



Regulations on Board Membership Standards and Procedures

First: Introduction:

The Saudi Cement Company (SCC) has committed itself to have a board of directors comprising people with competence, experience, leadership skills, capacity to steer and guide, financial literacy and physical fitness, who work in the best interest of shareholders in the short and long term, and in the manner that makes the Company grow and realize its objectives within the framework of Company's Governance Regulations and in compliance with the relevant laws and regulations.

Second: Purpose of Regulations:

These Regulations aim to set clear and specific standards and procedures for membership of SCC's Board of Directors, pursuant to Para 3 of Article 21 of the Corporate Governance Regulations issued by CMA Board under Decision No. (8-16-2017) dated 16/05/1438 AH corresponding to 13/02/2017 AD and its amendments and the Company's Governance Regulations.

Third: Definitions:

Company (SCC): Saudi Cement Company.

Board: the board of directors of Saudi Cement Company entrusted with management of the Company to achieve interests of shareholders.

Board Member: the board member appointed under nomination by the General Assembly or appointed by the Board of Directors as a replacement member in the vacant office.

Applicant: the person who applies for board membership of the Company.

Nominee: the person nominated for board membership by the Nomination and Remuneration Committee.

Entity/ Enterprise: the establishment or company in whatever legal form, or any other corporate body having financial liability.

Competitor: the entity which engages in manufacturing, producing, marketing or distributing all types and derivatives of cement or clinker, blocks, concrete and other industries associated with use of cement and clinker, activities of affiliates or any entity which engages in an activity that is directly or indirectly linked to the activities above mentioned.

Competitive Activity: any activity practiced by the competitor according to the details mentioned in the Regulations on Competitive Activity Standards.

Fourth: Composition of the Board of Directors:

The following conditions shall be complied with when forming the Board of Directors:

- 1.The majority of Board members shall be non-executives.
- 2.The number of independent members shall not be less than one third of the Board members.

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**Fifth: Appointment of Board Members:**

1. The Company shall be managed by a board of directors who are elected by the Ordinary General Assembly of shareholders by cumulative voting and according to the duration of Board period mentioned in the company's bylaws. Board members may be re-elected for another Term.
2. The Board of Directors shall appoint a Board member in case of any vacancy in Board membership seats, subject to the relevant provisions contained in the Company's Bylaws and the Company's Governance Regulations.
3. The Company shall notify CMA of the names of Board members and their type of membership within five working days as from the starting date of board session or from the date of their appointment, whichever is earlier, and within five working days from the date of any changes made to membership.

Sixth: Board Membership Conditions and Standards:

1. A Board member shall have professional competence with the necessary experience, knowledge, skill and independence that enable him to perform his duties efficiently and competently. In particular, he shall meet the following conditions:
 - A. **Leadership Capacity:** to have the leadership skills that qualify him to accord powers to subordinates in the manner that stimulate performance, apply the best practices with regard to effective management, and comply with professional values and ethics.
 - B. **Competence:** To have the necessary academic qualifications (B.A. degree as a minimum), appropriate professional and personal skills, training, and hands-on experiences related to the Company's current and future activities, administration, economics, accounting, law or governance, in addition to the passion to learn and train.
 - C. **Capacity to Direct:** to have the necessary technical, leadership, and managerial capabilities as well as the skills relating to quick decision-making, comprehension of technical requirements related to workflow, strategic direction and planning with a clear vision of the future.
 - D. **Financial Literacy:** To be able to read and understand financial statements and reports. This requires that the applicant submits proof of board membership of other companies or having a university degree or higher in the area of accounting, finance, business administration or having received specialized courses in reading and understanding financial statements and reports.
 - E. **Physical Fitness:** To have no health issue that may prevent him from performing his duties and tasks.
 - F. He shall not have been convicted of an offence prejudicial to honor or integrity.
 - G. He shall not be banned from work in joint stock companies by a decision of CMA or other bodies regulating capital markets inside or outside the Kingdom.
 - H. The applicant may not be involved, at the time of application, in any activity that is competitive with Company or its affiliates, within the geographical boundaries of KSA, and boundaries of countries of the Company's affiliates, and in particular the following:
 - The applicant's establishment of a company or sole proprietorship or possession of 5% or more of shares or stocks of a competitor.
 - The applicant should not be a board member of a competitor or holds an executive position of a competitor.
 - The applicant should not have a commercial agency or the like, whether apparent or hidden, of a competitor.
 - The applicant should not be a committee member of a competitor.
 - The applicant should not be one of those providing technical, administrative or consulting works or an employee to any competitor.



- I. The Nomination and Remuneration Committee shall approve him as a qualified applicant who has met the above conditions.
 - J. At the time of application for Board membership, he shall not be a board member of five joint stock companies listed on the stock market.
2. When electing Board members, the General Assembly shall take into account the recommendations of the Nomination and Remuneration Committee, and check if the applicant meets the personal and professional qualifications that are necessary to efficiently perform managerial duties in accordance with Para 1 of this Article.

Seventh: Board Membership Procedures:

1. When announcing the opening of candidacy for Board membership, the Company shall abide by the Companies Law, Capital Market Law and their implementing regulations, and publish an announcement to that effect for those wishing to run for Board membership on the Company's website, CMA's website and any other means specified by CMA. The candidacy shall be open for at least one month from the date of the announcement.
2. Whoever wishes to run for Board membership when the Company announces the opening of candidacy, shall submit a written request for nomination to the Company's Nomination and Remuneration Committee accompanied by the following documents:
 - A. A CV in both Arabic and English language with copies of his qualifications and experience certificates in the field of corporate business management, whether directly through an executive position he held, or indirectly through members of boards of directors.
 - B. Submitting a signed copy in Arabic and English of the nomination forms for membership in the Board of Directors issued by the Capital Market Authority and the Saudi Tadawul Company.
 - C. The applicant who was a board member of a joint stock Company (inside or outside the Kingdom) shall submit a statement of such company/companies.
 - D. The applicant shall submit a statement of the companies or establishments that he is a member of their boards of directors or holds a share therein, and disclose whether or not these companies carry out business similar to that or competitive of the Company or have contracts or common interests with the Company.
 - E. The applicant shall submit a statement of the joint stock companies and other establishments that he is expected to be a board member therein or take part in managing them during the session of the board membership he runs for.
3. The Nomination and Remuneration Committee shall submit its recommendation to the Board of Directors regarding nomination for Board membership in accordance with the above membership conditions.
4. The Nomination and Remuneration Committee may exclude any candidate who does not meet the conditions and criteria for membership mentioned in these regulations. It may also exclude incomplete nomination applications submitted during the period when nominations are open.

Eighth: Disclosure of Conflict of Interest:

When elected to the Board membership, the applicant shall provide the required disclosures in accordance with the Conflict of Interest Regulations for Board Members and Senior Executives and Employees and the Regulations on Competitive Activity Standards.



Ninth: Termination of Membership:

The Board membership shall expire/be terminated according to the relevant provisions of the Companies Law, the Company's Bylaws and Regulations.

Tenth: Amendment of Regulations:

The Board of Directors may propose amendment to these regulations according to the new process 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.