



# Tabuk Cement Company

Tabuk Cement Company is a Saudi joint stock company since 1994G

2022



# Annual Report



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Custodian of the Two Holy Mosques  
**King Salman bin Abdulaziz Al Saud**

God save him



His Royal Highness  
**Prince Mohammed bin Salman bin Abdulaziz Al Saud**  
Crown Prince, Prime Minister and Minister of Defense

God save him



His Royal Highness  
**Prince Fahd bin Sultan bin Abdulaziz Al Saud**  
Emir of Tabuk Region - Honorary President of the  
Company

God save him



# Table of Contents

<b>Section One:</b> About Tabuk Cement	<b>08</b>	<b>Section Six:</b> The Company's Strategy and Prospects	<b>34</b>
<b>Section Two:</b> Sustainability & Social Responsibility	<b>14</b>	<b>Section Seven:</b> Capital and Equity	<b>36</b>
<b>Section Three:</b> Summary of Operational Performance	<b>22</b>	<b>Section Eight:</b> Dividend Policy	<b>40</b>
<b>Section Four:</b> Summary of Financial Performance	<b>30</b>	<b>Section Nine:</b> Corporate Governance	<b>52</b>
<b>Section Five:</b> Risks and their handling mechanism	<b>34</b>	<b>Conclusion</b>	<b>102</b>

# Chairman's Statement



## Respected shareholders of Tabuk Cement Company

May the peace, blessings, and mercy of Allah be upon you

The Board of Directors of the Company is pleased to present to you the annual report for the fiscal year ending 31-12-2022G. This report includes a summary of the company's activities and business developments on the operational, financial and administrative levels during the year 2022G. The report also includes the mechanisms of implementing governance and detailed information about the members of the board of directors and the committees emanating from the Board, a quick overview of the risks facing our business and our future expectations for the fiscal year 2023G. The report also is shedding light on the most prominent initiatives of the company to promote health, the environment and sustainable growth.

It should be noted that this report was prepared in accordance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority and the Companies Law issued by the Ministry of Commerce, taking into account the adoption of a high level of transparency and disclosure in order to enhance the loyalty of all company stakeholders and help shareholders and investors to make their investment decisions



# About Tabuk Cement

Company activity	10
Subsidiaries	10
Company Vision	11
Company Missions	11
Company Objectives	12

## Incorporation and activity

Tabuk Cement Company is a Saudi joint stock company registered in the city of Tabuk under Ministerial Resolution No. (889), dated 7 Shaaban 1414H corresponding to January 19 1994G and registered in Commercial Register No. (3550012690) dated Safar 25 1415H corresponding to 2 August 1994G.

The authorized and paid-up capital of the company is 900 million Saudi riyals, divided into 90 million shares of equal value, each with a value of 10 Saudi riyals, all of which are ordinary and cash nominal shares.

The main activity of the company is to manufacture ordinary, Portland and sulfate-resistant cement, Pozzolana cement for industrial purposes, cement derivatives and accessories, trade in these products, carry out all related and complementary works for this purpose, and establish factories and laboratories related to cement industry and complementary its industries such as building materials, etc., in addition to importing and exporting cement and related products, and owning real estate and scientific laboratories to improve products, according to industrial license No. (514/S) amended by resolution No. (421102107153) dated 01/10/2020G.

Tabuk Cement Company is located near Duba port, at a distance of 30 km. From Duba Governorate, 225 km from the city of Tabuk, while the factory is located 30 km from the city of Duba, on Al-Bida road, next to Duba port.

## Subsidiaries

Tabuk Cement Company conducts its activities through one operational activity represented by its factory located in Duba Governorate, and it does not have any subsidiaries at the present time.



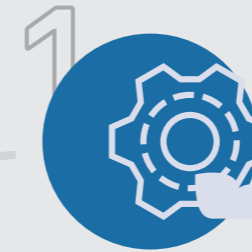
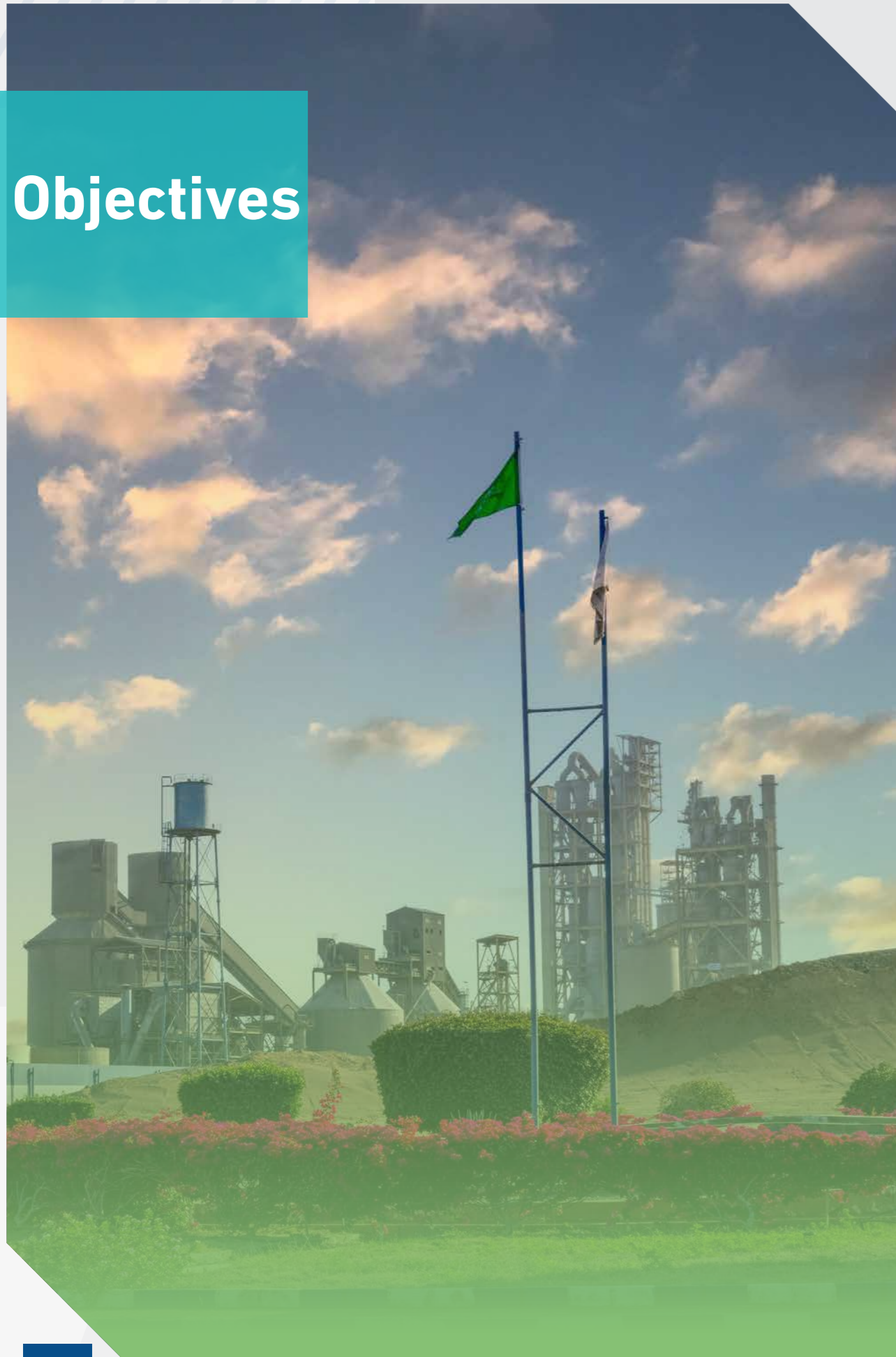
## Vision

Our aim is to lead the local and regional cement industry through being the idol of quality and efficiency, committing to be the perfect choice for our clients, employees, shareholders and investors.

## Mission

We endeavor to support the local and regional market with cement products in accordance with international standards and reinforce sustainable development by encouraging construction work on the buildings and developing the infrastructure in the region.

# Objectives



To promote sustainable development and to revitalize the national economy.



To meet the demands of the local and regional market of high-quality cement at competitive prices.



Optimal investment in the natural resources available in the region and maintaining a dynamic work environment



Maintaining a level of excellence through training and continuous development of competencies, projects and service

# Sustainability and social responsibility







والمصانع  
تحتفظ  
RAW MATERIAL YARD  
OIL TANK YARD  
تحتفظ  
قاعة الاجتماعات  
PACKING PLANT  
ADMIN OFFICE

Environmental protection and occupational safety	16
Sustainability	18
Social Responsibility	19
Human Resources	20









# Environmental protection and occupational safety

## Environmental protection and occupational safety:

-  Contracting with approved companies to add early warning system devices and firefighting tools according to the requirements and conditions inside the factories (fire boxes, fire extinguishers, and provision of emergency exits with their full equipment resistance to fire).
-  Adding early warning systems and automatic extinguishing devices in transformer rooms and main electrical panels.
-  Providing an automatic spraying system for the entire factory and ensuring that all production areas are 100% covered.
-  Providing a foam extinguishing system for chemical storage areas.

## Providing means of occupational health through the following:

-  Providing a health aid center with a doctor on a daily basis, who receives employees who suffer from any diseases, follows up their condition, and provides medicines in a manner that gives attention to the company's employees. We also provide workshops to educate employees on how to carry out their work the right way.
-  Providing first aid boxes in all departments and sections of the company under supervision of trained persons.
-  developing safety policies and procedures accessible to all and translating them into the company's official languages, Arabic and English.
-  Providing the necessary safety tools for each section according to the work needs and in accordance with the risk identification schedule.
-  Reporting injuries and analyzing them, and working to find appropriate solutions to prevent their recurrence.
-  Follow-up the facilities and buildings, examine them, make a plan to implement the procedures, provide means of protection and comfort, and provide playgrounds and sports equipment to entertain employees during rest periods and in the residential city

## Environment:

Tabuk Cement Company continued its efforts towards protecting the environment and is keen to keep the environmental system in place, as an integral part of its policy, by paying attention to applying all the regulations in force locally and internationally, following up to date technologies in reducing environmental pollutants, so that dust emission does not exceed (10) mg / per cubic meter, which is much less compared to the limits stipulated by the General Authority for Meteorology and Environmental Protection (150 mg / cubic meter). The company was keen also to develop systems and programs that would adhere to and comply with the limits and standards of the authority, which can monitor and save emission readings, including the installation of optical monitoring devices to monitor emissions.

## Sustainability

Tabuk Cement has taken the best standards and practices approved locally and internationally as a reference in managing operations and projects of all kinds and fields, and for its ultimate goal in developing the cement sector, and achieving positive returns for the benefit of shareholders and the parties that deal with the company, in a way that contributes to the development

During the past year, the company continued its utmost efforts towards continuing to achieve its sustainability as well as the sustainability of the surrounding environment in the hope of preserving various resources for future generations, where the company worked to achieve the objectives efficiently and operationally through cost control and planning.

Sustainability has become part of the company's culture and touches all the company's business, and has even become a major part of the decision-making mechanism for managing the company's business.

Tabuk Cement's sustainability strategy is subject to periodic review to ensure its continued effectiveness in areas that represent the utmost importance for the company and stakeholders, in order to enhance the positive impact in the environmental, social and economic aspects.

The Kingdom's ambitious Vision 2030 represents a hope for a better future, and therefore the company works to align its plans with the Vision. The company's role is not limited to creating direct jobs or localizing technology, but extends to increasing job opportunities for Saudi youth, which is a strategic goal for the company

Finally, Tabuk Cement believes that leadership in the field of sustainability at the regional and global levels requires the optimal direction of the company's resources, by setting sustainability as a main goal in the company's top strategy.

## Social Responsibility

Based on its keenness to achieve ethical goals, and having realized that investing in the local community will benefit everyone, Tabuk Cement Company, as a responsible national company, since its inception, that the company's growth and development does not depend on its financial conditions only, but also on its ability to contribute to the community. To this end, Tabuk Cement Company is keen to play the role assigned to it towards society, through the following:

- 1 Sponsoring local festivals
- 2 Sponsoring workshops and meetings
- 3 Participation in charitable work financially and morally
- 4 Active participation
- 5 King Abdulaziz Charitable Society in Tabuk
- 6 Prince Fahd Bin Sultan Social Program Association
- 7 Duba Charity Association

# Human Resources



Tabuk Cement Company realized the importance of the human element in its journey, and that success is subject to no doubt about caring for this vital element. Therefore, it focusses its attention to nurturing the human resources, which plays a pivotal role in creating a healthy and successful work environment that assists the employee in job creativity, and enhances his ability to produce in a way that contributes to the continued development of the company. Hence, the company is keen to meet all basic needs of the employee, in addition to securing the conditions and foundations of health and safety. Tabuk Cement Company always seeks to create a work environment that gives employees the ability to share Decision-making, participate in defining its objectives, to align with the general objectives of the company, and create a suitable environment for him, to motivate him for any distinguished work he undertakes, and to help him highlight his achievements as being an important part of the whole company system..

We are also interested in employing the female element based on our awareness of the important role that diversity plays in enriching our workforce. Despite the fact that the company operates in the industrial sector, it has paid attention to employing the female element in operational jobs. The percentage of female employees in the company has reached about 5 percent of the total workforce. In addition, the company is keen to employ Saudi nationals in an effort to support Saudization efforts, as the Saudization rate in the company reached (52.38%). The company also worked to send a number of its employees, the majority of whom are Saudis, for various and different training courses inside and outside the Kingdom, which had a significant impact on raising the efficiency of Saudi employees in various departments.



# Summary of Operational Performance



**Products**

24

**Clinker Production**

26

**Achievements of the Marketing and Sales Department**

28

# Products



## 1

### Ordinary Portland Cement (OPC)



The most common type of cement and is used in concrete, construction and foundations in general when there are no sulfates or groundwater in the soil.

#### Areas of use:



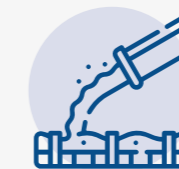
Reinforced concrete works



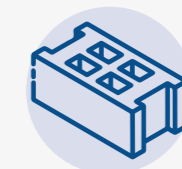
Plastering and floors



General construction works



Concrete structures



Manufacture of blocks / bricks

**2 Sulfate Resistant Cement ( SRC )**

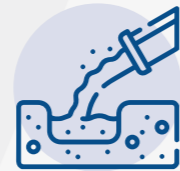


A type of Portland cement in which the proportion of compounds that can interact with sulfur salts is less than normal in order to protect the concrete from decomposition in light of the presence of sulfur salts or groundwater in the soil.

**Areas of use:**



Foundations and footings



Infrastructure and basements



Chemical factories



Suitable for underground works wherever sulfates or groundwater are present in the soil

**3 Portland Pozzolan cement ( PPC )**



A well-known type of Portland cement, which is produced by grinding clinker and gypsum with mixing a certain proportion of volcanic stone (Pozzolana), which is similar in its properties to cement.

**Areas of use:**



Huge construction work



Low cost housing projects



Marine buildings



Hydraulic buildings and dams



It can be used in hot weather areas



Huge concrete works such as bridges



It can be used under harsh conditions



## Clinker Production

Clinker is the primary product in the cement industry, and it is produced through the process of burning raw limestone with some rectified raw materials in the kiln, and then the clinker stock is used to produce cement after grinding it and adding gypsum with other materials to control the type of cement produced.

During the past year 2023, 581,704 tons of ordinary Portland clinker and 636,604 tons of sulfur-resistant clinker were produced, with a total of 1,218,309 tons of the two types.

## Quality Mark



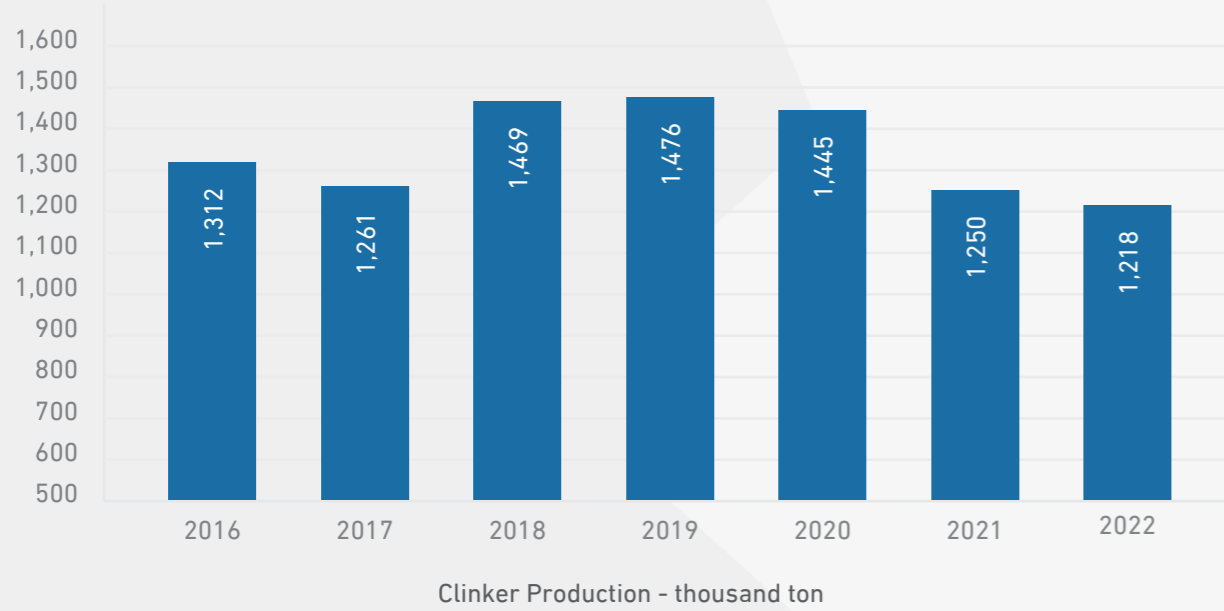
The company has retained the quality mark granted by the Saudi Organization for Standardization, Metrology and Quality as a result of maintaining the highest levels of quality.



The company has maintained the application of the quality system by obtaining the ISO 9001 certificate since 23/04/2004G as a result of its commitment to the application of the quality system.

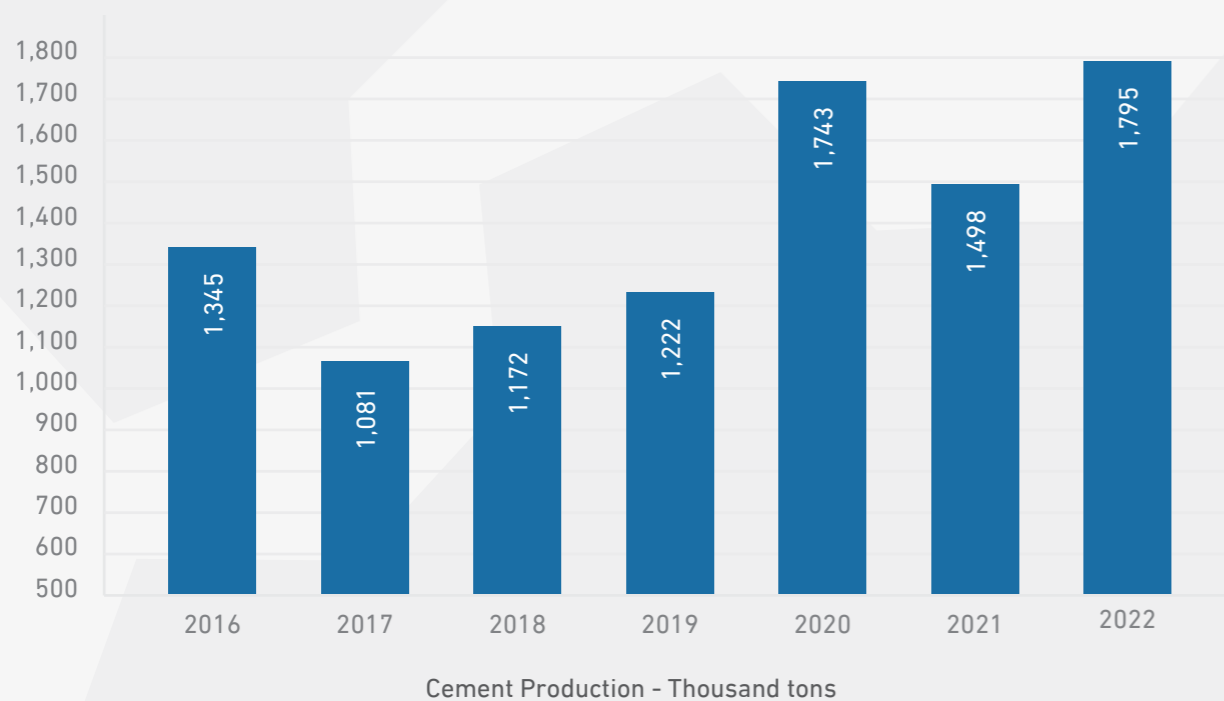
### Clinker Production

The quantity of clinker produced during 2022 was (1,218,309 tons) compared to (1,249,856 tons) in 2021, at a decrease of (2.5%).



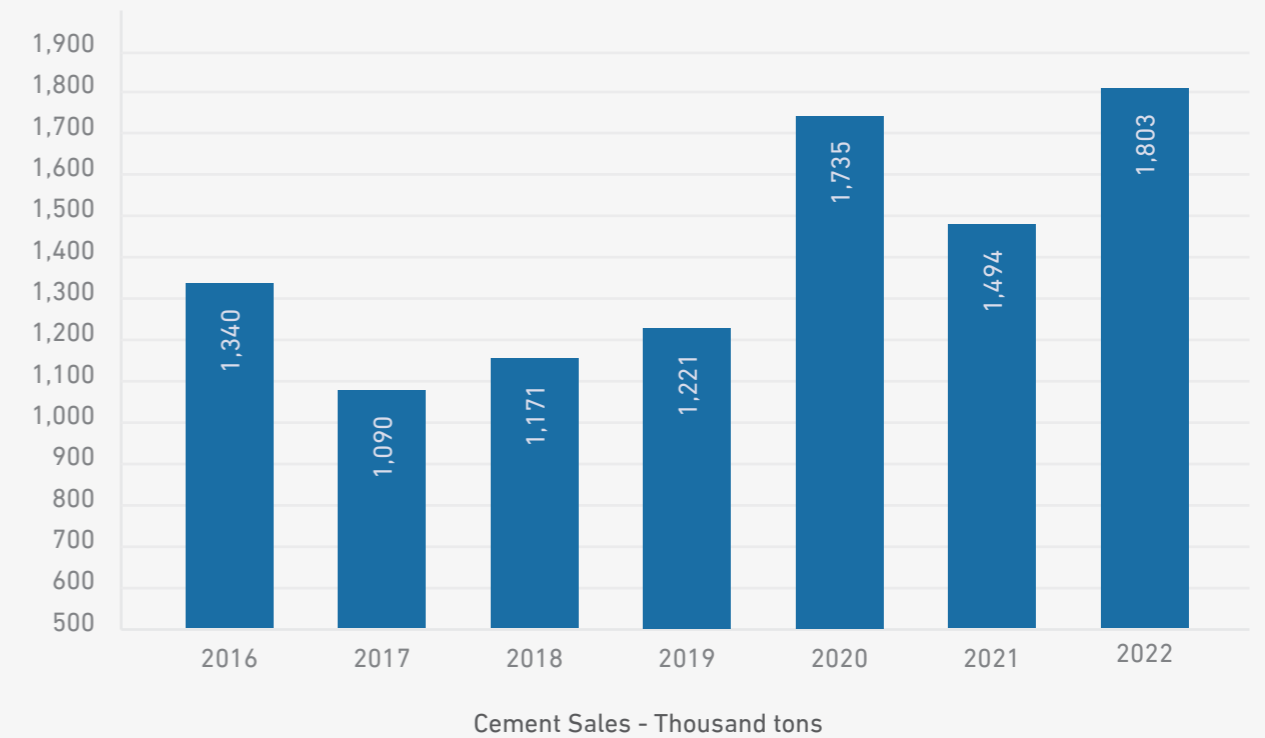
### Cement Production

The amount of cement produced during the year 2022 was (1,794,580 tons) compared to (1,497,930 tons) in 2021, at an increase of (19.80%).



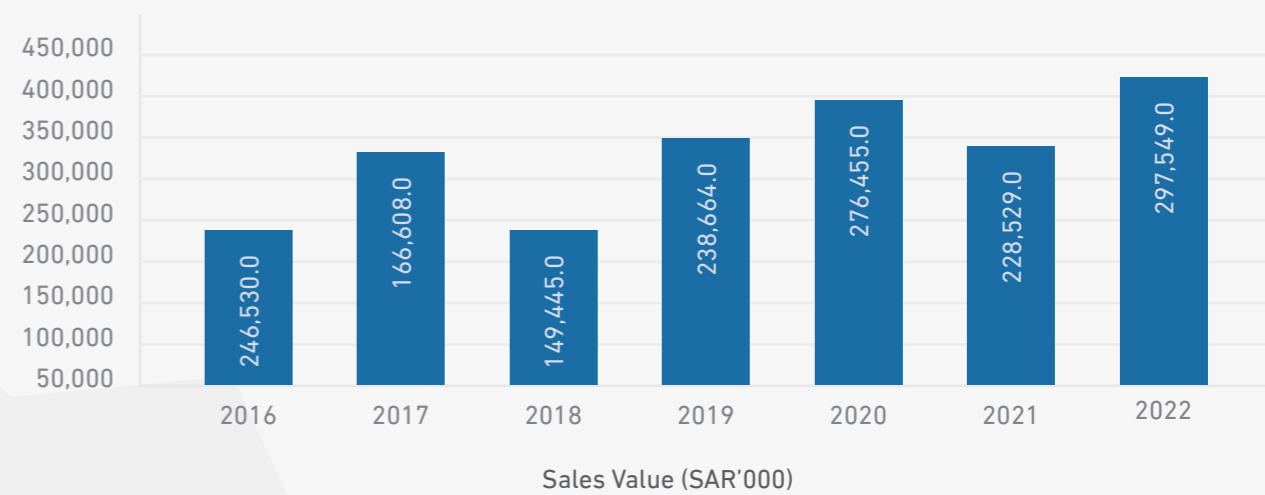
### Cement Sales

The company's total sales of cement during the year 2022 was (1,803,348 tons) compared to t (1,494,480 tons) in 2021, at an increase rate of (20.67%).



### Sales Value

The net sales value in 2022 amounted to SAR 297,549,464 compared to SAR 228,529,275 in 2021, an increase of (30.20%).

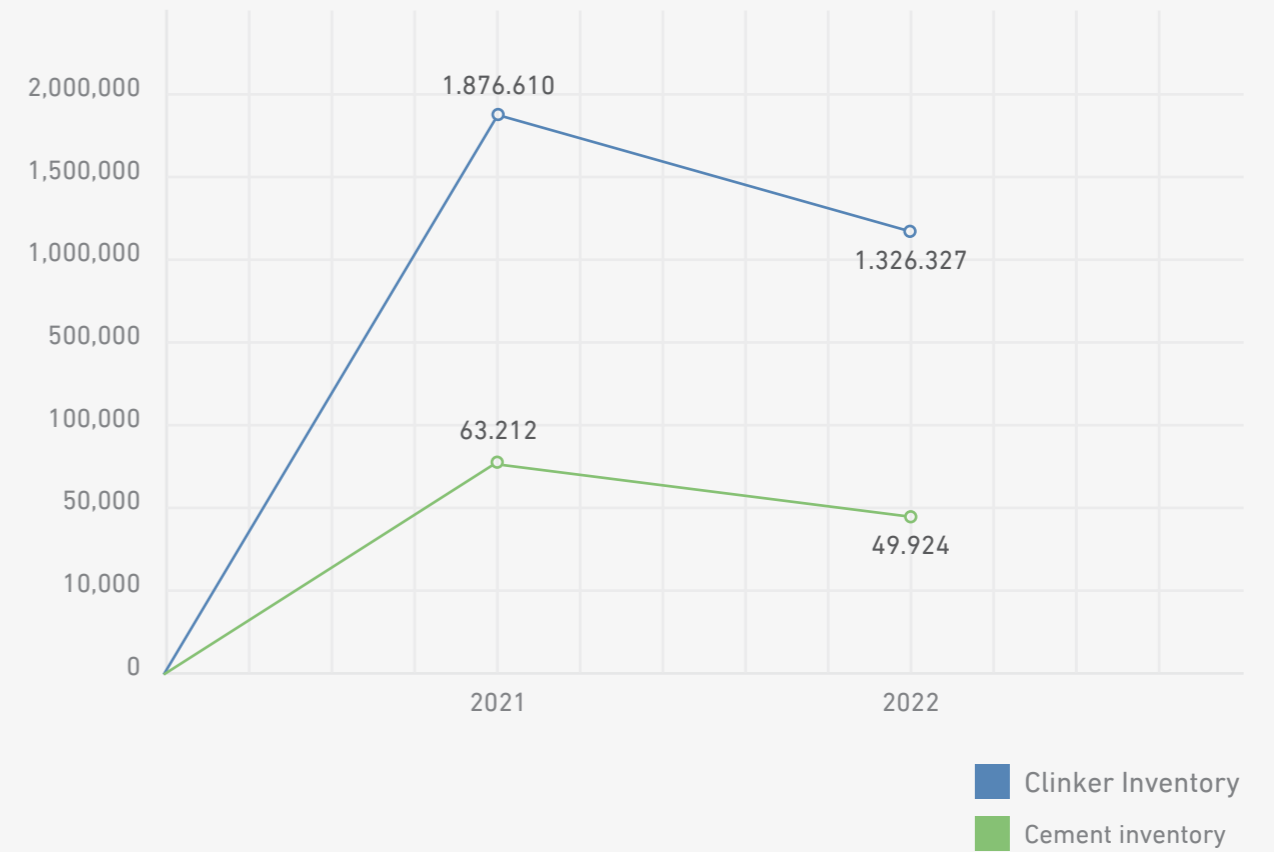




# Inventory



Clinker Inventory at the end of 2022 was (1,326,327 tons) compared to (1,876,610 tons) in 2021, a decrease of (29.32%). Cement inventory at the end of 2022 was (49,924 tons) compared to (63,212 tons) in 2021, a decrease of 21.02%.



# Achievements of the Marketing and Sales Department for the year 2022G

The most prominent achievements of the Marketing and Sales Department during the year 2022 were as follows:

## Sales stages during the year 2022

- 


**First quarter**  
An extension of the year 2021G. Cement prices were low in all western and northern regions. Marketing and Sales Manager had move to different regions to raise the price of a ton of cement in all regions, and this had an impact in the second quarter.
- 


**Second quarter:**  
Marketing and Sales Manager raised the price of Tabuk region by (SAR 50) per ton of cement, which was reflected in the average price and we withdrew from the northern region completely.
- 


**Third quarter**  
The indicators were good and the prices were satisfactory according to the annual sales plan.
- 


**Fourth Quarter**  
Beginning of withdrawal from Makkah region and raising the value of a ton to the highest permissible price.


This resulted in adjusting the average annual sales price and raising the sales volume throughout the year.

- 

Sales were reconfigured during the year, as the percentage of bagged cement was reduced in exchange for an increase in the percentage of bulk cement, which resulted in maximizing profitability.
- 

Cement export sales for this year hit (118,761) tons.
- 

Periodic meetings were hold with manufacturers and making the necessary recommendations to the factory management to modify the product in line with the vision of NEOM and AMAALA.
- 

Collection in the month of December resulted in the closing of all foreign debts, as (SAR 38,328,000) were collected, and this is the third year in a row.
- 

NEOM clients have been acquired by (90%) and the rest will be annexed in January 2023G, and AMAALA clients have been acquired by (60%) and the rest will be annexed in January 2023G.

# Summary of Financial Performance



## Balance Sheet 1:2

Statement	2017	2018	2019	2020	2021	2022	Change
	SAR	SAR	SAR	SAR	SAR	SAR	
<b>Current Assets:</b>							
Cash in banks	29,068,715	22,005,793	14,104,701	20,693,362	22,882,531	20,672,004	-0.10
Short term investments	-	-	-	20,000,000	25,200,000	26,281,687	0.04
Term deposits (investments for more than 3 months)	-	-	-	-	-	-	-
Accounts receivable - net	7,921,054	7,322,462	8,210,899	6,234,814	7,977,607	17,627,304	1.21
Prepayments and other assets	6,934,275	116,847	1,582,666	4,684,631	1,351,321	791,406	-0.41
Other receivables	3,855,328	3,303,715	2,818,988	3,694,444	9,889,102	11,506,663	0.16
Inventory	248,441,170	283,088,827	299,661,317	285,063,097	292,949,241	258,517,543	-0.12
<b>Total current assets</b>	<b>296,220,542</b>	<b>315,837,644</b>	<b>326,378,571</b>	<b>340,370,348</b>	<b>360,249,802</b>	<b>335,396,607</b>	<b>-0.07</b>
<b>Non-current assets:</b>							
Long term investments	169,348,750	-	-	-	-	-	-
Investments in equity instruments (through other comprehensive income)	-	270,958,000	270,958,000	281,288,274	283,140,949	295,201,417	0.04
Net value of fixed assets	1,375,046,549	1,205,617,639	1,127,243,138	1,065,784,188	1,007,993,279	959,119,151	-0.05
Investment properties	-	79,881,137	79,881,137	77,464,847	72,279,440	72,279,440	0.00
Capital work in progress	15,745,460	-	-	-	-	-	-
Intangible assets	9,115,654	1,925,241	4,205,434	5,043,683	4,762,692	4,874,048	0.02
Net deferred expenses	18,674,152	-	-	-	-	-	-
Right to use asset	-	-	5,256,830	3,566,366	1,705,654	-	-1.00
<b>Total non-current assets</b>	<b>1,587,930,565</b>	<b>1,558,382,017</b>	<b>1,487,544,539</b>	<b>1,433,147,358</b>	<b>1,369,882,014</b>	<b>1,331,474,056</b>	<b>-0.03</b>
<b>Total assets</b>	<b>1,884,151,107</b>	<b>1,874,219,661</b>	<b>1,813,923,110</b>	<b>1,773,517,706</b>	<b>1,730,131,816</b>	<b>1,666,870,663</b>	<b>-0.04</b>

## Balance Sheet 2:2

Statement	2017	2018	2019	2020	2021	2022	Change
	SAR	SAR	SAR	SAR	SAR	SAR	
<b>Liabilities and Shareholders' Equity:</b>							
<b>Current Liabilities:</b>							
Current portion of a lease liability	-	-	1,645,854	1,881,295	1,772,419	-	-1.00
Short-term loans / current Portion of a long-term loan	60,920,505	78,561,537	95,206,325	63,470,883	63,470,883	63,470,883	0.00
Payables	20,231,627	19,199,321	20,272,673	19,427,291	16,376,937	12,223,887	-0.25
Other payables	54,017,139	48,034,627	50,771,497	39,870,370	26,892,160	19,049,299	-0.29
Distributions due to shareholders	125,294,128	124,810,175	124,636,545	121,694,374	121,079,857	120,371,949	-0.01
Proposed dividends to be distributed to shareholders	-	-	-	-	-	-	
Zakat provision	10,235,950	10,523,880	4,018,930	10,156,261	6,956,392	6,683,401	-0.04
<b>Total current liabilities</b>	<b>270,699,349</b>	<b>281,129,540</b>	<b>296,551,824</b>	<b>256,500,474</b>	<b>236,548,648</b>	<b>221,799,419</b>	<b>-0.06</b>
<b>Non-current liabilities:</b>							
Long term loan	433,366,024	408,205,278	309,420,556	252,000,653	210,212,689	151,471,216	-0.28
Provision for end of severance pay	29,009,000	23,487,000	16,852,045	14,216,404	15,923,026	16,135,397	0.01
Non-current portion of a lease liability	-	-	3,604,412	1,772,419	-	-	
<b>Total non-current liabilities</b>	<b>462,375,024</b>	<b>431,692,278</b>	<b>329,877,013</b>	<b>267,989,476</b>	<b>226,135,715</b>	<b>167,606,613</b>	
<b>Shareholders' equity:</b>							
capital	900,000,000	900,000,000	900,000,000	900,000,000	900,000,000	900,000,000	0.00
Statutory reserve	222,588,069	222,588,069	222,588,069	227,745,646	229,521,378	231,618,097	0.01
Reserve for changes in fair value	-	101,609,250	101,609,250	111,939,524	113,792,199	125,852,667	0.11
Retained earnings (losses).	28,488,665	62,799,476-	36,703,046-	9,342,586	24,133,876	19,993,867	-0.17
<b>Total shareholders' equity</b>	<b>1,151,076,734</b>	<b>1,161,397,843</b>	<b>1,187,494,273</b>	<b>1,249,027,756</b>	<b>1,267,447,453</b>	<b>1,277,464,631</b>	<b>0.01</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,884,151,107</b>	<b>1,874,219,661</b>	<b>1,813,923,110</b>	<b>1,773,517,706</b>	<b>1,730,131,816</b>	<b>1,666,870,663</b>	<b>-0.04</b>

## Statement of profit or loss and other comprehensive income 1:2

Statement	2017	2018	2019	2020	2021	2022	Change
	SAR	SAR	SAR	SAR	SAR	SAR	
Net sales	166,607,720	149,444,903	238,663,555	276,454,772	228,529,275	297,549,464	0.30
:minus							
Cost of Sales	-157,358,988	-173,037,194	-184,084,981	-208,207,773	-179,919,725	-234,115,479	0.30
<b>Gross profit</b>	<b>9,248,732</b>	<b>-23,592,291</b>	<b>54,578,574</b>	<b>68,246,999</b>	<b>48,609,550</b>	<b>63,433,985</b>	<b>0.30</b>
:Less							
Selling and marketing expenses	-3,373,149	-3,353,166	-8,526,180	-2,951,585	-3,046,032	-3,787,430	0.24
General and administrative expenses	-15,450,723	-17,954,578	-18,711,045	-20,354,578	-21,652,001	-23,226,783	0.07
<b>Total selling and marketing expenses</b>	<b>-18,823,872</b>	<b>-21,307,744</b>	<b>-27,237,225</b>	<b>-23,306,163</b>	<b>-24,698,033</b>	<b>-27,014,213</b>	<b>0.09</b>
Other expenses	-3,775,401	-17,128,299	-320,783	-	-	-237,429	
Reversal / (impairment losses) in inventory value	-	-11,439,888	9,647,520	-	-	-	
Other income	441,199	1,044,849	6,237,905	8,175,384	10,899,132	-	-1.00
Distributions on investments in equity instruments at fair value through other comprehensive income	5,080,462	-	5,080,463	-	-	-	
<b>Net other income and expenses</b>	<b>1,746,260</b>	<b>-27,523,338</b>	<b>20,645,105</b>	<b>8,175,384</b>	<b>10,899,132</b>	<b>-237,429</b>	<b>-1.02</b>
<b>(Net operating income (loss</b>	<b>-7,828,880</b>	<b>-72,423,373</b>	<b>47,986,454</b>	<b>53,116,220</b>	<b>34,810,649</b>	<b>36,182,343</b>	<b>0.04</b>
Deposits income	171,452	526,457	317,901	54,087	827,091	235,102	-0.72
Cost of financing	-13,408,442	-24,001,444	-24,780,605	-11,274,890	-7,019,208	-7,580,146	0.08
Effect of adjusting cash flows for a financial liability	-	-	-	17,750,601	-5,815,199	-4,729,410	-0.19
Net income for the year before Zakat provision	<b>-21,065,870</b>	<b>95,898,360</b>	<b>23,523,750</b>	<b>59,646,018</b>	<b>22,803,333</b>	<b>24,107,889</b>	<b>0.06</b>
:minus							
Reversal of Zakat provision	-	-	4,684,980	0	-	-	
<b>Zakat provision</b>	<b>-2,696,349</b>	<b>-3,042,781</b>	<b>-4,018,930</b>	<b>-8,070,246</b>	<b>-5,046,012</b>	<b>-3,140,701</b>	<b>-0.38</b>
<b>Net Income (Loss) for the year</b>	<b>-23,762,219</b>	<b>-98,941,141</b>	<b>24,189,800</b>	<b>51,575,772</b>	<b>17,757,321</b>	<b>20,967,188</b>	<b>0.18</b>

## Statement of profit or loss and other comprehensive income 2:2

Statement	2017	2018	2019	2020	2021	2022	التغير
	SAR	SAR	SAR	SAR	SAR	SAR	
<b>Items that will not be classified later in profit or loss</b>							
Other comprehensive (loss) / income							
Actuarial gains from re-measurement of employees' end of service benefits obligation	1,874,000	7,653,000	1,906,630	-372,563	-1,190,299	510,478-	-0.57
Unrealized gains from re-measurement of investments in equity instruments at fair value	0	0	0	10,330,274	1,852,675	12,060,468	5.51
<b>Total comprehensive income</b>	<b>-21,888,219</b>	<b>-91,288,141</b>	<b>26,096,430</b>	<b>61,533,483</b>	<b>18,419,697</b>	<b>32,517,178</b>	<b>0.77</b>
Basic profit / (loss) diluted from net profit / (loss) Basic profit / (loss) anfor the year	-0.26	-1.10	0.27	0.57	0.20	0.23	0.18
Basic profit / (loss) diluted from the total comprehensive income / (loss) for the year	-0.24	-1.01	0.29	0.68	0.20	0.36	0.77
	-0.14	-0.66	0.10	0.19	0.08	0.07	0.18

## Investments

<b>Short Term Deposits</b>	22,000,000	14,000,000	-	20,000,000	25,200,000	26,281,687
<b>Term Deposits</b>	-	-	-	-	-	-
<b>Energy</b>	169,348,750	270,958,000	270,958,000	281,288,274	283,140,949	295,201,417
<b>Total</b>	<b>191,348,750</b>	<b>284,958,000</b>	<b>270,958,000</b>	<b>301,288,274</b>	<b>308,340,949</b>	<b>321,483,104</b>

## Significant differences in operating items from last year

Statement of Income	Change	Reasons
Net sales	0.30	Increasing the amount and value of sales
Minus:		
Cost of Sales	0.30	Increasing the quantities produced.
<b>Total profit</b>	<b>0.30</b>	
Less:		
Selling and marketing expenses	0.24	High wages and multiple visits to markets and customers
General and administrative expenses	0.07	High values of its constituent items.
<b>Total selling and marketing expenses</b>	<b>0.09</b>	<b>As a result of the above</b>
Other expenses		
Reversal / (impairment losses) in inventory value		
Other income	(1.00)	Failure to sell some of the company's assets during the year
Distributions on investments in equity instruments at fair value through other comprehensive income		
<b>Net other income and expenses</b>	<b>(1.02)</b>	<b>Failure to sell some of the company's assets during the year</b>
<b>Net operating profit (loss)</b>	<b>0.04</b>	<b>Increasing sales quantity and value</b>
Deposits income	(0.72)	A decrease in the liquidity invested in deposits resulted from the distribution of SAR 22,00,000 to shareholders during the year
Cost of financing	0.08	Activating the hedging agreement at the beginning of the year 2022G
Effect of adjusting cash flows for a financial liability	(0.19)	Rescheduling the loan balance on 15 March 2020 and calculating financial liability losses against the profits of the year 2020
Net income for the year before Zakat	0.00	<b>As a result of the above</b>
Minus:		
Reversal of Zakat provision		
Zakat provision	(0.38)	As a result of the decrease in the required obligations on the company (loan - right to use an asset)
Net income(loss) of the year	0.18	<b>As a result of the above</b>
<b>Items that may be subsequently reclassified to profit and loss statement</b>		
<b>other comprehensive (Loss) / income</b>		
Re-calculation of end-of-service indemnities	(0.57)	<b>Net income(loss) of the year</b>
Unrealized gains from re-measurement of investments in equity instruments at fair value	5.51	<b>Items that may be subsequently reclassified to profit and loss statement</b>
<b>Total comprehensive income</b>	<b>0.77</b>	<b>other comprehensive (Loss) / income</b>



## Region

Statement	2022	2021	2020	2019	2018	2017	2016	2021/2022	2020/2021	2020/2019	2019/2018	2018/2017	2017/2016		
Tabuk region	199,486,773.94	135091822	152,264,288.00	177,352,501.63	134,422,363	148,644,276	211488617.2	0.67	0.59	0.55	0.86	0.87	%76.36	55.08	%55.1
Western and northern	20,618,933.60	25477086	53,069,856.00	11,864,888.84	8,399,914	5,766,507	10755135.01	0.07	0.11	0.19	0.04	0.05	%4.64	19.20	%19.2
Central Region	-	3227666	5,671,848.00	-	-	-	-	-	0.01	0.02				2.05	%2.1
Medina and Al-Ula	52,580,732.60	57215353	33,228,484.00	20,797,363.86	6,323,732	12,196,939	24286236.81	0.18	0.25	0.12	0.04	0.05	%104.64	12.02	%12.0
Export	24,823,936.66	7405439	32,203,597.00	28,648,800.52	298,894	-	-	0.08	0.03	0.12	0.10	0.08	%19.00	11.65	%11.6
<b>Total</b>	<b>297,510,377</b>	<b>228,417,366</b>	<b>276,438,073</b>	<b>238,663,555</b>	<b>149,444,903</b>	<b>166,607,721</b>	<b>246,529,989</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.04</b>	<b>1.05</b>	<b>% 204.64</b>	<b>%100</b>	<b>%100</b>

## Activity Results

Description	2022	2021	2020	2019	2018	2017	2016	2021/2022	2020/2021	2020/2019	2019/2018	2018/2017	2017/2016		
Total profit	63,433,985.00	48,609,550.00	68,246,999.00	54,578,574.00	-23,592,291.00	9,248,732.00	85,188,562.00	0.30	(0.29)	0.25	(3.31)	-3.55	(0.89)		
Total marketing and administrative expenses	-27,014,213.00	-24,698,033.00	-23,306,163.00	-27,237,225.00	-21,307,744.00	-18,823,872.00	-23,831,250.00	0.09	0.06	(0.14)	0.28	0.13	(0.21)		
Net other income and expenses	-237,429.00	10,899,132.00	8,175,384.00	20,645,105.00	-27,523,338.00	1,746,260.00	78,072.00	(1.02)	0.33	(0.60)	(1.75)	-16.76	21.37		
Financial burdens and costs	-12,309,556.00	-12,007,316.00	6,529,798.00	-24,462,704.00	-23,474,987.00	-13,236,990.00	-2,314,197.00	0.03	(2.84)	(1.27)	0.04	0.77			
Net income before legal zakat	24,107,889.00	22,803,333.00	59,646,018.00	23,523,750.00	-95,898,360.00	-21,065,870.00	59,121,187.00	0.06	(0.62)	1.54	(1.25)	3.55	(1.36)		
Legal zakat	-3,140,701.00	-5,046,012.00	-8,070,246.00	4,018,930.00	-3,042,781.00	-2,696,349.00	4,306,251.00	(0.38)	(0.37)	1.01	0.32	0.13	(0.37)		
Net income for the year	20,967,188.00	17,757,321.00	51,575,772.00	24,189,800.00	-98,941,141.00	-23,762,219.00	54,814,936.00	0.18	(0.66)	1.13	(1.24)	3.16	(1.43)		
Comprehensive income for the year	32,517,178.00	18,419,697.00	61,533,483.00	26,096,430.00	-91,288,141.00	-21,888,219.00	54,897,936.00	0.77	(0.70)	1.36	(1.29)	3.17			
Total shareholders' equity	1,277,464,631.00	1,267,447,453.00	1,249,027,756	1,187,494,273	1,161,397,843	1,151,076,734	1,172,964,953	0.01	0.01	0.05	0.02	0.01	(0.02)		

### Commitment to Bank Albilad - the loan

On 20 Rajab 1441H, corresponding to March 15, 2020G, the company signed a rescheduling agreement for the outstanding loan balance with Bank Albilad (a bank facilities agreement compatible with Islamic law - with the successive Murabaha system) - where the outstanding balance of the loan on that date amounted to 380,825,300 riyals - to be subject to a profit rate (SIBOR 6 months +1.25%) instead of (SIBOR 6 months + 2.50%) and 24 quarterly installments - at SAR 15,867,721.83 per installment - and the payment of the first installment began after signing this agreement on June 13, 2020G, and the last installment will be paid - God willing - on March 13, 2026G.

Following is a statement showing the loan position until 31-12-2020.



Description (SAR)	Principal Amount	Balance at the start of 2020	Repayment aduring 2020	Balance at the end of 2020
(Facility (Loan	476,031,625	404,626,881	71,404,744	333,222,138
Total	476,031,625	404,626,881	71,404,744	333,222,138

**Note 1**

difference of decrease or increase may occur with the change of SIBOR up and down



### Due Statutory Payements

Description	2022
Zakat and Income Authority	3,140,701.00
Agency of the Ministry of Mineral Resources	1,057,156.00
General Organization for Social Insurance	523,512.00

# Company Strategy and Prospects

1. Continuously developing human resources technically and administratively, by focusing on training and developing national competencies in various fields and creating a practical environment with a high level of professionalism and productive capacity.
2. Keeness to raise the percentage of Saudization.
3. Developing a high monitoring and control system to maintain the quality of work and products and achieve the desired growth.
4. Constant care to meet all customer needs, and maintain a stable level of growth to cover their requirements constantly.
5. Maintaining the application of the highest safety standards and promoting the preservation of the environment.
6. Continuously elevating product quality and continuous development.
7. Continuous development of information technology sector, and its devices, equipment and systems.
8. Providing facilities to customers at competitive prices.
9. Maximizing utilization of assets.

**In light of this and according to market changes, the company expects an increase in demand for the its cement products of all kinds to achieve the expected sales targets.**

# Capital and Equity



**capital**

38

**Investment restrictions**

38

**Ownership in the company's shares by the members of the Board of Directors and Senior Executives.**

39

## First: Capital

The following table shows the capital information and the number of its shares as of 31/12/2022G:

Authorized capital (SAR)	900,000,000
Number of Shares	90,000,000
Nominal value of the share (SAR)	10
The capital market in which the share is traded	Saudi Stock Exchange (Tadawul)
Market Type	Main market
Main Sector	Basic materials
Company Code	3090
International Code	SA0007879535

## Second: Investment Restrictions

The company's shares are free of restrictions as stated in both the rules regulating the investment of qualified foreign financial institutions in listed securities and the instructions regulating foreign strategic investors' ownership of strategic shares in listed companies, according to the company's articles of association and the instructions issued by the supervisory and regulatory authorities to which the company is subject.

## Third: Ownership of the members of the Board of Directors and senior executives in the company's shares:

The board of directors of Tabuk Cement Company consists of natural members who represent themselves, and legal members. The following is a statement of the total ownership of the Chairman of the Board, the natural members and senior executives of the company's shares:

### Ownership of Members:

Member	Position	Notes	Beginning of the year	year end	Net change	Change percentage (%)
			Number of Shares	Number of Shares		
Mr. Saud bin Suleiman Al-Juhani	Chairman of the Board	His Shares	0	0	0	0
Mr. Abdulaziz bin Abdul Rahman Al-Khamis	Deputy Chairman	His Shares	0	0	0	0
Mr. Tariq bin Khalid Al-Angari	Member	His Shares	1,001	1,001	0	0
Mr. Wafi bib Nafea Alshakhs	Member	His Shares	47.899	26.905	-43,83%	0
Mr. Abdul Rahman bin Rashid Al-Balawi	Member	His Shares	0	0	0	0
Mr. Abdulaziz bin Saleh Al-Shathri	Member	His Shares	0	0	0	0
Mr. Msaed bin Khalid bin Saleh Al-Shathri	Member	His Shares	2,000	2,000	0	0

### Ownership of relatives of board members (their spouses and minor children):

The name of the person to whom the interest belongs	Relationship	Beginning of the year	year end	Net change	Change percentage (%)
		Number of Shares	Number of Shares		
Mr. Khaled bin Saleh Al-Shathri	Brother of Mr. Abdulaziz Al-Shathri	11,136,588	12,263,876	1,127,288	%10.12
	Father of Mr. Msaed Al-Shathri				

### Ownership of senior executives and their relatives (their spouses and minor children):

There are no shares for senior executives or their relatives.

# Dividend policy

**Dividend policy**

42

**Remuneration policy for members of the Board of Directors, board committees, and executive management**

43

**Statement of remuneration paid to members of the Board of Directors during the year 2022G**

48

**Remuneration of committee members**

50

**Remuneration of Senior executives**

51

## First: Dividend policy

In line with Article 47 of the Company's Articles of Association, the company's annual net profits are distributed as follows:

- 1 Set aside 10% of the net profits to form the company's statutory reserve. The Ordinary General Assembly may decide to stop this provisioning when the aforementioned reserve reaches 30% of the paid-up capital;
- 2 The Ordinary General Assembly may decide to form other reserves to the extent that serves the interest of the company or ensures distribution of fixed profits to the shareholders as much as possible. The aforementioned Assembly may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist the existing ones.
- 3 The remainder of the profits shall be distributed to the shareholders in accordance with Article (48) of the Articles of Association, which states (the shareholder shall be entitled to a share of the profits in accordance with the decision of the General Assembly issued in this regard. The decision shall indicate the date of maturity and the date of distribution. The eligibility for dividends shall be for the shareholders registered in the shareholder registers at the end of the day specified for the entitlement).

## Second: Remuneration policy for members of the of board directors, Board committees, and executive management:

### 1. Policy Objective:

This policy aims to:

- a. Following standards linked to performance of members of the board of directors, Board committees and the executive management, disclosing the policy and actual payments, and developing a mechanism to verify the implementation of the policy to ensure the principle of transparency in dealing.
- b. Defining the methodology for setting goals and expectations for the results of the Board's work and the roles assigned to members, and then determining the criteria used for performance assessment.
- c. Reviewing the corrective measures applied by the Board, to review the effectiveness of the performance of the executive management and how to address any failures or weaknesses that are discovered.
- d. Remunerations are defined as being sums, allowances, profits and the like, periodic annual remunerations linked to performance, short or long-term incentive plans, and any other in-kind benefits, with the exception of the reasonable actual expenses incurred by the company on behalf of a board member for the purpose of performing his work.

### 2. Scope of policy application:

The policy applies to:



### 3. Text of remuneration policy of the members of the board of directors, Board committees, and executive management:

The members of the board of directors, Board committees and executive management are entitled to remuneration based on this policy and in accordance with the criteria and controls for the remuneration of members of the board of directors, Board committees and executive management. The committee shall review the relationship between the remuneration granted and the remuneration policy, and evaluate its effectiveness in achieving the desired objectives. The Committee shall submit its recommendations to the board of directors regarding the remuneration of the members of the board of directors, Board committees and senior executives of the company in accordance with the approved policy. The remuneration of the members of the board of directors, the committees emanating from the Board, and the executive management may be a specific amount of money, attendance allowance for meetings, or in-kind benefits, and it is permissible to combine two or more of these benefits.

The members of the Board shall be paid a remuneration for their management of the company, which is an annual amount not exceeding (SAR 200,000) for each director, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.

### 4. Criteria for remuneration of members of the Board of Directors, committees emanating from the Board, and the Executive Management:

The following criteria shall be taken into account when approving the remuneration of the members of the board of directors, the Board committees, and the executive management:

1. The remuneration shall be fair and commensurate with the competencies of the member and the executive management and the tasks and responsibilities that they undertake and assume, in addition to the goals set by the Board of to be achieved during the fiscal year.
2. The remuneration shall be based on the recommendation of the Nominations and Remunerations Committee.
3. The remuneration shall be provided with the aim of urging and motivating the members of the board and executive management to promote the success of the company and achieve its goals in the medium and long term. A mechanism can also be sought to link part of the variable remuneration to the company's total and partial performance in the medium and long term, to use that as a tool to attract, retain and motivate professionals.

4. The remuneration shall be determined based on the level of the job, tasks and responsibilities assigned to the person filling the post, educational qualifications, practical experience, and skills necessary to perform the tasks.
5. The remuneration shall be in line with the size, nature and degree of risks in the company.
6. The remuneration shall take into account the practices of other companies in determining remunerations and avoiding unjustified increases in remuneration and compensation.
7. The board of directors may stop the payment of the remuneration or recover it, if it turns out that it was decided on the basis of inaccurate information provided by a member of the board of directors or the executive management, in order to ensure that the job position is not exploited to obtain undue remuneration.

### 5. Controls for remuneration of members of the Board of Directors and committees emanating from the Board:

In all cases, the sum of what a member of the board of directors receives in terms of financial or in-kind remunerations and benefits shall not exceed five hundred thousand Saudi riyals annually, according to the controls set by the competent authority, with the exception of executives.

### 6. The members of the board of directors and Board committees are entitled to the following remuneration:

1. The members of the board of directors are entitled to an amount of (SAR 200,000 as an annual remuneration), according to the company's regulations for disbursing bonuses.
2. A member of the board of directors shall be entitled to an allowance of (SAR 3,000) per session for attending the board meetings.
3. A member of the committee is entitled to an attendance allowance of (SAR 3,000) for attending the meeting of each of the Board committees.



### Executive Management Remuneration:

With regard to the executive management, the Remuneration and Nominations Committee reviews the salary scale specified for all employees and senior executives on an ongoing basis and approves incentive programs and plans based on a recommendation from the executive management. Executive management remuneration include:

1. Basic salary (to be paid at the end of each Gregorian month on a monthly basis).
2. Allowances that include, but are not limited to, a housing allowance and a transportation allowance.
3. Other benefits including, but not limited to (annual leave, end of service indemnity according to the Labor Law and the human resources policy approved by the company).

### Cases of stopping payment of remuneration:

1. The company will recover the remuneration if it turns out that the remuneration was decided on the basis of inaccurate information provided by a member of the board of directors or the executive management.
2. The company will recover the remuneration if a suspicion occurred before the remuneration was paid, and if it was proven that the remuneration was decided on the basis of inaccurate information provided by a member of the board of directors or the executive management.

## Third: Calculating Dividends for the year 2022G

The company distributed 25 halalas for the year 2022AD with a total amount of 22,500,000 riyals

Statement of Dividend distribution for the year	Mount (SAR)
Net profit before deducting the Zakat	-
Deduct: Zakat	-5,046,012.00
Net profit after deducting Zakat	-5,046,012.00
Deduct: Statutory reserve of 10% of the net profit after Zakat.	504,601.20
Deduct: actuarial difference - recalculation of end-of-service indemnities according to IFRS	-1,190,299.00
Net income for the year carried over to retained earnings	-5,731,709.80
Add balance of profits carried forward from the previous year	9,342,586.00
Add: Gains from investments in equity instruments at fair value through other comprehensive income (the effect of applying IFRS 9)	1,852,675.00
Deduct: The reclassification of gains from investments in equity instruments at fair value	-1,852,675.00
Total retained earnings	3,610,876.20
Distribution of 25 halalas per share	22,500,000.00
Balance of retained earnings after distribution and carried over to the next year	-18,889,123.80

## Fourth: Statement of remuneration paid to members of the Board of Directors during the year 2022G.

The company pays the members of the board of directors expenses and allowances for attending Board sessions as well as financial remuneration within the framework of the stipulations included in the above law and the policy. The following statement shows the company's total payments to the members of the board of directors. (There is an attached table for you in a separate Word document).

Member's Name	Fixed Remuneration							Variable Remuneration							Grand total
	Specific amount	Board session attendance allowance	Total allowance for attending committee sessions	In-Kind Benefits	Remuneration for technical, admin & consulting work	Remuneration of the chairman, managing director or secretary if he is a member	Total	Percentage of profits	Bonus	Long incentive plan	Short incentive plan	granted shares (add value)	Total	Severance pay	
	Firstly: Independent Members														
1	Mr. Abdulaziz bin Abdul Rahman Al-Khamis	200,000	9,000	18,000	-	-	227,000	-	-	-	-	-	-	-	227,000
2	Mr. Tariq bin Khalid Al-Angari	275,000	9,000	15,000	-	-	299,000	-	-	-	-	-	-	-	299,000
3	Mr. Abdul Rahman bin Rashid Al-Balawi	200,000	9,000	9,000	-	-	215,000	-	-	-	-	-	-	-	215,000
4	Mr. Wafi bib Nafea Alshakhs	200,000	9,000	6,000	-	-	215,000	-	-	-	-	-	-	-	215,000
Total		875,000	36,000	48,000	-	-	959,000	-	-	-	-	-	-	-	956,000
	Secondly: Non-Executive Members														
1	Mr. Saud bin Suleiman Al-Juhani	400,000	9,000	18,000	-	-	427,000	-	-	-	-	-	-	-	427,000
2	Mr. Abdulaziz bin Saleh Al-Shathri	200,000	9,000	6,000	-	-	215,000	-	-	-	-	-	-	-	215,000
3	Mr. MUSAED bin Khalid bin Saleh Al-Shathri	200,000	9,000	15,000	-	-	224,000	-	-	-	-	-	-	-	224,000
Total		800,000	27,000	39,000	-	-	866,000	-	-	-	-	-	-	-	866,000
	Thirdly: Executive Members														
1		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2		-	-	-	-	-	-	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Fifth: Remuneration of committee members

Member	Fixed Remunerations (Except session attendance allowance)	Session attendance allowance	Total
Members of Audit Committee			
Mr. Tariq bin Khalid Al-Angari	75,000	12,000	87,000
Mr. Ali bin Suleiman Al-Ayed (member from outside the Board)	50,000	12,000	62,000
Mr. Turki bin Abdul Mohsen Al-Luhaid (member from outside the Board)	50,000	12,000	62,000
Total	175,000	36,000	211,000
Members of Executive Committee			
Mr. Saud bin Suleiman Al-Juhani	—	15,000	15,000
Mr. Abdulaziz bin Abdul Rahman Al-Khamis	—	15,000	15,000
Mr. MUSAED bin Khalid bin Saleh Al-Shathri	—	15,000	15,000
Total	—	45,000	45,000
Members of Nomination and Remunerations Committee			
Mr. Abdul Rahman bin Rashid Al-Balawi	—	6,000	6,000
Mr. Abdulaziz bin Saleh Al-Shathri	—	6,000	6,000
Mr. Wafi bin Nafea Alshakhs	—	6,000	6,000
Total	—	18,000	18,000
Members of Governance Committee			
Mr. Abdulaziz bin Abdul Rahman Al-Khamis	—	3,000	3,000
Mr. Saud bin Suleiman Al-Juhani	—	3,000	3,000
Mr. Tariq bin Khalid Al-Angari	—	3,000	3,000
Mr. Abdul Rahman bin Rashid Al-Balawi	—	3,000	3,000
Total	—	12,000	12,000

## Sixth: Remuneration of Senior Executives

Remunerations of Senior Executives in 2022G		
Fixed Remunerations	Salaries	2,040,000
	Allowances	
	In-Kind benefits	
<b>Total</b>		<b>2,040,000</b>
Variable Remunerations	Periodic Remunerations	780,000
	profits	
	Short incentive plan	
	Long incentive plans	
	Value of granted shares	
<b>Total</b>		<b>780,000</b>
Severance pay	—	
<b>Total executive remuneration for the board</b>		<b>—</b>
<b>Grand total</b>	<b>—</b>	<b>—</b>

**In light of the aforementioned policies and the subsequent details of the paid remuneration, the company confirms the following:**

- There are no arrangements or agreements under which a member of the board of directors or a senior executive waived any remuneration, salaries or compensation during the fiscal year 2022G.
- There are no arrangements or agreements under which one of the company's shareholders waived any rights to profits during the fiscal year 2022G.
- There are no other investments or reserves created for the benefit of the company's employees during the year 2022G, except for the end-of-service indemnity, according to the regulations issued by the competent authorities.

# Corporate Governance

**An introduction on the concept of corporate governance at Tabuk**

54

**Cement Company**

55

**Board of Directors**

56

**Committees of the Board of Directors**

72

**Related Party Transactions**

90

**Results of governance practices during the year 2022G**

92

**Shareholders rights and the General Assembly**

94

**Disclosure and transparency policies**

96

## First: An introduction on the concept of corporate governance at Tabuk Cement Company

Governance aims to set the organizing rules and standards to ensure adherence to the best practices of governance that guarantee the protection of the rights of shareholders and stakeholders, according to which Tabuk Cement Company is committed to adopting the highest standards of governance, believing that a sound governance system is the important tool in growing the wealth of shareholders in the long term. This system is consistent with The company's commitment to quality in all its operations, activities and products. The rules, policies and procedures contained in this system are binding on all members of the board of directors, executive management, managers and employees of the company. However, this system may not be amended except by a decision of the company's board of directors.

**The governance system of Tabuk Cement Company is defined as being based on important foundations, namely:**

- 1 The optimal system through which the company is directed and controlled. It clarifies the governance structure and the distribution of powers and responsibilities among the various participants in the company, such as the board of directors, managers, shareholders and other stakeholders.
- 2 It clarifies the rules and procedures related to decision-making in the company's affairs, and provides the structure that clarifies the company's goals and means of achieving them and monitoring performance. The board of directors is responsible for the governance system of Tabuk Cement Company.

The governance system of the Tabuk Cement Company has been prepared in a manner that does not contradict the provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, and in accordance with generally recognized international standards in corporate governance. It must be viewed as the basis for corporate governance system and not as a substitute for sound management policies for all administrative levels in the company, and it must be taken into account as part of:

- 1 The Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H and its implementing regulations.
- 2 Companies Law issued by Royal Decree No. M/3 dated 01/28/1437H, its amendments, and the decisions and circulars issued by the Ministry of Commerce.
- 3 The Articles of Association of Tabuk Cement Company.

**i** The board of directors or the shareholders assembly may amend this regulation from time to time when need arises, in accordance with the instructions and requirements of the Capital Market Authority, the needs of work and the requirements of sound management, and in a manner that does not contradict the provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority.



## Second: Board of Directors (Composition, positions, Classification of its members)

The general assembly appoints seven members of the board of directors by means of cumulative voting and remote voting, from among the applicants for membership of the Board, in accordance with the controls and procedures specified by the Ministry of Commerce, the Capital Market Authority, and the company's articles of association for a period not exceeding three years. They may be re-elected, knowing that the company's governance regulation requires that the majority of the board members to be non-executive.

### Definition of the board of directors:

The board of directors is the supreme managerial body in the company that represents it and protects its interests. The Board has several main tasks, namely:

- 1 Leading and controlling the company's business and activities and continuous follow-up of its performance.
- 2 Exercising this responsibility by approving and applying its policies and objectives and supporting its departments in performing their tasks according to specific standards.
- 3 Directing and controlling the executive management, and setting appropriate controls for its work, including defining a clear vision and strategy for the company and defining the basis for delegating powers to manage the policies and parameters that are allowed to work within its limits.

### The responsibility of the Board of Directors is represented in several points, including:

1. Setting the strategic objectives of the company and providing the leadership to implement them, supervising the management of the company and preparing reports for the shareholders on their management of the company.
2. The work of the Board of Directors is subject to the rules and regulations, the company's articles of association, and the control of the shareholders in the company's general assembly.

**The responsibilities of the board of directors includes approving the strategic guidelines and main objectives of the company and supervise their implementation, including:**

- Developing, reviewing and directing the company's comprehensive strategy, main business plans and risk management policy.
- Determining the optimal capital structure of the company, its strategies and financial objectives, and approving the annual budgets.
- Overseeing the main capital expenditures of the company, acquiring and disposing of assets.
- Setting performance goals and monitoring implementation and overall performance in the company.
- Periodic review and approval of the organizational and functional structures in the company.
- Develop systems and controls for internal control and general supervision thereof, including:
  - Developing a written policy that regulates conflicts of interest and handling possible cases of conflict for each of the members of the board of directors, executive management and shareholders, including preventing misuse of the company's assets and premises, and preventing misconduct resulting from dealings with related persons.
  - Ensuring the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
  - Ensuring the implementation of control systems for risk management, by defining the general perception of the risks that the company may face and presenting them transparently.
  - Annual review of the effectiveness of internal control procedures in the company.

**There are also some responsibilities assigned to the board of directors in line with the relevant laws and regulations, including:**

- Drafting the system and rules of governance in the company in a way that does not contradict the provisions and texts of the laws and regulations in force and monitoring the effectiveness of these rules in general and amending them when necessary.
- Developing policies, standards and procedures for the Board membership and putting them into practice after being approved by the General Assembly.
- Developing a written policy that regulates the relationship with related parties in order to protect the rights of all parties
- Setting rules of professional conduct for the company's managers and employees in accordance with sound professional and ethical standards
- Developing policies and procedures that ensure the company's compliance with the rules and regulations and the company's commitment to disclose material information to shareholders, creditors and other parties.
- Preparing the financial statements and the annual report on the company's activities and its financial position for the past fiscal year, including the proposed method of paying dividends.
- Recommending to the General Assembly of Shareholders the appointment and dismissal of auditors and determine their fees.

### a. Composition of the members of the board of directors and their membership classifications

Tabuk Cement Company's governance regulation states that the majority of the members of the board of directors shall be non-executive members, and it also stipulates that the number of independent members of the board of directors shall not be less than two or one-third of the members of the Board, whichever is greater.

Board members are classified as follows:

- 1 Mr. Saud bin Suleiman Al-Juhani Non-Executive
- 2 Mr. Abdulaziz bin Abdul Rahman Al-Khamis Independent
- 3 Mr. Tariq bin Khalid Al-Angari Independent
- 4 Mr. Abdul Rahman bin Rashid Al-Balawi Independent
- 5 Mr. Wafi bib Nafea Alshakhs Independent
- 6 Mr. Abdulaziz bin Saleh Al-Shathri Non-Executive
- 7 Mr. Musaed bin Khalid Al-Shathri Non-Executive

### b. The experiences of the members of the board of directors and Board committees in the current and previous companies.



Mr. Saud bin Suleiman Al-Juhani

**Current Position**

- Chairman of the Board of Directors of Tabuk Cement Company
- Chairman of the Executive Committee up to 25/01/2023G
- Assistant Governor for Insurance Affairs at the General Organization for Social Insurance

**Previous Position**

- Deputy Chairman of Tabuk Cement Company.
- Assistant Governor for Insurance Affairs at the Public Pension Agency.

**Qualifications and Experience**

- Master of Actuarial Sciences from the University of Kent in the United Kingdom
- Higher Diploma in Actuarial Sciences from the University of Kent in the United Kingdom
- Bachelor's degree in Management Information Systems from King Fahd University of Petroleum and Minerals

Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or one of its managers

Names of companies in which he is a member of the current board of directors or one of its managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
Member of the board of directors of the Saudi National Bank and a member of the Risk Committee	Inside the Kingdom	Listed Joint stock
Member of the board of directors of the National Industrialization Company and Chairman of the Nominations Committee.	Inside the Kingdom	Listed Joint stock

Names of companies in which a member of the board of directors was a member of their previous boards of directors or one of their managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
Member of the board of directors of the Saudi Industries Development Company, and a member of the Investment Committee (Tatweer)	Inside the Kingdom	Unlisted joint stock
Member of the Audit Committee of the Saudi International Petrochemical Company (Sipchem)	Inside the Kingdom	Listed joint stock





### Mr. Abdulaziz bin Abdul Rahman Al-Khamis

**Current Position**

- Deputy Chairman of Tabuk Cement Company and Chairman of the Governance Committee until 25/01/2023 G

**Previous Position**

- Advisor - Leading Investment Company
- Deputy Governor for Investment Affairs - Public Pension Agency
- General Manager for Financial Investment - Public Pension Agency
- Senior Fixed Income Dealer, Investment Department - Saudi Arabian Monetary Agency
- Assistant Chief Dealer, Investment Department - Saudi Arabian Monetary Agency
- Senior Fixed Income Dealer, Investment Department - Saudi Arabian Monetary Agency

**Qualifications and Experience**

- BA in Economics, Northeastern University, Boston, USA

Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or one of its managers

Names of companies in which he is a member of the current board of directors or one of its managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
Saudi Investment Bank	Inside the Kingdom	Listed Joint stock
Cooperative Insurance Company	Inside the Kingdom	Listed Joint stock
United Insurance Company	Bahrain	Closed joint stock

Names of companies in which a member of the board of directors was a member of their previous boards of directors or one of their managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
Sipchem Company	Inside the Kingdom	Listed Joint stock
Petrochem Company	Inside the Kingdom	Listed Joint stock
Saudi Polymers Company	Inside the Kingdom	Closed joint stock
Gulf Polymers Distribution Company	Emirates	Closed joint stock



### Mr. Tariq bin Khalid Al-Angari

**Current Position**

- Member of the board of directors of Tabuk Cement Company and Chairman of the Audit Committee.
- Member of the board of directors of Leejam Sports Company (Fitness Time) and member of the Executive Committee
- CEO of Etisalat E & enterprise (a subsidiary of the Emirates Telecommunications Group, from April 2020G to date).

**Previous Position**

- Deputy Chairman of the board of directors of Tabuk Cement Company, from April 14, 2019G to January 25, 2020G.
- Executive General Manager of Investor Relations, Secretary of the board of directors of Mobily Company from January 2016G until March 2020G.
- Chairman of the board of directors of Mobily Ventures - a subsidiary of Mobily
- Advisor to the Board of the Capital Market Authority.

**Qualifications and Experience**

- MBA business administration from le Busiess School
- Diploma in corporate finance and credit
- Bachelor of Marketing from King Fahd University of Petroleum and Minerals

Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or one of their managers.

Names of companies in which he is a member of the current board of directors or one of its managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
Member of the Board of Directors of Leejam Sports Company (Fitness Time)	Inside the Kingdom	Listed Joint stock

Names of companies in which a member of the board of directors was a member of their previous boards of directors or one of their managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
Member of the Nominations Committee for Packaging Materials Manufacturing Company (FIPCO)	Inside the Kingdom	Listed Joint stock



**Mr. Abdul Rahman bin Rashid Al-Balawi**

**Current Position**

- Member of the board of directors of Tabuk Cement Company
- And Chairman of the Nominations and Remuneration Committee until 25-01-2023G
- Chief Executive Officer of the Natural Gas Distribution Company

**Previous Position**

- Managing Director of ESPAC Corporation

**Qualifications and Experience**

- Bachelor of Business Administration - King Saud University
- Master of International Business Administration from the University of Portland, USA
- More than 25 years of experience in investment and banking, real estate investment and development, industrial, and construction.

Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or one of its managers

Names of companies in which he is a member of the current board of directors or one of its managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
ISPAC Construction Company	Inside the Kingdom	Closed
United Mining Company	Inside the Kingdom	Closed
Amjad Holding Company	Inside the Kingdom	Closed

Names of companies in which a member of the board of directors was a member of their previous boards of directors or one of their managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
None	None	None



**Mr. Wafi bib Nafea Alshakhs**

**Current Position**

- Member of the board of directors of Tabuk Cement Company until 25-01-2023G
- Chairman of the board of directors of Tabuk Construction and Development Company

**Previous Position**

- Brigadier General Pilot in the Air Force

**Qualifications and Experience**

- Bachelor of Aeronautical Sciences

Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or one of their managers.

Names of companies in which he is a member of the current board of directors or one of its managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
None	None	None

Names of companies in which a member of the board of directors was a member of their previous boards of directors or one of their managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
None	None	None



**Mr. Abdulaziz bin Saleh Al-Shathri**

**Current Position**

- Member of the board of directors of Tabuk Cement Company until 25-01-2023G
- Executive Director of Khaled Al-Shathry Group for Public Investments

**Previous Position**

- General Manager of Dar Al Riyadh Contracting Company
- Member of the board of directors and member of the Audit Committee of Shams Tourism Company (a joint stock company)

**Qualifications and Experience**

- Bachelor of Political Science

Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or one of its managers

Names of companies in which he is a member of the current board of directors or one of its managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
Executive Director of Khaled Al-Shathri Group for General Investments	Inside the Kingdom	Not listed

Names of companies in which a member of the board of directors was a member of their previous boards of directors or one of their managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
General Manager of Dar Al Riyadh Contracting Company	Inside the Kingdom	Not listed
Member of the audit committee, Shams Tourism Company	Inside the Kingdom	Listed Joint stock



**Mr. Musaed bin Khalid Al-Shathri**

**Current Position**

- Member of the board of directors of Tabuk Cement Company

**Previous Position**

- None

**Qualifications and Experience**

- Bachelor's degree in Operations and Project Management

Names of companies inside or outside the Kingdom in which a member of the company's board of directors is a member of its current and previous boards of directors or one of their managers.

Names of companies in which he is a member of the current board of directors or one of its managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
None	None	None

Names of companies in which a member of the board of directors was a member of their previous boards of directors or one of their managers	Inside / outside the Kingdom	Legal Entity
		Listed Joint stock   Joint stock not listed   Limited Liability
None	None	None

**c. Current and previous positions of members of committees from outside the board, and their qualifications and experience.**

Member's Name	Current Position	Previous Position	Qualifications and Experience
Mr. Ali bin Suleiman Al-Ayed (member from outside the Board)	• Retired - Member of the Audit Committee of Tabuk Cement Company	• General Manager Supervision of insurance companies	• Bachelor's degree in Accounting, King Saud University
Mr. Turki bin Abdul Mohsen Al-Luhaid (member from outside the Board)	• Partner in the office of Al-Luhaid and Al-Yahya Certified public Accountants • Member of the Audit Committee of Tabuk Cement Company	• Audit Director and Partner at Ernst & Young (EY)	• Bachelor's degree in Accounting, King Saud University • Certified Public Accountant and • Fellow of the American Society of Certified Public Accountants

# D. Senior executives of the company, their positions, qualifications and previous experience



## Eng. Ali bin Mohammed Al-Gahtani

### Current Position

- Chief Executive Officer of Tabuk Cement Company

### Previous Position

- Chief Executive Officer - Al-Jari Transport Company
- Manager of Projects Support Department - Saudi Aramco

### Qualifications and Experience

- Bachelor of Chemical Engineering - King Saud University

### Previous Experience

- Chief Executive Officer - Al-Jari Transport Company
- Manager of Projects Support Department - Saudi Aramco
- Planning consultant delegated from Saudi Aramco Electricity Company
- Head of the internal strategic planning team - Saudi Aramco
- Senior Operation Engineer - Saudi Aramco
- Engineering Supervisor - Saudi Aramco
- New Business Development Supervisor - Saudi Aramco
- Senior Operating Representative - Saudi Aramco



## Mansour Ibrahim Al-Habdan

### Current Position

- Manager of the Financial Department - Tabuk Cement Company

### Previous Position

- Chief Financial Officer, Dr. Abdul Rahman Al-Mashari Hospital Company

### Qualifications and Experience

- Bachelor of Accounting - King Saud University
- Higher Diploma in Business Administration - Colorado
- Higher Diploma in Finance - Banking Institute

### Previous Experience

- Credit Manager in the Central Region - Riyadh Bank
- Manager of Planning and Budgeting Reports - Nadeq Agricultural Company
- Chief Financial Officer - National Finance Company
- Chief Financial Officer - Al-Salam Medical Group Company
- Chief Financial Officer - Dr. Abdul Rahman Al-Mashari Hospital Company

## Table of meetings attendance of the Board members during the year 2022G

Member's Name	Meeting number and date		
	Meeting No. 153 24/03/2022G	Meeting No. 154 13/10/2022G	Meeting No. 155 23/11/2022G
Saud bin Suleiman Al-Juhani	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Abdulaziz bin Abdul Rahman Al-Khamis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Tariq bin Khalid Al-Angari	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Abdulaziz bin Saleh Al-Shathri	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Musaed bin Khalid Al-Shathri	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Wafi bib Nafea Alshakhs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Abdul Rahman bin Rashid Al-Balawi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Present  Apologized

Member's Name	Meeting number and date
	The thirty-fifth Ordinary General Assembly held on Thursday 20 Ramadan 1443H Corresponding to April 21, 2022G
Saud bin Suleiman Al-Juhani	<input checked="" type="checkbox"/>
Mr. Abdulaziz bin Abdul Rahman Al-Khamis	<input checked="" type="checkbox"/>
Mr. Tariq bin Khalid Al-Angari	<input checked="" type="checkbox"/>
Mr. Abdulaziz bin Saleh Al-Shathri	<input checked="" type="checkbox"/>
Mr. Musaed bin Khalid Al-Shathri	<input checked="" type="checkbox"/>
Mr. Wafi bib Nafea Alshakhs	<input checked="" type="checkbox"/>
Mr. Abdul Rahman bin Rashid Al-Balawi	<input checked="" type="checkbox"/>

Present  Apologized

Member's Name	Meeting number and date
	The thirty-sixth Ordinary General Assembly held on Thursday, 5 Jumada al-Akhir 1444H corresponding to December 29, 2022G
Mr. Saud bin Suleiman Al-Juhani	<input checked="" type="checkbox"/>
Mr. Abdulaziz bin Abdul Rahman Al-Khamis	<input checked="" type="checkbox"/>
Mr. Tariq bin Khalid Al-Angari	<input checked="" type="checkbox"/>
Mr. Abdulaziz bin Saleh Al-Shathri	<input checked="" type="checkbox"/>
Mr. Musaed bin Khalid Al-Shathri	<input checked="" type="checkbox"/>
Mr. Wafi bib Nafea Alshakhs	<input checked="" type="checkbox"/>
Mr. Abdul Rahman bin Rashid Al-Balawi	<input checked="" type="checkbox"/>

Present  Apologized

**f. Measures taken by the board of directors to inform its members - especially non-executives - of the shareholders' proposals and observations regarding the company and its performance.**

The company's bylaws and corporate governance regulations guarantee to shareholders all the rights related to the share. Accordingly, the company has taken a number of measures to inform the directors, especially non-executives, of the shareholders' proposals regarding the company and its performance as follows:

1. The company has allocated a department for investor relations that responds to the shareholders inquiries and receives their observations or complaints through the communication channels available via the company's website, phone or e-mail.
2. These inquiries, if any, are examined and classified, and material ones are reported to the Board during its periodic meetings.
3. The company is always keen to urge all members of its board of directors to attend the general assemblies to answer shareholders' questions and acquaint themselves with their views and observations on the company and its performance. The work regulations of the board committees also oblige the chairmen of the board committees or their representatives from among their members to attend the general assemblies to answer the shareholders' inquiries.
4. Shareholders' questions and inquiries are recorded in the minutes of the general assemblies' meetings and kept at the company's headquarters, and any shareholder can view them upon his request.

**g. Means adopted by the Board of Directors in evaluating its performance, the performance of its committees and members, and the external body that carried out the assessment and its relationship with the company, if any.**

Based on the keenness of the board of directors of the Tabuk Cement Company to comply with all articles of the Corporate Governance Regulations issued by the Capital Market Authority, including the guiding materials as well as the most prominent internationally applied practices, especially with regard to the role of the Chairman of the Board in listening to the views of the non-executive members of the Board regarding their observations and views on the performance of the company and the periodic assessment of its executive management. To this end, Tabuk Cement Company has conducted a periodic evaluation of the performance of its board of directors and its committees, since 2018, with the aim of identifying strengths and weaknesses and proposing to address them in a manner commensurate with the company's interest, noting that the evaluation process takes place under the supervision of the Nominations and Remunerations Committee. The assessment mechanisms were presented to the board of directors. It included filling out a comprehensive questionnaire that covers all tasks and responsibilities of the Board and committees, as well as the effectiveness of the meetings of these bodies, including an assessment of the effectiveness of

**From this standpoint and in line with Article thirty nine of the Corporate Governance Regulations, the necessary mechanisms have been put in place for each of the members of the board of directors and the executive management to undergo training programs and courses on an ongoing basis, in order to develop their skills and knowledge in areas related to the company's activities, as follows:**

Address of the workshop	Executing agency	Date it was held
The Effective Board	BDI	27-28 Jan 2022G
Corporate Finance Accounting & Reporting	BDI	29-30 August 2022G
The Effective Director	BDI	15-16 Nov 2022G
Corporate Governance Essentials	BDI	21/22/ Nov 2022G
International Mining Conference 2022G	Ministry of Industry and Mineral Resources	11-13 Jan 2022G

## Third: Committees emanating from the Board of Directors

The board of directors has formed specialized committees in line with the Corporate Governance Regulations issued by the Board of the Capital Market Authority, with the aim of assisting the Board in performing its duties effectively and in accordance with the company's needs and the nature of its business.

These committees were formed in accordance with general procedures established by the Board, which include defining the competencies of each committee, the term of its work, the powers vested in it, and how the Board monitors it.

It has also been taken into account to appoint a sufficient number of non-executive Board members in committees concerned with tasks that may arise in cases of conflict of interest, such as ensuring the integrity of financial and non-financial reports, reviewing related party transactions, if any, and nomination for membership of the board of directors, as well as appointing senior executives, defining remunerations, etc.

The chairpersons and members of these committees are committed to the principles of honesty, trustworthiness, loyalty, care and concern for the interests of the company and its shareholders, prioritizing them over their personal interest.

Bearing in mind that all the current and previous jobs, qualifications and experiences of committee members, whether from the board of directors or from outside the Board, have been previously discussed.

We will present below a summary of each affiliated committees, including its description, a statement of its members, responsibilities, and meetings held throughout the year 2022G.



### Executive Committee

The board of directors of the company shall form the Executive Committee from a number of its members, provided that their number is not less than three members in addition to the CEO of the company. In this regard, a decision is issued by the board of directors specifying the names of the committee members and the name of the committee chairman, with the aim of allocating more time and effort to discuss specific issues and make recommendations to facilitate decision-making process within the board of directors. Following is the composition of the Executive Committee:

#### Members of the Executive Committee

1	Mr. Saud bin Suleiman Al-Juhani	Chairman of the Committee
2	Mr. Abdulaziz bin Abdul Rahman Al-Khamis	Committee Member
3	Mr. Mused bin Khalid Al-Shathri	Committee Member
4	Eng. Ali bin Yousef Al-gahtani	Committee Member

**Competencies, powers and responsibilities of the Executive Committee:**

The Executive Committee shall assume all tasks and responsibilities that fall within the scope of its objectives and any other tasks and responsibilities assigned to it by the board of directors, in particular the following:

1. Managing and directing the company’s business and affairs and informing the board of directors of the decisions or actions taken by the Committee or those that require Board approval.
2. Discussing any subject that falls within the competence of the board of directors without exception and submitting these recommendations to the board of directors to take the appropriate decisions in this regard, including but not limited to, consultants and submitting recommendations to the board of directors regarding nomination for membership of the Committee and the periodic review of the Committee’s charter.
3. Preparing an annual report for the board of directors on the work accomplished by the committee.
4. Designing a matrix of powers in the company and submitting it to the board of directors for approval and reviewing it periodically by the Committee.
5. Periodic reviewing management reports, evaluating performance, reviewing new investments or re-investments, and accepting them before submitting them to the Board for approval.
6. Reviewing budgets and annual plans and investigating material differences related to budgets (if any) before they are presented to the board of directors .
7. Periodically reviewing capital expenditures, with due consideration to the company’s assets, reviewing investment plans in the company’s surplus liquidity, discussing investment and expansion opportunities, in addition to identifying the challenges facing the company’s operational activities to ensure the quality of products.



**The table of meeting attendance of the members of the Executive Committee for the year 2022G**

Member’s Name	Number and date of the meeting				
	Meeting No. 76 02/03/2022G	Meeting No. 77 12/06/2022G	Meeting No. 78 02/10/2022G	Meeting No. 79 21/11/2022G	Meeting No. 80 21/12/2022G
Mr. Saud bin Suleiman Al-Juhani	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Abdulaziz bin Abdul Rahman Al-Khamis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. MUSAED bin Khalid Al-Shathri	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Eng. Ali bin Yousef Al-gahtani	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Present     Apologized



## Audit Committee

In accordance with Article 101 of the Companies Law issued by the Ministry of Commerce and Investment, Article 54 of the Corporate Governance Regulations issued by the board of the Capital Market Authority and the corresponding articles of the company's articles of association and its corporate governance regulations, the Audit Committee was formed by a decision of the fifth Extraordinary General Assembly in its third meeting held on 07 Jumada Al-Awwal 1441H, corresponding to 02 January 2020G, consisting of four non-executive Board members, including specialists in financial and accounting affairs, along with the approval of the committee's work regulations specifying the controls and procedures for its work and remuneration of its members. Following is the formation of the committee:

### Audit committee members:



## Competencies, powers and responsibilities of the audit committee

### a. External auditor and financial reports:

1. Reviewing and evaluating the qualifications, performance and independence of the external auditors, including the main partner and other senior members of the independent auditor team, on an annual basis, and obtain an annual acknowledgment of that independence.
2. Reviewing the external auditor's plan, scope and approach.
3. Supervising the activities of the external auditors and approving any activity outside the scope of the audit work entrusted to them while performing their duties.
4. Reviewing the comments or qualifications of the external auditor on the financial statements and follow up the actions taken in this regard.
5. Reviewing the external auditor's report on the financial statements and management letter.
6. Reviewing the interim and annual financial statements before presenting them to the board of directors and expressing opinions and recommendations regarding their integrity, fairness and transparency.
7. At the request of the board of directors, the Committee shall present its technical opinion on whether the annual report of the board of directors and the financial statements are represented in a fair, consistent and understandable manner and contain an adequate amount of information to enable shareholders and investors to evaluate the financial position of Tabuk Cement Company, the results of its operations, business models and strategies.
8. Reviewing with external auditors the extent to which changes or improvements in financial or accounting practices have been implemented.

9. Regularly reviewing with the external auditors any audit issues or difficulties they encounter during the audit work, including any restrictions on the scope of the external auditors' activities or in obtaining the required information and management's response to it.
10. Reviewing and discussing the quarterly and annual press releases.
11. The interim financial statements shall be approved after being approved by the board of directors, and they shall be signed by an authorized member of the board of directors, the Chief Executive Officer and the Chief Financial Officer. They are disclosed to the shareholders within a period not exceeding (30) days from the end of the financial period covered by those statements.

#### **b. Internal Audit:**

1. Examining and reviewing the Company's internal and financial control systems and risk management system;
2. Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and
3. Monitoring and supervising the activities if the internal audit department of the company ensures its effectiveness in carrying out the activities and duties determined by the Board of Directors, and if the company does not have an internal auditor, the Committee shall submit its recommendation to the Board of Directors on the need to appoint him.

#### **c. External Auditor:**

1. Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
2. Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
3. Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
4. Responding to queries of the Company's external auditor;
5. Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith..

#### **d. Ensuring Compliance**

1. Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
2. Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
3. Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith.

**e. Ethics and fraud**

1. The committee shall make arrangements to enable the employees of the company to submit anonymous reports on concerns and comments regarding financial reports and other matters. The Committee shall also ensure that the procedures are applied effectively by conducting appropriate independent investigations into the extent of reported irregularities, errors, inaccuracies or irregularities, and take appropriate follow-up action.
2. Ensuring that appropriate measures are taken to respond to any reported allegations or concerns, including obtaining external legal or technical advice when necessary
3. Reviewing and evaluating Tabuk Cement Company’s operations to manage the code of conduct.

**The table of meeting attendance of the members of the Audit Committee for the year 2022G**

Member’s Name	Meeting number and date			
	Meeting No. 102 13/03/2022G	Meeting No. 103 18/05/20200G	Meeting No. 104 11/08/2022G	Meeting No. 105 31/10/2022G
Mr. Tariq bin Khalid Al-Angari	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Ali bin Suleiman Al-Ayed	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Turki bin Abdul Mohsen Al-Luhaid	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Present     Apologized

**Results of the annual review of the effectiveness of the company’s internal control procedures**

The company’s internal audit department carries out continuous audits to verify the effectiveness of the internal control system and procedures in protecting the company’s assets, evaluating work risks and measuring the efficiency of performance. The aforementioned audits did not show a fundamental weakness in the company’s internal control system. On the other hand, the external auditor conducts the assessment of this system within the task of reviewing the final financial statements of the company. The company enables him to view all minutes of the audit committee meetings, the reports of the internal audit department for the period/fiscal year and all the required documents.

**Audit Committee’s opinion on the adequacy of the internal control system**

The audit committee’s assessment of the company’s internal and financial control systems and controls did not show any significant weakness, with the exception of some immaterial observations that were reported in the various audit reports, and the internal audit department agreed with the concerned departments to implement their corrective measures.

On the other hand, the external auditor usually performs the assessment this system within the task of reviewing the annual financial statements of the company, whereby the company enables him to view all systems, policies, procedures, minutes of the audit committee meetings, and the reports of the internal audit department for the period / fiscal year under examination.

# 3. Nomination and Remuneration Committee



It is a committee emanating from the company's board of directors. It is composed of (3) three members appointed by the board of directors, and the term of their membership is determined so that this period does not exceed the term of membership in the Board of Directors.

## Members of the Nomination and Remuneration Committee

- 1

Mr. Abdul Rahman bin Rashid Al-Balawi

Chairman of the Committee
- Committee Member

Mr. Wafi bib Nafea Alshakhs

2
- 3

Mr. Abdulaziz bin Saleh Al-Shathri

Committee Member

### Competencies, powers and responsibilities of the Nomination and Remuneration Committee

The Nominations and Remunerations Committee undertakes all tasks and responsibilities that fall within the scope of its objectives and any other tasks and responsibilities assigned to it by the board of directors, in particular the following:

1. Providing recommendation to the board of directors on the nomination for membership of the Board or its affiliated committees in accordance with the approved policies and standards.
2. The committee must take into account many factors when evaluating members nominated for membership of the board or committees, such as integrity, credibility, responsibility, availability of necessary expertise, independence and leadership ability.
3. Reviewing annually the requirements of appropriate skills for membership of the board of directors and identifying of the capabilities and qualifications required for membership of the board of directors , including determining the time required by the member for the work of the Board of Directors.
4. Reviewing the structure of the board of directors and providing recommendations regarding the changes that can be made.
5. Ensuring, on an annual basis, the independence of the independent members and ensuring absence of the conflict of interest if the director is a member of the board of directors of another company.
6. Developing clear policies for compensation and remuneration for members of the board of directors and senior executives, taking into account that these policies are set according to standards related to performance.
7. Ensuring the existence of an induction program for new members of the Board or its affiliated committees.
8. Implementing an annual performance assessment of the Board and its members according to specific models approved by the Board based on the proposal of the committee. It may seek help from independent external parties whenever the need arises.
9. Determining the criteria necessary for the annual assessment of the CEO of the company and conducting an annual assessment of his/her performance.



### The table of meeting attendance of the members of the Nominations and Remuneration Committee for the year 2022G

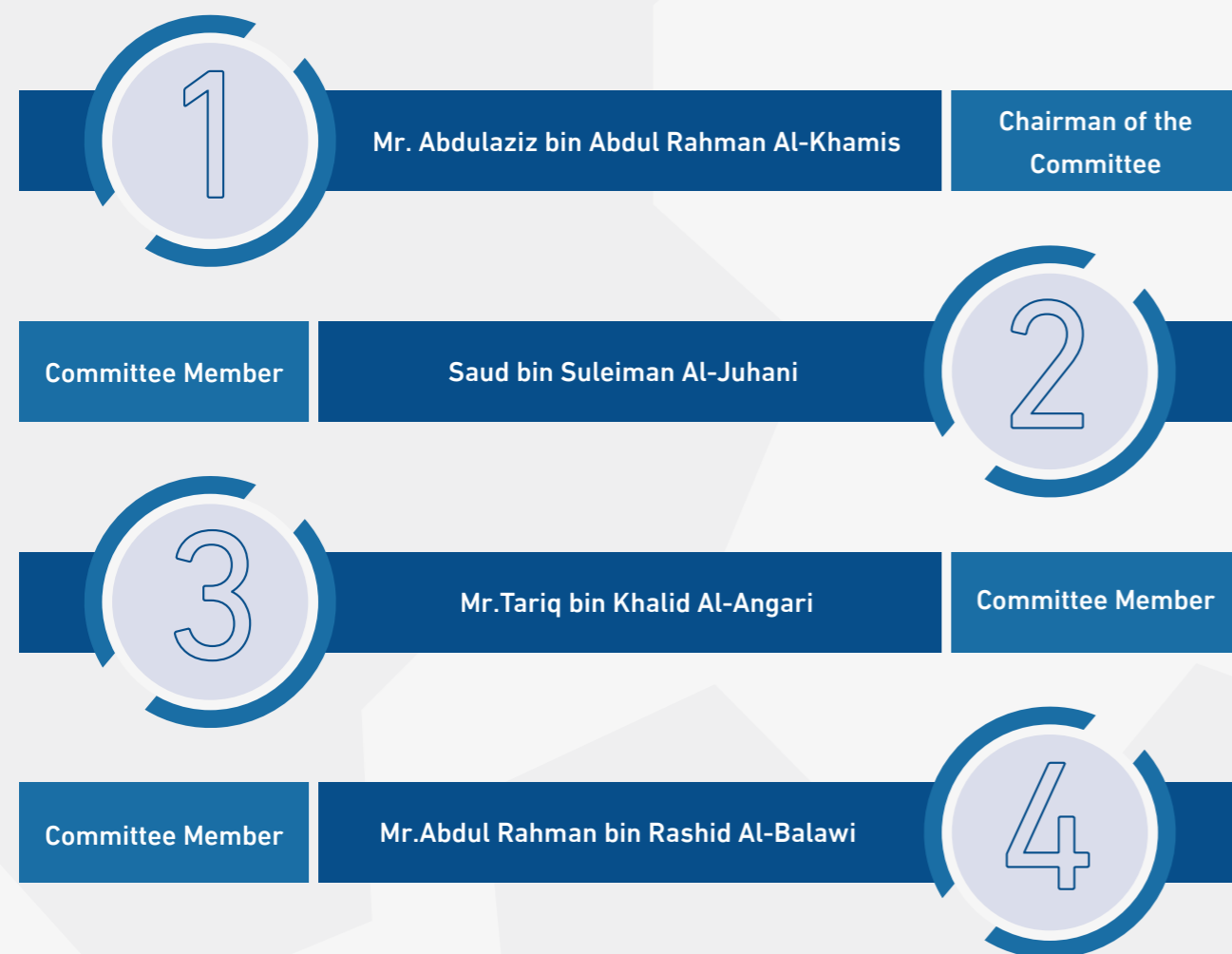
Member's Name	Meeting number and date	
	Meeting No. 31 25/09/2022G	Meeting No. 32 20/11/2022G
Mr. Abdul Rahman bin Rashid Al-Balawi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Wafi bib Nafea Alshakhs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Mr. Abdulaziz bin Saleh Al-Shathri	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Present     Apologized

#### 4. Governance Committee

It is a committee emanating from the company's board of directors. It is composed of (4) four members appointed by the board of directors, and the term of their membership is determined so that this period does not exceed the term of membership in the board of directors.

##### Governance Committee members



#### Competencies, powers and responsibilities of the governance committee

The Governance Committee undertakes all tasks and responsibilities that fall within the scope of its objectives and any other tasks and responsibilities assigned to it by the board of directors, in particular the following:

1. Setting corporate governance rules (governance regulations), review and update its rules in accordance with regulatory requirements and best practices, and verify the company's compliance with those rules.
2. Reviewing the governance regulations issued by the Capital Market Authority, ensuring that the company's regulations are in conformity with them, and keeping the members of the board of directors always aware of developments in the field of corporate governance and best practices.
3. Reviewing and developing the rules of code of ethics and conduct that represent the values of Tabuk Cement Company, and other internal procedures to meet the needs of the company.
4. Ensuring that all the company's written and approved policies and procedures are in compliance with the applicable compliance rules, updating compliance policies and procedures, and reviewing the reports of the company's departments sent to the regulatory authorities.
5. Identifying and evaluating the main risks facing the company, supervising the company's risk management system and evaluating its effectiveness, while developing mechanisms and measurements to monitor the risks that the company may be exposed to.
6. Developing a comprehensive risk management strategy and policies commensurate with the nature and size of the company's activities, and verifying, reviewing and updating their implementation based on the internal and external variables of the company.
7. Determining and maintaining an acceptable level of risks that the company may be exposed to, verifying that the company does not exceed them, and conducting stress tests in order to restore the company's ability to bear risks that it is exposed to periodically.

1. Verifying the feasibility of the company's continuation and successful continuation of its activity, while identifying the risks that threaten its continuation during the next twelve months.
2. Preparing detailed reports on the company's exposure to risks and the proposed steps to manage these risks, and submitting them to the board of directors.
3. Ensuring the availability of adequate resources and systems for risk management, and providing recommendations to the Board on issues related to risk management.
4. Reviewing the organizational structure of risk management and providing recommendations in this regard prior to its approval by the board of directors, and verifying the independence of the risk management staff from activities that may expose the company to risks.
5. Reviewing issues raised by the Audit Committee that may affect risk management in the company.

**The table of meeting attendance of the members of Governance Committee for the year 2022G**

Member's Name	Meeting number and date
	Meeting No. 04 20/12/2022G
Mr. Abdulaziz bin Abdul Rahman Al-Khamis	<input checked="" type="checkbox"/>
Mr. Saud bin Suleiman Al-Juhani	<input checked="" type="checkbox"/>
Mr. Tariq bin Khalid Al-Angari	<input checked="" type="checkbox"/>
Mr. Abdul Rahman bin Rashid Al-Balawi	<input checked="" type="checkbox"/>

Present     Apologized



## Fourth: Transactions with related parties

The company confirms that during the fiscal year 2022G, no contracts, transactions or dealings were concluded in which Tabuk Cement was a party and in which there was an interest for any of the members of the board of directors or any of the members of the committees from outside the board of directors or the CEO or the CFO or any of the senior executives with the company or with any person related to any of them.

## Fifth: Results of governance practices during the year 2022G

The board of directors was keen to establish an effective governance system and consider it an integral part of the company's administrative and financial system. The governance regulation organizes the internal business by clarifying the relationship between the board of directors and the Shareholders' Assembly on the one hand, and the board of directors and the executive management on the other hand. The governance system also organizes business external affairs by managing its relations with government sectors, legislative authorities, suppliers and contractors in order to achieve high efficiency and effectiveness to ensure the achievement of the company's strategic and operational goals. The company is keen on the comprehensiveness of regulations and rules related to transparency, responsibility, fairness, and independence, in order to comply with the stipulations of the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations issued by the board of the Capital Market Authority, and other relevant laws and regulations in force in the Kingdom of Saudi Arabia. Meanwhile, the company makes sure to benefit from the best local and international practices applied in this field.

The company received Excellence Award in the Corporate Governance Index for companies listed on the Saudi Stock Exchange from the Corporate Governance Center at Al-Faisal University. This recognition comes as a result of the company's commitment to applying the best practices of good governance.

### The following table shows the developments in the company's application of the guiding materials

Article No.	Article / Clause Text	Reasons and details
Article seventy-two Risk Management Committee meetings (Guiding article)	<ul style="list-style-type: none"> <li>The risk management committee shall convene periodically at least once every six months, and as may be necessary.</li> </ul>	The Corporate Governance Committee was formed, and the Corporate Governance Committee performs the functions of the Risk Management Committee
Article eighty five Employees Incentives (Guiding article)	<ol style="list-style-type: none"> <li>Forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;</li> <li>Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme; and</li> <li>establishing social organization's for the benefit of the Company's employees</li> </ol>	Although the article is indicative, the company is keen to provide a safe and healthy work environment for all its employees and is constantly studying ways to raise the degree of loyalty by intensifying incentive programs over the coming years. The employees were met by the company's management and a special e-mail was set for the employees to communicate with the Board of Directors
Article eighty-seven Social Responsibility (Guiding article)	<ul style="list-style-type: none"> <li>The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.</li> </ul>	The company's efforts in the field of social responsibility are disclosed in the Board's annual report, and there is a special work team to supervise and implement these programs and initiatives, and the Board will present this matter to the Assembly whenever it deems it necessary.
Article eighty eight Social work initiatives (Guiding article)	<ol style="list-style-type: none"> <li>establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;</li> <li>establishing awareness programmes to the community to familiarize them with the Company's social responsibility.</li> </ol>	Tabuk Cement Company is making a clear policy and strategy in the field of social responsibility and it will be approved by the board of directors, knowing that the company has always been keen on social responsibility for years, and the company's efforts in the field of social responsibility have been disclosed in the Board's annual reports and the Board will present this matter to the Assembly whenever it deems it necessary.





## Sixth: Shareholders rights of and general assembly

The Articles of Association of Tabuk Cement Company and its governance system guarantee several points to the shareholder, provided that all rights related to the share are established to the shareholders, which are:

1. The right to obtain a share of the profits to be distributed.
2. The right to obtain a share of the company's assets upon liquidation.
3. The right to attend shareholders' assemblies, participate in its deliberations, and vote on its decisions.
4. The right to dispose of the shares, monitor the work of the board of directors, and file a liability lawsuit against members of the Board.
5. The right to inquire and request information in a way that does not harm the company's interests and does not conflict with the Capital Market Law and its implementing regulations
6. The company allows the participation of the largest number of its shareholders in the General Assembly meeting, and is keen to choose the appropriate time and place for its holding. In addition, it adopts a remote voting system to make it easier

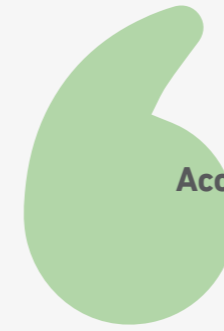
### The Articles of Association of Tabuk Cement Company and its governance system stipulate the provisions related to the general assembly of shareholders, which include the following procedures and precautions:

1. Ensuring that all shareholders exercise their regulatory rights. The General Assembly is the supreme authority in the company
2. Exclusive powers including appointing and dismissing members of the board of directors.
3. Monitoring the work of the board of directors and the right to inquire and request information in a way that does not harm the interests of the company and does not conflict with the Capital Market Law and its implementing regulations; approving the consolidated financial statements; appointing an auditor and determining his fees; approving the distribution of profits recommended by the board of directors ; increasing or decreasing the company's capital, and amending the company's articles of association.



## Seventh: Disclosure and transparency policies

Stemmed from its awareness of the rights of shareholders and investor relations, and strengthening its relationship with its shareholders, investors and stakeholders, and preserving their rights, and based on its belief in the importance of corporate governance that aims to protect shareholders' rights and enhance internal control by activating the role of the board of directors and its committees and adhering to the principle of disclosure and transparency, Tabuk Cement has continued during the year 2022G, its compliance with the Corporate Governance Regulations issued by the Saudi Capital Market Authority as well as other relevant regulations.



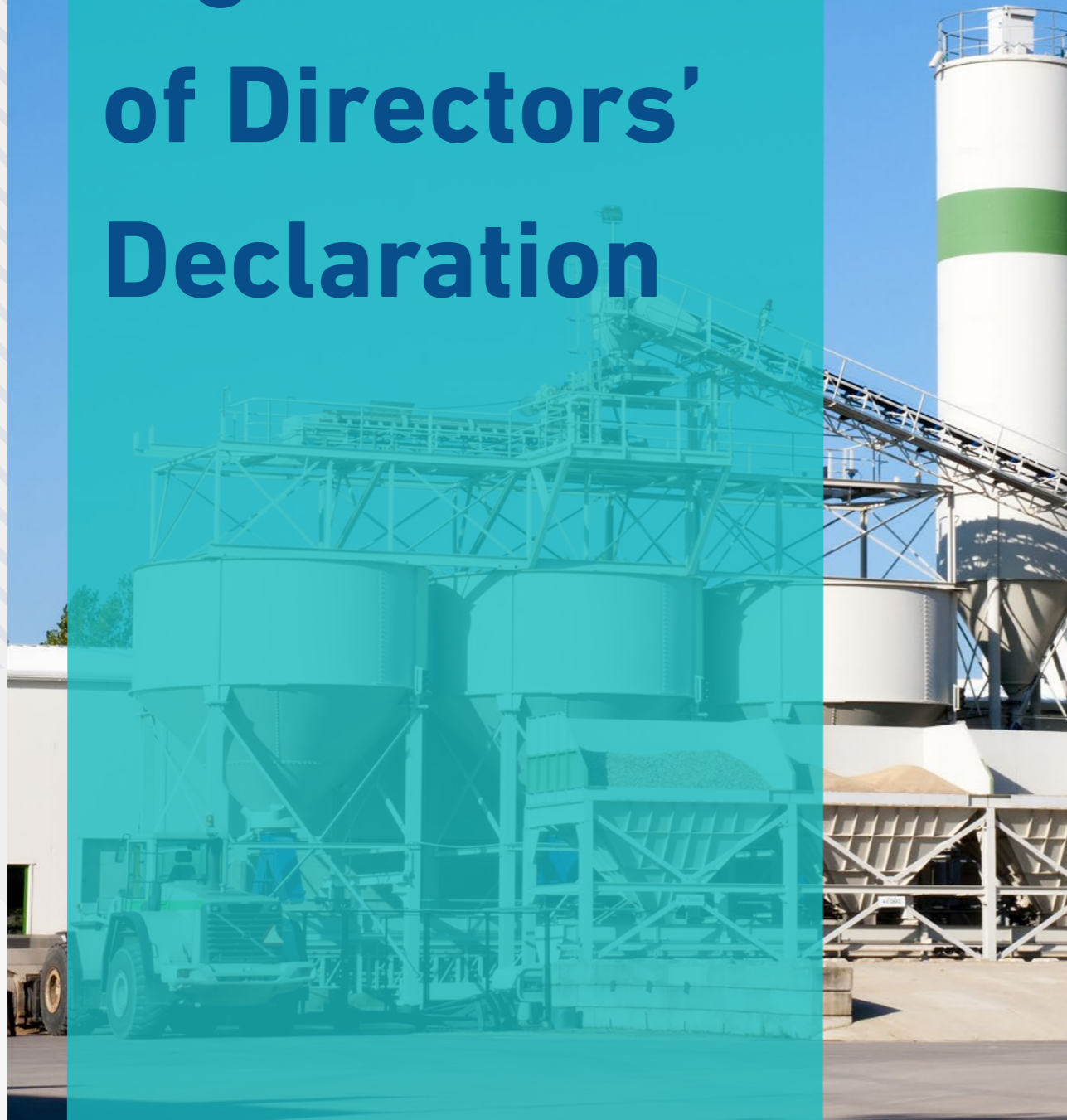
Accordingly, Tabuk Cement Company ensures:

1. Its regulatory disclosures are not limited to the company's performance and financial results, but rather the disclosure extends to all information that may concern the company's shareholders, public of investors and stakeholders, the stipulations of the relevant regulations and sound international practices adopted by the company in the field of governance and transparency.
2. Inclusion of shareholders' rights in the company's articles of association and governance guide.
3. Enabling shareholders and investors to obtain information, as the company publishes financial reports, announcements and substantial news through the Saudi Stock Exchange website "Tadawul", daily newspapers and the annual report of its board of directors.
4. Establishing a special department in the company to follow up the shareholder affairs and respond to their inquiries related to unreceived profits or others.

### Number of the company's requests for the shareholders register, and dates and reasons of such requests.

Reasons of request	Date of Request	Number of the company's requests for the shareholders register
General Assembly	21/04/2022G	1
Profits file	24/04/2022G	2
Company procedures	16/05/2022G	3
Company procedures	07/08/2022G	4
Company procedures	21/11/2022G	5
Company procedures	29/12/2022G	6

# Eighth: Board of Directors' Declaration



The Board of Directors of Tabuk Cement Company declares that:

1. The company's account records have been properly prepared.
2. The internal control system has been prepared on sound basis and implemented effectively.
3. There is no significant doubt about the Company's ability to continue its activities.
4. There are no sanctions, penalties or precautionary restrictions imposed on the company by the Capital Market Authority or any other supervisory, regulatory or judicial body.
5. The company's financial statements have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants, and in accordance with the relevant requirements of the Companies' Law and the company's articles of association with regard to the preparation and publication of financial statements.
6. There are no shares or debt instruments issued to a subsidiary company, as the company does not own a subsidiary.
7. The company has no treasury shares held during the year 2022G.
8. The company is committed to protecting the rights of shareholders, not to discriminate among shareholders who own the same class of shares, and not to withhold any right from them, in order to ensure fair treatment for all shareholders.
9. The company has not put in place any measure that might impede the use of the shareholder's right to vote.

9. The company did not provide any cash loan of any kind to any of the members of its board of directors, nor did it guarantee any loan contracted by a member of its board of directors with third parties.
10. There is no interest in the category of voting shares belonging to persons (other than members of the board of directors, senior executives and their relatives), and they informed the company of these rights during the year 2022G.
11. The company does not have any transferable debt instruments, any contractual securities, subscription right notes, or similar rights issued or granted by the company during the year 2022G.
12. There are no transfer or subscription rights under transferable debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company during the year 2022G.
13. The company has no redeemed, repurchase or cancel any redeemable debt instruments.
14. There are no recommendations from the Audit Committee that conflict with the decisions of the board of directors, or which the Board refused to take into consideration regarding the appointment and dismissal of the company's auditor, determining his fees, and evaluating the internal auditor.
15. During the fiscal year 2022G, the company's external auditor did not provide any advisory services to the company and did not receive any fees in this regard.
16. The company did not receive from the auditor a request to convene the general assembly during the fiscal year then ended, but it was not convened.
17. There are no material subsequent events affecting the soundness of the company's financial position and the results of its operations that occurred after the end of the year and were not clarified, other than what is included in this report.
18. The board of directors acknowledges that there is a loan on the company in favor of Bank Albilad.

19. There are no debt instruments convertible into shares, and there are no option rights or subscription right warrants, and no similar rights were issued during the fiscal year.
20. There are no subsidiaries of the company inside or outside the Kingdom.
21. There is no interest or option rights belonging to the members of the board of directors of the company, senior executives, their spouses, minor children, fathers, mothers, and relatives in shares or debt instruments.
22. There are no convertible debt instruments and no redeemable debt instruments.
23. There are no arrangements or agreements under which one of the company's shareholders waived any rights to profits.
24. There are no other investments or reserves established for the benefit of the company's employees.

# Closing Statement



At the end of our report, the Chairman and the members of the company's board of directors are pleased to extend their sincere thanks and appreciation to the Ministry of Commerce, all relevant government departments and the Capital Market Authority for their continuous support and cooperation with the company, which had a great impact on the company's progress and prosperity. Thanks and gratitude are also extended to the company's honorable shareholders for their continued support and trust, and to all employees of the company for their fruitful efforts during the past year.

**Board of Directors**

Tabuk Cement Company  
Annual Report

20  
22

[www.tcc-sa.com](http://www.tcc-sa.com)