



اسمنت العربية
Arabian Cement

Arabian Cement Company
Board of Directors Annual Report
on
The Company Business for the Financial
Year (FY) Ending as at 31/12/2020G



ATT, Honorable shareholders of the Arabian Cement Company,

Greetings,

As the financial year of the Arabian Cement Company (ACC) comes to a close, it is with pleasure that the Board of Directors (BoD) presents its annual report on the performance of the company, and its finding for the financial year ending as at Jumada I 16, 1442 H, corresponding to December 31, 2020 G with the audited financial statements, along with the notes and report of the auditor for that period.

The latest statistics announced on the economic websites and information obtained from the Saudi National Committee for Cement Companies indicate that the total designed capacities in KSA amounted to approximately 72 million tons of clinker annually during 2020 G without any additional expansion in production capacities, while the actual production during the year reached 49.2 million tons of clinker, slightly higher than the previous year by about 4%. With regard to KSA production and demand for cement, the production and demand for cement in 2020 G has significantly increased by 20.5% and 20.7% compared to the previous year (2019 G), reaching 53.4 and 51.1 million tons of cement, respectively, which can be deemed as an impressive growth. Such growth shows a positive indication of the movement of building and construction markets despite the slowdown in the global and local economy as a result of the Coronavirus Pandemic (COVID-19). Yet, the generous and unlimited support from our noble government has mitigated the negative effects on companies during the period following the tightening of precautionary measures until life gets back to normal. It is worth noting that KSA cement industry is operating at a rate equivalent to 66% of the available designed capacity, resulting in, generally, an ongoing pressure on profit margins, performance, higher production costs, and companies resorting to export.

It is worth noting that the number of companies operating in the cement industry doubled during the period 2005 G – 2015 G, reaching 17 companies compared to only 8 companies in 2005 G. Further, the increase in the number of competitors in the market and expansion of production capacities during the same period led to a surplus in production in a number of regions compared to the actual need, despite the market absorption of the quantities produced until 2015G. Subsequently, the demand has witnessed a decline, which in turn led to a significant reduction in sales price. KSA demand for cement has been hit by recession since 2016G. Consequently, signs of economic recovery have been shown over the second half of 2019G, and continued to date, due to the support provided by the government of

HM the Custodian of the Two Holy Mosques through various programs that contributed by the provision of housing or appropriate financial aid to citizens and major infrastructure projects. The demand continued to strongly recover during 2020G as a result of an ongoing support for residential projects, where the industry growth rate exceeded 20%, while ACC achieved a growth rate of 24.6%, surpassing the industry growth despite the decline in sales suffered during the months of April and May as a result of the partial and full curfew, which the company recovered in the following months. It is worth noting the remarks of H.E. the Minister of Housing during the "Euromoney" conference held on October 1, 2020G. H.E. referred to the launch of the second phase of housing, one of Saudi Vision 2030 programs, at the beginning of 2021G. Such phase will continue for a period of five years with the aim of continuous development and sustainability of the industry, which in turn shows positive indications with regard to demand and growth expectations during the coming period.

Recent statistics on local deliveries of Saudi cement companies indicate that KSA western region's share of total deliveries amounted to 24% during 2020G. It is expected that such share will increase upon commencing a number of announced strategic projects and Public Investment Fund (PIF) projects, in addition to the continued work on the Two Holy Mosques projects. Moreover, the presence of a number of companies operating in the western region near the Red Sea provides a port for export to neighboring countries. ACC has exported its products to foreign markets during 2020G, in addition to selling additional quantities of clinker locally to support the company's sales with a total of more than one million tons, as well as the local cement sales.

With regard to the company's investments abroad, ACC holds a majority stake in Qatrana Cement in Jordan, where the demand for cement has witnessed a drastic decline to reach 2.9 million tons in 2020G, decreasing by 9% from the previous year, and affected by general economic vulnerability, as well as restrictions imposed on building permits and the effects of the Coronavirus Pandemic (COVID-19), noting that the volume of the existing designed production capacities in Jordan reached 8 million tons of cement by the end 2020G. Furthermore, as a result of the full curfew and commercial movement cessation, the company's business has fully ceased; however, price stability during the year helped the company (Qatrana Cement) to maximize its profitability compared to the previous year.

The Board clarifies that the gradual recovery in the cement industry is followed-up by the company's executive management and the BoD to maximize it with the purpose of improving the company's performance. Further, the Board is keen to keep abreast of the latest developments in the cement industry to sustain the company's operations and its gains.

The Board endeavors to achieve the maximum interest of the shareholders by following up the developments related to the successive organizational events and changes on the one hand, the developments in the market, in general, and the industrial market, in particular, on the other hand, and its implications on ACC investments. In addition, the Board aims to develop programs, mechanisms and plans, which in turn would surpass any challenges or risks with regards to the market and capital management.

In conclusion, the BoD extends its sincere thanks to you for the confidence you have placed, and calls on Allah, the Almighty to grant this country His blessings and gifts, and to preserve our journey leader, the Custodian of the Two Holy Mosques, HM King Salman bin Abdul Aziz Al-Saud, and HRH Crown Prince Mohammed bin Salman bin Abdul Aziz Al-Saud.

We also extend our gratitude and appreciation to HRH Prince Khalid Al Faisal bin Abdul Aziz Al-Saud, Advisor to the Custodian of the Two Holy Mosques and Governor of Makkah Region for his support.

We would like to express a profound gratitude to the Ministry of Energy, Ministry of Industry and Mineral Resources, Ministry of Commerce, and Capital Market Authority for their cooperation, assistance and continuous support, and to all our customers and suppliers for their ongoing collaboration. The BoD would also like to thank all the employees of the company for their sincere efforts, and their dedication to promote the company's progress and prosperity.

Company Overview:

1. **Incorporation:** Arabian Cement Company (ACC) is a Saudi joint-stock company incorporated in accordance with the Companies Law in force in the Kingdom of Saudi Arabia under Royal Decree No. 731 on Jumada I 12, 1374 H, corresponding to January 5, 1955 G, under C.R. No. 4030000148 issued in Jeddah on Ramadan 14, 1376 H corresponding to April 13, 1957 G. ACC is the first cement company in KSA and Gulf region. King Saud bin Abdul Aziz, may Allah have mercy on him, laid the foundation stone for the Jeddah plant in 1376H (1957G) with a production capacity of 2000 tons of clinker per day in 1395H (1975G). Due to the urban expansion, the business was shifted to the company's plant in Rabigh in 1404H (1984G) with a production capacity of 4000 tons of clinker per day. Further, the Custodian of the Two Holy Mosques King Fahd bin Abdul Aziz, may Allah have mercy on him, opened it in 1406H (1986G). The registered office of the company is located in 8605 King Abdulaziz Road, Al-Nahda district, 23523 – 2113 Jeddah, P.O 275, 21411 Jeddah, Kingdom of Saudi Arabia.

2. **Activities:** ACC and its subsidiaries (the Company) activities shall include the following:

- a. Production of clinker, cement, building materials, related products, and derivatives inside and outside KSA.
- b. Trading in clinker, cement, building materials, related products, and derivatives inside and outside KSA.
- c. Utilization of quarries, as well as establishment of plants and warehouses required for the Company's purposes, namely manufacturing, storage, sale, purchase, import, export, and carrying out other complementary and supporting industries. In order to achieve such purposes, ACC may conclude all types of contracts for real estate and movable properties, and enter into any type of other agreements pursuant to the applicable laws.

Further, following obtaining the necessary licenses, if any, from the competent authorities, ACC shall carry out its activities according to the adopted regulations.

ACC's plant located in Rabigh Governorate, north of Jeddah, and near the company's main markets, is the source of its main operations for the production of cement and clinker. Owing to the increasing demand for cement, an expansion (line 5) is made in 1417 H (1996 G) with a production capacity of 4000 tons of clinker per day, raising the designed capacity to 8000 tons of clinker per day.

In 1430H, a new expansion (line 6) has been made with high technology and a production capacity of 7000 tons of clinker per day; in addition, the other four old lines have been suspended. The designed production capacity thus has been increased to 11000 tons of clinker per day. Further, ongoing improvements in operations resulted in achieving high operating and functioning rates, whereby the production capacity of the company's plant

reached 12200 tons of clinker per day, equivalent to 13000 tons of ordinary Portland cement (OPC) per day. ACC has cement grinding capacities exceeding 20000 tons per day.

In 1428H (2007G), ACC established the Qatrana Cement Company in the Hashemite Kingdom of Jordan (with ownership percentage 86.74%) with high technology and a production capacity of 5000 tons of clinker per day, equivalent to 5300 tons of OPC per day. The company commenced commercial operation in 2011 G.

3. Productivity and Markets: The company aims to sell its products in the local market in particular, and the available export markets. The currently designed production capacity of ACC plant in Rabigh has reached 3.8 million tons of clinker per year; in addition, the cement grinding capacity amounting approximately to 6 million tons per year. ACC produces four main types of cement with high quality according to the approved local and international specifications (ordinary Portland, Portland pozzolana, Sulphate-resistant, finishing cement). The production capacity of the subsidiary company (Qatrana Cement Company) located in Jordan is 1.8 million tons of clinker annually; in addition, cement grinding capacity is about 2 million tons per year. The Company targets Jordanian markets, as well as exporting to a number of neighboring countries.

I: Governance Regulations

ACC has typically paid attention to the implementation of corporate governance since the issuance of the Corporate Governance Regulations by the Saudi Capital Market Authority (CMA) on November 12, 2006G, and the new Governance Regulations issued on February 13, 2017G, whereby the company developed an effective corporate governance system, which it believes to be important on the long-term. Based on the company's keenness, and strengthening its relation with its shareholders and all its investors and stakeholders, and pursuant to the principle of disclosure and transparency, the Board approved the Governance Regulations for the Arabian Cement Company (Second version) on December 3, 2017G to maximize the value of shareholders' rights on the long-term; in addition to documentation of the company's corporate governance policies and procedures. ACC has submitted a copy of the Governance Regulations approved by the BoD to the Governance Department of CMA. The various departments of the company have also been keen to contribute to promote and strength the corporate governance system, ensuring that all departments have adopted the best work methods to preserve the interests of the company and its shareholders.

ACC endeavored to develop and approve policies that confirm and ensure the application and implementation of official laws and regulations, and to disclose essential information about the company and its performance, which would help the company's shareholders and investors in evaluating the company.

According to CMA Board Decision No. 3-45-2018, dated Shaaban 7, 1439H, corresponding to April 23, 2018G, and the amendments to the Governance Regulations, the Board during

its meeting on Rabi' al-Thani 4, 1440, corresponding to December 11, 2018G, agreed to approve the amendments to the updated ACC Governance Regulations for 2018G, as well as any further updates.

The company has implemented a number of indicative articles, including:

1. Formation of the Governance and Social Responsibility Committee. (Indicative Article according to Article 95 of Governance Regulations)
2. Formation of the Risk Management Committee (Indicative Article according to Articles 70, 71, and 72 of Governance Regulations)
3. Board evaluation (Indicative Article according to Article 41 of Governance Regulations)
4. Internal control system (Indicative Article according to Article 74, 76, 77, and 78 of Governance Regulations)
5. Organizing the relations with stakeholders (Indicative Article according to Article 83 of Governance Regulations)
6. Social Responsibility (Indicative Article according to Article 87 of Governance Regulations)
7. Social work initiatives (Indicative Article according to Article 88 of Governance Regulations)

The Corporate Governance is supervised by the Governance and Social Responsibility Committee stemming from the Board. The majority of the Committee consists of independent members. Further, the Committee shall be responsible for developing plans, and programs for social responsibility activities and the development of related projects, following up their implementation. Corporate Social Responsibility Department shall follow up all the laws and regulations related to governance under the supervision of the Corporate Governance and Social Responsibility Committee. In addition, ACC voluntarily applied governance to its subsidiaries and associates.

The Remuneration and Nominations Committee has also prepared a form for evaluating the performance of the Board and the committees stemming from it since 2016G, where the members of the Board participated in the evaluation process by providing their opinions. Further, the results of the evaluation for 2020G were analyzed under the supervision of the Remuneration and Nominations Committee; results and recommendations for 2020G are communicated to the Board.

ACC shall apply the provisions contained in the Corporate Governance Regulations in conformity with the Company's Articles of Association (AoA) and the Companies Law issued by the Ministry of Commerce, particularly with regard to shareholder rights, and adhere to procedures related to disclosure and transparency, ensuring the application of disclosure and transparency standards.

B- Arabian Cement Company (ACC) applies all the provisions of the Corporate Governance Regulation, except for some of the indicative articles as follows:

Article/Clause No.	Text of Article/Clause	Reason for non-application
Article 39, clause 2 Training	Set the necessary mechanisms in place for continuous access to programs and courses by all members of the board of directors and executive management; for developing their skills and knowledge in areas relevant to company activities.	The article is still indicative
Article 41, clause E Evaluation	The board of directors shall take the necessary actions to obtain evaluation of its performance quarterly by external competent entity.	The article is still indicative
Article 54, clause B Formation of audit committee	The chairman of audit committee shall be an independent member.	The article is still indicative
Article 85, clause 1 –Staff Motivation	Composition of committees or holding specialized workshops to listen to the opinions of company's staff and discuss with them the issues and topics that are the subject of important decisions.	The article is still indicative
Article 85, clause 2 –Staff Motivation	Programs to give employees shares in the company or share of profits, retirement programs and establishment of independent fund for disbursement on those programs	The article is still indicative
Article 85, clause 3 –staff motivation	Establish social institutions for company's staff.	The article is still indicative

C- 2020 Milestones:

	Milestone	2020
1	Arabian Cement Company announcement of financial results of the year ended as at 31/12/2019.	2/3/2020
2	Arabian Cement Company announcement of distribution of cash dividends to shareholders for the second half of 2019.	2/3/2020
3	Arabian Cement Company announcement of invitation of their shareholders to attend the sixty-third ordinary general assembly meeting (first meeting)	25/3/2020
4	Arabian Cement Company announcement of its contribution of an amount of 2 million riyal in support of the Health Endowment Fund to combat Corona Virus (Covid-19).	5/4/2020
5	Arabian Cement Company announcement of invitation of their shareholders to attend the sixty-third ordinary general assembly meeting (first meeting), reminder, the beginning of electronic voting.	14/4/2020
6	Arabian Cement Company announcement of the most prominent repercussions of the current crisis and precautionary measures and the preventive measures taken to reduce the spread of the coronavirus (covid-19) and its impact on business	14/4/2020
7	Arabian Cement Company announcement of invitation of their shareholders to attend the sixty-third ordinary general assembly meeting (second meeting)	20/4/2020
8	Arabian Cement Company announcement of preliminary financial results of the	10/5/2020

	Milestone	2020
	period ended as at 31/3/2020 (three months)	
9	Arabian Cement Company announcement of the latest developments to establish new cement mills in its factory in Prague.	22/6/2020
10	Arabian Cement Company announcement of distribution of cash dividends to shareholders for the first half of 2020.	26/7/2020
11	Arabian Cement Company announcement of preliminary financial results of the period ended as at 30/6/2020 (six months)	26/7/2020
12	Arabian Cement Company announcement of opening of the candidacy for the membership of the Board of Directors.	13/9/2020
13	Arabian Cement Company announcement of preliminary financial results of the period ended as at 30/9/2020 (nine months)	27/10/2020
14	Arabian Cement Company announcement of invitation of their shareholders to attend the sixty-fourth ordinary general assembly meeting (first meeting), in persona and through the modern technology means.	10/11/2020
15	Arabian Cement Company announcement of the latest developments to establish new cement mills in its factory in Prague.	23/11/2020
16	Arabian Cement Company announcement of the beginning of electronic voting on the agenda of ordinary general assembly meeting (first meeting)	8/12/2020
17	Arabian Cement Company announcement of findings of sixty-fourth ordinary general assembly meeting (first meeting)	14/12/2020
18	Corrective announcement from Arabian Cement Company about the findings of sixty-fourth ordinary general assembly meeting (first meeting)	16/12/2020

II: Names of Board members, committee members, and current and earlier executive management positions, qualifications and experiences.

S	Name	Current Position	Previous Positions	Qualifications	Experience
1	Dr. Ibrahim Sulaiman Al-Rajhi	Chairman of Arabian Cement Company Chairman of Taiba Airport Development Company. Chairman of Taiba Airport Operation Company. Member of board of directors of Alrajhi Saudi Group	Chairman of Mada Infrastructure Holding Company Chairman of General Enterprises & Trading Company Limited Board member of International Company for Water and Power Projects (ACWA Power) Board member of Ajyal Holding Company. Board member of Al Arrab Contracting Co. Board member of Alwatania Poultry Co. Deputy General Manager of Alwatania Poultry Co. General Manager of Fursan Travel and Tourism Co.	PhD in Human Resources Master degree in Business administration Bachelor's degree of industrial engineering	25 years in industry and contracting



S	Name	Current Position	Previous Positions	Qualifications	Experience
2	Mr. Saud Abdul Aziz Al-Suleiman	Vice chairman of Arabian Cement Company Vice chairman and board member of Gulf General Cooperative Insurance Company Member of executive committee in the Gulf General Cooperative Insurance Company Chairman and executive director of Abdul Aziz Abdullah Al Sulaiman Group	Vice chairman of Abdul Aziz Abdullah Al Sulaiman Group	Bachelor's degree of economy and finance	33 years in management, economy and investment.
3	Dr. Sami Mohsen Baroum	Board member of Arabian Cement Company Chairman of Alkhomasiah Group	Chairman of Knowledge Economic City Managing director and CEO of Savola Group Head of packaging department of Savola Group Financial Director and Information System Director of Savola Group	Bachelor's degree of operation management Master degree of business administration Bachelor's degree of electrical engineering	16 years in management of several industrial companies
4	Mr. Abdul Latif Ali Al-Sief	Board member of Arabian Cement Company CEO of Al Ra'idah Investment Company Board member of Al Rajhi Bank Board member of National Petrochemical Company "Petrochem" Board member of Wisayah Global Investment Company	Executive Vice President the King Abdullah Humanitarian Foundation, investment portfolio director of MASIC, Chairman of investment portfolio of Saudi Arabian Oil Company (Saudi Aramco)	Master degree of economy – Master of Business Administration	19 years of credit, finance and investment experience
5	H.E Engineer Abdullah Mohammad Noor Rehami	Board member of Arabian Cement Company Retired government employee	Managing director and CEO of Savola Group Chairman of General Authority of Civil Aviation Assistant General Manager of the Industrial Development Fund	Bachelor's degree of mechanical engineering	Wide experience in leadership, management, finance, strategic planning and restructure. He occupied number of administrative positions in the public and private sector in addition to his membership in board of directors of several companies.

S	Name	Current Position	Previous Positions	Qualifications	Experience
6	Eng. Al-Waleed Abdul-Razzaq Al-Dryaan	Board member of Arabian Cement Company Managing director of Al Khaleej Training and Education Co.	General Director of Al-Khaleej Computers and Electronic Systems	Bachelor's degree of electrical engineering	33 years in investment management, companies establishment, training and education
7	Eng. Mutaz Kusai Al-Azzawi	Board member of Arabian Cement Company Managing his own business (managing director)	None	Bachelor's degree of computer engineering	23 years in investment management and contracting and membership of board of directors
8	Mr. Turki Abdullah Al-Rajhi	Board member of Arabian Cement Company	General Director of National Polyester Fibers Factory Co. General Director of Al-Rajhi Plastic Factory Co.	Bachelor's degree of industrial management	18 years in management and industry
9	Mr. Fahad Abdullah Al-Issa	Board member of Arabian Cement Company CEO of Amias Holding Company	Executive director of investment of Amias Holding Company Investment Banking Officer at Jadwa Investment Company Financial analyst of JPMorgan Chase & Co.	Bachelor's degree of Business Administration	13 years in investment, banking and finance

B- Committee Members

S	Name	Membership of Committees	Current Position	Previous Positions	Qualifications	Experience
1	Eng. Mutaz Kusai Al-Azzawi	Chairman of Audit Committee Chairman of risk management committee	Board member of Arabian Cement Company Managing his own business (managing director)	None	Bachelor's degree of computer engineering	23 years in investment management and contracting and membership of board of directors
2	Mr. Fahad Abdullah Al-Issa	Member of Audit Committee Member of risk management committee	Board member of Arabian Cement Company CEO of Amias Holding Company	Executive director of investment of Amias Holding Company Investment Banking Officer at Jadwa Investment Company Financial analyst of JPMorgan Chase & Co.	Bachelor's degree of Business Administration	13 years in investment, banking and finance
3	Mr. Abdul Aziz Saleh Aba Al-Khail	Member of Audit Committee (member from outside the board)	General manager of internal audit in Ministry of Defense	General manager of internal audit in National Industrialization Company (Tasnee)	Master of Finance	20 years in private and government sector in internal audit, compliance and risk management



S	Name	Membership of Committees	Current Position	Previous Positions	Qualifications	Experience
4	Mr. Naif Musnad Al-Musnad	Member of Risk Management Committee (member from outside the board)	CEO of Wealth management in NCB Capital	Occupied number of leadership positions at Barclays Saudi Arabia, Capital Market Authority and Ernst & Young	Master of Business administration	15 years in Strategy development, business and product development and governance
5	Eng. Al-Waleed Abdul-Razzaq Al-Dryaan	Chairman of Remuneration and Nomination Committee Chairman of Governance and social responsibility committee	Board member of Arabian Cement Company Managing director of Al Khaleej Training and Education Co.	General Director of Al-Khaleej Computers and Electronic Systems	Bachelor's degree of electrical engineering	33 years in investment management, companies establishment, training and education
6	Mr. Turki Abdullah Al-Rajhi	Member of Remuneration and Nomination Committee Member of Governance and social responsibility committee	Board member of Arabian Cement Company	General Director of National Polyester Fibers Factory Co. General Director of Al-Rajhi Plastic Factory Co.	Bachelor's degree of industrial management	18 years in management and industry
7	Mr. Adel Mohammed Al Ziad	Member of Remuneration and Nomination Committee (member from outside the board) Member of Governance and social responsibility committee (member from outside the board)	Businessman	CEO of Taiba Investment Co.	Master of accounting	22 year of management and finance

C- Executive Management

S	Name	Current Position	Previous Positions	Qualifications	Experience
1	Dr. Badr Osama Johar	Chief Executive Officer	CEO of Najran Cement Company from 2015 till March 31, 2018 Director of projects and planning department at Yanbu Cement Company from 2011 to 2014. Assistant director of projects department at Yanbu Cement Company from to 2010.	PhD of Industrial Engineering Mater of Engineering management and bachelor of Industrial Engineering	More than 13 years of experience in project management and cement industry
2	Mr. Amr Osama Kamel	Chief Financial Officer	General Manager of Internal Audit department at Savola Foods Company, General Director of Finance Department at United Sugar Company of Egypt General Director of Finance Department at Basamh Trading Company	Bachelor of commerce, accounting, Certified Public Accountant (CPA)	27 year of varied experience in external and internal audit, finance, accounting, 7 years in Stock companies and its affiliates in KSA
3	Eng. Waleed Atef Obaidat	Acting Chief Operations Officer	Plant Manager of Qatrana Cement Company	Bachelor of Chemical Engineering	26 year of varied experience in the cement industry

III: Names of companies inside or outside the Kingdom where a Board member holds a post in its existing, former Board or one of its directors

Member Name	A Board member holds a post in its existing Board or one of its directors	Inside /outside KSA	A Board member holds a post in its former Board or one of its directors	Inside /outside KSA
Dr. Ibrahim Sulaiman Al-Rajhi	1.Taiba Airport Development Company (closed joint stock)	Inside KSA	1. Mada Infrastructure Holding Company (L.L.C)	Inside KSA
	2.Taiba Airport Operation Company (L.L.C)	Inside KSA	2. General Enterprises & Trading Company Limited (L.L.C)	Inside KSA
	3.Alrajhi Saudi Group (closed joint stock)	Inside KSA	3. Ajyal Holding Company (L.L.C)	Inside KSA
			4. Al Arrab Contracting Co. (closed joint stock)	Inside KSA
			5. Alwatania Poultry Co. (L.L.C)	Inside KSA
			6. Fursan Travel and Toursin Co. (L.L.C)	Inside KSA
			7. ACWA Power (closed joint stock)	Inside KSA
Mr. Saud Abdul Aziz Al-Suleiman	1. Gulf General Cooperative Insurance Company (Listed joint stock)	Inside KSA	Saudi Arabian Refineries Company (Listed joint stock)	Inside KSA
	2. Qatrana Cement Company (Closed Joint Stock)	Inside KSA		
	3. Ready Mix Concrete and Construction Supplies Company (Listed joint stock)	Inside KSA		



Member Name	A Board member holds a post in its existing Board or one of its directors	Inside /outside KSA	A Board member holds a post in its former Board or one of its directors	Inside /outside KSA
Dr. Sami Mohsen Baroum	Jeddah International College	Inside KSA	1. Knowledge Economic City Company (Listed joint stock)	Inside KSA
			2. Savlo Group (Listed joint stock)	Inside KSA
			3. Saudi Arabian Investment Company (Sanabil)	Inside KSA
			4. Saudi Stock Exchange (Listed joint stock)	Inside KSA
			5. Almarai Company (Listed joint stock)	Inside KSA
			6. Herfy Food Services Company	Inside KSA
			7. Kinan Real Estate Development Company	Inside KSA
			8. Rua Al Madinah Holding Co.	Inside KSA
			9. Afia International Company	Inside KSA
			10. HSBC Saudi Arabia	Inside KSA
			11. United Sugar Company	Inside KSA
			12. Kinan International Real Estate Development Company	Inside KSA
			13. Savola Packaging Systems Co	Inside KSA
			14. Panda Retail Company	Inside KSA
			15. Savola Sime Egypt	Inside KSA
			16. Venture Capital Bank Bahrain	Inside KSA
Mr. Abdul Latif Ali Al-Sief	1. Al Rajhi Bank (Listed joint stock)	Inside KSA	1. HSBC Saudi Arabia (Closed Joint Stock Company)	Inside KSA
	2. Al Ra'idah Investment Company	Inside KSA		
	3. National Petrochemical Company "Petrochem"	Inside KSA	2. Combined visions Company (L.C.C)	Inside KSA
	4. Wisayah Global Investment Company	Inside KSA		
H.E Engineer Abdullah Mohammad Noor Rehaimi	Savola Foods Co. (unlisted Joint Stock Company)	Inside KSA	1. Knowledge Economic City Company (Listed joint stock)	Inside KSA
			2. Almarai Company (Listed joint stock)	Inside KSA
			3. National Company for Cooperative Insurance	Inside



Member Name	A Board member holds a post in its existing Board or one of its directors	Inside /outside KSA	A Board member holds a post in its former Board or one of its directors	Inside /outside KSA	
H.E Engineer Abdullah Mohammad Noor Rehami			(Listed joint stock)	KSA	
			4. Panda Retail Company (Unlisted joint stock)	Inside KSA	
			5. Saudi Arabian Airlines (Unlisted joint stock)	Inside KSA	
			6. Saudi Turkish Investment Holding Company (Unlisted joint stock)	Inside KSA	
			7. National Commercial Bank (Unlisted joint stock)	Inside KSA	
			8. Saudi Corporation for Business Development (non-profit)	Inside KSA	
			9. Social Development Bank (previously known as Saudi Credit and Savings Bank) (government institution)	outside KSA	
			10. Alujain Holding Corp. (listed joint stock)	Inside KSA	
			11. Saudi Cable Company (listed joint stock)	outside KSA	
			12. Saudi Turkish Investment Company (Unlisted joint stock)	outside KSA	
			13. Bin Ladin International Holding Group	Inside KSA	
	Eng. Al-Waleed Abdul-Razzaq Al-Dryaan	1. Al Khaleej Training and Education Co.	Inside KSA		
		2. Allianz Saudi Cooperative Insurance Co.	Inside KSA		
3. Inayah Co.		Outside KSA			
4. Malaz Capital Company		Outside KSA			
5. Fast Link Company UAE		Outside KSA			
6. Al Khaleej Training and Technology Co. Egypt		Outside KSA			
7. Online Trading Academy- UAE		Outside KSA			
8. New Horizons computer Learning Co. USA		Outside KSA			
9. Franklin Covey Co. UAE		Outside KSA			
10. Linguaphone Group/ Direct English- United Kingdom		Outside KSA			

Member Name	A Board member holds a post in its existing Board or one of its directors	Inside /outside KSA	A Board member holds a post in its former Board or one of its directors	Inside /outside KSA
Eng. Mutaz Kusai Al-Azzawi	1. Riyadh Bank (Listed joint stock)	Inside KSA	Merle Lynch (closed joint stock)	Inside KSA
	2. Savlo Group (Listed joint stock)	Inside KSA		
	3. Saudi Mobily Company (Listed joint stock)	Inside KSA		
	4. Herfy Food Services Company (Listed joint stock)	Inside KSA		
	5. Savlo Foods Co. (closed joint stock)	Inside KSA		
	6. United Sugar Company (closed joint stock)	Inside KSA		
	7. Afia International Company (closed joint stock)	Outside KSA		
	8. United Sugar Company of Egypt (closed joint stock)	Outside KSA		
	9. Alexandria Sugar Company (closed joint stock)	Outside KSA		
	10. Queen Foods Co. (closed joint stock)	Outside KSA		
	11. El Farasha for Food Industries Co. (closed joint stock)	Outside KSA		
	12. Qatrana Cement Company (Closed Joint Stock)	Inside KSA		
	13. Ready Mix Concrete and Construction Supplies Company (Listed joint stock)	Inside KSA		
	14. Saudi Technology and Trade Company (L.L.C)	Inside KSA		
	15. Saudi Industrial Construction & Engineering Projects (L.L.C)	Inside KSA		
	16. Brokers Development Company (L.L.C)	Inside KSA		
Mr. Turki Abdullah Al-Rajhi	1. Abdulaziz Al-Rajhi & Sons Holding Company	Inside KSA		
	2. AlRajhi Industrial Group	Inside KSA		
	3. AlRajhi First Holding	Inside KSA		
	4. Al-Rajhi Charitable Foundation	Inside KSA		
	5. Qatrana Cement Company (Closed Joint Stock)	Inside KSA		
Mr. Fahad Abdullah Al-Issa	1. Amias Holding Company (L.C.C)	Inside KSA	1. Sukoon International Co. (Closed Joint Stock) 2. National Medical Care Co. (Listed Joint Stock)	Inside KSA
	2. Assila Investment Company (Closed Joint Stock)	Inside KSA		
	3. Bio Food Company (L.C.C)	Inside KSA		
	4. Qatrana Cement Company (Closed Joint Stock)	Inside KSA		
	5. Valcovinst Ltd(L.C.C)	Outside Kingdom		

IV: Composition and Classification of the Board of Directors

Member Name	Membership Classification (Executive/ Non-Executive/ Independent)
1- Dr. Ibrahim Sulaiman Al-Rajhi	Independent
2- Mr. Saud Abdul Aziz Al-Suleiman	Non-Executive
3- Dr. Sami Mohsen Baroum	Independent
4- Eng. Al-Waleed Abdul-Razzaq Al-Dryaan	Independent
5- Eng. Mutaz Kusai Al-Azzawi	Non-Executive
6- Mr. Turki Abdullah Al-Rajhi	Non-Executive
7- Mr. Fahad Abdullah Al-Issa	Non-Executive
8- H.E Engineer Abdullah Mohammad Noor Rehami	Independent
9- Mr. Abdul Latif Ali Al-Sief	Non-Executive

V: Procedures taken by BOD to inform its members, -especially non-executives-, of shareholders' proposals and comments about the company and its performance

The BOD has not received any comments from the shareholders regarding the company and its performance. The BOD is keen to ensure that the majority of its members, especially non-executives, attend the General Assembly meetings, noting that all shareholders' inquiries and questions are answered and documented in the minutes of the assemblies.

VI: A brief description of competencies and functions of the main Board committees

1. Audit Committee: According to the governance regulation, the committee's tasks are briefed in monitoring, supervision, reviewing and studying the following:
 - The performance and activities of the internal audit in the company.
 - Internal control system and controls.
 - Accounting policies.
 - Financial statements.
 - Recommendation to BOD to nominate and dismiss auditors, determine their fees, evaluate their performance, and verify their independence.
 - Contracts and proposed transactions that the company conduct with related parties, if any.
 - Express the technical opinion - upon the request of BOD - on whether the report of BOD and the financial statements of the company are fair and understood and include information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategies.

Name	Nature of Membership	Number of meetings (8) meetings during the year 2020G								Attendance %
		Mar 1	May 7	Jun 9	July 26	Sep 17	Oct 27	Nov 5	Dec 27	
Eng. Mutaz Kusai Al-Azzawi	Non-executive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100%
Mr. Fahad Abdullah Al-Issa	Non-executive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100%
Mr. Abdul Aziz Saleh Aba Al-Khail	Outside BOD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100%

(Note: BOD decided to authorize the Audit Committee to approve the preliminary quarterly financial results at its meeting No. 518 on 01/03/2020G)

2. **Risk Management Committee:** According to the Governance Regulations, the tasks of the Risk Management Committee are briefed as follows:

- Developing a comprehensive risk management strategy and policies that comply with the nature and size of the company's activities, verifying their implementation, reviewing and updating them based on the internal and external variables of the company.
- Determining and maintaining an acceptable level of risk that the company may be exposed to, and checking that the company has not exceeded it.
- Ensuring the viability of the company continuation and the successful continuation of its activity, preventing the identification of risks threatening its continuation over the next 12 months.
- Supervising the company's risk management system and assess the effectiveness of systems and mechanisms for identifying, measuring and monitoring risks to which the company may be exposed; This is to identify shortcomings.
- Periodic reassessment of the company's tolerability of risks and exposure to it (e.g., during endurance tests).
- Preparing detailed reports regarding exposure to risks and the proposed steps for managing these risks, and submitting them to BOD.
- Submitting recommendations to BOD on issues related to risk management.
- Ensuring the availability of sufficient resources and systems for managing risks.
- Reviewing the organizational structure of risk management and making recommendations regarding it before being approved by BOD.
- Ensuring that the risk management personnel are independent from the activities that may result in exposing the company to risks.
- Ensuring that the risk management personnel understand the risks surrounding the company, and working on increasing awareness of the risk culture.
- Reviewing issues raised by the Audit Committee that may affect the risk management in the company.

Name	Nature of Membership	Number of meetings (1) meeting during the year 2020G	Attendance %
		Oct 27	
Eng. Mutaz Kusai Al-Azzawi	Non-executive	<input checked="" type="checkbox"/>	100%
Mr. Fahad Abdullah Al-Issa	Non-executive	<input checked="" type="checkbox"/>	100%
Mr. Naif Musnad Al-Musnad	Outside BOD	<input checked="" type="checkbox"/>	100%

3. **Remuneration and Nomination Committee:** According to the Governance Regulations, the tasks of the Remuneration and Nominations Committee are briefed as follows:

- Preparing a clear policy for the remuneration of members of BOD and the sub-committees and the Executive Management, and submitting them to the Board for consideration in preparation for approval by the General Assembly, taking into account in this policy that standards related to performance are followed, disclosed and their implementation verified.
- Recommending to BOD the remuneration of members of the Board, the sub-committees, and the senior executives of the company, in accordance with the approved policy.
- Studying the issues referred to it by BOD, and taking decisions if the board delegates this to the committee.
- Proposing clear policies and standards for membership in BOD and the Executive Management.
- Recommending to BOD to nominate and re-nominate members in accordance with the approved policies and standards, taking into account not to nominate any person previously charged of a breach of trust.
- Annual review of the necessary needs of skills or appropriate experiences for board membership and Executive Management functions.
- Reviewing the structure of BOD and Executive Management and make recommendations regarding changes which can be made.
- Annually verifying the independence of independent members, and that there's no conflict of interest if the member occupies BOD membership of another company.
- The committee proposes to BOD the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and Executive Management.
- Identifying weaknesses and strengths points of BOD and proposing solutions to address them in a way that comply with the company's interest.

Name	Nature of Membership	Number of meetings (5 meetings during the year 2020G)					Attendance %
		Feb 16	Jun 7	Sep 13	Oct 25	Nov 29	
Eng. Al-Waleed Abdul-Razzaq Al-Dryaan	Independent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100%
Mr. Turki Abdullah Al-Rajhi	Non-executive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100%
Mr. Adel Mohammed Al-Zaid	Outside BOD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100%

4. **Governance and Social Responsibility Committee:** According to Governance Regulations, the tasks of the Governance and Social Responsibility Committee are briefed in the following:

- Set corporate governance rules (Governance Regulation), monitor their implementation, verify their effectiveness, amend them upon need, and approve them by BOD.
- Verify that the company commitment to corporate governance rules.
- Review and update the company's corporate governance rules according to regulatory requirements and best practices.
- Review and develop the rules of professional conduct that represent the company's values.
- Submit to BOD to keep informed of developments in the field of corporate governance and best practices, and to provide BOD at least annually with reports and recommendations reached.
- Review HR management issues, including HR policies and procedures, company structure, and the rates of Saudization in the company in accordance with the regulations of the Ministry of Human Resources and Social Development and Scopes software.
- Develop an induction program for new board members that includes all important fields related to the nature of the company's business.
- Develop programs and determine the necessary means to launch the company's initiatives in the field of social work and follow up on their implementation in accordance with the authorization of BOD.
- Propose to BOD a policy that ensures a balance between the objectives of the company and the objectives that society aspires to achieve; with the purpose of developing the social and economic conditions of society, and submitting them to the General Assembly.
- Establish measurement indicators linking the company's performance with the initiatives it provides in social work, and compare this with other companies of similar activity.
- Disclose the objectives of social responsibility adopted by the company to its employees, and their awareness and education.

- Disclose the plans to achieve social responsibility in the periodic reports related to the company's activities.
- Prepare the basis and standards of company social responsibility.
- Prepare an executive plan and an estimated budget for social responsibility programs.

Name	Nature of Membership	Number of meetings (4) meetings during the year 2020G				Attendance %
		Feb 16	June 7	Sep 13	Nov 29	
Eng. Al-Waleed Abdul-Razzaq Al-Dryaan	Independent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100%
Mr. Turki Abdullah Al-Rajhi	Non-executive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100%
Mr. Adel Mohammed Al-Zaid	Outside BOD	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100%

VII: Evaluation Means adopted by BOD on its own performance and performance of its committees, members and third party that carried out the evaluation and its relationship to the company

The Remuneration and Nominations Committee has prepared and approved a form to evaluate the performance of BOD and just the internal sub-committees without the assistance of external authority, since 2016 G, whereas the board members participated in the evaluation process by providing their opinions, where the evaluation results are analyzed under the supervision of the Remuneration and Nominations Committee and then recommendations are submitted to BOD.

VIII: Disclose the remuneration of Board members, its committees, and executive management

The Company's Remuneration and Nominations Committee has prepared a policy for the remuneration of BOD members, sub-committees of the Board and senior executives, and it was approved by the Company's Ordinary General Assembly in its meeting held on December 3, 2017, Without prejudice to the provisions of the Companies Law, Capital Market Authority Law and their implementing regulations, and the Company's Articles of Association, the following shall be taken into account in the remuneration policy:

1. Alignment with the company's strategy and objectives, its consistency with the size, nature and class of risks of the company, and to provide remuneration for the purpose of inducing Board members and Executive Management to develop the company in the long term, and remunerations are determined according to the position level, tasks and responsibilities assigned to the occupant, academic qualifications, and practical experience, skills and level of performance, Taking into account the practices of other companies in determining remuneration, with avoiding the unjustified increase in remunerations and compensations that may result from that, aiming to attract, maintain and motivate professional competencies, with no exaggeration.

2. Accurate, transparent and detailed disclosure in the report of BOD regarding the remunerations granted to its members, committees and Executive Management, directly or indirectly, without concealment or misleading, whether they are sums, benefits or advantages, whatever their nature and name.
3. The remuneration granted to members of BOD, committees and Executive Management shall be obliged to what is stated the applicable and approved remuneration policy in the company, so that there is no fundamental deviation in determining those remuneration from what was stated in that policy such as terms and conditions for entitlement of the annual remuneration.
4. Details of the remuneration and compensation of board members, committees, and five senior executives will be detailed in the following tables:

A. Remuneration of BOD Members

Name	Fixed Remunerations							Variable Remunerations						Leaving indemnity	Total	Expenses (Transportation - Accommodation)
	A certain amount (annual remuneration)	Attendance allowance of board sessions	Total Attendance allowance of the sub-committees' sessions	Membership remuneration in subsidiaries and	Attendance allowance in subsidiaries and	Chairman of Board Remuneration	Total	Percentage of profits	Periodic Remunerations	Short-term incentive plans	Long-term incentive plans	Value of shares granted	Total			
I: Independent Members																
Dr.Ibrahim Sulciman Al-Rajhi	200.000	24.000		-	-	200.000	424.000	-	-	-	-	-	-	-	424.000	12.000
Dr. Sami Mohsen Baroum	200.000	21.000		-	-	-	221.000	-	-	-	-	-	-	-	221.000	
Eng. Al-Waleed Abdul-Razzaq Al-Dryaan	200.000	26.000	27.000	-	-	-	251.000	-	-	-	-	-	-	-	251.000	8.000
His Excellency Eng. Abdullah Mohammad Nur Rehaimi	200.000	24.000		-	-	-	224.000	-	-	-	-	-	-	-	224.000	
Total	800.000	93.000	27.000	-	-	200.000	1.120.000	-	-	-	-	-	-	-	1.120.000	20.000
I: Non-executive Members																
Mr. Saud Abdul Aziz Al-Suleiman	200.000	24.000		120.000	27.000	-	371.000	-	-	-	-	-	-	-	371.000	5.000
Mr./Abdul Latif Ali Al-Sief	200.000	24.000				-	224.000	-	-	-	-	-	-	-	224.000	
Eng. Mutaz Kusai Al-Azzawi	200.000	24.000	28.000	120.000	27.000	-	399.000	-	-	-	-	-	-	-	399.000	23.942
Mr.Turki Abdullah Al-Rajhi	200.000	24.000	27.000	60.000	27.000	-	338.000	-	-	-	-	-	-	-	338.000	13.000
Mr.Fahad Abdullah Al-Issa	200.000	24.000	27.000	60.000	30.000	-	341.000	-	-	-	-	-	-	-	341.000	14.533
Total	1.000.000	120.000	82.000	360.000	111.000	-	1.673.000	-	-	-	-	-	-	-	1.673.000	56.475

Note 1: 2020G Remuneration shall be disbursed after the General Assembly approves BOD recommendation regarding the remuneration of Board members.

Note 2: An internal project committee was formed, consisting of 3 members of BOD, whose members receive an attendance allowance only of SAR 3000 per session.

Note 3: BOD Members shall not receive any benefits in kind or remuneration for any technical, administrative or advisory work.

Note 4: BOD member who represents the company in the subsidiary and associate companies BOD shall receive an amount of SAR 60,000 annually.

Note 5: A committee member from outside BOD shall receive an amount of SAR 60,000, with a maximum of SAR 100,000, upon participating in more than one committee annually.

Note 6: An Audit Committee member shall receive an amount of 100.000 SAR not included within the maximum remuneration ceiling of SAR 500,000 according to Law.

B. Senior Executive Remunerations

Five senior executives	Fixed Remunerations				Variable Remunerations						Leaving indemnity	Total remuneration for the board executives	Total Gross
	Salaries	Allowances	Benefits in kind	Total	Periodic Remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Shares granted	Total			
	3.190.800	1.119.179	-	4.309.979	1.017.737	-	-	-	-	1.017.737	1.402.041	-	6.729.757

Note: Arabian Cement has disclosed the total compensation and remuneration of its executive management in a lump sum as per the regulations as per article (93) clause “4” item “B” of Corporate Governance Manual by CMA. However, and in order to protect the company’s interest, its shareholders, and its employees and to avoid unnecessary harm as a result of detailed disclosure of the remunerations as per positions and job titles, we optioned not to disclose as per the appendix (1) of the top executive in the corporate governance manual.

C. Remuneration of Committees Members

Name	Fixed Remunerations (Except for the allowance for attending the sessions)	Sessions Attendance Allowance	Total
Audit Committee Members (Remuneration of the Audit Committee members was determined by the 7 th Extraordinary General Assembly held on April 18, 2017G)			
Eng. Mutaz Kusai Al-Azzawi	100.000	25.000	125.000
Mr. Fahad Abdullah Al-Issa	100.000	24.000	124.000
Mr. Abdul Aziz Saleh Aba Al-Khail	100.000	24.000	124.000
Total	300.000	73.000	373.000
Members of the Risk Management Committee			
Eng. Mutaz Kusai Al-Azzawi	0	3.000	3.000
Mr. Fahad Abdullah Al-Issa	0	3.000	3.000
Mr./ Naif Musnad Al-Musnad	60.000	3.000	63.000
Total	60.000	9.000	69.000
Members of the Remuneration and Nomination Committee			
Eng. Al-Waleed Abdul-Razzaq Al-Dryaan	0	15.000	15.000
Mr. Turki Abdullah Al-Rajhi	0	15.000	15.000
Mr. Adel Mohammed Al-Zaid	50.000	15.000	65.000
Total	50.000	45.000	95.000
Members of the Governance and Social Responsibility Committee			
Eng. Al-Waleed Abdul-Razzaq Al-Dryaan	0	12.000	12.000
Mr. Turki Abdullah Al-Rajhi	0	12.000	12.000
Mr. Adel Mohammed Al-Zaid	50.000	12.000	62.000
Total	50.000	36.000	86.000

IX: Any penalty, sanction, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory or judicial authority.

Violation	Authority	Reasons of violation	Ways to remedy the violation and avoid it in the future
SAR 100.000	Ministry of Industry and Mineral Resources - Deputy Ministry for Mineral Resources	Using other crude in addition to the crude stated in the license	According to the Mining Investment Law issued by Royal Decree No. M / 140 dated 19 Shawwal 1441 H, it is not required to obtain a license to use gravel, rocks and sand within the site of the license as necessary to achieve the objectives of the license in accordance with Article 45.
SAR 10.000	Ministry of Industry and Mineral Resources - Deputy Ministry for Mineral Resources	Delay in paying surface wages for a number of sites	This is avoided in the future by paying the dues 5 working days before due date
SAR 10.000	The General Authority of Meteorology and Environmental Protection	The company's Delay in submitting the environmental compliance record due to the delay of the consulting office contracted with in preparing it	An environmental compliance record has been submitted.

X: Results of the Annual Review of The Company's Internal Control Procedures Effectiveness

1. Results reached by BOD through its annual review of internal control procedures effectiveness in the company:

The existence of an effective internal control system is one of the main responsibilities assigned to BOD, and the main task of the Audit Committee is to verify the adequacy of the internal control system and to implement it effectively, and to submit any recommendations to BOD that would develop the system in a way that achieves the company's objectives and protects the interests of shareholders and investors with high efficiency and a reasonable cost. The Audit Committee shall have unrestricted access to all information, statements, reports, records, correspondence or other matters that the committee deems important to review, and BOD shall take all measures to ensure that the committee performs its duties.

The internal control system aims to ensure that the company's objectives are effectively and efficiently achieved, and one of the most important elements that the company has in order to support the internal control system is the policies approved by BOD, financial and administrative authority schedules and an administrative

structure that clarify the administrative hierarchy and facilitate communications, an accounting system and remuneration for results according to PI and approved budgets, a guide to work ethics and behavior, a delegating powers system, qualified human resources, a system for maintaining records and company assets, separation of tasks, and a program for compliance with regulations and laws.

2. Opinion reached by the audit committee on the adequacy of the company's internal control system

Within the limits of its functions, The Committee shall examine the periodic reports prepared by the company's internal audit department, as well as review the results of the external auditor work to assess the company's control environment, and the committee shall also follow up on the recommendations reached by other supervisory authorities to address the observations and follow up on their correction. The Executive Management of the company shall sign the letter of representation periodically, which confirms its responsibility to adhere to the regulations, laws, approved policies and control procedures, taking into account that any internal control system, regardless of its degree of efficiency and effectiveness, cannot provide absolute confirmation regarding the effectiveness of internal applicable control systems. Accordingly, the committee has not received any evidence of any fundamental weakness in the company's internal control systems.

XI: Audit Committee recommendations on the need to appoint an internal auditor in the company.

No such recommendation from the Audit Committee as there is already an existing internal auditor in the company.

XII: Audit Committee recommendations conflicting with board of directors' decisions or rejected by the board in relation to appointing, dismissing, setting fees, and evaluating the performance of the company's auditor or appointing an internal auditor.

No such conflict or rejection between Audit Committee recommendations and Board of directors' decisions.

XIII: Details of the company's social contributions during 2020.

ACC's strategy for social responsibility focuses on contributing effectively in realizing Vision 2030 in relation to social responsibility objectives, as well as supporting different segments of society. Objectives are planned and initiatives are chosen in accordance with that strategy.

In 2020, ACC, out of national responsibility, provided support to the Health Empowerment Fund under the Ministry of Health with SAR 2 million, in line with the efforts exerted by

The KSA to combat the outbreak of COVID-19 and to support the Ministry of Health in facing this global crisis. The company also continued to support the local community during COVID-19 pandemic, adopting several programs and initiatives to serve the community.

Activities and Programs:

-The company launched awareness-raising campaigns that focused on the health and safety of certain groups, such as awareness-raising campaigns on mental health and autism as a part of World Health Day, World Civil Defense Week, etc.

-The company continued to provide training and development sessions to the community in several fields including safety, occupational health, cyber security, disaster and crisis management, diversifying sources of income for charitable organizations, among others.

-The company continued to support King Abdullah center for disabled children in Jeddah through monetary support and sponsoring some programs that benefit the association.

-The company provided monetary support to prisoners' families in Rabigh to help them to afford living expenses.

- Honoring healthcare heroes in Rabigh General Hospital for their efforts during COVID-19 pandemic.

-The company provided a number of computers and tablets for orphans to help them in the distance learning process.

-Looking after talents as it sponsored the 1st Scientific Forum for students in King Abdul-Aziz University.

Encouraging Volunteer Work:

In Addition to supporting social responsibility, ACC also supported voluntary participations of its employees, including a series of donation campaigns, including for example, blood donation in cooperation with Rabigh General Hospital and King Abdullah Hospital in Jeddah.

Taking Care of the Environment:

ACC was keen on taking care of the environment through its programs on social responsibility in which it launched "Green Rabigh" initiative. This initiative seeks to increase arborization and giving it due attention. During this initiative, the company distributed trees on citizens and residences to plant them in Rabigh areas. The company also increased the number of landscapes in its plant in Rabigh.



Sponsoring the 1st Scientific Forum for students in King Abdul-Aziz University in Rabigh.



Development session for charitable organizations entitled Innovative Methods to diverse income resources.



XIV: Below table outlines dates of shareholders' general assemblies that were held during the last FY and the names of board members present at these assemblies:

Sr.	Name	Attendance Record	Attendance Record
		63 rd meeting of the Regular General Assembly dating 19/04/2020G	64 th meeting of the Regular General Assembly dating 13/12/2020G
1	Dr. Ibrahim Suleiman Al-Rajhi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2	Mr. Saud Abdulaziz Abdullah Al-Suleiman	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3	Dr. Sami Mohsen Baroum	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4	Eng. Al Waleed Abdul Razak Al Dryaan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5	Eng. Mutaz Kusai Hassan Al-Azzawi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
6	Mr. Turki Abdullah Abdulaziz Al-Rajhi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
7	Mr. Fahad bin Abdullah Al-Issa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
8	H.E. Eng. Abdullah Mohammad Nour Rehaimi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9	Mr. Abdul Latif Ali Al-Sief	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

XV: Description of the type of main activities in the company, its subsidiaries, and associates.

Activities in ACC and its subsidiaries (The Company) revolves around producing clinker, cement, construction material, related products, derivatives, and trading in them. In order to achieve its objective, the company should enter into all types of contracts, in real estate and movables, and to enter into any other agreements to the extent determined by applicable laws and Statute.

1- Arabian Cement Company (Company's operations in the KSA):

In 2020, the total production achieved by the company reached 2.7 million ton of cement, compared to an amount of 2.2 million ton in 2019, which accounts for an increase by 0.5 million ton with a ratio of 22.7%. On the other hand, Clinker production for 2020 reached 3.1 million ton, compared to 3.5 million ton achieved in 2019, which accounts for a decrease by 0.4 million ton and a ratio of 11.4%. Company's total sales of clinker and cement amounted to SAR 614.5 million by the end of December 2020, compared to SAR 485 million in 2019, which account for an increase by 26.7%. This is a result of the increase in sales of cement and clinker, as well as export sales compared with the previous year 2019.

2- Arabian Cement Bahrain Holding Company (Kingdom of Bahrain) – Subsidiary:

On November 5th, 2007, Arabian Cement Bahrain Holding Company was established in the Kingdom of Bahrain for the purpose of managing the company's subsidiaries and investing its money in shares, bonds, and securities, in addition to owing real estates and movables, in order to initiate its activities and provide loans, guarantees and funding to its subsidiaries.

ACC owns a 100% of the Arabian Cement Bahrain Holding Company, whereas the latter owns 86.74% of Qatrana Cement Company and 36.67% of RMCC.

3- Qatrana Cement Company (Hashemite Kingdom of Jordan) – Subsidiary:

The company's production volume of clinker reached 0.82 million ton in 2020, whereas the quantity of production of cement for the same year reached 0.71 million ton. Company's total sales of clinker and cement reached SAR 257.4 million by the end of December 2020, compared with a total of SAR 296.9 million in 2019 that accounts for a decrease by 13.3%. This was caused by the spillovers of COVID-19 pandemic. ACC's share of Qatrana Cement Company's profits reached SAR 41.9 million by the end of 2020, noting that Qatrana Cement Company achieved a net profit of SAR 48.3 million during 2020 compared with a net profit of SAR 28.9 million for 2019.

4- Ready Mix Concrete & Construction Supply (Hashemite Kingdom of Jordan) – Associate:

The company incurred losses due to the difficult operational conditions and intensity of competition in the market in Jordan. Total sales achieved by the company reached SAR 118.7 million by the end of December 2020 and a net loss of SAR 25.1 for the same period.

Accordingly, ACC's share of the associate's net loss amounts for SAR 9.2 million as ACC owns 36.67% of the company. Regarding the company's market share, the company is still second despite bridging the gap with the first competitor in the market in Jordan.

5- Cement Products Industry Co. LTD. (Kingdom of Saudi Arabia) – Associate:

Arabian Cement Company, Yamama Cement Company, and Saudi Cement Company equally share CPI and representation in the board of directors. The company owns one plant for the production of cement packaging bags and petrochemicals packaging bags, such as fertilizers. The plant is located in Jeddah, with an ongoing project to gradually move it in the first quarter of 2021 to King Abdullah Economic City until all production lines are installed. Note that there was a delay in moving the plant due to a delay on the contractor's part and the effect of COVID-19 pandemic.

Company's sales reached SAR 121.3 million by the end of 2020 compared with a total of SAR 135.9 million in 2019. ACC's share of the net profit reached SAR 0.16 million in the same period compared with SAR 0.3 million in 2019, which accounts for a decrease by 46.7%.

The effect of these main activities on the company's volume of work and their contribution in the results is as follows: (1000 Saudi Riyal)

	Activity Revenue	Percentage
Activity (producing and selling cement)	871.916	100%
Total	871.916	100%

Description of the main activities in subsidiaries and associates:

Activity (1): QCC – Hashemite Kingdom of Jordan

Activity (2): RMCC – Hashemite Kingdom of Jordan

Activity (3): CPI – Kingdom of Saudi Arabia

The effect of main activities in subsidiaries and associates on the company's volume of work and their contribution in the results is as follows:

	Activity Revenue	Percentage
Activity (1): producing and selling cement	257.414	51.8%
Activity (2): producing ready-mix concrete	118.346	23.8%
Activity (3): Manufacturing cement products	121.253	24.4%
Total	497.013	100%

XVI: Description of the main plans and decisions made by the company (including structural changes in the company, expanding or suspending its works) along with the future expectations of the works.

The company is currently studying the variables in the working environment that surrounds cement-manufacturing sector to be able to quickly interact with any chances that could contribute in the development of the company on the long term or any risks that could negatively affect the work, as well as limiting or preventing its effects on the works. ACC's management works on applying whatever could enforce the company's leading position in the local market and its growth through creating a competitive advantage in the Saudi market. The future plan shall generally include the following:

- Completing a project for constructing two cement mills with a total capacity of 700 ton/ hour. Completion rate in the project reached 99.53% as at 31 December 2020.
- Building strategic relationships with clients aiming to achieve growth in the field of manufacturing and marketing both clinker and cement.
- Marketing different type of cement and raising awareness on suitable usages for each type.
- Working on whatever can raise the operational efficiency and market share in subsidiaries and achieving sustainable profit.
- Working on whatever can raise the operational efficiency and market share in the parent company and achieving sustainable profit.
- Continue exerting efforts to raise the production capacity of lines of production to new standard levels while maintaining the safety and reliability of equipment to achieve energy-efficiency targets.
- Expanding foreign export markets to sell clinker and cement products in the available markets.

XVII: Information related to the risks facing the company (weather operational risks, financial risks or market risks) and risks management and control policy.

Risks facing the company are focused in the following area:

1- Financial Risks

A-Market Risks

Market risks are fair value or cash flow risks of financial instruments. It could fluctuate due to the changes in market prices. Market risks consist of three types of risks; they are interest rate risks, currency risks and other prices risks.

B-Foreign Currency Risks

Currency risks lie in the fluctuation of financial instruments value due to the volatility of foreign currency exchange rates. The group is not fundamentally exposed to volatility of foreign currency exchange rates during its regular work sessions; given that the group's fundamental transactions throughout the year are conducted in SAR, USD, and AED. Whereas SAR and AED exchange rate against USD is fixed, there are no major risks related to transactions and balances valued in USD.

C-Credit Risks

Credit risks involves the inability of one of the financial instrument parties to fulfill its obligations, which results in financial loss incurred by the other party. Concentration risks arise when there are several parties with similar activities, practicing their activities in the same geographical areas or have similar economic features that prevent them from fulfilling the contractual obligations. To limit credit risks, the group have applied procedures of regulatory approval of credit limits granted to clients, which depend on the overall assessment of clients and previous reimbursement rates.

Moreover, the management continues to monitor credit risks related to their clients, along with allocating a provision for doubtful balances. Clients' current balances are continuously being monitored. Cash and cash equivalent get deposited at local banks with high credit rating. Trade and other receivables are mainly due by clients in the local market. Most clients' balances have letters of bank guarantee that are effective at local banks with high credit rating. Trade and other receivables are disclosed with their estimated refundable value.

D-Liquidity Risks

Liquidity risks are represented in the difficulties a facility is facing when saving money to fulfill obligations related to financial instruments. Liquidity risks can be a result of the inability to sell certain financial assets quickly and with an amount that approximates its fair value. Liquidity risks are managed through constant monitor of liquidity and ensuring adequate financial resources. Concentration of liquidity risks could arise from payment terms of financial obligations, fund and loan resources, or depending on a specific market to get liquid assets.

2- Risks of availability of operational resources:

The company constantly works on ensuring the availability of required raw material and power resources needed to achieve operational outcomes according to the set plans.

3- Competition Risks:

The possibility that company's revenues would be affected by the introduction of new production capacities to the market, particularly in the western region, in addition to fluctuation in the level of supply and demand and the intensity of competition.

4- Risks Related to Energy Products Prices:

Cement manufacturing activity consumes large quantities of energy products, which represent a great part of production costs. Thus, any potential increase in the prices of energy products, represented in heavy fuel oil, shall have a negative effect on operational outcomes of the company.

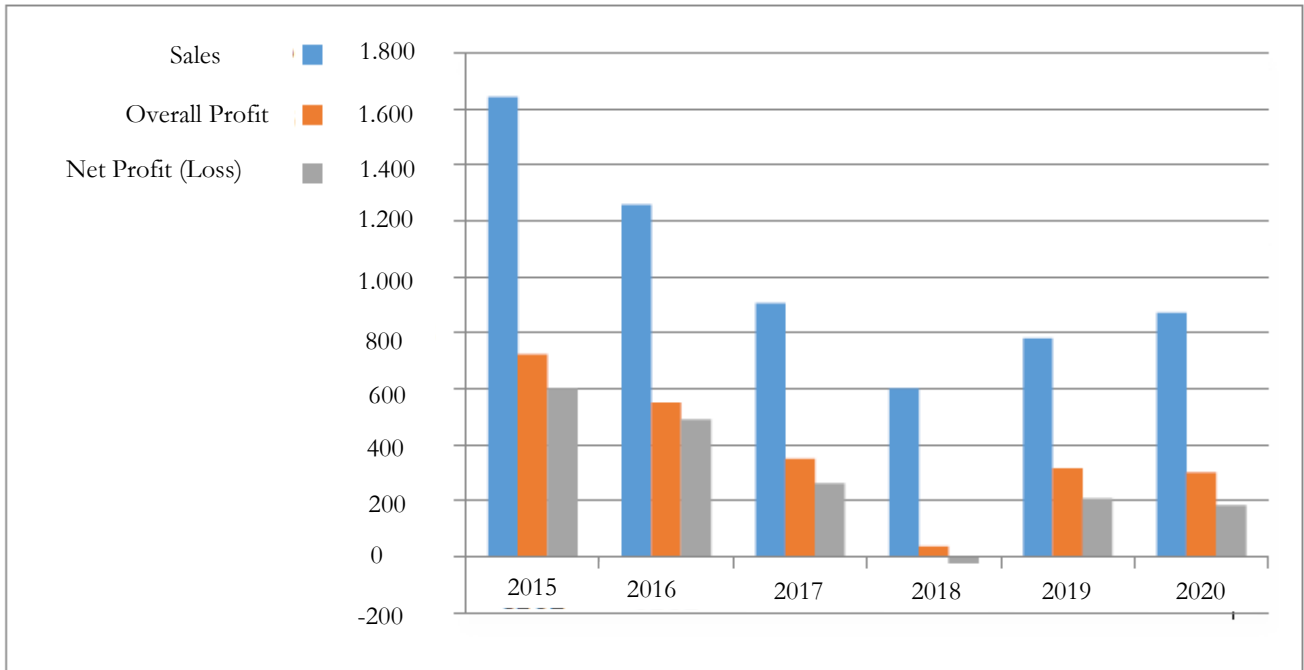
5- Risks that may face Qatrana Cement in Jordan. The most important of these risks are:

- Raw material risks
- Energy product risks
- Employment risks
- Fluctuation of supply and demand, as well as sales prices
- Risks of importing clinker and cement from neighboring countries
- Risks of fluctuation in the local currency exchange rate in the Jordanian dinar against the Saudi riyal and the effect of the value of ACC investment in Qatrana Cement

6- Risks of penetration of information systems and applications.

The company is always working to increase information and technical security continuously and progressively. Further, it focuses on making continuous updates to protect the its data from technical crimes that use new methods. The company is constantly reviewing and updating technical security systems, including all firewalls, splitters and anti-virus programs to ensure adequate protection and information security.

XVIII: A summary in the form of a graph and table on company's assets, liabilities, and business results in the last five financial years



1. Business Results Comparison: (SAR 1000)

Description	2020	2019	2018	2017	2016
Sales	871.916	781.970	600.725	905.748	1.256.899
Cost of Sales	(569.375)	(466.260)	(562.886)	(556.279)	(705.334)
Total Profit	302.541	315.710	37.839	349.471	551.565
Net Profit (Loss)	184.943	208.716	(26.268)	262.720	489.625

2. Assets and Liabilities Comparison: (SAR 1000)

Description	2020	2019	2018	2017	2016
Current Assets	1.025.957	965.110	887.460	1.140.158	983.274
Non-current Assets	2.600.285	2.681.814	2.698.619	2.793.983	2.833.161
Total Assets	3.626.242	3.646.924	3.586.079	3.394.141	3.816.435
Current Liabilities	256.239	301.220	240.114	289.824	277.839
Non-current Liabilities	377.097	387.976	483.749	614.209	214.082
Equity	2.992.906	2.957.728	2.862.216	3.030.108	3.324.514
Total Liabilities and Equity	3.626.242	3.646.924	3.586.079	3.934.141	3.816.435

XIX: Geographical analysis of the overall revenues of Arabian Cement, its subsidiaries and associates (SAR 1000)

1. Geographical Analysis of Arabian Cement Overall Revenues (Saudi Operations)

Year	Geographical Analysis of the Company's Overall Revenues			
	Overall Revenues	Geographical Region (1)	Geographical Region (2)	Total
2020G	614.502	KSA	-	614.502

2. Geographical Analysis of the Overall Revenues of Qatrana Cement (Subsidiary)

Year	Geographical Analysis of the Subsidiary's Overall Revenues			
	Overall Revenues	Geographical Region (1)	Geographical Region (2)	Total
2020G	257.414	Jordan	-	257.414

3. Geographical Analysis of the Overall Revenues of Ready-Mix Concrete & Construction Supplies Company (Associate)

Year	Geographical Analysis of RMCC Overall Revenues			
	Overall Revenues	Geographical Region (1)	Geographical Region (2)	Total
2020G	118.346	Jordan	-	118.346

4. Geographical Analysis of the Overall Revenues of Cement Product Industry Co. LTD. (Associate)

Year	Geographical Analysis of CPI Overall Revenues			
	Overall Revenues	Geographical Region (1)	Geographical Region (2)	Total
2020G	121.253	Local (87%)	Export (13%)	121.253

XX: A note on any material differences in the operating results of the current year compared to the financial year 2019G

(SAR 1000)

Description	2020G	2019G	Changes	Change Rate
Sales/ Revenues	871.916	781.970	89.946	11.5%
Cost of Sales/ Revenues	(569.375)	(466.260)	103.140	22.1%
Total Profit	302.541	315.710	(13.194)	(4.2%)
Operating Revenues – other	-	-	-	-
Operating Expenses – other	(71.724)	(7.065)	64.672	915.4%
Operating Profit (Loss)	230.817	308.645	(77.828)	(25.2%)

Despite the increase in the value and quantity of sales in the parent company, and the increase in dividends from investments in financial instruments, and reduction in general and administrative expenses and financing costs, the reason for the decrease in net profit for 2020G by 11.4% compared to last year is due to the increase in the cost of sales, and marketing expenses due to the increase in the quantities of export sales and the Zakat provision in the parent company.

XXI: Note on any differences from the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA)

There are no differences from the applied accounting standards issued by SOCPA that require disclosure, as the company's records have been properly prepared according to the accounting standards issued by the organization.

XXII: A detailed statement of the names of the subsidiaries and associates, their capital, percentage of ownership, its main activity, country of operations, and country of incorporation

(SAR 1000)					
Name of Subsidiaries/ Associates	Capital	Ownership %	Main Activity	Country of Operations	Country of Incorporation
Qatrana Cement – Private Joint Stock Company	480.300	86.74%	Cement Production	Jordan	Jordan
Cement Products Industry Co. LTD	18.000	33.33%	Cement bags production	KSA	KSA
Ready Mix Concrete and Construction Supplies Company	132.500	36.67%	Ready mix concrete production	Jordan	Jordan
Bahrain Cement Holding Company	5.000	100%	Holding Company	Bahrain	Bahrain

XXIII: Details of shares, and debt instruments issued for each subsidiary and associate (1000)

Company Name	Number of Shares/ Issued Shares	Number of Shares/ Owned Shares	Company Type
Qatrana Cement Company	90.624 share	78.607 share	Private closed joint-stock company
Cement Product Industry Co. LTD	18.000 share	6.000 share	Limited liability company
Ready Mix Concrete and Construction Supplies Company	25.000 share	9.167 share	Public incorporated joint-stock company
Bahrain Cement Holding Company	100% ownership	100% ownership	Holding company

XXIV: A description of the Company's Policy for Dividends Distribution

During 2020G, the company achieved an operating profit of 230.8 million riyals against an operating profit of 308.6 million riyals in 2019G, i.e. a decrease of 25.2%. Moreover, the net profit after deducting Islamic Zakat is 184.9 million riyals against a net profit of 208.7 million riyals in 2019G with a decline of 11.4%.

Distribution of the annual net profits of the company after deducting all general expenses and other costs, including zakat that is legally imposed in accordance with Article (51) of the company's articles of association, as follows:

1. 10% of the net profits are set aside to create the statutory reserve of the company. The Ordinary General Assembly may decide to cease such retention whenever the mentioned reserve reaches (30%) of the paid capital.
2. Based on the proposal of the Board, the Ordinary General Assembly may set aside a certain percentage of the net profits for a consensual reserve to be allocated for the purposes determined by the Assembly.
3. The Ordinary General Assembly may decide to create other reserves enough to serve the interest of the company or ensure that fixed profits are distributed as much as possible to the shareholders. The aforementioned Assembly may also deduct amounts from the net profits to establish social institutions for the company's employees, or to assist the existing institutions.
4. Subsequently, profits from the remaining amount shall be distributed to the shareholders. Further, the Ordinary General Assembly may decide to distribute profits to the shareholders from the balance of the retained profits.

			(SAR 1000)	
Percentage of profits distributed during the year		Proposed profit percentages to be distributed at the end of the year		Total Profit
	19/04/2020	10/08/2020		
%	10%	10%	12.5%	32.5%
Total (SAR 1000)	100.000	100.000	125.000	325.000

XXV: A description of any interest in the voting shares category belonging to individuals (other than members of the company's board of directors, their relatives, senior executives, and their relatives) informed the company of such rights under Article 45 of the Registration and Listing Rules, and any change to such rights during the last financial year

There is no interest in voting shares category belonging to individuals, other than the company's board of directors, their relatives, senior executives, and their relatives, informed the company of such rights or any change to such rights during the last financial year.

XXVI: A description of any interest, contractual securities, and rights issues belonging to the company's board of directors, senior executives, and their relatives with regard to the shares, debt instruments of the company, or any of its subsidiaries, and any change to such interest or rights during the last financial year.

A description of any interest, contractual securities, and rights issues belonging to the company's board of directors, and their relatives with regard to the shares, debt instruments of the company							
SN	Name	Beginning of 2020G		End of 2020G		Net change during the year	Change rate
		Number of shares	Debt instruments	Number of shares	Debt instruments		
Board Members							
1	Dr. Ibrahim Suleiman Al-Rajhi	1.703	-	1.703	-	-	-
2	Mr. Saud Abdulaziz Al-Suleiman	419.250	-	674.767	-	255.517	60.9%
3	Dr. Sami Mohsen Baroum	1.250	-	1.250	-	-	-
4	Mr. Abdul Latif Ali Al-Sief (1)	374.458	-	374.458	-	-	-
5	H.E. Eng. Abdullah Mohammad Nour Rehaimi	3.000	-	3.000	-	-	-
6	Eng. Al Waleed Abdul Razak Al Dryaan	8.500	-	8.500	-	-	-
7	Eng. Mutaz Kusai Al-Azzawi	1.000	-	1.000	-	-	-
8	Mr. Turki Abdullah Al-Rajhi	87.796	-	87.796	-	-	-
9	Mr. Fahad Abdullah Al-Issa	1.000	-	1.000	-	-	-

Note (1): These shares are owned by the Public Pension Agency (PPA). Further, Mr. Abdul Latif Ali Al-Saif does not hold any of the company's shares.

A description of any interest, contractual securities, and rights issues belonging to senior executives, and their relatives with regard to the shares, debt instruments of the company							
SN	Name	Beginning of 2020G		End of 2020G		Net change during the year	Change rate
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1	Dr. Bader Osama Hasan Johar	-	-	2.000	-	2.000	100%

A description of any interest, contractual securities, and rights issues belonging to the company's board of directors, senior executives, and their relatives with regard to the shares, debt instruments of the subsidiaries							
SN	Name	Beginning of 2020G		End of 2020G		Net change during the year	Change rate
		Number of shares	Debt instruments	Number of shares	Debt instruments		
None							

XXVII: Information about Company loans

(SAR 1000)

Providing entity	Principal amount	Loan term	Amounts paid for loan repayment during the year	Remaining amount of the loan	Total indebtedness of the company and its subsidiaries
Saudi British Bank (SABB)	251.500	5	31.437	-	-
Arab Bank – Jordan	528.914	9	70.791	317.433	317.433
Arab Bank – Jordan	15.867	3	-	15.867	15.867
Total loans at the end of the year	796.281	-	102.228	333.300	333.300

XXVIII: Description of categorizes and numbers of any transferable debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the financial year, with an explanation of any compensation obtained by the company in return for that.

There are no transferable debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the financial year 2020, and there is no compensation obtained by the company.

XXIX: Description of any transfer or subscription rights under transferable debt instruments or contractual securities or subscription right notes, or similar rights issued or granted by the company.

There is no description of any transfer or subscription rights under transferable debt instruments or contractual securities or subscription right notes, or similar rights issued or granted by the company.

XXX: A description of any recovery, purchase or cancellation by the Company of any transferable debt instruments, and the value of remaining securities with a distinction between the listed securities purchased by the Company and those purchases by its affiliates

There is no recovery, purchase or cancellation by the Company of any transferable debt instruments, and the value of remaining securities with a distinction between the listed securities purchased by the Company and those purchases by its affiliates.

XXXI: The number of board meetings held during the last financial year (2020)

The board of directors held (8) meetings during 2020 as follows:

S	Member name	Meetings number (8)								Total	Attendance Percent
		1	2	3	4	5	6	7	8		
		March 1	April,19	May 20	June 21	Aug, 16	Sep,27	Oct,7	Dec,13		
1	Dr. Ibrahim Sulaiman Al-Rajhi	√	√	√	√	√	√	√	√	8 out of 8	100%
2	Mr. Saud Abdul Aziz Al-Suleiman	√	√	√	√	√	√	√	√	8 out of 8	100%
3	Dr. Sami Mohsen Baroum	√	√	x	√	√	√	√	√	7 out of 8	87.5%
4	Mr. Abdul Latif Ali Al-Sief	√	√	√	√	√	√	√	√	8 out of 8	100%
5	Eng. Al-Waleed Abdul-Razzaq Al-Dryaan	√	√	√	√	√	√	√	√	8 out of 8	100%
6	Eng. Mutaz Kusai Al-Azzawi	√	√	√	√	√	√	√	√	8 out of 8	100%
7	HE. Eng. Abdullah Mohammed Noor Rehaimi	√	√	√	√	√	√	√	√	8 out of 8	100%
8	Mr. Turki Abdullah Al-Rajhi	√	√	√	√	√	√	√	√	8 out of 8	100%
9	Mr. Fahad Abdullah Al-Issa	√	√	√	√	√	√	√	√	8 out of 8	100%

XXXII: Number of company requests for shareholders' register and dates and reasons for such requests during 2020.

Number of company requests for shareholders' register	Request Date	Request Reason
1	13/12/2020	General Assembly
2	15/11/2020	Company actions
3	10/9/2020	Other
4	12/8/2020	Profit's file
5	21/4/2020	Profit's file
6	19/4/2020	General Assembly
7	2/1/2020	Company actions

XXXIII: Description of any transaction between company and related party

There is no description of any transaction between company and related party

XXXIV: Transactions or contracts in which company is a party, or involves an interest for any of board members, executives or for any person related to any of them.(1000 SAR)

S	Name of interested member	Nature of work or contract	Work or contract term	Value of work or contract	Terms of work or contract
1	Ready Mix Concrete and Construction Supplies (RMCC): (indirect interest) of representatives of Arabian Cement Company with Ready Mix Concrete and Construction Supplies: Board member- Mr. Saud Abdul Aziz Al-Suleiman Board member: Eng. Mutaz Kusai Al-Azzawi	Purchase of cement	Renewable year, unless otherwise agreed by parties.	52.415 riyal	Regular business without any preferential terms or benefits
2	Cement Products Industry Co. LTD. (CPI) (Indirect interest) of representatives of Arabian Cement Company with Cement Product Industry Co. CEO: Dr. Badr Osama Johar (member of board of directors)	Sale of cement sacks	Renewable year, unless otherwise agreed by parties.	16.688 riyal	Regular business without any preferential terms or benefits

XXXV: Any arrangement or agreement under which a board member or executives assign any remuneration.

There is no arrangement or agreement under which board member or executives assign any remuneration.

XXXVI: Any arrangement or agreement under which one of shareholders of company assign any rights to profits

There is no arrangement or agreement under which one of shareholders assign any right to profit

XXXVII: Statement of the value of regular paid and payable payments to pay any zakat, taxes, fees or other receivables and not paid until the end of the annual financial period with a brief description and state its reasons:

1. **Zakat:** The Company is subject to the regulations of the General Authority for Zakat and Tax in Kingdom of Saudi Arabia. Zakat is calculated on an accrual basis, and the affiliates and companies operating outside Kingdom of Saudi Arabia shall be subjected to the Taxes Regulations of the countries by which they operate.
2. **Tax:** The Company and its affiliates shall comply with the applicable tax laws and regulations.
3. **Social Insurance:** The Company shall be subjected to the social insurance law, and the social insurance fees shall be recognized on an accrual basis and social insurance shall be paid monthly on an accrual basis of previous month.

Statement	2020 (Thousand Saudi Riyal)	
	Paid	Due until the end of the financial period and has not been paid
Zakat	19.927	18.684
Tax	43.406	7.152
General Organization of Social Insurance	6.953	543
Miscellaneous government fees (Ministry of Interior, Ministry of Human Resources and Social Development)	261	--
Exploitation of mining materials	13.831	27.361
Total	84.378	53.740

XXXVIII: Statement of value of any investments or reserves established for the benefit of the company's employees

There are no investments or reserves established for the benefit of the company's employees.

XXXI: The Board of Directors acknowledge the following:

1. That the account records have been prepared correctly.
2. The internal control system was properly set and effectively implemented.
3. There is no doubt about the ability of the company to continue its activity.

XL: A statement of the reservations contained in the auditor's report on the annual financial statements, their reasons, and any information related to it

The auditor's report does not include any reservations or material notes on the annual financial statements for the financial year 2020.

XL: The Recommendation of the Board of Directors to change the auditor before the end of the period for which he was appointed, indicating the reasons for recommending the change.

There is no recommendation to the Board of Directors to change the auditor before the end of the period for which the appointment is made.

XLII: Details of treasury shares held by the company and details about the uses of these shares

There are no treasury shares held by the company

XLIII: The Board of Directors confirms the following:

1. No request was made by the auditor to the Board of director to convene the General Assembly of the company during the ended financial year 2020.
2. The chairman did not receive any written request to convene emergency meetings of two members or more during the ended financial year 2020.
3. The Company did not receive any request from the shareholders who own at least 5% to convene the general assembly during the ended financial year 2020.
4. The Company did not receive any request from the shareholders who own at least 5% to add one or more topics to the assembly's agenda when it was prepared during the ended financial year 2020.
5. The Board of Directors has not discharged any of company debtors from their obligations towards the company during the ended financial year 2020
6. The company did not place any procedures or restrictions that may impede the shareholder's use of his rights guaranteed by the laws and regulations.
7. The auditor did not provide any consulting services to the company and no fees were paid in this regard during the ended financial year 2020.
8. The company did not have any preference share or voting shares- whether for the shareholders or members of board of director or its employees, and all company shares are ordinary shares of equal par value and voting and other rights as per regulation.
9. The company did not provide any cash loan of any kind to members of its board of directors, nor did it include any loans concluded by any of them with others.
10. There are no fundamental obstacles that may affect the company's ability to prepare its financial statements as per international standards.

XLIV: Environment Protection

The Arabian Cement Company believes in the necessity of a strong contribution to maintain and sustain the lifestyle. Thus, company has made a quantum leap in the field of environment protection, and made it an integral part of its policy and that is through the commitment to preserve environment and protect it from pollution, apply all local and international applicable regulations and laws. The unlimited support of the company's board through the executives in the company has the clear and tangible effect of reducing harmful pollutants.

Where the company maintained the outstanding and effective performance of Fabric filters that have been replaced in the project implementation plan in the previous years by applying the periodic and preventive maintenance programs. All the readings of automatic monitoring were much less than the limits of General Authority of Meteorology and Environmental Protection (150 mg/m³).

As the first cement company to obtain the Environmental Management System Certificate (ISO 14001), the company continued its success in obtaining the Integrated management system (IMS) along with (ISO 14001), after the external review of Environment Management System Certificate (ISO). The company sought to develop regulations and programs that would be compatible and conformity with limits and standards of authority, including the installation of optical monitoring devices to monitor emissions, that can monitor and save emissions readings and for a continuous period of seven years.

XLV: Quality Control

Since its foundation in 1955, ACC has identified product quality and safety as a fundamental pillar of all its works and throughout stages of manufacturing and production; out of its belief that it is achieving excellence, leadership, sustainability and enhancing competitiveness locally and globally. ACC developed regulatory policies and procedures to implement a quality approach and run the business by the relevant departments. In addition to keeping up with technological developments by adopting the latest approved methods and techniques that aim for continuous improvement. It also works on increasing trust of their clients by providing cement products that fulfill their requirements and needs and confirm with the best local and global standards and specifications. ACC has equipped its labs with the best and latest technology as it automated lines and controls, realizing a distinguished achievement that introduced a new dimension for quality assurance and control, through adopting the concept of quality with all its vital and strategic dimensions in both theory and

application in all stages of manufacturing and production operations. It is still challenging to achieve continuous development in all areas.

As a result of these efforts, the company managed to obtain local and global certificates, such as the quality mark from the Saudi Standards, Metrology and Quality Organization (SASO) for all its products. This certificate is given to companies that fully conform to quality standards and metrology. It helps in enhancing the company's reputation locally, regionally and globally. In addition to constant development and improvement of products and reinforcing its competitive capabilities in the global market. The company also obtained quality management certificate (ISO 9001) in 2002, which is subject to regular internal and external audit from an accredited body to ensure the company complies with the requirements. Finally, The Company was awarded IMS certificate, along with (ISO 14001).

XLVI: Human resources

2020 is an exceptional year as the whole world witnessed the COVID-19 pandemic. Therefore, HR department was keen on supporting their employees during the pandemic by partially suspending, downsizing employees, or reducing wages and committing to paying wages in the set time without any delay. HR department also completed approved promotion plans before the pandemic.

Moreover, HR department maintained its place in the platinum range, according to the adopted classification in Nitaqat Program, concerning cement manufacturing with no less than 55% Saudization percentage of the total company employees (454 employee). It also continued to support, attract and employ national personnel during the pandemic.

Although the established governmental procedures, partial and total curfew, and changing ministerial decisions affected workflow, HR department began its operations, supervised, and supported employees as needed to ensure running the works with maximum efficiency.

One of the main activities that the HR department focused on during 2020 was automating HR processes (Digital Transformation) which enabled employees to use available technology to facilitate and ease service delivery. It also contributed to cutting down costs and reducing adopted procedures.

HR department continued to offer development training programs despite the challenges it faced when enforcing precautionary measures to ensure employees' safety. It also reactivated employment support program under Human Resources Development Fund.

XLVII: Shareholder Rights and Communication Mechanisms

In an effort from ACC to ensure the rights of its shareholders, the company gave great significance to its shareholders by informing them about the company's performance and its expectations through the board of directors' annual report. It also continues to inform them about any major developments that could affect the company's financial position and its works, using The Saudi Stock Exchange (Tadawul) and publishing company related information, including preliminary findings and annual financial results, on the company's website, daily newspapers and other means of disclosure. The said procedures shall be in accordance with disclosure policies closely followed by the company, implementing the instructions of Capital Market Authority (CMA), and complying with applicable laws in the KSA. The company updated the lists of shareholders eligible for old outstanding profits, whose data were not updated nor audited by the company, to help them receive all their financial benefits. In addition, the company allocated an official to handle investor relations with the responsibility of providing information and answering queries of financial market officers, shareholders and investors. According to CMA's guidelines, electronic connectivity has been established with investor complaints handling system project, which aims to automate investor complaints procedures at CMA.