



رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA





In the name of God,
the Most Gracious, the Most Merciful



Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al-Saud
(may Allah protect him)
Prime Minister



His Royal Highness, Prince
Muhammad Bin Salman Bin Abdulaziz Al-Saud
(may Allah protect him)
The Crown Prince, Deputy Prime Minister
and Minister of Defense

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INTRODUCTION

Dear shareholders of Tabuk Cement Company

Peace, mercy and blessings of Allah upon you

We are pleased to present to you the annual report of your board of directors, which is submitted to your esteemed general assembly to view, discuss and then approve. This report includes a summary of the company's activities, and the developments of its business at the operational, financial and administrative levels during the year 2021 AD. The report also includes the mechanisms for implementing governance and detailed information about the members of the Board of Directors and the committees emanating from the Board. Moreover, the report contains quick overviews of the risks facing our business, our future expectations for the fiscal year 2022 AD, as well as reviewing the company's most prominent initiatives to promote health, the environment and sustainable growth.

It should be noted that this report was prepared in accordance with the requirements of the Corporates' Governance Regulations issued by the Capital Market Authority and the Companies' Law issued by the Ministry of Commerce, 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 and then the word of the Chief Executive Officer (CEO), and then we begin to list the information and data of the report according to the Table of Contents



Mr. Saud Bin Soliman Al-Jehani
Chairman of the Board of Directors

Chairman of the Board of Directors' Message

On my own behalf and on behalf of the members of the Board of Directors, I am pleased to invite you to review the annual report of the Board of Directors for the results of the financial year ending on December 31, 2021 AD. The report reflects the company's achievements, within the framework of the company's tireless efforts to reach its goals and achieve its vision.

A year has passed, and a new year has come, which is full of great challenges and difficult fluctuations. Perhaps the most important of those challenges that fall upon us is to assume responsibility faithfully and manage the rudder successfully.

The success that we witness daily in achieving the goals of the Kingdom's Vision 2030, is the biggest motivation for everyone in all sectors, including the industrial sector in general and the cement industry in particular. This was evident in the private sector incentive plan, which contributed to identifying the current weaknesses as well as future risks to eliminate and avoid them, as well as strengths and future opportunities to reinforce and seize them.

In conclusion, we extend our highest thanks and appreciation to the Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz "may Allah protect him", His Crown Prince, His Royal Highness Prince Muhammad Bin Salman Bin Abdulaziz, "may Allah protect him", for their generous support to the private sector. Their backing had the effect of adding flexibility and the necessary ability to the Kingdom's economy, to deal with wider options towards this crisis and other things that the world's economies faced.

I also extend my sincere thanks and appreciation for your trust in the company. Thanks are also due to colleagues in the Executive Management, and all the employees of the company for their sincere efforts. We also thank our clients and shareholders for their trust and support to us, which will always be an incentive to do more, looking forward to more successes during the year 2022 AD.



Engineer: Ali Bin Saif Al-Qahtani
Chief Executive Officer (CEO)

Chief Executive Officer's Word

I am pleased to meet you through this annual report to shed light on the company's achievements for the past year and our plans for the next stage, which would not have been possible without your continuous support and great confidence that forms the backbone of our giving and continuity.

Tabuk Cement Company has been able to achieve good operating revenues, thanks to Allah Almighty, despite the surrounding circumstances, in which it was necessary to take firm and influential decisions at the same time, by relying on the advices of the company's Board of Directors, and the efforts of the executive management and specialized teams.

In light of these changes, we have been keen to enhance the company's revenues from its fixed incomes to support its performance in the markets in which it operates. We were able, with God's help, to maintain a balanced pace in the company's operational revenues. Tabuk Cement Company is proud of its distinguished system in the field of corporate governance. In 2021, the main focus was on the governance of risk management, as we implemented an integrated framework that was developed, and was approved by the Board of Directors.

In concluding of my word, I would like to extend my sincere thanks to the Chairman and the members of the Board of Directors of Tabuk Cement Company for their unlimited support and constant trust. I also extend my sincere thanks and appreciation to the shareholders of Tabuk Cement Company and all our partners. I renew my thanks, praise and appreciation to all the company's executive teams for their dedication and tireless efforts in leading, implementing and accomplishing the company's work with creativity and pioneering, and for their continuous commitment to the mission and vision of Tabuk Cement Company, and with the strategic plans set to achieve the goals and aspirations of our shareholders and valued clients.



01

First: About Tabuk Cement Company

- Activities of the Company
- Subsidiaries
- Vision of the Company
- Objectives of the Company
- Mission of the Company



Founding and Activities

1994

Founding Date

Age of the Company

900

Millions of Saudi Riyals

Capital of the Company

90

Millions of Shares

Number of Shares

10

Saudi Riyals

Share Price

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

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

The main activity of the company is the manufacture of ordinary Portland cement, resistant to sulphates, pozzolanic cement for industrial purposes, cement derivatives and its accessories, trading in those products and carrying out all related and complementary works for this purpose. Activities also include establishing factories and laboratories related to the branched and complementary industries of the cement industry from building materials and others. In addition to importing and exporting cement and related products, and owning real estate and scientific laboratories to improve products. This is pursuant to Industrial License No. (514 / S) as amended by No. (21102107153) dated 102020/1/ AD.

The 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.

Subsidiaries

Tabuk Cement Company conducts its activities through one operational activity represented in its factory located in Duba Governorate, and it does not have any subsidiaries at the present time.

Vision of the Company

Our aim is to lead the local and regional cement industry through being the idol of quality and efficiency, committing to be the perfect choice for our clients, employees, shareholders and investors.

Mission of the Company

We endeavor to support the local and regional market with cement products in accordance with international standards and reinforce sustainable development by encouraging construction work of buildings and developing infrastructure in the region.

Objectives of the Company

- To promote sustainable development and to revitalize the national economy.
- To meet the demands of the local and regional market of high-quality cement at competitive prices.
- Optimum investment in the natural resources available in the region.
- Maintain a dynamic work environment.
- Maintaining a level of excellence through training and continuous development of competencies, projects and services.



02

Second: Sustainability & Social Responsibility

- Environmental Protection and Occupational Safety
- Sustainability
- Social Responsibility
- Human Resources

Environmental Protection and Occupational Safety

Enhancing the levels of occupational safety and environmental protection through the following:

1. Contracting with approved companies to add early warning system devices and fire-fighting tools according to the requirements and stipulations inside the factories (fire boxes and fire extinguishers) and providing emergency exits with their complete and fire-resistant equipment.
2. Adding early warning systems and automatic extinguishing devices in transformer and main electrical panel rooms.
3. Providing an automatic sprinkler system for the entire plant and ensuring 100% coverage of all production areas.
4. Providing foam extinguishing system for chemical storage areas.

Providing occupational health avenues through the following:

1. Providing a health ambulance center with the presence of a doctor on a daily basis, which receives employees who suffer from any diseases, following up on their condition, and providing medicines in a way that gives the indication of attention to the company's employees. We also provide workshops to educate employees about the method they should follow to do it in the right way.
2. Providing first aid boxes in all departments and divisions of the company under the supervision of trained persons.
3. Putting safety policies and procedures within reach of everyone and translating them into the official languages of the company, Arabic and English.
4. Providing the necessary safety tools for each department conferring to the work needs according to the risk identification schedule.
5. Submitting and analyzing reports of injuries to work on finding appropriate solutions to prevent their recurrence.
6. Following up facilities and buildings, inspect them, make a plan to implement procedures, provide means of protection and comfort, and provide playgrounds and sports equipment to entertain employees during breaks and the residential camp.

The environment

Tabuk Cement Company continued its efforts towards protecting the environment and was keen on setting the ecosystem in mind, and as an integral part of its policy, by paying attention to the application of all the regulations in force, 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 of Meteorology and Environmental Protection (150 mg / cubic meter). It was keen to put in force systems and programs that would comply with and conform to the authority's limits and standards, which can monitor and save emissions readings, including the installation of optical monitoring devices to observe emissions.



Sustainability

Tabuk Cement Company has taken the best standards and practices adopted locally and internationally as a reference in the management of operations and projects in their diversity and different fields.

In addition, its ultimate goal is to develop the cement sector, and to achieve positive returns for the benefit of the 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, in order to preserve various resources for future generations, as the company has been working to achieve goals with efficiency and operational effectiveness through cost control and planning.

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

Tabuk Cement's sustainability strategy is subject to a periodic review to ensure its continued effectiveness in 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 hope for a better future. Therefore, the company works 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 job opportunities for Saudi youth, which is a strategic goal for the company.

Finally, Tabuk Cement Company believes that pioneering in the field of sustainability at the regional and global levels requires the optimal direction of the company's resources, by placing sustainability as a major goal in the company's top strategy.



Social Responsibility

Stemming from its keenness to achieve ethical goals, and realizing that investing in the local community will benefit everyone, Tabuk Cement Company, as a responsible national company, believes since its inception that the company's growth and development depends not only on its financial position, but also on its ability to contribute to the community. To this end, Tabuk Cement Company is keen to perform the role assigned to it towards society, by doing the following:



Human Resources

Tabuk Cement Company has realized the importance of the human element in its path, and that success is undoubtedly dependent on paying attention to this vital element, and therefore it pays most attention to it through the management of human resources. The company realizes the importance of its role in creating a healthy and successful work environment, and helps the employees towards career creativity, which enhances their ability to produce in a way that contributes to the continued development of the company, as it has been keen to meet all the basic needs of the employees. In addition, this also secure the conditions and foundations of health and safety.

Tabuk Cement Company always seeks to create a work environment that gives the employees the ability to participate with management in decision-making, and to participate in setting their goals to comply with the general objectives of the company. The company also creates the appropriate

environment for them, motivate them to do any distinguished work they do, and help them highlight their achievements as an important part of the organization.

In Tabuk Cement Company, we are also interested in employing the female component, based on our awareness of the important role that diversity plays in enriching our workforce. Since the company works in the industrial sector, it paid attention to employing women in operational positions, and the percentage of female employees in the company was about (4.42%) of the total workforce in it. In addition, the company is keen to employ Saudi nationals to support the Saudization efforts. The percentage of Saudi citizens in the company reached (53.79%), and the company has sent a number of its employees, the majority of whom are Saudis, to various training courses inside and outside the Kingdom, which had a significant impact in raising the efficiency of Saudi employees in various departments.



03

Third: Operational Performance Summary

- Products
- Clinker Production
- Achievements of the Marketing and Sales Department

Products

Ordinary Portland Cement (OPC)

This is the most common cement used in general concrete construction, buildings and foundations in general, when there is no exposure to sulphates in the soil or groundwater.

Application / Usage:

- General construction projects.
- Concrete structures.
- Reinforced concrete projects.
- Block manufacturing.
- Plastering and flooring.

Sulphate Resisting Portland Cement (SRC)

This is a type of Portland cement in which the amount of some active ingredients is lower than usual. It is best used in concrete projects if it is exposed to the risk of deterioration due to sulphate attack.

Application / Usage:

- Foundations and piles.
- Basement and underground structures.
- Chemical factories.
- Suitable for underground projects where sulphates are present in the soil and water.

The Portland Pozzolan Cement (PPC)

This is a kind of blended cement which is produced by inter grinding of OPC clinker along with gypsum and the volcanic stone material (Pozzolana), which is similar in its properties to cement materials, in certain proportions.

Application / Usage:

- Mass construction projects.
- Low-cost housing projects.
- It can be used in regions with hot weather.
- Hydraulic structures-dams and retaining walls.
- Marine structures.
- Mass concrete projects – e.g. bridge footings.
- It can be used under aggressive conditions.





Clinker Production

The clinker is the primary product in the cement industry and it is produced through the process of burning limestone ore with some corrected ores in the kiln. 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 past year 2021 AD, a quantity of 931,888 tons of ordinary Portland clinker and a quantity of 317,968 tons of clinker resistant to sulfur salts were produced, with a total of 1,249,856 tons of both types.

Quality Sign

- The company 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 application of the quality system by obtaining the ISO 9001 certificate since the date of 042004/23/ AD as a result of its commitment to implementing the quality system.



Achievements of the Marketing and Sales Department in 2021

The most prominent achievements of the Marketing and Sales Department during the past year 2021 AD were as follows:

- Maintaining full control over the markets of the Tabuk region as the main market for the company and fulfilling the region's demands for the cement products and limiting the entry of competitors.
- Al-Ula region was penetrated during the first quarter at competitive prices. After some attempts, the 100% clients of Al-Ula were returned to Tabuk Cement Company, all areas of the Tabuk region were closed in front of the competitors who were kept out.
- Achieving quantities (94%) of the local sales plan for the year 2021 AD, and this was a great challenge in light of the impact all sectors faced due to the Corona pandemic, the inability of workers to return to the Kingdom, the reasons for the construction code and the rise in iron prices during this year.
- Achieving export sales of (43,898 tons) that year.
- Expanding the marketing scope in the surrounding areas such as Al-Medina Al-Munawarra, and entering new markets (Hail, Qassim, Red Sea) and selling the largest possible quantities and maintaining these market shares.
- The percentage of sales outside the Tabuk region to new markets amounted to 39% of the company's total sales
- Making sales hours (deliveries and weighing) 24 hours a day, six days a week.
- Achieving the biggest challenge by making the overtime working hours (zero) with the same existing staff and working for 24 hours.
- Activating text messages to send clients' balances on a daily basis, which helped clients to follow their accounts clearly, and this helped raise the collection rate from them to the highest levels.
- Periodic communication with major clients and building strategic relationships with them to maintain market stability, while reducing clients' debit balances to the lowest levels in industrial companies.
- The annual closing of the accounts, reviewing and verifying all sales orders took place on December 31, 2021 AD. As it was the day of Friday, all statements were delivered to the concerned departments on January 1, 2022 AD.
- New accounts have been opened for new clients, and the accounts of clients who were previously lost have been activated and have been returned to the Company, thanks to Allah.



04

Fourth:
Financial Performance
Summary

Financial Position Statement

Description	2017 SR	2018 SR	2019 SR	2020 SR	2021 SR
Current Assets					
Cash in bank	29,068,715	22,005,793	14,104,701	20,693,362	22,882,531
Short-term investment	-	-		20,000,000	25,200,000
Deposits (investment for more than 3 months)	-	-			-
Accounts receivable - net	7,921,054	7,322,462	8,210,899	6,234,814	7,977,607
Prepaid expenses and other assets	6,934,275	116,847	1,582,666	4,684,631	1,351,321
Other debit balances	3,855,328	3,303,715	2,818,988	3,694,444	9,889,102
Stock	248,441,170	283,088,827	299,661,317	285,063,097	292,949,241
Total current assets	296,220,542	315,837,644	326,378,571	340,370,348	360,249,802
Non-current assets:					
Long-term investments	169,348,750	-	-	-	-
Investments in equity instruments (through other comprehensive income)	-	270,958,000	270,958,000	281,288,274	283,140,949
Net value of fixed assets	1,375,046,549	1,205,617,639	1,127,243,138	1,065,784,188	1,007,993,279
Real estate investment	-	79,881,137	79,881,137	77,464,847	72,279,440
Capital work in progress	15,745,460	-	-	-	-
Intangible assets	9,115,654	1,925,241	4,205,434	5,043,683	4,762,692
Net deferred expenses	18,674,152	-	-	-	-
Right to use the asset	-	-	5,256,830	3,566,366	1,705,654
Total non-current assets	1,587,930,565	1,558,382,017	1,487,544,539	1,433,147,358	1,369,882,014
Total assets	1,884,151,107	1,874,219,661	1,813,923,110	1,773,517,706	1,730,131,816
Liabilities and shareholders' equity:					
Current liabilities:					
The rolling part of the rental obligation	-	-	1,645,854	1,881,295	1,772,419
Short-term loans / the current portion of a long-term loan	60,920,505	78,561,537	95,206,325	63,470,883	63,470,883
Payables	20,231,627	19,199,321	20,272,673	19,427,291	16,376,937
Other credit balances	54,017,139	48,034,627	50,771,497	39,870,370	26,892,160
Distributions payable to shareholders	125,294,128	124,810,175	124,636,545	121,694,374	121,079,857
Proposed dividends to be distributed to shareholders	-	-	-	-	-
Zakat provision	10,235,950	10,523,880	4,018,930	10,156,261	6,956,392
Total current liabilities	270,699,349	281,129,540	296,551,824	256,500,474	236,548,648
Non-current liabilities:					
Long term loan	433,366,024	408,205,278	309,420,556	252,000,653	210,212,689
Provision for end of severance pay	29,009,000	23,487,000	16,852,045	14,216,404	15,923,026
The non-current portion of the rental obligation	-	-	3,604,412	1,772,419	-
Total non-current liabilities	462,375,024	431,692,278	329,877,013	267,989,476	226,135,715
Shareholders' equity:					
Capital	900,000,000	900,000,000	900,000,000	900,000,000	900,000,000
Regular reserve	222,588,069	222,588,069	222,588,069	227,745,646	229,521,378
Reserve for change in fair value differences	-	101,609,250	101,609,250	111,939,524	113,792,199
Retained profit (loss)	28,488,665	-62,799,476	-36,703,046	9,342,586	24,133,876
Total shareholders equity	1,151,076,734	1,161,397,843	1,187,494,273	1,249,027,756	1,267,447,453
Total liabilities and shareholders' equity	1,884,151,107	1,874,219,661	1,813,923,110	1,773,517,706	1,730,131,816
	-	-	-	-	

Statement of profit or loss and other comprehensive income

Description	2017 SR	2018 SR	2019 SR	2020 SR	2021 SR
Net sales	166,607,720	149,444,903	238,663,555	276,454,772	228,529,275
Sales cost	-157,358,988	-173,037,194	-184,084,981	-208,207,773	-179,919,725
Gross profit	9,248,732	-23,592,291	54,578,574	68,246,999	48,609,550
Selling and marketing expenses	-3,373,149	-3,353,166	-8,526,180	-2,951,585	-3,046,032
General and administrative expenses	-15,450,723	-17,954,578	-18,711,045	-20,354,578	-21,652,001
Total selling and marketing expenses	-18,823,872	-21,307,744	-27,237,225	-23,306,163	-24,698,033
Other expenses	-3,775,401	-17,128,299	-320,783	-	-
Reversal / (impairment losses) in the value of stock	-	-11,439,888	9,647,520	-	-
Other income	441,199	1,044,849	6,237,905	8,175,384	10,899,132
Dividends on investments in equity instruments at fair value through other comprehensive income	5,080,462	-	5,080,463	-	-
Net income and other expenses	1,746,260	-27,523,338	20,645,105	8,175,384	10,899,132
Net (loss) / operating profit	-7,828,880	-72,423,373	47,986,454	53,116,220	34,810,649
Deposit income	171,452	526,457	317,901	54,087	827,091
Cost of funding	-13,408,442	-24,001,444	-24,780,605	-11,274,890	-7,019,208
Effect of modifying the cash flows of a financial liability	-	-	-	17,750,601	-5,815,199
Net income for the year before zakat provision	-21,065,870	-95,898,360	23,523,750	59,646,018	22,803,333
To be deducted:					
Reverse zakat custom	-	-	4,684,980	0	-
Zakat provision	-2,696,349	-3,042,781	-4,018,930	-8,070,246	-5,046,012
Net income (loss) for the year	-23,762,219	-98,941,141	24,189,800	51,575,772	17,757,321
Items that will not be classified later in profit or loss					
(Loss) / other comprehensive income					
Actuarial gains from remeasurement of employees' end of service benefit obligation	1,874,000	7,653,000	1,906,630	-372,563	-1,190,299
Unrealized gains on remeasurement of investments in equity instruments at fair value	0	0	0	10,330,274	1,852,675
Total comprehensive income	-21,888,219	-91,288,141	26,096,430	61,533,483	18,419,697
Profit / (loss) basis and reduced from net profit / (loss) for the year	-0.26	-1.10	0.27	0.57	0.20
Basic and (loss) profit/(loss) from total comprehensive income/(loss) for the year	-0.24	-1.01	0.29	0.68	0.20

Investments

short seller	22,000,000	14,000,000	-	20,000,000	25,200,000
time deposits	-	-	-	-	-
energy	169,348,750	270,958,000	270,958,000	281,288,274	283,140,949
Total	191,348,750	284,958,000	270,958,000	301,288,274	308,340,949

Geographic Sales Distribution 2021

No.	Region	Amount(SR)	Ratio
1	Tabuk	135,091,822.00	0.59
2	Northern Border Region	25,431,336.00	0.11
3	Western Region	45,750.00	0.009
4	Central Region	3,227,666.00	0.011
5	Almadina, Alola	57,215,353.00	0.25
6	Export	7,405,439.00	0.03
	Total	228,417,366.00	1

Liability to Bank Albilad - Loan (2021)

On the date of Rajab 20, 1441H. corresponding to March 15, 2020, the company signed an agreement to reschedule the outstanding loan balance with Bank Albilad (a Sharia-compliant bank facility agreement - with a diminishing Murabaha) - where the outstanding loan balance on that date amounted to 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. The payment of the first installment began after the signing of this agreement on June 13, 2020, and the last installment will be paid - Allah willing - on March 13, 2026. On the 6th of Rabi' al-Thani 1443H corresponding to November 11, 2021, the company concluded a hedging agreement with Bank Albilad to be implemented starting from 12022 /3/ at a fixed rate of 1% and a fixed SIBOR rate of 1.98% inclusive of the hedging price, as the price of the hedge was reduced. The loan to SIBOR is 3 months and a fixed rate of 1% instead of SIBOR + 6 months and a fixed rate of 1.25% for the remaining amount of the loan, which = 269751254 riyals in quarterly installments to be paid every three months. The first installment will be paid on 32022/4/ and the last installment will be paid on March 13, 2026.

The following is a statement showing the position of the loan until 12/31/2021.

Description (values in riyals)	loan principal	Balance at the beginning of 2021	Paid during 2021	Loan balance at the end of 2021
(Facility (loan	476,031,625.00	315,471,536.00	47,603,163.00	273,683,572.00
Total	476,031,625.00	315,471,536.00	47,603,163.00	273,683,572.00

Note 1: There may be a difference of decrease and increase with the change of the SIBOR , down and up.

Payments due (2021)

Zakat, Tax and
Customs Authority
5,046,012.00

Agency of the Ministry
of Mineral Resources
8,619,219.00

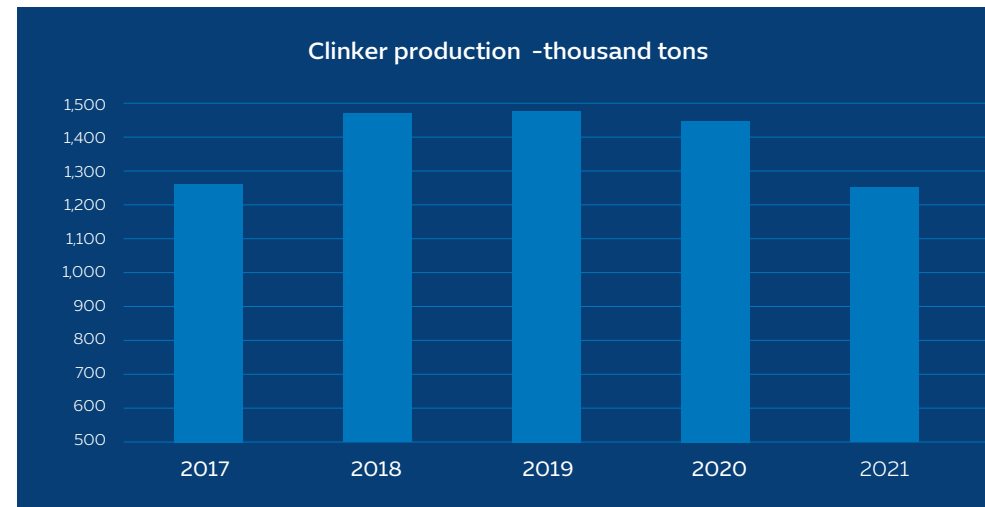
General Organization for
Social Insurance
473,531.00

Fundamental differences in operational items from last year

Income statement 2020	Fundamental differences in operational items from last year	
	Change	reasons
Net sales	(0.17)	Decreased sales quantity and value
Sales cost	(0.14)	Decreased quantities produced.
Gross profit	(0.29)	result of the above
Selling and marketing expenses	0.03	High wages and multiple visits to markets and customers
General and administrative expenses	0.06	High values of its constituent items.
Total selling and marketing expenses	0.06	As a result of the above
Other expenses		
Reversal / (Impairment losses) in the value of stock		
Other income		
Dividends on investments in equity instruments at fair value through other comprehensive income		
Net income and other expenses	0.33	Value of selling a land owned by the company in Tabuk
Net (loss) / operating profit	(0.34)	As a result of the decrease in sales and the increase in administrative and marketing expenses
Deposit income	14.29	Increased liquidity invested in deposits.
Financing cost	(0.38)	SIBOR prices decreased during the year, in addition to a decrease in loan principal
Effect of modifying the cash flows of a financial liability	(1.33)	Rescheduling the loan balance on March 15, 2020 and calculating financial liability losses against last year's profits
Net income for the year before zakat provision	(0.62)	As a result of the above
Reverse zakat provision		
Zakat provision	(0.37)	As a result of the above.
Net income (loss) for the year	(0.66)	As a result of the above.
Items that may subsequently be reclassified to profit or loss		
(loss) / other comprehensive income		
Recalculation of end-of-service benefits	2.19	Actuarial gain (loss) value - from the actuary's report
Unrealized gains on remeasurement of investments in equity instruments at fair value	(0.82)	Gain (loss) value of revaluation of investments in equity instruments at fair value
Total comprehensive income	(0.70)	As a result of the above

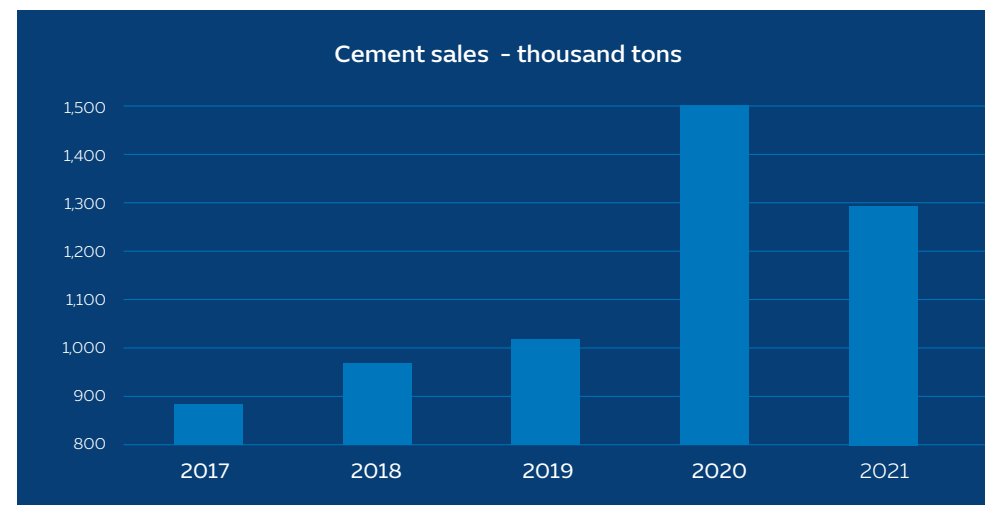
• Clinker production

The quantity of clinker produced during the year 2021 amounted to (1,249,856 tons) compared to (1,445,198 tons) in 2020, a decrease of (13.52%).



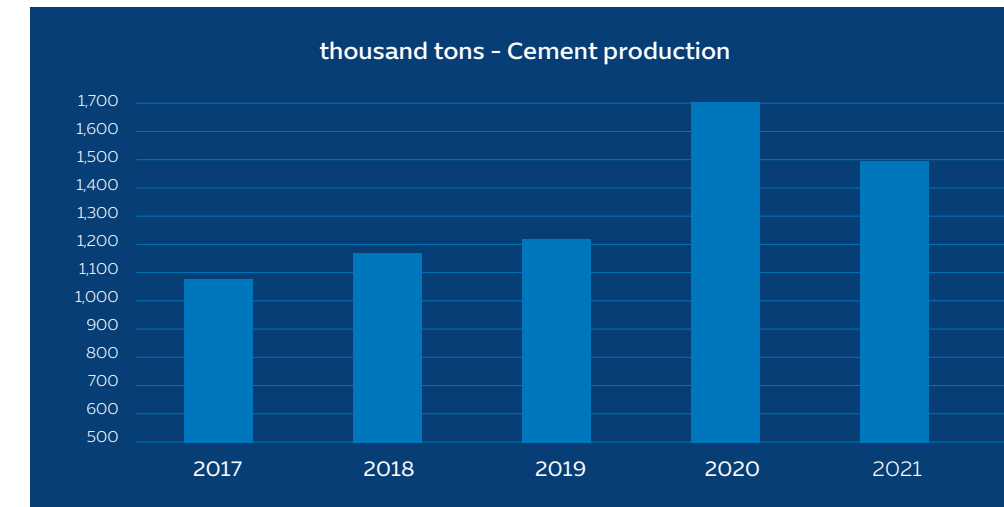
• Cement sales

The company's total cement sales amounted to 1,494,480 tons in 2021 compared to 1,734,834 tons in 2020, a increase of (13.85%).



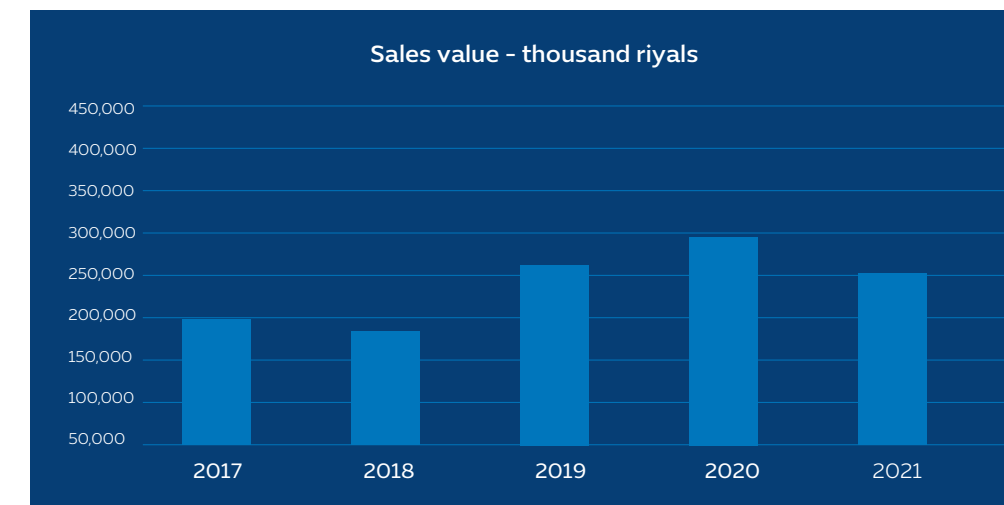
• Cement production

The quantity of cement produced during 2021 reached (1,497,930 tons) compared to (1,742,525 tons) in 2020, a increase of (14.03%).



• Sales value

The net sales value in 2021 amounted to 228,529,275 riyals) compared to (276,454,772 riyals) in 2020 , a increase of (15.83%).



Stock

The clinker stock at the end of 2021 amounted to (1,876,610 tons) compared to (1,994,858 tons) in 2020 , with a decrease of (5.92%), and the cement stock at the end of 2021 reached (63,212 tons) compared to(64,091) in 2020, with a decrease of (1.37%).



05

Fifth:
The Company's Strategy
and Future Predictions

01

Continuously developing human resources, technically and administratively, by focusing on training and developing national competencies in various fields and creating a work environment with a high level of professionalism and production capacity.

02

Attention to increase the rate of Saudization.

03

Introducing a high monitoring and control system to maintain the quality of work and product and achieve the desired growth.

04

Maintaining the application of the highest safety standards and promoting the preservation of the environment.

05

Maintaining the application of the highest safety standards and promoting the preservation of the environment.

06

Continuous improvement of product quality and development.

07

Continuous development in the information technology (IT) sector, its devices, equipment and systems.

08

Introducing a high monitoring and control system to maintain the quality of work and product and achieve the desired growth.

09

Providing facilities to clients at competitive prices.

10

Maximizing the utilization of assets.

In light of these and according to market changes, the company expects to increase the demand for the company's products of all kinds of cement to achieve the expected sales goals.



06

Sixth: Capital and Equity Rights

- The Capital.
- 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 shares as on 12/2021/31/ AD:

The Capital	
Items	Value
(Declared Capital (SAR	900,000,000
(Paid-up capital (SAR	900,000,000
Number of Shares	90,000,000
(Nominal value per share (SAR	10
(Paid value per share (SAR	10
The stock market in which the stock is traded	Saudi Stock Exchange ((Tadawul
Market type	The main market
Main sector	Basic materials
Company code	3090
International Code	SA0007879535

Second: Investment Restrictions

There are no restrictions on the company's shares as stated in both the rules regulating qualified foreign financial institutions' investment in listed securities and the instructions regulating foreign strategic investors' ownership of strategic stakes in listed companies. This is in accordance with the company's articles of association, and the instructions issued by the supervisory and controlling authorities, which the company is subjected to.

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

The Board of Directors of Tabuk Cement Company consists of normal members who represent themselves, and legal members. The following is a statement of the total shares owned by the chairman, natural members and senior executives of the company:

Members' ownership:

Member	Position	At the beginning of the year	At the end of the year	net change	percentage change
		Number of Shares	Number of Shares		
Mr. Saud Bin Soliman Al-Jehani	Director of the Board	0	0	0	0
Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	Deputy of Director of the Board	0	0	0	0
Mr. Tareq Bin Khalid Alangari	Member	1001	1001	0	0
Mr. Wafi Bin Nafe Alshakhs	Member	67,899	47,899	20,000	29.45%
Mr. Abdulrahman Bin Rashed Albluwe	Member	0	0	0	0
Mr. Abdulaziz Bin Saleh Alshathri	Member	0	0	0	0
Mr. Masad Bin Khalid Bin Saleh Alshathri	Member	2000	2000	0	0

Ownership of the relatives of the members of the Board of Directors (their spouses or their minor children):

The name of the one to whom the interest belongs	relative link	At the beginning of the year	At the end of the year	net change	percentage change
		Number of Shares	Number of Shares		
Mr. Khalid Bin Saleh Alshathri	Brother of Mr. Abdulaziz Bin Saleh Alshathri	14,151,399	11,136,588	3,014,811	21.30%
	Father of Mr. Masad Bin Khalid Bin Saleh Alshathri				

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

There are no shares for senior executives or their relatives.

Seventh: Profit Distribution Policy

- Profit Distribution Policy.
- Remuneration policy for members of the Board of Directors and committees emanating from the Board and the Executive Management.
- Calculation of dividends for the year 2021 AD.
- Statement of the remuneration paid to members of the Board of Directors during the year 2021 AD.
- Remuneration of Committees' Members.
- Senior Executive Remunerations.



First: Profit Distribution Policy

In line with Article 47 of the company's By-Law, the company's annual net profits are distributed as follows:

1. Setting aside 10% of the net profits to form the company's statutory reserve, and the Ordinary General Assembly may decide to stop this set-up when the said reserve reaches 30% of the paid-up capital.
2. The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct sums from the net profits for the establishment of social institutions for the company's employees or to assist the existing such institutions.
3. After that, a percentage of no 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 company's By-Law, which states: "The shareholder shall be entitled to a share of the profits in accordance with the resolution of the General Assembly issued in this regard. The resolution shall indicate the maturity date and the distribution date. The eligibility for profits shall be for the owners of shares registered in the shareholders' records at the end of the day specified for entitlement.

Second: Remuneration policy for members of the Board of Directors and committees emanating from the Board and the Executive Management

1. Policy Goal: this policy aims to:
 - a. Following standards related to the performance of the members of the Board of Directors, the committees emanating from the Board and the executive management, disclosing the policy and actual payments, and 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 councils work and the roles assigned to the members, and then defining the criteria used to evaluate performance.
 - c. Review the corrective measures applied by the Board of Directors, to review the effectiveness of the performance of the executive management 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 linked to performance, short or long-term incentive plans, and any other benefits in kind, except for the actual reasonable expenditures 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 all of:

- Members of the Board of Directors.
- Members of committees of the Board.
- External members of committees of the Board.
- Executive management, five senior executives who receive the highest remuneration from the company, provided that the Chief Executive Officer (CEO) and the financial manager are among them.

3. The text of the policy of the members of the Board of Directors and the committees emanating from the Board and the Executive Management:

The members of the Board of Directors and the committees emanating from the Board and the Executive Management are entitled to remunerations based on this policy and in accordance with the criteria and regulations for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management. The Nominations and Remunerations Committee reviews the relationship between the remunerations granted and the remuneration policy, and evaluates its effectiveness in achieving the desired objectives. The Committee submits its recommendations to the Board of Directors regarding the remuneration of the members of the Board of Directors and its committees and senior executives of the company in accordance with the approved policy. The remuneration of members of the Board of Directors and committees emanating from the Board and the executive management may be a certain amount of money or attendance allowance for the sessions or other benefits, and it is permissible to grant two or more of these benefits.

The members of the Board of Directors shall be 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 to this remuneration is proportional to the number of sessions attended by the member.

4. Criteria for remuneration of members of the Board of Directors and 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:

- That the remunerations be fair and commensurate with the competencies of the member and the executive management, and the work and responsibilities they undertake and bear. In addition to the objectives set by the Board of Directors to be achieved during the financial year.

- b. The remuneration shall be based on the recommendation of the Nomination and Remuneration Committee.
- c. To provide remunerations with the aim of motivating and encouraging the members of the board of directors and the executive management to make the company successful and achieve its goals in the medium and long term. A mechanism can also be originated to link part of the variable rewards to the company's total and partial performance in the medium and long term, to use this as a tool to attract, maintain and motivate professionalism.
- d. To determine the remunerations based on the level of the job, the tasks and responsibilities assigned to the incumbent, educational qualifications, practical experience, and the skills necessary to perform the tasks.
- e. The remuneration should be consistent with the size, nature and degree of risk in the company.
- f. Taking into consideration the practices of other companies in determining remuneration and avoiding the unjustified increase in remuneration and compensation that might result from that.
- g. The Board of Directors may stop the payment of the remuneration or recover it, if it is found 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 not exploited to obtain unearned remunerations.

5. Regulations for the remuneration of members of the Board of Directors and committees emanating from the Board:

In all cases, the sum of the remunerations and financial or in-kind benefits that a member of the Board of Directors receives shall not exceed five hundred thousand Saudi riyals annually, in accordance with the regulations set by the relevant authority, with the exception of executives.

6. Members of the Board of Directors and committees emanating from the Board are entitled to the following rewards:

- a. The members of the Board of Directors are entitled to an amount of (200,000 riyals as an annual remuneration), according to the company's regulations for the payment of rewards.
- b. A member of the Board of Directors shall be entitled to an allowance for attending the Board of Directors sessions to the amount of (3,000 Saudi riyals) for each session.
- c. A committee member is entitled to an attendance allowance of 3,000 Saudi riyals for attending the meeting of each of the board's committees.

7. Executive Management Remuneration:

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

- a. Basic salary (to be paid at the end of each Gregorian month and on a monthly basis).
- b. Allowances including, but not limited to, a housing allowance, and a transportation allowance.
- c. Other benefits, including, but not limited to (annual leave, end of service gratuity according to the Work Office System and the human resources policy approved by the company).

8. Cases of suspension of reward disbursement or redemption:

- a. 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.
- b. The company shall recover the remuneration if anything suspicious occurred before the remuneration was disbursed, and if it was proven that the remuneration was decided based on inaccurate information provided by a member of the board of directors or the executive management.

Third: Calculation of dividends for the year 2021 AD

No dividends were distributed for the year 2021.

Statement of dividend for the year 2021	Amount (SR)
Net profit before deduction of zakat	22,803,333.00
Deduct: Zakat	-5,046,012.00
Net profit after deducting zakat	17,757,321.00
Deduction: statutory reserve at the rate of 10% of the net profit after zakat	-1,775,732.10
Deduct: actuarial variance - recalculation of end-of-service indemnities in accordance with IFRS	-1,190,299.00
Net income for the year carried forward to retained earnings	14,791,289.90
The balance of the profits carried forward from the previous year is added	9,342,586.00
Gains from investments in equity instruments at fair value through other comprehensive income are added (impact from applying IFRS 9)	1,852,675.00
Reclassification deducts gains from investments in equity instruments at fair value	-1,852,675.00
Total retained earnings	24,133,875.90
Distribution of 25. Halala for each share	22,500,000.00
Balance of retained earnings after distribution and carried over to the next year	1,633,875.90

Fourth: Statement of the remuneration paid to members of the Board of Directors during the year 2021 AD

The company pays the members of the board of directors the expenses and allowances for attending sessions and financial rewards within the framework of the above system and policy. The following is a statement of the company's total payments to the members of the board of directors.

Statement of the remuneration paid to members of the Board of Directors during the year 2021 AD

Members of Board of Directors	Fixed Amount	Fixed Rewards						Variable Rewards						Total summation	Expense allowance	
		Allowance for attending council sessions	Total allowance for attending committee sessions	In-kind benefits	Rewarding technical, administrative and advisory works	Remuneration of the Chairman, Managing Director, or Secretary, if he is a member	Total	Percentage of Profits	Reward	Short term motivational plans	Long term motivational plans	(Granted Shares (Value is entered	Total			End of Service Reward

First: The Independent Members																
Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	200,000	21,000	21,000	-	-	-	242,000	-	-	-	-	-	-	-	242,000	-
Mr. Tareq Bin Khalid Alangari	200,000	21,000	15,000	-	-	-	236,000	-	-	-	-	-	-	-	236,000	-
Mr. Abdulrahman Bin Rashed Albluwe	200,000	21,000	9,000	-	-	-	230,000	-	-	-	-	-	-	-	230,000	-
Mr. Wafi Bin Nafe Alshakhs	200,000	21,000	6,000	-	-	-	227,000	-	-	-	-	-	-	-	227,000	-
Total	800,000	84,000	51,000	-	-	-	935,000	-	-	-	-	-	-	-	935,000	-

Second: Non-Executive Members																
Mr. Saud Bin Soliman Al-Jehani	200,000	21,000	21,000	-	-	200,000	442,000	-	-	-	-	-	-	-	442,000	-
Mr. Abdulaziz Bin Saleh Alshathri	200,000	21,000	6,000	-	-	-	227,000	-	-	-	-	-	-	-	227,000	-
Mr. Masad Bin Khalid Bin Saleh Alshathri	200,000	21,000	18,000	-	-	-	239,000	-	-	-	-	-	-	-	239,000	-
Total	600,000	63,000	45,000	-	-	200,000	908,000	-	-	-	-	-	-	-	908,000	-

Third: the Executive Members																
1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Fifth: Remuneration of Committees' Members

Member	Fixed remuneration (except for attendance allowance)	Allowance for attending sessions	Total
Members of the Audit Committee			
Mr. Tareq Bin Khalid Alangari	75,000	12,000	87,000
Mr. Ali Bin Soliman Al-Ayed (A member from outside the council	50,000	12,000	62,000
Mr. Turky Bin Abdulmohsen Al-Luhaid (A member from outside the council	50,000	12,000	62,000
Total	175,000	36,000	211,000
Members of the Executive Committee			
Mr. Saud Bin Soliman Al-Jehani	-	18,000	18,000
Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	-	18,000	18,000
Mr. Masad Bin Khalid Bin Saleh Alshathri	-	18,000	18,000
Total	-	54,000	54,000
Members of the Nominations and Remunerations Committee			
Mr. Abdulrahman Bin Rashed Albluwe	-	6,000	6,000
Mr. Abdulaziz Bin Saleh Alshathri	-	6,000	6,000
Mr. Wafi Bin Nafe Alshakhs	-	6,000	6,000
Total	-	18,000	18,000
Members of the Governance Committee			
Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	-	3,000	3,000
Mr. Saud Bin Soliman Al-Jehani	-	3,000	3,000
Mr. Tareq Bin Khalid Alangari	-	3,000	3,000
Mr. Abdulrahman Bin Rashed Albluwe	-	3,000	3,000
Total	-	12,000	12,000

Sixth: Senior Executive Remunerations

Senior Executive Positions	Fixed Rewards			Variable Rewards					End of Service Reward Total executive remuneration for the board, if any	Total summation
	Salaries	Allowances	In-kind benefits	Periodical rewards	Profit	Short term motivational plans	Long term motivational plans (Granted Shares (Value is entered	Total		
Total	1,920,000	-	-	1,920,000	870,000	-	-	-	870,000	-

In light of the foregoing policies and the subsequent details of the paid rewards, the company affirms the following:

- There are no arrangements or agreements under which a member of the Board of Directors or a senior executive has waived any rewards, salaries or compensation during the fiscal year 2021 AD.
- There are no arrangements or agreement under which one of the company's shareholders has waived any rights to profits during the fiscal year 2021 AD.
- There are no other investments or reserves created for the benefit of the company's employees during the year 2021 AD, except for the end-of-service reward according to the regulations issued by the competent authorities.

08

Eighth: Company Governance

- Introduction to the Concept of Corporate Governance at Tabuk Cement Company.
- The Board of Directors.
- The Committees emanating from the Board of Directors.
- Dealing with the Related Parties.
- The Results of Governance Practices during the year 2021 AD.
- Shareholders' Rights and the General Assembly.
- Disclosure and Transparency Policies.
- Declarations of the Board of Directors.



First: Introduction to the Concept of Corporate Governance at Tabuk Cement Company.

Governance aims to set the rules and standards organizing to ensure adherence to the best practices of governance that safeguard the protection of the rights of shareholders and stakeholders. Accordingly, Tabuk Cement Company is committed to adopting the highest standards of governance, in the belief that a rigorous 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 its operations, activities and products. The rules, policies and procedures contained in this by-law are binding on all members of the board of directors, executive management, managers and employees of the company, and this system may not be amended except by a decision of the company's board of directors.

The corporate governance system of Tabuk Cement Company is defined as being based on important foundations, which are:

1. The optimal system through which the company is directed and monitored, 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 company's affairs, and provides the structure that clarifies the company's objectives, means of achieving them, and monitoring performance. The board of directors is responsible for the corporate governance system in Tabuk Cement Company.

In addition, the corporate governance system of Tabuk Cement Company was formulated in a manner that does not contradict with the regulations of the by-law of the Corporate Governance issued by the Board of the Capital Market Authority, and in accordance with the internationally recognized standards of corporate governance. It must be considered as the basis of the corporate governance system and not as a substitute for proper management policies for all management levels in the company, and it must be taken into consideration within:

- The Capital Market By-Law issued by Royal Decree No. M/30 dated 061424/02/ AH and its implementing regulations.
- The Companies By-Law issued by Royal Decree No. M/3, dated 281437/01/ AH, and its amendments, and the decisions and circulars issued by the Ministry of Commerce and Investment.
- The By-Law of Tabuk Cement Company.

(The Board of Directors or the General Assembly may) amend these regulations from time to time when needed, in accordance with the instructions and requirements of the Capital Market Authority, business needs and the requirement of proper management, and in a manner that does not conflict with 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 through ordinary voting and remote voting, from among the applicants for membership of the Board, in accordance with the regulations and procedures set by the Ministry of Commerce and Investment, the Capital Market Authority, and the company's by-law, for a period not exceeding three years. They may be re-elected, bearing in mind that the Tabuk Cement Company's corporate governance system requires that the majority of the board's members be non-executives.

Definition of the Board of Directors:

The Board of Directors is the supreme administrative entity in the company, which represents it and protects its interests. The board has several main tasks, namely:

1. Leading and monitoring the company's business, activities, and continuous follow-up of its performance.
2. Exercising this responsibility by adopting and implementing its policies and objectives and supporting its managements in performing their tasks according to specific criteria.
3. Directing and monitoring the executive management, and setting appropriate regulations for its work. This includes defining a clear vision and strategy for the company and defining the basis for delegating powers to the management, and the policies and limitations that are allowed to operate within its limits.

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

4. Setting the strategic objectives of the company and providing leadership to implement them, supervising the management of the company and preparing reports for shareholders on their management of the company.
5. The work of the Board of Directors is subject to the laws, regulations, and the by-law of the company and to the oversight of the shareholders in the company's general assembly.

Among the responsibilities of the Board of Directors is to approve the strategic directions and the main objectives of the company and to supervise their implementation. This includes:

6. Develop, review and direct the company's overall strategy, main business plans and risk management policy.
7. Determining the optimal capital structure for the company, its strategies and financial objectives, and approving annual budgets.
8. Oversee the company's major capital expenditures, and own and dispose of assets.
9. Setting performance objectives and monitoring implementation and overall performance in the company.
10. Periodic review and approval of organizational and functional structures in the company.

Establishing regulations and rules for internal monitoring and general supervision over them, including:

1. Develop a written policy regulating conflict of interest and addressing potential conflict situations for members of the Board of Directors, executive management and shareholders, including preventing misuse of the company's assets and facilities, and preventing misconduct resulting from dealings with the concerned persons.
2. Ensure the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
3. Ensuring the implementation of monitoring systems for risk management, by determining the general perception of the risks that the company may face and presenting them in a transparent manner.
4. Annual review of the effectiveness of the company's internal monitoring procedures.

There are also some responsibilities entrusted to the Board of Directors in line with the relevant regulations and by-laws, including:

- Drafting the corporate governance system and rules in a manner that does not conflict with the ruling and texts of the regulations and by-laws in force, monitoring the effectiveness of these rules in general and amending them when necessary.
- Develop policies, standards and procedures for the membership of the Board of Directors and put them into practice after approval by the General Assembly.
- Develop a written policy regulating the relationship with related parties in order to protect the rights of all parties.
- Establishing rules of professional conduct for the company's managers and employees in accordance with proper professional and ethical standards.

- Develop policies and procedures that ensure the company's respect for the regulations and by-laws and the company's commitment to disclosing material information to shareholders, creditors and other parties.
- 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.
- Recommending to the shareholders' general assembly the appointment and dismissal of auditors and determine their remuneration.

A-Composition of Board Members and their Membership Classifications

The corporate governance by-law of Tabuk Cement Company specifies that the majority of the Board of Directors members shall be non-executive members. 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 of the Board of Directors are classified as follows:

Members	Membership Classification		
	Executive	Non- Executive	independent
Mr. Saud Bin Soliman Al-Jehani		•	
Mr. Abdel Aziz Bin Abdel Rahman Alkhamees			•
Mr. Tareq Bin Khalid Alangari			•
Mr. Abdulrahman Bin Rashed Albluwe			•
Mr. Wafi Bin Nafe Alshakhs			•
Mr. Abdulaziz Bin Saleh Alshathri		•	
Mr. Masad Bin Khalid Bin Saleh Alshathri		•	

B- Experiences of members of the Board of Directors and affiliated committees in current and previous companies:



Mr. Saud Bin Soliman Al-Jehani	
Present Positions	<ul style="list-style-type: none"> Chairman of the Board of Directors of Tabuk Cement Company - Chairman of the Executive Committee Assistant Governor for Insurance Affairs at the General Organization for Social Insurance
Previous Positions	<ul style="list-style-type: none"> Vice Chairman of the Board of Directors of Tabuk Cement Company. Assistant Governor for Insurance Affairs at the Public Pension Agency
Qualifications and Experience	<ul style="list-style-type: none"> Master Degree in Actuarial Science from the University of Kent in the United Kingdom. Higher Diploma in Actuarial Science from the University of Kent in the United Kingdom. Certificate in Global Management, INSEAD. Bachelor Degree in Management Information Systems from King Fahd University of Petroleum and Minerals.

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

Names of companies whose current board of directors or managers is one of them	Inside / outside the Kingdom	/ legal Entity
Member of the Board of Directors of the Saudi National Bank and member of the Risk Committee	Inside the Kingdom	Listed Shareholding Company
Member of the Board of Directors of the National Industrialization Company and Chairman of the Nominations Committee	Inside the Kingdom	Listed Shareholding Company
Member of the Board of Directors of the Saudi Industry Development Company, and a member of the (Investment Committee (Tatweer	Inside the Kingdom	Unlisted Shareholding Company
Member of the Audit Committee of the Saudi International Petrochemical Company (Sipchem	Inside the Kingdom	Unlisted Shareholding Company



Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	
Present Positions	<ul style="list-style-type: none"> Vice Chairman of the Board of Directors of Tabuk Cement Company, and Chairman of the Governance Committee
Previous Positions	<ul style="list-style-type: none"> Consultant at Raidah Investment Company (RIC). Deputy Governor for Investment Affairs at the Public Pension Agency. General Manager for Financial Investment at the Public Pension Agency. Senior of Fixed Income Dealers in the Investment Management at the Saudi Arabian Monetary Agency. Assistant Head of Dealers in the Investment Management at the Saudi Arabian Monetary Agency. First Officer for Dealers in the Investment Management at the Saudi Arabian Monetary Agency.
Qualifications and Experience	<ul style="list-style-type: none"> Bachelor Degree in Economics, Northeastern University, Boston, United States of America.

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

Names of companies whose current board of directors or managers is one of them	Inside / outside the Kingdom	/ legal Entity / Listed Shareholding Company Unlisted Shareholding / Company Limited Liability company
The Saudi Investment Bank	Inside the Kingdom	Listed Shareholding Company
Cooperative Insurance Company	Inside the Kingdom	Listed Shareholding Company
United Insurance Company	Bahrain	Closed Joint Stock Company
Sipchem Company	Inside the Kingdom	Listed Shareholding Company
Saudi Polymers Company	Inside the Kingdom	Closed Joint Stock Company
Gulf Polymers Distribution Company	United Arab Emirates	Closed Joint Stock Company



Mr. Tareq Bin Khalid Alangari

Present Positions	<ul style="list-style-type: none"> Member of the Board of Directors of Tabuk Cement Company - Chairman of the Audit Committee Member of the Board of Directors of Leejam Sports Company (Fitness Time) and Member of the Executive Committee. Chief Executive Officer (CEO) of Etisalat Digital (a subsidiary of Emirates Telecom Group) from April 2020 AD to date.
Previous Positions	<ul style="list-style-type: none"> Vice Chairman of the Board of Directors of Tabuk Cement Company, starting from April 14, 2019 until January 25, 2020. Executive General Manager of Investor Relations and Secretary of the Board of Directors of Mobily Company from January 2016 to March 2020. Chairman of the Board of Directors of Mobily Ventures - a subsidiary of Mobily Company. Advisor to the Board of the Capital Market Authority.
Qualifications and Experience	<ul style="list-style-type: none"> Master of Business Administration (MBA) from IE Business School. Diploma in Corporate Finance and Credit Bachelor Degree in Marketing from King Fahd University of Petroleum and Minerals.

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

Names of companies whose current board of directors or managers is one of them	Inside / outside the Kingdom	/ legal Entity Listed Shareholding / Company Unlisted Shareholding / Company Limited Liability company
Member of the Board of Directors of Leejam Sports Company (Fitness Time)	Inside the Kingdom	Listed Shareholding Company
Member of the Nominations Committee for Filling and Packaging Materials Manufacturing Company ((FIPCO	Inside the Kingdom	Listed Shareholding Company



Mr. Abdulrahman Bin Rashed Albluwe

Present Positions	<ul style="list-style-type: none"> Member of the Board of Directors of Tabuk Cement Company, and Chairman of the Nominations and Remunerations Committee. Chief Executive Officer (CEO) of the Natural Gas Distribution Company
Previous Positions	<ul style="list-style-type: none"> Managing Director, ESPAC Company.
Qualifications and Experience	<ul style="list-style-type: none"> Bachelor Degree in Business Administration from King Saud University. Master Degree in International Business Administration from Portland University in the United States of America. Experience of more than 25 years in the field of investment and banking, investment and real estate development, industrial, and construction and building.

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

Names of companies whose current board of directors or managers is one of them	Inside / outside the Kingdom	/ legal Entity Listed Shareholding / Company Unlisted Shareholding / Company Limited Liability company
ESPAC Construction Company	Inside the Kingdom	Closed
United Mining Company	Inside the Kingdom	Closed
Amjad Holding Company	Inside the Kingdom	Closed



Mr. Wafi Bin Nafe Alshakhs	
Present Positions	<ul style="list-style-type: none"> Member of the Board of Directors of Tabuk Cement Company. Chairman of the Board of Directors of Tabuk Construction and Development Company.
Previous Positions	<ul style="list-style-type: none"> Air Force Brigadier General.
Qualifications and Experience	<ul style="list-style-type: none"> Bachelor Degree in Aeronautical Sciences.

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

Names of companies whose current board of directors or managers is one of them	Inside / outside the Kingdom	/ legal Entity Listed Shareholding / Company Unlisted Shareholding / Company Limited Liability company
None	-	-



Mr. Abdulaziz Bin Saleh Alshathri	
Present Positions	<ul style="list-style-type: none"> Member of the Board of Directors of Tabuk Cement Company. Executive Director of Khaled Al-Shathry Group for General Investments.
Previous Positions	<ul style="list-style-type: none"> General Manager of Dar Al Riyadh Contracting Company. Member of the Board of Directors and member of the Audit Committee of Shams Tourism Company (a joint stock company).
Qualifications and Experience	<ul style="list-style-type: none"> Bachelor Degree in Political Science.

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

Names of companies whose current board of directors or managers is one of them	Inside / outside the Kingdom	/ legal Entity Listed Shareholding / Company Unlisted Shareholding / Company Limited Liability company
Executive Director of Khaled Al-Shathry Group for General Investments	Inside the Kingdom	Unlisted
Executive Director of Khaled Al-Shathry Group for General Investments	Inside the Kingdom	Unlisted
Member of the Audit Committee of Shams Tourism Company	Inside the Kingdom	Listed Shareholding Company

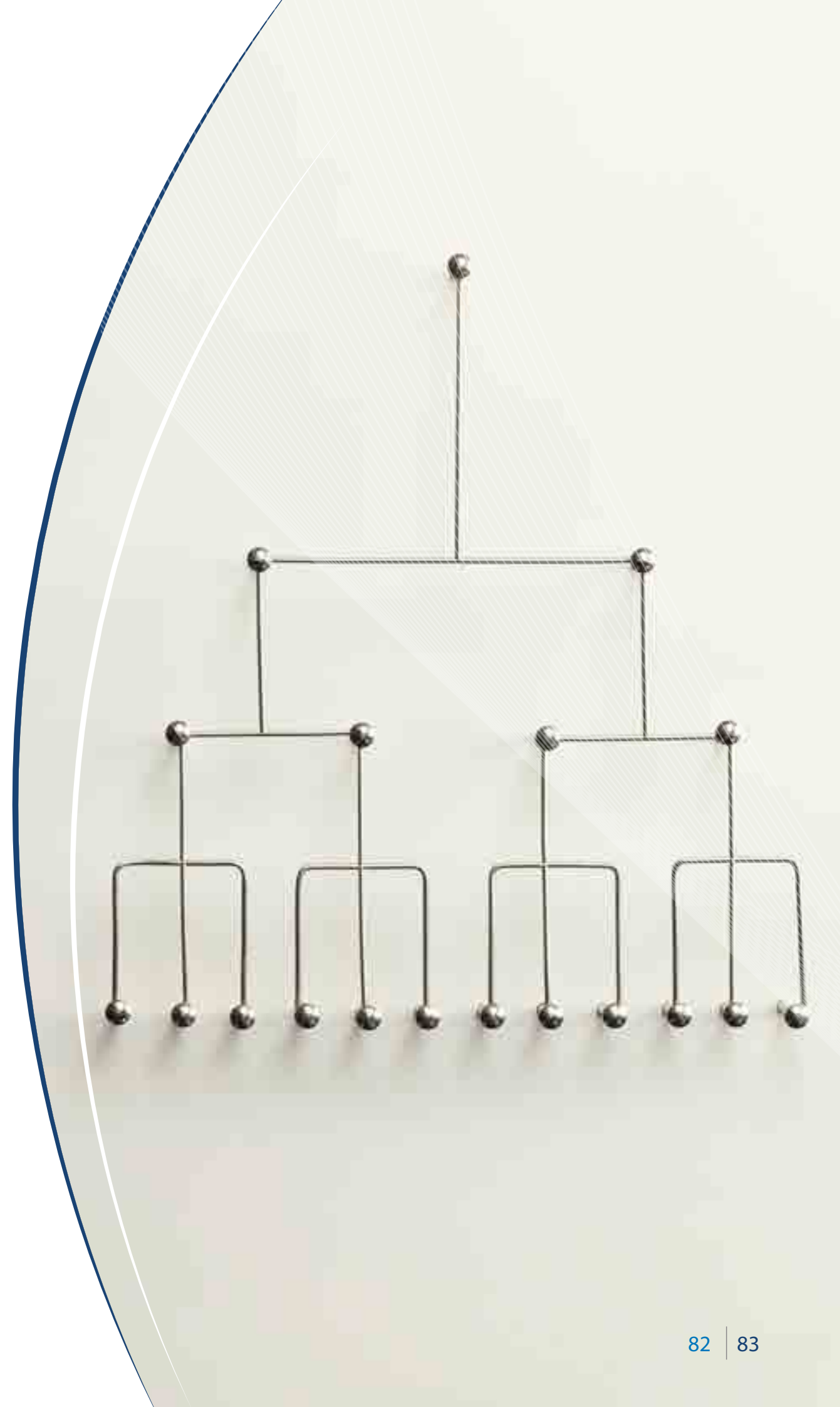


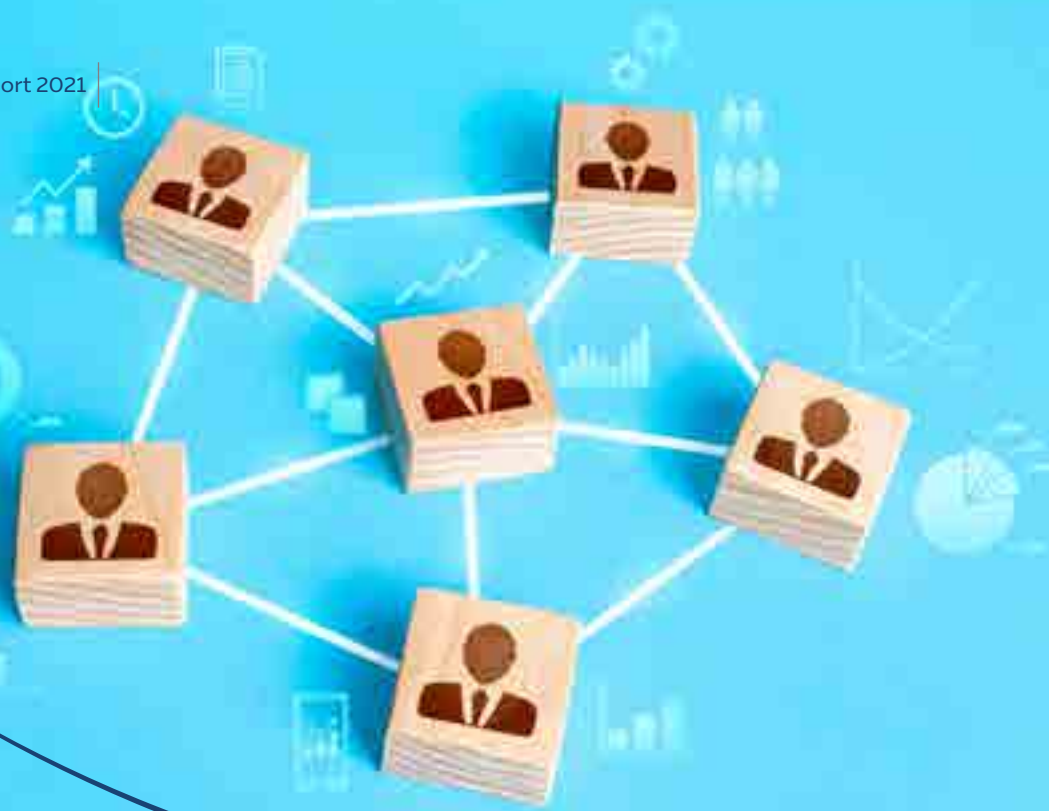
Mr. Masad Bin Khalid Bin Saleh Alshathri

Present Positions	<ul style="list-style-type: none"> Member of the Board of Directors of Tabuk Cement Company.
Previous Positions	<ul style="list-style-type: none"> None.
Qualifications and Experience	<ul style="list-style-type: none"> Bachelor Degree in Operations and Project Management.

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

Names of companies whose current board of directors or managers is one of them	Inside / outside the Kingdom	/ legal Entity Listed Shareholding / Company Unlisted Shareholding / Company Limited Liability company
None	-	-





C- Current and previous positions, qualifications and experiences of members of the committees from outside the board:

Mr. Ali Bin Soliman Al-Ayed Members of the Audit Committee from outside the council	
Present Positions	<ul style="list-style-type: none"> Retired - Member of the Audit Committee of Tabuk Cement Company.
Previous Positions	<ul style="list-style-type: none"> Director General of Monitoring of Insurance Companies.
Qualifications and Experience	<ul style="list-style-type: none"> Bachelor Degree in Accounting from King Saud University.

Mr. Turky Bin Abdulmohsen Al-Luhaid Members of the Audit Committee from outside the council	
Present Positions	<ul style="list-style-type: none"> Partner in Al Luhaid & Al Yahya Chartered Accountants Member of the Audit Committee of Tabuk Cement Company.
Previous Positions	<ul style="list-style-type: none"> Audit Manager and Partner at Ernst & Young (EY).
Qualifications and Experience	<ul style="list-style-type: none"> Bachelor Degree in Accounting from King Saud University. Chartered Accountant and Fellow of the American Association of Chartered Accountants

D- Senior company executives, their positions, qualifications and previous experience

Engineer: Ali Bin Saif Al-Qahtani (Chief Executive Officer (CEO))	
Present Positions	<ul style="list-style-type: none"> Chief Executive Officer (CEO) of Tabuk Cement Company.
Previous Positions	<ul style="list-style-type: none"> Chief Executive Officer (CEO) of Al-Jeri Transport Company. Project Support Department Manager - Saudi Aramco Company. Planning consultant delegated from Saudi Aramco Company to the Electricity Company. Head of the Internal Strategic Planning Team - Saudi Aramco Company. Senior Operation Engineer - Saudi Aramco Company, Engineering Supervisor - Saudi Aramco Company. New Business Development Supervisor - Saudi Aramco Company. Senior Operating Representative - Saudi Aramco Company.
Qualifications	<ul style="list-style-type: none"> Bachelor Degree in Accounting from King Saud University. Higher Diploma in Business Administration - Colorado Higher Diploma in Finance - Institute of Banking
Previous Experience	<ul style="list-style-type: none"> Chief Executive Officer (CEO) of Al-Jeri Transport Company. Project Support Department Manager - Saudi Aramco Company. Planning consultant delegated from Saudi Aramco Company to the Electricity Company. Head of the Internal Strategic Planning Team - Saudi Aramco Company. Senior Operation Engineer - Saudi Aramco Company, Engineering Supervisor - Saudi Aramco Company. New Business Development Supervisor - Saudi Aramco Company. Senior Operating Representative - Saudi Aramco Company.

Mansour Ibrahim Al-Habdan	
Present Positions	<ul style="list-style-type: none"> Financial Department Manager of Tabuk Cement Company.
Previous Positions	<ul style="list-style-type: none"> Chief Financial Officer (CFO) at the Company of Dr. Abdulrahman Al-Mashari Hospital.
Qualifications	<ul style="list-style-type: none"> Bachelor Degree in Accounting from King Saud University. Higher Diploma in Business Administration - Colorado Higher Diploma in Finance - Institute of Banking
Previous Experience	<ul style="list-style-type: none"> Credit Manager for the Central Region - Riyadh Bank. Director of Planning and Budgeting Reports - Nadeec Agricultural Company. Chief Financial Officer (CFO) - National Finance Company. Chief Financial Officer (CFO) - Al Salam Medical Group Company. Chief Financial Officer (CFO) - Company of Dr. Abdulrahman Al-Mashari Hospital.

E- Attendance Table for Board of Directors meetings during the year 2021 AD

Member	Meeting Number and Date						
	Meeting No. 146 2021/01/20	Meeting No. 147 2021/03/09	Meeting No. 148 2021/04/28	Meeting No. 149 2021/06/02	Meeting No. 150 2021/07/07	Meeting No. 151 2021/08/03	Meeting No. 152 2021/12/30
Mr. Saud Bin Soliman Al-Jehani	●	●	●	●	●	●	●
Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	●	●	●	●	●	●	●
Mr. Tareq Bin Khalid Alangari	●	●	●	●	●	●	●
Mr. Abdulaziz Bin Saleh Alshathri	●	●	●	●	●	●	●
Mr. Masad Bin Khalid Bin Saleh Alshathri	●	●	●	●	●	●	●
Mr. Wafi Bin Nafe Alshakhs	●	●	●	●	●	●	●
Mr. Abdulrahman Bin Rashed Albluwe	●	●	●	●	●	●	●

Member	The thirty-fourth ordinary General Assembly, held on On Wednesday 25 Shaban 1442 AH Corresponding to 07 April 2021 AD
Mr. Saud Bin Soliman Al-Jehani	●
Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	●
Mr. Tareq Bin Khalid Alangari	●
Mr. Abdulaziz Bin Saleh Alshathri	●
Mr. Masad Bin Khalid Bin Saleh Alshathri	●
Mr. Wafi Bin Nafe Alshakhs	●
Mr. Abdulrahman Bin Rashed Albluwe	●

● Attend ○ Excuse

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

The company's by-law and the corporate governance regulations guarantee to shareholders all rights related to the share. Accordingly, the company has taken a number of measures to inform the members of the Board of Directors, especially the non-executives, about the shareholders' proposals regarding the company and its performance as follows:

1. The company has designated an "Investor Relations Department" in the company that will respond to shareholders' inquiries and receive their comments or complaints through the communication channels available via the company's website, phone or e-mail.
2. These inquiries are examined and categorized - if any - 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 the shareholders' questions and to take stock of their views and observations on the company and its performance.
4. Shareholders' questions and inquiries are recorded in the minutes of the general assemblies meetings and kept at the company's headquarters, and any shareholder can view them upon request.

G- The means that the Bboard of Directors relied on in evaluating its performance and the performance of its committees or members, the external party that carried out the evaluation and its relationship with the company, if any

Proceeding from the keenness of the Board of Directors of Tabuk Cement Company to achieve all corporate governance articles issued by the Capital Market Authority, including guiding articles and the most prominent internationally applicable practices. Tabuk Cement Company has carried out a periodic evaluation of the performance of its Board of Directors and its committees since 2018, with the aim of identifying the strengths and weaknesses and proposing to address them in line with the company's interest. In addition, the proposed solutions were presented that would achieve the interest of the company. The mechanisms, methodology and standards used in the evaluation process were submitted to the Board of Directors before its implementation. These procedures included a comprehensive questionnaire dealing with the tasks and duties of the members of the Board of Directors and committees emanating from the Board. The evaluation process also included a review of the effectiveness of the Board of Directors' meetings and the enhancement of their ability to achieve their objectives.

Title of the Workshop	The executing agency	Its date
A remote workshop entitled "Workshop on the companies listed on the Saudi stock market, from the Zakat, Tax and Customs Authority	Zakat, Tax and Customs Authority	December 2021 07
A remote workshop entitled "Zakat base in listed companies	Financial Market Authority	June 2021 22
A remote workshop entitled "A workshop to allow the application of the fair value or revaluation model	Financial Market Authority	June 2021 29
A short course entitled "Governance and the importance of its application for companies	Saudi Center for Governance	April 2021 19
Certified International Corporate Governance Officer Short Course	Money Experts	October 2021 14-10

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 in accordance with the company's needs and the nature of its business.

These committees were 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 granted to it, and how the Board monitors them.

It was also taken into account the appointment of a sufficient number of non-executive board members in the committees concerned with the tasks that may create situations of conflict of interest, such as ensuring the integrity of financial and non-financial reports, reviewing related party deals - if any - and nomination for membership of the board of directors, appointment of senior executives, and determine rewards, etc.

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

Bearing in mind that all current and previous jobs, qualifications and experiences of committee members, whether from the Board of Directors or from outside the Board, were previously discussed.

The following summarizes a description of the affiliated committees, a statement of their members, their responsibilities, and their meetings held throughout the year 2021 AD:

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 members in addition to the company's Chief Executive Officer (CEO). In this regard, a resolution is issued by the Board of Directors specifying the names of the committee members and the name of the committee chairman. The aim of this committee is allocating more time and effort to discuss certain issues and make recommendations regarding them to facilitate decision-making within the Board of Directors. The formation of the Executive Committee was as follows:

Members of the Executive Committee

S	Member	Membership Status
1	Mr. Saud Bin Soliman Al-Jehani	Committee Chairman
2	Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	Committee Member
3	Mr. Masad Bin Khalid Bin Saleh Alshathri	Committee Member
4	Engineer: Ali Bin Saif Al-Qahtani	Committee Member

Committee duties and responsibilities:

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

Managing and directing the business and affairs of the company and informing the Board of Directors of the decisions or actions taken by the committee or those that require approval by the Board.

Discussing any topic that falls within the competences of the Board of Directors without exception, and submitting these recommendations to the Board of Directors to take the appropriate decisions in their regard. These include, but are not limited to, appointing advisory bodies, making recommendations to the Board of Directors regarding candidacy for membership in the committee, and periodically reviewing the committee's by-laws.

Preparing an annual report to the Board of Directors on the work accomplished by the committee.

Designing a matrix of powers in the company, submitting it to the Board of Directors for approval, and reviewing it periodically by the committee.

Reviewing periodic management reports, evaluating performance, reviewing new investments or reinvesting, and approving them before submitting them to the Board for approval.

Reviewing annual budgets and plans, and investigating the essential differences related to budgets (if any) before they are presented to the Board of Directors.

Periodic reviewing 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 standing up to the challenges facing the company's operational activities, to ensure the quality of products.

Table of Attendance of the meetings of the Executive Committee by the members, for the year 2021 AD:

Member	Meeting Number and Date					
	Meeting No. 70 2021/02/17	Meeting No. 71 2021/05/02	Meeting No. 72 2021/06/23	Meeting No. 73 2021/09/14	Meeting No. 74 2021/11/18	Meeting No. 75 2021/12/15
Mr. Saud Bin Soliman Al-Jehani	●	●	●	●	●	●
Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	●	●	●	●	●	●
Mr. Masad Bin Khalid Bin Saleh Alshathri	●	●	●	●	●	●
Engineer: Ali Bin Saif Al-Qahtani	●	●	●	●	●	●

● Attend ○ Excuse

2- The Audit Committee

In accordance with Article 101 of the Companies Law issued by the Ministry of Commerce for Investment, Article 54 of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, and the corresponding articles of the company's By-Law and governance regulations, the Audit Committee was formed by a decision of the Fifth Extraordinary General Assembly in its third meeting held on 07 Jumada Al-Ula 1441 AH corresponding to January 02, 2020 AD, to consist of four non executive members of the Board of Directors, including specialists in financial and accounting affairs, with the approval of the committee's work regulations specifying the rules and procedures for its duties and the remuneration of its members.

The formation of the Audit Committee was as follows:

Members of the Audit Committee

S	Member	Membership Status
1	Mr. Tareq Bin Khalid Alangari	Committee Chairman
2	Mr. Ali Bin Soliman Al-Ayed	Committee Member
3	Mr. Turkey Bin Abdulmohsen Al-Luhaid	Committee Member

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 acknowledgment of that independence.
2. Reviewing the external auditor's plan, scope and methodology.
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. Reviewing the external auditor's report on the financial statements and management message.
6. Reviewing the interim and annual financial statements before presenting them to the Board of Directors and expressing opinions and recommendations regarding their integrity, integrity and transparency.

7. At the request of the Board of Directors, the Committee provides its technical opinion on whether the annual report of the Board of Directors and the financial statements are fairly, consistent and understandable and contain an appropriate amount of information to enable shareholders and investors to evaluate the financial position of Tabuk Cement Company, the results of its operations, business models and strategies.
8. Reviewing with external auditors the extent to which changes or improvements in financial or accounting practices have been implemented.
9. Regularly reviewing with the external auditors any audit problems or difficulties they encounter during audit work, including any limitations on the scope of the external auditors' activities or on obtaining the required information and management's response thereto.
10. Reviewing and discussing quarterly and annual press releases.
11. The interim financial statements are accepted after being approved by the Board of Directors, and are signed by an authorized member of the Board of Directors, the CEO and the financial manager, and they are disclosed to shareholders within a period not exceeding (30) days from the end of the financial period covered by those statements.

B- Internal Audit:

1. Studying and reviewing the company's internal and financial monitoring systems and risk management system.
2. Reviewing the internal audit reports and following up 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 ensures its effectiveness in carrying out the activities and duties determined by the Board of Directors. 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- Auditor

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

D- Assurance of Commitment

1. Reviewing the results of any examinations by the regulatory bodies and ensure that the company has taken the necessary measures in this regard.
2. Ensuring that the Company has responded appropriately to comply with the relevant laws, regulations, policies and procedures.
3. Reviewing the proposed contractual arrangements and transactions with the related parties and submitting its opinion to the Board of Directors regarding these arrangements and transactions.

E- Morality and fraud

1. The Committee shall arrange to enable Company employees to submit anonymous reports of concerns and comments in relation to financial reports and other matters. The committee should also ensure that procedures are implemented effectively by conducting appropriate independent investigations into the extent of irregularities, errors, inaccuracies or misdeeds reported, and take appropriate follow-up actions.
2. Ensuring that appropriate measures are taken to respond to any reported allegations or concerns, including obtaining outside legal or technical advice when necessary.
3. Reviewing and evaluating the operations of Tabuk Cement Company to manage the Code of Ethical Conduct.

Table of Attendance of the meetings of the Audit Committee by the members, for the year 2021 AD:

Member	Meeting Number and Date			
	Meeting No. 98 2021/03/03	Meeting No. 99 2021/05/02	Meeting No. 100 2021/08/11	Meeting No. 101 2021/11/02
Mr. Tareq Bin Khalid Alangari	●	●	●	●
Mr. Ali Bin Soliman Al-Ayed	●	●	●	●
Mr. Turkey Bin Abdulmohsen Al-Luhaid	●	●	●	●

● Attend ○ Excuse



Results of the annual review of the effectiveness of the company's internal monitoring procedures:

The company's internal audit department carries out continuous audits to verify the effectiveness of the internal monitoring system and procedures in protecting the company's assets, evaluating work risks and measuring the efficiency of performance, and the aforementioned audits did not show a fundamental weakness in the company's internal monitoring system. On the other hand, the external auditor performs an evaluation process for this system as part of his review of the company's final financial statements, where the company enables him to view all the minutes of the audit committee's meetings, the reports of the internal audit department for the fiscal period / year and all the required documents.

The audit committee's opinion on the adequacy of the internal monitoring system:

The audit committee's evaluation of the company's internal and financial monitoring systems 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 its corrective actions.

On the other hand, the external auditor usually performs an evaluation process for this system as part of his review of the company's annual financial statements, where the company enables him to view all systems, policies, procedures, minutes of audit committee meetings, and reports of the internal audit department for the fiscal period / year under examination.



3- The Nominations and Remunerations 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 the term of their membership is determined so that this period does not exceed the term of membership in the Bboard of Directors.

S	Member	Membership Status
1	Mr. Abdulrahman Bin Rashed Albluwe	Committee Chairman
2	Mr. Wafi Bin Nafe Alshakhs	Committee Member
3	Mr. Abdulaziz Bin Saleh Alshathri	Committee Member

Duties and Responsibilities of the Nominations and Remuneration Committee:

The Nomination and Remuneration Committee shall assume all tasks and responsibilities that fall within the scope of its purposes and any other tasks and responsibilities assigned to it by the Board of Directors, in particular the following:

1. Recommending the Board of Directors to nominate for membership in the Board or its affiliated committees in accordance with the approved policies and standards.
2. The committee must take into account many factors when evaluating members nominated for membership in the Board of Directors or committees, such as integrity, credibility, responsibility, availability of necessary expertise, independence and leadership capacity.
3. Annual review of the required needs of the appropriate skills for membership of the Board of Directors and re-description of the capabilities and qualifications required 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 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 a member of the board of directors of another company.
6. Developing clear policies for the compensation and remuneration of the members of the Board of Directors and the senior executives, bearing in mind that these policies are set in accordance with standards related to performance.
7. Ensuring that there is an introduction program for new members of the Board of Directors or its affiliated 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 proposal of the Committee, and independent third parties can be sought whenever the need arises.

Determining the necessary criteria for the annual evaluation of the Chief Executive Officer (CEO) of the company and conducting an annual evaluation of the performance of the CEO of the company.

Member	Meeting Number and Date	
	Meeting No. 29 23/03/2021	Meeting No. 30 14/12/2021
Mr. Abdulrahman Bin Rashed Albluwe	●	●
Mr. Wafi Bin Nafe Alshakhs	●	●
Mr. Abdulaziz Bin Saleh Alshathri	●	●

● Attend ○ Excuse

4- The 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 the term of their membership is determined so that this period does not exceed the term of membership in the Board of Directors.

Members of the Governance Committee

S	Member	Membership Status
1	Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	Committee Chairman
2	Mr. Saud Bin Soliman Al-Jehani	Committee Member
3	Mr. Tareq Bin Khalid Alangari	Committee Member
4	Mr. Abdulrahman Bin Rashed Albluwe	Committee Member

Duties and Responsibilities of the Governance Committee:

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

1. Setting corporate governance rules for the company (the Governance Regulations), reviewing and updating its rules in accordance with the regulatory requirements and best practices, and verifying the company's compliance with those rules.
2. Reviewing the corporate governance regulations issued by the Capital Market Authority and ensuring that the company's regulations comply with them, and keeping the members of the Board of Directors always informed of developments in the field of governance of corporates and best practices thereof.
3. Reviewing and developing the rules of professional conduct that represent the values of Tabuk Cement Company, and other internal procedures to meet the needs of the company.
4. Ensuring that all the company's written and approved policies and procedures are compatible with the applicable compliance rules, updating the compliance policies and procedures, and reviewing the company's management reports sent to the monitoring authorities.
5. Identifying and evaluating the main risks facing the company, supervising the company's risk management system, and evaluating its effectiveness with the development of mechanisms and measurement, to follow up on the risks that the company may be exposed to.
6. Developing a comprehensive risk management strategy and policies in proportion to the nature and size of the company's activities, and verifying

their implementation, reviewing and updating them based on the company's internal and external variables.

7. Determining and maintaining an acceptable level of risks to which the company may be exposed, verifying that the company does not exceed them, and conducting endurance tests, in order to restore the company's ability to bear risks if it is exposed to it on a regular basis.
8. Verifying the feasibility of the company's continuity, and the successful persistence of its activity, with identification of the risks that threaten its continuity during the next twelve months.
9. Preparing detailed reports on the company's exposure to risks and the proposed steps to manage these risks, and submitting them to the Board of Directors.
10. Working to ensure the availability of adequate resources and systems for risk management and making recommendations to the Board of Directors on issues related to risk management.
11. Reviewing the organizational structure of risk management, and making recommendations in this regard, before being approved by the Board of Directors, and verifying the independence of risk management staff from activities that may result in exposing the company to risks.
12. Reviewing the issues raised by the Audit Committee that may affect risk management in the company

Table of Attendance of the meetings of the Governance Committee by the members, for the year 2021 AD:

Member	Meeting Number and Date
	Meeting No. 03 2021/12/30
Mr. Abdel Aziz Bin Abdel Rahman Alkhamees	●
Mr. Saud Bin Soliman Al-Jehani	●
Mr. Tareq Bin Khalid Alangari	●
Mr. Abdulrahman Bin Rashed Albluwe	●

● Attend ○ Excuse

Fourth: Dealing with the Related Parties

The company confirms that during the fiscal year 2021 AD, no contracts, deals or transactions were concluded in which Tabuk Cement was a party and in which there was an interest for any of the members of the Board of Directors or any of the committee members outside the Board of Directors, the Chief Executive Officer (CEO), the financial manager or any of the senior executives of the company or with any person related to any of them.

Fifth: The Results of Governance Practices during the year 2021 AD.

The Board of Directors was keen to establish an effective governance system and to consider it an integral part of the company's administrative and financial system. The system of governance organizes the internal work by clarifying the relationship between the Board of Directors and the shareholders' assembly on the one hand, and the board of directors and the executive management on the other hand. The governance system also regulates the external business by managing its relations with the government sectors, legislative bodies, suppliers and contractors in order to achieve high efficiency and effectiveness to ensure the achievement of the company's strategic and operational goals. The company is keen on the comprehensiveness of the regulations and work rules related to transparency, responsibility, justice, and independence, in order to comply with the provisions of the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations issued by the Board of Directors of the Capital Market Authority, and other relevant regulations and legislation in force in the Kingdom of Saudi Arabia. With keenness to benefit from the best local and international practices applied in this field.

The company has won the Excellence Award in the Corporate Governance Index for companies listed on the Saudi Stock Exchange from the Corporate Governance Center at Al-Faisal University, and this comes as a result of the company's commitment to applying the best practices of good governance.

The company also signed a contract with a specialized company to study its regulations and policies and to create risk records for all company departments.

The following table shows the developments in the company's application of the guiding articles (to be sent to you later).

Article No.	Text of the Article or paragraph	Reasons and Details
Article 72: Meetings of the Risk Management Committee (guidance article)	The Risk Management Committee meets at least every six months, and whenever the need arises	The Governance Committee was formed, and the Governance Committee performs the functions of the Risk Management Committee
Article 85: Motivating employees (guidance) (article)	Forming committees or holding .1 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 Programs for granting .2 employees shares in the company or a share of the achieved profits, retirement programs, and establishing an independent fund to spend on those programs Establishment of social institutions for the company's employees	Although the article is guiding, the company is keen to provide a safe and healthy work environment for all its employees and is constantly studying ways to raise the degree of loyalty by intensifying incentive programs in the .coming years
Article 87 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, in order to develop the social and economic conditions of the society	The company's efforts in the field of social responsibility are disclosed in the annual report of the Board of Directors, there is a special work team to supervise and implement these programs and initiatives, and the Board will present this matter to the Assembly whenever it deems it .necessary
Article 88 Social Work Initiatives (guidance) (article)	Establish measurement .1 indicators that link the company's performance with the initiatives it offers in social work, and compare that with other .companies of similar activity Develop community .2 awareness programs to define the company's social responsibility	

Sixth: Shareholders' Rights and the General Assembly

The By-Law of Tabuk Cement Company and its governance system guarantee the shareholder several points, if all the rights related to the share are confirmed to the shareholders:

1. The right to receive part of the profits that is decided to be distributed.
2. The right to obtain part of the company's assets upon liquidation.
3. The right to attend shareholder assemblies, participate in their deliberations, and vote on their decisions.
4. The right to dispose of shares, monitor the work of the Board of Directors, and file a liability claim against members of the Board.
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 Capital Market Law and its implementing regulations.
6. The company allows the largest number of its shareholders to participate in the general assembly meeting, and is keen to choose the appropriate time and place for holding it. In addition, it adopts a remote voting system to make it easier for its shareholders to exercise the right to vote.

The By-Law 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 and relieving the members of the Board of Directors.
3. Monitoring the work of the Board of Directors and 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 Capital Market Law and its implementing regulations.
4. Approving the consolidated financial statements, appointing the auditor and determining his fees, approving the distribution of profits recommended by the Board of Directors, increasing or decreasing the company's capital, and amending the company's articles of association.

Seventh: Disclosure and Transparency Policies

Being aware of the rights of shareholders and investor relations, and in order to enhance its relationship with its shareholders and all its investors and stakeholders, and in order to preserve their rights, and being aware in the importance of corporate governance that aims to protect shareholders' rights and enhance internal monitoring through activating the role of the Board of Directors and its committees and adhering to the principle of disclosure and transparency, Tabuk Cement Company continued, during the year 2021 AD, its commitment to the corporate governance regulations issued by the Saudi Capital Market Authority and other related regulations.

Accordingly, Tabuk Cement Company does the following:

1. Its statutory disclosures are not limited to the company's performance and 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 relevant regulations and good international practices adopted by the company in the field of governance and transparency.
2. Including 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 material 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 un-received profits or other matters.

The number of the company's requests to the shareholders register	The date of application	Reasons for the request
1	07/01/2021	Company procedures
2	31/03/2021	Company procedures
3	07/04/2021	Company procedures
4	08/09/2021	Company procedures
5	29/12/2021	Company procedures



Eighth: Declarations of the Board of Directors

The Board of Directors of Tabuk Cement Company acknowledges the following:

1. That the account records are properly prepared.
2. The internal m system was prepared on sound foundations and implemented effectively.
3. There is no doubt about the company's ability to continue its activities.
4. There are no Sanctions, penalties or precautionary restrictions imposed on the company by the Capital Market Authority or any other supervisory, regulatory or judicial authority.
5. The company's financial statements have been prepared in accordance with the accounting standards issued by the Saudi Organization for Chartered 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 financial statements.
6. There are no shares or debt instruments issued to a subsidiary company, as the company does not own a subsidiary.
7. The company has no treasury shares held during the year 2021 AD.
8. The company is committed to protecting the rights of shareholders, not to discriminate between shareholders who own the same class of shares, and not to withhold any right from them, in order to ensure fair treatment of all shareholders.
9. The company has not instituted any action that may impede the shareholder's use of his right to vote.
10. The company did not provide any cash loan of any kind to any of its board members, nor did it guarantee any loan contracted by a member of its board of directors with third parties.
11. There is no interest in the class of voting shares that belongs to persons (other than members of the Board of Directors, senior executives and their relatives) who have informed the company of these rights during the year 2021G.
12. The company does not have convertible debt instruments and any contractual securities, memoranda of subscription right, or similar rights issued or granted by the company during the year 2021 AD.
13. There are no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the company during the year 2021 AD.
14. The Company does not have any refund, purchase or cancellation of any redeemable debt instruments.
15. There are no recommendations from the Audit Committee that conflict between them and the decisions of the Board of Directors, or that the Board refused to take regarding the appointment and dismissal of the company's auditor, determining his fees, and evaluating the internal auditor.
16. During the fiscal year 2021 AD, the company's external auditor did not provide any services of an advisory nature to the company and did not receive any fees in this regard.
17. The company did not receive from the auditor a request to convene the General Assembly during the ended fiscal year, and it was not held.
18. There are no material subsequent events affecting the safety of the company's financial position and the results of its operations that occurred after the end of the year and were not clarified, other than what is included in this report.
19. The Board of Directors acknowledges that there is a loan on the company in favor of Albilad Bank.
20. There are no debt instruments convertible into shares, there are no option rights or memoranda of subscription right, and no similar rights have been issued during the fiscal year.
21. There are no subsidiaries of the company inside or outside the Kingdom.
22. There is no interest or option rights for the members of the company's board of directors and senior executives, their spouses, their minor children, their fathers, mothers, and their relatives in shares or debt instruments.
23. There are no convertible debt instruments and no redeemable debt instruments.
24. There is no arrangement or agreement under which a shareholder of the Company has waived any rights to dividends.
25. There are no investments or other reserves established for the benefit of the Company's employees.



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Ninth:
Concluding Word



Concluding Word

At the conclusion of our 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, all relevant government departments and the Capital Market Authority for their continuous support and cooperation with the company, which had a significant impact on the company's progress and prosperity, and to the company's valued shareholders for their support and trust, and to all the employees of the company for their fruitful efforts during the past year.

Board of Directors



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