

Regulations on Board Membership Standards and Procedures

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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 22 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 the Company's Governance Regulations.

Third: 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.

Fourth: Appointment of Board Members:

1. The Company shall be managed by a board of directors composed of eleven members, who are elected by the Ordinary General Assembly of shareholders by cumulative voting and for a three-year term of office. Board members may be re-elected for another terms.
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 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.

Fifth: 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.
 - 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 Nomination and Remuneration Committee shall approve him as a qualified candidate who has met the above conditions.
 - I. At the time of appointment to Board membership, he shall not be a board member of five joint stock companies listed on 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 candidate meets the personal and professional qualifications that are necessary to efficiently perform managerial duties in accordance with Para 1 of this Article.

Sixth: Board Membership Procedures:

1. When announcing the opening of candidacy for Board membership, the Company shall abide by 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 (if any), 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 opening of candidacy, shall submit a request for nomination to the Company's Nomination and Remuneration Committee accompanied by the following documents:
 - a. A CV 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 membership of boards of directors.
 - b. The candidate who was a board member of a joint stock Company (inside or outside the Kingdom) shall submit a statement of such company/companies.
 - c. The candidate 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 of the Company or have contracts or common interests with the Company.
 - d. The candidate 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.
 - e. If the candidate was previously a Board member of SCC, he shall submit a statement issued by the Company's management on the last session in which he held the position of Board member, including the following information:

- 1) A statement of the number of board meetings that took place during each year of that session, the number of meetings that he attended in person, and the percentage of his attendance to the total board meetings.
 - 2) A statement of the specialized committees of which he was a member, the number of meetings held by each of those committees during each year of that session, the number of meetings he attended, and the percentage of his attendance to the total meetings.
 - 3) A summary of the financial results achieved by the Company during each year of that session.
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.

Seventh: Disclosure of Conflict of Interest:

When elected to the Board membership, the candidate shall provide the required disclosures in accordance with the Conflict of Interest Regulations for Board Members and Senior Executives.

Eighth: Termination of Membership:

The Board membership shall expire/be terminated according to the relevant provisions contained in the Company's Bylaws, Company's Governance Regulations, and the Board of Directors Work Regulations.

Ninth: 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.