders in order to protect them and preserve their rights, provided that they include the requirements stipulated in Article (83) of the Governance Regulations issued by the Capital Market Authority. In light of this, the Council prepared the following policy:

### **Second: Stakeholder Relations Policy:**

#### **1 – Purpose:**

The purpose of this policy is to set the principles and guiding principles that govern the company regarding its relations with the stakeholders that link them with the company and enable them to file complaints and grievances and report the violating practices.

The company's board of directors is committed to applying the best ethical standards, as the company seeks that stakeholders have strong commitment, conviction and confidence towards dealing with them. Stakeholders can be defined as individuals or a group of individuals who have a direct or indirect interest with the company and may be affected by the company's procedures, objectives and policies. The main stakeholders in the company include "shareholders, administrative staff, employees, customers, creditors, banks, suppliers, government agencies and society as a whole."



In order to develop successful relationships with stakeholders, the company shall follow the following principles:

- A. Stakeholders who are affected by the company's activities have the right to access information about the company's activities in light of regulations and laws, and to transparently share with them their interests and issues related to matters and opportunities that affect them.
- B. Providing stakeholders with the necessary and timely information regarding the company's business, in a manner that does not contradict laws and regulations.
- C. The company will seek to obtain feedback from stakeholders about its decisions taken in relation to its business and activities in a manner that does not conflict with the system.
- D. The company seeks to encourage stakeholders to specify the method and means through which they wish to communicate to provide their opinions. In light of this, the company will strive to maintain flexibility and respond to the choices of stakeholders.
- E. The company respects the values and culture of each stakeholder.
- F. The company shall ensure that its dealings with its board members and related parties are conducted in accordance with the terms and conditions applicable to stakeholders, without any discrimination or preference.

## **2– Mechanisms for resolving disputes and complaints for stakeholders:**

- a) In the event of a complaint or dispute arising between the stakeholders and the company other than the employees, the stakeholders shall contact the secretary of the company's board of directors or any other competent person specified by the company. Once the Board Secretary or the competent person is notified, he refers the matter to the company's audit committee for guidance regarding the dispute or complaint, taking appropriate procedures and decisions in this regard. The audit committee shall make sure that the matter has been dealt with by the company's management by taking the necessary corrective measures or recommending a solution to the problem in an appropriate manner that guarantees fair investigations and procedures. The company may develop a detailed additional policy or procedures in addition to this policy to ensure effective implementation.
- b) In the event of a dispute arising between the company and any of its employees, the staff committee established by the company for this purpose shall handle all cases in accordance with the company's staff grievance policy and procedures in addition to this policy to ensure effective implementation. If the decision is not satisfactory to the parties involved, the matter may be referred to the interests committee and avoided, in light of the existing policy for grievances and escalation mechanisms within the company.

### **3– Review and amendment of this policy:**

In order to ensure that the company operates in a manner consistent with this policy, the Board of Directors will conduct a periodic review and evaluation of the effectiveness and efficiency of this policy, work according to it, and amend it when needed.

### **Second: Reporting Violations:**

Upon the recommendation of the audit committee, the Board of Directors shall establish the necessary policies or procedures to be followed by stakeholders, including employees, in submitting their complaints or reporting violations, while taking into account the provisions of Article (84) of the Companies Regulations issued by the Saudi Arabian Capital Market Authority:

- 1– Facilitating the reporting by stakeholders (including employees of the company) to the Board of Directors of any actions or practices by the executive management that violate the applicable regulations, laws, and rules, or raise suspicion about financial statements, internal control systems, or any other matter, whether or not such actions or practices affect them directly, and conducting the necessary investigations in this regard.
- 2– Maintain the confidentiality of reporting procedures by facilitating direct contact with an independent member of the audit committee or other specialized committees.
- 3– Assigning a competent person to receive and deal with stakeholder complaints or communications.
- 4– Dedicating a phone or e-mail to receive complaints.

5– Providing the necessary protection for stakeholders.

**Third: Employee motivation and reward policy:**

The company is committed to developing programs that encourage participation and performance for its employees and to treating them fairly in light of this policy and the human resources policies it adopts, which ensure that employees have a mechanism for development and promotion without discrimination or bias.

The company develops programs that encourage participation and performance for its employees, and in light of this, the company's rewards and nominations committee continuously reviews the program and incentive plans and approves them based on a recommendation from the executive management, without conflicting with the labor laws and any relevant regulations. The policy and programs for motivating and rewarding employees, including the executive management, include the following:

- 1– Basic salary (to be paid at the end of each calendar month on a monthly basis).
- 2– Allowances that include, but are not limited to, housing allowance, transportation allowance, and other allowances according to the nature of work (according to job grades determined by the applicable internal human resources policy).
- 3– Medical insurance benefits for the employee and his family.
- 4– Life insurance policy (including work injuries, partial and total disability, and death on the job).
- 5– An annual bonus linked to performance indicators according to the annual evaluation in this regard.

- 6- The incentive plans shall include short-term plans linked to exceptional performance and long-term plans such as stock option programs (if any), which the company adopts in light of its basic system and relevant regulations.
- 7- Other benefits include, but are not limited to, annual leave, annual travel tickets, and end of service benefits according to Labor Law and human resources policy approved by the company.
- 8- Advances to employees in light of the approved internal policy in this regard.
- 9- Plans, programs and general guidelines for rewarding senior executives are approved by the Remuneration and Nomination Committee.
- 10- The CEO implements the remuneration policy for employees and senior executives in light of the plans, programs and general directives approved by the committee.

## **Chapter Ten: Professional and ethical standards**

### **First: Professional Code of Conduct, Work Ethics and Culture Policy:**

The Board of Directors sets a policy for professional behavior and ethical values in the company, taking into account, in particular, the requirements of Article (86) of the Companies Governance Regulations issued by the Capital Market Authority as follows:

- 1– Making sure that every member of the Board of Directors, executive management and employees of the company exercises the required due diligence, care and loyalty towards the company, and everything that would preserve the interests of the company, develop it and maximize its value, prioritizing its interests over personal interests in all circumstances.
- 2– The Board member shall represent all shareholders in the company, and shall do whatever achieves the interest of the company and the interest of the shareholders, while observing the rights of other stakeholders not only the interest of the group that elected him.
- 3– Rooting the principle of commitment of the Board members and senior executives to comply with all relevant regulations, laws, and instructions.
- 4– Preventing a Board member or a member of the executive management from exploiting his job position with the aim of achieving his own interest or the interests of others.

- 5– Emphasizing the limited use of the company's assets and resources to achieve the company's purposes and objectives, and not exploiting these assets or resources for personal gain.
- 6– Establishing precise, firm, and clear rules that regulate the authority and timing of accessing the company's internal information, to prevent any misuse of such information by Board members, executives, or others, or disclosing it to anyone beyond the limits set by law or regulations.

**Second: Professional Code of Conduct Policy:**

Financial indicators and data are not sufficient to measure the strength and efficiency of any company, as it also requires the presence of internal values that are recognized and shared by both the company's management and its employees. These common internal values are what has been commonly called professional behavior.

The company aims, through the issuance of its Professional Code of Conduct, to establish the basis for dealing inside the company and between the company and all other parties outside it, embodying the true meanings of the values that govern such dealings.

While what is mentioned below cannot be sufficient to cover all possibilities of professional behavior, it can serve as a practical framework for dealing with cases of recurring nature.

The main pillar of the company's professional code of conduct is the availability of honesty, loyalty, and credibility. Since it is not possible to establish sufficient rules and

codes for dealing with all possible situations, the company's employees are required to apply sound logic in dealing with cases not explicitly covered in these rules. The company expects its employees to deal with these rules based on their intentions, not just their letter, meaning that they may need to deal with the spirit of the rules, not just the words.

The company expects all its employees to comply with these rules both in letter and spirit, and will never overlook any violations of them. Compliance with these rules is one of the most important criteria for hiring and continuing to employ any employee in the company.

In case an employee faces any ambiguity or confusion regarding any of the rules, or if the employee faces a situation where he cannot determine how to deal with it, he shall immediately discuss the matter with his direct supervisor. The direct supervisor may discuss the matter with the company's management if he is unable to make a decision.

The company also expects all its employees to perform their work within the framework of the legal and ethical controls required by the work and to be fully aware that their job requires complete loyalty to the company and its customers. Therefore, the company's employees are required to immediately take positive action to protect the company's interests and to avoid any situation where the company's interests may conflict with the personal interests of the employee. The company also expects all its employees to be positive towards the company and not to succumb to rumors that harm the company but to confront and deny them.



The rules mentioned below aim to provide a general framework for understanding the basis of the company's professional behavior. These rules complement the internal policies and regulations issued by the company.

**1 – Company Protection:**

The company requires all employees to protect its assets and any information and data owned by the company from any unauthorized use or potential harm to these assets and properties.

**2 – Protecting confidentiality of information:**

Confidential market information for the company can be defined as information that is not available to the public through public means of dissemination, developed by the company and entrusted by the company to third parties. These information include, but are not limited to: (all information related to the company's business and results, commercial terms governing the purchase, sale, and transfer of materials and services to and from the company). The company expects its employees to recognize the identity and classification of such information and protect the same from leaking to others in an unauthorized manner, without proper official permission. This includes the use of such information for personal purposes or personal gain.

Such information includes, but is not limited to: all information related to materials, products, designs, plans, ideas, prototypes, technologies, knowledge, and data developed or possessed by the company. This information includes private and confidential data related to employees, such as: Salaries, performance appraisals,

cost data and career plans. The company expects its employees to recognize the identity and classification of such information and protect it from leaking to others in an unauthorized manner, without proper official permission. This include using such information in private purposes or to achieve personal benefits. Trade secrets can be defined as including, but not limited to: any information or data that produces real or potential added value. The company expects its employees to recognize the identity and classification of such information and protect it from leaking to others in an unauthorized manner, without proper official permission. This include using such information in personal purposes or to achieve personal benefits.

The employees of the company shall maintain the confidentiality of company information during their employment with the company and for a period of 5 years after leaving their employment with the company.

### **3– Intellectual Property:**

The company's systems, software, brochures, newsletters, reports, and all developments made to facilitate and organize its work, including those developed by the employee while working for the company, are considered the company's property. The employee is prohibited from transferring or copying them in any way outside the company, even after their employment with the company ends for any reason. In return, the company undertakes not to use the intellectual property of

other companies for its own purposes without prior consent from those companies or those who developed these intellectual properties.

#### **4– Obtaining and Using Information:**

Information obtained from the company or from others that is not available to the public must be handled with absolute confidentiality and cannot be used for personal gain. Company employees are prohibited from using such information for personal or other purposes. The employee's commitment to the confidentiality of such information and restrictions on its use remain in effect for five years after leaving the company.

Company employees are also prohibited from using illegal means to obtain confidential information about other companies, and from disclosing any confidential data they obtained during their previous employment with another party.

#### **5– Protecting Company Computers:**

The company expects its employees to protect its computers and the information they contain from misuse, loss, and unauthorized use. The company's databases are owned by the company and their use is restricted to company business and not for personal use or the benefit of others.

The company expects its employees to use these devices only for official work. It is always necessary not to use them for personal work, or at least such use should be limited and within the narrowest limits and not exceed acceptable standards.

To protect the company's devices and ensure compliance with intellectual property laws, the company prohibits the use of any software on its devices unless the company has secured or approved its use within the bounds of the licenses granted by the software developers and in accordance with intellectual property laws. Any copying of such software or accompanying evidence must be within the limits set by the company's licenses.

#### **6– Company Communication & Correspondence:**

Regarding company communications, the use of email, fax, and written correspondence requiring the use of company resources should be limited to company-related activities. The company reserves the right to review the format and content of any such communications, including those created using company equipment and resources.

#### **7– Tangible and Intangible Assets & Property:**

Employees are required to protect the company's tangible and intangible assets, such as office equipment and intellectual property, from loss, misuse, and damage. They must also comply with laws governing the use and copying of articles, books, and tapes.

## **8– Financial Management:**

To ensure responsible financial management, employees shall exercise restraint when using company resources and when incurring expenses related to company activities. Any such expenses should be consistent with the company's policies and within approved budgets and authority limits.

## **9– Fair competition:**

In dealing with others, employees must treat them fairly and honestly as they would expect to be treated. The company adheres to a policy of fair competition that highlights the efficiency of its operations, products, and services without detracting from the efficiency of its competitors.

## **10– Information Accuracy:**

Information transmitted to or from the company must be accurate, based on the best knowledge and belief of the employee transmitting the information. Employees should not respond to any inquiries beyond their authority, and dealings with the media should be limited to the company president or those authorized to do so.

The company follows a policy of fair competition with others that highlights the efficiency of its operations, products, and services without detracting from the efficiency of its competitors.

### **11– Betrayal of Trust:**

In order to comply with current regulations, every employee in the company must inform the company of any past incidents related to breach of trust or embezzlement.

### **12– Bribery:**

The company strictly prohibits its employees from paying or accepting bribes or engaging in any form of exchange of benefits with others, whether directly or indirectly.

### **13– Gifts and Donations:**

To avoid any appearance of impropriety, employees of the company and their families are prohibited from accepting any gifts or donations that exceed the symbolic limit in value from any party with a relationship or interest in the company. This includes cash payments, gifts, loans, travel services, and any other services.

### **14– Working Environment:**

The company provides a suitable, healthy, and safe working environment for its employees. Employees must comply with all safety and security regulations, and the company prohibits threats, violence, and the possession of hazardous materials on its premises or during the course of its business.

### **15– Conflict of Interests:**

The company's employees are committed to ensuring that their activities, obligations, and ownership outside the company do not conflict with the company's interests. Any

employee of the company is prohibited from holding any position in any commercial activity, or being employed or engaged in any activity with any other entity without written permission from the company's president.

To avoid conflicts of interest, the company prohibits its employees from engaging in discussions or negotiations with any of its business partners regarding any personal cooperation or job opportunities without prior written permission from the company's president.

While the company encourages its employees to participate actively in social activities, it prohibits the use of official working hours for any social activities or personal interests that may require special attention from the employee at the expense of their performance of their duties at the company.

The company must select the materials and services it needs in a way that achieves its interests and ensures neutrality in selecting the source without personal bias or considerations for personal interest. The company's functional decisions and its selection of contractors must not be based on personal considerations, and unless there is prior approval from the company's CEO or authorized personnel, no employee should be responsible for supervising someone they have a close relationship with in any matter related to their job. The same prohibition and approval requirements apply when choosing the company's contractors.

The Board of Directors authorizes the CEO and department managers to monitor the application of these rules and ensure the compliance of their subordinate employees.

## **Second: social responsibility and community work initiatives:**

In light of the company's keenness to contribute to the development of the community in which it operates, the Board of Directors develops programs and determines the necessary means to present the company's initiatives in the field of social responsibility. The responsibilities of the social responsibility committee include:

- 1– Developing measurement indicators that link the company's performance to the initiatives it provides in social work.
- 2– Disclosing the social responsibility goals adopted by the company to its employees, raising their awareness and educating them about them.
- 3– Disclosing plans for achieving social responsibility in periodic reports related to the company's activities.
- 4– Preparing a social responsibility strategy and seeking to achieve sustainable social impact.
- 5– Supervising all activities and issues related to the company's social responsibility, including health and safety, environmental issues, and employee rights.
- 6– Supervising and providing recommendations on diversifying social responsibility programs and activities, including transforming social responsibility activities into a non-profit organization, and establishing procedures and general frameworks that contribute to achieving this goal.



7– Supervising vital programs and activities aimed at enhancing the company's community relations, and developing awareness programs for the community to introduce the company's social responsibility.

8– Reviewing and approving charitable donations related to social responsibility activities.

9– Providing the Board with appropriate recommendations regarding the committee's tasks, in addition to supervising and monitoring any other key activities related to social responsibility.

10– Supervising the preparation and review of social responsibility performance reports.

11– Performing any other tasks and responsibilities assigned to the committee by the Board that fall within the committee's purposes and scope of work.

## **Chapter Eleven: Policy of Disclosure and Transparency**

### **First: Policy Text:**

Al Jouf Cement Company is committed to providing information that is consistent, accurate, and credible in a timely manner, in accordance with legal requirements and regulations to support the securities market in this aspect. It must be disclosed and disclosed this information, regardless of the company's circumstances and its financial performance and situation (positively or negatively), and that all parties in the market have equal opportunities to access and obtain this information.

The objective of this policy of disclosure and disclosure of information is to enhance the confidence of investors and assist them in forming a realistic image of the company and maintaining their expectations by disclosing and disclosing appropriate information and disseminating it widely.

### **Second: Scope of the Policy**

This policy applies to all employees and officials of the company, as well as members of the board of directors. The policy covers all disclosure operations (written and oral) that take place inside or outside the company. It also includes, in certain cases, material information (related to the company's financial performance and situation, which directly affects the share price) that is difficult to keep confidential, exposing it to the possibility of leakage. This includes disclosure through annual and quarterly reports, company

releases, news and announcements, letters addressed to shareholders, and statements made by top executives of the company to investors and the media. It also includes information published on the company's website.

**Third: Timing and Format of Disclosed Information:**

- 1– General Assembly Meetings: The results of the General Assembly Meeting will be announced immediately after the meeting, and the Capital Market Authority will be provided with the minutes of the meeting within ten working days after the meeting.
- 2– Annual Reports: A paper copy and an electronic copy of the annual report will be disclosed annually and uploaded to the Tadawul website and the company's website.
- 3– Quarterly Results: Quarterly results will be disclosed every quarter and uploaded to the Tadawul website and the company's website.
- 4– Letters to Shareholders: Letters to shareholders will be disclosed whenever necessary.
- 5– Newsletters: Newsletters directed to employees, customers, and suppliers will be disclosed through electronic messages whenever necessary.
- 6– Press Releases: Press releases will be disclosed through telephone, press conferences, or electronic messages whenever necessary.
- 7– Any material information or significant developments must be disclosed to the public at least half an hour before the start of the trading period.

### **Third: Disclosure of Material Developments and Significant Events:**

- 1– The company must immediately notify the Capital Market Authority and the public of any material developments within its activities that are not publicly known and could affect its assets, liabilities, financial position, general business operations, or its subsidiaries, and could reasonably lead to a change in the listed securities' price or have a significant impact on the company's ability to meet its debt obligations.
- 2– The company must disclose material developments and significant events to the Capital Market Authority and the public immediately and without delay. Such events may include, but are not limited to:
  - A. Any transaction involving the purchase, sale, mortgage or lease of an asset at a price equal to or exceeding 10% of the company's net assets according to the latest audited annual financial statements or unaudited interim financial statements, whichever is newer.
  - B. Any liability outside the normal course of business of the company amounting to or exceeding 10% of the company's net assets according to the latest audited annual financial statements or unaudited interim financial statements, whichever is newer.
  - C. Any losses equal to or exceeding 10% of the company's net assets according to the latest audited annual financial statements or unaudited interim financial statements, whichever is newer.

- D. Any significant change in the production environment or activity, including but not limited to the availability and accessibility of resources.
- E. Change of the company's CEO or any changes in the composition of the board of directors or the audit committee.
- F. Any dispute, including any legal, arbitration or mediation claim, if the amount of the dispute or claim is equal to or exceeds 5% of the company's net assets according to the latest audited annual financial statements or unaudited interim financial statements, whichever is newer.
- G. Any court ruling issued against the board of directors or any of its members, if the subject matter of the ruling is related to the board of directors' activities or any of its members.
- H. Increase or decrease in the company's net assets amounting to or exceeding 10% according to the latest audited annual financial statements or unaudited interim financial statements, whichever is newer.
- I. Increase or decrease in the total profits amounting to or exceeding 10% according to the latest audited annual financial statements or unaudited interim financial statements, whichever is newer.
- J. Entering into a contract with revenues equal to or exceeding 5% of the company's total revenues according to the latest audited annual financial statements or unaudited interim financial statements, or unexpected termination of such contract.

- K. Any transaction between the company and a related party, or any arrangement in which both the company and a related party invest in a project or asset or provide financing for it, if the value of such transaction or arrangement is equal to or exceeds 1% of the company's total revenues according to the latest audited annual financial statements.
- L. Any disruption in any of the company's or its subsidiaries' (if any) main activities equal to or exceeding 5% of the company's total revenues according to the latest audited annual financial statements.
- M. Any change in the company's legal system or headquarters.
- N. Any change in the company's auditor.
- O. Calling for the general or special assembly meeting and its agenda.
- P. Results of the general or special assembly meeting.
- Q. Any proposed change in the company's capital structure.
- R. Any decision to declare profits or recommend their distribution, payment of dividends, or other distributions related to listed securities.
- S. Any decision or recommendation to distribute dividends in cases where it is expected that the source will distribute profits.
- T. Any decision to call for, repurchase, withdraw, redeem, or make a tender offer for its securities, including the total amount, number of securities, and their value.
- U. Any decision not to make payments related to debt instruments or convertible debt instruments.

V. Any change in the associated rights of any class of listed shares or convertible debt instruments.

**Fourth: Disclosure of Financial Information:**

1– The company shall disclose its annual financial statements and preliminary financial statements for the first, second, and third quarters of its fiscal year to CMA and the public as soon as they are approved and before they are published to shareholders or others. For the purposes of this article, approval of the financial statements shall be as follows:

A. Regarding preliminary financial statements, they shall be recommended by the audit committee, approved by the board of directors, and signed by a board member authorized by the board of directors, the CEO, and the CFO.

B. Regarding annual financial statements, they shall be recommended by the audit committee, approved by the board of directors, and signed by a board member authorized by the board of directors, the CEO, and the CFO, and submitted to the company's General Assembly for approval.

2– The company shall disclose its preliminary and annual financial statements through electronic systems dedicated for this purpose.

3– The company shall prepare its preliminary financial statements and have them examined in accordance with the accounting and auditing standards approved by the Saudi Organization for Certified Public Accountants, and disclose the same to

the public within a period not exceeding (30) days from the end of the fiscal period covered by those statements.

4- The company shall prepare its annual financial statements and have them audited in accordance with the accounting and auditing standards approved by the Saudi Organization for Certified Public Accountants, and disclose the same to the public within a period not exceeding three months from the end of the fiscal year covered by those statements. The company shall disclose these financial statements during a period of not less than (21) calendar days before the date of the company's annual general meeting.

5- The company shall ensure that the certified public accountant who reviews the financial statements and any partner in the accounting firm comply with the rules of the Saudi Organization for Certified Public Accountants and its regulations regarding ownership of any shares or securities of the issuing entity or any of its affiliates, to ensure the independence of the certified public accountant, partner, or employee in the firm.

#### **Fifth: Disclosure in the Board of Directors' Report:**

The company shall provide the regulatory authority and disclose to shareholders within a period not exceeding three months from the end of the fiscal year, a report issued by the Board of Directors. The Board of Directors' report shall include a presentation of the



operations during the last fiscal year and all factors affecting the company's business.

The Board of Directors' report should include the following:

1. The provisions of the corporate governance regulations that have been implemented and those that have not been implemented, and reasons for the same.
2. The names of the board members, committee members, executive management, their current and previous positions, qualifications, and experiences.
3. The names of companies inside or outside KSA, where a board member of the company is a member of their current or previous board of directors, or one of their executives.
4. The composition of the board of directors and the classification of its members as follows: executive board members, non-executive board members, and independent board members.
5. The procedures taken by the board of directors to inform its members, especially non-executive members, of the shareholders' proposals and comments regarding the company's performance.
6. A brief description of the committees' mandates and tasks, such as the audit committee, nomination and remuneration committee, including the names of the committees, their chairmen, and members, the number of meetings held, their dates, and the attendance records of each member in each meeting.

7. Where applicable, the methods adopted by the board of directors to evaluate the performance of its members and committee members, and the external entity that conducted the evaluation and its relationship with the company.
8. Disclosure of the remuneration of board members and executive management.
9. Any penalty, sanction, precautionary measure, or provisional attachment imposed on the company by any supervisory, regulatory, or judicial authority, along with the reasons for the violation, the signing authority, and the means of remedying and avoiding such violations in the future.
10. The results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the sufficiency of the company's internal control system.
11. The audit committee's recommendation regarding the need to appoint an internal auditor in the company if there is none.
12. The audit committee's recommendations that conflict with the board of directors' decisions or that the board has rejected regarding the appointment of the company's auditors, the removal and determination of their fees and performance evaluation, or the appointment of the internal auditor and the justifications for these recommendations and the reasons for not accepting them.
13. Details of the company's social contributions, if any.
14. A statement on the dates of the general meetings of the shareholders held during the last fiscal year and the names of the board members present at these meetings.

15. A description of the main types of activity of the company and its subsidiaries. If there are two or more types of activity, a statement must be attached for each activity and its impact on the size of the company's business and its contribution to the results.
16. A description of the company's important plans and decisions (including structural changes to the company, expansion of its business, cessation of its operations, and the future expectations of the company's business).
17. Information related to any risks facing the company (whether operational, financial, market risks or their management and monitoring policy).
18. A summary in the form of a table or chart of the company's assets, liabilities, and results of its operations for the last five fiscal years or since its inception, whichever is shorter.
19. A geographic breakdown of the total revenues of the company and its subsidiaries.
20. An explanation of any significant differences in operating results from the previous year or any expectations announced by the company.
21. Explanation of any deviation from the accounting standards adopted by the Saudi Organization for Certified Public Accountants.
22. Name of each subsidiary company, its capital, ownership percentage, primary activity, the country where it operates, and the country where it was founded.
23. Details of shares and debt instruments issued by each subsidiary company.

24. Description of the company's dividend distribution policy.
25. Description of any interests in the voting rights category of shares that belong to individuals (excluding board members, senior executives, and their relatives) who have informed the company of those rights under Rule 68 of the Securities Listing Rules and Continuous Obligations, and any changes in those rights during the last fiscal year.
26. Description of any interests, contractual securities, or subscription rights that belong to board members, senior executives, and their relatives in the company's stocks or debt instruments, or any of its subsidiary companies, and any changes in those interests or rights during the last fiscal year.
27. Information related to any loans to the company (whether immediately payable or not), a breakdown of the company's total indebtedness and that of its subsidiary companies, any amounts paid by the company to repay loans during the year, the principal amount of the loan, the name of the lending institution, its term, and the outstanding amount. If the company has no loans, it must provide a statement to that effect.
28. Description of the types and numbers of any convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by the company during the fiscal year, along with any consideration received by the company in exchange for them.

29. Description of any conversion or subscription rights under convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by the company.
30. Description of any redemption, repurchase, or cancellation by the company of any redeemable debt instruments, and the remaining value of the securities, distinguishing between listed securities purchased by the company and those purchased by its subsidiary companies.
31. The number of board of director's meetings held during the last fiscal year, along with the dates of the meetings and a record of attendance for each meeting, including the names of those present.
32. The number of requests made by the company for the shareholder register, along with the dates of those requests and the reasons for them.
33. A description of any transaction between the company and a related party.
34. Information regarding any business or contracts in which the company is a party, or in which any member of the board of directors or senior executives has an interest, or any person related to them, including the names of those involved in the business or contracts, the nature of the business or contracts, their terms, duration, and amount. If there are no such business or contracts, the company shall provide a statement to that effect.
35. A statement of any arrangements or agreements under which any member of the board of directors or senior executive has waived any bonuses.

36. A statement of any arrangements or agreements under which any shareholder of the company has waived any rights to profits.
37. A statement of the value of any legal payments made and due to settle any zakat, taxes, fees, or other dues that have not been paid by the end of the fiscal year, along with a brief description and reasons for them.
38. A statement of the value of any investments or reserves established for the benefit of company employees.
39. Declarations to the effect that:
  - A. The accounting records have been properly prepared.
  - B. The internal control system has been established on sound basis and implemented effectively.
  - C. There is no material uncertainty about the company's ability to continue as a going concern.
40. If the auditor's report includes reservations about the annual financial statements, the board's report must explain those reservations and their reasons, as well as any information related to them.
41. In the event that the board of directors recommends changing the auditor before the end of the designated period, the report must include that information, along with the reasons for recommending the change.

**Sixth: Disclosure in the Audit Committee Report:**

1. The audit committee report should include details of its performance of its duties and responsibilities as stipulated in the Companies Law and its implementing regulations, and should include its recommendations and opinion on the adequacy of the company's internal control, financial management and risk management systems.
2. The board of directors should deposit sufficient copies of the audit committee report in the company's headquarters and publish it on the company's website and the market's website when issuing the invitation to convene the general assembly, to enable shareholders who wish to obtain a copy of it, and the report should be presented by the board during the general assembly meeting.

**Seventh: Disclosure of Board Members:**

The board of directors must organize the disclosure processes for each of its members and executive management, taking into account the following:

1. Establishing a special register for the disclosures of board members and executive management, and updating it periodically according to the disclosures required under the Companies Law, the Financial Market Law and their implementing regulations.
2. Allowing shareholders to access the register without any financial charge.

**Eighth: Disclosure of Remunerations:**

The board of directors commits to the following:

1. Disclosure of the Remunerations policy and how the Remunerations of board members and executive management is determined in the company.
2. Accurate, transparent, and detailed disclosure of the Remunerations given directly or indirectly to the board members and executive management in the board's report, without any concealment or deception, whether the Remunerations is in the form of amounts, benefits, or advantages, regardless of their nature or name. If the benefits are in the form of company shares, the entered value will be the market value on the date of entitlement.
3. Clarifying the relationship between the Remunerations given and the applied Remunerations policy, and stating any substantial deviation from this policy.
4. Stating the necessary details regarding the Remunerations and benefits paid to each of the following separately:
  - A. Board members
  - B. Five of the top executives who received the highest Remunerations from the company, including the CEO and CFO.
  - C. Committee members.

**Ninth: Responsibilities of the Board of Directors regarding disclosure of information**

- 1– The Board of Directors shall respond quickly to important developments and submit proposals and recommendations to the Managing Director or CEO regarding



disclosure of information (what information, timing and method of disclosure, and by whom is this disclosure made?). The Managing Director shall also consult with the Chairman of the Audit Committee in appropriate cases that do not conflict with the existence of obligations to promptly disclose information, and these consultations are carried out in the event of issuance of financial statements by the Group related to investors' expectations regarding profits.

2– It is necessary for the Board of Directors to be aware of all the operations and activities of the company and its various sectors, and to be fully aware of the company's developments, which makes it in a position to evaluate and discuss events and developments that may affect the process of disclosure of information.

**Tenth: The spokesman of Al–Jouf Cement Company:**

1– The Chairman and Managing Director are the official spokespersons for Al–Jouf Cement Company in front of all media and with the public and the investor community. The Chairman and Managing Director are also entitled from time to time to appoint other persons from inside the company to speak on behalf of the company or respond to specific inquiries when necessary and called necessity for that.

2– No person other than the Chairman of the Board of Directors and the Managing Director and those assigned thereby may make any public statements about the following:

A– The company's strategies and plans.

B– Operations and activities of the company.

C– Financial performance (current and future) and investment opportunities in general.

D– Production capacities.

E– Litigation and lawsuits.

F– Decisions of acquisition and merger, restructuring, decisions to sell and exit from certain investments, and other strategic and important initiatives that the company undertakes.

3– Members of the Board of Directors and all employees of the company who are not authorized to speak on behalf of the company shall refer all requests received from financial institutions, shareholders and various media to the person authorized to speak on behalf of the company.

4– It is known that employees who are not authorized to speak on behalf of the company may deal with the public for some purposes such as (representing the company financially, trade fairs, product launches, recruitment markets, etc.), and such employees shall receive appropriate training on the restrictions imposed by this policy.

## **Eleventh: General rules for disclosure:**

### **1– General Principles of Disclosure:**

The company's spokespersons shall follow a set of guiding principles to ensure effective disclosure and preserve the company's best interests, including:

- 1– The company discloses any important developments, or any additional requirements by the official authorities in the Kingdom of Saudi Arabia.
- 2– The company prevents selective disclosure of material information, in order not to favor one group of the investment community over another.
- 3– The company limits access to confidential information, which is not fit for disclosure, within the limits of the company.
- 4– Communication with the investment community is done through official spokespeople.
- 5– The Company will not react to rumors or speculation, nor will it attempt to influence the opinions or conclusions of analysts.
- 6– The company adopts consistent and appropriate timing for disclosure, so as not to be selective in disclosure.
- 7– The company's management and the board of directors must assume that information circulated internally may be circulated externally (i.e. leaked) and if important confidential information is leaked at any time, inadvertently, the company will ensure full disclosure and publication.
- 8– The company seeks to communicate as much as possible with all relevant target groups.
- 9– The company communicates internally before it communicates externally, as it is important that employees do not know what is going on in the company from the newspapers and the media.
- 10– The company will keep communication open and simple.
- 11– The company repeats its various messages many times through the various channels to ensure that they are delivered.

## **2– Disclosure of material information**

1– Material information is defined as any information related to the conditions and activities of the company, its level of performance, and information that is expected to directly affect a material change in the conditions of the stock market or the share price of Al–Jouf Cement Company. Therefore, all such material information must be widely and timely disseminated.

2– Al–Jouf Cement Company has developed a package of procedures to act according to it with regard to all the company's communications, and it consists of the following:

A. Preparing and drafting press releases in accordance with the requirements of the Capital Market Authority.

B. Presenting this draft to the internal audit, the managing director and other deputy chief executives, and the employees authorized to do so, and the draft may also be circulated to the members of the board of directors to take their views on it sometimes if the chairman of the board and the managing director deem it necessary.

C. Publication of this press release in a newspaper distributed throughout the Kingdom, and through other distribution channels to achieve wide circulation.

3– Requests for material nonpublic information should be denied.

## **3– Period of positive non–disclosure:**

To avoid the possibility of selective disclosure, the Company will establish a positive non–disclosure period called a quarterly silence period (from the end of each quarter to the time the quarterly results are released), during which authorized spokespersons will

not comment on the current quarterly operating status or expected results. During that period, spokespersons will not hold meetings or contact with analysts, the investment community, or the media, and will refrain from discussing any issues related to earnings and financial performance, with the exception of discussions or participation in investor meetings and conferences, or telephone conversations about Non-earnings information.

#### **4– Future information:**

The company will not provide expectations about future profits and other financial results, but it may inform the shareholders, investors, or those dealing with the company, with sufficient future information to enable them to make a reasonable assessment of the company and its future performance expectations, provided that this information is not classified within the important confidential information disclosable.

#### **5– Dealing with rumors:**

The general principle of the company in dealing with rumors is based on the prohibition of any promotion, directly or indirectly, of an incorrect statement related to a material fact related to the company, its current and future business, or an opinion with the aim of influencing the price or value of a security of the company, or any other objective. involves manipulation. The general policy for interacting with rumors stems from not dealing with rumors or market expectations, and official spokespeople must make it clear that the company's policy is not to comment on rumors or market expectations, in order to avoid personal profit by buying or selling by knowing whether the rumor is true or not. No, especially on the part of the party that launched the rumor, and in the event that the rumor is true in whole or in part, the company will consider whether it is appropriate or

not, promptly issuing a newsletter in which it discloses that important relevant information, and in the event that any of the competent authorities request ) such as the Capital Market Authority (for the company to issue an explanatory statement about that rumor that causes a significant fluctuation in the value of the company's security, the company will consider the matter and decide to make an exception to the policy) regarding interaction with rumors), and if important information has been leaked and appears to affect on trading activity in the Company's securities, the Company will consider taking steps to ensure that a comprehensive announcement is made to the public, confirming or denying the leaked information.

#### **6– Rules for dealing with analysts and their reports:**

The company's official spokespeople present the information disclosed in the general or individual meetings, in a manner of disclosure that does not change the importance of the information by dividing it into small, unimportant parts, and if the company wants to announce important information in a general or individual meeting, in a meeting of the general assembly, or in a media conference The announcement must be preceded by the issuance of a general newsletter, immediately followed by the uploading of information to the company's website for the investment community to see, and the company will seek to limit any comments or responses to analyst requests related to reports, and the matter will be limited to actual disclosure and announcement of any errors In the event that they appear, based on the information disclosed to the investment community, in addition, it is not the company's policy to upload analytical reports on its website or distribute them outside the company, because the re-circulation of these reports may lead to the

impression that the company is endorsing these reports, and in general it may Senior management and the Board of Directors make use of these reports to better understand the perspective of the investment community.

#### **7– Prohibition of declaring incorrect data:**

It is prohibited for any person to make a statement orally or in writing an incorrect statement related to a material fact or omission to make a statement that he is obliged to make according to the law or the executive regulations, or the rules of the market or the depository center, if the declaration of the statement, or the failure of the person to make the statement required, with the aim of influencing the price of or the value of a security, or urging another person to buy or sell a security, or urging him to exercise or refrain from exercising rights granted by a security.

#### **A– The concept of incorrect data:**

A person is deemed to have made an untrue statement relating to a material fact in any of the following cases:

- If he makes an incorrect or inaccurate statement regarding one of its essential elements.
- If he arranged for another person to make an incorrect or inaccurate statement in any of its essential elements.
- If he makes a statement that contains incorrect information regarding a material fact.
- If he arranged for another person to make a statement containing incorrect information regarding a material fact.

- If he neglects to mention a fundamental fact when submitting a statement.
- A material fact is any information related to a security that, if the investor knew about it, would have a material effect on the price or value of the security that he bought or sold.

**B– Responsibility for incorrect data:**

- 1– A person is liable for damages to a plaintiff if that person makes an incorrect statement of a material fact, and that statement is made:
  - A. For the purpose of making a profit or commercial benefit.
  - B. or regarding the purchase or sale of a security.
- 2– The damage claimant must prove:
  - A. He was not aware that the statement was incorrect.
  - B. And that he would not have bought or sold this relevant security, or knew that the statement was incorrect, and that he would not have bought or sold it at the price at which the sale or purchase was made.
  - C. and that the person who made the incorrect statement knew, or had knowledge that there was a substantial possibility that the statement was incorrect about a material fact.
- 3– A person shall be responsible for the damages incurred by a claimant of damage if that person is obligated to make a statement pursuant to the law or implementing regulations, or the rules of the market or the depository center, and he omitted to make such a statement, provided that:
  - A. The tort action relates to the purchase or sale of a security.
  - B. And that what has been omitted relates to a fundamental fact.



**Eleventh: Prohibition of trading in the company's securities based on inside information**

**A– Prohibition of disclosing inside information obtained based on a family relationship:**

1. Members of the Board of Directors, executive managers, related employees, or their relatives disclosed according to the forms approved by the Authority for that purpose, may not declare or disclose any inside information.
2. The company's president and executive staff shall, at the beginning of each financial year, prepare and sign a declaration of compliance with the rules relating to stock trading in general, and maintaining the company's internal information in particular.

**B– Prohibition of disclosing inside information obtained based on a business relationship:**

1. The employees of the company may not authorize or disclose any internal information of the company to any third party.
2. Employees shall abide by the disclosure procedures set forth in these procedures.
3. In the event that any of the employees breaches this obligation, the termination of his work contract will be applied without reward or end of service and after fulfilling the statutory procedural requirements.

**C– Prohibition of disclosing inside information obtained based on a contractual relationship:**

The various departments of the company are obligated, in the event of their negotiations for the purposes of concluding any contract with a third party related to any business that may have an impact in any way on the company's technical or financial position, to conclude a confidentiality agreement related to any information exchanged, with the addition of a provision in any contract to compensate the company for any Penalties or compensation imposed on it by the Authority, in the event that the contracting party breaches the confidentiality clause and non-disclosure contained in that agreement.

**Twelfth: Al Jouf Cement Company website:**

- 1– The general manager, the financial manager and the company's disclosure officer are primarily responsible for providing information of interest to investors and ensuring that it is entered and updated on the Jouf Cement Company website. They are also responsible, together with the Department of Legal Affairs, for monitoring all information published on the company's websites and ensuring its accuracy, comprehensiveness, timing of publication, and the extent of its legality.
- 2– All material information about Al–Jouf Cement Company will be published on the company's website, and that information will be updated in accordance with Al–Jouf Cement Company's obligations to disclose and disclose information in a timely manner.
- 3– Al–Jouf Cement Company regularly and continuously monitors, secures and maintains the integrity of its website.

**Thirteenth: Reviewing the disclosure policy and disclosure of information:**

The Board of Directors, on the recommendation of the Audit Committee, shall review the disclosure and transparency policy periodically and whenever necessary, to ensure that it is in line with the rules and regulations.

## **Chapter Twelve: Document Maintenance**

- 1– The company shall keep all minutes, documents, reports and other papers required to be kept at the company's headquarters for a period of not less than ten years, including:
  - A. The Board of Directors' Draft Report
  - B. The audit committee report.
  - C. Board committee reports.
  - D. Minutes of meetings of the Board of Directors, Audit Committee and other Board committees.
  - E. Financial Statements:
- 2– In the event that there is a lawsuit (including any existing or threatened lawsuit) or a claim or any existing investigation procedures related to those minutes, documents, reports or papers, they shall be kept until the end of that lawsuit, claim or existing investigation procedures.

### **Chapter Thirteen: Final provisions**

**Implementing and working with this Guide:**

**The provisions of this guide shall be implemented and adhered to by the company as of the date of its approval by the company's board of directors.**

**Date: .... / .... / 14 AH**

**Corresponding to: ..... / ..... / 20 AD**

**Signature:**