

ANNUAL REPORT

2020



اسمنت ينبع
Yanbu Cement

BOARD OF DIRECTORS REPORT ON COMPANY OPERATIONS FOR THE YEAR 2020



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Members of the Board of Directors

Members of the Board of Directors for the Fourteenth (14th) Session

The session ended on 29/06/2020

HRH Prince Abdul Aziz Bin Meshal Al Saud	Chairman
Mr. Fahad Bin Suleiman Al-Rajhi	Vice Chairman
Mr. Saeed Bin Omar Al-Esayi	Member
Mr. Mohammed Bin Abdullah Al-Khuri	Member
Public Pension Agency – Represented by Mr. Amin Bin Abdullah Al-Sunaidi	Member
Eng. Riyadh Bin Abdul Rahman Aba Al-Khail	Member
GOSI – Represented by Mr. Fahad Bin Saleh Al-Ajlan	Member
Public Investments Fund – Represented by Mr. Turki Bin Mesaeid Al-Mubarak	Member
Social Development Bank – Represented by Mr. Ibrahim Bin Hamd Al-Rashed	Member
Dr. Ahmed Bin Abdo Zugail	Board Member & CEO
Mr. Abdul Aziz Suleiman Al-Rajhi	Member

Members of the Board of Directors for the Fifteenth (15th) Session

The session started on 30/06/2020

Mr. Fahad Bin Suleiman Al-Rajhi	Chairman
Mr. Mohammed Bin Abdullah Al-Khuri	Vice Chairman
GOSI – Represented by Mr. Fahad Bin Saleh Al-Ajlan	Member
Mr. Ali Bin Abdullah Al-Ayed	Member
Social Development Bank – Represented by Mr. Ibrahim Bin Hamd Al-Rashid	Member
Eng. Riyadh Bin Abdul Rahman Aba Al-Khail	Member
Public Investments Fund – Represented by Mr. Basil Bin Munea Al-Faraihi	Member
Mr. Turki Bin Mesaeid Al-Mubarak	Member
Mr. Abdul Aziz Bin Suleiman Al-Rajhi	Member
Dr. Ahmed Bin Abdo Zugail	Board Member & CEO
Mr. Salah Bin Abdul Rahman Al-Huzami	Member

SPEECH OF THE CHAIRMAN OF THE BOARD

Dear Shareholders

As we are all well-aware that 2020 was not like any other year before. It has been full of considerable challenges and remarkable obstacles owing to international situations. The fact of the matter is that COVID-19 was the largest challenges confronted by world economy. It has negatively impacted the lives and world economy in general and hit directly the sectors of business, industry and services. Regrettably, repercussions of the pandemic are still witnessed to date.

Locally, Yanbu Cement Co. (YCC), as usually expected, has been entirely set for such challenges. YCC has managed to absorb the shock and kept the damages to the minimum thanks to its strict precautionary measures adopted together with the swift radical changes made into work mechanism, resilience and improvement in anticipation for any higher levels of challenges.

YCC preparations for countering such challenges signal nothing but its administrative efficiency and its technical and financial readiness to any requirements likely to emerge. Such company preparations have been embraced to make certain of continuity of production process, fulfilment of market needs and satisfaction of the Clients' expectations, in addition to adaptation with any newly developed variables likely to surface.

Unlike the anticipated outcome, the Company has managed to achieve a spike in net profits by 8% when compared to 2019. Undoubtedly, such a hike in such exceptional circumstances confronted by the sector refers to nothing but the outcome of continuous development and improvement embraced by the Company during the previous years – a matter that has provided the Company with the potentials to be adaptive, resilient, and swift in taking strategic decisions.

Nonetheless, the Company Outlook for 2021 is still optimistic. Yet, we will be on a standby position and cautious for any additional pressures likely to be sustained by Cement Sector. We further assure YCC keenness and commitment to move forward with the State Policies thru enforcement of sustainability initiatives, nationalization (Saudization) program and employment of qualified national cadres. We, in YCC, are further keen on development of Saudi cadres and act in alignment with our role towards community within the frame of social responsibility program

Taking on the chance, I would like, on behalf of myself and members of the Board of Directors and all shareholders, to extend all sincere appreciation to all company-YCC staff in recognition of their performance of duties – a matter that was among the most significant causes of YCC success. We hope findings satisfy your expectations.

Eventually, in the name of members of the Board of Directors and all company staff and personnel, I extend our sincere thanks and appreciation to the government of Custodian of the Two Holy Mosques and His Crown Prince for all aspects of support, encouragement and sponsorship provided to the national industries.

On behalf of YCC Board of Directors, I am pleased to present the 2020 Annual Report of the Board of Directors, hoping to have all your constructive feedback in favor of company interest and its prosperous future.

Sincerely,

Chairman of the Board

COMPANY OVERVIEW

The company plant is located in Yanbu Governorate in the Ras Braidi area on the coast of the Red Sea between Yanbu and Umluj – approx. 70 km away from Yanbu. The company general administration building (Head office) is located in Jeddah.

Establishment

In 1977, Yanbu Cement Company was established. Operations began in 1979 with two of its' long dry furnaces with production capacity estimated at (3,000) tons of clinker per day.

First Expansion

The first expansion of the plant was carried out in 1985 by the establishment of the third dry furnace with a production capacity of (1000) tons of clinker per day, bringing the total production capacity of the plant to (4,000) tons of clinker per day, equivalent to 1.2 million tons of clinker annually. These lines were finally stopped in 2016.

Second Expansion

In 1999, the company started to raise production capacity of the plant by establishing a fourth production line. The furnace is considered the largest of its kind in the Middle East at that time with production capacity of 7,000 tons of clinker per day, equivalent to (2.1) million tons. In 2005, the company increased production capacity for the fourth line by 1500 tons of clinker per day, bringing the total production of the company to 4 million tons of clinker annually. Production of this line was raised again to 9,000 tons per day in late 2016, equivalent to 2.7 million tons without any investment expenses.

Third Expansion

In 2009, the company decided to add a fifth production line with a design capacity of 10,000 tons of clinker per day. In 2012, the actual operation of this line began. Having so, the company production increased to 7 million tons of clinker annually; and the production capacity of the fifth furnace was raised at the end of the year 2016 to reach 12,000 tons per day, keeping the company at its production capacity by 7 million tons despite suspension of the first three lines.

COMPANY STRATEGY

Given the company constant keenness to develop and grow in addition to maximizing the profits of investors, the company has paid all attention to the future vision and to develop strategic plans to face potential challenges and risks and keep pace with economic developments. Therefore, we are committed to achieving our vision of "always being the first choice for our partners." We are fully aware of the necessity to be flexible and respond to market fluctuations with a focus on providing products and services that take care of the environment and people in our surroundings. The confidence of our shareholders and our partners is increasing day by day, which drives us to assume more responsibility to achieve their expectations, maintain performance values, provide an ideal work environment, adhere to ethical standards, care for society, respect environmental values, and support innovation and initiative.

We have doubled our efforts to improve our professional framework for achieving the highest quality standards in production, enhancing our partners' confidence in supply, and being at the best expectations of our society, taking care of nature and people in our surroundings.

In order to achieve our strategic plan, we have strengthened our capabilities in risk management, and we have also developed many previous and new initiatives, including:

- Continuing to improve the effectiveness and efficiency of production processes and work to reduce operational costs, including fuel consumption.
- Enhancing the competitiveness of the company and making all necessary preparations to ensure the ability to continue export operations to exploit the operational capacity.
- Increase the utilization of the wasted thermal energy resulting from production lines, which will contribute significantly to reducing the costs of producing electrical energy.
- Paying attention to human resources, raising the rate of Saudization, and training, developing and empowering Saudi youth.
- Continuing development studies at all levels in the corporate.

HUMAN RESOURCES

Strategy of the Yanbu Cement Company has always emphasized the priority of investing in human capital and enhancing performance management. According to the company's plan for the year 2020, Yanbu Cement Company will strive to be the best work environment, through the application of best practices in human resources, which has begun to be achieved through the project of transformation in human resources management, which began the actual work on the application of its outputs.

It is widely known to everyone how the year 2020 was full of challenges and difficulties due to the Corona virus. At a time, business continuity was necessary; and preservation of staff health was one of the biggest objectives, as HR Dept. in concert with all other company departments have applied all precautionary measures in terms of social distancing, mask wearing, awareness messages about the virus (COVID-19) and provided advice according to the instructions of Saudi Ministry of Health (MOH) and the World Health Organization (WHO). Remote work procedures. Worth noting is that the pandemic did not prevent Yanbu Cement Company from developing its employees, as it provided 3,463 training days for 320 employees with 2054 hours of training hours.

Human Resource Development

The company cares about its human resources and works to maintain them, support their job stability, improve and manage their performance through effective programs through coordination between the human resources department and the various departments. Among our serious practices to develop human resources systems based on the best international applications and practices, we started this year to reap the fruits of the human resources transformation project that was launched in 2019 and work to implement its outputs to be a starting point for us in achieving a better work environment and a more distinguished service for our employees.

Employment & Saudization (Nationalization) Programs

The company paid great attention to Saudization programs and set plans to empower national cadres and enhance their capabilities to occupy leadership and supervisory positions for the company, while ensuring an attractive work environment for them.

An increase has been achieved in the percentage of Saudi citizens to reach 46% by the end of 2020, an increase of 2% over the previous year.

Eighteen (18) new Saudi Engineers were employed, meaning an addition of 3% of the technical staff working in the company, and thus the percentage of Saudi technical staff rose to 39%. The company is completing a gradual Saudization plan to reach the Saudization rate of 75% of its employees as a national strategic objective by 2025.

GOVERNANCE REGULATION

Yanbu Cement Co. is committed to the company governance regulation to protect the company interests as well as benefits of the stakeholders. Currently, the Company is applying all items of governance regulation – except for a number of non-binding reference clauses as indicated below.

Article, Clauses Pursuant to Company Governance Regulation	Partially Applied	N/A	Justifications
<p>Article (41):</p> <p>A. The Board of Directors, based on the proposal of the Nomination Committee, sets the necessary mechanisms to annually evaluate the performance of the Board, its members, committees and executive management; This is done through appropriate performance measurement indicators related to the extent of achieving the company's strategic objectives, the quality of risk management, and the adequacy of internal control systems and others, provided that the strengths and weaknesses are identified and a proposal to address them in accordance with the company's interest.</p> <p>B. Performance appraisal procedures must be written and clear and disclosed to members of the board of directors and persons appointed for evaluation.</p> <p>C. Performance evaluation must include the skills and experiences that the board possesses, and identify weaknesses and strengths in it, while working to address weaknesses in possible ways, such as nominating professional competencies that can develop the performance of the board, and the performance evaluation must also include an evaluation of the work mechanisms in the board in general.</p>		√	Indicative Article



<p>D. Individual evaluation of members of the Board of Directors considers extent of the member's active participation and commitment to fulfill his duties and responsibilities, including attending the sessions of the Board and its committees and allocating the necessary time for them.</p> <p>E. Board of Directors shall make the necessary arrangements to obtain an evaluation by a competent external body of its performance every three years.</p> <p>F. Non-executive members of the board of directors conduct a periodic evaluation of the performance of the chairman of the board after taking the views of the executive members - without the chairman of the board attending the discussion designated for this purpose - provided that the strengths and weaknesses are identified and proposed remedies in accordance with the interest of the company.</p>			
<p>Article (54): B. Chairperson of the Audit Committee shall be an independent member</p>		√	Indicative Article
<p>Article (83): Board of Directors shall set clear and written policies and procedures to regulate the relationship with stakeholders in order to protect them and preserve their rights, provided that they include - in particular - the following:</p> <ol style="list-style-type: none">1. How to compensate stakeholders for breaching their rights determined by regulations or protected by contracts.2. How to settle complaints or disputes that may arise between the company and the stakeholders.3. How to build good relationships with customers and suppliers and maintain the confidentiality of information about them.4. The rules of professional conduct for managers and employees of the company so that they comply with sound professional and ethical standards and regulate the relationship between them and stakeholders, provided that the board of		√	Some Policies were developed and endorsed by the Board



<p>directors establish mechanisms to monitor the implementation of these rules and adhere thereto.</p> <ol style="list-style-type: none">5. Social contribution of the company.6. Confirm that the company's dealings with members of the board of directors and related parties are in accordance with the terms and conditions followed with the stakeholders, without any discrimination or preference.7. Stakeholders obtain information related to their activities in a manner that enables them to perform their duties, provided that such information is correct, sufficient, timely and regular.8. Treating company employees in accordance with the principles of justice, equality and non-discrimination.			
<p>Article (85): The company shall make programs to develop and stimulate the participation and performance of the company's employees, provided that they include in particular the following:</p> <ol style="list-style-type: none">1. Forming committees or holding specialized workshops to listen to the opinions of company employees and discuss with them the issues and topics that are the subject of important decisions.2. Programs granting employees shares in the company or a share of the profits it realizes and retirement programs, and the establishment of an independent fund to spend on these programs.3. Establishing social institutions for company employees.		√	Indicative Article
<p>Article (87): The Ordinary General Assembly, based on a proposal from the Board of Directors, sets a policy to ensure a balance between its objectives and the goals that society aspires to achieve with the aim of development of social and economic conditions of society.</p>		√	Indicative Article

BOARD OF DIRECTORS, COMMITTEE MEMBERS, THEIR CURRENT AND PREVIOUS POSITIONS, QUALIFICATIONS AND EXPERIENCES (FOR THE FOURTEENTH SESSION)

Name	Current Job	Previous Job	Academic Qualifications and Hands-on Experience
HRH Prince Abdulaziz bin Meshal bin Abdulaziz	Chairman of Board of Directors		Academic Qualifications: Bachelor's degree. Experiences: Chairman of the Board of Directors of the City Cement Company, Chairman of the Board of Directors of Al-Jouf Agricultural Development Company, Member of the Board of Directors of Yanbu Cement Company
Mr. Fahad bin Suleiman Al-Rajhi	Deputy Chairman of the Board		Academic Qualifications: Bachelor of Science in Industrial Management (King Fahad University of Petroleum and Minerals) 1983. Experiences: Deputy -Chairman of the Board of Directors of the National Company for Industry and Managing Director. (A closed joint stock company), founder and managing director of Al-Rajhi Brothers Group Company (a closed joint stock company), a member of the Board of Directors of Al-Watania Poultry (a closed joint-stock company), founder and member of the Board of Directors of the Saudi International Petrochemical Company (SIPCHEM) (a public joint stock company) and a member of the Board of Directors of the International Company for methanol (IMC) Founder and Vice Chairman of the Saudi German Company for Non-Spun Products)SGN(and founder and chairman of Bischoff and Klein Middle East (B&KHE) is also a member of the Board of Directors of Musharaka Financial Company and a former board member of the Saudi Industrial Investment Group. (A public joint stock company) and a former board member of the Saudi Cement Company (a public joint stock company)
Mr. Saeed bin Omar Al- Esayi	Member of the Board of Directors	Member of the Board of Directors Sahara Petrochemical Company	Academic Qualifications: Bachelor's degree in Management and Industrial Engineering - University of Miami. Experience: Member of the Chamber of Commerce - Jeddah (Cars Committee), former board member of Sanad Insurance Company and Al-Rajhi Bank
Mr. Mohammed bin Abdullah Al-Khuraiji	Chairman of the Board of Directors of Al-Khuraiji Holding Group	Chairman of the Board of Directors of the Global Center for Trade and Contracting	Academic qualifications: Law degree from Cairo University in 1973, Diploma in Marketing from the International Institute of Marketing, Certificate in Marketing Management from the International Institute of Marketing. Cambridge (USA) 1976 Diploma in Change Management from Harvard University in 2000. Experience: membership of a number of joint stock companies and executive committees.
Dr. Ahmed bin Abdo Zugail	CEO of Yanbu Cement Company	CEO of Najran Cement Company	Academic Qualifications: Ph.D. in Mineral Economics, Colorado University of Mines, Golden, Colorado, USA 1991, Bachelor of Science in Mining Engineering, King Fahad University of Petroleum and Minerals, Dhahran, Saudi Arabia 1984. Experiences: Member of the Board of Directors - Yanbu Cement, Member of the Board of Directors of the Knowledge Center for Cement, CEO - Najran Cement. Assistant General Manager for Technical Affairs and



			Projects - Yanbu Cement. Planning Specialist - Strategic Planning Department, Saudi Aramco, Mr. of Finance and Economics - College of Industrial Management, King Fahad University of Petroleum and Minerals in Dhahran
Mr. Amin bin Abdullah Al-Sunaidi	Director of Investment Operations Department	Supervising investment specialist	Academic Qualifications: Master of Business Administration. Experience: Worked in the banking sector at Riyadh Bank, experience in company investment management and stocks in financial investment management. Chairman of the Risk Management, Governance and Compliance Committee and Member of the Audit Committee of Yanbu Cement Company.
Mr. Fahad bin Saleh Al-Ajlan	General Director of Planning and Development at Social Security	Director of Research and Studies Department	Academic qualifications: Bachelor of Mathematics, College of Science, King Saud University, Saudi Arabia in 2000, Higher Diploma in Actuarial Sciences * from the Muhanna Foundation for Actuarial Sciences in cooperation with the British Government Actuarial Office in 2003, Master of Actuarial and Financial Sciences from Curtin University in Australia in 2011 Experiences: Experience in financial, statistical, and actuarial analysis and strategic planning. project management office - measuring customer satisfaction - information management and governance. Member of the Risk Management Committee and the Audit Committee of Yanbu Cement Company
Mr. Abdul Aziz bin Suleiman Al-Rajhi	businessman	businessman	Academic Qualifications: Bachelor of Financial Management (Prince Sultan University) Experiences: Chairman of the Board of Directors of Al-Rajhi Investment Company and Al-Watania Agriculture Company, CEO of Suleiman Al-Rajhi Holding Company, Secretary General of Sulaiman Al-Rajhi Waqf, member of the Board of Directors of several companies, founder and member of the Board of Directors of Al-Rajhi Union Investment Holding Company. Founder and member of the Board of Directors of Raj Real Estate Company, in addition to managing some private businesses.
Mr. Turki bin Mesaeid Al-Mubarak	businessman	businessman	Academic Qualifications: Bachelor of Financial Accounting. Experiences: Samba Financial Group - Investment Division / Mam Industrial Group.
Eng. Riyadh bin Abdul Rahman Aba Al-Khail	Executive Director of Licensing Operations and Consulting	Director General of Licenses at the General Investment Authority	Academic Qualifications: Electrical Engineering (King Saud University), Higher Diploma (Cambridge University, UK) Experiences: Consultant in project management at the Saudi Industrial Development Fund, supervisor of the financial audit project for foreign establishments licensed by the General Investment Authority, Director of the Riyadh Investor Services Center, member of the licensing committee at the General Investment Authority, representative of the General Investment Authority in the customs exemptions committee.
Mr. Ibrahim bin Hamd Al-Rashed	General Director of the Social Development Bank	General Manager Personal Banking at Al-Rajhi Bank	Academic Qualifications: Bachelor of Computer Science (King Saud University), Master of Computer Science (Florida Institute of Technology), Experiences: General Director of the Electronic Transaction Center (Yusr), General Director of Technical Transformation at Al-Rajhi Bank, , Head of Information Technology and Customer Relations at Al-Rajhi Bank.
Mr. Aziz bin Muhammad Al-Qahtani (An independent member from outside the board in the audit committee)	Vice President of Internal Audit Petroleum, Chemical and Mining Company	Saudi Aramco, STC and NADEC	Academic Qualifications: Master's and Bachelor's degree in Accounting - King Fahad University of Petroleum and Minerals Experiences: Executive Director of internal audit in the Saudi Company for Technical Development and Investment and its subsidiaries (Technology). Financial Director at Business Triangle Company, Vice President of Internal Audit, Petroleum, Chemicals and Mining Company, Executive Director of Internal Audit at the Saudi Research and Marketing Group. Executive Director of Internal Auditing at (NADEC), Director of Audit at Saudi Telecom Company, Internal Auditor at Saudi Aramco.

BOARD OF DIRECTORS, COMMITTEE MEMBERS, THEIR CURRENT AND PREVIOUS POSITIONS, QUALIFICATIONS AND EXPERIENCES (FOR THE FIFTEENTH SESSION)

Name	Current Job	Previous Job	Academic Qualifications & Hands-on Experience
Mr. Fahad bin Suleiman Al-Rajhi	Chairman of the Board of Directors		<p>Academic Qualifications: Bachelor of Science in Industrial Management (King Fahad University of Petroleum and Minerals) 1983.</p> <p>Experiences: Vice-Chairman of the Board of Directors of the National Company for Industry and Managing Director. (A closed joint stock company), founder and managing director of Al-Rajhi Brothers Group Company (a closed joint stock company), a member of the Board of Directors of Al-Watania Poultry (a closed joint-stock company), founder and member of the Board of Directors of the Saudi International Petrochemical Company (SIPCHEM) (a public joint stock company) and a member of the Board of Directors of the International Company For methanol (IMC(Founder and Vice Chairman of the Saudi German Company for Non-Spun Products)SGN(And founder and chairman of Bischoff and Klein Middle East)B&KHe is also a member of the Board of Directors of Musharaka Financial Company and a former board member of the Saudi Industrial Investment Group. (A public joint stock company) and a former board member of the Saudi Cement Company (a public joint stock company)</p>
Mr. Mohammed bin Abdullah Al-Khurajji	Deputy Chairman of the Board	Chairman of the Board of Directors of the Global Center for Trade and Contracting	<p>Academic qualifications: Law degree from Cairo University in 1973, Diploma in Marketing from the International Institute of Marketing, Certificate in Marketing Management from the International Institute of Marketing. Cambridge (USA) 1976 Diploma in Change Management from Harvard University in 2000.</p> <p>Experience: membership of a number of joint stock companies and executive committees.</p>
Mr. Fahad bin Saleh Al-Ajlan	General Director of Planning and Development at Social Security	Director of Research and Studies Department	<p>Academic qualifications: Bachelor of Mathematics, College of Science, King Saud University, Saudi Arabia in 2000, Higher Diploma in Actuarial Sciences * from the Muhanna Foundation for Actuarial Sciences in cooperation with the British Government Actuarial Office in 2003, Master of Actuarial and Financial Sciences from Curtin University in Australia in 2011</p> <p>Experiences: Experience in financial, statistical, and actuarial analysis and strategic planning. project management office - measuring customer satisfaction - information management and governance. Member of the Risk Management Committee and the Audit Committee of Yanbu Cement Company</p>
Mr. Ali bin Abdullah Al-Ayed		CEO of the Saudi company For technical development and investment	<p>Academic Qualifications: Bachelor's degree in Industrial Management (King Fahad University of Petroleum and Minerals).</p> <p>Experiences: Former Director of the Saudi Industrial Development Fund, former CEO of the Saudi Company for Development and Technical Investment. Member of the Board of Directors of Marafiq Company, Member of the Board of Directors of the National Company for Industry, Chairman of the Board of Directors of the Saudi Egyptian Industrial Investments Company, Former Member of Management of Ibn Rushd Company, Former Member of the Administration of the Ceramic Company.</p>



Mr. Ibrahim bin Hamd Al-Rashed	General Director of the Social Development Bank	General Manager Personal Banking at Al-Rajhi Bank	Academic Qualifications: Bachelor of Computer Science (King Saud University), Master of Computer Science (Florida Institute of Technology), Experiences: General Director of the Electronic Transaction Center (Yusr), General Director of Technical Transformation at Al-Rajhi Bank, Head of Information Technology and Customer Relations at Al-Rajhi Bank.
Eng. Riyad bin Abdulrahman Aba Al-Khail	Executive Director of Licensing Operations and Consulting	Director General of Licenses at the General Investment Authority	Academic Qualifications: Electrical Engineering (King Saud University), Higher Diploma (University of Cambridge, UK). Experiences: Consultant in project management at the Saudi Industrial Development Fund, supervisor of the financial audit project for foreign establishments licensed by the General Investment Authority, Director of the Riyadh Investor Services Center, member of the licensing committee at the General Investment Authority, representative of the General Investment Authority in the customs exemptions committee.
Mr. Basil bin Munea Al-Faraihi	Vice President in Company Governance Department of the Fund	Director in the Department of Zakat and Tax, Ernst & Young	Academic Qualifications: Bachelor of Financial Accounting, Certified Public Accountant (SOCPA) Saudi Organization for Certified Public Accountants. Oxford University Strategic Leadership Program, UK. Experiences: Deputy Head in the Company Governance Department of the Public Investment Fund, Director in the Zakat and Tax Department, Ernst & Young. Chief Accountant - Laham Trading and Contracting Company. Accounts Analyst - Saudi Industrial Development Fund. Member of the audit committee in Tabadul Company. Member of the Review Committee of the Boutique Hospitality Group.
Mr. Turki bin Mesaeid Al-Mubarak	businessman	businessman	Academic Qualifications: Bachelor of Financial Accounting. Experiences: Samba Financial Group - Investment Division / Mam Industrial Group.
Mr. Abdulaziz bin Suleiman Al-Rajhi	businessman	businessman	Academic Qualifications: Bachelor of Financial Management (Prince Sultan University) Experiences: Chairman of the Board of Directors of Al-Rajhi Investment Company and Al-Watania Agriculture Company, CEO of Sulaiman Al-Rajhi Holding Company, Secretary General of Sulaiman Al-Rajhi Waqf, member of the Board of Directors of several companies, founder and member of the Board of Directors of Al-Rajhi Union Investment Holding Company. Founder and member of the Board of Directors of Raj Real Estate Company, in addition to managing some private businesses.
Dr. Ahmed bin Abdo Zugail	CEO of Yanbu Cement Company	CEO of Najran Cement Company	Academic Qualifications: Ph.D. in Mineral Economics, Colorado University of Mines, Golden, Colorado, USA 1991, Bachelor of Science in Mining Engineering, King Fahad University of Petroleum and Minerals, Dhahran, Saudi Arabia 1984. Experiences: Member of the Board of Directors - Yanbu Cement, Member of the Board of Directors of the Knowledge Center for Cement, CEO - Najran Cement. Assistant General Manager for Technical Affairs and Projects - Yanbu Cement. Planning Specialist - Strategic Planning Department, Saudi Aramco, Mr. of Finance and Economics - College of Industrial Management, King Fahad University of Petroleum and Minerals in Dhahran
Mr. Salah bin Abdulrahman Al-Huzami	Participating in Boards and Committees Memberships Of several Companies	CEO of Arab Paper Manufacturing Company	Academic Qualifications: Bachelor of Science in Industrial Management (King Fahad University of Petroleum and Minerals), Mini MBA in Oil and Gas (CWC School in London), Company Level Strategy (Harvard Business School), Risk Management for Company Leaders (Harvard Business School). Experiences: CEO (Arab Paper Manufacturing Company), General Manager (Dana Gas Company - Saudi Arabia), Deputy General Manager - Marketing (Saudi Cement Company), Assistant General Manager (Riyadh House,



			Jeraisy Group Eastern Province), Khobar Branch Manager (United Saudi Commercial Bank), Head of Branches Network Section (Bank Saudi Fransi Regional Management Khobar).
Mohammed Farhan bin Nader	Executive Partner of Allied Accountants, Member of the Global RSM Group	Executive Director of Finance for Suleiman Al-Rajhi Endowments Company	Academic Qualifications: Master of Business Administration and Finance, Heriot-Watt University, UK. Experiences: the executive partner of Allied Accountants, a member of the global RSM Group. Executive Director of Finance for Suleiman Al-Rajhi Endowments Company, Deloitte CEO

MEMBERS OF THE EXECUTIVE MANAGEMENT, THEIR CURRENT AND PREVIOUS POSITIONS, QUALIFICATIONS AND EXPERIENCES

Name	Current Job	Previous Job	Academic Qualifications & Hands-on Experience
Dr. Ahmed bin Abdo Zugail	CEO of Yanbu Cement Company	CEO of Najran Cement Company	Academic Qualifications: Ph.D. in Mineral Economics, Colorado University of Mines, Golden, Colorado, USA 1991, Bachelor of Science in Mining Engineering, King Fahad University of Petroleum and Minerals, Dhahran, Saudi Arabia 1984. Hands-on Experiences: Member of the Board of Directors - Yanbu Cement, Member of the Board of Directors of the Cement Knowledge Center for Training, CEO - Najran Cement. Assistant General Manager for Technical Affairs and Projects - Yanbu Cement. Planning Specialist - Strategic Planning Department, Saudi Aramco, Mr. of Finance and Economics - College of Industrial Management, King Fahad University of Petroleum and Minerals in Dhahran
Mr. Walid bin Mayouf	Assistant to CEO For Finance Affairs	Director of Enterprise Risk Management and Board Secretary - The National Shipping Company of Saudi Arabia (Bahri)	Qualifications: <ul style="list-style-type: none"> BA in Accounting, College of Administrative Sciences, King Saud University 1990 Diploma in English and Accounting from the Institute of Economics - USA 1994 - 1995 Hands-on Experiences:



			<p>Director of Enterprise Risk Management and Board Secretary - The National Shipping Company of Saudi Arabia (Maritime) (September 2016 to May 2020) Financial Director - The National Chemical Carriers Company (Bahri Chemicals) (July 2001 to September 2016) Director of Documentary Credits - Saudi Basic Industries Corporation (SABIC) (July 1991 to June 2001)</p>
Mr. Walid Muhammad Baghdadi	Assistant to CEO for HR and communication	Director of Contracts Department (King Abdullah Economic City)	<p>Academic Qualifications: Master of Libraries. Hands-on Experiences: long experience in the cement industry and real estate development (business development - company management - project management - contracting - consulting - contract management - sales and marketing - procurement - human resources and support services) Supervising the implementation of contracts, which cover (commercial tenders - negotiations - contract management and awarding - reducing the level of risk in relation to contracts and obligations on the company</p>
Mr. Nabil Muhammad Baghdadi	Advisor to the CEO for Legal Affairs	Assistant CEO for Legal and Administrative Affairs	<p>Qualifications: 1. Master of Laws, King Abdul Aziz Univ, Grade: Very Good, 2002 2. Bachelor of Law from King Abdulaziz University, with a grade of "Good", 1992 Hands-on Experiences: He worked at Yanbu Cement Company from 1993 to date and occupied the following positions: 1. Assistant General Manager for Administrative Affairs (Yanbu Cement Company) (from 10/10/2009 To 05/01/2012) 2. Senior Manager of Legal Affairs Department (Yanbu Cement Company) (from 01/01/2007 To 10/10/2009) 3. Head of Personnel Department (Yanbu Cement Company) (from 01/01/1999 To 01/01/2007) 4. Assistant Head of Personnel Department (Yanbu Cement Company) (from 01/11/1993 to 01/01/1999)</p>
Mr. Amr Ahmed Nader	Advisor to the CEO for Strategic Planning and Performance Management - Member of the Board of Directors of the Cement Knowledge Center	Performance Management Manager - Yanbu Cement Company	<p>Academic Qualifications: Bachelor's degree in Chemical Engineering - Alexandria University Hands-on Experiences: ✓ Technical Director and Consultant in the Middle East - Smart Company - (Jordan) ✓ Deputy Plant Manager (Zambia) - Lafarge Corporation ✓ Health and Safety Manager and Regional Operations Expert - Lafarge Company (Cairo) ✓ Regional Operations Expert - Lafarge (Cairo)</p>



- ✓ Head of Operations (Pakistan) - Orascom Corporation
- ✓ Chief Process Engineer - Orascom Corporation (Pakistan)
- ✓ Projects and Operations Engineer (Egypt) - ASEC Egypt

COMPANIES FOR WHICH A MEMBER OF THE COMPANY'S BOARD OF DIRECTORS IS A MEMBER OF ITS CURRENT AND PREVIOUS BOARDS OF DIRECTORS OR OF ITS MANAGERS (FOR THE FOURTEENTH SESSION)

Name	Companies where a Member of the Board is a Member of their current Boards of Directors or of their Managers	Inside / outside Saudi Arabia	Legal entity	companies where a member of the Board was a member of their previous Boards of Directors or of their Managers	Inside / outside Saudi Arabia	Legal entity
HRH Prince Abdul Aziz bin Meshal bin Abdul Aziz	Al-Jouf Agricultural Development Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	City Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
Mr. Fahad bin Suleiman Al-Rajhi	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	Saudi Cement	Inside Saudi Arabia	Listed Joint-stock CO.
	SIPCHEM	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	The National Company for Industry	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	The Saudi German Company for Non-Spun Products	Inside Saudi Arabia	Limited liability	N/A	N/A	N/A
	The company is advanced for flexible packaging	Inside Saudi Arabia	Limited liability	N/A	N/A	N/A
	National Poultry Company	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	Al Rajhi Brothers Company	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	Share Financial Company	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	National Aquaculture Group Company (NAGWA)	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	Global Methanol Company	Inside Saudi Arabia	Limited liability	N/A	N/A	N/A
Mr. Saeed bin Omar Al-Esayi	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	United Motors	Inside Saudi Arabia	Listed Joint-stock CO.
	Alesayi Trading Est	Inside Saudi Arabia	Unlisted	Sanad Cooperative Insurance	Inside Saudi Arabia	Listed Joint-stock CO.



	SIPCHEM	Inside Saudi Arabia	Listed Joint-stock CO.	Al Rajhi Bank	Inside Saudi Arabia	Listed Joint-stock CO.
	Omar Qasim Al-Esayi Group Company Ltd.	Inside Saudi Arabia	Unlisted	N/A	N/A	N/A
	Omar Qasim Al-Essay & Partners Company	Inside Saudi Arabia	Unlisted	N/A	N/A	N/A
Mr. Mohammed bin Abdullah Al-Khuraiji	Al-Khuraiji Holding Group	Inside Saudi Arabia	Limited liability	Global Center for Trade and Contracting	Inside Saudi Arabia	Limited liability
	Abdullah Al-Khuraiji Sons Real Estate Company	Inside Saudi Arabia	Limited liability	Makkah International Market	Inside Saudi Arabia	Limited liability
	Medical supplies and services company	Inside Saudi Arabia	Limited liability	Global Environmental Services Management Company Ltd.	Inside Saudi Arabia	Limited liability
	Al-Khuraiji Company	Inside Saudi Arabia	Closed Joint-stock CO.	Jeddah Holding Company	Inside Saudi Arabia	Limited liability
	Islamic Money House	Outside of Saudi Arabia	Limited liability	Safe company	Inside Saudi Arabia	Limited liability
	Worldcare International Corporation	Outside of Saudi Arabia	Limited liability	Faisal Investment Bank	Outside of Saudi Arabia	Limited liability
	Ithmaar Bank	Outside of Saudi Arabia	Listed Joint-stock CO.	Tihama Company	Outside of Saudi Arabia	Joint-stock
	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	Idira Corporation	Inside Saudi Arabia	Listed Joint-stock CO.
	Faisal Investment Bank of Egypt	Outside of Saudi Arabia	JV	N/A	N/A	N/A
Dr. Ahmed bin Abdo Zugail	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	Najran Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.
Mr. Amin Bin Abdullah Al-Sunaidi	International Diol Company	Inside Saudi Arabia	Unlisted	N/A	N/A	N/A
	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
Mr. Fahad bin Saleh Al-Ajlan	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	Yanbu Saudi Kuwaiti Paper Company Products	Inside Saudi Arabia	Limited liability	N/A	N/A	N/A
Mr. Abdulaziz bin Suleiman Al-Rajhi	Al Rajhi Union Holding	Inside Saudi Arabia	Closed Joint-stock CO.	Suleiman Al-Rajhi Holding	Inside Saudi Arabia	LLC
	Raj Real Estate	Inside Saudi Arabia	Limited liability	Al Rajhi International	Inside Saudi Arabia	LLC
	Alpha investment	Inside Saudi Arabia	Limited liability	Suleiman Al-Rajhi for Real Estate Investments	Inside Saudi Arabia	LLC
	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	National Agricultural	Inside Saudi Arabia	N/A	N/A	N/A	N/A
Mr. Turki bin Mesaeid Al-Mubarak	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A



Eng. Riyadh bin Abdulrahman Aba Al-Khail	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
Mr. Ibrahim bin Hamd Al-Rashed	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A

COMPANIES FOR WHICH A MEMBER OF THE COMPANY'S BOARD OF DIRECTORS IS A MEMBER OF ITS CURRENT AND PREVIOUS BOARDS OF DIRECTORS OR OF ITS MANAGERS (FOR THE FIFTEENTH SESSION)

Name	Companies where a Member of the Board is a Member of their current Boards of Directors or of their Managers	Inside / Outside Saudi Arabia	Legal entity	Companies where a Member of the Board of Directors was a Member of their Boards of Directors or of their Managers	Inside / Outside Saudi Arabia	Legal entity
Mr. Fahad bin Suleiman Al-Rajhi	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	Saudi Cement	Inside Saudi Arabia	Listed Joint-stock CO.
	SIPCHEM	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	The National Company for Industry	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	The Saudi German Company for Non-Spun Products	Inside Saudi Arabia	Limited liability	N/A	N/A	N/A
	The company is advanced for flexible packaging	Inside Saudi Arabia	Limited liability	N/A	N/A	N/A
	National Poultry Company	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	Al Rajhi Brothers Company	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	Share Financial Company	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	National Aquaculture Group Company (NAGWA)	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	Global Methanol Company	Inside Saudi Arabia	Limited liability	N/A	N/A	N/A
Mr. Mohammed bin Abdullah Al-Khuraiji	Al-Khuraiji Holding Group	Inside Saudi Arabia	Limited liability	Global Center for Trade and Contracting	Inside Saudi Arabia	Limited liability
	Abdullah Al-Khuraiji Sons Real Estate Company	Inside Saudi Arabia	Limited liability	Makkah International Market	Inside Saudi Arabia	Limited liability



	Medical supplies and services company	Inside Saudi Arabia	Limited liability	Global Environmental Services Management Company Ltd.	Inside Saudi Arabia	Limited liability
	Al-Khuraiji Company	Inside Saudi Arabia	Closed Joint-stock CO.	Jeddah Holding Company	Inside Saudi Arabia	Limited liability
	Islamic Money House	Outside of Saudi Arabia	Limited liability	Aamen Co.	Inside Saudi Arabia	Limited liability
	World Care International Corporation	Outside of Saudi Arabia	Limited liability	Faisal Investment Bank	Outside of Saudi Arabia	Limited liability
	Ithmaar Bank	Outside of Saudi Arabia	Listed Joint-stock CO.	Tuhama Company	Abroad	Joint-stock
	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	Idira Corporation	Inside Saudi Arabia	Listed Joint-stock CO.
	Faisal Islamic Bank of Egypt	Outside of Saudi Arabia	Joint stock	N/A	N/A	N/A
Mr. Fahad bin Saleh Al-Ajlan	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	Yanbu Saudi Kuwaiti Paper Company Products	Inside Saudi Arabia	Limited liability	N/A	N/A	N/A
Mr. Ali bin Abdullah Al-Ayed	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	Saudi Ceramic Company	Inside Saudi Arabia	Listed Joint-stock CO.
	Marafeq Company	Inside Saudi Arabia	Unlisted JV	Ibn Rushd Company	Inside Saudi Arabia	Unlisted JV
	National Company for Industry	Inside Saudi Arabia	Unlisted	Saudi German Investment Company	Inside Saudi Arabia	N/A
	Saudi Egyptian Industrial Investments Company	Outside of Saudi Arabia	Listed joint	N/A	N/A	N/A
Mr. Ibrahim bin Hamd Al-Rashed	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
Eng. Riyadh bin Abdulrahman Aba Al-Khail	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
Mr. Basil bin Munea Al-Faraihi	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
Mr. Turki bin Mesaeid Al-Mubarak	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	Member of the Audit Committee of SAPTCO	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	SAPTCO Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A



	Member of the Audit Committee in Ulem Information Security Company	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
Mr. Abdulaziz bin Suleiman Al-Rajhi	Al Rajhi Union Holding	Inside Saudi Arabia	Closed Joint-stock CO.	Suleiman Al-Rajhi Holding	Inside Saudi Arabia	LLC
	Raj Real Estate	Inside Saudi Arabia	Limited liability	Al Rajhi International	Inside Saudi Arabia	LLC
	Alpha investment	Inside Saudi Arabia	Limited liability	Suleiman Al-Rajhi for Real Estate Investments	Inside Saudi Arabia	LLC
	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	National Agricultural	Inside Saudi Arabia	N/A	N/A	N/A	N/A
Dr. Ahmed bin Abdo Zugail	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	Najran Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.
	Cement Knowledge Center	Inside Saudi Arabia	limited liability mixed	N/A	N/A	N/A
Mr. Salah bin Abdulrahman Al-Huzami	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	Arbah Capital	Inside Saudi Arabia	Closed Joint-stock CO. CMA Licensed
	Gulf Lifting Financial Leasing Company	Inside Saudi Arabia	Closed Joint-stock CO.	Dana Gaz Bahrain	Outside of Saudi Arabia	Limited liability Bahrain
	Saeed Ali Ghodran & Sons Co.	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A

BOARD OF DIRECTORS & CLASSIFICATION OF MEMBERS

Board of Directors is composed of eleven (11) members and their classifications for the fourteenth Session (2020) as follows:

Name	Description	Classification
HRH Prince Abdul Aziz Bin Meshal Al Saud	Chairman	Non-Executive
Mr. Fahad Bin Suleiman Al-Rajhi	Vice Chairman	Non-Executive
Mr. Saeed Bin Omar Al-Esayi	Member	Independent
Mr. Mohammed Bin Abdullah Al-Khuriji	Member	Independent
Public Pension Agency – Represented by Mr. Amin Bin Abdullah Al- Sunaidi	Member	Independent
Eng. Riyadh Bin Abdul Rahman Aba Al-Khail	Member	Independent
GOSI – Represented by Mr. Fahad Bin Saleh Al-Ajlan	Member	Non-Executive
Public Investments Fund – Represented by Mr. Turki Bin Mesaeid Al-Mubarak	Member	Non-Executive
Social Development Bank – Represented by Mr. Ibrahim Bin Hamd Al-Rashed	Member	Independent
Dr. Ahmed Bin Abdo Zugail	Board Member & CEO	Executive
Mr. Abdul Aziz Suleiman Al-Rajhi	Member	Non-Executive

Board of Directors is composed of eleven (11) members classified for the fifteenth (15th) Session of 2020 as indicated below:

Name	Description	Classification
Mr. Fahad Bin Suleiman Al-Rajhi	Chairman	Non-Executive
Mr. Mohammed Bin Abdullah Al-Khuriji	Vice Chairman	Independent
GOSI – Represented by Mr. Fahad Bin Saleh Al-Ajlan	Member	Non-Executive
Mr. Ali Bin Abdullah Al-Ayed	Member	Independent
Social Development Bank – Represented by Mr. Ibrahim Bin Hamd Al-Rashid	Member	Independent
Eng. Riyadh Bin Abdul Rahman Aba Al-Khail	Member	Independent
Public Investments Fund – Represented by Mr. Basil Bin Munea Al-Faraihi	Member	Non-Executive
Mr. Turki Bin Mesaeid Al-Mubarak	Member	Independent
Mr. Abdul Aziz Bin Suleiman Al-Rajhi	Member	Non-Executive
Dr. Ahmed Bin Abdo Zugail	Board Member & CEO	Executive
Mr. Salah Bin Abdul Rahman Al-Huzami	Member	Independent

Procedures adopted by the Board of Directors to advise its members (and non-executives in particular) about the proposals of shareholders and their comments raised over company performance. In its meetings, the Board of Directors reviews comments, questions and inquiries of shareholders, if any, through the Department of Shareholders' Relations with the Company, as well as through the questions of the shareholders in the General Assembly. No proposals or comments have been raised over company performance during 2020.

BOARD COMMITTEES

FIRST: EXECUTIVE COMMITTEE

Executive Committee is composed of five members of the Board of Directors. Seven (7) meetings were held during 2020. The Executive Committee exercises all powers and authorities and bears the duties of the board of directors with regard to achieving compatibility between the strategic plans of the company and the operational objectives and preparing recommendations for the board of directors in terms of operational priorities and financial, administrative and marketing planning, while submitting periodic reports on its practices of the powers delegated to the Board of Directors.

The Fourteenth (14th) Session of the Board of Directors

Name	Description	Category	Attendance Record			Total Number of Attendance
			First 21 / 04/2020	Second 05/05/2020	Third 19/05/2020	
Mr. Saeed Omar Al- Esayi	Chairman	independent	Attend	Attend	Attend	3
Mr. Mohammed Abdullah Al-Khuraiji	Member	independent	Attend	Attend	Attend	3
Dr. Ahmed Abdo Zugail	Member	executive	Attend	Attend	Attend	3
Mr. Riyadh Abdul Rahman Aba Al-Khail	Member	independent	Attend	Attend	Attend	3
Mr. Ibrahim Hamd Al- Rashed	Member	independent	Attend	Attend	Attend	3

The Fifteenth (15th) Session of the Board of Directors

Name	Description	Category	Attendance Record				Total Number of Attendance
			First 21/07/2020	Second 10-11/10/2020	Third 21/11/2020	Fourth 11/12/2020	
Mr. Ali Abdullah Al -Ayed	Chairman	independent	Attend	Attend	Attend	Attend	4
Mr. Riyadh Abdul Rahman Aba Al-Khail	Member	independent	Attend	Attend	Attend	Attend	4
Mr. Basil Munea Al-Faraihi	Member	Non-executive	Attend	Attend	Attend	Attend	4
Mr. Salah Abdul Rahman Al -Huzami	Member	independent	Attend	Attend	Attend	Attend	4
Dr. Ahmed Abdo Zugail	Member	executive	Attend	Attend	Attend	Attend	4

SECOND: AUDIT COMMITTEE

Audit committee is composed of two members of the Board of Directors (non-executive members) in addition to an external member, and their meetings reached (6) meetings during 2020. Duties and responsibilities of the Audit Committee are summarized as follows:

The Audit Committee is responsible for monitoring the company's business and verifying the integrity of the reports, financial statements, and internal control systems therein. The committee's duties include, in particular, the following:

A. Financial Reports

1. Studying the initial and annual financial statements of the company before submitting it to the Board of Directors and expressing its opinion and recommendation regarding them to ensure their integrity, fairness and transparency
2. To express a technical opinion - upon the request of the Board of Directors - on whether the report of the Board of Directors and the financial statements of the company are fair, balanced and understandable, and include information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
3. Study any important or unusual issue included in the financial reports.
4. Carefully researching any issues raised by the company's financial manager, whoever assumes his duties, or the company's compliance officer, or the chartered accountant
5. Verify accounting estimates in the material issues included in the financial reports
6. Prepare regular reports to the Board of Directors on the activities of the Audit Committee related issues and recommendations

B. Internal Audit

1. Approving the internal audit charter
2. Studying and reviewing the company's internal, financial, information security and risk management systems
3. Examining the internal audit reports and following up on the implementation of corrective measures for the observations contained therein.
4. Control and supervise the performance and activities of the internal auditor and the internal audit department in the company to verify the availability of the necessary resources and their effectiveness in performing the tasks assigned thereto
5. Recommending to the board of directors the appointment or dismissal of the director of the internal audit department or the internal auditor and proposing his remuneration
6. Approving the annual plan for the internal audit department, reviewing and approving any changes that may occur to it, and linking the plan with the annual performance evaluation
7. Review the annual budget of the internal audit department with the director of the internal audit department and review its organizational structure and the adequacy of the department's resources
8. Evaluate the performance of the Director of the Internal Audit Department at least once annually
9. Holding a separate meeting on a regular basis with the director of the internal audit department to discuss any private matters with the "audit committee" or the director of the internal audit department believed that they should be discussed privately and confidentially.

10. Ensure that the internal audit department adheres to the standards of the Association of Internal Auditors

C. The Auditor

1. Recommending to the board of directors the nomination and dismissal of auditors, determining their fees, evaluating their performance after verifying their independence and reviewing the scope of their work and the terms of contracting with them
2. Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, considering the relevant rules and standards
3. Reviewing the company's auditor's plan and business, and verifying that he has not submitted technical or administrative works that are outside the scope of the audit work, and expressing its views on that
4. Answer the auditor's inquiries of the company
5. Study the auditor's report and his notes on the financial statements and follow up on what has been taken in their regard
6. Reviewing the general policies and procedures of the company with the company's management, the auditor and the internal audit department, and ensuring the adequacy and effectiveness of the financial accounting principles and practices applied by the company
7. Providing an open means of communication between the internal audit department, the auditor and the board of directors
8. Understand the scope of the auditor and the internal audit department on the internal control system for financial reports and review reports of important findings and recommendations along with departmental responses
9. Review updates on existing procedures and policies that have been taken by management
10. Reviewing the annual financial statements before submitting them to the Board of Directors and expressing opinions and recommendations in this regard
11. Submit regular reports to the Board of Directors for any issues related to the quality or integrity of the company's financial statements, the extent of the company's compliance with legal and regulatory requirements, and the extent to which the performance and independence of the company's auditor is evaluated

D. Control of Information Technology

1. The Audit Committee, senior management, auditor, and internal audit department must ensure the following
 - Effectiveness of controls and regulatory systems for the company information system
 - Any relevant findings and recommendations from the auditor and the internal audit department, with management responses thereon, including the agreed timetable for implementing recommendations on controls and control tools, including minimizing risks related to those major controls
 - Effectiveness and adequacy of the company's management information systems and other information technology systems
2. The committee, internal audit management and auditor should coordinate audit efforts to ensure complete coverage of the system of controls and the main risk areas related to information technology.

E. Risk Management

1. To oversee and strengthen the company risk management framework



2. To identify and monitor the main risks of the company and work to evaluate its management and align risk management activities with the objectives and general policies of the company
3. To ensure that risks are measured wisely
4. To approve risk management policies and procedures that specify minimum levels of appropriate monitoring and control, setting risk limits and defining them, as well as determining reporting requirements from the management point of view
5. To receive annual reports from the internal auditor on the implementation of the company's risk management policies and procedures; and make recommendations for change in the event of any problems with management or internal audit methodologies
6. To providing administrative control to follow up on required administrative procedures, including analyzing future risks and a long-term outlook in various entities
7. To conduct an annual assessment of the company's business strategies and plans from a risk perspective
8. To discuss policies regarding risk assessment and attachment to risk management that may be exposed by the company and review the steps taken by the company management to monitor and control exposure to the risks of financial
9. To review and assess the risks of major activities on a periodic basis
10. To review any legal claims on the company
11. To review the company continuity business plan

E. Compliance

1. To review the results of the reports of the regulatory authorities and verify that the company has taken the necessary measures in this regard.
2. To verify the company's compliance with the relevant laws, regulations, policies and instructions.
3. To review the contracts and transactions proposed to be conducted by the company with related parties and submit its opinions on this to the Board of Directors.
4. To submit to the Board of Directors whatever issue(s) deemed necessary to make recommendations on the measures to be adopted.



The Fourteenth (14th) Session of the Board of Directors

Name	Description	Category	Attendance Record		Total Number of Attendance
			First	Second	
			04/03/2020	05/05/2020	
Mr. Fahad Saleh Al-Ajlan	Chairman	Non-executive	Attend	Attend	2
Mr. Amin Abdullah Al - Sunaidi	Member	independent	Attend	Attend	2
Mr. Abdulaziz Suleiman Al-Rajhi	Member	Non-executive	Attend	Attend	2
Mr. Turki Mesaeid Al-Mubarak	Member	Non-executive	Attend	Attend	2
Mr. Aziz Mohammed Al-Qahtani	Member	Independent Foreign Member	Attend	Attend	2

The Fifteenth (15th) Session of the Board of Directors

Name	Description	Category	Attendance Record				Total Number of Attendance
			First	Second	Third	Fourth	
			22/07/2020	26/08/2020	14/10/2020	28/12/2020	
Mr. Fahad Saleh Al- Ajlan	Chairman	Non-executive	Attend	Attend	Attend	Attend	4
Mr. Ibrahim Hamd Al- Rashed	Member	independent	--	--	--	Attend	1
Mr. Abdul Aziz Suleiman Al-Rajhi	Member	Non-executive	Attend	Attend	Attend	--	3
Mr. Mohammed Farhan bin Nader	Member	Independent Foreign Member	Attend	Attend	Attend	Attend	4

(*) Effective as of date the fourth meeting, Mr. Ibrahim Hamd Abdullah Al - Rashed was appointed to succeed Mr. Abdulaziz Suleiman Abdulaziz Al-Rajhi in the committee.

THIRD: NOMINATION & REMUNERATION COMMITTEE

Nomination and Remuneration Committee is composed of four members of the Board members. Nomination and Remuneration Committee held eight (8) meetings during 2020:

Duties and responsibilities of the Committee in question are summarized as follows:

- Supervising the process of nominating members of the Board of Directors, committees and executive management, and determining the individuals who are qualified for membership in the Board of Directors according to the approved policies.
- Recommending to the Board of Directors the candidates for membership of the Board of Directors.
- Supervising all matters related to the remuneration and salaries of members of the Board, its committees, and the executive management.
- Overseeing succession plans for key positions (i.e. CEO and CFO).
- Recommending to the Board of Directors how to evaluate the members of the Board of Directors and the committees emerging from it.
- Recommending to the Board of Directors to update the policies related to membership of the Board of Directors.

Advising the Board of Directors about the total annual remuneration and salary adjustment for all company staff and personnel.

The Fourteenth (14th) Session of the Board of Directors

Name	Description	Category	Attendance Record			Total Number of Attendance
			First	Second	Third	
			06/02/2020	30/03/2020	28/04/2020	
Mr. Mohammed Abdullah Al-Khuraiji	Chairman	Independent	Attend	Attend	Attend	3
Mr. Turki Mesaeid Al-Mubarak	Member	Non-executive	Attend	Attend	Attend	3
Mr. Riyad Abdul Rahman Aba Al-Khail	Member	Independent	Attend	Attend	Attend	3
Mr. Abdul Aziz Suleiman Al-Rajhi	Member	Non-executive	Attend	Attend	Attend	3



The fifteenth (15th) Session of the Board of Directors

Name	Description	Category	Attendance Record					Total Number of Attendees
			First	Second	Third	Fourth	Fifth	
			20/07/2020	08/09/2020	04/10/2020	18/10/2020	14/12/2020	
Mr. Mohammed Abdullah Al-Khuraiji	Chairman	independent	Attend	Attend	Attend	Attend	Attend	5
Mr. Ibrahim Hamd Al- Rashed	Member	independent	Attend	Attend	Attend	Attend	- (*)	4
Mr. Turki Mesaeid Al-Mubarak	Member	independent	Attend	Attend	Attend	Attend	Attend	5
(*) Effective as of the fifth meeting, Mr. Abdul Aziz Suleiman Abdul Aziz Al-Rajhi was appointed to the committee, succeeding Mr. Ibrahim Hamd Abdullah Al-Rashed.								
Mr. Abdul Aziz Suleiman Al-Rajhi	Member	Non-executive	-	-	-	-	Attend	1

FOURTH: RISK MANAGEMENT, GOVERNANCE AND COMPLIANCE COMMITTEE

The Risk Management, Governance and Compliance Committee is composed of four members of the Board. The Committee held three (3) meetings during 2020.

Duties and responsibilities of the Committee in question are summarized as follows:

1. To develop a comprehensive risk management strategy and policies commensurate with the nature and size of the company activities; and verify, review and update implementation based on the internal and external variables of the company.
2. To determine and maintain an acceptable level of risks that the company may be exposed to; and verify that the company does not exceed them.
3. To verify the feasibility of continuing the company and successfully continuing its activity, with identifying the risks that threaten its continuation during the next twelve months.
4. To oversee the company risk management strategy and evaluate effectiveness of mechanisms defined for identifying, measuring and following up the risks to which the company may be exposed in order to determine its deficiencies.
5. To periodically re-assess the company ability to withstand risks and exposure thereto, for example by conducting stress tests.
6. To draft detailed reports on risk exposure and the proposed steps for managing such and submit so to the Board of Directors.
7. To submit recommendations to the Board on issues related to risk management.
8. To ensure availability of adequate resources and systems for risk management.

9. Reviewing the organizational structure of risk management and making recommendations regarding it prior to its approval by the Board of Directors.
10. To verify independence of risk management personnel off the activities likely to expose the Company to risks
11. To verify that risk management personnel understand the risks surrounding the company and act to raise awareness of the risk culture.
12. To check the issues raised by the Audit Committee that may affect the company risk management

Name	Description	Category	Attendance Record			Total Number of Attendance
			First	Second	Third	
			04/03/2020	30/03/2020	14/05/2020	
Mr. Amin Abdullah Al- Sunaidi	Chairman	Independent	Attend	Attend	Attend	03
Mr. Fahad Saleh Al-Ajlan	Member	Non-Executive	Attend	Attend	Attend	03
Mr. Abdul Aziz Suleiman Al-Rajhi	Member	Non-Executive	Attend	Attend	Attend	02
Mr. Turki Mesaeid Al-Mubarak	Member	Non-Executive	Attend	Attend	Attend	03
Dr. Ahmed Abdo Zugail	Member	Executive	Attend	Attend	Attend	03

REMUNERATION OF MEMBERS OF THE BOARD, COMMITTEES AND EXECUTIVE MANAGEMENT

Annual remunerations of members of the Board, committees and executive management are determined in accordance with the approved company policies in this respect and in alignment with the Company Articles of Association, decisions of the General Assembly of Shareholders and relevant regulations. Following are the details:

First: Remuneration of Members of the Board

Remuneration of members of the Board consists the following:

- Certain Sum(s)
- Allowance for attending meetings of the Board
- Benefits in kind
- A certain percentage of net profits
- A combination of two or more benefits.



The table showing the remuneration and compensation paid to members of the Board of Directors (in riyals) for the third year of the fourteenth session from 20/06/2019 to 29/06/2020

Name	Fixed Benefits							Variable Benefits					End-of-Service Benefits	Grand Total	Expenses Allowance	
	Certain Amount	Allowance for Attending Board Sessions	Total Allowance for Attending Committee Sessions	Benefits in kind	Benefits for Tech., Admin. & Advisory Activities	Benefits for Chairman of the Board, Managing Director or Secretary if one of the Members	Total	Percentage out of Profits	Periodical Benefits	Short-Term Stimulus Schemes	Long-Term Stimulus Schemes	Granted Shares (state the amount)				Total
First: Independent Members																
Mr. Amin Bin Abdullah Al- Sunaidi (Rep. of Public Pension Agency)	200,000	9,000	15,000	-	-	-	224,000	-	-	-	-	-	-	-	224,000	6,600
Mr. Ibrahim Bin Hamd Al-Rashed (Rep. of Social Dev. Bank)	200,000	9,000	9,000	-	-	-	218,000	-	-	-	-	-	-	-	218,000	3,300
Eng. Riyadh Bin Abdul Rahman Aba Al-Khail	200,000	9,000	18,000	-	-	-	227,000	-	-	-	-	-	-	-	227,000	-
Mr. Saeed Bin Omar Al- Esayi	200,000	9,000	9,000	-	-	-	218,000	-	-	-	-	-	-	-	218,000	-
Mr. Mohammed Bin Abdullah Al-Khuriji	200,000	9,000	18,000	-	-	-	227,000	-	-	-	-	-	-	-	227,000	-
TOTAL	1,000,000	45,000	69,000	-	-	-	1,114,000	-	-	-	-	-	-	-	1,114,000	9,900
Second: Non-Executive Members																
HRH Prince Abdul Aziz Bin Meshal Bin Abdul Aziz	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Fahad Bin Suleiman Al-Rajhi	200,000	9,000	-	-	-	-	209,000	-	-	-	-	-	-	-	209,000	3,300
Mr. Abdul Aziz Bin Suleiman Al-Rajhi	200,000	9,000	21,000	-	-	-	230,000	-	-	-	-	-	-	-	230,000	6,600
Mr. Fahad Bin Saleh Al-Ajlan (GOSI Rep.)	200,000	9,000	15,000	-	-	-	224,000	-	-	-	-	-	-	-	224,000	6,600
Mr. Turki Bin Mesaeid Al-Mubarak (Rep. of Public Investments Fund)	200,000	9,000	24,000	-	-	-	233,000	-	-	-	-	-	-	-	233,000	6,600
TOTAL	800,000	36,000	60,000	-	-	-	896,000	-	-	-	-	-	-	-	896,000	23,100
Third: Executive Members																
Dr. Ahmed Bin Abdo Zugail	200,000	9,000	18,000	-	-	-	227,000	-	-	-	-	-	-	-	227,000	-

SECOND: REMUNERATION OF COMMITTEE MEMBERS

Benefits of Committee Members consist of annual benefits in accordance with the decisions adopted by the Board of Directors together with attendance allowance - taking into consideration that remuneration of members of the Audit Committee is determined by the General Assembly of Shareholders in light of recommendations made by the Board of Directors.

Name	Fixed Benefits	Attendance Allowance	Total
Members of Audit Committee			
Mr. Fahad Bin Saleh Al-Ajlan (GOSI Rep.)	100,000	6,000	106,000
Mr. Amin Bin Abdullah Al- Sunaidi (Rep. of Public Pension Agency)	100,000	6,000	106,000
Mr. Abdul Aziz Bin Suleiman Al-Rajhi	100,000	6,000	106,000
Mr. Turki Bin Mesaeid Al-Mubarak (Rep. of Public Investments Fund)	100,000	6,000	106,000
Mr. Aziz Bin Mohammed Al-Qahtani (Independent Member off the Board)	100,000	6,000	106,000
TOTAL	500,000	30,000	530,000

Name	Fixed Benefits	Attendance Allowance	Total
Members of Nomination & Remuneration Committee			
Mr. Mohammed Bin Abdullah Abdul Karim Al-Khuriji	70,000	9,000	79,000
Mr. Turki Bin Mesaeid Ali Al-Mubarak (Rep. of Public Investments Fund)	70,000	9,000	79,000
Engr. Riyadh Bin Abdul Rahman Aba Al-Khail	70,000	9,000	79,000
Mr. Abdul Aziz Bin Suleiman Abdul Aziz Al-Rajhi	60,000	9,000	69,000
TOTAL	270,000	36,000	306,000



Name	Fixed Benefits	Attendance Allowance	Total
Members of Executive Committee			
Mr. Saeed Bin Omar Al Esayi	70,000	9,000	79,000
Mr. Mohammed Bin Abdullah Al-Khuriji	70,000	9,000	79,000
Dr. Ahmed Bin Abdo Zugail	70,000	9,000	79,000
Mr. Ibrahim Hamd Al-Rashid (Rep. of Social Dev. Bank)	50,000	9,000	59,000
Eng. Riyadh Bin Abdul Rahman Aba Al-Khail	70,000	9,000	79,000
TOTAL	330,000	45,000	375,000

Name	Fixed Benefits	Attendance Allowance	Total
Members of Risk Management, Governance & Compliance Committee			
Mr. Amin Abdullah Al- Sunaidi (Rep. of Public Pension Agency)	70,000	9,000	79,000
Mr. Fahad Saleh Al-Ajlan (GOSI Rep.)	70,000	9,000	79,000
Mr. Abdul Aziz Suleiman Al-Rajhi	46,667	6,000	52,667
Mr. Turki Bin Mesaeid Al-Mubarak (Rep. of Public Investments Fund)	70,000	9,000	79,000
Dr. Ahmed Abdo Zugail	70,000	9,000	79,000
TOTAL	326,667	42,000	368,667

** An explanation of what was indicated in the schedule of remuneration and compensation payments to members of the Board of Directors and the committees emanating from it that the allowance for attending the sessions is for the period from 01/01/2020 until 29/06/2020

** Transport Allowance of Mr. Aziz Bin Moh'd Mubarak Al-Qahtani, Member of the Audit Committee is standing at SAR 3300 during 2020



The table showing the attendance allowances paid only to members of the Board of Directors (riyals) from the first year of the fifteenth session from 29/06/2020 until 31/12/2020.

Whereas, the annual remuneration and compensation for members of the Board of Directors and the committees emanating from it are paid in accordance with the approved policy at the end of the year of the session on 29/06/2021

Name	Fixed Benefits							Variable Benefits					End-of-Service Benefits	Grand Total	Expenses Allowance	
	Certain Amount	Allowance for Attending Board Sessions	Total Allowance for Attending Committee Sessions	Benefits in kind	Benefits for Tech., Admin. & Advisory Activities	Benefits for Chairman of the Board, Managing Director or Secretary if one of the Members	Total	Percentage out of Profits	Periodical Benefits	Short-Term Stimulus Schemes	Long-Term Stimulus Schemes	Granted Shares (state the amount)				Total
First: Independent Members																
Mr. Mohammed Bin Abdullah Al-Khuriji	-	9,000	15,000	-	-	-	24,000	-	-	-	-	-	-	-	24,000	2,251
Mr. Ibrahim Bin Hamd Al-Rashid (Rep. of Social Dev. Bank)	-	9,000	15,000	-	-	-	24,000	-	-	-	-	-	-	-	24,000	9,016
Eng. Riyadh Bin Abdul Rahman Aba Al-Khail	-	9,000	15,000	-	-	-	24,000	-	-	-	-	-	-	-	24,000	26,544
Mr. Turki Bin Mesaeid Al-Mubarak	-	9,000	15,000	-	-	-	24,000	-	-	-	-	-	-	-	24,000	11,783
Mr. Ali Abdullah Al-Ayed	-	9,000	15,000	-	-	-	24,000	-	-	-	-	-	-	-	24,000	28,178
Mr. Salah Bin Abdul Rahman Al-Huzami	-	9,000	15,000	-	-	-	24,000	-	-	-	-	-	-	-	24,000	22,842
TOTAL	-	54,000	90,000	-	-	-	144,000	-	-	-	-	-	-	-	144,000	100,614
Second: Non-Executive Members																
Mr. Fahad Bin Suleiman Al-Rajhi	-	9,000	-	-	-	-	9,000	-	-	-	-	-	-	-	9,000	5,699
Mr. Abdul Aziz Bin Suleiman Al-Rajhi	-	9,000	12,000	-	-	-	21,000	-	-	-	-	-	-	-	21,000	11,773
Mr. Fahad Bin Saleh Al-Ajlan (GOSI Rep.)	-	9,000	12,000	-	-	-	21,000	-	-	-	-	-	-	-	21,000	11,769
Mr. Basil Munea Al-Faraihi (Rep. of Public Investments Fund)	-	9,000	15,000	-	-	-	24,000	-	-	-	-	-	-	-	24,000	26,923
TOTAL	-	36,000	39,000	-	-	-	75,000	-	-	-	-	-	-	-	75,000	56,164
Third: Executive Members																
Dr. Ahmed Bin Abdo Zugail	-	9,000	15,000	-	-	-	24,000	-	-	-	-	-	-	-	24,000	-



THIRD: BENEFITS OF COMMITTEE MEMBERS

Benefits and Allowances of Committees and Allowances of Attendance of the fifteenth (15th) Session (30/06/2020 thru 31/12/2020)

Name	Attendance Allowance	Total
Members of Audit Committee		
Mr. Fahad Bin Saleh Al-Ajlan (GOSI Rep.)	12,000	12,000
Mr. Abdul Aziz Bin Suleiman Al-Rajhi	9,000	9,000
Mr. Ibrahim Hamd Al-Rashid (Rep. of Social Dev. Bank)	3,000	3,000
Mr. Mohammed Farhan Bin Nader	12,000	12,000
TOTAL	36,000	36,000

Name	Attendance Allowance	Total
Members of Nomination & Remuneration Committee		
Mr. Mohammed Bin Abdullah Al-Khuriji	15,000	15,000
Mr. Turki Bin Mesaeid Al-Mubarak	15,000	15,000
Mr. Ibrahim Hamd Al-Rashid (Rep. of Social Dev. Bank)	12,000	12,000
Mr. Abdul Aziz Bin Suleiman Al-Rajhi	3,000	3,000
TOTAL	45,000	45,000

Name	Attendance Allowance	Total
Members of Executive Committee		
Mr. Ali Abdullah Al-Ayed	15,000	15,000
Eng. Riyadh Bin Abdul Rahman Aba Al-Khail	15,000	15,000
Dr. Ahmed Bin Abdo Zugail	15,000	15,000
Mr. Basil Munea Al-Faraihi (Rep. of Public Investments Fund)	15,000	15,000
Mr. Salah Abdul Rahman Al-Huzami	15,000	15,000
TOTAL	75,000	75,000

BENEFITS OF MEMBERS OF EXECUTIVE MANAGEMENT

Personnel of Executive Management are those who are responsible for managing day-to-day business activities and operations of the company such as the CEO and CFO. Following provisions apply to their remuneration:

- Nomination and Remuneration Committee submits its recommendation(s) to the Board of Directors for approval regarding benefits of the CEO.
- Nomination and Remuneration Committee submits its recommendation(s) to the Board of Directors for approval regarding KPI's of the CEO for approval. Such are correlated to benefits .
- Nomination and Remuneration Committee submits its recommendation(s) to the Board of Directors for approval, based on the CEO's suggestions for annual remuneration of the executive management and company staff other than the CEO.'
- Annual report shall disclose the fixed and variable benefits of the executive management, including CEO and CFO.

Bonuses Paid up to Five (5) Senior Executives during 2020

Senior Executives	Fixed remunerations				Variable remunerations						End-of-service award	Total remunerations for Board executives, if any	Aggregate Amount
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
1- CEO	1,800,000	600,000	330,000	2,730,000	843,067						227,500	251,000	4,051,567
2- Assistant to CEO For Finance Affairs	560,000	186,666	56,000	802,666	160,000						35,051		997,717
3 - Assistant to CEO for HR and communication	580,500	193,500	108,050	882,050	200,000						75,833		1,157,883
4 - Advisor to CEO for Strategic Planning & Performance Management	600,000	200,000	50,000	850,000	200,000						35,416		1,085,416
5 - Advisor to CEO for Legal affairs	490,500	163,500	66,525	720,525	168,000						61,600		950,125
Total	4,031,000	1,343,666	610,575	5,985,241	1,571,067						435,400		8,242,708

REMUNERATION MECHANISM

The following shall be duly observed upon determining remunerations:

- Fair and proportionate with the activities of the members of the board of directors, committees and responsibilities borne by the members, in addition to the objectives set by the board of directors to be achieved during the fiscal year
- Based on the recommendation of the Nomination and Remuneration Committee and the approval of the Board.
- commensurate with the company's activity and the skills needed to manage
- Taking into consideration the sector in which the company operates, its size, complexity, and the experience of members of the Board of Directors and committees
- reasonably sufficient to maintain the members of the Board of Directors and its committees and the ability to attract qualified and experienced persons
- The remuneration of the different members varies according to the experience of the members of the board of directors, their specializations, duties, and independence, and the number of meetings they attended
- The independent members' remuneration is not a percentage of the company's profits, nor is it based directly or indirectly on the company's profitability
- Members of the Board of Directors may not vote on the agenda item related to the remuneration of members of the Board of Directors at the Ordinary General Assembly
- If the remuneration represents a certain percentage of the company's profits, then clause No. (2) of Article (76) of the Saudi Companies Law must be taken into consideration:
 - This percentage does not exceed 10% of the net profits, after deducting the reserves decided by the general assembly
 - After distributing profits to shareholders at a rate of not less than 5% of the company's paid-in capital.
 - Entitlement to this bonus is proportional to the number of sessions the member attends.
- In all cases, the total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors receive shall not exceed SAR 500,000 annually.
- When forming the committee's membership, the number of committees that a member of the board may serve must be taken into consideration, as the total amount paid for his membership in the board of directors and committees does not exceed the aforementioned limit.

- The following are the cases in which the members of the Board of Directors are not entitled to any remuneration, and any undue remuneration is suspended and returned to the company:
 - If the General Assembly decides - based on the recommendation of the Board of Directors - to terminate the membership of any member of the Board of Directors in the event that he is absent from attending three consecutive Board meetings without a legitimate excuse.
 - If the audit committee or the Capital Market Authority found that the remuneration paid to any of the board members was based on incorrect or misleading information that was presented to the general assembly or included in the annual report of the board of directors.

The Board of Directors believes that the bonuses were distributed during the fiscal year 2020 in accordance with the approved policy and there is no fundamental deviation from it.

The company did not receive any penalty, sanction, precautionary measure, or precautionary restriction imposed on the company by the Authority or from any supervisory, regulatory or judicial authority.

The results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee opinion on the adequacy of the company's internal control system: -

As a commitment from the Board of Directors to assume its responsibilities represented by the Audit Committee, a contract has been made with (Dr. Muhammad Al-Omari & Partners Co., BDO) to carry out the internal audit tasks, in partnership with the company's departments team, to provide assurance and advisory services for the company's various operations included in the risk-based and approved internal audit plan From the Audit Committee for the fiscal year ending 31/12/2020, and based on the results of the internal audit and the reports submitted in this regard to the Board of Directors, whether by the external or internal auditor.

Viewpoint of Audit Committee

Nothing has drawn the Audit Committee's attention that make believe that there is a fundamental deficiency that requires disclosure regarding integrity of the financial and administrative systems and what is related to the preparation of financial statements and reports.

SOCIAL RESPONSIBILITY & COMMUNITY SERVICE

Since believing in its main role in social responsibility, the company has committed to its social responsibility towards all segments of society, so that this responsibility constitutes a fundamental axis in its strategy and an essential part of the company's value system. From this standpoint, the company continued for the fourth year in a row to provide medical insurance for the Disabled Children's Association and its employees in Medina in addition to many contributions from government and community agencies, including, but not limited to:

- Chamber of Commerce and Industry - Yanbu (supporting small and medium enterprises)
- Participation with official sponsorship in the activities of the World Civil Defense Day
- Taiba Medical Charitable Society – Hayat
- Children with Disability Association in Madinah (supervision reward + medical insurance policy)
- Al Ber Society and Social Services in Umluj
- Quran Memorization Association in Badr Governorate
- Charitable Family Protection Association
- Medical services for non-company employees.
- Health Endowment Fund for Coronavirus (COVID-19)
- Reward students for summer training
- An insurance policy for terminated employees of the company

Endowment in your home for the mentally ill and homeless

GENERAL ASSEMBLY OF SHAREHOLDERS DURING 2020 & PRESENT MEMBERS OF THE BOARD

General Assembly Meetings

Name	Description	Category	Attendance Record of the General assembly		Total Number of Attendance
			Ordinary # 41	Ordinary # 42	
			03/06/2020	30/06/2020	
HRH Prince Abdul Aziz Bin Meshal Bin Abdul Aziz	Chairman	Non-Executive	-	-	-
Mr. Fahad Suleiman Al-Rajhi	Vice Chairman	Non-Executive	Attend	Attend	2
Mr. Mohammed Abdullah Al-Khuriji	Member	Independent	Attend	Attend	2
Mr. Saeed Omar Al-Esayi	Member	Independent	Attend	Attend	2
Mr. Fahad Saleh Al-Ajlan (GOSI Rep.)	Member	Non-Executive	Attend	Attend	2
Mr. Ibrahim Hamd Al-Rashid (Rep. of Social Dev. Bank)	Member	Independent	Attend	-	1
Mr. Amin Abdullah Al-Sunaidi (Rep. of Public Pension Agency)	Member	Independent	Attend	Attend	2
Eng. Riyadh Abdul Rahman Aba Al-Khail	Member	Independent	Attend	Attend	2
Mr. Turki Mesaeid Al-Mubarak (Rep. of Public Investments Fund)	Member	Non-Executive	Attend	Attend	2
Mr. Abdul Aziz Suleiman Al-Rajhi	Member	Non-Executive	Attend	-	1
Dr. Ahmed Abdo Zugail	Board Member & CEO	Executive	Attend	Attend	2

RISK MANAGEMENT

The Company Risk Management Policy is based on proactively identifying and understanding the risks facing the company, assessing the extent of their impact on our performance, and taking preventive measures to control them. At the same time, we work to take advantage of opportunities to achieve our strategic goals. We apply this policy and the company always seeks to develop an integrated vision for risk management and the means to deal with it through a comprehensive and unified approach to assist in decision-making and mitigate the impact of risks from the negative side while allowing at the same time to exploit risks to take advantage of opportunities.

The Company encounters many risks (operational risks, financing risks, market risks).

The Company encounters operational risks represented in the rise in the prices of raw materials, manufacturing tasks, energy and fuel and their impact on the high operating cost. Similar to the companies operating in the Kingdom, our company faces market risks and macroeconomic fluctuations, which may result in a decline in domestic demand for cement due to the decrease in the pace of government spending related to construction projects. The company's policy to open new markets outside the Kingdom, and our company also faces liquidity risks represented in the inability of the company to meet its obligations related to financial liabilities as they are due, and the risks of fluctuations in foreign exchange rates against the Saudi riyal on its monetary obligations existing in foreign currencies. Finance by ensuring the availability of sufficient cash liquidity from operational operations to meet its obligations upon their solutions, by managing the company's activities and credit facilities, including credit facilities agreements, to meet any future obligations.

As for the Company Policies in terms of operational risks management, it has put in place intensive preventive maintenance programs and maximizing production efficiency to which the company's operational assets are subject. However, the company may face the risks of sudden unscheduled stop of production lines. With regard to market risk, the company's policy relies on limiting the forward sale to clients with high creditworthiness and against bank guarantees, as well as dealing with banks licensed by the Saudi Arabian Monetary Agency with high credit capabilities.

COMPANY ASSETS, LIABILITIES, AND BUSINESS RESULTS FOR THE LAST FIVE FISCAL YEARS

Summary of financial performance

Company Assets, Liabilities and Business Results in FY 2016 thru 2020

Comparison of Business Results (value in thousand riyals)

Statement	2020	2019	2018	2017	2016
Revenues	939,988	975,736	767,133	916,618	1,286,292
Revenue costs	(598,206)	(640,936)	(624,272)	(559,145)	(673,574)
Gross profit	341,782	334,800	142,861	357,473	612,718
Net profit	281,022	259,898	94,338	319,634	525,216

Comparison of assets and liabilities (value in thousand riyals)

Statement	2020	2019	2018	2017	2016
Assets	994,122	928,283	845,949	891,726	825,233
Non-current assets	2,635,324	2,762,244	2,888,383	3,050,678	3,196,836
Total assets	3,629,446	3,690,527	3,734,332	3,942,404	4,022,069
Current Liabilities	492,052	252,671	310,007	284,534	302,903
Non-current liabilities	108,726	135,896	183,388	233,875	180,481
Total liabilities	600,778	388,567	493,395	518,409	483,384

Geographical analysis of the total revenues of the company and its subsidiaries for 2020 (value in thousand riyals)

Year	Geographical analysis of the Company Total Revenues		Total
	Domestic market	Foreign market	
2020	864,220	75,768	939,988

Geographical Analysis of Domestic Sales Quantities (thousand tons)

Region	Quantity
Medina	967,727.15
Tabuk	22,405.99
Mecca - Jeddah - Asser	3,024,336.07
Yanbu	267,973.54
Total sales (Region-wise)	4,282,541.75

Geographical analysis of export sales revenue (Clinker & Cement) (Million Riyals)

SN	Country	Value (million)	
1	Yemen	32,511,435.24	Customs Dept. of Yanbu Commercial Port & Customs Dept. of King Abdullah Port
2	Ghana	5,569,287.75	
3	South Africa	8,483,617.5	
4	Kenya	8,077,486.88	
5	Mozambique	4,602,813.75	
6	Comoros	4,060,580.03	
7	Seychelles	1,962,885.19	
8	Mayotte	2,941,476.98	
9	Total	68,209,583.32	

SUBSTANTIAL VARIANCES IN THE RESULTS OF BUSINESS OPERATION VS. RESULTS OF THE PREVIOUS YEAR (VALUE IN THOUSAND RIYALS)

Statement	2020	2019	Variance	Variance (%)
Revenues	939,988	975,736	35,748-	3.7% -
Revenue costs	(598,206)	(640,936)	42,732-	6.7% -
Gross profit	341,782	334,800	6,982	1.7%
Other Operating Expenses	(41,142)	(53,714)	12,572-	23% -
Operating profit (Loss)	300,640	281,086	19,554	7%

Clarification of any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants.

- The accounting records have been properly prepared according to the accounting standards issued by the Saudi Organization for Certified Public Accountants.

DESCRIPTION OF THE COMPANY MAIN BUSINESS ACTIVITIES AND SUBSIDIARIES

Company Main Business Activities

Manufacture and production of cement and its derivatives, components and accessories, and its trading, as well as carrying out all works related directly or indirectly to this purpose.

Subsidiaries

S N	Trade Name	Capital	Company Stake (%)	Main Business Activity	State of Main Business Activities	State of Incorporation
1	Yanbu Saudi Kuwaiti Co. for Paper Products Ltd.	SAR 50,000,000	60%	Manufacture of cement paper bags	KSA	KSA
2	Cement Knowledge Training Center Company (under Construction)	SAR 500,000	49%	Provision of technical and administrative courses	KSA	KSA

COMPANY POLICIES IN DISTRIBUTING DIVIDENDS

The annual net profits of the company are distributed as follows:

1. A ten percent (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the Ordinary General Assembly may decide to stop this retainer when the said reserve reaches 30% of the paid capital.
2. The Ordinary General Assembly, based on the proposal of the Board of Directors, should set aside (5%) of the net profits to form a consensual reserve to be allocated for what the Assembly decides.
3. The Ordinary General Assembly, based on the recommendation of the Board of Directors, may decide to create other reserves, to the extent that serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders.
4. From the remainder after that, a percentage of not less than (5%) of the paid-up capital of the company shall be distributed to the shareholders.
5. A ten percent (10%) of the remainder is set aside for remuneration to the Board of Directors, not exceeding SAR 500,000 for each member.

Remainder of the profits (or part thereof) may be distributed thereafter as an additional share to the shareholders, or carry over or any part thereof based on the proposal of the Board of Directors to the next fiscal year and as decided by the Ordinary General Assembly.

The company may distribute interim dividends to its shareholders annually or semi-annually in accordance with the regulations issued by the Capital Market Authority, based on an authorization issued by the Ordinary General Assembly of the Board of Directors to distribute interim dividends.

One million riyals

Statement	Profits Distributed for the first half of 2020	Profits Proposed to be Distributed for the second half of 2020	Total
Date of Payment	October 08, 2020	March 15, 2021	
Percentage	10%	12.5%	22.5%
Total	157,500	196,875	354,375

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, and any change in that interest or those rights during the last fiscal year.



Interests and Rights of Members of the Board of Directors and Executive Management in Shares or Instruments of Indebtedness of the Company or its Subsidiaries, together with wives and minors and any changes occurred thereto interest or rights during the last FY

TITLE & OWNERSHIP OF MEMBERS OF THE BOARD

The fourteenth (14th) Session as of 01/01/2020 to 29/06/2020 held in Yanbu Cement Company

Members of the Board of Directors	Number of Shares and Percentage as of 01/01/2020		Net Variance during 2020		Total Shares and Stake Percentage on 29/06/2020	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
HRH Prince Abdul Aziz bin Meshaal bin Abdul Aziz	378,126	0.2401%	_____	_____	378,126	0.2401%
Mr. Fahad bin Suleiman Al-Rajhi	1,500	0.0010%	48,500	0.0308%	50,000	0.0317%
Mr. Mohammed bin Abdullah Al-Khuraiji	9,138	0.0058%	_____	_____	9,138	0.0058%
Mr. Saeed bin Omar Al- Esayi	113,750	0.0722%	64,750-	0.0411% -	49,000	0.0311%
Eng. Riyadh bin Abdel Rahman Aba Al-Khail	10,370	0.0066%	_____	_____	10,370	0.0066%
Mr. Abdulaziz bin Suleiman Al-Rajhi	90,000	0.0571%	_____	_____	90,000	0.0571%
Dr. Ahmed bin Abdo Zugail	15,000	0.0095%	_____	_____	15,000	0.0095%
GOSI	11,696,021	7.4260%	_____	_____	11,696,021	7.4260%
Public Pension Agency	2,671,080	1.6959%	2,671,080-	1.6959% -	00	-
Public Investment Fund	15,750,000	10.0000%	_____	_____	15,750,000	10.0000%
Social Development Bank	738,911	0.4691%	_____	_____	738,911	0.4691%



The fifteenth (15th) Session from 30/06/2020 to 31/12/2020 held in Yanbu Cement Company

Members of the Board of Directors	Number of Shares & Percentage as of 30/06/2020		Net Variance during 2020		Total Shares and Stake Percentage as of 31/12/2020	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Mr. Fahad Suleiman Al-Rajhi	50,000	0.0317%	_____	_____	50,000	0.0317%
Mr. Mohammed bin Abdullah Al-Khuraiji	9,138	0.0058%	_____	_____	9,138	0.0058%
Mr. Ali bin Abdullah Al-Ayed	12,000	0.0076%	_____	_____	12,000	0.0076%
Eng. Riyadh bin Abdel Rahman Aba Al-Khail	10,370	0.0066%	_____	_____	10,370	0.0066%
Mr. Turki bin Mesaeid Al-Mubarak	100	0.0001%	_____	_____	100	0.0001%
Mr. Abdulaziz bin Suleiman Al-Rajhi	90,000	0.0571%	_____	_____	90,000	0.0571%
Dr. Ahmed bin Abdo Zugail	15,000	0.0095%	_____	_____	15,000	0.0095%
Mr. Salah bin Abdulrahman Al-Huzami	94	0.0001%	_____	_____	94	0.0001%
GOSI	11,696,021	7.4260%	_____	_____	11,696,021	7.4260%
Public Investments Fund	15,750,000	10.0000%	_____	_____	15,750,000	10.0000%
Social Development Bank	738,911	0.4691%	_____	_____	738,911	0.4691%

TITLE & OWNERSHIP OF RELATIVES OF BOARD MEMBERS

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

Ownership of senior executives, their wives and minor children

Name	Number of Shares 01/01/2020	Percentage 01/01/2020	Net Variance 2020	Variance Percentage 2020	Total Shares 31/12/2020	Total Stake Percentage 31/12/2020
Dr. Ahmed Abdo Zugail (CEO)	15,000	0.0095%	_____	_____	15,000	0.0095%
Nabil Mohammed Baghdadi	1,200	0.0008%	_____	_____	1,200	0.0008%

Loans and disclosure of the total indebtedness of the company and its subsidiaries

The table below shows a statement of the loans obtained by the company and the payment movement during 2020 (value in thousand riyals)

Company	Name of Creditor	Principal amount of the loan	Term of the Loan	Amounts paid in advance of the loan during the year	Balance of the Loan	Total Company Indebtedness & Subsidiaries
Yanbu Cement Company	NCB	250,000	5 years	SAR 38,917	77,833	-

(*) All banking facilities provided for the company operations are deemed in compliance with provisions of Islamic Sharia (Islamic Commercial facilities)

1- During the year 2015, the company concluded new banking facilities contracts with National Commercial Bank (NCB), amounting to SAR 250 million, to cover financing the electricity generation project from waste thermal energy. An amount of SAR 250 million has been used as of December 31, 2019. The first installment was paid in April 2017, and the last payment due date is April 2022.

MEETINGS OF THE BOARD

Meetings of the Board of Directors

The Fourteenth (14th) Session of the Board

Name	Description	Category	Attendance Record			Total Number of Attendance
			First	Second	Third	
			06/02/2020	30/03/2020	03/06/2020	
HRH Prince Abdul Aziz Meshail Bin Abdul Aziz	Chairman	Non-Executive	--	--	--	-
Mr. Fahad bin Suleiman Al-Rajhi	Vice Chairman	Non-Executive	Attend	Attend	Attend	3
Mr. Mohammed bin Abdullah Al-Khuri	Member	Independent	Attend	Attend	Attend	3
Mr. Saeed bin Omar Al- Esayi	Member	Independent	Attend	Attend	Attend	3
Mr. Fahad bin Saleh Al-Ajlan (GOSI Representative)	Member	Non-Executive	Attend	Attend	Attend	3
Mr. Ibrahim bin Hamd Al-Rashed (Social Dev. Bank Representative)	Member	Independent	Attend	Attend	Attend	3
Mr. Amin bin Abdullah Al-Sunaidi (Public Pension Agency Rep.)	Member	Independent	Attend	Attend	Attend	3
Eng. Riyadh bin Abdul Rahman Aba Al-Khail	Member	Independent	Attend	Attend	Attend	3
Mr. Turki bin Mesaeid Al-Mubarak (Representative of Public Investments Fund)	Member	Non-Executive	Attend	Attend	Attend	3
Mr. Abdul Aziz bin Suleiman Al-Rajhi	Member	Non-Executive	Attend	Attend	Attend	3
Dr. Ahmed bin Abdo Zugail	Board Member & CEO	Executive	Attend	Attend	Attend	3

The fifteenth (15th) Session of the Board of Directors

Name	Description	Category	Attendance Record			Total Number of Attendance
			First	Second	Third	
			19/08/2020	20/10/2020	12/12/2020	
Mr. Fahad bin Suleiman Al-Rajhi	Chairman	Non-Executive	Attend	Attend	Attend	3
Mr. Mohammed bin Abdullah Al-Khuriji	Vice Chairman	Independent	Attend	Attend	Attend	3
Mr. Fahad bin Saleh Al-Ajlan (GOSI Representative)	Member	Non-Executive	Attend	Attend	Attend	3
Mr. Ali bin Abdullah Al-Ayed	Member	Independent	Attend	Attend	Attend	3
Mr. Ibrahim bin Hamd Al-Rashed (Social Dev. Bank Representative)	Member	Independent	Attend	Attend	Attend	3
Eng. Riyadh bin Abdul Rahman Aba Al-Khail	Member	Independent	Attend	Attend	Attend	3
Mr. Basil bin Munea Al-Faraihi (Representative of Public Investments Fund)	Member	Non-Executive	Attend	Attend	Attend	3
Mr. Turki bin Mesaeid Al-Mubarak	Member	Independent	Attend	Attend	Attend	3
Mr. Abdul Aziz bin Suleiman Al- Rajhi	Member	Non-Executive	Attend	Attend	Attend	3
Mr. Salah bin Abdul Rahman Al-Huzami	Member	Independent	Attend	Attend	Attend	3
Dr. Ahmed bin Abdo Zugail	Board Member & CEO	Executive	Attend	Attend	Attend	3

Company Requisitions for Shareholders Log, Date Thereof and Justifications

Company Requests for Shareholders' Log	Date of Requisition	Justifications
1.	05/01/2020	Others
2.	20/01/2020	Company Procedures
3.	13/02/2020	Company Procedures
4.	02/04/2020	Company Procedures
5.	21/05/2020	Company Procedures
6.	13/05/2020	General Assembly
7.	13/05/2020	Company Records
8.	02/06/2020	Company Procedures
9.	10/06/2020	Company Procedures
10.	23/07/2020	Profits Records
11.	05/10/2020	Profits Records
12.	12/11/2020	General Assembly

PAYMENTS & PAYABLES

(Value in Thousand Riyals)

Item Description	2020		Summarized Description
	Paid	Payable	
Custom Duties	3,239	--	--
Zakat & Income	16,612	15,833	Zakat
	49,258	5,105	VAT
GOSI	9,497	0.845	Social Coverage
Costs of Visas & Passport	1,020	--	Costs of Visas & Passport
Ministry of Energy, Industry & Mineral Resources	24,791	30,115	Royalties of Mining Materials and Concessions

DECLARATIONS OF THE BOARD OF DIRECTORS

In accordance with available information and in light of the report developed by the Company Auditor, current market information, as well as future indicators, Board of Directors of Yanbu Cement Company does hereby acknowledge the following:

- Accounting records have been properly developed in accordance with the standards of accounting issued by the Saudi Organization for Certified Public Accountants.
- The internal audit was set up on a sound basis and has been effectively implemented.
- The financial position and results of the company business / operations confirm the company ability to continue in business / operations.
- No business or contracts wherein the company is a party or an interest for a member of the Company Board of Directors, its senior executives, or any person related thereto does exist.

CONCLUSION

Board of Directors extends its thanks and appreciation to you for the precious trust entrusted. The Board appreciates it and is proud of. May ALLAH Almighty save the leader of this country, Custodian of the Two Holy Mosques, King Salman bin Abdul Aziz and his Crown Prince, Deputy Prime Minister and Minister of Defense, HRH Prince Muhammad bin Salman bin Abdul Aziz, and their guidance and our rational government for the good interest of this country and its citizens.

We also ask ALLAH Almighty to preserve this country and spare it all harm and perpetuate the blessing of security, safety and peace.

Board of Directors also extends its thanks and appreciation to all company staff and employees for their tremendous efforts, devotion and dedication to maintain the continued prosperity and progress of the company.

May Allah grants success

Peace, mercy and blessings of Allah.