



# Annual Report 2022



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Qassim Cement

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Custodian of two  
the Holy Mosques

King Salman bin Abdulaziz Al Saud



His Royal  
Highness Prince

Mohammed bin Salman bin Abdulaziz Al Saud

Crown Prince, Prime Minister



His Royal  
Highness Prince

Dr/ Faisal bin Mishaal bin Saud bin Abdulaziz

Governor of Al-Qassim Region



His Royal Highness Prince

Fahd bin Turki bin Faisal bin Turki bin Abdulaziz

Vice Governor of Al-Qassim Region



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## Message from the Chairman



In the name of Allah, Most Gracious, Most Merciful, and peace and prayers be upon our Prophet, Muhammad, his family and all of his companions.

Ladies and Gentlemen, the shareholders of QCC,

I am pleased to greet and welcome you on my own behalf and on behalf of the Board Members.

I am honoured to invite you to explore the Annual Report presented by the Management and Board of Directors, which presents your company's performance for the year ended December 31, 2022.

### The 2022 - The Year That Was

We rode out the pandemic years of 2020-21 with the appreciation that humanity had found ways to cope with a global pandemic albeit at a high cost of disruption to life and business worldwide. The year 2022 continued to be one of challenges and volatility in all operating environments. High inflation in developed markets caused disruptions in businesses the world over which was further aggravated by the fast rise in interest rates by global central banks. The impact on withdrawal of liquidity was felt the world over and in the domestic economy as well given that our benchmark rates are linked to the US Federal Reserve.

We at QCC are embarking on an ambition transformation program to adjust our practices, adopt new methodologies of operation, take advantage of advanced technologies and find new opportunities in situations that have become the 'new normal'. Our end customers are continuously evaluating their investments and are prioritizing their spending. We foresee that the demand for high quality products and innovative solutions is every increasing and we as a company are adapting to these new scenarios.

### KSA's Growth Engine

Economic reforms and investments are the key growth drivers for the Kingdom of Saudi Arabia. High oil prices and as a result windfall profits brought about by geo-political events in Eurasia is helping the country improve its fiscal balances and the arduously gained advantage will only help to accelerate economic growth and social activity within the country. The Vision 2030 is an ambitious program and the recent announcements regarding large scale development projects gives us confidence that we are getting closer to achieving the objectives of the program. The Government continues to support the domestic economy through balanced policies including strong support to urbanization and social development, while maintaining fiscal sustainability for the medium-and long-term. These policies are bearing fruit and is reflected in the recovery of the domestic economy, especially the real estate and construction sector on which QCC's fortunes are dependent on.



### The Journey to 2030

QCC remains committed to its role in supporting the Saudi Vision 2030 and its ambitions for the Infrastructure and Real Estate sector. Our 2030 transformation strategy ensures us as a company moving lockstep towards the accomplishment of the Vision 2030 goals with a focus on capacity building, efficient operations, sustainable energy goals and reduced environmental impact. Our path for growth includes a vast range of opportunities, positioning the company ideally for both organic and inorganic growth in new products and regions. We intend to play a leadership role in consolidating the industry. We are further contributing to Vision 2030 in the interest of the nation and the shareholder alike, by nurturing young talent and increasing nationalization by attracting, developing and qualifying talented engineers, technicians and ancillary professionals. We also provide a potent environment for expatriates which enables importation and transfer of knowledge and global best practices. Being certified as a "Great Place to Work" in KSA is a testament to our commitment to talent.

### Sustainable Profitability

QCC continues to focus on operational excellence, cost leadership and sustainability in profits and dividends over the medium and long term. This is the commitment to our stakeholders and good governance is the foundation on which we have built this business model. We will continue to be conservative in our approach to the market, but will take advantage of growth opportunities that will proportionately increase shareholder value over the long term. The company has launched several strategic initiatives as part of its 2030 Strategy and our shareholders will reap the benefits of the Board and Management's vision in the years to come.

### Care of Environment

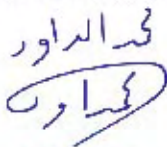
We are cognizant of the need to conserve and preserve the natural environment. We strive to reduce our environmental impact to the extent possible. We have initiated strategic programs that will move the company towards a sustainable business model reflected in our emissions goal, energy conservation goal and the use of renewable resources in our operations. This is an integral part of the company's strategy.

### Gratitude

As I conclude, I would like to devote my thankfulness and appreciation for the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud - "May God bless him" - and the Crown Prince, His Royal Highness Prince Mohammed Bin Salman Bin Abdulaziz - "May God bless him", and the Prince of Qassim Region, His Highness Prince Faisal Bin Mishaal Bin Saud Bin Abdulaziz and His Highness Prince Fahad Bin Turki Bin Faisal Bin Turki Bin Abdulaziz, the deputy Prince of Qassim Region - "May God bless them" - for their great efforts and support, and I would like to thank my fellow Board Members, whose insightful guidance has helped steer Qassim Cement, strengthening its position in a volatile and uncertain environment. I also express my gratitude towards all shareholders, employees, stakeholders, and customers whose continued support drives us forward. We continue to deliver on our ambitious strategy and I look forward to your continued patronage.

**"The Board remains confident that the next decade will be one of profound growth and transformation for QCC that will position us as a national leader in the cement industry"**

### The Chairman



**Dr. Muhammad bin Nasser Al Dawood**









## Introduction

Founded on the 15th of Shaaban in 1396, 11 August 1976, Qassim Cement Company (QCC) is headquartered in Buraida, the capital of Al-Qassim region and the administrative center of the province. QCC has for decades ranked among the top 100 Saudi companies and as one of the national outstanding joint stock companies in the Kingdom. The company has made remarkable achievements over the past four decades and has contributed as part of the national industry to the construction and development of the economy.

The company's vision, mission and values focuses on building local and regional partnerships to create long-term relationships with customers, investors, suppliers and employees and to take care of the environment in accordance with established foundations and standards through fair competition to be the best choice in the construction sector and the industrial sector in general. Furthermore, QCC contributes to the building of the future of the cement industry as a model by keeping pace with the development agenda so that it maintains its leadership in the region and contributes to building a promising, more diversified and developed infrastructure economy while safeguarding and sustaining the environment.

The company's activity is focused on the manufacture and production of cement of different types, derivatives, components, accessories and trade in accordance with the highest Saudi and international standards and work to provide the needs of the markets, namely: (Ordinary Portland Cement, Sulphur Resistant Portland Cement, Finishing Portland Cement) which relies mainly on locally available natural resources and mineral resources as well as the company's direct and indirect activities such as marketing, sales, investment and other business activities that support the company's activity in the domestic market and contributing to development projects.



## Our Vision

To be the distinguished industry champion enabling the economic growth of Saudi Arabia.



## Our Mission

Supporting the infrastructure ambition and de-carbonization effort of Saudi Arabia by providing advanced cement products and sophisticated building material solutions through sustainable growth and value for all stakeholders while ensuring a safe and engaging work environment.



## Our Core Values

### Committed to a Sustainable World

As buildings represents 40% of global CO2 emissions, sustainable growth will require lower carbon cement and greener operations. We are committed to pioneer and drive the path to Net Zero Buildings in KSA.

### Client First

We are deeply committed to bring the best services and products to the ecosystem of clients we serve architects, contractors, developers, individual builders and communities and supporting them in overcoming future construction challenges in a trusted partner relationship.

### Excellence in Operations

Operations excellence drives the success of QCC and we are committed to maintain best in class standards across our operations: quality, safety, CO2, cost and environment.



### Zero Tolerance in Safety

Health and Safety of our employees and stakeholders is a core element of QCC's mission, critical to our success, and we will enforce best in class safety standards.

### Employer of Choice and Meritocracy

We strongly believe that our growth ambition will be enabled by our ability to attract the best talents and develop them so that they unlock their full potential.



### Our Activity

The manufacture and production of cement, its derivatives and components along with the marketing and sale of different types and specifications, to meet the needs of the market and to carry out all related works directly or indirectly to achieve this purpose. All products of the Company are certified as quality mark from the Saudi Standards, Metrology and Quality Organization. The products of QCC include the following:

#### 1. Ordinary Portland Cement:

This product complies with Saudi Standard SASO-GSO 1914/2009 Type I, where it is characterized by quality that meets the different applications of concrete according to the needs and aspirations of our customers.

#### 2. Portland Cement Resistant:

This product is produced in accordance with Saudi Standard SASO-GSO 1914/2009 Type V, where this product is distinguished from other types of cement by its resistance to sulfate and salts.

#### 3. Finishing Cement:

It is one of QCC's most innovative product, which was produced after several studies and experiments that have proven to be the most suitable cement for finishing work (construction - liasa - tiles - floor casting). This product complies with Saudi Standard SASO-ASTM C91/2018.

#### 4. Pozzolana Portland Cement:

It is one of the innovative products of QCC, which was designed to reduce the permeability of concrete making it denser, and it increases the resistance of salts, this product is produced in accordance with Saudi Standard SASO-ASTM-C595M. It can be used as an alternative to cement resistant to sulfate salts in underground concrete castings, salt water and marine installations.





## Chapter One

## Board of Directors and Committees

01







Dr. Mohamed bin Nasir Al Dawood  
Chairman



Eng. Muteb Bin Mohammed Al Shathri  
Vice Chairman



Eng. Omar Bin Abdullah Al Omar  
CEO & Board Member



Mr. Tariq Bin Khaled Al Marshoud  
Board Member



Mr. Abdulrahman bin Mohamed  
Al Rawwaf  
Board Member



Mr. Saad Bin Ibrahim Al Moshaweh  
Board Member



Eng. Ahmed Bin Saleh Al Sultan  
Board Member



Dr. Ghazi bin Abdulrahim Al Rawi  
Board Member



Mr. Osama Bin Nasser Al Saif  
Board Member



## First: Board of Directors

### A. The Composition and Classification of the Board of Directors:

The company's elected Board of Directors consists of nine (9) members. The following table shows the classification of Board members:

S	Member's name	Membership Classification		
		Executive	Non-Executive	Independent
1	Dr. Mohamed bin Nasir Al Dawood (Chairman)		√	
2	Eng. Muteb Bin Mohammed Al Shathri (Vice Chairman)		√	
3	Mr. Tariq Bin Khaled Al Marshoud		√	
4	Mr. Osama Bin Nasser Al Saif		√	
5	Mr. Abdulrahman bin Mohamed Al Rawwaf			√
6	Mr. Saad Bin Ibrahim Al Moshaweh			√
7	Eng. Ahmed Bin Saleh Al Sultan			√
8	Dr. Ghazi bin Abdulrahim Al Rawi			√
9	Eng. Omar Bin Abdullah Al Omar (CEO)	√		

### B. Current and Past Board Members' Jobs, Qualifications and Experience:

Member's Name	Current Job	Past Job	Qualifications & Experiences
<b>Dr. Mohamed bin Nasir Al Dawood (Chairman)</b>	MENA Investments Division - Public Investment Fund	Consultant - Boston Consulting Group	PhD in Administrative Sciences and Engineering - Stanford University - 2013 Master of Administrative Sciences and Engineering - Stanford University - 2008 Bachelor's degree in Electrical Engineering - King Saud University - 2005 2007: 2013 Lecturer of Financial Analysis and Statistics - Stanford University 2008: 2012 Research Fellow - Stanford University 2009 Consultant - Monitor Group 2013: 2014 Business Development Consultant - Karim 2014: 2015 Analyst - Passport Capital 2015: 2017 Consultant - Boston Consulting Group (BCG) 2017: Until now Investment Management in the Middle East and North Africa Region - Public Investment Fund



Member's Name	Current Job	Past Job	Qualifications & Experiences
<b>Muteb Bin Mohammed Al Shathri</b> (Vice Chairman)	Senior Assistant - Public Investment Fund	Director - Riyadh International Catering Company	MBA- Harvard Business School - 2015. Bachelor's degree in Industrial Engineering and Management Sciences, Northwestern University, 2008. 2009: 2013 Strategic Transformation Office - Aramco 2015: 2018 Director of Riyadh International Catering Company 2018: Until now Senior Assistant - Public Investment Fund
<b>Mr. Tariq Bin Khaled Al Marshoud</b> (Board Member)	Director of the Office of Project Management – General Organisation for Social Insurance	Project Manager - General Organisation for Social Insurance	Master of Project Management 2010 from De Montfort University, UK. B.A. Accounting 2008 from King Saud University. His practical experiences are as follows: 2011: 2012 Project Manager at GBT National Guard Communications. 2012: 2015 Project Manager at the General Organisation for Social Insurance. 2015 - Present Director of the Office of Project Management at the General Organisation for Social Insurance.
<b>Mr. Osama Bin Nasser Al Saif</b> (Board Member)	Director of Consultancy and Contracts - Public Pension Agency	Legal Counsel - Public Pension Agency	Bachelor's degree in Law 2004 King Saud University Master of Commercial Law 2011 Latrobe University, Australia 2005: 2007 Legal Researcher - Human Resources Fund 2007: 2013 Legal Researcher - Public Pension Agency 2013: 2019 Legal Advisor - Public Pension Agency 2019: Until now Director of The Department of Consultancy and Contracts at the General Organisation for Social Insurance.
<b>Mr. Abdulrahman bin Mohamed Al Rawwaf</b> (Board Member)		Head of Local Money Markets & Fixed Income - Hassana Investment Company	Master of Public Administration - University of Southern California – 1995 Bachelor of Business Administration - Arkansas State University – 1993 1996: 2003 Financial Analyst in the General Administration for Investment - General Organization for Social Security 2003: 2014 Director of Investment Portfolios Department - General Organization for Social Security 2014: 2016 General Manager of International Markets - Hassana Investment Company 2016: 2021 General Manager of Deposits and Bonds Department - Hassana Investment Company
<b>Mr. Saad Bin Ibrahim Al-Moshaweh</b> (Board Member)	Retired	Chief Executive Officer - Gulf Food Union Co.	B.A. Industrial Management 1985 from King Fahd University of Petroleum and Minerals. He holds several specialized financial courses, including a course from Chase Manhattan Bank in Financial Management and Investment in 1987 and from Harvard University in 1993. Financial Analyst and Head of Lending Team for 18 years at the Saudi Industrial Development Fund. CEO of Gulf Food Union and Glory Rivers/ Jordan and Qafco /Dubai for 17 years. Membership of committees and boards of directors of several closed joint stock companies.



Member's Name	Current Job	Past Job	Qualifications & Experiences
<b>Eng. Ahmed Bin Saleh Al Sultan (Board Member)</b>	General Manager of Ahmed Al Sultan's Office of Engineering Consultancy	Qassim Region Mayor	<p>Master of Engineering and Construction Management 1998 from King Fahd University of Petroleum and Minerals.</p> <p>B.A. Civil Engineering 1982 King Fahd University of Petroleum and Minerals. His practical experiences are as follows:</p> <p>1990: 1995 Project Manager at the Water Department.</p> <p>1995: 2005 Mayor of Buraida.</p> <p>2002: 2005 Director General of Municipal and Rural Affairs of Qassim Region.</p> <p>2005: 2013 Mayor of Qassim Region.</p> <p>2013: Until now General Manager of Ahmed Al-Sultan's Office of Engineering Consultancy.</p>
<b>Dr. Ghazi bin Abdulrahim Al Rawi (Board Member)</b>	Founder and President - Valuegate Investments Company for Investment and Real Estate Development	Founder and Executive Partner of EastGate Capital Group 2006-2015	<p>PhD in Electrical Engineering - Communications - Stanford University - 2002</p> <p>Master of Management Science and Engineering - Finance and Investment - Stanford University - 2001</p> <p>Master of Electrical Engineering - Telecommunications - Stanford University - 1998</p> <p>Bachelor of Electrical Engineering - Telecommunications - King Abdulaziz University - 1994</p> <p>Founder and Executive Partner of EastGate Capital Group 2006-2015</p> <p>Consultant - National Commercial Bank 2005-2006</p> <p>Assistant Professor - College of Engineering, King Abdulaziz University 2004-2006</p> <p>Consultant - Capital Market Authority 2004</p> <p>Consultant - McKinsey &amp; Company 2003-2004</p>
<b>Eng. Omar Bin Abdullah Al-Omar (CEO &amp; Board Member)</b>	CEO - Qassim Cement	Assistant General Manager of Pepsi Factories and Chief Financial Officer at Al-Jomaih Group	<p>Master of Industrial Engineering 1988, B.A. Civil Engineering 1985. He holds a specialized course in financial management &amp; investment in 1990 from Chase Manhattan Bank USA &amp; from Harvard University 1994, and held several positions as follows:</p> <p>1988: 2001 Head of Lending Team - Saudi Industrial Development Fund.</p> <p>2001: 2006 Assistant General Manager of Pepsi Cola Factories in the Kingdom.</p> <p>Chief Financial Officer of Al-Jomaih Group for the Packaging and Manufacture of Metal Cans.</p> <p>2006: Until now CEO of Qassim Cement.</p> <p>In addition to membership of boards of directors and committees of listed and closed joint stock companies.</p>

### C. The Jobs, Qualifications and Experience of Current and Former Committees' Members (From outside the Board of Directors):

Member's Name	Current Job	Past Job	Qualifications & Experiences
<b>Mr. Fawzi Bin Ibrahim Al Habib</b> (Member of the Audit Committee - Outside the Board)	Retired	Head of Internal Audit at the Capital Market Authority	Holds a bachelor's degree in accounting - King Abdulaziz University. Passed the American Association of Chartered Accountants (CPA) Fellowship He has worked at the accounting firm Ernst & Young for more than three years. Chief Internal Auditor at Arab Bank for 9 years. Worked at the Capital Market Authority as the Head of Enforcement Department for 9 years, then Chief Internal Auditor for 3 years.
<b>Dr. Abdullah Bin Abdulrahman Al Buraidi</b> (Member of the Audit Committee - Outside the Board)	University Visiting Professor	Professor of Management and Organizational Behavior / Section of Business Administration / Faculty of Economics and Management / Qassim University	He holds a PhD in Business Administration 2003 (University of Manchester, UK) University teaching for 26 years, in addition to academic and research work for more than 20 years Management and organizational consultancy for 15 years. SOCPA Professional Accounting Certificate.
<b>Dr. Fahad Bin Musa Al Zahrani</b> (Member of the Nomination and Remuneration Committee)	Retired	Senior Vice President of Human Resources at Etihad Etisalat (Mobily)	He holds a Ph.D. in Electrical Engineering and Computers in 1996 (University of Colorado, USA) An academic and research work for more than seven years, after which he moved to the private sector as a Nationalization Consultant for Ericsson Global Communications Group for four years, and then moved to work at Mobily to be included in several positions to reach the position of Senior Vice President of Human Resources for five years, and then moved to work as a Consultant for CEO at Al-Bilad Bank, before retiring in 2017 Currently serves as a member of a number of nomination and remuneration Committees in several companies.

### D. Current and Past Executive Management Jobs, Qualifications and Experience

Member's Name	Current Job	Past Job	Qualifications & Experiences
<b>Mr. Ghassan Abdulhalim Nofale</b>	Chief Support Officer	Organizational Capability Advisor	He holds a Bachelor degree in Business Administration, an advisor and lecturer accredited by several international organizations, worked as senior executive of the Middle East and North Africa Region of Towers Watson Consulting. Incorporated into a number of leading international consulting houses around the world, with more than 25 years of experience.
<b>Eng. Saad bin Abdulrahman Albalhi</b>	Technical Advisor	General Manager of the Agricultural Sector / Awqaf Al-Rajhi	He holds a Bachelor degree in chemical engineering, and was one of the first to join the Graduate Development Program at QCC, he worked in the Production Department, after which he was involved in a number of supervisory and leadership positions, all the way to the Plant Director, then he worked for Al-Rajhi Endowment for three years, and rejoined QCC again recently bringing nearly 25 years of experience.



Member's Name	Current Job	Past Job	Qualifications & Experiences
<b>Mr. Ibrahim bin Saeed Al Qahtani</b>	HR Manager	HR Services Chief	Holds a Bachelor of Science in Geology, worked for Saudi Oger Company, then moved to QCC in 2006 as a supervisor for the Human Resources Services Section, then joined the Leadership Development Program, and in 2016 he was promoted to the position of Human Resources Manager, with more than twenty years of practical experience.
<b>Mr. Masood Hamid Amin Ahmed</b>	CFO (Acting)	Head of Shareholder and Cash Management Department	Holds a bachelor's degree in accounting from Helwan University - Egypt, and holds a high diploma in costing from Assiut University - Egypt. He worked for the Assiut Cement Company (CEMEX Egypt) for eight years, before joining Qassim Cement company in 1992, with accumulated experience more than thirty-eight years in accounting and finance at cement sector.

**E. The Names of Companies Inside or Outside the Kingdom where the Member of the Company's Board of Directors is a member of its current or Previous Board of Directors or Manager:**

Member's Name	Companies in which a Board member is a member of their current Board or manager	Inside/Outside KSA	Legal Entity	Companies in which a Board member is a member of their previous Board or manager	Inside/Outside KSA	Legal Entity
<b>Dr. Mohamed bin Nasir Al Dawood</b> (Chairman)	- Arcelor Metal Tubeler Products Company, Jubail	Inside KSA	Closed Joint Stock	-	-	-
	- Saudi International Ports Company	Inside KSA	Limited liability	-	-	-
	- Arab Company for Industrial Fibers (Bin Rushd)	Inside KSA	Limited liability	-	-	-
<b>Eng. Muteb Bin Mohammed Al-Shathri</b> (Vice Chairman)	- Saudi Ceramic Company	Inside KSA	Public Joint Stock	-	-	-
	- Deba Co., Ltd	Outside KSA	Public Joint Stock	-	-	-
	- Innovative Energy Holding Company	Inside KSA	Public Joint Stock	-	-	-
	- The Saudi Egyptian Company for Investments	Outside KSA	Closed Joint Stock	-	-	-
	- Tourism Development Company	Outside KSA	Closed Joint Stock	-	-	-
	- Capital Bank	Outside KSA	-	-	-	-
<b>Mr. Tariq Bin Khaled Al Marshoud</b> (Board Member)	-	-	-	-	-	-
<b>Mr. Osama Bin Nasir Al-Saif</b> (Board Member)	-	-	-	Resan Real Estate	Inside KSA	Closed Joint Stock



Member's Name	Companies in which a Board member is a member of their current Board or manager	Inside/Outside KSA	Legal Entity	Companies in which a Board member is a member of their previous Board or manager	Inside/Outside KSA	Legal Entity
<b>Mr. Abdulrahman bin Mohamed Al Rawwaf</b> (Board Member)	- The Saudi Investment Bank	Inside KSA	Public Joint Stock	-	-	-
	- The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF)	Inside KSA	Public Joint Stock	-	-	-
<b>Mr. Saad Bin Ibrahim Al Moshaweh</b> (Board Member)	- Bank AlJazira	Inside KSA	Public Joint Stock	Aljazira Takaful	Inside KSA	Public Joint Stock
	- Maan Al Jasser & Co	Inside KSA	Limited Liability	-	-	-
	- Abdullah AlOthaim Co	Inside KSA	Public Joint Stock	-	-	-
<b>Eng. Ahmed Bin Saleh Al Sultan</b> (Board Member)	-	-	-	-	-	-
<b>Dr. Ghazi bin Abdulrahim Al Rawi</b> (Board Member)	- Banque Saudi Fransi	Inside KSA	Public Joint Stock	- Saudi Ports Authority	Inside KSA	Government Authority
	- MATARAT Holding	Inside KSA	Close Joint Stock	- Saudi Fransi Capital	Inside KSA	Close Joint Stock
	- Riyadh Airports Company	Inside KSA	Limited Liability	- National Medical Care Company	Inside KSA	Public Joint Stock
	- Valuegate Investments Company	Inside KSA	Limited Liability	- Sanabil Investment Company	Inside KSA	Close Joint Stock
	- Ithmar Taiba	Inside KSA	Limited Liability	- L'azurde Company	Inside KSA	Public Joint Stock
	- Green Oasis Hotel Company	Inside KSA	One Person Company	- Tadrees Holding Company	Inside KSA	Limited Liability
	- Valuegate Investments International	Outside KSA	Limited Liability	-	-	-
	- Valuegate Astro SPV1	Outside KSA	Limited Liability	-	-	-
<b>Eng. Omar Bin Abdullah Al Omar</b> (CEO & Board Member)	- Al Watania Poultry	Inside KSA	Close Joint Stock	- The Saudi Pharmaceutical Industries and Medical supplies Appliances Corporation (SPIMACO)	Inside KSA	Public Joint Stock
	- Charity Orphans Care Foundation (Ekhaa)	Inside KSA	Charity	- Hail Agriculture Development Co. (HADCO)	Inside KSA	Public Joint Stock

## F. The Actions Taken by the Board of Directors to Inform its Members, particularly non-executives, of the Shareholders' Suggestions and Observations about the Company and its Performance.

At the first meeting of the Board of Directors, the Chairman informs the members of the Board of Directors, especially the non-executive members, of the shareholders' suggestions and observations about the company and its performance.



## Statement of Board of Directors Meetings for 2022

S.	Meeting No. & Date	Meeting (218) (Virtual) 13/01/2022	Meeting (219) (Buraydah) 08/02/2022	Meeting (220) (Riyadh) 17/05/2022	Meeting (221) (Virtual) 24/09/2022	Meeting (222) (Riyadh) 04/10/2022	Meeting (223) (Riyadh) 21/11/2022	Meeting (224) (Virtual) 28/12/2022
	Member's name							
1	Dr. Mohamed bin Nasir Al Dawood (Chairman)	√	√	√	√	√	√	√
2	Eng. Muteb Bin Mohammed Al Shathri (Vice Chairman)	√	√	√	√	√	√	√
3	Mr. Tariq Bin khaled Al Marshoud (Board Member)	√	√	√	√	√	√	√
4	Mr. Osama Bin Nasser Al Saif (Board Member)	√	√	√	√	√	√	√
5	Mr. Abdulrahman bin Mohamed Al Rawwaf (Board Member)	√	√	√	√	√	√	√
6	Mr. Saad Bin Ibrahim Al Moshaweh (Board Member)	√	√	√	√	√	√	√
7	Eng. Ahmed Bin Saleh Al Sultan (Board Member)	√	√	√	√	√	√	√
8	Dr. Ghazi bin Abdulrahim Al Rawi (Board Member)	√	√	√	√	√	√	√
9	Eng. Omar Bin Abdullah Al Omar (CEO & Board Member)	√	√	√	√	√	√	√

Attended √ Absent X

### G. The Means by Which the Board of Directors Has Relied to Evaluate its Performance and that of its Committees and Members, and the External Body that has Assessed and its Relationship with the Company, if any.

The Board of Directors' performance is assessed in accordance with the Corporate Governance Code. The Nominations and Remuneration Committee determines and evaluates the weaknesses and strengths of the Board of Directors, and proposes to address them in accordance with the company's interest.

### H. Disclosure of the Remuneration of Board Members and Executive Management as stipulated in Article 93 of the Corporate Governance Code.

The following is the text of the Remuneration Policy for the members of the board, the members of its committees and executive management:

#### Policy Objectives

This policy aims to:

- establish the criteria related to the performance of board members, board committees and executive management.
- disclosure of the policy, and the actual payments.
- establish a mechanism to verify the implementation of the policy to ensure the principle of transparency in dealing.

- D. identify the methodology for setting goals and expectations for the results of the Board's work and the roles assigned to the members, and then identify the criteria used to evaluate performance.
- E. review the corrective procedures applied by the Board of Directors, to review the effectiveness of the performance of executive management and how to address any failures or weaknesses that are detected.

### Scope of Policy Implementation

The policy applies to:

- A. Members of the Board of Directors.
- B. Members of the Board committees.
- C. External board members.
- D. Executive Management, five of the highest-paid executives in the company, including the CEO and CFO.

### Board of Directors, Board Committees, and Senior Executives Remuneration Policy

Members of the Board of Directors, committees of the Board and executive management are entitled to awards on the basis of this policy and in accordance with the standards and controls of remuneration of board, its committees and executive management, and the related contracts and obligations. The Nominations and Remuneration Committee reviews the relationship between the awards granted and the applicable remuneration policy. The Committee shall indicate any fundamental deviation in actual practices from this policy and related contracts. The Board of Directors rewards its board members, its committees and senior executives in accordance with the policy adopted. Such remuneration may be a certain amount of money or attendance allowance for meetings or in-kind benefits, and two or more of these benefits may be combined.

The reward is paid based on the percentage of the board member or committee attendance of the meetings scheduled during the fiscal year, accepting the absence of one meeting per year for the member of the Board meetings as well as one meeting of the committees per year.

### Remuneration criteria for Board Members, its Committees and Executive Management

The following criteria are taken into account when approving the remuneration of board members, board committees and executive management:

- A. The rewards should be fair and proportionate to the members' competences, executive management actions and responsibilities, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
- B. The rewards should be based on the recommendation of the Nominations and Remuneration Committee.
- C. The Nomination and Remuneration Committee may find a mechanism to link part of the variable remunerations to the company's overall and partial performance in the medium and long term, and to use this as a tool to attract, maintain and motivate professional competencies.
- D. The remunerations should be determined based on the level of the job, the tasks and responsibilities of the incumbent, the scientific qualifications, the practical experience, and the skills needed to perform the tasks.
- E. The rewards should be consistent with the size, nature and degree of risk of the company.
- F. Taking into account the practices of other companies in determining remuneration, while avoiding the resulting unjustified increase in rewards and compensation.
- G. The Board of Directors may stop the disbursement or recovery of the bonus, if it is found to have been decided on the basis of inaccurate information provided by a member of the Board of Directors or executive management, in order to ensure that the employment status is not exploited to obtain undue rewards.



## Board of Directors and its Committees Remuneration Controls

In any case, the total amount of bonuses and financial or in-kind benefits received by the board member does not exceed 500,000 riyals per year, in accordance with the regulations issued by the competent authority, except for the executives.

## Members of The Board of Directors and its Committees are entitled to the following Remunerations

1. The board member is entitled to an annual bonus of SAR 200,000, in accordance with the company's rules for the disbursement of bonuses.
2. The Chairman of the Board of Directors deserves a special reward for his duties as Chairman of the Board of Directors amounting to 200,000 riyals per year.
3. A member of any of the committees of the Board of Directors (Executive Committee, Nominations and Remuneration Committee, Audit Committee or any other committee formed by the Board) is entitled to a sum of 100,000 riyals per year for its membership in each individual committee.
4. In lieu of attending the board meeting, the board member is entitled to SR 3,000 for each session.
5. In lieu of attending a meeting, the committee member is entitled to a sum of 4,000 riyals for each meeting of the Audit Committee and the Nominations and Remuneration Committee.
6. In lieu of attending a meeting, the member of the Executive Committee is entitled to 5,000 riyals for each meeting of the Committee.

## Executive Management Bonus

For executive management, the Nomination and Remuneration Committee reviews the salary scale of all employees and senior executives, and the incentive programs and plans are continuously approved, on the recommendation of the Executive Management, in addition to any contractual obligations, and the executive management rewards include :

- Base salary (paid at the end of each calendar month on a monthly basis).
- Allowances that include, but are not limited to, housing allowance, transportation allowance, telephone allowance or any other allowances that are contractually approved or approved by the Committee.
- Medical insurance benefits for executives and their families.
- An annual reward linked to performance indicators, in accordance with the annual assessment and the approval of the holder of the authority.
- Short-term incentive plans associated with exceptional performance, and long-term incentive plans such as equity options programs (where any).
- Other benefits include, but are not limited to, annual leave, annual travel tickets, end-of-service benefits according to the Labor Law and human resources policy approved by the company, and any other benefits adopted by the holder of the authority.
- General plans, programs and guidelines for senior executive awards are approved by the Nomination and Remuneration Committee.
- The CEO implements the remuneration policy for employees and senior executives in the light of the general plans, programs and guidelines approved by the Nomination and Remuneration Committee.

### Stop or Recover the Reward:

This is done according to the following situations:

1. The company will recover the reward, if it is found that the award was determined on the basis of inaccurate information provided by a member of the Board of Directors or executive management.
2. The company ceases the payment of the remuneration, if there is a doubt before the remuneration is paid, that the reward was determined on the basis of inaccurate information provided by a member of the Board of Directors, Board Committee Members and/or Executive Management.

### I. The Relationship between the Remuneration Granted and the Applicable Remuneration policy, and the Statement of any Fundamental Deviation from the Policy:

The Nomination and Remuneration Committee examines the relationship between the remunerations awarded and the applicable remuneration policy, and also examines deviations from this policy. The Committee did not find any deviation from the policy.



## Second: Board Committees and Audit Committee:

### A. Executive Committee:

It is a subsidiary committee of the Board of Directors, acting in accordance with its authorities included in the committee's regulation and the directory of the company's approved authority matrix. The Executive Committee currently consists of the Committee is currently composed of (5) five members appointed by the Board of Directors, and the term of their membership is determined so that this period does not exceed the term of membership in the Board of Directors.

#### Members of the Committee:

1	Dr. Mohamed bin Nasir Al Dawood	Chairman	Non-Executive
2	Eng. Muteb Bin Mohammed Al Shathri	Member	Non-Executive
3	Mr. Saad Bin Ibrahim Al Moshaweh	Member	Independent
4	Dr. Ghazi bin Abdulrahim Al Rawi	Member	Independent
5	Eng. Omar Bin Abdullah Al Omar	Member	Executive

#### Scope of the Committee's Work

- The Committee exercises its powers contained in the company's approved authority matrix.
- Holding periodic meetings to study the new work and constraints, and propose appropriate solutions to them. The Committee shall raise to the Board of Directors issues that require a decision by the Board of Directors.
- Field visits to the factory whenever required.
- Reviewing the studies, reports and presentations submitted to the Committee, and make recommendations to the management of the company and the Board of Directors to improve and develop the business.
- Guide the commercial sector, identify sales incentive frameworks and follow up sales activity.
- Directing the company's cash investment strategy and defining the business model.
- Supervising the selection of investment managers and monitoring the performance of investment portfolio.
- Supervising the risk management for the investments related issues.
- Carrying out the tasks and competences that the Board considers to be mandated by the Committee.

#### Statement of Executive Committee Meetings for 2022

S.	Meeting No. & Date Member's Name	Meeting (310) (Riyadh) 03/02/2022	Meeting (311) (Virtual) 19/04/2022	Meeting (312) (Virtual) 26/04/2022	Meeting (313) (Riyadh) 27/07/2022	Meeting (314) (Virtual) 02/11/2022	Meeting (315) (Virtual) 22/12/2022
1	Dr. Mohamed bin Nasir Al Dawood	√	√	√	√	√	√
2	Eng. Muteb Bin Mohammed Al-Shathri	√	√	√	√	√	√
3	Mr. Saad Bin Ibrahim Al Moshaweh	√	√	√	√	√	√
4	Dr. Ghazi bin Abdulrahim Al Rawi	√	√	√	√	√	√
5	Eng. Omar Bin Abdullah Al Omar	√	√	√	√	√	√

Attended √ Absent X



## B. Nomination and Remuneration Committee:

It is a subsidiary committee of the Board of Directors, acting in accordance with its authorities included in the committee's regulation and the company's approved authority matrix, with no less than three members and no more than five members. The Committee currently consists of (3) three members appointed by the Board of Directors who determines the duration of their membership so that this period does not exceed the term of the Board of Directors.

### Members of the Committee:

1	Mr. Abdulrahman Bin Mohamed Al Rawwaf	Chairman	Independent
2	Mr. Tariq Bin khaled Al Marshoud	Member	Non-Executive
3	Dr. Fahad Bin Mousa Al-Zahrani	Member	From outside the Board

### Scope of the Committee's Work

The Committee exercises its authorities in accordance with the requirements of the Corporate Governance Code and the company's approved Authority Matrix.

### Tasks and Responsibilities of the Committee

The competences of the Nomination and Remuneration are:

- Proposing clear policies and criteria for membership in the Board of Directors and executive management.
- Recommending to the Board of Directors to nominate and re-nominate its members in accordance with the policies and standards adopted, taking into account that no one who has been convicted of a crime against the secretariat has been nominated.
- Preparing a description of the capabilities and qualifications required for board membership and executive management positions.
- Determining the time a member must allocate to the work of the Board of Directors.
- Annual review of the needs for appropriate skills or expertise for board membership and executive management functions.
- Reviewing the board structure and executive management and make recommendations on changes that can be made.
- Annual verification of the independence of independent members, and no conflict of interest if the member is a member of the Board of Directors of another company.
- Developing a job description of executive board members, non-executives, independents and executive management.
- Developing special procedures in the event that the position of a board member or senior executive is vacant.
- Identify weaknesses and strengths in the board of directors or senior executives.
- Proposing performance evaluation standards and mechanism for the board, its members, company committees and executive management.
- Reviewing and evaluate the performance of its functions and responsibilities at least once a year, with the results of the evaluation being sent with suggestions to improve its effectiveness to the Board.
- Preparing a clear policy for the remuneration of board members, its committees and executive management, and submit them to the Board for consideration for adoption by the General Assembly, with performance-related standards, disclosure and verification of performance.
- Clarifying the relationship between the bonuses awarded and the applicable remuneration policy, and indicate any fundamental deviation from this policy.
- Periodic review of the remuneration policy and assess its effectiveness in achieving its objectives.
- Recommending to the Board of Directors the rewards of board members, committees and senior executives of the company in accordance with the policy adopted.
- Supervising the management succession plans of the executive management at the company level.
- Other additional tasks assigned by the Board.



## Statement of Nomination & Remuneration Committee meetings for 2022

S.	Member's Name	Meeting No. & Date	Meeting (42) (Riyadh) 27/02/2022	Meeting (43) (Riyadh) 22/06/2022	Meeting (44) (Virtual) 24/10/2022	Meeting (45) (Virtual) 14/12/2022
1	Mr. Abdulrahman Bin Mohamed Al Rawwaf		√	√	√	√
2	Mr. Tariq Bin khaled Al Marshoud		√	√	√	√
3	Dr. Fahad Bin Mousa Al-Zahrani		√	√	√	√

Attended √ Absent X

### C. Audit Committee:

It is a committee formed by a resolution of the General Assembly of shareholders of the Company, which operates in accordance with its authorities included in the Committee's regulation and the approved authority matrix, with a minimum number of members of the three and not more than five.

The Audit Committee consists of (4) four members, (2) two of them are members of the Board of Directors, and the other two members are from outside the Board.

#### Members of the Committee:

1	Mr. Saad Bin Ibrahim Al Moshaweh	Chairman	Independent
2	Mr. Tariq Bin Khaled Al Marshoud	Member	Non-Executive
3	Dr. Abdullah Bin Abdulrahman Al Buraidi	Member	From outside the Board
4	Mr. Fawzi Bin Ibrahim Al Habib	Member	From outside the Board

### Scope of the Committee's Work

Without any restrictions, the audit committee may:

- review the Company's records and documents.
- request any clarification or statement from the Board members or the Executive Management.
- request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages.

### Tasks and Responsibilities of the Committee

The audit committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following :

#### 1. Financial Reports:

- analyzing 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;
- 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;
- analyzing any important or non-familiar issues contained in the financial reports;
- 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;
- examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

## 2. Internal Audit:

- examining and reviewing the Company's internal and financial control systems and risk management system.
- analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an internal auditor.
- 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.

## 3. External Auditor:

- 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.
- verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- 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.
- responding to queries of the Company's external auditor.
- reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

## 4. Ensuring Compliance:

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

### Statement of Audit Committee Meetings for 2022

S.	Meeting No. & Date Member's Name	Meeting (94) (Virtual) 27/02/2022	Meeting (95) (Virtual) 27/04/2022	Meeting (96) (Virtual) 15/08/2022	Meeting (97) (Virtual) 03/11/2022
1	Mr. Saad Bin Ibrahim Al Moshaweh	√	√	√	√
2	Mr. Tariq Bin Khaled Al Marshoud	√	√	√	√
3	Dr. Abdullah Bin Abdulrahman Al Buraiddi	√	√	√	√
4	Mr. Fawzi Bin Ibrahim al Habib	√	√	√	√

Attended √ Absent X



### Third: Ownership of the Board of Directors and Senior Executives of the company's shares

Qassim Cement Board of Directors consists of natural members representing themselves, and legal members. The total shares of the Chairman, natural members and senior executives are as following:

#### Member's Ownership:

Member's Name	Title	Remarks	Number of Shares		Change	Change as %
			Beginning of the year	End of the year		
Dr. Mohamed bin Nasir Al Dawood	Chairman	PIF	21,019,080	21,019,080	-	0%
Eng. Muteb Bin Mohammed Al-Shathri	Vice Chairman					
Mr. Tariq Bin Khaled Al Marshoud	Member	GOSI	12,237,913	4,455,000	(7,782,913)	(63.6%)
Mr. Osama Bin Nasser Al Saif	Member					
Mr. Abdulrahman bin Mohamed Al Rawwaf	Member	Personal	100	100	-	0%
Mr. Saad Bin Ibrahim Al Moshaweh	Member	-	-	-	-	0%
Eng. Ahmed Bin Saleh Al Sultan	Member	-	-	-	-	0%
Dr. Ghazi bin Abdulrahim Al Rawi	Member	Personal	10	10	-	0%
Eng. Omar Bin Abdullah Al Omar	CEO & member	Personal	1,000	1,000	-	0%

Important: The Company has no debt instruments.

#### Ownership of Relatives of Board Members:

There is no ownership of relatives of board members, except for what is mentioned above.

#### Ownership of Senior Executives, their Wives and their Children:

Member's Name	Title	Remarks	Number of Shares		Change	Change as %
			Beginning of the year	End of the year		
Mr. Ghassan Abdulhalim Nofale	CSO	Personal	2,000	2,000	-	0%

#### Remuneration of the Board of Directors Members and Senior Executives:

The company pays to members of the Board of Directors expenses for attending meetings and annual remuneration in compliance with the bylaw and remuneration policy, the company paid during the year 2022 (for the fiscal year 2021 dues) an amount of 3,713,110 SAR, represents the following:

- SAR 2,824,110 as annual remuneration for BOD membership in the Board and the board committees;
- SAR 200,000 as audit committee members from outside the board;
- SAR 200,000 as nominations and remuneration committee member from outside the board; and
- SAR 489,000 as allowances for attending the board and committees' meetings during the year 2021.

The following is the total dues of the Board of Director's members for the year 2022 and the actual payments made during the year 2022 for five of the senior executives (including the CEO and CFO) .

### Due Remuneration for the Board of Director Members:

Description	Fixed Remuneration						
	Annual remuneration	Allowance for attending Board Meetings	Allowance for attending Board Committee Meeting	In-Kind Benefits	Rewards against technical administrative and advisory work	Special Remuneration for the Chairman, or Managing Director or the Secretary, if he is a board member	Total
(A) Independent Board of Directors Members:							
Mr.Saad Bin Ibrahim Al Moshaweh	200,000	21,000	46,000	-	-	-	267,000
Eng. Ahmed Bin Saleh Al Sultan	200,000	21,000	-	-	-	-	221,000
Mr. Abdulrahman bin Mohamed Al Rawwaf	200,000	21,000	16,000	-	-	-	237,000
Dr. Ghazi bin Abdulrahim Al Rawi	200,000	21,000	30,000	-	-	-	251,000
Sub Total (A)	800,000	84,000	92,000	-	-	-	976,000
(B) Non-Executive Board of Directors Members:							
Dr. Mohamed bin Nasir Al Dawood	200,000	21,000	30,000	-	-	200,000	451,000
Eng. Muteb Bin Mohammed Al Shathri	200,000	21,000	30,000	-	-	-	251,000
Mr. Tariq Bin Khaled Al Marshoud	200,000	21,000	32,000	-	-	-	253,000
Mr. Osama Bin Nasser Al Saif	200,000	21,000	-	-	-	-	221,000
Sub Total (B)	800,000	84,000	92,000	-	-	200,000	1,176,000
(C) Executive Board of Directors Members:							
Eng. Omar Bin Abdullah Al Omar	200,000	21,000	30,000	-	-	-	251,000
Sub Total (C)	200,000	21,000	30,000	-	-	-	251,000



### Statement of Remuneration for Members of the Board Committees:

Description	Fixed bonuses (Except the allowance for attending the meetings)	allowance for attending the meetings	Total
<b>Audit Committee Members:</b>			
Mr.Saad Bin Ibrahim Al Moshaweh	100,000	16,000	116,000
Mr. Tariq Bin Khaled Al Marshoud	100,000	16,000	116,000
Dr. Abdullah Bin Abdul Rahman Al Buraidi (from outside the board)	100,000	16,000	116,000
Mr. Fawzy Bin Ibrahim Al Habib (from outside the board)	100,000	16,000	116,000
<b>Total</b>	<b>400,000</b>	<b>64,000</b>	<b>464,000</b>
<b>Members of the Nomination and Remuneration Committee:</b>			
Mr. Abdulrahman bin Mohamed Al Rawwaf	100,000	16,000	116,000
Mr. Tariq Bin Khaled Al Marshoud	100,000	16,000	116,000
Dr. Fahad Bin Mosa Al Zahrani	100,000	16,000	116,000
<b>Total</b>	<b>300,000</b>	<b>48,000</b>	<b>348,000</b>
<b>Executive Committee Members:</b>			
Dr. Mohamed bin Nasir Al Dawood	100,000	30,000	130,000
Eng. Muteb Bin Mohammed Al Shathri	100,000	30,000	130,000
Eng. Omar Bin Abdullah Al Omar	100,000	30,000	130,000
Mr.Saad Bin Ibrahim Al Moshaweh	100,000	30,000	130,000
Dr. Ghazi bin Abdulrahim Al Rawi	100,000	30,000	130,000
<b>Total</b>	<b>500,000</b>	<b>150,000</b>	<b>650,000</b>

### Payments to Five Senior Executives including the CEO and Finance Director:

Description	The rewards of the five top executives who received the highest remuneration and compensation
<b>Salaries and compensation</b>	6,583,256
<b>Allowances</b>	1,955,608
<b>Periodic and annual bonuses and incentive plans</b>	4,152,207
<b>Total</b>	<b>12,691,071</b>

**Fourth: A statement of the dates of the shareholders' general assembly's held during the last fiscal year, and the names of the board of director members attending those general assemblies:**

Serial	Name	The Forty-eight Ordinary General Assembly on 23/03/2022 (Virtual)
1	Dr. Mohamed bin Nasir Al Dawood (Chairman, PIF)	√
2	Eng. Muteb Bin Mohammed Al Shathri (Vice Chairman, PIF)	√
3	Mr. Tariq Bin Khaled Al Marshoud (GOSI)	√
4	Mr. Osama Bin Nasser Al Saif (GOSI)	√
5	Mr. Abdulrahman bin Mohamed Al Rawwaf	√
6	Mr. Saad Bin Ibrahim Al Moshaweh	√
7	Eng. Ahmed Bin Saleh Al Sultan	√
8	Dr. Ghazi bin Abdulrahim Al Rawi	√
9	Eng. Omar Bin Abdullah Al Omar (CEO)	√

Attended √ Absent X

**Fifth: the number of the company's requests for the shareholders' register, dates and reasons for those requests:**

The number of company requests for shareholder register	Date	Reason of request
1	17/01/2022	Company's Procedures
2	14/02/2022	Dividends File
3	20/03/2022	General Assembly
4	23/05/2022	Dividends File
5	27/09/2022	Dividends File
6	27/11/2022	Dividends File
7	31/12/2022	Company's Procedures



## Sixth: Acknowledgement of the Board of Directors:

The Board of Directors of Qassim Cement, in accordance with the information available to it and based on the company's auditor's report and current market data, as well as future indicators, recognizes the following:

1. The account records are properly prepared.
2. The internal control system was well-founded and effectively implemented.
3. There is no doubt about the company's ability to continue its activity.
4. In compliance with the law and Rules on the Offers of Securities and Continuing Obligations, there are no sanctions, precautionary measure or reserve restrictions, imposed on the company by the CMA or any other supervisory, regulatory or judicial body, except as stated in the eighteenth paragraph below.
5. The company's financial statements were prepared in accordance with the accounting standards approved by the Saudi Organization for chartered and Professional Accountants.
6. There is no interest in the category of shares with the right to vote belonging to persons (except for the disclosure of board members, senior executives and their relatives) who have informed the company of these rights during the year 2022.
7. There is no interest, contractual securities and underwriting rights belonging to members of the Board of Directors, senior executives and their relatives, in the shares or instruments of the company's debt, except as stated in the third paragraph above.
8. There are no categories and numbers of any convertible debt instruments and any contractual securities, right-to-subscription notes or similar rights issued or granted by the Company during fiscal year 2022.
9. There is no transaction between the company and a relationship party.
10. There are no businesses or contracts to which the Company is a party, or in which it is in the interest of a member of the Board of Directors, the CEO, the CFO or any person associated with any of them.
11. There are no transfer rights or underwriting under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the Company.
12. There is no refund, purchase or cancellation by the Company, for any refundable debt instruments.
13. There are no arrangements or agreements, under which a board member or a senior company executive waives any salary or compensation.
14. There are no arrangements or agreement, under which a shareholder waives any rights to profits.
15. There are no other investments or reserves created for the benefit of the company's employees.
16. There are no shares or debt instruments issued to a subsidiary, as the company does not own a subsidiary.
17. The company has no loans.
18. The company does not have retained treasury shares.

### **Seventh: Conflict between the Audit Committee and the Board, or Rejected Recommendations Related to Appointment or Dismissal of the Company's Auditor, Determination of its fees, Evaluation of its Performance or Appointment of the Internal Auditor, and Justifications for Such Conflicts If Any.**

There are no recommendations from the Audit Committee that conflict with board decisions, or which the Board has rejected to consider in relation to the appointment or dismissal of the Company's Auditor, determination of its fees, evaluation of its performance or the appointment of the Internal Auditor.

### **Eighth: Any penalties, fines, precautionary measure or precaution restrictions imposed on the company by the Capital Market Authority or any other supervisory, regulatory or judicial authority.**

During the year 2022, the company paid an amount of SAR 10 mn, representing a penalty based on the decision of the Committee for Adjudication of Competition Law Violations. However, the company's management took the necessary actions to submit an objection regarding this decision in front of the Administrative Court. The Company's Management, supported by its Legal Advisor, believes that the previous decision is not final.





## Chapter Two

## Planning, Performance and Sustainability

02





## First: Strategy and Action Plan:

Growth and Sustainability are key underlying themes of QCC's Strategy for 2030. The company has embarked on a strategic transformation program which includes sustainability and revenue growth at its foundation. The strategy aims to build new capabilities and ensure sustainable growth amidst a volatile operating environment, while committing to the Saudi Vision 2030 objectives of a competitive and thriving industrial sector.

In response to the volatile environment and the challenges of the next decade, QCC's strategy has a relentless focus on market share growth through the organic as well as inorganic route, investing in energy and operational efficiency through technological enhancements, and focus on the sustainability of our operations and the environment. With the focus on Green Cement and de-carbonization, QCC is well prepared to meet the requirements of the Governments ambitious Giga Projects and social development goals of Vision 2030. QCC is also investing in its organizational pillars of people and process to help navigate the new developments and ensure we are steadfast in the implementation of our strategy through a culture of accountability and high institutional performance.

QCC will continue efforts next year to accelerate the implementation of our strategy which will result in long term superior returns for shareholders, enhanced customer experience and employee engagement. We are committed to be an industry champion and an employer of choice in KSA.

## Second: Production:

### Clinker Production:

All kilns were operated during 2022, and with the stable level of demand, the clinker stock decreased to approximately to 1.8 million tons.

### Cement Production:

Cement production continued during 2022 at the same level as the previous year, with a stable level of demand compared to the year 2021.

## Third: Financial performance:

By reviewing the company's financial statements for the year ending 12/31/2022, which were reviewed and audited by KPMG Professional Services, its represent the following:





### Assets and liabilities during the last five years (in thousand SAR):

Serial	Description	2022	2021 (Restated)	2020	2019	2018
1	Current Assets	1,133,528	1,207,529	1,261,397	1,145,735	1,076,736
2	Current Liabilities	204,972	232,256	252,107	225,961	219,709
3	Working Capital	928,556	975,273	1,009,290	919,774	857,027
4	Other Long Term Assets	245,058	206,532	185,803	183,730	50,014
5	Fixed Assets	547,842	605,902	668,069	727,206	771,937
6	Total Assets	1,926,428	2,019,963	2,115,268	2,056,671	1,898,688
7	Other Liabilities	56,679	55,528	54,073	46,562	41,542
8	Total Liabilities	261,651	287,784	306,180	272,523	261,251
9	Paid-Up Capital	900,000	900,000	900,000	900,000	900,000
10	Reserves and Retained Earnings	764,777	832,179	909,088	884,148	737,436
11	Shareholders' Equity (No Minority Interests)	1,664,777	1,732,179	1,809,088	1,784,148	1,637,436
12	Total Liabilities and Shareholders' Equity	1,926,428	2,019,963	2,115,268	2,056,671	1,898,688

### Business results for the last five years (in thousand SAR):

Serial	Description	2022	2021 (Restated)	2020	2019	2018
1	Revenue	678,456	722,798	898,422	791,793	425,729
2	Cost of Goods Sold	489,970	436,851	425,191	365,350	285,377
3	Gross Profits	188,486	285,947	473,231	426,443	140,352
4	G&A and S&D Total Expenses	46,593	29,546	50,953	46,454	28,468
5	Other income and expenses (net)	13,161	65,583	27,248	5,346	23,164
6	Zakat	24,541	30,112	29,691	24,600	14,250
7	Net Income (No Minority Interests)	130,513	291,872	419,835	360,735	120,798

### Operational results for year 2022 compared with year 2021 (in thousand SAR):

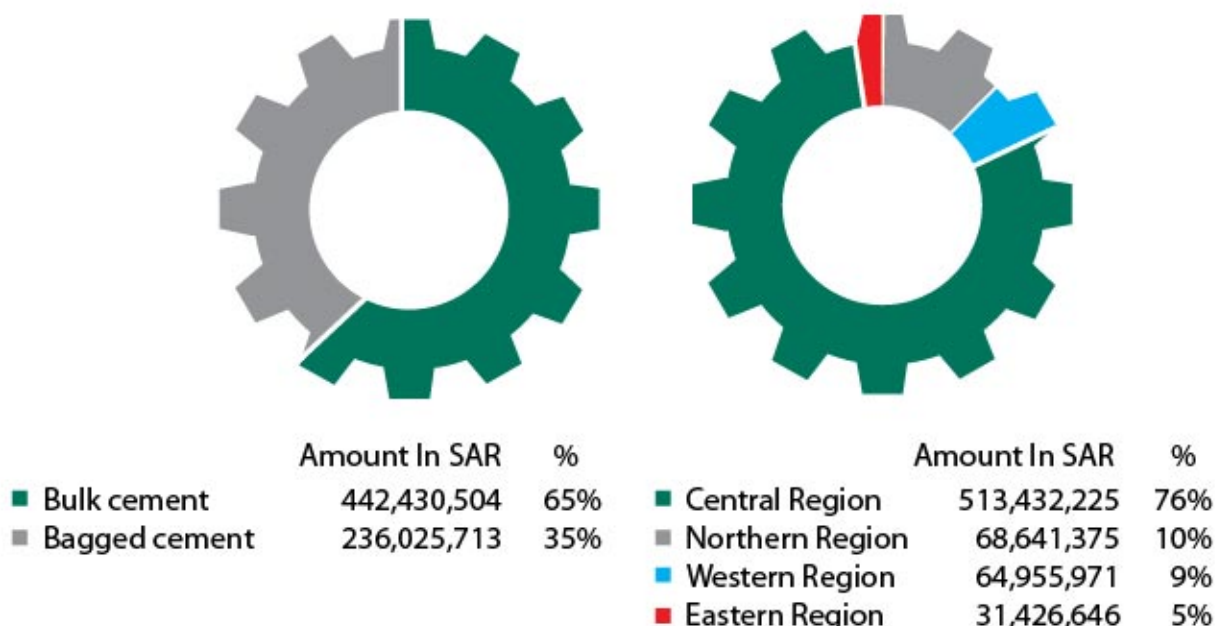
Serial	Description	2022	2021 (Restated)	Change	%
1	Revenue	678,456	722,798	(44,342)	(6.1%)
2	Cost of Goods Sold	489,970	436,851	53,119	12.2%
3	Gross Profits	188,486	285,947	(97,461)	(34.1%)
4	G&A and S&D Total Expenses	46,593	29,546	17,047	57.7%
5	Operational Income	141,893	256,401	(114,508)	(44.7%)
6	Other income and expenses (net)	13,161	65,583	(52,422)	(79.9%)
7	Zakat	24,541	30,112	(5,571)	(18.5%)
8	Net Income (No Minority Interests)	130,513	291,872	(161,359)	(55.3%)

## By Reviewing the Differences in the Operational Results Compared with the Previous Year Results, the following is Evident:

Qassim Cement Company achieved revenues amounted of 678.5 million SAR in the fiscal year 2022 compared to 722.8 million SAR for the fiscal year 2021, with a decrease percentage of (6.1%). On the other hand the company closed the fiscal year 2022 with an increase in the cost of goods sold with percentage of 12.2% compared with the year 2021. The net income after Zakat for the year 2022 decreased to 130.5 million SAR, compared with (291.9) million SAR for the year 2021, with a decrease percentage of (55.3%) due to the decrease in sales value and volume, in addition the increase in selling and distribution expenses, the increase in general and administrative expenses, the decrease in investment return, and the decrease in other income (net).

The profits from operations for the year 2022 amounted of 141.9 million SAR compared with amount of 256.4 million SAR for the year 2021, with a decrease percentage of (44.7%). Thus, earnings per share for the year 2022 amounted of (1.45) SAR compared to (3.24) SAR for the year 2021, with a decrease percentage of (55.2%).

### Commerical Sector and Sales Data



### Due Regular Payments:

#### Quarries fees

The company is subject to the mining investment law issued by Royal Decree No. M/47 dated 20/08/1425H, whereby an annual accrual is recorded to be paid to the Ministry of Industry and Mineral Resources in the following year.

#### Zakat

The company is subject to the regulations of the General Authority for Zakat, Tax and Customs Authority (ZATCA) in the KSA, whereby the amount of Zakat is recorded on accrual basis. The company has paid the due zakat for year 2021, and has obtained a certificate from (ZATCA) valid until 30-04-2023.

#### Value-Added Tax

The company is subject to the value-added tax (VAT) law issued by council of ministers' resolution no. 654 dated 01/11/1438H, the company filling its monthly VAT returns since the beginning of year 2018, and pays it on a monthly basis during the statutory period.



## GOSI Subscriptions

The company is subject to the social insurance system, the contributions of the General Organization for Social Insurance (GOSI) are recorded on accrual basis and pays it as per GOSI rules during the statutory period.

The following table shows the amounts of the regular payments paid during the year 2022 and the due amounts;

Description	Year 2022	
	Paid During the Year	Due by End of the Year
Quarries fees	38,163,751	21,725,816
Zakat	26,797,889	26,887,677
Value Added Tax	44,563,639	3,333,494
GOSI Subscriptions	6,593,087	558,682

## Fourth: Environment Sustainability, Occupational Health and Safety:

QCC is committed to the concept of sustainability towards its incubating environment, all its employees, customers, suppliers, the local community, shareholders and all those directly and indirectly related to its business; as the company places health, occupational safety, environment and sustainability axes at the top of its priorities to ensure continuity of development and growth in a manner that respects and cares for the environment for future generations. Main axes of environmental sustainability are as follows :

- Making the concept of environmental sustainability a major requirement when selecting raw materials and its processing.
- Preventing the use of any materials harmful to the environment in production processes and providing a more sustainable product.
- Preserving the biological diversity of natural resources.
- Launching the initiative of rationalizing energy consumption to the optimum level, whereby all the traditional lighting system has been replaced with modern energy-saving types in all the company's facilities.
- Preserving non-renewable resources such as water and working on reuse and recycling, as QCC treats sewage using the latest global technologies, and this water is used to irrigate trees and landscape.
- Contracting with companies licensed by the National Center for Monitoring Environmental Compliance to dispose of waste resulting from industrial processes by reusing or recycling waste through these companies.
- Reducing the use of dangerous chemicals and limiting their negative effects.
- Using the latest environmental technologies to reduce emissions of sulfur, nitrogen and carbon oxides.
- QCC invested, in the previous years, tens of millions in order to provide the latest environmental systems and equipment. For example: the system of monitoring and control of emissions from production processes was developed.
- QCC obtained the certificate of the new version of ISO 14001-2015 (Environmental Management System), which is an important achievement in enhancing the importance and prestige of environmental sustainability.
- The operational environmental license for Qassim Cement has been renewed by the National Center for Meteorology and Environmental Protection, in view of its full commitment to environmental protection and all the terms and conditions of the environmental license from the National Center
- QCC has been keen on periodic review of the used methods and continuous improvement of environmental performance on a regular basis in cooperation with the best advisory bodies and environmental laboratories.

- QCC is keen on advanced procedures in accordance with the highest international standards with regard to occupational safety and health to protect its employees and visitors from any harm.
- QCC has paid great attention to spreading awareness of occupational safety and health among its employees and all those involved in the company. It is also intense to develop and qualify its cadres to ensure the optimal application of safety procedures.

### Fifth: Social Responsibility:

QCC is committed to perform its social responsibility duties from religious, national and ethical perspectives. We strive for the offered programs to have positive and tangible benefits that impact both economic and social aspects consistent with the company's ambitions and our commitment towards our beloved country and the hosting region in various activities that achieve active participation in community service and charitable work. QCC seeks to establish and maintain strong and lasting relationships with society in accordance with the valued social responsibility policy.

Therefore, QCC continues to support and adopt projects and activities that serve the community. During this year, the most important activities were as follows:

- Donation to the Holy Quran Memorization Association in the region.
- Mobilizing our resources and people to support important causes and neediest groups and charities throughout the region.
- Supporting awareness programs throughout the establishment of educational programs aiming to raise awareness, such as the World Heart Day program, in partnership with the Health Qassim Cluster.
- Dissemination of culture and representing the region at local and regional levels by sponsoring cultural and scientific events, and providing support and sponsorship to local magazines and publications.
- Raising community awareness and maintaining the safety of individuals by supporting Civil Defence initiatives in the region.
- Sponsoring National events and providing the required support, such as sponsoring the Buraidah Summer Festival 1443.



## Sixth: Human Resources:

QCC is aware of the importance of investing in human capital, being the real asset and the most important success factor. Therefore, the Company works continuously and with great care to develop and evolve such a valuable resource by upskilling the team capabilities and attracting young qualified talent.

In-line with such framework QCC continues to apply the vocational development program from the perspective of optimizing performance and increase efficiency for Saudi technicians and operators by providing them with the necessary tools to upskill and improve their professional and technical capabilities and enrich their knowledge.

QCC has achieved continuous successes in developing its human capital by developing its staff, attracting talented professionals and raising the level of competence and performance of its national staff, refining their capabilities and developing their skills, enrolling them in continuous learning and training programs and providing them with the necessary tools to upgrade and improve their scientific and technical capabilities and enriching their knowledge. This target was achieved by providing a safe and stimulating work environment, which was reflected in the high level of professionalism of the work team which allowed them to meet challenges and overcome difficulties.

QCC believes in the goal of competent leaders in achieving "Vision 2030", and it has set one of its main goals from the nationalization program, which is reflected in its achieving the requirements of the nationalization programs recommended for the sector from the moment these programs were launched. The company continues its success in achieving the goal of maintaining the highest position -Platinum Band- according to the Nitaqat Program ratings.

Additionally QCC has obtained the certificate of "Great Place to Work" from one of the global assessment companies (GPTW), in which the employees reflected their loyalty and belief in their company and their love for the work environment. Thus, QCC continued creativity and achievement in it, through their high rate of satisfaction with what Qassim Cement offers and furnishes to its employees, through validating and implementation of the concept of "Learning Organization", aiming for encouraging the transfer of knowledge and accelerating the process of acquiring and retaining new skills and developing capabilities continuously in order to achieve the desired and utmost results.





Chapter  
Three

Governance

03



## First: Governance Code

QCC adheres to the Corporate Governance Regulations to protect the rights of shareholders and stakeholders. At its 32nd meeting, the General Assembly adopted the Governance Framework of QCC based on the Corporate Governance Code, and as an extension, the Board of Directors adopted all policies arising from the Corporate Governance Code. The following is a table explaining the company's position on the application of the Corporate Governance Code issued by the Capital Market Authority.

The Company applies all the provisions in the CMA's Corporate Governance Code, except for the provisions below:

Article Number	Provision	Partially Applied	Not Applied	Reasons & Details
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.	√		A number of executive management members undergo training courses from time to time, but the provision is still guiding and will be applied by the company as soon as it is mandatory.
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.	√		Evaluation is carried out without setting performance indicators.
Article 41: The Assessment	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 Board conducts a self assessment of its performance, and the paragraph is still guiding. When an external evaluation is mandatory, the company will apply it.



Article Number	Provision	Partially Applied	Not Applied	Reasons & Details
Article 41: The Assessment	f) Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.		√	The Nomination and Remuneration Committee evaluates the Chairman of the Board periodically. The Company will apply this provision when it is mandatory.
Article 70: Composition of the Risk Management Committee	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee." Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	√		Risk control falls within the authorities of the Audit Committee. The Company implemented a comprehensive risk assessment through external consultant to update risk framework and policy which had approved by The Board Directors by end of 2021. It Also included a three years audit plan based on risk assessment. Start from 2022.
Article 72: Meetings of the Risk Management Committee	The risk management committee shall be convened periodically at least once every six months, and as may be necessary.		√	The risk register is presented to the Audit Committee and the Board of Directors annually.
Article 78: Internal Audit Report	b) The internal audit unit or department shall prepare a general written report to be submitted to the Board and the audit committee on the audit activities it carried during the fiscal year compared to the approved plan. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year;	√		The internal audit framework stipulate that the report be submitted to the Audit Committee only.
Article 85: Employee Incentives	1) Forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;		√	A guiding article that will be applied by the company once it becomes mandatory.



Article Number	Provision	Partially Applied	Not Applied	Reasons & Details
Article 85: Employee Incentives	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;		√	A guiding article that will be applied by the company once it becomes mandatory.
Article 85: Employee Incentives	3) Establishing social organizations for the benefit of the Company's employees.		√	A guiding article that will be applied by the company once it becomes mandatory.
Article 87: Social Responsibility <sup>1</sup>	The Ordinary General Assembly, based on the Board's 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.	√		The Company has a social contribution policy approved by the Board of Directors, which will be adopted by the General Assembly once it becomes mandatory.
Article 88: Social Initiatives	1) establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;		√	A guiding article that will be applied by the company once it becomes mandatory.
Article 88: Social Initiatives	4) establishing awareness programmes to the community to familiarize them with the Company's social responsibility.		√	A guiding article that will be applied by the company once it becomes mandatory.
Article 95: Formation of a 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.	√		Governance monitoring and updating its requirements are within the authorities of the Audit Committee. For now, the Company does not have a governance committee, and will be applied by the company once it becomes mandatory.

## Second: Risk Management

The Board of Directors adopted the results of the risk assessment study as one of the internal audit activity in QCC, the scope of the study contained the formulation of a risk policy, risk identification, the work of a detailed risk record, proposals to address or mitigate the impact of risks, and the work of a strategic action plan for internal review for three years based on risk, our internal review oversees the continuous updating of the risk assessment under the direct supervision of the Audit Committee, and the Board, to ensure efficient management of risk in compliance with the approved policies. The risk is hedged through close cooperation between the company's departments, assessing the likelihood of its occurrence and assessing the implications of it, and then taking the necessary measures to mitigate the risk as much as possible to avoid any damage that may occur. QCC updates its risk record according to the actual situation of these risks on an annual basis, and and prioritize risks facing the company that may adversely affect the realization of its future plans:

- Change or uncertainty in Geo-political circumstances, Trade Policies impacting the supply chain of regionally /globally procured material. This may potentially lead to disruption in supply chain, availability of material.
- Increase in the royalty for extraction of limestone and clay due to change in KSA regulations. This may potentially lead to reduced profit margin of QCC due to high raw material cost.
- Energy price reform due to change in government policies. This may potentially lead to reduced profit margin of QCC due to high operational costs.
- Heavy dependence on single source procurement rather than identifying alternative vendors. This may potentially lead to irrational purchases and disruption in supply chain due to failure of a single vendor.
- Risk of emergence of new market players / competitors due to industry attractiveness and growth opportunity. This may potentially lead to: 1.) QCC unable to sustain its position of market leader in the central region; and 2.) Contraction of QCC market share
- Risk of price war among existing players in industry. This may potentially lead to the erosion of market share or profit margin of QCC.
- Risk of absence of documented strategy to optimize the outbound logistics cost (i.e. from dispatch area to customer/ distributor's location). This may potentially result in decline in profits to the company because of un-optimized logistics cost
- Risk of absence of entity level credit risk appetite that cascades into customer/ distributor level credit limits. This may potentially lead to bad debts significant at company level.
- Third-party risks arising from the organization's reliance on outsourcing and strategic sourcing arrangements, IT vendor contracts, and other partnerships/Joint Ventures. This may potentially lead to operational disruptions.



The risks that are mentioned in the chartered accountants disclosures, they are only to clarify the company's position on those risks, and they are as follows:

### Financial Risk Management:

The Company has exposure to the following risks from its use of financial instruments:

#### 1 - Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and arises principally from the Company's trade receivables and cash and cash equivalents. The carrying amount of financial asset represents the maximum credit exposure.

#### 2 - Liquidity Risk

Liquidity risk is the difficulties that an entity will encounter in raising funds to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell financial assets quickly at an amount close to its fair value. Liquidity risk is managed by monitoring liquidity on an ongoing basis and ensuring that sufficient financial resources are in place.

#### 3 - Market Risk

Market risk is the risk of possible impact of changes in market prices, such as foreign exchange rates and commission rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### Third: The Results of the Annual Review of the Effectiveness of the Internal Control Procedures, in addition to the Opinion of the Audit Committee on the Adequacy of the Internal Control system:

The Audit Committee continuously develops and supports internal control and monitoring systems, where the internal audit section conducts risk-based audit plan, which is constantly adopted and monitored by the Audit Committee. The audit processes aim to evaluate the internal control systems. The audit processes carried out by our internal audit section and the external auditors show the adequacy of the company's internal control system, and did not present any fundamental weakness in the company's internal control system.

Accordingly, the Audit Committee believes that the internal control system is effective and adequate.



## Chapter Four

## Dividend and Board Recommendations

04



## First: Dividend Policy:

1. The company distributes profits to the shareholders who are registered in the shareholders' register maintained by Securities Depository Center Co., (Edaa) at the end of second business day following the eligibility date, which is determined and announced in compliance with the settlement mechanism (T+ 2).
2. The distribution of profits depends on several factors, including the company's profits, its financial position, the market situation, the general economic climate, and other factors, including an analysis of investment opportunities, the company's needs for reinvestment, monetary and capital requirements, in addition to other legal and regulatory considerations, including any restrictions on distribution according to any financing loans the company intends to enter into or it has entered, the company may also considering the rules for dividends that are generally applied in the Saudi companies, companies operating in the Gulf countries, and international companies operating in the cement field.
3. Based on the Board of Directors recommendation, the shareholders' general assembly decides to distribute profits to the shareholders and it is announced in Tadawul and the local newspapers.
4. The company's management execute the dividends approved by the general assembly to the shareholders according to the appropriate method, within a maximum of 15 business days from the eligibility date.

## Second: Dividend Procedures:

1. The company carries out certain procedures to ensure the Dividend paid to those who deserve it in a smooth and easy way, the most important procedures are as following :
  - Announcing to shareholders in Tadawul the amount of dividend that will be distributed, the name of the bank that will distribute the profits, the eligibility date and the date of distribution.
  - Inviting shareholders to update their information by filling out the shareholder data form.
  - Motivating shareholders periodically to receive their un-paid dividends, by publishing in Tadawul website, in addition to publishing the names on the company's website.
2. Dividend to shareholders are paid through banks, by depositing in their investment portfolios on the dates determined by the Board of Directors.
3. The company's net profits after deducting Zakat are distributed, according to the following procedures :
  - 10% of the net profits are set aside annually, to form the statutory reserve for the company. The Ordinary General Assembly may decide to stop this deduction when the mentioned reserve has reached (30%) of the paid-up capital and the reserve has reached this percentage, and a certain percentage of the net profits may be set aside to form a consensual reserve to be allocated for specific purposes, as determined by the Ordinary General Assembly of shareholders.
  - The Ordinary General Assembly, when determining the dividend per shares from the net profits, may decide to create other reserves, to the extent that it serves the interest of the company or ensures the distribution of fixed profits as possible to the shareholders. The aforementioned General Assembly may also deduct amounts from the net profits to establish a social institution for the company's employees or to support what may exist from these institutions.
  - The statutory reserve is used to cover the company's losses or increase the capital. If this reserve exceeds (30%) of the paid-up capital, the Ordinary General Assembly may decide to distribute the excess to shareholders in the years in which the company does not achieve sufficient net profits to cover the dividend per share determined in the company's by-law.
  - The agreement reserve cannot be used except by a decision by the extraordinary general assembly. If this reserve was not determined for a specific purpose, the Ordinary General Assembly may (upon a recommendation from the Board of Directors) decide to disburse it for the benefit of the company or the shareholders.
  - The Ordinary General Assembly may use the retained earnings and distributable agreement reserves to pay the full or partial remaining amount of the share value, without prejudice the equality between the shareholders.

4. The company's annual net profits are distributed to the shareholders after setting aside the statutory reserve and other reserves as follows :

- From the remaining, a first payment equal to five percent (5%) of the paid-up capital shall be distributed to the shareholders. If the remaining profit amount is less than the mentioned percentage, it may not be claimed from the profits of the following years.
- From the remaining, ten percent (10%) shall be allocated to the remuneration of the Board of Directors as mentioned in the first paragraph of Article (76) of the Companies Law. Then the remaining is distributed to the shareholders as a dividend.

### Third: Interim Dividends Distributed during the Year 2022

The company distributed 3.50 SAR per share for the year 2021, with a total amount of 315 million SAR, which represents 35% of the paid-up capital. The company also distributed 1.60 SAR per share for the first, second and third quarters of 2022, with a total amount of 144 million SAR, and which represents 16% of the paid-up capital.

### Fourth: Proposed Dividends for the Year 2022

In accordance with Articles (47) and (48) of the Company's bylaw, and based on the delegation from the Ordinary General Assembly of the Board of directors, the Board of Directors approved the distribution of profits as follows:

Description	Amount In SAR
Net income after zakat	130,512,557
Less: Quarterly dividends to shareholders at 16% of the share capital (For first, second and third quarters of 2022)	(144,000,000)
<b>Balance</b>	<b>(13,487,443)</b>
Less: Board of directors remuneration	(2,824,110)
<b>Balance</b>	<b>(16,311,553)</b>
Plus: Carried forward balance of the retained Earnings	514,866,410
Balance Carried forward to next year	498,554,857
Deduct quarterly dividends to shareholders at 6% of the paid-up capital (For fourth quarter of 2022, as recommended by the Board of Directors dated 19/02/2023)	(54,000,000)
<b>Balance</b>	<b>444,554,857</b>



## Fifth: Recommendations from the Board of Directors to the Forty-Nine Ordinary General Assembly

In accordance with Articles (46) and (47) of the Company's bylaw, and after reviewing the Company's achievements during the year ending 31/12/2022, as well as the financial statements, the Board of Directors recommended the following:

- 1) Voting on the Board of Directors annual report for the year ended 31-12-2022.
- 2) Voting on the company's auditor's report for the year ended 31-12-2022.
- 3) Voting on the financial statements for the year ended on 31-12-2022.
- 4) Voting on appointing the company's auditor from among the candidates based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the second & third quarters, annual of the year 2023 and the first quarter of the year 2024, and determining their fees.
- 5) Voting on the decision of the Board of Directors regarding the dividends that have been distributed to shareholders amounted of 198 million SAR, represents (2.20) SAR per share for the first, second, third and fourth quarters of year 2022.
- 6) Voting on absolving the members of the Board of Directors from liability for the year ending 31-12-2022.
- 7) Voting on disbursing an amount of (2,900,000 SAR), as remuneration to the members of the Board of Directors for the year ended on 31-12-2022.
- 8) Voting on delegating the Board of Directors to declare interim dividends on a quarterly basis for the year 2023.

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