

# **Board Report**

## **For the Fiscal year**

### **Ended in**

## **December 31, 2021**

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**To the shareholders of Eastern Province Cement Co.**

The Board of Directors is pleased to welcome and thank you for responding to its invitation to attend the forty-nine Ordinary General Assembly meeting. We are also pleased to put before your kind consideration our annual report on your company's performance, achievements and results of its work for the fiscal year ended on December 31, 2021. This report has been prepared in terms of the provisions set forth in Companies Law issued by the Ministry of Commerce and the Corporate Governance Regulations and instructions issued by the Board of the Capital Market Authority.

The Board of Directors takes this opportunity to renew its commitment to make all efforts to carry out its responsibilities and achieve the common interest of the company and its shareholders, We pray to our Almighty God to preserve to our country the beloved king, the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz and his trustworthy Crown Prince His Royal Highness Prince / Mohammed Bin Salman Bin Abdulaziz and all our wise government and to guide them to for the prosperity of the country and the citizens. We express our thank & appreciation to His Royal Highness Prince Saud Bin Nayef Bin Abdulaziz, the Governor of the Eastern Province, and His Royal Highness Prince / Ahmed Bin Fahd Bin Salman Bin Abdulaziz, Deputy Governor of the Eastern Province, for their effective and continuous support to the company.

**Thank You**

**Date:** 10/08/1443 H

**Corresponding:** 13/03/2022

## 1 The Company's Main Activity

The company's main activity is manufacturing and production of cement and its derivatives, trading and the establishment of factories branched and complementary related to cement industry such as building materials etc., and importation, exportation and trade of all building materials, cement, precast concrete, products and related materials.

## 2 Production and Inventory

(Thousands of tons)

Description	2021	2020	Change%
Clinker Production Quantity	3,115	2,027	53.7 %
Cement Production Quantity	2,806	2,699	4.0 %
Clinker Stock Quantity	2,516	2,170	16.9 %

## 3 Marketing and Sales

### (a) Local cement market

Demand for cement stabilized in the Saudi domestic market during 2021, during which the amount of domestic sales reached approximately 51.9 million tons compared to approximately 51.1 million tons sold during 2020, a slight increase of about (1.6%), while selling prices experienced pressure during 2021 led to a drop in profits.

### (b) Cement Sales

(Thousands of tons)

Description	2021	2020	Change%
Cement Sales Quantity	2,801	2,681	4.5%

## 4 Main activities of the company with a geographical analysis

The following is description of the types of main activities of the company with a geographical analysis of the company's total revenues

(Thousands of Riyals)

Year	Local Sales	Exporte Sales	Total Cement Sales	Precast Concrete Sales	Total Sales
2020	636,616	17,786	654,402	88,025	742,427
Percentage	85.75%	2.40%	88.14%	11.86%	100%
2021	618,098	7,771	625,869	131,865	757,734
Percentage	81.57%	1.03%	82.60%	17.40%	100%

## 5 Financial Statements

The financial statements for the fiscal year ended on 31/12/2021 were prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other financial reporting standards versions issued by the Saudi Organization for Certified Public Accountants (SOCPA). The company has started applying these standards as of 01/01/2017 in compliance with the decision of the SOCPA's Board of Directors.

## 6 Statement of Financial Positions

a) The following is a statement of the Company's assets and liabilities (Assets & liabilities) as at the end of the last 5 financial years:

(Thousands of Riyals)

Description	2021	2020	2019	2018	2017
Property, Plant, Equipment & Intangible Assets	759,395	821,127	868,611	946,818	1,025,778
Other Non-Current Assets	908,157	874,217	802,709	621,416	542,474
Current Assets	1,114,156	1,174,684	1,093,614	945,965	866,721
<b>Total Assets</b>	<b>2,781,708</b>	<b>2,870,028</b>	<b>2,764,934</b>	<b>2,514,199</b>	<b>2,434,973</b>
Shareholders' Equity	2,411,755	2,533,488	2,411,736	2,201,884	2,150,321
Non-Current Liabilities	124,391	114,808	103,094	91,826	93,765
Current Liabilities	245,562	221,732	250,104	220,489	190,887
<b>Total Shareholders' Equity &amp; liabilities</b>	<b>2,781,708</b>	<b>2,870,028</b>	<b>2,764,934</b>	<b>2,514,199</b>	<b>2,434,973</b>

b) Statement of Financial Position as on 31/12/2021 compared to previous year:

(Thousands of Riyals)

Description	2021	2020	Change	Change %
Property, Plant, Equipment & Intangible Assets	759,395	821,127	(61,732)	(7.5%)
Other Non-Current Assets	908,157	874,217	33,940	3.9%
Current Assets	1,114,156	1,174,684	(60,528)	(5.2%)
<b>Total Assets</b>	<b>2,781,708</b>	<b>2,870,028</b>	<b>(88,320)</b>	<b>(3.1%)</b>
Shareholders' Equity	2,411,755	2,533,488	(121,733)	(4.8%)
Non-Current Liabilities	124,391	114,808	9,583	8.3%
Current Liabilities	245,562	221,732	23,830	10.7%
<b>Total Shareholders' Equity &amp; liabilities</b>	<b>2,781,708</b>	<b>2,870,028</b>	<b>(88,320)</b>	<b>(3.1%)</b>

## 7 Income Statement

a) The following is a statement showing the results of company performance during the last five years:

(Thousands of Riyals)

Description	2021	2020	2019	2018	2017
Revenue, net	757,734	742,427	728,798	565,744	640,607
Cost of Revenue	(488,683)	(484,382)	(510,838)	(434,582)	(475,325)
Gross Profit	269,051	258,045	217,960	131,162	165,282
General, Administrative & Selling Expenses	(54,588)	(50,794)	(56,494)	(62,303)	(65,968)
Operating Profit	214,463	207,251	161,466	68,859	218,153
Other Income (Expenses), net	20,678	38,967	38,830	29,477	22,580
Zakat Expenses	(34,226)	(29,000)	(19,600)	(28,588)	(14,751)
Net Income for the year	200,915	217,218	180,696	69,748	107,143

b) A statement of material differences in the operating results compared to previous year:

(Thousands of Riyals)

Description	2021	2020	Change	Change %
Revenue, net	757,734	742,427	15,307	2.1%
Cost of Revenue	(488,683)	(484,382)	(4,301)	0.9%
Gross Profit	269,051	258,045	11,006	4.3%
General, Administrative & Selling Expenses	(54,588)	(50,794)	(3,794)	7.5%
Operating Profit	214,463	207,251	7,212	3.5%
Other Income (Expenses), net	20,678	38,967	(18,289)	(46.9%)
Zakat Expenses	(34,226)	(29,000)	(5,226)	18.0%
Net Income for the year	200,915	217,218	(16,303)	(7.5%)

The decrease of net income is due to:

- 1- Decrease in the income from investments.
- 2- Decrease in share of profit in an associate.
- 3- Decrease in other income.
- 4- Increase in losses of write off property, plant and equipment.
- 5- Increase in Zakat expenses.

## 8 Quality Mark

The company pays a great attention to the quality of cement products so that it follows the best standards and uses advanced monitoring equipment in order to produce high-quality products satisfying the needs and requirements of its customers. As a result, the company has maintained the Quality Mark given by the Saudi Arabian Standards and Metrology Organization SASO to the companies whose production conforms to the approved Saudi specifications. In addition to obtaining, the company obtained the renewed version of the international quality certificate ISO 9001-2015 from the German Royal Cert Company.

## 9 Human Resources

### Development of Human Resources (Training & Saudization):

The company continues its prepared plan aiming at providing an attractive work environment for national cadres, so the company paid great attention to Saudization of jobs. The company's human resources strategy focused mainly on recruiting and developing the capabilities of Saudi employees to enable them to occupy higher positions on the career ladder in the organizational structure of the company.

The investing in human resources represents one of the company's strategies, the training center in the company, which was developed with the latest equipment and qualified trainers, continued to provide the best training and development services for Saudis.

In addition to that, the company continued to conduct many training courses inside and outside the company to enhance the capabilities of Saudi workers and develop their skills, which contributed effectively to improving job performance. The number of Saudi employees in the company by the end of 2020 has reached (448) workers out of the total number of (869) workers representing 52% of the total employees.

Sector	Number of Saudi workers	Number of non-Saudi workers	Total	Percentage of Saudis
Cement	392	254	646	%61
Concrete	56	167	223	%25
Total	448	421	869	%52

## 10 Social Responsibility

The corporation participates in numerous domains by supporting educational and social institutions as part of its commitment to social responsibility towards society and its people. During the year 2021, the company donated 50,000 Riyals to the Saudi Charitable Society to activate organ donation - their hope for life initiative that supports dialysis - and 20,000 Riyals to a fund called The National Committee for Cement Companies.

During 2021, the corporation continued to donate in-kind (cement) to the Charitable Society for the Memorization of the Noble Qur'an in Jubail Governorate, with a total of 470,000 Riyals supplied to the Society in 2020 and 2021.

## 11 Environment, Security and Safety

The company follows the highest standards of safety at work in order to preserve of its human resources and properties through investment and continuous training to achieve the targeted safety standards. The company also fulfills all the obligations required to preserve the environment as all production lines are currently operating in accordance with the globally required levels of emissions. The company pays great attention to security and safety at work sites, and in this regard it has maintained the following:

- Increasing awareness-raising methods through continuous training of factory workers on safety methods and urging them to adhere to occupational safety and health instructions.
- Providing personal protective equipment and obligate the factory workers to use personal protective equipment while on job.

- (c) Providing the latest fire-fighting equipment and training workers on how to extinguish fires.

## 12 Investment Activity

The company's investments during 2021 consist of:

### A) Investment in Islamic Murabaha Transactions:

The company continued to invest its excess liquidity in Islamic Sharia Murabahah transactions.

#	Company name	Company Capital	Number Shares Owned	Ownership Percentage	Company Activity	Country	Cash Dividends received during 2021
1	Saudi Arabian Oil Company Saudi Aramco (Listed joint stock company)	Paid Capital: SAR 60,000,000,000  Issued Shares: 200,000,000,000  PAR Value/Share: -	1,774,064 shares		Engaging in all aspects of activities related to the energy fields, including the hydrocarbon, chemical and other related and complementary industries or any other activity within or outside the Kingdom in accordance with its statutes	KSA	SAR 2,496,462.88
2	Manufacturing and Energy Services Co. (Unlisted joint stock company)	Paid Capital: SAR 5,000,000,000  Issued Shares: 500,000,000  PAR Value/Share: SAR 10	27,187,495 shares	5.437%	Carrying out industries and services related to the petroleum, mineral, petrochemical, electrical, desalination, geophysical, space, oil and gas well drilling and related activities necessary for the exploration of hydrocarbon resources	KSA	N/A
3	Saudi Industrial Investment Group Co. (Listed joint stock company)	Paid Capital: SAR 4,500,000,000  Issued Shares: 450,000,000  PAR Value/Share: SAR 10	2,300,000 shares	0.511%	Development and development of the industrial base in the Kingdom, especially the petrochemical industries, opening their export areas to foreign markets and allowing the private sector to use petrochemical products for the development of manufacturing industries	KSA	SAR 1,150,000.00
4	Arabian Yemen Cement Co., Ltd. (Limited liability company)	Paid Capital: \$142,500,000  Issued Shares: 1,425,000  PAR Value/Share: \$100	450,000 shares	31.58%	Clinker production, manufacture and marketing of ordinary Portland cement, sulphate-resistant and generally all types of cement	Yemen	\$1,626,367.89

## 13 Loans

Information regarding any loans to the Company (whether payable on request or otherwise) and a disclosure of the total indebtedness of the company and its subsidiaries and any amounts paid by the company in repayment of loans during the year, the amount of the principal of the loan, the name of the donor, its duration and the remaining amount: None.



## 14 Regular Payments Paid and Due

The following is a statement of the value of regular payments made and due to pay any zakat, taxes, fees or other benefits that have not been paid until the end of the annual financial period, with a brief description and a statement of their reasons:

Regular payments made during 2021 and regular payments due and not made until the end of 2021:

(Thousands of Riyals)

Description	Paid	Due/ Not paid	Brief description	Reasons
Zakat	26,054	31,981	The payment amount is represent the zakat in 2020 and the settlement of zakat differences from previous years, while the outstanding and unpaid zakat due for 2021 will be paid in 2022.	In accordance with the regulations of the Zakat, Tax and Customs Authority
VAT	65,378	4,892	The payment is VAT for the period from December 2020 to November 2021 and the outstanding is VAT for December 2021 and will be paid in January 2022	In accordance with the regulations of the Zakat, Tax and Customs Authority
Withholding Tax	1,179	32	The repayment is a deduction tax for the period from December 2020 to November 2021 and the outstanding is the deduction tax for December 2021 and will be paid in January 2022	In accordance with the regulations of the Zakat, Tax and Customs Authority
Ministry of Industry and Mineral Resources	17,314	17,762	The payment is a limestone fee for 2020 and the outstanding is limestone fees for 2021 and will be paid in 2022	In accordance with the regulations of the Ministry of Industry and Mineral Resources
GOSI	11,260	836	Participation of the company's employees in GOSI	In accordance with the regulations of the General Social Insurance Corporation
Visas & Residence Permits	304	-	Fees of visas and Residence for non-Saudi employees	According to the regulations of the Ministry of Interior
Office fees	318	-	Work permit fees for non-Saudi employees	In accordance with the regulations of the Ministry of Labor and Social Development
Customs Duties	2,726	-	Customs duties	In accordance with the regulations of the Zakat, Tax and Customs Authority
<b>Total</b>	<b>124,533</b>	<b>55,503</b>		

## 15 Company Strategies

The company's strategy is based on the following elements:

- Continuous improvement of quality of the product through research, development processes and application of the best international standards.
  - Reducing costs to enhance the competitiveness of the company.
  - Long-term investment in the workforce, especially the Saudi citizens, a matter which will positively affect the performance of the company.
  - Maintaining the share of the company in the market and continuous striving to increase its share by taking advantage of the company's competitive factors represented in developing product quality, close and developed relationship with customers, geographical location and proximity to the market.
  - Focusing on the maximum utilization of production capacity to increase profitability.
  - Increasing the profitability by producing and marketing different products.
  - Developing long-term relationships with suppliers to reduce operating costs.
- Expansion and diversification of the company's products by investing in vertical and horizontal expansion projects for the cement industry and other projects related to the industry.

## 16 Company's Important Plans and Decisions

Description of the company's important plans and decisions (including structural changes to the company, expansion or suspension of operations) and future prospects for the company's business:

### a) Future Projects:

- 1- Efforts are continuing to establish a new production line in Najibiya with a production capacity of 10,000 tons of clinker with continuous monitoring of current and future cement demand conditions.
- 2- The company is working to reduce the cost of production and increase compliance with the standards of the Saudi Energy Efficiency Center by implementing several projects that will reduce energy consumption.

### b) Expectations for 2022:

In view of the rise in oil prices, the business anticipates a continuation of the fall in cement demand in the first half of 2022, with an improvement beginning in the second half of 2022.

## 17 Risks

Information on any risks faced by the Company (whether operational, financing or market risk) and the policy of managing and controlling these risks:

### 1- Competition:

Increased competition in the domestic cement market as a result of some existing local cement companies expanding their production capacity and the entry of new competitors, if not accompanied by growth in domestic demand, will put downward pressure on the quantities and prices of the company's market share sales, negatively affecting the margin and profitability of the company.

The company's management keeps its local customers by winning their loyalty and attempting to raise their withdrawals by taking advantage of the company's geographic position.

### 2- Demand Fluctuations in the Cement Market:

Low demand in the cement market negatively affects the company's profitability and cash flows.

### 3- Inventory Size:

The high volume of Clinker's stock negatively affects the company's liquidity.

One of the proactive plans to address or reduce the impact of this risk is to maintain the company's market share and increase it, to take advantage of the export quota for the clinker in the case of price-paying, to maintain its current size at the very least by equating what is produced with what is sold.

### 4- Fuel Supply:

Fuel supply is provided by one single source, Saudi Aramco, and the risk is difficult to address because the supply is not under the company's control.

**5- Government Regulations and Decisions:**

The company's results and financial position are influenced by new government regulations and decisions, such as increasing energy prices, increasing the value added tax rate, increasing the financial equivalent of work permits, and Saudi construction code, and the company is proactively implementing a cost reduction program to reduce the impact of such risks.

**6- Investing in Arabian Yemen Cement Co., Ltd.**

The current political, security and economic conditions in the Republic of Yemen represent a high risk for this investment because of the negative repercussions on the existence and gains of the investment, however, so far, thanks to God, the production and sale operations are proceeding without interruption, and the company has achieved profits in recent years.

**7- Cyber Security:**

Cybersecurity risks are rising in conjunction with the rapid development of the technology world, and the company's management seeks to protect systems, networks and programs from cyber threats.

**8- Financial risks:**

**Market Risk**

Market risks are the risk of potentially affecting market price changes such as foreign exchange rates and commission rates, if market risk management is intended to manage and control market risk exposure within acceptable limits while achieving the highest possible return.

**Foreign Exchange Rate Risk**

Foreign exchange rate risks result from changes and fluctuations in the value of financial instruments as a result of the change in foreign exchange rates. The company has not conducted any operations of relative importance in currencies other than the Saudi riyal, the U.S. dollar and euro.

**Commission price risk**

Commission risks are reflected in potential changes and fluctuations in commission rates that affect future profit or fair values of financial instruments, monitor the company's management of commission price fluctuations and believe that the impact of commission price risk is not substantial.

**Credit risk**

Represents the failure of one of the parties in financial performance to fulfill its obligations and causing financial losses. The company's financial instruments, which may be exposed to credit risk, mainly include credit with banks and customers' receivables.

**Liquidity risk**

Liquidity risk is the company's inability to meet its financial liability obligations once it is due. Liquidity needs are monitored on a monthly basis and management ensures that sufficient funds are available to meet any obligations when they are due. The company's financial liabilities consist of credits, receivables and other credit balances, which reduce liquidity risk by ensuring the availability of bank facilities, as well as matching the collection periods of customer balances with the repayment periods of suppliers' balances and other credit

balances. All credits and payments do not incur any financing expenses and are expected to be repaid within 12 months of the financial statements.

## 18 Company's Dividend Policy

The company's policy in distributing profits depends on what is stated in the company's articles of association, the amount of net distributable profits, the availability of funds, and the company's need for capital to implement its expansion plans and future investments. The dividend policy aims to continuously improve the investment value of the shareholders of the company.

Since its establishment, the company has distributed dividends to shareholders in accordance with a decision issued by the company's general assembly based on the recommendation of the board of directors.

According to provisions of article (48) of the company's Articles of Association, and the Profit Distribution Policy, the annual net profits of the company is distributed as follows:

- 1- (10%) of the net profits are set aside to form a statutory reserve for the company, and the Ordinary General Assembly may stop this deduction whenever the said reserve reaches 30% of the paid capital.
- 2- The Ordinary General Assembly, based on the proposal of the Board of Directors, may allocate a certain percentage of the net profits to form a consensual reserve and allocate it to one or more specific purposes.
- 3- The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders. The aforementioned association may also deduct from the net profits sums to establish social institutions for the company's employees or to assist those existing from these institutions.
- 4- Out of the balance, an amount representing 5% of the paid-up capital shall be distributed as dividends to the shareholders.
- 5- The remuneration of the Board of Directors shall be paid according to the provisions stipulated in Article (23) of Articles of Association of the company and Article (76) of the Companies Law.
- 6- The balance may be distributed as an additional profit to the shareholders.

## 19 Dividends Distributed During the Fiscal Year

The following is a statement of cash dividends distributed to shareholders during 2021:

Description	Dividends of Year 2020	Dividends of First half 2021
The Total amount distributed	SAR 215,000,000	SAR 120,400,000
Number of Shares Eligible for Dividends	86,000,000 shares	86,000,000 shares
Dividend Per Share	SAR 2.50	SAR 1.40
Percentage of Dividend to the Share Par Value (%)	25%	14%
Eligibility Date	To the shareholders of the company who own the shares at the end of trading on Sunday 29/08/1442 corresponding to 11/04/2021 and listed in the company's shareholders' register with the Securities Deposit Center Company (Deposit Center) at the end of the second trading day following the due date	To the shareholders of the company who own the shares at the end of trading on Sunday, 29/12/1442, corresponding to 08/08/2021 and listed in the Company's shareholders' register with the Securities Deposit Center Company (Deposit Center) at the end of the second trading day following the due date
Distribution date	Wednesday, 16/09/1442, 28/04/2021	Monday, 15/01/1443, 23/08/2021

## 20 Corporate Governance

The provisions of the Corporate Governance Regulations are important principles that must be activated in order to protect the rights of shareholders and stakeholders and to achieve justice, competitiveness and transparency in the market and business environment.

On 27/05/2013, the Company's Board of Directors issued resolution No. 25/151/2013 on the adoption of the Company's Governance Regulation in accordance with the requirements of the CMA, and the Company's Governance Regulations were updated by Board of Directors Resolution No. 31/191/2021 at its 191st session on 191 4/02/1443 H, 21/09/2021 in accordance with the updates of the List of Corporate Governance amended by CMA Board Resolution No. 1-7-2021 and date 01/06/1442 H, 14/01/2021.

The Company applies all provisions in the CMA Board's Corporate Governance Regulations except the provisions below:

Article	Text	Reasons for not applying
39	Training and qualification of board members and executive management, and developing the necessary programs.	Guidance article
41	Evaluation	Guidance article
54 b	The chairman of the Audit Committee must be an independent member	Guidance article
70	Formation of the Risk Management Committee	Guidance article
71	Risk Management Committee Specialties	Guidance article
72	Risk Management Committee Meetings	Guidance article
85	Motivating workers	Guidance article
87	Social responsibility	Guidance article
88	Social action initiatives	Guidance article
95	Formation of the Corporate Governance Committee	Guidance article

## 21 Board Members, Committees and Executive Management

The following are the names, qualifications and experience of board members, committee members, executive management, current and former functions and functions:

In accordance with Article 19 of the company's basic system, the company is managed by a nine-member board elected by the General Assembly of Shareholders for a period of not more than three financial years, and the members of the Board of Directors have been elected for the current session, which began on 29/01/2021. It ends on 28/01/2024 at the 47th AGM held on 30/04/1442 H, 15/12/2020.

The Board of Directors, its committees and executive management, as of 31 December 2021, are members of the members listed below:

Members Board of Directors	Audit Committee Members	Committee members Remuneration and nominations	Executive Committee Members	Executive Department (Senior executives)
Mr. Mohammed Saad Al Farraj Al Subaie	Mr. Ibrahim Salem Al Ruwais	Mr. Walid Mohammed Al Jaafari	Mr. Mohammed Saad Al Farraj Al Subaie	Eng. Fahad Rashed Al Otaibi
Mr. Ibrahim Salem Al Ruwais	Mr. Walid Mohammed Al Jaafari	Mr. Ibrahim Salem Al Ruwais	Mr. Ibrahim Salem Al Ruwais	Mr. Jamaan Mohammed Al Ghamdi
Mr. Walid Mohammed Al Jaafari	Mr. Abdulaziz Abdulrahman Al Khonain	Ms. Sheikha Abdullah Al Jubair	Mr. Walid Mohammed Al Jaafari	Mr. Al Fadl Abbas Al Aomi
Dr. Zamil Abdulrahman Al Mokren	Mr. Majid Saleh Al Rajhi	Mr. Ahmed Ibrahim Al Shathri	Eng. Mohammed Waslallah Al Harbi	Mr. Yasser Khalil Al Issa
Eng. Mohammed Waslallah Al Harbi	Dr. Jassim Shaheen Al Rumaihi		Eng. Fahad Rashed Al Otaibi	Eng. Salman Ali Al Jadani
Mr. Abdulaziz Abdulrahman Al Khonain				
Ms. Sheikha Abdullah Al Jubair				
Mr. Ahmed Ibrahim Al Shathri				
Mr. Majid Saleh Al Rajhi				

Their detailed information are given below:

### (1) Mr. Mohammed Saad Al Farraj Al Subaie

#### **Board Chairman, Executive Committee Chairman**

<b>Current jobs</b>	<ul style="list-style-type: none"> <li>1- Eastern Province Cement Company: Board Chairman, Executive Committee Chairman</li> <li>2- Al Dawaa Medical Services Co.: Board Member, CEO</li> <li>3- Arabian Yemen Cement Co., Ltd.: Vice Chairman</li> <li>4- Dhahran International Exhibitions Company: Board Member</li> <li>5- National Laboratories Co., Ltd. (Coefficient): Board Member</li> <li>6- Specialized Technologies Company (SISCO): Board Member</li> <li>7- Digital Business Systems Company: Board Member</li> </ul>
<b>Previous jobs</b>	<ul style="list-style-type: none"> <li>1- Saudi Marketing Company (Farm Markets): Board Member</li> </ul>
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>- MBA - American University in Beirut 2008</li> <li>- Bachelor of Finance Management - King Fahd University of Petroleum and Minerals</li> </ul>
<b>Experiences</b>	Administrative, Financial, Economic

### (2) Mr. Ibrahim Salem Al Ruwais

**Vice Chairman, Audit Committee Chairman, Remuneration & Nominations Committee Member, Executive Committee Member**

<b>Current jobs</b>	<ol style="list-style-type: none"> <li>1- Eastern Province Cement Company: Vice Chairman, Audit Committee Chairman, Remuneration &amp; Nominations Committee Member, Executive Committee Member</li> <li>2- Arabian Yemen Cement Co., Ltd.: Board Member, Chairman of the Audit Committee</li> <li>3- Dor Hospitality Company: Member of the Audit Committee</li> <li>4- Al Dawaa Medical Services Co.: Vice Chairman, Chairman of the Audit Committee, Member of the Remuneration and Nominations Committee</li> </ol>
<b>Previous jobs</b>	<ol style="list-style-type: none"> <li>1- General Retirement Corporation: Financial Advisor, Internal Auditor</li> <li>2- Ministry of Finance: Accountant and Financial Analyst</li> <li>3- Eastern Province Cement Company: Board Member, Audit Committee Member, Member of the Remuneration and Nominations Committee, Member of the Executive Committee</li> <li>4- Cooperative Insurance Company: Member of the Audit Committee</li> <li>5- Gulf Tourist Areas Co., Ltd.: Board member</li> </ol>
<b>Qualifications</b>	Bachelor of Accounting
<b>Experiences</b>	Administrative, Financial, Economic, Internal audit and Governance

### (3) Mr. Walid Mohammed Al Jaafari

**Board member, Remuneration & Nominations Committee Chairman, Audit Committee Member**

<b>Current jobs</b>	<ol style="list-style-type: none"> <li>1- Eastern Province Cement Company: Board member, Remuneration &amp; Nominations Committee Chairman, Audit Committee Member</li> <li>2- Walaa Cooperative Insurance Company: Board Member, Remuneration Committee Member, Investment Committee Member</li> <li>3- Advanced Petrochemical Company: Board Member, Audit Committee Member, Member of the Remuneration and Nominations Committee</li> <li>4- Manufacturing and Energy Services Company: Board Member, Member of the Remuneration and Nominations Committee</li> <li>5- Al Dawaa Medical Services Co.: Board Member</li> <li>6- Gulf Real Estate Reconstruction Company: Board Member</li> <li>7- Specialized Technologies Company (SISCO): Board Member</li> <li>8- Mashraf Real Estate Development Company: Board Member</li> </ol>
<b>Previous jobs</b>	<ol style="list-style-type: none"> <li>1- Gulf Shipping and Unloading Contracting Co., Ltd.: General Manager, Board Member</li> </ol>
<b>Qualifications</b>	Bachelor of Economics - King Saud University 1982
<b>Experiences</b>	Administrative, Financial, Economic, Industrial

#### (4) Dr. Zamil Abdulrahman Al Mokren

##### **Board Member**

<b>Current jobs</b>	1- Eastern Province Cement Company : Board Member
<b>Previous jobs</b>	1- King Fahd University of Petroleum and Minerals: Academic career progression from assistant Mr. to dean of the Faculty of Environmental Design 2- Gulf Metal Bullion Company: General Manager 3- Eastern Province Cement Company: General Manager, Member of the Executive Committee, Member of the Audit Committee 4- Manufacturing and Energy Services Company: Board Member 5- National Committee of Cement Companies: Chairman of the Committee 6- Dhahran Construction Company: Board Member 7- Arabian Yemen Cement Co., Ltd.: Board Member
<b>Qualifications</b>	Ph.D. in Civil Engineering Master of Civil Engineering Bachelor of Architecture
<b>Experiences</b>	Administrative, engineering, industrial

#### (5) Eng. Mohammed Waslallah Al Harbi

##### **Board member, Executive Committee Member**

<b>Current jobs</b>	1- Eastern Province Cement Company : Board member, Executive Committee Member
<b>Previous jobs</b>	1- Saudi-Pakistan Industrial and Agricultural Investment Co., Ltd.: Chairman 2- Real Estate Development Fund: General Manager 3- Agricultural Bank: General Manager
<b>Qualifications</b>	Bachelor of Civil Engineering
<b>Experiences</b>	Administrative, engineering, technical

#### (6) Mr. Abdulaziz Abdulrahman Al Khonain

##### **Board member, Audit Committee member**

<b>Current jobs</b>	1- Eastern Province Cement Company: Board member, Audit Committee member 2- Um al-Qura Development and Reconstruction Company: Board member, member of the Remuneration and Nominations Committee 3- Jeddah Development Company: Board Member, Member of the Remuneration and Nominations Committee, Member of the Executive Committee
<b>Previous jobs</b>	1- Ministry of Civil Service: Undersecretary, Adviser, Director General 2- Leading Investments Company: Board Member, Audit Committee Member
<b>Qualifications</b>	Bachelor of Journalism - Imam Mohammed Bin Saud Islamic University
<b>Experiences</b>	Administrative, media



**(7) Ms. Sheikha Abdullah Al Jubair (Representative of the Public Investment Fund)**

**Board member, Remuneration & Nominations Committee member**

<b>Current jobs</b>	1- Eastern Province Cement Company: Board member, Remuneration & Nominations Committee member 2- Governance Centre: Board member, member of the Remuneration and Nominations Committee
<b>Previous jobs</b>	1- Governance Center Company: Member of the Education and Research Committee
<b>Qualifications</b>	MBA International Bachelor of Translation
<b>Experiences</b>	Administrative, economic

**(8) Mr. Ahmed Ibrahim Al Shathri (Representative of the General Social Insurance Corporation)**

**Board member, Remuneration & Nominations Committee member**

<b>Current jobs</b>	1- Eastern Province Cement Company: Board member, Remuneration & Nominations Committee member 2- General Social Insurance Corporation: Director General of the Governor's Office
<b>Previous jobs</b>	1- Dar Al-Tamlik Company: Board Member
<b>Qualifications</b>	Bachelor's degree in Shariah College
<b>Experiences</b>	Administrative, financial, legal, banking

**(9) Mr. Majid Saleh Al Rajhi**

**Board member, Audit Committee member**

<b>Current jobs</b>	1- Eastern Province Cement Company: Board member, Audit Committee member 2- Al Rajhi Bank: General Manager of Banking Group 3- Mohammed Company Abdulaziz Al , Rajhi & Sons For investment.Board member: 4- Support Company: Board Member 5- A possibility finance company: Board member, member of the Risk Committee 6- Al Rajhi Real Estate Development Company: Chairman 7- Global Financial Digital Solutions: Member of the Risk Committee
<b>Previous jobs</b>	1- Nofah Holding Company: Board Member
<b>Qualifications</b>	- MBA - London 2015 - Bachelor of Finance Management - King Fahd University of Petroleum and Minerals 2006
<b>Experiences</b>	Administrative, financial, banking

**(10) Eng. Fahad Rashed Al Otaibi**

**CEO, Executive Committee Member**

<b>Current jobs</b>	<ol style="list-style-type: none"> <li>1- Eastern Province Cement Company: CEO, Executive Committee Member</li> <li>2- Arabian Yemen Cement Co., Ltd.: Board Member</li> </ol>
<b>Previous jobs</b>	<ol style="list-style-type: none"> <li>1- Arab Petrochemical Company (Petrochemia): General Manager, Managing Director, Engineer in Management</li> <li>2- Kian Saudi Petrochemical Company (Kian): General Manager</li> <li>3- Saudi Arabian Fertilizer Company (SAFCO): CEO</li> <li>4- National Chemical Fertilizer Company (Ibn Bitar): Vice Chairman</li> <li>5- Nama Chemicals: Board Member, CEO</li> <li>6- Jubail Chemical Industries Company (Jana): Chairman</li> <li>7- Arab Alkali Company (Soda): Chairman of the Board of Directors</li> <li>8- Nama Industrial Investment Company: Board Member</li> <li>9- Eastern Province Cement Company: Board Member</li> </ol>
<b>Qualifications</b>	Bachelor of Chemical Engineering
<b>Experiences</b>	Administrative, financial, economic, engineering, industrial, technical

**(11) Dr. Jassim Shaheen Al-Rumaihi**

**Audit Committee Member**

<b>Current jobs</b>	<ol style="list-style-type: none"> <li>1- Eastern Province Cement Company : Audit Committee Member</li> <li>2- Knowledge City Company: Board Member, Chairman of the Audit Committee</li> <li>3- Eastern Development Company: Member of the Audit Committee</li> <li>4- Al-Lajin Company: Member of the Audit Committee</li> <li>5- United Electronics Company: Member of the Audit Committee</li> <li>6- Al Rajhi Brothers Company: Member of the Audit Committee</li> <li>7- Participation Fund for Initial Proposals: Board Member</li> <li>8- Reit Participation Fund: Board Member</li> <li>9- Panda Company: Member of the Audit Committee</li> <li>10- Al-Ahsa Health Assembly: Member of the Audit Committee</li> <li>11- Ben Yamani Group: Board Member, Chairman of the Audit Committee, Member of the Nominations and Remuneration Committee</li> <li>12- Raya Finance: Member of the Audit Committee</li> <li>13- Atriad Holding Company: Member of the Audit Committee</li> <li>14- Group Five Saudi Pipe Company: Member of the Audit Committee</li> <li>15- Ratal Real Estate: Member of the Audit Committee</li> </ol>
<b>Previous jobs</b>	<ol style="list-style-type: none"> <li>1- Mawtani Company: Member of the Audit Committee</li> <li>2- Zamil Industrial Investment Company: Member of the Audit Committee</li> <li>3- ISAD: Member of the Audit Committee</li> <li>4- Saudi Contractors Authority: Member of the Audit Committee</li> <li>5- Nama Petrochemical Company: Member of the Audit Committee</li> <li>6- Al-Oly Finance Company: Board Member, Member of the Audit Committee</li> <li>7- ACE Arab Insurance Company: Member of the Audit Committee</li> </ol>
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>- Ph.D. in Accounting</li> <li>- Master of Accounting</li> <li>- Bachelor of Accounting</li> </ul>
<b>Experiences</b>	Management, Finance, Governance, Risk Management

**(12) Mr. Jamaan Mohammed Al, Ghamdi**

**Senior Executive - CFO**

<b>Current jobs</b>	Eastern Province Cement Company : Chief Financial Officer
<b>Previous jobs</b>	1- Eastern Province Cement Company: Financial Comptroller 2- Eastern Province Cement Company: Chief Accountant
<b>Qualifications</b>	Bachelor of Accounting
<b>Experiences</b>	Administrative, Financial

**(13) Mr. Al Fadl Abbas Al Aomi**

**Senior Executive - Sales Manager**

<b>Current jobs</b>	Eastern Province Cement Company: Sales Manager
<b>Previous jobs</b>	N/A
<b>Qualifications</b>	Bachelor of Arts - Media
<b>Experiences</b>	Administrative

**(14) Mr. Yasser Khalil Al Issa**

**Senior Executive – Manager, Human Resources and Support Services**

<b>Current jobs</b>	Eastern Province Cement Company: Manager, Human Resources and Support Services
<b>Previous jobs</b>	1- Amiantit Group: Managing Director 2- Guardian Global Group: Director General of Management and Relations 3- Al-Majdawi Group of Companies: General Manager of Management Operations and Development
<b>Qualifications</b>	- Master of Human Resources Strategies - Bachelor of Management Sciences and Information Systems
<b>Experiences</b>	Administrative, Legal, Technical, Media

**(15) Engineer Salman Ali al, Jadani**

**Senior Executive - Plant Manager**

<b>Current jobs</b>	Eastern Province Cement Company: Plant Manager
<b>Previous jobs</b>	1- United Cement Company: PLant Manager 2- Tabuk Cement Company: PLant Manager 3- Al-Jouf Cement Company: PLant Manager 4- Arabian Cement Company : Head of Maintenance 5- Saudi Cable Company: Maintenance Manager
<b>Qualifications</b>	Bachelor of Mechanical Engineering
<b>Experiences</b>	Administrative, engineering, industrial, technical

## 22 Names of companies whose board member is a member of its board of directors

Names of companies within or outside the Kingdom that the company's board member is a member of its current and former board of directors or directors

Member's name	Names of companies whose board member is a member of their <u>current</u> board of directors or directors	Headquarters	Entity Legal Form	Names of companies whose board member is a member of their <u>previous</u> boards of directors or directors	Headquarters	Entity Legal Form
Mr. Mohammed Saad Al Farraj Al Subaie	Al Dawaa Medical Services Co.	Inside KSA	Unlisted	Saudi Marketing Co. (Farm Markets)	Inside KSA	Listed
	Arabian Yemen Cement Co., Ltd.	Outside KSA	Unlisted			
	Dhahran International Exhibitions Co.	Inside KSA	Unlisted			
	National Laboratories Co., Ltd. (Labs)	Inside KSA	Unlisted			
	Specialized Technologies Co. (Sisco)	Inside KSA	Limited			
Mr. Ibrahim Salem Al Ruwais	Digital Business Systems Co.	Inside KSA	Limited			
	Arabian Yemen Cement Co., Ltd.	Outside KSA	Unlisted	Gulf Tourist Areas Co., Ltd.	Inside KSA	Unlisted
	Dor Hospitality Co.	Inside KSA	Unlisted			
Mr. Walid Mohammed Al Jaafari	Al Dawaa Medical Services Co.	Inside KSA	Unlisted			
	Walaa Cooperative Insurance Co.	Inside KSA	Listed	Gulf Shipping and Unloading Contracting Co., Ltd.	Inside KSA	Limited
	Advanced Petrochemical Co.	Inside KSA	Listed			
	Manufacturing and Energy Services Co.	Inside KSA	Unlisted			
	Al Dawaa Medical Services Co.	Inside KSA	Unlisted			
	Gulf Co. for Real Estate Reconstruction	Inside KSA	Unlisted			
	Specialized Technologies Co. (Sisco)	Inside KSA	Limited			
Dr. Zamil Abdulrahman Al Mokren	Mashraf Real Estate Development Co.	Inside KSA	Limited			
				Gulf Metal Alloy Co.	Inside KSA	Unlisted
				Manufacturing and Energy Services Co.	Inside KSA	Unlisted
				Dhahran Construction Co.	Inside KSA	Unlisted
Eng. Mohammed Waslallah Al Harbi				Arabian Yemen Cement Co., Ltd.	Outside KSA	Unlisted
				Saudi Pakistan Industrial and Agricultural Investment Co., Ltd.	Outside KSA	Unlisted
Mr. Abdulaziz Abdulrahman Al Khonain				Leading Investments Co.	Inside KSA	Closed Co.
Ms. Sheikha Abdullah Al Jubair	Governance Center	Inside KSA	Unlisted	Governance Center Co.	Inside KSA	Unlisted
Mr. Ahmed Ibrahim Al Shathri	General Social Insurance Corporation	Inside KSA	Government Agency	Dar Al , Tamlik Co.	Inside KSA	Unlisted
Mr. Majid Saleh Al Rajhi	Al Rajhi Bank	Inside KSA	Listed	Mnfah Holding Co.	Inside KSA	Unlisted
	Mohammed Co. Abdulaziz Al Rajhi & Sons For investment.	Inside KSA	Unlisted			
	Support Co.	Inside KSA	Unlisted			
	A possibility finance Co.	Inside KSA	Unlisted			
	Al Rajhi Real Estate Development Co.	Inside KSA	Unlisted			
	Global Digital Financial Solutions Co.	Inside KSA	Unlisted			

## 23 Composition of the Board of Directors and classification of its members

Composition of the Board of Directors and classification of its members as follows: Executive Board Member, Non-Executive Board Member, and Independent Board Member

Number	Member's name	Membership rating (Executive/Non-Executive/Independent)
1	Mr. Mohammed Saad Al Farraj Al Subaie	Non-executive
2	Mr. Ibrahim Salem Al Ruwais	Non-executive
3	Mr. Walid Mohammed Al Jaafari	Independent
4	Dr. Zamil Abdulrahman Al Mokren	Non-executive
5	Eng. Mohammed Waslallah Al Harbi	Non-executive
6	Mr. Abdulaziz Abdulrahman Al Khonain	Independent
7	Ms. Sheikha Abdullah Al Jubair	Non-executive
8	Mr. Ahmed Ibrahim Al Shathri	Non-executive
9	Mr. Majid Saleh Al Rajhi	Independent

## 24 Securities contractual interests in subscription rights

The following is a description of any interest, in subscription rights belonging to the company's board of directors, senior executives and their relatives in the shares or instruments of the company's debt or any of its subsidiaries, and any change in that interest or those rights during the last fiscal year (2021).

number	The name of the one to which the interest or papers belong Contractual or underwriting rights	Post	Number of shares as At the beginning of the year	Number of shares as At the end of the year.	Net Change	%
1	Mr. Mohammed Saad Al Farraj Al Subaie	Chairman	-	-	-	-
2	Mr. Ibrahim Salem Al Ruwais	Vice Chairman	22,000	22,000	-	-
3	Mr. Walid Mohammed Al Jaafari	Board Member	-	-	-	-
4	Dr. Zamil Abdulrahman Al Mokren	Board Member	2,000	2,000	-	-
5	Eng. Mohammed Waslallah Al Harbi	Board Member	2,000	2,000	-	-
6	Mr. Abdulaziz Abdulrahman Al Khonain	Board Member	-	-	-	-
7	Ms. Sheikha Abdullah Al Jubair	Board Member	-	-	-	-
8	Mr. Ahmed Ibrahim Al Shathri	Board Member	-	-	-	-
9	Mr. Majid Saleh Al Rajhi	Board Member	-	-	-	-
10	Eng. Fahad Rashed Al Otaibi	CEO	-	-	-	-
11	Mr. Jamaan Mohammed Al Ghamdi	CFO	-	-	-	-
12	Mr. Al Fadl Abbas Al Aomi	Sales Manager	-	-	-	-
13	Mr. Yasser Khalil Al Issa	Manager, Human Resources and Support Services	-	-	-	-
14	Eng. Salman Ali Al Jadani	Plant Manager	-	-	-	-

**Note:** The Company does not have debt instruments.

## 25 General Associations of Shareholders held during the last fiscal year

The following is a statement of the dates of the general associations of shareholders held during the last fiscal year and the names of the board members present for these associations.

Number	Member's name	First Meeting 48th AGM 11/04/2021
1	Mr. Mohammed Saad Al Farraj Al Subaie	✓
2	Mr. Ibrahim Salem Al Ruwais	✓
3	Mr. Walid Mohammed Al Jaafari	✓
4	Dr. Zamil Abdulrahman Al Mokren	✓
5	Eng. Mohammed Waslallah Al Harbi	✓
6	Mr. Abdulaziz Abdulrahman Al Khonain	✓
7	Ms. Sheikha Abdullah Al Jubair	✓
8	Mr. Ahmed Ibrahim Al Shathri	✓
9	Mr. Majid Saleh Al Rajhi	✓

## 26 Board Meetings Held During the Last Fiscal Year

The following are the number of board meetings held during the last fiscal year, the dates of their convening, and the record of attending each meeting explaining the names of the attendees.

Number	Member's name	1 <sup>st</sup> 01/02/2021	2 <sup>nd</sup> 07/03/2021	3 <sup>rd</sup> 02/08/2021	4 <sup>th</sup> 21/09/2021	5 <sup>th</sup> 13/12/2021	Total
1	Mr. Mohammed Saad Al Farraj Al Subaie	✓	✓	✓	✓	✓	5
2	Mr. Ibrahim Salem Al Ruwais	✓	✓	✓	✓	✓	5
3	Mr. Walid Mohammed Al Jaafari	✓	✓	✓	✓	✓	5
4	Dr. Zamil Abdulrahman Al Mokren	✓	✓	✓	✓	✓	5
5	Eng. Mohammed Waslallah Al Harbi	✓	✓	✓	✓	✓	5
6	Mr. Abdulaziz Abdulrahman Al Khonain	✓	✓	✓	✓	✓	5
7	Ms. Sheikha Abdullah Al Jubair	✓	✓	✓	✓	✓	5
8	Mr. Ahmed Ibrahim Al Shathri	✓	✓	✓	✓	✓	5
9	Mr. Majid Saleh Al Rajhi	✓	✓	✓	✓	✓	5

## 27 Shareholders' proposals and observations

### Shareholders' proposals and observations about the company and its performance:

The actions taken by the Board of Directors to inform its members, particularly non-executives, of shareholders' proposals and observations about the company and its performance:

- 1- In accordance with the company's basic system and the company's approved governance regulations, shareholders are entitled to actively participate and discuss board members at general assembly meetings.
- 2- The Chairman and CEO will inform all board members, particularly non-executives, of shareholders' proposals, notices about the company and its performance at the earliest board meeting.

## 28 Evaluation of the performance of the Board of Directors and its committees

The means on which the Board of Directors has relied in assessing its performance and the performance of its committees and members, and the external party that evaluated its relationship with the company:

By carrying out its tasks, the Remuneration and Nominations Committee develops and implements standards and means to evaluate the members of the Board of Directors and members of its various committees according to specific performance indicators, as well as identify the strengths and weaknesses of the Board and its committees, and no third party has been used for evaluation during 2021.

## 29 The relationship between the remuneration granted and the applicable remuneration policy

Clarify the relationship between the bonuses granted and the applicable remuneration policy, and indicate any substantial deviation from this policy:

The remuneration of board members, committees and executive management was determined on the recommendation of the Remuneration and Nominations Committee, there is no substantial deviation from the remuneration policy, and the remuneration of board members is disbursed after the approval of the General Assembly.

## 30 Disclosure of Remuneration policy

Disclosure of the remuneration policy and how to determine the remuneration of board members and executive management of the company, details of the policies relating to remuneration and mechanisms for determining them, amounts and financial and in kind benefits paid to each member of the Board of Directors for any work or executive, technical, administrative or consulting positions:

The Remuneration and Nominations Committee is concerned with recommending to the Board of Directors the remuneration of the board members and members of the committees that emanate from it and the remuneration of the executive management, and the committee meets with the purpose of determining the remuneration due to each member of the Board, committees and executive management, and the remuneration are determined in the light of the company's base system and the company's approved remuneration policy, the details are as follows:

### Article (1): General standards of remuneration:

The Remuneration and Nominations Committee is competent to recommend to the Board of Directors the remuneration of board members and members of the committees that emanate from it and the remuneration of executive management, and must observe the following criteria:

- 1- Remuneration must be commensurate with the company's activity and the skills needed to manage it.
- 2- Remuneration must be proportionate to the company's strategy and objectives, size, nature and degree of associated risk.

- 3- The company should take into account the practices of other companies and the prevailing situation in the labour market in determining remuneration while avoiding the unjustified rise in remuneration and compensation that may arise.
- 4- Remuneration must be fair and proportionate to the terms of reference of the member or senior executives, the work and responsibilities he undertakes and assumes, as well as the objectives set by the Board of Directors to be achieved during the fiscal year.
- 5- Remuneration should be reasonably sufficient to attract competent and experienced board members and executives and be able to motivate and maintain them.
- 6- The remuneration of board members and committees may vary in amount to reflect the member's experience, competences, tasks, quality of performance, number of meetings attended and other considerations.
- 7- The company will bear the costs of tickets and accommodation for board members and committees if the meeting is held outside the member's residence city.
- 8- The member is entitled to remuneration as of the date he or she joins the Board or committee and the amount must be proportional to the actual term of his or her membership.

#### **Article (2) Remuneration of Board member:**

- 1- The remuneration of board members consists of a certain amount, attendance allowance for meetings, in-kind benefits or a certain percentage of net profit and two or more of these benefits may be combined.
- 2- The total amount of bonuses and financial or in-kind benefits received by a board member may not exceed 500,000 Riyals per year.
- 3- The eligibility for a board member's remuneration must be proportional to the number of sessions he attends.
- 4- The board member is entitled to an annual remuneration determined on the recommendation of the Remuneration and Nominations Committee.
- 5- A board member is entitled to a attendance allowance for every meeting he attends.
- 6- The annual remuneration is disbursed within 15 days of its adoption by the General Assembly of Shareholders.
- 7- The attendance allowance for meetings is disbursed within 15 days of the meeting date.

#### **Article (3) Remuneration of board committee members:**

- 1- The Board of Directors determines and approves the membership bonuses of its committees, with the exception of the Audit Committee, and attendance allowances on the recommendation of the Remuneration and Nominations Committee.
- 2- The bonus of membership of the Audit Committee is approved by the General Assembly of Shareholders on the recommendation of the Board of Directors.
- 3- Committee membership bonuses consist of an annual remuneration, meeting attendance allowances, or both.
- 4- The Board of Directors determines and approves the remuneration of members of the interim committees that are formed for a specific purpose as well as the remuneration of its Secretary and CEO.

#### **Article (4) Executive Management Remuneration:**

The annual executive management remuneration is determined and approved by the Board of Directors on the recommendation of the Remuneration and Nominations Committee.



**Article (5) Details of the remuneration of board members and committees:**

Without prejudice to this policy, the standard value of remuneration and attendance allowances is determined as follows:

Number	Description	Amount
1	Annual Bonus for Board membership	SAR 200,000
2	Annual remuneration for membership of the Audit Committee	SAR 100,000
3	Annual remuneration for membership of the Remuneration and Nominations Committee	SAR 50,000
4	Annual remuneration for membership of the Executive Committee	SAR 70,000
5	Allowance of attending any board or committee meeting	SAR 2,000

### 31 Disclosure of the remuneration of board members, committees and executive management

Disclosure of the remuneration of board members, committees and executive management as stipulated in the Corporate Governance Regulations.

#### 1) Board members' remuneration paid during 2021

(Thousands of Riyals)

Description	Fixed remuneration						Changing remuneration							End-of-service bonus	Total	Expense allowance
	Certain amount 2F <sup>1</sup>	Meetings attendance allowance	Committees Meetings attendance allowance	Advantages	Statement of what council members have received as workers or administrators or what they have received for works of art.	Remuneration the Chairman of the Board, the Managing Director or the Secretary of The Secret If he is a member	Total	Percentage of profits	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Shares granted (value is entered)	Total			
<b>First: Independent members:</b>																
Mr. Walid Mohammed Al Jaafari	200		12				222								222	
Mr. Majid Saleh Al Rajhi		10	6				16								16	
Eng. Saad Ibrahim Al Moajel 3F <sup>2</sup>	200		2				202								202	
Mr. Abdulaziz Abdulrahman Al Khonain	200	10	8				218								218	
<b>Total</b>	<b>600</b>	<b>30</b>	<b>20</b>				<b>658</b>								<b>658</b>	
<b>Second: Non-executive members:</b>																
Mr. Mohammed Saad Al Farraj Al Subaie	200	10					210								210	
Mr. Ibrahim Salem Al Ruwais	200	10	12				222								222	
Dr. Zamil Abdulrahman Al Mokren	200	10					210								210	
Eng. Mohammed Waslallah Al Harbi	200	10					210								210	
Mr. Mohammed Abdulrahman Al Balihead 4F <sup>3</sup>	200						200								200	
Ms. Sheikha Abdullah Al Jubair 5F <sup>4</sup>		10	4				14								14	
Mr. Ahmed Ibrahim Al Shathri		10	2				12								12	
<b>Total</b>	<b>1,000</b>	<b>60</b>	<b>18</b>				<b>1,078</b>								<b>1,078</b>	
<b>Third: Executive members:</b>																
Eng. Fahad Rashed Al Otaibi 6F <sup>5</sup>	200						200								200	
<b>Total</b>	<b>200</b>						<b>200</b>								<b>200</b>	
<b>Grand Total</b>	<b>1,800</b>	<b>90</b>	<b>46</b>				<b>1,936</b>								<b>1,936</b>	

<sup>1</sup> The amount appointed represents the annual bonus for board membership for 2020 and was disbursed after the approval of the General Assembly held on 11/04/2021, the annual bonus for board membership for 2021 will be disbursed after the approval of the General Assembly to be held on 22/05/2022 AD.

<sup>2</sup> His membership on the Board of Directors ended on 28/01/2021

<sup>3</sup> Remuneration are paid to the legal entity represented by the member, which is a Public Investments Fund.

<sup>4</sup> Remuneration are paid to the legal entity represented by the member, which is a Public Investments Fund.

<sup>5</sup> His membership on the Board of Directors ended on 28/01/2021

## 2) Remuneration paid to Seniors for 2021

(Thousands of Riyals)

Description	Fixed Remuneration				Changing Remuneration						Remuneration End of service
	Salaries	Allowances	Advantages in kind	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Shares granted (Value is entered)	Total	
Five senior executives who received the highest remuneration, including CEO and CFO	3,398	1,033	421	4,852	1,369	-	-	-	-	1,369	6,221
<b>Total</b>	<b>3,398</b>	<b>1,033</b>	<b>421</b>	<b>4,852</b>	<b>1,369</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,369</b>	<b>6,221</b>

## 3) Committee members' awards for 2021

### A) Remuneration paid to members of the Audit Committee<sup>1</sup> during 2021:

(Thousands of Riyals)

#	Member's name	Fixed remuneration (excluding session allowance)	Instead of going through sessions	Total
1	Mr. Ibrahim Salem Al Ruwais	70	8	78
2	Mr. Walid Mohammed Al Jaafari	70	8	78
3	Mr. Abdulaziz Abdulrahman Al Khonain	70	8	78
4	Mr. Majid Saleh Al Rajhi	-	6	6
5	Mr. Mohammed bin Abdulrahman Al-Balihad 8F <sup>2</sup>	70	2	72
6	Dr. Jassim Shaheen Al Rumaihi	70	8	78
<b>Total</b>		<b>350</b>	<b>40</b>	<b>390</b>

<sup>1</sup> Fixed remuneration for general membership 2021 it was paid within a year. 2022 AD.

<sup>2</sup> Remuneration are paid to the legal entity represented by the member, which is a Public Investments Fund.

**B) Remuneration paid to members of the Remuneration and Nominations Committee<sup>1</sup> during 2021:**
**(Thousands of Riyals)**

Number	Member's name	Fixed remuneration (excluding session allowance)	Instead of attending sessions	Total
1	Mr. Walid Mohammed Al Jaafari	50	4	54
2	Mr. Ibrahim Salem Al Ruwais	50	4	54
3	Engineer/ Saad Ibrahim Al Moajel 10F <sup>2</sup>	50	2	52
4	Ms. Sheikha Abdullah Al Jubair	-	2	2
5	Mr. Ahmed Ibrahim Al Shathri	-	2	2
<b>Total</b>		<b>150</b>	<b>14</b>	<b>164</b>

**C) Remuneration paid to members of Executive Committee<sup>3</sup> during 2021:**
**(Thousands of Riyals)**

Number	Member's name	Fixed remuneration (excluding session allowance)	Instead of attending sessions	Total
1	Mr. Mohammed Saad Al Farraj Al Subaie	70	-	70
2	Eng. Mohammed Waslallah Al Harbi	70	-	70
3	Eng. Fahad Rashed Al Otaibi	70	-	70
<b>Total</b>		<b>210</b>	<b>-</b>	<b>210</b>

**32 Number of Company Requests for shareholders' register, Dates and Reasons**

Number	Application date	Reasons for request
1	04/01/2021	Follow-up on the deposit movement of stock certificates
2	29/03/2021	General Assembly
3	29/03/2021	Dividend 2020
4	03/08/2021	First half 2021 dividend
5	12/12/2021	Follow-up on the deposit movement of stock certificates

<sup>1</sup> Fixed remuneration for membership Committee for Year 2020 m It was paid in 202.1pm.

<sup>2</sup> His membership on the Board of Directors ended on 28/01/2021

<sup>3</sup> Fixed remuneration for membership Committee Year 2020 m It was paid in 202.1pm.

### 33 Penalties Imposed on the Company

Any penalty, penalty, precautionary measure or reserve restriction imposed on the company by the CMA or any supervisory, regulatory or judicial entity, while explaining the reasons for the violation and the signatory and ways to remedy it and avoid its occurrence in the future:

- In 2021, the company paid Sar 2,502,440 to the Saudi Energy Efficiency Center for the difference in energy efficiency targets, and will work to increase energy efficiency by December 31, 2023.
- During 2021, the company paid a fine of 10,000 Riyals to the National Center for Environmental Compliance Control, due to the difference in environmental targets due to the failure to replace some filters that were delayed during the Corona pandemic, and the necessary correction was made.

### 34 Board Committees

A brief description of the terms of reference of the committees and their functions, with the names of the committees, their chairmen and members, the number of meetings, dates of their convening and the statements of attendance of the members of each meeting:

#### A. Audit Committee:

The Audit Committee held four meetings in 2021 and its statement reads:

Number	Member's name	Position	First meeting 19/01/2021	Second meeting 28/04/2021	Third Meeting 04/08/2021	Fourth Meeting 27/10/2021
1	Mr. Ibrahim Salem Al Ruwais	Chairman of the Committee	✓	✓	✓	✓
2	Mr. Walid Mohammed Al Jaafari	Member	✓	✓	✓	✓
3	Mr. Abdulaziz Abdulrahman Al Khonain	Member	✓	✓	✓	✓
4	Mr. Majid Saleh Al Rajhi	Member	✓	✓	✓	✓
5	Dr. Jassim Shaheen Al Rumaihi	Member	✓	✓	✓	✓

#### The formation of the audit committee:

The Audit Committee was formed by decision of the 45th General Assembly, which was convened on 11/04/2021 for a new three-year session on the recommendation of the Board of Directors, with the membership of:

- 1- Mr. Ibrahim Salem Al Ruwais (non-executive board member).
- 2- Mr. Walid Mohammed Al Jaafari (member of an independent board of directors).
- 3- Mr. Abdulaziz Abdulrahman Al Khonain (independent board member).
- 4- Mr. Majid Saleh Al Rajhi (independent board member).
- 5- Dr. Jassim Shaheen Al Rumaihi (an independent member from outside the Board specializing in finance and accounting).

The committee appointed Mr. Ibrahim Salem Al Ruwais as its chairman.

**Objectives and competence of the audit committee:**

The audit committee aims to verify the adequacy of the internal control system and its effective implementation, to provide any recommendations to the board of directors that would activate and develop the system in order to achieve the company's objectives and protect the interests of shareholders and investors with high efficiency and reasonable cost, assists the Board of Directors in implementing its responsibilities related to internal control, accounting policies and reports, supports the independence and objectivity of internal and external auditing process. In general, the audit committee is responsible for monitoring the company's work and verifying the integrity of the reports, financial statements, and internal control systems therein. In order to perform its duties, the committee has the right to review the company's records and documents.

**The functions and responsibilities of the audit committee:**

The Audit Committee performs its duties according to the scope of work stipulated in the Companies Law issued by the Ministry of Commerce and the Company's Governance Policy which was prepared in accordance with the Saudi Corporate Governance Regulations issued by the Board of the Capital Market Authority.

**In particular, the Commission's functions include:****First: financial reports:**

- 1- Study the initial and annual financial statements, as well as the company's financial statements and announcements related to its financial performance, and express its opinion before submitting it to the Board of Directors, to ensure its integrity, fairness and transparency and that it includes information that allows shareholders and investors to assess the company's financial position, performance, business model and strategy. To this end, it studied the preliminary and annual financial statements, financial statements and announcements related to the company's financial performance for the year 2021 and submitted its recommendations to the Board of Directors.
- 2- Examine any important or unusual issues contained in financial reports and accounts, and thoroughly examine any issues raised by the company's chief financial officer, handler or auditor.
- 3- Verification of accounting estimates in core matters in financial reports.
- 4- Study the company's accounting policies and express an opinion and recommend them to the Board of Directors.

**Second: Internal control system:**

The audit committee checks the efficiency and effectiveness of the company's internal control system by monitoring and supervising the performance and activities of the internal audit management and verifying its independence from executive management. In order to do so, the Audit Committee (4) held meetings during 2021 during which it discussed the effectiveness of internal control procedures in protecting the company's property, assessing business risks and measuring the adequacy of performance through the approved annual internal audit management action plan, where the Internal Audit Department submitted its reports until the end of 2021. The audit committee studied and discussed it and directed the internal audit department in coordination with the executive management in following up the implementation of the corrective actions of the observations and improvements contained in the reports of the Internal Audit Department, in addition to the committee discussed the observations provided by the external auditor of the company related to assessing the effectiveness and efficiency of the internal control system through its review of the company's accounts and The committee recommended that the company's management examine and analyze the observations and suggestions received from the company's auditor and activate recommendations that help improve the company's internal control system.

### **Third Internal auditing work:**

- 1- The Committee monitors and supervises the performance of internal audit management activities, to verify the availability of the necessary resources, their effectiveness in the performance of the work and their tasks and their independence from executive management.
- 2- Study internal audit reports and follow up on the implementation of corrective actions for the observations contained in them.
- 3- Study and adoption of the annual internal audit management action plan for 2021.

### **Fourth: The auditor:**

- 1- In 2021, the Committee adopted the names of the appropriate offices to submit their presentations after reviewing a list of audit offices nominated for the company's audit for 2021 and the first quarter of 2022, and studied and analyzed the offers submitted by the audit offices that were invited to audit the company and recommended to the Board of Directors to nominate two chartered accountants. Appropriate according to specific work controls.
- 2- One of the committee's tasks is to meet with the company's auditor without the presence of the executive management to ensure their independence from the executive management and the extent to which the company's departments cooperate in providing the data, information and observations that the Committee is considered to have been informed of, and met during 2021 with the auditor and the auditor confirmed their independence from the executive management and praised the cooperation of the executive management in providing the required data and information in quality and in a timely manner.
- 3- The Committee examined the company's auditor's plan and work, and showed its views on it.
- 4- Answering the inquiries of the company's auditor addressed to the Committee.

### **Fifth: Ensuring commitment:**

- 1- In order to do so, the Committee has reviewed the results of the reports of supervisory and supervisory authorities and verified that the company has taken the necessary action. Its recommendations on the observations of the external auditors and their statement in this regard, as seen the report of the General Court of Accounting (General Court Audit) and the response of the management of the company to him and the opinion of the internal audit department in the response of the administration and expressed its recommendations in this regard, and directed the Department of Internal Audit to follow up on the completion of the observations contained in the report.
- 2- To this end, the Committee worked to study and review the contracts and transactions proposed to be conducted by the company with the relevant parties and submitted its visuals and recommendations to the Board of Directors.
- 3- To submit to the Board of Directors what it considers necessary issues to take appropriate action and make recommendations about them.

### **Sixth: Electronic invoice:**

The Committee inquired from the company's management about what happened about the requirements and standards of the electronic billing regulation issued by the Zakat, Tax and Customs Authority and the readiness of the company in the process of converting and issuing invoices and notices city and creditor and processing them in an orderly electronic format and in integrated electronic coordination, and the committee verified from the management of the company that the process of electronic billing is ready for application on the date of mandatory by the Zakat, Tax and Customs Authority.

#### Executive Committee:

The Executive Committee held two meetings in 2021 and their statement is as follows:

Number	Member's name	Post	First meeting 01/03/2021	Second meeting 13/12/2021
1	Mr. Mohammed Saad Al Farraj Al Subaie	Chairman of the Committee	✓	✓
2	Mr. Ibrahim Salem Al Ruwais	Member	✓	✓
3	Mr. Walid Mohammed Al Jaafari	Member	✓	✓
4	Eng. Mohammed Waslallah Al Harbi	Member	✓	✓
5	Eng. Fahad Rashed Al Otaibi	Member	✓	✓

#### Tasks and Responsibilities:

The commission's functions and responsibilities are as follows:

- 1- Following up the implementation of the company's financial and administrative policies and proposing the required amendments to the Board of Directors.
- 2- Following up the company's long, medium and short term strategic plans, updating them and reviewing them from time to time.
- 3- Follow up the implementation of the company's budgets, analyzing the causes of deviations, if any, and make necessary recommendations regarding the same.
- 4- Recommending new investment and industrial projects, including the development of existing activities both vertically and horizontally.
- 5- Following-up and review of all important issues related to cases filed before the judiciary, emergency cases and claims that require them to appear in the accounting statements.
- 6- Nomination of the company's senior executives.
- 7- Selecting and assigning the necessary work to competent consultant according to what they see in the interest of the work.
- 8- Determine the goals of the company's unified media and advertising campaigns.
- 9- Any other duties assigned to the executive committee by the board of directors

#### C. Remuneration and nominations committee:

The Remuneration and Nominations Committee held two meetings in 2021 and their statements are as follows:

#	Member's name	Post	First meeting 26/01/2021	Second meeting 21/09/2021
1	Mr. Walid Mohammed Al Jaafari	Chairman of the Committee	✓	✓
2	Mr. Ibrahim Salem Al Ruwais	Member	✓	✓
3	Ms. Sheikha Abdullah Al Jubair	Member	✓	✓
4	Mr. Ahmed Ibrahim Al Shathri	Member	✓	✓

#### Tasks and responsibilities:

The committee's tasks and responsibilities are:



- 1- Recommending to the Board of Directors the nomination for membership of the Board in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a crime involving breach of honor and trust.
- 2- The annual review of the required needs of appropriate skills for membership of the Board of Directors and the preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time that the member should dedicate to the work of the Board of Directors.
- 3- Reviewing the structure of the Board of Directors and making the necessary recommendations regarding the changes that can be made.
- 4- Determining the strengths and weaknesses of the board of directors and proposing remedies according to the interest of the company.
- 5- Ensuring, on an annual basis, that the independent members are truly independent and that there is no conflict of interest if the member is a member of the board of directors of another company.
- 6- Setting clear policies for compensation and bonuses for members of the Board of Directors and senior executives, and taking into account when setting these policies the use of performance-related criteria.

### 35 Internal Audit Department

An independent and objective activity that provides assurance and advisory services with the aim of adding value to and improving the company's operations, by following a systematic approach to assessing and improving the effectiveness of governance processes and the processes involved in supervisory performance. To international internal auditing standards, principles and ethics of the profession and to make recommendations aimed at helping the company's management to carry out its responsibilities effectively and in a manner that ultimately helps it achieve the company's goals.

### 36 Results of the annual review of the internal control system in the company

The results of the annual review of the effectiveness of the company's internal control procedures, as well as the opinion of the Audit Committee on the adequacy of the company's internal control system:

The Audit Committee discussed the reports submitted by the Internal Audit Department and the audit ing system for 2021, and the committee made its recommendations to manage the company in order to meet certain requirements and process observations, and the results of the review did not show a fundamental weakness in the internal control system and procedures. (owing) certified and commissioned in the company. Based on the data received by the audit committee from both the Financial Department, the Internal Audit Department and the external auditor, this supported the audit committee's conviction that the internal and financial control systems and procedures of the company were adequately and effectively. Any internal control system, regardless of the integrity of its design and the effectiveness of its application, cannot provide absolute confirmation.

### 37 Business or contracts in the interest of related parties

Information relating to any business or contracts to which the company is a party, in which it is or has the interest of a member of the Board of Directors of the Company or its senior executives or any person involved in any of them, including the names of those involved in the business and contracts, the nature, terms, terms and amount of such works and contracts, and if there are no such works or contracts, the company must file a declaration:

- 1- The business and contracts that will take place between the company and The Arabian Yemen Cement Company Limited (a fellow company) in which the members of the board of directors mentioned below have an indirect interest and there are no preferential conditions, as The Eastern Province Cement Company is represented by the Board of Directors of The Arabian Yemen Cement Company Limited three members of its board of directors: (1) Mr.Mohammed Saad Al Faraj Al-Subai'i (non-executive member). (2) Mr. Ibrahim Salem Al Ruwais (non-executive member). (3) Engineer Fahad Rashed Al Otaibi (Executive Member). The nature of these works and contracts is represented by cash that will be received by The Eastern Province Cement Company from the associate company in order to transfer it to some of the

suppliers of the associate company, where the company faces some difficulties in carrying out bank transfers to and from the Republic of Yemen, knowing that the balance of these works and contracts amounted to (545) A Saudi riyal as of 31/12/2021 (SAR 7 million as of 31/12/2020) and will continue to carry out these works and contracts until the difficulties facing the associate company are over.

- 2- Business and contracts between the company and Al-T pharmaceutical company for medical services Limited, where the Chairman of the Board of Directors of Eastern Province Cement Company Mr. Mohammed Saad Al Faraj Al-Subai'i (non-executive member) is a board member and CEO of Al-Pharmaceutical Medical Services Limited, and the Vice Chairman of The Eastern Province Cement Company, Mr. Ibrahim Salem Al Ruwais (non-executive member) is vice chairman of the Board of Directors of Al-Pharmaceutical Medical Services Ltd. and serves as a board member of The Eastern Province Cement Company. Eastern Province Cement Company Mr. Walid Mohammed Al Jaafari (independent member) is a board member of Al-Tayar Medical Services Co., Ltd., and the nature of these works and contracts is the rental of administrative offices of Al-Tayar Medical Services Co., Ltd. in the Tower of Eastern Province Cement Company for approximately four hijri years for approximately SAR 2,312,170 per year, within the context of normal business, knowing that it is an indirect interest and there are no preferential benefits.
- 3- The business and contracts between the company and Walaa Cooperative Insurance Company, where the board member of Eastern Province Cement Company Mr. Walid Mohammed Al Jaafari (independent member) is a member of the board of directors of Walaa Cooperative Insurance Company, and the nature of these works and contracts are insurance services contracts for Eastern Province Cement company for three years AD for the amount of 1,526,661.14 Riyals per year, within the context of normal business, knowing that it is an indirect interest and there are no preferential benefits.

### 38 Subsidiaries

The name and capital of each subsidiary, the percentage of ownership of the company in it and its main activity, the main shop state of its operations, the state in question, and the details of the shares and debt instruments issued to each subsidiary: does not apply, because there are no subsidiaries.

### 39 Board of Directors Statements

Based on the company's board of directors' directions to achieve the highest levels of transparency and disclosure, the Company's Board of Directors acknowledges the following points for 2021:

- 1- That the account records were properly prepared.
- 2- The internal control system was properly developed and implemented effectively.
- 3- There is little doubt about the company's ability to continue its activities.
- 4- The auditor's report does not contain reservations about the financial statements for the fiscal year ended December 31, 2021.
- 5- The Audit Committee did not make any recommendations contrary to the Board's decisions, or the Board's refusal to take them on the appointment and removal of the company's auditor, the determination of its fees, the evaluation of its performance or the appointment of the internal auditor.
- 6- The Board of Directors did not recommend a change of auditor before the end of the period for which it was appointed.
- 7- The Company has not issued or granted any convertible debt instruments, contractual securities, notes of the right to subscribe, transfer rights or under convertible debt instruments, or the recovery, purchase or cancellation by the Company of any recoverable debt instruments, or similar rights.

- 8- There is no interest in the voting-entitled share category that belongs to persons (except members of the Company's Board of Directors, senior executives and relatives) who have informed the company of those rights and any change in those rights.
- 9- There is no deal between the company and a related party.
- 10- There are no investments or reserves created for the benefit of the company's employees.
- 11- There are no arrangements or agreement under which a member of the Company's Board of Directors or a senior executive will waive any bonuses.
- 12- There are no arrangements or agreement under which a shareholder of the Company waives any rights to profits.
- 13- There are no loans due to the company as at the end of the fiscal year.
- 14- The company did not hold treasury shares during the fiscal year.

## 40 Board Proposals

### The Board of Directors proposes to you:

- 1- Voting on the Board of Directors' report for the fiscal year ended on 31/12/2021G.
- 2- Voting on the auditor's report of the company accounts for the fiscal year ended on 31/12/2021G.
- 3- Voting on the financial statements for the fiscal year ended on 31/12/2021G.
- 4- Voting on discharging the members of the Board of Directors from liability for the fiscal year ended on 31/12/2021G.
- 5- Voting on the decision of the Board of Directors regarding the dividends that have been distributed to shareholders amounted of SAR 215,000,000 represents SAR (2.50) per share for the first and second half of 2021
- 6- Voting on payment of (SAR 2,900,000) as remuneration to the Board members for the fiscal year ended on 31/12/2021G.
- 7- Voting on appointing the auditor for the Company from among the candidates based on the Audit Committee's recommendation. The appointed auditor shall examine, review and audit the second, third, and annual financial statements, of the fiscal year 2022G., and the first quarter of the fiscal year 2023G., and the determination of the auditor's remuneration.
- 8- Voting on delegating the Board of Directors to distribute interim dividends on biannual or quarterly basis for the fiscal year 2022G.
- 9- Voting on delegating the authorization powers of the General Assembly stipulated in paragraph (1) of Article (71) of the Companies Law to the Board of Directors for a period of one year starting from the date of the approval by the General Assembly or until the end of the delegated Board of Directors' term, whichever is earlier. Such delegation shall be in accordance with the conditions set forth in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.
- 10- Voting on the transactions and contracts that will be concluded between the company and the Arabian Yemen Cement Company Limited (an associate company) in which the members of the Board of Directors mentioned below have an indirect interest without any preferential conditions, where the Eastern Province Cement Company is represented in the Board of Directors of the Arabian Yemen Cement Company Limited by two members of its Board of Directors and they are: (1) Mr. Mohammad Saad Al Faraj Al Subaie (Non-Executive). (2) Mr. Ibrahim Salem Al Ruwais (Non-executive). The nature of these transactions and contracts is represented in cash sums that the Eastern Province Cement Company will receive from the associate company in order to transfer them to some of the associate's suppliers, as the associate company faces some difficulties finalizing its bank transfers to and from the Republic of Yemen, noting that the balance of these transactions and contracts has reached SAR (545) thousand as on 31/12/2021G compared with (SAR 7 million as on 31/12/2020G). Such transactions and contracts will continue until the difficulties facing the associate are over.

- 11- Voting on the transactions and contracts concluded between the company and Al-Dawaa Medical Services Company Ltd., where the Chairman of the Board of Directors of the Eastern Province Cement Company Mr. Mohammad Saad Al Faraj Al Subaie (Non-Executive) is the Board of Directors and CEO of Al-Dawaa Medical Services Company Ltd., and vice chairman of Eastern Province Cement Company Mr. Ibrahim Salem Al-Rwais (Non-Executive) is a vice chairman of Al-Dawaa Medical Services Company Ltd., and the member of the Board of Directors of the Eastern Province Cement Company Mr. Waleed Mohammad Al-Jaafari (Independent) is a Board of Directors of Al-Dawaa Medical Services Company Ltd., and the nature of these transactions and contracts is to rent administrative offices to Al-Dawaa Medical Services Company Ltd. in the Eastern Province Cement Company tower for a period of about four Hijri years at an amount of (SAR 2,312,170) per annum, as part of the ordinary businesses that have offered no preferential conditions.
- 12- Voting on the transactions and contracts concluded between the company and Walaa Cooperative Insurance Co., where the member of the Board of Directors of the Eastern Province Cement Company, Mr. Waleed Mohammad Al-Jaafari (Independent) is a Board of Directors of Walaa Cooperative Insurance Co., and the nature of these transactions and contracts is to provide Insurance services to Eastern Province Cement Company for three years at an amount of (SAR 1,526,661.14) per annum, as part of the ordinary businesses that have offered no preferential condition.
- 13- Voting on amending the Policy of Remuneration of board of directors, board of committees and executive management.

As the Board concludes its report to the 49th General Assembly, the Board of Directors thanks the company's shareholders for meeting this invitation and for the confidence you have given it, as well as all the company's employees for the hard work and sincere effort in achieving the company's progress and continuity.

**Thank You**