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Policy of the Nomination and Remuneration Committee

A governance Regulation of City Cement
Company (Listed Joint-Stock Company)
After Amendment

Article 1: Definitions:

The following words and phrases have the following meaning ascribed to them:

Company law: The law of companies issued by the Ministry of Commerce.

Company Governance Regulations: The Corporate Governance Regulations issued by the Capital Market Authority.

Articles of Association: The Articles of Association of City Cement Company.

Authority: The Capital Market Authority.

Market: The Saudi Exchange Market.

Company: City Cement Company.

Board: The Board of Directors of City Cement Company.

Committee: The Nomination and Remuneration Committee derived from the Board of Directors of City Cement Company.

Regulation: Regulation of the Nomination and Remuneration Committee.

CEO: The Chief Executive Officer of City Cement Company.

Article 2: Introduction

- Based on the Corporate Governance Regulations, the Nomination and Remuneration Committee in City Cement Company was formed.
- The company's Board of Directors seeks to comply with the requirements of the Authority, and accordingly, the company has prepared these regulations to ensure the application of best practices in governance to protect the rights and interests of shareholders.
- The regulations specify the scope of the committee's work and responsibilities, including how these responsibilities are executed, its organizational structure, operating procedures, and membership requirements.
- These regulations have been prepared in accordance with the Corporate Governance Regulations.
- Without prejudice to the provisions of these regulations, any provisions or regulations issued by legislative authorities shall apply to the committee.
- The Companies Law, its executive regulations, and the Corporate Governance Regulations shall apply to anything not covered by this regulation.

Article 3: Objectives of the Regulations

These regulations aim to form the committee and define its powers, responsibilities, meetings, powers, reports, and the compensation of its members.

Article 4: Formation of the Committee

The Board of Directors shall form the committee as follows:

- The Board of Directors shall appoint the chairman and members of the committee, and the Board has the right to terminate their membership. The committee's chairman may be delegated by the Board, and the chairman of the committee shall be an independent member.
- The committee shall include at least one independent member, and non-executive members or individuals who are not board members, whether they are shareholders or not, may be appointed.
- The chairman of the board cannot chair the committee, but may be a member of it.
- The Board of Directors shall propose the Nomination and Remuneration Regulations, which are then approved by the General Assembly.
- The term of the committee's membership shall be linked to the term of the Board of Directors. If a new member is elected due to the resignation or dismissal of a committee member, the new member shall complete the remaining term of the committee's membership.

Article 5: Competencies and Responsibilities of the Committee

The Nomination and Remuneration Committee shall assume the following powers and responsibilities:

- **Competencies and Responsibilities related to nominations:**
 - Proposing clear policies and standards for membership in the Board of Directors and executive management.
 - Recommending to the Board of Directors the nomination and re-nomination of its members in accordance with the adopted policies and standards, while taking into account nominating no person previously convicted of a crime involving dishonesty.
 - Preparing a description of the qualifications and capabilities required for membership of the Board of Directors and executive management positions.
 - Determining the time required for a member to dedicate to the Board of Directors' duties.
 - Carrying out an annual review of the necessary skills or relevant experiences needed for Board of Directors membership and executive management positions.
 - Reviewing the structure of the Board of Directors and executive management and making recommendations regarding any changes that may be made.
 - Annually verifying the independence of independent members and ensuring there are no conflicts of interest if a member serves on the board of another company.
 - Developing job descriptions for executive members, non-executive members, independent members, and senior executives.
 - Developing procedures in case of vacancies in the Board of Directors or senior executive positions.
 - Identifying strengths and weaknesses in the Board of Directors and proposing solutions to address them in the company's interest.
 - Recommending to the Board of Directors the nomination and re-nomination of members to the board and its committees, taking into consideration several factors when evaluating candidates for Board of Directors membership, including but not limited to:

- **Leadership Ability:** The member shall have leadership skills that qualify them to delegate authority in a way that motivates performance and applies best practices in effective management while adhering to professional values and ethics.
- **Competence:** The member shall have academic qualifications, suitable professional and soft skills, training level, and relevant scientific experience related to the company's current and future activities, management, economics, accounting, law, or governance, as well as a willingness to learn and train.
- **Directive Ability:** The member shall have technical, leadership, and administrative capabilities, the ability to make decisions swiftly, and understand the technical requirements related to workflow management, and being capable of strategic direction, planning, and clear future vision.
- **Financial Literacy:** The member shall be able to read and understand financial statements and reports.
- **Physical Fitness:** The member shall have no health impediment that would hinder them from performing their duties and responsibilities.
- Not having been convicted in a case involving honor, integrity, ethics, or a criminal offense.
 - Not having been previously convicted by any committees of market manipulation or disclosing any information concerning any company for the purpose of manipulating its shares.
- **Nomination Procedures:**
 - The Nomination Committee, when nominating members of the Board of Directors shall take into account the clauses stated in these regulations and the policies, criteria, and procedures for Board of Directors membership and competition work criteria and provisions related to Board of Directors and its committees membership.
 - The number of candidates for the Board of Directors whose names are presented to the General Assembly shall exceed the available seats, so that the General Assembly has the opportunity to choose between the candidates.
 - The company shall publish the nomination announcement on the company's website, the market's website, and any other means determined by the Authority, in order to call those wishing to nominate for the Board of Directors membership, and the nomination period shall remain open for at least one month from the date of the announcement.

- Without prejudice to the foregoing conditions of shareholder' rights in the company to nominate himself or others for the Board of Directors membership in accordance with the provisions of the Companies Law and its executive regulations and the Corporate Governance Regulations.
- **Competencies related to remuneration:**

The Committee shall be competent with regard to remuneration in the following:

- Preparing a clear policy for the remuneration of the members of the Board of Directors, the committees emanating from the Board, and the executive management, and submitting it to the Board of Directors for consideration, in preparation for its approval by the General Assembly, taking into account in this policy the adoption of performance-related criteria, disclosure, and verification of its implementation.
- Clarifying the relationship between the granted remuneration and the remuneration policy in force, and stating any material deviation from this policy.
- Periodic review of the remuneration policy, and evaluating its effectiveness in achieving the intended objectives.
- Recommending to the Board of Directors the remuneration of the members of the Board of Directors, the committees emanating from it, and the senior executives of the company in accordance with the approved policy.
- Its consistency with the company's strategy and objectives.
- The remuneration shall be provided in order to encourage the members of the Board of Directors and the executive management to succeed and develop the company in the long term, such as linking the variable part of the remuneration to long-term performance.
- Determining the remuneration based on the level of the job, the tasks and responsibilities assigned to its occupant, the academic qualifications, practical experience, skills, and level of performance.
- Its consistency with the size, nature and degree of risk in the company.
- Taking into account the practices of other companies in determining remuneration, while avoiding any unjustified increase in remuneration and compensation.
- Aiming to attract, retain and motivate professional competencies, without exaggeration.

Article 6: Committee Meetings:

- The committee meets periodically, provided that its meetings shall not be less than two meetings during the company's fiscal year. Meetings may be held in person or via modern means of visual communication and calls for meeting shall be sent along with the meeting agenda and any other documents at least five days before the meeting date.
- Majority of the committee members is required to be attended to meet the meeting quorum.
- At each meeting, the committee follows up on the implementation of the results of previous meetings.
- The committee's decisions shall be issued by a majority of the votes, and if there is a tie, the chairman of the meeting shall have a casting vote
- A committee member may not abstain from voting, and if he opposes any of the committee's decisions, he shall explain the reasons for doing so and record those reasons in the minutes of the meeting.
- No member of the Board of Directors or Executive Management, other than the Secretary of the Committee, has the right to attend the Committee's meetings unless the Committee requests to listen to its opinion or obtain its advice. Members of the Committee's Board and other persons attending the Committee meeting shall maintain the confidentiality of the meetings and documents they obtain and the content of the discussions that took place at the meeting, and shall not disclose the company's secrets that they have been aware of during their attendance and work in the committee.
- The committee records its sessions in detailed written minutes .

Article 7: Powers of the Committee:

- The committee is entitled to access all resources and information necessary to perform its duties and responsibilities
- The committee is entitled to seeking help from any experts and specialists it deems appropriate from inside or outside the company within the limits of its powers, provided that such recruitment shall be proven in the minutes of the committee meeting, with mentioning the name of the expert and its relationship with the company or the executive management.

Article 8: Committee Report:

- The Committee Secretary shall provide the Board of Directors and Committee members with a copy of the decisions of each meeting after their approval.
- The committee secretary shall keep the origin of decisions of the committee, meeting minutes and documents among the committee documents.

Article 9: Chairman of the Committee:

- The Chairman of the Nominations and Remuneration Committee shall represent the Committee at Board of Directors meetings, General Assembly meetings, and meetings with any other entities.

Article 10: Remunerations and Compensation for Committee Members:

- An attendance allowance for each session equivalent to the attendance allowance for members of the Board of Directors (SAR 3,000) three thousand riyals.
- An attendance allowance will be paid to anyone recalled by the company's management, if the session is held outside official working hours, equivalent to 30% of the member's allowance.
- Committee members residing outside Riyadh are entitled to compensation for travel costs in exchange for attending the meeting. These costs shall include a business class ticket (round trip) from its place of residence to the company's head office or the meeting place, in addition to any other costs associated with accommodation and transportation. This clause also applies to all members, if the company has decided, for any reason, to hold the meeting outside Riyadh city.
- An amount not exceeding 50 thousand riyals shall be paid annually as a remuneration to a committee member from outside the Board of Directors