

# Remuneration and Nominations Committee Regulations

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## **Preamble**

The “Regulations for the Remuneration and Nominations Committee” emanating from the Board of Directors of Yamama Cement Company have been prepared with the aim of conforming with the corporate governance regulations issued by the Board of the Capital Market Authority, which requires its approval by the general assembly of the company’s shareholders - based on a proposal from the Board of Directors - provided that this regulation includes the committee’s work controls and procedures, its tasks, the rules for selecting its members, the duration of their membership, and their remuneration.

## **Article (1): Merging the Remuneration and Nominations Committees**

Based on Paragraph (7) of Article Forty-Seven of the Corporate Government Regulations, which stipulates that the company may merge the two remuneration and nominations committees into one committee called the Remuneration and Nominations Committee, provided that the committee fulfills the requirements for either of them and exercises all the powers assigned to them, and that the committee meets periodically, at least every six months. Accordingly, the company decided to merge the remuneration and nominations committees into one committee in accordance with these regulations.

## **Article (2): Objective**

The committee undertakes the tasks and responsibilities related to two aspects, namely remuneration and nominations, with the aim of assisting the company’s Board of Directors to carry out the tasks and responsibilities entrusted to it, for example but not limited to:

Preparing the remunerations and incentives policy for the company’s employees, the administrative succession plan for senior leaders, and what is related to nominations for membership in the company’s council and committees.

## **Article (3): Formation of the Remuneration and Nominations Committee**

1. The committee shall be formed by a decision of the company’s Board of Directors from members other than the Executive Board, provided that at least one independent member is among them.

2. The number of committee members shall not be less than three and not more than five.
3. The chairman of the committee shall be an independent member.
4. Committee members are appointed for a period not exceeding four years.
5. The Chairman of the Board may be a member of the Remuneration and Nominations Committee, provided that he does not hold the position of Chairman of the Committee.

#### **Article (4): Powers of the Remuneration and Nominations Committee**

1. Prepare a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board and Executive Management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that this policy takes into account following standards related to performance, disclosing them, and verifying their implementation.
2. Clarifying the relationship between the remunerations granted and the applicable remuneration policy and indicating any material deviation from this policy.
3. Periodically review the remuneration policy and evaluate its effectiveness in achieving its goals.
4. Recommending to the Board of Directors the remuneration of members of the Board of Directors, its committees, and the company's senior executives in accordance with the approved policy.
5. Proposing clear policies and standards for membership in the Board of Directors and executive management.
6. Recommending to the Council to nominate and re-nominate members in accordance with the approved policies and standards, taking into account not to nominate anyone who has previously been convicted of a crime involving breach of trust.
7. Preparing a description of the capabilities and qualifications required for membership in the Board of Directors and executive management positions.
8. Determine the time that a member shall devote to the work of the Board of Directors.
9. Annual review of the necessary skills or experience requirements for Board of Directors membership and executive management positions.
10. Reviewing the structure of the Board of Directors, committees and executive management and making recommendations regarding changes that can be made.

11. Verifying annually the independence of independent members, and the absence of any conflict of interest if the member holds a membership in the board of directors of another company.
12. Develop job descriptions for executive members, non-executive members, independent members, and senior executives.
13. Establishing special procedures in the event that the position of a member of the Board of Directors or a senior executive becomes vacant.
14. Identifying the weaknesses and strengths of the Board of Directors and proposing solutions to address them in a way that is consistent with the company's interest.
15. Study and review administrative succession or job succession plans for the company in general and for the Board, the CEO, and senior executives in particular.

#### **Article (5): Policy of the Remuneration and Nominations Committee**

The policy of the Remuneration and Nominations Committee shall take into account the following:

1. Its consistency with the company's strategy and objectives.
2. Providing remuneration for the purpose of urging members of the Board of Directors and Executive Management to make the company successful and develop it in the long term, such as linking the variable portion of the remuneration to long-term performance.
3. Remuneration shall be determined based on the level of the job, the tasks and responsibilities assigned to its occupant, academic qualifications, practical experience, skills, and level of performance.
4. Its consistency with the size, nature and degree of risks of the company
5. Taking into account the practices of other companies in determining remuneration while avoiding what may result from an unjustified increase in remuneration and compensation.
6. It shall aim to attract, retain and motivate professional competencies, without exaggerating it.
7. Cases of suspension or recovery of remuneration if it appears that it was decided based on inaccurate information provided by a member of the Board of Directors or Executive Management; this is to prevent exploitation of employment status to obtain undeserved remunerations.
8. Organizing the granting of shares in the company to members of the Board of Directors and Executive Management, whether a new issue or shares purchased by the company.

## **Article (6): Remuneration and Nominations Committee Meetings**

1. The Remuneration and Nominations Committee meets periodically, at least every six months, and whenever necessary.
2. The Remuneration and Nominations Committee determines the location of its meetings, and it may be held using modern technological means.
3. The quorum for the committee meeting shall be achieved in the presence of the majority of its members.
4. It is not permissible for the committee member (who is present in person) to act on behalf of more than one member in attending the same meeting. In the event that the committee chairman is unable to attend, he has the right to delegate one of its members to chair that session. In the event that the committee chairman does not delegate someone to chair the meeting, the committee members shall be chosen from among them who chair the meeting.
5. The committee's decisions are issued by a majority of the opinions of the members present, and in the event of a tie, the opinion voted for by the committee chairman shall prevail.
6. The meeting agenda, which is included in the invitation, is prepared in coordination with the committee chairperson before the meeting.
7. The invitation to attend the meeting shall be sent by the Chairman of the Committee or the Secretary of the Committee.
8. Only members of the Committee are entitled to attend its meetings. However, non-Committee members from the Executive Management Team may attend all or part of the meetings upon a request or invitation from the Committee in order to provide it with the necessary information.
9. The committee's meetings shall be documented, minutes shall be prepared that include the discussions and deliberations that took place, its recommendations and voting results shall be documented, and kept in a special, organized register. The names of the members present and the reservations they expressed - if any - shall be stated, and these minutes shall be signed - in writing or electronically - by all members present.

## **Article (7): Publication of the Candidacy Announcement**

The company is committed to publishing the nomination announcement on the company's website and the market's website (Tadawul) and in any means determined by the Authority, in order to invite people wishing to nominate for membership in the Council, provided that nominations remain open for at least one month from the date of the announcement.

### **Article (8): The Shareholder's Right to Nominate**

Every shareholder in the company has the right to nominate himself or others for membership in the Board of Directors in accordance with the provisions of the Companies Law and its executive regulations.

### **Article (9): Secretary of the Committee**

The committee chooses a secretary from among its members or from the company's employees, provided that he does not have the right to vote on its decisions (if he is not a member of it), and he is responsible for preparing for the committee's meetings and activities, preparing and documenting its minutes, following up on the implementation of its recommendations, directives and decisions, communicating among its members, and carrying out the procedures. The committee determines his remuneration and the method of disbursing it in light of the policies in force in this regard.

### **Article (10): Remuneration of Committee Members**

1. The annual remuneration for committee members is determined based on the policy established by the Board of Directors and in accordance with the Articles of Association, the decisions of the General Assembly of Shareholders, and the relevant regulations and laws.
2. The remuneration of the committee members shall be a lump sum - if any, in addition to an attendance allowance for the sessions and any other benefits mentioned in the remuneration policy established by the Board of Directors for its members, committee members and the executive management, and they shall be disbursed in accordance with the controls contained in that policy.

### **Article (11): Final Provisions**

This policy shall be implemented and adhered to by the company as of the date of its approval by the General Assembly of Shareholders. This policy shall be published on the company's website to enable shareholders, the public and stakeholders to view it. This policy shall be reviewed periodically - when needed - by the committee. Remuneration and nominations, and any amendments proposed by the committee are presented to the Board of Directors, which studies and reviews the proposed amendments and recommends them to the General Assembly of Shareholders for approval.