

**Board of Directors Report
Yanbu Cement Co.
2021**



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MEMBERS OF THE BOARD OF DIRECTORS

Mr. Fahad Bin Suleiman Al-Rajhi	Chairman
Mr. Mohammed Bin Abdullah Elkhareiji	Vice Chairman
GOSI – Represented by Mr. Fahad Bin Saleh Al-Ajlan	Member
SDB – Represented by Mr. Ibrahim bin Hamad Al-Rashid	Member
Mr. Ali Bin Abdullah Al-Ayed	CEO & Board Member
Eng. Riyadh Bin Abdul Rahman Abalkhail	Member
PIF – Represented by Mr. Basel Bin Manie Al-Fraih	Member
Mr. Turki Bin Mesaeid Al-Mubarak	Member
Mr. Abdul Aziz Bin Suleiman Al-Rajhi	Member
Mr. Salah Bin Abdul Rahman Al-Huzami	Member
Dr. Ahmed Bin Abdou Zuqail ⁽¹⁾	resigned

(1) Dr. Ahmed Abdo Zugail resigned as CEO on 27/03/2021 and from the Board of Directors on 02/05/2021.



SPEECH OF THE CHAIRMAN

Dear Shareholders

On my own behalf and Board members, I am pleased to present YCC annual report, which reviews the most important events that the company experienced during the fiscal year 2021.

As is known, the fiscal year 2021 was a year of economic events and curves. As soon as the recovery of Corona pandemic that affected the economy during the year 2020, the world was shocked by a new strain that led to slow down the economic growth locally and globally.

Despite the challenges, your company - Yanbu Cement Company - has been able to achieve very good results. In respect to local sales, the company achieved local sales of (4.7) million tons, an increase of (9.86%) over last year, and average market share of (9.1%) during the year. In relation to export sales, the company managed to export (1.6) million tons of clinker and (73) thousand tons of cement.

As for the strategic projects, line 4 development project - which was announced at the beginning of 2021- contributed to reduce the consumption of electrical energy and fuel, which reflected on the decrease of operation expenses.

The company also achieved an increase in the recruitment of Saudi employees, despite the general impact due to the Corona pandemic. The nationalization rate reached (49%) for the year 2021, compared to (46%) in 2020.

Due to the importance of human capital, Yanbu Cement Company, in partnership with the Danish FLS Company, has developed the Cement Knowledge Center (CKC), which aims to provide specialized technical programs that attract the fresh graduate engineers to train them in the cement sector.

These successes are achieved due to the thoughtful planning and efforts made by the Board of Directors and executive management in terms of implementing the approved strategy and making the necessary adjustments to encounter future challenges.

During 2022, we are looking forward to achieve prosperity and maximize the return for the shareholders through two main factors:

First: Continuing to raise production efficiency and reduce operational costs.

Second: Increasing the company's sales volume at the local and global levels.

In conclusion, the Board of Directors extends its appreciations and gratitude to the government (the Custodian of the Two Holy Mosques and the Crown Prince) for the encouragement and care they have given to the national industries.

On my behalf, board members and all shareholders, I would like to seize this opportunity to thank and appreciate all employees for performing their required duty, which was one of the most important reasons for the company success.

Chairman of the Board

CORPORATE OVERVIEW

The plant is located in Yanbu Governorate in Ras Braidī area on the coast of Red Sea between Yanbu Governorate and Umluj Governorate – approx. 70 km away from Yanbu. The head office is located in Jeddah Governorate.

Establishment

In 1977, YCC was established. Operations began in 1979 with two dry kilns with production capacity up to (3,000) tons of clinker per day.

First Expansion

The plant first expansion was carried out in 1985 by the establishment of the third dry kiln with a production capacity of (1,000) tons of clinker per day, bringing the total production capacity of the plant to (4,000) tons of clinker per day, equivalent to (1.3) million tons of clinker annually. These three 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 kiln 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 annually. In 2005, the company increased production capacity for line 4 by (1,500) tons of clinker per day. Production of this line was raised again to (9,000) tons per day in late 2016, equivalent to (2.7) million tons of clinker annually without any investment expenses bringing the total production of the company to (4) million tons of clinker annually.

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. Then, the production capacity of the fifth kiln was raised at the end of the year 2016 to reach (12,000) tons of clinker per day.

Electric Power Plant Project Exploiting Wasted Heat Energy from Manufacturing Processes (WHR)

In 2015, the company initiated the establishment of a green/clean electric power plant by exploiting waste heat energy from manufacturing processes (Waste Heat Recovery), which aims to reduce dependence on energy produced from fossil fuels by 30%, that had a positive impact on reducing the carbon footprint and CO₂ emissions by 100,000 tons/year as well as reducing costs and increasing profitability.

This strategic project is in response to the requirements of the Energy Efficiency Program which urged by the Government of the Kingdom of Saudi Arabia.

In 2021, the company won the award of Saudi Energy Efficiency Center (SEEC) for achieving the objectives of operational excellence in the consumption of electricity and fuel per ton of cement produced.

Modernization of Line 4

In 2021, the modernization of Line 4 project was completed. Therefore, the company would maintain its estimated production capacity of (6.9) million tons of clinker annually, despite the stoppage of the first three lines.



CORPORATE 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 "To be always 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 work to exploit assets to invest in their future. Also developed many previous and new initiatives, including:

Short Term Strategy

- Continuing to improve the effectiveness and efficiency of production processes and work to reduce operational costs, including fuel consumption.
- Enhancing the competitiveness of the corporate and making all necessary preparations to ensure the ability to continue export operations to exploit the operational capacity.
- Supporting digital transformation projects and initiatives to develop and promote the efficiency of the performance of all sectors in the company.
- Paying attention to human resources, raising the rate of Nationalization, training, developing and empowering Saudi youth.
 - Ensuring the highest Nationalization rate among all companies operating within Cement industry.
 - Training and development of Saudi cadres through the Cement Knowledge Center (CKC) in partnership with FLSMIDTH which located in the plant.

Long Term Strategy

- Increase the utilization of the Waste Heat Recovery (WHR) resulting from production lines, which will contribute significantly to reducing the costs of producing electrical energy.
- Reducing carbon dioxide emissions in line with the "Green Saudi Initiative".
- Continuing development studies at all levels in the company while maintaining product quality and reducing costs.
- Enhance our Partners Trust in YCC Brand by achieving our vision of "To be always the first choice for our partners."



اسمنت ينبع
Yanbu Cement

GOVERNANCE, COMPLIANCE AND INVESTOR RELATIONS

Based on the awareness of the Board of Directors of the governance importance, the Board was eager to apply the highest standards of governance, compliance and ongoing keeping for best practices in this field. The principles of good governance have always been - disclosure, transparency, responsibility and accountability - are the fundamental in all the company's dealings and one of the important pillars.

The Board of Directors fully aware that the external stakeholders- investors, customers and the community- the internal stakeholders - the employees- are success partners and a major cause of progress and prosperity. The Board of Directors has highly taken care of their rights and facilitates their exercise to achieve both sustainability and balance between social & economic objectives and individual & collective targets.

HUMAN RESOURCES

Human Resources

YCC pays special attention to its human capital and works to preserve them, support their job stability, improve & monitor their performance through the best practices of human resources in coordination between HR department and other departments. In order to preserve human capital, HR have to follow government instructions, especially those issued by the Ministry of Health to confront the consequences of the emerging corona virus, and to implement all precautionary measures, raise the level of health awareness for company employees and urge them to complete vaccination doses.

Recruitment and Nationalization Programs

YCC has paid great attention to the Nationalization programs and developed serious plans to empower national employee and enhance their capabilities to take up leadership and supervisory positions in the company, and making sure to provide them an attractive work environment. As a result, the company was able to achieve an increase in Nationalization that reached 49% by the end of 2021, +3% over the previous year. YCC is looking forward to gradually completing the Nationalization plan to reach the rate of 75% as a national strategic objective by 2025.

Training and Development

YCC continues enhancing employees' capabilities and job skills by enrolling them in a set of specialized training programs in various majors such as technical, administrative, vocational development, environment and safety programs. 19 Saudi trainees, including engineers and chemists, were trained in Cement Knowledge Center (CKC) to raise their efficiency especially in cement industry, sharpen their expertise, and qualify them to join the company with confidence and strength of knowledge.

GOVERNANCE REGULATION

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

Article, Clauses Pursuant to Corporate 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> <p>D. Individual evaluation of the Board members takes into account the 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>		√	Indicative Article
<p>Article (54):</p> <p>B. Chairperson of the Audit Committee shall be an independent member</p>		√	Indicative Article
<p>Article (83):</p> <p>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"> How to compensate stakeholders for breaching their rights determined by regulations or protected by contracts. How to settle complaints or disputes that may arise between the company and the stakeholders. How to build good relationships with customers and suppliers and maintain the confidentiality of information about them. 	√		Some Policies were prepared and approved by the Board



<p>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 directors establish mechanisms to monitor the implementation of these rules and adhere thereto.</p> <p>5. Social contribution of the company.</p> <p>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.</p> <p>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.</p> <p>8. Treating company employees in accordance with the principles of justice, equality and non-discrimination.</p>			
<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

Name	Current Job	Previous Job	Academic Qualifications & Hands-on Experience
Mr. Fahad bin Suleiman Al-Rajhi	Chairman of the Board of Directors	Deputy Chairman of the Board	Academic Qualifications: Bachelor of Science in Industrial Management, King Fahad University of Petroleum and Minerals 1983. Experiences: Founder and Vice Chairman of the Board of Sahara International Petrochemical Company (Sipchem) (public shareholding company), Chairman of the Board of Directors of the National Company for Industry (A closed joint stock company), founder and member of the Board of Directors of Al-Rajhi Ekhwan Group Company (a closed joint stock company), member of the Board of Directors of the International Company For methanol (IMC), Founder and Chairman of the Saudi German Company for Non-Spun Products (SGN), founder and chairman of Advanced Flexible Packaging Co (AdFlex) , Vice Chairman of the Board of Musharaka Financial Company, former board member of the Saudi Industrial Investment Group (A public joint stock company) , former board member of the Saudi Cement Company (a public joint stock company) .
Mr. Mohamed bin Abdullah ElKhereiji	Deputy Chairman of the Board	Chairman of the Board of Directors of the International Center for Commerce 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.
Mr. Fahad bin Saleh Al-Ajlan	Director General of financial stability and actuarial valuation at Social insurance	General Director of Planning and Development at Social insurance	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. Former member of the Risk Management Committee and the Audit Committee of Yanbu Cement Company
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: Head of Information Technology at Al Rajhi Bank. General Director of the Electronic Transaction Center "Yusr". Consultant at Al-Rashid Accountants and Auditors. Member of the Board of Directors of the Social Development Bank, member of the Executive Committee and the Investment Committee. Member of the Board of Directors of the Small and Medium Enterprises Authority. Member of the Board of Directors and Member of the Audit Committee, Yanbu Cement Company. Member of the Board of Directors and Chairman of the Executive Committee, Future Work Company. Chairman of the Board of Directors of the Saudi Fund for Small and Startups. Member of the Board of Directors and Chairman of the Executive Committee of the National Entrepreneurship Institute. Member of the National Savings Committee.
Mr. Ali bin Abdullah Al-Ayed	CEO of Yanbu Cement Company	CEO of the Saudi company For technical development and investment	Academic Qualifications: Bachelor's degree in Industrial Management (King Fahad University of Petroleum and Minerals). Experiences: Former Director of the Saudi Industrial Development Fund, former CEO of the Saudi Company for Development and Technical Investment. Former Member of the Board of Directors of Marafiq Company, Member of the Board of Directors of the Alwataniah Company for Industry, Former Chairman of the Board of Directors of the Saudi Egyptian Industrial Investments Company, Former board Member of Management of Ibn Rushd Company, Former Board Member of the Administration of the Ceramic Company.
Eng. Riyadh bin Abdulrahman Aba Al-Khail	Executive Director of Licensing and Registration	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. Basel bin Munea Al-Faraihi	Senior Vice President in Company Governance Department of the Fund	Vice President in Company Governance Department of the Fund	Academic Qualifications: Bachelor of Financial Accounting. Certified Public Accountant (SOCPA) Saudi Organization for Certified Public Accountants. Oxford University Strategic Leadership Program, UK. Experiences: Senior Vice President in Portfolio Companies Affairs Department of the Public Investment Fund. Manager in the Zakat and Tax Department, Ernst & Young. Chief Accountant - Laham Trading and Contracting Company. Accounts Analyst - Saudi Industrial Development Fund. Board and audit committee member in Central Riyadh Development Company. Member of the audit committee in Tabadul Company. Member of the Review Committee of the Boutique Hospitality Group.



Mr. Turki bin Musaed 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 including Al-Rajhi International Company and Jabal Omar Company, 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. 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).
Dr. Ahmed bin Abdo Zugail	-	CEO of Yanbu Cement Company	Academic Qualifications: Ph.D. in Mineral Economics, Colorado University of Mines, Golden, Colorado, USA 1991, Bachelor of Science in Mining Engineering, King Fahd 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 Fahd University of Petroleum and Minerals in Dhahran

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

Name	Current Job	Previous Job	Qualifications & Experience
Mr. Ali bin Abdullah Al-Ayed	CEO of Yanbu Cement Company	CEO of the Saudi company For technical development and investment	<p>Qualifications:</p> <ul style="list-style-type: none"> - Bachelor's degree in Industrial Management (King Fahad University of Petroleum and Minerals). <p>Experiences:</p> <ul style="list-style-type: none"> - Former Director of the Saudi Industrial Development Fund, former CEO of the Saudi Company for Development and Technical Investment. Former Member of the Board of Directors of Marafiq Company, Member of the Board of Directors of the Alwataniah Company for Industry, Former Chairman of the Board of Directors of the Saudi Egyptian Industrial Investments Company, Former Board Member of Management of Ibn Rushd Company, Former Board Member of the Administration of the Ceramic Company.
Dr. Ahmed bin Abdo Zugail	-	CEO of Yanbu Cement Company	<p>Qualifications:</p> <ul style="list-style-type: none"> - Ph.D. in Mineral Economics, Colorado University of Mines, Golden, Colorado, USA 1991, Bachelor of Science in Mining Engineering, King Fahd University of Petroleum and Minerals, Dhahran, Saudi Arabia 1984. <p>Experiences:</p> <ul style="list-style-type: none"> - 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 Fahd University of Petroleum and Minerals in Dhahran
Mr. Walid bin Mayouf	VP – Finance Affairs	Director of Enterprise Risk Management and Board Secretary - The National Shipping Company of Saudi Arabia (Bahri)	<p>Qualifications:</p> <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 <p>Experiences:</p> <ul style="list-style-type: none"> - 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)
Mr. Walid bin Mohammad Baghdadi	VP - HR and Support Services	Assistant to CEO for supply chain	<p>Qualifications:</p> <ul style="list-style-type: none"> - Master of Libraries and Information science <p>Experiences:</p> <ul style="list-style-type: none"> - 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
Dr. Adeib Ahmad Al Jafari Al Tayar	VP sales and marketing	Marketing & Sales Manager Petro Rabigh	<p>Qualifications:</p> <ul style="list-style-type: none"> - High Diploma in Programing 1986 from UK - MBA Degree from Hall University 1998 - PHD Degree in Marketing <p>Experiences:</p> <ul style="list-style-type: none"> - 29 years' experience in Marketing & sales in petrochemical local & international markets for SABIC & ARAMCO - 7 years' experience in food packaging & project management at Al Obaikan industrial Co.



Eng. Ali bin Yahya Al-Zailaie	VP for Manufacturing	Plant Manager - Eastern Province Cement Company	Qualifications: <ul style="list-style-type: none">- BS in Applied Chemical Engineering - King Fahad University of Petroleum and minerals "KFUPM"- Master of Business Administration - Arab Academy for Science & Technology Experiences: <ul style="list-style-type: none">- Lab specialist - Saudi Standards, Metrology and Quality Organization- Production and Utility Manager – Arabian Cement Co.- Plant Manager – Eastern Province Cement Co.
Mr. Nabil bin Mohammad Baghdadi	Advisor to CEO for Legal Affairs	Assistant to CEO for Legal and Administrative Affairs	Qualifications: <ul style="list-style-type: none">- Bachelor of Laws, King Abdulaziz University, 1992- Master of Laws, King Abdul Aziz Univ, 2002 Experiences: <p>Long experience in the legal, administrative, governance and compliance field (adviser to CEO for Legal Affairs - Assistant to DG for Administrative Affairs - Senior Director of Legal Affairs)</p>



COMPANIES FOR WHICH A MEMBER of BOARD OF DIRECTORS IS A MEMBER OF ITS CURRENT /PREVIOUS BOARDS OF DIRECTORS OR OF ITS MANAGERS

Name	Companies where a Member of the Board of Directors is a Member of their 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. Mohamed bin Abdullah ElKhereiji	EIKhereiji Holding Group	Inside Saudi Arabia	Limited liability	International Center for Commerce and Contracting	Inside Saudi Arabia	Limited liability
	Abdullah ElKhereiji 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
	EIKhereiji Company	Inside Saudi Arabia	Closed Joint-stock CO.	Jeddah Holding Company	Inside Saudi Arabia	Limited liability
	World Care International Inc.	Outside Saudi Arabia	Limited liability	Aamen Co.	Inside Saudi Arabia	Limited liability
	Ithmaar Bank	Outside Saudi Arabia	Listed Joint-stock CO.	Faisal Islamic Bank	Outside Saudi Arabia	Limited liability
	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	Tuhama Company	Inside Saudi Arabia	Joint-stock
	Faisal Islamic Bank of Egypt	Outside Saudi Arabia	Joint stock	Idira Corporation	Outside Saudi Arabia	Listed Joint-stock CO.
	N/A	N/A	N/A	Islamic Money House	Outside Saudi Arabia	Limited liability
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. Ibrahim bin Hamd Al-Rashed	Yanbu Cement Company	Inside Saudi Arabia	Listed Joint-stock CO.	N/A	N/A	N/A
	Future Work Company	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
	Social Development Bank	Inside Saudi Arabia	government agency government fund	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.
	Alwataniah Company for Industry	Inside Saudi Arabia	Unlisted	Ibn Rushd Company	Inside Saudi Arabia	Unlisted JV
	Cement Knowledge Center	Inside Saudi Arabia	limited liability mixed	Saudi German Investment Company	Inside Saudi Arabia	N/A
	N/A	N/A	N/A	Marafeq Company	Inside Saudi Arabia	Unlisted JV
	N/A	N/A	N/A	Saudi Egyptian Industrial Investments Company	Outside Saudi Arabia	Listed joint
Eng. Riyad 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
	Central Riyadh Development Company	Inside Saudi Arabia	Unlisted	N/A	N/A	N/A
Mr. Turki bin Musaed 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
	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
Mr. Salah bin Abdulrahman Al-Huzami	National Agricultural	Inside Saudi Arabia	N/A	N/A	N/A	N/A
	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 Saudi Arabia	Limited liability Bahrain
	Saeed Ali Ghodran & Sons Co. Group Five Pipe Saudi	Inside Saudi Arabia	Closed Joint-stock CO.	N/A	N/A	N/A
Dr. Ahmed bin Abdo Zugail	N/A	N/A	N/A	Najran Cement Company Yanbu Cement Company Cement Knowledge Center	Inside Saudi Arabia	Listed Joint-stock CO.
	N/A	N/A	N/A		Inside Saudi Arabia	Listed Joint-stock CO.
	N/A	N/A	N/A		Inside Saudi Arabia	limited liability mixed



BOARD OF DIRECTORS & CLASSIFICATION OF MEMBERS

Board of Directors is composed of eleven (11) members classified in ٢٠٢١ as below:

Name	Description	Classification
Mr. Fahd bin Suleiman Al-Rajihi	Chairman	Non-Executive
Mr. Mohammed bin Abdullah Al- Elkhareiji	Vice Chairman	Independent
Mr. Fahad bin Saleh Al-Ajlan (GOSI Representative)	Member	Non-Executive
Mr. Ibrahim bin Hamad Al-Rashid (SDB Representative)	Member	Independent
Mr. Ali Bin Abdullah Al-Ayed	CEO & Board Member	Executive
Eng. Riyadh Abdul Rahman Aba Al-Khail	Member	Independent
Mr. Basel bin Munea Al-Faraihi (PIF Representative)	Member	Non-Executive
Mr. Turki bin MUSAED Al-Mubarak	Member	Independent
Mr. Abdul Aziz bin Sulieman Al-Rajihi	Member	Non-Executive
Mr. Salah Bin Abdul Rahman Al-Huzami	Member	Independent
Dr. Ahmed bin Abdou. Zugail	Member & Former CEO	Non-Executive

Procedures adopted by the Board of Directors to inform its members (non-executives in particular) by the shareholders suggestions and comments raised over company performance.

In Board meetings, the members review comments, questions and inquiries of shareholders, if any, through the Governance, Compliance and Shareholders' Relations Department, as well as the questions in the General Assembly meetings.

BOARD COMMITTEES

FIRST: EXECUTIVE COMMITTEE

The Executive Committee is composed of (5) members of the Board of Directors. (10) meetings were held during 2021. The Committee supports the Board of Directors by making recommendations for strategic plans, in addition, follows up and ensures their implementation and measuring their effectiveness in achieving the desired goals, reviewing and updating from time to time.

Name	Description	Category	Record Attendance of Meetings										Total Number of Attendance	
			First	Second	Third	Fourth ⁽¹⁾	Fifth	Sixth	Seventh	Eighth	Ninth	Tenth		
			07/01/2021	20/02/2021	14/03/2021	03/04/2021	19/06/2021	28/06/2021	25/08/2021	31/10/2021	24/11/2021	09/12/2021		
Eng. Riyad bin Abdul Rahman Aba Al-Khail	Chairman	Independent	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	10
Mr. Ali bin Abdullah Al-Ayed	Member	Executive	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	10
Mr. Basel bin Muneia Al-Faraihi	Member	Non-executive	--	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Mr. Salah bin Abdul Rahman Al-Huzami	Member	independent	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	10
Dr. Ahmed bin Abdo Zugail	Member	Non-executive	Attend	Attend	Attend	--	--	--	--	--	--	--	--	3

⁽¹⁾ The committee was reconstituted on 27/03/2021

SECOND: AUDIT COMMITTEE

Audit committee is composed of (3) members, two members of the Board of Directors (non-executive members) in addition to an external member. (6) meetings were held during 2021. The Audit Committee assists the Board of Directors by reviewing the effectiveness of risk management, internal auditing, reviewing financial statements and verifying the effectiveness of anti-fraud procedures. In addition, the committee established a mechanism that allow the employees of the company to submit their observations regarding any abuse in financial or other reports confidentially.

Name	Description	Category	Record Attendance of Meetings						Total Number of Attendance	
			First	Second	Third	Fourth	Fifth	Sixth		
			10/02/2021	10/03/2021	21/04/2021	13/07/2021	21/10/2021	27/10/2021		
Mr. Fahad bin Saleh Al - Ajlan	Chairman	Non-executive	Attend	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Ibrahim bin Hamad Al - Rashed	Member	independent	Attend	Attend	Attend	Attend	Attend	Attend	Attend	6
Mr. Mohammed bin Farhan bin Nader	Member	Foreign Member	Attend	Attend	Attend	Attend	Attend	Attend	Attend	6

THIRD: NOMINATION & REMUNERATION COMMITTEE

Nomination and Remuneration Committee is composed of (3) members of the Board of Directors. (7) meetings were held during 2021. The Committee assists the Board of Directors with regard to nominations by proposing policies and criteria for membership in the Board of Directors and the executive management, verifying the independence of independent members, the absence of any conflict of interest, identifying weaknesses & strengths in the Board of Directors and proposing solutions to address them. In addition, the Committee assists the Board with regard to remuneration through the preparation of remunerations policy for the Board, its committees and the executive management in order to enhance the motivation of the administrative apparatus and the preservation of distinguished cadres.

Name	Description	Category	Record Attendance of Meetings							Total Number of Attendees	
			First	Second	Third	Fourth	Fifth	Sixth	Seventh		
			04/02/2021	23/02/2021	18/03/2021	16/04/2021	31/10/2021	23/11/2021	10/12/2021		
Mr. Mohammed bin Abdullah Elkhareiji	Chairman	independent	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	7
Mr. Turki bin MUSAED Al-Mubarak	Member	independent	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	7
Mr. Abdul Aziz bin Suleiman Al-Rajhi	Member	Non-executive	Attend	Attend	Attend	Attend	--	Attend	--	--	5



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 policies in this respect and in alignment with the company bylaws, decisions of the General Assembly and relevant regulations. As follow:

First: Remuneration of the Board

Remuneration consists of:

- Certain Sum(s).
 - Allowance for attending meetings of the Board.
 - Perks in kind.
 - A certain percentage of net profits.
- Two or more could be combined together.

Annual Perks for the Board of Directors (01/01/2021 to 31/12/2021)

Name	Fixed Perks							Variable Perks					End-of-Service Perks	Grand Total	Expenses Allowance	
	Certain Amount 06-2020 To 06-2021	Allowance for Attending Board Sessions	Total Allowance for Attending Committee Sessions	Perks in kind	Perks for Tech., Admin. & Advisory Activities	Perks for Chairman of the Board, Managing Director or Secretary if one of the Members	Total	Percentage out of Profits	Periodical Perks	Short-Term Stimulus Schemes	Long-Term Stimulus Schemes	Granted Shares (state the amount)				Total
First: Independent Members																
Mr. Mohammed bin Abdullah Elkhreiji	200,000	27,000	21,000	-	-	-	248,000	-	-	-	-	-	-	-	248,000	-
Mr. Ibrahim bin Hamad Al-Rashid (SDB Rep.)	200,000	27,000	18,000	-	-	-	245,000	-	-	-	-	-	-	-	245,000	-
Eng. Riyadh bin Abdul Rahman Abalkhail	200,000	27,000	30,000	-	-	-	257,000	-	-	-	-	-	-	-	257,000	-
Mr. Turki bin Musaed Al-Mubarak	200,000	27,000	21,000	-	-	-	248,000	-	-	-	-	-	-	-	248,000	-
Mr. Salah bin Abdul Rahman Al-Huzami	200,000	27,000	30,000	-	-	-	257,000	-	-	-	-	-	-	-	257,000	-
TOTAL	1,000,000	135,000	120,000	-	-	-	1,255,000	-	-	-	-	-	-	-	1,255,000	-
Second: Non-Executive Members																
Mr. Fahd bin Suleiman Al-Rajihi	200,000	27,000	-	-	-	-	227,000	-	-	-	-	-	-	-	227,000	-
Mr. Abdul Aziz bin Suleiman Al-Rajihi	200,000	24,000	15,000	-	-	-	239,000	-	-	-	-	-	-	-	239,000	-
Mr. Fahd bin Saleh Al-Ajlan (GOSI Rep.)	200,000	27,000	18,000	-	-	-	245,000	-	-	-	-	-	-	-	245,000	-
Mr. Basel bin Munea Al-Faraihi (PIF Rep.)	200,000	27,000	27,000	-	-	-	254,000	-	-	-	-	-	-	-	254,000	-
Dr. Ahmed bin Abdo Zugail	168,219	12,000	9,000	-	-	-	189,219	-	-	-	-	-	-	-	189,219	-
TOTAL	968,219	117,000	69,000	-	-	-	1,154,219	-	-	-	-	-	-	-	1,154,219	-
Third: Executive Members																
Mr. Ali bin Abdullah Al-Ayed	200,000	27,000	30,000	-	-	-	257,000	-	-	-	-	-	-	-	257,000	-
TOTAL	200,000	27,000	30,000	-	-	-	257,000	-	-	-	-	-	-	-	257,000	-



Second: PERKS OF COMMITTEE MEMBERS

Perks and Allowances of Committees and Allowances of Attendance the committee's meetings (01/01/2021 to 31/12/2021)

Name	Fixed Perks 06-2020 to 06-2021	Attendance Allowance 01-01-2021 to 31-12-2021	Total
Members of Audit Committee			
Mr. Fahd bin Saleh Al-Ajlan (GOSI Rep.)	120,000	18,000	138,000
Mr. Abdul Aziz bin Suleiman Al-Rajhi	45,000	-	45,000
Mr. Ibrahim bin Hamad Al-Rashid (SDB Rep.)	75,000	18,000	93,000
Mr. Mohammed bin Farhan bin Nader	120,000	18,000	138,000
TOTAL	360,000	54,000	414,000

Name	Fixed Perks 06-2020 to 06-2021	Attendance Allowance 01-01-2021 to 31-12-2021	Total
Members of Nomination & Remuneration Committee			
Mr. Mohammed bin Abdullah Elkhreiji	100,000	21,000	121,000
Mr. Turki bin Mused Al-Mubarak	100,000	21,000	121,000
Mr. Ibrahim bin Hamad Al-Rashid (SDB Rep.)	37,500	-	37,500
Mr. Abdul Aziz bin Suleiman Al-Rajhi	62,500	15,000	77,500
TOTAL	300,000	57,000	357,000

(*) On 11/12/2020, Mr. Ibrahim bin Hamad Al-Rashed has joined the Audit Committee, and Mr. Abdelaziz bin Suleiman Al-Rajhi has joined the Nominations and Remuneration Committee.

Name	Fixed Perks 06-2020 to 06-2021	Attendance Allowance 01-01-2021 to 31-12-2021	Total
Members of Executive Committee			
Eng. Riyadh bin Abdul Rahman Abalkhail	100,000	30,000	130,000
Mr. Ali bin Abdullah Al-Ayed	100,000	30,000	130,000
Dr. Ahmed bin Abdo Zugail	74,247	9,000	83,247
Mr. Basel bin Munea Al-Faraihi (PIF Rep.)	100,000	27,000	127,000
Mr. Salah bin Abdul Rahman Al-Huzami	100,000	30,000	130,000
TOTAL	474,247	126,000	600,247

Third: PERKS OF MEMBERS OF EXECUTIVE MANAGEMENT

- Executive management personnel are responsible for managing the day-to-day operations of the Company, proposing and implementing strategic decisions, such as the CEO, CFO and all CEO assistants. The following provisions shall be applicable to their remuneration:
- The Nomination and Remuneration Committee shall submit its recommendation to the Board of Directors for approval regarding the remuneration and bonuses of the Executive management .
- The Board of Directors shall set down indicators for evaluating the Executive management performance based on the recommendation of the Nomination and Remuneration Committee .
- The Nomination and Remuneration Committee shall submit its recommendation to the Board of Directors for approval regarding key performance indicators for the Executive management for approval, while they shall be linked to remuneration.
- The Nomination and Remuneration Committee shall submit its recommendation to the Board of Directors for approval, based on the CEO's proposal of annual remuneration for the executive management and Company's personnel.

Bonuses Paid up to Senior Executives during 2021 (Riyal)

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	Total			
CEO	1,370,000	456,666	287,000	2,113,666	568,400	-	-	-	-	-	86,576	357,000	3,125,642
Former CEO	1,548,065	516,021	283,811	2,347,897	-	-	-	-	-	-	151,666	263,466	2,763,029
VP – Finance Affairs	960,000	320,000	176,000	1,456,000	240,000	-	-	-	-	-	60,666	-	1,756,666
VP HR and Support Services	720,000	240,000	132,000	1,092,000	90,000	-	-	-	-	-	91,000	-	1,273,000
VP for sales and marketing	720,000	240,000	132,000	1,092,000	180,000	-	-	-	-	-	45,500	-	1,317,500
VP Manufacturing	585,000	58,500	123,500	767,000	195,000	-	-	-	-	-	37,651	-	999,651
Advisor to CEO for Legal affairs	600,000	200,000	80,000	880,000	100,000	-	-	-	-	-	73,333	-	1,053,333
Total	6,503,065	2,031,187	1,214,311	9,748,563	1,373,400	-	-	-	-	-	546,392	620,466	12,288,821

REMUNERATION MECHANISM

The following shall be duly observed upon determining remunerations:

- To be fair and proportionate to the activities and responsibilities of directors, committees, and executive management.
- To be supportive to achieve the strategic objectives of the Board of Directors.
- To be based on the recommendation of the Nomination and Remuneration Committee .
- To be commensurate with the Company's activity and the skills needed to manage it .
- Take into consideration the sector in which the Company operates, its size, complexity, and the experience of directors, committees, and executive management .
- To be reasonably sufficient to maintain the directors, its committees, the executive management, and being able to attract qualified and experienced people .
- Directors' remuneration shall be proportional to the number of meetings they attended .
- In all cases, the total remuneration and financial or in-rem benefits and rewards that a director receives shall not exceed what is stipulated and provided for in the regulations.
- When forming the committee's membership, the number of committees that a director may serve shall be taken into consideration, as the total amount paid for membership in the board of directors and committees shall not exceed the limit stipulated and provided for in the regulations.
 - 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 2021 AD in accordance with the approved policy and there is no fundamental deviation from it.

ANY PENALTY, SANCTION, PRECAUTIONARY MEASURE, OR PRECAUTIONARY RESTRICTION IMPOSED ON THE COMPANY BY THE AUTHORITY OR FROM ANY SUPERVISORY, REGULATORY OR JUDICIAL AUTHORITY.

The party by which the penalty imposed	Reasons	Penalty	Action taken by the company
General Authority for Competition	Violation of competition law	- 10.000.000 SAR - Publication of the penalty after the decision gain final status.	The company appealed against administrative decision of the General Authority for Competition on the Administrative Court, and the preliminary ruling was pronounced to cancel the authority's decision

THE RESULTS OF THE ANNUAL REVIEW REGARDING THE EFFECTIVENESS OF THE COMPANY'S INTERNAL CONTROL PROCEDURES

Due to the importance of internal control, which is one of the most important principles in protecting the company's assets and supporting in achieving its goals. The Board of Directors verify the effectiveness of internal control procedures through annual review, since the control procedures of financial, operational and administrative are enough to reduce the risks of mis-exploitation of the company's assets and influence business. Hence the importance of annual procedures reviews in order to verify their effectiveness, competencies, and making the necessary modifications, if required.

AUDIT COMMITTEE OPINION ON THE ADEQUACY OF INTERNAL CONTROL SYSTEM: -

The board is fully aware of the necessity of the internal control and paid all attention to the internal control procedures by assigning the Audit Committee to supervise the Internal Audit Department and ensure the proper implementation of the approved risk-based internal audit plan for the fiscal year ending in 31-12-2021

OPINION OF AUDIT COMMITTEE

Nothing is drawn the Audit Committee's attention to 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 the main role of social responsibility, the company has committed to social responsibility towards various segments of society. This responsibility constitutes a fundamental aspect in the company strategy and an essential part of its value system. From this standpoint, the company provides, for the fourth year, medical insurance for the Disabled Children's Association and its employees in Medina. In addition to many contributions to the community agencies, including, but not limited to:

- Quran Memorization Association in Badr Governorate.
- Student training.
- The Disabled Children Association in Madinah.
- Al Ber Society and Social Services in Umluj.
- Etmaen Center for Family Counseling.
- Medical services for non-company employees.
- Diamond Sponsor of Yanbu event for Bikers.

GENERAL ASSEMBLY MEETINGS DURING 2021 & PRESENT MEMBERS OF THE BOARD

Name	Description	Category	Log of Attendance of Gen. Assembly		Total Number of Attendance
			Ordinary # 43		
			27/05/2021		
Mr. Fahd bin Suleiman Al-Rajihi	Chairman	Non-Executive	Attend		1
Mr. Mohammed bin Abdullah Elkhareiji	Vice Chairman	Independent	Attend		1
Mr. Fahd bin Saleh Al-Ajlan (GOSI Re.)	Member	Non-Executive	Attend		1
Mr. Ibrahim bin Hamad Al-Rashid (SDB Rep.)	Member	Independent	Attend		1
Mr. Ali bin Abdullah Al-Ayed	CEO & Board Member	Executive	Attend		1
Eng. Riyadh bin Abdul Rahman Aba Al-Khail	Member	Independent	Attend		1
Mr. Basel bin Munea Al-Faraihi (PIF Rep.)	Member	Non-Executive	Attend		1
Mr. Turki bin Muae Al-Mubarak	Member	Independent	Attend		1
Mr. Abdul bin Aziz Sulieman Al-Rajihi	Member	Non-Executive	--		0
Mr. Salah bin Abdul Rahman Al-Huzami	Member	Independent	Attend		1

RISK MANAGEMENT

YCC 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. The company seeks to develop an integrated vision for risk management, the means to deal with it through a comprehensive and unified approach which assists in decision-making and mitigate the negative impact of risks while allowing to exploit risks to take advantage of opportunities.

Due to quick changes in the cement industry and technologies development, the company has paid utmost attention to reduce emissions and rely on environmentally friendly alternatives, despite the company facing operational risks represented by the high prices of raw materials, manufacturing processes, energy and fuels and their impact on the high operating cost. Our company, as well as most companies, faces market risks and economic fluctuations, which may decline the local demand of cement. Therefore, the company seeks to open new markets outside the Kingdom. The company's policy in managing financing risks is based on ensuring the availability of an adequate amount of cash by managing the activity and credit facilities, including credit facility agreements, to meet any future commitments.

As for the YCC Policies in terms of operational risks management, it has put in place intensive preventive maintenance plans and programs and maximizing production efficiency to which the operational assets are subjected to. Regarding market risk, YCC relies on limiting the credit sales to clients with high creditworthiness and against bank guarantees, as well as dealing with banks licensed by the Saudi Central Bank with high credit capabilities.

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

Summary of financial performance

Assets, Liabilities and Business Results for FY 2017 to 2021

Comparison of Business Results (value in thousand riyals)

Statement	2021	2020	2019	2018	2017
Revenues	934,026	939,988	975,736	767,133	916,618
Revenue costs	(710,419)	(598,206)	(640,936)	(642,272)	(559,145)
Gross profit	223,607	341,782	334,800	142,861	357,473
Net profit	159,557	281,022	257,823	94,338	319,634

Comparison of assets and liabilities (value in thousand riyals)

Statement	2021	2020	2019	2018	2017
Assets	801,699	994,122	928,283	845,949	891,726
Non-current assets	2,586,113	2,635,324	2,762,244	2,888,383	3,050,678
Total assets	3,387,812	3,629,446	3,690,527	3,734,332	3,942,404
Current Liabilities	391,125	492,052	252,671	310,007	284,534
Non-current liabilities	169,522	108,726	135,896	183,388	233,875
Total liabilities	560,647	600,778	388,567	493,395	518,409

GEOGRAPHICAL ANALYSIS OF THE TOTAL REVENUES OF THE COMPANY AND ITS SUBSIDIARIES FOR THE YEAR 2021

Geographical analysis of YCC total revenues for the year 2021 (value in million riyals)

Year	Geographical analysis of the Corporate Total Revenues		Total
	Domestic market	Foreign market	
2021	808,8	125,2	934,0

Geographical Analysis of Domestic Sales Quantities (ton)

Region	Quantity
Medina	1,929,050
Taif	222,730
Mecca - Jeddah	2,054,490
Yanbu	498,730
Total sales (Regions)	4,705,000

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

SN	Country	Value	
1	Yemen	23,937,467	Customs Dept. of Yanbu Commercial Port & Customs Dept. of King Abdullah Port
2	Ghana	9,061,593	
3	Mozambique	5,550,525	
4	Ivory Coast	12,510,720	
5	Honduras	3,675,375	
6	Réunion	5,619,375	
7	Senegal	42,347,186	
8	Mauritania	3,801,937	
9	Cameron	2,835,937	
10	Puerto Rico	10,005,187	
	Total	119,345,302	

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

Statement	2021	2020	Variance	Variance (%)
Revenues	934,026	939,987	-5,961	-0.6%
Revenue costs	(710,419)	(598,205)	112,214	18.8%
Gross profit	223,607	341,782	-118,175	-34.6%
Other Operating Expenses	(47,907)	(41,142)	6,765	16.4%
Operating profit (Loss)	175,700	300,640	-124,940	-41.6%

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.

Geographical analysis of Yanbu Saudi-Kuwaiti Paper Products Company total revenue for the year 2021

Year	Geographical analysis of the company's total revenue		Total value in riyals
	Local market	Foreign market	
2021	75,530,961	1,822,927	77,353,888

Geographical analysis of Yanbu Saudi-Kuwaiti Paper Products Company total revenue in the local market

Area name	Total value in riyals
Riyadh region	6,998,365
Makkah Region	8,000,075
Medina Region	21,265,404
Qassim Region	3,007,229
Asir Region	13,591,112
Tabuk region	2,187,075
Hail Region	3,909,397
Jazan Region	11,560,256
Najran Region	2,278,204
Al-Jouf Region	2,733,844
Total Local company revenue	75,530,961

Geographical analysis of Yanbu Saudi-Kuwaiti Paper Products Company total revenue in the foreign market

Country	Total value in riyals
Sudan country	1,822,927
Total foreign company revenue	1,822,927

Geographical analysis of the total revenue of the Knowledge Cement Training Center (CKC) company for the year 2021

Year	Geographical analysis of the company's total revenue		Total value in riyals
	Local market	Foreign market	
2021	1,267,248	-	1,267,248

Geographical analysis of (CKC) total revenue in the local market

Region	Quantity
Yanbu	19 trainees

DESCRIPTION OF THE COMPANY MAIN BUSINESS ACTIVITIES AND SUBSIDIARIES

YCC 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

SN	Trade Name	Capital	Corporate 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	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.

The remainder of the profits (or part of it) may be distributed as an additional share to the shareholders or carried over to the next financial year based on the recommendations of the Board and the decision of 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.

Dividends Distributed in 2021 (thousand riyal)

Statement	Dividends Distributed for the first half of 2021	Dividends Distributed for the second half of 2021	Total
Date of Payment	August 17, 2021	December 30, 2021	
Percentage	12.5%	10%	22.5%
Total	196,875	157,500	354,375

Interests and Rights of Board Members and Executive Management in Shares or Instruments of Indebtedness of the company or its Subsidiaries, including wives / minors and any changes occurred during the last Fiscal Year.

OWNERSHIP OF BOARD MEMBERS, WIVES AND MIINORS

From 01/01/2021 to 31/12/2021

Members of the Board of Directors	Number of Shares & Percentage as of 01/01/2021		Net Variance during 2021		Total Shares and Stake Percentage as of 31/12/2021	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Mr. Fahd bin Sulaiman Al-Rajhi	50,000	0.0317%	18,500	0.0117%	68,500	0.0435%
Mr. Mohammed bin Abdullah Elkhareiji	9,138	0.0058%	—	—	9,138	0.0058%
Mr. Ali bin Abdullah Al-Ayed	12,000	0.0076%	—	—	12,000	0.0076%
Riyad bin Abdul Rahman Aba Al-Khail	10,370	0.0066%	—	—	10,370	0.0066%
Mr. Turki bin Musaed Al-Mubarak	100	0.0001%	—	—	100	0.0001%
Mr. Abdulaziz bin Sulaiman Al-Rajhi	90,000	0.0571%	—	—	90,000	0.0571%
Mr. Salah bin Abdulrahman Al-Huzami	94	0.0001%	—	—	94	0.0001%
General Organization for Social Insurance	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	913,873	0.5802%	(213,873)	-0.1358%	700,000	0.4444%
Dr. Ahmed bin Abdo Zugail	15,000	0.0095%	(15,000)	-0.0095%	—	—

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

OWNERSHIP OF SENIOR EXECUTIVES, WIVES AND MINORS

Name	Number of Shares 01/01/2021	Percentage 01/01/2021	Net Variance 2021	Variance Percentage 2021	Total Shares 31/12/2021	Total Stake Percentage 31/12/2021
Mr. Ali bin Abdullah Al-Ayed	12,000	0.0076%	—	—	12,000	0.0076%
Mr. Nabil bin 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 2021 (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 Corporate Indebtedness & Subsidiaries
Yanbu Cement Company	NCB	250,000	5 years	51,889	25,944	25,944
Yanbu Cement Company	Bank al Bilad	130,000	6 months	0	130,000	130,000
Yanbu Cement Company	Bank AlJazira	20,000	6 months	0	20,000	20,000
Yanbu Cement Company	Gulf International Bank	100,000	5 years	0	100,000	100,000

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

1. During 2015, the company concluded new banking facilities contracts with National Commercial Bank (NCB), an amount of SAR 250 million, to cover financing the electricity generation project from waste thermal energy (WHR). 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.
2. During 2021, the company concluded new banking facilities contracts with Bank al Bilad, an amount of SAR 130 Million to fund the working capital, the repayment shall be due during 2022.
3. During 2021, the company concluded new banking facilities contracts with Bank Al-Jazirah, an amount of SAR 100 Million to fund the working capital, an amount of 20 million riyals was used during the year 2021 the repayment shall be due during 2022.
4. During 2021, the company concluded new banking facilities contracts with Gulf International Bank, an amount of SAR 200 Million to fund the Fixed assets and the working capital, an amount of 100 million riyals was used, to be repaid through 5 years.



MEETINGS OF THE BOARD

Name	Description	Category	Record Attendance of Meetings									Total Number of Attendance
			First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	
			30/01/2021	24/02/2021	15/03/2021	27/03/2021	27/05/2021	15/07/2021	26/07/2021	19/09/2021	11/12/2021	
Mr. Fahd bin Suleiman Al-Rajihi	Chairman	Non-Executive	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Mr. Mohammed bin Abdullah Elkhhereiji	Vice Chairman	Independent	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Mr. Fahd bin Saleh Al-Ajlan (GOSI Re.)	Member	Non-Executive	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Mr. Ibrahim bin Hamad Al-Rashid (SDB Rep.)	Member	Independent	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Mr. Ali bin Abdullah Al-Ayed	CEO & Board Member	Executive	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Eng. Riyadh bin Abdul Rahman Aba Al-Khail	Member	Independent	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Mr. Basel bin Munea Al-Faraihi (PIF Rep.)	Member	Non-Executive	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Mr. Turki bin Musaed Al-Mubarak	Member	Independent	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Mr. Abdul bin Aziz Sulieman Al-Rajihi	Member	Non-Executive	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	--	8
Mr. Salah bin Abdul Rahman Al-Huzami	Member	Independent	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	Attend	9
Dr. Ahmed bin Abdou Zugail	Member & former CEO	Non-Executive	Attend	Attend	Attend	Attend	--	--	--	--	--	4



COMPANY REQUISITIONS FOR SHAREHOLDERS LOG, DATE THEREOF AND JUSTIFICATIONS

Company Requests for Shareholders' Log	Date of Requisition	Justifications
1.	01/02/2021	Other
2.	02/02/2021	Company Procedures
3.	02/03/2021	Profits Records
4.	27/05/2021	General assembly
5.	14/06/2021	Company Procedures
6.	02/08/2021	Profits Records
7.	26/09/2021	Company Procedures
8.	15/12/2021	Profits Records
9.	15/12/2021	Profits Records

PAYMENTS & PAYABLES

(Value in Thousand Riyals)

Item Description	2021		Summarized Description
	Paid	Payable	
Zakat, Tax and Custom Authority	18,532	12,003	Zakat
	72,970	5,462	VAT
	0,832	0,478	withholding tax
	3,334	-	Custom
GOSI	10,477	0,940	Social Coverage
Costs of Visas & Passport	1,194	--	Costs of Visas & Passport
Ministry of Energy, Industry & Mineral Resources	30,004	32,823	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 external auditor, current market information, as well as future indicators, Board of Directors of YCC 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 proper basis and has been effectively implemented.
- The financial position and results of the company business/operations confirm its ability to continue in business/operations.
- No business or contracts wherein the company is a party or an interest that Board of Directors, senior executives, or any person related to them.

CONCLUSION

Board of Directors extends thanks and appreciation to all investors for their precious trust.

May ALLAH Almighty blesses the leader of this country the custodian of Two Holy Mosques, King Salman bin Abdul Aziz and his Crown Prince, Deputy Prime Minister and Minister of Defense, HRH Prince Mohammad bin Salman bin Abdul Aziz, for the good interest of this country and its citizens.

We supplicate ALLAH Almighty to preserve this country from all harm and perpetuate the blessing of security, safety and peace.

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

ALLAH grants success
Peace, mercy and blessings of ALLAH.