

Policies, criteria, and procedures for Board of Directors membership in Umm Al-Qura Cement Company



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Introduction:

These policies aim to set clear and specific standards and procedures for membership in the Board of Directors of Umm Al-Qura Cement Company, in implementation of the provisions of Paragraph (3) of Article Twenty-Two of the Governance Regulations issued by the Capital Market Authority.

These policies, Criteria and procedures are based on the Companies Law and Circulars issued by the Ministry of Commerce and Investment and the Capital Market Authority, and the company's articles of association.

First: formation of Board of Directors:

- A. The company's board of directors consists of 6 members elected by the general assembly of shareholders for a period not exceeding three years, with reference to Article 16 of the Company's Articles of Association and in accordance with Article (17) of the Corporate Governance Regulations issued by the Capital Market Authority, the member will be elected by cumulated voting method in the General Assembly according to Article (8) of the Corporate Governance Regulations issued by the Capital Market Authority and Article (34) of the Company's Articles of Association.
- B. The majority of the board of directors in the company must be non-executive members in accordance with Article (16) of the Corporate Governance Regulations issued by the Capital Market Authority. The independent members must be not less than two members or less than one third of the board members whichever is more.
- C. The General Assembly elects the members of the Board of Directors for a period of three years and may be re-elected unless the company's articles of association provide otherwise.
- D. The management of the company shall notify the Capital Market Authority with the names of Board of Directors members and their membership descriptions within five working days from the date of the starting the board session or from their elected date - whichever of them is earlier - and any changes to their membership within five working days from the date of the changes.

Second: Criteria for membership in the board of directors in Umm Al-Qura cement company

The board member must be competent and professional with the necessary experience, knowledge, skill and independence, so that he can carry out his duties efficiently and effectively, and the General Assembly must take into account the recommendations of the nominations and remuneration committee of the company, and the availability of the personal and professional components necessary to perform their duties effectively, in particular, the following shall be met:

- 1- The candidate must not have been previously convicted of a crime honor and honesty, or a judgment of bankruptcy, or became unfit for membership in the board of directors in accordance with any regulations or instructions in force in Saudi Arabia.
- 2- the Board of Directors member shall not occupy a membership in more than five companies listed in the Saudi Stock Exchange simultaneously.
- 3- The board of directors' member shall represent all the shareholders, and that he adheres to the company interests and not to the group he represents or that voted to appoint him to the Board of Directors
- 4- Leadership ability: the candidate shall have leadership skills that qualify him to grant and lead to high performance, best practices and adherence to professional values and ethics.
- 5- Competence: the candidate shall have convenient academic qualifications, professional and personal skills, a good level of training and practical experiences related to the activities of the company, administration, economics, accounting, law, or governance as well as a desire to learn and train.
- 6- The ability to guide : by having the technical skills, leadership, and administrative capabilities, quick decision-making, understanding the technical requirements that related to the company workflow, and the capability of strategic planning and a clear future vision.
- 7- Financial knowledge: By being able to read and understand financial statements and reports.
- 8- Health fitness: that he does not have a health obstacle that prevent him from performing his duties and competencies.

Third: Membership Procedures:

- 1- Every shareholder has the right to nominate himself or other person or more for membership in the Board of Directors, within the limits of his ownership percentage in the capital.
- 2- The Remuneration and Nominations Committee coordinates with the executive management of the company to announce the opening of nomination for membership of the company's board of directors at least sixty (60) days before the end of the exist board session and according of the requirements of the laws and regulations.
- 3- The nomination announcement shall be published on the Saudi Stock exchange website (Tadawul) as well as on the company's website, and in any other means specified by the authority, in order to invite persons wishing to apply for membership of the Board of Directors. provided that the nomination period remains open for at least one month from the date of the announcement.
- 4- The Remuneration and Nomination Committee shall submit its recommendations to the Board of Directors regarding nomination to the board of directors' membership in accordance with the criteria described in this policy.
- 5- Those who wish to nominate themselves for board of directors' membership must disclose their interest to run by submitting a notice to the company's management according to the period and dates mentioned in this policy, rules, and regulations. This notice letter must include the curriculum vitae (CV) of the candidate in Arabic and English, His identity, qualifications, and practical experience. In addition, he shall provide all official documents such as (national identity card, family card, passport for non-Saudis who are nominated for the membership and any other related documents that the company requires to achieve the legal requirements).
- 6- The candidate must disclose any cases of conflict of interest to the board and the General Assembly, that include:
 - 1- Existence direct or indirect interests in the company business and contracts that he is interested to nominate himself for the board membership.
 - 2- His participation in a business that would compete with the company.

- 7- Candidates must complete the form or forms specified by the Capital Market Authority, which can be obtained through the Authority's website.
- 8- The candidate who previously held board of directors' membership in any joint-stock company must provide a statement shows the number and dates of the boards of directors' session for all the companies that he had membership in its Board of directors.
- 9- The candidate who previously held a membership in the company must provide with his nomination notice letter a statement from the company's management about the last session that he had the board membership, including the following information:
 - 1- The number of Board meetings that took place during each year of the session.
 - 2- The number of meetings that he attended, and the percentage of his attendance to the total meetings.
 - 3- Any permanent committees that the member participated in, the number of meetings held by each of those committees during each year of the session, the number of meetings he attended, and his attendance percentage to the total meetings.
- 10-The membership status must be clarified upon candidacy, i.e. whether the member is an executive, non-executive member or independent member.
- 11-The nature of the membership must be clarified, that is, whether the member is a candidate in his personal attribute or if he is a representative of a legal person.
- 12-The Nominations and Remuneration Committee coordinates with the Executive Management to complete the statutory requirements and provide the relevant authorities with all the required documents.
- 13-Voting is carried out through the cumulative voting method to select the members of the board of directors.
- 14-Voting in the General Assembly is restricted to those who nominate themselves according to these policies, criteria, and procedures.

Fourth: The mechanism of selecting the chairman and vice president:

The company's shareholders elect the members of the Board of Directors at the General Assembly of Shareholders in accordance with the regulations and criteria included in this policy, and then the Board selects its chairman and vice president 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.

Fifth: unoccupied membership in the Board of Directors

If the position of a member of the Board become vacant during the session of the membership, the Board has the right to appoint temporary member in the vacant position, this member shall be qualified with experience and competence, and the CMA must be informed within five days from the date of the appointment, and the appointment must be submitted to the General Assembly at its first meeting for approval , The new member will complete the remaining period of the current session according to the articles of association of the company.

If the necessary conditions for the board meeting are not met due to the shortage of its members below the minimum required number according to the Companies Law or in the Articles of Association of the company, the remaining members must call the General Assembly within sixty days to elect the necessary number of members.

Sixth: The end of the membership for the member of the Board

- 1- The membership of the Board ends with the end of the board session, which is three years from the date of its election by the General Assembly.
- 2- The membership of the Board member ends due to any regulations or instructions in force in Saudi Arabia, or on the one of death or resignation, or conviction of honor and honesty crime. However, the Ordinary General Assembly has the right dismiss all or some of the members of the board at any time without prejudice to the rights of the member who is dismissed from the company. Moreover, if the dismissal occurred for an unacceptable reason or at an inappropriate time the member has the right to claiming for compensation. However, the board member has the right to resign in an appropriate time, otherwise he will be responsible for the company losses resulting from his resignation.

- 3- The General Assembly may as per the recommendation of the Board terminate the membership of those who have been absent from attending three consecutive meetings of the Board without a legitimate excuse.

Seventh: Final Provisions (Publication, Entry into Force, and Amendment)

This policy shall be enforced and followed by the company as of the date of its approval by the general assembly of shareholders. This policy shall be published on the company's website to enable shareholders, stakeholders, and the public to see it. The contents of this policy shall be modified - as needed - upon the recommendation of the Board, and any proposed modification shall be submitted to the general assembly at its nearest meeting for approval.
