





Custodian of two
the Holy Mosques

King Salman bin Abdulaziz Al Saud



His Royal Highness Prince

Mohammed bin Salman bin Abdulaziz Al Saud

Crown Prince, Deputy Prime Minister - Minister of Defense



His Royal Highness Prince Dr.

Faisal bin Mishaal bin Saud bin Abdulaziz

Governor of Al-Qassim Region



His Royal Highness Prince

Fahd bin Turki bin Faisal bin Turki bin Abdulaziz

Vice Governor of Al-Qassim Region



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Message from the Chairman

In the name of Allah, Most Gracious, Most Merciful, and peace and prayers be upon our Prophet, Muhammad, his family and all of his companions.

Ladies and Gentlemen, the shareholders of QCC

I am pleased to greet you and welcome you on my own behalf and on behalf of the Board members. I am honored to invite you to explore the Annual Report presented by the Management and Board of Directors, and Financial Statements, which presents the company's performance for the year ended December 31, 2020.

Another year has passed, and the new year comes with great challenges and uncertainty, and perhaps the most important of these challenges is to take responsibility and manage the rudder successfully to advance the future of QCC at this delicate time when the global pandemic of Coronavirus returns with its repercussions and severe effects on world economies and markets. However, the performance of QCC for 2020 was distinguished in comparison to the performance of the cement sector, local and regional markets, where the performance of your company was strong and has culminated in positive results as per performance indicators and as per independent analysts. This would not have been possible without the Virtue of God, and the effectiveness of the company's sales strategy, cost management, good planning and accuracy of the implementation that resulted in our success in meeting the effects associated with all challenges.

There is no doubt that the extensive structural reforms that have been implemented over the past five years in the national economy have contributed to consolidating and strengthening the Saudi economy to withstand global volatility in general. The government has offered unprecedented support for private sector companies and individual citizens to face the pandemic, through initiatives worth hundreds of billions Saudi Riyals, despite the fact that the pandemic was accompanied by a severe scare in oil prices and uncertainty in the world markets. However, the wisdom of our country's leadership has helped the economy sail towards the safe land. In this regard, we devote the highest signs of thankfulness and appreciation for the King, His Royal Highness Salman Bin Abdulaziz, "May God bless him", and the Crown Prince, His Royal Highness Prince Mohammed Bin Salman Bin Abdulaziz, "May God bless him", and the Prince of Qassim Region, His Highness Prince Faisal Bin Mashal Bin Saud Bin Abdulaziz and his deputy His Highness Prince Fahad Bin Turki Bin Faisal Bin Turki Bin Abdulaziz, the deputy Prince of Qassim Region. "May God bless them", for their great efforts and generous support to the private sector which have had a great impact in aiding the flexibility and capacity of the Kingdom's economy to deal with broader options, this crisis and others which the world's economies have faced.

At QCC, we are always looking forward to taking advantage of the growth opportunities at a steady pace in accordance with the strategy adopted by the Board of Directors and the company's Executive Management who strive to continue the progress, keeping in mind the interest of all stakeholders of QCC starting with its human capital and its partners who include our customers and suppliers, to achieve for you and our society all aspirations, based on the set of authentic values adopted by the company and in line with our full commitment to achieving the national vision and providing more opportunities for the children of this blessed land.

We ask the Almighty to help us all to serve your company, provide it and prosper.

Chairman


Tariq Bin Mutlaq Al Mutlaq



Introduction

Founded on the 15th of Shaaban in 1396, 11 August 1976, Qassim Cement Company (QCC) is headquartered in Buraida, the capital of Al-Qassim region and its administrative center. QCC has for decades maintained its rank among the top 100 Saudi companies, and as one of the national outstanding joint stock companies in the Kingdom. The company has made remarkable achievements over the past four decades, embodied the ability of the national industry to contribute actively to the construction and development process.

The company's vision, mission and values focuses on building local and regional partnerships to create long-term relationships with customers, investors, suppliers and employees, and to take care of the foster environment, in accordance with established foundations and established standards, through which it focuses on fair competition to be the best choice in the construction sector and industrial sector in general. Further, QCC emphasizes to contribute to the building of the future of the cement industry as a model by keeping pace with the development agenda so that it maintains its leadership in the region and contributes to building a promising, more diversified and developed infrastructure economy in a more diversified and developed environment and sustainable health.

The company's activity is concentrated in the manufacture and production of cement of different types, derivatives, components, accessories and trade, in accordance with the highest Saudi and international standards, and work to provide the needs of the markets, namely: (ordinary Portland cement, Portland cement resistant, cement finishing Portland Cement), which relies mainly on locally available natural resources and mineral resources, as well as the company's direct and indirect activities related to the primary purpose of its activity, such as marketing, sales, investment and other business activities that support the company's activity and help in Achieving stability in the domestic market and continuing development projects.



Our Vision

To be a leading company in cement and building materials production, with its customer focus, production quality and best operating methods.



Our Mission

To consistently produce the highest varieties of cement and building materials, in the most efficient and environmentally friendly way, and maximizing value to stakeholders.



Our Values

Employee: Providing a safe and competitive work environment that is highly professional, and contributes to attracting, developing and maintaining competencies.

Customer: Focus on customer service and achieve the highest benefit, by providing a high quality product at competitive prices and providing technical support.

Suppliers: Creating a long-term business relationship between the Company and the supplier, based on trust and balance of interests.

Investor: Protecting shareholders' rights and maximizing return on investments.

Environment: Working within the highest environmental standards, and developing work systems that contribute to the continued preservation of the environment.

Community: Enriching the social standing of the Company, by developing the national workforce and contributing to the service and development of the community.

Our Activity

The manufacture and production of cement, its derivatives and components, marketing and sale of different types and specifications, to meet the needs of the market, and to carry out all related works directly or indirectly to achieve this purpose. All products of the Company are certified as quality mark from the Saudi Standards, Metrology and Quality Organization. The products of QCC include the following:

1. Ordinary Portland Cement:

This product complies with Saudi Standard SASO-GSO 1914/2009 Type I, where it is characterized by quality that meets the different applications of concrete according to the needs and aspirations of our customers.

2. Portland Cement Resistant:

This product is produced in accordance with Saudi Standard SASO-GSO 1914/2009 Type V, where this product is distinguished from other types of cement by its resistance to sulfate and salts.

3. Finishing Cement:

It is one of QCC's most innovative product, which was produced after several studies and experiments that have proven to be the most suitable cement for finishing work (construction - liasa - tiles - floor casting). This product complies with Saudi Standard SASO-ASTM C91/2018.

4. Pozzolana Portland Cement:

It is one of the innovative products of QCC, which was designed to reduces the permeability of concrete making it denser, and it increases the resistance of salts, this product is produced in accordance with Saudi Standard SASO 2536/2005. It can be used as an alternative to cement resistant to sulfate salts in underground concrete castings, salt water and marine installations.



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Chapter 1: Board of Directors and Committees





Mr. Tariq Bin Mutlaq Al Mutlaq
(Chairman)



Eng. Omar Bin Abdullah
Al Omar
(CEO & Board Member)



Eng. Muteb Bin Mohammed
Al Shathri
(Vice Chairman)



Mr. Osama Bin Nasser Al Saif
(Board Member)



Mr. Tariq Bin Khaled Al Marshoud
(Board Member)



Eng. Ahmed Bin Saleh Al Sultan
(Board Member)



Mr. Saad Bin Ibrahim Al Moshaweh
(Board Member)



Eng. Saad Bin Abdullah Bin Alyan
(Board Member)



Mr. Mohamed Bin Abdul Rahman
Al Angari
(Board Member)

First: Board of Directors

A. The Composition and Classification of the Board of Directors:

The company's elected Board of Directors consists of nine (9) members. The following table shows the classification of board members:

S	Member's name	Membership Classification		
		Executive	Non-Executive	Independent
1	Mr. Tariq Bin Mutlaq Al Mutlaq (Chairman)		√	
2	Eng. Muteb Bin Mohammed Al Shathri Al (Vice Chairman) (*a)		√	
3	Mr. Tariq Bin Khaled Al Marshoud		√	
4	Eng. Omar Bin Abdullah Al Omar	√		
5	Mr. Saad Bin Ibrahim Al Moshaweh			√
6	Eng. Ahmed Bin Saleh Al Sultan			√
7	Eng. Saad Bin Abdullah Bin Alyan			√
8	Mr. Mohamed Bin Abdul Rahman Al Angari			√
9	Mr. Osama Bin Nasser Al Saif (*b)			√

(*a) The Public Investment Fund replaced its representative, Mr. Abdul Majid bin Ahmed al Haqbani, with another representative, Engineer Miteb bin Mohammed Saad Al Shathri, as of 09/03/2020.

(*b) The Public Pension Agency replaced its representative Mr. Mohammed bin Mansour Al-Maashouk with another representative, Mr. Osama Bin Nasser Abdulaziz Al-Saif, as of 01/06/2020.

B. Current and Past Board Members' Jobs, Qualifications and Experience:

Member's Name	Current Job	Past Job	Qualifications & Experiences
Mr. Tariq Bin Mutlaq Al Mutlaq Chairman	Vice Chairman and Managing Director Al-Mutlaq Group Company	Vice President for Investment and Business Development Al-Mutlaq Group Company	B.A. Business Administration 1986 from American University, Washington. He held several positions as follows: 1986: 1996 General Manager of Al Mutlaq Furniture Company. 1996: 2006 Regional General Manager at Nabco. 1996: 2007 Vice President of Investment – Al-Mutlaq Group Company. 2007: 2012 Chairman of Shuaa Capital Saudi Arabia. 2006: 2012 Member of the Board of Directors of The Arab Insurance Company / National Finance House Company / National Installment Company. 2007: 2014 Member of the Board of Directors of Sahara Petrochemicals. 2008: 2014 Board member of Oryx Leasing Finance. 2008: 2019 Aqua Power Board Member

Member's Name	Current Job	Past Job	Qualifications & Experiences
			<p>2009: 2012 Chairman of Al-Waha Petrochemical Company.</p> <p>2009: until now Chairman of Al-Mutlaq Real Estate Investment.</p> <p>2014: 2019 Member of the Board of Directors of Riyadh Cable Group Company.</p>
<p>Eng. Muteb Bin Mohamed Al Shathri</p> <p>Vice Chairman (*a)</p>	Senior Assistant - Public Investment Fund	Director - Riyadh International Catering Company	<p>Bachelor's degree in Industrial Engineering and Management Sciences, Northwestern University, 2008.</p> <p>MBA- Harvard Business School - 2015.</p> <p>2009: 2013 Strategic Transformation Office - Aramco</p> <p>2015: 2018 Director of Riyadh International Catering Company</p> <p>2018: Until now Senior Assistant - Public Investment Fund</p>
<p>Abdul Majid Bin Ahmed Al Haqbani(*a)</p> <p>Vice Chairman (Until 08/03/2020)</p>	Managing Director of Local Equity Funds - Public Investment Fund	Head of Asset Management, HSBC Saudi Arabia	<p>B.A. Finance 2004 from King Fahd University of Petroleum and Minerals. He held several positions as follows:</p> <p>2004: 2006 Financial Analyst - Saudi Industrial Development Fund.</p> <p>2008: 2018 Head of Asset Management - HSBC Saudi Arabia.</p> <p>2018: Until now Managing Director of Local Equity Funds - Public Investment Fund.</p>
<p>Eng. Omar Bin Abdullah Al-Omar</p> <p>CEO & Board Member</p>	CEO - Qassim Cement	Assistant General Manager of Pepsi Factories and Chief Financial Officer at Al-Jomaih Group	<p>Master of Industrial Engineering 1988, B.A. Civil Engineering 1985. He holds a specialized course in financial management and investment in 1990 from Chase Manhattan Bank, USA, and held several positions as follows:</p> <p>1988: 2001 Head of Lending Team - Saudi Industrial Development Fund.</p> <p>2001: 2006 Assistant General Manager of Pepsi Cola Factories in the Kingdom.</p> <p>Chief Financial Officer of Al-Jomaih Group for the Packaging and Manufacture of Metal Cans.</p> <p>2006: Until now CEO of Qassim Cement.</p> <p>In addition to membership of boards of directors and committees of listed and closed joint stock companies.</p>
<p>Mr. Mohamed Bin Abdul Rahman Al Angari</p> <p>Board Member</p>	Treasury General Manager - Human Resources Development Fund	General Manager of Investment - Human Resources Development Fund	<p>B.A. Financial Management 1998 from King Saud University. His practical experiences are as follows:</p> <p>1991: 2001 Operations, Support and Treasury - Arab National Bank.</p> <p>2001: 2017 General Manager of Investment - Human Resources Development Fund.</p> <p>2017: Until now, The Treasury General General-Human Resources Development Fund.</p>
<p>Mr. Saad Bin Ibrahim Al-Moshaweh</p> <p>Board Member</p>	Retired	Chief Executive Officer - Gulf Food Union Co.	<p>B.A. Industrial Management 1985 from King Fahd University of Petroleum and Minerals. He holds several specialized financial courses, including a course from Chase Manhattan Bank in Financial Management and Investment in 1987 and from Harvard University in 1993.</p> <p>Financial Analyst and Head of Lending Team for 18 years at the Saudi Industrial Development Fund.</p> <p>CEO of Gulf Food Union And Glory Rivers / Jordan and Qafco /Dubai for 17 years.</p> <p>Membership of committees and boards of directors of several closed joint stock companies.</p>



Member's Name	Current Job	Past Job	Qualifications & Experiences
Eng. Saad Bin Abdullah Bin Alyan Board Member	Vice President of Supply Chain, Advanced Electronics Company	Head of Supply and Planning Operations at Advanced Electronics	MBA 2018 from Northampton University, UK and B.A. Industrial Engineering 2002 from King Saud University. His practical experiences are as follows: 2016: 2018 Member of the Board of Directors of Arsal Metal Teupler Products Jubail. 2002: 2017 Head of Supply and Planning Operations at Advanced Electronics Company, one of the economic balance companies. 2017: Until now Vice President of Supply Chain at Advanced Electronics, one of the economic balance companies.
Eng. Ahmed Bin Saleh Al Sultan Board Member	General Manager of Ahmed Al Sultan's Office of Engineering Consultancy	Qassim Region Mayor	Master of Engineering and Construction Management 1998 from King Fahd University of Petroleum and Minerals. B.A. Civil Engineering 1982 King Fahd University of Petroleum and Minerals. His practical experiences are as follows: 1990: 1995 Project Manager at the Water Department. 1995: 2005 Mayor of Buraidah. 2002: 2005 Director General of Municipal and Rural Affairs of Qassim Region. 2005: 2013 Mayor of Qassim Region. 2013: Until now General Manager of Ahmed Al-Sultan's Office of Engineering Consultancy.
Mr. Tariq bin Khalid Al Marshoud Board Member	Director of the Office of Project Management – General Organisation for Social Insurance	Project Manager - General Organisation for Social Insurance	Master of Project Management 2010 from De Montfort University, UK. B.A. Accounting 2008 from King Saud University. His practical experiences are as follows: 2011: 2012 Project Manager at GBT National Guard Communications. 2012: 2015 Project Manager at the General Organisation for Social Insurance. 2015-Present Director of the Office of Project Management at the General Organisation for Social Insurance.
Mr. Osama Bin Nasser Al Saif (*b) Board Member	Director of Consultancy and Contracts - Public Pension Agency	Legal Counsel - Public Pension Agency	LL.B 2005 King Saud University Master of Commercial Law 2011 Latrobe University, Australia 2005: 2007 Legal Researcher - Human Resources Fund 2007: 2013 Legal Researcher - Public Pension Agency 2013: 2019 Legal Advisor - Public Pension Agency 2019: Until now Director of The Department of Consultancy and Contracts at Public Pension Agency
Mr. Mohammed Bin Mansour Al-Maashouk (*b) Board member (Until 31/05/2020)	Director of GRC Department - Public Pension Agency	Risk Manager - Public Pension Agency	LL.B 2005 King Saud University Master of Commercial Law 2011 Latrobe University, Australia 2005: 2007 Legal Researcher - Human Resources Fund 2007: 2013 Legal Researcher - Public Pension Agency 2013: 2019 Legal Advisor - Public Pension Agency 2019: Until now Director of The Department of Consultancy and Contracts at Public Pension Agency

(*a) Engineer Muteib Bin Mohammed Al-Shathri was appointed as a representative of the Public Investment Fund in place of Mr. Abdul Majid Bin Ahmed al-Haqbani as of 09/03/2020.

(*b) Mr. Osama Bin Nasser Al-Saif was appointed as representative of the Public Pension Agency in place of Mr. Mohammed bin Mansour Al-Maashouk as of 01/06/2020.

C. The Jobs, Qualifications and Experience of Current and Former Committees' Members (From outside the Board of Directors):

Member's name	Current Job	Past Job	Qualifications & Experiences
Mr. Fawzi Bin Ibrahim Al Habib (Member of the Audit Committee - Outside the Board)	Retired	Head of Internal Audit at the Capital Market Authority	<p>Holds a bachelor's degree in accounting - King Abdulaziz University.</p> <p>Passed the American Association of Chartered Accountants (CPA) Fellowship</p> <p>He has worked at the accounting firm Ernst & Young for more than three years.</p> <p>Chief Internal Auditor at Arab Bank for 9 years.</p> <p>Worked at the Capital Market Authority as the Head of Enforcement Department for 9 years, then Chief Internal Auditor for Restructuring.</p>
Dr. Abdullah Bin Abdulrahman Al Buraidi (Member of the Audit Committee - Outside the Board)	University Visiting Professor	Professor of Management and Organizational Behavior / Section of Business Administration / Faculty of Economics and Management / Qassim University	<p>He holds a PhD in Business Administration 2003 (University of Manchester, UK)</p> <p>University teaching for 26 years, In addition to academic and research work for more than 20 years</p> <p>Management and organizational consultancy for 15 years.</p> <p>SOCPA Professional Accounting Certificate</p>
Dr. Fahad Bin Musa Al Zahrani (Member of the Nomination and Remuneration Committee)	Retired	Senior Vice President of Human Resources at Etihad Etisalat (Mobily)	<p>He holds a Ph.D. in Electrical Engineering and Computers in 1996 (University of Colorado, USA)</p> <p>An academic and research work for more than seven years, after which he moved to the private sector as a Nationalization Consultant for Ericsson Global Communications Group for four years, and then moved to work at Mobily to be included in several positions to reach the position of Senior Vice President of Human Resources for five years, and then moved to work as a Consultant for CEO at Al-Bilad Bank, before retiring in 2017</p> <p>Currently serves as a member of a number of nomination and remuneration Committees in several companies.</p>
Mr. Ahmed Bin Nasr Al Homoud (Member of the Nomination and Remuneration Committee)	Head of Human Resources United Electronics Co. - Extra	Head of Human Resources - Emaar Economic City Co.	<p>He holds a Bachelor degree of Mechanical Engineering from King Fahd University of Petroleum and Minerals.</p> <p>More than 26 years of experience in management, human resources, business planning and strategic development, where he held a number of key positions with local and multinational companies.</p>

D. Current and Past Executive Management Jobs, Qualifications and Experience.

Member's name	Current Job	Past Job	Qualifications & Experiences
Eng. Jamal Khaled Irshoud (*)	Chief Operating Officer	Technical Advisor	He holds a Bachelor's degree in Mineral Engineering. Formerly Director of the Lafarge Jordan plant. Started working in the oil and gas sector, and then moved to the cement industry to graduate from several leadership positions, with more than 30 years of practical experience.
Mr. Ghassan Abdul Halim Nofale	Chief Support Officer	Organizational Capability Advisor	He holds a Bachelor degree in Business Administration, a consultant and lecturer accredited by several international bodies, Director of the Middle East and North Africa Region of Towers Watson Consulting. Incorporated into a number of leading international consulting houses around the world, with more than 25 years of experience.
Mr. Alaa Abdul Hamid Abu Ameereh	Director, Finance	Executive Vice President, Finance/ Lafarge Jordan	He holds a Bachelor's degree in accounting and economics from the University of Jordan. Involved in leadership positions between Royal Jordanian Airlines, Saudi Astra Group, Orange Group- Jordan Telecom, Jordan Aviation Systems Company, until he moved to Lafarge Jordan, where he worked for 13 years, during which he held several positions, most recently as Executive Vice President of Finance, and then joined QCC in 2019.

(*) Eng. Jamal Irshoud has retired as of 10-12-2020.

E. The Names of Companies Inside or Outside the Kingdom where the Member of the Company's Board of Directors is a member of its current or Previous Board of Directors or Manager:

Member's Name	Companies in which a Board member is a member of their current Board or manager	Inside/Outside KSA	Legal Entity	Companies in which a Board member is a member of their current Board or manager	Inside/Outside KSA	Legal Entity
Mr. Tariq Bin Mutlaq Al Mutlaq (Chairman)	Al-Mutlaq Group	Inside KSA	Closed Joint Stock	Chairman of Shuaa Capital.	Inside KSA	Public Joint Stock
	Water and Energy International Business Corporation (Aqua Power).	Inside KSA	Closed Joint Stock	Chairman of Al-Waha Petrochemical Company.	Inside KSA	Public Joint Stock
	Riyadh Cable Group Company.	Inside KSA	Closed Joint Stock	Arab Insurance Company.	Inside KSA	Public Joint Stock
	Middle East Paper Manufacturing and Production Company.	Inside KSA	Public Joint Stock	National Finance House Company.	Inside KSA	Closed Joint Stock
	National Wealth Management Company.	Inside KSA	Public Joint Stock	National Installment Company.	Inside KSA	Closed Joint Stock
	-	-	-	Sahara Petrochemical Company.	Inside KSA	Public Joint Stock
	-	-	-	Oryx Leasing Co.	Inside KSA	Closed Joint Stock
Eng. Muteb Bin Mohammed Al-Shathri (*a) Vice Chairman	Saudi Ceramic Co.	Inside KSA	Public Joint Stock	-	-	-
Abdul Majid bin Ahmed al Haqbani (*a) Vice Chairman (until 08/03/2020)	-	-	-	-	-	-
Eng. Omar Bin Abdullah Al Omar CEO & Board Member	Al Watania Poultry	Inside KSA	Closed Joint Stock	The Saudi Pharmaceutical Industries and Medical supplies Appliances Corporation (SPIMACO)	Inside KSA	Public Joint Stock
				Hail Agriculture Development Co. (HADCO)	Inside KSA	Public Joint Stock
Mr. Mohamed Bin Abdul Rahman Al Angari Board Member	Bessel Real Estate Co.	Inside KSA	Limited Liability	-	-	-
Mr. Saad Bin Ibrahim Al Moshaweh Board Member	Maan Al Jasser & Co.	Inside KSA	Limited Liability	AlJazira Takaful	Inside KSA	Limited Liability
Eng. Saad Bin Abdullah Bin Alyan Board Member	-	-	-	2016: 2018 Member of the Board of Directors of The Company Of Arsal Metal Teupler Products Jubail.	Inside KSA	Limited Liability



Member's Name	Companies in which a Board member is a member of their current Board or manager	Inside/Outside KSA	Legal Entity	Companies in which a Board member is a member of their current Board or manager	Inside/Outside KSA	Legal Entity
Eng. Ahmed Bin Saleh Al Sultan Board Member	-	-	-	-	-	-
Mr. Tariq Bin Khaled Al Marshoud Board Member	-	-	-	-	-	-
Mr. Osama Bin Nasser Al-Saif (*b) Board Member	Resan Real Estate	Inside KSA	Closed Joint Stock	-	-	-
Mr. Mohamed bin masour Al Mashouk (*b) Board Member (until 31-5-2020)	Tadawul Real Estate Co.	Inside KSA	Closed Joint Stock	-	-	-

(*a) Engineer Muteib Bin Mohammed Al Shathri was appointed as a representative of the Public Investment Fund in replacement of Mr. Abdul Majid Bin Ahmed Al Haqbani as of 09/03/2020.

(*b) Mr. Osama Bin Nasser Al Saif was appointed as representative of the Public Pension Agency in replacement of Mr. Mohammed Bin Mansour Al- Maashouk as of 01/06/2020.

F. The Actions Taken by the Board of Directors to Inform its Members, particularly non-executives, of the Shareholders' Suggestions and Observations about the Company and its Performance.

At the first meeting of the Board of Directors, the Chairman informs the members of the Board of Directors, especially the non-executive members, of the shareholders' suggestions and observations about the company and its performance.

Statement of Board of Directors Meetings for 2020

	Member's name	Meeting (209) Buraydah 29/01/2020	Meeting (210) Video Conference 30/03/2020	Meeting (211) Video Conference 01/11/2020	Meeting (212) Video Conference 23/12/2020	Meeting (213) Video Conference 30/12/2020
1	Mr. Tariq Bin Mutlaq Al Mutlaq (Chairman)	√	√	√	√	√
2	Eng. Muteb Bin Mohammed Al Shathri (*a) Vice Chairman	Wasn't a member	√	√	√	√
3	Mr. Abdul Majid Bin Ahmed Al Haqbani (*a) Vice Chairman (Until 08/03/2020)	√	No longer a member	No longer a member	No longer a member	No longer a member
4	Eng. Omar Bin Abdullah Al Omar CEO & Board Member	√	√	√	√	√
5	Mr. Mohamed Bin Abdul Rahman Al Angari Board Member	√	√	√	√	√
6	Mr. Saad Bin Ibrahim Al Moshaweh Board Member	√	√	√	√	√
7	Eng. Saad Bin Abdullah Bin Alyan Board Member	√	√	√	√	√
8	Eng. Ahmed Bin Saleh Al Sultan Board Member	√	√	√	√	√
9	Mr. Tariq Bin khaled Al Marshoud Board Member	√	√	√	√	√
10	Mr. Osama Bin Nasser Al Saif (*b) Board Member	Wasn't a member	Wasn't a member	√	√	√
11	Mr. Mohammed Bin Mansour Al Maashouk (*b) Board member (Until 31/05/2020)	√	√	No longer a member	No longer a member	No longer a member

(*a) Engineer Muteib Bin Mohammed Al Shathri was appointed as a representative of the Public Investment Fund in replacement of Mr. Abdul Majid Bin Ahmed al Haqbani as of 09/03/2020.

(*b) Mr. Osama Bin Nasser Al Saif was appointed as representative of the Public Pension Agency in replacement of Mr. Mohammed Bin Mansour Al-Maashouk as of 01/06/2020.

Attended √ Absent X

G. The Means by Which the Board of Directors Has Relied to Evaluate its Performance and that of its Committees and Members, and the External Body that has Assessed and its Relationship with the Company, if any.

The performance of the Board of Directors is assessed in accordance with the Corporate Governance Code. The Nominations and Remuneration Committee determines and evaluates the weaknesses and strengths of the Board of Directors, and proposes to address them in accordance with the company's interest.

H. Disclosure of the Remuneration of Board Members and Executive Management as stipulated in Article 93 of the Corporate Governance Code.

The following is the text of the Remuneration Policy for the members of the board, the members of its committees and executive management:

1. Policy objectives

This policy aims to:

- A. Establish the criteria related to the performance of board members, board committees and executive management.
- B. Disclosure of the policy, and the actual payments.
- C. Establish a mechanism to verify the implementation of the policy to ensure the principle of transparency in dealing.
- D. Identify the methodology for setting goals and expectations for the results of the Board's work and the roles assigned to the members, and then identify the criteria used to evaluate performance.
- E. Review the corrective procedures applied by the Board of Directors, to review the effectiveness of the performance of executive management and how to address any failures or weaknesses that are detected.

2. Scope of policy implementation

The policy applies to:

- A. Members of the Board of Directors.
- B. Members of the Board committees.
- C. External board members.
- D. Executive Management, five of the highest-paid executives in the company, including the CEO and CFO.

3. Board of Directors, Board Committees, and Senior Executives Remuneration Policy

Members of the Board of Directors, committees of the Board and executive management are entitled to awards on the basis of this policy and in accordance with the standards and controls of remuneration of board, its committees and executive management, and the related contracts and obligations. The Nominations and Remuneration Committee reviews the relationship between the awards granted and the applicable remuneration policy. The Committee shall indicate any fundamental deviation in actual practices from this policy and related contracts. The Board of Directors rewards its board members, its committees and senior executives in accordance with the policy adopted. Such remuneration may be a certain amount of money or attendance allowance for meetings or in-kind benefits, and two or more of these benefits may be combined.

The reward is paid based on the percentage of the board member or committee attendance of the meetings scheduled during the fiscal year, accepting the absence of one meeting per year for the member of the Board meetings as well as one meeting of the committees per year.

4. Remuneration criteria for board members, its committees and executive management

The following criteria are taken into account when approving the remuneration of board members, board committees and executive management:

- The rewards should be fair and proportionate to the members' competences, executive management actions and responsibilities, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
- The rewards should be based on the recommendation of the Nominations and Remuneration Committee.
- The Nomination and Remuneration Committee may find a mechanism to link part of the variable remunerations to the company's overall and partial performance in the medium and long term, and to use this as a tool to attract, maintain and motivate professional competencies.
- The remunerations should be determined based on the level of the job, the tasks and responsibilities of the incumbent, the scientific qualifications, the practical experience, and the skills needed to perform the tasks.
- The rewards should be consistent with the size, nature and degree of risk of the company.
- Taking into account the practices of other companies in determining remuneration, while avoiding the resulting unjustified increase in rewards and compensation.
- The Board of Directors may stop the disbursement or recovery of the bonus, if it is found to have been decided on the basis of inaccurate information provided by a member of the Board of Directors or executive management, in order to ensure that the employment status is not exploited to obtain undue rewards.

5. Board of Directors and its Committees Remuneration Controls

In any case, the total amount of bonuses and financial or in-kind benefits received by the board member does not exceed 500,000 riyals per year, in accordance with the regulations issued by the competent authority, except for the executives.

6. Members of The Board of directors and its Committees are entitled to the following Remunerations

- The board member is entitled to an annual bonus of SAR 200,000, in accordance with the company's rules for the disbursement of bonuses.
- The Chairman of the Board of Directors deserves a special reward for his duties as Chairman of the Board of Directors amounting to 200,000 riyals per year.
- A member of any of the committees of the Board of Directors (Executive Committee, Nominations and Remuneration Committee, Audit Committee or any other committee formed by the Board) is entitled to a sum of 100,000 riyals per year for its membership in each individual committee.
- In lieu of attending the board meeting, the board member is entitled to SR 3,000 for each session.
- In lieu of attending a meeting, the committee member is entitled to a sum of 4,000 riyals for each meeting of the Audit Committee and the Nominations and Remuneration Committee.
- In lieu of attending a meeting, the member of the Executive Committee is entitled to 5,000 riyals for each meeting of the Committee.

7. Executive Management Bonus

For executive management, the Nomination and Remuneration Committee reviews the salary scale of all employees and senior executives, and the incentive programs and plans are continuously approved, on the recommendation of the Executive Management, in addition to any contractual obligations, and the executive management rewards include:

- Base salary (paid at the end of each calendar month on a monthly basis).
- Allowances that include, but are not limited to, housing allowance, transportation allowance, telephone allowance or any other allowances that are contractually approved or approved by the Committee.
- Medical insurance benefits for executives and their families.
- An annual reward linked to performance indicators, in accordance with the annual assessment and the approval of the holder of the authority.
- Short-term incentive plans associated with exceptional performance, and long-term incentive plans such as equity options programs (where any).
- Other benefits include, but are not limited to, annual leave, annual travel tickets, end-of-service benefits according to the Labor Law and human resources policy approved by the company, and any other benefits adopted by the holder of the authority.
- General plans, programs and guidelines for senior executive awards are approved by the Nomination and Remuneration Committee.
- The CEO implements the remuneration policy for employees and senior executives in the light of the general plans, programs and guidelines approved by the Nomination and Remuneration Committee.

8. Stop or recover the reward:

This is done according to the following situations:

1. The company will recover the reward, if it is found that the award was determined on the basis of inaccurate information provided by a member of the Board of Directors or executive management.
2. The company ceases the payment of the remuneration, if there is a doubt before the remuneration is paid, that the reward was determined on the basis of inaccurate information provided by a member of the Board of Directors, Board Committee Members and/or Executive Management.

The Relationship between the Remuneration Granted and the Applicable Remuneration policy, and the Statement of any Fundamental Deviation from the Policy:

The Nomination and Remuneration Committee examines the relationship between the remunerations awarded and the applicable remuneration policy, and also examines deviations from this policy. The Committee did not find any deviation from the policy.

Second: Board Committees and Audit Committee:

1. Executive Committee

It is a subsidiary committee of the Board of Directors, acting in accordance with its authorities included in the committee's regulation and the directory of the company's approved authority matrix. The Executive Committee currently consists of (4) four members appointed by the Board of Directors who determines the duration of their membership so that this period does not exceed the term of the Board of Directors.

Members of the Committee:

1	Mr. Tariq Bin Mutlaq Al Mutlaq	Chairman	Non-Executive
2	Eng. Muteb Bin Mohammed Al Shathri (*a)	Member (Starting from 09/03/2020)	Non-Executive
3	Eng. Omar Bin Abdullah Al Omar	Member	Executive
4	Eng. Saad Bin Abdullah Bin Alyan	Member	Independent
5	Mr. Abdul Majid Bin Ahmed Al Haqbani (*b)	Member (Until 08/03/2020)	Non-Executive
6	Mr. Mohammed Bin Mansour Al Maashouk(*c)	Member (Until 31/05/2020)	Non-Executive

(*a) Mr. Muteb Bin Mohammed Al Shathri joined the committee as of 09/03/2020.

(*b) The membership of Mr. Abdul Majid bin Ahmed Al Haqbani has ended as of 08/03/2020.

(*c) The membership of Mr. Mohammed Bin Mansour Al Maashouk has ended as of 31/05/2020.

Scope of the Committee's work

- The Committee exercises its powers contained in the company's approved authority matrix.
- Hold periodic meetings to study the new work and constraints, and propose appropriate solutions to them. The Committee shall raise to the Board of Directors issues that require a decision by the Board of Directors.
- Field visits to the factory whenever required.
- Review the studies, reports and presentations submitted to the Committee, and make recommendations to the management of the company and the Board of Directors to improve and develop the business.
- Guide the commercial sector, identify sales incentive frameworks and follow up sales activity.
- Carry out the tasks and competences that the Board considers to be mandated by the Committee.

Statement of Executive Committee meetings for 2020

	Member's name	Meeting (292) Riyadh 19/01/2020	Meeting (293) Riyadh 02/02/2020	Meeting (294) Riyadh 09/03/2020	Meeting (295) Video Conference 09/09/2020	Meeting (296) Video Conference 19/10/2020	Meeting (297) Video Conference 11/11/2020	Meeting (298) Video Conference 15/12/2020	Meeting (299) Video Conference 27/12/2020
1	Mr. Tariq Bin Mutlaq Al Mutlaq	✓	✓	✓	✓	✓	✓	✓	✓
2	Eng. Omar Bin Abdullah Al Omar	✓	✓	✓	✓	✓	✓	✓	✓
3	Eng. Saad Bin Abdullah Mohamed Bin Alyan	✓	✓	✓	✓	✓	✓	✓	✓
4	Eng. Muteb Bin Mohammed Al-Shathri	Wasn't a member	Wasn't a member	✓	✓	✓	✓	✓	✓
5	Mr. Abdul Majid Bin Ahmed Al Haqbani	✓	X	No longer a member	No longer a member	No longer a member	No longer a member	No longer a member	No longer a member
6	Mr. Mohammed Bin Mansour Al Maashouk	✓	✓	✓	No longer a member	No longer a member	No longer a member	No longer a member	No longer a member

Attended ✓ Absent X

2. Nomination and Remuneration Committee:

It is a subsidiary committee of the Board of Directors, acting in accordance with its authorities included in the committee's regulation and the company's approved authority matrix, with no less than three members and no more than five members. The Committee currently consists of (4) four members appointed by the Board of Directors who determines the duration of their membership so that this period does not exceed the term of the Board of Directors.

Members of the Committee:

1	Mr. Saad Bin Ibrahim Al Moshaweh (*a)	Chairman (Starting from 21/03/2020)	Independent
2	Eng. Ahmed Bin Saleh Al-Sultan	Member	Independent
3	Dr. Fahad Bin Mousa Al-Zahrani (*b)	Member	From outside the Board
4	Mr. Ahmed Bin Nasr Al-Homoud (*c)	Member (Starting from 07/01/2020)	From outside the Board
5	Mr. Tariq Bin Khaled Al Marshoud (*d)	Member (Until 21/10/2020)	Non-Executive

(*a) Mr. Saad Bin Ibrahim Al Moshaweh was appointed as a member of the committee and chairman of the committee as of 21 October 2020 in the light of the Board's circular resolution dated 21/10/2020, which included the restructuring of the Nomination and Remuneration Committee.

(*b) Dr. Fahad bin Musa Al Zahrani's membership capacity has been changed from chairman of the committee to a member of the committee, as of 21 October 2020, in accordance with the Board's circular resolution dated 21/10/2020, which included the restructuring of the Nomination and Remuneration Committee.

(*c) Mr. Ahmed Bin Nasr Al Homoud joined the Committee as of 07/01/2020.

(*d) The membership of Mr. Tariq Bin Khaled Al Marshoud has ended as of 21 October 2020 in line with the Board's circular resolution dated 21/10/2020, which included the restructuring of the Nomination and Remuneration Committee.

Scope of the Committee's work

The Committee exercises its authorities in accordance with the requirements of the Corporate Governance Code and the company's approved Authority Matrix.

Tasks and responsibilities of the Committee

The competences of the Nomination and Remuneration are:

- Propose clear policies and criteria for membership in the Board of Directors and executive management.
- Recommend to the Board of Directors to nominate and re-nominate its members in accordance with the policies and standards adopted, taking into account that no one who has been convicted of a crime against the secretariat has been nominated.
- Prepare a description of the capabilities and qualifications required for board membership and executive management positions.
- Determine the time a member must allocate to the work of the Board of Directors.
Annual review of the needs for appropriate skills or expertise for board membership and executive management functions.
- Review the board structure and executive management and make recommendations on changes that can be made.
- Annual verification of the independence of independent members, and no conflict of interest if the member is a member of the Board of Directors of another company.
- Develop a job description of executive board members, non-executives, independents and executive management.
- Develop special procedures in the event that the position of a board member or senior executive is vacant.
- Identify weaknesses and strengths in the board of directors or senior executives.
- Propose performance evaluation standards and mechanism for the board, its members, company committees and executive management.
- Review and evaluate the performance of its functions and responsibilities at least once a year, with the results of the evaluation being sent with suggestions to improve its effectiveness to the Board.
- Prepare a clear policy for the remuneration of board members, its committees and executive management, and submit them to the Board for consideration for adoption by the General Assembly, with performance-related standards, disclosure and verification of performance.
- Clarify the relationship between the bonuses awarded and the applicable remuneration policy, and indicate any fundamental deviation from this policy.
- Periodic review of the remuneration policy and assess its effectiveness in achieving its objectives.
- Recommend to the Board of Directors the rewards of board members, committees and senior executives of the company in accordance with the policy adopted.
- Supervising the management succession plans of the executive management at the company level.
- Other additional tasks assigned by the Board.

Statement of Nomination & Remuneration Committee meetings for 2020

	Member's name	Meeting (292) Riyadh 19/01/2020	Meeting (293) Riyadh 02/02/2020	Meeting (294) Riyadh 09/03/2020
1	Mr.Saad Bin Ibrahim Al Moshaweh	Wasn't a member		√
2	Eng. Ahmed Bin Saleh Al Sultan	√	√	√
3	Dr. Fahad Bin Mousa Al Zahrani	√	√	√
4	Mr. Ahmed Bin Nasr Al Homoud	√	√	√
5	Mr. Tariq Bin Khaled Al Marshoud	√	√	No longer a member

Attended √ Absent X

3. Audit Committee:

It is a committee formed by a resolution of the General Assembly of shareholders of the Company, which operates in accordance with its authorities included in the Committee's regulation and the approved authority matrix, with a minimum number of members of the three and not more than five.

The Audit Committee consists of (4) four members, (2) two of them are members of the Board of Directors, and the other two members are from outside the Board i.e. Mr. Fawzi Bin Ibrahim al-Habib, and Dr. Abdullah bin Abdulrahman Al-Buraidi.

Members of the Committee:

1	Mr.Saad Bin Ibrahim Al Moshaweh	Chairman	Independent
2	Dr. Abdullah Bin Abdulrahman Al Buraidi	Member	From outside the Board
3	Mr. Tariq Bin Khaled Al Marshoud (*a)	Member (Starting from 21/10/2020)	Non-Executive
4	Mr. Fawzi Bin Ibrahim Al Habib.	Member	From outside the Board
5	Mr. Abdul Majid Bin Ahmed Al Haqbani (*b)	Member	Non-Executive

(*a) Mr. Tariq Bin Khaled Al Marshoud was appointed as a member of the Audit Committee by the Board of Directors' circular resolution dated 21/10/2020, noting that the board's decision to approve this appointment is not final, and this appointment will be submitted to the first general assembly meeting for approval.

(*b) Mr. Abdul Majid Bin Ahmed al Haqbani resigned from the Audit Committee as of 23/03/2020.

Scope of the Committee's work

Without any restrictions, the audit committee may:

- Review the Company's records and documents.
- Request any clarification or statement from the Board members or the Executive Management.
- Request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages.

Tasks and responsibilities of the Committee

The audit committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following:

A. Financial Reports:

- analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- analyzing any important or non-familiar issues contained in the financial reports;
- accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor;
- examining the accounting estimates in respect of significant matters that are contained in the financial reports; and examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

B. Internal Audit:

- examining and reviewing the Company's internal and financial control systems and risk management system;
- analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports; and
- monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no internal auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an internal auditor.
- providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his/her remunerations.

C. External Auditor:

- providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
- verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
- reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
- responding to queries of the Company's external auditor;
- reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

D. Ensuring Compliance:

- reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
- reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

Statement of Audit Committee meetings for 2020

	Member's name	Meeting (292) Riyadh 19/01/2020	Meeting (293) Riyadh 02/02/2020	Meeting (293) Riyadh 02/02/2020	Meeting (294) Riyadh 09/03/2020
1	Mr.Saad Bin Ibrahim Al Moshaweh	√	√	√	√
2	Dr. Abdullah Bin Abdulrahman Al Buraidi.	√	√	√	√
3	Mr. Tariq Bin Khaled Al Marshoud (starting from 21/10/2020)	Wasn't a member	Wasn't a member	√	√
4	Mr. Fawzi Bin Ibrahim al-Habib.	√	√	√	√
5	Mr. Abdul Majid Bin Ahmed Al-Habani	√	No longer a member	No longer a member	No longer a member

Attended √ Absent X

Third: Ownership of the Board of Directors and Senior Executives of the company's shares

Qassim Cement Board of Directors consists of natural members representing themselves, and legal members. The total shares of the Chairman, natural members and senior executives are as following:

1. Member's Ownership:

Member's name	Title	Remarks	Number of Shares		Change	Change as %
			Beginning of the year	End of the year		
Mr. Tariq Bin Mutlaq Al Mutlaq	Chairman	PIF	21,019,080	21,019,080	-	0%
Eng. Muteb Bin Mohammed Al-Shathri	Vice Chairman					
Eng. Omar Bin Abdullah Al Omar	CEO & member	Personal	1,000	1,000	-	0%
Mr. Mohamed Bin Abdul Rahman Al Angari	Member	HRDF	600,000	600,000	-	0%
Mr. Osama Bin Nasser Al Saif	Member	Pension	3,108,415	3,108,415	-	0%
Mr. Saad Bin Ibrahim Al Moshaweh	Member		-	-	-	0%
Eng. Saad Bin Abdullah Bin Alyan	Member		-	-	-	0%
Eng. Ahmed Bin Saleh Al Sultan	Member	Pension	10,000	-	(10,000)	(100%)
Mr. Tariq Bin Khaled Al Marshoufi	Member	GOSI	9,129,498	9,129,498	-	0%

Important: The Company has no debt instruments.

2. Ownership of relatives of board members:

There is no ownership of relatives of board members, except for what is mentioned above.

3. Ownership of senior executives, their wives and their children:

Member's name	Title	Remarks	Number of Shares		Change	Change as %
			Beginning of the year	End of the year		
Mr. Ghassan Abdul Halim Nofale	CSO	Personal	2,000	2,000	-	0%

4. Remuneration of the Board of Directors members and Senior Executives:

The company pays to members of the Board of Directors expenses for attending meetings and annual remuneration in compliance with the bylaw and remuneration policy, the company paid during the year 2020 (for the fiscal year 2019 dues) an amount of 3,456,000 SAR, represents the following:

- SAR 2,697,800 as annual remuneration for BOD membership in the Board and the board committees;
- SAR 200,000 as audit committee members from outside the board;
- SAR 100,000 as nominations and remuneration committee member from outside the board; and
- SAR 377,000 as allowances for attending the board and committees' meetings during the year 2019.

The following is the total dues of the Board of Director's members for the year 2020 and the actual payments made during the year 2020 for five of the senior executives (including the CEO and CFO).

4-1. Due remuneration for the board of director members:

Description	Fixed Remuneration						
	Annual remuneration	Allowance for attending Board Meetings	Allowance for attending Board Committee Meeting	In-Kind Benefits	Rewards against technical administrative and advisory work	Special Remuneration for the Managing Director of the Secretary, if he is a board member	Total
(A) Independent board of directors members:							
Mr. Mohamed Bin Abdul Rahman Al Angari	200,000	15,000	-	-	-	-	215,000
Mr.Saad Bin Ibrahim Al Moshaweh	200,000	15,000	20,000	-	-	-	235,000
Eng. Saad Bin Abdullah Bin Alyan	200,000	15,000	40,000	-	-	-	255,000
Eng. Ahmed Bin Saleh Al Sultan	200,000	15,000	12,000	-	-	-	227,000
Mr. Osama Bin Nasser Al Saif (ii)	117,260	9,000	-	-	-	-	126,260
Sub Total (A)	917,260	69,000	72,000				1,058,260
(B) Non-executive board of directors members:							
Mr. Tariq Bin Mutlaq Al Mutlaq	200,000	15,000	40,000	-	-	200,000	455,000
Eng. Muteb Bin Mohammed Al Shathri (i)	163,288	12,000	30,000	-	-	-	205,288
Mr. Abdulmagid Ahmed Al Hagbani (i)	36,712	3,000	9,000	-	-	-	48,712
Mr. Mohamed Bin Mansour Al Mashouq (ii)	82,740	6,000	15,000	-	-	-	103,740
Mr. Tariq Bin Khaled Al Marshoud	200,000	15,000	16,000	-	-	-	231,000
Sub Total (B)	682,740	51,000	110,000	-	-	200,000	1,043,740
(C) Executive board of directors members:							
Eng. Omar Bin Abdullah Al Omar	200,000	15,000	40,000	-	-	-	255,000
Sub Total (C)	200,000	15,000	40,000	-	-	-	255,000

(i) Eng. Muteb Bin Mohammed Al Shathri (non-executive member) was appointed as a representative of the Public Investment Fund in the Board of Directors, starting from 09-03-2020, as successor for Mr. Abdulmagid Bin Ahmed Al Hagbani (non-executive member) whose membership in the Board of Directors began on 01-01-2019 and ended on 03-08-2020.

(ii) Mr. Osama Bin Nasser Al Saif (non-executive member) was appointed as a representative of the Public Pension Agency in the Board of Directors, starting from 01-06-2020, as successor for Mr. Mohamed Mansour Al Mashouq (non-executive member), whose membership in the Board of Directors began on 01-01-2019 and ended on 31-05-2020.

4-2. Statement of remuneration for members of the board committees:

Description	Fixed bonuses (Except the allowance for attending the meetings)	allowance for attending the meetings	Total
Mr.Saad Bin Ibrahim Al Moshaweh	100,000	16,000	116,000
Mr. Abdulmagid Bin Ahmed Al Hagbani (i)	22,466	4,000	26,466
Mr. Tariq Bin Khaled Al Marshoud (ii)	19,726	8,000	27,726
Dr. Abdullah Bin Abdul Rahman Al Buraiddi (from outside the board)	100,000	16,000	116,000
Mr. Fawzy Bin Ibrahim Al Habib (from outside the board)	100,000	16,000	116,000
Total	342,192	60,000	402,192
Members of the Nomination and Remuneration Committee (iii):			
Mr.Saad Bin Ibrahim Almoshaweh	19,726	4,000	23,726
Eng. Ahmed Bin Saleh Al Sultan	100,000	12,000	112,000
Dr. Fahad Bin Mosa Al Zahrani	100,000	12,000	112,000
Mr. Ahmed Nasr Al Homod (iv)	98,356	12,000	110,356
Mr. Tariq Bin Khaled Al Marshoud	80,274	8,000	88,274
Total	398,356	48,000	446,356
Executive Committee Members:			
Mr. Tariq Bin Mutlaq Al Mutlaq	100,000	40,000	140,000
Eng. Muteb Bin Mohammed Al Shathri	81,644	30,000	111,644
Eng. Omar Bin Abdullah Al Omar	100,000	40,000	140,000
Eng. Saad Bin Abdullah Bin Aliyan	100,000	40,000	140,000
Mr. Abdulmagid Bin Ahmed Al Hagbani (v)	18,356	5,000	23,356
Mr. Mohamed Mansour Al Mashouq (vi)	41,370	15,000	56,370
Total	441,370	170,000	611,370

(i) Mr. Abdulmagid Bin Ahmed Al Hagbani (non-executive board member) resigned from the audit committee membership as of 23-03-2020.

(ii) Mr. Tariq Bin Khaled Al Marshoud (non-executive board member) was appointed as a member of the Audit Committee as of 21-10-2020.

(iii) The Board of Directors issued its decision (by passing) to reconfigure the Nominations and Remuneration Committee as of 21-10-2020.

(iv) Mr. Ahmed Bin Naser Al Homod (from outside the Board) was appointed as a member of the Nominations and Remuneration Committee, starting from 08-01-2020.

(v) Mr. Muteb Bin Mohammed Al Shathri (non-executive board member) was appointed as a member of the Executive Committee as of 09-03-2020.

(vi) Mr. Abdulmagid Bin Ahmed Al Hagbani (non-executive board member) left the board of directors and the executive committee as of 08-03-2020.

(vii) Mr. Mohamed Mansour Al Mashouq (non-executive board member) left the board of directors and the executive committee as of 31-05-2020.

4-3. Payments to five senior executives including the CEO and Finance Director :

Description	The rewards of the five top executives who received the highest remuneration and compensation
Salaries and compensation	6,484,633
Allowances	1,628,279
Periodic and annual bonuses and incentive plans	3,063,724
Total	11,176,636

Fourth: A statement of the dates of the shareholders' general assembly's held during the last fiscal year, and the names of the board of director members attending those general assemblies:

Serial	Name	The forty-fifth ordinary general assembly Dated 04-03-2020
1	Mr. Tariq Bin Mutlaq Al Mutlaq (Chairman, PIF)	X
2	Mr. Abdulmagid Ahmed Al Hagbani (Vice President, PIF)	X
3	Eng. Omar Bin Abdullah Al Omar	√
4	Mr. Mohamed Bin Abdul Rahman Al Angari	X
5	Mr. Mohamed Mansour Al-Mashouq	X
6	Mr.Saad Bin Ibrahim Al Moshaweh	X
7	Eng. Saad Bin Abdullah Bin Alyan	√
8	Eng. Ahmed Bin Saleh Al Sultan	√
9	Mr. Tariq Bin Khaled Al Marshoud	√

Attended √ Absent X

Fifth: the number of the company's requests for the shareholders' register, dates and reasons for those requests:

The number of company requests for shareholder register	Date	Reason of request
1	09-01-2020	Other
2	15-01-2020	Other
3	02-02-2020	Dividends file
4	03-03-2020	General Assembly
5	06-05-2020	Dividends file
6	02-07-2020	Other
7	26-08-2020	Dividends file
8	05-11-2020	Dividends file
9	28-12-2020	Other

Sixth: Acknowledgement of the Board of Directors:

The Board of Directors of Qassim Cement, in accordance with the information available to it and based on the company's auditor's report and current market data, as well as future indicators, recognizes the following:

1. The account records are properly prepared.
2. The internal control system was well-founded and effectively implemented.
3. There is little doubt about the company's ability to continue its activity.
4. There are no sanctions, precautionary measure or reserve restrictions, imposed on the company by the CMA or any other supervisory, regulatory or judicial body.
5. The company's financial statements were prepared in accordance with the accounting standards approved by the Saudi Authority of Chartered Accountants.
6. Mr. Tariq Bin Mutlaq Abdullah Al Mutlaq is the Chairman of NBK Wealth Management Company, and at the same time he is the chairman of the Board of Directors of Qassim Cement Company, where, Qassim Cement invested part of its cash flow of US\$8,542,200 in a number of Islamic leasing and financing funds managed by NBK Wealth Management.
7. There is no interest in the category of shares with the right to vote belonging to persons (except for the disclosure of board members, senior executives and their relatives) who have informed the company of these rights during the year 2020.
8. There is no interest, contractual securities and underwriting rights belonging to members of the Board of Directors, senior executives and their relatives, in the shares or instruments of the company's debt, except as stated in paragraph (6) above, and paragraph (3) of item III.
9. There are no categories and numbers of any convertible debt instruments and any contractual securities, right-to-subscription notes or similar rights issued or granted by the Company during fiscal year 2020.

10. There are no businesses or contracts to which the Company is a party, or in which it is in the interest of a member of the Board of Directors, the CEO, the CFO or any person associated with any of them, except as stated in paragraph (6) above.
11. There are no transfer rights or underwriting under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the Company.
12. There is no refund, purchase or cancellation by the Company, for any refundable debt instruments.
13. There are no arrangements or agreements, under which a board member or a senior company executive waives any salary or compensation.
14. There are no arrangements or agreement, under which a shareholder waives any rights to profits.
15. There are no other investments or reserves created for the benefit of the company's employees.
16. There are no shares or debt instruments issued to a subsidiary, as the company does not own a subsidiary.
17. The company has no loans.
18. The company does not have retained treasury stocks.

Seventh: Conflict between the Audit Committee and the Board, or Rejected Recommendations Related to Appointment or Dismissal of the Company's Auditor, Determination of its fees, Evaluation of its Performance or Appointment of the Internal Auditor, and Justifications for Such Conflicts If Any.

The Board of Directors of Qassim Cement, in accordance with the information available to it and based on the company's auditor's report and current market data, as well as future indicators, recognizes the following:



2



Chapter Two: Planning and Performance



First: Strategy and Action Plan.

There is no doubt 2020 was an exceptional year in the contemporary history with its unprecedented events and developments due to Covid-19 pandemic. Our small planet has witnessed a new state that redefined the methodology of planning, business management and even the basic survival skills. We have seen direct effects on commercial and industrial sectors around the globe as lockdowns in most countries reduced demand for certain products and services, and increased for others, goods piled up in warehouses, millions around the world lost their livelihoods and we have just undergone the largest behavior-change experiment in the history of humanity that reshaped the patterns of public engagement.

While these tremendous fluctuations dominated the markets, QCC has focused on building and developing its own strategy to deal with the crisis. We have adopted a mix of initiatives and projects to strike the balance between maintaining stability and promoting growth, starting from programs articulation to reinforce QCC organizational pillars navigating through our integrated system of planning to deal with these developments, we launched these programs, while putting our performance measurement systems in place to monitor indicators and initial results, in order to immediately interfere wherever necessary to reform and correct the course in the event of deviations, while maintaining full commitment to the main guidelines and goals of institutional performance.

Next year, QCC will continue to fortify and strengthen its market position, improve operational efficiency and productivity by working diligently to take advantage of all available opportunities, and unleash the maximum potential of its human capital in order to generate greater shareholder value, and build a world-class CX "customer experience" for all QCC's stakeholders.

Second: Production:

Clinker production:

All kilns were operated during 2020, and as demand improved, clinker stocks fell below 2.8 million tons.

Cement production:

Cement production increased for 2020 compared to the previous year, as a result of improved demand compared to 2019.

Third: Financial performance:

By reviewing the company's financial statements for the year ending 12/31/2020, which were reviewed and audited by KPMG Al-Fozan & Partners, Accountants and Legal Auditors, its represent the following:

1. Assets and liabilities during the last five years (in thousand SAR):

Serial	Description	2020	2019	2018	2017	2016
1	Current Assets	1,261,397	1,145,735	1,076,736	1,108,165	1,123,693
2	Current Liabilities	252,107	225,961	219,709	205,350	215,924
3	Working Capital	1,009,290	919,774	857,027	902,815	907,769
4	Other Long Term Assets	185,803	183,730	50,014	57,032	70,635
5	Fixed Assets	668,069	727,206	771,937	823,687	832,404
6	Total Assets	2,115,268	2,056,671	1,898,688	1,988,884	2,026,732
7	Other Liabilities	54,073	46,562	41,542	39,328	39,695
8	Total Liabilities	306,180	272,523	261,251	244,678	255,619
9	Paid-Up Capital	900,000	900,000	900,000	900,000	900,000
10	Reserves and Retained Earnings	909,088	884,148	737,436	844,205	871,113
11	Shareholders' Equity (No Minority Interests)	1,809,088	1,784,148	1,637,436	1,744,205	1,771,113
12	Total Liabilities and Shareholders' Equity	2,115,268	2,056,671	1,898,688	1,988,884	2,026,732

2. Business results for the last five years (in thousand SAR):

Serial	Description	2020	2019	2018	2017	2016
1	Revenue	898,422	791,793	425,729	625,946	852,044
2	Cost of Goods Sold	425,191	365,350	285,377	352,267	403,046
3	Gross Profits	473,231	426,443	140,352	273,679	448,998
4	G&A and S&D Total Expenses	50,953	46,454	28,468	29,045	31,915
5	Other income and expenses (net)	27,248	5,346	23,164	16,657	23,795
6	Zakat	29,691	24,600	14,250	9,500	35,800
7	Net Income (No Minority Interests)	419,835	360,735	120,798	251,791	405,078

3. Operational results for year 2020 compared with year 2019 (in thousand SAR):

Serial	Description	2020	2019	Change	%
1	Revenue	898,422	791,793	106,629	13.5%
2	Cost of Goods Sold	425,191	365,350	59,841	16.4%
3	Gross Profits	473,231	426,443	46,788	11%
4	G&A and S&D Total Expenses	50,953	46,454	4,499	9.7%
5	Operational Income	422,278	379,989	42,289	11.1%
6	Other income and expenses (net)	27,248	5,346	21,902	409.7%
7	Zakat	29,691	24,600	5,091	20.7%
8	Net Income (No Minority Interests)	419,835	360,735	59,100	16.4%

By reviewing the differences in the operational results compared with the previous year results, the following is evident:

Qassim Cement Company achieved revenues amounted of 898.4 million SAR in the fiscal year 2020 compared to 791.8 million SAR for the fiscal year 2019, with an increase percentage of 13.5%. On the other hand the company closed the fiscal year 2020 with an increase in the cost of goods sold with percentage of 16.4% compared with the year 2019. The net income after Zakat for the year 2020 increased to (419.8) million SAR, compared with (360.7) million SAR for the year 2019, with an increase percentage of 16.4% due to the increase in sales and the increase in financial investment revenues, despite the increase in selling and distribution expenses, the increase in general and administrative expenses, the increase in other expenses and the increase in zakat expense.

The profits from operations for the year 2020 amounted of (422.3) million SAR compared with amount of (380) million SAR for the year 2019, with an increase percentage of 11.1%. Thus, earnings per share for the year 2020 amounted of (4.66) SAR compared to (4.01) SAR for the year 2019, with an increase percentage of 16.4%.

Commercial sector and sales data

Geographical analysis of revenue



	Amount In SAR	%
■ Bulk cement	560,903,885	62%
■ Bagged cement	337,517,976	37%



	Amount In SAR	%
■ Middle Region	711,208,767	79%
■ Northern Region	107,985,210	12%
■ Western Region	57,096,713	6%
■ Other	22,131,170	2%

Due regular payments:

- Mining fees

The company is subject to the mining investment law issued by Royal Decree No. M/47 dated 20/08/1425H, whereby an annual accrual is recorded to be paid to the Ministry of Industry and Mineral Resources in the following year.

- Zakat

The company is subject to the regulations of the General Authority for Zakat and Income Tax (GAZT) in the KSA, whereby the amount of Zakat is recorded on accrual basis. The company has paid the due zakat for year 2019, and has obtained a certificate from (GAZT) valid until 30-04-2021.

- Value-Added Tax

The company is subject to the value-added tax (VAT) law issued by council of ministers' resolution no. 654 dated 01/11/1438H, the company filling its monthly VAT returns since the beginning of year 2018, and pays it on a monthly basis during the statutory period.

- Social Insurance

The company is subject to the social insurance system, the contributions of the General Organization for Social Insurance (GOSI) are recorded on accrual basis and pays it on a monthly basis during the statutory period.

The following table shows the amounts of the regular payments paid during the year 2020 and the due amounts:

Description	Year 2020	
	Paid During the Year	Due by end of the year
Mining fees	23,542,342	26,847,297
Zakat	25,895,940	29,691,030
Value Added Tax	65,066,300	8,019,313
Withholding Tax	1,327,477	2,328
GOSI Subscriptions	5,477,523	478,803

Fourth: Environment Sustainability, Occupational Health and Safety:

QCC ranks sustainability, environment, health and occupational safety among its top priorities, where the company adheres to the concept of sustainability as a core focus of its social responsibility to ensure sustainable development and growth while protecting our hosting region natural environment for the wellbeing of the future generations. and QCC works to achieve these goals of sustainability and environmental core principles through the following main themes;

- Consider environmental sustainability as a key element in the selection process of raw materials and other components of cement products
- Prevent using any materials in the production processes that might harm the environment or future generations, and ensure designing and delivering products that support economic growth and sustainability.
- Choose raw materials that preserve the biodiversity of natural resources such as Pozzolana and materials that reduce energy and heat consumption.
- Work to reduce and optimize energy consumption (thermal and electrical) by launching energy optimization initiatives such as the initiative to replace the traditional lighting system with the modern energy-saving types where all lighting systems have been replaced in all the company's facilities.
- Maintaining non-renewable resources like water, and work on recycling. QCCrecycles 100% of the treated wastewater with the latest technologies used globally in the treatment of sewage (MBR) through the treatment plant located in our premises.
- Reuse and recycling of all solid waste through cooperation with specialized organizations in recycling, as the company follows the principle of recycling 100% of solid waste.
- Optimize the clinker factor, which contributes significantly to reduce CO2 emissions.
- Use the latest technology in the cement industry to reduce the emissions of sulphur oxides and nitrogen.

QCC has also invested millions of riyals in order to provide the latest environmental systems and equipment, in addition to developing the monitoring systems to record any real-time emissions both within and around the production facilities in our hosting environment. QCC works to take into account the environmental aspect in all its decisions regarding the development of its products, in addition to its efforts to raise the awareness of customers in relation to the best building practices applied. It is worth mentioning that the company obtained the new version of the certificate of ISO 14001:2015 (Integrated Environmental Management System) which is considered as an important achievement towards the enhancement of the importance and status of environmental sustainability. Further, the Company has obtained the environmental license from the General Authority for Meteorology and Environmental Protection after conducting environmental impact assessment studies for all of the company's facilities through one of the largest consulting houses specialized in the preparation of environmental studies.

With regard to occupational safety and health, the company has advanced procedures in accordance with the highest international standards to protect employees, customers, suppliers and visitors from any harm. Qassim Cement pays special attention to spreading awareness of occupational safety and health among its employees and all those associated with the company, and is keen to develop and qualify its staff to ensure the application and promotion of safety procedures and the dissemination of community awareness.

As for supporting the social component in the incubator environment, Qassim Cement clearly demonstrates its vision of establishing the concept of community partnership, whether through its core activity, which creates more career opportunities for the people of this blessed land in addition to training, learning and continuous development, or by expanding its social activities through sponsoring exhibitions, heritage, cultural, entertainment and sport events in the region, as well as focusing on the groups eligible for care from people with special needs and their families.

Fifth: Social Responsibility.

Based on QCC's vision and its belief that corporate social responsibility is a religious, patriotic and ethical duty that we must perform, establishing a culture of social responsibility and participation in community development came at the top of our priority list, QCC has always supported projects and initiatives that serve the community, the most important ones this year were;

- Supporting the Holy Qur'an Memorization Association.
- Raising awareness of the region by sponsoring cultural and scientific events such as Al-Qassim Book Fair.
- Preserve the safety of community and raise awareness by supporting the International Day of Civil Defense.
- Supporting local charitable societies in the region.
- Continue the community service partnership with the General Directorate of Prisons.

Sixth: Human Resources.

QCC has preserved its achievements in Nationalization by maintaining the platinum ranking, with the non- stop effort to improve level of skills, competencies and performance of its national cadres by refining their capabilities and develop their skills through continuous learning and development programs. QCC was so proud to provide all the necessary tools to upgrade technical capabilities and enrich knowledge of its human capital.

In spite of the forceful conditions that swept the world this year and what we witnessed during the Coronavirus (Covid-19) pandemic, which greatly affected the global labour market, and in addition to the generous support provided by Saudi government to support the private sector including enrolling local employees to (SANED) program in order to financially support companies and avoid layoffs. However, QCC preferred to stand with its employees by applying additional precautions and procedures at workplace and activate work from home while paying all employees their salaries in full without referring anyone to (SANED) program.

3



Chapter Three:
Governance

أسمنت القصيم
Qassim Cement



First: Governance Code

QCC adheres to the Corporate Governance Regulations to protect the rights of shareholders and stakeholders. At its 32nd meeting, the General Assembly adopted the Governance Framework of QCC based on the Corporate Governance Code, and as an extension, the Board of Directors adopted all policies arising from the Corporate Governance Code. The following is a table explaining the company's position on the application of the Corporate Governance Code issued by the Capital Market Authority.

The Company applies all the provisions in the CMA's Corporate Governance Code, except for the provisions below:

Article number	Provision	Partially Applied	Not applied	Reasons & Details
Article 39: Training	2) developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	√		A number of executive management members undergo training courses from time to time, but the provision is still guiding and will be applied by the company as soon as it is mandatory.
Article 41: The Assessment	a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.	√		Evaluation is done without setting performance indicators.
Article 41: The Assessment	e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.		√	The provision is still guiding. When it is mandatory, the Company will apply it.

Article number	Provision	Partially Applied	Not applied	Reasons & Details
Article 41: The Assessment	f) Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.		√	The Nomination and Remuneration Committee evaluates the Chairman of the Board periodically. The Company will apply this provision when it is mandatory.
Article 70: Composition of the Risk Management Committee	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	√		Risk control falls within the authorities of the Audit Committee. The Company is satisfied with this. It is worth mentioning that the Company implements a full risk control framework, has a risk policy, updates the risk records annually, and prepares the internal audit plan based on risk.
Article 72: Meetings of the Risk Management Committee	The risk management committee shall convene periodically at least once every six months, and as may be necessary.		√	The risk register is presented to the Audit Committee and the Board of Directors annually.
Article 78: Internal Audit Report	b) The internal audit unit or department shall prepare a general written report to be submitted to the Board and the audit committee on the audit activities it carried during the fiscal year compared to the approved plan. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year;	√		The internal audit framework requires that the report be submitted to the Audit Committee only.
Article 85: Employee Incentives	1) forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;		√	When it is mandatory it will be implemented by the Company.

Article number	Provision	Partially Applied	Not applied	Reasons & Details
Article 85: Employee Incentives	2) establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme;		√	When it is mandatory it will be implemented by the Company.
Article 85: Employee Incentives	3) establishing social organizations for the benefit of the Company's employees.		√	When it is mandatory it will be implemented by the Company.
Article 87: Social Responsibility1	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	√		The Company has a social contribution policy approved by the Board of Directors, which will be adopted by the General Assembly when it is mandatory.
Article 88: Social Initiatives	1) establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;		√	When it is mandatory it will be implemented by the Company.
Article 88: Social Initiatives	4) establishing awareness programmes to the community to familiarize them with the Company's social responsibility.		√	When it is mandatory it will be implemented by the Company.
Article 95: Formation of a Corporate Governance Committee	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	√		Governance monitoring and updating its requirements are within the authorities of the Audit Committee. The Company does not have a governance committee, and. When the provision becomes mandatory it will be implemented by the Company.

Second: Risk Management

The Board of Directors adopted the results of the risk assessment study as one of the internal audit activity in QCC, the scope of the study contained the formulation of a risk policy, risk identification, the work of a detailed risk record, proposals to address or mitigate the impact of risks, and the work of a strategic action plan for internal review for three years based on risk, our internal review oversees the continuous updating of the risk assessment under the direct supervision of the Audit Committee, and the Board, to ensure efficient management of risk in compliance with the approved policies. The risk is hedged through close cooperation between the company's departments, assessing the likelihood of its occurrence and assessing the implications of it, and then taking the necessary measures to mitigate the risks as much as possible to avoid any damage that may occur. QCC updates its risk record according to the actual situation of these risks on an annual basis, and and prioritize risks facing the company that may adversely affect the realization of its future plans:

1. Risks related to maintaining sales volume, as competitors increase their capacity and costs rise.
2. Risks related to increasing the number of competitors, expanding other plants by increasing their production lines, and increasing the volume of supply.
3. Risks related to the regular supply of electricity from The Saudi Electricity Company.
4. Fuel supply risks, which are provided exclusively by Saudi Aramco.
5. Risks related to the price cap, which was set by the authorities.
6. Risks related to the impact of the new government's decision to abolish the sponsorship system such as shortage of professionals, higher labor costs and others.
7. Risks related to the lack of second-line of leaders.

The risks mentioned in the External Auditor's notes only clarify the company's position in relation to these risks as follows:

Financial risk management:

The Company has exposure to the following risks from its use of financial instruments:

1. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations and arises principally from the Company's trade receivables and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure.

2. Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each individual customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry.

3. Bank balances

As at 31 December 2020, the Company maintains cash and cash equivalents of SR 66.89 million (31 December 2019: SR 62.45 million).

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

4. Liquidity Risk

Liquidity risk is the difficulties that an entity will encounter in raising funds to meet commitments related to financial instruments.

5. Market Risk

Market risk is the risk of possible impact of changes in market prices, such as foreign exchange rates and commission rates.

6. Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in currency foreign exchange rates.

Since the Saudi Riyal is pegged against the US Dollar, there are no significant currency risks.

The Company's management monitors the changes in foreign currency exchange rates and believes that foreign currency risks are insignificant.

7. Commission Rate Risk

Commission rate risk arises from the possibility that changes in market commission rates will affect future profitability or the fair value of the financial instruments.

The Company monitors the fluctuations in commission rates and believes that the effect of the commission rate risk is not material.

8. Significant Events (risks associated with the COVID-19 pandemic)

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread globally including the Kingdom of Saudi Arabia, causing disruptions to many businesses and economic activities.

However, the Company continued to operate while considering the health and safety of its workforce.

The Company's management has assessed its ability to continue as a going concern, and it believes that the Company has sufficient resources to continue its business in the foreseen future.

Moreover, the management does not have any significant doubts on the ability of the Company to continue as a going concern.

Accordingly, the Company is still preparing the financial statements on the going concern basis.

The management of the Company is currently monitoring the situation and its impact on the Company's operation, cash flows and financial position.

Management believes, based on their assessment, that the Company has sufficient liquidity available to continue to meet its financial commitments as and when they become due.

Third: The Results of the Annual Review of the Effectiveness of the Internal Control Procedures, in addition to the Opinion of the Audit Committee on the Adequacy of the Internal Control system:

The Audit Committee continuously develops and supports internal control and monitoring systems, where the internal audit section conducts risk-based audit plan, which is constantly adopted and monitored by the Audit Committee. The audit processes aim to evaluate the internal control systems. The audit processes carried out by our internal audit section and the external auditors show the adequacy of the company's internal control system, and did not present any fundamental weakness in the company's internal control system.

Accordingly, the Audit Committee believes that the internal control system is effective and adequate.

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Chapter Four: Dividend and Board Recommendations

First: Dividend Policy:

1. 1. The company distributes profits to the shareholders who are registered in the shareholders' register maintained by Securities Depository Center Co., (Edaa) at the end of second business day following the eligibility date, which is determined and announced in compliance with the settlement mechanism (T+ 2).
2. 2. The distribution of profits depends on several factors, including the company's profits, its financial position, the market situation, the general economic climate, and other factors, including an analysis of investment opportunities, the company's needs for reinvestment, monetary and capital requirements, in addition to other legal and regulatory considerations, including any restrictions on distribution according to any financing loans the company intends to enter into or it has entered, the company may also take into consideration the rules for dividends that are generally applied in the Saudi companies, companies operating in the Gulf countries, and international companies operating in the cement field.
3. 3. Based on the Board of Directors recommendation, the shareholders' general assembly decides to distribute profits to the shareholders and it is announced in Tadawul and the local newspapers.
4. 4. The company's management execute the dividends approved by the general assembly to the shareholders according to the appropriate method, within a maximum of 15 business days from the eligibility date.

Second: Dividend procedures:

1. The company carries out certain procedures to ensure the Dividend paid to those who deserve it in a smooth and easy way, the most important procedures are as following:
 - Announcing to shareholders in Tadawul the amount of dividend that will be distributed, the name of the bank that will distribute the profits, the eligibility date and the date of distribution.
 - Inviting shareholders to update their information by filling out the shareholder data form.
 - Motivating shareholders periodically to receive their un-paid dividends, by publishing in Tadawul website, in addition to publishing the names on the company's website.
2. Dividend to shareholders are paid through banks, by depositing in their investment portfolios on the dates determined by the Board of Directors.
3. The company's net profits after deducting Zakat are distributed, according to the following procedures:
 - 10% of the net profits are set aside annually, to form the statutory reserve for the company. The Ordinary General Assembly may decide to stop this deduction when the mentioned reserve has reached (30%) of the paid-up capital and the reserve has reached this percentage, and a certain percentage of the net profits may be set aside to form a consensual reserve to be allocated for specific purposes, as determined by the Ordinary General Assembly of shareholders.
 - The Ordinary General Assembly, when determining the dividend per shares from the net profits, may decide to create other reserves, to the extent that it serves the interest of the company or ensures the distribution of fixed profits as possible to the shareholders. The aforementioned General Assembly may also deduct amounts from the net profits to establish a social institution for the company's employees or to support what may exist from these institutions.
 - The statutory reserve is used to cover the company's losses or increase the capital. If this reserve exceeds (30%) of the paid-up capital, the Ordinary General Assembly may decide to distribute the excess to shareholders in the years in which the company does not achieve sufficient net profits to cover the dividend per share determined in the company's by-law.

- The agreement reserve cannot be used except by a decision by the extraordinary general assembly. If this reserve was not determined for a specific purpose, the Ordinary General Assembly may (upon a recommendation from the Board of Directors) decide to disburse it for the benefit of the company or the shareholders.
 - The Ordinary General Assembly may use the retained earnings and distributable agreement reserves to pay the full or partial remaining amount of the share value, without prejudice the equality between the shareholders.
4. The company's annual net profits are distributed to the shareholders after setting aside the statutory reserve and other reserves as follows: -
- From the remaining, a first payment equal to five percent (5%) of the paid-up capital shall be distributed to the shareholders. If the remaining profit amount is less than the mentioned percentage, it may not be claimed from the profits of the following years.
 - From the remaining, ten percent (10%) shall be allocated to the remuneration of the Board of Directors as mentioned in the first paragraph of Article (76) of the Companies Law. Then the remaining is distributed to the shareholders as a dividend.

Third: Interim dividends distributed during the year 2020

The company distributed 3.45 SAR per share for the year 2019, with a total amount of 310.5 million SAR, which represents 34.5% of the paid-up capital. The company also distributed 3.25 SAR per share for the first, second and third quarters of 2020, with a total amount of 292.5 million SAR, and which represents 32.5% of the paid-up capital.

Fourth: Proposed dividends for the year 2020

In accordance with Articles (47) and (48) of the Company's bylaw, and based on the delegation from the Ordinary General Assembly of the Board of directors, the Board of Directors approved the distribution of profits as follows:

Description	Amount in SAR
Net income after zakat	419,835,123
Less: Quarterly dividends to shareholders at 32.5% of the share capital (For first, second and third quarters of 2020)	(292,500,000)
Balance	127,335,123
Less: Board of directors remuneration	(2,697,800)
Balance	124,637,323
Plus: Carried forward balance of the retained Earnings	518,532,735
Balance Carried forward to next year	643,170,058
Deduct quarterly dividends to shareholders at 12% of the paid-up capital (For fourth quarter of 2020, as recommended by the Board of Directors dated 03/02/2021)	(108,000,000)
Balance	535,170,058

Fifth: Recommendations from the Board of Directors to the Forty-Sixth Ordinary General Assembly:

In accordance with Articles (46) and (47) of the Company's bylaw, and after reviewing the Company's achievements during the year ending 31/12/2020, as well as the financial statements, the Board of Directors recommended the following:

1. Voting on the Board of Directors annual report for the year ended 31-12-2020.
2. Voting on the company's auditor's report for the year ended 31-12-2020.
3. Voting on the financial statements for the year ended on 31-12-2020.
4. Voting on appointing the company's auditor from among the candidates based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the second & third quarters, annual of the year 2021 and the first quarter of the year 2022, and determining their fees.
5. Voting on the decision of the Board of Directors regarding the dividends that have been distributed to shareholders amounted of 400.5 million SAR, represents (4.45) SAR per share for the first, second and third quarters of 2020.
6. Voting on the business and contracts between the company and the "NBK Capital", in which a member of the Board of Directors Mr. Tariq Bin Mutlaq Al Mutlaq has an indirect interest and to license it, where "QCC" invested part of its liquidity amounted of 8,542,200 million US dollars in a Islamic lease and finance Ltd. funds, which is managed by "NBK Capital", of which Mr. Tariq Mutlaq Al-Mutlaq holds the position as Chairman of the Board of Directors and also holds the position as Chairman of the Board of Directors of Qassim Cement Company.
7. Voting on absolving the members of the Board of Directors from liability for the year ending 31-12-2020.
8. Voting on disbursing an amount of (2,701,918 SAR), as remuneration to the members of the Board of Directors for the year ended on 31-12-2020.
9. Voting on delegating the Board of Directors to declare interim dividends on a quarterly basis for the year 2021.
10. Voting on the Board of Directors' recommendation to appoint Eng. Mutab Muhammad Al-Shathry (non-executive member) representative of the Public Investment Fund as a Board of Directors member from 09-03-2020 until the end of the current session on 31-12-2021, as successor for the previous member Mr. Abdul Majeed Ahmed Al-Haqbani (non-executive member), whose membership in the Board of Directors began on 01-01-2019 and ended on 08-03-2020, based on a letter received by the company from the Public Investment Fund.
11. Voting on the Board of Directors' recommendation to appoint Mr. Osama Nasser Al-Saif (independent member) representative of the Public Pension Agency as a Board of Directors member from 01-06-2020 until the end of the current session on 31-12-2021, as successor for the previous member Mr. Muhammad Mansour Al-Mashouq (non-executive member) whose membership in the Board of Directors began on 01-01-2019 and ended on 31-05-2020, based on a letter received by the company from the Public Pension Agency.
12. Voting on the Board of Directors' recommendation to appoint a member of the Board of Directors Mr. Tariq Bin Khald Al-Morshoud (non-executive member) representative of the General Organization for Social Insurance in the Audit Committee from 21-10-2020 until the end of the current session of the Audit Committee, which ends on 31-12-2021, And so on after the resignation of Mr. Abdul Majeed Ahmed Al-Haqbani from the membership of the Audit Committee as of 23-03-2020, so that the current formation of the Audit Committee will be as following:

A. Mr. Saad Ibrahim Al-Mashouh	(Chairman of the Committee)
B. Mr. Tariq Bin Khaled Al Morshoud	(Member)
C. Dr. Abdullah Bin Abdulrahman Al Baridi	(Member)
D. Mr. Fawzi Bin Ibrahim Al Habib	(Member)
13. Voting on the regulation of the standards of the Board member competing activity.