

# ANNUAL REPORT 2023







—❖ Custodian of the Two Holy Mosques ❖—

**King Salman bin Abdulaziz Al Saud**

May Allah protect him



—❖ His Royal Highness ❖—

**Prince Mohammed bin Salman bin  
Abdulaziz Al Saud**

—❖ Crown Prince and Prime Minister ❖—

May Allah protect him



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Prince | Turki bin Mohammed bin Abdulaziz Al Saud

## Chairman's Message

### Dear Shareholders of Yamama Cement Company, Greetings.

I am delighted to present the annual performance report for our company for the year 2023. This report highlights our journey of success and growth throughout the year, showcasing our key activities, financial outcomes, and alignment with the Kingdom's unparalleled progress in various sectors. It also reflects on the major achievements and challenges encountered in our path toward development.

This year, our focus was on maintaining excellence and reinforcing our position in the cement market. We achieved this by continuously improving our performance and adhering to the highest standards of quality and sustainability.

Beyond our economic goals, we are committed to our social responsibilities, actively supporting our local community through various development initiatives and social projects. We strive to balance economic growth with environmental conservation, ensuring a sustainable future for all.

Looking ahead with optimism, we are dedicated to refining our strategies and diversifying our products to meet the evolving needs of the market. We are confident in a brighter future for Yamama Cement.

We pledge to continue our constructive efforts, advancing towards realizing the aspirations of our Leadership and our shareholders, the true partners of success. Our actions are in line with Vision 2030, focusing on development, enhancing human capital, and demonstrating our capability to execute our developmental programs confidently. Our goal is to sustain our heavy industry's future, meet the local demand for cement, and strengthen our company's position, contributing significantly to more development projects and actively supporting the national economy.

In conclusion, I would like to express my heartfelt gratitude towards the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, and His Royal Highness Prince Mohammed bin Salman, the Crown Prince, for their unwavering support and dedication to the advancement of our nation and the well-being of its people. My appreciation also extends to my fellow board members and all the employees of our company. I pray that Almighty God continues to bless our cherished Kingdom with enduring prosperity and growth.



Mr. | Jihad bin Abdul-Aziz AlRushed

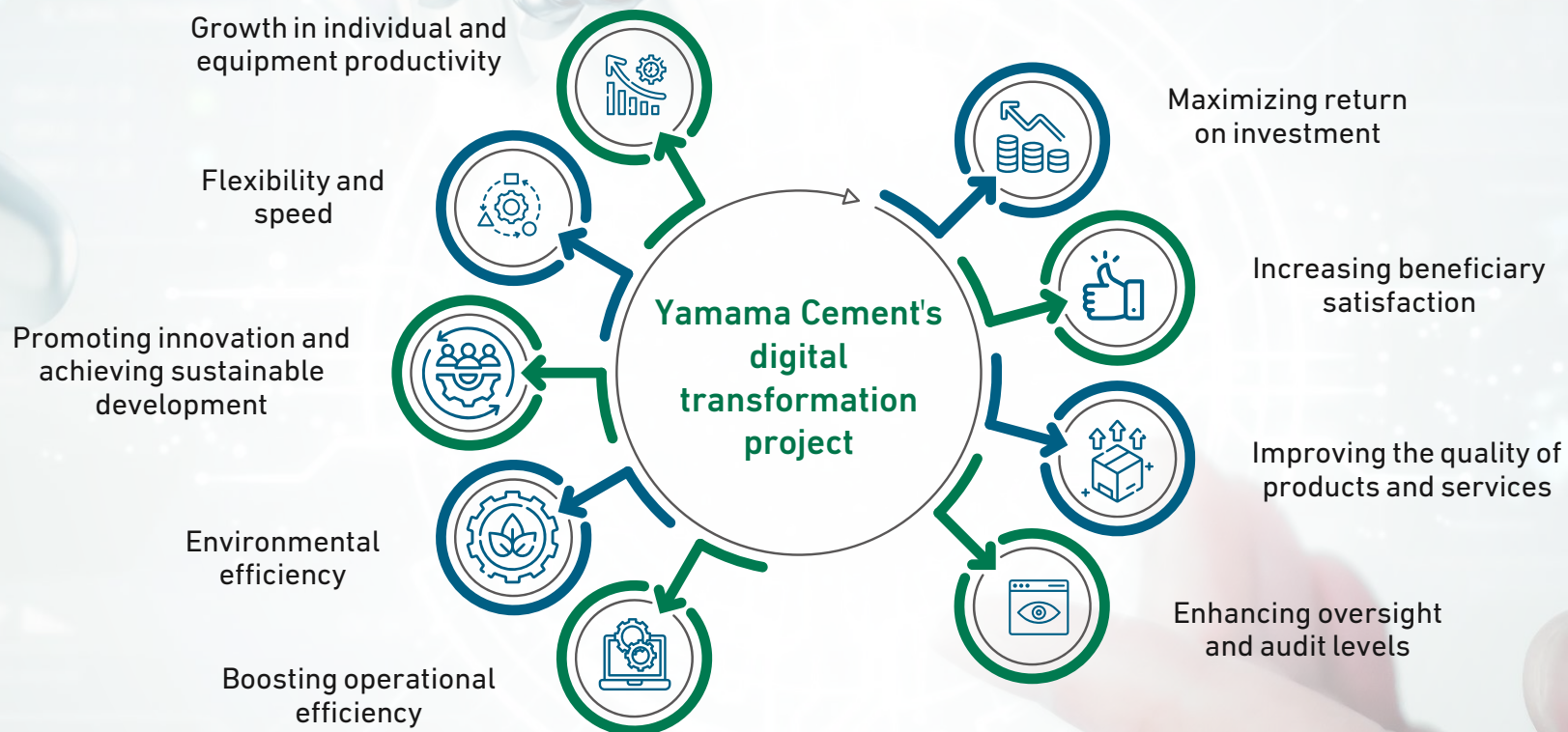
## CEO's Message

### Dear Shareholders of Yamama Cement Company, Greetings.

It is with immense pride that we share the annual performance report of our company for the year 2023. This year, we focused on reinforcing our strategic objectives to deliver superior, competitive, and high-quality products that not only meet but exceed our customers' expectations, further establishing Yamama Cement as a frontrunner in the Kingdom's cement industry. Committed to our promise, we diligently pursued a fine balance between production efficiency and quality control. We have harnessed the expertise of our national workforce and embraced cutting-edge global technologies to ensure the highest standards of product quality and environmental sustainability. Despite the challenges that emerged in 2023, our company did not falter in maintaining high productivity levels and bolstering our achievements. We successfully sustained our market share of approximately 14%, producing top-tier cement that caters to diverse needs, thereby fulfilling the aspirations of our customers, partners, and stakeholders. With the launch of our new plant and the

transition to the seventh production line, our ambitions have soared, and our responsibilities have expanded to meet the increasing demands of the Saudi market. Our target production now exceeds 30,000 tons of clinker daily, significantly contributing to the infrastructure projects aimed at enhancing the quality of life, in line with the objectives of Vision 2030.

At Yamama Cement, we are deeply committed to sustainability, constantly seeking the most advanced global technologies to ensure our manufacturing processes are environmentally friendly. We are also dedicated to intensifying our efforts to boost our competitiveness in the Saudi market, enrich local content, and enhance the reputation of our products, striving to remain the preferred partner for our customers, suppliers, and investors. To conclude, I extend my deepest gratitude to our wise leadership, the chairman, the board members, and all our company's staff. I also thank our success partners in both the government and private sectors for their dedicated service to our country and its citizens.







## Our Vision

To emerge as the industry leader in cement manufacturing, adhering to eco-friendly standards.

## Our Mission

To offer sustainable, high-quality products leveraging our evolving capabilities.







## Our Core Values



### Transparency and Integrity:

We are dedicated to maintaining honesty, integrity, transparency, and positive communication in every interaction.



### Innovation and Excellence:

We foster a healthy workplace environment that encourages creativity, cultivates ideas, promotes innovation, and aims to reduce costs.



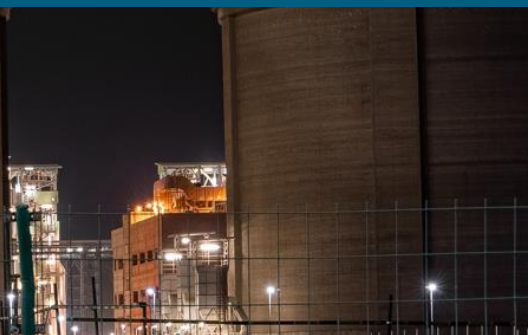
### Value:

Our products and contributions, characterized by their high quality, provide significant added value to both our nation and community.



### Collaboration:

We share concepts and work as a team – one family, one community



## Strategic Pillars:



### Operations:

- Minimizing expenses
- Boosting asset productivity



### Environment:

- An eco–friendly manufacturing facility
- Utilizing renewable energy sources



### Information Technology:

- Digital Transformation
- Advancing technical enhancements



### Sustainability:

- Enhancing investment returns
- Optimizing expenditure efficiency



### Marketing:

- Maximizing market share
- Elevating the level of customer service



### Human Resources:

Engaging and educating our workforce and the communities we serve

## Overview

Established in 1956 as a public joint-stock company in Riyadh, Yamama Cement holds the distinction of being the inaugural cement enterprise in the Central Region and the third of its kind across the Kingdom. The factory's inauguration was graced by King Faisal bin Abdulaziz (may his soul rest in peace). For over six decades, Yamama Cement has

significantly contributed to the urban development For our beloved capital and the Central Region. Its cement, in various forms, remains a staple in numerous large-scale government and private projects, primarily due to the company's unwavering dedication to the highest standards of quality, efficiency, and durability.



The image showcases a historic moment with King Faisal bin Abdulaziz Al Saud (may he rest in peace), King Salman bin Abdulaziz Al Saud, May Allah protect him, and the founder of Yamama Cement Company

Prince Mohammed bin Saud Al-Kabeer (may he rest in peace), alongside distinguished officials and ministers during the inauguration of the company's factory in 1966.

## Firstly: Company Operations:

Yamama Cement is renowned for producing a variety of Portland cement, including ordinary, salt-resistant, and finishing types, at its plant situated in the Riyadh area. This production is then traded and marketed throughout the Kingdom.

### Yamama Cement's Product Line



#### Finishing Cement

Perfect for plastering applications



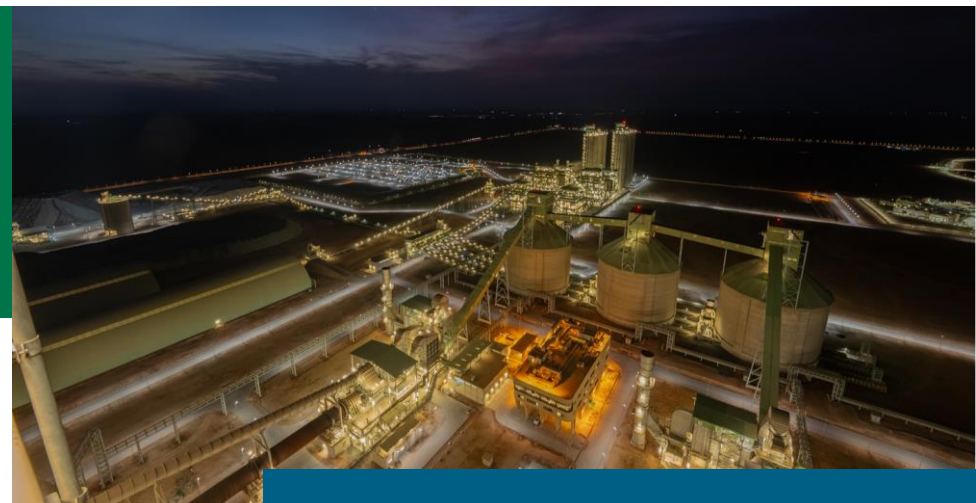
#### Salt-Resistant Cement

Ideal for environments with high salinity, such as wells and water tanks



#### Ordinary Portland Cement

Used in all types of construction projects





## Board of Directors



Prince  
Turki bin Mohammed bin Abdulaziz bin Turki  
Chairman of Board of Directors



Prince  
Naif bin Sultan bin Mohammed bin Saud AlKabeer  
Deputy Chairman



Mr.  
Fahd bin Thenayan  
AlThenayan  
Board Member



Eng.  
Abdullah bin  
Abdulrahman AlObaikan  
Board Member



Eng  
Faisal bin Solaiman  
AlRajhi  
Board Member



Mr  
Abdullah bin  
Mohammed AlBahouth  
Board Member



Mr.  
Nizar bin Abdulaziz  
AlTuwaijri  
Board Member



Mr  
Mohammed bin Ibrahim  
AlQdhibi  
General Secretary

# Executive Summary

Yamama Cement's Performance in 2023:  
A Numeric Overview



## Financial Performance:

Total Revenue

935

Million Riyals

Net Revenue

304

Million Riyals



## Projects

The Project of enhancing production  
line number 7



## Investments

577 Million Riyals



## Social Responsibility

Number of  
Supported  
Entities

20



## Sales

Yamama Cement secured a 13.9% share  
of the domestic market in 2023,  
marking the highest share amongst  
local competitors.



Actual and projected supply and demand for cement in the Saudi market during the period 2015 - 2027 (equivalent to clinker):

The graph presents an overview of supply, demand, production, and inventory levels within the Saudi Arabian cement industry, extending forecasts over the next five years.



- An anticipated decrease in demand by 6.9% for 2023.
- Expected growth rates are 3% for 2024, with a steady increase of 7% annually from 2025 to 2027.
- The sector-wide average conversion rate from cement to clinker stands at a negative 10%.
- With the activation of Yamama Cement's third production line in 2026, an annual production boost of 3 million tons is forecasted, expanding to 4 million tons annually in 2027 and beyond.





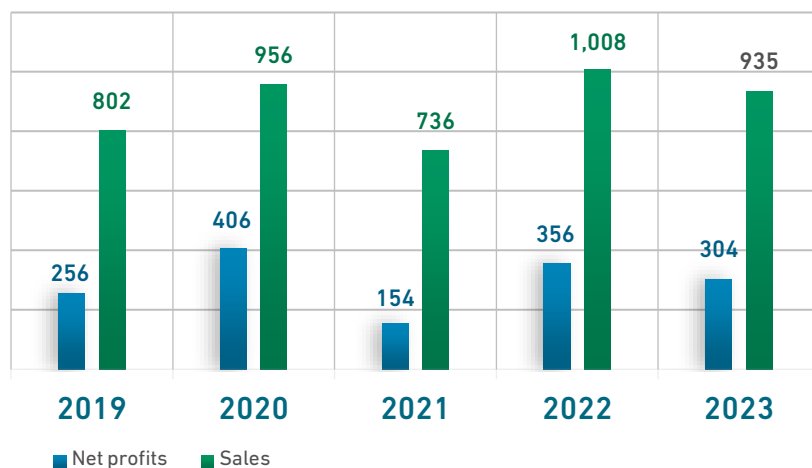
# 01

## Financial and Business Performance

## Firstly: Financial Performance:

Corporate profits (In SR million)	2023	2022	Difference %	Note
Net sales	935	1,008	(7%)	
Cost of sales	(599)	(599)		
Gross profits	335	408	(%18)	Due to the value and volume of sales
Operating expenses – other	(72)	(75)	4%	
Operating income	263	333	(21%)	Due to the value and volume of sales
Net profits	304	356	(14.60%)	Due to the decrease in the value and volume of sales and the increase in financing costs

The upcoming chart will provide a snapshot of sales and net profits spanning five years, from 2019 to 2023, expressed in millions of Riyals:



## The statement of assets, liabilities and equity (statement of financial position)

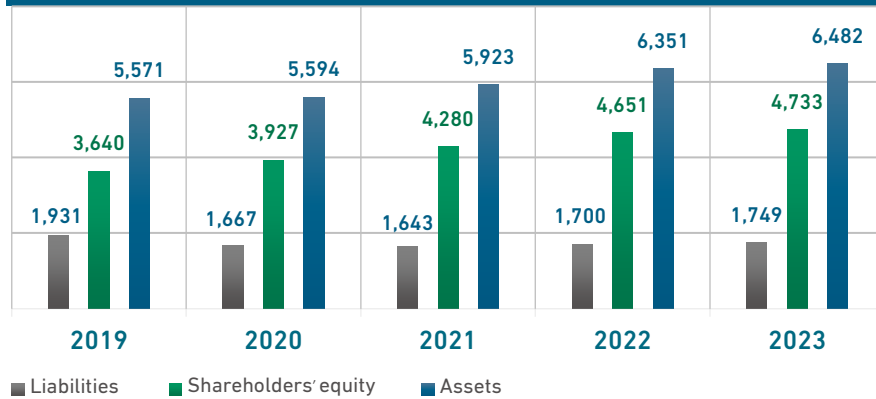
Statement	2023	2022	2021 <sup>(3)</sup>	2020 <sup>(2)</sup>	2019 <sup>(1)</sup>
Current assets	797,785	753,666	530,246	735,523	1,090,375
Non-current assets	5,684,953	5,597,147	5,392,554	4,858,717	4,480,629
Total assets	6,482,738	6,350,813	5,922,800	5,594,240	5,571,004
Current liabilities	711,995	739,235	350,955	252,080	258,270
Long-term loans	907,666	840,333	1,178,190	1,308,190	1,571,819
Non-current liabilities	129,768	119,980	113,669	106,650	100,424
Total liabilities	1,749,432	1,699,549	1,642,813	1,666,921	1,930,513
Shareholders' equity					
Share capital	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000
Reserves	1,306,820	1,306,820	1,306,820	1,306,820	1,306,820
Accumulated change to fair value	187,586	207,187	193,109	(1,474)	11,681
Retained earnings	1,213,900	1,112,257	755,057	596,973	296,989
Total shareholders' equity	4,733,306	4,651,265	4,279,986	3,927,320	3,640,491
Shareholders' equity and liabilities	6,482,738	6,350,813	5,922,800	5,594,240	5,571,004

(1) The 2019 financial statements have been adjusted in line with Note 32 provided by the chartered accountant in the 2020 year-end financial statements.

(2) Similarly, the 2020 financial statements have undergone adjustments based on Note 32 by the chartered accountant, as seen in the 2021 year-end statements.

(3) The 2021 statements have been adjusted following Note 34 by the chartered accountant in the 2022 year-end financial statements.

Assets, liabilities, and shareholders' equity over five years from 2019 through 2023, all measured in millions of Riyals:



## Income Statement:

(In thousands of Riyals)

Statement	2023	2022 <sup>(3)</sup>	2021 <sup>(3)</sup>	2020 <sup>(2)</sup>	2019 <sup>(1)</sup>
Net Sales	935,192	1,008,111	735,843	956,000	801,881
Cost of Sales	(599,835)	(599,465)	(515,432)	(515,952)	(465,255)
Gross Profit	335,357	408,645	220,411	440,048	336,626
Total Administrative, Marketing, and General Expenses	(71,800)	(75,516)	(63,562)	(68,921)	(67,543)
Other Revenues	95,306	52,547	15,316	47,422	17,252
Zakat	(12,000)	(22,000)	(18,500)	(13,000)	(30,000)
Net Income for the Year	304,251	355,799	153,665	405,548	256,335
Earnings Per Share	1.50	1.76	0.76	2.00	1.27

(1) The comparative financial statements for the year 2020 have been adjusted according to the chartered accountant's note number 32 in the financial statements ended on 31/12/2021.

(2) The comparative financial statements for the year 2022 have been adjusted according to the chartered accountant's note number 34 in the financial statements ended on 31/12/2022.

## Secondly: Production and sales

## 01 Production (in millions of tons)

	2023	2022	Change
Clinker production	6.1	6.3	- 3%
Cement production	6.6	6.9	- 4%

## 02 Cement sales during 2023 (in millions of tons)

2022	6.97
2023	6.58

## 03 Fuel Price Increase

The company announced through its page on "Tadawul" that it has received an official notification from the Saudi Arabian Oil Company (Saudi Aramco) regarding a revision in the prices of fuel products used in cement production starting from January 1, 2024. The company further informed its esteemed shareholders that the impact of this adjustment will be felt in production costs. Efforts are currently underway to calculate the anticipated financial impact and disclose it. Additionally, the company will work in the upcoming period to explore ways to mitigate the financial impact of this adjustment on the company's financial results.

## 04 Revenue Geography:



All sales transactions occurred within the borders of the Kingdom of Saudi Arabia, with no international exports.





## 02

## Projects and Investments

## Firstly: Our Projects

### 01 Investment in the Saudi Yemeni Cement Company,



Yamama Cement holds a 20% share in the Saudi Yemeni Cement Company, valued at 75 million Saudi Riyals, which is part of the company's total share capital of 100 million dollars (equivalent to 375 million Riyals). This investment was financed through Yamama Cement's cash flow. The Saudi Yemeni Cement Company's plant is situated in Abyan Governorate, close to Aden, and is designed to produce 1.4 million tons of cement annually. Unfortunately, the project was suspended in its trial operation phase in 2011 due to the

political situation in Yemen, and it has remained dormant since then. To mitigate potential losses from this investment, the company set aside a provision for impairment totaling 75 million Riyals by the end of 2017, accounting for the full value of the investment. Moreover, in 2022, a further provision was made to cover security-related expenses and salaries, amounting to one million Riyals, corresponding to the company's stake in the project.

### 02 The relocation and enhancing of the seventh production line



The company's Board of Directors has announced the signing of an agreement with the Chinese company Sinoma Overseas Development Co. for the dismantling, transportation, upgrade, and installation of the seventh line from the old factory to the new factory (the third line). The new line will have a production capacity of 10,000 tons of clinker per day, with plans later approved to increase its capacity to 12,500 tons per day. This expansion will require additional electrical capacity, bringing the total estimated cost to 337,883 thousand US dollars. The project is expected to be completed in the second quarter of 2026, aligning with the Kingdom's Vision 2030 to boost local production and keep up with development projects.



### 03 Yamama Cement's Land (Site of the Former Plant)

The land where the current plant stands spans 4,710,234 square meters and is owned by the company, as confirmed by an electronic deed. The Board of Directors is committed to evaluating all possible uses for this land when the time is right.

- In 2023, parts of the line accessories from the old production lines were sold.
- On January 18, 2022, the company expressed its intention to sell the sixth production line of the existing plant, including all its attachments. This line, which has a production capacity of 3,000 tons of clinker per day, has been fully depreciated in the books. It's important to note that this decision will not impact the company's ability to fulfill its commitments to others.
- Additionally, a provision for the obsolete spare parts was increased, as indicated in the 2023 financial statements under [note number 5](#).



### Secondly: Investments

Yamama Cement is engaged in investments across various companies, funds, and Sukuk, as follows:

	Company Name	Yamama's Share (%)	Investment Value As of 31-12-2023 (in thousands of Riyals)
1	Industrialization & Energy Services Company (Limited-liability)	3.92	473,838
2	Cement Products Industry Company "Jeddah" (Limited-liability)	33.33	48,469
3	Saudi Yemeni Cement Company (Safi) (limited-liability) <sup>2,1</sup>	20	0
Total investments in companies			522,307
Investments in different sukuk and funds			
4	Real estate funds		39,661
5	Sukuk		15,000
Total investments			576,968

- (1) The investment value is set based on the book value.  
 (2) A provision for investment impairment totaling 75 million Riyals was created, representing 100% of the investment size.





### Thirdly: Subsidiaries

Company Name	Principal activity	Share capital	Country of incorporation	Place of operations	Yamama's percentage
Cement Products Industry Company "Jeddah"	Paper Bag Manufacturing	SR18 million	Saudi Arabia	Riyadh—Jeddah Line	33.33% of the company's share capital

Details of shares and debt instruments issued for the subsidiary (in million Riyals):

Subsidiary	Lending Institution	Loan Term	Original Loan Amount	Loan Balance at the Beginning of the Year	Amount Received from the Loan During the Year	Amount Repaid During the Year	Loan Balance at the End of the Year	Remaining Loan Amount
Cement Products Manufacturing	Al Jazira Bank	6 months	70	3.9	12	15.9	0	
	Riyad Bank	6 months	33	0	19	13	6	
	Alinma Bank	9 Years	63	45	0	9	36	
	Industrial Fund	6 months	30	1.3	0	1.3	0	



## 03

### Loans and Government Payments

## Firstly: Loans

Yamama Cement has successfully obtained financing for its key projects through a mix of competitive and diverse sources of funding from local financial partners in both the public and private sectors. Here's a breakdown:

**Saudi Industrial Development Fund** On December 20, 2016, Yamama Cement secured Shariah-compliant long-term financing of 900 million Saudi Riyals from the Saudi Industrial Development Fund. This financial support was directed towards building the new Yamama Cement facility in the Halal area to the north of Al-Kharj, within the Riyadh region. The loan, secured against the assets of

this new plant and through promissory notes, is structured to be repaid in 12 semi-annual payments starting from 2020.

Further, on March 31, 2022, the company entered into an Islamic Murabaha financing agreement with the Saudi National Bank. This agreement, aligned with Islamic banking principles, provided Yamama Cement with partial banking facilities amounting to 1,842,500,000 Saudi Riyals.

The following table details the company's existing loans with financial institutions:



(Million riyals)

Lending Institution	Loan Term	Original Loan Amount	Loan balance at Beginning of the year	Amount Received from the Loan During the year	Amount Repaid During the Year	Loan Balance at the End of the Year	Remaining Loan Amount (Unreceived)
Saudi Industrial Development Fund	9	900	540	0	75	465	0
Commercial banks	5	563	563	0	187.7	375.3	0
Commercial banks Financing for transferring line 7	8	800	800	425	0	425	375
<b>Total</b>		<b>2,263</b>	<b>1,903</b>	<b>425</b>	<b>262.7</b>	<b>1,265.3</b>	<b>375</b>

- On December 28, 2023, 50 million Riyals of the short-term banking facilities were utilized.
- The company has bank facilities available that have not been used with Al Rajhi Bank, amounting to 300 million riyals, which it disclosed in "Tadawul" on 28/03/2021.



## Secondly: Government payments

These are payments due to government entities, allocated as follows:



### Customs Duties:

The company operates under the regulations of the Zakat, Tax, and Customs Authority, particularly in terms of customs duties for imported components and materials.



### Zakat:

Yamama Cement is in full compliance with the regulations of the Saudi Zakat, Tax, and Customs Authority, having fulfilled its zakat obligations for the year 2022.



### Value Added Tax (VAT):

The company adheres to the VAT regulations, established by Council of Ministers Resolution No. 654 on 1/11/1438H, diligently preparing and submitting monthly VAT returns and making the requisite payments within the stipulated timeframe based on the liabilities of the preceding month.



### GOSI Contributions:

In line with the regulations of the Ministry of Human Resources and Social Development, the company consistently makes its social insurance contributions on a monthly basis.



### Visa Fees:

Yamama Cement follows the regulations set by the Ministry of Human Resources and Social Development for visa fees applicable to its non-Saudi staff.



### Quarry Exploitation Fees:

The company is governed by the Mining Investment Law, paying annual fees to the Ministry of Industry and Mineral Resources for quarry exploitation.



### Railway Land Leases:

The company leases land adjacent to its facility from the Saudi Railway Company (SAR), with the lease agreements renewed annually.

(in thousands of Riyals)

Statement	٢٠٢٣	٢٠٢٢
Customs duties	3,459	1,298
Zakat <sup>(1)</sup>	12,899	6,414
VAT	48,097	94,687
GOSI contributions	15,663	15,810
Visa and passport fees	349	363
Quarry and material usage fees	134,298	8,478
Railway leases	1,660	1,660
Total	213,630	128,710

(1) Yamama Cement has regularly submitted its zakat returns up to the year 2022 and settled the zakat dues accordingly. Following these submissions, the company received its final zakat assessment from the Zakat, Tax, and Customs Authority up to 2020 and was awarded a zakat certificate for the years 2013 through 2022.





04

Health, Safety, and  
Environment



## Safety, Health and Environment:

At Yamama Cement, human health and environmental protection are paramount. The company is dedicated to upholding the highest standards, both internationally and locally, to safeguard individuals and the environment. Committed to environmental stewardship, Yamama Cement complies with the standards and regulations of the National Center for Environmental Compliance, integrating these principles into the core of its operational policies. The company is committed to consistently overseeing the routine maintenance of air purification filters that manage emissions from production lines throughout all areas of the plant. This is done with utmost efficiency, adhering strictly to the standards set forth by the regulatory center. Moreover, Yamama Cement maintains continuous environmental records through a certified center recognized by the National Center for Environmental Compliance. This dedication to environmental responsibility led to the company being among the first in the cement industry to receive an environmental permit from the National Center for Environmental Compliance. Furthermore, Yamama Cement was awarded the ISO14001 Environmental Management System certification by SGS, marking it as one of the pioneering companies in the Kingdom to achieve this distinction. Yamama Cement is proud to be among the first in the Kingdom to receive this esteemed certification.

The company places paramount importance on the safety and health of individuals, considering these aspects fundamental to the construction of life itself. It adheres strictly to both international occupational safety and health standards, such as those set by OSHA, and local regulations including those from the Saudi Civil Defense and the Ministry of Human Resources and Social Development's Safety Regulation SOSH across its production processes and facility operations. This adherence forms a cornerstone of its operational policies, ensuring safe work environments, and promoting a culture of safety and health consciousness through employee training and awareness programs. This commitment has led to the company being awarded the ISO45001 Occupational Safety and Health Management System certification by SGS International.

In addition, Yamama Cement has established a fully equipped health center, operated by a licensed hospital, to provide immediate and comprehensive medical care to its employees. The company has also built a fire station equipped with state of the art firefighting technologies and has installed early warning systems with automatic extinguishing capabilities throughout the plant to safeguard its human resources, assets, and infrastructure.



Yamama Cement is dedicated to full compliance with all relevant safety, health, and environmental regulations and obligations.



The company's Safety, Health, and Environmental Management Department is focused on minimizing risks related to its operations, aiming for a global standard of performance that includes regulatory compliance, reduction of environmental incidents, ensuring employee safety and health, resource conservation, energy efficiency, and waste and emission reduction.



The company champions the adoption of healthy, environmentally responsible lifestyles and behaviors both within the workplace and beyond.



It commits to implementing protective measures and infrastructure to safeguard people and the environment, ensuring the principles of health, safety, security, and environmental responsibility are upheld in all work practices.



Yamama Cement is dedicated to integrating effective environmental, health, and safety management throughout the lifecycle of its assets and products, encompassing the entire value chain at all stages.



The company actively engages with and collaborates with its stakeholders, including employees, investors, supply chain partners, local communities, and customers, to understand their needs and address their environmental, health, and safety concerns.

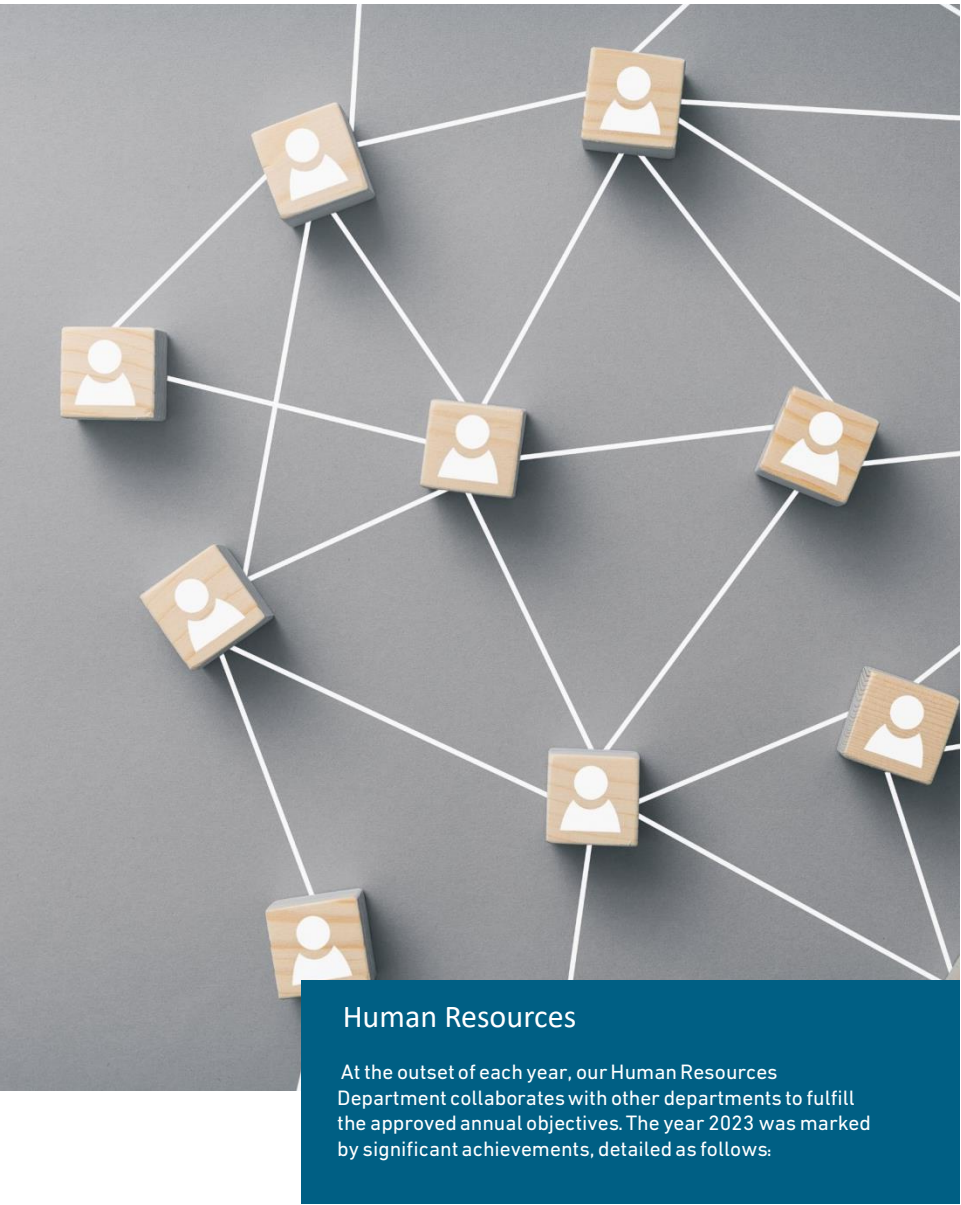


Finally, Yamama Cement is committed to providing exceptional training to its employees to enhance their skills and efficiency, further reinforcing the company's commitment to safety and excellence in its facilities.



05

## Human Resources



Human Resources

At the outset of each year, our Human Resources Department collaborates with other departments to fulfill the approved annual objectives. The year 2023 was marked by significant achievements, detailed as follows:



Within our medium-term localization strategy, we reached a Saudization rate of 71% by bringing onboard exceptional national talents. This was further enhanced by our active participation in job fairs across the Kingdom, which positively elevated the company's reputation.



Focusing on the core value of enhancing the internal environment at Yamama Cement, we set a goal to improve our internal services to boost internal customer satisfaction. We aimed for a 93% satisfaction rate and proudly achieved a full 100%.



We are dedicated to embracing diversity in education and knowledge sharing by: Meeting our training needs with a target of 88%, surpassing this with an accomplishment rate of 112% for 2023, totaling 16,662 training hours.

Launching the "Experience Program" aimed at facilitating knowledge transfer from our most seasoned and capable employees to the less experienced. This initiative was designed to enhance efficiency, productivity, and Saudization rates. With a target of 290 trainees, the program successfully exceeded expectations by training 302 individuals over 1,280 internal training hours.



Our ambition extended beyond merely advancing English language proficiency through brief courses or programs. Over two successive years, we aimed to bolster all essential English language skills to elevate employee efficiency and productivity, in partnership with the renowned educational entity, EF. This program benefited 7% of our total workforce cumulatively.



We have instituted a holistic performance management system that evaluates both individual and organizational performance.



Our commitment to nurturing the internal environment and ensuring employee stability and talent attraction continues through:

- Contributing to housing loans by absorbing a portion of the interest rates.
- Grants short-term (low) personal loans, with no interest called (fellowship loan)





## 06

### Corporate Responsibility and Support Program

## Corporate Responsibility and Support Program

Yamama Cement is dedicated to maximizing its positive social impact and reinforcing its leadership role in community service through its comprehensive social responsibility initiatives. These initiatives adhere to the highest standards of corporate social responsibility, empowering the company to contribute meaningfully and positively within its community. This commitment is in line with the goals of Saudi Arabia's Vision 2030. The company holds a firm belief in the importance of forging robust connections with the local community as a critical step towards fulfilling its mission, realizing its objectives, and nurturing long-term sustainable business growth. To this end, Yamama Cement has

devised and executed various social responsibility programs aimed at bolstering the national economy and providing tangible benefits to the local communities in the regions where it operates. In 2023, the initiatives supported by Yamama Cement positively impacted over 272,000 beneficiaries.

Yamama Cement's social responsibility endeavors span multiple domains, including environmental protection and safety, education, support for charitable, civil, and professional organizations, and healthcare. Highlighted below are some of Yamama Cement's key partnerships in philanthropy:



### Health

Charitable Association for Rheumatism Care	Down Syndrome Charitable Association (DSCA)
Limb Amputees Care Association	Saudi Alzheimer's Disease Association
Saudi Cancer Society	Enayah Charitable Health Association for Patient Care
"I Hear You" Cochlear Implant Association	"My Eyes" Health Association
"Rohma" Health Association	National Association for Community Services (Ajwad)
Fibro Association	International Children's Day event at the Medical City of King Saud University



### Philanthropy

Riyadh Charitable Society for Welfare	"Homeland and Life" campaign by the King Saud University Club
Al-Buhturi Primary School for Early Childhood	Jalajil Association for Qur'an Memorization



### Social

Environmental Week – "Your Environment Knows You"	Ajwad Association for Community Service	Winter Clothing initiative by Qutoof Social Services Association
		Ayaat Erfad Endowment Association



### Healthcare

King Saud University's College of Medicine
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### Environmental

Environmental Week hosted by Yamama Cement Company
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### Sports

Sports Club for Sedeer
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07

## Governance

## 1. Current status of the company's governance

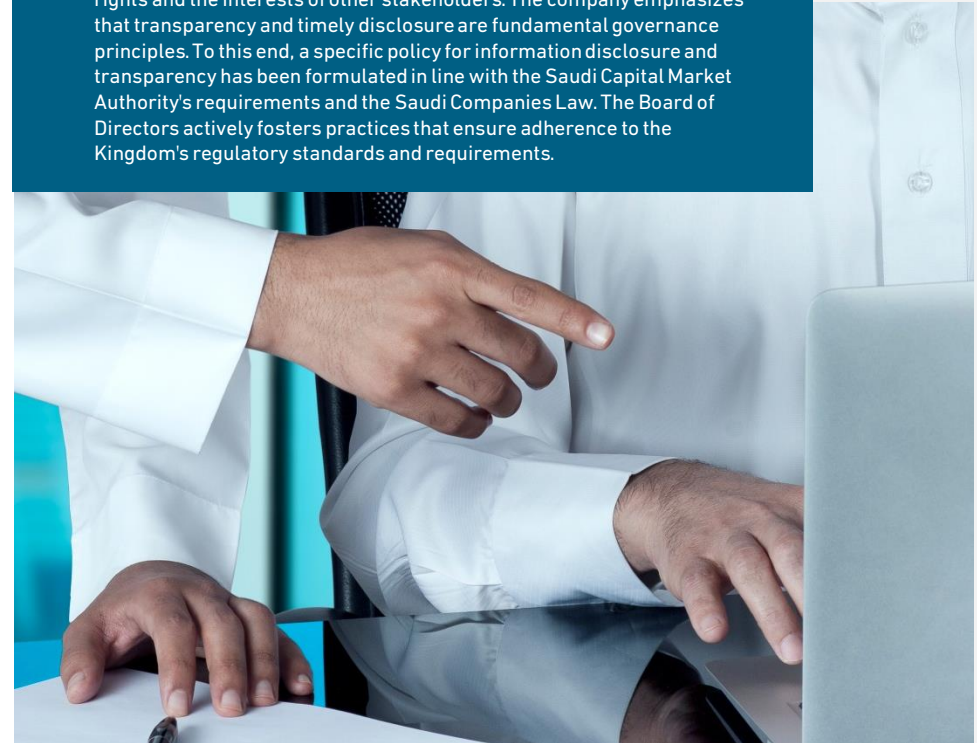
Yamama Cement adheres to all obligatory provisions specified in the Corporate Governance Regulations issued by the Saudi Capital Market Authority, with the exception of the following areas:

Article Number	Article/Paragraph Text	Reasons for Non-Implementation
Article Thirty-Seven: Training	This guidance article outlines the need for continuous training programs for Board members and executive management, aimed at enhancing their skills and knowledge relevant to the company's operations.	Advisory Article
Article Thirty-Nine: Evaluation	A) The Board of Directors, following suggestions from the Nomination Committee, devises essential mechanisms to annually assess the performance of the board, its members, committees, and the executive management. This evaluation is conducted using suitable performance metrics that correlate with the achievement of the company's strategic goals, the effectiveness of risk management, the adequacy of internal control systems, among other factors. The process is designed to identify areas of strength and weakness and propose remedies that align with the company's interests.	The article is applied to the executive management. However, the evaluation of board members was last carried out three years ago.
Article Sixty-Seven: Risk Management Committee	A committee called the "Risk Management Committee" is formed by a decision of the Board of Directors, with its chair and the majority of its members being non-executive Board members. It is required that its members have an adequate level of knowledge in risk management and financial matters.	The Board of Directors currently sees no need to form a risk management committee, noting that the company has a risk management department
Article Eighty-Two: Employee Incentives	2) Programs granting employees shares in the company or a portion of its profits, retirement programs, and establishing an independent fund to finance these programs.	Advisory Article
Article Eighty-Two: Employee Incentives	3) Establishing social institutions for the company's employees.	Advisory Article
Article Eighty-Five: Social Work Initiatives	1) Establishing performance indicators that link the company's performance to its initiatives in social work and comparing this with other companies in similar activities.	Advisory Article
Article Eighty-Five: Social Work Initiatives	4) Developing community awareness programs to introduce the company's social responsibility.	Advisory Article

Article Number	Article/Paragraph Text	Reasons for Non-Implementation
Article Ninety-Two: Formation of a Governance Committee	If the Board of Directors establishes a dedicated governance committee, it should assign to it the duties outlined in Article Ninety-One of the regulations. This committee is responsible for overseeing governance-related matters and must annually, at a minimum, furnish the Board with reports and recommendations based on its evaluations.	The Board of Directors currently does not see the necessity for establishing a dedicated governance committee, given that the company already operates a governance department.

### Disclosure and Transparency Policy:

Yamama Cement is committed to upholding the highest standards of disclosure and transparency, ensuring the protection of shareholder rights and the interests of other stakeholders. The company emphasizes that transparency and timely disclosure are fundamental governance principles. To this end, a specific policy for information disclosure and transparency has been formulated in line with the Saudi Capital Market Authority's requirements and the Saudi Companies Law. The Board of Directors actively fosters practices that ensure adherence to the Kingdom's regulatory standards and requirements.





## 2. Board of Directors

### Firstly: BOD Meetings

A. The Board of Directors held (4) meetings during 2023, and the following table shows the attendance of the Board members and their membership in other joint-stock companies:

Name:	Classification	BOD Meetings				Joint-stock companies in which they hold membership, both within and outside the Kingdom.
		1 February 14th	2 01 May	3 October 16th	4 11 December	
Prince Turki bin Mohammed bin Abdulaziz bin Turki Chairman of Board of Directors	Non-executive	✗	✓	✓	✓	<ul style="list-style-type: none"> <li>AL-Thamirah International Company</li> <li>Taif Investment and Tourism Company</li> <li>AL-Maktan Company Ltd.</li> </ul>
Prince Naif bin Sultan bin Mohammed bin Saud AlKabeer Deputy Chairman	Non-executive	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>Almarai Company</li> <li>Zain KSA</li> <li>Arabian Shield Cooperative Insurance Company</li> </ul>
Mr. Fahd bin Thenayan AlThenayan	Non-executive	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>National Gypsum</li> <li>National Building &amp; Marketing Company</li> </ul>
Eng. Faisal bin Solaiman AlRajhi	Non-executive	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>AL-Arjan Company</li> <li>Ajial Holding Company</li> </ul>
Eng. Abdullah bin Abdulrahman AlObaikan	Independent	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>Obaikan Investment Company</li> <li>Arabian Shield Cooperative Insurance Company</li> </ul>
Mr. Abdullah bin Mohammed AlBahouth	Independent	✓	✓	✓	✓	<ul style="list-style-type: none"> <li>Riyadh Development Company</li> </ul>
Mr. Nizar bin Abdulaziz AlTuwaijri	Independent	✓	✓	✓	✓	

#### Circulated Minutes of Meeting No (1) on July 31, 2023

The Board of Directors' measures undertaken to ensure all members, with particular attention to the non-executive ones, are well-informed about shareholders' suggestions and their observations on the company's performance and operations.

This is achieved during the routine board meetings where a systematic approach is established to address these inputs in accordance with the regulatory frameworks in place.

### B. Attendance record of Board members in the General Assemblies during 2023.

Name:	Ordinary General Assembly No. (55) 20 March 2023	Extraordinary General Assembly No. (19) December 11, 2023
1 Prince Turki bin Mohammed bin Abdulaziz bin Turki Chairman of Board	✗	✓
2 Prince Naif bin Sultan bin Mohammed bin Saud AlKabeer Deputy Chairman	✓	✗
3 Mr. Fahd bin Thenayan AlThenayan	✓	✓
4 Eng. Faisal bin Solaiman AlRajhi	✓	✓
5 Eng. Abdullah bin Abdulrahman AlObaikan	✓	✓
6 Mr. Abdullah bin Mohammed AlBahouth	✓	✓
7 Mr. Nizar bin Abdulaziz AlTuwaijri	✓	✓



**Secondly: Formation and roles of the Board****1. Audit Committee**

Yamama Cement's Audit Committee is pleased to present its annual report for the fiscal year ending December 31, 2023. The report provides a comprehensive overview of the committee's responsibilities, its recommendations, and its assessment of the adequacy of the company's internal and financial controls and risk management systems. This report is in line with the requirements of paragraph (a) of Article (88) of the Corporate Governance Regulations issued by the Capital Market Authority on January 18, 2023.

**Committee Members**

The Audit Committee, established by the resolution of the 18th Extraordinary General Assembly on March 28, 2021, has diligently executed its duties as per the approved Audit Committee Charter. The committee is composed of individuals with considerable expertise in financial management, administrative affairs, and internal controls, including:

Name:	Member capacity
Mr. Raed bin Ali Al-Saif	Head of Committee – From outside the Board
Mr. Abdullah bin Mohammed AlBahouth	Committee Member – independent
Mr. Lotfi Shahadeh	Committee Member – From outside the Board

**Responsibilities and Functions of the Committee**

In the fiscal year 2023, the Audit Committee held six meetings as follows:

Meeting No.	Date	Not being able to attend
1	13/2/2023	None
2	20/2/2023	None
3	30/4/2023	None
4	31/7/2023	None
5	12/10/2023	None
6	07/12/2023	None

The committee discussed preliminary and annual financial statements, internal audit activities, external auditors' work, and the efficiency and effectiveness of the internal control system. Consequently, the committee undertook the following tasks:

**Firstly: Financial Statements**

1. Review the company's preliminary and annual financial statements before presenting them to the Board, providing opinions and recommendations to ensure their integrity, fairness, and transparency.
2. Offer a technical opinion on whether the Board's report and the company's financial statements are fair, balanced, understandable, and contain information enabling shareholders and investors to evaluate the company's financial position, performance, business model, and strategy.
3. Examine any significant or unusual matters included in the financial reports.
4. Thoroughly investigate any issues raised by the company's CFO or Compliance Officer or external auditors.
5. Study the accounting estimates in significant matters contained in the financial reports.
6. Review the accounting policies applied according to the company's nature of business, ensuring they are updated in accordance with International Accounting Standards, and provide opinions and recommendations to the Board regarding them.

**Secondly: External Auditor**

1. The committee recommended to the Board of Directors the appointment of M/s Al-Kharashi and Partners as external auditors, determining their remuneration and evaluating their performance, ensuring their independence, and reviewing the scope and terms of their engagement.
2. The committee diligently ensured the auditors' independence, objectivity, and fairness, evaluating the effectiveness of their audit activities against relevant standards and guidelines.
3. It also scrutinized the auditors' operational plans and their execution, ensuring that their services do not extend beyond audit responsibilities, and provided insights as necessary.
4. Responding to inquiries from the company's auditors.
5. Studying the auditors' report and their comments on the financial statements, and following up on the actions taken regarding them.
6. The committee engaged in regular dialogue with the auditors prior to the release of their reports to discuss financial policies, internal controls, transactions, and overall account balances, actions where needed.
7. It also reviewed the auditors' feedback on both preliminary and annual financial statements and monitored the implementation of corrective actions where needed.
8. The committee's evaluation of the internal control system was thorough, involving a review of the auditors' reports and feedback on the company's automated systems. This ensured the robustness of the control mechanisms and the management's adherence to implementing corrective measures for identified deficiencies.

**Thirdly: Internal Audit**

1. Review and examine the company's internal and financial control systems.
2. Study internal audit reports and follow up on the implementation of corrective actions for notes indicated in the reports, and inform the Board of any significant findings.
3. Oversee and supervise the performance and activities of the company's Internal Audit Department to ensure the availability and effectiveness of resources in fulfilling its responsibilities.
4. Implement a reporting policy for employees to confidentially report any discrepancies in financial reports or other concerns.
5. Review and approve the annual internal audit plan.
6. Ensure the independence and effectiveness of the Internal Audit Department's operations, in line with related standards.

**Fourthly: Other Matters**

1. Review the results of regulatory bodies and verify the company's compliance with necessary actions.
2. Ensure the company's adherence to relevant regulations, policies, and instructions.
3. Review contracts and transactions conducted by the company with related parties.
4. Elevate any matters deemed necessary for Board action, offering opinions on required procedures.
5. Review the company's zakat status.
6. Examine legal case reports.
7. Approve the appointment of ECOVICE Consulting for internal audit tasks on IT and cybersecurity after reviewing technical, professional, and financial proposals.
8. Conduct meetings with the Governance, Risk, and Compliance Manager, and the IT Manager to discuss and highlight regulatory and organizational aspects affecting the company's goals and operations.

**Committee's Opinion on the Adequacy of Internal and Financial Control Systems and Risk Management in the Company**

Based on the activities mentioned above, the committee found no significant risks in the company's internal and financial control systems and risk management. It recommends enhancing and developing internal and financial control systems, improving the effectiveness of IT systems, and establishing a strategy for environmental, social, and governance frameworks to enhance their efficiency and effectiveness, contributing to the company's objectives.

## 2. The Remuneration and Nomination Committee:

The Remuneration and Nomination Committee assumes the responsibility of scrutinizing the structure of the Board of Directors and the efficiency and performance of its members. It formulates recommendations regarding potential alterations, identifies areas of strength and weakness, ensures the independence and absence of conflicting interests of each member, and recommends nominees in accordance with the requisite criteria. Additionally, the committee evaluates the remuneration and compensatory packages for board committee committees, salaries of senior management, and Saudization ratios.

During the year 2023, the Remuneration and Nomination Committee convened for a total of (3) meetings. The committee comprises:

Name:		1 January 22nd	2 October 24h	3 December 11th
Eng. Abdullah bin Abdulrahman AlObaikan	Committee Head	✓	✓	✓
Prince Naif bin Sultan bin Mohammed bin Saud AlKabeer	Member	✓	✓	✓
Eng. Faisal bin Solaiman AlRajhi	Member	✓	✓	✓

### 3. BOD Members' rewards

1. The rewards for members of the board at Yamama Cement Company is structured around either a fixed sum or attendance-based allowances for meetings, reimbursement for expenses, in-kind perks, or a share of profits. The aggregate annual rewards and benefits for an individual board member should not surpass (500,000) five hundred thousand Saudi Riyals under any circumstances.

2. Compensation may vary in magnitude according to a policy outlined by the Compensation and Nomination Committee, endorsed by the assembly. The annual report of the Board of Directors to the General Assembly of Shareholders must encompass a comprehensive breakdown of all rewards received by board members during the fiscal year, encompassing bonuses, expense allowances, and other benefits. It should also feature a disclosure of what board members received in their capacity as employees, administrators, or consultants (if applicable), along with an account of the number of board meetings held and the attendance record of each member since the last general assembly meeting.

### 4. Committee members' rewards

1. The Board of Directors determines and approves the membership allowances for its subsidiary committees, attendance fees, and other entitlements based on the recommendation of the Remuneration and Nomination Committee, in accordance with the rewards policy for the Board of Directors and executive management committees.

2. Attendance allowance for meetings and other entitlements will be disbursed as outlined in this policy.

3. Regarding the compensation for membership in committees derived from the Board of Directors...

Consideration must be given to the number of committees a board member can serve on, ensuring that the total compensation received for board and committee membership does not exceed the maximum limit stipulated in the articles of association.

## 5. Executive Management rewards:

The Remuneration and Nomination Committee undertakes the review of the salary structure stipulated for all employees and senior executives, along with ongoing assessment of incentive programs and plans, subject to approval based on recommendations from the executive management. rewards for executive management encompasses the following:

1. Basic salary (disbursed monthly at the conclusion of each Gregorian month) and allowances encompassing, though not confined to, housing, transportation, education for children, telephone, and medical insurance benefits for the employee and their dependents.

2. Yearly bonuses tied to performance metrics as per the annual evaluation conducted for this purpose.

3. Additional benefits, inclusive but not limited to, paid annual leave, end-of-service benefits pursuant to the Labor Law and the HR Policy approved by the company.

4. Plans and programs relating to executive remuneration are ratified by the Remuneration and Nomination Committee.

5. The Chief Executive Officer executes the rewards policy for employees and executives within the framework of the endorsed plans, programs, and overarching guidelines stipulated by the committee.





**6. Statement of rewards and meeting attendance allowances paid to members of the Board of Directors during 2023:**

BOD Members	Capacity Membership	Attendance allowance			BOD Members' rewards
		Board of Directors	Committee of Remunerations and Nominations	Audit Committee	
Prince Turki bin Mohammed bin Abdulaziz bin Turki	Non-executive	9,000			300,000
Prince Naif bin Sultan bin Mohammed bin Saud AlKabir	Non-executive	12,000	9,000		300,000
Mr. Fahd bin Thenayan AlThenayan	Non-executive	12,000	9,000		300,000
Eng. Faisal bin Solaiman AlRajhi	Non-executive	12,000	9,000		300,000
Eng. Abdullah bin Abdulrahman AlObaikan	Independent	12,000			300,000
Mr. Abdullah bin Mohammed AlBahouth	Independent	12,000		18,000	300,000
Mr. Nizar bin Abdulaziz AlTwajri	Independent	12,000			300,000
Mr. Raed bin Ali Al-Saif	Head of Audit Committee From outside of the Board			18,000	
Mr. Lotfi Shahdah	The member of the audit committee is independent and external to the board.			18,000	
Total		81,000	27,000	54,000	2,100,000

BOD Members	Member capacity	Annual committee membership rewards	
		Remuneration and Nomination Committee	Audit Committee
Prince Naif bin Sultan bin Mohammed bin Saud AlKabir	Non-executive	50,000	
Eng. Faisal bin Solaiman AlRajhi	Non-executive	50,000	
Eng. Abdullah bin Abdulrahman AlObaikan	Independent	50,000	
Mr. Abdullah bin Mohammed AlBahouth	Independent		150,000
Mr. Raed bin Ali Al-Saif	Head of Audit Committee is independent and external to the board.		150,000
Mr. Lotfi Shahdah	The member of the audit committee is independent and external to the board.		150,000
Total		150,000	450,000

**7. Statement of Salaries, rewards, and End-of-Service Benefits Paid to Senior Executives during the year 2023 (in thousands of Saudi Riyals):**

Senior Executives	Fixed rewards			Variable rewards	
	Salaries	Allowances	Non-monetary Benefits	Profits	Gross
6 Senior Executives including the CEO and Vice President of Finance	7,714	2,219		4,138	14,071

«Total balance of end-of-service benefits for senior executives during 2023 amounted to 802 thousand Saudi Riyals.

8. Current and Former Board members' positions, qualifications and experiences:

Name:	Current Positions	Former Positions	Qualifications	Experience
1  Prince Turki bin Mohammed bin Abdulaziz bin Turki Chairman of Board of Directors	Chairman of the Board of Yamama Cement Company	Board Member of Yamama Cement Company	Bachelor's degree in Political Science and Sociology	<ul style="list-style-type: none"> <li>Board Member of Yamama Cement Company since 1991</li> <li>Chairman of Al Thamirah International Group</li> <li>Chairman of Al Maktan Company</li> <li>Chairman of Taif Investment Company</li> </ul>
2  Prince Naif bin Sultan bin Mohammed bin Saud AlKabeer Deputy Chairman Member of the Remuneration and Nomination Committee	<ul style="list-style-type: none"> <li>Deputy Chairman of Yamama Cement Company</li> <li>Chairman of Arabian Shield Cooperative Insurance Company</li> <li>Chairman of Almarai Company</li> <li>Chairman of Mobile Telecommunication Company Saudi Arabia (Zain)</li> <li>Deputy Chairman of Farabi Petrochemicals Company</li> <li>Board Member of Tarabot Investment and Development Company</li> <li>Board Member of Al-Masnaa Al-Muthala for Sweets and Pastries</li> <li>Board Member of Asmak Al-Nafoura Company</li> <li>Board Member of Al-Nafoura for Food Supplies</li> <li>Chairman of Diplomatic Tastes Sweets Company</li> <li>Chairman of Diplomat Sweets and Pastries Factory</li> <li>Chairman of Dar Al-Salal Company</li> <li>Chairman of Seventy Financial Company</li> <li>Board Member of Tejori Company</li> <li>Chairman of Sultan Holding Company</li> <li>Board Member of Al-Nafoura and Almethali United Company Ltd.</li> </ul>		Bachelor's Degree in Management Sciences	<ul style="list-style-type: none"> <li>Chairman of Almarai Company</li> <li>Chairman of Mobile Telecommunication Company Saudi Arabia (Zain)</li> <li>Chairman of Arabian Shield Cooperative Insurance Company</li> </ul>

Name:		Current Positions	Former Positions	Qualifications	Experience
3	Mr. Fahd bin Thenayan AlThenayan	Board Member of Yamama Cement Company Chairman of the National Building and Marketing Company Board Member of National Gypsum Company		Bachelor's degree in Business Administration	<ul style="list-style-type: none"> <li>Board Member and Managing Director of National Gypsum Company</li> <li>Chairman of the National Building and Marketing Company</li> </ul>
4	Eng. Faisal bin Solaiman AlRajhi Member of the Remuneration and Nomination Committee	<ul style="list-style-type: none"> <li>Board Member of Yamama Cement Company</li> <li>CEO of Aseel Holding Company</li> <li>Board Member of Al-Suwaiddi Cables Company</li> <li>Board Member of Al Arjan Company</li> <li>Board Member of Al Ajeel Holding Company</li> </ul>	CEO of Al Rajhi Holding Group	Bachelor's Degree in Systems Engineering Master of Business Administration	<ul style="list-style-type: none"> <li>General Manager of Delma's Light Snacks Factory in Riyadh</li> <li>Board Member of Al Rajhi Holding Company</li> <li>CEO of Al Ajial Holding Company.</li> </ul>
5	Eng. Abdullah bin Abdulrahman AlObaikan Chairman of the Remuneration and Nomination Committee	<ul style="list-style-type: none"> <li>Board Member of the Social Development Bank</li> <li>Vice Chairman of the Board for the National Water Company</li> <li>Board Member of Al-Obeikan Glass Company</li> <li>Board Member of Modon</li> <li>Board Member of the National Industrial Development Center</li> <li>Deputy Chairman of the Board for Dussur</li> <li>Board Member of the Sulaiman Al Rajhi Charitable Foundation</li> </ul>		Electrical Engineering	<ul style="list-style-type: none"> <li>CEO of Al-Obeikan Investment Group</li> <li>Board Member of Al-Obeikan Investment Group</li> <li>Board Member of Arab Shield Cooperative Insurance Company</li> <li>Board Member of the National Water Company</li> </ul>
6	Mr. Abdullah bin Mohammed AlBahouth	<ul style="list-style-type: none"> <li>Board Member of Yamama Cement Company</li> <li>General Manager of the General Administration for Insurance Excellence</li> </ul>	General Manager of the General Operations Administration	Bachelor's Degree in Operations Research Master's Degree in Applied Statistics	<ul style="list-style-type: none"> <li>Managing Director of Riyadh Development Company</li> <li>Board Member of Dar Al-Tamlik Company</li> <li>Board Member of Iwan Global Housing Company</li> <li>Board Member of Riyadh Development Company</li> <li>General Manager of the General Administration for Subscriber Affairs</li> </ul>
7	Mr. Nizar bin Abdulaziz AlTwajiri	<ul style="list-style-type: none"> <li>Board Member of Yamama Cement Company</li> <li>CEO of STC Pay</li> <li>Board Member of the National Water Company</li> </ul>	Vice Managing Director of Arab Bank	Bachelor's Degree in Information Systems Master's Degree in Public Administration	<ul style="list-style-type: none"> <li>Leader of Central Region Team for Banking Services</li> <li>Regional Manager for Central Region Banking Services</li> <li>Deputy Head of Corporate Banking Services</li> <li>Head of Corporate Banking Services</li> <li>Head of Corporate Banking Services – National Arab Bank</li> </ul>



9. Members of Committees from outside the Board, Current and Former, Their Qualifications, and Experiences:

Name:	Current Positions	Former Positions	Qualifications	Experience
1  Mr. Raed bin Ali Al-Saif Head of Audit Committee	<ul style="list-style-type: none"> <li>Member of the Board of Directors, Lebanon IBC</li> <li>Member of the Board of Directors, Diplomats' Delight Confectionery</li> <li>Member of the Board of Directors, Member of the Board of Directors of the Diplomat Confectionery and Bakery Factory</li> <li>Member of the Board of Directors, Basket House</li> <li>Chief Executive Officer, Sultan Holdings Company</li> </ul>	<ul style="list-style-type: none"> <li>Investment and Business Development at the Private Office of Prince Sultan bin Mohammed bin Saud Al Kabeer</li> <li>Head of Banking Services Department</li> <li>Chairman of the Board of Directors of the Arab Investment Bank</li> <li>Member of the Board of Directors of Zain</li> <li>Member of the Board of Directors of the Ideal Confectionery and Bakery Factory</li> <li>Member of the Board of Directors of Al-Nafoura Food Catering</li> <li>Member of the Board of Directors of Al-Nafoura Fish</li> <li>Relationship Manager at the Saudi Fransi Bank</li> <li>Head of the Corporate Financing Team at the National Arab Bank</li> </ul>	Bachelor's degree in Accounting	<ul style="list-style-type: none"> <li>Investment and Business Development at the Private Office of Prince Sultan bin Mohammed bin Saud Al Kabeer</li> <li>Head of Banking Services Department</li> <li>Chairman of the Board of Directors of the Arab Investment Bank</li> <li>Member of the Board of Directors of Zain</li> <li>Member of the Board of Directors of the Ideal Confectionery and Bakery Factory</li> <li>Member of the Board of Directors of Al-NafouraFood Catering</li> <li>Member of the Board of Directors of Al-NafouraFish</li> <li>Relationship Manager at the Saudi FransiBank</li> <li>Head of the Corporate Financing Team at the National Arab Bank</li> </ul>
2  Mr. Lotfi Shahadeh Audit Committee Member	<ul style="list-style-type: none"> <li>Audit Committee at Malath Capital.</li> <li>Audit Committee Chairman at SACO.</li> <li>Audit Committee Member at Gulf Training.</li> <li>Audit Committee Chairman at Arasco.</li> <li>Audit Committee Chairman at Al-Kharif Group.</li> <li>Audit Committee Chairman at Masha'at Company.</li> <li>Audit Committee Member at Al-Obeikan Group.</li> </ul>	<ul style="list-style-type: none"> <li>Member of the Board of Directors and Member of the audit Committee of the Institute of Accountants (America).</li> <li>Member of the Audit Committee AL-Ajou group.</li> <li>Council member Global Ernst &amp; Young</li> </ul>	Bachelor's degree in Accounting	<ul style="list-style-type: none"> <li>Board Member of Al-Kharif Group.</li> <li>Board Member of SACO.</li> <li>Board Member of Gulf Training.</li> </ul>

10. Company Names Inside or Outside the Kingdom in which the Board Member Holds Current or Former Board Memberships or Directorships:

Member's Name	Company Names Where the Board Member Holds Current Board Memberships or Directorships	Inside KSA Outside KSA	Legal Entity (Listed Joint–Stock / Unlisted Joint–Stock / Limited Liability /...)	Company Names Where the Board Member Holds Former Board Memberships or Directorships	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Joint–Stock / Unlisted Joint–Stock / Limited Liability /...)
Prince Turki bin Mohammed bin Abdul Aziz bin Turki Al Saud	Al-Thamrah International Group	Inside	Shareholder			
	Al-Maktan Limited Company	Inside	Shareholder			
	Al-Taif Investment and Tourism Company	Inside	Shareholder			
Prince Nayef bin Sultan bin Mohammed bin Saud Al Kabir Al Saud	Almarai Company	Inside	Publicly listed			
	Zain Telecom	Inside	Publicly listed			
	Arab Shield Cooperative Insurance Company	Inside	Publicly listed			
	Sultan Holding Company	Inside	LLC			
	Al-Farabi Petrochemicals Company	Inside	Shareholder			
	Tijori Limited Company	Inside	Shareholder			
	Tarabot Investment and Development Company	Inside	Shareholder			
	Global Chemical Industries Company (GCI)	Inside	Unlisted joint-stock			
	Sab'een Financial Company	Inside	Shareholder			
	Art of Diplomats for Sweets and Pastries	Inside	Shareholder			
	Dar Al-Selal Factory Company	Inside	Shareholder			

Member's Name	Company Names Where the Board Member Holds Current Board Memberships or Directorships	Inside KSA Outside KSA	Legal Entity (Listed Joint–Stock / Unlisted Joint–Stock / Limited Liability /...)	Company Names Where the Board Member Holds Former Board Memberships or Directorships	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Joint–Stock / Unlisted Joint–Stock / Limited Liability /...)
Mr. Fahd bin Thenayan AlThenayan	Specialized Plastic Production Company		Shareholder	Najd Luminaries Trading and Medical Supplies Company		Shareholder
	FAT Trading Establishment		Shareholder	Eastern Diamond Company		Shareholder
	First Guardian Security Guard Company		Shareholder	Nadec Company		Listed Joint–Stock
	Private City		Shareholder			
	Hanosh Saudi Company		Shareholder			
	National Building & Marketing Company		Listed Joint–Stock			
	National Gypsum		Listed Joint–Stock			
	Saudi Chemical Company		Unlisted joint–stock			
	Al Jazeera Media, Printing, and Publishing Establishment		LLC			
	Makeen Capital Company		Shareholder			
	Fahd Thunayan Al–Thunayan Chemical Products Company		Shareholder			
	Joudat Contracting Company		Shareholder			
	Fahd Thunayan Al–Thunayan Industrial Investment Company		Shareholder			
	Gulf Maze Company		Shareholder			
	Technical Plastic Company		Shareholder			
Eng. Faisal bin Solaiman AlRajhi	Al Rajhi Holding Group		Shareholder	Delma's Light Foods Company		Shareholder
	Ajial Holding Company		Shareholder	Al Rajhi Investment Group		Shareholder
Eng. Abdullah bin Abdulrahman AlObaikan	Obaikan Investment Company		Unlisted joint–stock			
	Arabian Shield Cooperative Insurance Company		Listed Joint–Stock			
	National Water Company		Unlisted joint–stock			
Mr. Abdullah bin Mohammed AlBahouth	Riyadh Development Company		Listed Joint–Stock	Iwan Global Housing Company		Closed joint–stock
				Dar Al–Tamlik Company		Closed joint–stock
Mr. Nizar bin Abdulaziz AlTwaajri	Arab Company for Heavy Equipment Leasing CEO of STC Pay		Unlisted joint–stock			



11. The financial interests and rights of board members and executive management, including their spouses and underage children, in the shares or debt instruments of the company or any of its subsidiaries.

Name:	Shares at the Beginning of the Year		Shares at the End of the Year		Change During the Year	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Prince Turki bin Mohammed bin Abdulaziz bin Turki	34,500	0.0170%	34,500	0.0170%	0	0
Prince Naif bin Sultan bin Mohammed bin Saud AlKabeer	1,000	0.0005%	1,000	0.0005%	0	0
Mr. Fahd bin Thenayan AlThenayan	1,500	0.0007%	1,500	0.0007%	0	0
Eng. Faisal bin Solaiman AlRajhi	168,266	0.0830%	168,266	0.0830%	0	0
Mr. Jehad bin Abdul-Aziz AlRushed CEO	100,000	0.0494%	100,000	0.0494%	0	0

\* There are no debt instruments for the members of the board of directors.

## 12: Executive Management Positions, Current and Former, Their Qualifications, and Experiences:

	Name:	Current Positions	Former Positions	Qualifications	Experience
1	Jehad bin Abdul-Aziz AlRushed	CEO	Several leadership positions at SABIC	Bachelor's Degree in Mathematics	<ul style="list-style-type: none"> <li>29 years at SABIC</li> <li>CEO of Yamama Cement since 2008 to date.</li> </ul>
2	Khaled Ibrahim bin Jafal	Vice President of Finance	Treasury and Planning Manager at Yamama Cement	Bachelor's degree in Accounting Master's in Financial Management Saudi Organization for Certified Public Accountants (SOCPA) Fellowship	<ul style="list-style-type: none"> <li>20 years at Yamama Cement</li> <li>Member of the Saudi Organization for Certified Public Accountants (SOCPA)</li> </ul>
3	Abdullah Ibrahim Al-Suwailim	Vice President of operations	Production Manager at Yamama Cement	Bachelor's in Industrial Engineering	29 years at Yamama Cement
4	Abdullah Mohammed Al-Nuwaisher	Vice President of projects	Deputy CEO for Commercial Affairs	Bachelor's in Industrial Engineering	22 years at Yamama Cement
5	Mohammed bin Saeed Al-Maliki	Vice President of commercial affairs	Supply Chain Manager at Yamama Cement	Bachelor's in Mechanical Engineering	<ul style="list-style-type: none"> <li>14 years at Yamama Cement</li> <li>3 years at Al-Omir Company</li> </ul>
6	Othman bin Ali Al-Hammad	Vice President of Human Resources	Human Resources Development Manager at Yamama Cement	Bachelor's in Sociology	26 years at Yamama Cement

Thirdly	Related parties (in thousands SR)							
Related parties		Related party	Nature of transaction	Contract term	Transaction amount		Balance at December 31	
					2023	2022	2023	2022
Cement Products Industry Co LLC Yamama owns 33.33 % of the share capital	CEO Mr. Jehad bin Abdul–Aziz AlRushed, who is a member of its board of directors.	Purchase of plastic papers	Open	27,968	33,591	(5,485)	–	
Saudi–Yemeni Company (Closed Yemeni Joint Stock Company) Yamama owns 20% of the capital	Deputy Chairman of the Board HRH Prince Naif bin Sultan bin Mohammed bin Saud AlKabeer, son of HRH Prince Sultan bin Mohammed bin Saud AlKabeer, who owns 16% of the company.	Administrative expenses	Open	343	199	343	–	
Arabian Shield Cooperative Insurance Company Saudi joint–stock company <sup>(1)</sup>	HRH Prince Naif bin Sultan bin Mohammed bin Saud AlKabeer, a board member who serves as Chairman of the board of Arabian Shield.	Insurance Policy	Annually	14,031	16,299	(2,440))	–	
	Board member Engineer Abdullah bin Abdulrahman AlObaikan, who serves on the board of directors of Arabian Shield Company.							
Mobile Telecommunication Company Saudi Arabia (Zain) <sup>(2)</sup>	HRH Prince Naif bin Sultan bin Mohammed bin Saud AlKabeer, a board member who serves as Chairman of the board of Zain Saudi Arabia.	Telecommunicat ions services	Annually	1,997	2,288		–	
AlRajhi Bank	Board member Eng. Faisal bin Solaiman AlRajhi, brother of Al Rajhi Bank Chairman Mr. Abdullah bin Solaiman Al Rajhi	Investment in sukuk	5 Years	–	15,000	15,000	15,000	
Al–Obeikan for Digital Solutions (Comprehensive)	Board member Eng. Abdullah bin Abdulrahman AlObaikan	Purchase service development	Annually	–	747	(747)	747	
Sahel Al–Madar Trading Company	who serves as the chairman of its board of directors.	Logistic service development	Annually	2,088	1,085	(330)	(302)	

1. A tender was held among several insurance companies, and after evaluating their technical and financial proposals, Arabian Shield Cooperative Insurance Company was chosen for medical and property insurance.
2. Likewise, a tender took place among telecommunications companies, and following an evaluation of their technical and financial proposals, Zain Saudi Arabia was selected.



08

Shareholders





## Shareholders

The company aims to meet shareholders' expectations, protect their rights, facilitate access to information, and enhance the quality of financial disclosure, significant developments, and material changes. It focuses on timely communication with shareholders and adheres to a policy of disclosure and transparency in accordance with the regulations of the Saudi Capital Market Authority.

The Investor Relations department publishes financial information and reports relevant to investors on the company's website, including quarterly and annual financial statements and minutes of general assembly meetings.

## Policy for Profit Distribution

The General Assembly may, based on the proposal of the Board of Directors, approve the distribution of interim profits to its shareholders quarterly, semi-annually, or annually. It may also delegate this authority to the Board of Directors in accordance with the guidelines issued by the Capital Market Authority. The General Assembly may refrain from allocating any amount of the company's available funds for cash distributions as reserves or for achieving social purposes for company employees or other purposes related to the company as deemed beneficial by the Board of Directors.

### Requests from shareholders' register during the year 2023:

Date of request	Reason for request
02 January	Corporate procedures
25 February	Corporate procedures
14 March	Corporate procedures
20 March	General Assembly
22 March	Corporate procedures
05 June	Corporate procedures
05 September	Corporate procedures
04 December	Corporate procedures
11 December	General Assembly

Interested parties and stakeholders can contact the Investor Relations department at Yamama Cement via the following email:

[IR@yamamacement.com](mailto:IR@yamamacement.com)

For more information, please visit the website: [www.yamamacement.com](http://www.yamamacement.com)

## Dividend

Cash dividends were distributed to the company's shareholders for the fiscal year 2022 as follows:

The total amount distributed	SAR202,500,000
The number of shares entitled to dividends	SAR202,500,000
The share of the distribution	one riyal for each share
The distribution ratio to the nominal share value	%10
Due date	20/03/2023
Distribution date	09/04/2023



09

Risks

## Corporate Risks

Risk management is crucial for the company and forms an integral part of its internal control system and overall strategy to achieve both short-term and long-term objectives. It ensures the company's ability to implement its strategies effectively.

Yamama Cement Company is committed to conducting a systematic and organized assessment of operational and activity risks using scientific methods characterized by transparency. This is carried out within the framework of the corporate risk management policy and processes, in compliance with the Corporate Governance Regulations issued by the Capital Market Authority and international standards ISO 31000–2018 and COSO 2017.

During 2023, Key Risk Indicators (KRIs) models were implemented to monitor key risk indicators, serving as early warning signals for potential exposure to risks. These models were applied to risks for which acceptable risk margins (risk appetite) were defined by the Board of Directors.

Additionally, the Board of Directors continues to oversee aspects that may pose significant risks to the company and safeguard the interests of investors by maintaining an effective risk management system.

The risk management function aims to foster a culture of risk awareness within the company, ensuring that all employees are informed about risks and necessary measures are taken to mitigate them. It also ensures that the company's risks are systematically assessed, mitigated, and monitored.



## Types of Risks Faced by the Company and How to Manage Them:

### Credit Risks:



Credit risks occur when a party fails to meet its obligations, resulting in financial losses for the other party. However, the company doesn't face significant credit risks since it deals mainly with reliable clients in the local market, backed by adequate guarantees, minimizing credit-related risks. Moreover, the company secures receivables from clients with realizable values.

### Liquidity Risks:



These risks involve challenges in obtaining funds to fulfill financial obligations. Liquidity risks may arise from the inability to quickly sell a financial asset at a fair value. To address liquidity risks, regular monitoring ensures sufficient liquidity through cash flows and quick solutions like credit facilities to meet future commitments.

### Operational Resource Availability Risks:



The company continually works to ensure the availability of necessary raw materials and essential energy sources to achieve operational goals as per the established plans.

### Energy Product Pricing and Supply Risks:



As cement manufacturing consumes significant energy products, any potential price increase significantly affects operational results. The company sources fuel from a single supplier, Aramco, posing risks associated with price fluctuations.

### Operational Risks:



Despite intensive preventive maintenance programs and efforts to maximize production efficiency, the company may face risks of unscheduled production line shutdowns.

### Logistics Risks:



These risks relate to transporting the seventh line from the old factory to the new one, involving disassembly, transportation, and installation.

### Non-Compliance Risks:



These risks stem from the company's failure to comply with requirements from relevant authorities, leading to legal penalties, financial losses, or reputational damage.

Governance, risk, and compliance management ensure annual compliance programs to enforce effective adherence, disseminating a compliance culture through various means like informative messages, specialized courses, and workshops.

### Cybersecurity Risks:



Cybersecurity involves protecting computer devices, networks, software applications, and crucial systems and data from potential digital threats. The company mitigates cybersecurity threats by enhancing security measures to safeguard confidentiality, integrity, and data availability, aiming to maintain data privacy and combat cyber attacks. A successful cybersecurity approach comprises multiple layers of protection that span across computer devices, networks, software, and data.

### Increase in Supply Risks:



Competition among cement companies resulting from expansions in production capacity may lead to increased supply and inventory levels.





# 10

## Declarations

## Declarations

### The company declares that:

- |  |  |
|--|--|
| <p><b>01</b> Records of accounts are prepared correctly.</p> <hr/> <p><b>02</b> The internal control system is established on sound principles and effectively implemented.</p> <hr/> <p><b>03</b> There is no significant doubt about the company's ability to continue its operations.</p> <hr/> <p><b>04</b> There are no contracts with material interest for any board members or executive management beyond those disclosed.</p> <hr/> <p><b>05</b> No investments or reserves were created for the benefit of employees such as (savings, employee shares ...etc)</p> <hr/> <p><b>06</b> There are no penalties imposed on the company in the near or distant future.</p> <hr/> <p><b>07</b> No penalties, sanctions, or precautionary restrictions are imposed on the company by the Capital Market Authority or any other regulatory or judicial authority.</p> <hr/> <p><b>08</b> The financial statements are prepared in accordance with the accounting standards issued by the Saudi Organization of Certified Public Accountants.</p> <hr/> <p><b>09</b> Mr. Jihad bin Abdulaziz Al-Rasheed serves as the CEO of the company and a board member of a cement industry products company.</p> <hr/> <p><b>10</b> There is no interest in voting shares held by individuals other than board members, executives, or their relatives.</p> <hr/> | <p><b>11</b> There are no securities contracts or subscription rights held by board members, executives, or their relatives in the company's shares or debt instruments, except as mentioned in the related parties table.</p> <hr/> <p><b>12</b> The company did not issue or grant any convertible debt instruments, subscription rights, or similar rights during the fiscal year 2023.</p> <hr/> <p><b>13</b> The company is not involved in any deals or contracts that benefit any of its board members, CEO, Vice President of Finance and information technology , or their relatives, except as mentioned in the governance section above.</p> <hr/> <p><b>14</b> The company has neither issued nor granted any conversion or subscription rights under convertible debt instruments, contractual securities, warrants, or similar rights.</p> <hr/> <p><b>15</b> There have been no redemptions, purchases, or cancellations of any redeemable debt instruments by the company.</p> <hr/> <p><b>16</b> There are no agreements or arrangements for any board members or senior executives to waive any salary or bonuses.</p> <hr/> <p><b>17</b> No shareholders have agreed to waive any profit rights.</p> <hr/> <p><b>18</b> The company has not issued any shares or debt instruments for any subsidiaries.</p> <hr/> <p><b>19</b> The company does not hold any treasury shares.</p> <hr/> |
|--|--|

اسمنت اليمامة  
YAMAMA CEMENT

ANNUAL REPORT

2023

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