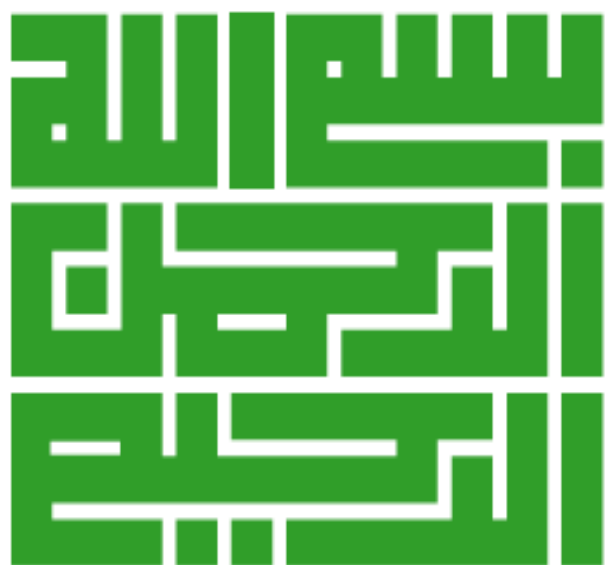


Tabuk Cement Company

Annual Report

2020







Custodian of the Two Holy Mosques
King Salman Abdul Aziz Al Saud



His Royal Highness

Prince Mohammed bin Salman bin Abdul-Aziz Al Saud

Crown Prince, Deputy Prime Minister, Minister of Defense



His Royal Highness

Prince Fahd bin Sultan bin Abdul-Aziz Al Saud

Governor of Tabuk Region - CEO of the company



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Mr./ Shareholder of Cement Tabuk Company

Peace, mercy and blessings of Allah

We are pleased to present to you the annual report of your board of directors submitted to your esteemed general assembly for viewing, discussion and then approval. This report included a summary of the company's activities and developments in the operational, financial and administrative levels during the year 2020. This report included the mechanisms for implementing governance and detailed information about the members of the Board Management and the committees emanating from the Board, while providing quick glimpses of the risks facing our business and our expectations for the fiscal year 2021. This includes reviewing the company's most prominent initiatives to promote health, the environment and sustainable growth.



Introduction

It should be noted that this report has been prepared in accordance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority and the Companies Law issued by the Ministry of Commerce and Investment, taking into account the adoption of a high degree of transparency and disclosure in a way that enhances the loyalty of all stakeholders in the company and helps shareholders and investors make their investment decisions.

We begin this report with the message of the Chairman of the Board of Directors, then the word of the CEO, and then we start listing the information and data of the report according to the list of contents.



The Speech of the Chairman of the Board of Directors

The professor
Saud bin Suleiman Al-Juhani
Chairman of Board of Directors

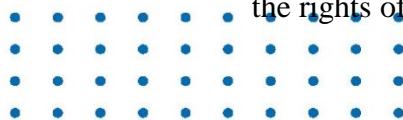
Mr./ Shareholder of Cement Tabuk Company

On behalf of my fellow members of the Tabuk Cement Board of Directors, I present to you the annual report of the company for the fiscal year ending on December 31, 2020.

During the year 2020 AD, the world faced many challenges in a direct reflection of the challenges and risks caused by the Coronavirus (19-CoVID) pandemic. In the Kingdom, we have received great attention and care from our wise government led by the Custodian of the Two Holy Mosques and the Crown Prince, His Royal Highness Prince Mohammed bin Salman. Contribute to supporting the local economy and companies overcoming these challenges.

We worked in Tabuk Cement Company as one team according to the highest standards of governance and best practices, with the future in mind and based on a set of values and our keenness to harness all capabilities to support and develop human capital, believing that they are the basis of this company and in the capabilities and qualifications of our sons and daughters. This helped the company achieve many of the accomplishments and successes discussed in this report.

In conclusion, on behalf of my colleagues, members of the Board of Directors, I would like to express my deep thanks and great gratitude to our rational government, our valued shareholders and all our partners for their continuous support and confidence in Tabuk Cement Company, as well as thanks to my colleagues and colleagues from the company's employees for their effective role in implementing our strategy and for creating a constructive and distinguished work culture that has borne fruit. For positive results for this year, we also aspire to discover new and promising opportunities while continuing to achieve benefits and protect the rights of shareholders, stakeholders and society.





The Speech of CEO The Engineer Ali bin Saif Al-Qahtani CEO

It is my pleasure, at the beginning of my speech, to welcome you to a new meeting in which we review the most prominent achievements of Tabuk Cement Company during the year 2020

The past year was a turning point at the level of our administrative and operational operations, as we demonstrated our responsible commitment to the importance of this sector and its pivotal role in increasing income towards the development of the cement sector, believing in its role in enhancing market efficiency, building and developing society, as one of the main pillars in building the national economy In terms of labor, productive capacity and invested money

In light of the turmoil facing the local and global markets, represented by a decrease in demand due to the arrival of the Corona virus. Tabuk Cement Company developed a well-thought-out strategy adopted by the Board of Directors and those in charge of the company who have the professional ability to seize opportunities with rewarding investment returns, as it has achieved good results during the year 2020 and has continuously maintained its market share.

In addition to the above, initiatives have been rolled out during the year 2020 with the aim of consolidating the principle of comprehensive development as a general culture within the company, including the development of procedures related to human resources, information technology, quality systems, and occupational and environmental safety. The restructuring and organization of the company is one of the initiatives that we have been keen to implement during the past year, in line with developments in the market and developments in the economic arena. The administrative structure of the company is a realistic embodiment of the strategy, in the framework of strengthening the foundations of the company dynamically and smoothly, and allowing the way to continue innovation and growth, which reflects our ability to adapt and survive, and contribute to raising the level of our operational efficiency

In our endeavor to advance our local community, our attention has remained focused on sustainable social and environmental projects in the interest of future generations, in line with our strategy in the field of corporate social responsibility.

I am confident that the future will be better and that the year 2021 will bring with it many achievements and successes. Here I would like to take this opportunity and extend my sincere thanks and appreciation to the Chairman and members of the Board of Directors of the company for their wise vision and their full support. I am also pleased to extend my thanks and gratitude to our shareholders, partners and clients, and to everyone who contributed, worked and exerted efforts to achieve the vision of Tabuk Cement. You, with your support and trust, are the main driver for the success of this company. As we entered into a new decade full of opportunities and capabilities, I hope my colleagues will continue to support the Tabuk Cement Company and the dedication to work and make Maximum efforts to achieve the goals of our strategy.



- **Company activity**
- **Subsidiaries**
- **Company vision**
- **Company message**
- **Company Objectives**

1

Overview of Tabuk Cement Company



Company vision

Reaching local and regional leadership in the cement industry through our preservation of being an icon of quality, efficiency and the best choice for each of our customers, employees, shareholders and investors

Company message

Supplying the local and regional market with cement products that conform to international specifications and standards, and supporting sustainable development through stimulating the urban movement, the construction environment, and infrastructure development in the region.

Company Objectives

- Promote sustainable development and revitalize the national economy
- Covering the local and regional market needs of high-quality cement at competitive prices
- Optimal investment in the natural resources available in the region and maintaining a dynamic work environment
- Maintaining a level of excellence through training and continuous development of competencies, projects and services



Composition and activity

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

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

The main activity of the company is to manufacture ordinary, Portland and sulfate-resistant cement for industrial purposes, cement derivatives and its accessories, trade in those products and carry out all related and complementary work for this purpose, and establish factories and plants related to the subsidiary and complementary industries for the cement industry from building materials and others, in addition to importing and exporting cement and related products. It owns real estate and scientific laboratories to improve products according to industrial license No. (514 /R) and amended by number (421102107153) dated 1/10/2020

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

Subsidiaries

Tabuk Cement Company carries out its activities through one operational activity, which is its factory located in Duba Governorate, and it does not have any subsidiary companies during the current time.





2

- Environmental protection and occupational safety
- Sustainability
- Social Responsibility
- HR

Sustainability and social responsibility



Environmental protection and occupational safety

Tabuk Cement Company believes in the importance of health, safety and the environment, and based on its professional and ethical duty, the company works to create a safe and healthy environment for its employees and for everyone who falls within its borders, as well as taking care of the aspects of occupational safety and everything related to the elements of the continuity of the production process and its preservation with great care. It is keen on the slogan (safety first) and that it is one of its most prominent goals (no accidents) because accidents have a negative impact on the components of production and the work environment together. And high-quality personal protection tools that are commensurate with the nature of work and the risks surrounding them, in addition to adopting training and awareness-raising plans for toxic procedures on an ongoing basis by following the events of scientific methods and qualified personnel to analyze risks, avoid accidents and deal with emergencies and natural disasters.

environment protection

Tabuk Cement Company continued its efforts towards protecting the environment and was keen to put the ecosystem in mind. As an integral part of its policy, through the interest in applying all the regulations in place locally and internationally and adopting modern technology in reducing environmental pollutants, where the emission of dust does not exceed (10) mg / per cubic meter, which is much less compared to the limits of the General Authority for Meteorology and Environmental Protection (150) (Mg / cubic meter) and was keen to develop systems and programs that, including SICK, comply with the limits and standards of the authority, which can monitor and save emissions readings, install optical monitoring devices to monitor emissions of one type, including the installation of devices that can monitor optical detection readings to monitor emissions from Emission type and save

Occupational safety

One of the components of the company's success is its commitment to protect its employees, contractors and customers who support its work, as the culture of safety is the basis on which the performance of all the workforce in the company is based and supports the continuation of this performance and safety is one of the basic values that the company seeks to instill a mentality that places toxicity above all considerations among its employees and individuals Their families, and also in order to build a strong toxic culture. As for reducing toxicity risks, this approach contributes to instilling a work culture that ensures that employees are provided with the training, equipment and systems they need to accomplish their tasks safely.

Sustainability

Since its establishment, Tabuk Cement Company has taken the best standards and practices adopted locally and internationally as a reference for it in managing operations and projects in their diversity and different fields. The company's keenness to remain an investment stems from its belonging to the local community, and to its overarching goal in developing the cement sector, and to achieve positive returns for the benefit of shareholders and dealers with the company in a way that contributes to development. During the past year, the company has made efforts towards continuing to achieve its sustainability and the sustainability of the surrounding environment, while preserving the various resources for future generations. The company accomplished its objectives efficiently and operationally through cost control and planning.

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

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

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

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



Social Responsibility

Based on our keenness to achieve ethical goals, and realizing that investment in the local community will benefit everyone, Tabuk Cement believes as a responsible national company since its inception that the growth and development of the company does not depend only on its financial position, but also on its ability to contribute to the community. To do its part to support the local community

The company has proven that its social responsibility orientations are a continuous commitment to remain a pillar and pillar within the community, and it has its role and influence in meeting its needs and contributing to its development

Tabuk Cement Company works - wherever it does its business - to build long-term, mutually beneficial relationships with local communities, followed by a sustainable approach that generates lasting value, and innovative programs to meet the needs of those communities.

The company is keen on its pioneering role in social responsibility, and realizing the importance of community awareness and development, as dictated by national sentiments and moral values, a set of cultural and awareness programs, rehabilitation and training programs, and social and health programs have been established. Below is a brief summary of the activities and events

Contributed by the company:

1. Cooperative Office for Advocacy and Guidance in Duba.
2. World Civil Defense Day.
3. Contribution to the donations for the traffic of Duba.
4. Supporting the Health Endowment Fund to confront Corona virus.
5. Future Association for Orphan Care in Duba.
6. Prince Fahd Bin Sultan Social Society.
7. King Abdul-Aziz Charitable Society in Tabuk.
8. Charitable Association in Duba.
9. Coast Cleanup Campaign

HR

Human resources management is an essential element of the company's success, as the human staff is one of the most important resources of the company, if not the most important at all.

The Human Resources Management Unit supervises the human capital in Tabuk Cement, through a team specialized in personnel affairs and their development, including in terms of attracting competencies, training, evaluation and motivation, as a result of the pivotal role played by employee management and managing their affairs and needs, all of these related tasks It is determined in accordance with clear procedures and policies approved by the company's management, in order to achieve the highest level of achievement, and with the aim of avoiding any obstacles that may occur within the scope of the work environment.

In Tabuk Cement Company, we are interested in employing the female component based on our awareness of the important role that diversity plays in enriching our workforce, as the company is an industrial sector. In addition, the company is keen to employ Saudi citizens in an effort to support the efforts of Saudization, as the percentage of Emiratisation in the company is estimated at (51.56%). The Kingdom and abroad, which had a great impact in raising the efficiency of Saudi employees in various departments





- *Products*
- *Clinker production*
- *Achievements of the Marketing and Sales Department*

3

Summary of operating performance

Products

Ordinary Portland cement (OPC)

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

Areas of use

General construction work

Concrete structures

Reinforced concrete works

Block / brick manufacturing

Plaster and floors

Sulfate Resisting Cement (SRC)

One of the types of Portland cement in which the percentage of compounds that react with sulfur salts is less than usual in order to protect the concrete from decomposition in light of the presence of sulfur salts in the soil or groundwater.

Areas of use

Foundations and bases

Infrastructure and basement

Chemical factories

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

Portland Pozzolan Cement (PPC)

One of the well-known types of Portland cement formulations that is produced by grinding clinker and gypsum with mixing a certain percentage of volcanic stone (pozzolana), which is similar in its properties to cement.

Areas of use

Huge construction work

Low-cost housing projects

It can be used in hot weather areas

Hydraulic buildings and dams

Marine buildings

Huge concrete works like bridges

It can be used under extreme conditions



Clinker production

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

During the year 2020, a quantity of 928,911 tons of ordinary Portland clinker was produced and a quantity of 511,526 tons of clinker resistant to sulfur salts, with a total of 1,440,437 tons of the two types.

performance sign

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

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



Achievements of the Marketing and Sales Department

- 1. The most prominent achievements of the Marketing and Sales Department during the past year 2020 were as follows:*
- 2. Maintaining and full control over the markets of the TABUK region as the main market for the company, filling the region's needs for the cement product, and limiting the entry of competitors.*
- 3. Closure of all regions belonging to the TABUK region and the removal of competitors from it.*
- 4. Increasing domestic sales for the year (2020) over the previous year (2019) by (28%), and this was a great challenge in light of what all sectors faced in terms of being affected by the Corona pandemic.*
- 5. Dealing with the Corona pandemic in a professional manner by communicating with all concerned authorities to facilitate the mobility process for customers and employees during the days of a comprehensive ban to continue the sale process*
- 6. The actual local sales increase over the estimated sales by (7%).*
- 7. The actual export sales increased over the estimated sales by (170%), reaching (270,189 tons).*
- 8. Expanding and entering new markets, selling the largest possible quantities, and maintaining these market shares.*
- 9. The percentage of sales outside the TABUK region to new markets is 37.5% of the company's total sales.*
- 10. Make sales time (deliveries and scale) throughout the day (24 hours) six days a week.*
- 11. The biggest challenge is to make the overtime hours (zero) with the same existing staff and work (24 hours).*
- 12. Activating text messages to send clients' balances on a daily basis, which helped clients to monitor their accounts clearly, and this helped raise the collection rate from customers to the highest levels.*
- 13. Periodic communication with major clients and building strategic relationships with them to maintain market stability.*
- 14. In the history of the company, the annual general closing took four working days after the end of the calendar year, the current year the annual close took half a working day, and all the statements were delivered to the concerned departments on (1) January 2021.*
- 15. Raise the price of a pozzolana bag in the fourth quarter, until it reached the highest profit range for the company.*





4

Summary of financial performance

- *Production and sales*
- *Activity results*
- *Investments*
- *Projects field*
- *Summary of financial results for the period from 2016 to 2020*
- *Geographical distribution of sales*
- *The material differences in the operating results compared to the results of the previous year*
- *Commitment to Bank ALBILAD*

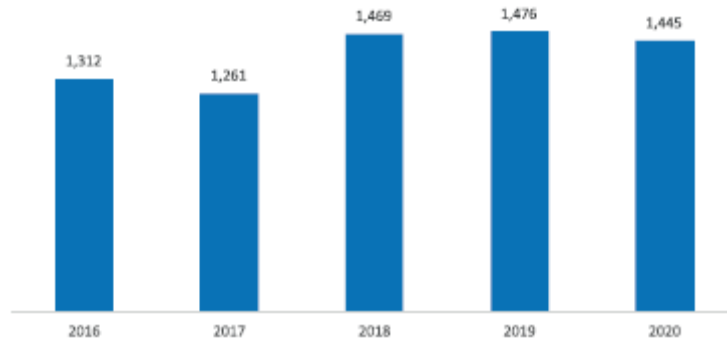


First: production and sales

Clinker production

The quantity of clinker produced during 2020 was (1,445,198 tons) compared to 2019 (1,476,139 tons), with a decrease of (2.1%).

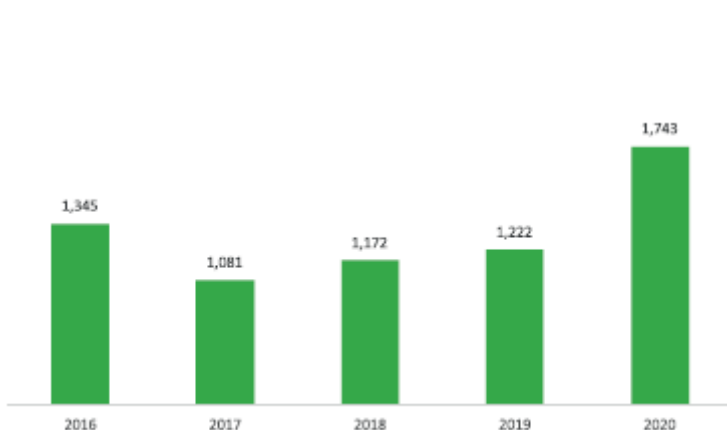
Clinker production - thousand tons



Cement production

The quantity of cement produced during 2020 was (1,742,525 tons) compared to 2019 (1,222,033 tons), with an increase of (42.59%).

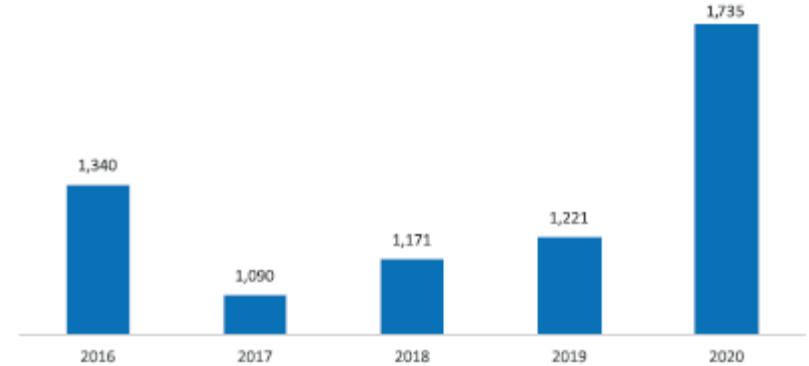
Cement production - thousand tons



The sales :

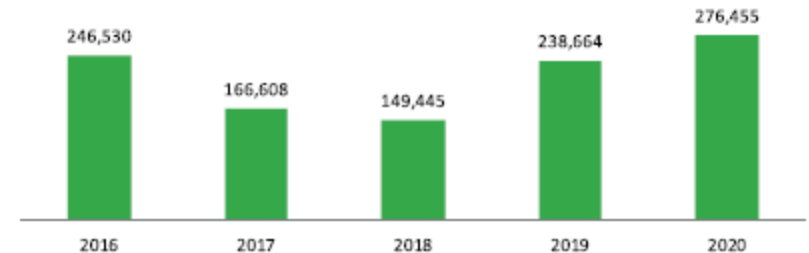
The company's total sales of cement during the year 2020G reached (1,734,834 tons) compared to the year 2019 (1,220,906 tons), with an increase of (42.09%)

Cement sales - one thousand tons



The net sales value in 2020 reached (276,454,772 riyals) compared to the net sales value in 2019 (238,663,555 riyals), with an increase of (15.83%).

Sales value - one thousand riyals



Inventory

The clinker stock at the end of 2020 reached (1,994,858 tons) compared to the stock in 2019 (2,094,795 tons) with a decrease of (4.77%), and the cement stock at the end of 2020 reached (64,091 tons) compared to the stock in 2019 (56,400 tons) with an increase The amount is (13.64%).

With the start of projects in the region, the results of the company's activity and business began to improve significantly, as the company's competitive position is much stronger than the closest competitors, and also with a good stock of clinker material that is used when demand is high (if sufficient fuel is available for operation).

Second: Activity Results (in Saudi Riyals)

Item	2020	2019	2019-2020
Gross profit.	68,246,999	54,578,574	0.25
Total marketing and administrative expenses	23,306,163	27,237,225	0.14-
Other expenses	-	-9,326,737	1.00-
Other revenue	25,980,072	11,636,269	1.23
Financial burdens and costs	11,274,890	24,780,605	0.55-
Net income before zakat	59,646,018	23,523,750	1.54
Zakat	8,070,246	4,018,930	1.01
Net income for the year	51,575,772	24,189,800	1.13
Comprehensive income for the year	61,533,483	26,096,430	1.36
Total shareholder equity	1,249,027,756	1,187,494,273	0.05

Third: Investments

The company's investments in 2020 amounted to an amount of (169,348,750) riyals represented in long-term investments in the Manufacturing and Energy Services Company, which was re-evaluated according to the international standard IFRS 9 and also the international standard IFRS 13, where the fair value through other comprehensive income reached (281,288,274) riyals.

Fourth: The field of projects

There are no major project activities implemented during 2020.

Fifth: A summary of the financial results for the period from 2016 to 2020

Statement of financial position

Item	2016	2017	2018	2019	2020
	SAR	SAR	SAR	SAR	SAR
Current assets					
Cash at banks	12,135,881	29,068,715	22,005,793	14,104,701	20,693,362
Short-term investments	-	-	-	-	20,000,000
Time deposits (investments for more than 3 months)	-	-	-	-	-
Accounts receivable - net	20,686,278	7,921,054	7,322,462	8,210,899	6,234,814
Prepaid expenses and other assets	7,702,414	6,934,275	116,847	1,582,666	4,684,631
Other debit balances	5,335,947	3,855,328	3,303,715	2,818,988	3,694,444
Inventory	209,675,002	248,441,170	283,088,827	299,661,317	285,063,097
Total current assets	255,535,522	296,220,542	315,837,644	326,378,571	340,370,348
Non-current assets:					
Long-term investments	169,348,750	169,348,750	-	-	-
Investments in equity instruments (through other comprehensive income)	-	-	270,958,000	270,958,000	281,288,274
The net value of fixed assets	703,314,623	1,375,046,549	1,205,617,639	1,127,243,138	1,065,784,188
Investment real estate	-	-	79,881,137	79,881,137	77,464,847
Capital work in progress	771,516,900	15,745,460	-	-	-
Intangible assets	8,995,615	9,115,654	1,925,241	4,205,434	5,043,683
Net deferred expenses	18,919,756	18,674,152	-	-	-
Right to use an asset	-	-	-	5,256,830	3,566,366
Total non-current assets	1,672,095,644	1,587,930,565	1,558,382,017	1,487,544,539	1,433,147,358
Total assets	1,927,631,166	1,884,151,107	1,874,219,661	1,813,923,110	1,773,517,706
Liabilities and shareholders' equity:					
Current Liabilities:					
The rolling portion of a rental obligation	-	-	-	1,645,854	1,881,295
Short term loans / current portion of a long term loan	126,123,636	60,920,505	78,561,537	95,206,325	63,470,883
Payables	12,012,898	20,231,627	19,199,321	20,272,673	19,427,291
Other credit balances	95,241,484	54,017,139	48,034,627	50,771,497	39,870,370
Distributions payable to shareholders	125,742,258	125,294,128	124,810,175	124,636,545	121,694,374
Proposed dividends to be distributed to shareholders	-	-	-	-	-
Zakat provision	9,505,720	10,235,950	10,523,880	4,018,930	10,156,261
Total current liabilities	368,625,996	270,699,349	281,129,540	296,551,824	256,500,474
Non-current liabilities:					
A long-term loan	357,753,217	433,366,024	408,205,278	309,420,556	252,000,653
Provision for end of severance pay	28,287,000	29,009,000	23,487,000	16,852,045	14,216,404
The non-current portion of a rental obligation	-	-	-	3,604,412	1,772,419
Total non-current liabilities	386,040,217	462,375,024	431,692,278	329,877,013	267,989,476
Shareholders' equity:					
capital	900,000,000	900,000,000	900,000,000	900,000,000	900,000,000
Statutory reserve	222,588,069	222,588,069	222,588,069	222,588,069	227,745,646
Fair value variances reserve	-	-	101,609,250	101,609,250	111,939,524
Retained earnings (losses)	50,376,884	50,376,884	62,799,476	36,703,046	9,342,586
Total shareholder equity	1,172,964,953	1,172,964,953	1,161,397,843	1,187,494,273	1,249,027,756
Total liabilities and shareholders' equity	1,927,631,166	1,884,151,107	1,874,219,661	1,813,923,110	1,773,517,706

Statement of profit or loss and other comprehensive income:

Item	2016	2017	2018	2019	2020
	SAR	SAR	SAR	SAR	SAR
Net sales					
Minus:					
Sales cost	161,341,427	157,358,988	173,037,194	184,084,981	208,207,773
Gross profit	85,188,562	9,248,732	23,592,291-	54,578,574	68,246,999
Minus:					
Selling and marketing expenses	3,539,820	3,373,149	3,353,166	8,526,180	2,951,585
General and administrative expenses	20,291,430	15,450,723	17,954,578	18,711,045	20,354,578
Total selling and marketing expenses	23,831,250	18,823,872	21,307,744	27,237,225	23,306,163
Net (loss) / operating income	61,357,312	9,575,140-	44,900,035-	27,341,349	44,940,836
Other expenses	-	3,775,401	17,128,299	320,783	-
Reversal / (impairment losses) in the value of inventory	-	-	11,439,888	9,647,520-	-
Other income	78,072	441,199	1,044,849	6,237,905	8,175,384
The effect of adjusting the cash flow of a financial liability	-	-	-	-	17,750,601
Dividends from investments in equity instruments at fair value through other comprehensive income	-	5,080,462	-	5,080,463	-
Deposit income	998,044	171,452	526,457	317,901	54,087
The cost of funding	3,312,241	13,408,442	24,001,444	24,780,605	11,274,890
Net income for the year before zakat provision	59,121,187	-21,065,870	-84,458,472	23,523,750	59,646,018
Minus:					
Reverse zakat provision	-	-	-	-4,684,980	0
Zakat legal provision	4,306,251	2,696,349	3,042,781	4,018,930	8,070,246
Net income (loss) for the year	54,814,936	-23,762,219	-87,501,253	24,189,800	51,575,772
Items that will not be classified subsequently in profit or loss					
(Loss) / other comprehensive income					
Actuarial gain from re-measuring the employees' end of service benefit obligation	83,000	1,874,000	7,653,000	1,906,630	-372,563
Unrealized gain from re-measurement of investments in equity instruments at fair value	-	0	0	0	10,330,274
Total comprehensive income	54,897,936	21,888,219-	79,848,253-	26,096,430	61,533,483
Profit / (loss) base and diluted net profit / (loss) for the year	0.61	-0.26	-0.97	0.27	0.57
Profit / (loss) base and diluted gross profit / (loss) of comprehensive income for the year	0.61	-0.24	-0.89	0.29	0.68

Sixth: the geographical distribution of sales

Region	2020	2020
TABUK REGION	152,264,287.89	0.55
WESTERN AND NORTHERN	53,069,856.00	0.19
CENTRAL REGION	5,671,848.00	0.02
MEDINA AND AL-ULA	33,228,484.00	0.12
ALTASDIR	32,203,596.60	0.12
TOTAL	276,438,072	1.00

Seventh: The material differences in the operating results compared to the results of the previous year

Income statement 2020 change			The material differences in the operating items compared to the previous year Reasons
Net sales	▲	0.16	Improving the market and increasing the amount of sales
Minus:			
Sales cost	▲	0.13	Increase the quantities produced.
Gross profit	▲	0.25	Result of the above
Minus:			
Selling and marketing expenses	▼	0.65-	Spending rationalization
General and administrative expenses	▲	0.09	The high values of the component items.
Total selling and marketing expenses	▼	0.14-	As a result of the above.
Net (loss) / operating income	▲	0.64	As a result of the above.
Other expenses	▼	1.00-	Income for the year to loss in projects in progress, property, intangible assets, etc.
Reversal / (impairment losses) in the value of inventory	▼	1.00-	Reversal of impairment losses in inventory value
Other income	▲	0.31	Cancellation of benefits that have no purpose
The effect of adjusting the cash flow of a financial liability	▲	1.00	Reschedule the loan balance on March 15, 2020
Dividends from investments in equity instruments at fair value through other comprehensive income	▼	1.00-	No profits were obtained during the year 2020
Deposit income	▼	0.83-	Liquidity income invested in deposits.
The cost of funding	▼	0.55-	Rescheduling with a higher profit rate, dividend payment and rescheduling commission for Bank Albilad loans
Net income for the year before zakat provision	▲	1.54	As a result of the above.
Minus:			
Reverse zakat provision	▼	1.00-	Custom Reverse
Zakat legal provision	▲	1.01	As a result of the above.
Net income (loss) for the year	▲	1.13	As a result of the above.
Items that may be reclassified later to the statement of profit and loss (loss) / other comprehensive income			
Recalculation of end of service indemnities	▼	1.20-	The value of actuarial profits (losses) - from the actuary's report
Unrealized gain from re-measurement of investments in equity instruments at fair value	▲	1.00	The value of the gain (loss) of the revaluation of investments in equity instruments at fair value
Total comprehensive income	▲	1.36	As a result of the above.

Eighth:

There is no difference from the accounting standards issued by the Saudi Organization for Certified Public Accountants, nor from the international financial reporting standards applied in the Kingdom of Saudi Arabia.

Ninth: Commitment to Bank ALBILAD

On the date of Rajab 20, 1441, corresponding to March 15, 2020, the company signed an agreement to reschedule the balance of the existing loan with Bank Al-Bad (bank facilities agreement compatible with Islamic Sharia - with the successive MURABAHA system) - as the outstanding balance of the loan on that date reached 380,825,300 riyals - subject to a profit rate) SIBOR 6 months 1.25% + (instead of (SIBOR 6 months 2.50% +) and the number of 24 quarterly installments - the value of the installment is 15,867,721.83 riyals - and the payment of the first installment began after the signing of this agreement on June 13, 2020, and the last installment will be paid on March 13, 2026. The following is a statement explaining the position of the loan until 31-12-2020.

Item (values in riyals)	The principal of the loan	Balance at the beginning of 2020	Paid during 2020	Loan balance at the end of 2020
Facilitation (loan)	476,031,625	404,626,881	71,404,744	333,222,138
Total	476,031,625	404,626,881	71,404,744	333,222,138

Note 1: There may be a difference of decrease or increase with the change of the cyborg.

Tenth: Due regular payments

Item	2020
Department of Zakat and Income	8,070,246
Ministry of Petroleum Mineral Resources	9,323,027
The Public Institution for Social Security	296,769

Risk Management



- *The concept of risk management*
- *Why is the company interested in the risk management process?*
- *The nature of the risks*

5

*Risks and how to deal
with them*

First: The concept of risk management in TABUK Cement

Risk management is the process of measuring and evaluating potential risks and developing management strategies to ensure preventive treatment of those risks and facilitate work on early detection of actual problems with the aim of minimizing their negative effects on the company.

Second: Why is the company interested in the risk management process?

Tightening control and controlling the risks surrounding the company's activities and business.

Determine the specific treatment for each type of risk.

Work to limit losses and accept them to a minimum.

Providing appropriate confidence to all stakeholders of the company, especially shareholders, creditors, clients and suppliers, in order to protect the ability to generate profits despite any accidental losses that may lead to diminished profits or non-realization.

Third: The most important risks facing the company

The risks described below do not include all the risks that the company may face. Rather, additional risks may exist, but they are either unknown to the company during the current time, or the company may consider them not essential and do not hinder its work, and these risks can be summarized as follows:

Liquidity risk

Liquidity risk is the difficulty that an enterprise will encounter in raising funds to meet commitments associated with financial instruments. The following are the contractual maturities of the financial liabilities at the end of the financial year. Amounts are shown in total and not

The company manages liquidity risk by maintaining adequate reserves, banking facilities and loans, and by continuously monitoring future cash flows, as well as by matching the maturities of cash assets and liabilities.

Commission rate risk

Commission risk arises from potential changes and fluctuations in interest rates that affect future profit or fair values of financial instruments. The company is subject to commission risk on its commission-paying liabilities represented in loan balances. The company seeks to reduce interest rate risk by monitoring potential fluctuations in interest rates and hedging these risks when needed.

Foreign currency risk

The company's exposure to foreign currency risks is mainly limited to transactions in euros and the US dollar, and the fluctuation in the exchange rates of currencies against the euro and the US dollar is monitored on an ongoing basis. Against the US dollar and the euro that does not represent significant currency risk, the quantitative data related to the company's exposure to foreign currency risk arises from currencies, which are as follows:

Credit risk

Credit risk is represented in the inability of other parties to pay their contractual obligations towards the company, which may result in a financial loss to the company. Concentrations of potential credit risks mainly include trade debtors, cash and the like. Cash and the like are deposited with banks with a high credit rating; The Company's management believes that there is no concentration of credit risk.

The company manages credit risk related to the amounts due from trade receivables by monitoring method in accordance with established policies and procedures. The company limits credit risk related to trade receivables by setting credit limits for each client and monitoring outstanding trade receivables on an ongoing basis.

The impact of COVID-19

The outbreak of the new Corona virus (Covid-19) in early 2020 in most countries has led to widespread disruption of business, and the consequent negative impact on economic activities. The company is constantly monitoring the impact on it, and it cooperates side by side. With local regulatory bodies to manage the potential business disruption due to the COVID-19 outbreak

In view of the outbreak of the Covid-19 epidemic, the company has verified that any adjustments and changes in judgments, estimates and risk management have to be taken into account and disclosed in the financial statements.

In sum, the most prominent risks facing the company's activity can be identified as follows:

1. Difficulty opening markets for export and competition in foreign markets according to current conditions and requirements.
2. The slow movement of projects led to an increase in the supply of cement, intense competition and a noticeable decrease in selling prices.
3. Competition to enter cement companies in the same region.
4. Unavailability of fuel to supply the second production line, as the company is still making efforts to end the problem with the concerned authorities.



6

*The company's strategy
and future expectations*



- 1 Continuously developing human resources technically and administratively, by focusing on training and developing national competencies in various fields and creating a practical environment with a high level of professionalism and production capacity
 - 2 Striving to raise the percentage of Emiratisation
 - 3 Introducing a high-level monitoring and control system to maintain the quality of work and product and achieve the desired growth
 - 4 Always keen to meet all the needs of customers, and to maintain a stable level of growth to cover their requirements continuously
 - 5 Maintaining the application of the highest standards of safety and promoting the preservation of the environment
 - 6 Striving to enhance product quality and continuous development
 - 7 Taking care to reduce production costs while maximizing the financial return
 - 8 Continuous development in the information technology sector, devices, equipment and systems related to them
 - 9 Providing facilities to customers at competitive prices
 - 10 Maximize the utilization of assets
- In light of this and according to market variables, the company expects an increase in the demand for the company's products of all kinds of cement to achieve the expected sales targets



7

Capital and equity

- *Capital*
- *Share data*
- *Comparative chart of the performance of the stock with the sector index and the market index*
- *Investment restrictions*
- *Ownership of board members and senior executives of the company's shares*



First: the capital

The following table shows the capital information and the number of its shares as of 31/12/2020:

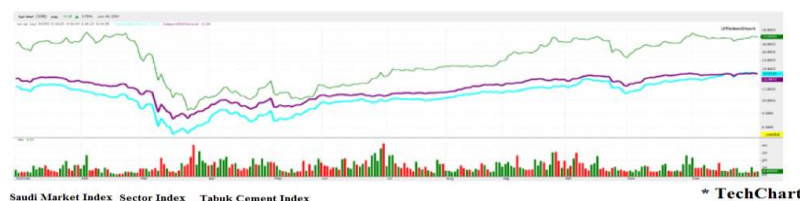
Capital	
Item	Value
Authorized Capital (SAR)	900,000,000
Paid Capital (SAR) 9	900,000,000
Number of Shares	900,000,000
Nominal value of the share (SAR)	10
Value paid per share (SAR)	10
The financial market in which the stock trades	The Saudi Stock Exchange (TADAWUL)
Market type	The main market
The main sector	Basic materials
Shares symbol	3090
International symbol	SA0007879535

Second: Share data

The following table shows the company's share trading information during the fiscal year 2020

Trading information	
Item	Value
Shares closing as of 01/01/2020	16.12
The Shares closes as of 31/12/2020	17.04
Percentage change (%)	5.7

Third: A comparative drawing of the stock's performance with the sector index and the market index



Fourth: Investment restrictions

There are no restrictions on the company's shares according to what is stated in each of the rules governing the investment of qualified foreign financial institutions in listed securities and the instructions regulating the foreign strategic investors' ownership of strategic shares in the listed companies in accordance with the company's bylaw and instructions issued by the supervisory and supervisory authorities to which the company is subject.

Fifth: Ownership of Board Members and Senior Executives from the Company's Shares:

The Board of Directors of TABUK Cement Company consists of natural members representing themselves, and legal members, and the following is a statement of the total shares of the company's shares owned by the Chairman, natural members and senior executives:

Member ownership:

Member	Position	Notes	Beginning of the year	End of the year	Net change	Percentage change
			Number of Shares	Number of Shares		
SAUD SULEIMAN AL-JUHANI	Chairman of the Board	Name of the legal person that he represents (Public Pension Agency)	-90,009	0	-90,000	100%
ABDULAZIZ ABDULRAHMAN AL-KHAMIS	vice president	His shares	0	0	0	0
TARIQ KHALED AL-ANQARI	Member	His shares	1,001	1,001	0	0
WAFE IN NAFI '	Member	His shares	67,899	67,899	0	0
ABDULRAHMAN RASHID AL-BALAWI	Member	His shares	0	0	0	0
ABDULAZIZ SALEH AL-SHATHRY	Member	His shares	0	0	0	0
MUSAEID KHALED SALEH AL-SHATHRY	Member	His shares	2,000	2,000	0	0

Note: Mr. SAUD BIN SULAIMAN AL-JUHANI represents the Public Pension Agency and does not own any of the company's shares.

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

The name of the stakeholder	relative relation	Beginning of the year	End of the year	Net change	Percentage change
		Number of Shares	Number of Shares		
KHALED SALEH AL-SHATHRY	Brother of Mr. / ABDULAZIZ AL-SHATHRY The father of Mr. / ASSISTANT AL-SHATHRY	11,419,574	14,151,399	2,731,825	%23.92

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

There are no shares of senior executives or their relatives.



8

Dividend policy

- *Dividend policy*
- *Remuneration policy for members of the board of directors, the committees emanating from the board and the executive management*
- *Statement of remuneration paid to members of the Board of Directors during the year 2020*
- *Remuneration of committee members*
- *Remuneration for senior executives*



First, dividend policy:

In line with Article 47 of the company's articles of association, the annual net profits of the company are distributed as follows:

1. Set aside 10% of the net profits to form the statutory reserve of the company, and the Ordinary General Assembly may decide to stop this deduction when the said reserve reaches 30% of the paid capital:
2. The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders. The aforementioned association may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist those existing among these institutions.
3. From the remainder after that, a percentage of not less than 5% of the paid-up capital of the company shall be distributed to the shareholders.
4. The remainder of the profits shall be distributed to the shareholders in accordance with Article (48) of the Articles of Association which states that (the shareholder is entitled to a share of the profits in accordance with the decision of the General Assembly issued in this regard, and the decision specifies the date of entitlement and the date of distribution, and the eligibility of the profits is to the shareholders registered in the shareholders' records at the end of the specified day for entitlement).

Second: Remuneration policy for members of the board of directors and committees emanating from the board and the executive management:

1. Policy objectives:

This policy aims to:

- A. Follow standards related to the performance of members of the board of directors and committees emanating from the board and the executive management, disclosure of the policy, and actual payments, setting up a mechanism to verify the implementation of the policy to ensure the principle of transparency in dealing
- B. Determining the methodology for setting goals and expectations for the results of the council's work and the roles assigned to the members, and then determining the criteria used to evaluate performance.
- C. Review the corrective measures applied by the Board of Directors, to review the effectiveness of executive management performance and how to address any failures or weaknesses that are discovered.
- D. Rewards are defined as amounts, allowances, profits and the like, periodic and annual bonuses related to performance, short or long-term incentive plans, and any other in-kind benefits, with the exception of reasonable actual expenses and expenses incurred by the company on behalf of a member of the board of directors for the purpose of performing his work.

2. Scope of application of the policy:

The policy applies to:

- A. Board of Directors
- B. Board committee members.
- C. External board committee members.
- D. Executive Management, five senior executives who receive the highest remuneration from the company, including the CEO and the CFO.

3. The policy text of the members of the board of directors and the committees emanating from the board and the executive management:

Members of the Board of Directors, committees emanating from the Board and the Executive Management are entitled to remuneration based on this policy and in accordance with the standards and controls for remuneration of members of the Board of Directors and committees emanating from the Board and the Executive Management. The Nominations and Remuneration Committee reviews the relationship between the remuneration granted and the remuneration policy, and assesses the extent of their effectiveness in achieving the desired goals. The committee submits its recommendations to the Board of Directors for remuneration for members of the Board of Directors, the committee emanating from it and the senior executives of the company in accordance with the deliberate policy. The remuneration of members of the Board of Directors and committees emanating from the Board and the Executive Management may be a specific amount of money, attendance allowance for sessions or benefits in kind, and it is permissible to combine two or more These advantages.

Members of the Board of Directors are paid a remuneration for their management of the company, which is an annual amount not exceeding (200,000) Saudi riyals for each member, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member.

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

The following criteria are taken into consideration when approving the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management:

1. That the remuneration is fair and commensurate with the responsibilities of the member and the executive management and the works and responsibilities that they carry out and bear, in addition to the goals set by the board of directors to be achieved during the fiscal year.
2. Remuneration should be based on the recommendation of the Nomination and Remuneration Committee.
3. To provide rewards with the aim of urging and motivating members of the Board of Directors and executive management to succeed in the company and achieve its goals in the medium and long term, and a mechanism can be found to link part of the variable remuneration with the overall and partial performance of the company in the medium and long term, to use this as a tool to attract, maintain and motivate professionalism.
4. Remuneration should be determined based on the level of the job, the tasks and responsibilities of the occupant, academic qualifications, practical experiences, and the skills needed to perform the tasks.
5. That the rewards are consistent with the size, nature and degree of risks of the company.
6. Taking into account the practices of other companies in determining rewards and avoiding what may arise from that with unjustified increase in bonuses and compensations.
7. The Board of Directors may suspend the reward payment or recover it, if it appears that it was decided on the basis of inaccurate information provided by a member of the Board of Directors or the Executive Management, in order to ensure that the employment situation is prevented from being exploited to obtain undue rewards.

5. Controls of remuneration of members of the board of directors and committees emanating from the board:

In all cases, the total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors receives does not exceed an amount of five hundred thousand riyals annually, according to the controls laid down by the competent authority, with the exception of executives.

6. Members of the Board of Directors and the committees emanating from the Board deserve the following remunerations

1. Members of the Board of Directors are entitled to an amount of (200,000 riyals an annual bonus), according to the company's controls for the payment of remuneration.
2. A member of the Board of Directors is entitled to an allowance for attending the Board of Directors session, an amount of (3,000 riyals) for each session.
3. A committee member is entitled to an attendance allowance of (3,000 riyals) for attending the meeting of each committee of the council's committees.

7. Reward the executive management:

With regard to the executive management, the Remuneration and Nomination Committee reviews the salary scale set for all employees and senior executives and the incentive programs and plans on an ongoing basis and approves them based on the recommendation of the executive management. The remuneration of the executive management includes the following:

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

8. Cases of suspension or refund of bonus payments:

1. The company shall recover the remuneration if it appears that the remuneration was decided based on inaccurate information provided by a member of the board of directors or the executive management.
2. The company shall recover the reward if something aroused suspicion before the bonus was disbursed, and if it was proven that the reward was decided based on inaccurate information provided by a member of the board of directors or the executive management.

Third: Profit distribution account for the year 2020

No dividends have been distributed for the year 2020

Profit distribution statement for the year	SAR
Net profit before deducting zakat	59,646,018
To deduct: Zakat	(8,070,246)
Net profit after deducting zakat	51,575,772
Deducted: statutory reserve at the rate of 10% of the net profit after Zakat.	5,157,577
Deducted: Actuarial difference - re-calculation of end-of-service indemnities according to IFRS international standards	372,563
Net comprehensive income	46,045,632
Add: the balance of profits(Losses) carried over from the last year	(36,703,046)
Add: Gains from investments in equity instruments at fair value through other comprehensive income (the effect of applying IFRS 9)	10,330,274
Deduct: re-tab	(10,330,274)
Deducted: Actuarial difference in the provision of end of service rights for transfer to international standards IFRS on 1-1-2017	-
Retained earnings - Carry forward to next year	9,342,586

Fourth: A statement of the remuneration paid to members of the Board of Directors during the year 2020

The company pays the members of the Board of Directors expenses and allowances for attending sessions and financial rewards within the framework of what is stipulated in the above-mentioned policy and system. The following is a statement of the company's total payments to the members of the Board of Directors: -

Board of Directors	Fixed rewards							Variable rewards								
	A certain amount	Allowance for attending council sessions	Total allowance for attending committee sessions	Benefits in kind	Reward technical, administrative and advisory work	Remuneration for the Chairman of the Board, the Managing Director or the Secretary if he is a member	Total	percentage of profits	Reward	Short-term incentive plans	Long-term incentive plans	Awarded Shares (value is entered)	Total	Board membership remuneration	Board membership remuneration	Board membership remuneration
First: the independent members																
1. ABDULAZIZ ABDULRAHMAN AL-KHAMIS	200,000	21.00	27.00	-	-	-	248.000	-	-	-	-	-	-	-	-	248.000
2. TARIQ KHALED AL-ANQARI	200,000	21.00	21.00	-	-	-	242.000	-	-	-	-	-	-	-	-	242.000
3. ABDULRAHMAN RASHID AL-BALAWI	200,000	21.00	12.00	-	-	-	233.000	-	-	-	-	-	-	-	-	233.000
4. WAFI NAFIE ALSHAKHS	200,000	21.00	6.00	-	-	-	227.000	-	-	-	-	-	-	-	-	227.000
Total	800,000	84.00	66.00	-	-	-	950.000	-	-	-	-	-	-	-	-	950.000
Second: Non-executive members																
1. SAUD SULEIMAN AL-JUHANI	200,000	21.00	27.00	-	-	-	248.000	-	-	-	-	-	-	-	-	248.000
2. ABDUL AZIZ SALEH AL-SHATHRY	200,000	21.00	6.00	-	-	-	227.000	-	-	-	-	-	-	-	-	227.000
3. MUSAEID KHALED AL-SHATHRY	200,000	21.00	21.00	-	-	-	242.000	-	-	-	-	-	-	-	-	242.000
Total	600,000	63.00	54.00	-	-	-	717.00	-	-	-	-	-	-	-	-	717.00
Second: the executive members																
1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Fifth: remuneration of committee members

	Member	Fixed rewards (Except for the allowance for attending the sessions)	Allowance to attend sessions	Total
Members of the Audit Committee				
	TARIQ KHALID AL-ANQARI	75.00	15.00	90.00
	ALI SULEIMAN AL-AYED (MEMBER FROM OUTSIDE THE COUNCIL)	50.00	15.00	65.00
	TURKI ABDUL-MOHSEN AL-LUHAIID (MEMBER FROM OUTSIDE THE COUNCIL)	50.00	15.00	65.00
	TURKI MUHAMMAD AL-MARZOUQ (A MEMBER FROM OUTSIDE THE COUNCIL) *	20.00	6.00	26.00
	TOTAL	195.00	51.00	246.00
Members of the Executive Committee				
	SAUD SULEIMAN AL-JUHANI	-	21.00	21.00
	ABDULAZIZ ABDULRAHMAN AL-KHAMIS	-	21.00	21.00
	MUSAED KHALID AL-SHATHRY	-	21.00	21.00
	TOTAL	-	63.00	63.00
Members of the Nomination and Remuneration Committee				
	ABDULRAHMAN BIN RASHID AL-BALAWI	-	6.00	6.00
	ABDULAZIZ BIN SALEH AL-SHATHRY	-	6.00	6.00
	WAFI NAFIE ALSHAKHS	-	6.00	6.00
	TOTAL	-	18.00	18.00
Members of the Governance Committee				
	ABDULAZIZ ABDULRAHMAN AL-KHAMIS	-	6.00	6.00
	SAUD SULEIMAN AL-JUHANI	-	6.00	6.00
	TARIQ KHALED AL-ANQARI	-	6.00	6.00
	ABDULRAHMAN RASHID AL-BALAWI	-	6.00	6.00
Total			24.00	24.00

* The Board of Directors approved the resignation of the member from the membership of the audit committee due to personal reasons, especially for his practical engagement during the coming period, and this was announced on the Saudi Stock Exchange (TADAWUL) website on July 21, 2020.

Sixth: Remuneration for senior executives

Senior Executive Jobs	Fixed rewards					Variable rewards						End of Service Gratuity	Total executive remuneration for the board, if any	Total
	Salaries	Allowances	Benefits in kind	Total		Periodic rewards	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
Total	1740000	-	-	1740000		145000	-	-	-	-	145000	-	-	1885000

In light of the above policies and the subsequent details of the paid bonuses, the company confirms the following:

- There are no arrangements or agreements whereby a member of the Board of Directors or a senior executive waived any bonuses, salaries or compensation during the fiscal year 2020.
- There are no arrangements or agreements whereby any of the shareholders of the company waived any rights to profits during the fiscal year 2020 AD.
- There are no other investments or reserves established for the benefit of the company's employees during the year 2020 except for the end of service gratuity according to the regulations issued by the competent authorities.



9

Corporate governance

- *An introduction to the concept of corporate governance at TABUK Cement Company*
- *Board of Directors*
- *Committees emanating from the Board of Directors*
- *Related party transactions*
- *Results of corporate governance practices during the year 2020*
- *Shareholders' rights and the general assembly*
- *Disclosure and transparency policies*
- *Declarations of the Board of Directors*

First: An introduction to the concept of corporate governance at TABUK Cement Company

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

The governance system of TABUK Cement Company is defined as being built on important foundations, namely:

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

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

The Capital Market Law issued by Royal Decree No. M / 30 dated 06/02/1424 AH and its implementing regulations.

The Companies Law issued by Royal Decree No. M / 3, dated 01/28/1437 AH, and its amendments, and the decisions and circulars issued by the Ministry of Commerce and Investment.

Articles of Association of TABUK Cement Company.

The Board of Directors or (the Association) may amend this system from time to time when needed, in accordance with the instructions and requirements of the Capital Market Authority, business needs and the requirements of sound management, and in a manner that does not conflict with the provisions of the Corporate Governance Regulations issued by the Board of the Capital Market Authority.

Second: The Board of Directors (composition, functions and classification of its members)

The General Assembly appoints seven members of the Board of Directors by regular voting and remote voting from among the applicants for membership of the Board, in accordance with the controls and procedures specified by the Ministry of Commerce and Investment, the Financial Market Authority, and the Company's Articles of Association for a period not exceeding three years, and they may be re-elected knowing that the governance system TABUK Cement Company requires that the majority of the board members be non-executives.

Definition of Board of Directors:

The board of directors is the supreme administrative entity in the company that represents it and protects its interests, and the board has several tasks

The main ones are:

1. Leading and controlling the business and activities of the company and continuous monitoring of its performance.
2. Exercising this responsibility by adopting and implementing its policies and objectives and supporting its departments in carrying out their duties according to specific standards.
3. Directing and controlling the executive management, and setting appropriate controls for its work. This includes defining a clear vision and strategy for the company and determining the basis for delegating powers to manage and the policies and determinants allowed to work within its boundaries.

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

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

Among the responsibilities of the Board of Directors is to approve the strategic directions and main objectives of the company and oversee their implementation, including:

1. Developing, reviewing and directing the overall company strategy, main business plans, and risk management policy.
2. Determining the optimal capital structure for the company, its financial strategies and objectives, and approving annual budgets.
3. To oversee the company's major capital expenditures, asset ownership and disposition.
4. Set performance targets and monitor implementation and overall performance in the company.
5. Periodic review and approval of the organizational and functional structures in the company.
6. Establishing systems and controls for internal control and general supervision thereof, including:
7. Setting a written policy that regulates conflict of interest and addressing potential conflict situations for both members of the board of directors, executive management and shareholders, including preventing misuse of company assets and facilities, and preventing misbehavior resulting from dealings with related persons.
8. Ensuring the integrity of the financial and accounting systems, including the systems related to the preparation of financial reports.
9. Ensuring the implementation of control systems for risk management, by defining the general perception of the risks that the company may face and presenting them with transparency.
10. Annual review of the effectiveness of the company's internal control procedures.
11. There are also some responsibilities assigned to the Board of Directors in line with the relevant laws and regulations, including:
12. Drafting a corporate governance system and rules in a way that does not conflict with the provisions and texts of applicable laws and regulations, monitoring the effectiveness of these rules in general, and amending them when necessary.
13. Establishing policies, standards and procedures for Board membership and putting them into effect after approval by the General Assembly.
14. Establishing a written policy that organizes the relationship with the related parties in order to protect the rights of all parties
15. Laying down rules of professional conduct for the company's managers and employees in line with sound professional and ethical standards
16. Establishing policies and procedures that ensure that the company respects the laws and regulations and the company's commitment to disclose essential information to shareholders, creditors and other parties.
17. Preparing the financial statements and the annual report on the company's activities and its financial position for the elapsed fiscal year, including the proposed method for paying dividends.
18. Recommending to the general assembly of shareholders to appoint and dismiss auditors and determine their fees.

A- The composition of the members of the Board of Directors and their membership classifications

The Governance Law of TABUK Cement Company stipulates that the majority of the members of the board of directors shall be non-executive members, and it also stipulates that the number of independent members of the board of directors shall not be less than two members or one third of the members of the board, whichever is greater.

The members were classified as follows:

Member	Membership rating		
	executive	Non-executive	independent
SAUD BIN SULEIMAN AL-JUHANI		●	
ABDULAZIZ ABDULRAHMAN AL-KHAMIS			●
TARIQ BIN KHALID AL-ANQARI			●
ABDULRAHMAN BIN RASHID AL-BALAWI			●
WAFI NAFIE ALSHAKHS			●
ABDULAZIZ BIN SALEH AL-SHATHRY		●	
MUSAED BIN KHALID AL-SHATHRY		●	

B - The experiences of members of the board of directors and subsidiary committees in the current and previous companies.



SAUD SULEIMAN AL-JUHANI

Current job

Chairman of the Board of Directors of TABUK Cement Company and Chairman of the Executive Committee.

Assistant Governor of the Public Pension Agency for Insurance Affairs

previous job

Chairman of the Board of Directors of TABUK Cement Company from April 14, 2019 to January 25, 2020 (previous session of the Board).

Vice-Chairman of the Board of Directors of TABUK Cement Company from January 26, 2017 until April 13, 2019

General Director of Planning, Development and Studies Department at the Public Pension Agency

Qualifications and experiences

MSc in Actuarial Sciences

Higher diploma in Actuarial Sciences

Bachelor of Management Information Systems

Member of the Board of Directors of several companies

Governance

Retirement systems

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

Names of companies whose current board of directors or directors is a member	Inside / outside the kingdom	Legal entity	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside / outside the kingdom	Legal entity
Member of the Board of Directors of the National Commercial Bank and a member of the Risk Committee	Inside the kingdom	Registered joint stock	Member of the Board of Directors of the Saudi Industries Development Company, and a member of the Investment Committee (TATWEER)	Inside the kingdom	Unregistered joint stock
Member of the Board of Directors of the National Industrialization Corporation and Chairman of the Nominations Committee.			Member of the Audit Committee of the Saudi International Petrochemical Company (Sipchem)		Registered joint stock

ABDULAZIZ ABDULRAHMAN AL-KHAMIS



Current job

Vice-Chairman of the Board of Directors of
TABUK Cement Company and Chairman of the
Governance Committee

previous job

Consultant - a leading investment company
Deputy Governor for Investment Affairs - Public
Pension Agency
General Manager of Financial Investment -
Public Pension Agency
Senior Fixed Income Dealer, Investment
Department - Saudi Arabian Monetary Agency
Assistant Chief Dealer, Investment Department -
Saudi Arabian Monetary Agency
Senior Fixed Income Trader, Investment
Department - Saudi Arabian Monetary Agency

Qualifications and experiences

BA in Economics, Northeastern University,
Boston, USA

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

Names of companies whose current board of directors or directors is a member	Inside / outside the kingdom	Legal entity	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside / outside the kingdom	Legal entity
The Saudi Investment Bank	Inside the kingdom	Registered joint stock	Sipchem	Inside the kingdom	Registered joint stock
The Cooperative Insurance Company			Petrochem Company		
United Insurance Company	Bahrain	closed joint stock	Saudi Polymers Company	Inside the kingdom	closed joint stock
			Gulf Polymers Company for Distribution	UAE	closed joint stock

TARIQ KHALED AL-ANQARI



Current job

Member of the Board of Directors of TABUK
Cement Company and Chairman of the Audit
Committee.

Member of the Board of Directors of Leejam
Sports Company (Fitness Time) and member
of the Executive Committee

CEO of Etisalat Digital, a subsidiary of
Emirates Telecommunications Group, from
April 2020 to date

previous job

Vice-Chairman of the Board of Directors of
TABUK Cement Company from April 14,
2019 to January 25, 2020

Executive General Manager for Investor
Relations and a member of the Board of
Directors of Mobily from January 2016 until
March 2020

Chairman of the Board of Directors of Mobily
Ventures - a subsidiary of Mobily
Adviser to the Board of the Capital Market
Authority.

Qualifications and experiences

MBA from IeBusiness School
Diploma in Corporate Finance and Credit
Bachelor's degree in Marketing from King
Fahd University of Petroleum and Minerals

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

Names of companies whose current board of directors or directors is a member	Inside / outside the kingdom	Legal entity	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside / outside the kingdom	Legal entity
Member of the Board of Directors of Leejam Sports Company (Fitness Time)	Inside the kingdom	Registered joint stock	Member of the Nomination Committee for the Packaging Material Manufacturing Company (FIPCO)	Inside the kingdom	Registered joint stock

ABDULRAHMAN RASHID AL-BALAWI



Current job

Member of the Board of Directors of TABUK Cement Company and Chairman of the Nomination and Remuneration Committee

previous job

Managing Director, Espac

Qualifications and experiences

Bachelor of Business Administration - King Saud University, Master of International Business Administration from Portland University, United States of America, with more than 25 years of experience in investment and banking, investment and real estate development, industrial, construction and building

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

Names of companies whose current board of directors or directors is a member	Inside / outside the kingdom	Legal entity	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside / outside the kingdom	Legal entity
Espac company	Inside the kingdom	Closed	None	None	None
United Mining Company	Inside the kingdom	Closed	None	None	None
Gas Company - CEO	Inside the kingdom	Closed	None	None	None

WAFI NAFIE ALSHAKHS



Current job

Member of the Board of Directors of TABUK Cement Company
Chairman of the Board of Directors of TABUK Construction and Development Company

previous job

None

Qualifications and experiences

Bachelor's degree in Aerial Sciences

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

Names of companies whose current board of directors or directors is a member	Inside / outside the kingdom	Legal entity	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside / outside the kingdom	Legal entity
None	None	None	None	None	None

ABDUL AZIZ SALEH AL-SHATHRY



Current job

Member of the Board of Directors of TABUK Cement Company
Executive Director of Khaled Al-Shathry Group for General Investments

previous job

General Manager of Dar Al Riyadh Contracting Company
Member of the Board of Directors and Member of the Audit Committee of Shams Tourism Company (Joint Stock Company)

Qualifications and experiences

Bachelor of Political Science

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

Names of companies whose current board of directors or directors is a member	Inside / outside the kingdom	Legal entity	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside / outside the kingdom	Legal entity
Executive Director of Khaled Al-Shathry Group for Public Investments	Inside the kingdom	Unregistered	General Manager of Dar Al Riyadh Contracting Company	Inside the kingdom	Unregistered
			Member of the audit committee of Shams Tourism Company		Registered joint stock

ABDULAZIZ ABDULRAHMAN AL-KHAMIS



Current job

Member of the Board of Directors of TABUK Cement Company

previous job

None

Qualifications and experiences

Bachelor of Operations and Project Management

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

Names of companies whose current board of directors or directors is a member	Inside / outside the kingdom	Legal entity	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside / outside the kingdom	Legal entity
None	None	None	None	None	None

C. The current and previous positions, qualifications and experiences of committee members from outside the board

Member	Current job	Previous job	Qualifications and experiences
ALI SULEIMAN AL-AYED Member of the Audit Committee from outside the Board	Retired Member of the Review Committee of TABUK Cement Company	General Director of Insurance Companies Control	Bachelor's degree in Accounting, King Saud University
TURKI MOHAMMED AL-MARZOUQ Member of the Audit Committee from outside the Board	Director of Corporate Governance Department at the Public Pension Agency Member of the Board of Directors of AL SAFWA Cement Company Chairman of the Audit Committee, RESAN Real Estate Development Company Member of the Board of Directors of RESAN Real Estate Development	Member of the Board of the Arab Company for Poultry Member of the Executive Committee, Risan Real Estate Development Company Member of the Audit Committee of TABUK Cement Company	Bachelor's degree in Accounting, King Saud University
TURKI ABDUL MOHSEN AL-LUHAIID Member of the Audit Committee from outside the Board	Partner in Al-Lahid & Al-Yahya Chartered Accountants office Member of the Audit Committee of TABUK Cement Company	Director of Review and Partner in the Office of Ernst & Young	Bachelor's degree in Accounting, King Saud University A chartered accountant and fellow of the American Society of Certified Public Accountants

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

Member	Current job	Previous job	Qualifications and experiences	Member
ENG. ALI BIN MOHAMMED AL-QAHTANI	CEO of TABUK Cement Company	CEO - Al-Jeri Transportation Company Director of Projects Support Department - Saudi Aramco Company	Bachelor of Chemical Engineering - King Saud University	CEO - Al-Jeri Transportation Company Director of Projects Support Department - Saudi Aramco Company A seconded planning consultant from Saudi Aramco for the Electricity Company Head of the internal strategic planning team - Saudi Aramco Senior Operating Engineer - Saudi Aramco Engineering Supervisor - Saudi Aramco Company New Business Development Supervisor - Saudi Aramco Company Senior Operating Representative - Saudi Aramco
MANSOUR IBRAHIM AL-HABDAN	Financial Administration Manager - TABUK Cement Company	Executive Director of Finance at Dr. Abdulrahman Al-Mishari Hospital Company	Bachelor of Accounting - King Saud University, Higher Diploma in Business Administration - Colorado, Higher Diploma in Finance - Institute of Banking	Credit Manager in the Central Region - Riyadh Bank Director of Planning and Budgeting Reports - NADEC Agricultural Company Executive Director of Finance - National Finance Company Chief Financial Officer - Al Salam Medical Group Company Executive Director of Finance - Dr. Abdulrahman Al-Mishari Hospital Company

E- The schedule for attending the Board of Directors meetings during the year 2020

Member	Number and date of the meeting						
	Meeting No. 139 on 26/01/2020	Meeting No. 140 on 26/02/2020	Meeting No. 141 on 21/04/2020	Meeting No. 142 on 08/07/2020	Meeting No. 143 on 09/09/2020	Meeting No. 144 on 27/10/2020	Meeting No. 14 on 10/12/2020
SAUD SULEIMAN AL-JUHANI	■	■	■	■	■	■	■
ABDULAZIZ ABDULRAHMAN AL-KHAMIS	■	■	■	■	■	■	■
TARIQ KHALID AL-ANQARI	■	■	■	■	■	■	■
ABDULAZIZ SALEH AL-SHATHRY	■	■	■	■	■	■	■
MUSAED KHALID AL-SHATHRY	■	■	■	■	■	■	■
WAFI NAFIE ALSHAKHS	■	■	■	■	■	■	■
ABDULRAHMAN RASHID AL-BALAWI	■	■	■	■	■	■	■

Member name	The 33rd Ordinary General Assembly, held on Wednesday 6 Ramadan 1441, corresponding to April 29, 2020
SAUD SULEIMAN AL-JUHANI	■
ABDULAZIZ ABDULRAHMAN AL-KHAMIS	■
TARIQ KHALID AL-ANQARI	■
ABDULAZIZ SALEH AL-SHATHRY	■
MUSAED KHALID AL-SHATHRY	■
WAFI NAFIE ALSHAKHS	■
ABDULRAHMAN RASHID AL-BALAWI	■

Present ■ absent □

F - Actions taken by the Board of Directors to inform its members - especially non-executives - of shareholders' proposals and comments about the company and its performance.

The Company's Basic Law and the Company's Corporate Governance Regulations guarantee to shareholders all rights related to the share. Accordingly, the company has taken a number of measures to inform members of the Board of Directors, especially non-executives, of shareholders' proposals regarding the company and its performance as follows:

1- The company has designated a department for the company's investor relations that responds to the inquiries of the shareholders and receives their comments or complaints through the communication channels available through the company's website, phone or e-mail.

2 - These inquiries - if any - are examined and classified and the essential ones are submitted to the Board of Directors during its periodic meetings.

3 - The company is always keen to urge all members of its board of directors to attend the general assemblies to answer shareholders' questions and to obey their views and observations on the company and its performance. The work regulations of the Board Committees bind the heads of the committees of the Board of Directors or whoever they designate from their members to attend the General Assemblies to answer shareholders' inquiries.

4- The shareholders' questions and inquiries are recorded in the minutes of the general assembly meetings and kept at the company's headquarters, and any shareholder can obey them upon request.

G. The means adopted by the Board of Directors in evaluating its performance and the performance of its committees and members, and the external body that carried out the evaluation and its relationship with the company, if any.

Based on the keenness of the Board of Directors at TABUK Cement Company to achieve all the articles of corporate governance issued by the Capital Market Authority, including the guidance materials and the most prominent practices in force globally, especially with regard to the role of the Chairman of the Board in listening to the views of non-executive Board members regarding their observations and visions about the performance The company has evaluated its executive management on a regular basis, and for that, TABUK Cement Company has conducted a periodic evaluation of the performance of its board of directors and its committees since 2018, with the aim of identifying strengths and weaknesses and proposing treatment in proportion to the company's interest, and in continuation of this approach, the company will contract with an external party Independent (and not a related party with the company) and specialized in the field of evaluating the performance of boards of directors and effective leadership to carry out an evaluation of the performance of the board and committees for the year 2021 AD, noting that the evaluation process is carried out under the supervision of the Nominations and Remuneration Committee, and the evaluation mechanisms and axes were presented to the Board of Directors, which included Conducting the completion of a comprehensive questionnaire that includes all the axes that cover the tasks and responsibilities of the Council and the committees, as well as the effectiveness of the meetings of these bodies, including the evaluation of the extent of The effectiveness of participation and discussions during these meetings in order to reach deliberate decisions that enhance the company's performance and achieve its objectives.

From this standpoint and in line with Article 39 of the Corporate Governance Regulations, the necessary mechanisms have been put in place for the members of the Board of Directors and the Executive Management to obtain training programs and courses on an ongoing basis, with the aim of developing their skills and knowledge in the fields related to the company's activities, as follows:

Title of the workshop	Authority	Date
A remote workshop entitled "Challenges of the emerging corona virus for listed companies"	Financial Market Authority	15 April 2020
A remote workshop entitled "Effects of Coronavirus on Preparing and Reviewing Financial Statements."	Saudi Organization for Certified Public Accountants	07 May 2020
A remote workshop entitled "Risk Management in the Cement Industry."	Cooperative Insurance	14 July 2020
A remote workshop entitled "The New Companies System Project, Hopes and Aspirations"	Knowledge proof, Ministry of Commerce, Capital Market Authority, Saudi Organization for Accountants	19 July 2020

Third: The committees emanating from the Board of Directors

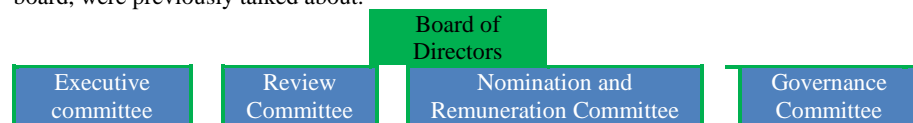
The Board of Directors has formed specialized committees in line with the Corporate Governance Regulations issued by the Board of the Capital Market Authority, with the aim of assisting the Board in performing its duties effectively and according to the company's need and the nature of its business.

These committees have been formed in accordance with general procedures established by the Board, which include defining the tasks of each committee, the duration of its work, the powers vested in it, and the manner of the Board's oversight over it.

Also, consideration was given to appointing a sufficient number of non-executive board members in the committees concerned with the tasks that may give rise to conflict of interest situations, such as ensuring the integrity of financial and non-financial reports, reviewing the deals of related parties - if any - and nominating for membership of the Board of Directors, appointing senior executives, , Setting bonuses and more.

The chairmen and members of these committees shall abide by the principles of honesty, honesty, loyalty, care, and concern for the interests of the company and its shareholders and present them in their personal interest.

Taking into consideration that all the current and previous positions, qualifications and experiences of committee members, whether from the board of directors or from outside the board, were previously talked about.



Below we summarize a description of the subordinate committees, a statement of their members, their responsibilities and their meetings held throughout the year 2020.

1- The Executive Committee

The company's board of directors forms the executive committee from a number of its members, provided that their number is not less than three, in addition to the company's CEO. A decision is issued in this regard by the board of directors specifying the names of the members of the committee and the name of the chairperson of the committee in order to allocate more time and effort to discuss specific issues and raise recommendations. In this regard, to facilitate decision-making within the Board of Directors, the formation of the Executive Committee came as follows:

Members of the Executive Committee

SN	Member	Membership
1	SAUD SULEIMAN AL-JUHANI	Committee president
2	ABDULAZIZ ABDULRAHMAN AL-KHAMIS	Committee member
3	MUSAED KHALID AL-SHATHRY	Committee member
4	ALI SAIF AL-QAHTANI	Committee member

Duties and responsibilities of the committee:

The Executive Committee shall assume all duties and responsibilities that fall within the scope of its objectives and any other tasks and responsibilities referred to it by the Board of Directors, and in particular the following:

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

Schedule of attendance at the Executive Committee meetings for the year 2020

Member	Number and date of the meeting						
	Meeting No. 63 on 26/02/2020	Meeting No. 64 on 14/04/2020	Meeting No. 65 on 17/06/2020	Meeting No. 66 on 18/08/2020	Meeting No. 67 on 07/10/2020	Meeting No. 68 on 27/10/2020	Meeting No. 69 on 09/12/2020
SAUD SULEIMAN AL-JUHANI	■	■	■	■	■	■	■
ABDULAZIZ ABDULRAHMAN AL-KHAMIS	■	■	■	■	■	■	■
MUSAEID KHALED AL-SHATHRY	■	■	■	■	■	■	■
ENGINEER / ALI BIN SAIF AL-QAHTANI	■	■	■	■	■	■	■

Present ■ absent □

2- Audit Committee

According to Article One hundred of the Companies Law issued by the Ministry of Commerce for Investment and Article Fifty-four of the Corporate Governance Regulations issued by the Board of the Capital Market Authority and the corresponding articles of the Company's Articles of Association and its Governance Regulations, the Review Committee was formed by a decision of the Fifth Extraordinary General Assembly in Its third meeting, held on 07 Jumada 1 1441 corresponding to January 02, 2020, to consist of four members who are not members of the executive board of directors, including specialists in financial and accounting affairs, with the adoption of the committee's work regulations for the controls and procedures for its work and the remuneration of its members.

Members of the Audit Committee

SN	Member	Membership
1	TARIQ KHALED AL-ANQARI	Committee president
2	ALI SULEIMAN AL-AYED	Committee member
3	TURKI ABDUL MOHSEN AL-LUHAID	Committee member
4	TURKI MOHAMMED AL-MARZOUQ *	Committee member

* The Board of Directors approved the resignation of the member from the membership of the audit committee due to personal reasons, especially for his practical engagement during the coming period, and this was announced on the Saudi Stock Exchange (TADAWUL) website on July 21, 2020.

The duties and responsibilities of the audit committee

A) External Auditor and Financial Reports:

1. Reviewing and evaluating the qualifications, performance and independence of the external auditors, including the main partner and other senior members of the independent auditor's team, on an annual basis, and obtaining annual recognition of that independence.
2. Reviewing the external auditor's plan, scope and approach.
3. Supervising the activities of the external auditors and approving any activity outside the scope of the audit work assigned to them while performing their duties.
4. Reviewing the comments or qualifications of the external auditor on the financial statements and following up on the actions taken in their regard.
5. Review the report of the external auditor on the financial statements and the management letter.
6. Reviewing the interim and annual financial statements before submitting them to the Board of Directors and expressing opinions and recommendations regarding their fairness, goodness and transparency.
7. Upon the request of the Board of Directors, the committee provides its technical opinion on whether the annual Board of Directors report and financial statements are represented in a fair, consistent and understandable manner and contain an appropriate amount of information to enable shareholders and investors to evaluate the financial position of TABUK Cement Company, results of its operations, business models and strategies.
8. Reviewing with the external auditors of the extent to which changes or improvements in financial or accounting practices have been implemented.
9. Regularly reviewing with the external auditors for any audit problems or difficulties they face during the audit work, including any restrictions on the scope of the activities of the external auditors or on obtaining the required information and the management's response to it.
10. Review and discuss the quarterly and annual press releases.
11. The preliminary financial statements are approved after being approved by the Board of Directors, and they are signed by an authorized member of the Board of Directors, the CEO and the Financial Director, and disclosed to the shareholders within a period not exceeding (30) days from the end of the financial period they include.

B) Internal audit:

1. Study and review the company's internal and financial control systems and the risk management system.
2. Review the internal audit reports and follow up on the implementation of corrective measures in relation to the audit notes contained therein
3. Monitoring and supervising activities if the company's internal audit department guarantees its effectiveness in implementing the activities and duties determined by the board of directors, and if the company does not have an internal auditor, the committee must submit its recommendation to the board of directors regarding the need for his appointment.

C) The Auditor

1. Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.
2. Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account the relevant rules and standards.
3. Reviewing the company's auditor's plan and business, verifying that he has not submitted technical and administrative works outside the scope of the audit work, and expressing its views on that.
4. Answer the company's auditor's inquiries.
5. Studying the auditor's report and his notes on the financial statements and following up on what has been taken in their regard.

D) Compliance guarantee

1. Reviewing the results of any checks by the regulatory authorities and ensuring that the company has taken the necessary measures in this regard.
2. Ensure that the company has taken appropriate measures to comply with relevant laws, regulations, policies and procedures
3. Review the proposed contractual arrangements and dealings with related parties and submit their opinion to the Board of Directors regarding these arrangements and transactions.

E) Ethics and fraud

- 1- The committee should make arrangements that enable company employees to submit anonymous reports about concerns and comments regarding financial reports and other matters. The committee should also ensure that procedures are effectively implemented by conducting appropriate independent investigations into the extent of irregularities, errors, or inaccuracies.

Reported violations, and appropriate follow-up action taken.

2. Ensure that appropriate actions are taken to respond to any reported allegations or concerns, including obtaining legal or external technical advice when necessary.

3. Review and evaluate the operations of Tabuk Cement Company to administer the code of ethical conduct.

Schedule of attendance at the Audit Committee's meetings for the year 2020

Member	Number and date of meeting				
	Meeting no:93 25/02/2020	Meeting no:94 15/05/2020	Meeting no:95 11/08/2020	Meeting no:96 15/10/2020	Meeting no:97 08/11/2020
Mr. Tariq bin Khalid Al-Anqari	▪	▪	▪	▪	▪
Mr. Ali bin Suleiman Al-Ayed	▪	▪	▪	▪	▪
Mr. Turki bin Abdul Mohsen Al-Luhaid	▪	▪	▪	▪	▪
Mr. Turki bin Mohammed Al-Marzouq	▪	▪		X	

▪ Attendant

□ Excused

X resigned

Results of the annual review of the effectiveness of the company's internal control procedures

The company's internal audit department carries out continuous review processes to verify the effectiveness of the internal control system and procedures

to protect the company's assets, evaluating business risks and measuring the efficiency of performance, the referred review processes did not appear a fundamental weakness in the company's internal control system, and on the other hand, the external auditor performs a process a calendar for this system within the task of reviewing the final financial statements of the company, as the company enables it to obey on all the minutes of the audit committee meetings, the reports of the internal audit department for the financial period / year and all documents required.

The opinion of the audit committee on the adequacy of the internal control system

The audit committee's evaluation of the internal and financial control systems and controls of the company did not show any fundamental weakness, with the exception of some non-essential observations that were reported in the various audit reports, and the internal audit department agreed with the concerned departments to implement their corrective actions.

On the other hand, external auditing usually performs an evaluation of this system within the task of reviewing the annual financial statements of the company, where the company enables it to review all systems, policies, procedures, minutes of audit committee meetings, and reports of the internal audit department for the period / fiscal year under examination.

3. Nominations and Remuneration Committee

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

Members of the Nomination and Remuneration Committee

No:	Member	Membership status
1	Mr. Abdulrahman bin Rashid Al-Balawi,	Chairman of the Committee
2	Mr. Wafi bin Nafea al-shakhs	Member of the Committee
3	Mr. Abdulaziz bin Saleh Al-Shathry	Member of the Committee

Duties and responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee undertakes all duties and responsibilities that fall within the scope of its objectives and any other tasks

And other responsibilities referred to it by the Board of Directors, in particular the following:

1- Recommending to the board of directors the nomination for membership of the board or its committees in accordance with the approved policies and standards.

2. The committee must take into account many factors when evaluating members who are candidates for membership of the Council or Committees such as integrity, credibility, and responsibility provide the necessary expertise, independence and leadership ability.

3. Annual review of the required needs of appropriate skills for membership of the Board of Directors and re-description of capabilities

And the required qualifications for membership of the Board of Directors, including determining the time required by the member for the work of the Board of Directors.

4- Reviewing the structure of the Board of Directors and making recommendations regarding the changes that can be made.

5- Ensuring on an annual basis the independence of the independent members and ensuring that there is no conflict of interest if the member is running membership of another company's board of directors.

6- Setting clear policies for compensation and bonuses for members of the Board of Directors and senior executives, taking into account that these are put in place Policies are based on performance-related criteria.

7. Ensure that there is an induction program for new members of the council or its committees.

8. Carrying out an annual evaluation of the performance of the board and the performance of the members according to specific models approved by the board of directors based on the committee's proposal And independent third parties can be hired whenever the need arises.

9. Determine the necessary criteria for the annual evaluation of the CEO of the company and conduct an annual evaluation of the performance of the CEO of the company

The schedule for attending the Nomination and Remuneration Committee meetings for the year 2020

Member	Number and date of meeting	
	Meeting no:27 07/04/2020	Meeting no:28 09/11/2020
Mr. Abdulrahman bin Rashid Al-Balawi,	▪	▪
Mr. Wafi bin Nafea al-shakhs	▪	▪
Mr. Abdulaziz bin Saleh Al-Shathry	▪	▪

▪ Attendant

□ Excused

4. Governance committee

It is a committee emanating from the company's board of directors, and it consists of (4) four members appointed by the board of directors, and a term is specified their membership provided that this period does not exceed the term of membership in the Board of Directors.

Members of the Nomination and Remuneration Committee

No:	Member	Membership status
1	Mr. Abdulaziz bin Abdulrahman Al-Khamis,	Chairman of the Committee
2	Mr. Saud bin Sulaiman Al-Juhani,	Member of the Committee
3	Mr. Tariq bin Khalid Al-Anqari,	Member of the Committee
4	Mr. Abdulrahman bin Rashid Al-Balawi	Member of the Committee

Duties and responsibilities of the Governance Committee

Governance Committee functions assume all responsibilities that fall within the scope of other tasks and other situations referred to it by the Board of Directors, and in particular the following:

1- Establishing special governance rules, (the Governance Regulations) and reviewing and updating their rules in accordance with the statutory requirements

And the best company rules.

2. Reviewing government governance regulations from the Capital Market Authority to ensure that the company's regulations are in conformity with them, and to keep members

The Board of Directors is always updated on developments in the field of better corporate governance.

3. Reviewing a review of work ethics working on internal issues, including internal work procedures, including Tabuk cement projects, internal procedures

Meets the needs of the company.

4. Make sure that all the information in the written and related to the devices belonging to it review of compliance and review of the company's reports sent to the regulatory authorities.

5. Identifying and assessing the main risks facing the company, supervising the company's risk management system and evaluating its effectiveness, along with developing mechanisms and measurements to follow up on the risks that the company may be exposed to

6. Developing a comprehensive strategy and policy for risk management commensurate with the nature of the company's activities, and verifying deal with it, review it, and update it based on the internal and external variables of the company

7. Determine and maintain an acceptable level of risk that the company may expose and verify that the company does not exceed it

Conducting stress tests to restore the company's ability to withstand risks and its exposure to it periodically.

8. Verifying the feasibility of continuing the company and successfully continuing its activity, with identifying the risks that threaten its continuation during the next twelve months.

9. Preparing detailed reports exposing the company to the risks and appropriate steps for securities, and submitting them to the Board of Directors

10. Work to ensure the availability of adequate resources and systems for risk management, and make recommendations to the Board on issues related to risk management..

11. Reviewing the organizational structure of risk management and making recommendations regarding it prior to its approval by the Board of Directors, and verifying the independence of risk management personnel from activities that may result in exposing the company to risks.

The independence of risk management from the activities that may give rise to exposing the company to risks.

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

Attendance schedule for the 2020 Governance Committee members

Member	Number and date of meeting	
	Meeting no:01 02/09/2020	Meeting no:02 09/12/2020
Mr. Abdulaziz bin Abdulrahman Al-Khamis,	▪	▪
Mr. Saud bin Sulaiman Al-Juhani,	▪	▪
Mr. Tariq bin Khalid Al-Anqari,	▪	▪
Mr. Abdulrahman bin Rashid Al-Balawi	▪	▪

▪ Attendant

□ Excused

Fourth: Dealings with related parties

The company confirms that during the fiscal year 2020, no contracts, deals, or transactions were concluded in which Tabuk Cement was a party in them

There was an interest in it for any of the members of the board of directors or for any of the committee members from outside the board of directors or the executive president, the chief financial officer, any of the senior executives of the company, or any person related to any of them.

Fifth: The results of corporate governance practices during the year 2020

The company confirms that all basic and mandatory governance provisions and rules have been adhered to and that no breach of those provisions has occurred. Rather, corporate governance practices in the company extended to the application of a number of guidance materials related to training board members and appropriate mechanisms to evaluate the board and assign a number of risk management tasks to its Governance Committee. And others, the company is always keen to develop best practices that are internationally applicable, in recognition of the importance of governance and its role in achieving sustainable development, and the following table shows the developments of the company's application of advisory materials.

Article no	Article text/ Item	Reasons and details
Article seventy The formation of a risk management committee (Guidance article)	to be formed by a decision of the company's board of directors, a committee called (the risk management committee) whose chairman and the majority of its members are non-executive board members, and it is required that its members have an adequate level of knowledge of risk management and financial affairs.	A risk management unit has been established under the leadership of an employee specialized in the field of risk management, and there is a policy approved by the Board for risk management, and the employee is working to build the unit and appoint a team specialized in risk management to establish the business and activities of management, as well as risks that would enhance effective participation From the Board of Directors and the executive management team in the risk management process to ensure a unified view of the risks facing the company. The Board will form this committee whenever it deems it necessary.
Article seventy-two Meetings of the Risk Management Committee (Guidance article)	The Risk Management Committee meets periodically every (six months) at least, and whenever the need arises	The formation of the Risk Management Committee by the Board of Directors has been postponed until the risk management infrastructure is completed
Article eighty-five Motivate employees (Guidance article)	1. Forming committees or holding specialized workshops to listen to the opinions of the company's employees and discuss with them the issues and topics that are the subject of important decisions. 2. Programs granting employees shares in the company or a share of the profits it realizes and retirement programs, and the establishment of an independent fund to spend on these programs. 3. Establishing social institutions for company employees	Although the material is indicative, the company is keen to provide a safe and healthy work environment for all its employees and is continuously studying ways to raise the degree of loyalty by intensifying incentive programs in the coming years. The employees were met by the company's management and a special e-mail was drawn up for employees to communicate with the Board of Directors
Article eighty-seven Social Responsibility (Guidance article)	The Ordinary General Assembly - based on a proposal from the Board of Directors - sets a policy that ensures a balance between its goals and the goals that society seeks to achieve, with the aim of developing the social and economic conditions of the community	The company's efforts in the field of social responsibility are disclosed in the annual report of the board of directors, and there is also a special work team to oversee and implement these programs and initiatives, and the board will present this matter to the association whenever it deems necessary.
Article eighty-eight Social work initiatives (Guidance article)	1. Establishing measurement indicators linking the company's performance with the initiatives it offers in social work, and comparing that with other companies of similar activity 4. Establish awareness programs for the community to introduce social responsibility.	Tabuk Cement Company is making a clear policy and strategy in the field of social responsibility and it will be approved by the Board of Directors, knowing that the company has always been keen on social responsibility for years, and the company's efforts in the field of social responsibility have been disclosed in the annual reports of the Board of Directors. The board introduced this whenever it deems necessary.

Sixth: Shareholders' rights and the General Assembly

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

- 1- The right to receive a share of the profits to be distributed.
- 2- The right to obtain a share of the company's assets upon liquidation.
3. The right to attend shareholders assemblies participates in their deliberations and vote on their decisions.
4. The right to dispose of shares, monitor the activities of the board of directors, and file a liability lawsuit against board members.
5. The right to inquire and request information in a manner that does not harm the interests of the company and does not conflict with the financial market system and its implementing regulations
6. The company allows the largest number of its shareholders to participate in the general assembly meeting, and it is keen to choose the appropriate time and place to hold it. In addition, it adopts a remote voting system to make it easier for its shareholders to exercise the right to vote.

[The articles of association of Tabuk Cement Company and its governance system also stipulate the provisions related to the general assembly of shareholders, which include the following procedures and precautions:](#)

- 1- Ensuring that all shareholders exercise their statutory rights, and the General Assembly is the supreme authority in the company
 - 2.Exclusive powers include appointing members of the Board of Directors
- And exempt them.

- 3- Monitor the work of the board of directors and the right to inquire and request information in a way that does not harm the interests of the company and does not conflict with the financial market system and its implementing regulations.
- Approving the consolidated financial statements, appointing an auditor, determining his fees, approving the distribution of profits recommended by the Board of Directors, increasing or reducing the company's capital, and amending the company's articles of association.

Seventh: Disclosure and transparency policies

Aware of the rights of shareholders and investor relations and strengthening of its relationship with its shareholders and all its investors and stakeholders, and to preserve their rights, and believing in the importance of corporate governance that aims to protect the rights of shareholders and strengthening internal control through activating the role of the Board of Directors and its committees and adhering to the principle of disclosure and transparency, Cement Tabuk Company continued During the year 2020 AD, its commitment to the Corporate Governance Regulations issued by the Saudi Capital Market Authority and other related regulations. Accordingly, Tabuk Cement Company shall do the following:

- 1- Its statutory disclosures are not limited to the performance of the company and its financial results, but the disclosure extends to all information that may be of interest to the company's shareholders, the public of investors and stakeholders, and what is required by the relevant regulations and good international practices adopted by the company in the area of governance and transparency.
- 2- Include shareholders' rights in the company's articles of association and governance guide.
- 3- Enabling shareholders and investors to obtain information, as the company publishes financial reports, announcements and essential news through the Tadawul website, daily newspapers and the annual report of its board of directors.
- 4- Creating a special department in the company to follow up on shareholders' affairs and respond to their inquiries related to non-received profits or others.

[The number of company requests for shareholders' register, dates and reasons for those requests](#)

The number of company requests for shareholders' register	Date of request	Reason of request
1	01/01/2020	General Authority
2	18/02/2020	Company procedures
3	29/04/2020	General Authority
4	06/09/2020	Company procedures

Eighth: Declarations of the Board of Directors

1. The Board of Directors of Tabuk Cement Company declares the following:
2. That the account records have been properly prepared.
3. That the internal control system was prepared on a sound basis and was effectively implemented.
4. That there is no doubt about the ability of the company to continue its activity.
5. There are no penalties, penalties or precautionary restrictions imposed on the company by the Capital Market Authority or from any other supervisory, regulatory or judicial authority.
6. The financial statements of the company have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants, and in accordance with the relevant requirements of the Companies Law and the Company's Articles of Association regarding the preparation and publication of the financial statements.
- 7 There are no shares or debt instruments issued for a subsidiary company, as the company does not own a subsidiary.
8. The company has no treasury shares held during the year 2020.
9. The company is committed to working to protect the rights of shareholders and not to discriminate between shareholders who own the same class of shares and not to withhold any right from them in a way that guarantees fair treatment for all shareholders.
10. The company has not put in place any procedure that may impede the shareholder's use of his right to vote.
11. The company did not provide any cash loan of any kind to any of its board members, nor did it guarantee any loan made by one of its board members with others.
12. There is no interest in the voting-eligible shares category belonging to persons (except for members of the board of directors and senior executives and their relatives) and they informed the company of these rights during the year 2020.
13. The company does not have convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the year 2020.

14. There are no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company during the year 2020.

15. The company does not have any refund, purchase, or cancellation of any recoverable debt instruments.

- 16- There are no recommendations from the Audit Committee in which there is a conflict between it and the decisions of the Board of Directors, or which the Board refused to take into account regarding the appointment of the company auditor, his dismissal, the determination of his fees, and the evaluation of the internal auditor.

17. During the fiscal year 2020, the company's external auditor did not provide any consulting services to the company and did not receive any fees in this regard.

- 18- The company did not receive from the auditor a request to hold the general assembly during the ended fiscal year, and it did not take place.

- 19- There are no subsequent material events affecting the soundness of the company's financial position and the results of its operations that occurred after the end of the year and were not explained, other than what is included in this report.
20. The Board of Directors declares that there is a loan on the company for the benefit of Bank Albilad.

21. There are no debt instruments convertible into shares, no option rights or subscription right memoranda, and no similar rights were issued during the fiscal year.

- 22- There are no subsidiary companies of the company inside or outside the Kingdom.

23. There are no interest and option rights belonging to the members of the company's board of directors, senior executives, their spouses, minor children, their parents, mothers, and relatives in shares or debt instruments.

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

25. There is no arrangement or agreement under which a shareholder of the company waived any rights to dividends.

26. There are no investments or other reserves established for the benefit of the employees of the company.



In conclusion of this report, the Chairman and members of the Board of Directors of the company are pleased to extend their sincere thanks and appreciation to the Ministry of Commerce and Investment and all relevant government departments and the Financial Market Authority for their continuous support and cooperation with the company, which has had a great impact on the progress and prosperity of the company and to the company's honorable shareholders for their support and confidence, And to all employees of the company for their fruitful efforts during the past year ..

Conclusion

Board of Directors





The CEO of the company earned

Engineer Ali Al-Qahtani was awarded the Best CEO award for the construction sector in the Arab world for the second year in a row



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