

الاسمنت اليمامة

YAMAMA CEMENT

Committee Charters



April, 2021

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السمنتات اليابانية

YAMAMA CEMENT

Nomination and Remuneration Committee Charter



April, 2021

Introduction

The “Charter for the Nominations and Remuneration Committee emerging from the Board of Directors of Yamama Cement Company” has been prepared in order to comply with the provisions of the Corporate Governance Regulations of the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority (CMA) by Resolution No. (8-16-2017), dated on 16/05/1438 AH corresponding to 13/02/2017 AD, which requires that the general assembly of the shareholders of a company – according to the proposal of the Board of Directors (the Board) – shall approve the charter of the Nomination and Remuneration Committee (the Committee), provided that this Charter shall include the controls and procedures of the work, tasks, the rules for selecting the members, the term of their membership, and their remuneration of the Committee.

Article (1): Merging the Remuneration and Nomination Committees into A Single Committee

Based on Paragraph (7) of Article (50) of the Corporate Governance Regulations which states that a company may combine remuneration and nomination committees into a single committee named remuneration and nomination committee. In such case, the Remuneration and Nomination Committee shall satisfy the requirements related to any of them, provided that the Committee shall hold meetings periodically every six months at least. Accordingly; the Company decided to merge the remuneration and nomination committees into a single committee in accordance with this Charter.

Article (2): Purposes

The Nomination and Remuneration Committee aims to assist the Board of Directors of Yamama Cement Company (the “Company”) to carry out the following tasks and responsibilities:

1. Supervising the rewards and incentives plan for the Company personnel and following up on its implementation.
2. Supervising the administrative succession plans for senior leadership team at the Company level.
3. Supervising the nomination process for membership of the Board of Directors, Committees and Executive Management of the Company, and ensuring that it is linked to performance.
4. Supervising and ensuring the implementation of the employee grievance policy.
5. Managing the process of evaluating the performance of the Board of Directors and Committee members.

Article (3): Rules for Selecting Members of the Nomination and Remuneration Committee, How They Are Nominated, and Their Membership Period

1. The Committee shall be formed by a resolution of the Company Board of Directors. It shall be formed from non-members of the executive council, provided that at least one of its members shall be an independent member.
2. The membership of the Committee shall consist of three members at least and not exceeding five members. Provided that its members shall be non-executive members of the Board of Directors, and external experts may be appointed as members of the Committee, whether they are shareholders or others.
3. Committee members shall be appointed for a period not exceeding three years and may be reappointed according to the needs of the Committee formation.
4. The Chairperson of the Board of Directors may be a member of the Nominations and Remuneration Committee, provided that the Chairperson shall not occupy the position of Chairperson of the Committee.
5. The Committee Chairperson shall be an independent member, and shall be appointed at the first meeting of the Committee after its formation.
6. The Committee members shall have appropriate experience and qualifications related to the Committee duties, responsibilities and the nature of its work.

7. The Board of Directors shall have the right to dismiss / or replace any / or all of the Committee members at any time it deems appropriate. A Committee member may also resign from the Committee, provided that their resignation shall be in an appropriate time.
8. If one of the positions in the Committee becomes vacant, the Board of Directors may appoint another member in the vacant position, provided that the new member shall have the necessary experience and competence. The Board of Directors shall notify the CMA within five business days of such change.
9. The Company shall notify the CMA of the names of the members of the Committee and their membership characteristics upon their appointment and any changes that may be made to them within five business days specified by the Corporate Governance Regulations issued by the CMA.

Article (4): The Committee Terms of Reference (TOR)

The Committee shall undertake the tasks and terms of reference related to two aspects, namely nominations and remuneration. In addition, the Committee shall be responsible for submitting reports on its activities to the Board of Directors on a regular basis. The following are the tasks and functions of the Committee:

C) The Nomination Committee Terms of Reference (TOR)

1. Proposing clear policies and standards for membership in the Board of Directors and executive management.
2. Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
3. Reviewing the necessary skills and experience requirements for the Board of Directors membership and executive management positions on an annual basis.
4. Developing a job description of the required capabilities and qualifications for membership of the Board of Directors and the functions of executive management.
5. Determining the time that the member shall allocate to the work of the Board of Directors.
6. Reviewing the structure of the Board of Directors, committees, and executive management, and providing recommendations regarding possible changes.
7. Establishing job descriptions for executive members, non-executive members, independent members and senior executives.
8. Setting up special procedures in case the position of a member of the Board of Directors or a senior executive becomes vacant.
9. Identifying weaknesses and strengths in the Board of Directors, and proposing solutions to address them in line with the Company interests.
10. Reviewing the remuneration of the Board of Directors committees and recommending any amendments regarding them and presenting them to the Board of Directors for approval. The Committee may also submit its recommendations to the Board of Directors, in the event that one of the membership seats in any of the Board of Directors committees becomes vacant, by appointing new members when needed.
11. Annually verifying the independence of independent members, and ensuring that there is no conflict of interest if the member is a member of the board of directors of another company.
12. Studying and reviewing the CEO's recommendations regarding the appointment and termination of senior executives.
13. Studying and reviewing plans for administrative succession or job replacement for the Company in general, and for the Board of Directors, CEO and senior executives in particular

14. Providing an appropriate level of training and familiarization to new members of the Board of Directors and Committees about the Company tasks and achievements so that they can perform their work with the required efficiency.
15. Developing the necessary mechanisms for members of the Board of Directors and the executive management to obtain continuous training programs and courses in order to develop their skills and knowledge in areas related to the Company activities.
16. Assisting the Board of Directors in developing and reviewing the organizational structure of the Company.

B) Terms of reference of the Remuneration Committee

1. Preparing a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board of Directors and the Executive Management that enhances the motivation of the administrative apparatus and the preservation of distinguished cadres, and submitting it to the Board of Directors for consideration in preparation for it to be approved by the General Assembly. Provided that taking into account in this policy the following, disclosing and verifying the implementation of standards related to performance.
2. Clarifying the relationship between the awarded bonuses and the applicable remuneration policy, and indicating any material deviation from this policy.
3. Reviewing the remuneration policy periodically, and evaluating its effectiveness in achieving its goals and purposes.
4. Recommending to the Board of Directors the remuneration of the members of the Board of Directors and the committees emanating from it and the senior executives of the Company in accordance with the approved policy.
5. Providing rewards for the purpose of motivating members of the Board of Directors and executive management to achieve the Company long-term success and development, such as linking the variable part of rewards to long-term performance.
6. Reviewing the CEO's financial rewards, including long and short term incentives, as well as setting the ceiling for the expected results to be achieved by the CEO and making recommendations thereon to the Board of Directors
7. Reviewing the CEO's recommendations regarding the general guidelines and standards for financial rewards and other benefits for senior executives, which the CEO implements in light of the policy followed and mentioned in paragraph (1) of (b) above.

C) Publishing the candidacy announcement

The company shall publish the candidacy announcement on the Company website and the market website (Tadawul) and in any means specified by the CMA, in order to invite persons wishing to run for membership of the Board, provided that the door for nomination shall remain open for at least one month from the date of the announcement.

Article (5): The Most Prominent Powers and Authorities of The Committee

1. The Committee shall have the right to investigate all matters falling under its powers and competencies, as well as the matters specifically entrusted to it by the Board of Directors.
2. The Committee shall have the right to access the Company records and documents to carry out its responsibilities.
3. The Committee shall have the right to request clarification or a statement from members of the Board of Directors, Executive Management or Company Employees for the purpose of investigating and inquiring about any information.

4. The Committee shall have the right to seek legal and technical advice from any external party or any other independent advisory body whenever this is necessary to assist the Committee in performing its duties.

Article (6): The Committee Meetings, Controls and Procedures

1. The Committee shall meet periodically at least every six months, and it may also hold extraordinary or emergency meetings as required by the interest of work, based on an invitation from the Committee Chairperson.
2. A Committee member may participate in the Committee meetings by modern means of communication (group telephone conversation), in case it is not possible to attend the meeting in person due to travelling or any emergency reason. The participation in this case shall be considered as if the member attend the meeting in person.
3. The legal quorum for the Committee meeting shall be completed in the presence of the majority of its members.
4. A Committee member (who attends the meeting personally) shall not represent more than one member in attending the same meeting. In the event that the attendance of the Committee Chairperson is not possible, the Committee Chairperson shall have the right to delegate one of the Committee members to chair that session. In the event that the Committee Chairperson does not authorize any member to chair the meeting, the Committee members shall choose one of them to chair the meeting.
5. The Committee resolutions shall be issued by the majority of the opinions of the attending members. When the votes are equal, the opinion for which the Committee Chairperson voted shall prevail.
6. The meeting agenda, which is included in the invitation, shall be prepared in coordination with the Committee Chairperson before the meeting
7. The invitation to attend the meeting shall be directed by the Committee Chairperson or the Committee Secretary if he is authorized to do so by the Committee Chairperson sufficiently before the date of the session, and the necessary presentations and documents shall be sent a sufficient period before the date of the meeting.
8. Only members of the committee shall be entitled to attend its meetings. However, non-members of the committee from the executive management team and the managers, employees or observers may attend all or part of the meetings based on a request or an invitation from the Committee in order to provide it with the necessary information.
9. The Committee meetings shall be documented and prepare its minutes that include the discussions and deliberations that took place, document its recommendations and the results of the vote and keep it in a special and organized record, indicate the names of the attending members and the reservations they made (if any), and sign these minutes by all the attending members.
10. The Committee Chairperson or whoever represents him from among the Committee members shall attend the General Assembly meetings of the Company to answer shareholders' questions.
11. The Board of Directors shall monitor the work and performance of the Committee through its Chairperson and through periodic reports that shall submitted to the Company Board of Directors.

Article (7): The Committee Secretary

The Committee shall select a secretary from its members or the employees of the Company, provided that the Committee Secretary shall not have the right to vote on its resolutions (if the Committee secretary is not among its members). The Committee secretary shall be responsible for preparing meetings and the activities of the Committee, preparing its minutes, documenting them, following up the implementation of its

recommendations, directives and decisions, and communicating between its members and other administrative and logistical procedures. The Committee shall determine the Committee Secretary's remuneration and the method of its disbursement in light of the applicable policies in this regard.

Article (8): The Committee Members Remuneration

1. Annual remuneration for the members of the Committee shall be determined based on the policy established by the Board of Directors, in accordance with the articles of association of the Company, the resolutions of the General Assembly of shareholders, and the relevant laws and regulations.
2. The remuneration of the Committee members shall be a lump sum amount, if any, in addition to an attendance allowance for the sessions and any other benefits included in the remuneration policy established by the Board of Directors for its members, members of the committees and the executive management. The remuneration shall be disbursed in accordance with the controls contained in that policy.

Article (9): Final Provisions (Reviewing, Amending and Publishing this Policy)

The provisions of this policy shall be enforced 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 website to enable shareholders, the public and stakeholders to view it. The contents of these regulations shall be amended, when needed, by the Nomination and Remuneration Committee. Any proposed amendments shall be presented to the Board of Directors who studies and reviews the proposed amendments and recommends them to the General Assembly of shareholders for approval.

الاسمنت اليابانية

YAMAMA CEMENT

Audit Committee Charter



April, 2021

Introduction

The Audit Committee is one of the significant committees in the listed public shareholding companies because of its essential and effective role in the internal and external audit work, the internal control process, the development of systems and plans related to these activities and the follow-up of their implementation and the Company commitment and compliance with the generally accepted regulations and standards. The regulations of the Capital Market Authority (CMA) and the Companies Law in the Kingdom of Saudi Arabia have given special importance to the Audit Committee by forming it by the General Shareholders Assembly in accordance with the provisions of Article (101) of the Companies Law and strengthening its framework and powers. The following are the main objectives of the Audit Committee:

Article (1): The Objectives of the Audit Committee

1. Assuring the completeness and adequacy of the internal audit work by reviewing the effectiveness, completeness and adequacy of the arrangements for the internal audit department.
2. Verifying the Company management response to the issues that are identified and monitored through the activity and work of the Committee, especially the work of internal and external audit, and verifying its independence.
3. Verifying the Company acceptance and understanding of the role, function and value of internal audit through the established mechanisms such as the annual report of the internal audit.
4. Measuring and evaluating the level of effectiveness of the internal control and audit systems of the Company.
5. Verifying compliance with the regulations, laws, standards and policies related to the scope of work, tasks and responsibilities of the Audit Committee.

Article (2): The Audit Committee Membership Rules and Regulations

1. A Audit Committee shall be formed by a resolution of the ordinary general assembly of the Company from the shareholders or others, provided that it shall include at least one independent member and shall not include any of the executive board members. The number of members of the Audit Committee shall not be less than three and not more than five, and among the members shall be a specialist in financial and accounting affairs.
2. Anyone who works or has worked during the past two years in the executive or financial management of the Company, or with the Company auditor, shall not be a member of the Audit Committee.
3. The membership term of the Audit Committee shall be for three years, starts with the beginning of the Company board session and expires on the end of the Company board session.
4. The members of the Audit Committee shall choose a chairperson from among them, provided that the Committee Chairperson shall be a non-executive or independent member.
5. In the event that one of the Committee membership seats becomes vacant during the membership term, the Board of Directors shall have the right to appoint a temporary member in the vacant position, provided that the temporary member shall have the sufficient experience and that this appointment shall be presented to the ordinary general assembly at its first meeting for approval. The new member shall complete the term of its predecessor.

6. The Audit Committee shall appoint its own Secretary, whether from among its members or whoever it deems appropriate from the Company Management Team to prepare for the Audit Committee meetings and work, prepare its minutes and document them, and follow up on the implementation of its recommendations, directives and decisions without having the right to vote.

Article (3): The Audit Committee Meetings, Procedures and Controls

1. The Audit Committee shall meet periodically at least four times a year, and whenever the need arises. Minutes of the Audit Committee meetings shall be prepared, which include a summary of its discussions, recommendations, directives and decisions.
2. The Audit Committee shall meet periodically with the Company auditor and the Company internal audit department.
3. The director of internal audit department and the auditor may request a meeting with the Audit Committee whenever the need arises.
4. The Audit Committee may hold extraordinary meetings, when necessary. The Audit Committee Chairperson or the majority of the members shall have the right to call for an extraordinary meeting, as needed. The legal quorum for the meeting of the Audit Committee shall be complete when the majority of its members attend.
5. The invitation to attend Audit Committee meetings shall be made in writing, sufficiently in advance of the date of the meeting, by the Audit Committee Chairperson or whomever he delegates from among the Audit Committee members or its Secretary.
6. In the event that the Audit Committee chairperson is unable to attend, he may delegate one of its members to preside over the specified session.
7. In the event that any member is not able to attend the Audit Committee meeting in person, sufficient effort shall be made to enable the member to attend. In this case the member attends through using modern means of communication as if he attends personally.
8. In the event that any member is unable to attend the Audit Committee meeting in person, the member may delegate another member of the Audit Committee on his behalf. A Committee member shall not represent more than one member in attending the same meeting.
9. Every member of the Audit Committee shall have an equal vote. The decisions and resolutions of the Audit Committee are issued by the majority of the opinions of the attended and represented members at the meeting. When the votes are equal, the opinion for which the Audit Committee Chairperson voted shall prevail.
10. The secretary of the Audit Committee shall prepare a draft of the Committee meeting minutes and send it to the Chairperson and members of the Audit Committee in order to review and to make any comments on it via e-mail. The minutes of the Audit Committee meetings shall be confirmed in writing in a special register signed by the Committee Chairperson and the Secretary. Those minutes shall be kept among the important documents of the Company.
11. The board of directors shall monitor the work and performance of the Audit Committee through its Chairperson and periodic reports that shall be submitted to the Company Board of Directors.
12. Any member of the board of directors or the executive management who is not members of the Audit Committee shall not be entitled to attend its meetings unless the Audit Committee requests to hear his opinion or obtain his advice.

Article (4): Research, Studies and External Consultants

The Audit Committee may conduct investigations or studies on issues falling within the scope of its responsibilities, or authorize someone to do so. The Audit Committee may, at the expense of the Company, seek the assistance of an independent, specialized external party to carry out such work whenever it deems it appropriate. The Audit Committee also shall have the exclusive authority to appoint or dispense with any party that helps it to carry out its responsibilities. It also shall have the exclusive authority to approve the wages of this party and other conditions for its fees, provided that the Company shall bear these expenses.

Article (5): The Most Prominent Powers of The Audit Committee

1. The Audit Committee shall have the right to form a working team emanating from it for any purpose it deems appropriate and achieves its objectives. The Audit Committee shall also have the right to grant the working team emanating from it some of its authorities and powers when it deems it appropriate, provided that the number of members of any working team shall not less than two members.
2. The Audit Committee shall have the right to investigate any activity that falls under its powers and duties, or any matter requested by the board of directors, the shareholders association, or the Company external auditor.
3. The Audit Committee shall seek legal and technical advice from any external or advisory body whenever necessary to assist the Committee in performing its duties.
4. The Audit Committee shall be responsible for monitoring the Company business and verifying the accuracy and integrity of the reports, financial statements and internal control systems. In order to perform its duties, The Audit Committee may:
 - A. have the right to access the Company records and documents.
 - B. request a clarification or statement from members of the board, executive management, or Company employees for the purpose of investigating and inquiring about any information.
 - C. ask the Board of Directors to invite the General Assembly of the Company to convene if its work is impeded or if the Company suffers heavy damage or losses.
 - D. interview the external auditors and the Company employees, including the internal auditor, to inquire from them about the audit work and make any observations within the scope of its work.

Article (6): Duties and Responsibilities of the Audit Committee Chairperson

1. Managing the Audit Committee meetings and working priorities.
2. Assigning the work and tasks of the Audit Committee to the members through its meetings.
3. Informing the members of the Audit Committee of important events related to the business sector and cases of business exposure to high risks.
4. being generally responsible for implementing the decisions taken by the Audit Committee.
5. Presenting and reading the report of the Audit Committee in the General Assembly or assigning one of the members or the Audit Committee Secretary to do so.

Duties of The Audit Committee Members

- A- Attending the Audit Committee meetings.

- B- Participating actively during the meetings and using their expertise and specializations for the benefit of business.
- C- Participating in managing and handling tasks and work-related matters.

Article (7): Duties and Responsibilities of the Audit Committee

- 1- Supervising and evaluating the adequacy of the tasks, rules and controls contained in this Charter from time to time, and recommending any proposed changes to the Board of Directors, that the Board of Directors studies and recommends them to the General Assembly of Shareholders.
- 2- Monitoring the Company business and verifying the policies and procedures that ensure the integrity and correctness of the reports, financial statements, and internal control systems therein. The duties of the Audit Committee shall include in particular the following:

A. Financial Reports:

- 1. Studying the preliminary quarterly and annual financial statements before submitting them to the Board of Directors, and express opinion and recommendation regarding them to ensure their integrity, fairness and transparency.
- 2. Expressing a technical opinion upon the request of the Board of Directors on whether the annual report of the Board of Directors and the financial statements of the Company is fair, balanced and understandable and includes information that allows shareholders and investors to evaluate the financial position of the Company, its performance, business model and strategies, or not.
- 3. Studying any important or unusual issues included in the financial reports and accounts.
- 4. Studying any issues raised by CFO of the Company, whoever assumes CFO duties, the compliance officer, or the auditor of the Company.
- 5. Verifying the accounting estimates in the material issues included in the financial reports.
- 6. Studying the applicable accounting policies in the Company and expressing opinion and recommending to the Board of Directors in this regard.

B. Internal Audit:

- 1. Studying and reviewing systems of internal and financial control and risk management in the Company.
- 2. Studying the internal audit reports and following the implementation of corrective measures for the comments contained therein.
- 3. Controlling and supervising the performance and activities of Internal Audit Department in the Company to verify the availability of the necessary resources and their effectiveness in performing business and tasks.
- 4. Recommending to the Board of Directors to appoint the Director of the Internal Audit Department and suggesting his remuneration.
- 5. Ensuring the independence of the internal audit process and enabling to perform its work effectively.

C. Auditor:

- 1. Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.

2. Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account the relevant rules and standards.
3. Reviewing the Company Auditor's plan and business, verifying that the Company Auditor's has not submitted technical or administrative works outside the scope of the audit work, and expressing the Audit Committee comments on that.
4. Answering the inquiries of the Company Auditor.
5. Studying the Company Auditor's report and notes on the financial statements and following the implementation of the taken procedures in their regard.

D. Compliance Assurance:

1. Reviewing the results of the reports of the regulatory authorities and verifying that the Company has taken the necessary procedures in this regard.
2. Verifying the Company compliance with the relevant laws, regulations, policies and instructions.
3. Reviewing the contracts and transactions that are proposed to be conducted by the Company with related parties, and submitting its opinions on this to the Board of Directors.
4. Reporting whatever matters it deems necessary to take action in their regard to the Board of Directors, and expressing its recommendations for actions to be taken.

Article (8): The Audit Committee Report

1. The Audit Committee Report shall detail its performance of its competencies and tasks stipulated in the Companies Act and its Implementing Regulations, provided that it shall include its recommendations and opinion on the adequacy of the Company internal and financial control and risk management systems.
2. The Board of Directors shall keep sufficient copies of the Audit Committee report in the Company headquarters and publish it on the Company website and the market website when publishing the invitation to convene the General Assembly to enable whoever among the shareholders wants to obtain a copy of it. A summary of the report shall be read during the General Assembly meeting.

Procedures of Providing Notes

The Audit Committee shall review making a mechanism that allows employees and shareholders in the Company to confidentially submit their observations regarding any infringement of financial or other reports. The Audit Committee shall verify the enforcement of this mechanism by conducting an independent investigation commensurate with the size of the error or omission, and adopt appropriate follow-up procedures in this regard.

Article (9): Remuneration Policy for the Audit Committee Members

- 1- An attendance allowance shall paid for each meeting (SAR 3000) Three Thousand Saudi Riyals.
- 2- First class air ticket allowance (round trip) for members of the Committee residing outside the city of Riyadh in addition to bearing the housing and transportation expenses.
- 3- Accommodation and tickets allowance for all members in case the meeting is held outside the city of Riyadh.

- 4- The allowance for attending Committee meetings shall be (SAR 3000) Three Thousand Saudi Riyals for the Committee secretary for one meeting. The Committee shall have the right to review the allowances of its secretary from period to period as it deems appropriate.
- 5- The Committee secretary shall not be entitled to a special remuneration - if the Committee secretary is someone who receives a monthly salary, i.e., is one of the Company employees, advisors, or Committee members - except for the entitlement for the attendance allowance referred to in (4) above.
- 6- Details of the remuneration that the Committee members received shall be disclosed within the contents of the annual report of the Board of Directors.

Article (10): Conflict between the Audit Committee and the Board of Directors

In case of any conflict between the recommendations of the Audit Committee and the resolutions of the Board of Directors, or if the Board of Directors refuses to take the Committee recommendation regarding the appointment or dismissal of the Company auditor, determining its fees and evaluating its performance or appointing the internal auditor, then the Board of Directors report shall include the Committee recommendation and justifications, and the reasons for not taking it into account.

Article (11): Final Provisions (Reviewing, Amending and Publishing this Policy)

The provisions of this policy shall be enforced 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 website to enable shareholders, the public and stakeholders to view it. The contents of these regulations shall be amended, when needed, based on the recommendation of the Board of Directors. Any proposed amendments shall be presented to the General Assembly of shareholders at its nearest meeting for approval.

السمنتت اليمامة

YAMAMA CEMENT

Risk, Compliance and Governance Committee Charter



Approved in the second meeting of the Board of Directors, dated on 14/04/2020

Introduction

The “Charter of Risk, Compliance and Governance Committee emanating from the Board of Directors of Yamama Cement Company” has been prepared in order to comply with Paragraph (2) of Article (50) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority (CMA) pursuant to Resolution No. (2017-16-8), dated on 13\02\2017, which requires that "the formation of the committees, emanating from the Board of Directors, shall be made in accordance with general procedures developed by the Board of Directors, which shall determine the duties, duration and powers of each committee, and the manner in which the Board of Directors monitors the activities of each committee."

Preamble

1. The Risk, Compliance and Governance Committee shall undertake the specializations and tasks stipulated in this Charter.
2. This Charter shall clarify the scope of work, structure and competence of the Risk, Compliance and Governance Committee.
3. The Risk, Compliance and Governance Committee shall keep abreast of the relevant best practices, ensure that the Company business is in line with the best practices in the field of risk management, compliance and governance, review the Charter periodically and submit recommendations to the Board of Directors to approve any necessary amendments in accordance with the applicable regulations.
4. The Board of Directors shall evaluate the performance of the Risk, Compliance and Governance Committee periodically and make recommendations to raise the level of its performance.

Article (1): The Committee Terms of Reference

The Committee shall undertake the tasks and specializations related to two aspects: risk management, compliance and governance. In addition, it shall be responsible for submitting reports on its activities to the Board of Directors on a regular basis. The following are the tasks and specializations of the Committee:

A) With regard to risk management:

1. Developing comprehensive risk management strategies and policies commensurate with the nature and size of the Company business activities, and verifying their implementation, reviewing and updating them based on the internal and external variables of the Company.
2. Determining and maintaining an acceptable level of risk that the Company may be exposed to, and verifying that the Company does not exceed it.
3. Verifying the feasibility of the continuation of the Company and the successful continuation of its activity, along with identifying the risks that threaten its continuation during the next twelve months.
4. Supervising the Company risk management system and evaluating the effectiveness of the systems and mechanisms for identifying, measuring and following up the risks that the Company may be exposed to in order to determine their deficiencies.
5. Periodically reassessing the Company ability to withstand risk and exposure to it periodically.
6. Expressing a technical opinion regarding the risks to strategic contracts and projects that are not approved within the Company budget plan before concluding, in coordination with the Executive Committee.
7. Preparing detailed reports on exposure to risks and the proposed steps for managing these risks, and submitting them to the Board of Directors.
8. Submitting recommendations to the Board of Directors on issues related to risk management.
9. Ensuring the availability of adequate resources and systems to manage risks.
10. Reviewing the organizational structure of risk management, compliance and governance and making recommendations regarding it before being approved by the Board of Directors.

11. Verifying the independence of the risk management, compliance and governance personnel from the activities that may result in exposing the Company to risks.
12. Verify the understanding of the risks surrounding the Company by the risk management personnel, and working to increase and promote a risk-aware culture.
13. Reviewing the issues raised by the Audit Committee that may affect the risk management in the Company.
14. Preparing and submitting regular reports to the Board of Directors on the activities and recommendations of the Risk, Compliance and Governance Committee.

B) With regard to compliance and governance:

1. Verifying the Company compliance with the Corporate Governance Regulations issued by the Capital Market Authority (CMA), the laws and regulations of the Ministry of Commerce and Investment and other regulations of the Capital Market Authority (CMA) and any other related parties.
2. Reviewing and evaluating the governance regulations and rules approved by the Board of Directors and providing recommendations regarding them.
3. Reviewing and developing the rules of professional conduct that represent the Company values, in a way that meets the needs of the company and is consistent with best practices.
4. Keeping members of the Board of Directors informed of developments in the field of corporate governance and relevant best practices.
5. Preparing reports explaining the efficiency and effectiveness of applying the principles of governance in the Company.
6. Preparing reports indicating the extent of compliance by the Company management with the relevant laws and regulations.
7. Reviewing and evaluating the charters of the Board of Directors Committees - Bylaws - and making recommendations about them.
8. Ensuring compliance by the executive management with the authority matrix and make recommendations regarding its development.
9. Expressing an opinion on the annual report of the Board of Directors regarding compliance with the requirements of the Capital Market Authority (CMA) in terms of adherence to standards of disclosure and transparency in the report prior to being approved by the Board of Directors.

Article (2): Committee Powers

1. The committee shall have the right to have access to all information and data to enable it to fully perform its functions, tasks and responsibilities.
2. The Committee shall have the right to seek legal and technical advice from any external party or any other independent advisory body whenever it is necessary to assist the Committee in performing its duties, provided that the minutes of the meeting shall include the name of the expert and his relationship to the Company or executive management.

Article (3): Forming and Organizing the Committee Work

1. The Committee shall be formed, by a resolution of the Board of Directors, at least three members and a maximum of five members of the Board of Directors or others, provided that the Committee chairperson and the majority of the members shall be non-executives, provided that Committee members shall have an adequate level of knowledge of risk management, financial affairs, governance and compliance.
2. Committee members shall have an adequate level of knowledge and experience.

3. In the event that the Committee chairperson is absent from a meeting, the attending Committee members shall nominate a chairperson for the meeting temporarily.

Committee Chairperson

1. The Committee members shall agree at the Committee first meeting and at the beginning of each new session or in the event of the Committee reformation to choose the Committee Chairperson.
2. The committee Chairperson shall organize the Committee meetings, set its meeting agendas, and access to all information and documents necessary to carry out its responsibilities.

Committee Secretary

The Committee shall select a secretary from its members or the employees of the Company, who shall be independent and directly related to the Committee Chairperson, provided that the Committee secretary shall not have the right to vote on its resolutions (if the Committee secretary is not among its members). The Committee secretary shall be responsible for preparing meetings and the activities of the Committee, preparing its minutes, documenting them, following up the implementation of its recommendations, directives and decisions, and communicating between its members and other administrative and logistical procedures. The Committee secretary shall be also the liaison officer between the Committee and the executive management. The Committee secretary may express his advisory opinion whenever the Committee members ask him to do so. The Committee shall determine the Committee secretary's remuneration and the method of its disbursement in light of the applicable policies in this regard.

Committee Duration

The Committee duration shall begin from the date of its formation and end with the end of the term of the Board of Directors session or the termination of its services by the Board of Directors. The Committee duration shall be coincide with the duration of the Board of Directors membership.

Terminating the Committee

1. By a decision of the Board of Directors, the membership of the Committee members or one of its members may be terminated entirely due to the member's misuse of his position in the Committee or misbehavior that the Board of Directors considers harmful to the objectives of the Company and its reputation in general and the Committee in particular.
2. Any member of the Committee may resign from the Committee membership by submitting a written notice to the chairperson of the Board of Directors and the chairperson of the Committee. The resignation shall take effect from the date of delivery of the notice, unless the notice specifies a later time for the implementation of the resignation.
3. The membership of a Committee member shall be forfeited if the member fails to attend Committee meetings for more than three consecutive meetings without prior permission from the Committee chairperson or an acceptable excuse.
4. The Committee shall have the right to nominate an alternate member to be approved by the Board of Directors in the vacant position. The new member shall complete the remaining period.

Article (4): Remuneration Policy for the Committee Members and Secretary

3. Annual remuneration for the members of the Committee shall be determined based on the policy established by the Board of Directors, in accordance with the articles of association of the Company, the resolutions of the General Assembly of shareholders, and the relevant laws and regulations.

4. The remuneration of the Committee members shall be a lump sum amount, if any, in addition to an attendance allowance for the sessions and any other benefits included in the remuneration policy established by the Board of Directors for its members, members of the committees and the executive management. The remuneration shall be disbursed in accordance with the controls contained in that policy.
5. An attendance allowance shall be paid for each meeting with an amount of (3000) three thousand riyals for each of the members.
6. First class ticket allowance (round trip) for members of the Committee residing outside the city of Riyadh, in addition to housing and transportation expenses.
7. Accommodation and tickets allowance for all members in the event that the meeting is held outside the city of Riyadh.
8. Attendance allowance for each meeting (3000) three thousand riyals for the Committee secretary for one session. The committee shall have the right to review the secretary allowances from period to period as it deems appropriate and recommend to amend them.

Article (5): The Committee Meetings

A. Invitation to Committee meetings:

1. The committee shall meet after calling for a meeting from its chairperson or secretary. Committee chairperson must shall for a meeting in the event that two of the Committee members submit a written request addressed to the Committee chairperson.
2. The Committee shall hold its meeting for the purpose of carrying out its duties, at a minimum, twice (2) per year or whenever the need arises.
3. If a member is unable to attend in person, the member may use any of the modern means of communication to attend the Committee meetings.
4. Meeting invitations shall be sent in sufficient time, provided that the invitation shall state the time, date and location of the meeting.
5. The Committee shall hold all its meetings in the headquarters of the Company or in any place agreed upon by the members of the committee, or "remotely" through modern means of communication.

B. Meeting Agenda and Documents:

The Committee Secretary, in coordination with the Committee Chairperson, shall prepare the Committee meeting agenda and schedule the topics for discussion according to their importance and priorities. Provided that the Committee meeting agenda shall be reviewed and approved by the Committee Chairperson, before it is distributed to the Committee members. The Committee members shall be provided in sufficient time with the documents and proposals that will be discussed during the meeting related to the agenda.

C. Quorum and Vote:

1. The majority of the Committee members shall be present in order for the quorum to be reached for the Committee meeting.
2. No member of the Committee may delegate another member to attend the Committee meeting or vote on its behalf in the meetings.
3. The committee decisions shall be issued by the votes of the majority of the members attending the meeting. In the case of equal votes, the decision for which the Chairperson of the meeting voted is taken. In the case of equal votes, the Committee Chairperson may postpone making the decision for further consideration.

D. Meeting Minutes:

12. The Committee meetings shall be documented and prepare its minutes that include the discussions and deliberations that took place, document its recommendations and the results of the vote and keep it in a special and organized record, indicate the names of the attending members and the reservations they made (if any), and sign these minutes by all the attending members and the Committee Secretary.
13. The minutes shall be prepared by the Committee Secretary, and presented to the Committee Chairperson, then to the members. The deliberation of the draft minutes shall be restricted to this group only until it is approved.
14. The draft minutes shall be prepared within a period not exceeding five (5) working days, from the date of the next day of the meeting, to be completed by both the Committee Secretary and the Committee Chairperson. Then it is sent to the Committee members. Each member shall express its opinion and suggestions on the draft minutes within three (3) days from the date of sending the draft to the member. It requires to inform any notes (if any) or to approve the draft of the minutes, and if there is no response within three (3) days from the date of sending the draft to the member, this is considered an approval of the draft minutes, and any comments or notes received after that shall not be considered.

Article (6): The Committee Reports

1. The minutes, after being approved, shall be available for viewing along with the documents for any of the Board of Directors members.
2. The Committee shall make appropriate recommendations to the Board of Directors in matters that fall within the powers of the Board of Directors and affect at the same time the tasks of the Committee.

Article (7): General Provisions

1. This Charter shall be effective from the date of it is approved by the Board of Directors. In this Charter, no articles shall be amended, deleted or added except upon the approval of the Board of Directors.
2. This charter shall be complementary to the Articles of Association (AOA) of the Company, Corporate Governance Regulations, the work charters of the Board of Directors and committees emanating therefrom, and other relevant regulations.
3. Anything for which there is no provision in this Charter, the relevant laws and regulations issued by the competent authorities shall be applied to it.
4. The content of this Charter shall be periodically reviewed - as needed - by the Committee. Any changes proposed by the committee shall be approved by the Board of Directors.