

اسمنت اليمامة YAMAMA CEMENT



Annual Report

2020

Custodian of the Two Holy Mosques

**King Salman bin Abdulaziz Al
Saud**



His Royal Highness Prince

**Mohammed bin Salman bin
Abdulaziz Al Saud**

Crown Prince, Deputy Prime Minister
and Minister of Defense



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YAMAMA CEMENT

YAMAMA CEMENT Company (a public shareholding company) was established in Riyadh with a capital of currently 2,025 million riyals, by Prince Mohammed bin Saud Al-Kabeer in 1956 with the aim of manufacturing and trading cement. YAMAMA CEMENT Company is the oldest cement company in the central region and the third of its kind in the Kingdom; as more than half a century has passed since its establishment, and by the grace of Allah, the company contributed to the renaissance of this blessed country through the production of cement, which is the most important basic product in urban development.





The Speech of the Chairman of the Board of Directors

Dear, shareholders of YAMAMA CEMENT Company,

May the peace and blessings of Allah be upon you!

It's my pleasure to present myself to you through the annual report of YAMAMA CEMENT Company, where I put in your hands the most important developments and achievements in addition to the financial and operational results for the fiscal year of 2020.

We thank Allah for the positive financial results achieved for the company during the fiscal year of 2020, which come considering great challenges that faced all sectors in general and the cement sector in particular due to the intensity of competitiveness and the increase in supply, in addition to Coronavirus pandemic. We strive to be a main partner in achieving the objectives of the Kingdom's Vision of 2030.

On behalf of the members of the board of directors and all the employees of the company, I am pleased to extend my sincere appreciation to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud and His Highness, the Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud for all the support they provide to this generous country. As well as, I thank the management, employees and shareholders of the company for their continuous support to achieve the company's strategy and vision.

Prince / Turki bin Mohammed bin Abdulaziz bin Turki



The Speech of the General Manager

Dear, shareholders of YAMAMA CEMENT Company,

May the peace and blessings of Allah be upon you!

The year of 2020 witnessed great difficulties and challenges due to Coronavirus pandemic. However, YAMAMA CEMENT Company was not significantly affected due to the administrative and operational standards that enabled it to deal with all variables in a flexible manner; as we concluded the year of 2020 with good financial results and remarkable growth in the amount of sales and continued to expand the customer base.

The company also continued its progress in the past year by completing more than 90% of the project to establish the new factory of YAMAMA CEMENT Company, which will contribute to pushing forward the national development and achieving the requirements of the Kingdom's 2030 vision; as the factory was established according to the latest technologies of cement industry in the world with full consideration of environmental aspects. YAMAMA CEMENT will continue its leadership locally in this sector by enhancing its human capabilities and developing national personnel in order to contribute to the localization of this industry as a strategic option, which was reflected in the increase of the localization rate, which is approximately 66%.

I am also pleased to extend my sincere thanks and praise to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud and His Highness, Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud for all the support they provide to citizens, residents, investors and the industry sector in particular. In Addition, I thank all government sectors, on top of them, the Ministry of Industry and Mineral Resources, the Ministry of Energy, the Ministry of Commerce, the General Authority of Customs, the Saudi Industrial Development Fund and the Ministry of Human Resources for their continuous support to the industrial sector.

I particularly thank all the shareholders, members of the board of directors, my female and male colleagues for their team spirit and their outstanding efforts.

Mr. Jihad bin Abdulaziz Al-Rasheed

Members of the Board of Directors



His Highness, Prince Turki bin
Mohammed bin Abdulaziz bin Turki
Chairman of the Board of Directors



His Highness
Prince Sultan bin Mohammed bin Saud
Al-Kabeer
Vice Chairman and Managing Director



His Highness
Prince Khalid bin Mohammed bin
Abdulaziz bin Turki



His Highness
Nayef bin Sultan bin Mohammed bin
Saud Al-Kabeer



Mr/
Fahd bin Thunayan Al-Thunayan



Engineer/
Ibrahim Abdulaziz Al-Muhanna



Engineer/
Faisal bin Sulaiman Al-Rajhi



Mr/
Abdullah bin Mohammed Al-Bahouth



Mr/
Moustafa bin Abdulrahman Al-Sahn



Mr/
Hisham bin Abdulrahman Al-Askar



Mr/
Jihad bin Abdulaziz Al-Rasheed
General Manager

Directors' Report

First: The Company's Activity

The company produces several types of Portland cement (ordinary, salt-resistant, finishing cement) through its factory located in Riyadh. In Addition, the company aims to market this cement within the Kingdom.

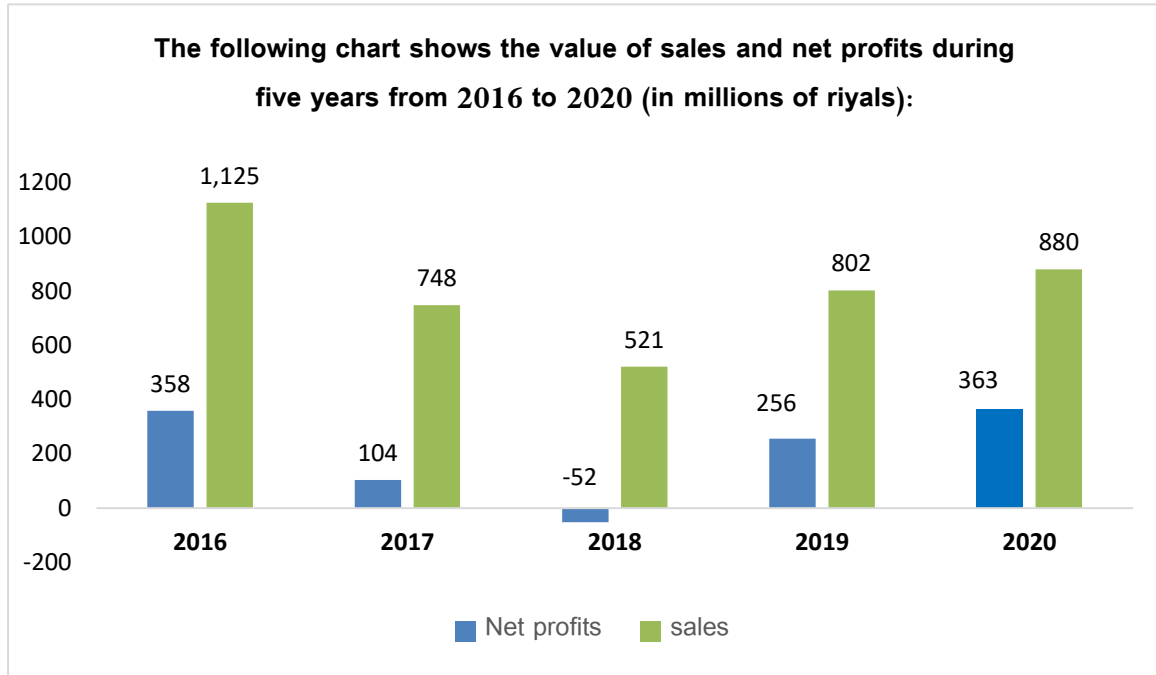
The annual design production capacity of the furnaces is currently (5.95) million tons of clinker, equivalent to (6.25) million tons of cement annually. This year 2020, the company produced (2.3) million tons of clinker, equivalent to 39% of the entire production capacity of the production lines.

Second: The results of the company's business

1. Sales and profits during the year of 2020:

Sales (in million tons)	2020	2019	Difference%
The quantity of sold cement	4.580	3.882	18%

Company profits (in million riyals)	2020	2019	Difference%	Description
Net sales	880	802	%10	
Sales cost	(482)	(465)	%4	
Total profits	398	337	%18	Because of the high volume of sales
Other operating expenses	(69)	(68)	%1	
Operating profit	329	269	%22	Because of the high volume of sales
Net profits	363	256	%42	Because of the high volume of sales and other income



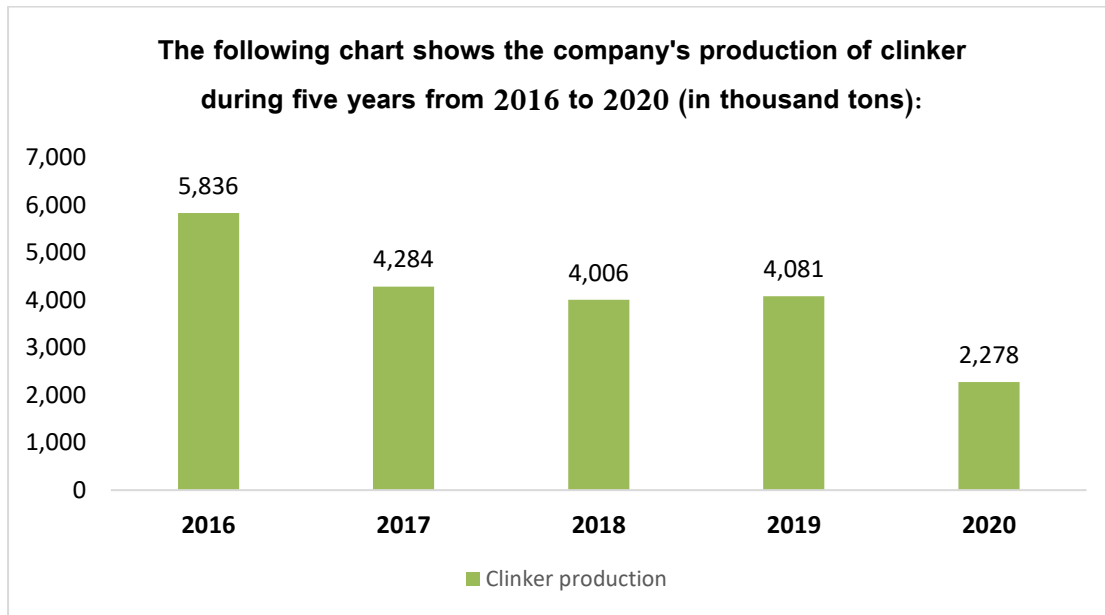
2. Production:

The factory's production of clinker reached (2.3) million tons during the year of 2020 (equivalent to 39% of the entire production capacity of the production lines) compared to (4.1) million tons in the year of 2019, with a decrease of (44%).

Cement production reached (4.5) million tons during the year of 2020, compared to (3.9) million tons in the year of 2019.

In line with the company's plan to move to the new location, it was announced on Tadawul website on 29 September 2019 that the company intends to begin dismantling and selling the old production lines from 1 to 5, which have a production capacity of 5,600 tons of clinker per day, noting that the book value for these Production Lines have been fully depreciated. This decision will not have any impact on the company's fulfillment of its obligations towards others.

Regarding the stocked inventory of Clinker in the existing plant which estimated to be 3.7 million tons, grinding will continue until it's out of stock which will be at the start of the commercial operation of the new Factory.



3. The geographical distribution of the company's revenues:

All sales of the company took place in the Kingdom of Saudi Arabia, and the company did not export any part of its products outside the Kingdom.

The following table shows a statement of the local sales quantity:

Description	Sales quantity (in million tons)	
	2020	2019
Local sales	4.5	3.9

Third: Future projects and plans

- Investment in the Yemeni Saudi Cement Company**

In the report of the Board of Directors for the year of 2012, it was indicated that the company, during the first quarter of the year of 2010, purchased 20% of the Yemeni Saudi Company's capital, which amounts to \$ 100 million (375 million Saudi riyals) and thus the share of the company would be 75 million Saudi riyals financed by the company's cash flows. The Yemeni Saudi company owns Ba Tays cement factory. The factory is located in Abyan Governorate near the city of Aden. The design capacity of the factory is 1.4 million tons of cement annually, noting that the factory is at the beginning of the trial operation. It was expected to start commercial operation at the end of 2012, but due to the continuation of the current conditions that the brotherly Republic of Yemen is going through, the trial operation was not possible in its date. Accordingly, the company formed a provision for the decline of the investment in order to face any possible decrease in the value of the investment; as the balance of the provision at the end of the year of 2017 reached an amount of 75 million riyals, which is equivalent to 100% of the value of the investment.

- **The establishment of the new factory of YAMAMA**

Under the generous patronage of the Governor of Riyadh region, His Royal Highness, Prince Faisal bin Bandar bin Abdulaziz Al Saud, may Allah preserve him, and in the presence of the German Ambassador or/ Boris Rogge, on 24/11/2015 a contract was signed to establish two production lines with a production capacity of 20 thousand tons of clinker per day in the northern halal region, northeast of Al-Kharj governorate of Riyadh Emirate. The contract for the construction of the two production lines was signed by His Highness, Prince Turki bin Mohammed bin Abdulaziz bin Turki, the Chairman of the Board of Directors and His Highness, Prince Sultan bin Mohammed bin Saud Al-Kabeer, the Vice Chairman and Managing Director, with the German company ThyssenKrupp Industrial Solutions in an amount of about 2,700 million riyals.

- The power plant project was signed with Wärtsilä Corporation for 480 million on 27/6/2016. As well as, the fuel supply contract was signed with Gas Arabian Services Co. Ltd for 280 million riyals on 12/10/2016. With regard to the residential city project, the construction contract was signed with Al-Oarini Contracting Establishment at an amount of 181.5 million riyals; the total estimated project cost is about 4.2 billion Saudi riyals.
- In the report of the year 2019, the expected time for the completion of the project was disclosed in the last quarter of the year 2020, and due to some variables, including Coronavirus pandemic, the expected time for the completion of the entire project was updated in Q3 of the year 2021.

Completion ratios for the project until 31/12/2020:

1	Project to establish two production lines	92%
2	Power plant construction project	98.5%
3	Fuel supply project	98.5%
4	The residential city project	93%

- Regarding the land of the current factory, whose area is 4,710,234 square meters and owned by the company with a title deed No. 6/256 dated 12/5/1387 AH (without value) the company's management would like to declare that it is committed to what is stipulated in the Saudi Financial Reporting Standards and the decision of the Capital Market Authority stipulating the use of the book value since its current purpose is to use.

Fourth: Dealing with relevant parties

in thousands of riyals

Relevant parties	Relevant party	The nature of the transaction	Contract' duration	Transaction value		Balance at 31 December	
				2020	2019	2020	2019
1. Cement Products Industry Company (Limited Liability Company) YAMAMA owns 33.33% of the capital	-	Purchase paper bags	Open	14,446	7,597	(1,849)	-
2. Yemeni Saudi Company (Yemeni Closed Joint Stock) (1) YAMAMA owns 20% of the capital	Vice Chairman - Managing Director His Highness Prince / Sultan bin Mohammed bin Saud Al-Kabeer, who owns 16% of the Yemeni Company	administrative expenses	Open	249	389	638	389
3. Arabian Shield Cooperative Insurance Company (a Saudi joint stock company) (2)	- Vice Chairman - Managing Director His Highness Prince/ Sultan bin Mohammed bin Saud Al-Kabeer, who owns 14.25% of the company's shares.	Insurance policy	Annual	13,570	15,591	0	0
	- Member of the Board of Directors, His Highness Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer, who is the Chairman of the Board of Directors of the Arabian Shield Company from the date of 11/9/2019.						
4. Mobile Telecommunication Company Saudi Arabia (Zain) (3)	Member of the Board of Directors His Highness Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer, who is Chairman of the Board of Directors of Zain Saudi Arabia.	Telecom services	Annual	252	557	0	0

1) A 20% stake, worth 75 million riyals, was purchased in the Yemeni Saudi Cement Company, whose capital is 375 million riyals (\$ 100 million), at nominal value, by purchasing from some Yemeni and Saudi partners for part of their shares; among those from whom the purchase was made is from His Highness Prince/ Sultan bin Mohammed bin Saud Al-Kabeer - Vice Chairman and Managing Director; where 4% of the company's share was purchased at a value of 15 million riyals (and there are no conditions for this transaction).

2) A competition was held between some insurance companies, and after weighing their technical and financial proposals, the Arabian Shield Cooperative Insurance Company for Medical and Property Insurance was chosen.

3) A competition was held between some telecom companies, and after weighing their technical and financial proposals, Zain Saudi Arabia was chosen.

Fifth: The company investments

YAMAMA CEMENT Company invests in some companies and funds, which are as follows:

The company's name	YAMAMA share (%)	The value of the investment on 31/12/2020 (in thousands of riyals)
1- Cement Products Industry Company "in Jeddah" ⁽¹⁾	33.33%	32,561
2- Industrialization & Energy Services Company (closed joint stock company) ⁽¹⁾	5.625%	281,249
3- Saudi Kayan Petrochemical Company (a closed joint stock company) ^{(1) (2)}	0.0625%	6
4- Yemeni Saudi Cement Company (net) ^{(1) (3)}	20%	0
5- Hail Cement Company (a Public Joint Stock Company) ⁽⁴⁾	0%	0
Total investments in the companies		313,816
Investments in various funds		
6- Investment in Real Estate Funds ⁽⁵⁾		43,189
7- Investment in trading funds		35,552
Total investments		392,557

⁽¹⁾ The value of the investment was determined according to the book value.

⁽²⁾ According to the decision of the extraordinary general assembly of Kayan Company on 15/5/2013, the liquidation of the company was approved, and a liquidator was appointed for the company.

⁽³⁾ An investment decrease provision has been formed in a total amount of 75 million riyals, which represents 100% of the investment volume.

⁽⁴⁾ The entire share of the company, which is 6 million shares, was sold in the forth quarter of 2020, with the total exit value amounting to 96.4 million riyals, and a profit of 36.4 million riyals was achieved.

⁽⁵⁾ The last part of the capital invested in SEDCO Real Estate Fund was recovered in August 2020, noting that the beginning of the investment amounted to 25 million riyals in 2013 and the total profits distributed from the beginning of the investment until the end of the fund amounted to 7.9 million riyals.



Sixth: Loans

Saudi Industrial Development Fund: A partial financing contract was signed in order to establish the company's new factory at an amount of 900 million riyals on December 20, 2016. The loan period is 9 years. The installments are paid every 6 months in unequal payments, starting from mid-2020. The equipment of the new factory was mortgaged in addition to a promissory note as a guarantee for the loan and the full amount was received.

Commercial Banks: A partial banking facility contract was signed on 2 January 2017 to establish the company's new factory at an amount of one billion and two hundred million riyals. They are detailed as follows:

- The loan period is 3 years, to be repaid at the end of the facility period with the National Commercial Bank at a rate of 75% and with Samba Financial Group at a rate of 25%, to be repaid at the end of the facility period in exchange for a promissory note.
- On the date of 19/6/2017, the terms of the bank facilities contract were amended, and the facility limit was increased to an amount of 3.6 billion Saudi riyals for a period of 8 years, to be paid semi-annually starting from the middle of 2020. Its details are as follows:
 1. Documentary letters of credit and bank guarantees in the amount of 1.5 billion Saudi riyals (totally Used).
 2. Murabaha contract amounting to 2.1 billion Saudi riyals.
- The above facilities from banks include a financing bridge in the amount of 900 million riyals for the loan granted by the Saudi Industrial Development Fund; so that the amount is covered from the commercial banks until the amounts are received from the Industrial Development Fund, noting that the full amount of 900 million riyals has been received from the Industrial Fund during the years 2017, 2018, and 2019, and the received amount was deducted from the balance of the bank facilities.

(Million Riyals)

The grantor of the loan	Loan term	Original of the granted loan	Loan balance at the beginning of the year	Received from the loan during the year	Paid during the year	Loan balance at the end of the year	Remaining amount of loan (not received)
Saudi Industrial Development Fund	9	900	900	0	155	745	0
Commercial Banks	8	1,200 ⁽¹⁾	750	450	637	563	0
Total		2,100	1,650	450	792	1,308	0

- (1) Not including the financing bridge of 900 million riyals on the loan of the Saudi Industrial Development Fund.
- A premium was paid to commercial banks of 54 million riyals during the year 2020.
 - A premium was paid to the Saudi Industrial Development Fund of 45 million riyals during the year 2020.
 - No current portion of long-term loans as of December 31, 2020, as the company made an early payment for part of its loan installments of Sar 693 million during the year 2020.

Seventh:**A- Subsidiaries:**

Company's name	The main activity	Company's capital	State of incorporation	Place of transactions	YAMAMA ratio
Cement Products Industry Company "in Jeddah"	Production and sale of cement papers bags	18 million riyals	Kingdom of Saudi Arabia	Riyadh - Jeddah	33.33% of the company's capital

B- Details of shares and debt instruments issued to the subsidiary:

(Million Riyals)

Subsidiary name	The grantor of the loan	Loan term	Original of the granted loan	Loan balance at the beginning of the year	Received from the loan during the year	Paid during the year	Loan balance at the end of the year	Remaining amount of loan (not received)
Cement industry products	Alinma Bank - a long term loan	9 years	63	33	22	0	55	8
	Riyadh and Bank AlJazira - Short term loans	6 months	108	47	33	38	42	66

Eighth: Statutory payments to government agencies and a brief description of them.

Customs duties: The company is subject to the Saudi customs regulations regarding customs fees for parts and materials imported from abroad.

Zakat: The company is subject to the regulations of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia. The company has paid the zakat due for the year of 2019.

Value Added tax: The company is subject to the VAT system issued according to Cabinet Resolution No. 654 dated 1/11/1438 AH, whereby the company prepares monthly returns from the beginning of the implementation of the decision and pays them monthly during the statutory period based on the due from the previous month.

Social Insurance Contributions: The company is subject to the regulations of the Ministry of Human Resources and Social Development (Social Insurance System), whereby the contribution fees are paid monthly.

Visa fees: The company is subject to the regulations of the Ministry of Human Resources and Social Development regarding visa' fees for its non-Saudi employees.

Quarrying fees: The company is subject to the mining investment system, which is an annual fee paid to the Ministry of Industry and Mineral Resources.

Railway rents: The value of the rent of a land close to the company's factory from the Saudi Railways Organization on an annual basis.

(In thousands of Riyals)		
Description	2020	2019
Customs fees	2,265	4,485
Zakat ⁽¹⁾	25,289	27,712
Value added tax	50,127	5,850
Social insurance contributions	14,990	13,242
Visa and passport fees ⁽²⁾	300	2,053
Quarry and material usage fees	24,247	26,517
Railway rents	10,055	24,179 ⁽³⁾
Total	127,273	104,038

⁽¹⁾ The company submitted its zakat declarations for the previous years; up to the year of 2019. Zakat due was paid according to these declarations. The company obtained the final assessment from the General Authority of Zakat and Tax until the year of 2012. As well as, the company also obtained a registered zakat certificate for the years from 2012 until 2019.

⁽²⁾ It includes exit and re-entry visas, work visas, fees and residency renewal.

⁽³⁾ In addition to rents due for previous years: 2017 - 2018.

Ninth: Social responsibility and community service

(A) Donations and social contributions:

In line with the company's strategy supporting and sponsoring the national programs in order to stimulate sustainable development that meets the needs of society, the company has intensified its efforts to serve the community by contributing to the implementation of many social responsibility programs through the initiative and by building partnerships with the national institutions. In addition, the company allocates an annual amount to support social responsibility programs. The activities of YAMAMA CEMENT Company in the field of social responsibility are crystallized in four main areas, namely:

- | | | | |
|--------------------------------|------------------------------|-----------------------|--------------------------------|
| 1. Science and Training | 2. Charitable Support | 3. Environment | 4. Community Activities |
|--------------------------------|------------------------------|-----------------------|--------------------------------|

Details of support and donations for the year 2020:

Serial No.	Organization Name
1	Health Endowment Fund (to combat Coronavirus)
2	AlBer Society in Riyadh (Al-Faisaliah District)
3	Charity Committee for Orphans Care "Human" in Riyadh
4	Saudi Cancer Society
5	Saudi Parkinson's Society
6	Charitable Association for Rheumatic Diseases
7	Charitable Society for the Memorization of the Holy Quran in Jalajil
8	Association for Surplus Recycling & Preserving Grace (Tdweer)
9	Handicapped Children Association
10	Charity Health Society for Patients Care (Enayah)
11	The Disability for Adults Association (Harakia)
12	King Saud University (College of Dentistry)



(B) Safety, health and environment:

In the field of environmental preservation, the company is committed to applying all Saudi and international standards and norms to preserve the environment under the supervision and follow-up of the General Authority of Meteorology and Environmental Protection in the Kingdom and takes into account all requirements within the basic principles that it opts in its operational policy in its factories. In Addition, the company ensures and monitors regularly the periodic maintenance of the filters that purify the air emitted from the production lines in all factory' facilities with complete efficiency that greatly exceeds the requirements specified by the General Authority of Meteorology and Environmental Protection in the Kingdom. The company has obtained the following certificates from an international Swiss company for inspection and control: SGS - certificate of conformity to the environmental management system ISO14001 (the company is considered one of the first companies in the Kingdom to obtain this certificate).

In the interest of the company on the safety of the environment, the company contracted with a specialized office for environmental studies to assess the environmental situation of the factory under the supervision of the General Authority of Meteorology and Environmental Protection. The results of the study demonstrated the commitment of YAMAMA CEMENT Company to the required standards, and the results were submitted to the Authority. In order to preserve the safety of the company's personnel, whether they are employees or workers of companies operating within YAMAMA, as well as, to preserve its properties, the company applies the international standards of safety to avoid injuries, accidents and fires.

The company sets up scheduled training programs for employees to raise awareness of safety requirements and how to deal with accidents and fires, all of this is done through the implementation of the Environmental Safety and Health System OHSAS18001.

In light of the outbreak of Coronavirus during the year 2020, YAMAMA CEMENT worked to implement safety measures, social distancing, disseminate awareness leaflets, reorganize remote work, apply spacing inside workplaces, and provide all safety means.

Tenth: Human Resources

YAMAMA CEMENT is keen to create a work environment that encourages excellence and development; as the Human Resources Department provides the necessary training and support to enhance and develop the skills in a way that helps in achieving the company's objectives; where the Human Resources Department, in cooperation with the rest of the departments, succeeded in creating a balanced work environment that combines professionalism with the spirit of one family, which contributed to the joint work force. While some sectors being administratively affected by Coronavirus pandemic, the company, praise be to Allah, has reached a satisfactory percentage in localization of (66%). As well as, the company has met (70%) of the training needs for this year by preparing 38 specialized training materials internally and starting to apply them now.

Eleventh: Risks

Risk management:

Risk management is an integral part of the company's strategy to achieve long and short-term objectives while ensuring the company's ability to implement its strategies and achieve its objectives effectively without potential or even certain hindrance. In Addition to its ability to identify and evaluate risks that limit the company's ability to reach its objectives, whether they are financial, operational, funding or market risk.

1) Financial risks:

- **Credit risk:**

Credit risk is represented in the inability of one party to fulfill its obligations, which le s to the other party incurring a financial loss. Based on this concept, the company does not have substantial credit risk; as the company mainly deals with clients in the local market who are credible in dealing. In Addition, the company has equated guarantees, which reduces the risks associated with credit to a minimum and it also proves the debts owed by the clients at the realizable value.

- **Market risk:**

Market risk is represented in the exposure of the fair value or future cash flows of the financial instruments to fluctuation due to changes in market prices. Market risk includes three types of risks: commission rate risk - currency risk - other price risk.

- **Foreign currency risk:**

It is represented in the risks associated with the change in the value of financial instruments due to the change in the currency rates that the company uses in its financial dealings. The company's transactions are mainly concentrated in dealing in the Saudi riyal, the US dollar and the euro, and since the exchange rate of the riyal is fixed against the US dollar, there is no substantial risk.

- **Liquidity risk:**

It is the risk that represented in the company's exposure to difficulties in providing funds to meet the obligations related to the financial instruments. Liquidity risk may arise from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed through regular monitoring to ensure that the equate liquidity is available through cash flows and quick solutions; such as credit facilities to meet any future commitments.

- **Commission rate risk:**

It is the risk associated with the change in the value of the financial instruments due to a change in commission rates. The company is exposed to commission rate risk. The company manages this risk by continuously monitoring the movement of commission rates.

2) Information systems risks:

The company is always working to increase the information and technical security in a renewed and continuous manner and is concerned with making continuous updates to the systems to protect the company's data from technical crimes that do not stop developing its methods. As well as, the company continuously reviews technical security systems, including the protection techniques recognized in accordance with international standards to ensure the existence of sufficient protection and information security.

3) Risks of availability of operating resources:

The company always works to ensure the availability of the necessary raw materials and energy sources necessary to achieve the operational results according to the set plans.

4) Risks related to prices and supply of energy products:

Cement manufacturing consumes large quantities of energy products, which represent a large part of production costs. Accordingly, any potential increase in prices will have a fundamental impact on the operational results, noting that fuel is obtained from only one source, which is Saudi Aramco.

5) Risks of fluctuating demand and high inventory:

There are potential risks as a result of the competition between cement companies as a result of the expansion of the production capacity of some cement companies and the slowdown in the economic growth (government spending), resulting in an increase in supply and an increase in inventories.

6) Operational risks:

Programs have been put in place for the intensive preventive maintenance and maximizing the production efficiency to which the company's operating assets are subjected. However, the company may face the risks of sudden unscheduled shutdown of production lines.

– Coronavirus pandemic risks:

During the year 2020, this epidemic has affected all areas, causing many of them to stop completely all over the world, and given the company's business continuity plan, which occurs on an annual basis, it - by the grace of Allah - facilitate and mitigate the effects of the pandemic.

Twelfth: Corporate governance

(A) The current situation of corporate governance

YAMAMA CEMENT has implemented all the mandatory articles mentioned in the corporate governance regulations issued by the Capital Market Authority, except for the following:

Article No.	The text of the Article / Paragraph	Reasons for not applying
Article 39: Training	2) Establishing the mechanisms necessary for the members of the Board of Directors and the executive management to obtain continuous training programs and courses, in order to develop their skills and knowledge in areas related to the company's activities	The Article is indicative
Article 41: Evaluation	A) The Board of Directors, based on the proposal of the Nomination Committee, sets the necessary mechanisms to annually assess the performance of the Board, its members, committees and the executive management, through appropriate performance indicators related to the extent to which the company's strategic objectives are achieved, the quality of risk management, and the adequacy of internal control systems and others, provided that these mechanisms shall define the strengths and weaknesses and propose to dress weaknesses in accordance with the company's interest	The Article is indicative
Article 85: Motivating Employees	1) Forming committees or holding specialized workshops to listen to the opinions of the employees of the company and discuss with them the issues and topics subject to important decisions	The Article is indicative
Article 85: Motivating Employees	2) Programs granting employees shares in the company or a share of the profits that the company realizes, In Addition to the retirement programs, and establishment of an independent fund to spend on these programs	The Article is indicative
Article 85: Motivating Employees	3) Establishing social institutions for company employees	The Article is indicative
Article 87: Social Responsibility	The Ordinary General Assembly - based on a proposal from the Board of Directors - sets a policy that ensures a balance between its objectives and the objectives that society aspires to achieve, with the aim of developing the social and economic conditions of the society	The Article is indicative
Article 88: Social Work Initiatives	1) Developing measurement indicators linking the company's performance with its social work initiatives, and comparing this with other companies of similar activity	The Article is indicative
Article 88: Social Work Initiatives	4) Developing community awareness programs in order to introduce the company's social responsibility	The Article is indicative

(B) Governance of the Board of Directors

A specialized consulting (PWC) firm has been contracted to evaluate the governance of the board's work and evaluate its performance, members and committees during fiscal year 2020.

(C) Corporate Governance Index

Yamama Cement is ranked among the top 30 companies in the Governance Index report among non-financial sector companies trend on the Saudi financial market, which is supervised by the Center for Corporate Governance at Al Faisal University.

Board of Directors Committees:

1. Audit Committee:

Audit committee supervises the internal audit department in the company in order to verify the effectiveness of the internal control system on the various aspects of the company's business. The committee approves the audit plan for the new fiscal year and studies the reports on the internal control system and the annual audit reports and follows up on the implementation of the corrective measures contained therein. In Addition, the committee studies initial, quarterly and final financial reports and statements, and submits recommendations to the Board for approval at the specified statutory times. The committee also recommends to the Board of Directors the nomination of the chartered accountant for the company. The committee reviews the audit plan for the chartered accountant. In Addition, it studies the chartered accountant's notes on the financial statements and follows up on what has been done in this regard.

The number of audit committee meetings during the year of 2020 reached (5) meetings, the committee consists of:

Name		1	2	3	4	5
		10 February	20 April	26 July	18 October	14 December
Mr. Fahd Bin Thunayan Al-Thunayan	Chairman of the Committee	✓	✓	✓	✓	✓
Engineer/ Ibrahim bin Abdulaziz Al-Muhanna	Member	✓	✓	✓	✓	✓
Mr. Hisham bin Abdulrahman Al-Askar	Member	✓	✓	✗	✓	✓
Mr. Abdullah bin Mohammed Al-Bahouth	Member	✓	✓	✓	✓	✓
Mr. Abdullah bin Abdul Rahman Al Sheikh	A member from outside the Board	✓	✗	✓	✓	✓



2. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee is responsible for reviewing the structure of the Board of Directors and the effectiveness and performance of its members, making recommendations regarding the changes that can be made, identifying weaknesses and strengths, ensuring the independence and the absence of the conflict of interests for the member, and recommending the nomination of the member according to the required needs, and reviewing the remuneration and compensation for the Board' committees and the Managing Director and the salaries of the Senior Management and nationalization percentage.

The number of meetings of the Nomination and Remuneration Committee during the year of 2020 reached (4) meetings, the committee consists of:

Name		1	2	3	4
		28 January	14 April	15 October	1 December
Engineer/ Ibrahim bin Abdulaziz Al-Muhanna	Chairman of the Committee	✓	✓	✓	✓
Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	Member	✗	✓	✓	✓
Engineer/ Faisal bin Sulaiman Al-Rajhi	Member	✓	✓	✓	✓
Mr. Moustafa bin Abdulrahman Al-Sahn	Member	✓	✓	✓	✓

- May 7 Meeting Circular

3. The Executive Committee:

It studies the issues pertaining to it or referred to it by the Board, participates and supervises the development of strategic plans, evaluates proposals submitted by the executive management, confirms the general strategies of the company, supervises the preparation of the annual budget, reviews financial performance reports and follows up projects.

The number of meetings of the Executive Committee during the year of 2020 reached (4) meetings, the committee consists of:

Name		1	2	3	4
		4 February	14 April	13 October	7 December
Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	Chairman of the Committee	✓	✓	✓	✓
Engineer/ Faisal bin Sulaiman Al-Rajhi	Member	✓	✓	✓	✓
Mr. Hisham bin Abdulrahman Al-Askar	Member	✓	✓	✓	✓
Mr. Raed bin Ali Al-Saif	A member from outside the Board	✓	✓	✓	✓
Mr. Jehad bin Abdulaziz Al-Rasheed	Member	✓	✓	✓	✓

4. Risk, Compliance and Governance Committee:

It undertakes the tasks and functions related to two aspects: risk management, and governance and compliance. These include developing a comprehensive risk management strategy and policies, determining an acceptable level of risks to which the company is exposed, verifying the viability of continuing the company, and supervising the company's risk management system. As well as, verifying the company's compliance with the governance regulations, systems and relevant legislation, and reviewing and evaluating the corporate governance rules. In Addition, reviewing and developing the Code of Business Conduct.

The number of meetings of the Risk, Compliance and Governance Committee during the year of 2020 reached (5) meetings, the committee consists of:

Name		1	2	3	4	5
		6 January	3 February	12 April	11 October	8 December
Mr. Hisham bin Abdulrahman Al-Askar	Chairman of the Committee	✓	✓	✓	✓	✓
Mr. Fahd Bin Thunayan Al-Thunayan	Member	✓	✗	✓	✗	✓
Mr. Moustafa bin Abdulrahman Al-Sahn	Member	✓	✓	✓	✓	✓
Mr. Abdullah bin Mohammed Al-Bahouth	Member	✓	✓	✓	✓	✓



(A) Board of Directors

The Board of Directors held (4) meetings during the year of 2020 . The following table shows the attendance of Board' members and their membership in the Board of Directors of other joint stock companies:

Name	Classification	Board of Directors meetings				Joint-stock companies in which the Board members participate inside and outside the Kingdom
		1	2	3	4	
		11 February	21 April	19 October	15 December	
Prince/ Turki bin Mohammed bin Abdulaziz bin Turki Chairman of the Board of Directors	Non-executive	✗	✓	✗	✗	
Prince/ Sultan bin Mohammed bin Saud Al-Kabeer Vice Chairman and Managing Director	Executive	✗	✓	✗	✗	
Prince/ Khalid bin Mohammed bin Abdulaziz bin Turki	Executive	✓	✓	✓	✓	
Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	Non-executive	✓	✓	✓	✓	Almarai Company Saudi Arabia (Zain) Arabian Shield Cooperative Insurance Company
Mr. Fahd Bin Thunayan Al-Thunayan	Independent	✓	✓	✓	✓	National gypsum Company National Building and Marketing Company
Engineer/ Ibrahim bin Abdulaziz Al-Muhanna	Independent	✓	✓	✓	✓	
Engineer/ Faisal bin Sulaiman Al-Rajhi	Independent	✓	✓	✓	✓	
Mr. Moustafa bin Abdulrahman Al-Sahn	Independent	✓	✓	✓	✓	
Mr. Hisham bin Abdulrahman Al-Askar	Independent	✓	✓	✓	✓	Al Abdullatif Industrial Investment Company
Mr. Abdullah bin Mohammed Al-Bahouth Representative of (Public Pension Agency)	Non-executive	✓	✓	✓	✓	Riyadh Development Company
Mr. Jehad bin Abdulaziz Al-Rasheed (General Manager)	Executive	✓	✓	✓	✓	

Circulation records are as follows:

1. April 01, 2020.
2. May 07, 2020.
3. July 23, 2020.

Actions taken by the Board of Directors to inform its members - especially non-executives - of shareholders' suggestions and remarks about the company and its performance:

During the periodic meeting of the members of the Board of Directors, all members, especially non-executives, are informed of any suggestions or remarks made by the shareholders about the company and its performance, In Addition to develop a mechanism for dealing with it according to the statutory procedures.

(B) The schedule for attendance of the Board' members (remotely) in General Assemblies during the year of 2020:

Serial No.	Name	The Fifty-Third Ordinary General Assembly April 6, 2020
1	Prince/ Turki bin Mohammed bin Abdulaziz bin Turki Chairman of the Board of Directors	✓
2	Prince/ Sultan bin Mohammed bin Saud Al-Kabeer Vice Chairman and Managing Director	✓
3	Prince/ Khalid bin Mohammed bin Abdulaziz bin Turki	✓
4	Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	✓
5	Mr. Fahd Bin Thunayan Al-Thunayan	✓
6	Engineer/ Ibrahim bin Abdulaziz Al-Muhanna	✓
7	Engineer/ Faisal bin Sulaiman Al-Rajhi	✓
8	Mr. Moustafa bin Abdulrahman Al-Sahn	✓
9	Mr. Hisham bin Abdulrahman Al-Askar	✓
10	Mr. Abdullah bin Mohammed Al-Bahouth Representative of (Public Pension Agency)	✓
11	Mr. Jehad bin Abdulaziz Al-Rasheed (General Manager)	✓

(D) Remuneration for Board Members:

1. The remuneration of the members of the Board of Directors in YAMAMA CEMENT Company consists of a certain amount, an attendance allowance for the sessions, an allowance for expenses, in-kind benefits, or a percentage of the profits. It is permissible to combine two or more of these benefits, provided that the total remunerations and financial and in-kind benefits that a single Board' member receives in all cases shall not exceed the amount of (500,000) five hundred thousand Saudi riyals annually.
2. The remuneration may be of varying magnitude and in light of a policy issued by the Nominations and Remuneration Committee and approved by the Assembly. The annual report of the Board of Directors to the General Assembly of the shareholders shall include a comprehensive statement of all that the members of the Board of Directors received during the fiscal year in terms of remuneration, expenses allowance and other benefits, as well as, it shall also include a statement of what the members of the Board of Directors received as employees or administrators, or in exchange for technical or administrative works or consulting services (if any). It shall also include a statement of the number of Board sessions and the number of the sessions attended by each member from the date of the last meeting of the General Assembly.

(E) Remuneration of Committee Members:

1. The Board of Directors determines and approves the membership remuneration of its committees emanating from it - with the exception of the Audit Committee - and attendance allowances and other benefits based on the recommendation of the Nomination and Remuneration Committee.
2. Allowance for attending meetings and other benefits shall be disbursed as indicated in this policy in accordance with the schedule included therein. It amounts to 3000 riyals per session.
3. As for the remuneration of the membership of the committees emanating from the Board of Directors, the number of committees that a Board member can occupy shall be taken into consideration; so that the total remuneration a member receives for his membership in the Board and committees shall not exceed the maximum stipulated in the Companies Act.

(F) Remuneration for Executive Management:

- The Nomination and Remuneration Committee reviews the salary scale that set for all employees and senior executives and the incentive programs and plans on an ongoing basis and approves them based on the recommendation of the Executive Management. Executive Management remunerations include the following:
 - A. A basic salary (to be paid at the end of each calendar month on a monthly basis) and allowances that include, but are not limited to, a housing allowance, a transportation allowance, an education allowance for children, a telephone allowance, and medical insurance benefits for him and his family.
 - B. An annual remuneration linked to performance indicators according to the annual evaluation made in this regard.
 - C. Other benefits include, but are not limited to, annual leave (paid salary), end of service gratuity according to the labor system and the human resources policy approved by the company.
 - D. Remuneration plans and programs for Senior Executives are approved by the Nomination and Remuneration Committee.
 - E. The General Manager implements the remuneration policy for employees and Senior Executives in light of the general plans, programs and guidelines approved by the committee.

(G) Statement of remunerations and attendance allowances paid to Board members during the year of 2020:

Members of Board of Directors	status of member	Meeting attendance allowance					Remuneration of Board members
		Board of Directors	Nomination and Remuneration Committee	Audit Committee	Executive Committee	Risk, Compliance and Governance Committee	
Prince/ Turki bin Mohammed bin Abdulaziz bin Turki	Non-executive	3,000	-	-	-	-	400,00
Prince/ Sultan bin Mohammed bin Saud Al-Kabeer	Executive	3,000	-	-	-	-	200,000
Prince/ Khalid bin Mohammed bin Abdulaziz bin Turki	Executive	12,000	-	-	-	-	200,000
Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	Non-executive	12,000	9,000		12,000	-	200,000
Mr. Fahd Bin Thunayan Al-Thunayan	Independent	12,000	0	15,000	-	9,000	200,000
Engineer/ Ibrahim bin Abdulaziz Al-Muhanna	Independent	12,000	12,000	15,000	-	-	200,000
Engineer/ Faisal bin Sulaiman Al-Rajhi	Independent	12,000	12,000	-	12,000	-	200,000
Mr. Moustafa bin Abdulrahman Al-Sahn	Independent	12,000	12,000		-	15,000	200,000
Mr. Abdullah bin Mohammed Al-Bahouth	Non-executive	12,000	-	15,000	-	15,000	200,000
Mr. Hisham bin Abdulrahman Al-Askar	Independent	12,000	-	12,000	12,000	15,000	200,000
Mr. Abdullah Abdul Rahman Abdullah Al Sheikh	A member from outside the board	-	-	12,000	-	-	-
Mr. Raed bin Ali Al-Saif	A member from outside the board	-	-	-	12,000	-	-
Mr. Jihad bin Abdulaziz Al-Rasheed (General Manager)	Executive	12,000	-	-	12,000	-	200,000
Total		114,000	45,000	69,000	60,000	54,000	2,400,000

Members of Board of Directors	status of member	Annual remuneration for committee membership			
		Nomination and Remuneration Committee	Audit Committee	Executive Committee	Risk, Compliance and Governance Committee
Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	Non-executive	50,000		50,000	
Mr. Fahd Bin Thunayan Al-Thunayan	Independent		100,000		50,000
Engineer/ Ibrahim bin Abdulaziz Al-Muhanna	Independent	50,000	100,000		
Engineer/ Faisal bin Sulaiman Al-Rajhi	Independent	50,000		50,000	
Mr. Moustafa bin Abdulrahman Al-Sahn	Independent	50,000			50,000
Mr. Abdullah bin Mohammed Al-Bahouth	Non-executive		100,000		50,000
Mr. Hisham bin Abdulrahman Al-Askar	Independent		100,000	50,000	50,000
Mr. Abdullah Abdul Rahman Abdullah Al Sheikh	A member from outside the board		100,000		
Mr. Raed bin Ali Al-Saif	A member from outside the board			50,000	
Mr. Jihad bin Abdulaziz Al-Rasheed (General Manager)	Executive			50,000	
Total		200,000	500,000	250,000	200,000

(H) Statement of paid salaries and remuneration, and end of service gratuity for Senior Executives during the year of 2020 (in thousand riyals):

Senior Executives	Fixed remunerations			Variable remunerations	grand total
	Salaries	Allowances	In kind benefits	Profits	
5 Senior Executives, including the General Manager and Chief Financial Officer	5,396	1,541	69	1,371	8,377

* Total end of service gratuities for the five Senior Executives up to December 31, 2020 , amounting to 9,044



A. Current and previous positions of the members of the Board of Directors, their qualifications and experiences:

Seria l No.	Name	Current positions	Previous positions	Qualific ations	Experiences
1	Prince/ Turki bin Mohammed bin Abdulaziz bin Turki Chairman of the Board of Directors	Chairman of the Board of Directors of YAMAMA CEMENT Company	Member of the Board of Directors of YAMAMA CEMENT Company	High qualification	-Member of the Board of Directors of YAMAMA CEMENT Company from 1409 AH to date
2	Prince/ Sultan bin Mohammed bin Saud Al-Kabeer Vice Chairman and Managing Director	Vice Chairman of the Board of Directors and Managing Director	Member of the Board of Directors of YAMAMA CEMENT Company	BA in Economics and Political Science	-Chairman of the Board of Directors of Almarai Company -Chairman of the Board of Directors of the Arabian Shield Cooperative Insurance Company
3	Prince/ Khalid bin Mohammed bin Abdulaziz bin Turki	Management visor to the Managing Director and Member of the Board of Directors	Director of administrative Affairs at YAMAMA CEMENT Company	Bachelor's in business administration	-Director of administrative Affairs at YAMAMA CEMENT Company
4	Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer Chairman of the Executive Committee Member of the Nomination and Remuneration Committee	-Chairman of the Board of Directors of the Mobile Communications Company of Saudi Arabia (Zain) -Member of the Board of Directors of YAMAMA CEMENT -Chairman of the Board of Directors of the Arabian Shield Cooperative Insurance Company - Member of the Board of Directors of Almarai Company		Bachelor's in administrative sciences	-Chairman of the Board of Directors of the Mobile Telecommunication Company Saudi Arabia (Zain)
5	Mr. Fahd Bin Thunayan Al-Thunayan Member of the Audit Committee	Member of the Board of Directors of YAMAMA CEMENT		Bachelor's in business administration	-Member of the Board of Directors of NADEC -Member of the Board of Directors and Managing Director of the National Gypsum Company. -National Building and Marketing Company
6	Engineer/ Ibrahim bin Abdulaziz Al-Muhanna Chairman of the Nomination and Remuneration Committee Member of the Audit Committee	Member of the Board of Directors of the Saudi Domain Company Member of the Executive Committee of ARASCO Member of the Board of Directors of YAMAMA CEMENT	General Manager of marketing for business sector in STC	Bachelor's in chemical engineering	-General Manager of marketing for business sector in STC -Member of the Board of Directors of YAMAMA CEMENT -Member of the Board of Directors of the Marketing Consulting Association -Strategies and Marketing Consultant
7	Engineer/ Faisal bin Sulaiman Al-Rajhi Member of the Nomination and Remuneration Committee Member of the Executive Committee	Member of the Board of Directors of Al-Rajhi Holding Group Member of the Board of Directors of YAMAMA CEMENT	CEO of Al Rajhi Holding Group	Bachelor's in systems engineering Master of Business administration	-General Manager of Dalmaza Snack Food Factory in Riyadh -Member of the Board of Directors of Al-Rajhi Holding Group
8	Mr. Moustafa bin Abdulrahman Al-Sahn Member of the Nomination and Remuneration Committee Member of the Risk, Compliance and Governance Committee	Partner and member of the Board of Directors - Industries Resources Member of the Board of Directors of YAMAMA CEMENT	Several leadership positions in SABIC	Bachelor's in physics	-31 years of experience in SABIC
9	Mr. Hisham bin Abdulrahman Al-Askar Chairman of the Risk, Compliance and Governance Committee. Member of the Executive Committee Member of the Audit Committee	Hisham Al Askar Group for Legal Consultants Member of the Board of Directors of YAMAMA CEMENT	Corporate and securities regulations	Bachelor's in systems	-Member of the Board of Directors of the Al Abdullatif Industrial Investment Company -Member of the Board of Directors of the Saudi Industrial Exports Company
10	Mr. Abdullah bin Mohammed Al-Bahouth Representative of (Public Pension Agency) Member of the Audit Committee Member of the Risk, Compliance and Governance Committee	General Manager of the General Department of Participant Affairs Member of the Board of Directors of YAMAMA CEMENT	Director of Participant Accounts Department	Bachelor in Operations Research Master's in applied Statistics	-Member of the Board of Directors of Dar Al Tamleek Company -Member of the Board of Directors of Iwan International Housing Company -Member of the Board of Directors of Riyadh Development Company -Director of Pension Payments Department
11	Mr. Jehad bin Abdulaziz Al-Rasheed (General Manager) Member of the Executive Committee	General Manager Member of the Board of Directors of YAMAMA CEMENT	Several leadership positions in SABIC	Bachelor of Mathematics	-27 years of experience in SABIC -General Manager of YAMAMA CEMENT from 2008 to date

B. The current and previous positions of members of the committees from outside the Board, their qualifications and experiences:

Serial No.	Name	Current positions	Previous positions	Qualifications	Experiences
1	Mr. Abdullah bin Abdul Rahman Al Sheikh	General Manager of Financial Affairs for NMC Healthcare	<ul style="list-style-type: none"> - Executive Director of Financial Affairs (General Organization of King Faisal Specialist Hospital and Research Center). - Director of Internal Audit in the Saudi Stock Exchange (Tawul). 	<ul style="list-style-type: none"> Master's in accounting and Management Bachelor of Accounting 	<ul style="list-style-type: none"> - Former member of the Audit Committee of Manafea Holding Company (Closed Joint Stock Company). - Member of the Board of Directors of the Specialist International Holding Company. - Member of an Audit Committee at National Unified Procurement Company for Medical Supplies. - Member of an Audit Committee of Abdullatif Alissa Group Holding Co. - Member of the Investment Committee at King Faisal Specialist Hospital and Research Center. - Member of the Board of Directors of EEM Real Estate Fund.
2	Mr. Raed bin Ali Al-Saif	Investment and Business Department in the office of Prince/ Sultan bin Mohammed bin Saud Al-Kabeer	<ul style="list-style-type: none"> - Relationship Manager for Banque Saudi Fransi. - He of the Corporate Finance Department at the Arab National Bank 	<ul style="list-style-type: none"> Bachelor of Accounting 	<ul style="list-style-type: none"> - Member of the Board of Directors of IBC Lebanon Beirut. - Member of the Board of Directors of Saudi Arabia Zain. - Chairman of the Board of Directors of Al Arabi Investment Group Co.

C. Current and previous positions of the Executive Management, their qualifications and experiences:

Serial No.	Name	Current positions	Previous positions	Qualifications	Experiences
1	Jehad bin Abdulaziz Al-Rasheed	General Manager	Several leadership positions in SABIC	Bachelor of Mathematics	<ul style="list-style-type: none"> – 27 years of experience in SABIC – General Manager of YAMAMA CEMENT from 2008 to date
2	Khalid bin Ibrahim bin Jafal	General Manager of Finance and Information Technology	Director of Treasury and Planning at YAMAMA CEMENT Company	<ul style="list-style-type: none"> - Bachelor of Accounting - Master's in financial management - Saudi Organization for Certified Public Accountants SOCPA 	<ul style="list-style-type: none"> – 17 years of experience in YAMAMA CEMENT Company. – Member of the Saudi Organization for Certified Public Accountants "SOCPA"
3	Abdullah bin Ibrahim Al-Swailem	Factory Manager	Director of Production Department in YAMAMA CEMENT Company	Bachelor of Industrial Engineering	<ul style="list-style-type: none"> – 26 years of experience in YAMAMA CEMENT Company.
4	Abdullah bin Mohammed Al-Nuwaiser	General Manager of Commercial Affairs	Director of Materials Department in YAMAMA CEMENT Company	Bachelor of Industrial Engineering	<ul style="list-style-type: none"> – 19 years of experience in YAMAMA CEMENT Company.
5	Othman bin Ali Al-Ham	Human Resources Manager	Director of Human Resources Development at YAMAMA CEMENT Company	Bachelor's degree in Sociology	<ul style="list-style-type: none"> – 21 years of experience in YAMAMA CEMENT Company.

E. Names of companies inside or outside the Kingdom for which a member of the company's Board of Directors is a member of its current and previous Boards of Directors or one of its managers:

Member Name	Names of companies for which a member of the company's Board of Directors is a member of its current Boards of Directors or one of its managers	inside / outside the Kingdom	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability / ...)	Names of companies for which a member of the company's Board of Directors is a member of its previous Boards of Directors or one of its managers	inside / outside the Kingdom	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability / ...)
Prince/ Turki bin Mohammed bin Abdulaziz bin Turki	Al-Thamra International Group	Inside	Partner			
	Al-Maktan Company Ltd.	Inside	Partner			
	Taif Investment and Tourism Company	Inside	Partner			
Prince/ Sultan bin Mohammed bin Saud Al-Kabeer				Arabian Shield Cooperative Insurance Company	Inside	Listed Shareholding
				Almarai Company	Inside	Listed Shareholding
Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer Al Saud	Almarai Company	Inside	Listed Shareholding			
	Mobile Telecommunication Company Saudi Arabia (Zain)	Inside	Listed Shareholding			
	Arabian Shield Cooperative Insurance Company	Inside	Listed Shareholding			
	Farabi Petrochemicals Company	Inside	Partner			
	Kuwait China Investment Company	Outside	Partner			
	Tarabot Investment & Development	Inside	Partner			
	Zohoor Al Reef Company	Inside	Partner			
	Nova Al Jazeera Contracting Company	Inside	Partner			
	Specialized Co. For Plastic Production	Inside	Partner	Manayer Najd Trading & Medical Supply Company	Inside	Partner
Mr. Fahd Bin Thunayan Al-Thunayan	Fat Tr ing Corporation	Inside	Partner	Eastern Diamond Company	Inside	Partner
	First Guard Security	Inside	Partner	NADIC Company	Inside	Listed Shareholding
	Al M ania Al Khasah	Inside	Partner			
	Saudi Hanoush Company	Inside	Partner			
	National Building and Marketing Company	Inside	Listed Shareholding			
	National gypsum company	Inside	Listed Shareholding			
	Saudi Chemical Company	Inside	Unlisted Shareholding			
	Al-Jazirah Corporation for Press, Printing & Publishing	Inside	Partner			
	Maceen Capital Company	Inside	Partner			
	Fah Thunayyan & Partners for Chemical Products Co	Inside	Partner			
	Jawdat Contracting Company	Inside	Partner			
	Fah Thunayyan for Industrial Investment Company	Inside	Partner			
	Mase Gulf Company	Inside	Partner			
	Technical Company for Plastic	Inside	Partner			

Member Name	Names of companies for which a member of the company's Board of Directors is a member of its current Boards of Directors or one of its managers	inside / outside the Kingdom	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability / ...)	Names of companies for which a member of the company's Board of Directors is a member of its previous Boards of Directors or one of its managers	inside / outside the Kingdom	Legal Entity (Listed Shareholding / Unlisted Shareholding / Limited Liability / ...)
Engineer/ Ibrahim bin Abdulaziz Al-Muhanna	Saudi Domain Company	Inside	Partner			
Engineer/ Faisal bin Sulaiman Al-Rajhi	Al Rajhi Holding Group	Inside	Partner	Dalmaz Food Industries Co	Inside	Partner
	Al Ajyal Holding Company	Inside	Partner	Alrajhi Investment Group	Inside	Partner
Mr. Moustafa bin Abdulrahman Al-Sahn	Desert Technologies Company	Inside	Closed Joint Stock	SABIC Far East Company Limited	Outside	LLC
		Inside	LLC	SABIC Europe Company	Outside	LLC
				SHARQ Company (Jubail)	Inside	LLC
				S AF Company (Jubail)	Inside	LLC
				IBN ZAHR Company (Jubail)	Inside	LLC
Mr. Hisham bin Abdulrahman Al-Askar	Al Abdullatif Industrial Investment Company	Inside	Public shareholding	Saudi Industrial Export Company	Inside	Public shareholding
Mr. Abdullah bin Mohammed Al-Bahouth	Riyadh Development Company	Inside	Listed Shareholding	Iwan International Housing Company	Inside	Closed Joint Stock
				Dar Al Tamleek Company	Inside	
Jehad bin Abdulaziz Al-Rasheed	Hail Cement Company	Inside	Public shareholding	Al Biruni Company	Inside	LLC
	Cement products industry company	Inside	LLC	Ibn Hayyan Company	Inside	LLC
				H eed Company	Inside	LLC
				Sabtank Company	Inside	LLC
				International Shipping & Transportation Co. (ISTC)	Inside	LLC
				IBN RUSHD Company	Inside	LLC

C- The company's requests for the shareholders' register during the year of 2020:

Request date	Request reason
1 January	Corporate Actions
8 March	Assembly procedures
25 March	Profits file
29 March	Profits file
4 April	Corporate Actions
7 April	Corporate Actions
9 December	Corporate Actions
16 December	Corporate Actions

D- The interest and rights of the members of the Board of Directors and the Executive Management in the shares or debt instruments of the company or any of its subsidiaries, as well as their wives and minor children.

Name	Shares at the beginning of the year		Shares at the end of the year		Change during the year	
	Number of Shares	The ratio	Number of Shares	The ratio	Number of Shares	The ratio
Prince/ Turki bin Mohammed bin Abdulaziz bin Turki	34,500	0.0170%	34,500	0.0170%	0	0
Prince/ Sultan bin Mohammed bin Saud Al-Kabeer ⁽¹⁾	17,528,737	%8.6561	17,528,737	%8.6561	0	0
Prince/ Khalid bin Mohammed bin Abdulaziz bin Turki	1,500	%0.0007	1,500	%0.0007	0	0
Prince/ Nayef bin Sultan bin Mohammed bin Saud Al-Kabeer	1,000	%0.0005	1,000	%0.0005	0	0
Mr. Fahd Bin Thunayan Al-Thunayan	1,500	0.0007%	1,500	0.0007%	0	0
Engineer/ Ibrahim bin Abdulaziz Al-Muhanna	101,000	0.0499%	101,000	0.0499%	0	0
Engineer/ Faisal bin Sulaiman Al-Rajhi	1,000	0.0005%	131,303	0.0648%	130,303	%13,030
Public Pension Agency ⁽²⁾ Represented by Mr. Abdullah bin Mohammed Al-Bahouth ⁽³⁾	7,107,135	3.5096%	7,107,135	3.5096%	0	0
Mr. Hisham bin Abdulrahman Al-Askar	100	%0.000049	100	%0.000049	0	0
Mr. Moustafa bin Abdulrahman Al-Sahn	15,000	0.0074%	15,000	0.0074%	0	0
Mr. Jihad bin Abdulaziz Al-Rasheed (General Manager and Member of the Board of Directors)	34,000	0.0168%	34,000	0.0168%	0	0
Khalid bin Ibrahim bin Jafal (General Manager of Finance and Information Technology)	1	%0.0000	1	%0.0000	0	0

⁽¹⁾ The wife of His Highness Prince Sultan bin Mohammed bin Saud Al-Kabeer owns 1,547,272 shares from the beginning of the year until the end of the year without any change.

⁽²⁾ These shares are owned by the Public Pension Agency, and Mr. Abdullah Al-Bahouth does not own any of the company's shares.

* There are no debt instruments for the members of the Board of Directors.

Thirteenth: Company declarations

The company's management declares the following:

1. The account records were properly prepared.
2. The internal control system was prepared on a sound basis and was effectively implemented.
3. There is no doubt about the company's ability to continue its activity.
4. There is no contract in which there is a substantial interest for any member of the Board of Directors or the Executive Management other than the contracts mentioned in the relevant parties.
5. There are no investments or reserves that have been created for the benefit of the employees, for example (savings - employees shares ... etc.).
6. There are no sanctions or penalties imposed on the company in the near or distant future.
7. There are no sanctions, penalties or precautionary restrictions imposed on the company by the Capital Market Authority or by any other supervisory, regulatory or judicial authority.
8. The company's financial statements have been prepared in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.
9. The General Manager of the company, Mr. Jehad bin Abdulaziz Al-Rasheed, is a member of the Board of Directors of Hail Cement Company, which operates in the same competing activity of the company. He also is a member in Cement Products Industry Company, and approval was obtained from the General Assembly.
10. There is no interest in the voting-eligible shares category belonging to persons (except for members of the Board of Directors, Senior Executives and their relatives).
11. There is no interest, contractual securities and subscription rights belonging to the members of the Board of Directors, Senior Executives and their relatives, in the shares or debt instruments of the company, except for what is mentioned in the table of the relevant parties.
12. There are no transferable debt instruments and any contractual securities, subscription warrants, or similar rights issued or granted by the company during the fiscal year of 2020.
13. There are no business or contracts in which the company represents a party or in which there is an interest for one of the members of the Board of Directors, the General Manager, the Financial Manager, or any person related to any of them, except for what is mentioned in Paragraph (9) above and what is mentioned in item Fourth (relevant parties).
14. There are no transfer or subscription rights under transferable debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by the company.
15. There is no refund, purchase or cancellation on the part of the company for any refundable debt instruments.
16. There are no arrangements or agreements whereby a member of the Board of Directors or a Senior Executive in the company waived any salary or remuneration.
17. There are no arrangements or agreements whereby a shareholder waived any rights to profits.
18. There are no shares or debt instruments issued for a subsidiary company.
19. The company does not have treasury shares held.

Fourteenth: The results of the annual audit of the activities and procedures of the internal control system:

In the fiscal year of 2020, the Audit Committee held (5) meetings, during which it approved the internal audit plan for the year 2021. The reports on the effectiveness of the internal control system and the semi-annual and final internal audit reports were reviewed. As well as, it gave directions on the remarks contained in the reports in order to work on closing them and following up the implementation of the corrective measures contained therein. The committee also approved the quarterly and final financial statements for the year of 2020 and recommended its approval by the Board of Directors.

The reports of the aforementioned audits did not show a fundamental weakness in the company's internal control system. The bulk of the remarks were mainly in the areas of improving performance, activating the operational departments, raising its efficiency, coordinating complementary relationships between these agencies, and completing the documentation of its procedures with the aim of giving more strength to the internal control system in the company and the best use of available resources. As well as, the external auditor rectifies this system as part of the task of auditing the company's final financial statements and enabling him to view all the minutes of the Audit Committee and the reports of the internal audit department for the financial period under examination.

The recommendation of the Audit Committee regarding the need to appoint an internal auditor in the company, in case of his absence:

There is a director for the internal audit department in the company.

The recommendations of the Audit Committee that there is a conflict between it and the decisions of the Board of Directors, or that the Board refused to take into account regarding the appointment and dismissal of the company's auditor, determining his fees and evaluating his performance, or appointing the head of the internal audit department, the rationale for those recommendations, and the reasons for not taking them into account:

There are no recommendations from the Audit Committee that include a conflict between it and the decisions of the Board of Directors, or that the Board refused to take into account regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his performance, or appointing the internal auditor.

Fifteenth: Financial results

Below is a summary of the financial results from 2016 to 2020:

1. List of assets, liabilities and equity (statement of financial position)

(in thousands of riyals)

Description	2020	2019 ⁽²⁾	2018	2017 ⁽¹⁾	2016 ⁽¹⁾
Current assets	723,215	1,090,375	1,153,053	1,268,745	1,400,155
Non-current assets	4,816,446	4,480,629	4,154,615	3,385,397	2,261,087
Total assets	5,539,660	5,571,004	5,307,668	4,654,142	3,661,242
Current liabilities	239,772	258,270	208,132	188,055	187,608
long term loans	1,308,190	1,571,819	1,650,832	950,000	-
Non-current liabilities	106,650	100,424	79,606	80,817	73,634
Total liabilities	1,654,612	1,930,513	1,938,570	1,218,872	261,242
Shareholders' equity					
Capital	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000
Reserves	1,306,820	1,306,820	1,306,820	1,306,820	1,270,185
The change cumulative in the fair value	(1,474)	11,681	(20,818)	(600)	11,760
Retained profits	554,701	296,989	58,096	104,050	93,055
Total shareholders' equity	3,885,048	3,640,491	3,369,098	3,435,270	3,400,000
Shareholders' equity and liabilities	5,539,660	5,571,004	5,307,668	4,654,142	3,661,242

⁽¹⁾ The comparative financial statements for the year of 2016 and 2017 have been amended according to the chartered accountant clarification No. 30 in the financial statements ending on 31/12/2018.

⁽²⁾ The comparative financial statements for the year of 2019 have been amended according to the chartered accountant clarification No. 32 in the financial statements ending on 31/12/2020.

Assets, liabilities and shareholder equity
During five years from 2016 to 2020 (in millions of riyals):



2. Income statement:

(In thousands of riyals)					
Description	2020	2019	2018	2017 ⁽¹⁾	2016 ⁽¹⁾
Net sales	879,899	801,881	521,216	748,045	1,125,011
Sales cost	(482,123)	(465,255)	(487,128)	(556,598)	(654,947)
Gross profit	397,776	336,626	34,088	191,447	470,064
Total administrative, marketing and general expenses	(68,921)	(67,543)	(62,277)	(61,439)	(60,687)
Other income	47,422	17,252	10,758	4,116	(22,494)
Shari'a Zakat	(13,000)	(30,000)	(34,410)	(29,742)	(29,018)
Net income for the year	363,276	256,335	(51,841)	104,382	357,865
Earnings per share	1.79	1.27	(0.26)	0.52	1.77

(1) The comparative financial statements for 2016 and 2017 have been amended according to the chartered accountant clarification No. 30 in the financial statements ending on 31/12/2018.

Sixteenth: The company' policy in distributing profits

The company' policy in distributing its annual net profits depends on what is stated in the articles of association of the company and the availability of liquidity necessary to meet the payment of investments and the strategic projects of the company, where profits are distributed as follows:

1. Ten percent (10%) of the net profits are set aside to form a statutory reserve. The Ordinary General Assembly may stop this deduction when the mentioned reserve reaches 30% of the paid-up capital. A certain percentage of the net profits may be set aside to form an (additional) agreed reserve to be allocated for specific purposes including, but not limited to, offsetting any decrease or drop in the value of (fixed assets and equipment - stock of spare parts - stock of materials in operation or raw materials - investment - others) or any other purpose as decided by the Ordinary General Assembly of shareholders.
2. After that, a first share of the profits of five percent (5%) of the paid-up capital shall be distributed to the shareholders from the remainder. If the profits of a year do not allow this share to be distributed, then it may not be claimed from the profits of the coming years.
3. Ten percent (10%) of the remainder shall be set aside as a remuneration for the members of the Board of Directors, not exceeding 500,000 riyals for each member.
4. After that, an additional share of profits shall be distributed to the shareholders from the remainder.
5. The General Assembly may, upon the suggestion of the Board of Directors, decide to form other reserves.
6. The General Assembly decides, based on the suggestion of the Board of Directors, how to dispose of the profits remaining after that in the interest of the company.
7. The statutory reserve is used to cover the losses of the company or to increase the capital. If this reserve exceeds (30%) of the paid-up capital, the General Assembly may decide to distribute the increase to the shareholders in the years in which the company does not achieve net profits sufficient to distribute the share determined for them in the company's articles of association.
8. The General Assembly decides, based on the suggestion of the Board of Directors, how to dispose of the remaining profits after that in a way that achieve the interest of the company. The company may distribute interim dividends to its shareholders annually, semi-annually or quarterly in accordance with the regulations issued by the Capital Market Authority, based on an authorization issued by the General Assembly of the Board of Directors to distribute interim dividends.

– Dividends

Cash dividends were distributed to the shareholders of the company for the fiscal year of 2019 as follows:

Total amount distributed	101,250,000
The number of shares outstanding for dividends	202,500,000
Distribution per share	0.50 riyal
The ratio of distribution to the share's nominal value	5%
Due date	April 06, 2020
Distribution date	April 20, 2020

The Board of Directors is thanking you for the precious trust that you have entrusted to it, which he appreciates and cherishes, turns to Allah Almighty, with sincere supplication to preserve for this country's leader, the Custodian of the Two Holy Mosques King Salman bin Abdulaziz, and his Crown Prince, Deputy Prime Minister and Minister of Defense, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz, and to guide them and our rational government to what is good for this country and its citizens. We also pray to Allah Almighty to protect this country and spare it from all harm and perpetuate the blessing of security, safety and peace.

The Board of Directors also extends its thanks and appreciation to all the personnel of the company for their serious work and sincerity in order to maintain the company's continued prosperity and progress.

Allah is the Arbiter of Success

May the Peace and Blessings of Allah Be upon You!