

الإسمنت السعودية
SAUDI CEMENT



Regulations on Competitive Activity Standards

Preamble:

These Regulations have been laid down in application of provisions of Article (72) of the Companies Law and Article (46) of the Corporate Governance Regulations, to define competition standards to the Company's activities and regulating procedures for rules of involvement of Company's board members in competitive activity, according to objectives of the Company as mentioned in Article (3) of the Company's Bylaws, and objectives of the Company's affiliates, noting that cases of competitive activity of the Board Members will be dealt with in view of the provisions of these standards.

First: Definitions:

The following terms and phrases, wherever mentioned in these Regulations, shall have the meanings assigned to each, unless the context otherwise requires:

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.

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.

Relatives or Kinship:

- Fathers, mothers, grandfathers and grandmothers.
- Sons and daughters.
- Brothers and sisters.
- Spouses.

Second: Scope of Application

Provisions of these Regulations shall apply to Board Members of the Company and their relatives.

Third: Competitive Activity Standards:

Competitive Activity Standards of the Company and its affiliates that are banned to the Board Members are as follows:

1. The Board Member's establishment of a company or sole proprietorship or possession of 5% or more of shares or stocks of a competitor.

2. The Board Member's acceptance of being a board member of a competitor or holding an executive position of a competitor, with the exception of assuming membership or management roles of affiliates.
3. The acceptance by a natural person representing a legal person to be a board member or a committee member or holding an executive position of a competitor.
4. The Board Member's having a commercial agency or the like, whether apparent or hidden, of a competitor.
5. The Board Member's acceptance to be a committee member of a competitor.
6. The Board Member's delivery of technical, administrative or consulting works to any competitor.
7. The Board Member's use of his knowledge and information in favor of a competitor.
8. The Board Member's benefit, whether directly or indirectly, from the investment opportunities presented to him or which he becomes aware of in his capacity as a Board Member of the Company. This includes investment opportunities which are within the activities of the Company or its affiliates or those not falling within the Activities of the Company or its affiliates and which the Company wishes to make use of. Such ban shall extend to board member who resigns to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to his knowledge during his membership in the Board.
9. The Board Member's being a board member of a competitor or holding an executive position of a competitor during three years after termination of his membership in the Company's board of directors.
10. Geographical boundaries of KSA and boundaries of countries of the Company's affiliates shall be the scope of application of these Regulations regarding the competitive activity practiced by the Board Member.

Fourth: Controls for Competing the Company:

1. The Board Member who competes with or wishes to compete with the Company or its affiliates shall obtain an authorization from the ordinary general assembly.
2. If the Board Member wishes to engage in an activity that is competitive to the Company or its affiliates, the following must be observed:
 - A. The board shall be informed of the competitive activity to be practiced by the Board Member, and this notification shall be evidenced in the board minutes of meeting.
 - B. The board shall vote on the decision of competition by the Board Member of the activity of the Company or its affiliates, provided that the interested board member shall have no vote on the decision to be issued by the board and shareholders assemblies.
 - C. If the board decides that activities to be practiced by the Board Member are competitive to those of the Company or its affiliates, the board shall refer the matter to the ordinary general assembly, and these activities shall be checked on an annual basis.
 - D. The board chairman shall inform the ordinary general assembly, at its first meeting, of the competitive activities practiced by the Board Member to vote thereon.

Fifth: Duties of Board Members Competing with Activities of the Company or its Affiliates:

The Board Member who obtains an authorization from the ordinary general assembly to compete with the activities of the Company or its affiliates shall observe the following:

1. Practicing his duties honestly and fairly, and placing interests of the Company as a priority.
2. Maintaining Company's information and activities in strict confidence, and not to disclose them to any person.

Sixth: Refusal to Grant Authorization

If the ordinary general assembly refuses to grant the required authorization according to Article (72) of the Companies law and Article (46) of the Corporate Governance Regulations, the Board Member shall tender his resignation within the period recommended by the board to the ordinary general assembly, or get his position regularized by withdrawal from the competitive activity during the same period, otherwise his membership in the board shall be deemed as terminated upon expiry of the granted period.

Seventh: Approval and Publication

1. The provisions of these Regulations shall be adhered to as of the date when they are approved by the ordinary general assembly and they shall be published on the Company's website.
2. The Board of Directors may propose amendment to these Regulations, provided that any such amendment is presented to the ordinary general assembly at its first meeting for approval.