

//Tabuk Cement Company Logo is attached//

Policies, Standards, and Procedures of the Board of Directors' Membership

Approved by Resolution of the General Assembly of Tabuk Cement Company No. (6) dated 20/12/1445H
(corresponding to 26/06/2024G)

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Preamble

This document aims to define transparent and fair controls and procedures for the nomination, election, and appointment to the Board of Directors of Tabuk Cement Company, in a manner that ensures equal opportunities for all without prejudice to the necessary competency standards required for membership on the Board of Directors.

This document was prepared by the Board and approved by the Company's General Assembly, pursuant to the provisions of Paragraph (3) of Article (21) of the Corporate Governance Regulations issued by the Capital Market Authority (CMA) Board pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G) and amended by CMA Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G).

Article One: Definitions

Unless the context of the text requires otherwise, the following words and phrases, wherever mentioned in these Regulations, shall have the meanings ascribed to each of them:

Company: Tabuk Cement Company

General Assembly: The Company's General Assembly

Policies: Policies, Standards, and Procedures for Membership on the Board of Directors

Board of Directors: The Company's Board of Directors

Nomination Committee: The Nomination and Remuneration Committee of the Company

Member: A Member of the Board of Directors

Non-Executive Member: A Member who is not fully dedicated to the Company's management and does not participate in its day-to-day operations.

Independent Member: A Non-Executive Member who enjoys complete independence in their position and decisions, and to whom none of the factors compromising independence, as stipulated in Article Nineteen of the Corporate Governance Regulations issued by the CMA Board, applies.

Article Two: Formation of the Board of Directors

The Board of Directors shall be composed of seven (7) members elected by the Ordinary General Assembly of Shareholders for a term not exceeding four (4) years. The following must be adhered to in the composition of the Board of Directors:

- A. The majority of the Board members must be Non-Executive.
- B. The number of Independent Members shall not be less than one-third of the Board members or two members, whichever is greater.

Article Three: Conditions for Nomination for Board Membership

The following conditions are required for a nominee for Board membership:

- a. The nominee's age shall not be less than twenty-five (25) calendar years.
- b. The nominee must possess professional competence and have the necessary experience, knowledge, and skill to perform their duties efficiently and capably.
- c. The nominee must not have any health impediment that prevents them from exercising their duties and authorities.

- d. The nominee must not have been previously convicted of a crime involving dishonesty or breach of trust, whether inside or outside the Kingdom, unless he has been rehabilitated.
- e. The nominee must not be prohibited from running for election or holding membership of the Board of Directors pursuant to any law or judicial ruling.
- f. His election and appointment must not result in holding membership in the boards of directors of more than five (5) joint stock companies listed on the Saudi Stock Exchange simultaneously.

Article Four: Procedures for Nomination for Board Membership

1. The Board of Directors shall invite those wishing to run for membership of the Board in its new term through an announcement published on the Company's website and the website of the Saudi Stock Exchange (Tadawul) sufficiently prior to the end of the current Board's term, not less than sixty (60) days in advance. The announcement must include the following:
 - a. The start and end dates for receiving Nomination applications, provided that the period available for Nomination shall not be less than thirty (30) days.
 - b. The start and end dates of the new Board term.
 - c. The documents and supporting materials that must be submitted with the Nomination application.
 - d. The nominee evaluation criteria stipulated in these policies.
 - e. The mechanism for submitting Nomination applications.
2. Any natural person wishing to run for membership of the Board of Directors – whether a shareholder or not – shall submit a signed application in accordance with the form prepared by the Board of Directors upon the recommendation of the Nomination Committee. The nominee must attach to his application the documents and supporting materials determined by the Board of Directors upon the recommendation of the Nomination Committee, including but not limited to:
 - a. Forms issued by the Capital Market Authority or any other competent authorities.
 - b. Schedules and forms related to independence impediments, conflicts of interest, and relationships with major shareholders.
 - c. A list of current memberships held by the nominee in the boards of directors or committees of any other companies.
 - d. A list of previous memberships held by the nominee in the boards of directors or committees of any other companies.
 - e. A statement from the Company's management – if the nominee is or has previously been a member – including the following:
 - (1) The number of Board meetings held during each year of the term(s) in which the nominee served as a Board member, the number of meetings attended, and his attendance percentage out of the total meetings.
 - (2) The committees in which he participated, the number of meetings of each committee during each year of the term(s) in which he served as a member of that committee, the number of meetings attended, and his attendance percentage out of the total meetings.
 - (3) A summary of the financial results achieved by the Company during each year of the term(s) in which he served as a Board member.

In addition, the curriculum vitae, which shall include – among other matters – the academic and professional qualifications and experience of the nominee.

g. Supporting documents and evidentiary materials.

Article Five: Evaluation of Nomination Applications

1. The Nomination Committee shall review and examine all Nomination applications to ensure that they meet the requirements and conditions set forth in these policies, as well as any other applicable laws, regulations, policies, or rules of the Company.
2. When assessing the fulfillment of the condition stated in paragraph (b) of Article (Three) of these policies, the Nomination Committee shall take into consideration the following:
 - a. The candidate's possession of the necessary leadership skills to apply best practices in leadership and effective management, as well as the ability to communicate effectively and to think and plan strategically.
 - b. The candidate's academic and professional qualifications or practical experience relevant to the Company's activities, or in the fields of management, economics, accounting, law, governance, or other fields related to the Company's business and operations.
 - c. The candidate's ability to read and understand financial data and reports.
 - d. The candidate's ability to demonstrate the highest ethical standards and commitment to the principles of honesty, integrity, and care for the interests of the Company and its shareholders.
 - e. The candidate's ability to allocate sufficient time and effort to properly perform his duties.
3. The Nominations Committee shall recommend to the Board of Directors regarding the candidates who meet the requirements and criteria, as well as the membership classification of the candidates: Executive / Non-Executive / Independent / Non-Independent.

Article Six: Election and Appointment

1. The Board of Directors shall call the General Assembly to convene for the election of the new Board members through an announcement on the company's website and on the website of the Saudi Exchange (Tadawul) at least twenty-one (21) days prior to the meeting.
2. The announcement referred to in paragraph (1) of this Article must include the candidates who meet the requirements and criteria, along with a description of their experience, qualifications, skills, positions, and previous and current memberships. The company shall also make a copy of this information available at its head office and on its website.
3. Voting in the General Assembly shall be limited to candidates for the Board of Directors whose information has been announced by the company in accordance with paragraph (1) of this Article. The cumulative voting method shall be used in the election of the Board members.
4. The company shall notify the Capital Market Authority of the names of the Board members and their membership classifications within five (5) business days from the date of commencement of the Board term or from the date of their appointment, whichever is earlier. The company shall also notify the Capital Market Authority of any changes to their membership within five (5) business days of the occurrence of such changes.

Article Seven: Duties and Obligations of the Member

The member must comply with the duties stipulated in the Companies Law and its implementing regulations, other relevant laws and instructions, as well as the company's bylaws and policies, throughout the duration of their membership on the Board of Directors.

Article Eight: Termination of Board Membership

shall terminate in the cases provided for under the Companies Law, the Implementing Regulations of the Companies Law relating to listed joint stock companies, and the company's bylaws.

Article Nine: Board Membership Fee

1. If it is not possible to hold the election and appoint new members of the Board of Directors, and the term of the current Board expires, the outgoing members shall continue performing their duties until a new Board is elected. However, the continuation of the outgoing Board shall not exceed ninety (90) days from the date of expiry of its term.
2. If all members of the Board of Directors resign, they must call for the convening of the Ordinary General Assembly to elect a new Board of Directors. The resignation shall not become effective until the new Board is elected, provided that the outgoing Board shall not continue for more than one hundred and twenty (120) days from the date of resignation.
3. If a seat of the Board becomes vacant due to death or resignation of a member, and such vacancy does not result in invalidity of the Board's meetings because the number of members remains above the minimum required under the company's bylaws, the Board may temporarily appoint to the vacant seat a person with adequate expertise and competence who meets the requirements stipulated in Article Three of these Policies. The

Board shall present this appointment to the Ordinary General Assembly at its first meeting, and the appointed member shall complete the remainder of his predecessor's term.

4. If the conditions necessary for the validity of the Board's meetings are not met due to the number of members falling below the minimum stipulated in the company's bylaws, the remaining members must call for the convening of the Ordinary General Assembly within sixty (60) days to elect the required number of members.

Article Ten: Final Provisions

1. The Nominations Committee shall review these Policies periodically and recommend any necessary amendments to the Board of Directors, for consideration and subsequent proposal to the General Assembly for approval.
2. These Policies shall be effective as of the date of their approval by the General Assembly.