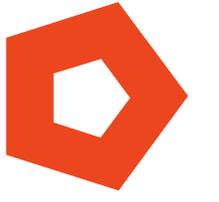


الإسمنت السعودية
SAUDI CEMENT



Annual Report 2023

الأقوى في البناء
Power to build

Board of Directors' Report
Year 2023

Saudi Cement Company

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Banks

Riyadh Bank

Saudi National Bank

Saudi British Bank (SABB)

Banque Saudi Fransi

Al-Rajhi Bank

Bank Al-Jazira

Accounts Auditor

KPMG Professional Services

Table of Contents:

Board of Directors.	4
Board of Directors' Statement.	5
Production – Stock - Operation and Maintenance -Sales - Exports	6
Corporate Governance – Board Members - Committees' Members.	13
Executive Management.	15
Name of Companies wherein the board member is currently or previously was a member - Board of Directors' structure	19
Shareholders' proposals and comments - Audit Committee - Nominations & Remunerations Committee - Executive Committee.	21
Board of Directors, Board committees & Executive Managements' Remunerations Policy.	24
Board Members Remuneration - Committees Members and Executive Management Remunerations - Results of Annual Audit - Audit Committee Opinion - Social Contributions.	26
Assembly Meeting - Principal Activity - Plans, Decisions & Future Expectations - Risks that the Company might encounter.	27
Last Five Years Operating Results, Assets and Liabilities - Geographical Analysis of 2023 Revenue	28
Differences in operating results - List of Associate/Subsidiary Companies - Dividend Distribution Policy - List of any shares Interests and rights - Board Members – Executive Management and their relatives - Loans and bank financing.	31
Board Members' Meetings and Attendance - Register of Shareholders - Related Party Transactions - Outstanding Statutory Payments -Thrift Saving Program for Saudi Cement Company	33
Board of Directors' Declarations - Approval of the Financial Statements - Quality Certificates - Hiring and Training of Saudi Nationals	34
Occupational Health and Safety - Environment Protection and Pollution Control	35
Conclusion.	36

Board of Directors

Chairman:

Mr. Khaled Abdulrahman Al-Rajhi

Vice Chairman:

Mr. Mohamed Abdulkarim Al-Khereji

Board Members:

Mr. Khaled Abdulrahman Al-Abdulkarim

Mr. Amin Mousa Al-Afifi

Mr. Hamad Abdullah Al-Olyan

Dr. Abdulrahman Suleiman Al-Rajhi

Mr. Mubarak Jaber Al-Mohaimeed

Mr. Mohammed Ali Al-Garni

Mr. Mansour Mohammad Balghonaim

Mr. Saleh Mohammed Al-Muhanna

Ms. Hala Walid Al-Juffali *

Mr. Abdulaziz Hatim Al-Juffali **

***Resigned on June 07, 2023**

****Appointed on June 07, 2023**

Board of Directors' Statement:

Respected Shareholders,

The Board is pleased to present to you 2023 Annual Report including summarized financial results and achievements.

Production:

Clinker Production:

Total quantity of clinker produced during 2023 amounted to 7.20 million tons compared to 7.00 million tons in 2022, i.e., an increase of 201 thousand tons, which is around 2.9%.

On the other hand, total clinker production for all cement companies in the Kingdom during 2023 was 57.4 million tons in comparison with 57.7 million tons in 2022, i.e. a decrease of approximately 0.4%.

Cement Production:

Total quantity of cement produced during 2023 amounted to 5.91 million tons in comparison with 6.36 million tons in 2022, i.e., decrease of 449 thousand tons, i.e., approximately 7.0%.

Clinker Stock:

The clinker inventory at the end of 2023 amounted to 3.14 million tons, in comparison with a quantity of 3.32 million tons at the end of 2022, i.e., decrease of approximately 5.6%. On the other hand, clinker inventory for all cement companies in the Kingdom has been increased approximately by 13.9% compared to the end of 2022.

Operation and Maintenance:

Saudi Cement Company puts on its top priorities the achievement of operational excellence through:

- Adopting the best practices and standards for its operation and maintenance.
- Continual improvement of its processes through periodical audits, inspections using new technics and Benchmarking against worldwide performers.
- Continual improvement of the energy efficiency of its operations.
- Upgradation & developments of its operation and maintenance.
- Improving digital maturity of its operation and maintenance.

Saudi Cement Company has maintained its supremacy in producing high-quality types of cement products and has the capability and flexibility to produce other types of cement as per market requirements, considering its economic feasibility.

Sales:

The quantity of local sales of Saudi Cement Company during 2023 amounted to 4.5 million tons compared to 5.3 million tons in 2022, a decrease of 15%, while the total local and exported cement and clinker sales was 7.8 million tons during the year 2023 in comparison with 7.4 million tons in the year 2022. The drop in local sales was mainly due to intense competition in local market and as a result of on-going challenges driven by fluctuations in oil prices and the high interest rates which negatively impacted the construction sector, especially housing projects which is highly dependent on long-term loans.

During the year 2023, the total local cement sales for the entire sector had reached to 47.3 million tons compared to 50.7 million tons in the year of 2022, a decrease of 6.9%. While the total local and exported cement and clinker sales was 56 million tons in 2023, compared with 61 million tons during the year 2022, a decrease of 8.3%.

Exports:

In 2023, Saudi Cement Company total cement exports reached 1.5 million tons, up from 1.1 million tons in 2022, representing an increase of 36%. Also, Saudi Cement Company total clinker exports reached 1.86 million tons in 2023, up from 1.03 million tons in 2022, representing an increase of 81%. Albeit geopolitical disruptions in many regions, we continue to build on to explore new vistas, believing in the quality of our products and that our capabilities are limitless.

While the total export sales of cement and clinker for the sector amounted to 8.5 million tons during the year 2023, compared to 9.0 million tons in 2022, a decrease of 5.4%.

What was applied and not applied from the Corporate Governance regulations and reasons:

Saudi Cement Company has already issued its own Corporate Governance Charter, which was previously approved by the Board of Directors on 22nd of Safar 1430 (17 February 2009), also approved its related amendments in accordance with the Corporate Governance Regulations issued by the Capital Market Authority, this took place on 19 January 2023. Saudi Cement Company is currently applying all the Corporate Governance Regulations, except for the following:

Article	Pertinent Article/Para	Reasons for Non-Adoption
Optional Classes:		
	Article (27), Article (36), Article (37), Article (39), Article (51) para (G)&(D), Article (67), Article (68), Article (69), Article (75), Article (80), Article (82), Article (84), Article (85), Article (86) item (3), Article (92).	The guidance materials will be studied from time to time and applied them as appropriate.
Mandatory Clauses:		
	None	

Name of Board members, committee's members and executive management, their current and previous positions, qualifications, and experience:

A) Board Members:

1	Khaled Abdulrahman Al-Rajhi	Chairman – Saudi Cement Company
	<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor of Finance - Chairman of the Executive Committee of the Saudi Cement Company. - Chairman and CEO of Abdulrahman Saleh Al Rajhi & Partners Group. - Member of the Board of Directors and member of the Executive Committee of Bank Al-bilad. - Member of the Board of Directors and member of the Risk Committee and Chairman of the Investment Committee of Walaa Cooperative Insurance Company (Up to May-19). - Member of the Board of Directors and Chairman of the Compensation Committee of Takween for Developed Industries. (Up to Nov-19) - Member of the Board of Directors of Arab Tanami Company. - Member of the Board of Directors - Dana Gas (UAE) (2005-2015). - Member of the Board of Directors - Saudi Telecommunications Company (2006-2012). - Member of the Board of Directors and member of the Executive Committee of the Saudi National Shipping Company (2002-2004). - Member of the Board of Directors - Nass Company (Bahrain) (2006-2008). - CEO of Al Rajhi Trading Est. (1994-2005). 	

Board Members (Continued):

2	Mohammed Abdulkareem Al-Khereiji	Vice Chairman – Saudi Cement Company
<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor of Information Systems Management. - Member of the Audit Committee of Saudi Cement Company (Up to December 2021). - Executive Director of Al-Khuraiji Group from 2006 to date. - General Manager of Al-Khuraiji Trading and Electronics Company from 2007 to date. - Vice Chairman of the Board of Directors of the Arab Paper Manufacturing Company (Waraq) from 2012 until to date. - Member of the Executive Committee of the Arab Paper Manufacturing Company (Waraq) from 2012 until 2017. - Chairman of the Executive Committee of the Arab Paper Manufacturing Company from 2018 to date. - Member of the Commercial Committee of the Chamber of Commerce in the Eastern Province from 2018 to date. - Several courses at the Saudi Banking Institute and the Central Bank of Bahrain. - Member of the Board of Directors and Chairman of the Investment Committee and member of the Executive Committee of the Chupp Arabia Cooperative Insurance Company since 2003 to date. - Member of the Board of Directors of Dar Al-Youm for Press, Printing and Publishing (2015- to date) - Member of the Executive Committee of Dar Al-Youm for Press, Printing and Publishing. - Relationship Manager, Saudi Hollandi Bank (Corporate Finance) from 2004 to 2006. - Member of the Charitable Association for the Memorization of the Noble Qur'an in the Eastern Province from 2020 to date. 		

3	Khalid Abdul Rahman Al-Abdulkarim	Board Member – Saudi Cement Company
<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor of Business Administration and MBA. - Member of the Executive Committee of Saudi Cement Company. - Member of Nomination and Remuneration Committee at Saudi Cement Company. - Member of the Audit Committee of the Educational Services company. (Taleem) - The Chief Executive Officer of Al-Abd Al-Karim Holding Company. - Chairman of Al-Naizak Global Engineering Systems Company. - Member of the Board of Directors of Mitsu Plant, Saudi Arabia - Member of the strategic sectors committee of the Eastern Chamber. - Member of the Saudi Business Council: American - British - Chinese. - Founding member of the Board of Directors of Prince Muhammad bin Fahd University since 2002 to date. - Member of the Board of Directors of Samba Financial Group (2010-2018) - Member of the Board of Directors of the Chamber of Commerce and Industry of the Eastern Region for the 14th and 15th sessions from 2002 to 2009. - Member of the National Committee for Accreditation - Saudi Arabian Organization for Standardization and Metrology. - Member of the Local Council for the development of Al-Khobar District until 2014. - Member of the Board of Directors of the General Organization for Military Industries since 2007 until 2013 - Member of the Saudi Society for Occupational Safety and Health. - Founding member of the Board of Directors of Charitable Society for the Care of Orphans (Bena) - Founding member of the Saudi Business Owners Association - Ministry of Human Resources and Social Development. - Member of the General Assembly - Health Endowments Association - Member of the General Assembly of the Saudi Society - Thouq. - Member of the Board of Directors of the Hippodrome in Dammam. 		

Board Members (Continued):

4	Amin Musa Al-Afifi	Board Member – Saudi Cement Company
	<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor of Business Administration. - Member of Nomination and Remuneration Committee at Saudi Cement Company. - Group CEO of Ibrahim Al -Jafali & Brothers, Jeddah, May 2010 to date. - Head of Corporate Sector, National Commercial Bank, General Administration, Jeddah, April 2006 to April 2010. - Regional Manager for the Eastern Region, Banque Saudi Fransi, Regional Administration, May 2001 to February 2006. - Regional Director for the Eastern Region, Saudi Hollandi Bank, Regional Administration, Khobar, December 1994 to May 2001. 	<ul style="list-style-type: none"> - Saudi American Bank, Regional Administration, Jeddah August 1985 - December 1994 Started as a trainee and joined several administrative positions until he became Assistant General Manager of the Corporate Banking Group in the Western Region. - Current member of most Boards of Directors of Ibrahim Al-Jafali & Brothers Group. - Member (former) in most of the executive committees of the National Commercial Bank. - Member (former) of the Credit and Risk Committee of Banque Saudi Fransi. - Member (former) in most of the executive committees of the Saudi Hollandi Bank.
5	Hamad Abdullah Al-Olayan	Board Member – Saudi Cement Company
	<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor of Business Administration. - Chairman of the Audit Committee of Saudi Cement Company. - Member of the Board of Directors of Al-Olayan Saudi Holding Company. - Various administrative roles commercial banks from 1989 to 1995. - Various administrative roles Al-Olayan Financial Company 1995 till 2015. - Member of the Board of Directors of United Cement Company (Bahrain). 	<ul style="list-style-type: none"> - Group International Cement Company - Kuwait until May 2016. - Member of the Board of Directors of the Arab Company for the manufacture of medical products (care) in 2001. - Chairman of Baxter Limited. - Member of the Board of Directors of Shindler Saudi Arabia in 2011. - Member of the Board of Directors of the Arab Company for Solar Energy in 2010.

Board Members (Continued):

6	Dr. Abdulrahman Suleiman Al-Rajhi	Board Member – Saudi Cement Company
	<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor, Master, and PhD in Accounting. - Chief Executive Officer of National Information Systems Company. - Former Chartered Accountant. - Deputy General Manager and Director of Technical Department of Suleiman Abdul Aziz Al-Rajhi (Al Watania Poultry). - General Manager and Board Member of Suleiman Abdul Aziz Al-Rajhi Holding Company. - Chief Executive Officer of the Advanced Educational Company. - Member of the Board of Directors of Arab Ceop Company - Member of the Board of Directors and Chairman of the Audit Committee of the Saudi Industrial Investment Group. - Member of the Committee of Accountants in non-accounting offices of the Saudi Organization for Certified Public Accountants. - Chairman of the National Company for Information Systems. - Member of the Board of Directors and member of the Executive Office and Chairman of the Audit Committee of Al-Watania Poultry Group. 	<ul style="list-style-type: none"> - Chairman of the Board of Trustees Chairman of the Executive Council, Chief Officer of the Colleges and Hospital Suleiman Abdul Aziz Al-Rajhi. - Chairman of the Board of Directors and Chairman of the Executive Committee (Advanced Educational Company). - Chairman of the Board of Directors of Suleiman Bin Abdul Aziz Al-Rajhi for Education and Development. - Member of the Board of Directors of the International Islamic Organization for Economics and Finance. - Chairman of the Board of Trustees of Suleiman Abdul Aziz Al-Rajhi Charity Foundation and Chairman of the Executive Committee. - Member of the Board of Directors of Al Rajhi Brothers Company. - Member of the Board of Directors of Awqaf Suleiman Abdul Aziz Al-Rajhi. - Fellow and member of the Saudi Organization for Certified Public Accountants (SOCPA). - Member of the Saudi Association of Accountants (SAA).
7	Mubarak Jaber Al-Mohaimed (Representative of the General Organization for Social Insurance)	Board Member – Saudi Cement Company
	<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor of Business Administration, and MBA - Chief Administrative Adviser at the Public Pension Agency from 2017 to 2022 - Secretary General of the Board of Directors of the Public Pension Agency from 2015 to 2017. - Director General of the Retirement Portfolio Office and Secretary of the Board of Directors from 2007 to 2015. - Teaching assistant, lecturer, and trainer for administration materials in colleges of technology in Al-Ahsa and Riyadh, and responsible for scholarship and training administration from March 1990 to 2007. 	<ul style="list-style-type: none"> - 9 years of experience and strategic work in cement sector as a member of the Board of Directors of Yamamah Cement Company. - Former head of the Audit Committee at Yamamah Cement Company. - Member of the Board and member of the Audit Committee and member of the risk committee of the Saudi Pharmaceutical and Medical Supplies Company until April 2019. - Member of the Executive Committee of the Saudi Cement Company.

Board Members (Continued):

8	Mohammed Ali Al-Garni	Board Member – Saudi Cement Company
<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor of Business Administration - Specialized and working in the cement sector for more than 36 years. - Chief Executive Officer of Saudi Cement Company. - General Manager of Saudi Cement Company. - Deputy General Manager of Saudi Cement Company. - Deputy Director of Finance Department, Saudi Cement Company. - Deputy General Manager for Financial Affairs of Saudi Cement Company. - Chairman of the Board of United Cement Company in Bahrain. - Chairman of the Board of Cement Products Company Limited. - Member of the Board of Directors of the World Cement Association based in London. - Vice Chairman of GICC. - Representative of Saudi Cement membership at the Arab Union for Cement and Building Materials. - Member of the National Committee for cement companies, which emanates from the Federation of Saudi Chambers. 		
9	Mansour Mohammad Balghonaim	Board Member – Saudi Cement Company
<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor of finance. - Relations Director in Corporate Banking and Investment and a member of the Credit Committee - Samba Bank (September 2001 - July 2005). - Director of Debt and Fixed Income Markets Unit - Samba Capital (December 2006 - June 2010). - General Manager - Strategia Energy and Communications Company (June 2010 - September 2014). - Head of Business Development - Gulf International Bank (September 2014 - May 2021). - Advisor to the Undersecretary of the Ministry of Human Resources and Social Development (April 2022 - now). 		
10	Saleh Mohammed Al-Muhanna (Representative of the General Organization for Social Insurance)	Board Member – Saudi Cement Company
<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Master's degree in actuarial science from University of Connecticut - United States (2015) - Bachelor of Mathematics – King Saud University (2006). - Director of the Financial Sustainability and Actuarial Risk Assessment Department at the General Organization for Social Insurance (2022 - to date). - Director of Research and Studies Department at the General Organization for Social Insurance. - Chairman of the Audit Committee at Masdar Company (2020 – Now). - Vice President of the Technical Committee for Statistical, Actuarial and Financial Studies, International Social Security Association (2020 – Now). - Actuarial specialist at the General Organization for Social Insurance (2015 – 2017). - Planning Researcher at the General Organization for Social Insurance (2006 – 2015). - Member of the Executive Committee of the Saudi Cement Company 		

Board Members (Continued):

11	Hala Walid Al-Juffali	Board Member – Saudi Cement Company
	<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor of Business Administration. - Director of Ibrahim Al-Jafali & Brothers Group. - Director of Waleed Al-Jafali & Associates, USA, Europe, Middle East, Far East and China (2011-2013) - Executive Partner and Board Member of Waleed Ahmed Al-Jafali (2011 – to date) - Member of the Board of Directors of the China Asian Trade and Investment Company (2011- to date) - Member of the Board of Directors of Energy and Basic Facilities Company Limited (2012 - to date). - Member of the Board of Directors of Hitachi Saudi for the transfer and distribution of energy. (2015 - to July 2021) <ul style="list-style-type: none"> - Participated in many projects implemented by Waleed Charity Foundation, which was founded by Dr. Walid Al-Jafali to support charitable societies in the development and finding stable sources of income through adopting the ideas of entrepreneurship. - Worked as part-time business analyst at London-based W Investment Company (2008 – 2011). - Worked at W Investment Co., Ltd., China Branch. 	

12	Mr. Abdulaziz Hatim Al-Juffali	Board Member – Saudi Cement Company
	<p>Qualifications, experience, and previous positions:</p> <ul style="list-style-type: none"> - Bachelor of Business Administration. - Investment Consultant at FinTech Saudi. - Participated in 27 board meetings of several companies in various activities aimed for qualification and development. <ul style="list-style-type: none"> - Operations development Consultant at Al-Juffali Technical Equipment Company. - Operations development Consultant at the National Automotive Manufacturing Company for Trucks (Mercedes-Benz) Jeddah. - Executive Director of Development at Mercedes-Benz in Makkah. (2020-2022). 	

B) Committees Members:

1. Nominations & Remunerations committee:

No.	Name	Current position	Previous position	Qualifications
1	Hala Walid Al-Juffali	Chairman of the Nominations & Remunerations committee	Chairman of the Nominations & Remunerations committee	Bachelor of Business Administration
2	Abdulazia Hatim Al-Juffali	Member of the Nominations & Remunerations committee	-	Bachelor of Business Administration.
3	Khaled Abdulrahman Al-Abdulkarim	Member of the Nominations & Remunerations committee	Member of the Nominations & Remunerations committee	Bachelor and Master of Business Administration.
4	Amin Musa Al-Afifi	Member of the Nominations & Remunerations committee	Member of the Nominations & Remunerations committee	Bachelor of Business Administration.

2. Audit Committee:

No.	Name	Current position	Previous position	Qualifications
1	Hamad Abdulla Al-Olayan	Board of Directors Member & Chairman of the Audit Committee	Board of Directors Member & Chairman of the Audit Committee	Bachelor of Business Administration
2	Mansour Mohammed Balghonaim	Board of Directors Member & Audit Committee Member	Board of Directors Member & Audit Committee Member	Bachelor of Financial Management and Investment
3	Dr. Ahmad Abdulla Al-Meghames (External Member)	Audit Committee Member	Audit Committee Member	PhD in Business Administration - Accounting

Experiences of Dr. Ahmad Abdulla Al-Meghames:

<ul style="list-style-type: none"> - CEO of the Saudi Organization for Certified Auditors and Accountants, from 2006 until now. - Vice Secretary General of the Saudi Organization for Certified Public Accountants from, 2001 to 2006 - From 1997 until 2001 Assistant Professor, King Saud University. - From 1424 AH until 1434 AH Member of the National Commission for Academic Assessment and Accreditation, Ministry of Higher Education. - From 1427 AH till 1430 AH Vice-Chairman of the Committee for the development of remote accounting bodies affiliated with the International Federation of Accountants. - From 1431 AH till 1444 Member of the Audit Committee at Al-Bilad capital. - From 1438 AH Chairman of the Audit Committee of Al-Bilad capital Company. - From 1423 AH until 1425 AH Member of the Board of Directors of the Saudi National Shipping Company. - From 1427 AH until 1433 AH Member of the Audit Committee of Saudi Telecom Company. - From 1439 AH until 1444, Member of the Audit Committee of Tokyo Maryout Development Company. 	<ul style="list-style-type: none"> - From 1423 AH until 1424 AH Chairman of the Management Committee of the Saudi Accounting Association - From 1423 AH until 1427 AH member of the Standing Committee of the phenomenon of the recruitment of funds. - From 1418 AH until 1419 AH Member of the Graduate Studies Committee, King Saud University. - From 1429 AH till now Member of the Audit Committee at Saudi Cement Company. - From 1423 AH to 1431 AH Chairman and member of the Audit Committee of the Saudi National Shipping Company. - From 1409 AH till 1416 AH Lecturer at King Saud University. - Member of the Saudi Organization for Certified Public Accountants since 1419 AH. - Member of the Saudi Accounting Association since 1417 AH.
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3. Executive Committee:

No.	Name	Current position	Previous position	Qualifications
1	Khaled Abdulrahman Al-Rajhi	Chairman of the Executive committee	Chairman of the Executive committee	Bachelor of Finance
2	Khaled Abdulrahman Al-Abdulkarim	Member of the Executive committee	Member of the Executive committee	Bachelor of Business Administration & MBA
3	Abdulrahman Suleiman Al-Rajhi	Member of the Executive committee	Board of Directors Member	Bachelor, Master, and PhD in Accounting.
4	Mubarak Jaber Al-Mohaimed	Member of the Executive committee	Member of the Executive committee	Bachelor, and Master of Business Administration (MBA)
5	Saleh Mohammed Al-Muhanna	Member of the Executive committee	Member of the Executive committee	Master's degree in actuarial science, Bachelor of Math Science

C) Executive Management:

1	Mohammed Ali Al-Garni	Chief Executive Officer
Qualifications & Experience:		
<ul style="list-style-type: none">- Bachelor of Business Administration- Member of the Board of Directors of Saudi Cement Company.- Specialized in the cement sector for more than 36 years.- Chairman of the Board of United Cement Company in Bahrain.- Chairman of the Board of Cement Products Company Limited.		
<ul style="list-style-type: none">- Member of the Board of Directors of the World Cement Association based in London.- Vice Chairman of GICC.- Representative of the membership of the Saudi Cement Company to the Arab Union for Cement and Building Materials.- Member of the National Committee for cement companies, which emanates from the Council of Saudi Chambers.		
2	Mohammedine El Baraka	Plant Manager
Qualifications & Experience:		
<ul style="list-style-type: none">- Bachelor of Electromechanical Engineering. Previous posts at Holcim Cement Company as (Electricity engineer - Maintenance Manager - Grinding Plant Manager). Currently.- More than 10 years of experience with Saudi Cement Company.- 14 years' Experience with Holcim Cement Company		
3	Evan Abaza	Finance Manager
Qualifications & Experience:		
<ul style="list-style-type: none">- B.SC. Accounting.- Certified Public Accountant (CPA).- Group Financial Controller for Al-Rushaid Group from Feb 2007 until Feb 2017 in Khobar, And a member of the executive committee of several companies within the group- Financial Controller for Move One North American in New Jersey, USA, from Mar 1999 until Dec 2006.- Project Accountant for the International Confederation of Free Trade Unions from Jun 1997 until Oct 1998		
4	Salah Mohammed Hakim	Human Resource Manager
Qualifications & Experience:		
<ul style="list-style-type: none">- Master of Business Administration.- Bachelor of Industrial Management.- Director of the National Organization for Joint Training in the Eastern Region.- A group of training, supervisory and administrative functions in the General Organization for Technical Education and Vocational Training.		

Executive Management (Continue):

5	Yousef Ahmed Al-Mozaini	Marketing and Sales Manager
Qualifications & Experience: <ul style="list-style-type: none">- Master of Business Administration (MBA).- Bachelor of Electrical Engineering.- Regional Manager for the Eastern Region, Saudi Chemical Company from 2006 to 2015.		

6	Shady Fayed Yousef	Information Technology Manager
Qualifications & Experience: <ul style="list-style-type: none">- Bachelor of Computer Science.- Certified PMI professional Project Manager.- He holds many international professional certificates specialized in the field of IT- Technical projects manager for many projects locally and abroad.- Director of Systems and Information Technology for Pan Gulf Industrial Investment Group from February 2015 to February 2017.- Director of Information Technology Department for Al-Oula Holding Company and its subsidiaries inside and outside the kingdom, from January 2003 to February 2015.		

7	Mutlaq Turki Al-Otaibi	Material Supply Manager
Qualifications & Experience: <ul style="list-style-type: none">- Bachelor of Management Information System.- Electrical Engineering Diploma.- A group of administrative jobs in the Saudi Kayan petrochemical company (the Director of Materials Management, the Director of Central Planning, and the Senior Maintenance Planners during the period from 2013 to 2018- He worked as an expert in SAP applications (Plant Maintenance) during project implementation Fanar Plus 2016, USA - New York (SABIC)- Maintenance planer for Saudi Aramco from October 1996 to February 2008.		

Names of in Kingdom and out of Kingdom companies of which the Board member is currently or previously was a member of its Board of Directors or one of its executives:

Board Member Name	Names of companies in which the Board member is a member of its current Board of Directors or its managers	Inside the Kingdom / Outside the kingdom	Legal entity (listed Company / closed stock / limited liability / ...)	Names of the companies in which the member of the Board of Directors was a member of its Board of Directors or its managers	Inside the Kingdom / Outside the kingdom	Legal entity (listed Company / closed stock / limited liability / ...)
Khaled Abdulrahman Al-Rajhi	Saudi Cement Company	In-Kingdom	Joint Stock Company	Saudi Telecom Company	In-Kingdom	Joint Stock Company
	Bank Al-Bilad	In-Kingdom	Joint Stock Company	Al Salam Private Schools Complex	In-Kingdom	Limited liability Company
	Tanami Arabia Company	In-Kingdom	Limited liability Company	Health care Hospital (Procure)	In-Kingdom	Limited liability Company
	Abdurahman Saleh Al-rajhi and Co. Ltd.	In-Kingdom	Limited liability Company	Dana Gas Company (United Arab Emirates)	Out of Kingdom	Joint Stock Company
				Nass Company (Kingdom of Bahrain)	Out of Kingdom	Joint Stock Company
				Fakhry & Al Rajhi Hospital	In-Kingdom	Limited liability Company
				The National Shipping Company of Saudi Arabia	In-Kingdom	Joint Stock Company
				Takween Advanced Industries Co.	In-Kingdom	Joint Stock Company
				Walaa Cooperative Insurance Company	In-Kingdom	Joint Stock Company
Mohammed Abdulkareem Al-Khereiji	Saudi Cement Company	In-Kingdom	Joint Stock Company	Saudi Holdandi Bank (Corporate Finance) from March 2004 to May 2006	In-Kingdom	Joint Stock Company
	CHUBB Arabia Cooperative Insurance Co.	In-Kingdom	Joint Stock Company	Al Khurajji Group	In-Kingdom	Limited liability Company
	Arab Paper Manufacturing Co. Ltd.-WARAQ.	In-Kingdom	Closed Joint Stock Company			
	Dar Al Yaum for Press, Printing & Publishing.	In-Kingdom	Closed Joint Stock Company	The Charitable Association for Memorizing the Qur'an in the Eastern Province	Unknown	Unknown
	Al-Khereiji Trading & Electronics Co.	In-Kingdom	Limited liability Company	Eastern Chamber of Commerce	Unknown	Unknown
	Sahara Net Co.	In-Kingdom	Closed Joint Stock Company			
Khaled Abdulrahman Al-Abdulkarim	Saudi Cement Company	In-Kingdom	Joint Stock Company	Gulf Union Cooperative Insurance Company	In-Kingdom	Joint Stock Company
	Abdulkarim Hoding Company	In-Kingdom	Limited liability Company	Samba Financial Group	In-Kingdom	Joint Stock Company
	Naizak Global Engineering Systems Company	In-Kingdom	Limited liability Company			
	Educational Services Company	In-Kingdom	Limited liability Company			

Amin Musa Al-Afffi	Saudi Cement Company	In-Kingdom	Joint Stock Company	National Commercial bank	In-Kingdom	Joint Stock Company
	Arabian Chemical Company (Latex)	In-Kingdom	Limited liability Company	Banque Saudi Fransi	In-Kingdom	Joint Stock Company
	Arabian Chemical Insulation Company	Out of kingdom	Limited liability Company	Alawwal Bank	In-Kingdom	Joint Stock Company
	Arabian Air-conditioning Co.	In-Kingdom	Limited liability Company	Saudi Ericsson Communication Co.	In-Kingdom	Limited liability Company
	Carrier Saudi Service Co.	In-Kingdom	Limited liability Company	Saudi Advanced Technical company	In-Kingdom	Limited liability Company
	Fluor Arabia Limited	In-Kingdom	Limited liability Company			
	National Automobile Co.	In-Kingdom	Limited liability Company			
	SAMCO	In-Kingdom	Limited liability Company			
	SBSM / SBS	In-Kingdom	Limited liability Company			
	Saudi Liebherr Co.	In-Kingdom	Limited liability Company			
	STEPCO	In-Kingdom	Limited liability Company			
	ProMinent Juffali FZC	Out of kingdom	Limited liability Company			
	ACC (Polystyrene)	In-Kingdom	Limited liability Company			
	Wataniya Insurance Co.	In-Kingdom	Joint Stock Company			
	Otis Elevator Co.,	In-Kingdom	Limited liability Company			
	Juffali Univar SA Chemicals Co.	In-Kingdom	Limited liability Company			
	Juffali Tyres Company	In-Kingdom	Limited liability Company			
	Heidelberg Middle East FZCO	Outside the kingdom	Limited liability Company			
	Juffali Airconditioning, Mechanical & Electrical Company.	In-Kingdom	Limited liability Company			
	Maintenance of Airconditioning and Refrigeration Company Ltd.	In-Kingdom	Limited liability Company			
	Juffali Technical Equipment Company	In-Kingdom	Limited liability Company			
	Information Technology Company (Wiskey)	In-Kingdom	Limited liability Company			
	Juffali Technical Equipment Company	In-Kingdom	Limited liability Company			

Hamad Abdullah Al-Olayan	Saudi Cement Company	In-Kingdom	Joint Stock Company	Group International Cement Company - Kuwait	Outside the kingdom	Joint Stock Company
	United Cement Co. (Bahrain)	Out of kingdom	Limited liability Company	Medical Products Manufacturing Company (ENAYAH)	In-Kingdom	Limited liability Company
	Al-Olayan Saudi holding Co.	In-Kingdom	Limited liability Company	Baxter Co.	In-Kingdom	Limited liability Company
				Arab Solar Energy Co.	In-Kingdom	Limited liability Company
				Gulf Steel Works Co.	In-Kingdom	Limited liability Company
				Schindler Olayan Elevator Ltd	In-Kingdom	Limited liability Company
	Abdulrahman Suleiman Al-Rajhi	Saudi Cement Company	In-Kingdom	Joint Stock Company	National Poultry Company	In-Kingdom
Saudi Industrial Investment Group		In-Kingdom	Joint Stock Company	Al-Rajhi Holding Co.	In-Kingdom	Joint Stock Company
Al-Rajhi brothers Co.		In-Kingdom	Closed Joint Stock Company	Advance Educational Co.	In-Kingdom	Closed Joint Stock Company
Sulaiman Abdulaziz Al-Rajhi Sons Co. Ltd		In-Kingdom	Closed Joint Stock Company	National Poultry Company	In-Kingdom	Closed Joint Stock Company
Syuoop Arabian Company		In-Kingdom	Closed Joint Stock Company	National Hatching Company	Out of kingdom	Closed Joint Stock Company
Sulaiman Al-Rajhi Charitable Foundation		In-Kingdom	Charitable Foundation	National Company for Poultry Breeding	Out of kingdom	Closed Joint Stock Company
Ajwad Association for Community Services		In-Kingdom	National Institution	National Company for slaughterhouses	Out of kingdom	Closed Joint Stock Company
Council of Foundations		In-Kingdom	Charitable Foundation	National Feed Company	Out of kingdom	Closed Joint Stock Company
Meznah Mohammed AlRajhi Endowments-		In-Kingdom	Charitable Foundation	National Company for Poultry	Out of kingdom	Closed Joint Stock Company
International Investment company		In-Kingdom	Closed Joint Stock Company	National Company for Transportation	Out of kingdom	Closed Joint Stock Company
Spirit for Consultancy Services in Egypt		Out of Kingdom	Closed Joint Stock Company	National Pharmaceutical Company	Out of kingdom	Closed Joint Stock Company
				National Holding Company	Out of kingdom	Closed Joint Stock Company
				Suleiman Abdul Aziz Al- Rajhi Foundation for Education and Development	In-Kingdom	Limited liability Company
				National Information Systems Company	In-Kingdom	Closed Joint Stock Company
Mubarak Jaber Al-Mohaimed	Saudi Cement Company	In-Kingdom	Joint Stock Company	SPIMACO ADDWAEIH	In-Kingdom	Joint Stock Company
				Yamama Cement Company	In-Kingdom	Joint Stock Company
				CAD Middle East Pharmaceutical Industries LLC	In-Kingdom	Limited liability Company

				Al-Qassim Medical Services Company	In-Kingdom	Closed Joint Stock Company
				SPIMACO Egypt Co.	Out of kingdom	Unlisted joint stock company
Mohammed Ali Al-Garni	Saudi Cement Company	In-Kingdom	Joint Stock Company	Group International Cement Company - Kuwait	Out of Kingdom	Closed Joint Stock Company
	United Cement Co. (Bahrain)	Out of Kingdom	Limited Liability Company			
	Chairman of Cement Product Industry Co	In-Kingdom	Limited liability Company			
Mansour Mohammed Balghonaim	Saudi Cement Company	In-Kingdom	Joint Stock Company			
Saleh Mohammed Al-Muhanna	Saudi Cement Company	In-Kingdom	Joint Stock Company			
	Masdar Data Solution	In-Kingdom	Limited liability Company			
Hala Walid Al-Juffali	Saudi Cement Company	In-Kingdom	Joint Stock Company	Hitachi Saudi Arabia for the transfer and distribution of energy	In-Kingdom	Limited liability Company
	Ibraheem Al-Juffali & Co.,	In-Kingdom	Closed Joint Stock Company			
	China Asian Trading and Investment Co.	Out of Kingdom	Limited liability Company			
Abdulaziz Hatim Al-Juffali	Saudi Cement Company	In-Kingdom	Joint Stock Company	Juffali Mercedes-Benz (Makkah)	In-Kingdom	Closed Joint Stock Company

Board of Directors' structure and members' classification:

The Board of Directors consists of eleven (11) members, and their classification for 2023 as follows:

No.	Name of Board Member	(Executive /Non-Executive & Independent)	Clarification
1	Khaled Abdulrahman Al-Rajhi	Non-Executive	
2	Mohammed Abdulkharim El-Khereiji	Non-Executive	
3	Khaled Abdulrahman Al-Abdulkarim	Non-Executive	
4	Amin Musa Al-Afifi	Non-Executive	
5	Hamad Abdulla Al-Olayan	Non-Executive	
6	Dr. Abdulrahman Suleiman Al-Rajhi	Non-Executive	
7	Mubarak Jaber Al-Mohaimed (Representative of the General Organization for Social Insurance)	Independent	
8	Mohammed Ali Al-Garni	Executive	
9	Mansour Mohammad Balghonaim	Independent	
10	Saleh Mohammed Al-Muhanna (Representative of the General Organization for Social Insurance)	Independent	
11	Hala Walid Al-Juffali	Independent	Resigned on June 7, 2023
12	Abdulaziz Hatim Al-Juffali	Independent	Appointed on June 7, 2023

Procedures and measures taken by the Board of Directors to inform its members - especially non-executives – about any shareholders' proposals and comments with regards to Company's performance:

The Board and during its meetings, reviews shareholders' comments, questions, and inquiries, if any, through the shareholders' section of the Company as well as through the questions of shareholders in the General Assemblies.

A brief description of the Company's committees and their functions, chairmen, members, number of meetings & dates and attendance records for each meeting:

Audit Committee:

The Audit Committee consist of two members of the Board of Directors as well as an External Member.

The Committee has performed its duties and responsibilities through Five meetings held during 2023, which are detailed as follows:

	Member Name	Nature of membership	Number of meetings (5) and its dates				
			1 st meeting Jan 20 th 23	2 nd Meeting Mar 6 th 23	3 rd Meeting May 15 th 23	4 th Meeting Aug 7 th ,23	5 th Meeting Nov 2 nd 23
1	Hamad Abdulla Al-Olayan	Chairman	✓	✓	X	✓	✓
2	Mansour Mohammed Balghonaim	Member	✓	✓	✓	✓	✓
3	Dr. Ahmad Abdulla Al-Meghames (External Member)	Member	✓	✓	✓	✓	✓

(✓) Attendance (X) Absence

The most important duties and responsibilities of the committee are:

Review of the interim and annual Financial Statements before being reported to the Board of Directors for approval, recommending to the Board of Directors the nomination, dismissal and determining the audit fees of the External Auditors; where KPMG Professional Consulting Company was nominated to audit the financial statements for the year ending on December 31, 2023, including fees for reviewing the financial statements for the second and third quarters of 2023 and the first quarter of 2024, with a total fees of 525 thousand Riyals. In addition, the nomination was approved by the General Assembly of Shareholders. Furthermore, to follow up of the work of the appointed External Auditors and study of their audit plan and their observations shown in the management letter about the internal controls related to the preparation of the Financial Statements and the implementation of the agreed corrective actions of these observations (if any); studying the internal control system and giving a written report expressing their opinion & provide recommendations thereon including the study of the accounting policies implemented in the Company; supervising the Company's internal audit department and studying their reports and following up on the implementation of the corrective actions of all observations in the internal audit reports if any. The committee Review the reports of the external supervisory authorities (if any), review the proposed contracts and or transactions that the company conducts with the related parties (if any) and verify the company's compliance with the laws, regulations, and policies. The term of the committee started from 01/01/2022 and will ended up on 31/12/2024. In its meeting on 19 Rabi Al-Thani 1443 (24 November 2021) the General Assembly #sixty-three approved the formation of the Audit Committee which consists of member of the previous committee and another new member effective 01 January 2022 until 31 December 2024.

Nominations & Remunerations Committee:

No.	Member Name	Nature of membership	Number of meetings (4)			
			Feb 1, 2023	Feb 5, 2023	June 7, 2023	June 8, 2023
1	Hala Walid Al-Juffali	Chairman	✓	✓	-	-
2	Mr. Abdulaziz Hatim Al-Juffali	Member	-	-	-	✓
3	Mr. Khaled Abdulrahman Al-Abdulkarim	Member	✓	✓	✓	✓
4	Mr. Amin Musa Al-Afifi	Member	✓	✓	✓	✓

(✓) Attendance (X) Absence (-) Was not a member of the Board of Directors on the date of the meeting.

The Committee has performed its duties and responsibilities through four meetings held during the year. The most important duties and responsibilities of the Committee are; recommend to the Board nomination of Directors, review the structure of the Board, annual review of the capabilities and qualifications of its members, and recommend possible changes that can be made for the Company's benefit; set clear policies for the compensation & remuneration of the Board members and the Executive Management on the basis of their performance, ensuring that the compensation and rewards are adequate to retain qualified and competent persons, as well as to attract qualified people by giving offers which are compatible with the market's competitive levels of compensation and rewards. Verify annually the independence of the independent Board members and prevent any conflict of interest for members holding Directorship in other companies.

Executive Committee:

The Executive Committee is comprised of members as listed below. Its main responsibilities include exercising the financial and other power granted by the board. In 2023, the committee fulfilled its duties without holding in-person meetings, while the decisions were issued through circulation based on the financial limits of authorities.

The members of the committee are as follows:

1. Khaled Bin Abdul Rahman Al-Rajhi (Chairman).
2. Khaled Abdulrahman Al-Abdulkarim (Member).
3. Dr. Abdulrahman Suleiman Al-Rajhi (Member).
4. Mubarak Jaber Al-Mohaimeed (Member).
5. Saleh Mohammed Al-Muhanna (Member).

How the Board of Directors has relied on to evaluate the performance of the Board, its committees and members, the external parties that has performed the evaluation and its relations with the Company, if any:

None

Board of Directors, Board Committees & Executive Managements' remuneration policy:

In accordance with the Saudi Cement Company's bylaws and the Corporate Governance Regulations issued by the Capital Market Authority the Boards of Directors', Board Committees and Executive management remuneration policy has been prepared and it includes the following rules:

First: General Rules:

1. Definitions:

A- Company: Saudi Cement Company.

B- Board / Board of Directors: The Board of Directors of Saudi Cement Company.

C- Committee / Committees: committees formed permanently based on the requirements dictated by government regulations or based on the internal requirements of the Company.

D- Member of the Board of Directors / Board Member / Member means: a member of the Board of Directors appointed by the nomination of the General Assembly or appointed by the Board of Directors as an alternate member in a vacant position.

E- External Member: A member of the committee who is not a member of the Board of Directors of the Company.

F- Executive Management / Senior Executives: Persons who are responsible for managing the Company's daily operations, and proposing and implementing strategic decisions, such as the CEO and his subordinates including the Finance Manager.

2. The policy covers the guidelines with regard to the remunerations of Board of Directors and committee's members of the company, taking in consideration what is stated in paragraph (3) below.
3. The policy covers the company audit committee members remuneration according to the below table.
4. The policy determine the chairman of the Board of Directors' remuneration.
5. The policy covers the guidelines of the company executive management remuneration and bounces.
6. The policy disallow any Board member participation in more than two Board committees.
7. The policy allow the participation of non- Board member into the Board committees and identify his/her remuneration.
8. Board of director's remuneration is paid on a pro –rata based on number of meetings attended by the member.
9. Committee's members remuneration is paid on a pro –rata based on number of meetings attended by the member.
10. A member of the Board of Directors in the company can be compensated for any additional work or executive, technical, administrative, or advisory positions - under a professional license - assigned to him, in addition to the remuneration that he may obtain in his capacity as a member of the Board of Directors.
11. The member of Board of Directors is not allowed to vote on the remuneration of the board of Directors clause at the General Assembly meeting.

Second: Remuneration for the chairman, Board members and secretary of the Board of Directors:

The chairman, and the secretary of the Board of director's remuneration are as detailed in the below schedule:

S#	position	Annual remuneration (SR)	allowances and Travel expenses (SR)	Remarks
1	Chairman of the Board of Directors	200,000	-	For his work as Chairman of the Board of Directors established by the Government Regulations and the Company's Bylaws.
2	Member of the Board of Directors	460,000	1. The value of first-class tickets for those who are from outside the region. 2. Residence allowance of SR 1,000 for those who are outside the region.	The annual remuneration shall be paid in proportion to the number of meetings attended by the member.
3	Member of the Board of Directors (A representative of the company on the Board of Directors of a subsidiary or Associated Company).	-	1. The value of first-class tickets for those who are from outside the region. 2. Residence allowance of SR 1,000 for those who are outside the region.	Subject to the regulations of the subsidiary and the Associated Company in respect of the annual remuneration.
4	Member of the Board of Directors Membership in each of the following Board Committees: • Nominations and Remuneration Committee. • Executive committee	20,000	1. The value of first-class tickets for those who are from outside the region. 2. Residence allowance of SR 1,000 for those who are outside the region.	The annual remuneration shall be paid in proportion to the number of meetings attended by the member of the Committee.
5	Audit Committee Member	100,000	-	The remuneration shall be paid in proportion to the number of meetings attended by the member of the Committee.
6	External Audit Committee Member	100,000	1. The value of first-class tickets for those who are from outside the region. 2. Residence allowance of SR 1,000 for those who are outside the region.	-
7	Board Secretary	50,000	-	-

Third: Senior executive's remuneration

The executive management team shoulders extra burdens in terms of responsibilities and commitments, their work and decisions have big impact on company's performance and results therefore, they have granted wages, allowances and yearly encouragement & motivational bonuses that go along with the extra burdens.

To retain, motivate and encourage the senior executives, the company has stated a set of bases to grant and calculate the executive management remuneration.

The bases and measures that should be taken in consideration for defining the bounces of the executive management are as follows:

- A. The bonus shall be in accordance with the contributed effort.
- B. The bonus shall be in accordance with the level of commitment to achieve Company's objectives.
- C. The bonus shall be in accordance with the developments and improvements to enhance operational efficiency and performance.

Fourth: General Rules:

1. The CEO recommend to the Nomination and Remuneration Committee the bonus of the executive management (Excluding his bonus).
2. The Nomination and Remuneration Committee shall review and discuss the bonus of the Senior Executives listed in (1) above and agree to what it deems appropriate.
3. The Nomination and Remuneration Committee shall discuss the incentive and motivational remuneration of the CEO, agree on it, and submit it to the Chairman of the Board for approval.

Fifth: Amending this policy:

Based on the proposal of the Nomination and Remuneration Committee the Board of Directors may amend this policy. This amendment shall be presented to the General Assembly at its first meeting.

Remuneration of Board Members, Committees Members and Executive Management:

1- Board members remunerations:

Name	No. of meetings attended	Attending Board meetings Annual Bonus	Other allowances			Total (SAR)
			Transportation allowance	Accommodation allowance	Chairman's & Secretary annual remuneration	
1. Non-Executive Members:						
Khaled Abdulrahman Al-Rajhi	4	460,000			200,000	660,000
Mohammed A. Al-Khereiji	4	460,000				460,000
Khaled Abdulrahman Al-Abdulkarim	4	460,000				460,000
Amin Musa Al-Afifi	4	460,000				460,000
Hamad Abdulla Al-Olayan	4	460,000				460,000
Abdulrahman Suleiman Al-Rajhi	4	460,000	2,424	1,000		463,424
2. Independent Members:						
Mubarak Jaber Al-Mohaimed	4	460,000	7,272	3,000		470,272
Mansour Mohammad Balghonaim	4	460,000	7,272	3,000		470,272
Saleh Mohammed Al-Muhanna	4	460,000	7,272	3,000		470,272
Hala Walid Al-Jufali	4	460,000				460,000
3. Executive Members:						
Mohammed Ali Al-Garni	4	460,000			50,000	510,000
Total		5,060,000	24,240	10,000	250,000	5,344,240

2- Committees' members' remunerations:

Name		Total Remuneration (SAR)
Audit Committee:		
1	Hamad Abdulla Al-Olayan	100,000
2	Mansour Mohammad Balghonaim	100,000
3	Dr. Ahmad Abdulla Al-Maghamis (External Member)	100,000
Total		300,000
Nominations & Remunerations Committee:		
1	Khaled Abdulrahman Al-Abdulkarim	20,000
2	Amin Musa Al-Afifi	20,000
3	Hala Walid Al-Jufali	20,000
Total		60,000
Executive Committee:		
1	Khaled Abdulrahman Al-Rajhi	20,000
2	Khaled Abdulrahman Al-Abdulkarim	20,000
3	Abdulrahman Suleiman Al-Rajhi	20,000
4	Mubarak Jaber Al-Mohaimeed	20,000
5	Saleh Mohammed Al-Muhanna	20,000
Total		100,000

3- Remunerations & Compensations paid to top five from the Executive management during 2023:

(SR 000's)

Senior Executives	Fixed Remunerations				Variable Remunerations						End of Service Award	Total Remunerations for Board Executives if any	Aggregate Amount
	Salaries	Allowances	In-Kind Benefits	Total	Periodic Bonuses	Profits	Short-term Incentive Plan	Long-term Incentive Plans	Granted Shares	Total			
Top Five Exe.	4,697	4,202	-	8,899	-	-	3,753	4,586	(N/A)	8,339	1,111	460	18,809
Total	4,697	4,202	-	8,899	-	-	3,753	4,586	(N/A)	8,339	1,111	460	18,809

All above declared data for the remunerations of Board members, committees' members and executive management are within the Board of Directors' Remunerations Policy and there is no deviation from it.

Punishment, penalty, or preventive restriction imposed on the Company by CMA or any other supervisory or regulatory or judiciary body:

None.

Results of Annual Audit on the effectiveness of internal control procedures in addition to the Audit Committee opinion:

The Internal Audit Department of the Company carries out a periodic audits and reviews of the various departments / activities of the Company to ensure the effectiveness of internal control system and procedures in safeguarding the Company's assets and assessing operational risks and the adequacy of performance effectiveness. The results of these internal audits assignments did not show any material weakness in the internal control system of the Company, and it was found that the internal control procedures were operating effectively. In addition, the External Auditors usually conduct an evaluation of the system as part of their audit of the Company's interim & annual financial statements, whereby they are enabled to access all the minutes of the audit committee meetings as well as also to access the audit reports of the internal audit department for the period subject to their examinations.

Audit Committee Opinion:

Based on the yearly approved Internal Audit Plan, the Internal Audit of the Company performs periodic audits and reviews of the various departments / activities of the Company including the review of internal control and submit their reports to the audit committee. Based on the results of these audits and reviews performed during the year 2023 and previous years, the audit committee assessment of the operational and financial internal control and systems and procedures did not show any material weakness and found that the internal control systems were operating effectively.

On the other hand, the External Auditor also performs an evaluation of the Internal Control system during the annual audit. The Company enables them to access all documents, systems, policies & procedures, and the minutes of the meetings of the Audit Committee and the Internal Audit Department audit reports for the period / fiscal year under the review.

Audit Committee recommendation regarding the extent of the need to employ an internal auditor in the Company in case if the Company does not have one:

The Company has an internal audit Department.

Audit Committee's recommendations which are in conflict with the Board of Directors resolutions, or which the Board has rejected in regards of the appointment of the Company's external auditor, his dismissal, the determination of his fees, his performance evaluation or the appointment of an internal auditor, justification of these recommendations and reasons of rejections:

None.

Details of the Company's social contributions:

Your Company continues its support toward local community institutions, and this is part of its commitment to serve and improve the local society, our culture urges for giving and help the others and a good number of the employees contributed to such initiatives.

During the year 2023, the company supported the below Societies:

1. Accidents & Casualty (Trauma) Center in the National Guard Hospital, Al Ahsa:

Based on Company's social responsibility towards the community and as to the approval of the Extraordinary General Assembly held on 4/6/1431H (18/5/2010) after the recommendation of Saudi Cement Company's Board of Directors for allotting an amount of SR 50 million (Fifty Million Saudi Riyals) from the Conventional Reserve for the construction of the Accidents & Casualties Center in King Abdul Aziz Hospital of the National Guard Health Affairs in Al- Ahsa Governorate. Since the Health Affairs have started the execution of the project and following a

visit to the project site by some Company's officials, the Executive Management has signed a contract for donating the construction of the Center in King Abdul Aziz Hospital in Al -Ahsa on 23/6/2014. Saudi Cement Company paid three instalments amounting SR 30 million as of the end of 2023, and the remaining will be paid based on the project progress.

2. Social Charitable Societies:

- Al-Oyoon Charitable Society.
- Charitable Holy Qura'an Memorization Society in Al-Ahsa Province.
- Charitable Holy Qura'an Memorization Society in Eastern Province.
- Albir Charitable Society in Eastern Province.

3. Occasions and other Ceremonies:

- Golden sponsorship of Al-Ahsa Investment Forum.
- Supporting the National Day Celebrations Fund - Al-Ahsa Governorate.
- Supporting National Day celebrations - Al-Ahsa Municipality.
- Sponsoring the Efaa Spark event organized by the Efaa Association for the Care of People with Disabilities.

A schedule of the general assembly meetings' dates held during the last financial year and names of the Board of Directors attended these meetings:

No	Member Name	Attendance Record	
		Apr 13, 2023	Nov 22, 2023
1	Khaled Abdulrahman Al-Rajhi	✓	✓
2	Mohammed A. El-Khereiji	✓	✓
3	Khaled Abdulrahman Al-Abdulkarim	✓	✓
4	Amin Musa Al-Afifi	✓	✓
5	Hamad Abdulla Al-Olayan	✓	✓
6	Dr. Abdulrahman Suleiman Al-Rajhi	✓	✓
7	Mubarak Jaber Al-Mohaimed	✓	✓
8	Mohammed Ali Al-Garni	✓	✓
9	Mansour Mohammad Balghonaim	✓	✓
10	Saleh Mohammed Al-Muhanna	✓	✓
11	Hala Walid Al-Juffali	✓	-
12	Abdulaziz Hatim Al-Juffali	-	✓

(✓) attendance (-) was not a member of the Board of Directors on the date of the meeting.

Description of the principal activities of the Company and its associated companies:

Principal Activity:

Saudi Cement Company's activity is limited confined to the manufacturing, producing clinker, and cement related products. Hence, the Company does not carry out any other activities nor does it produce any other products.

Furthermore, the objectives of the subsidiary company (United Cement Company in Bahrain) are to trading/selling building materials, metal structural materials, plumping and heating equipment and its supplies, and marine and costal water transportation to the seller.

The subsidiary company carries out the activity of selling building materials (cement) and does not carry out any other activity.

Plans, Decisions & Future Expectations:

The Company has no plans of expansion in production facilities in the short and medium-term due to the expected level of demand the level of the Clinker stock Kingdom wise.

Risks that the Company might encounter:

Saudi Cement Company implemented a Risk Management System which supports the identification, evaluation, and mitigation of the risks through-out the Company. The Company might face operating risks such as raw materials and fuel prices increase which impacts operation cost.

The Company might face financing risk of rising Murabaha rates related to the outstanding Islamic loans within its liabilities, also the risk of foreign currency exchange rates fluctuation related to its foreign liabilities.

To manage the operating risks, the Company implemented a program to mitigate all the risks. This program includes, but not limited to, an intensive preventive & predictive maintenance programs for the operating assets, upgradation / modernization of the equipment, digitalization etc., To manage its financing risks, the Company ensures the availability of an adequate Islamic banking financing to address the liquidity risk concerning its inability to raise funds from operations to meet its obligations when they are due. To manage its collection and credit risk, the Company limits credit sales only to customers with high credit standing and against bank guarantees, as well as dealing with highly credit rated banks licensed by the Saudi-Central Bank.

Last five years Operating results, Assets and Liabilities:

1. Operating Results Comparison:

(SR 000's)

Description	Years				
	2023	2022	2021	2020	2019
Revenues	1,461,832	1,419,821	1,409,569	1,569,633	1,441,632
Cost of revenues	(888,901)	(850,946)	(879,177)	(903,255)	(791,839)
Gross Profit	572,931	568,875	530,392	666,378	649,793
Net Income	381,027	398,838	331,920	455,959	451,397

2. Assets and Liabilities Comparison:

(SR 000's)

Description	Years				
	2023	2022	2021	2020	2019
Current Assets	1,108,397	1,059,672	1,032,635	1,161,160	1,279,353
Non-Current Assets	2,105,735	2,217,929	2,359,628	2,516,671	2,629,927
Total Assets	3,214,132	3,277,601	3,392,263	3,677,831	3,909,280
Current Liabilities	883,570	861,757	838,561	886,444	1,067,235
Non-Current Liabilities	171,251	122,882	120,410	114,451	112,395
Total Liabilities	1,054,821	984,639	958,971	1,000,895	1,179,630

Geographical Analysis of 2023 Revenue for the Company:

(SR 000's)

Year	Geographical Analysis of 2023 Revenue for the company		
	Domestic Sales	Export Sales	Total
2023	973,134	488,698	1,461,832

Geographical Analysis of 2023 Revenue for its Subsidiaries (UCC):

(SR 000's)

Year	Geographical Analysis of 2023 Revenue for the company		
	Domestic Sales	Export Sales	Total
2023	37,453	-	37,453

Explanations to any material differences in operating results from previous year and any announced forecasts if any:

(SR 000's)

Description	2023	2022	Changes+/-	Changes %
Sales/Revenue	1,461,832	1,419,821	42,011	2.96%
Cost of sales/Revenue	(888,901)	(850,946)	37,955	4.46%
Gross Profit	572,931	568,875	4,056	0.71%
Operating expenses - Others	(210,542)	(164,964)	45,578	27.63%
Operating Income/(Loss)	362,389	403,911	(41,522)	-10.28%

Departure from Accounting Standards accepted by SOCPA:

None.

List of Associate / Subsidiary Companies:

Saudi Cement Company owns shares in the following associated / subsidiary companies:

Company Name	Paid-up capital	% age of ownership	Established at	Country of operation	Main activity
1. United Cement Company – Subsidiary (Bahraini Limited Liability Company) Issued shares one million @ one BD nominal value/share and there are no issued debt instruments	One million Bahrain Dinar	100%	Bahrain	Bahrain	Trading and transporting cement in Bahrain
2. Cement Product Industry Co. Ltd. – Associate (Saudi Limited Liability Company). 18,000 issued shares @ SR 1,000 nominal value/share.	18 million Saudi Riyals	33.33%	KSA	KSA	Manufacturing and selling of paper bags for cement packing.

Details of issued shares and debt instruments of every subsidiary:

Company Name	Number of Shares	Number of Shares Owned	Company's type
United Cement Company (Subsidiary)	1,000,000 (million) share – Nominal share value is one Bahraini Dinar	1,000,000 shares owned, representing 100%	Limited Liability Company in Bahrain

Dividend Distribution Policy:

The Company distributes its annual net profits after deducting all general and administrative expenses and all other costs and provision for Zakat as follows:

1. 10% of the net profit is set aside to formulate the Statutory Reserve, the Ordinary General Assembly has the right to stop contribution to that reserve when it reaches 30% of the paid-up capital.
2. The Ordinary General Assembly and based on Board of Directors' recommendation has the right to set aside up to 5% of the net profit to establish a Voluntary Reserve for specific purpose(s).
3. The Ordinary General Assembly has the right to establish other reserves, to the extent that it serves the interest of the Company or ensures a steady dividend distribution to shareholders. The said General Assembly may also deduct from the net profits amounts for the establishment of new social institutions for the Company's employees or to assist the existing institutions.
4. Distribute out of the remaining profit a first payment to shareholders representing 5% of paid-up capital.
5. As to article 19 from the Company's article of association and article 76 from the corporate governance a maximum of 10% of the remaining profit is set aside as Board of Directors remunerations for the year, taking into consideration the maximum amount allowed by the regulatory and in accordance with the number of attended meetings.
6. It is allowed to distribute the remaining of profit (or part of it) as dividends to the shareholders or retain it as to the recommendations of the Board of director's subject to the approval of the General Assembly.
7. The Company can distribute yearly, quarterly, or semiannually interim dividends as to CMA regulations and as to the approval and the authority given by the General Assembly to the Board of Directors to distribute interim dividends.

SR Million

Statement	Distributed dividends for the first half of 2023	Proposed dividends for the Second half of 2023	Total Dividends
Date of Payment	June 20, 2023	Will be determined later	
Percentage	15%	10%	25%
Total	229.5	153	382.5

Description of any interest in a class of voting shares held by persons (other than the Saudi Cement Company's Directors, senior executives, and their relatives) that have notified the issuer of their holdings pursuant to Article (67) of Rules on the offer of securities & continuing obligations, together with any change to such interests during the last financial year:

None.

Description of any interest in any contractually based securities and subscription rights belongs to any of the Board of Directors, senior executives and their relatives in Company's shares or debt instruments or any of its subsidiaries, in addition to any changes to such interest or rights during the last financial year:

None.

List of any Shares Interests and Rights for Board Members and their relatives in Saudi Cement Company:

Name	No. of Shares		Change (Share)	Percentage of change
	Beginning of the year	End of the year		
Khalid Abdulrahman Al Rajhi	10,524,220	10,524,220	-	-
Mohammed Abdulkarim A. El Khereiji	1,056,937	1,056,937	-	-
Khalid Abdulrahman Al Abdulkarim	17,137	17,137	-	-
Amin Musa Al-Afifi	3,107	3,107	-	-
Hamad Abdulla Olyan	1,700	1,590	(110)	(%6.47)
Dr. Abdulrahman Suleiman Al Rajhi	22,000	22,000	-	-
Mubarak Jaber Al-Mohaimeed	Non-Owner	Non-Owner	-	-
Mohammed Ali Al-Garni	1,500	1,500	-	-
Mansour Mohammad Balghonaim	Non-Owner	Non-Owner	-	-
Saleh Mohammed Al-Muhanna	Non-Owner	Non-Owner	-	-
Hala Walid A-Juffali	1,000	(N/A)	-	-
Abdulaziz Hatim Al-Juffali	(N/A)	1,000	-	-

List of any Shares Interests and Rights for Board Members and their relatives in UCC:

None.

List of any Shares Interest and Rights for Executive Management and their relatives in Saudi Cement Company:

Name	No. of Shares	
	Beginning of the year	End of the year
Mohammedine El Baraka (Plant Manager)	Non-Owner	Non-Owner
Evan Abaza (Finance Manger)	Non-Owner	Non-Owner
Salah Mohammed Hakim (Human Resource Manager)	Non-Owner	Non-Owner
Yousef Ahmed Al-Mozaini (Marketing and Sales Manager)	Non-Owner	Non-Owner
Mutlaq Turkiye Al-Otaibi (Material Supply Manager)	Non-Owner	Non-Owner
Shady Fayez Yousef (Information Technology Manager)	Non-Owner	Non-Owner

List of any Shares Interest and Rights for Executive Management and their relatives in UCC:

None.

Loans and bank financing:

							SR Million
	The Bank	Principle Loan amount	Duration of Loan	Balance as of 01/01/2023	Used during the year	Repaid during the year	Balance as of 31/12/2023
1	Riyadh	N/A Revolving (Short term and renewable)	Revolving	0	75	75	0
2	SFB	N/A Revolving (Short term and renewable)	Revolving	125	225	250	100
3	Al-Rajhi	N/A Revolving (Short term and renewable)	Revolving	0	50	50	0
4	SNB	N/A Revolving (Short term and renewable)	Revolving	200	150	50	300
Total				325	500	425	400

Description of any Convertible debt instruments and subscription rights issued by the Company during the financial year with details of the compensation received by the Company in return:

None.

Description of any Conversion and subscription rights under any convertible debt instruments, any contractually based securities, warrants, or similar rights issued or granted by the Company:

None.

Description of any redemption, purchase, or cancellation by the Company for any redeemable debt instruments and the value of such instruments and the ones purchased by its subsidiaries:

None.

Board Members' Meetings and Attendance:

The Board of Directors held (four) meetings during 2023, with the following attendance record:

Name of Board Member	Attendance Register				
	Feb 01, 2023	Apr 13, 2023	Jun 07, 2023	Nov 22, 2023	Total
Khaled Abdulrahman Al-Rajhi	✓	✓	✓	✓	4
Mohammed Abdulkarim El-Khereiji	✓	✓	✓	✓	4
Khalid Abdulrahman Al- Abdulkarim	✓	✓	✓	✓	4
Amin Musa Al-Afifi	✓	✓	✓	✓	4
Hamad Abdulla Al-Olayan	✓	✓	✓	✓	4
Dr. Abdulrahman Suleiman Al-Rajhi	✓	✓	✓	✓	4
Mubarak Jaber Al-Mohaimeed	✓	✓	✓	✓	4
Mohammed Ali Al-Garni	✓	✓	✓	✓	4
Mansour Mohammad Balghonaim	✓	✓	✓	✓	4
Saleh Mohammed Al-Muhanna	✓	✓	✓	✓	4
*Hala Walid Al-Juffali	✗	✓	✓	-	2
**Abdulaziz Hatim Al-Juffali	-	-	-	✓	1

(✓) Attendance (✗) Absence (-) Was not a member of the Board of Directors on the date of the meeting.

*Resigned on June 6, 2023

**Appointed on June 6, 2023

Number of Company requests for the register of shareholders and the dates and reasons of such requests:

	Date of requests	Reasons
1	2/1/2023	Company procedures
2	30/03/2023	Company procedures
3	13/4/2023	General Assembly meeting
4	17/4/2023	Dividend file
5	13/6/2023	Dividend file
6	28/9/2023	Company procedures

7	22/11/2023	General Assembly meeting
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Description of any business or contract in which the company is a party:

- 1- Assets insurance services by Wataniya Insurance Company.
- 2- Purchase of Cement bags from Cement Product Industry Co. Ltd

Interests of a member of the board of directors of the company or its senior executives or any person related to any of them:

1. The Company has awarded the contract for 2023 insurance services (excluding medical insurance) to Wataniya Insurance Company a related party to Mr. Amin Mousa Al-Affifi who is a Board Member of Wataniya Insurance Company. There are no preferential terms in the contract.
2. The Company has awarded a contract to Cement Product Industry Co. Ltd. for purchasing cement bags a related party to Mr. Mohammed Ali Al-Garni Board Member & Chief Executive Officer as he represents Saudi Cement Company in Cement Product Industry Co. Ltd. There are no preferential terms in the contract.

Related Party	Type of Company Relationship	Type of transaction	Duration	Contract Value during 2023 (SR Million)
Mr. Amin Mousa Al-Affifi	Board Member-Wataniya Insurance Company.	Fixed assets insurance	One year	8.2
Mr. Mohammed Ali AlGarni	Board Member- Cement Product Industry Co. Ltd	Purchasing cement bags	One year	44.11

Description of any arrangement or agreement under which a director or a senior executive of Saudi Cement Company has waived any salary or compensation:

None.

Description of any arrangement of agreement under which a shareholder of Saudi Cement Company has waived any rights to dividend:

None.

Outstanding Statutory Payments:

(SR 000's)

Details	2023		Remarks
	Paid	Outstanding	
Zakat	16,669	Determined later	The Company is subject to zakat and income regulations in Saudi Arabia, and provision made for Zakat on an accrual basis. Zakat calculated based on the zakat base or adjusted net income, whichever is greater.
Value Added Tax (VAT) and Withholding Tax	71,077	3,323	The company is subject to VAT and income Tax regulations implemented in the Kingdom
General Organization for Social Insurance	11,423	988	The Company is subject to the General Organization and Social Insurance regulations and the social insurance contributions are recognized on accrual basis.
Raw Materials Exploitation Fees	168,853	12,390	The payment of the fees for the exploitation of raw materials is paid in accordance with mining investment system and its implementing regulations.

Outstanding Statutory Payments for UCC Company:

None.

Thrift Saving Program for Saudi Cement Company employees:

The Company contributes to a Thrift Savings Program for its employees that was approved by the Ministry of Labor & Social Affairs on 11/05/1414 (27/10/1993) to motivate employees to exert their best efforts in serving the Company and increase their loyalty.

The following is the movement of Company's contribution to the Thrift Saving Program During 2023.

Description	Amounts in SR
Balance at the beginning of the year	8,693,689
Additions during 2023	1,521,214
Company contributions paid to withdrawn employees during 2023	510,610
Balance at the end of the year	9,704,293

Board of Directors' Declarations:

The Board of Directors declares that:

- A - Proper books of accounts have been maintained.
- B - The system of internal control is sound in design and has been effectively implemented.
- C - There are no significant doubts about the Company's ability to continue as a going concern.
- D - None of the Board members engage in business competing with the company's business.

If the External Auditor qualified his opinion in his financial report of the year, this annual report must clarify the reasons behind such qualification and disclose all related information:

None.

If the Board of Directors has recommended to change the External Auditors during the financial year and before the end of the audit period, this annual report must indicate the recommendation and the reasons:

None.

Declaration in regards of any treasury stocks, if any:

None.

Board approval of Interim and Annual Financial Statements:

The Board of Directors approved the interim and annual financial statements for 2023.

Other matters related to the Company:

Quality Certificates:

The Company continues its application and compliance with the International Organization for Standardization (ISO 9001-2015) certifications obtained from specialized and accredited by German Company (TUV NORD) for the Hofuf Plant. This reaffirms the commitment of the Company towards full compliance and implementation of the quality management programs in all its internal administration and production / technical processes with the purpose of attaining the desired level of efficiency, effectiveness, and continuous improvement for all Company's different operating sectors and functional lines.

The Company continues to comply with the quality standards of the Saudi Standards, Metrology and Quality Organization (SASO), as well as the special quality requirements of some GCC countries.

The Company has continued to comply with the quality specifications of European Conformity (EC) required by European countries for its products from Hofuf Plant.

Hiring and Training of Saudi Nationals:

As a continuation of company's development of its employees to contribute in raising their efficiency, a number of specialized technical and administrative training courses have been implemented for the company's employees during the year 2023,

The percentage of training Saudis has reached 64% of the total number of trainees. And out of the company's keenness to contribute to social development, a group of institute and university students were qualified within the co-op training program in various specializations.

The percentage of Saudization in Saudi Cement Company reached 63% by the end of 2023. Furthermore, the employment rate of Saudis during the year 2023 reached 76% compared to the employment rate of non-Saudis. Saudi Cement Company sought to strengthen its Saudization plan as a national strategic goal and is continuing that endeavor.

Occupational Health and Safety:

Occupational Health and Safety are Saudi Cement company's top priorities. Our aim and aspiration are to conduct cement manufacturing business with zero harm and to create a healthy and safe environment for our all employees, customers, contractors, visitors, and vendors.

In line with the company's goal to achieve and maintain "zero harm", Saudi Cement Company:

- Ensure effective implementation of Health and Safety Management System.
- Ensure safe & healthy workplace environment.
- Improve continually the health and safety culture.
- Ensure preparedness and readiness to emergencies through training and periodical mock drills.

The Company is certified and maintained ISO45001:2018, certificate issued by "Société Générale de Surveillance" (SGS) which reflects the commitment to comply with the highest level of health and safety standards.

Environment Protection and Pollution Control:

Saudi Cement Company puts the environmental protection and preservation at the top of its priorities.

It continues implementing the programs in regards of the environmental protection and preservation. From these measures, we achieved the below:

- Implementing the most advanced technologies for dust emissions controls in all projects.
- Continual improvement of the bag filters' efficiency and the addition of new ones.
- Implementing a strict preventive and predictive maintenance program for all existing filters to ensures the continuity of its performance efficiency.
- Online measurements and monitoring of emissions using advanced equipment in all stacks, as well as periodic measurements by specialized companies approved by NCEC (National Center for Environmental Compliance).
- Operating and maintaining of a Sewage Water Treatment Plant, with full respect of NCEC regulations.
- Implementation of Waste Management System as per MWAN (National Center for Waste Management) guidelines.
- Implementation of the tree plantations program.

All the measures taken were enabled the Company to be in line with the requirements defined by the National Center for Environmental Compliance (NCEC). And accordingly, the company has NCEC certifications for its Plant, Quarries, and its Port Terminal.

In addition to the same, The Company is certified ISO 14001:2015, certificate issued by “Société Générale de Surveillance” (SGS) which reflects the commitment to comply with the highest level of Environmental standards.

Further, the Company is certified ISO 50001:2018, certificate issued by TUV Rhineland. which reflects the commitment towards energy efficiency and environmental preservation.

Conclusion:

The Board of Directors concluded 2023 Annual Report and expresses his appreciation and gratitude to all Saudi Cement Company shareholders for their confidence and support and prays to Allah Almighty for His Blessings to our country and to our leaders, His Majesty the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al-Saud, and his Royal Highness Crown Prince Mohammed bin Salman bin Abdulaziz Al-Saud, First Deputy Prime Minister, and Minister of Defense.

The Board of Directors also extends his appreciations and gratitude to all government agencies, private sector entities, banks and to all Saudi Cement Company’s customers and suppliers for their continuous support and last but not least, to the Company employees for their continues efforts and their determination for the Company to continue its growth and prosperity.

May Allah bless you all,
The Board of Directors