



اسمنت العربية
Arabian Cement

Policies, Standards, and Procedures of BOD Membership

Arabian Cement Company

(Listed Joint -Stock Company)

**Approved by the ninth Extraordinary General Assembly on 22/11/1444 H
corresponding to 11/06/2023 G.**

Introduction:

The policies, standards, and procedures of BOD membership at the Arabian Cement Company were prepared with the aim of compliance with the Corporate Governance Regulation issued by the Capital Market Authority, which provides that the BOD shall prepare clear and specific policy, standards, and procedures for BOD membership without prejudice to the mandatory provisions of the Corporate Governance Regulation and enforce the same after the approval of the General Assembly.

First: BOD Membership Policies:

1. The BOD consists of (9) members according to the Company's Articles of Association. The majority of them are non-executive directors, and (3) of them at least are independent directors. Directors are required to be natural people.
2. Every shareholder may nominate themselves or one or more of the shareholders or others for the BOD membership according to the provisions of the Corporate Law and its executive regulations.
3. Shareholders of the General Assembly shall elect the BOD Members from the candidates known for their integrity and expertise in the Company's scope of business and fulfilling the specific standards hereinunder stated according to the approved and legal procedures. The term of the BOD is (4) years, and it shall not be renewed automatically. Board Members may be re-elected for other terms according to the procedures of candidacy and election. The Board Member shall represent all the shareholders and is required to maintain their interests.

The BOD shall dominate the Company's policy and strategy and shall convene regularly to follow up its performance. For this purpose, it shall have all the necessary powers and shall be assisted by committees with specific duties and powers.

Second: Membership Standards and Requirements:

Subject to the provisions governing the BOD Membership provided for in the Corporate Law and its Executive Regulation on the listed joint-stock company and Corporate Governance Regulation, the standards of the BOD Membership shall be as follows:



1. Leadership Ability: enjoying leadership skills that qualify a Board member to grant powers for the improvement of performance, application of the best practices in the effective management field and compliance with professional values and ethics.
2. Efficiency: having the academic qualifications, professional and personal skills, level of training and practical experiences relevant to the current and future activities of the company, being well acquainted with management, engineering, economics, accounting, law, corporate governance, risk management, accounting, strategy and vision, or the main industries that the Company works in and willing to continuously learn and train.
3. Ability of Guidance: having technical, leadership and management abilities, quick resolution-making, understanding the technical requirements of work progression, ability of strategic guidance and planning and having a clear future vision.
4. Financial Knowledge: being able to read and understand financial statements and reports.
5. Physical Fitness: absence of any health problem that prevent them from practising their duties and responsibilities.
6. Integrity and compliance with ethics and professionalism, never declared bankrupt by a court, never convicted with a crime against honor or mistrust and eligibility to the BOD membership under a proof submitted to the concerned bodies.
7. The candidate may not be subject to any resolution issued against them by the Capital Market Authority or by any judicial or regulatory authority in relation to breach of the Corporate Law, Capital Market Law, or the other applicable laws.
8. Adherence to effective participation in the Board meetings, acceptance of tasks assigned to them including representation of the company in visits or meetings.
9. Familiarity with the laws and statutes and compliance with the Corporate Governance Regulation.
10. Combining qualifications and experiences, diversity of thought and leadership skills, having communication skills with others, ability of constructive criticism and resolution-making, and preferably being independent according to the standards of the Capital Market Authority.
11. They shall not be Board members in more than 5 listed joint-stock companies in the same time.
12. The candidate who has previously been a board member in one of the shareholding companies shall state the number and dates of the board of directors where he/she was a member.

13. The candidate who has previously been a board member shall attach with the notice of candidacy a statement from the company's management of the last time he/she was a board member including the following information:
- a. The number of board meetings held during each year of the board's term.
 - b. The number of meetings attended by the members themselves and the attendance percentage for the total number of meetings.
 - c. The standing committees that the member participated in, and the number of meetings held by each committee during each year of the board's term, the number of meetings he/she attended and the attendance percentage for the total number of meetings.

14. Membership status shall be clarified whether the member is executive, non-executive or independent.

Third: Procedures for running for the BOD Membership:

Subject to the provisions governing the BOD membership provided for in the Corporate Law and the Executive Regulation of the Corporate Law concerning the Listed Joint-Stock Companies and Corporate Governance Regulation, candidacy procedures for the BOD membership shall be as follows:

1. The Company shall publish the candidacy announcement in the Company's website, the Saudi Exchange website and in any other methods as specified by the Authority to invite the individuals willing to run for the membership of the BOD.

2. Candidacy period shall be at least one month from the date of the announcement.

3. Individuals who are willing to run for the membership of the BOD shall submit the nomination documents to the secretary of the Remuneration and Nomination Committee including the nomination letter in Arabic and English, statement of qualifications and practical experiences and provide the Company with all the supporting documents including: (the national ID, family ID, passports for non-Saudis running for the BOD membership, nomination forms and any other related documents requested by the Company for the fulfilment of the legal requirements). Candidates shall further submit a signed copy of form (1) related to the curriculum vitae after being filled out by the candidate in Arabic and English and shall submit a signed copy of the disclosure form (3) issued by the CMA for nomination for the BOD membership of a joint-stock company listed in the Saudi Stock Exchange (Tadawul) after being filled out electronically in Arabic and submit any documents as required by the relevant laws, regulations and instructions.

The candidate shall disclose any conflict of interests according to the CMA'S procedures and approved models and according to the Company's conflict of interest policies which includes:

- a. existence of direct or indirect interest in the works and contracts made for the account of the company that he/she wants to run for its BOD membership.
- b. participation in a business that would compete with the Company or one of its branches in the activity it practices.

5. the Remuneration and Nomination Committee shall review the information and ensure that the candidates fulfil the legal requirements and criteria for membership and verify the candidates' desire to run for the membership and represent the interests of the Company and all its shareholders.

6. The Committee shall study the candidates who fulfil the standards and criteria with the possibility of holding meetings with the candidates. A recommendation is submitted to the BOD with the candidates for the BOD membership according to the policies and standards approved by the General Assembly.

7. The Remuneration and Nominations Committee may exclude or set aside any of the candidate applications if not satisfying any of the standards or requirements prescribed for in this policy.

8. The Company shall announce the information of the BOD membership candidates on the Saudi Exchange website when publishing or calling for a General Assembly meeting provided that this information includes a description of the experiences, qualifications, skills, jobs, previous and current memberships of the candidates.

9. The Company shall make available a copy of the information about the BOD membership candidates on its website at an earlier time before the General Assembly's meeting.

10. Cumulative voting shall be used in the BOD election, and the voting right for one share can be used only once.

11. The General Assembly shall constitute a committee for counting votes. Voting in the General Assembly shall be limited to the candidates for the BOD membership who fulfils the approved requirements and standards and whose information was published by the Company on the Saudi Exchange's website.

12. The Company shall notify the CMA with the names of the BOD members and the status of their membership within five business days from the date of commencement of the BOD term or the date of their appointment – whichever is earlier- and with any changes that might

occur in their membership within five business days from the date of the occurrence of changes.

13. An appointment shall be determined with the appointed candidates to meet with the senior executives in the Company. The meeting aims to determine the Company's activities and the important subjects to be aware of, specially, the financial and the administrative topics. Further, to notify them about their obligations in accordance with CMA regulations, articles of association, by-laws, and regulations of the Company.

14. If any of the nominees winning a position in the Board excuses after the voting of the Assembly and before the new session of the Board from occupying such position, the Board shall appoint a Board member having the features and standards required for the membership of the vacant position. CMA shall be notified during the legal term established of such appointment.

Fourth: Controls of appointing committee members from outside the Board:

1. The Committee of Rewards and Nominations acquires the application of the nominees to the membership of the committees from outside the Board.
2. The nominee shall have the experience and efficiency required for practicing the tasks of the committee to which it is nominated.
3. The nominee shall be appointed for the membership of the committees from outside the Board for one session only. By a resolution issued by the Board, the nominee may be reappointed for two sessions as a maximum.
4. The Board shall be entitled to terminate the membership of any member from outside the Board at any time.
5. The committee's members from outside the Board receive remuneration and attendance allowance according to the approved policies.

Fifth: Termination of the membership of the Board member and vacancy of one of the positions:

1. The membership of the Board members shall be terminated in the following cases:
 - a. The term established for the member of four years according to the Articles of Association of the Company expired.

b. Expiration of the power of the member according to any law or instructions applicable in KSA expired.

c. The member died or resigned.

d. The General Assembly decides that the member shall be exempted from the membership for any cause.

e. The member commits an action causing prejudice to the honor and honesty.

f. It is evident that the membership of the Board member is based on incorrect or fraudulent information submitted by him/her upon being nominated for being a member in the Board.

2. The Ordinary General Assembly may remove all or part of the Board members. The Board member may ask that he/she be retired from the Board membership, provided that this shall be on time and the Board member shall not be responsible towards the Company for damages arising from such retirement or removal.

3. The Board shall invite the General Assembly for a meeting for a sufficient period before the expiration of its session for electing the Board for another session. If it is impossible to elect the Board for a new session and the session of the current Board expires, its members shall continue to perform their tasks until the election of the Board for another new session. This is provided that the term of the continuity of the Board members whose session is expired shall not exceed the term determined by the Regulations.

4. If the Board Chairperson and members retire, they shall invite the Ordinary General Assembly to elect the new Board. Retirement shall not be valid except after the election of the new Board. This is provided that the continuity of the retired Board shall not exceed the term determined in the Regulations.

5. The Board member may retire from the membership of the Board by a written notice directed to the Board Chairperson. If the Board Chairperson decides to retire, he/she shall notify the remaining Board members and Board secretary.

The retirement shall be considered as effective in both cases from the date determined in such notice.

6. If the conditions required for holding the Board meeting are not met since their members are less than the minimum provided for in the Articles of Association of the Company, then the remaining members shall invite the Ordinary General Assembly for meeting within (sixty) days for electing the required number of the members.

7. The General Assembly may, at the recommendation of the Board, terminate the membership of the members absent from attending (three) successive meetings or (five) separate meetings during his/her membership without an acceptable excuse accepted to the Board.

8. If the Board member resigns and he/she has notes to the performance of the Company, then the Board member shall submit a written statement to the Board Chairperson and this statement shall be presented to the Board members.

9. The resignation resolution of a Board member shall be effective from the date of notifying the Board Chairperson or at any subsequent time as agreed.

10. Upon the expiration of the membership of the Board member by one of the ways of the termination of the Board membership, the Company shall notify the CMA and market immediately of the same and declare the causes of such termination.

11. position of one of the Board Member is vacant, the Board shall appoint a temporary member in the vacant position. This is provided that such member shall of those having experience and efficiency. The competent entities shall be notified during five working days from the appointment date. Such appointment shall be presented to the Ordinary General Assembly at its first meeting. The new member shall complete the term of the predecessor.

Sixth: Final Provisions:

The Board shall work with the Committee of Rewards and Nominations on periodically revising this Policy to assess its effectiveness. The Committee shall provide a recommendation regarding the scope of the need for amending the Policy to the Board. If the Board decides that there is a need for amending this Policy, the Board shall present the amendments suggested to the General Assembly for obtaining its approval.