



Saudi Cement Company Invites its Shareholders to Attend the (First Meeting) Ordinary General Assembly virtual Meeting

The Board of Directors of Saudi Cement Company would like to invite its shareholders to attend the Ordinary 62nd General Assembly meeting (the first meeting), which is scheduled to be held at 6:30 PM in the evening on Wednesday 25 / Shaaban / 1442 H corresponding to 07 / April / 2021 G, via Tadawulaty Platform (<http://tadawulaty.com.sa>), in order to protect the health of all participants within the framework of the preventive and precautionary efforts and measures put by the relevant health authorities to address the emerging coronavirus (COVID-19) and as an extension of the continuous efforts made by all government agencies in the Kingdom of Saudi Arabia to take the necessary preventive measures to prevent its spread.

In order to consider the following agenda:

1. Vote to approve the Board of directors' report for the year ended 31 December 2020.
2. Vote to approve the Consolidated Financial Statements for the fiscal year ended on 31 December 2020
3. Vote to approve the External Auditors report for the year ended on 31 December 2020. Absolve
4. Vote to release the Board of Directors members from liabilities for their management of the company during the financial year ended 31 December 2020.
5. Vote on appointing an external auditor for the company among the nominees based on the recommendation of the Audit committee to review and audit the second and third quarters and yearend of 2021, in addition to first quarter of 2022 financial statements and determine their fees.
6. Vote on the board resolution in regards of the distributed of cash dividend to the shareholders for the first half of the fiscal year 2020, (SAR 1.5) per share representing (15%) of the share nominal value with total amount of SAR 229.5 million. (Attached)
7. Vote on the Board of Director's recommendation to distribute cash dividends to the shareholders for second half of 2020, at (2) Riyals per share which is equivalent to (20%) of the company's share capital with a total amount of (306) million riyals Provided that the entitlement to dividends is for shareholders holding the shares by the end of the trading day of the assembly date who are registered in the Company's shareholders registry held by the Securities Depository Centre Company (Edaa) at the end of the second trading day following the entitlement date, and the distribution date will be at 19/April/2021
8. Vote on disbursement of SAR 5,089,304 (Five million eighty nine thousand three hundred and four) as remuneration to the board members for the fiscal year of 2020.
9. Vote on the business and contracts that will be concluded between the company and United Cement Company, which is the member of the Board of Directors and CEO, Mr. Mohammad bin Ali Al-Garni, and the member of the Board of Directors, Mr. Hamad bin Abdullah Al-Olayan, has an indirect interest in (related parties) and authorize it for a coming year, noting that the amount of the transaction for the year 2020 amounted to **51,879,804** Saudi riyals, which is the sale of cement to United Cement Company, and there are no preferential terms for this type of contract. (attached)
10. Vote on the business and contracts that will be concluded between the company and Cement Industry Products Company Ltd., which is the member of the Board of Directors and CEO , Mr. Mohammad bin Ali Al-Garni, has an indirect interest in (related party) and authorize it for a coming year, noting that the amount of the transaction for the year 2020 amounted to **28,741,588** Saudi riyals, which is the purchase of empty cement bags, and there are no preferential terms for this type of contract . (attached)
11. Vote on the business and contracts that will be concluded between the company and Wataniya Insurance Company, which is the member of the Board of Directors Mr. Amin bin Musa Al-Afifi has an indirect interest in (related party) and authorize it for a coming year, noting that the amount of the transaction for the year 2020 amounted to **6,867,093** Saudi riyals, which is an insurance coverage of the company's property except for medical insurance, there are no preferential terms for this type of contract. (attached)
12. Vote on authorizing the Board of Directors to distribute interim cash dividends to the shareholders on biannual or quarterly basis for the financial year 2021.
13. Vote on the Board of Directors' resolution to appoint Mr. Saleh Mohammed Al Mohana as an Independent member in the Company's Board of Directors, effective from 01 June 2020 until the end of the current board term on 31 December 2021, in replacement of Mr. Ahmad Mohammed Al Omran.



The entitlement for attending the meeting shall be for each shareholder registered in the Company's shareholders register at the Depository Center at the end of the trading session preceding the General Assembly meeting in accordance to the rules and regulations. Eligibility for Voting on the Business of the Meeting Agenda Ends upon the Counting Committee Concludes Counting the Votes.

The General Assembly meeting shall be valid if attended by shareholders representing at least one-fourth of the Company's capital. In the absence of a quorum required for holding the meeting, a second meeting will be held one hour after the end of the period specified for the first meeting. The second meeting shall be valid regardless of the number of shares represented.

The company assures to all of its shareholders that registration and voting are limited to the assembly's items through (electronic voting), which will be available to shareholders registered on the Tadawulaty Platform from 10:00 am in the morning on Saturday 21 Shaaban 1442 (April 03, 2021) until the end of convening time of the assembly, noting that registration and voting in Tadawulaty, is available free of charge to all shareholders using the following link (<http://tadawulaty.com.sa>)

For Any questions or quires should be communicated to: saudicement@saudicement.com.sa

or by calling the Shareholder Relationships at 0138358170 or 0539168715

or Fax No: 013834309 during business hours from 07:00 am to 03:00 pm.



Audit Committee Report for the year 2020.

Number: R11/ -2101

Date: 15 Jumadi2 1442 (28 January 2021)

Excellencies / The Chairman and the members of the Board of Directors
Subject: The Audit Committee Report for the year 2020

Based on "Article 104" of the Companies Law issued by the Ministry of Commerce and Investment and "Article 91" of the Corporate Governance Regulations issued by the Board of the Capital Market Authority and the related articles of the Audit Committee's regulations, responsibilities and tasks, the audit committee report for the year 2020 was prepared as shown below.

The Audit Committee shall be competent in monitoring the company's activities and aims to assist the Board of Directors in fulfilling their responsibilities and in particular ensuring the integrity and effectiveness of reports, financial statements and internal control systems, and to make any recommendations that would develop and improve the systems to achieve the company's objectives and protect the interests of the shareholders and investors with high efficiency and reasonable cost.

In this regard, during the year, from 1st / January/2020 to 31/ December/2020, the Audit Committee held six (6) meetings and discussions, during which it discussed many topics that were related to the Audit Committee's tasks, responsibilities and the activities of the Internal Audit Department, and in the presence of the officials from the Internal Audit Department, as well as requesting some clarifications from some other related departments in the company.

The Audit Committee thanks the company's management for enabling the Internal Audit department personnel to carry out their tasks & works as per the requirements, which enabled the Audit Committee members to fulfil their tasks and responsibilities in an appropriate manner. The tasks and the works carried out by the Audit Committee during the year 2020, is presented as below:

1. Approving the internal audit plan and ensuring its execution:

Based on their experience, The Internal Audit Department personnel has updated the overall strategic audit plan, which is based on the risk assessment to determine the audit assignment that the Internal Audit Department must perform. To achieve this, Internal Audit Department studied the operational activities of all departments of the company, and assessed the risks associated with these operations including the risks nature.

Based on the detailed overall strategic audit plan, the Internal Audit Department prepared its annual audit plan which was approved by the Audit Committee. The Internal Audit personnel executed the annual audit plan by auditing several company's operations, processes, and activities. The Audit Committee follow-up the execution of the internal audit plan on a regular basis.

2. Audit Assignments performed during the year 2020

Internal Audit Department executed several assignments, as per Audit Plan approved by the Audit Committee. These assignments involve various departments of the company.

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(شركة مساهمة سعودية)

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The following are the major activities, processes or departments that have been audited/reviewed and their reports were discussed by the Audit Committee during the year 2020:

- 1- Review of Internal Controls Over Financial Reporting – GL Activities for the Year Ended 2018.
- 2- Review of Production Material Receiving & Cement Dispatches Activities.
- 3- Review of Government Relations' Cash Funds – Bank/Cash – Activities.
- 4- Compliance Review of Contract Process and related Accounts Payable – Request to Pay.
- 5- Management letter for the year ended 31 December 2019, issued by External Auditor.
- 6- Physical Counts & review of Operation of Cash Funds activities.

The committee has taken the necessary measures regarding the observations & recommendations contained in the above Audit Reports and is following up the implementation of the corrective actions/measures, periodically, through the Internal Audit Department.

3. Follow-up Reporting- the Review of Actions Taken on Audit Observations of previously issued audit reports:

The audit committee has taken the necessary measures to follow up the corrective actions/measures taken regarding the observations contained in the previously issued audit reports, with the aim of ensuring that these necessary corrective actions/measures have been taken by the concerned management. The committee has put in practice a reasonable mechanism for the follow-up reporting in an appropriate professional manner, through a procedure that the Internal Audit Department submits a periodic reports to the committee members in their periodic meetings explaining the corrective measures that have been implemented and those that have not been implemented and the reasons for non-implementation.

The table below summarizes the total number of observations shown in the previously issued Audit Reports for the last previous five (5) years and the status of their agreed corrective measures:

Year	Observation that their corrective measures are due		Observation that their corrective measures are NOT yet due	Total Observations
	Fully Implemented	Partially implemented		
2016	8	0	0	8
2017	8	0	0	8
2018	24	2	0	26
2019	18	2	0	20
2020	9	0	4	13
Totals	67	4	4	75

4. Discussed the Interims Financial Statements for year 2020, and the annual for year 2019:

The Preparation of the Financial Statements in accordance with generally accepted accounting standards -IFRS- is the responsibility of the company's management, and the external auditor's responsibility is to express an opinion on these Financial Statements. In this regard, the Audit Committee discusses and analyses the Company's interim and annual financial statements before presenting them to the Board for approval and before the publication and provides its opinion and recommendations- if any- on the Financial Statements to ensure their integrity, fairness and transparency, and for the purpose of informing the Board of Directors that whether the financial statements contain any incorrect statements, data or information that of relative importance, and that no data, information or amounts of material importance have been removed from these Financial Statements, the removal of which results in the Financial



Statements being misleading. These were done through both the external and the internal auditor of the company.

In this regard, the Audit Committee did not discover, during its discussion of the Interims Financial Statements for the year 2020 and the Annual Financial Statements for the year 2019, any of the matters mentioned above.

5. Recommending to the Board of Directors the nomination of External Auditors:

Annually, the Audit Committee selects- at least – five external auditors, who are authorized to audit the joint stock companies' Financial Statements, for the company's management to invite them to submit a quotation proposal to audit company's financials. Then, the Internal Audit Department prepares a table analyzing & comparing the received offers and submits the analysis to the audit committee.

The audit committee studies the analysis & comparison of the offers and nominates at least (2) auditors to audit the company's Financials. The Committee indicates the basis on which the nomination was made and prepare a report to be presented to the Board of Directors in which it shows a summary of the result of the analysis of the offers.

In this regard the Committee have done the followings:

- a) The Committee recommended to the Board of Directors the nomination of the external auditors, Messrs. Dr. Mohamed Al-Amari & Co.-BDO - OR Messrs. / Ibrahim Ahmad Al-Bassam & Co. (Al-Bassam and CO.), to audit the company's Financial Statements for the year 2020.
- b) The Committee selected six (6) auditors who are authorized to audit the Financial Statements of the joint-stock companies- as per Capital Market Authority, CMA- and invited them to submit their proposals to audit the company's Financial Statements for the year 2021. The committee studied and analyzed the offers received from these external auditors and recommended to the Board of Directors the nomination of two (2) auditors for the General Assembly to select One (1) or both of them to audit the company's Financial Statements for 2021.
- c) The Committee studied and discussed the Management Letter issued by the External Auditor- Messrs. Dr. Mohamed Al-Amari & Co.-BDO - for the year 2019.

6. The adequacy of the company's internal and financial control systems:

Based on the approved annual audit plan, Internal Audit Department of the company conducts a periodic reviews and audits of the various Activities/Departments of the company, including the evaluation of the company's internal control systems. Also, the external auditors of the company performs the statutory audit and review of the Financial Statements and issues a management letter in which they state the improvements-if any- that deem necessary in the internal control systems related to the preparation of the Financial Statements.

During the year 2020, both the Internal Audit Department and the External Auditor properly performed, their audits and reviews in accordance with the plans approved by the audit committee. Based on what was submitted by the Internal Audit Department within the their audit plan approved by the committee and based on what was discussed by the audit committee in relation to the Interims and Annual Financial Statements, the Audit Committee was not aware of any material weakness, of a material impact that may be mentioned in this report.



Based on the results of the audits and reviews of the assignments/processes/ activities etc. performed during the year 2020, and based on what was included and discussed in the audit reports submitted to the committee by the Internal Audit Department and External Auditors, the Committee evaluation of the internal and financial control systems of the company did not show any material weakness, and the Committee believes that the executive management has maintained an effective system of internal control and that the scope and the volume of the audited assignments /processes/ activities etc. and the discussions made by the audit committee during its meetings, all of these, have provided the Committee members with a reasonable basis for their opinion.

The Arabic Version was Signed by: The Audit Committee Members:

Mr. Hamad Abdullah Al-Olayan
Chairman of the Audit Committee

Mr. Mohammed AbdulKarim Al-Khereiji
Member of the Audit Committee

Dr. Ahmed A. Al-Maghamis
Member of the Audit Committee