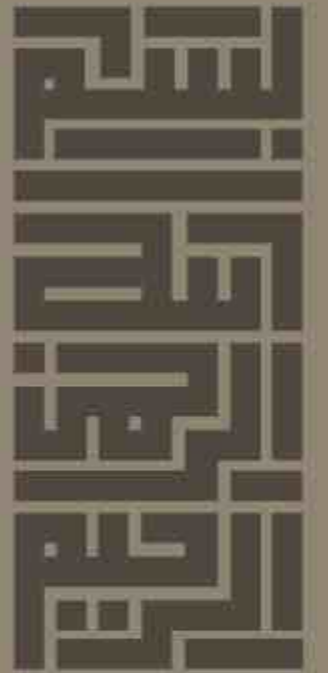




أسمنت الجوف  
AL JOUF CEMENT

annual report

2023



أسمنت الجوف  
AL JOUF CEMENT

2023 - 1445

Custodian of the Two Holy Mosques  
**King Salman bin Abdulaziz**

God save him

My first goal is to be a successful and leading model  
in the world at all levels, and I will work with you to  
achieve that.



His Royal Highness

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

Crown Prince Prime Minister

God save him

Our ambition is to have a greater economy than we are today, how to create an attractive, good and wonderful environment in our homeland, how to be proud in our homeland, how our homeland is a contributing part to the development and mobility of the world at the economic, environmental, cultural or intellectual levels.





His Royal Highness  
**Prince Faisal bin Khalid bin Sultan**  
Prince of Northern Border Region



# Contents

10	Introductory Section
12	Members of the Governing Council
14	Chairman's Address
16	Vocabulary and terminology
20	Executive summary
24	Hollow in numbers
26	Key indicators

## 28 Detailed report

28	Executive Chairman's Statement
32	Company Activity
33	Company Message
33	Company Vision
38	Company Strategy
	Future projections
	Affiliates

## 42 At government in a year

46	Summary of financial results
48	Fundamental Differences in Results Operational
50	Investments
52	Human resources
56	Information Technology

## 58 Sustainability Report

60	Conservation of the environment
	Reduce pollution
62	Efficiency Project
64	Renewable Energy Efforts
66	Interconnection with Electricity Company
68	Heavy fuel replacement with dry gas
70	Efforts to mitigate the impact of increased heavy fuel prices
72	Carbon mitigation efforts
74	Vegetation Development Initiative
76	Corporate Social Responsibility

## 128 Corporate governance

104	Board Members
120	Governing Council Committees

## 134 حوكمة الشركة

أعضاء مجلس الإدارة	104
لجان مجلس الإدارة	120



# Board of Directors



**Abdullah bin Odeh Al-Ghabin**

Chairman of Board of Directors



**Ahmed Bin Mohammed Al-Faleh**

Board of Directors Member



**Abdulaziz Bin Abdulilah Kaki**

Vice Chairman of the Board of Directors



**Saud Bin Abdullah Al-Bawardy**

Board of Directors Member



**Abdul Karim bin Muhammad Al-Nahir**

Managing Director and CEO



**Abdullah Bin Abd El-Aziz Bin Naser Alznaidi**

Board of Directors Member



**Abd El-Rahman Bin Sulaiman Al Odan**

Board of Directors Member



**Hamoud Hamad Al-Barrak**

Director of Human Resources Management



**M. Adel Al-Enezi**

Chief Operating Officer



**Alabbas Al Musaed**

Chief Financial Officer



**Waleed Abdulaziz Abdulrahman Al-Shuaier**

Chief Commercial Officer



**Issam Samir Barbary**

Director of Procurement Management



**Naif Bin Zaal Al-Shalan**

Director of the Administrative Affairs Department

## Chairman's Statement

We can say that 2023 was a detailed year in the history of Al-Jawf cement. The company has undergone many reforms that have reversed its results and made it achieve outstanding financial performance. The company boosted its profitability this year, bringing the company's net profit during the second quarter to SAR 20,14 million, Total net profits up to the end of the first half of the year increased to SAR 43,6 million compared to the company's profits during the same period of the previous year of SAR 1,81 million. These figures reflect a significant increase in profits compared to the previous year.

The company was able to earn a profit of SAR 72,6 million at the end of the first nine months of 2023, with a profit of SAR 29 million in the third quarter alone.

In 2023, Al-Jawf Cement completed a profit of SAR 84,7 million, compared to SAR 30,8 million at the end of 2022, at a growth rate of 174%. These increased profits are attributable to several factors, including higher quantity and value of sales, higher average sales price and lower cost of sales, despite higher funding expenses. This performance indicates that Al-Jawf Cement was able to significantly improve its sales and enhance its financial performance during 2023.

This performance reflects the company's upward success in boosting its sales and significantly improving its financial performance compared to previous years.

On the other hand, hollow cement is working on a scheduled plan to mitigate the financial impact of high fuel prices. It has adopted initiatives, including two power connectivity initiatives, and the establishment of a solar power plant, which contributes to a 30% reduction in fuel consumption until the full connectivity of scheduled gas in our

plans to completely eliminate the use of heavy fuel in operation.

We emphasize the active role of Al-Jawf Cement in supporting social initiatives in the belief in the importance of social responsibility as well as in carrying out a number of activities in various aspects of humanitarian, agricultural, sports and health in order to reflect the company's commitments to society, the natural environment, shareholders, suppliers and competitors alike.

The company pays great attention to the need to preserve the environment and to take measures that enhance its orientation, in addition to implementing a number of projects in this area, in the belief that the preservation of the environment, health and safety is an integral part of its business and culture, and therefore constantly strives to improve it in line with the laws and legislation applicable in the Kingdom and the international standards adopted.

Hollow cement followed a systematic action plan to develop the company's human, technical, research and innovation capabilities, build on qualitative competencies and skills, and leverage effective human capital and local alternative resources to maintain the company's sustainable development and activities.

The company focuses on employing specialized expertise, paving the way for sophisticated methods and multiple resources, requiring the search for good competencies capable of performing and giving excellence to achieve HR goals in particular and the company's objectives in general.

Finally, I should like to thank our wise Government, led by King Salman bin Abdulaziz, Custodian of the Two Holy Mosques and Crown Prince Mohammed bin Salman, for the care and unlimited support we are witnessing at all levels and in all sectors.

**Chairman of the Board of Directors,  
Abdullah Bin Oudah Al-Ghubain**





## Terminology

**Production Capacity:** the maximum quantity of cement that can be produced within a specific time frame, usually measured in tons per day.

**Actual Sales:** the actual quantity of cement sold during a specific period, also measured in tons.

**Nominal Sales:** the expected quantity of cement that can be sold within a specified period based on demand, supply, and price.

**Operating Margin:** the ratio of operating profit to total revenue, indicating the company's efficiency in managing its costs and increasing its profits.

**Net Profit Margin:** the ratio of net profit to total revenue, indicating the company's ability to make profits after deducting all costs and taxes.

**Inventory:** the quantity of cement ready for sale or use at the company's site, warehouses, or in transit.

**Periodic Inventory:** the quantity of cement produced or purchased during a specific accounting period, quarterly or annually.

**Ending Inventory:** the quantity of cement remaining at the end of a specific accounting period, quarterly or annually.

**Unit Cost:** the value of one unit of cement, calculated by dividing the total cost of production or purchase by the number of units produced or purchased.

**Total Cost:** the value of all units of cement in inventory, calculated by multiplying the unit cost by the number of units in inventory.

**Total Revenue:** the value of all units of cement sold during a specific period, calculated by multiplying the unit price by the number of units sold.

**Unit Price:** the value of one unit of cement sold, calculated by dividing total revenue by the number of units sold.

**Cement:** a binding substance that hardens and has cohesive and adhesive properties when mixed with water, enabling it to bind concrete components together.

**Cement Industry:** a strategic industry dependent on the availability of necessary raw materials.

**Clinker:** the generic name for residues formed in fire as a result of industrial operations, especially those involving metal smelting, welding, fossil fuel combustion, and blacksmithing, typically causing a significant accumulation of clinker around the hearth.



# executive summary



## Executive Summary

Al Jouf Cement is a Saudi joint-stock company founded in 1427 AH, located in the Northern Borders Region of the Tarif Province. The company produces ordinary Portland cement, sulfate-resistant cement, and pozzolanic Portland cement, with a production capacity of 10,000 tons per day. Furthermore, a portion of its products are exported to Jordan and Iraq.

Al Jouf Cement is one of the newest cement manufacturing companies in Saudi Arabia. The company is committed to meeting the needs of the local and regional markets and has gained the trust of major contractors, engineers, private engineering firms, and government agencies.

**The Challenge:** The Saudi cement market is facing temporary challenges due to a decline in demand in the residential and construction sectors, which is the result of a rise in interest rates and real estate prices, the implementation of the new building code, and labor shortages following the COVID-19 pandemic, which continues to adversely affect the sector. As compared with the same period last year, local cement sales decreased by 11.1% in the first quarter of 2023 compared to the same period last year. In the long term, however, the sector is expected to experience significant growth, primarily due to large-scale development projects in the country and improved prices and margins.

**The Solution:** As of August 2023, Al Jouf Cement has initiated its management operations and taken swift corrective measures and intensifying its efforts, which has positively influenced its performance.

In addition, it has taken a number of steps to improve its operational efficiency and improve performance, including:

- Focusing on increasing exports to regional markets, especially Jordan and Iraq, and benefiting from the company's strategic geographic location.
- Implementing a financial and operational restructuring plan to reduce debts, costs, and enhance efficiency and flexibility.
- Completing the remaining part of the second production line project and its annexes, as well as the international road intersection bridge project on fixed assets, in order to avoid continued losses and improve competitiveness.

- Improving product quality, services, and relationships with customers, suppliers, shareholders, and the community.

Operational excellence means achieving the best results with minimum resources and costs by implementing the best practices, standards, tools, and technologies in all company operations. Al Jouf Cement Company seeks to achieve operational excellence through various initiatives and projects, such as:

- Implementing Total Quality Management (TQM) system and obtaining the ISO 9001:2015 certificate to ensure product and service quality, and customer satisfaction.
- Implementing Environmental Management System and obtaining the ISO 14001:2015 certificate to reduce environmental impacts from production, transportation, storage, and distribution operations.
- Implementing Occupational Health and Safety Management System and obtaining the ISO 45001:2018 certificate to maintain the safety and health of employees, contractors, visitors, and the community.
- Implementing Energy Management System and obtaining the ISO 50001:2018 certificate to control energy consumption, minimize gas emissions, and lower operational expenses.
- Implementing Sustainability Management System and obtaining the ISO 26000:2010 certificate to enhance social responsibility and company commitment to society, the environment, shareholders, suppliers, and competitors.
- Implementing Innovation Management System and obtaining the ISO 56002:2019 certificate to foster innovation, creativity, and continuous improvement in the company and develop new products and services that meet market and customer needs.
- Implementing Risk Management System and obtaining the ISO 31000:2018 certificate to identify, evaluate, and address risks that may impact the company's objectives, strategies, and improve its performance and competitiveness.



The Company aims at to achieve the following objectives:

- Increase its market share in the local and regional markets and take advantage of available investment opportunities.
- Improve product quality, services, and relationships with customers, suppliers, shareholders, and the community.
- Develop human, technical, research, and innovative capabilities in the company.
- Enhance social and environmental responsibility and the company's commitment to society and the environment.
- Address challenges and risks that the company may face amid political, economic, social, and environmental changes.

In its future strategy, Al Jouf Cement Company intends to expand its operations and enhance its competitive position in both the Saudi and regional cement markets. These strategic initiatives include:

- Completing the construction of a solar power plant with a capacity of 15 megawatts to generate the necessary electricity for factory operations, reduce reliance on fossil fuels, and reduce gas emissions.
- Completing the construction of a ready-mix concrete plant with a capacity of 120 cubic meters per hour to expand the range of products the company provides to its customers.
- Completing the construction of a cement brick production plant with a capacity of 1000 tons per day to meet the growing demand for this product in the local and regional markets.
- Expanding the distribution, transportation, and storage network to cover all regions of the country and neighboring countries, thereby improving the quality and delivery of services.
- Developing the company's infrastructure, technology, research, and innovation to enhance operational efficiency, product quality, and adaptability to market and environmental requirements.



# Al Jouf cement in numbers

Al Jawf Cement Company is a Saudi joint stock company specializing in the production of clinker and various types of cement and following a strategic approach that ensures the sustainability of the material, energy and economy in general, with a total production capacity of 10 thousand tons per day. It has achieved the highest quality standards in these processes according to local and regional standards for its products to successfully pass all necessary quality assurance checks.

**10,000 tons +**

Total production capacity  
10 thousands of tons per day

**1.245.956 tons +**

Total quantity of cement

**2.110.406 tons +**

Total amount of clinker

**301,488,335**  
Saudi Riyal +

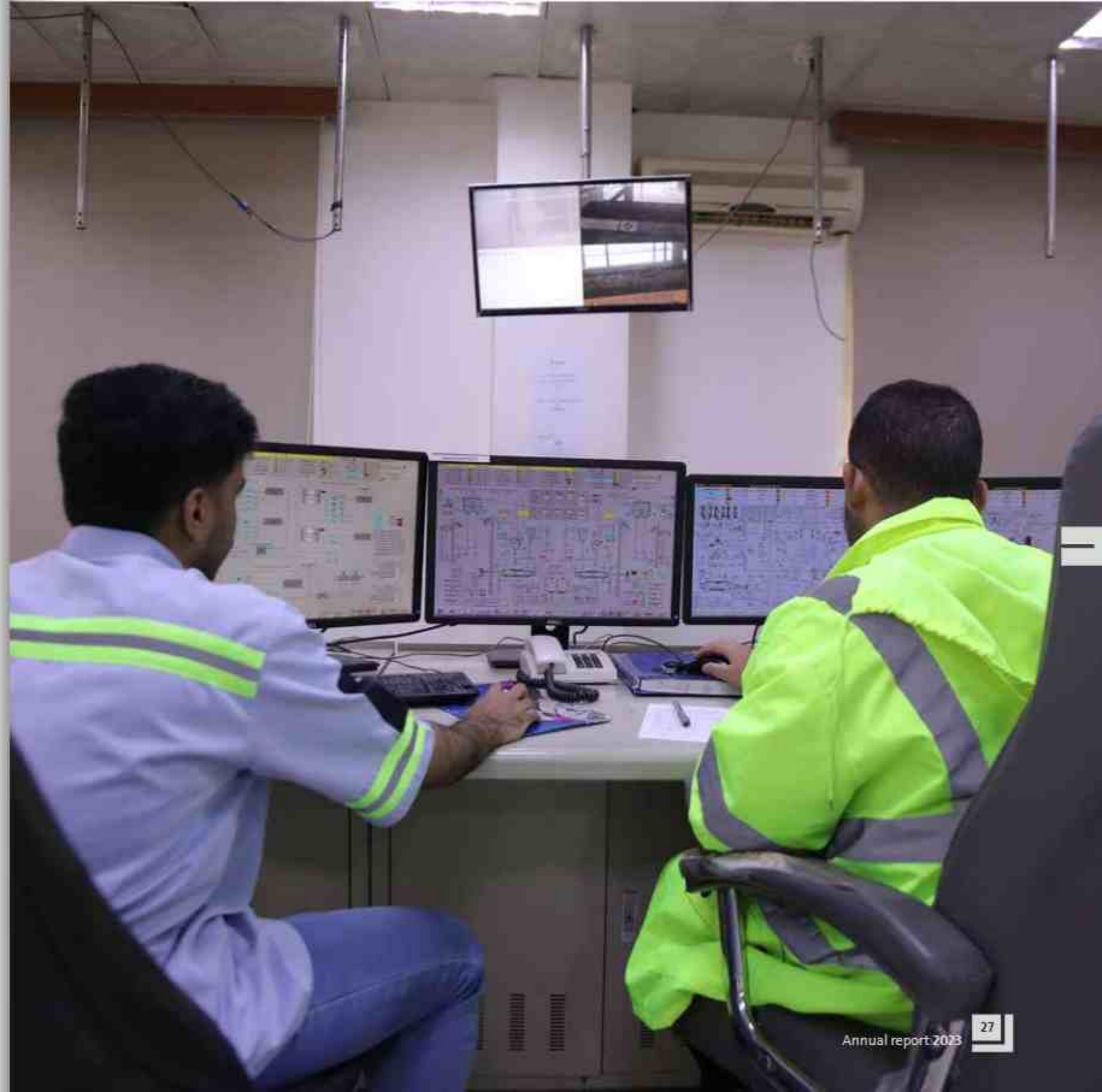
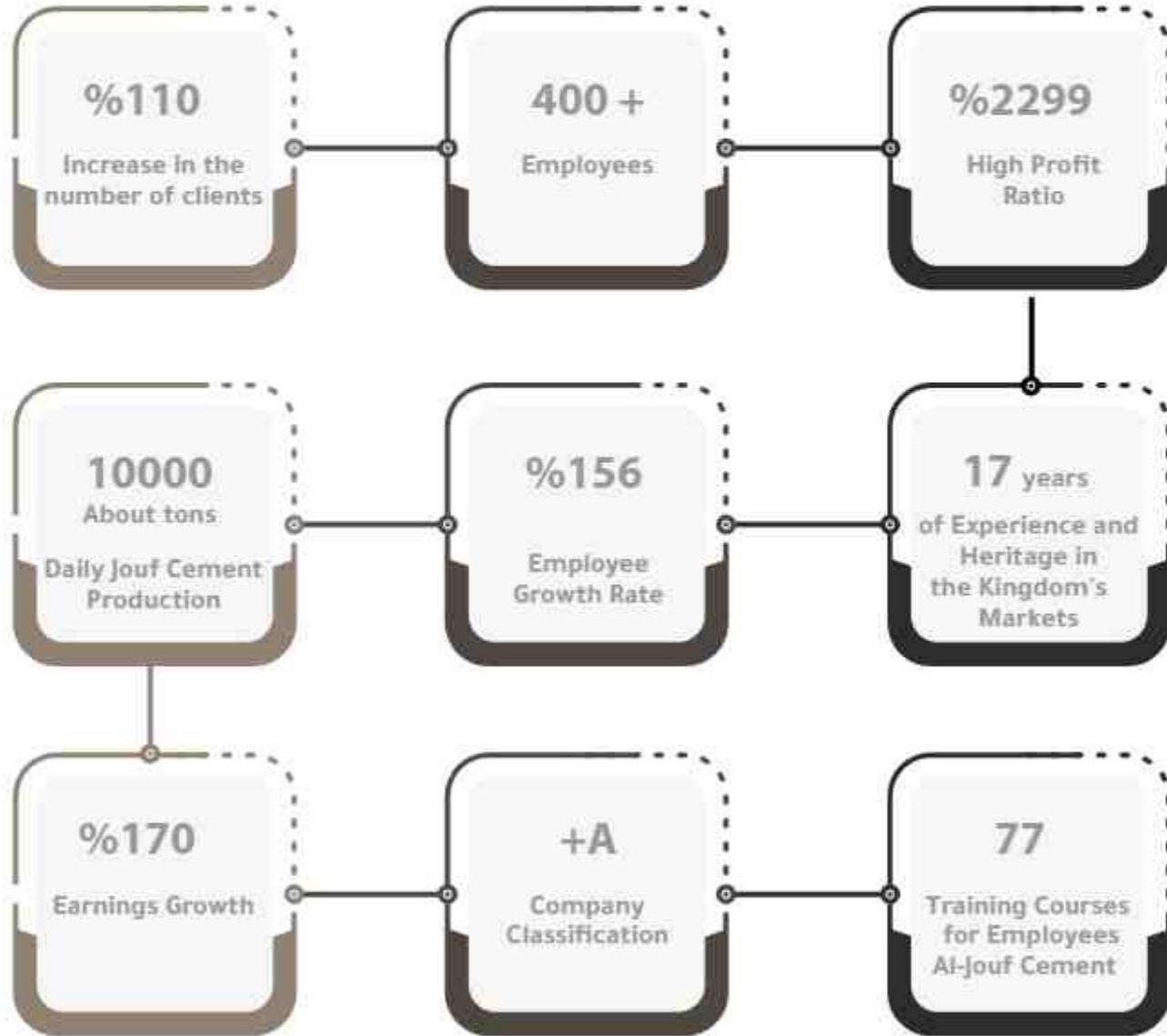
value of sales

The value of sales was inclusive of export

During 301,488,335/2023 SAR vs. 251,861,520/SAR in 2022 with a growth of %19,70.



## Main Indicators





# 1

## Chapter One

40 Detailed report



## CEO/Managing Director

Since its establishment, Al Jawf Cement has made every effort and endeavour to be part of the country's precious journey towards unprecedented prospects of economic and social growth and prosperity, and has made this one of its basic strategies. It continues to strive to develop and support it to achieve development and progress at all levels, in accordance with a good vision and the rational aspirations of the leadership of Saudi Arabia.

The vision of 2030 is a unique phase that looks at the future in all its dimensions, and a distinct step that has rearranged the inner house, which has put us all in great challenge to cope with an exceptional phase of construction and sustainable development to be on the scale of responsibility.

In this spirit, Al-Jawf Cement Company and its employees seek to provide a high-quality basic product that contributes to the endowed nation's march towards the new renaissance and participates in the

construction and continuous construction in line with the vision ambitions of major projects or private projects, and meets the requirements of citizens of the company's products.

Recruitment, training and qualification of Saudi youth, building national leadership and contributing effectively to social responsibility towards the local community, all of which are part of Saudi Vision 2030 projects.

After years of losses, the company achieved a profit of SAR 84,7 million this year, compared to SAR 30,8 million at the end of 2022, a growth of ٪174.

We have in your hands our 2023 report in which we worked hard and hard in a structural reform process that, by God's grace, reflected our financial results that exceeded all our expectations. It restored the march of the hollow cement to its optimal course.

### Abdul Karim Al-Nuhair Managing Director and CEO





- **Company Activity:**

Al Jouf Cement is a public joint-stock company registered under commercial registration number (1010225259) dated 11427/11/ AH. The project was inaugurated under the high patronage of the Custodian of the Two Holy Mosques on 12007/05/ AD during his inspection tour of the northern region.

The company's main activity is the production of ordinary Portland cement and sulfate-resistant cement. It owns the newest factories established in Saudi Arabia in the northwest, near the Saudi-Jordanian and Saudi-Iraqi borders, which meet Saudi standards as well as American and European standards. The product has successfully passed all required inspections in Jordan and Iraq, as well as by the Jordanian Royal Society and the Iraqi Central Organization for Standardization and Quality Control, with a production capacity of 10,000 tons per day to meet the requirements of our customers inside and outside Saudi Arabia. The company has established a network of transportation companies in order to meet the supply needs of its customers.

- **Company Message:**

The company strives to meet shareholders' expectations by maintaining high quality standards in production and focusing on effective strategic planning. In accordance with Saudi Vision 2030, the company aims to achieve its strategic objectives, emphasizing the highest level of performance at all levels of production and administration. This demonstrates its commitment to excellence and pioneering initiatives within its industry.

- **Vision:**

We envision establishing a dominant position in the Middle East construction materials market.

- **Mission:**

It is our mission to provide high quality products and services while supporting local resources, and fostering intellectual, professional, industrial, and social advancement.



- **Values:**

We adhere to six values that serve as a guide for our operations, support our internal and external environments, and enhance various activities. Our company culture is shaped by these values, and they contribute to the flexibility and alignment of our objectives.

- **Commitment to Principles**

Our commitment to principles establishes a strong foundation for us in the construction materials sector, as our fundamental systems, our sector's standards, measures, and the local and global market systems provide us with a comprehensive understanding of its needs. This value also manifests itself in other aspects of the company's activities, including:

- Products and services
- Planning and execution processes,
- Internal and external transactions,
- Work environment, and employees performance

We believe that maintaining a consistent approach in all our activities and operations enhances both the company's progress and the progress of the construction materials industry at all levels.

- **Longevity**

Maintaining consistency in our core principles and business strategy is essential to achieving the company's long-term goals, which include:

- Industrial and economic development
- Environmental stewardship and the development of alternate methods and resources to ensure sustainability for generations to come
- Social and national contribution to the development of local leadership
- Strengthened ties with clients and business partners
- Promotion and adjustment of these objectives in line with advancements ensure their long-term viability, laying the foundation for our growth.

- **Justice**

Justice is found in our adherence to all work ethics and the establishment of an environment that corresponds to market standards and requirements in order to meet its needs and solidify the company's contributions and position within it. This value is well reflected in:

- Employee and labor rights
- Planning and execution processes
- Client communications and partnerships

- **Utility of Resources**

Effective utility of human capital and alternative resources to ensure the long-term sustainability of the company and its operations, as well as the environment, which plays a critical role in accelerating the growth of our industry and other investment sectors.

As an organization, we are dedicated to leveraging specialized expertise to develop cutting-edge technologies and a wide range of resources that serve and sustain natural resources.

- **Overall Quality**

In addition to serving as a core value, quality is also a standard adopted in all internal and external business operations, including:

- Quality of products and services: assuring their quality and efficiency in line with local and global market quality and safety standards
- Quality of work: In relation to employee performance, internal operations, and adherence to mandated ethics and regulations
- Quality of Connections: Strengthening our ties with our customers and partners, whom we recognize as significant contributors to the company's development and the continuous enhancement of its offerings to cater to market demands
- Quality of Execution: The market's criteria of quality, timeliness, and integrity are upheld in both internal and external executive activities



### Customer Service:

Al Jouf Cement is keen to provide the highest level of services to its customers through various paths, including:

Keep up with the latest management practices and qualify its employees at all levels to achieve the highest percentage of customer satisfaction levels.

Follow-up customer satisfaction through measurements and evaluate and take their feedback.

Develop the company's products in a manner appropriate to the needs of the customers on the number of them.

Follow the policy of permanent communication, after-sales services and field visits.

Monitoring departmental services in the company and matching them to customer needs and crisis management.

Constantly work to collect quality awards, efficiency certificates and update internal and external performance programs.





## Achievements:

A key accomplishment of the company in the previous year was the rise in sales volume within the country's regions, coupled with an increase in the demand for products in particular locales. This expansion contributed to a broader market presence and higher sales ratios, a shift that stemmed from modifications in the sales policy implemented by executive management.

The company conducted an analysis of user preferences and interests, with a specific focus on a particular customer segment. This strategic approach influenced the sales policy, leading to product repricing, targeted efforts in lucrative regions, and the implementation of discount policies for loyal customers. Furthermore, the company prioritized enriching its workforce with a variety of operational experiences in order to increase its human resources and successfully achieve its strategic goals and policies.

## The strategy

Continue to enhance these aspects and adopt new technologies to promote sustainability and environmental safety.

Enhance quality standards and utilize modern technologies to ensure the provision of products that meet customer needs and adhere to standards.

Adapt to challenges and opportunities in the cement market and strive to meet future expectations to increase demand for cement with the growth of infrastructure and construction in Saudi Arabia or any other region where the company operates.

Focus on present markets and expand into emerging markets, adapting to changes in consumer behavior, leveraging data analytics to better understand the market, develop effective marketing strategies, and achieve significant sales growth in 2024.

## Export:

- Continuous renewal of the export license
- Continuous cement and clinker products export
- Increasing the number of clients in foreign markets.

## Company Strategy and Outlook:

In accordance with Vision 2030 and aligned with the perspective of the country, may Allah protect it, many companies have been assessing the risks associated with social and environmental responsibility, as well as corporate governance, as an integral part of their future planning, incorporating these factors into their strategic plans.

## Company Plans:

- **For security, safety, health, and environment:**

Establish a safe and healthy work environment for the company's employees and maintain environmental standards. This includes implementing strict safety procedures, training employees on best practices in occupational safety and health and implementing necessary initiatives to minimize the environmental impact of its operations.

- **For quality:**

Maintain a high level of quality for all products and operations. This includes applying strict quality control standards and continuous improvement of production processes.

- **For marketing:**

Enhance the company's presence in the market and expand its customer base. This strategy may also include developing innovative marketing campaigns, improving the brand, and using marketing techniques to reach a wider range of audiences.

- **For internal efficiency:**

Exert efforts to improve production processes by upgrading and developing production equipment and technology to increase productivity and reduce production costs. In addition, adopt best practices in factory operation and production management to increase efficiency. This also includes improving operations management by developing operations management systems to improve business organization, enhance training and skill development for employees, ensuring streamlined execution of operations.

- **For localization:**

Continue to increase the localization rate in the company's facilities by empowering, supporting, qualifying, training, and hiring national talents in various sectors.

## Outlook:

- **Senior Management and Business Plan:**

In the upcoming years, the company aims to elevate sales quality and explore incentives tied to sales volume to ensure sound business practices for peak performance. The management aims to mitigate short-term risks, including uncertainties in cash flow and related commitments. Additionally, it intends to monitor and improve the company's assets through investments and to enhance its financial management policies as a means of achieving market stability and increasing its competitiveness.

- **Sales and Marketing:**

The company's strategy in this area involves periodic reassessment of sales prices to align with economic trends, particularly for new products to enhance their quality. It also seeks to expand its marketing channels and customer base to facilitate geographic expansion within and beyond the country's borders.

- **Finance:**

In its forthcoming strategies, the company aims to monitor cash inflows and outflows, conduct a comprehensive review of the cost accounting system, analyze all sources of funds and associated obligations, and devise new financing avenues to increase the company's overall profitability. Capital restructuring for the company is also a priority.

One of the company's key financial objectives is to increase its stock market presence and distribute dividends to shareholders at rates exceeding previous years.

- **Operations and Production:**

The company aims to keep its production lines operating at maximum capacity by conducting regular and ongoing maintenance on the equipment utilized in operations and production. The focus is on increasing production to around 10,000 tons per day to meet global market demands, as well as improving contract terms internally and aligning with the strategy for this endeavor.





- **Production and Sales:**

Al Jawf Cement Company completed in 2023 with excellent financial performance as a result of its increased sales and diversification of its products and the pursuit of productive sales and production policies. The company shifted to profitability starting in the second quarter of 2023, with the company's net profit in the second quarter amounting to SAR 20.14 million. Total profits in the first half of the year rose to SAR 43.6 million, compared to 1.81 million SAR over the same period of the previous year and the company continued to boost its sales and significantly improve its financial performance compared to previous years. The company capped its accelerated performance with a year-end profit of SAR 84.7 million.

These increased profits are attributable to several factors, including higher quantity and value of sales, higher average sales price and lower cost of sales, despite higher funding expenses.

Demand for products in specific areas of the Kingdom has increased, helping to increase sales ratios as the spread has expanded, and hollow cement has revisited its product pricing policy and discounting policy for its privileged customers as well as focusing on areas where demand has increased.

In addition to the above, the large production capacity factor of 10,000 tons per year with the variety of cement products that meet all needs and projects has made a significant difference reflected in their financial performance. The evolution of the results confirms that Al Jawf Cement was able to improve its sales and significantly enhance its financial performance during 2023.

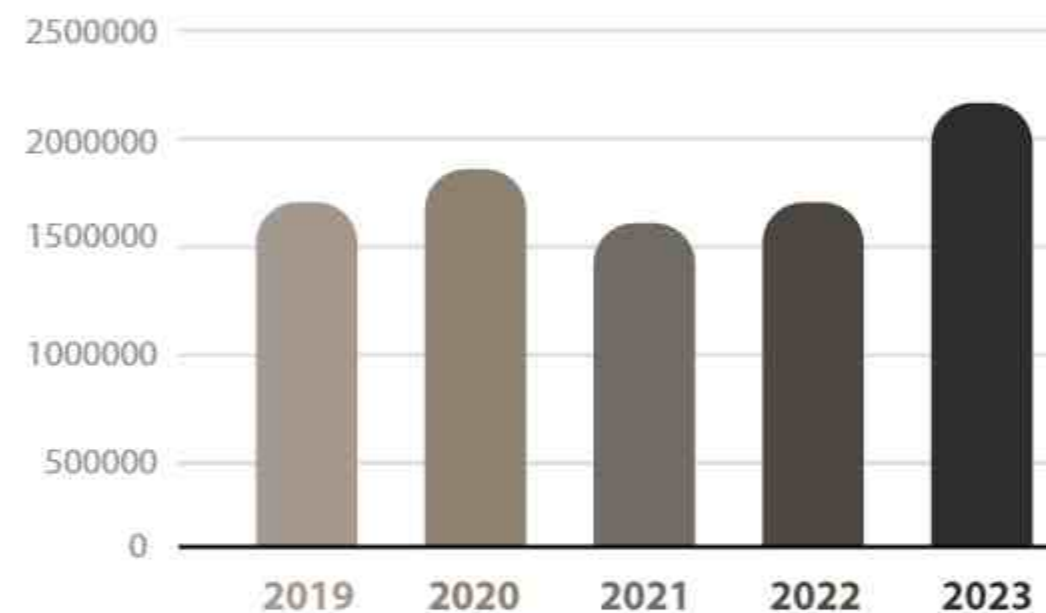
- **Production and Sales:**

Clinker and cement were produced and sold for 2023 in the following detail:

- **13/ Clinker Production:**

The amount of clinker produced during 2023, 2,110,406/tonnes compared to 1,575,094/tonnes in 2022 was 34%.

## Clinker Production



- **23/ Cement Production:**

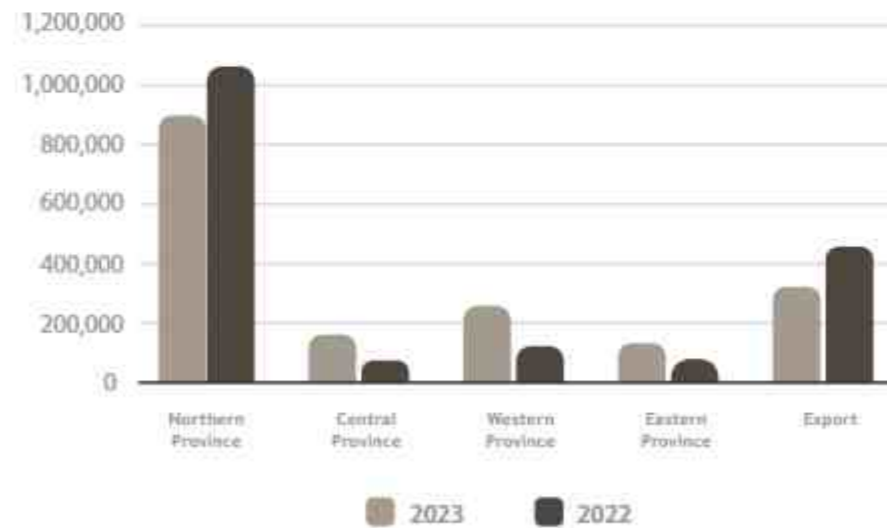
The quantity of cement production produced during 2023, 1,245,956/tonnes compared to 1,170,657/tonnes in 2022, grew by 6%.

- **33/ Sales:**

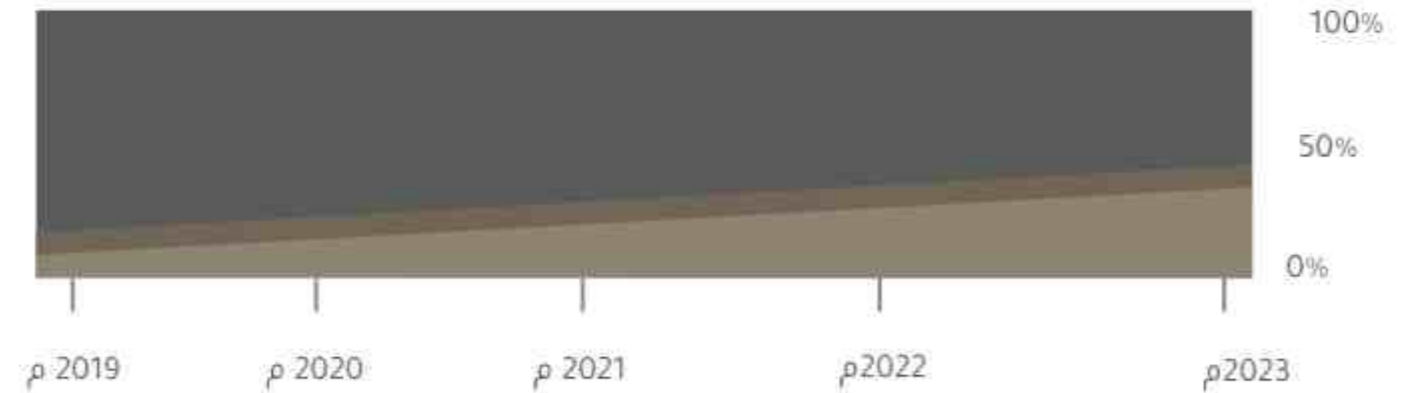
Total sales were exported during 2023, 1,607,350/tonnes, compared to 1,595,611/tonnes for 2022 with a growth of 1%.

The following table shows sales information:

Statement	2023	2022
	Ton	Ton
Northern Province	877,069	1,043,816
Central Province	100,606	23,814
Western Province	217,270	53,472
Eastern Province	78,089	44,622
Export	334,315	429,887
<b>Total</b>	<b>1,607,350</b>	<b>1,595,611</b>



Year	2019	2020	2021	2022	2023
Production	1,131,277	1,614,850	1,436,497	1,170,657	1,245,956
Sales	1,168,241	1,563,426	1,546,576	1,597,133	1,607,350





## Summary of Financial Results:

### Limited Income Statement

Description	2023	2022	2021	2020	2019
(Income (Thousands)	SAR	SAR	SAR	SAR	SAR
Revenues	301,488	251,862	226,516	252,004	169,751
Costs	(184,655)	(178,429)	(205,530)	(178,725)	(138,037)
Gross profit	116,833	73,433	20,986	73,279	31,714
Administrative, general and marketing expenses	(23,682)	(14,985)	(22,981)	(25,252)	(23,356)
Financing expenses and allocations	(40,829)	(27,502)	(86,839)	(141,751)	(2,839)
Other revenues	22,188	5,345	(849)	(1,818)	937
Zakat	10,202	(5,397)	(2,957)	(3,000)	(1,200)
Net profit/Loss	84,712	30,894	(92,640)	(98,542)	5,256

### Consolidated Financial Position Statement:

Description	2023	2022	2021	2020	2019
Position Statement (Thousands)	SAR	SAR	SAR	SAR	SAR
Current Assets	361,092	246,673	198,901	261,634	348,366
Other Long-term Assets	1,507	1,506	2,443	8,614	31,253
Fixed Assets	1,703,207	1,712,263	1,737,168	1,808,693	1,940,367
Total Assets	2,065,806	1,960,442	1,938,512	2,078,941	2,319,986
Current liabilities	383,928	331,622	330,942	296,453	196,670
Non-current liabilities	45,068	8,386	11,118	9,208	8,049
Long-term Loans	415,960	484,160	494,103	530,591	577,522
Total liabilities	844,956	824,168	836,163	836,252	782,241
Paid Capital	1,087,000	1,087,000	1,430,000	1,430,000	1,430,000
Reserves and Retained Earnings	133,850	49,274	(327,651)	(187,311)	107,745
Shareholder's Equity	1,220,850	1,136,274	1,102,349	1,242,689	1,537,745
Shareholder's Equity and Total Liabilities	2,065,806	1,960,442	1,938,512	2,078,941	2,319,986





The following is a breakdown of the total revenues of the company and its subsidiaries:

Year	Company	Type of Revenue	Saudi Arabia	Jordan	Total
2023	Al-Jouf Cement	Cement	301,488,335	-	301,488,335
	Al-Jouf Investments	Investment	-	-	-
	Al-Jouf Cement Jordan	Import and Export	-	-	-
2022	Al-Jouf Cement	Cement	251,861,520	-	251,861,520
	Al-Jouf Investments	Investment	-	-	-
	Al-Jouf Cement Jordan	Import and Export	-	-	-

### Material Differences in Operational Results:

Description	2023	2022	Change	Change percentage	Reasons
Sales / revenue	301,488,335	251,861,520	49,626,815	19.70%	ot detnuoma tiforp gnitarepO raey eht rof noillim 2.39 RAS ,3202 ,13 rebmeceD dedne tiforp gnitarepo ot derapmoc raey eht rof noillim 4.85 RAS fo na ,2202 ,13 rebmeceD dedne snosaer eht .%4.95 fo esaercni era emocni ten ni esir eht rof ytitnauq selas rehgih ot eud selas egareva devorpmi dna noitcudorp rewol htiw secirp deunitnoc fo tluser a sa stoc lanoitarepo desaercni ycneiciffe
Cost of sales / revenue	(184,655,089)	(178,428,983)	(6,226,106)	3.49%	
Gross profit	116,833,246	73,432,537	43,400,709	59.10%	
General, administrative and marketing expenses	(23,681,305)	(14,985,243)	(8,696,062)	58.03%	
Other operating revenues	0	0	0	0.00%	
Other operating expenses	0	0	0	0.00%	
Operating profit	93,151,941	58,447,294	34,704,647	59.38%	

### Affiliate Companies:

Affiliate companies include:

Company Name	Shareholding rate	Legal entity	Country of incorporation	Main activities
Al Jawf Cement Company Jordan	% 100	Limited Liability	Jordan's Hashemite Kingdom	Import, export, wholesale and retail trade in Al Jawf cement company products
Al Jawf Investments Company	% 100	Limited Liability	Kingdom of Saudi Arabia	Wholesale and retail trade in cement and its derivatives, commercial undertakings, export services and marketing to others
Jahiz Al-Jouf Company	% 100	Limited Liability	Kingdom of Saudi Arabia	Wholesale sale of cement and the like, road transportation of goods

1- Al Jouf Investments Company Ltd was established and registered under commercial registration number 1010298795 in Riyadh dated 15/2010/12/. According to the company's founding contract, 99% of the company's capital shares are registered under the company's name, while the remaining 1% share is registered under the name of the former chairman of the Board of Directors. The company obtained written confirmation from the chairperson that he owns the shares on behalf of the organization. Al Jouf Investments Company has become, as per the regulations, a single-person company wholly owned by Al Jouf Cement under the founding contract dated 13/1440/2/H corresponding to 22/2018/10/ and commercial registration number 1010298795 issued on 26/1440/2/H corresponding to 04/2018/11/. The company's activities include wholesale and retail trading of cement and its derivatives, establishment of ready-mix concrete plants, cement and its derivatives factories, block and tile factories, land purchase for building construction, real estate exploitation and investment for the company's benefit, brokerage in foreign exchange and real estate, commercial contracts, import and export services, marketing for others, as well as commercial agencies. The company's main operational headquarters is in Saudi Arabia.

2- Al Jouf Cement 'Jordan' Ltd was established in the Free Zone of the Hashemite Kingdom of Jordan, registered under commercial registration number 1688 issued by Amman on 01/2010/11/. The company's authorized activities include importing, exporting, wholesale, and retail trading of products of Al Jouf Cement Company and building materials. The company's primary operations are in Jordan.

3- A limited liability company, registered in the Kingdom of Saudi Arabia, was established to be a subsidiary company of Al Jawf Cement. Its activity is the wholesale sale of cement products and other products, as well as the transport and supply of goods by land to customers.





## Investments

Investments available for sale

Statement	Location	Legal Form	Ownership Percentage	2023	2022
Sharqiya Industrial company	KSA	Closed Saudi Joint Stock	%10	46,000,000	46,000,000
Investment Depreciation Expense net	-	-	-	(46,000,000)	(46,000,000)
				0	0

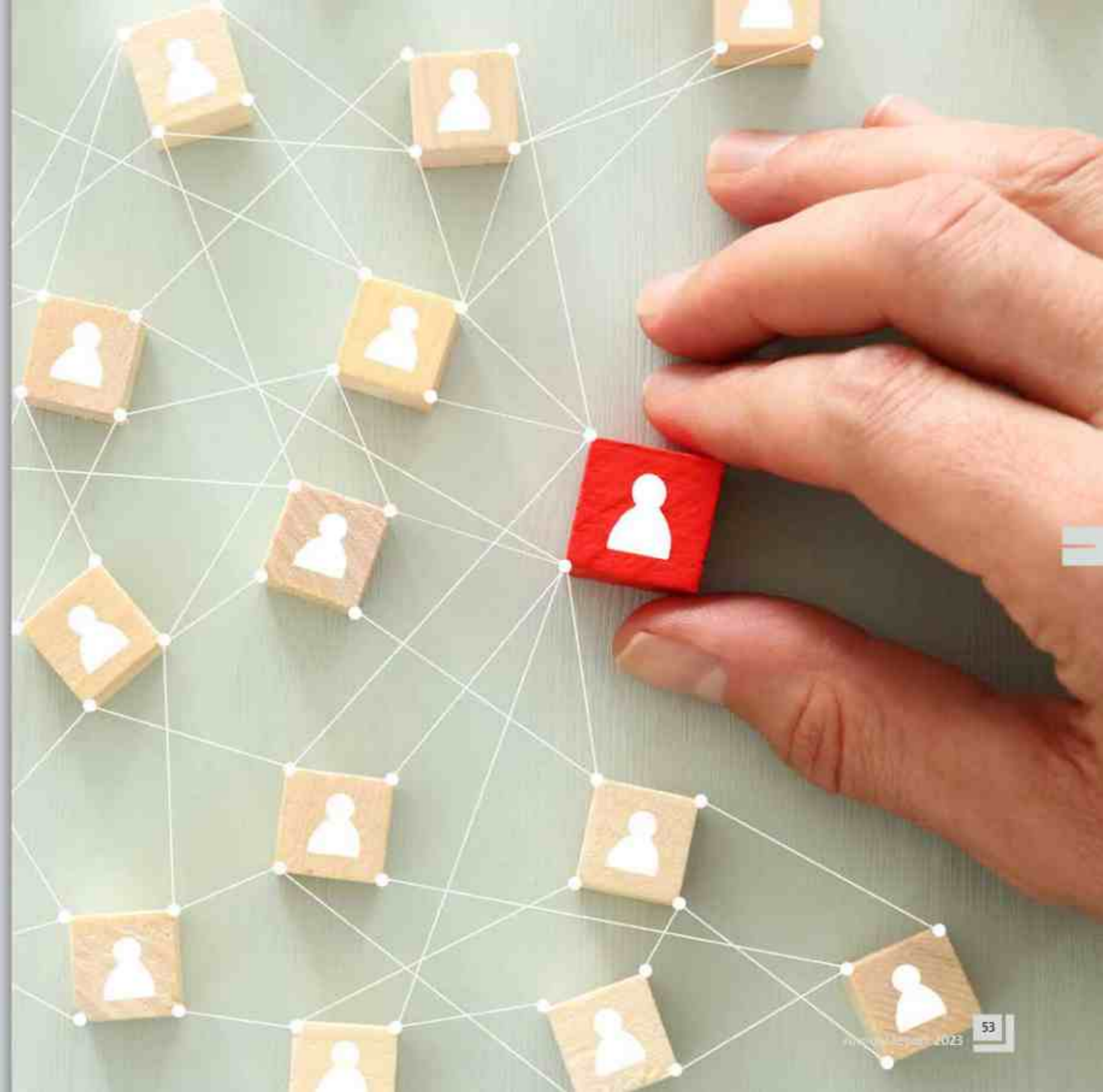
The company wrote one million units at a nominal value of 10 SAR each. Founded by Kassab Financial Group, the fund is a closed public fund with a medium-term investment horizon.





## Human Resources

Al Jouf Cement's senior management has always stressed the importance of human resources as a key component of the production process. This entails seeking skilled individuals capable of delivering outstanding performance and contributions. To fulfill both the specific objectives of human resources and the broader objectives of the organization, the human resources department prioritizes the development of its employees.





As a result, the company has signed a contract with Harris Global for the implementation of a human resources transformation project. This project aims to enhance human resources systems and streamline administrative structures, in addition to optimizing training, development, and investment in the workforce. It includes providing employees with the opportunity to participate in a variety of development programs and workshops Over the next 12 months.



The company intends to enhance the leadership skills and specialized expertise of its workforce through this project. It remains committed to advancing and excelling in the field of human resources development across a broad range of areas. This commitment involves employing a diverse range of learning techniques and resources, implementing employee development initiatives, and devising career progression strategies, all aimed at elevating and guaranteeing their leadership and specialized effectiveness within the organization. It is by Allah's grace that the company has managed to achieve a high position, with approximately 400 employees by the end of 2022, including 180 Saudi employees, representing 45% of the total. It is currently implementing several plans to increase this percentage in the coming years.

#### **Training Program for 2023:**

There were 77 courses offered by Al Jouf Cement in 2023 for 227 trainees. The courses were divided into the following sections:

#### **Internal Courses:**

The company conducted 66 training courses (administrative, technical, health, safety, and security) for all departments, which were attended by 196 trainees.

#### **Cooperative Training:**

Three technical courses were conducted for 16 trainees in the areas of finance, electrical maintenance, and quality assurance.

#### **Training Abroad:**

- The ASEC Cement Manufacturing Course was held in Egypt in production, maintenance, and operational excellence departments.
- The (Professional Maintenance/Reliability) course was implemented in Dubai, United Arab Emirates in the (Mechanical Maintenance Department).
- A course (main class in maintenance/professional reliability) held in the Sultanate of Oman in the Electrical Maintenance Department. The Cement Industry Thermal Training was conducted in Slovenia in the production department.

#### **Local Training:**

- A course on the EPDP program for 3 trainees in the field of maintenance and production.
- The Technology Day in Digital Industries (Siemens) in electrical maintenance.
- The Industry Awareness Course in production.
- The Basics of Internal Auditing Course (Saudi Institute of Internal Auditors).



### Information Technology

Al Jouf Cement has demonstrated a keen interest in information technology, pioneering the launch of a mobile application for shareholder relations within the cement industry that is available for both IOS and Android. Further, it updated its shareholder relations page on its website, becoming the first cement company to utilize technology as part of its shareholder relations program to inform shareholders on its performance and operational activities.

This update aims to facilitate shareholder access to information and data, while keeping pace with technological advancements. Moreover, the update will provide shareholders with access to the company's latest financial data and performance analyses.

The update includes a graphical representation of the company's stock, as well as its financial statements since its establishment. Additionally, it provides shareholders with a comprehensive overview of the company's activities by providing them with access to all annual reports and key future projects.

Furthermore, the recent update to the foreign investor page ensures that all previous features are also available in English, as the company represents an excellent investment opportunity.

The company, through the Information Technology Department, implemented a security monitoring project

via cameras at the factory's sites (IPSCamera). The Information Technology Department is working to expand the security monitoring project so that it covers the entire factory.

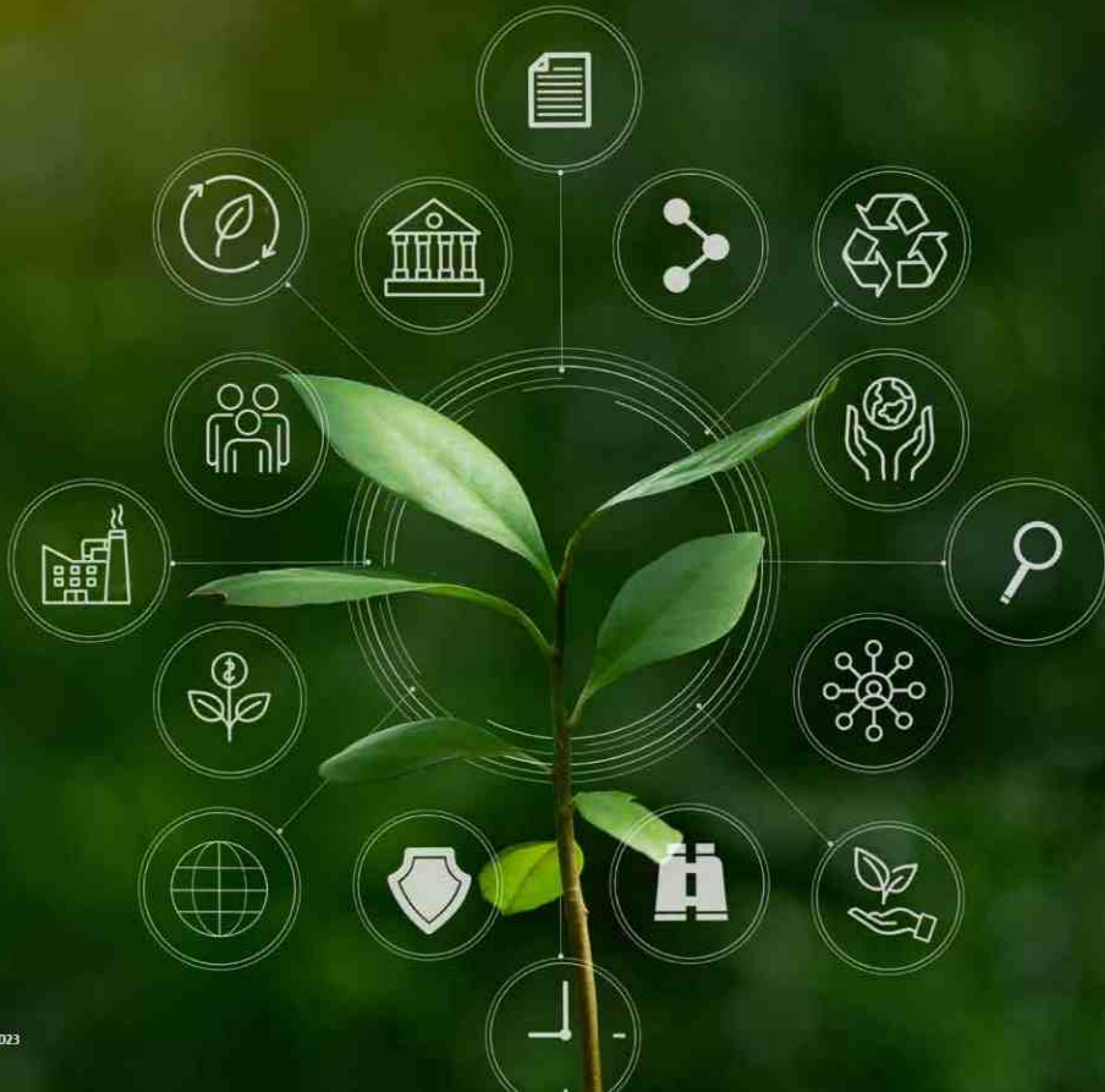
The company is constantly working to develop the SAP system to facilitate and accelerate operations and exchange information between departments.

A device to protect the company's internal network from attacks and viruses (FortiGate Firewall) was installed and operated.

Al-Jouf Cement Co. always seeks to apply the latest technologies and the findings of modern science to serve customers and the shareholders, and this comes within the frame of the responsibility and an appreciation and investment in the rights of the shareholder and the customer.







# Sustainability Report

## Sustainability:

Sustainability is one of the top priorities and concerns of Al-Jawf Cement at this stage. We work with all our energies to achieve the Kingdom's Vision 2030, which considers sustainability one of its pillars. In parallel, the company accelerated its programming to ensure a sustainable future with zero carbon neutrality, as well as full commitment to clean and renewable energy and the development of initiatives and programmes aimed at sustainability, and launched a sustainability management system to obtain the ISO 26000:2010 certification that grants companies their enhanced social responsibility and commitment to society, the natural environment, shareholders, suppliers and competitors.

In Al-Jawf cement, we are fully aware of the scale of the industry's global responsibility and are dedicated to dealing with the vital issue of sustainability. Decarbonization will undoubtedly require cooperation with policymakers, relevant institutions and end-users in the built environment. There are challenges for high-emission industries to achieve zero-carbon industrialization and a sustainable economy. «That is why we have developed several strategies, working across the company to apply the best technical and global standards to achieve sustainability, protect the environment, increase operational efficiency and use the latest smart technologies and alternative fuels to reach our goals of always being environmentally friendly and achieving a sustainable future for our children and our surroundings.



## Preserving the Environment and Reducing Pollution

### Developing King Salman Nature Reserve

In collaboration with the King Salman bin Abdulaziz Royal Reserve Development Authority, the company makes significant contributions to environmental preservation and pollution reduction. As a part of the joint efforts to conserve the environment, both parties have signed a memorandum of understanding (MoU).



The agreement involves cooperation in identifying the negative impacts of industry and devising preventative measures, alongside supporting and embracing social responsibility initiatives and participating in various environmental events. The agreement also encompasses collaboration in consultancy services, research, and the exchange of information, expertise, and data, as well as the organization and coverage of events, workshops, exhibitions, and conferences.

The objective of these efforts is to enhance the role of the authority and the company in the areas of culture, intellectual property, and environmental protection, as well as to unify efforts to achieve common objectives in the field of environmental protection.

It stems from the company's belief that environmental preservation, health, and safety are integral parts of its operations and culture, and it continuously strives to improve them to comply with all regulations and laws.

From the beginning, the company has placed a high priority on environmental protection and conservation to ensure the highest environmentally friendly standards and to protect the surrounding environment. This includes the planting of numerous trees and plants to enhance the environmental stabilization of the factory and its surroundings. By purchasing and installing the best types of filters from specialized companies in this field, the company allocates annual budgets for improving the environmental condition in the factory.





## Efficiency Project

The Efficiency Project is part of Al Jouf Cement's initiatives to reduce electricity and thermal energy consumption. This project centers on improving equipment efficiency sustainably by optimizing operations and conducting essential maintenance tasks. Consequently, the energy consumption rates within the company's facilities have decreased, falling below the limits set by the Saudi Energy Efficiency Center.

# كفاءة

المركز السعودي لكفاءة الطاقة  
Saudi Energy Efficiency Center

## Utilizing Natural Resources

Al Jouf Cement is committed to rehabilitating overlooked natural active materials, such as pozzolana, a natural material derived from volcanic remnants and used in cement production as an additive during clinker grinding to produce cement.

The company operates a pozzolana quarry located three kilometers from the plant, where pozzolana is added during clinker grinding to produce cement with varying proportions depending on the product type. Currently, it adds 5% of pozzolana to all products, and is working on increasing it to 10% for its 'Super Cement', which contains 20% pozzolana and falls under the green cement category. The company aims to increase its production share to 30%.

Al Jouf Cement produces finishing cement, which contains as much as 35% natural additives. The company intends to make it 20% of its total production. In addition, it is developing other products that accept higher levels of natural materials, such as gypsum.







## Renewable Energy Efforts

Al Jouf Cement has signed an agreement with the French company Engie for clean energy solutions to implement a project for producing MW13 of electricity from renewable energy, which is equivalent to '35% of the energy required to operate the factory'. This will be implemented in 2023.

By utilizing solar energy, carbon emissions will be reduced, since less electricity will be generated by diesel generators and heavy fuel.



## Connection to the Power Grid

In accordance with the National Program, Al Jouf Cement is working to switch from liquid fuel to an electrical connection with the Saudi Electricity Company. It is anticipated that the program will be completed by 2025, resulting in a total reduction of carbon emissions originating from fuel usage in the generation of electricity at the power station.





## Replacement of Heavy Fuel with Natural Gas

In accordance with the national program to shift from liquid fuel, Al Jouf Cement is working to replace heavy fuel used in cement production with natural gas. The program is expected to be completed by the end of 2028, resulting in a reduction in carbon emissions.





### Efforts to mitigate the impact of increased heavy fuel prices

Al-Jawf Cement works on several projects and initiatives to mitigate the impact of fuel price increases, including:

- Power connection expected to be completed in the fourth quarter;
  - The establishment of a solar power plant, which is expected to be completed in the second quarter;
- These initiatives will contribute to a 30% reduction in heavy fuel consumption.
- Sustained production operation, reduced stops and improved mixing of raw materials. This initiative will contribute to reducing heavy fuel consumption by 15%
  - Gas الربط expected to be completed in 2028. Through this initiative, a complete shift will be made to gas use in operation rather than heavy fuel.

We thank the Ministry of Energy, the Ministry of Industry and Mineral Resources and the Ministry of Environment, Water and Agriculture for their support and efforts to overcome the obstacles to the success of this important national project.



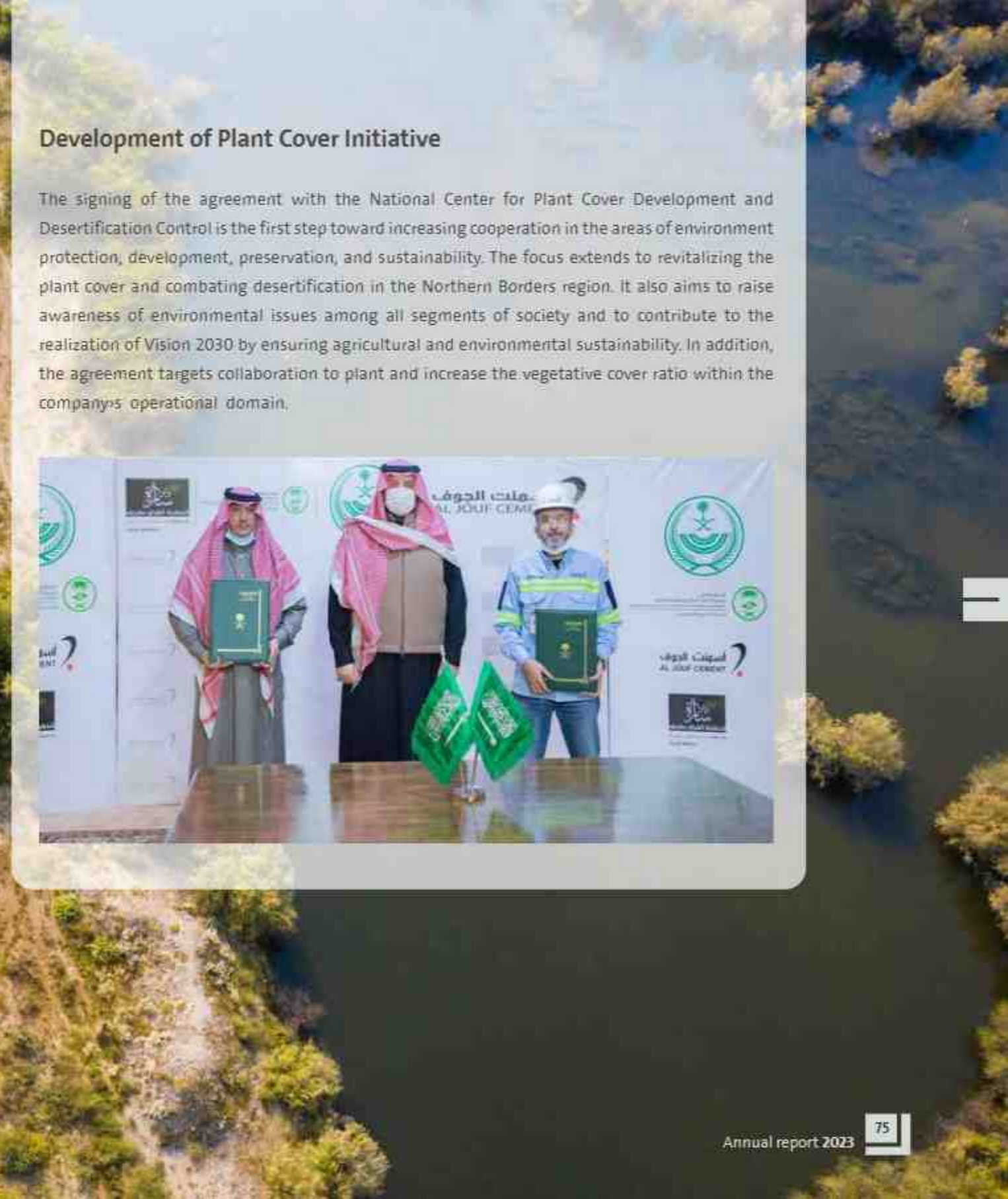


### Carbon mitigation efforts

The company has a clear long-term strategic plan that encompasses several initiatives and projects to achieve this significant and important national goal that needs several years to be achieved. We have developed an 18-year plan that began since the end of 2022 and ends in 2040 and aims to reach less than 5% emissions by the end of 2040. These include:

- Energy efficiency, improved maintenance, increased use of natural materials and the creation of renewable energy.
- 200 ألف شجيرة a thousand seedlings at the plant's campus in cooperation with the King Salman Reserve and the National Vegetation Development and Desertification Control Centre in the northern border area.
- التعاون with one of the world's research centers to take advantage of all techniques for developing the installation of clinker materials continuously.
- Electrical الربط and gas connection.
- Carbon Stone.





## Development of Plant Cover Initiative

The signing of the agreement with the National Center for Plant Cover Development and Desertification Control is the first step toward increasing cooperation in the areas of environment protection, development, preservation, and sustainability. The focus extends to revitalizing the plant cover and combating desertification in the Northern Borders region. It also aims to raise awareness of environmental issues among all segments of society and to contribute to the realization of Vision 2030 by ensuring agricultural and environmental sustainability. In addition, the agreement targets collaboration to plant and increase the vegetative cover ratio within the company's operational domain.







### **Corporate Social Responsibility:**

Based on the company's belief in community participation and contributing to initiatives that contribute to social responsibility, the company allocated a total amount of 3,039,000 riyals to support all humanitarian, agricultural, sports, and health aspects, and to advance community support.



These initiatives include:

1- The company contributing 200,000 SAR to support the Northern Borders Investment Forum, which was held on 23/2023/11/ under the gracious patronage of His Royal Highness Prince Faisal bin Abdulaziz.



3 – The company demonstrating a strong interest in supporting charities for their vital role in the development of local communities by supporting a variety of charitable organizations, including:

- Ad-Dawah Wal-Irshad in Al-Naseem with 30,000 SAR.
- Turaif Charitable Society with 15,000 SAR.
- Quran Memorization Society with 15,000 SAR.

2- Planting of 200,000 seedlings over a period of five years, for which the company has allocated 2,100,000 SAR. The company began the first phase of the afforestation campaign at the beginning of 2023 in the Northern Borders region in partnership with the Salman bin Abdulaziz Royal Commission for the Development of Protected Areas to support social responsibility programs and the National Center for Combating Desertification. Al Jouf Cement initiated the 'Let's Make It Green' campaign by planting 10000 seedlings.



5- The company donating 72,000 SAR to the Turaif Association for the Care of the Disabled to cover the expenses of a medical case.



4- The Turaif General Hospital receiving an ambulance worth 42,550 SAR in line with the company's commitment to healthcare. This initiative is intended to support the region as a part of several initiatives that benefit all citizens of Turaif Province.





6- A healthcare center being opened within the company premises, and vaccination campaigns being conducted for the employees.



8- The company offering a sum of 20,000 SAR to support the National Committee for Cement Companies Fund for the year 2023.

9- The company participating as a silver sponsor at the eighth edition of the Falcon Festival held on January 16, 2023, contributing 100,000 Saudi Riyals to support various national and social events.



7- Recognizing the significant role it plays in the construction sector, the company has been honored with the Gold Sponsorship for the Saudi-Iraqi Economic Forum held on May 18, 2023. In offering 50,000 SAR, it aimed to strengthen mutual investment opportunities between the two countries and reaffirm its role as a key strategic partner in Saudi Arabia.



11- The company donating 100,000 SAR to the family of the deceased employee Saleh Nazzal Al-Anzi.

12- The company supporting employees by participating in the Loyalty Plus Program for all company staff.

10- The company signing a sponsorship agreement with the board of directors of Al-Orobah Club to support the (Yellow) League. In addition, it offered 300,000 SAR, becoming the official sponsor of the first team's jerseys until the end of the sports season.









## Zakat

The company has set aside an adequate amount for Zakat and has obtained the Zakat certificate from the Zakat, Tax and Customs Authority (ZATCA) for the year 2021, valid until 30/2023/04/. Efforts are underway to obtain the Zakat certificate for the year 2022.

## Loans (Islamic Financing)

### 1- Saudi Industrial Development Fund

On February 27, 2010, the company secured financing totaling 483,500,000 SAR. A seven-year repayment schedule is in place, with the final payment due on November 15, 2017. This funding is secured by mortgaging all the buildings in the area designated for the company's concession, located southeast of the city of Turaif, where the factory is situated. The area covers 22.6 square kilometers and consists of the entire factory, as well as its equipment, machinery, tools, accessories, and other items obtained for the project, such as transportation vehicles, cars, and office furniture.

### Financing Activities during 2023: (Saudi Real)

Financing Assets	Balance in 01/ 01/ 2023	Withdrawals during the year	Paid during the Year	Balance in 01/ 01/ 2023
483,500,000	57,000,000	0	2,300,000	54,700,000

## 2- Saudi British Bank (SABB)

On the 17th of Safar, 1433 AH, corresponding to January 11, 2012, the company obtained long-term financing from the Saudi British Bank (SABB) amounting to 350,000,000 SAR under an Islamic banking facilities agreement concluded with the bank. The financing ceiling for this agreement is 365,000,000 SAR.

This funding was obtained in the form of Murabaha financing. The repayment is made in semi-annual installments in addition to the profit margin, and the financing is secured by a promissory note issued by the group. On June 30, 2015, an Islamic Murabaha financing contract was signed with the Saudi British Bank for a value of 350,000,000 SAR, with the issuance of a promissory note to extend the period of the previous financing.

### Financing Activities during 2023: (Saudi Real)

Financing Assets	Balance in 01/ 01/ 2023	Withdrawals during the year	Paid during the Year	Balance in 01/ 01/ 2023
365,000,000	167,659,754	0	13,200,000	154,459,754

### 3- Alinma Bank

On the 27th of Safar, 1437 AH, corresponding to December 9, 2015, Al Jouf Cement Company signed a banking facilities agreement to obtain long-term financing from Alinma Bank. The financing ceiling for this agreement is 450,000,000 SAR. This financing was obtained in the form of a deferred sale financing for a period of seven years. The financing was granted to repay the existing obligations owed by Al Jouf Cement Company to Al Rajhi Bank.

### Financing Activities during 2023: (Saudi Real)

Financing Assets	Balance in 01/ 01/ 2023	Withdrawals during the year	Paid during the Year	Balance in 01/ 01/ 2023
350,000,000	356,999,973	28,250,000	11,249,973	374,000,000



#### 4- Bank AlJazira:

The facilities are secured by the indebtedness of Eastern Petrochemical Company as a result of Al Jouf Cement's guarantee to finance the company from Bank AlJazira. As the company did not fulfill its obligations, the bank, based on the guarantee, transferred the financing amount along with the banking burdens to Al Jouf Cement.

#### Financing Activities during 2023: (Saudi Real)

Financing Assets	Balance in 01/ 01/ 2023	Withdrawals during the year	Paid during the Year	Balance in 01/ 01/ 2023
37,461,188	15,158,165	0	13,058,165	2,100,000

#### Information related to the company's financing: (Thousand SAR)

NO	The principal amount of the loan	The principal amount of the loan	Loan duration (a year)	Bonus during the year	Loan repayments during the year	Remaining loan payments	The total indebtedness of the company and its
1	Saudi Industrial Development Fund	483,500	7	0	2,300	54,700	54,700
2	SAAB	365,000	7	0	13,200	154,459	154,459
3	Alinma Bank	350,000	7	38,250	17,000	374,000	374,000
4	AlJazira Bank	37,462	4	0	13,058	2,100	2,100
5	financial instruments	10,000	2	0	0	10,000	10,000
6	Manafa Finance Company	7,500	0.5	0	0	7,500	7,500
	<b>Total</b>	<b>1,253,462</b>	<b>-</b>	<b>38,250</b>	<b>39,808</b>	<b>602,760</b>	<b>602,760</b>

#### Quality Certificate (ISO)

On September 24, 2012, Al Jouf Cement received accreditation for its factory from the German company TUV for the 9001-2015 ISO international quality certificate. The certificate is renewed annually through audits with the current certificate valid until 2025. It undergoes annual auditing and review, reflecting the factory's commitment to adhering to global standards in the production of various types of cement.

#### Risks

As a result of the financial crises that have affected the world, financial and operational risks have increased for all companies and institutions, including the global financial crisis in 2010, which had significant negative effects on all sectors, particularly in the Gulf region and specifically in Saudi Arabia.

Therefore, the company continuously revises its protocols concerning risk evaluation to align them with international standards so as to minimize these risks as much as possible. This entails employing various contemporary risk mitigation techniques and devising advanced strategies and methodologies for assessing financial and operational risks. Additionally, it involves implementing all necessary measures to mitigate these risks under the direct supervision of the Risk Committee. Some of the most significant risks facing the company include:

One of the most important risks facing the company is:





1. **Operational Risks:** These risks are primarily associated with fuel availability from Saudi Aramco, as well as risks related to manufacturing, transportation, and product distribution operations. The company continuously monitors these risks by implementing precautionary measures and considering any obstacles that may arise in the future to mitigate potential damage.
2. **Sales Decline Risks:** These risks are associated with rising production costs in the face of intensified competition. Accordingly, the company monitors daily sales levels, analyzes and monitors them, and compares them with competing companies to act appropriately, increase production rates, and explore new markets and customers.
3. **Financial Risks:** These risks pertain to the potential decline of the company's financial indicators, with key concerns including:
  - **Credit Risks:** These risks involve the possibility of debtors (or company clients) going bankrupt and being unable to repay their debts to the company due to internal and external circumstances. Consequently, the company selects the most creditworthy and reputable clients, as well as institutions or banks with high credit ratings to deposit their balances, thereby mitigating potential credit risks in the future.
  - **Risks of Foreign Exchange Rate Fluctuations:** The value of the company's invested financial instruments may fluctuate due to potential shifts in foreign exchange rates. Presently, these risks are minimized due to the effective economic policies of Saudi Arabia, which maintain a stable and balanced exchange rate for the Saudi Riyal against other currencies, mainly the US Dollar.
  - **Liquidity Risks:** These risks are divided into two types: financial, related to the company's ability to provide the necessary funds to meet its obligations, and market-related, associated with the company's inability to liquidate its assets in a timely manner and at acceptable prices to obtain the necessary cash. Generally, the company does not face liquidity risks in its various forms when conducting its daily transactions, which serves as a guarantee and security for the company's future and instills confidence in its prospective clients in the market.
  - **Market Commission Fluctuation Risks:** These are risks associated with fluctuations in market commissions, which negatively impact on the company's financial statements and result in cash flow gaps. Therefore, the company continuously monitors all its assets carrying floating commissions. It also strives to achieve the required balance between incoming and outgoing cash flows and minimize gaps to the greatest extent possible.

### **The Outcomes of the Annual Review of the Effectiveness of the Internal Control Procedures:**

- The Audit Committee has responsibility for supporting control and internal regulatory systems within the framework of the approved annual audit plan. It involves submitting periodic reports to the Audit Committee

regarding operational, administrative, and financial audit operations that are continuously conducted. These operations aim to reasonably ensure the fulfillment of the company's objectives, including protecting the company's assets, maintaining the accuracy and completeness of accounting records, and ensuring compliance with the systems and policies adopted by management to achieve the company's objectives.

- The committee also plays a vital role in developing and supporting internal control systems, ensuring the effectiveness of internal controls, and supervising the company's internal audit process. This includes:
- **Internal control system evaluation:** The Audit Committee evaluates the effectiveness of the company's internal control system, such as reviewing the implementation of policies and procedures and the company and its employees' adherence to them.
- **Supervision and monitoring:** The Audit Committee continuously monitors the implementation of systems and policies and verifies the company's compliance with them.
- **Reporting and recommendations:** The committee prepares periodic reports assessing the internal control system and provides recommendations for performance improvement and enhancing effectiveness.
- **Collaboration with external auditors:** The Audit Committee often collaborates with external auditors to obtain an objective and independent assessment.
- **Training and development:** The Audit Committee seeks to enhance the capabilities of the internal team through training and building the required skills for efficiently conducting internal audit activities.

Neither the internal audit department nor the external auditors have identified any significant deficiencies in the effectiveness or procedures of the company's internal control system. The majority of observations primarily centered on areas for enhancing performance, activating operational processes, improving efficiency, and thoroughly documenting procedures to fortify the company's internal control system. Based on the committee's assessments, there is reasonable confirmation regarding the effectiveness and efficiency of the internal control system procedures.





## Corporate governance



## Corporate Governance:

By leveraging its corporate governance management team, Al Jouf Cement adheres to the highest standards of corporate governance for the protection of the interests of shareholders and stakeholders. The company places a high priority on complying with the provisions of the Corporate Governance Regulations, and the Board of Directors is committed to these regulations to protect the rights of shareholders and other stakeholders. As a prominent player in the cement industry, the company places a high value on good governance and transparency in its operations and its relationship with its shareholders. This commitment reflects the company's commitment to efficiency and accountability and emphasizes the importance of enhancing administrative and operational efficiency.

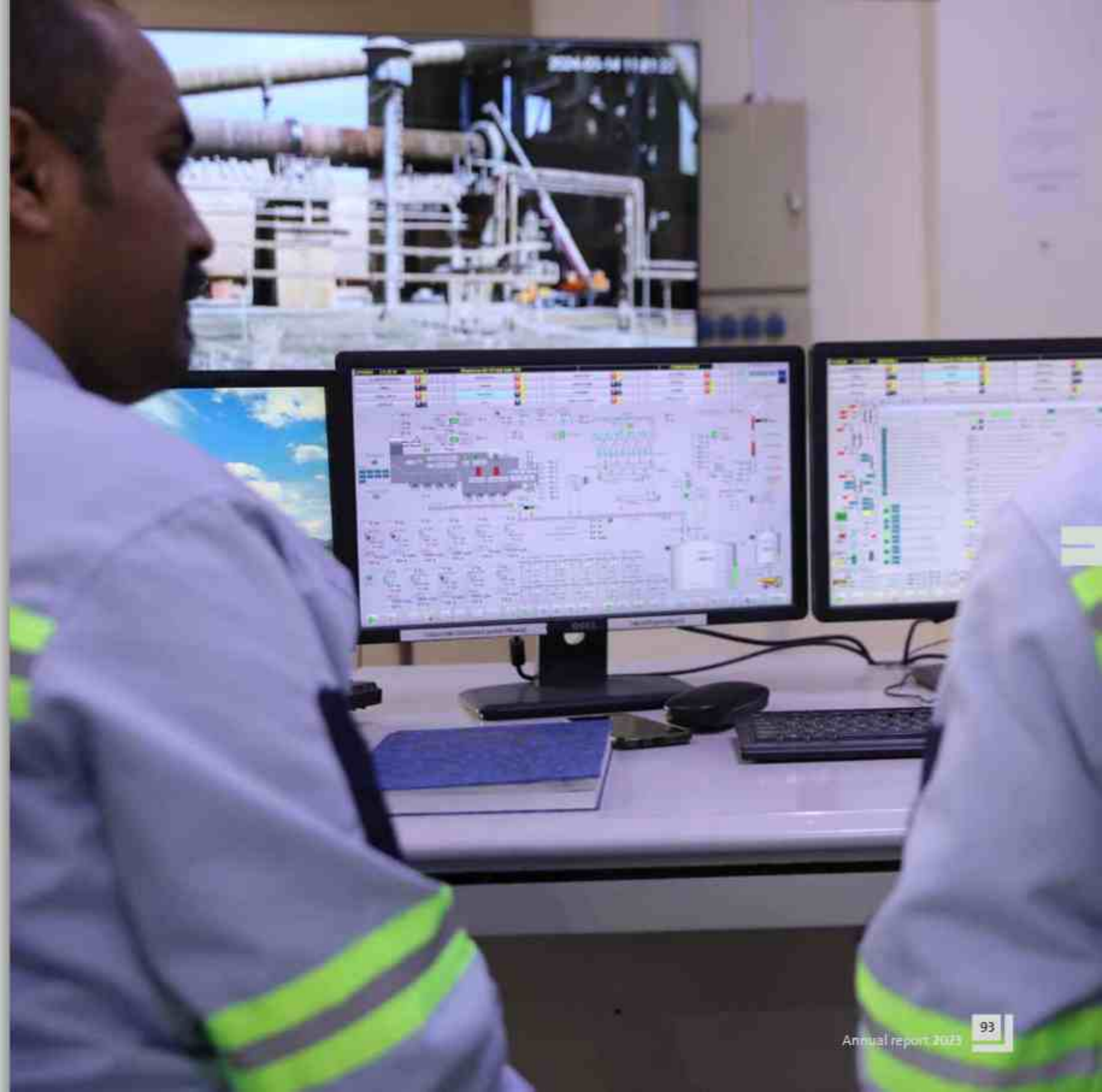
In this regard, the company has launched a specialized shareholder relations application, which represents a significant step towards improving communication and increasing transparency with shareholders and investors. This application provides shareholders with easy and effective access to company information.

Al Jouf Cement ensures the regular review and updating of all its files and policies to ensure compliance with the highest governance standards. This includes updating governance-related policies and procedures to prevent any violations.

Additionally, the company reinforces its position as a responsible entity committed to the highest levels of governance and sound management in order to boost the confidence of shareholders and investors. By adhering to the highest standards of corporate governance, the rights of shareholders and the interests of stakeholders will be protected.

The Board of Directors provides high priority to the implementation of Corporate Governance Regulations to protect the rights of its shareholders and stakeholders.

The company complies with all mandatory provisions of the Corporate Governance Regulations referred to above, except for the following:





The company complies with all mandatory provisions of the Corporate Governance Regulations referred to above, except for the following:

Article/Paragraph	Text of Article/Paragraph	Reason
Article (39) Training	2) Establishing the necessary mechanisms for each of the members of the Board of Directors and the executive management to obtain programs and courses on an ongoing basis, in order to develop their skills and knowledge in areas related to the company's activities.	This article is indicative and will be applied upon compliance.
Article (41) Evaluation	a) In line with the proposal of the Nominations Committee, the Board of Directors establishes the necessary mechanisms to annually evaluate the performance of the Board, its committees, and the executive management. This is done through appropriate performance indicators related to the extent of achieving the company's strategic objectives, the quality of risk management performance, the adequacy of internal control systems, and other factors. The evaluation should identify strengths and weaknesses and propose ways to address them in the best interest of the company.  b) The Board of Directors takes necessary arrangements to obtain an external specialized evaluation of its performance every three years	This article is indicative and will be implemented upon compliance. Currently, the evaluation is conducted without utilizing performance indicators  This article is indicative and will be implemented upon commitment.
Article (85)	1) Establishing committees or conducting specialized workshops to discuss employees' opinions regarding important decisions and topics within the company.  2) Initiatives such as employee stock ownership plans, profit-sharing arrangements, retirement schemes, and the creation of a separate fund to support these programs.  3) Establishing social institutions for company employees.	This article is indicative and will be applied upon compliance.  This article is indicative and will be applied upon compliance.  This article is indicative and will be applied upon compliance.

Article/Paragraph	Text of Article/Paragraph	Reason
Article (87) Social Responsibility	Based on the Board of Directors' proposal, the General Assembly establishes policies to ensure a balance between its objectives and the goals sought by society to develop the social and economic conditions of the community.	This article is indicative and will be applied upon compliance.
Article (88) Social Initiatives	1) Developing performance measurement indicators linking the company's performance to its social initiatives and comparing that with other companies with similar activities.  2) Establishing awareness programs for the community to familiarize them with the company's social responsibility.	This article is indicative and will be applied upon compliance.  This article is indicative and will be applied upon compliance.
Article (95) Forming a Corporate Governance Committee	If the Board of Directors establishes a specialized committee for corporate governance, it should delegate to this committee the responsibilities stipulated in Article 94 of this regulation. It is the responsibility of this committee to monitor developments regarding governance practices and to provide the Board of Directors with reports and recommendations, at least annually.	This article is indicative and will be applied upon compliance.



## Board Meetings:

### Formation and Classification of the Board of Directors and Session Attendance for 2023:

In accordance with the approval of the Ordinary General Assembly held on 02/08/2023, the members of the Board of Directors were elected from seven members to serve for the sixth term, which runs from 06/08/2023 to 05/08/2027. The Board of Directors met five times in 2023, during which a number of decisions and recommendations were made, as specified in the meeting agendas. The following table illustrates the most important information about the members of the Board of Directors:

### Boards of Directors Meetings.

S	Name	Classification	Meetings of 2023					Joint Stock companies in which he Participates as Member
			1	2	3	4	5	
			22 <sup>nd</sup> Mar	10 <sup>th</sup> May	7 <sup>th</sup> Aug	25 <sup>th</sup> Oct	27 <sup>th</sup> Dec	
1	M/ Abdullah bin Odeh Al-Ghabin	Independent	√	√	√	√	√	
2	M/Ahmed bin Mohammed Al-Faleh	Independent	√	√	√	√	√	
3	A/ Saud bin Abdullah Al Bawardi	Independent	√	√	√	√	√	
4	A/ Abdul Aziz bin Abdul llah Kaki	Non-Executive	√	√	√	√	√	
5	M/ Abdullah bin Abdul Aziz Al-Zunaidi	Independent			√	√	√	Member of the Board of Directors of Chemanol Methanol Company
6	Mr. Abdul Karim bin Muhammad Al-Nahir	Executive			√	√	√	Member of the Board of Directors of Themar Development Holding Company
7	A/ Abdul Rahman bin Suleiman Al-Oudan	Independent			√	√	√	
8	A/ Faisal bin Hamza Al-Khouli	Independent	√	√				
9	A/ Ibrahim bin Mazen Khashoggi	Independent	√	√				

## Note:

- 1- The membership of Mr. Ibrahim bin Mazen Khashoggi ended on 05-08-2023.
- 2- The membership of Mr. Faisal bin Hamza Al-Khouli ended on 05-08-2023.
- 3- Eng. Abdullah bin Abdulaziz Al-Zanidi was appointed on 06-08-2023.
- 4- Mr. Abdul Karim bin Mohammed Al-Nihair was appointed on 06-08-2023.
- 5- Mr. Abdul Rahman bin Sulaiman Al-Oudan was appointed on 06-08-2023.

## Interests and rights of members of the Board of Directors and senior executives:

### Interest and rights of senior executives:

The name of the person who has the	Beginning of the Year		End of the Year		Net Change	Percentage of change
	Number of Shares	Percentage	Number of Shares	Percentage		
Mr. Abdul Aziz Abdul Elah Kaaki	580,325	%0.4058	456,843	%0.4203	-123,482	%21.28
Mr. Ibrahim Mazen Khashoggi	1,100	%0.0008	836	%0.0008	-264	%24.00
Mr. Faisal Hamza Al-Kholy	5,500	%0.0038	4,180	%0.0038	-1,320	%24.00
Mr. Saud Abdullah Ibrahim Al Bawardi	0	%0.00	166,143	%0.1528	166,143	%0.00
Engineer/Mohamed Saeed Attia	110,000	%0.0769	84,000	%0.0773	-26,000	-%23.64



## Interest and rights of senior executives:

The name of the person who has the interest	Relative Relationship	Beginning of the Year		End of the Year		Net Change	Percentage of change
		Number of Shares	Percentage	Number of Shares	Percentage		
Ms. Abeer Abdul-Ilah Kaaki	Wife of Mr. Ibrahim Mazen Khashoggi	350,000	%0.2448	273,650	%0.2517	-76,350	%21.81

## Department of Senior Executives' rights

Name of the person you belong to	Beginning of the Year		End of the Year		Net Change	Percentage of change
	Number of Shares	Percentage	Number of Shares	Percentage		
Mr. Abdulkarzem bin Mohammed Al-Nahbar (CEO)	0	%0	46,300	%0.0426	46,300	%0.00
Professor Abbas Al-Aide (Chief Finance Officer)	0	%0	3,000	%0.0028	3,000	%0.00

Otherwise, the company's executives, their spouses, or their minor children do not own any shares in the company.

### Procedures taken by the Board of Directors to inform its members, especially non-executive ones:

During the first Board meeting, the chairman of the Board informs the Board members, particularly the non-executive members, of shareholders' proposals and comments regarding the company, its performance, and business results.

### The methods employed by the Board of Directors to evaluate its performance, the performance of its committees, and its members:

It is carried out by the Nomination and Remuneration Committee, which identifies the strengths and weaknesses of the Board and proposes solutions. The Committee evaluates Board members, while the chairman evaluates the Nomination and Remuneration Committee.

### Disclosure of policies regarding remuneration of Board members and executive Board committees:

The following is an outline of the policies regarding remuneration of Board members, Board committees, and the executive management in accordance with the Corporate Governance Regulations. These policies aim to establish clear standards, controls, and procedures for compensating Board members and members of the emanating committees, which is consistent with Paragraph (1) of Article (61) of the Corporate Governance Regulations in Saudi Arabia issued by the Capital Market Authority.

#### 1- Board Members' Remuneration:

The remuneration of Board members includes allowances and profits, periodic or annual bonuses linked to short- or long-term incentive plans, and any other tangible benefits aside from actual expenses reasonably borne by the company on behalf of a Board member. These can be in the form of a specific amount or a meeting attendance allowance, or they can be in the form of in-kind benefits, or a percentage of net profits. Benefits may be combined within the limits set by the Corporate Regulations, Corporate Governance Regulations, and the company's Articles of Association.

#### 2- Policies, Regulations and Procedures for Board Members, Board Committees, and Executive Management Remuneration:

1. The Board of Directors determines the compensation of its members based on the recommendation of the Nomination and Remuneration Committee within the regulatory limits set by the Corporate Governance Regulations, issued by the Capital Market Authority and company regulations.
2. Audit Committee and Nomination and Remuneration Committee members' remuneration is determined by the General Assembly of Shareholders upon the recommendation of the Board of Directors.
3. The Board of Directors may establish other committees as needed by the company, and it has the authority to determine their duties and remuneration based on the recommendation of the Nomination and Remuneration Committee.
4. The remuneration should be fair and suitable for the member's expertise, roles, and responsibilities assumed by the Board members, in addition to the specific objectives set by the Board to be achieved during the fiscal year.
5. The remuneration shall be based on the recommendation of the Remuneration Committee.
6. The remuneration should be suitable for the company's activities and the expertise required to execute them, considering the size and experience of the Board members and committees in the company's related operations.



7. The remuneration should be sufficient to attract Board members with appropriate expertise and competence.
8. The remuneration should be fair and suitable for the member's expertise, roles, and responsibilities assumed by the Board members, in addition to the specific objectives set by the Board to be achieved during the fiscal year.
9. A Board member may receive remuneration for their membership in the Audit Committee established by the General Assembly, or for any additional executive, technical, administrative, or consultancy roles undertaken within the company, subject a professional license. This compensation is in addition to any remuneration they may receive as a member of the Board and as a member of committees formed by the Board, in accordance with the company's regulations and the Companies Regulations. The total compensation received by the member, as described above, shall not exceed the maximum limit stipulated in Paragraph 3 of Article 76 of the Companies Regulations, as explained in the preceding Paragraph 4.
10. Board members' remuneration may vary to reflect their expertise, specialties, duties, independence, meetings attendance, and other considerations.
11. Independent Board members' remuneration should not be a proportion of the company's profits or directly or indirectly tied to the company's profitability to ensure that their independence is not influenced by the company's performance or other factors.
12. According to Article (21) of the Companies Regulations, the Board of Directors, at its discretion and by its decision, determines the special remuneration received by the chairman, vice-chairman, and the executive member of the Board, in addition to the remuneration allocated to the Board members, within the limits set by the Corporate Governance Regulations.
13. Board members are not allowed to vote on the agenda item regarding the remuneration of Board members at the General Assembly meeting to ensure the independence of the decision issued by the General Assembly regarding the remuneration of Board members.
14. If the General Assembly decides to terminate the membership of any absent Board member from three consecutive Board meetings without a valid excuse, this member shall not be entitled to any remuneration for the period following the last attended meeting, and they must return all compensation paid to them during that period.
15. If the Audit Committee or the Capital Market Authority finds that the remuneration paid to any Board member is based on incorrect or misleading information presented to the General Assembly or included in the annual report of the Board, then the member must refund it to the company, and the company has the right to demand its return. This does not exempt the Board member from any liabilities for damages incurred by the company, its shareholders, or any other related parties as a result.
16. In its annual report, the Board of Directors must disclose the details of policies related to remuneration, methods for determining it, amounts, and financial and non-financial benefits paid to each member of the Board of Directors for any executive, technical, administrative, or consultancy roles.

### 3- Board members and Board committees' remuneration and compensation

Based on the above, compensation and remuneration for Board members and Board committees is calculated as follows:

- Annual remuneration for Board membership up to 300,000 SAR, and 400,000 SAR for the chairman of the Board.
- Annual remuneration for membership in Board committees for all members:
  1. Audit Committee members up to 150,000 SAR, and 300,000 SAR for the Committee chairman.
  2. Nomination and Remuneration Committee members up to 150,000 SAR, and 300,000 SAR for the Committee chairman.
  3. Executive Committee members up to 150,000 SAR, and 300,000 SAR for the Committee chairman:
    - Members of the Board and Board committees are entitled to an attendance allowance of 3,000 SAR per meeting.
    - The Board determines, at its discretion and by its decision, additional remuneration for the chairman, vice-chairman, and the managing director for the extra efforts and additional work they undertake in addition to the remuneration set for Board members.
    - The company covers all reasonable actual expenses incurred by the Board members and the emanating committees for attending meetings. This includes accommodation, meals, travel expenses, and transportation costs.
  4. Senior Executives (Executive Management) Remuneration:
    - Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors determines the types of remuneration granted to executive management in the company, such as fixed compensation, performance-based compensation, and incentive compensation, in accordance with the regulations and regulatory procedures issued for joint-stock companies.
    - The purpose of the remuneration is to reward executives and attract them, to retain qualified and competent employees, and to maintain a high level of skills required by the company.
  5. Remuneration for the Board Secretary and Secretaries of Emanating Committees:
 

The Board of Directors determines the remuneration for the Board secretary and the secretaries of the emanating committees according to the details specified in the policies and procedures of the Board of Directors.
  6. Implementation Date:
 

These policies shall be effective from the date of their approval by the General Assembly.



Remuneration for Board Members, Committee Members, and Executive Management:

The following is a description of the total amounts paid by the company to Board members and committee members for five executive management personnel, including the general manager and the chief financial officer:

	Fixed Rewards			variable reward							end-of-service gratuity	grand total	Expenditure allowance
	certain amount	Allowance to attend Council meetings	benefits in kind	Statement of what the members of the Council have arrested as workers, administrators or for technical, administrative or consulting work	total	percentage of the profits	Periodic rewards	Short-term stimulus plans	Long-term stimulus plans	Shares awarded/are entered			
<b>Board of Directors</b>													
<b>independent members</b>													
Engineer / Abdullah bin Odeh Al-Ghabin	400,000	8,000		2,900,000	3,308,000							3,308,000	
Mr. Ibrahim Mazen Khashoggi	125,000	6,000		161,000								161,000	
Mr. Faisal Hamza Al-Kholi	125,000	6,000		161,000								161,000	
Engineer Ahmed bin Mohammed Al-Faleh	100,000	7,000		100,000	45,000							45,000	
Mr. Saud bin Abdullah Al Bawardi	300,000	7,000		335,000								335,000	
Engineer / Abdullah Abdul Aziz Al-Zunaidi	125,000	9,000		134,000								134,000	
Mr. Abdul Rahman bin Suleiman Al-Oudan	125,000	9,000		134,000								134,000	
<b>total</b>	<b>1,600,000</b>	<b>75,000</b>		<b>3,000,000</b>	<b>4,615,000</b>							<b>4,615,000</b>	
<b>non-executive members</b>													
Mr. Abdul Aziz Abdul Elah Kaki	100,000	8,000		56,333	371,333							371,333	
<b>total</b>	<b>100,000</b>	<b>8,000</b>		<b>56,333</b>	<b>371,333</b>							<b>371,333</b>	
<b>executive members</b>													
Mr. Abdul Karim binl Mohammed Al-N	125,000	9,000		134,000								134,000	
<b>total</b>	<b>125,000</b>	<b>9,000</b>		<b>134,000</b>								<b>134,000</b>	
	<b>2,025,000</b>	<b>99,000</b>		<b>3,056,333</b>	<b>5,182,333</b>							<b>5,182,333</b>	

committees												
review committee												
Professor Ibrahim Maim Khashoggi	125,000	9,000									164,000	164,000
Mr. Sulaiman Abdulaziz Al Zuhbi	125,000	71,000									196,000	196,000
Professor Fahad Hamza Al Khoul	125,667	9,000									134,667	134,667
Professor Saud bin Abdullah Al Bawardi	125,667	6,000									131,667	131,667
Mr. Abdulaziz bin Abdulrahman Kakali	83,333	10,000									93,333	93,333
Mr. Aziz Mohammed Al Ghabani	83,333	71,000									154,333	154,333
Engineer/Abdullah Abdulaziz Al Zuhbi	83,333	71,000									154,333	154,333
Professor Abdul Wahab Abud	125,667	9,000									134,667	134,667
<b>total</b>	<b>900,000</b>	<b>126,000</b>									<b>1,026,000</b>	<b>1,026,000</b>
<b>Nomination and Remuneration Committee</b>												
Engineer/Abdullah bin Odeh Al Ghobin	150,000	12,000									162,000	162,000
Engineer/Ahmed Mohammed Al Faleh	83,333	9,000									92,333	92,333
Mr. Abdulaziz Abdulrahman Kakali	82,500	3,000									85,500	85,500
Professor Ibrahim Maim Khashoggi	82,500	1,000									83,500	83,500
Professor Fahad Hamza Al Khoul	125,667	3,000									128,667	128,667
Mr. Abdulrahman bin Sulaiman Al Aw	62,500	9,000									71,500	71,500
<b>total</b>	<b>587,500</b>	<b>38,000</b>									<b>625,500</b>	<b>625,500</b>
<b>Executive Committee</b>												
Engineer/Abdullah bin Odeh Al Ghobin	200,000	9,000									209,000	209,000
Engineer/Ahmed Mohammed Al Faleh	150,000	9,000									159,000	159,000
Engineer/Abdullah Abdulaziz Al Zuhbi	62,500	6,000									68,500	68,500
Prof. Abdul Karim bin Mohammed Al-Nahr	62,500	6,000									68,500	68,500
Mr. Abdulaziz bin Abdulrahman Kakali	82,500	3,000									85,500	85,500
Professor Fahad Hamza Al Khoul	82,500	3,000									85,500	85,500
<b>total</b>	<b>630,000</b>	<b>36,000</b>									<b>666,000</b>	<b>666,000</b>
<b>Committees' total</b>	<b>2,132,500</b>	<b>201,000</b>									<b>2,333,500</b>	<b>2,333,500</b>
<b>total Board and Committees</b>	<b>4,757,500</b>	<b>300,000</b>									<b>5,057,500</b>	<b>5,057,500</b>

Senior executives including Director General and Chief Financial Officer															
Clarification	Total Kidney	Total executive remuneration for the Board	End-of-service efficiency	Variable Rewards						Fixed Rewards					
				Total	Shares awarded	Long-term stimulus plans	Short-term stimulus plans	Earnings	Periodic rewards	Total	In-kind advantages	Allowances	Salaries		
	1,492,410		258,660	0	0	0	0	0	0	0	1,223,800	0	83,900	2,388,000	٤,٠٨٥,٣٦٠



# Board members' remuneration

Remuneration for committee members, executive management, current and previous functions, qualifications and experience





## Abdullah bin Odeh Al-Ghabin

### Chairman of Board of Directors

#### Current Position

Chairman of the Board of Directors of Thimar Company

#### Previous Jobs

He held several leadership positions in several companies, and serves as a member of the board of directors in a number of companies.

#### Qualifications

Bachelor's degree in Mechanical Engineering from King Fahd University of Petroleum and Minerals, Master's degree in Executive Directors from King Fahd University of Petroleum and Minerals, and a Higher Management Diploma from Hill University in Britain.

#### Experiences

Long experience in executive management and board membership in a number of private and listed companies.

## Eng. Ahmed bin Mohammed Al-Faleh

### Board of Directors Member

#### Current Position

Member of the Board of Directors of Herfey Company and Managing Director of Binladin Company

#### Previous Jobs

He held several leadership positions in several companies, and serves as a member of the board of directors in a number of companies.

#### Qualifications

Bachelor of Applied Civil Engineering from King Fahd University of Petroleum and Minerals

#### Experiences

Part-time freelance work, technical and contractual consultation, arbitration and board membership from 2017 to date  
Consultant at Facilitation Marketing Company from 2015 to 2016  
General Manager of Facilitation Marketing Company from 2010 to 2015  
Chairman of Mashreq Group from 2006 to 2010  
General Manager of Mashreq Contracting Company from 2001 to 2006  
Director General of Alllan Food Services Company from 1999 to 2001  
President of Tenet International from 1997 to 1999  
Vice President - Acting President of Riyadh International Company from 1993 to 1997  
He also held several functions in a number of companies.



## Abdul Karim bin Muhammad Al-Nahir

### Managing Director and CEO

#### Current Position

Managing Director and CEO of  
Al-Jouf Cement Company  
Member of the Board of Directors  
of Al-Jouf Cement  
Member of the Board of Directors  
of Thimaar Company  
Member of the Executive Commit-  
tee of Thimaar Company  
Member of the Executive Commit-  
tee of Al-Jouf Cement Company

#### Previous Jobs

He held several leadership posi-  
tions in several companies, and  
serves as a member of the  
Board of Directors in a number  
of companies.

#### Qualifications

Bachelor's degree in Industrial  
Management and Executive  
Master of Business Administra-  
tion from King Fahd University  
of Petroleum and Minerals

#### Experiences

Long experience in executive  
management and board mem-  
bership in a number of private  
and listed companies

## Mr. Abdul Aziz Bin Abdul Elah Kaaki

### Vice Chairman of the Board of Directors

#### Current Position

Vice Chairman of the Board of  
Directorsof Al-Jouf Cement Company  
Member of the Nominations and  
Remuneration Committee, Al-Jouf Cement  
Member of the Investment  
Committee of Al-Jouf Cement Company  
Chairman of the Board of Directors of  
the Saudi International Trade and  
Marketing Company Limited  
General Manager of Abdul Aziz Abdul  
Elah Kaki Trading Establishment

- Member of the Board of Directors of  
the Mediterranean Agricultural  
Products Company – MAPCO
- Member of the Board of Directors  
of Lacto Misr Company
- Member of the Board of Directors  
of the Nubaria Seed Production  
Company, Nubasid

#### Previous Jobs

- Chairman of the Risk Management  
Committee of Al-Jouf Cement  
Company

#### Qualifications

- Bachelor's degree in International  
Economics

#### Experiences

- He held several administrative and  
leadership positions and membership  
in the Board of Directors



## Mr. Saud bin Abdullah Al Bawardi

Board of Directors  
Member

### Current Position

- Member of the Board of Directors at Zain Company, Vice Chairman of the Board of Directors and
- Member of the Audit Committee at the National Gypsum Company

### Previous Jobs

Member of the Board of Directors and member of the Executive Committee and Audit Committee of Yaqeen Capital Company (Falcom Financial).

### Qualifications

A Master's in Business Administration (International Management) from Zurich, Switzerland, a Bachelor's degree in Mass Communication from King Saud University, and a brief Master's in Communications.

### Experiences

Long experience in executive management and board membership in a number of private and listed companies.

## Abdullah Bin Abd El-Aziz Bin Naser Alznaidi

Board of Directors  
Member

### Current Position

- Member of the Board of Directors of Al-Jouf Cement
- Member of the Board of Directors of Thimar Company.
- Managing Director and CEO of Al-Jouf Cement Company
- Member of the Executive Committee of Thimaar Company
- Member of the Executive Committee of Al-Jouf Cement Company

### Previous Jobs

- He held several leadership positions in several companies, and serves as a member of the board of directors in a number of companies.

### Qualifications

- Bachelor of Chemical Engineering in 1993 from King Fahd University of Petroleum and Minerals, Master of Business Administration in 2016 from Thunderbird Management School.

### Experiences

- He served as CEO of the explosives sector at the Saudi Chemical Company, CEO of SABIC Africa, and a member of its board of directors. He worked at the Saudi Basic Industries Corporation (SABIC), and at the Saudi Pharmaceutical Industries Company.



## Abd El-Rahman Bin Sulaiman Al Odan

Board of Directors  
Member

### Qualifications

- He graduated with a Bachelor's degree in Finance in 2014 from Prince Sultan University, followed several executive courses in the field of investment in 2016 from the London Business School, and obtained a certificate in corporate finance and strategies in 2021 from the London University of Economics.

### Experiences

- He worked at the Saudi Electricity Company as an investment expert from 2023 until now, and assistant manager of private equity funds from 2022 until 2023, and worked in information security science as an assistant consultant from 2019 until 2022, and an investment analyst at the Saudi Agricultural Investment and Animal Production Company from 2019. 2015 to 2019.







## Executive management



Managing Director and CEO

**Abdul Karim bin Muhammad Al-Nahir**

Chief Commercial Officer

**Engineer Walid Abdulaziz Al-Shuwaier**

Chief Financial Officer

**Abbas Ali, the leader of Al Musaed**

Chief Operating Officer

**Engineer Adel Awad Al-Enezi**

Human Capital Manager

**Hamoud Hamad Al-Barrak**

Director of the Administrative Affairs Department

**Nayef bin Zaal Al-Shaalan**

Supply Management Manager

**Issam Samir Barbari**

## Note:

- **Eng. Mohamed bin Saeed Attia's** membership expired on 31-07-2022.
- **Professor Saad bin Amash Al-Shammari's** membership ended on 29-08-2022.
- **Professor Talal bin Othman Al-Muammar's** membership ended on 29-08-2022.



## Dates of the General Assemblies for shareholders held during the last year:

### Attendees:

S	Name	Attendance Record for the 2023 General Assembly Meeting	
		7th June	2nd August
1	Engineer/ Abdullah bin Ouda Al-Enezi	✓	✓
2	Engineer/ Ahmed bin Mohammed Al-Faleh	✓	✓
3	Mr. Saud bin Abdullah Al Bawardl	✓	✓
4	Mr. Abdul Aziz bin Abdul Ilah Kaki	✓	✓
5	Engineer/ Abdullah bin Abdulaziz Al-Zunaidi		
6	Mr. Ibrahim bin Mazen Khashoggi	✓	✓
7	Mr. Faisal bin Hamza Al-Khouli	✓	✓
8	Mr. Abdul Karim bin Muhammad Al-Nahr	✓	✓
9	Mr. Abdul Rahman bin Suleiman Al-Oudan		

### Notes:

1. The membership of Mr. Ibrahim Mazen Khashoggi ended on 05-08-2023.
2. The membership of Mr. Faisal bin Hamza Al-Khouli ended on 05-08-2023.
3. Eng. Abdullah bin Abdulaziz Al-Zunaidi was appointed on 06-08-2023.
4. Mr. Abdul Karim bin Mohammed Al-Nuhair was appointed on 06-08-2023.
5. Mr. Abdul Rahman bin Suleiman Al-Oudan was appointed on 06-08-2023.

## Number of Company Requests for Shareholders' Register:

number of requests	order date	reasons for the request
1	2023/09/19	Corporate Actions
2	2023/08/01	General Assembly
3	2023/07/29	Company Procedures
4	2003/06/05	General Assembly
5	2023/06/05	Corporate Actions
6	2023/03/30	Corporate Actions
7	2023/03/21	Corporate Actions
8	2023/01/10	General Assembly

## 1- Audit Committee

The Audit Committee was reconstituted for the sixth session, which ends on 08/05/2027 AD, and its members approved the rules for selecting committee members, the duration of their membership, and the committee's work method:

Name	Classification	Audit Committee meetings for the year 2023									
		1	2	3	4	5	6	7	8	9	10
		14 Feb	19 Mar	27 Apr	09 May	12 Jun	29 Jul	07 Aug	25 Sep	14 Oct	27 Nov
Mr. Ibrahim bin Mazen Khashoggi	Independent	✓	✓	✓							
Mr. Faisal bin Hamza Al-Khouli	Independent										
Mr. Abdul Aziz bin Abdul Ilah Kaki	Non-executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Suleiman bin Abdul Aziz Al-Zaben	From outside the council				✓	✓	✓	✓	✓	✓	✓
Mr. Aziz bin Muhammad Al-Qahtani	From outside the council				✓	✓	✓	✓	✓	✓	✓
Engineer/ Abdullah bin Abdulaziz Al-Zunaidi	Independent				✓	✓	✓	✓	✓	✓	✓
Mr. Abdel Wahab Abed	Independent	✓	✓	✓							
Mr. Saud bin Abdullah Al Bawardl	Independent		✓	✓							



## Notes

- The membership of Mr. Ibrahim bin Mazen Khashoggi ended on 05/08/2023.
- The membership of Mr. Abdul Wahhab Abed ended on 05/08/2023.
- The membership of Mr. Faisal bin Hamza Al-Khouli ended on 05/08/2023.
- The membership of Mr. Saud bin Abdullah Al-Bawardi in the Audit Committee ended on 05/08/2023, and he was appointed as a Board member on 06/08/2023 for the sixth term.
- Mr. Suleiman bin Abdulaziz Al-Zubei was appointed on 06/08/2023.
- Mr. Abdulaziz bin Abdulilah Kaki was appointed on 06/08/2023.
- Eng. Abdullah bin Abdulaziz Al Zunaidi was appointed on 06/08/2023.
- Mr. Aziz bin Muhammed Al-Qahtani was appointed on 06/08/2023.

The company has an independent audit management directly reporting to the Board of Directors, and an audit committee emanated from the Board. The company has taken positive steps to enhance its internal control system and preserve its assets.

## Duties and Responsibilities of the Committee:

The Audit Committee is responsible for monitoring the company's operations and verifying the integrity and fairness of its financial reports as well as its internal control systems. Its specific duties include:

1. To study the company's interim and annual financial statements before presenting them to the Board of Directors and to provide opinions and recommend measures to ensure their integrity, fairness, and transparency.
2. To provide technical opinions upon request by the Board of Directors on whether the Board's report and the company's financial statements are fair, balanced, understandable, and to provide shareholders and investors with the information necessary to assess the company's financial position, performance, business model, and strategy.
3. To study any significant or unusual issues contained in the financial reports.
4. To thoroughly investigate any issues raised by the company's chief financial officer or equivalent, compliance officer, or auditors.
5. To verify the accounting estimates in material matters included in the financial reports.
6. To study the accounting policies and principles followed by the company and its affiliates based on the nature of their operations and to provide opinions and recommendations to the Board of Directors on these matters.
7. To supervise and monitor the performance and activities of the internal auditors and internal audit

management of the company and to ensure the availability and effectiveness of resources to carry out their duties.

8. To study the internal audit reports and to monitor the implementation of corrective actions for the observations therein.
9. To study and review the company's internal control and financial management systems and risk management.
10. To recommend to the Board of Directors the appointment of the department manager of internal audit or internal auditor and to propose their compensation.
11. To recommend to the Board of Directors the nomination, dismissal, determination of their compensation and the evaluation of the performance of the external auditors after ensuring their independence and reviewing their scope of work and terms of engagement.
12. To verify the independence, objectivity, and fairness of the external auditors and the effectiveness of their audit work, taking into account relevant rules and standards.
13. To review the company's audit plan and activities to ensure that it does not provide technical or managerial services beyond the scope of audit work and to provide feedback on it.
14. To respond to inquiries from the company's auditors.
15. To study the auditor's report and its notes on the financial statements and follow up on actions taken.
16. To review the results of regulatory reports and to verify the company's actions taken in response to them.
17. To verify the company's compliance with relevant regulations, laws, policies and instructions.
18. To review proposed contracts and transactions that the company intends to conduct with related parties and to provide opinions to the Board of Directors.
19. To raise any issues deemed necessary for action by the Board of Directors and to make recommendations for appropriate actions.
20. To establish a mechanism to enable employees to confidentially submit their comments on any discrepancy in financial reports or others, and to verify the effectiveness of this mechanism by conducting an independent investigation commensurate with the magnitude of the error or discrepancy and implementing appropriate follow-up procedures.



## 2- Nominations and Remuneration Committee:

The Nominations and Remuneration Committee has been reconstituted for the sixth session, which ends on 05/08/2027.

Name	Classification	Nominations and Remuneration Committee Meetings for the Year 2023			
		1	2	3	4
		15 March	14 August	16 November	17 December
Mr. Faisal bin Hamza Al-Khouli	Independent	✓			
Engineer / Abdullah bin Odeh alghabin	Independent	✓	✓	✓	✓
Mr. Abdul Aziz bin Abdul-Ilah Kaaki	Non-executive	✓			
Mr. Ibrahim bin Mazen Khashoggi	Independent	✓			
Engineer/ Ahmed bin Mohammed Al-Faleh	Independent		✓	✓	✓
Mr. Abdul Rahman bin Suleiman Al-Oudan	Independent		✓	✓	✓

### Notes:

- The membership of Mr. Faisal bin Hamza Al-Khouli ended on 05/08/2023.
- The membership of Mr. Ibrahim bin Mazen Khashoggi ended on 05/08/2023.
- The membership of Mr. Abdulaziz bin Abdulilah Kaki ended on 05/08/2023 and he was appointed as a Board member and a member of the audit committee on 06/08/2023 for a sixth term.
- Eng. Ahmed bin Mohammed Al-Faleh was appointed on 06/08/2023.
- Mr. Abdulrahman bin Suleiman Al-Oudan was appointed on 06/08/2023.

### 3- Executive Committee

Name	Classification
Engineer/Abdullah bin Oda al-Ghobin	Independent
Engineer/Ahmed Mohamed Al-Falih	Independent
Engineer/Abdullah Abdulaziz Al-Zneidi	Independent
Prof. Abdul Karim bin Mohammed Al-Nahir	Executive
Mr. Abdelaziz bin Abdelalah Kakaki	Non-executive
Professor/Faisal Hamza Al-Khouli	Independent

### Duties and Responsibilities of the Committee:

1. To prepare a clear policy for the remuneration of the Board members, the committees emanating from the Board, and the executive management and submit it to the Board for consideration before adoption by the General Assembly, ensuring that the policy complies with performance-related criteria, disclosure is provided, and implementation is verified.
2. To clarify the relationship between granted remuneration and the prevailing remuneration policy and to highlight any significant deviation from this policy.
3. To periodically review the remuneration policy and to assess its effectiveness in achieving its objectives.
4. To recommend to the Board the remuneration of the Board members, the committees emanating from it, and the senior executives in accordance with the adopted policy.
5. To propose clear policies and standards for Board membership and executive management.
6. To recommend nominations for Board membership, considering no nomination for any individual previously convicted of a crime involving infidelity.
7. To prepare a description of the capabilities and the qualifications required for Board membership and executive positions.
8. To determine the time that a member must dedicate to Board activities.
9. To conduct an annual review of the necessary skills or experiences required for Board membership and executive positions.
10. To review the structure of the Board and executive management and to provide recommendations



regarding possible changes.

11. To verify annually the independence of independent members and to ensure there are no conflicts of interest if a member holds a Board position in another company.
12. To develop job descriptions for executive and non-executive members, independent members, and senior executives.
13. To establish special procedures in case of vacancies in the board or senior executive positions.
14. To identify the strengths and weaknesses of the Board and to propose solutions to address them in the best interest of the company.

#### Schedule of meetings of the Executive Committ

name	date of the meeting			
	1	2	3	4
	2023/05/01	2023/10/23	2023/11/28	2024/01/21
Engineer/ Abdullah bin Odeh Al-Ghabin	✓			
Engineer/ Ahmed bin Mohammed Al-Faleh	✓			
Mr. Abdulaziz bin Abdullah Kaaki	✓			
Mr. Faisal bin Hamza Al-Khouli	✓			
Engineer/ Abdullah bin Odeh Al-Ghabin		✓		
Engineer/ Ahmed bin Mohammed Al-Faleh		✓		
Engineer/ Abdullah bin Abdulaziz Al-Zunaidi		✓		
Mr. Abdul Karim bin Muhammad Al-Nahir		✓		
Engineer/ Abdullah bin Odeh Al-Ghabin			✓	
Engineer/ Ahmed bin Mohammed Al-Faleh			✓	
Engineer/ Abdullah bin Abdulaziz Al-Zunaidi			✓	
Mr. Abdul Karim bin Muhammad Al-Nahir			✓	
Engineer/ Abdullah bin Odeh Al-Ghabin				✓
Engineer/ Ahmed bin Mohammed Al-Faleh				✓
Engineer/ Abdullah bin Abdulaziz Al-Zunaidi				✓
Mr. Abdul Karim bin Muhammad Al-Nahir				✓

#### Related Parties:

During 2023, the company entered into transactions with related parties: Suleiman bin Saleh Al-Muhailib and Sons Company (a closed joint-stock company).

(Related parties (amounts in millions of rials		
related parties	Related Party	culaw noitcasnart
		2023
(Suleiman bin Saleh Al Muhailib & Sons Company (Closed Contribution	Cement Sales	79.40

(Purchases or contracts with interest for the Board member and executors: (amounts in thousands of rials

(Purchases or contracts with interest for the Board member and executors: (amounts in thousands of rials			
related parties	Related Party	nature of the transaction	transaction value
Marshall	Board Member Abdelaziz Al Kakaki	Insurance	0
Sukuk Finance Company	Member of the Review Committee from outside the Council Suleiman bin Abdulaziz al	synapmoc ehT 01 htrow si gnicnanif .noillim	600

#### Regular payments to government agencies:

A statement of the statutory payments value made and due to be paid until the end of the annual financial period 2022 AD:

statement	In thousand riyals		Description/cause
	The payer	Payable	
Sharia zakat	800	4,712	The company is subject to the regulations of the General Authority of Zakat, Income, Tax and Customs. Zakat is registered on an accrual basis, and payment is made according to the zakat base.
Value added hit	21	16,757	The company is subject to the regulations of the General Authority of Zakat, Income, Tax and Customs, and the amount due is for the last month of the fiscal year, which is paid at the beginning of the following year.
General Organization for Social Insurance	3,830	352	The company is subject to the social insurance system, and the amount due is for the last month of the fiscal year, which is paid at the beginning of the following year.
Quarry exploitation fees	600	14,723	The due payment for the use of services shall be made in the year following the fiscal year.
Total	5,251	36,544	



### Dividend Policy:

As per Article (46) of Al Jouf Cement's Articles of Association, the company distributes its net profits annually as follows:

1. It allocates 10% of the net profits to establish the company's statutory reserves. The Ordinary General Assembly may decide to allocate such reserves when they reach 30% of the paid-up capital.
2. The Ordinary General Assembly, upon the recommendation of the Board of Directors, may allocate a percentage of the net profits to establish a discretionary reserve for specific purposes.
3. The Ordinary General Assembly may decide to establish other reserves as needed to serve the company's interests or ensure the distribution of stable dividends to shareholders. Additionally, the Assembly may allocate amounts from the net profits to establish social institutions for the company's employees or support existing institutions.
4. The remaining amount after the above allocations is distributed among the shareholders. The Ordinary General Assembly may also decide to distribute dividends from retained earnings. The company may also distribute interim dividends semi-annually or quarterly based on the Board of Directors' recommendation.
5. Considering the provisions in Article (20) of the Articles of Association and Article (76) of the Corporate Regulations, a portion not exceeding 10% of the remaining amount is allocated for the Board of Directors' remuneration, proportionate to the number of meetings attended by each member.
6. The remaining amount after the above allocations is distributed to shareholders as an additional profit share.
7. After fulfilling the regulatory requirements, the company may distribute semi-annual and quarterly dividends.

### Dividends during 2023:

Al Jouf Cement did not distribute dividends in 2023 to maintain sufficient liquidity to meet its obligations.

### Penalties and Sanctions imposed by Regulatory, Supervisory, or Judicial Authorities in 2023:

Violations	Organization	Reasons	Solutions and Prevention of Future Occurrences
N/A			

Otherwise, no penalties or sanctions have been imposed on the company by the Financial Market Authority or any other supervisory, regulatory, or judicial authority.

### Company Declarations:

- The accounting records have been prepared in accordance with best practices.
- The internal control system has been established on sound principles and effectively implemented.
- There is no significant doubt about the company's ability to continue its operations.

### Board of Directors Assurances:

1. There are no investments or reserves established for the benefit of the company's employees other than the end-of-service benefit provision.
2. No loans have been granted to any members of the Board of Directors or the executive management.
3. The company has not engaged in any transactions involving company shares with any members of the Board of Directors or their close relatives.
4. The financial statements of the company have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.
5. An additional matter is raised in the external auditor's report.
6. No recommendation was made to change the auditors before the end of the designated period.



7. The auditors did not provide any consulting services to the company, nor did they receive any fees for such services.
8. The auditors did not submit any request to the Board to convene the company's General Assembly during the fiscal year.
9. The chairman of the Board did not receive any written request for emergency meetings from two or more members during the fiscal year.
10. The company confirms that it did not receive any requests from shareholders owning 5% or more of the capital to convene the General Assembly or to add an item to its agenda during the fiscal year 2022.
11. No penalties, sanctions, or reserves were imposed on the company by the Authority or on any other entities, except as mentioned in paragraph (26) above.
12. There are no voting rights category of shares belonging to individuals who notified the company about those rights during 2022.
13. There are no arrangements or agreements between the company and any shareholders to waive their share of profits.
14. There are no convertible debt instruments, and there are no redeemable debt instruments.
15. There are no purchases or contracts in which members of the Board of Directors or executives have an interest.
16. There are no arrangements or agreements whereby any member of the Board of Directors or senior executives of the company waive any salary or compensation.

#### **External Auditor's Reservations:**

**None**





## Conclusion

The Board of Directors would like to extend heartfelt thanks and great appreciation to the shareholders for the trust they have placed in the Board. The Board also expresses deepest gratitude to the government of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, and His Royal Highness Crown Prince Mohammed bin Salman, and the relevant ministries for their continuous cooperation and support to the company. The Board also extends its thanks and appreciation to all employees of the company for their dedication, commitment, and continuous support.





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