Annual Report

to Valued Shareholders
For the Fiscal Year

2021

أسمنت الجوف
AL JOUF CEMENT

www.joufcem.com.sa

أسمنت الجوف
AL JOUF CEMENT

رؤية VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

Custodian of the Two Holy Mosques

Salman bin Abdulaziz Al Saud

" God Bless Him

His Royal Highness

Mohammed bin Salman Al Saud

" God Bless Him

Annual Report

to Board of Directors For The Fiscal Year Ended 2021G

Table of Contents

Chairman's Statement
Company's Activity
Company's Mission
Production and Sales
The Company's Strategy and Prospects
Summary of Financial Results
Material Differences in Operating Results
Subsidiaries
Investments
Human Resources
Information Technology
Social Responsibility
Preserving the Environment and Reducing Pollution
Zakat
Loans
Quality Certificate (ISO)
Risks
Results of the Annual Audit of the Effectiveness of the Company's Internal Control Procedures
Corporate Governance
Board of Directors
Board of Directors' Committees
Related Parties
Purchases or Contracts of Interest to Members of the Board of Directors or Executive Management
Regulatory Payments to Government Agencies
Dividends Policy
Dividends Distribution during 2020G
Penalties and Fines by CMA
Company Declarations
Board Declarations
Number of Requested Shareholders' Records

Chairman's Statement

Chairman of the Board of Directors
Mohammed Bin Saeed Attiyah

Valued Shareholders of Al Jouf Cement Company, Peace and Blessings of Allah be upon You,

From myself and on behalf of the members of the Board of Directors, it is my pleasure to welcome you and thank you for accepting the invitation to attend the Ordinary General Assembly meeting. We are pleased to present to you the annual report for the fiscal year ending on 31/12/2021G.

During the past year, Grace be to Allah Almighty, the company was able to maintain stability in quantities of production and sales, which enabled it to maintain its market share, despite the intensity of competition,

In general, the company continues its efforts to support its existing operations and projects in light of its strategy in line with with the Kingdom's vision 2030, as evidenced by the company's restructuring of its investments and existing projects during 2021.

Hence, the company has taken the first steps to support its future business by continuity of production and maintaining market share, working on structuring investments, working on structuring the company's financial obligations in addition to seeking to open other markets for the company's products.

By the end of 2021G, the company conducted several studies through accredited consulting offices, focused on its most important assets that realized losses in net income during the year 2021G to appear at fair value. These studies comprise the company's assets, including the second line project and its accessories, spare parts, as well as the creditworthiness of the company's financial obligations. Thus, the company achieves its future goal of getting out of all constraints that hinder its progress or affect its results, to have them all reflect positively on its revenues, God willing.

The Board of Directors decided not to engage in any future investments outside the scope of cement, so that the focus in future plans will be on the main industry (the production of all kinds of cement and related items) by working to start producing well cement, Almighty willing, in addition to completing the white cement project after being temporarily suspended due to the Corona pandemic.

In turn, we strive to develop our company according to modern economic data and the endeavors of the wise leadership under the patronage of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz - may Allah protect him - and his trusted Crown Prince, His Royal Highness Prince Muhammad bin Salman, may Allah protect him.

In conclusion, I am pleased, on behalf of the Board of Directors, to extend my sincere thanks and appreciation to all shareholders of Al Jouf Cement Company for their good faith in the Board and to all employees of the company for the achievement and contiued success of the company.

We ask Allah Almighty, to guide us and you…

01

Company's Activity:

The Company's activity is the production of all types of cement, wholesale and retail trade in the Company's products, building materials and land ownership. To achieve this purpose, the Company may establish or participate in the establishment of industrial services companies, for the purpose of providing maintenance and services to factories inside and outside the Kingdom, managing and operating cement factories of all kinds, owning patents and taking advantage from them in achieving its industrial purposes inside and outside the Kingdom, as well as establishing or participating in the establishment of companies that complement the Company's activity and the establishment of factories of cement derivatives such as ready-made concrete, block and tile factories, etc. in the same field and commercial agencies.

02

Company's Mission:

2030

Meeting the shareholder expectations through the quality of production and focusing on effective strategic planning that achieves the Company's strategic plans to keep pace with the Kingdom's Vision 2030 and high-quality performance in all production and managerial stages.

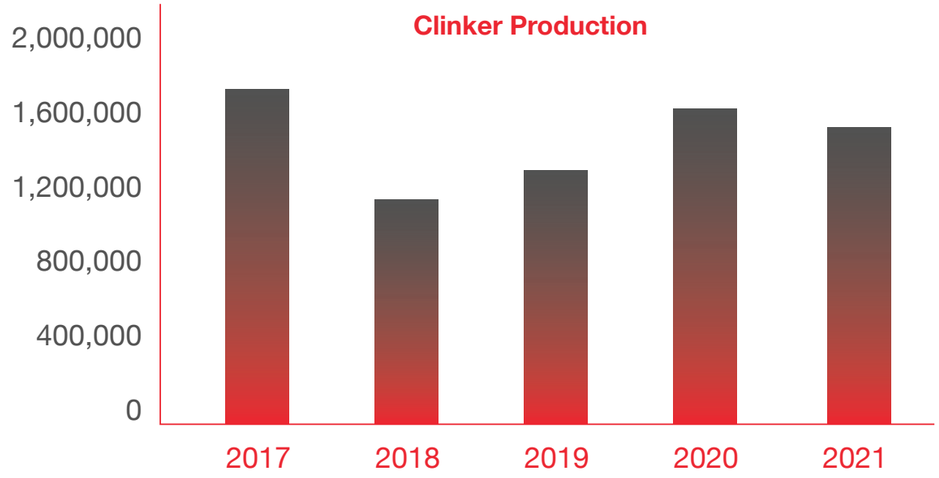
03

Production and Sales:

Cement production and sale started at the end of the first quarter of 2010G.

3/1 Clinker Production:

The quantity of Clinker produced amounted to (1,575,150) tons in 2021G compared to (1,686,070) tons in 2020G, an decrease of 6%.



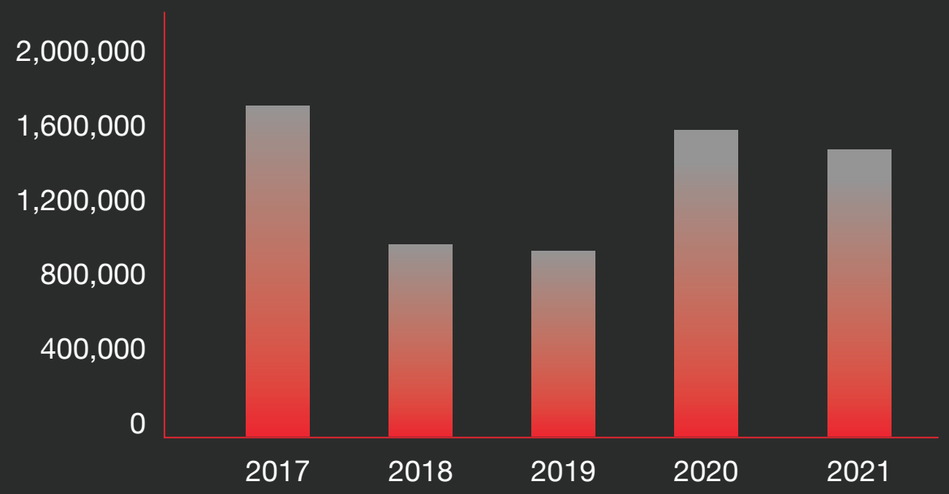
3/2 Cement Production:

The quantity of cement produced amounted to (1,436,497) tons in 2021G compared to (1,614,850) tons in 2020, an decrease of 11%

3/3 Sales:

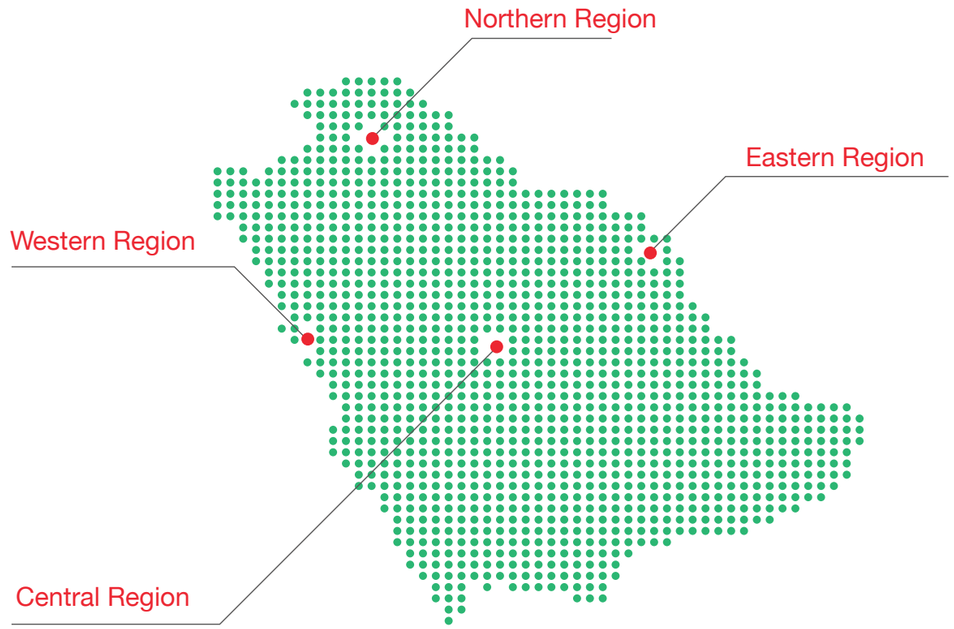
The quantity of cement sold during 2021G amounted to (1,546,576) tons, compared to (1,563,426) tons in 2020, a decrease of 1%.

Cement Sales



- Sales value during 2021G was SAR (1,546,576) compared to SAR (1,563,426) in 2020, a decrease of 1%.

Details of cement sales:



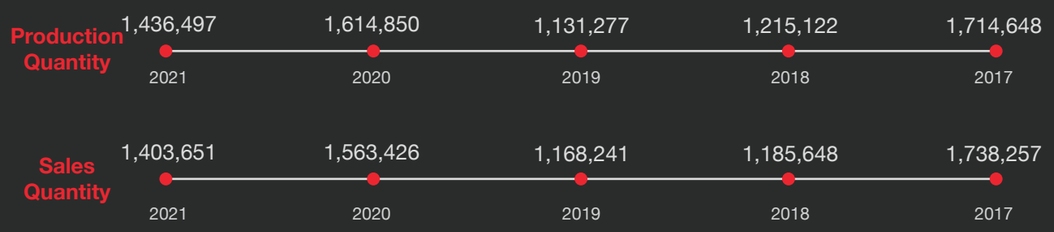
(Ton)

	Northern Region	Central Region	Western Region	Eastern Region	Export
2020	1,178,535	75,676	106,254	146,059	56,902
2021	1,156,466	44,535	124,096	78,554	142,925

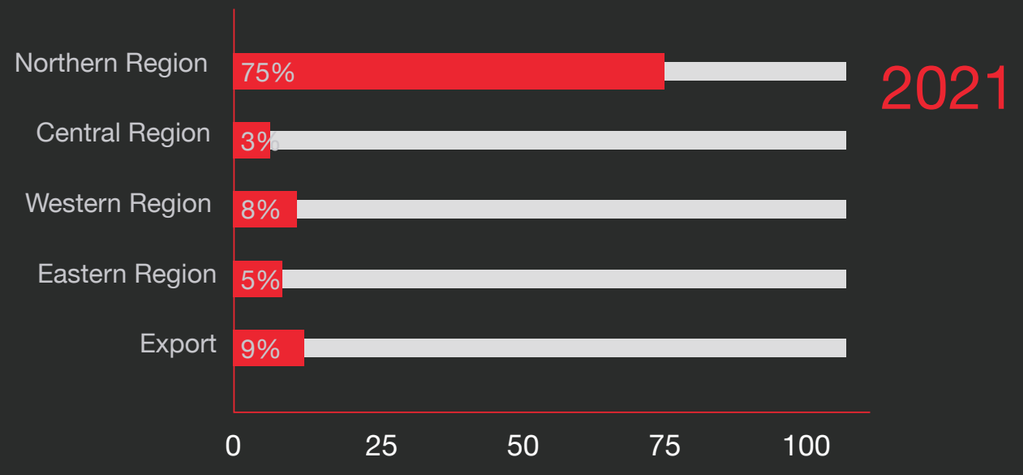
	2020	2021
Total:	1,563,426	1,546,576

Cement production and sales

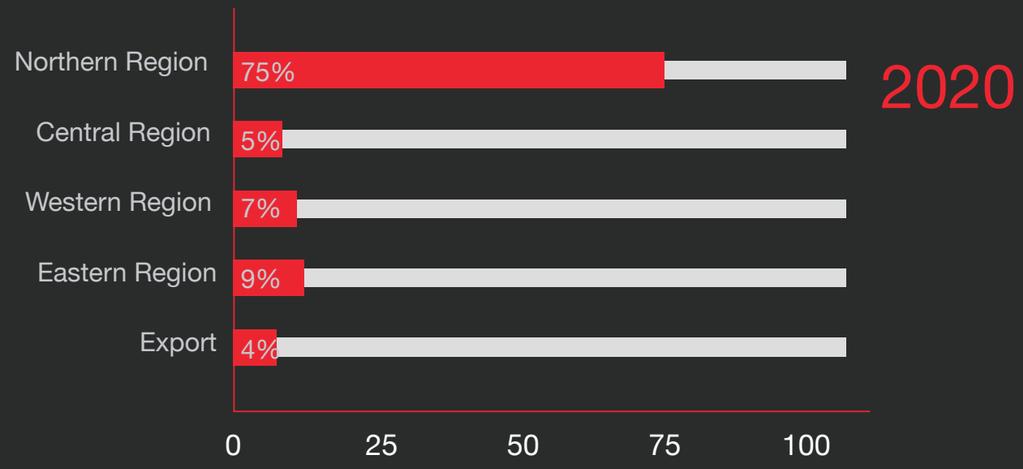
(Ton)



Sales quantity do not include the export sales



2021



2020

04

The Company's Strategy and Prospects:

4/1 The Company's plans focus on the following:

- Security, safety, health and environment

Work according to the highest standards with continuous development to achieve this.

- Quality

During the Past period, the Company continues to maintain the quality accustomed from it.

- Marketing

Continuing to make efforts to achieve the Company's goals and expand the customer base.

- Internal efficiency

Continuing to create a spirit of belonging among employees, while attracting experienced and distinguished performers.

- Financial Resource

Continuing to raise the financial efficiency of the Company to meet the operational and financing needs.

- Nationalization

Continuing to raise the Saudization rate.

4/2 Prospects:

- The company expects a good development in its sales for the year 2022 AD, God willing
- Recovering the growth of demand for the product in light of the internal economic developments.
- The company expects to start the consumer search for the highest quality product, especially after the new construction developments

4/3 Export:

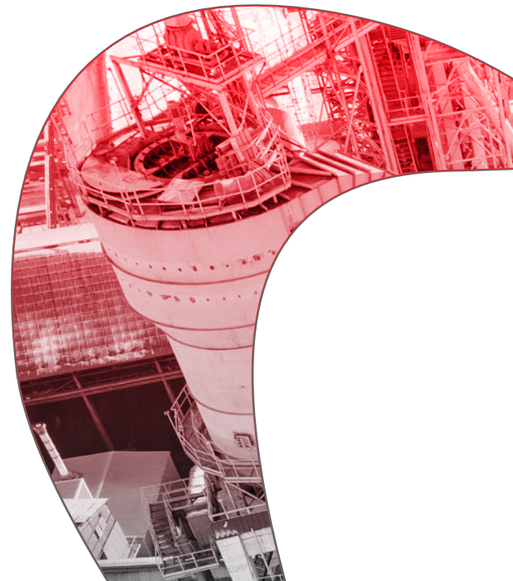
- Continuous renewal of the export license.
- Continuing to export cement and clinker products.
- The Company seeks to increase the number of customers in foreign markets.

05

Summary of Financial Results:

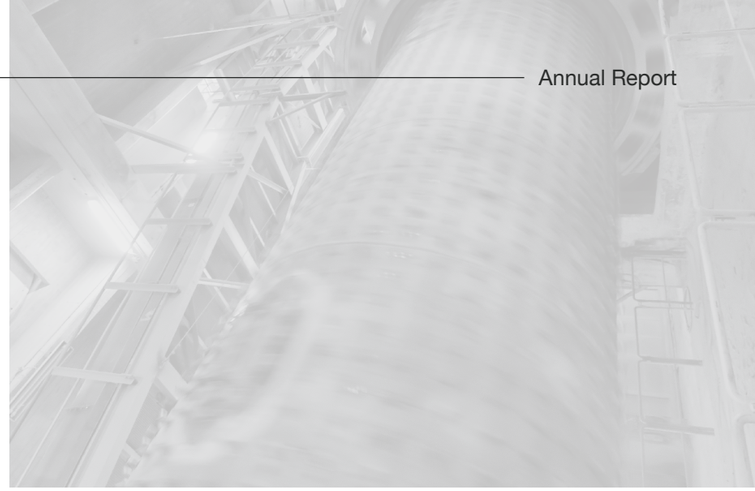
5/1 Consolidated Income Statement: (SAR'000)

Item	2021	2020G	2019G	2018G	2017G
Activity revenues	226,516	252,004	169,751	137,672	265,895
Activity costs	(176,422)	(172,406)	(138,037)	(145,207)	(186,425)
Total profit of the activity	50,094	79,598	31,714	(7,535)	79,470
Administrative, general and marketing expenses	(22,982)	(25,252)	(23,356)	(27,690)	(24,795)
Financing charges and provisions	(165,428)	(122,855)	(2,839)	(4,851)	(16,115)
Other Income - Net	340	(1,818)	937	565	4,250
Zakat	(13,000)	(3,000)	(1,200)	0	(1,700)
Activity revenues	(150,976)	(73,327)	5,256	(39,511)	41,110



5/2 Following is the consolidated statement of financial position (SAR'000)

Item	2021	2020	2019	2018	2017
Current assets	189,727	273,727	348,366	325,642	437,461
Other long-term assets	0	0	0	30,744	52,404
Fixed assets	1,726,447	1,936,186	1,971,620	1,923,916	1,928,365
Total assets	1,916,174	2,209,913	2,319,986	2,280,302	2,418,230
Current liabilities	320,471	143,569	196,670	217,253	286,990
Non-current liabilities	11,120	9,209	8,049	17,947	17,145
Long term loans	494,103	594,591	577,522	512,071	482,365
Total Liabilities	825,694	747,369	782,241	747,271	786,500
Paid-up Capital	1,430,000	1,430,000	1,430,000	1,430,000	1,430,000
Reserves and retained earnings	(339,522)	55,480	128,807	123,552	200,590
Shareholders' equity	1,090,480	1,462,544	1,537,745	1,533,031	1,631,730
Total Liabilities and Shareholders' Equity	1,916,174	2,209,913	2,319,986	2,280,302	2,418,230



5/3 Following is a breakdown of the total revenues of the Company and its subsidiaries:

Year	Company	Revenue type	Saudi Arabia	Jordan	Total
2021	Al Jouf Cement	Cement	226,515,823	-	226,515,823
	Al Jouf Investments	Investment	-	-	-
	Al Jouf Cement Jordan	Import and export	-	-	-
2020	Al Jouf Cement	Cement	252,003,743	-	252,003,743
	Al Jouf Investments	Investment	-	-	-
	Al Jouf Cement Jordan	Import and export	-	-	-

06

Material Differences in Operating Results:

Item	2021	2020	Change	Change (%)	Reasons
Sales/revenue	226,515,823	252,003,743	(25,487,920)	-10.11%	The reason for the decrease in net profit during this year compared to the previous year is due to the decrease in the value of sales, as a result of the decrease in average selling prices despite the increase in export sales and the decrease in general and marketing expenses, in addition to the increase in Zakat expense for this year
Cost of sales/ revenue	176,421,532	172,406,236	4,015,296	2.33%	
Gross profit	50,094,291	79,597,507	(29,503,216)	-37.07%	
General, administrative and marketing expenses	22,981,175	25,250,920	(2,269,745)	-8.99%	
Other operating income	0	0	0	0.00%	
Other operating expenses	0	0	0	0.00%	
Operating profit	27,113,116	54,346,587	(27,233,471)	-50.11%	

07

Subsidiaries:

The Company owns the following companies:

Company's name	Shareholding percentage (%)	Capital	Currency	Paid out of the capital	Company Head Office
Al Jouf Investments Company (1)	100%	1,000,000	SAR	100%	Riyadh, Saudi Arabia
Al Jouf Company “Jordan” (2)	100%	525,000	SAR	50%	Amman-Jordan

(1) Al Jouf Investments Company, a limited liability company, was established and registered under Commercial Registration No. 1010298795 in Riyadh on 15/12/2010G. According to the Company’s Articles of Association, 99% of its capital shares are registered in the name of the Company and the remaining 1% shares are registered in the name of the Company’s ex-Chairman of the Board of Directors. The Company obtained a written confirmation from the Chairman that he owns this stake on behalf of the Company. Al Jouf Investments Company has legally become a sole proprietorship company wholly owned by Al Jouf Cement Company under the Articles of Association issued on 13/02/1440H (corresponding to 22/10/2018G) and Commercial Registration No. 1010298795 issued on 26/2/1440H (corresponding to 4/11/2018G).

This Company’s activity is represented in the wholesale and retail trade in cement and its derivatives, establishment of ready-made concrete factories, cement factories and its derivatives, block and tile factories, purchase of lands for the construction of buildings on them, exploitation and investment of real estate for the benefit of the Company, brokerage in non-exchange business and real estate, commercial contracts, import and export services, marketing for others and commercial agencies. The main place of the Company’s operations is in the Kingdom of Saudi Arabia.

(2) Al-Jawf Cement Company Jordan, a limited liability company, was established in the free zone of the Hashemite Kingdom of Jordan, and registered under Commercial Registration No. 1688 issued in Amman on 1/11/2010G. The authorized activity of the Company is the import, export, wholesale and retail trade of Al Jouf Cement Company’s products and materials Construction. The main place of the Company’s operations is in the Hashemite Kingdom of Jordan.

08

Investments:

Investments Available for Sale:

Description	Venue	Legal Status	Ownership (%)	2021G	2020G
Easten Industrial Company	Saudi Arabia	Closed Saudi Joint Stock Company	10%	46,000,000	46,000,000
Provision for Investment Impairmane	-	-	-	(46,000,000)	(46,000,000)
Kasb City Real Estate Fund	Saudi Arabia	Real Estate Investment Fund	N/A	9,174,155	7,823,239
Total				9,174,155	7,823,239

The Company subscribed to one million units at a nominal value of SAR 10 per unit, noting that the fund was established by KASB Capital Group (a major shareholder in Al Jouf Cement Company), which is a closed, medium-term public fund.

09

Human Resources

09

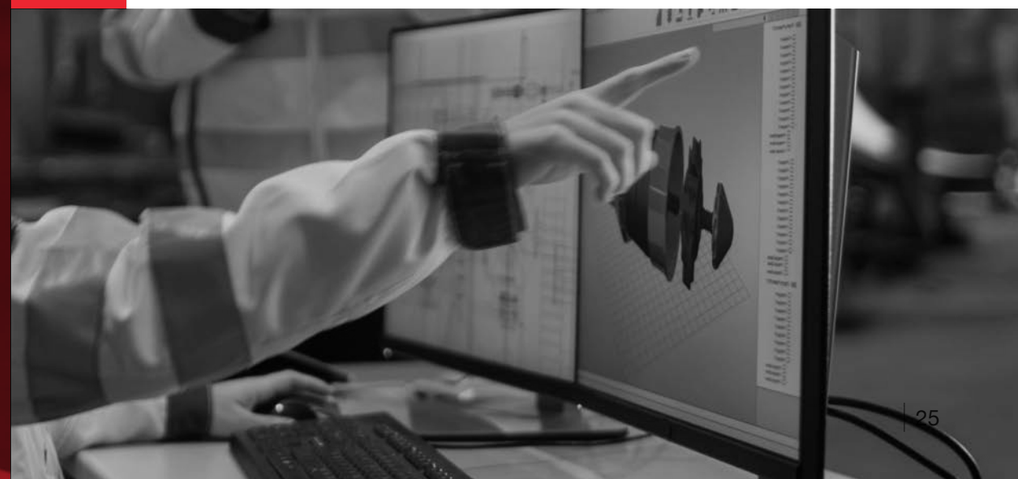
Human Resources:

Since the Company was established, the senior management has realized the importance of human resources, being the most important element for production, which requires searching for talents and competencies capable of outstanding performance and didication. Therefore, Human Resources Department endeavored always to raise competences of the Company's employees to achieve the goals of human resources in particular and the Company's objectives, in general. At the same time, Human Resources Department seeks to achieve the legitimate private goals of the workers and excel their performance through sound selection, development and skills, raising efficiency, effectiveness and stability, as well as promoting belonging and loyalty through available job opportunities, creating enabling environment, thast is characterized by justice in wages and administrative transactions, and provision of social and health services and care. All of these, help us attract and employ human resources and invest in them as an effective entry point for managing and preserving other resources. As a result, and thanks to God, the Company moved forward and assumed a high position commensurate with the size of effort extended until the number of employees by the end of 2021 reached (320) employees, including (142) Saudis, representing 45% of the total company employees. The Company is committed to raising this percentage during the coming periods through several plans that have been developed to achieve this goal.

10

Information Technology:

Throgh its Information Technology Department, Al Jouf Cement Company's Managenmet, seek s to advance the Company's level of technology to serve the Company's internal departments and all relevant stakeholders, including clients, shareholders and suppliers, by applying the latest information technology systems. The enhanced systems complement the Company's previously established applications in an effort to keep pace with the relevant state-of-the-art- technologies to serve the Company and strengthen its position among international and local companies. The Information Technology Department implemented the Security Monitoring System project through cameras at factory sites (IPs Camera) along with adding the ability to access them from anywhere. Moreover, updates have been introduced to the design of the website pages. The new website allows job applicants to upload their C.Vs. It also provides ability to publish the Company news online easily and conveniently. The Company's website has also been linked with Arqam website through a special application for the Company under Arqam agreement, so that shareholders can view the Company's stock position easily and conveniently from our main website. The company has also implemented a resource planning and organization project (SAP ERP) because of the importance of this project in organizing the Company's transactions and reducing costs by using appropriate software. Al-Jouf Cement always seeks to apply the state-of-the-art technologies and the latest findings of modern science to serve customers and shareholders, sensing the scale of responsibility, appreciating and investing in the rights of the shareholder and the client.



11

Social Responsibility:

The Company pays special attention to charitable, social and humanitarian works in addition to its economic and developmental role. The Company is also keen to build a culture of social responsibility among employees, as the Company contributes to a number of social and charitable activities at the level of the Kingdom in particular and the region ingeneral.

Development programs and community and youth awareness service:

- Supporting the Emirate of Al Jawf region
- Supporting Al Jouf Award for Excellence and Creativity
- Supporting the National Cement Committee Fund
- Support for the National Social Development Committee in Tarif
- Supporting the media participating in the National Day celebrations
- Supporting the Scientific Excellence Award in Tarif
- Supporting the equestrian field in the city of Turaif

11

Social Responsibility:

12

Preserving the Environment and Reducing Pollution:

The Company believes that the preservation of the environment, health and safety is an integral part of its business and culture, and it constantly strives to improve these aspects in compliance with laws and legislations. The Company has paid great attention to the activities of environmental protection and preservation, and has been keen since inception to achieve the highest environmental standards in order to preserve the environment in the vicinity of the factory. In 2021G, the Company signed an agreement with the National Center to Combat Desertification to implement a number of afforestation and environmental rehabilitation programs in the factory and the surrounding environment. The company has allocated annual budgets to improve the environmental conditions in the factory by purchasing and installing the best types of filters from companies specialized in this field..

12

Preserving the Environment and Reducing Pollution:

13

Zakat

13

Zakat:

The company has created a sufficient provision for Zakat, and obtained a ZAakat certificate from the Zakat, Tax and Customs Authority for the year 2020, ending on 30/04/2022G, and work is underway to obtain the Zakat certificate for the year 2021G.

14

Loans

14

Loans:

1- Saudi Industrial Development Fund:

The Company obtained a loan of SAR 483,500,000 on 27 February 2010G, to be repaid within 7 years at semi-annual installments. The last installment of this loan was due on 15 November 2017G, and this loan was guaranteed by mortgaging all buildings erected in the concession area granted to the Company, located southeast of the city of Turaif, on which the factory is located and its area is 22.6 km2 with the entire plant, its equipment, machinery, tools, accessories that have been or will be acquired for the project, including transportation, cars and office furniture.

Loan Movement during 2021G:

Loan Principal Amount	Balance as on 01/01/2021G	With-draweals During the Year	Repayments During the Year	Balance as on 31/12/2021G
483,500,000	75,999,985	-	14,000,000	61,999,985

2- Saudi British Bank (SABB)

On Safar 17, 1433H (corresponding to January 11, 2012G), the Company obtained a long-term loan from the Saudi British Bank in the amount of SAR 350 million under Islamic banking facilities agreement concluded with the bank. The financing under this agreement is SAR 365 million.

This loan was obtained in the form of Murabaha financing “Tawarruq”. The financing is repaid in semi-annual installments in addition to the profit margin. The loan is secured by a promissory note issued by the Group.

On June 30, 2015, an Islamic Murabaha financing contract was signed with the Saudi British Bank, amounting to SAR 350 million, secured by a promissory note with the aim of extending the period of the previous financing.

Loan Movement during 2021G: (In Saudi Riyals))

Loan Principal Amount	Balance as on 01/01/2021G	Withdraweals During the Year	Repayments During the Year	Balance as on 31/12/2021G
365,000,000	198,459,754	-	11,097,393	187,362,361

3- Alinma Bank:

On Safar 27, 1437H (corresponding to December 9, 2015G), Al Jouf Cement Company signed a bank facility agreement to obtain a long-term loan from Alinma Bank. The financing ceiling for this agreement is SAR 450 million. This loan was obtained in the form of forward sale financing with a term of 7 years. The financing was granted for the purpose of paying the outstanding obligations of Al Jouf Cement Company with Al Rajhi Bank.

Loan Movement during 2021G: (In Saudi Riyals))

Loan Principal Amount	Balance as on 01/01/2021G	Withdraweals During the Year	Repayments During the Year	Balance as on 31/12/2021G
350,000,000	350,000,000	-	3,000,000	347,000,000

4- Bank Aljazeera

The facilities in return for the debts of the Eastern Petrochemical Company resulted from the guarantee by Al Jouf Cement Company of the Company's loan from Bank Aljazira, and the Company did not fulfill its obligations. Under the guarantee, the bank transferred the amount of the loan with the banking charges to Al Jouf Cement Company.

Loan Movement during 2021G: (In Saudi Riyals))

Loan Principal Amount	Balance as on 01/01/2021G	Withdraweals During the Year	Repayments During the Year	Balance as on 31/12/2021G
37,461,888	37,461,888	-	13,321,344	24,140,544

Information realating to the Company Loans: (SAR,000)

S/N	Name loan provider	Principal amount of the loan	Loan term (year)	Add during the year	Repayments during the year	The Remaining amount of the loan	Total indebtedness of the Company and its subsidiaries
1	Saudi Industrial Development Fund	483,500	7		14,000	62,000	62,000
2	SABB Bank	365,000	7		11,097	187,362	187,362
3	Alinma Bank	350,000	7		3,000	347,000	347,000
4	Aljazeera Bank	37,462	4		13,321	24,141	24,141
	Total	1,235,962		0	41,418	433,141	433,141

The Company has not given any loans to members of the Board of Directors, Senior Executives or any other related party.

15

Quality Certificate (ISO):

Al Jouf Cement Company is certified by the German company (TUV) the international ISO certificate for total quality (ISO 9001-2008) for the factory on 24/09/2012G. This certificate is renewed annually after an audit and the current certificate expires in 2022G, thanks to the international standards of all kinds of cement industry adopted and applied by the Company.

15

Quality Certificate (ISO):

16

Risks

16

Risks:

The Company pays attention to potential risks. The Risk Committee, formed of members of the Board of Directors, supervises the continuous updating of risk assessment under the direct supervision of the Board. Then, the necessary measures are taken to mitigate such risks as much as possible to avoid any damage that may occur, God forbid. Among the most important risks that the Company may face, which affect the achievement of its future plans, are the following:

- Risks relating to the level of sales in light of competition, increased supply and high costs.

- Risks associated with fuel supply, which is provided exclusively by Saudi Aramco

- Financial risks, including:

Commission/interst rate risks:
They are multiple risks related to the impact of changes in commission rates in the market on the Company's financial position and cash flows. The Company does not have substantial assets or liabilities that carry floating commission/interest rates. The Company manages its cash flow by monitoring the timing between the cash inward and outward flows.

Risks of variations in exchange rates:

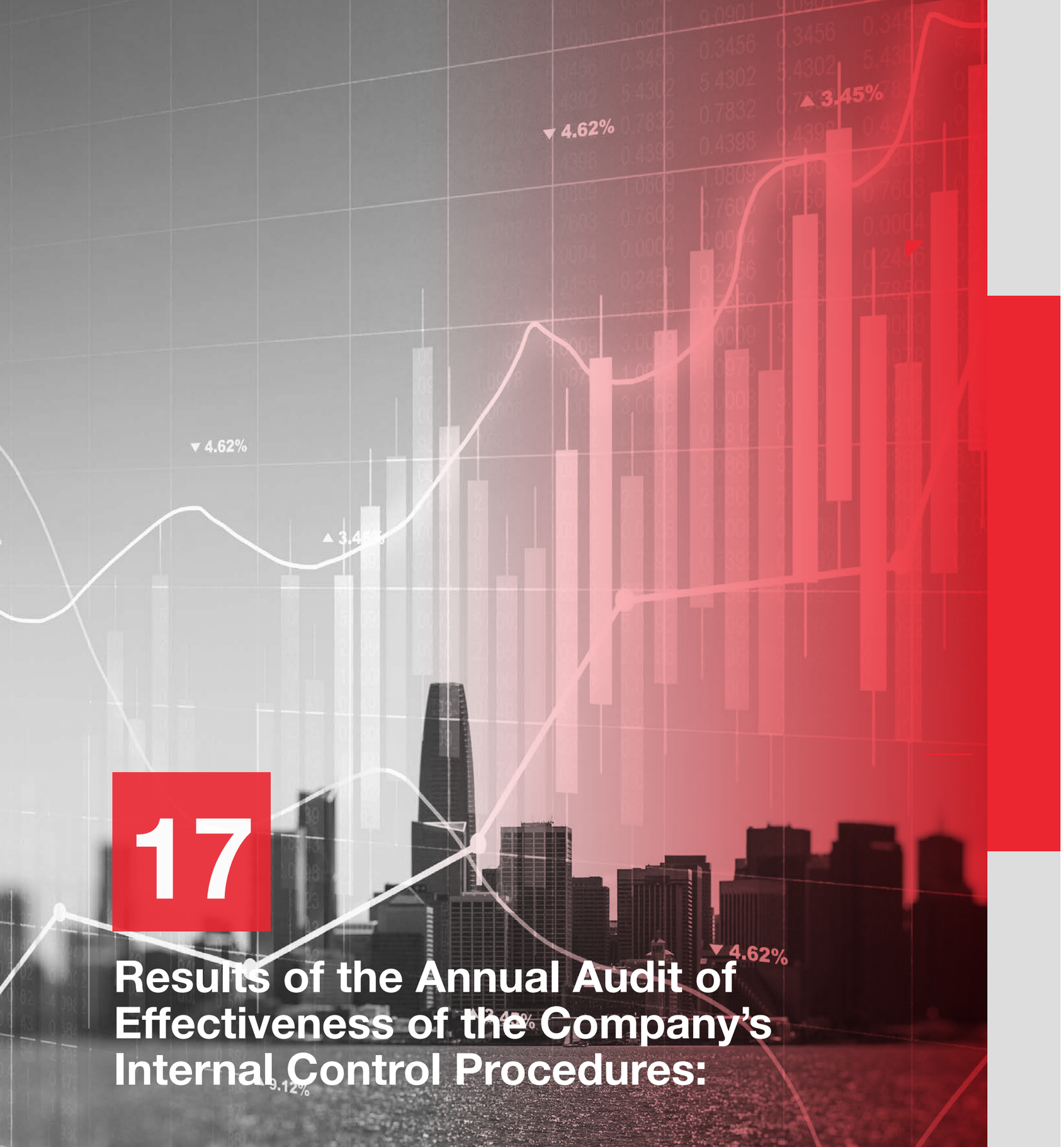
It is the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Management monitors fluctuations in foreign exchange rates and believes that the Company is not exposed to the risk of changing exchange rates significantly, given the fact that the official currency of the Company is the Saudi Riyal, which is the base currency in which the Company transacts and its price is currently fixed with a minor margin against the US dollar.

Credit risks:

It is the risk of the inability of other parties to fulfill their obligations towards the Company, which leads to incurring a financial loss by the Company. The financial instruments that may expose the Company to the risk of indebtedness concentration consist mainly of cash balances and accounts receivable. The Company deposits its cash balances in a number of credit-powered financial institutions. The Company adopts a policy to limit the volume of its balances deposited in each financial institution. The Company does not believe that there are significant risks of inadequacy in those financial institutions.

Liquidity risks:

It is that the risk the Company encounters difficulties in obtaining funds to meet the obligations associated with financial instruments. Liquidity is managed by periodically ensuring that it is available in sufficient amounts to meet any future obligations, and the Company does not believe that it is exposed to material risks related to liquidity.



17

Results of the Annual Audit of Effectiveness of the Company’s Internal Control Procedures:

17

Results of the Annual Audit of Effectiveness of the Company’s Internal Control Procedures:

The Audit Committee activity is to develop and support the internal control and monitoring system. Based on the annual risk-based audit plan that aims to assess the internal control system, the Internal Audit Department submits periodic reports to the Audit Committee on the operational, administrative and financial audits that it carries out on an ongoing basis, which aims to verify a reasonable degree of ensurance in terms of achieving the Company objectives to protect the Company’s assets, accuracy and completeness of the accounting records, and adherence to the regulations and policies adopted by the Management to achieve the Company’s goals, which the Audit Committee monitors on a constant basis. The audits of the effectiveness and procedures of monitoring and internal control carried out by the Internal Audit Department and external auditors did not reveal a fundamental weakness in the Company’s internal control and monitoring system. Most of the observations were mainly in the areas of improving performance, activating operational prosses, raising their efficiency, and completing and documenting their procedures with the aim of strengthening the Company’s internal control system. Based on those examinations carried out by the Audit Committee, it confirms with a reasonable degree of certainty the effectiveness and efficiency of the procedures of the internal control system.

18

Corporate Governance:

18

Corporate Governance:

The Company implements the highest standards of governance law in order to adhere to the best practices of governance to ensure protection of the rights of shareholders and stakeholders.

To protect the interest of its shareholders as well as the stakeholders, the Board of Directors has placed among its priorities the implementation of the atipulations of the Corporate Governance Regulations. The Company implements all mandatory articles of the Corporate Governance Regulations, with the exception of the following:

Article/paragraph	Article/paragraph text	The Reason
Article (39) Training	2) developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	The article is indicative and will be applied when adhered to
Article (41) The Assessment	a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company. ad-dressed in line with the Company's interest.	The article is indicative and will be applied when it is adhered to. The assessment is currently taking place without developing performance indicators
	e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	The article is indicative and will be applied when adhered to
Article (85)	1) Forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;	The article is indicative and will be applied when adhered to
	2) 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;	The article is indicative and will be applied when adhered to
	3) Establishing social organisations for the benefit of the Company's employees	The article is indicative and will be applied when adhered to

Article/paragraph	Article/paragraph text	The Reason
Article (87) Social Responsibility	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.	It is being worked on and the article is indicative and will be applied when it is adhered to
Article (88) Social Initiatives	1) Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;	The article is indicative and will be applied when adhered to
	4) establishing awareness programmes to the community to familiarise them with the Company's social responsibility.	The article is indicative and will be applied when adhered to
Article (95) Formation of the Corporate Governance Committee	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	The article is indicative and will be applied when adhered to

19

Board of Directors:

19

Board of Directors:

19/1 Composition and classification of the Board of Directors and attendance at sessions for the year 2021G:

According to the approval of the Ordinary General Assembly held on 23/07/2020G, members of the Board of Directors were elected for the fifth term, which starts on 6/8/2020 until 5/8/2023G. The Board is comprised of (7) Directors, and Board held four meetings during 2021G. The Board which made a number of decisions and recommendations that are included in the agenda of those meetings. The following table shows the most important information about the members of the Board of Directors:

N	Name	Classification	Board Meetings in 2020				Joint stock companies in which he is a board member
			1	2	3	4	
			30 March	15 June	02 September	28 December	
1	Engineer/ Mohammad Saeed Attiyah - Chairman	Non-executive	●	●	●	●	
2	Mr. Abdulaziz Abdule-lah Ka'aki	Non-executive	●	●	●	●	Chairman of the Board of Marsh Insurance Company
3	Dr. Othman Abdullah Al-Suwayeh (1)	Independent	●	●	-	-	
4	Mr. Faisal Hamza Al Khouli	Non-executive	●	●	●	●	
5	Mr. Ibraheem Mazen Khashoggi	Independent	●	●	●	●	KASB Capital Company
6	Mr. Saad Ammash Al-Shammari	Independent	-	●	●	●	
7	Mr. Talal Othman Al-Muammar	Independent	●	●	●	●	

Clarifications:

1) Membership of Dr. Othman Al-Suwayeh was expired on 22 June 2021..

19/2 Interest and rights of Board members and Senior Executives:

19/2/1 Interest and rights of Board members:

N	Name of the person of interest	Beginning of the year		End of the year		Net change	Change percentage
		Number of Shares	Percentage	Number of Shares	Percentage		
1	Engineer/ Mohammad Saeed Attiyah	110,000	0.0769%	110,000	0.0769%	0	0.00%
2	Mr. Abdulaziz Abdulelah Ka'aki	1,001	0.0007%	580,325	0.4058%	579,324	57874.53%
3	Mr. Ibraheem Mazen Khashoggi	1,100	0.0008%	1,100	0.0008%	0	0.00%
4	Mr. Faisal Hamza Bahiyudein Al Khouli	5,500	0.0038%	5,500	0.0038%	0	0.00%
5	Mr. Saad bin Ammash Al-Shammari	0	0.0000%	0	0.0000%	0	0.00%
6	Mr. Talal Othman Al-Muammar	0	0.0000%	0	0.0000%	0	0.00%
7	Mr. Othman Abdullah Al-Suwayeh	0	0.0000%	0	0.0000%	0	0.00%

19/2/2 Rights of spouses and minor children of Board members:

#	Name of the person of interest	Relation	Beginning of the year		End of the year		Net change	Change percentage
		Wife - Son - Daughter	Number of Shares	Percentage	Number of Shares	Percentage		
1	Mrs. Abeer Abdulelah Mohammad Saleh Ka'aki	Wife of Mr. Ibraheem Mazen Khashoggi	37,000	0.0259%	350,000	0.2448%	313,000	845.95%

19/2/3 Interest and rights of Senior Executives:

#	Name of the person of interest	Beginning of the year		End of the year		Net change	Change percentage
		Number of Shares	Percentage	Number of Shares	Percentage		
1	Engineer/ Jamal Salem Al Amer (General Manager)	1,150	0.0008%	1,150	0.0008%	0	0.00%
2	Mr. Hamed Saeed Al-Ghamdi (Financial Manager)	2,200	0.0015%	0	0.0000%	(2,200)	-100.00%

Otherwise, the Company's Senior Executives, their wives or their minor children do not own any shares in the Company.

19/3 Actions taken by the Board of Directors to inform its members, especially non-executives:

The Chairman of the Board of Directors, at the first meeting of the Board, informs the Directors, especially the non-executives ones, with the shareholders' proposals and comments regarding the Company, its performance and results of its operations.

19/4 Means adopted by the Board in evaluating its performance and the performance of its committees and members:

This is done by the Nominations and Remunerations Committee, where it identifies the strengths and weaknesses of the Board and proposes to address them. The Committee evaluates the members of the Board, while the Nominations and Remunerations Committee is evaluated by the Chairman of the Board.

19/5 Disclosure of remuneration policies for members of the Board, Board Committees and Executive Management:

The following is the policy for the remuneration of members of the Board of Directors, committees of the Board of Directors and the Executive Management, in accordance with what is stated in the Corporate Governance Regulations
These policies aim to set clear standards, controls and procedures for the compensation and remuneration of members of the Board of Directors and members of committees emanating from the Board of Directors, in implementation of the provisions of Paragraph (1) of Article Sixty-first of the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority.

First: Remuneration of Board Members:

The remunerations of the members of the board of directors are the capital, allowances, profits and the like, the periodic or average bonuses in terms of performance and incentive plans or long, and any other benefits in kind that are removed and the reasonable expenses incurred by the company for the member of the board of directors. The value of the reward may be a certain value out of the sum of prizes or prizes in kind or a certain percentage of the net revenues, and it is permissible to combine two or more of these matters, within the limits of what is stipulated in the Companies Law and the Corporate Governance Regulations and the main companies of the company.

Second: Standards, controls, and procedures for the remuneration of members of the Board of Directors, board committees and the Executive Management:

1- The Board of Directors determines the remuneration of its members based on the recommendation of the Nomination and Remuneration Committee within the statutory limits stipulated in the Corporate Governance Regulations issued by the Capital Market Authority, the Companies Law and the Regulatory Bodies.
2- The remuneration of the members of the Audit Committee and the Nomination and Remuneration Committee shall be determined by the general assembly of shareholders based on a proposal from the board of directors.
3- The Board of Directors may establish other committees according to the company's needs and circumstances, and it may determine their work and remuneration based on the recommendation of the Nomination and Remuneration Committee.
4- The remuneration shall be fair and commensurate with the member's competencies, works and responsibilities undertaken and borne by the members of the Board of Directors, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
5- The remuneration shall be based on the recommendation of the Nominations and Remuneration Committee.
6- The remuneration should be commensurate with the Company's activity and the skills necessary to manage it, its size and the experience of the members of the board of directors and board committees in the business related to the Company.
7- The remuneration shall be reasonably sufficient to attract board members with appropriate experience and qualifications.
8- The remuneration should be fair and appropriate with the member's competencies, business and responsibilities undertaken and borne by members of the board of directors or committees, in addition to the objectives set by the board of directors to be achieved during the fiscal year.
9- A member of the Board of Directors may obtain remuberation in exchange for his membership in the Audit Committee formed by the General Assembly, or in return for any additional executive, technical, administrative or advisory work or positions - under a professional license - assigned to him in the Company, in addition to the remuneration in his capacity as a member of the Board of Directors and in the committees formed by the Board, in accordance with the Companies Law and the Company's Articles of Association. The total remuneration obtained by the member according to the above shall not fall within the scope of the upper limit of the remuneration stipulated in Paragraph (3) of Article (76) of the Companies Law indicated in Paragraph (4) above.
10- The remuneration of the members of the Board of Directors may be of varying amounts to reflect the member's experience, competencies, tasks entrusted to him, his independence, the number of sessions he attends, and other considerations.

11- The remuneration of independent board members shall not be a percentage of the profits realized by the Company or be based directly or indirectly on the Company's profitability, so that the association of their remuneration with the Company's performance or any other factors will not affect the independence of their decisions.
12- According to Article Twenty-first of the Company's Articles of Association, the Board of Directors determines, at its discretion, and by its decision, the special remuneration to be obtained by each of the Chairman of the Board, his Deputy, and the Managing Director, in addition to the remuneration prescribed for Board members, within the limits stipulated in the Companies Law and its Implementing Regulations.
13- The Directors may not vote on their remuneration at the meeting of the General Assembly in order to ensure independence of the decision issued by the Company's General Assembly regarding the remuneration of the members of the Board of Directors.
14- If the General Assembly decides to terminate the membership of a member of the Board of Directors who is absent due to his failure to attend three consecutive meetings of the Board without a legitimate excuse, this member shall not be entitled to any remuneration for the period following the last meeting he attended, and he must return all remuneration that was paid to him for that period.
15- If the Audit Committee or the Capital Market Authority finds out that the remuneration paid to any of the members of the Board of Directors is based on incorrect or misleading information that was presented to the General Assembly or included in the annual report of the Board of Directors, then he must return them to the Company, and the Company shall have the right to demand its refund. This does not absolve the member of the Board of Directors from any responsibilities for any damages sustained by the Company, its shareholders or any other related persons as a result.
16- The Board of Directors must disclose in its annual report the details of the policies related to remunerations, the mechanisms for determining them, their amounts and financial and in-kind benefits paid to each member of the Board of Directors in exchange for any executive, technical, administrative or advisory work or positions.

Third: Remuneration and fees for members of the Board of Directors and Board Committees:

According to the above, the remuneration and fees of the Board of Directors are calculated as follows:

1- An annual remuneration for membership of the Board of Directors and Board committees up to SAR 250,000.

2- An Annual remuneration for membership of all board members in the board committees:

a- Audit Committee members who are also members of the board up to SAR 50,000.
b- Members of the Audit Committee from outside the Board of Directors up to 50,000 riyals.
c-Other committees members: up to SAR 25,000.

3- Allowance for attending the meetings of the Board of Directors and Board committees for all members: SAR 3,000 per session.
4- The Board of Directors, at its discretion and by a decision made by the Board, determines the additional remuneration of the Chairman, Deputy Chairman and Managing Director, in return for the effort and additional work they perform in addition to the remuneration determined for the Board members.
5- The company shall pay all reasonable actual expenses incurred by the members of the board of directors and the committees emanating from the board of directors in order to attend the meetings, which include accommodation and subsistence expenses and travel and transportation expenses

Fourth: Remunerations of the Company's Senior Executives (Executive Management):

1- Based on the Recommendation of the Nominations and Remunerations Committee, the Board of Directors determines the types of remunerations granted to senior executives in the Company, such as fixed remunerations, performance-related remunerations, and incentive bonuses, in a manner that does not conflict with the regulatory controls and procedures issued for joint stock companies.
2- The remuneration aims to attract and reward executives, retain qualified and competent employees, and maintain a high level of skills that the company needs.

Fifth: Remuneration of the Board Secretary and secretaries of the Board committees:

The Board of Directors determines the remuneration of the Secretary of the Board and the secretaries of the committees affiliated to the Board in accordance with the details contained in the policies and procedures of the Board of Directors.

Sixth: Effective Date of the Policies:

These policies shall be effective from the date of their approval by the General Assembly

19/5/1 Remuneration of Board Members, and members of the Board Committees and Senior Executives:

Following is a statement of the Company's total payments to members of the Board of Directors, Board committees and five senior executives, including the General Manager and Chief Financial Officer:

Board members› remuneration:

	Fixed Remuneration					Variable Remuneration						Indemnity	Grand Total	Expenses Allowance
	Specified Amount	Attendance Allowance of Board Sessions	In-Kind Benefits	Payment to Directors as employees or managers or for technical, admin. Or consulting services	Total	A percentage of profit	Periodic bonuses	Short-term Incentive Plans	Long-term Incentive Plans	(Granted Shares (Enter	Total			
First, Independent Members														
Mr. Ibraheem Mazen Khashoggi	250,000	12,000	0	0	262,000						0		**262,000**	
Mr. Faisal Hamza Al Khouli	250,000	12,000	0	0	262,000						0		**262,000**	
Mr. Talal Al-Muammar	250,000	12,000	0	0	262,000						0		**262,000**	
Mr. Saad Al-Shammari	250,000	9,000	0	0	259,000						0		**259,000**	
Dr. Othman Al-Suwayeh	119,475	6,000	0	0	125,475						0		**125,475**	
Total	**1,119,475**	**51,000**	**0**	**0**	**1,170,475**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,170,475**	0

	Fixed Remuneration					Variable Remuneration						Indemnity	Grand Total	Expenses Allowance
	Specified Amount	Attendance Allowance of Board Sessions	In-Kind Benefits	Payment to Directors as employees or managers or for technical, admin. Or consulting services	Total	A percentage of profit	Periodic bonuses	Short-term Incentive Plans	Long-term Incentive Plans	(Granted Shares (Enter	Total			
Second: Non-executive members														
Engineer/ Mohammad Saeed Attiyah	250,000	12000		1,300,000	1,562,000						0		**1,562,000**	
Mr. Abdulaziz Abdulelah Ka'aki	250,000	9000		100,000	359,000						0		**359,000**	
Total	**500,000**	**21000**	**0**	**1,400,000**	**1,921,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,921,000**	0
Third: Executive Members														
Total	0	0		0	0	0	0	0	0	0	0		0	
Grand Total	1,619,475	72,000		0	1,400,000	3,091,475	0	0	0	0	0		3,091,475	

Committee Members Rewards:

	Fixed Remunerations other than Sessions Attendance Allowance	Sessions Attendance Allowance	Total
First: Members of the Audit Committee			
Mr. Ibraheem Mazen Khashoggi	75,000	15,000	**90,000**
Mr. Faisal Hamza Al Khouli	75,000	15,000	**90,000**
Mr. Abdulwehab Abed	50,000	15,000	**65,000**
Mr. Saad Snaitan Hudaib	0	0	**0**
Total	**200,000**	**45,000**	**245,000**
Second: Members of the Remuneration and Nominations Committee			
Mr. Abdulaziz Abdulelah Ka'aki	12,500	6,000	**18,500**
Engineer/ Mohammad Saeed Attiyah	12,500	6,000	**18,500**
Mr. Ibraheem Mazen Khashoggi	12,500	6,000	**18,500**
Mr. Faisal Hamza Al Khouli	12,500	6,000	**18,500**
Total	**50,000**	**24,000**	**74,000**

	Fixed Remunerations other than Sessions Attendance Allowance	Sessions Attendance Allowance	Total
Third: Members of the Risk Committee			
Mr. Talal Al-Muammar	12,500	6,000	**18,500**
Mr. Faisal Hamza Al Khouli	12,500	6,000	**18,500**
Mr. Abdulaziz Abdulelah Ka'aki	12,500	6,000	**18,500**
Total	**37,500**	**18,000**	**55,500**
Fourth: Members of the Investment Committee			
Engineer. Saad Al-Shammari	6,250	3,000	9,250
Engineer/ Mohammad Saeed Attiyah	6,250	3,000	9,250
Mr. Ibrahim Mazen Khashoggi	6,250	3,000	9,250
Dr. Othman Al-Suwayeh	0	0	**0**
Total	**18,750**	**9,000**	**27,750**
Grand Total	**306,250**	**96,000**	**402,250**

Remuneration of the Senior Executives:

	Fixed Remuneration				Variable Remuneration								
	Salaries	Allowances	In-kind Benefits	Total	Periodic Remuneration	Profits	Short term Incentive Plans	Long term Incentive Plans	Granted shares	Total	End of Service Indemnity	Total Executives remunerations for the Board, if any	Grand Total
Total	2,242,164	784,757	0	3,026,921	0	0	0	0	0	0	252,243		3,279,165

19/6 Names of the members of the Board of Directors, members of the committees, and Executive Management, and their current and previous jobs, qualifications and experience.

19/6/1 Board Members:

S/N	Name	Current Position	Previous jobs	Qualifications	Experiences
1	Engineer/ Mohammad Saeed Attiyah	• Chairman of the Board of Directors of Al Jouf Cement Company • Member of the Nominations and Remuneration Committee, Al Jouf Cement Company	• Chairman of the Audit Committee of Al Jouf Cement Company • Member of the Board of Directors and Managing Director of Al Jouf Agricultural Company • Member of the Risk Management Committee, Al-Jouf Cement Company • Member of the Investment Committee of Al-Jouf Cement Company	Bachelor's degree of Agricultural Engineering And Bachelor of Shariah	During his career, he held several executive positions and memberships in companies' boards of directors
2	Mr. Abdulaziz Abdulelah Ka'aki	• Deputy Chairman of the Board of Directors of Al Jouf Cement Company • Member of the Nominations and Remuneration Committee, Al Jouf Cement Company • Member of the Investment Committee, Al Jouf Cement Company • Chairman of the Board of Directors of the Saudi International Trade and Marketing Company Ltd. • General Manager of Abdul-Aziz Abdul-Ilah Kaaki Trading Est • Member of the Board of Directors of the Mediterranean Company for Agricultural Products - MAPCO • Member of the Board of Directors of Lacto Egypt • Member of the Board of Directors of the Nubaria Company for the production of seeds Nubacid	• Chairman of the Risk Management Committee, Al-Jouf Cement Company-	Bachelor's degree in International Economics	He held the position of the Spanish Honorary Consul and has experience as a board member for several joint stock companies and management of audit committees
3	Mr. Faisal Hamza Al-Khouli	• Member of the board of directors of Al Jouf Cement Company • Chairman of the Nominations and Remuneration Committee, Al Jouf Cement Company • Member of the Audit Committee, Al Jouf Cement Company • Member of the Risk Committee, Al Jouf Cement Company • Member of the Investment Committee, Al Jouf Cement Company • Deputy Chairman of the Board of Directors of Al-Khouli Group of Companies	-	Bachelor of Communication and Marketing Sciences	Experience in managing commercial and industrial family businesses

S/N	Name	Current Position	Previous jobs	Qualifications	Experiences
4	Mr. Ibraheem Mazen Khashoggi	• Member of the Board of Directors of Al Jouf Cement Company • Member of the Audit Committee, Al Jouf Cement Company • Member of the Nominations and Remuneration, Al Jouf Cement Company • CEO of Temrad Industrial Company for Wood Works	• Assistant Project Manager - Samba Financial Group • Insurance and risk advisor - Marsh Insurance Company	Bachelor of communication Business Administration and Master of Business Administration	Experience in consulting and project management and risk management
5	Mr. Saad Ammash Al-Shammari	• Member of the Board of Directors of Al-Jouf Cement Company • Chairman of the Investment Committee in Al-Jouf Cement Company • Member of the Investment Committee of Sharm Al-Ahsa for Development • Member of the Nominations Committee, Misk Company • Member of the Audit Committee Al-Samaani Company • Member of the Board of Directors, KASB Capital Company	• SABIC Development Engineer • General Manager of Strategic Planning, National Industrialization Company • CEO of Advanced Company Managing Director, Al-Ahsa Development Company	Bachelor's and Master's degree in Chemical Engineering	Throughout his career, he held several executive positions
6	Mr. Talal Othman Al-Muammar	• Member of the Board of Directors of Al-Jouf Cement Company • Chairman of the Risk Committee at Al-Jouf Cement Company • Member of the Investment Committee of Al-Jouf Cement Company • Executive Deputy CEO, Risk Management, Al Rajhi Takaful Company	• Risk Underwriter - Saudi Development Fund • Head of Risk Management Medgulf Insurance • Head of Risk Management, Tawuniya Insurance Company	Bachelor's and Master's degree in Business and Finance	15 years of experience in risk management and insurance
7	Dr. Othman Abdullah Al-Suwayeh (1)	• Chairman of the Board of Directors of Al-Safa Medical Supplies Company. • Chairman of the Board of Directors of Al-Safa Warehouse Company • Member of the Board of Directors of the Arab Company for Investment Projects - a joint stock company in Jordan. • Member of the Board of Directors of Jordan Pipes Company - a joint stock company in Jordan. • General Manager of Safa Telecom Company. • Managing Director of Elite Al Safa Contracting Company.	• Worked in the management of Kafaa Ready-Mix Factory • Safaa Factory for Cement Products • Andalus Factory for Cement Products • Safaa Trading Company	PhD in pharmacology	During his career, he held several executive positions in the fields of contracting and construction

Clarification: 1- The member of Dr. Othman Al-Suwaih ended on June 22, 2021G

19/6/2 Executive Management

S/N	Name	Current Position	Previous jobs	Qualifications	Experiences
1	Engineer/ Jamal Salem Al Amer	General Manager	• Quality Manager, Tabuk Cement Company, • Tabuk Cement Production Manager • Manager of Materials Department, Tabuk Cement • Project Manager and Engineering Affairs Tabuk Cement • Assistant General Manager for Technical Affairs, Al Jouf Cement	Bachelor of Engineering Master of Business Administration	Experience spanning 29 years
2	Mr. Hamed Saeed Al-Ghamdi	Chief Financial Officer	• Manager of Planning, Financial Analysis and Budgeting - Arabian Cement Compan	Bachelor of Accounting	Experience spanning 25 years
3	Mr. Ahmad Ibrahim Al-Ajla	Internal Auditor	• Supervisor of the audit of Al-Rashid office, Certified Public Accountants, • Internal auditor, Development Works Company	Bachelor of Accounting	37 years of experience in audit work
4	Engineer/ Hani Youssef Al-Katami	Manager of Material Department	• Senior Manager of Materials, Projects and Information Technology Yanbu Cement Company	Master's in Information Technology Development Engineering Master of Business Administration	25 years of experience in cement industry
5	Engineer/ Adel Awad Al-Enezi	Factory manager	Head of Kilns Unit - Tabuk Cement Company	Bachelor's degree in Chemical Engineering	Experience spanning 15 years

19/7 A statement of the dates of shareholders general assemblies held during the last year and the names of attended Directors:

S/N	Name	Attendance Record of the Ordinary General Assembly Meeting 2021	
		June 22	August 2
1	Engineer/ Mohammed bin Saeed Attia	●	●
2	Mr. Abdulaziz bin Abdul Ilah Kaaki	●	●
3	Mr. Ibrahim bin Mazen Khashog-gi	●	●
4	Mr. Faisal bin Hamza Al-Khouli	●	●
5	Mr. Talal Othman Al-Muammar	●	-
6	Mr. Saad bin Amash Al-Shamry	●	-
7	Dr. Othman bin Abdullah Al-Suwaih (1)	-	-

Clarification: 1- The member of Dr. Othman Al-Suwaih ended on June 22, 2021G

Al Jouf Cement Company — Annual Report

20

Bord of Directors Committees:

20

Bord of Directors Committees:

20/1 Audit Committee

The Audit Committee was reconstituted for the fifth term, which ends on 5/8/2023G, and its members were approved according to the selection rules of the committee members, the term of their membership and the method of Committee work at the Ordinary General Assembly meeting held on 23/07/2020G. Following are its details:

S/N	Name	Classification	Meetings of the Audit Committee in 2021					
			1	2	3	4	5	5
			29 March	17 May	11 June	23 August	8 November	6 December
1	Mr. Ibrahim bin Mazen Khashoggi	Independent	●	●	●	●	●	●
2	Mr. Faisal bin Hamza Al-Khouli	Independent	●	●	●	●	●	●
3	Mr. Abdul Wahhab bin Ahmed Abed	from outside the board	●	●	●	●	●	●
4	Mr. Saad Sanitan Hedeeb (1)	Non-Executive	-	-	-	-	-	-

Clarifications:

1) Mr. Saad Snaitan Hedeeb resigned from the Audit Company on 23 December 2021.

The Company has an independent audit department that reports directly to the Board of Directors, and the Audit Committee emanating from the Board. The Company has taken positive steps to strengthen its internal control system and preserve the Company's assets. The tasks and functions of the Audit Committee include:

The Audit Committee competency is to monitor the Company's activities and ensure integrity and effectiveness of the reports, financial statements, and internal control systems. The duties of the Audit Committee shall particularly include the following:

1) Analysing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.

2) Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.

3) Analysing any important or non-familiar issues contained in the financial reports.

4) Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor.

5) Examining the accounting estimates in respect of significant matters that are contained in the financial reports.

6) Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

7) Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.

8) Analysing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.

9) Examining and reviewing the Company's internal and financial control systems and risk management system;

10) Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations.

11) 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.

12) Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.

13) 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.

14) Responding to queries of the Company's external auditor.

15) Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

16) Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.

17) Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.

18) Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith.

19) Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

20) The committee must establish a mechanism that allows the Company's employees to submit their observations regarding any abuse in the financial or other reports confidentially. The committee must verify the application of this mechanism by conducting an independent investigation commensurate with the size of the error or abuse and adopting appropriate follow-up procedures.

20/2 Nominations and Remuneration Committee

The Nominations and Remunerations Committee has been reconstituted for the fifth session, which ends on 5/8/2023G

S/N	Name	Classification	Meetings of Nominations and Remuneration Committee in 2021	
			1	2
			August 23	December 8
1	Mr. Faisal Hamza Al Khouli	Independent	●	●
2	Eng. Mohammed bin Saeed Attia	Non-Executive	●	●
3	Mr. Abdulelah Mohammad Ka'aki	Non-Executive	●	●
4	Ibraheem Mazen Khashoggi	Independent	●	●

Competences of the Nominations and Remuneration Committee include:

1. Preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy.

2. Clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.

3. Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.

4. Providing recommendations to the Board in respect of the remunerations of its members, the committees members and Senior Executives, in accordance with the approved policy.

5. Proposing clear policies and criteria for membership of the Board of Directors and Executive Management.

6. Recommending to the Board of Directors to nominate and re-nominate its members in accordance with due consideration given to not nominating any person previously convicted of a breach of trust.

7. Preparing a description of the capabilities and qualifications required for membership of the Board of Directors and assuming executive management positions

8. Determining the time that the director should dedicate for Board activities.

9. Annual review of the necessary needs of skills or appropriate expertise for membership of the Board of Directors and the functions of Executive Management.

10. Reviewing the structure of the Board of Directors and Executive Management and provide recommendations regarding changes that can be made.

11. Annual verification of the independence of the independent directors, and the absence of any conflict of interest if the director is a member of the board of directors of another company.

12. Developing job descriptions for executive members, non-executive members, independent members, and senior executives.

13. Establishing special procedures in the event of a vacancy in the position of a member of the Board of Directors or senior executives.

14. Determining the weaknesses and strengths in the Board of Directors, and proposing solutions to address them in line with the Company's interest.

20/3 Risk Committee

The risk committee has been reconstituted for the fifth session, which ends on 5/8/2023G

S/N	Name	Classification	Meetings of Risk Committee in 2021
			1
			August 16
1	Mr. Talal Othman Al-Muammar	Independent	●
2	Mr. Abdulaziz Abdulelah Ka'aki	Non-Executive	●
3	Mr. Faisal Hamza Al Khouli	Independent	●

Competences of the Risk Management Committee include:

1- Developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors.

2- Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level.

3- Ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months.

4- Overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein.

5- Regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example).

6- Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board.

7- Providing recommendations to the Board on matters related to risk management.

8- Ensuring the availability of adequate resources and systems for risk management.

9- Reviewing the organisational structure for risk management and providing recommendations regarding the same before approval by the Board.

10- Verifying the independence of the risk management employees from activities that may expose the Company to risk.

11- Ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk.

12- Reviewing any issues raised by the audit committee that may affect the Company's risk management.

20/4 Investment Committee

The Investment Committee has been reconstituted for the fifth session, which ends on 5/8/2023G

S/N	Name	Classification	Meetings of Investment Committee in 2021
1	Mr. Talal Othman Al-Muammar	Independent	–
2	Mr. Abdulaziz Abdulelah Ka'aki	Non-Executive	-
3	Mr. Faisal Hamza Al Khouli	Independent	-

Clarification:
1 - No committee meeting was held during 2021

Duties and responsibilities of the Investment Committee include:

1) Participate in drawing up the Company's general policy in investment and directing funds.

2) Propose the general plan for investing the Company's funds and implementing the plan after the Board's approval.

3) Assess the performance of the Company's investment channels and examine their compatibility with the general investment plan, prepare and review economic feasibility studies for industrial or commercial projects that support the national economy, and then decide for the Company's contribution to them and evaluate the investment results periodically and submit the necessary reports to the Board of Directors, including:

4) Review the components of the current and future investment portfolio.

5) Verify commitment of those in charge of money management to the investment policy.

6) Review buying and selling decisions.

7) Study the liquidity available in the Company and ways to invest it in accordance with the Company's Bylaws, in the best ways that protect the capital.

8) Study the market and available investment opportunities.

9) Search for new investment opportunities.

10) Study issues referred to it by the Board of Directors regarding investment.

11) Study the proposals submitted by the Company's Management regarding future investment plans.

12) Carry out the tasks and functions assigned to it by the Board of Directors.

21

Transactions with Related Parrties:

During the year 2021G, the group did not conduct transactions with related companies

22

Purchases or Contracts of Interest to members of the Board of Directors or Executive Management:

There are no purchases or contracts entered into by the group during the year 2021G in which there is an interest for a member of the Board of Directors or executives.

23

A Statement of the Paid or Payable Regulatory Amounts until the end of the Annual Financial Period 2021G:

Description	2021		Cause/ Clarification
	Paid	Amounts Due	
Zakat	4,955	To be determined later	The Company is subject to the regulations of the General Authority of Zakat and Income Tax. Zakat is recorded on an accrual basis, and payment is made according to the Zakat base.
Value Added Tax (VAT)	15,755	37	The Company is subject to the regulations of the General Authority of Zakat and Income Tax. The amount due is related to the last month of the fiscal year, which will be paid at the beginning of the following year.
General Organization of Social Insurance (GOSI)	3,022	256	The Company is subject to the Social Insurance Law, and the amount due is related to the last month of the fiscal year, which will be paid at the beginning of the following year.
Quarry exploitation fees	2,039	30,860	The amount due for the exploitation of the raw materials will be paid in the year following the fiscal year
Total	25,771	31,153	

24

Dividends Policy:

In accordance with Articles (46) of the Company's Articles of Association, the Company's profits are distributed as follows:

The company's annual net profits are distributed as follows:
1- (10%) of the net profits shall be set aside to form the statutory reserve of the Company, and the Ordinary General Assembly may decide to discontinue this setting aside when the said reserve reaches 30% of the paid-up capital.
2- The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside a percentage of the net profits to form a consensual reserve allocated for a specific purpose or purposes.
3- The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the Company or ensures the distribution of fixed profits as much as possible to the shareholders. The said Assembly may also deduct sums from the net profits to establish social institutions for the Company's employees or to assist the existing ones of such institutions.
4- From the remainder thereafter, a percentage of no less than 5% of the Company's paid-in capital shall be distributed to the shareholders.
5- Subject to the provisions stipulated in Article Twenty of the Company's Articles of Association and Article Seventy Six of the Companies Law, after the above, a percentage not exceeding 10% of the remainder shall be allocated to the Board of Directors' remuneration, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.
6- The remainder is then distributed to the shareholders as an additional share in the profits.
7- The Company may, after fulfilling the controls decided by the competent authorities, distribute semi-annual and quarterly profits.

25

Dividends Distribution during 2021G:

The Company did not distribute dividends during the year 2021G, in order to provide the necessary liquidity to pay its outstanding obligations.

26

26- Penalties and penalties from the authority or any supervisory, regulatory or judicial authority during the year 2021G:

Violation	Agency	Reasons	How to treat them and prevent their Occurence in future
10,000	Meteorological and Environmental Protection Authority	Oil leakage	The treatment has been done, with the appropriate plan in place to avoid the issue

No penalty, penalty or restriction imposed on the company by the Capital Market Authority or any other supervisory, regulatory or judicial authority, other than the foregoing, has been implemented.

27

Company Declarations:

- The books of account have been maintained properly.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the Company's ability to continue as a going concern.

28

Board Declarations:

The Board of Directors confirms that:

1- There are no investments or reserves established for the benefit of the Company's employees, other than the end-of-service gratuity.

2- No loan was granted to any of the members of the Board of Directors or Executive Management.

3- The Company has not entered into any transactions related to the Company's shares with any of the members of the Board of Directors or any party having direct relation with them.

4- The Company's financial statements were prepared in accordance with the accounting standards issued by the Saudi Organization of Certified Public Accountants.

5- There are no observations or qualifications in the external auditor's report.

6- It was not recommended to change the auditor before the end of the period for which he was appointed.

7- The auditor did not provide any advisory services to the Company and did not receive any fees in this regard.

8- The auditor did not submit to the Board any request to invite the General Assembly of the Company to convene during the fiscal year.

9- The Chairman of the Board of Directors did not receive any written request to hold urgent meetings from two or more directors during the fiscal year.

10- The Company confirms that it has not received any request from shareholders owning 5% or more of the capital to convene the General Assembly or add one item or more to it's the assembly's meeting agenda upon preparing such an agenda during the fiscal year 2021G.

11- No penalties, fines, or precautionary restrictions were imposed on the Company by the Authority or any other parties, other than that mentioned in item (26) above.

12- There are no voting shares belonging to persons who informed the Company of such rights during 2021G.

13- There are no arrangements or agreements between the Company and one of the shareholders to waive his share in profits.

14- There are no debt instruments convertible into shares, and there are no redeemable debt instruments.

15- There are no purchases or contracts of interest to a member of the Board of Directors or Senior Executives.

16- There are no arrangements or agreements whereby a member of the Board of Directors or a senior executive in the Company has waived any salary or compensation.

29

Number of Requested Shareholders' Records:

Number of Requests	Request date	Request Cause
1	18/03/2021	Company procedures
2	22/06/2021	General Assembly
3	26/07/2021	Company procedures
4	02/08/2021	General Assembly

30

A statement of the Number of Board sessions and Number of Sessions Attended by Each member from the Date of the Last Meeting of the General Assembly:

The last meeting of the General Assembly was held on 02/08/2021G

There were Two Board meetings after that date, indicated in the Board of Directors' meeting statement as follows:

- Meeting in September 2, 2021G
- Meeting on December 28, 2021G.

Conclusion

The Board of Directors concludes its report to the General Assembly by extending sincere thanks and appreciation to the Company shareholders for accepting the invitation to attend the meeting and for the confidence they have given to the Board, which we appreciate and cherish. The Board of Directors extends its appreciation and gratitude to the government of the **Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, his Crown Prince, His Royal Highness Prince Mohammad bin Salman bin Abdulaziz,** and the relevant ministries for their cooperation and continued support to the Company. The Board also extends its thanks and appreciation to all the Company's employees for their loyalty, dedication, and continuous support of the Company

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