

BOARD REPORT

FOR FINANCIAL YEAR 2023



In the Name of Allah, the Most Beneficent, the Most Merciful

Southern Province Cement Company (SPCC)

A Saudi Joint Stock Company

Paid-up Authorized Capital 1.400 Million Saudi Riyals

Registered Office: Abha – C.R. No.: 5850001443



The Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al-Saud

May Allah protect him



His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz

Crown Prince and Prime Minister

May Allah protect him



The Chairman of the Board of Directors
His Excellency Dr. Hamad bin Sulaiman Al-Bazai



Deputy Chairman of the Board
Mr. Mohammed bin Naser Al Nabit



His Excellency Dr. Abdullah bin Nasser
Abu Thaneen
Board Member



Mr. Mansour bin Abdulaziz Al-Sagheer
Board Member



Eng. Ahmed bin Ali Abdulkarim
Alluhaidan
Board Member



Mr. Saad bin Abdulaziz Al Karoud
Board Member



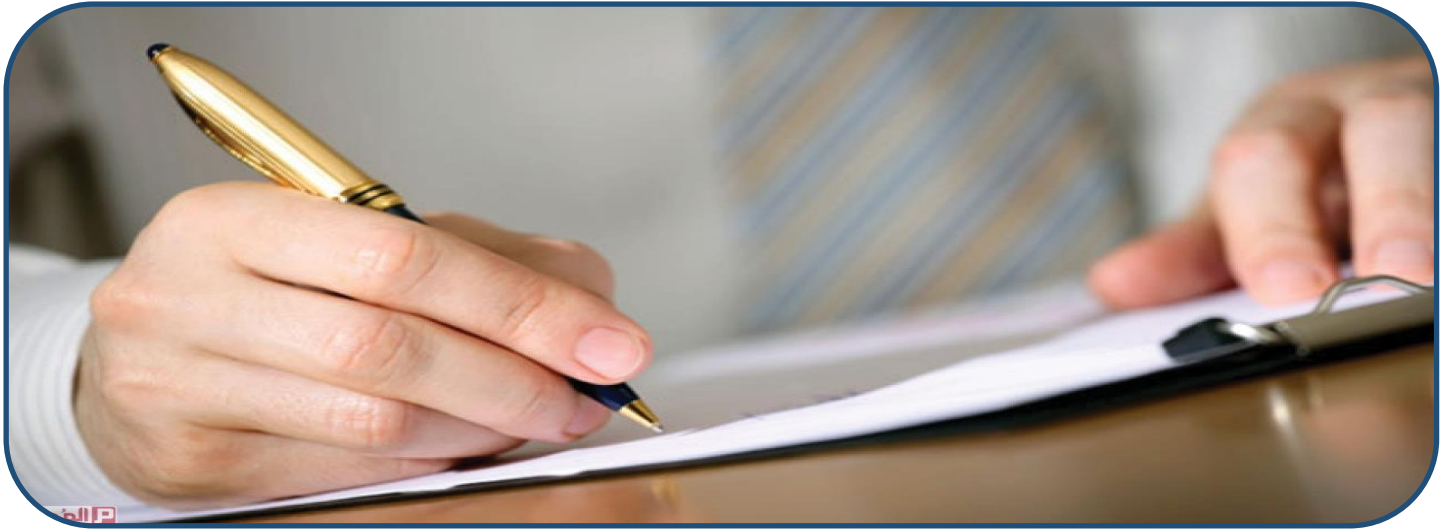
Eng. Thamer bin Mohammed Al Muhaid
Board Member



Eng. Ahmed bin Saeed Alghamdi
Board Member



Mr. Jasser bin Abdullah Al Jasser
Board Member



Dear Shareholders,

Greetings,

The Company's Board of Directors has the pleasure to extend a warm welcome and many thanks to you all for accepting its invitation to attend the fifty-first Ordinary General Assembly Meeting, and to present to you its annual report on the work and achievements of the fiscal year ending on 31/12/2023 along with the annual financial statements.

First: Company's Activity

The main activity of the company is the manufacture and production of cement, its derivatives and accessories, and the trading of these products. The company may have an interest in or participate with entities or companies that engage in businesses similar to its business or that may assist it in achieving its objectives. The company may acquire, merge with, or purchase shares, stakes, or both in these companies. It also has the right to acquire a share from other companies not to exceed twenty percent of its free reserves and not to exceed ten percent of the capital of the company in which it participates. The total of these contributions does not exceed the value of these reserves, with the Ordinary General Assembly being notified in its first meeting.

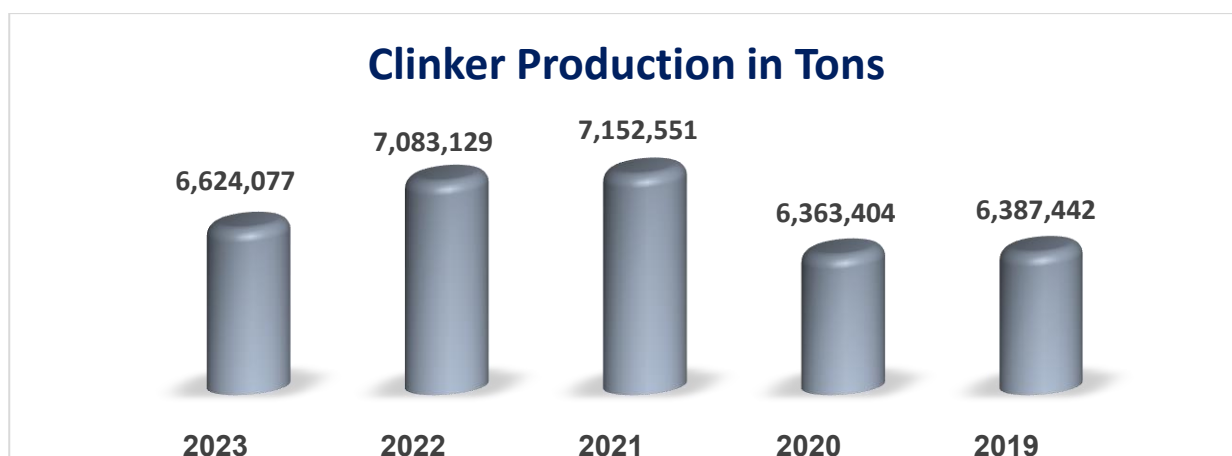
The company carries out its activities through its three plants in: Jazan, Bisha, and Tahama.

A - Production

Production in 2023 from the company's three plants reached (6,624,077) tons of clinker, compared to (7,083,129) tons of clinker in 2022, a decrease of 6%, while the estimated production reached (7,000,000) tons for the year 2023.

The production of Jazan Cement Plant in 2023 reached (1,614,313) tons of clinker, compared to (1,424,456) tons of clinker produced in 2022, an increase of 13%, while its actual production capacity in 2023 represents 107.62% in relation to its estimated design capacity of (1,500,000) tons of clinker. Production is supported in response to transportation demand from Tahama plant. Also, (1,800,454) tons of clinker were produced from Bisha Cement Plant in 2023, compared to (2,157,198) tons of clinker in 2022, a decrease of 17%, while the ratio of its actual production capacity in 2023 to its estimated design capacity of (2,700,000) tons of clinker represents 66.68%, so that production matches demand and inventory policy. The production of Tahama Cement Plant reached (3,209,310) tons of clinker in 2023, compared to (3,501,475) tons of clinker in 2022, a decrease of 8%, while its actual production capacity in 2023 reached its estimated design capacity of (4,500,000) tons of clinker, representing 71.32%, so that production matches demand, inventory policy and Jazan Plant support.

Below is a graph of clinker production at the level of the total of the three plants from 2019 until 2023.



B - Inventory

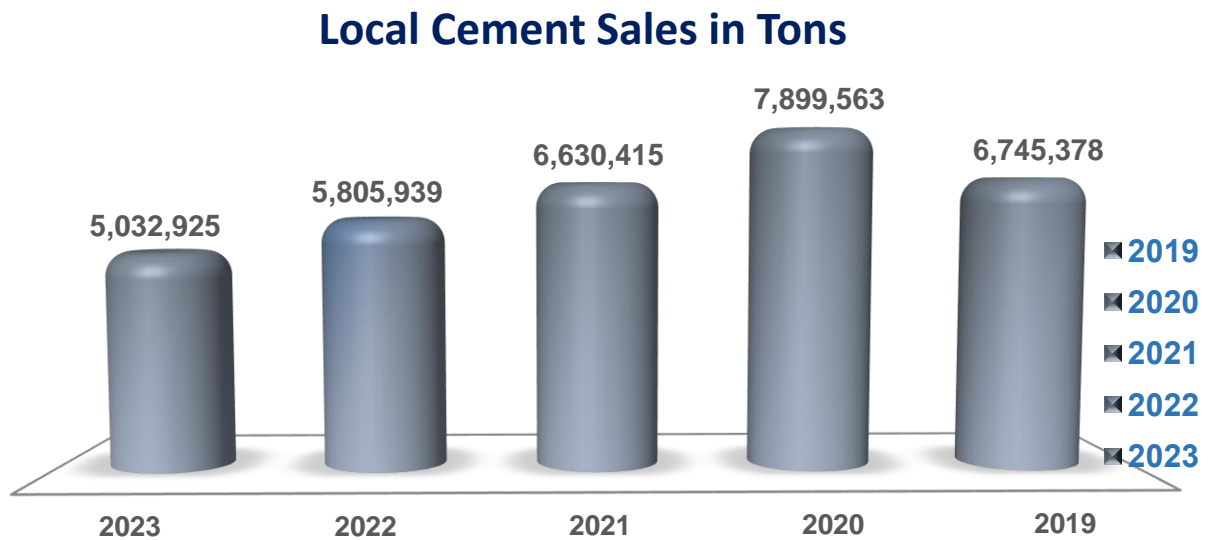
The inventory at the end of 2023 reached (4,188,737) tons of clinker and (127,153) tons of cement, compared to (3,381,446) tons of clinker and (108,777) tons of cement at the end of 2022.

C - Sales

Local sales in 2023 reached (5,032,925) tons of cement compared to (5,805,939) tons of cement in 2022, a decrease of 13%, as (1,452,771) tons were sold from Jazan Cement Plant compared to (1,918,423) tons in 2022, and (1,548,153) tons were sold from Bisha Cement Plant compared to (1,684,837) tons in 2022, and (2,032,001) tons were sold from Tahama Cement Plant compared to (2,202,679) tons in 2022.

Approximately (20,857) tons of cement and (1,108,063) tons of clinker were exported in 2023, compared to (9,087) tons of cement and (1,037,700) tons of clinker in 2022.

Below is a graph showing the amount of cement sales at the level of all three plants from 2019 until 2023.



Second: A Geographical Analysis of the Company's Total Sales

Region	Quantity (Ton)	Value (Saudi Riyals)
Local Sales:		
Assir	2,113,776	390,327,490
Jazan	2,126,678	392,709,888
Makkah Al Mukarramah	501,122	92,536,670
Al Baha	255,229	47,130,295
Najran	7,430	1,372,154
Riyadh	28,689	5,297,678
Export Sales:		
Yemen (Cement / Clinker)	843,557	105,385,000
Sudan (Clinker)	78,750	9,798,113
Ivory Coast (Clinker)	206,613	25,706,890
Company's Total Sales	6,161,845	1,070,264.177

Third: Training

The company is keen to support national competencies, localize jobs, and raise the Saudization rate, which reached (59.96%) by the end of 2023. A number of (442) of the company's employees have been trained inside and outside the Kingdom of Saudi Arabia.

Fourth: the Company's Important Plans and Decisions

The company's plans are focused on the areas of (production - marketing - sales), in addition to modernizing the existing projects and creating new projects aimed at preserving and developing the company's assets.

- I. Production Field: The Company aims to make optimal use of the available energy by establishing a new production line in Jazan plant. The contract has been signed on 17/05/2023, work on the project began on 15/10/2023, and it is expected that the project will be completed in the second quarter of the year 2026.
- II. Marketing Field: Market characteristics are studied and information is analyzed with the aim of obtaining the largest possible share with the best return.
- III. The Board of Directors approved the company's strategy for the next five years (2024 - 2028) on 30/08/2023. The strategy includes improvement in the operational and marketing sector and everything that would contribute to achieving the goals of the Kingdom's Vision 2030.
- IV. Digital transformation of SAP system: It is one of the most important and largest technical projects to move from SAP ECC6 to SAP S4HANA, as this project will make a qualitative shift in how to manage, plan and implement work. It includes improving some current procedures and processes and adding new services and systems that help facilitate work and obtain better data.
- V. Online Services for Customers: The Southern Province Cement Company (SPCC) seeks to enhance the digital transformation of operations related to its customers by developing the following online services: electronic payment (E-payment), electronic sales, electronic customer reports, and automating the customer experience in the plant.
- VI. The program to replace liquid fuels with gas: Among the objectives of Saudi Arabia's Vision 2030, a program to replace liquid fuels was launched, which aims to reduce carbon emissions and reach carbon neutrality by the year 2060. To achieve the program's objectives, work is underway to replace the quantities of fuel oil allocated to both Jazan and Tahama plants with equivalent quantities of gas by 2028. Work is also currently underway with the Saudi Electricity Company (SEC) to connect Jazan and Bisha plants to the electrical grid, and the project is expected to be completed by the end of 2025.
- VII. Sales Field: Paying attention to customer relations and opening new local and foreign markets.
- VIII. The company also continuously develops and modernizes the company's assets and equipment and raises their efficiency.

Fifth: The risks faced by the company and the policy of managing and monitoring these risks

1- Market and Operational Risks:

- A. Increased competition between local cement companies in light of the decrease in demand.
- B. Decreased spending on projects and hence decreased demand for cement. The company is working to strengthen its presence in local and foreign markets through continued communication with current and potential customers.

2- Interest Rate Risks:

High interest rates affect future profitability, as exposure to interest rate risks is a result of the high costs of facilities and Murabaha obtained to finance growth and operating requirements. Company's Management tries to reduce interest rate risks by monitoring the costs of facilities and adjusting the financing portfolio and its multiple sources.

3- Liquidity Risk:

Liquidity risk is the inability to meet obligations related to financial liabilities as they fall due. Liquidity needs are monitored on a monthly basis and management tries to ensure the availability of sufficient funds to meet any obligations should they arise, and to assess the extent of the need to obtain facilities.

The company's current financial liabilities, which fall due within a fiscal year, consist of short-term Islamic financing, accounts payables, profits under distribution, accrued expenses, and other current liabilities. It is expected that all of these financial liabilities will be paid within 12 months from the date of the statement of financial position.

4- Credit risk:

It is the inability of one party to fulfill its obligations, which leads to the other party incurring a financial loss. The balances of cash and cash equivalents outstanding with the company at the date of the financial position are distributed among local banks. Accounts and other receivables are mainly due from customers and related parties. Accounts receivables due to the company are concentrated towards 8 major local customers. Account receivables have been shown at their sustainable and estimated value.

5- Exchange Rate Risk:

Currency risk (exchange rate risk) is the fluctuation in the value of a financial instrument due to fluctuations in foreign exchange rates. The company is not exposed to fluctuations in foreign exchange rates during its normal business cycle; given that the company's substantial transactions during the year were carried out in Saudi Riyals and US dollars. Since the exchange rate of the US dollar is fixed against the Saudi Riyal, this means that there are no significant risks associated with transactions and balances in US dollars.

6- Fair Value of Financial Instruments:

Fair value is the amount for which an asset would be exchanged or a liability paid for the company in a transaction between two parties with their knowledge and will on the arm's length principle (ALP). Management has found that the fair value of bank balances, trade debtors, trade creditors and other current liabilities is very close to their book value. It has also been found that the book value of commission-linked loans is close to the fair value and carries the same commission rates prevailing in the financing and loan market.

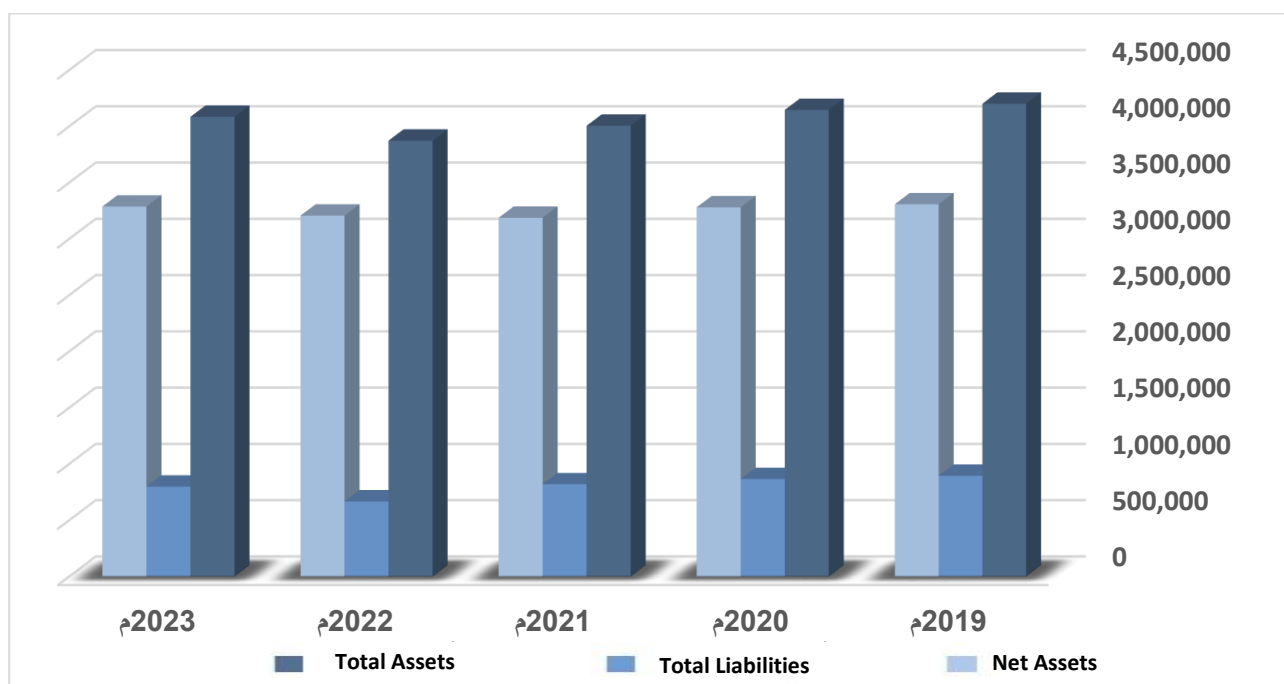
Sixth: The Company's Assets, Liabilities, and Business Results in the Last Five Years

The company's current assets consist of Cash and Cash Equivalents (CCE), Accounts Receivable and other assets. Financial liabilities consist of short-term bank facilities, accounts payable, profits under distribution, accrued expenses and other liabilities.

The fair value of financial instruments does not differ materially from their book value.

Comparison of Assets and Liabilities (in Thousand Riyals)

Item	2019	2020	2021	2022	2023
Current Assets	1,096,819	1,173,636	1,178,407	1,110,134	1,251,711
Non-current Assets	3,103,354	2,970,847	2,826,313	2,761,680	2,831,664
Total Assets	4,200,173	4,144,483	4,004,720	3,871,814	4,083,375
Current Liabilities	385,747	419,599	446,991	373,303	318,061
Non-current Liabilities	507,962	445,170	371,261	292,917	479,110
Total Liabilities	893,709	864,769	818,252	666,220	797,171



Comparison of the Company's Business Results (In Thousand Riyals)

Item	2019	2020	2021	2022	2023
Revenues	1,300,286	1,653,108	1,339,350	1,222,409	1,070,264
Cost of Revenue	(762,748)	(974,256)	(833,946)	(861,354)	(793,758)
Gross Profit (Gross Income)	537,538	678,852	505,405	361,055	276,506
Comprehensive Income (CI)	457,457	603,248	431,755	299,126	199,611

Seventh: Fundamental Differences in Operational Results from the Results of the Previous Year

Item	2022	2023	Changes (+) (-)	Percentage of Change %
Revenues	1,222,409	1,070,264	(152,145)	(12,45)
Cost of Revenue	861,354	793,758	(67,596)	(7.85)
Gross Profit (Gross Income)	361,055	276,506	(84,549)	(23,42)
Other Operating Expenses	63,099	76,517	13,418	21,26
Operating Profit	299,308	202,542	(96,766)	(32.33)

Eighth: Accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA)

The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in the Kingdom of Saudi Arabia and other standards and issuances issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Ninth: Islamic Finance or Shari'ah Compliant Financing (SCF)

Description	Funding Source	The current portion of the loan	The non-current portion of the loan	Total
The Opening Balance	The Saudi National Bank	80,000,000	173,397,000	253,397,000
Paid during the year		(20,000,000)	0	(20,000,000)
Converted from current to non-current		(60,000,000)	60,000,000	0
Financing the third line at Jazan Cement Plant		0	121,337,200	121,337,200
Loan rescheduling losses		1,211,640	6,430,749	7,642,389
The Ending Balance		1,211,640	361,164,949	362,376,589

The balance of Islamic Finance (Shari'ah Compliant Financing) from Saudi National Bank (SNB) on 31/12/2023 amounted to 362,376,589 Saudi Riyals, represented by bank facilities amounting to 354,734,200 Saudi Riyals and rescheduling losses amounting to 7,642,389 Saudi Riyals. The non-current portion amounting to 361,164,949 Saudi Riyals due during the years from 2025 to 2033, and the current portion amounting to 1,211,640 Saudi Riyals will be exhausted during 2024. During 2023, the company rescheduled the existing loan with a balance of 233,397,000 Saudi Riyals with the new loan, the purpose of which was to finance the establishment of a production line project at Jazan Cement Plant. It will be paid within ten years, including a two-year grace period.

Tenth: Details of the Company's Social Contributions

SN	Description	SAR	SN	Description	SAR
1	Ehsan Platform	500,000	22	The Holy Quran Memorization Association in Khamis Mushait	30,000
2	Orphan Care Association in Al-Namas	23,000	23	The Holy Quran Memorization Association in Muhayil Assir	20,000
3	Islamic Association for Call and Guidance in Ahad Al Masarhah	20,000	24	Al Bir Society in Al Qunfudhah	30,000
4	The Holy Quran Memorization Association in Jazan	30,000	25	The Holy Quran Memorization Association in Tanoma	20,000
5	The Holy Quran Memorization Association in Ahad Al Masarhah	48,000	26	Muasah Association for Honoring the Dead	30,000
6	Association of Saving Food in Assir	36,000	27	Charitable Association in Al Areen	20,000
7	Charitable Foundation for Orphan Care in Assir (Ikhaa)	30,000	28	Health Society in Bisha	25,000
8	Al Bir Society in Abha	40,000	29	Shokr Al Ne'amah Association in Bisha	20,000
9	The National Committee for the Care of Prisoners in Assir	35,000	30	Al Bir Society in Muhayil Assir	20,000
10	Al Bir Society in Bisha	40,000	31	Protection against family violence association in Ahad Al Masarhah	20,000
11	Charitable Association in Ahad Al Masarhah	40,000	32	Zaed Association of Saving Food in Ahad Al Masarhah	20,000
12	Charitable Society for Orphan Care in Bisha	35,000	33	Al Bir Society in Tanoma	20,000
13	Mishkat Association for the Holy Quran Memorization in Bisha	30,000	34	Al Bir Society in Al Farsha city	20,000
14	Al Janoub Women's Organization	30,000	35	Al Bir Charitable Society in Al Shaaf	20,000
15	Al Wed Social Development Committee	30,000	36	Al Bir Charitable Society in Al Harth	20,000
16	Al Wed Charitable Society	30,000	37	Humanitarian Services Association at King Fahad Dam City – Ranoom	20,000
17	Al Bir Society in Al Ardiyah Al Janubiyah	30,000	38	Eradah Wagf for the Disabled Development	20,000
18	Al Bir Society in Al-Majardah	30,000	39	Manazil Association in Assir Region	20,000
19	Support for Jazan Investment Forum 2023	1000,000		Sport Activities Support during the Month of Ramadan in Ahad Al Masarhah	10,000
20	Althuraya Charity Society for Blind	20,000			
21	The Holy Quran Memorization Association in Assir	30,000			
Total			2,512,000 Saudi Riyals		

Eleventh: Composition / Formation of the Board of Directors and Classification of its Members

SN	Board Member's Name	Membership Classification
1	His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI	A non-executive member
2	Mr. MOHAMMED BIN NASER AL NABIT	A non-executive member
3	His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN	A non-executive member
4	Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER	A non-executive member
5	Eng. AHMED BIN ALI ABDULKARIM ALLUHAIIDAN	Independent member
6	Mr. SAAD BIN ABDULAZIZ AL KAROUD	A non-executive member
7	Eng. THAMER MOHAMMED AL MUHAID	Independent member
8	Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI	A non-executive member
9	Mr. JASSER ABDULLAH AL JASSER	Independent member

Twelfth: Names of Members of the Board of Directors, Members of Committees and Executive Management, their Current Jobs and Experiences

First -Members of the Board of Directors



His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI
Current Position: Membership in committees and boards.
Previous Position: Deputy Minister of Finance

Academic Education: Bachelor's degree, Master's Degree and Ph.D. in Economics.

Experiences: He worked for 40 years in multiple positions, starting with teaching assistant, then assistant professor, then associate professor, deputy for the college, and acting dean for the College of Economics and Administration, then undersecretary for economic affairs at the Ministry of Finance, and then deputy minister of finance. Worked as a member of the boards of directors of multiple bodies and companies.



His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN
Current Position: Deputy Minister of Human Resources and Social Development for Labor.
Previous Position: Undersecretary of the Ministry of Human Resources and Social Development for Inspection and Development of the Work Environment.

Academic Education: Bachelor's degree, Master's degree and Ph.D. in Economics.

Experiences: He worked for 26 years in several government positions.
Faculty member at the Institute of Public Administration.
Undersecretary for Planning, Development and Information - Ministry of Labor and Social Development
Undersecretary for Inspection and Development of the Work Environment - Ministry of Labor and Social Development.
Deputy Minister of Labor and Social Development.



Eng. AHMED BIN ALI ABDULKARIM ALLUHAIDAN
Current Position: CEO of the Arabian Pipes Company
Previous Position: Director of Project Studies and Consultations Department at the Saudi Industrial Development Fund.

Academic Education: Bachelor of Mechanical Engineering - Higher Diploma in Design, Production and Management
Experiences: Worked for (32) years



Mr. MOHAMMED BIN NASER AL NABIT
Current Position: Businessman
Previous Position: N/A

Academic Education: Bachelor of BA.

Experiences: He worked for (24) years in the private sector.

Former member of the Board of Directors of the Arab Refineries Company.

Vice Chairman of the Board of Directors of Nasser Al Nabit and Sons Company.

Member of the Board of Directors of the Red Sea Markets Company.

Member of the Board of Directors of the Arab Education Group.

Member of the Board of Directors of Khamis Mushait Hotel Company.



Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER
Current Position: CEO - National Bank of Bahrain.
Previous Position: Head of Business Development Department - SABB Bank.

Academic Education: Bachelor of Accounting - Master of Business Administration.

Experiences:

Senior Commercial Relationship Manager - Corporate Banking Group - First Saudi Bank.

Senior Relationship Manager at the Saudi Investment Bank.

Assistant General Manager for Corporate Management - Samba Financial Group.

Head of Corporate Management Department - Banque Saudi Fransi.

Senior Corporate Banker at Saudi National Bank (SNB)- Western Region

Regional Head of Corporate Banking - First Saudi Bank.

Business Development Manager - Risk Management at First Saudi Bank.

CEO - National Bank of Bahrain – Saudi Arabia



Mr. SAAD BIN ABDULAZIZ AL KAROUD
Current Position: Chief Administrator - Public Investment Fund (PIF)
Previous Position: Director of Stakeholder Management - Public Investment Fund (PIF)

Academic Education: Bachelor of Finance - Master of Management and Leadership.

He promoted to several positions at the Saudi Industrial Development Fund (SIDF) until he became Director of the Project Studies and Consultations Department. Supervised the department of studies and project consultations at the Saudi Industrial Development Fund. CEO of Arabian Pipes Company.



Eng. THAMER MOHAMMED AL MUHAID
Current Position: CEO and Managing Director - Saudi Chemical Holding Group.
Previous Position: Deputy General Manager - Saudi Chemical Company Limited.

Academic Education: Bachelor of Civil Engineering - Master of BA, specializing in corporate acquisitions and mergers - Master of Business Administration, majoring Global Management.

Experiences: He worked for (30) years in several governmental and commercial bodies:
General Director of Planning and Control at GE SABIC Innovative Industries Company.
Director General of Policy, Research and Planning at the Ministry of Trade and Industry.
General Director of the Food Unit at Almarai Company
Deputy General Manager of the Saudi Chemical Company Limited and Managing Director of Suez International Nitrate Company.
Chairman of the Board of Directors - Suez International Nitrate Company.
CEO and Managing Director of the Saudi Chemical Holding Company.



Mr. JASSER ABDULLAH AL JASSER
Current Position: Director General of Strategy and Transformation - General Organization for Social Insurance.
Previous Position: - General Manager of Institutional Excellence - General Organization for Social Insurance (formerly General Retirement Agency).

Academic Education: Bachelor of Operations Research - Master of Actuarial Science

Experiences: He worked for (18) years in several government positions, gradually as director of planning, development and studies, then as general director of institutional excellence. After that, he worked as general director of strategy and transformation at the General Organization for Social Insurance, in addition to leading the transformation office in the institution. During this tenure, he worked in various fields, including preparing actuarial and statistical studies and strategic plans and supervising their implementation.

Experiences: Vice President of the Private Wealth Management and Diversification Company (MYAS). Head of Stakeholder Department at the Public Investment Fund
Chief Administrator at the Public Investment Fund
Secretary of the Board of Directors of the Public Investment Fund



Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI
Current Position: Senior Vice President of the Middle East and North Africa Investment Department at the Public Investment Fund
Previous Position: Vice President of the Middle East and North Africa Investment Department at the Public Investment Fund

Academic Education: Bachelor of Chemical Engineering - Master of Business Administration

Experiences: Operations Engineer - Saudi Aramco. Strategic Transformation Office - Saudi Aramco. New Business Development - Saudi Aramco. Acting Chief financial officer at Energy City Development Company - Saudi Aramco. Director of Strategy and Business Development - Energy City Development Company - Saudi Aramco. Senior Assistant for Investments in the Middle East and North Africa - Public Investment Fund
Vice President of the Investment Sector in the Middle East and North Africa at the Public Investment Fund.

Second - Committee Members from outside the Board of Directors



His Excellency
Current Position: Director General - OPEC Fund for International Development.
Previous Position: Deputy Secretary General - Public Investment Fund.

Academic Education: Bachelor's degree, Master's degree and Ph.D. in Economics

Experiences:
He worked for 21 years in governmental and international positions.



Mr. ADEEB BIN MUHAMMAD ABANUMI
Current Position: Director of Audit and Advisory Services Department - ABANUMI Office.
Previous Position: Employee at the Capital Market Authority.

Academic Education: Bachelor of Accounting - Master of Professional Accounting

Experiences:
He worked for 12 years in the Saudi Fund for Development.

Advisor to the Executive Director of the World Bank.
Alternate Executive Director of the World Bank.
Economic Advisor - Public Investment Fund.
Deputy Secretary General - Public Investment Fund.
Director General of the OPEC Fund for International
Development.

He worked (1) year as Deputy Dean of Shaqraa
College.
He worked for (4) years at the Capital Market
Authority.
Director of Audit and Consulting Services Department
- ABANUMI Office.

Third – Executive Management



Eng. AQEEL BIN FETAIS BIN KADSA

Current Position: Chief Executive Officer (CEO).

Previous Position: Executive Vice President of Manufacturing.

Academic Education: Bachelor's Degree in Applied Chemical Engineering.

Experiences: Worked for 28 years:

Production Engineer - Yamama Cement Company.

Chemical Engineer - Electricity Company.

Director of Production Department, Bisha Cement Plant- Southern Province Cement Company.

Director of Maintenance Department, Bisha Cement Plant- Southern Province Cement Company.

Bisha Cement Plant Manager - Southern Province Cement Company.

Executive Vice President of Manufacturing - Southern Province Cement Company.

CEO - Southern Province Cement Company.



Eng. SAUD BIN SAFAR AL BURGAN

Current Position: Vice Chief Operating Officer (COO).

Previous Position: Director of Purchasing and Contracts Department.

Academic Education: Bachelor's Degree in Applied Mechanical Engineering

Experiences: Worked for 22 years:

Al-Burgan Private Est.

Several positions in the generation projects sector at Saudi Electricity Company.

Director of Marketing and Sales Department at Southern Province Cement Company.

Director of Planning and Business Development Department at Southern Province Cement Company.

Director of Engineering Services Department at Southern Province Cement Company

Director of Purchasing and Contracts Department at Southern Province Cement Company.

Vice Chief Operating Officer (COO) at Southern Province Cement Company.



Mr. MUHAMMAD BIN ALI AL-THOUJI

Current Position: Executive Vice President of Finance (E.V.P of Finance).

Previous Position: Finance Manger (FM).

Academic Education: Bachelor of Accounting - Master of Professional Accounting.

Experiences: Worked for 27 years:

Accountant at Southern Province Cement Company.

Head of Accounts at Southern Province Cement Company.

Finance Manger (FM) at Southern Province Cement Company.

Executive Vice President of Finance (E.V.P of Finance)..

Thirteenth: Names of Companies Inside or Outside Saudi Arabia in which the Member of the Board of Directors is a Member of their Current and Previous Boards of Directors or one of their Managers.

Member's Name	Names of Companies in which the Member of the Board of Directors is a Member of their Current Boards of Directors or one of their Managers	Inside / Outside Saudi Arabia	Legal Entity of the Company
His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI GOSI's Representative	Alinma Bank Islamic Development Bank Tatweer Buildings Company (TBC)	Inside Saudi Arabia	Joint Stock Company listed on The Saudi Stock Exchange Multilateral development/governmental bank Limited joint-stock company
Mr. MOHAMMED BIN NASER AL NABIT	Arabian Education and Training Group Mercure Hotel Khamis Mushait Nasser bin Mohammed Al Nabit and Sons Company Red Sea Markets Company	Inside Saudi Arabia	Joint Stock Company not listed on The Saudi Stock Exchange Joint Stock Company not listed on The Saudi Stock Exchange Joint Stock Company not listed on The Saudi Stock Exchange Joint Stock Company not listed on The Saudi Stock Exchange
His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN GOSI's Representative	Takamol Business Solutions Future work Co.	Inside Saudi Arabia	Closed Joint Stock Company Closed Joint Stock Company
Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER Public Investment Fund (PIF) Representative	Saudi Fisheries Company (SFC) United Cooperative Assurance (UCA) Lightweight Construction Company (LCC-SIPOREX) Al Saif Trading Agencies Co.	Inside Saudi Arabia	Joint Stock Company listed on The Saudi Stock Exchange Joint Stock Company listed on The Saudi Stock Exchange Closed Joint Stock Company Closed Joint Stock Company
Eng. AHMED BIN ALI ABDULKARIM ALLUHAIIDAN	Arabian Pipes Company (APC)	Inside Saudi Arabia	Joint Stock Company listed on The Saudi Stock Exchange

Mr. SAAD BIN ABDULAZIZ AL KAROUD Public Investment Fund (PIF) Representative	Al Balad Development Company (BDC) Alinma Bank Diriyah Gate Company Limited (“DGCL”) The Saudi Technology Development and Investment Company (TAQNIA) DAN Company El Seif Engineering Contracting (ESEC) Al-Uqair Development Company Gulf Real Estate Development Company	Inside Saudi Arabia	Closed Joint Stock Company Joint Stock Company listed on The Saudi Stock Exchange Limited Liability Company (LTD) Closed Joint Stock Company Closed Joint Stock Company Limited Liability Company (LTD) Closed Joint Stock Company Closed Joint Stock Company
Eng. THAMER MOHAMMED AL MUHAID	Suez International Nitrate Co. (SINCO) Saudi Chemical Company Holding (SCCH)	Outside Saudi Arabia Inside Saudi Arabia	Limited Liability Company (LTD) Joint Stock Company listed on The Saudi Stock Exchange
Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI Public Investment Fund (PIF) Representative	Jasara Program Management Company Depa PLC (DEPA) Nesma & Partners Contracting Co. Ltd.	Inside Saudi Arabia Outside Saudi Arabia Inside Saudi Arabia	Limited Liability Company (LTD) Joint Stock Company listed on The Saudi Stock Exchange Limited Liability Company (LTD)
Mr. JASSER ABDULLAH AL JASSER GOSI's Representative	The Company for Cooperative Insurance (Tawuniya) United Cooperative Assurance (UCA)	Inside Saudi Arabia Outside Saudi Arabia	Joint Stock Company listed on The Saudi Stock Exchange Closed Joint Stock Company

Fourteenth: Board of Directors Meetings for the Year 2023

SN	Name	Meeting # 1	Meeting # 2	Meeting # 3	Meeting # 4	Meeting # 5	Meeting # 6	Meeting # 7	Total
		27/03	17/05	11/07	30/08	18/10	27/11	27/12	
1	His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI GOSI's Representative	✓	✓	✓	✓	✓	✓	✓	7
2	Mr. MOHAMMED BIN NASER AL NABIT	✓	✓	✓	✓	✓	✓	✓	7
3	His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN GOSI's Representative	✓	✓	✓	✓	✓	✓	✓	7
4	Mr. SAAD BIN ABDULAZIZ AL KAROUD Public Investment Fund (PIF) Representative	✓	✓	✓	✓	✓	✓	✓	7
5	Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER Public Investment Fund (PIF) Representative	✓	✓	✓	✓	✓	✓	✓	7
6	Eng. AHMED BIN ALI ABDULKARIM ALLUHAIIDAN	✓	✓	✓	✓	✓	✓	✓	7
7	Eng. THAMER MOHAMMED AL MUHAID	✓	✓	✓	✓	✓	✓	✓	7
8	Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI Public Investment Fund (PIF) Representative	✓	✓	✓	✓	✓	✓	✓	7
9	Mr. JASSER ABDULLAH AL JASSER GOSI's Representative	✓	✓	✓	✓	✓	✓	✓	7

Fifteenth: A statement of the dates of the general assemblies of shareholders held during the last fiscal year (FY) and the names of the members of the Board of Directors attending these assemblies

SN	Name	Ordinary General Assembly Meeting (50)	Extraordinary General Assembly Meeting (8)	Total Meetings
	Date of the General Assembly	30/05/2023	06/12/2023	
1	His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI GOSI's Representative	✓	✓	2
2	Mr. MOHAMMED BIN NASER AL NABIT	✓	✓	2
3	His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN GOSI's Representative	✓	✓	2
4	Mr. SAAD BIN ABDULAZIZ AL KAROUD Public Investment Fund (PIF) Representative	X	X	-
5	Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER Public Investment Fund (PIF) Representative	X	✓	1
6	Eng. AHMED BIN ALI ABDULKARIM ALLUHAIDAN	✓	✓	2
7	Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI Public Investment Fund (PIF) Representative	✓	✓	2
8	Eng. THAMER MOHAMMED AL MUHAID	✓	✓	2
9	Mr. JASSER ABDULLAH AL JASSER GOSI's Representative	X	✓	1

Sixteenth: Any penalty, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory, or judicial entity.

The company does not have any penalty, precautionary measure, or precautionary restriction imposed by the Authority or any supervisory, regulatory, or judicial body.

Seventeenth: Measures taken by the Board of Directors to inform its members, especially non-executives, of shareholders' proposals and observations regarding the company and its performance.

To inform members of the Board of Directors of shareholders' proposals, the Board of Directors has done the following:

1. Ensure that members of the Board of Directors obtain timely, complete, clear, correct and non-misleading information.
2. Ensure that the Board of Directors discusses all essential issues in an effective and timely manner.
3. Encourage members of the Board of Directors to carry out their duties effectively and in the interest of the company.
4. Ensure the existence of channels for effective communication with shareholders and conveying their opinions to the Board of Directors.
5. Encourage constructive relations and effective participation between the Board of Directors and Executive Management, and create a culture that encourages constructive criticism.
6. Prepare the agenda for Board of Directors meetings, taking into account any issue raised by a member of the Board of Directors or raised by the auditor, and consulting with Board members and the CEO when preparing the Board's agenda.

Eighteenth: Disclosure of the remuneration of members of the Board of Directors and Executive Management in accordance with Article "Ninety" of the Corporate Governance Regulations

Pursuant to Article (22) of the company's bylaws, the Board of Directors' remuneration shall be a certain amount, an attendance allowance for sessions, in-kind benefits, or a certain percentage of net profits. It is permissible to combine two or more of the above. The Board of Directors' report to the General Assembly must include a statement of all that the members of the Board of Directors received during the fiscal year in terms of remuneration, expense allowances, and other benefits. It should also include a statement of what the members of the Board received in their capacity as workers or administrators, or what they received in return for technical, administrative, or consulting work. It should also include a statement of the number of meetings of the Board and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

Board Members' Remuneration

Description	A certain amount for Board of Directors membership and committee membership	Allowance for attending Board of Directors meetings	Total allowance for attending committee sessions	A benefit-in-kind (BIK)	Remuneration of the Chairman, Managing Director, or Secretary, if he is a member	Total	Percentage of Profits	Periodic Remunerations	Short-term incentive plans	Long-term incentive plans	Granted Shares	Total	End-of-Service Gratuity (EOSG)	Grand Total	Expense Allowance
Independent Members															
Eng. AHMED BIN ALI ABDULKARIM ALLUHAIDAN	600,000	35,000	30,000			665,000								665,000	-
Eng. THAMER MOHAMMED AL MUHAID	600,000	35,000	50,000			685,000								685,000	-
Mr. JASSER ABDULLAH AL JASSER GOSI's Representative	600,000	35,000	50,000			685,000								685,000	-
Non- Independent Members															
His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI GOSI's Representative	600,000	35,000	50,000		342,500	1,027,500								1,027,500	-
Mr. MOHAMMED BIN NASER AL NABIT	600,000	35,000	50,000			685,000								685,000	-
His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN GOSI's Representative	600,000	35,000	30,000			665,000								665,000	-
Mr. SAAD BIN ABDULAZIZ AL KAROUD Public Investment Fund (PIF) Representative	450,000	35,000	20,000			505,000								505,000	-
Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER Public Investment Fund (PIF) Representative	600,000	35,000	30,000			665,000								665,000	-
Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI Public Investment Fund (PIF) Representative	600,000	35,000	40,000			675,000								675,000	-

Description	Salaries	Allowances	A benefit-in-kind (BIK)	Total	Periodic Remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted Shares	Total	End-of-Service Gratuity (EOSG)	Production Bonus	Total executive remuneration for the Board	Grand Total
Six senior executives who received the highest remunerations	4,706,051	1,417,689	-	6,123,740	394,853	-	-	-	-	6,518,593	-	1,724,480	-	8,243,073

Six senior executives who received the highest remunerations (bonuses) from the company.

Committee Members' Remuneration

Member's Name	Fixed Remuneration	Members' Attendance Allowance (AA)	Total
Members of Executive Committee			
His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI GOSI's Representative	150,000	20,000	170,000
His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN GOSI's Representative	150,000	20,000	170,000
Mr. MOHAMMED BIN NASER AL NABIT	150,000	20,000	170,000
Mr. SAAD BIN ABDULAZIZ AL KAROUD Public Investment Fund (PIF) Representative	150,000	20,000	170,000
Eng. THAMER MOHAMMED AL MUHAID	150,000	20,000	170,000
Members of Investment Committee			
Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER Public Investment Fund (PIF) Representative	150,000	10,000	160,000
Eng. AHMED BIN ALI ABDULKARIM ALLUHAIDAN	150,000	10,000	160,000
His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN GOSI's Representative	150,000	10,000	160,000
Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI Public Investment Fund (PIF) Representative	150,000	10,000	160,000
Members of Audit Committee			
Eng. AHMED BIN ALI ABDULKARIM ALLUHAIDAN	150,000	20,000	170,000
Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER Public Investment Fund (PIF) Representative	150,000	20,000	170,000
Mr. JASSER ABDULLAH AL JASSER GOSI's Representative	150,000	20,000	170,000
His Excellency Dr. ABDUL HAMID BIN SALEH AL KHALIFA Audit Committee Member (External Member)	150,000	12,000	162,000
Mr. ADEEB BIN MUHAMMAD ABANUMI Audit Committee Member (External Member)	150,000	12,000	162,000
Members of The Nomination and Remuneration Committee (NRC)			
Eng. THAMER MOHAMMED AL MUHAID	150,000	30,000	180,000
His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI GOSI's Representative	150,000	30,000	180,000
Mr. MOHAMMED BIN NASER AL NABIT	150,000	30,000	180,000
Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI Public Investment Fund (PIF) Representative	150,000	30,000	180,000
Mr. JASSER ABDULLAH AL JASSER GOSI's Representative	150,000	30,000	180,000

Nineteenth: Shares of Board Members, Senior Executives, their Wives and Minor Children

Name	Number of shares at the beginning of the year	Number of shares at the end of the year	Change
	Share	Share	Share
His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI GOSI's Representative	5,750	5,750	-
Mr. MOHAMMED BIN NASER AL NABIT	212,500	1,000	211,500
His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN GOSI's Representative	-	-	-
Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER Public Investment Fund (PIF) Representative	-	-	-
Eng. AHMED BIN ALI ABDULKARIM ALLUHAIDAN	1,000	1,000	-
Mr. SAAD BIN ABDULAZIZ AL KAROUD Public Investment Fund (PIF) Representative	-	-	-
Eng. THAMER MOHAMMED AL MUHAID	10	10	-
Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI Public Investment Fund (PIF) Representative	-	-	-
Mr. JASSER ABDULLAH AL JASSER GOSI's Representative	-	-	-
Public Investment Fund (PIF)	52,408,200	52,408,200	-
The General Organization for Social Insurance (GOSI)	6,930,000	6,930,000	-
Eng. AQEEL BIN FETAIS BIN KADSA	-	-	-
Eng. SAUD BIN SAFAR AL BURGAN	-	-	-
Mr. MUHAMMAD BIN ALI AL-THOUI	-	-	-
Total	59,557,460	59,345,960	211,500

Twentieth: A Brief Description of the Committees' Powers

A- Executive Committee

The committee's duties are limited to:

The Executive Committee assumes the following powers and responsibilities:

- A. Reviewing the company's strategies and objectives and submitting its recommendations to the Board regarding them.
- B. Reviewing business plans and submitting recommendations thereon to the Board of Directors.
- C. Reviewing the company's annual budget and submitting its recommendations to the Board of Directors regarding it.
- D. Reviewing periodic reports on evaluating the company's capital structure and submitting its recommendations to the Board around them.
- E. Reviewing the company's management proposals related to mergers, acquisitions and agreements and submitting its recommendations to the Board of Directors about it.
- F. Reviewing reports submitted by the company's management related to the implementation of special projects and expansion works undertaken by the company and express any comments thereon.
- G. Approval of the company's work policies, except for accounting policies and procedures, which are being reviewed by the Audit Committee and compensation policies, which are reviewed and approved by the Nomination and Remuneration Committee.
- H. Studying the proposals submitted by the CEO regarding productivity goals in plants and taking the appropriate decisions and recommendations to improve and develop work.
- I. Providing its recommendations to the Board of Directors regarding loan and mortgage operations.
- J. Receiving reports on legal cases filed against the company from the company's management and discussing them from the legal aspects and essential cases and submitting its recommendations to the Board of Directors regarding the necessary procedures.
- K. General supervision of the company's performance and its projects and requesting clarifications from the company's management if there are any violations of approved plans and budgets.
- L. Approval of capital expenditures within its powers in accordance with the company's power structure.
- M. Approval of capital expenditures that exceed the approved budget in accordance with the company's power structure.
- N. Recommending to the Board of Directors all decisions that exceed its powers.
- O. Carrying out any other duties assigned to it by the Board of Directors.

Statement of Executive Committee's Meetings for the Year 2023

Name	Nature of Membership	Meeting # 1	Meeting # 2	Meeting # 3	Meeting # 4	Total
		16/05	29/08	13/11	21/11	
His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI GOSI's Representative	Chairman	✓	✓	✓	✓	4
His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN GOSI's Representative	Member	✓	✓	✓	✓	4
Mr. MOHAMMED BIN NASER AL NABIT	Member	✓	✓	✓	✓	4
Mr. SAAD BIN ABDULAZIZ AL KAROUD Public Investment Fund (PIF) Representative	Member	✓	✓	✓	✓	4
Eng. THAMER MOHAMMED AL MUHAID	Member	✓	✓	✓	✓	4

B- Investment Committee

The committee's duties are limited to:

- A. Study the company's strategic policies, procedures and investment programs, and recommend them to the Board of Directors for approval.
- B. Study the company's plan to diversify investments in a way that suits the company's needs and the degree of acceptable risk, and recommend it to the Board of Directors for approval.
- C. Review all investment projects and major expansion works proposed in accordance with approved business strategies and plans and submit its recommendations to the Board of Directors regarding them.
- D. Study company's management proposals related to dealing with the company's available liquidity and ways to invest it, and recommend them to the Board of Directors.
- E. Monitor the management of the company's funds through company management reports and discussing them during committee meetings.
- F. Discuss periodic reports on the company's investment performance, comparing the actual return on investments with the expected returns, ensuring the extent of the company's commitment to the approved investment policies and levels of potential investment risks, and making appropriate decisions regarding the investment operations delegated to it.
- G. Review the company's management reports on all investment operations that require the approval of the Board of Directors and recommending them to the Board.
- H. Study and evaluate company's management proposals for investment projects and recommend them to the Board of Directors.
- I. Carry out any other duties assigned to it by the Board of Directors.
- J. Recommend to the Board of Directors all decisions that exceed its powers.

Statement of Investment Committee's Meetings for the Year 2023

Name	Nature of Membership	Meeting # 1	Meeting # 2	Total Meetings
		26/02	05/03	
Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER Public Investment Fund (PIF) Representative	Chairman	✓	✓	2
His Excellency Dr. ABDULLAH BIN NASSER ABU THANEEN GOSI's Representative	Member	✓	✓	2
Eng. AHMED BIN ALI ABDULKARIM ALLUHAIIDAN	Member	✓	✓	2
Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI Public Investment Fund (PIF) Representative	Member	✓	✓	2

C- Audit Committee

The Audit Committee shall be responsible for monitoring the company's business and verifying the integrity and fairness of the financial reports, financial statements and its internal control systems. The committee's duties include, in particular, the following:

a) Financial reports:

- I. Study the company's initial and annual financial statements before presenting them to the Board of Directors and express an opinion and recommendation regarding them to ensure their integrity, fairness and transparency.
- II. Expressing a technical opinion - based on the Board of Directors' request - as to whether the Board of Directors' report and the company's financial statements are fair, balanced, and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model, and strategy.
- III. Study any important or unusual issues included in the financial reports.
- IV. Carefully investigate any issues raised by the company's financial director, whoever assumes his duties, the company's compliance officer, the auditor, or the internal auditor.
- V. Verify accounting estimates on the fundamental issues contained in the financial reports.
- VI. Study the accounting policies followed in the company and express an opinion and recommendation to the Board of Directors regarding them.

b) Internal audit:

- I. Study and review the company's internal and financial control and risk management systems.
- II. Study internal audit reports and follow up on the implementation of corrective measures for the observations contained therein.

- III. Monitoring and supervising the performance and activities of the internal auditor and the internal audit department in the company, and verifying the availability of the necessary resources for the department to carry out its tasks and their effectiveness in performing the work and tasks assigned to it.
- IV. Recommending to the Board of Directors to appoint the internal auditor and proposing his remuneration.

c) Auditor:

- I. Recommending to the Board of Directors to nominate auditors, dismiss them, determine their fees, and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.
- II. Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account the relevant rules and standards.
- III. Review the company's auditor's plan and work, and verify that he does not provide technical, administrative, or consulting work that falls outside the scope of audit work, and express its views on that.
- IV. Answering the company auditor's inquiries.
- V. Study the auditor's report and his comments on the financial statements and follow up on what was taken regarding them.
- VI. Ensure the auditor's commitment to verifying the company's compliance and not violating the regulations or any relevant policies.
- VII. Note that the auditor, upon beginning his work, provides advice to the financial departments of the company, including reviewing the accounting entries and the method of controlling them, as well as disbursement models.

d) Compliance Assurance:

- I. Review the results of the regulatory authorities' reports and verify that the company has taken the necessary measures regarding them.
- II. Verifying the company's compliance with the relevant laws, regulations, policies and instructions.
- III. Reviewing the contracts and transactions proposed to be conducted by the company with related parties, and presenting its views regarding that to the Board of Directors.
- IV. Raise any issues it deems necessary to take action on to the Board of Directors, and express its recommendations regarding the measures that must be taken.

Statement of Audit Committee's Meetings for the Year 2023

Name	Nature of Membership	Meeting # 1	Meeting # 2	Meeting # 3	Meeting # 4	Total
		12/03	15/05	07/08	01/11	
Eng. AHMED BIN ALI ABDULKARIM ALLUHAIDAN	Chairman	✓	✓	✓	✓	4
Mr. MANSOUR BIN ABDULAZIZ AL-SAGHEER Public Investment Fund (PIF) Representative	Member	✓	✓	✓	✓	4
Mr. JASSER ABDULLAH AL JASSER GOSI's Representative	Member	✓	✓	✓	✓	4
His Excellency Dr. ABDUL HAMID BIN SALEH AL KHALIFA Audit Committee Member (External Member)	External Member	✓	✓	✓	✓	4
Mr. ADEEB BIN MUHAMMAD ABANUMI Audit Committee Member (External Member)	External Member	✓	✓	✓	✓	4

D- The Nomination and Remuneration Committee (NRC)

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

a) Powers and Responsibilities related to Nominations:

1. Recommending to the Board of Directors to nominate and re-nominate members of the Board and its committees, taking into account many factors when evaluating the members nominated for membership of the Board of Directors, including but not limited to the following:
 - 1.1 Leadership skills: This means that he has leadership skills that qualify him to contribute effectively in directing the work of the Board of Directors and its committees to achieve the company's objectives, stimulate performance, apply best practices in the field of effective management, and adherence to professional values and ethics.
 - 1.2 Competence: That it must have the academic qualifications, professional skills, and appropriate practical and personal experience related to the company's activities.
 - 1.3 The ability to direct: This means that it must have the technical capabilities, speed in decision-making, understand the technical requirements related to the company's workflow, and be able to provide strategic direction, planning, and a clear future vision.
 - 1.4 Financial knowledge: by being able to read and understand financial statements and reports.
 - 1.5 Health fitness: This means that it does not have a health problem that prevents it from exercising its duties and specializations.

2. Approving a description of the capabilities and qualifications required for membership in the Board of Directors and its committees and for filling executive management positions.
3. Determine the time that the member must devote to the work of the Board of Directors.
4. Periodic review of the necessary skills and expertise required for membership in the Board of Directors, its committees, and executive management functions.
5. Review the structure of the Board of Directors and Executive Management and provide recommendations regarding changes that can be made.
6. Verifying on an annual basis the independence of the independent members and the absence of any conflicts of interest.
7. Approval of job descriptions for executive members, non-executive members, independent members, and senior executives.
8. Approval of the special procedures to be followed in the event that the position of a member of the Board of Directors or senior executives becomes vacant.
9. Preparing an annual report that identifies the weaknesses and strengths of the Board of Directors and its committees, and proposing solutions to address the shortcomings in a way that is consistent with the company's interest.
10. Ensure that there is an induction program for new members of the Board of Directors and its committees and an ongoing training program for all members of the Board of Directors and committees.
11. Proposing standards for evaluating the performance of the Board of Directors, its Chairman, and its committees, and following up on their implementation after the Board of Directors approves them.
12. Conduct an annual evaluation of the performance of the committee and its members.
13. Recommendation regarding the appointment and dismissal of the CEO and determining the conditions of his employment, salary, allowances and annual bonuses.
14. Determine the criteria for evaluating the CEO's performance and conduct an annual evaluation of his performance in coordination with the Chairman of the Board.
15. Reviewing the job rotation plan for leadership positions in the company prepared by the CEO.
16. Propose the total amount of performance bonus in the company.

b) Nomination Procedures:

- 1) When nominating members of the Board of Directors, the Nominations Committee must take into account the terms and conditions stated in these regulations and the Board of Directors Manual relating to membership of the Board of Directors and its committees.
- 2) The number of candidates for the Board of Directors whose names are presented to the General Assembly must exceed the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.
- 3) The company must publish the nomination announcement on the company's website and the market's website, and in any other means determined by the Authority, in order to invite people wishing to run for membership in the Board of Directors, provided that the nomination period remains open for at least one month from the date of the announcement.

- 4) What is stated in the previous conditions does not prejudice the right of each shareholder in the company to nominate himself or others for membership in the Board of Directors in accordance with the provisions of the Companies Law, its Executive Regulations, and the Corporate Governance Regulations.

c) Powers related to remuneration:

With regard to remuneration, the committee shall be responsible for the following:

1. Study the proposed policy for remuneration for members of the Board of Directors, the committees emanating from it, and the executive management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly. The following must be taken into consideration in the remuneration policy:
 - Its consistency with the company's strategy and objectives.
 - Follow careful study standards related to performance, disclose them, and verify their implementation.
 - The remuneration aims to encourage members of the Board of Directors and executive management to make the company successful and develop it in the long term, such as linking the variable part of the remuneration to long-term performance.
 - Remuneration should be determined based on the level of the job, the tasks and responsibilities assigned to its occupant, academic qualifications, practical experience, skills, and level of performance.
 - Its consistency with the size, nature and degree of risks of the company.
 - Take into account the practices of other companies in determining remuneration, while avoiding what may result from an unjustified increase in bonuses and compensation.
 - It should aim to attract, maintain and motivate professional competencies, without exaggerating them.
 - Dealing with cases that require stopping the payment of remuneration or recovering them if it turns out that they were decided based on inaccurate information provided by a member of the Board of Directors or Executive Management, in order to prevent exploitation of the job position to obtain undeserved bonuses.
 - Organizing the granting of shares in the company to members of the Board of Directors and Executive Management, whether it is a new issue or shares purchased by the company.
2. Clarifying the relationship between the remuneration granted and the applicable remuneration policy, and indicating any material deviation from this policy.
3. Periodically review the remuneration policy and evaluate its effectiveness in achieving the desired goals.
4. Reviewing the section related to remuneration for members of the Board of Directors and its committees in the company's annual Board of Directors report.

Statement of the Nomination and Remuneration Committee (NRC) Meetings for the Year 2023

Name	Nature of Membership	Meeting # 1	Meeting # 2	Meeting # 3	Meeting # 4	Meeting # 5	Meeting # 6	Total
		01/03	16/04	30/05	28/08	15/10	26/12	
Eng. THAMER MOHAMMED AL MUHAID	Chairman	✓	✓	✓	✓	✓	✓	6
His Excellency Dr. HAMAD BIN SULAIMAN AL-BAZAI GOSI's Representative	Member	✓	✓	✓	✓	✓	✓	6
Mr. MOHAMMED BIN NASER AL NABIT	Member	✓	✓	✓	✓	✓	✓	6
Eng. AHMED BIN SAEED ABDULLAH ALGHAMDI Public Investment Fund (PIF) Representative	Member	✓	✓	✓	✓	✓	✓	6
Mr. JASSER ABDULLAH AL JASSER GOSI's Representative	Member	✓	✓	✓	✓	✓	✓	6

Twenty-First: Company's Auditor

The company's auditor for the year 2023, KPMG Professional Services

The auditor's contract includes auditing the second, third and annual quarters of 2023 and the first quarter of 2024. The audit fees were 525,000 SR. In addition to 30,000 SR for audit fees for other operations.

Twenty-Second: Results of the annual audit of the effectiveness of the company's internal control procedures and the audit committee's opinion on the adequacy of the company's internal control system

The company's audit committee studies and evaluates the internal audit reports, which were conducted by auditing and evaluating the internal control procedures and systems applied in the company, which mainly aim to protect the company's assets by taking random samples that are subject to examination and evaluation according to an annual plan established by the audit committee with the aim of obtaining reasonable assurances about the effectiveness and efficiency of the applied control procedures. The company's external auditor also evaluates the internal procedures system and reviews the internal audit reports as well as the minutes of the audit committee. Not all audits revealed any substantive observations on the internal control procedures.

Twenty-Third: Distribution of Profits (Dividends)

In accordance with Article 43 of the Articles of Association, the company's annual net profits are distributed as follows:

- 1- The Ordinary General Assembly may, based on the proposal of the Board of Directors, decide to form reserves, to the extent that serves the interest of the company or ensures the distribution of fixed profits as much as possible to shareholders. The aforementioned association may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist existing ones.
- 2- The General Assembly determines, based on the proposal of the Board of Directors, the percentage that must be distributed to shareholders from the net profits after deducting reserves, if any.
- 3- The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis, and it may authorize the Board of Director based on a decision that is renewed annually.

Description	Saudi Riyals
Net Profit	195,401,445
What was distributed for the first half of 2023 was 3.5% of the capital	49,000,000
What will be distributed for the second half of 2023 is 6.5% of the capital	91,000,000
The carry forward balance of retained earnings	55,401,445

Description	Profits (Dividends) distributed for the first half of 2023	Proposed profits (dividends) to be distributed for the second half of 2023	Total profits (dividends) for the year 2023
Amount	49,000,000	91,000,000	140,000,000
Percentage	3,5%	6,5%	10%

Twenty-Fourth: The number of company requests for the shareholders' register, the dates and reasons for the requests

The number of company requests for the shareholders' register	Date of the request	Reasons for the request
1	23/02/2023	Company Procedures
2	05/03/2023	Company Procedures
3	29/05/2023	General Assembly
4	29/05/2023	File of Profits (Dividends)
5	03/09/2023	File of Profits (Dividends)
6	15/10/2023	Others
7	06/12/2023	General Assembly

Twenty-Fifth: Contracts of stakeholders with the company by the end of 2023

Contracts of stakeholders concluded during the year 2023 are as follows:

Name of Board Member	The nature of business, contracts and their terms	Contract duration and amount
Eng. THAMER MOHAMMED AL MUHAID	Saudi Chemical Company Holding (SCCH) Supply of explosives for civil uses	For a period of (36) months starting on 07/02/2022 until 06/02/2025, automatically renewed for a similar period. The value of annual transactions amounted to approximately 14 million Saudi Riyals, according to the actual quantities transferred and delivered to the buyer.
Mr. JASSER ABDULLAH AL JASSER	The Company for Cooperative Insurance (Tawuniya) Health insurance for company's employees	12 million Saudi Riyals for one year

Twenty-Sixth: Liabilities due to government agencies by the end of 2023

Description	2023		Brief Description	Statement of Reasons
	Amount Paid	Amount due until the end of the financial period and not yet paid		
Zakat, Tax and Customs Authority (ZATCA)	853,935	19,995,347	Zakat	Payment will be made in 2024
The General Organization for Social Insurance (GOSI)	21,221,099	764,561	Social Insurance	Settlement takes place the following month
The Ministry of Industry and Mineral Resources	49,565,735	12,722,223	Exploitation fees for the year 2023	Payment will be made in 2024
Total	71,640,769	33,482,131		

Twenty-Seventh: What has been implemented and what has not been implemented of the provisions of the Corporate Governance Regulations and the reasons for that

Pursuant to Article Eighty-Seven of the Corporate Governance Regulations issued by the Capital Market Authority (CMA), which requires that the Board of Directors' report include a report on what provisions of the regulation have been implemented, what has not been implemented, and the reasons for that.

Accordingly, the company applies all the mandatory provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

Twenty-Eighth: Acknowledgments

- The company's management acknowledges that the accounting records have been prepared correctly.
- The company's management acknowledges that the internal control system was prepared on sound foundations and was implemented effectively.
- The company's management acknowledges that there are no doubts about the company's ability to continue its activity.
- The company's management acknowledges that there is no difference from the international accounting standards issued by the decision of the Saudi Capital Market Authority.
- The company acknowledges that there are no competing businesses that any member of the Board of Directors is practicing or has been practicing.

Twenty-Ninth: Disclosure in the Board of Director's Report

The Board of Directors acknowledges that the company disclosed in the Board of Directors' report the requirements that apply to it, and that the following items do not apply to the company and is committed to disclosing them if they occur:

- 1- There is no recommendation from the Audit Committee to appoint an internal auditor in the company during the year.
- 2- There are no recommendations from the Audit Committee that conflict with the decisions of the Board of Directors, or the Board refused to take them into account regarding appointing the company's auditor, dismissing him, determining his fees, evaluating his performance, or appointing the internal auditor.
- 3- The name of the subsidiaries and their main activity.
- 4- Details of the shares and debt instruments issued for each subsidiary.
- 5- A description of any interest in the class of shares entitled to vote.
- 6- A description of any interest, option rights, and subscription rights belonging to members of the Board of Directors.
- 7- Description of the categories and preparation of any instruments convertible into shares.
- 8- A description of any conversion or subscription rights under debt instruments convertible into shares.
- 9- A description of any redemption, purchase or cancellation of any redeemable debt instruments.
- 10- A statement of any arrangements or agreement for a member of the Board of Directors or a senior executive to waive any salary or compensation.
- 11- A statement of any arrangements or agreement under which a shareholder waived any rights to profits.
- 12- Reserves or investments for the benefit of employees.
- 13- There are no reservations from the chartered accountant (CA) regarding the financial statements.
- 14- Replace the chartered accountant (CA) before the end of the period for which he was appointed.
- 15- No written request was submitted to hold emergency meetings, and no objection was made to the agenda.

Thirtieth: Board of Directors' Proposals

- I. Review and discuss the Board of Directors' report for the financial year ending on 31/12/2023.
- II. Review and discuss the company's financial statements for the fiscal year ending on 31/12/2023.
- III. Vote on the company's auditor's report for the financial year ending on 31/12/2023.
- IV. Vote on the Board of Directors' recommendation to distribute profits (dividends) in the amount of (0.65) Saudi Riyals per share to shareholders for the second half of the financial year ending on 31/12/2023 AD, at a rate of (6.5%) of the capital and a total amount of (91 million) Saudi Riyals. Priority must be given to shareholders who own shares at the end of trading on the day of the General Assembly and who are registered in the company's shareholder registry with the Securities Depository Center Company (Depository Center) at the end of the second trading day following the entitlement date.
- V. Vote on appointing the company's auditor from among the candidates based on the recommendation of the Audit Committee in order to examine, review and audit the financial statements for the (second and third) and annual quarters of the fiscal year 2024, and the first quarter of the fiscal year 2025, and determine his fees.
- VI. Vote on authorizing the Board of Directors to distribute interim dividends on a semi-annual basis for the fiscal year 2024.
- VII. Vote on the business and contracts that will be concluded between the Southern Province Cement Company and the Saudi Chemical Company Limited, which is owned by Saudi Chemical Company Holding (SCCH) and in which the member of the Board of Directors, Eng. THAMER MOHAMMED AL MUHAID, has an indirect interest in his capacity as CEO of the group, which is Supply of explosives for civil uses, which began on 07/02/2022 until 06/02/2025. The value of annual transactions for the year 2023 is estimated at approximately (14 million) Saudi Riyals, according to the actual quantities transferred and delivered to the buyer without preferential conditions.
- VIII. Vote on the works and contracts that will be concluded between the Southern Province Cement Company and Masharef Mining & Geotechnical Consultancy, in which the member of the Board of Directors, Eng. YAHYA BIN MUHAMMAD AL-SHANQEETI, has a direct interest in it, as he owns a share (25%) of the company. This direct interest is a services contract for completing the procedures for issuing mining (exploitation) licenses for gypsum and iron ore exploration licenses with a value of (933,166) Saudi Riyals without preferential conditions.