



**Board of Directors' Membership Criteria Regulation**  
**At Riyadh Cement Company**

Approved by Directors Board Decision No BM 02-22 dated 05 Dec. 2022

Board of Directors of Riyadh Cement Company

**Introduction:**

Riyadh Cement Company is committed to having a Board of Directors with competence and experience to achieve the interests of shareholders and to lead to the growth of the company, the achievement of its objectives, and its compliance with the relevant systems and regulations.

**Objective of the Regulation:**

This regulation aims to establish clear and specific standards and procedures for membership in the Board of Directors of Riyadh Cement Company, in implementation of the provisions of paragraph (3) From Article Twenty-Two of the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 05/16/1438 AH corresponding to 02/13/2017 AD.

**Board of Directors Composition:**

The following shall be taken into account in the composition of the Board of Directors:

- 1- The majority of the Board of Directors members must be non-executive.
- 2- The number of independent members shall not be less than one third of the Council members.
- 3- Every shareholder in the company has the right to nominate himself or another for membership in the Board of Directors in accordance with the provisions of the Companies Law and its implementing regulations, in implementation of the provisions of Article Sixty-Nine of the Corporate Governance Regulations issued by the Board of the Capital Market Authority.

**Appointment of Board Members:**

- 1- The company is managed by a board of directors consisting of seven members according to the company's articles of association, elected by the ordinary general assembly of shareholders by cumulative voting for a period of three years. A member of the board of directors may be re-elected.
- 2- The Board of Directors shall appoint a member to the Board when any position on the Board becomes vacant, in compliance with the provisions contained in this regard in the Company's Articles of Association and the Corporate Governance Regulations issued by the Board of the Capital Market Authority.
- 3- The Company shall notify the Capital Market Authority of the names of the Board of Directors members and their membership descriptions within five business days from the date of commencement of the Board of Directors' term or from the date of their

appointment – whichever is earlier – and within five business days from the date of any changes thereto.

- 4- The Board of Directors shall appoint from among its members a Chairman and a Vice Chairman. It may also appoint a Managing Director. It is not permissible to combine the positions of Chairman of the Board and Managing Director. The Board of Directors shall determine the powers of the Chairman of the Board and the Managing Director that are not stipulated in the system and the special remuneration that each of them shall receive in addition to the remuneration stipulated for Board members according to the company's articles of association.

### **Terms and Criteria for Membership in the Board of Directors:**

- 1- The Board member must be a professionally competent person who has the experience, knowledge, skill and independence necessary to enable him to carry out his duties efficiently and effectively. In particular, he must have the ability to lead, be competent, be able to direct, be financially knowledgeable and be physically fit.
- 2- Not to have been previously convicted of a crime involving fraudulence or dishonesty.
- 3- Not to be prohibited from working in a joint-stock company by the Capital Market Authority.
- 4- Not to be a member of the board of directors of more than five companies listed on the financial market at the same time.
- 5- The candidate must not be a board member and work for a competing company.
- 6- Completing the forms applied by the Capital Market Authority and the requirements of the Ministry of Commerce.
- 7- That the Nominations and Remuneration Committee approves his fulfillment of the above conditions and approves him as a qualified candidate.

When electing members of the Board of Directors, the General Assembly shall take into account the recommendations of the Nominations and Remuneration Committee and verify the availability of the personal and professional qualifications necessary for them to perform management tasks effectively.

### **Sixth: Procedures for Membership in the Board of Directors:**

When announcing the opening of nominations for membership in the Board of Directors, the Company shall abide by the Companies Law, the Capital Market Law and its executive regulations, and shall publish an announcement to that effect for those wishing to nominate themselves for membership in the Board of Directors on the Company's website (if any), the Market's website and any other means determined by the Authority. The nomination period shall

remain open at least from the date of the announcement, provided that the announcement contains:

- 1- Council session type.
- 2- Session start date.
- 3- Session end date.
- 4- Number of members.
- 5- Nomination opening date.
- 6- Nomination deadline.
- 7- How to receive nomination requests.
- 8- Nomination requirements.
- 9- Nomination criteria.

Anyone wishing to run for membership in the company's board of directors, upon announcement, must submit a nomination application to the company's Nominations and Remuneration Committee, supported by the following documents:

A CV supported by photos of his qualifications and experience in the field of corporate business management, whether directly through an executive position he held or indirectly through membership in the boards of directors.

- 1- A candidate who has previously served as a member of the board of directors of a joint stock company must submit a statement of the companies on whose boards he has previously served.
- 2- The candidate must submit a statement of the companies or institutions in which he is a member of the board of directors and has an existing partnership in ownership, and clarify whether they carry out activities similar to those of Riyadh Cement Company or have contracts or common interests with the company or not.
- 3- The candidate must submit a statement of the joint-stock companies and other institutions on whose boards of directors he is expected to serve during the term of the board of directors for which he is nominated.

The Remuneration and Nominations Committee shall submit its recommendation to the Board of Directors regarding nominations for membership of the Board of Directors in accordance with the aforementioned membership conditions.

### **Candidate Disclosure of Conflict of Interest:**

If the candidate is elected to the Board of Directors, he is obligated to provide the required disclosures in accordance with the provisions of the Corporate Governance

Regulations, in implementation of the provisions of Article Forty-Five of the Corporate Governance Regulations issued by the Board of the Capital Market Authority.

**Eighth: Termination of Membership:**

Membership of the Board of Directors ends at the end of the term or as stipulated in the Corporate Governance Regulations and the Company's Articles of Association, in application of the provisions of Article Nineteen of the Corporate Governance Regulations issued by the Board of the Capital Market Authority.

**Amendment of the Regulation:**

The Board of Directors may propose amending the provisions of these regulations in accordance with any new operational requirements, decisions or instructions issued by the competent government agencies, provided that this amendment is presented to the General Assembly at its first meeting for approval.