



Alujain Holding Corp.

A Saudi Joint Stock Company

Board of Directors' Report 2020





King Salman bin Abdulaziz Al-Saud

The Custodian of the Two Holy Mosques



His Royal Highness

Prince Mohammed bin Salman bin Abdulaziz Al-Saud

Crown Prince, Deputy Prime Minister and Minister of Defense of the Kingdom of Saudi Arabia

BOARD OF DIRECTORS



Eng. Mohammed Saleh Alkhalil
CHAIRMAN



Mr. Abdulwahab Abdulkareem Al-Betairi
DEPUTY CHAIRMAN



Eng. Khalid Mohammed Aldawood
CHIEF EXECUTIVE OFFICER (ACTING)



Mr. Omar Mohammed Alkhuwaite



Mr. Aziz Mohammed Al Gahtani



Mr. Hani Suliman Alsaleh



Mr. Saad Shafer Alharbi



Dr. Abdullaziz Abdulrahman Alfrayan



Eng. Ali Abdullaziz Alturki

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I. EXECUTIVE SUMMARY

The Board of Directors of Alujain Holding Corp. (Alujain) is pleased to present the Company's annual report, a brief summary on major developments and achievements during the year and audited consolidated financial statements for the year ended December 31, 2020, with the grace of God and efforts of its employees under the guidance and continued monitoring by its' Board of Directors.

Alujain was established in 1991 with a view to adding value to Saudi Arabia's natural hydrocarbon and mineral resources. It is a listed Saudi joint stock company with a paid-up capital of SR 692 Million with its head office in Riyadh, Saudi Arabia. The shareholders in Extraordinary General Assembly held on 04 February 2020 agreed to amend 2nd article of the articles of association (AOA) to change the name from Alujain Corporation to "Alujain Holding Corp.", and to amend 3rd article of AOA related to company's objectives to change the company's activities to include managing its subsidiaries or participating in the management of other companies in which it owns shares and providing support thereto; investing its funds in shares and other securities; owning real property and movable assets necessary for its operations; providing loans, guarantees and financing its subsidiaries; owning and utilizing industrial property rights, including patents, trademarks, franchises and other intangible rights, and leasing the same to its subsidiaries or third parties; and other legitimate purpose in conformity with the nature of the company. The company carries out its activities as a holding company.

Alujain's main strategic objectives are to identify, evaluate, promote, develop and to invest/operate major industrial projects in petrochemicals, mining, metals, energy sectors and other projects, with a commitment to creating value for its shareholder



by utilizing local strengths and talents, capacities, wealth and natural resources, also setting the highest standards of national, social and environmental responsibility. Pursuant to these objectives, the Company owns majority equity (57.4%) in National Petrochemical Industrial Company (NATPET) which operates more than 400,000 tons per year Propylene & Polypropylene Complex (PP Complex) in Yanbu Industrial City, using Oleflex and Spheripol technologies.

The net profit of NATPET for the fiscal year 2020 was SR411.54 million, as compared to net profit of SR377.10 million during 2019 with an increase of 9.13%. NATPET's net profit increase is due to 1) NATPET received the remaining part of final settlement for insurance amounted SR330 million, which recorded under other income during current year. 2) Resumption of operations and production after completion reconstruction of PP complex, which stopped working due to fire incident that occurred during the last quarter of 2018.

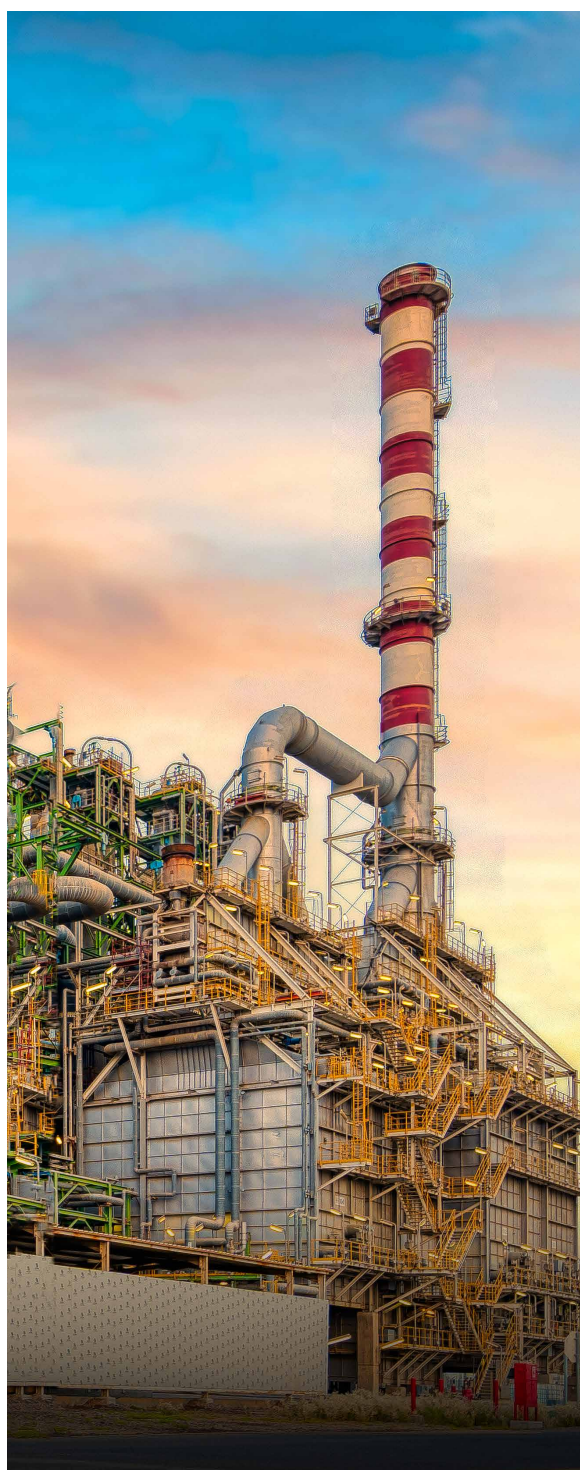
NATPET and its subsidiaries reported total sales of SR1,207 Million during current year, with no significant production or operational profits during previous year (being non-operational due to fire incident).

Alujain also owns 98.75% (majority shares) in Zain Industries Company Ltd. (Zain). Zain owns and operates its plant in Jubail Industrial City. Zain's main business includes production and marketing of fast moving consumer goods (FMCG), as well as insecticides, pesticides, fungicides etc.

Zain sales for the year 2020 was SR14.38 million as compared to SR23.73 million during 2019, with net loss of SR4.18 million, as compared to net profit of SR0.80 million during 2019.

During 2020, Alujain reported earnings per share (EPS) of SR3.00 as compared to SR2.76 during 2019. Number of shares outstanding remained 69.2 million during 2020 (69.2 million for the year 2019). The book value per share increased by 14.37% from SR21.36 (2019) to SR24.43 (2020). The net profit was SR207.29 million, as compared to net profit of SR191.16 million during 2019 with an increase of 8.44%.

Alujain's accompanied consolidated financial statements are prepared in compliance with international financial standards (IFRS). There is no major difference in the accounting / financial policies and standards applied in the company from the accounting standards approved by the Saudi Organization for Certified Public Accountants.



II. FUTURE PLANS

The company strives to increase its investment in NATPET and review proposals to upscale Zain's business - including but not limited to merger with other companies having similar activities. The company is also studying investment opportunities to search for value-added investment opportunities, especially in renewable energy projects, recycling and Petrochemical industries.

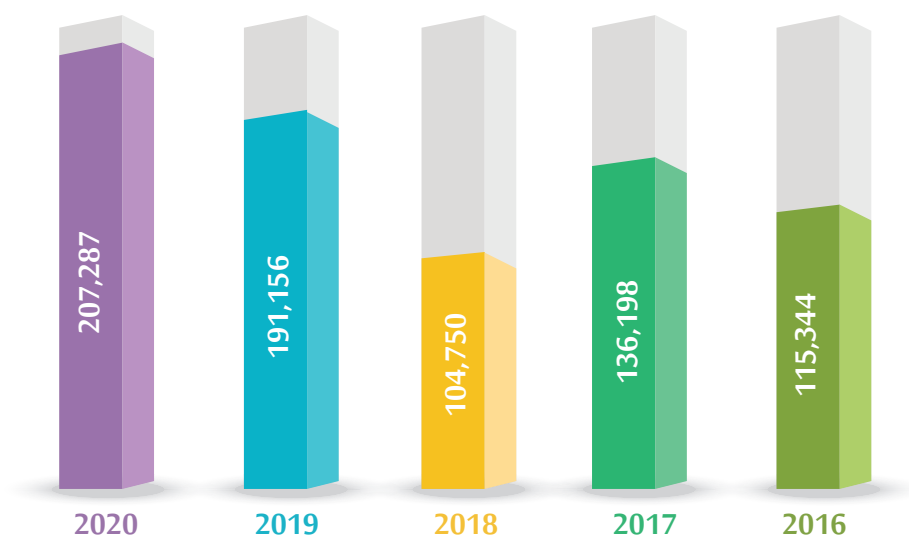


III. FINANCIAL HIGHLIGHTS

A. Five-Years Profit Summary

	Year ended December 31				
	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)	2016 (SR '000)
Sales	14,378	23,730	25,871	28,322	-
Cost of sales	(13,039)	(18,029)	(21,235)	(20,998)	-
Gross profit	1,339	5,701	4,636	7,324	-
Share in net income of an equity accounted investees	236,212	216,454	121,144	133,326	124,817
Operating expenses	(27,589)	(17,415)	(19,904)	(19,696)	(10,135)
Profit from operations	209,962	204,740	105,876	120,954	114,682
Financial charges	(588)	(98)	-	-	-
Net other income	6	1,432	279	16,557	2,011
Profit before Zakat	209,380	206,074	106,155	137,511	116,693
Zakat	(2,145)	(14,908)	(1,433)	(1,331)	(1,349)
Profit Before Minority Interest	207,235	191,166	104,722	136,180	115,344
Minority Interest	52	(10)	28	18	-
Net Profit for the year	207,287	191,156	104,750	136,198	115,344
Earnings per share on net income	3.00 SR	2.76 SR	1.51 SR	1.97 SR	1.67 SR

Five-Year Net Profit Chart (Amounts in SR '000)





B. major difference in Operating Results compared to last year

The 2020 net income before Zakat and minority interest is SR209.38 million as compared to SR206.07 million during 2019.

A net profit of SR207.29 million, as compared to net profit of SR191.16 million in 2019 with an increase of 8.44%. The net profit increase during current year is mainly due to increase in Alujain's share from NATPET's net profit, by SR19.76 million and a decrease in Zakat provision by SR12.76 million during current year as compared to last year. The Zakat provision for the last year includes additional Zakat differences from final assessments issued by the General Authority for Zakat and Tax (GAZT) for the years 2003 to 2016. Although, General and administrative expenses increased during current year mainly due to certain non-recurring items.

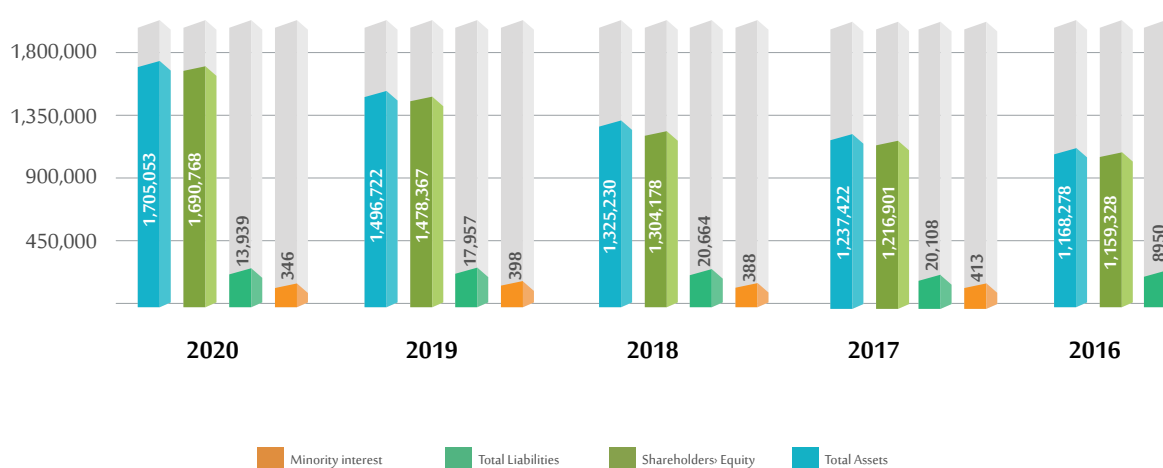
Two years comparative consolidated operating results

	Year ended on December 31			
	2020 (SR '000)	2019 (SR '000)	Net Changes (SR '000)	Percentage (%)
Sales	14,378	23,730	(9,352)	(39.41%)
Cost of sales	(13,039)	(18,029)	4,990	(27.68%)
Gross profit	1,339	5,701	(4,362)	(76.51%)
Share in net income of an equity accounted investees	236,212	216,454	19,758	9.13%
Operating expenses	(27,589)	(17,415)	(10,174)	58.42%
Profit from operations	209,962	204,740	5,222	2.55%
Financial charges	(588)	(98)	(490)	500.00%
Net other income (expenses)	6	1,432	(1,426)	(99.58%)
Profit before Zakat	209,380	206,074	3,306	1.60%
Zakat	(2,145)	(14,908)	12,763	(85.61%)
Profit Before Minority Interest	207,235	191,166	16,069	8.41%
Minority Interest	52	(10)	62	(620.00%)
Net Profit for the year	207,287	191,156	16,131	8.44%

C. Summary of Financial Position

As at December 31					
	2020 (SR '000)	2019 (SR '000)	2018 (SR '000)	2017 (SR '000)	2016 (SR '000)
ASSETS					
Current assets	53,758	21,980	47,669	60,787	56,725
Non-current assets	1,651,295	1,474,742	1,277,561	1,176,635	1,111,553
Total Assets	1,705,053	1,496,722	1,325,230	1,237,422	1,168,278
LIABILITIES					
Current liabilities	9,849	13,539	16,294	15,480	4,119
Non-current liabilities	4,090	4,418	4,370	4,628	4,831
Total Liabilities	13,939	17,957	20,664	20,108	8,950
Total Liabilities	1,690,768	1,478,367	1,304,178	1,216,901	1,159,328
Minority interest	346	398	388	413	-
Total Liabilities & Shareholders' Equity	1,705,053	1,496,722	1,325,230	1,237,422	1,168,278

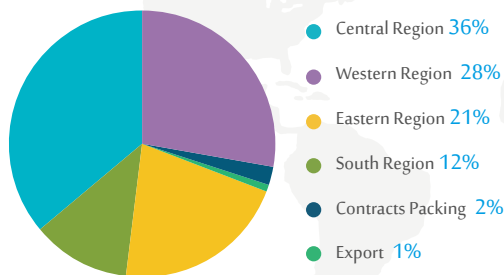
Five-Year Balance Sheet Chart (Amounts in SR '000)



IV. GEOGRAPHICAL ANALYSIS OF COMPANY SALES

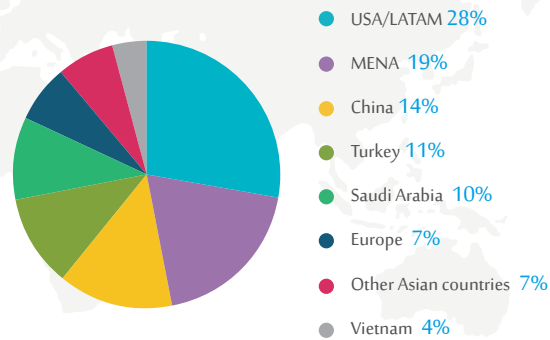
1) Geographical analysis of Zain's sales

Essentially, Alujain Holding Corp's consolidated sales amounted SR 14.38 Million comes from its subsidiary (Zain) by selling its products within and outside the Kingdom of Saudi Arabia, as presented in the chart



2) Geographical analysis of NATPET's sales

The total sales of NATPET and its subsidiaries for current year amounted is SR 1,207, and products were sold inside and outside the Kingdom of Saudi Arabia, directly and indirectly, as presented in the chart



V. ZAKAT AND OTHER AMOUNTS ACCRUED/PAID TO THE GOVERNMENT

ZAKAT STATUS

On a standalone basis, Alujain made total provision of SR1.68 million for estimated 2020 Zakat return and against the difference in Zakat due for the year 2018. The accrued Zakat balance is SR1.45 million. Other issues are summarized below:

- **The company** obtained its final Zakat certificates up to the year 2016, after signing an agreement with the General Authority for Zakat and Tax (GAZT) to settle the differences of Zakat assessments for the years 2003 to 2016. The total additional assessments were around SR32.58 million which were settled for an amount of SR14.5 million as a one-time payment. The settlement amount of SR14.5 million was paid during 2019.
- **During January 2020**, GAZT issued final Zakat assessment for the year 2018 with an additional Zakat of SR 64 thousand, which was paid and the final Zakat certificate was obtained.
- **The company** has submitted its 2019 Zakat return which is under review by GAZT.
- **The company** will submit its Zakat declaration for the year 2020 on the due date.

AMOUNTS PAID TO THE GOVERNMENT

On a standalone basis, following is a summary of amounts paid and accrued by Alujain to the Government:

(SR '000)	Paid	Accrued
Zakat	1,068	1,617
Additional Zakat assessed for the years 2018	64	-
General Organization for Social Insurance	64	-
Tadawul	603	-
Registration, visas and other expenses	131	-
Total	1,930	1,617

VI. SUBSIDIARY COMPANY

1. National Petrochemical Industrial Company (NATPET):

NATPET is a closed joint stock company incorporated in the Kingdom of Saudi Arabia with its head office in Jeddah and Propylene/Polypropylene Complex in Yanbu Industrial City to produce Propylene/Polypropylene and its derivatives, having a name plate production capacity of 400,000 tons per year of polypropylene. The authorized and paid-up capital comprised 107 million shares of SR10 per share as at the end of current year.

Alujain currently holds 57.4% of the total equity of NATPET. On September 2013, NATPET shares owned by Alujain 57.4% of NATPET total shares are pledged against NATPET loans from commercial bank. In September 03, 2020, the pledged has been redeemed.

NATPET has two companies in Yanbu Industrial City for propylene products, (1) Geo NATPET (formerly Bonar NATPET) for non-woven geotextile products which is 100% owned by NATPET, and NATPET Schulman for the production of polypropylene compounds, which it owns equally with Lyndel Basil Co.

NATPET and its subsidiaries reported total sales of SR1,207 Million for current year, with no significant production or operational profits during previous year (due to fire and reconstruction). The net profit of NATPET during 2020 was SR411.54 million, as compared to net profit of SR377.10 million during 2019 with an increase of 9.13%.



2. Zain Industries Company Ltd (Zain):

Zain is a Saudi Limited Liability Company incorporated in Kingdom of Saudi Arabia with its head office and plant in Jubail Industrial City, with a paid-up capital of SR40 million, comprised of 4,000 shares of SR10,000 per share, Alujain holds 98.75% ownership in Zain as the end of current year. Its main objective is to produce homecare products (spray starch, air-fresheners, anti-static spray, bleach, fabric softener, oven cleaner, furniture polish, stainless steel polish etc.), insecticides and all kinds and forms, beside general health products.

During 2020, Zain reduced its paid-up capital by SR20 million as per its partners' decision dated 06 October 2020 and amended its articles of association accordingly.

Zain's sales during 2020 is SR14.38 million as compared to SR23.73 million during 2019, with net loss of SR4.18 million (2019 profit was SR0.80 million). The decrease in sales during 2020 is mainly due to Corona pandemic related bans. Zain's products mainly depend on laundries market, which was badly affected this year. There are certain non-recurring expenses to improve company's business.

Zain will complete implementation of company's business development plans and will add new cleaning products, disinfectants and aromatic scents to its current range of detergents, disinfectants and household washing materials which will qualify company to enter and compete in wholesale and retail markets as a better option than focusing on commercial laundry market only.





3. Alujain Company for Investment (ACI):

ACI is a Limited Liability Company owned 100% by Alujain Holding Corp. (Parent Company) was incorporated in the Kingdom of Saudi Arabia during 2017, with a paid-up capital of SR 100 thousand. The Parent Company has transferred 26,008,709 shares held in NATPET (representing 20% share capital of NATPET) to ACI under an agreement dated August 17, 2017. Legal formalities to update the share register of NATPET to reflect the new shareholding are under process. ACI's purpose is to engage in sale and purchase of land and real estate, and to provide commercial and administrative services, However, ACI has not commenced commercial operations yet.

4. Alujain Industrial Company (AIC):

AIC is a Limited Liability Company owned 100% by Alujain Holding Corp. (Parent Company) was incorporated in the Kingdom of Saudi Arabia during 2017, with a paid-up capital of SR 100 thousand. The Parent Company has transferred 26,008,709 shares held in NATPET (representing 20% share capital of NATPET) to AIC under an agreement dated August 17, 2017. Legal formalities to update the share register of NATPET to reflect the new shareholding are under process. AIC's purpose is to engage in providing commercial and administrative services. However, AIC has not commenced commercial operations yet.

VII. SUMMARY OF LOANS

Below are the details of the loans for Alujain Holding Corp. and its subsidiaries:

1) Alujain Holding Corp. (SR '000)

Bank	Credit limit	Withdrawals	Advance payments	Outstanding balances	Loan repayments during 2020
Short-term loans and credit facilities (Islamic)					
Aljazira Bank	30,000	17,778	-	-	17,778
Total	30,000	17,778	-	-	17,778

2) NATPET and its Subsidiary (SR '000)

Description of loan	Terms of loans	Original loans	Loan repayments		Outstanding balances
			Prior years	Current year	
Islamic Facility Agreement/ Commercial Banks	Term loan, 8 Yrs.	1,000,000	868,380	131,620	-
Public Investment Fund (PIF)	Term loan, 10 Yrs.	750,000	675,000	75,000	-
Saudi Fund For Development (SEP) (Settled in Q1 2021)	Short Term loan, 1 Year	50,749	-	-	50,749
Arab Banking Corporation (ABC)	Short Term loan, 3 Months	28,125	-	28,125	-
Saudi Industrial Development Fund (SIDF) (For NATPET's Subsidiary)	Term loan, 8 Yrs.	76,600	12,500	-	64,100
Others	No fixed repayment period	21,645	-	-	21,645
Total		1,927,119	1,555,880	234,745	136,494

During 2020, NATPET paid all long-term loans, leaving only the loans of its subsidiaries.



VIII. INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying consolidated financial statements of ALUJAIN HOLDING CORPORATION (the "Company") and its subsidiary (collectively the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants (SOCPA).

Emphasis of Matters

We draw attention to the following:

1) As explained in Note (9) of the accompanying consolidated financial statements, end of 2019, established four companies, Mna Company, Developed Fawasel Chemical Company, Abraj Altaj Plastic Industrial Company and Professional Afaq Company ("the four companies") without paid their capital as of 2019, and in Jan 1, 2020 NATPET company signed contract with a combined value of SR 559 million so that the four companies can purchase shares in Alujain Holding Corporation and pay off the loan on December 31, 2025. Through first quarter for their 2020, NATPET company gave up its full shares in these four companies in stages, and the management of NATPET believes that the process of assigning ownership of these four companies is illegal, and legal procedures have begun to restore its ownership and control over these four companies. Accordingly, the financial statements of these four companies were not consolidated within the consolidated financial statements of NATPET company for the year ending on December 31, 2020. In addition, NATPET company obtained a legal opinion that supports its position and confirms its ability to recover the value of the loan by the due date, and our opinion has not been amended based on this matter.

2) As explained in Note (9) and Note (30) to the accompanying consolidated financial statements which describes that NATPET invested in Alujain Holding Corporation shares and the fair value of those shares as of December 31, 2019 amounted to about SR 223 million (7.435 million shares). At the beginning of March 2020, NATPET sold all these shares. On March 10, 2020, a court ruling was issued against NATPET and any of its subsidiaries, whether owned directly or indirectly, restricting the rights of shares owned by NATPET Company in the Alujain Holding Corporation until ownership is corrected and moving properly through activating the regular role of the General Assembly of NATPET, according to the Regulations for Companies. Management, after consulting with legal counsel, believes that this ruling includes restricting the rights of these shares transferred by NATPET to others as long as the transfer of shares is in a fictitious and unrealistic manner. Our opinion is not further modified in respect of this matter.

3) As explained in Note (9) to the accompanying consolidated financial statements which describes that a court ruling was issued at the end of 2019 revoking the NATPET General Assembly's decision regarding dividends amounting SR 107 million related to year ended December 31, 2018. The General Assembly of NATPET was held on May 31, 2020, and approved a dividend of SR 107 million for the year ended December 31, 2019. Our opinion is not further modified in respect of this matter.

IX. GENERAL ASSEMBLY

A) Constitution of the Board of Directors (BOD)

The following table shows the number of general assembly meetings held during the year and the names of the members of the board of directors' present.

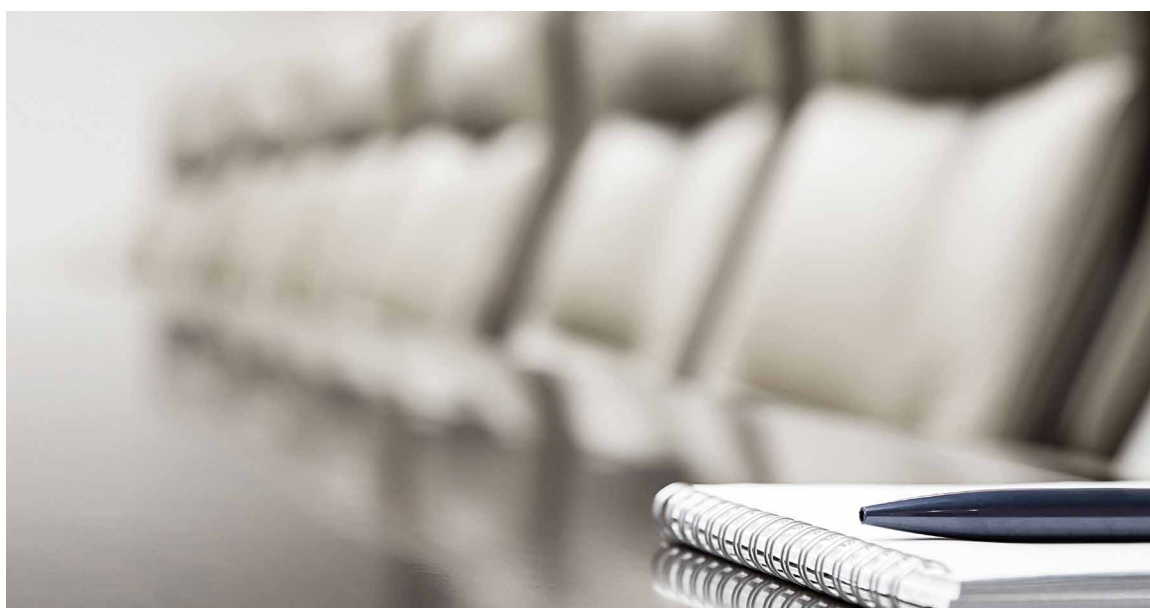
Names	EOGA no 9 04/02/2020	OGA no 32 (Cancelled*) 10/03/2020	OGA no 33 10/06/2020	OGA no 34 18/08/2020
Mohammed Saleh Alkhalil	✓	✓	✓	✓
Abdulwahab Abdulkareem Al-Betairi	✓	✓	✓	✓
Jamail Jamail Sifrah	✓	✓	X	Not member
Saad Saud Abonayan	✓	X	✓	Not member
Abdullah Owdah Alenazi	X	X	✓	Not member
Khalid Mohammed Aldawood	✓	✓	✓	✓
Aziz Mohammed Al Gahtani	✓	✓	✓	✓
Hani Suliman Alsaleh	✓	✓	✓	✓
Abdullah Abdulrahman Alayadhi	✓	X	X	Not member
Omar Mohammed Alkhuwaiter	Not member	Not member	Not member	✓
Saad Shafer Alharbi	Not member	Not member	Not member	✓
Abdullaziz Abdulrahman Alfrayan	Not member	Not member	Not member	✓
Ali Abdullaziz Alturki	Not member	Not member	Not member	✓

* Ordinary General Assembly No. 32 was cancelled due to violation of OGA rules by some shareholders.

B) The company's applications for the register of shareholders

The following table shows the number of the company's requests for shareholders' register during the year, the dates and reasons for those requests

No.	Reason	File Date	Request Time	No.	Reason	File Date	Request Time
1	Co. Procedures	05/01/2020	05/01/2020	9	Co. Procedures	05/03/2020	05/03/2020
2	Co. Procedures	08/01/2020	08/01/2020	10	Co. Procedures	08/03/2020	08/03/2020
3	Co. Procedures	27/01/2020	27/01/2020	11	OGA	10/03/2020	10/03/2020
4	OGA	04/02/2020	04/02/2020	12	Co. Procedures	08/04/2020	08/04/2020
5	Co. Procedures	12/02/2020	12/02/2020	13	Co. Procedures	19/05/2020	19/05/2020
6	Co. Procedures	23/02/2020	23/02/2020	14	OGA	18/08/2020	18/08/2020
7	Co. Procedures	27/02/2020	27/02/2020	15	Co. Procedures	15/09/2020	15/09/2020
8	Co. Procedures	03/03/2020	03/03/2020	16	Co. Procedures	10/11/2020	10/11/2020



X. BOARD OF DIRECTORS

A. Constitution of the Board of Directors

The Board of Directors consisted of nine members as per below table:

No.	Names	Membership		
		Executive	Non-Executive	Independent
1	Mohammed Saleh Alkhalil (Chairman)		✓ From 01/06/2020	✓ Till 31/5/2020
2	Abdulwahab Abdulkareem Al-Betairi (Deputy Chairman)		✓ From 01/06/2020	✓ Till 31/5/2020
3	Omar Mohammed Alkhuwaiter*			✓
4	Khalid Mohammed Aldawood (CEO - Acting)	✓		
5	Aziz Mohammed Al Gahtani			✓
6	Hani Suliman Alsaleh			✓
7	Saad Shafer Alharbi*		✓	
8	Abdullaziz Abdulrahman Alfrayan*			✓
9	Ali Abdullaziz Alturki*			✓
-	Jamail Jamail Sifrah**		✓	
-	Saad Saud Abonayan**			✓
-	Abdullah Owdah Alenazi**		✓	
-	Abdullah Abdulrahman Alayadhi**			✓

* They were elected during the General Assembly meeting held on 10/06/2020 to be a member Board of Directors for the session starting on 15/06/2020.

* Mr. Saad Shafer Alharbi submitted his resignation, and it is considered valid as of the end of 31/12/2020.

** The membership of the Board of Directors ended on 14/06/2020.



B. Names, qualifications, experiences, and current and previous positions of the Board and Committees' members and the Executive Management.

1) Functions of current Board members:

Name	Current Positions	Previous Positions	Academic Qualifications	Experiences
Mohammed Saleh Alkhalil	Chairman of Seera Group Holding - Chairman of Alujain Holding Corp.	Business Man	Bachelor of Science and Computer Engineering (King Fahd University of Petroleum and Minerals). Master of Business Administration with honors (Colorado University)	Long experience in investment, real estate, travel, tourism, petrochemicals and industrial sector. He held several positions as Chairman of Board of Directors or a member of Board of Directors of several tourism and travel companies, petrochemicals and real estate
Abdulwahab Abdulkareem Al-Betairi	Managing Partner - Watar Partners Co.	Co-founder and member of Executive Committee - The Family Office	Bachelor of Finance (King Fahd University of Petroleum and Minerals) Master - Business Administration (London Business School)	Investment, Finance, Banks & Administration
Omar Mohammed Alkhuwaiter	Director - Insurance & Claims Department (Bahri Co.)	Director - Risk Management & Insurance Department – (SABIC Co.)	Bachelor of Accounting (King Faisal University) Cert.CII Professional Insurance from the Chartered Institute of London	Insurance
Khalid Mohammed Aldawood	Partner - Energy Efficiency Co.	G.M. Economy Planning & Risk Management (Saudi Arabian Mining Co. - Maaden)	Bachelor of Electrical and Control Engineering Master, Business Administration	Industrial asset management, economics, engineering and management
Aziz Mohammed Algahtani	Financial and Administrative Advisor - Takamol Holding.	Chief Audit Executive, Saudi Technology Development & Investment Co. (TAQNIA)	Bachelor - Accounting (King Fahd University of Petroleum and Minerals) Master - Accounting (King Fahd University of Petroleum and Minerals)	Long experience in internal auditing, accounting, finance, risk assessment, corporate governance and professional consulting
Hani Sulaiman Alsaleh	CEO, Arabian Hala Co.	CEO - Naqel Co.	Master - Business Administration (Babson College - USA)	Supply chains, Logistics, and general management
Saad Shaher Alharbi	Head of Banking Relations (National Water Co. - NWC)	Executive Vice President (Ahmed Al Fahhad Operation & Maintenance Co.)	Bachelor of Organization & Administrative (King Abdulaziz Uni.) Master of Business Administration (Asia Metropolitan Uni.)	Business administration and economics
Abdullaziz Abdulrahman Alfrayan	Founder & Chairman of the Board at Dr. Abdulaziz Alfrayan Law Firm	Deputy of Minister of Human Resources and Social Development	Beachelor's degree, Islamic Law - Al-Imam Muhammad Ibn Saud Islamic University Master - Criminal justice Naif Arab University for Security Sciences PhD – Islamic Poloicy- Al-Imam Muhammad Ibn Saud Islamic University	Legislation and Regulations
Ali Abdullaziz Alturki	Founder and CEO of Energy Capital Group	Executive Chairman - Redland Industrial Services (Arabia) Ltd. - RISAL	Bachelor - Manufacturing Engineering (Boston University)	Investment, financial services, oil and marine services, industrial services and contracting



2) Functions of current committee's members

Name	Current Positions	Previous Positions	Academic Qualifications	Experiences
Saleh Hamad Alshinifi Member of Audit Committee	Internal audit advisor	Internal audit advisor – STC Member Board of Directors - Saudi Organization for Certified Public Accountants (SOCPA)	Bachelor - Business Administration – Accounting - (King Saud University) Master - Business Administration (Saint Louis University - America) PhD - Business Administration – Accounting - (Florida Atlantic University - America)	Finance
Jasim Shaheen Alrumaihi Member of Audit Committee	Full-time financial and management consultant	Director, Arab Open University Eastern Province	Bachelor - Accounting (King Saud University) Master - Accounting (University of Missouri, Kansas, USA) Ph. D. Accounting (University of Dundee, England)	Financial and administrative field

3) Functions of current executive management:

Name	Current Positions	Previous Positions	Academic Qualifications	Experiences
Saleem Akhtar	VP Finance Alujain Holding Corp.	Finance Manager, Khalid Ali Al-Turki Group, Khobar	CPA, USA ACMA, Pakistan	Finance and Accounting for more than 25 years

C. Names of companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board or a manager

Member Name	Names of Companies in which a Board member is a member of their current Board or a manager	Inside/ Outside KSA	Legal entity	names of Companies in which a Board member is a member of their previous Board or a manager	Inside/ Outside KSA	Legal entity
Mohammed S. Alkhalil	Seera Group Holding	inside	Joint Stock	Tatweer Holding Company	inside	LLC
	FAD Investment & Development	inside	LLC	Manafea Holding Co.	inside	Closed joint stock
	Akwaan Real Estate Company	inside	Closed joint stock	Thakher Investment & Real Estate Co	inside	LLC
	ARKAN Steel Company	inside	LLC			
	Cementra Company	outside	Private Closed			
	Kanolfi Food Industries Ltd. Co	inside	LLC			
	Tatweer Buildings Company	inside	LLC			
	Inwan AlMakan for Real Estate Investment	inside	LLC			
	Elite Doctors Medical Co.	inside	Closed joint stock			
	Unaizah Investment Co.	inside	Closed joint stock			
	Unaizah Wqfiah Co.	inside	Closed joint stock			
	Al Tahaluf Real Estate Company	inside	LLC			
Al Widyah Real Estate Company	inside	Closed joint stock				
National Petrochemical Industrial Co.	inside	Closed joint stock				
Abdulwahab A. Al-Betairi	Osool & Bakheet Investment Co.	inside	Closed joint stock	Future ceramic Company	inside	Closed joint stock
	Sunbulah Group	inside	Closed joint stock	Capital Market Authority	inside	Government
	National Petrochemical Industries Co. (NATPET)	inside	Closed joint stock	TriSpan LLP Corporation	outside	LLC
	Al Himmah Tadamon Company	inside	LLC			
	Manafeth Ambulance & Handicap Vehicles	inside	LLC			
	Riyadh Cables Group Co.	inside	LLC			
	Riyadh Chamber	inside	Government			
Bank AlJazira	inside	Joint Stock				
Omar M. Alkhuwaiter	Bahri Co.	inside	Joint Stock	SABIC	inside	Joint Stock
	North of England Insurance Co.	outside	LLC	West of England insurance	outside	LLC
Khalid M. Aldawood	Energy Efficiency Corp. - Non-Executive Partner	inside	LLC	Saudi Aramco	inside	Closed joint stock
	National Petrochemical Industrial Co. (NATPET)	inside	Closed joint stock	Shell Global	inside	Closed joint stock
				Alpha Enterprises Company	inside	LLC
			Saudi Arabian Mining Co.(Maaden)	inside	joint stock	
Aziz M. Algahtani	Al-Hamadi Development & Investment	inside	joint stock	Saudi Technology Development & Investment Co. (TAQNIA)	inside	Government
	Middle East Specialized Cables Co - MESC	inside	joint stock	Petroleum, Chemical and Mining Co.	inside	LLC
	Saudi Real Estate Co.	inside	joint stock	Business Triangle Co.	inside	LLC
	Jazan Energy and Development Company	inside	joint stock	Saudi Research & Marketing Group	inside	joint stock
	Mouwasat Medical Services Co.	inside	joint stock	Nadec Agricultural Company	inside	joint stock
				Basic Chemical Industries Corp.	inside	joint stock
				Saudi Telecom Company	inside	joint stock
			Saudi Aramco	inside	Government	
			Yanbu Cement Company	inside	joint stock	
Hani S. Alsaleh	Al-Ethad Cooperative Insurance Co.	inside	Joint stock	Emirates NBD Capital Saudi Arabia	inside	LLC
	Health Water Bottling Co.	inside	Closed joint stock			
	Naqel Co.	inside	Closed joint stock			
	Hala Car Services Co.	inside	LLC			
	Specialist business Co. for cars	inside	LLC			
	Hala Supply Chains Services	inside	LLC			
Dermabit Waterproofing Co.	inside	LLC				
Saad S. Alharbi	Vision Business Company	inside	LLC			
	Dawam Alafyah Company	inside	LLC			
	Majd Medical Care Company	inside	LLC			
	National Petrochemical Industries Co (NATPET)*	inside	Closed joint stock			
Abdullaziz A. Alfrayan	Al-Hamadi Development & Investment	inside	joint stock			
Ali A. Alturki	Samba Capital	inside	Closed joint stock	Rawabi Holding	inside	LLC
	Jinan Real Estate	inside	Closed joint stock	Rawabi United Safety	inside	LLC
	United Safety	Outside	LLC	Rawabi Hot Head	inside	LLC
				Franks Rawabi	inside	LLC
				.Nesma & Co	inside	LLC
				Red Land Industrial Services	inside	LLC
				Rawabi Valians Marine Services	inside	LLC
			News Geosolutions	Outside	LLC	

* Mr. Saad bin Shafer Al-Harbi submitted his resignation from the board of directors of NATPET effective 31/12/2020.

- Listed joint stock

- Closed joint stock

- Limited liability



D. Meetings

The following table shows number of meetings of Board of Directors during the year:

Directors	Mtg# 115 12/01/2020	Mtg# 116 18/05/2020	Mtg# 117 15/06/2020	Mtg# 118 19/07/2020	Total Present
Mohammed Saleh Alkhalil	✓	✓	✓	✓	4
Abdulwahab Abdulkareem Al-Betairi	✓	✓	✓	✓	4
Omar Mohammed Alkhuwaiter	Not member	Not member	✓	✓	2
Khalid Mohammed Aldawood	✓	✓	✓	✓	4
Aziz Mohammed Al Gahtani	✓	✓	✓	✓	4
Hani Suliman Alsaleh	Proxy	✓	✓	✓	3
Saad Shaher Alharbi	Not member	Not member	✓	✓	2
Abdullaziz Abdulrahman Alfrayan	Not member	Not member	✓	✗	1
Ali Abdullaziz Alturki	Not member	Not member	✓	✓	2
Jamail Jamail Sifrah	✗	✗	Not member	Not member	-
Saad Saud Abonayan	Proxy	✓	Not member	Not member	1
Abdullah Owdah Alenazi	✓	✓	Not member	Not member	2
Abdullah Abdulrahman Alayadhi	✓	✓	Not member	Not member	2

E. Board Committees : There are three Board Committees as detailed below

1. Audit Committee:

1-1 Summary of functions and responsibilities:

The audit committee is responsible for monitoring company's business and verifying the integrity and fairness of its financial statements and internal control systems. The duties and responsibilities of the committee, as per its Charter in Corporate Governance Regulations, include the following:

Reviewing the Company's quarterly and annual financial statements before presenting to the Board of Directors for their review and approval. The AC is responsible for the integrity, fairness and transparency of all activities of the company and to express their opinion/s and corrective measures, if any to the Board.

To provide the technical opinion, at the request of the Board of Directors, whether the Board of Directors' report and the financial statements of the Company are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.

Studying any important or unusual items/issues contained in financial statements.

Investigating thoroughly any matters raised by the Company's CFO, his representative, the Compliance Officer or the Auditor.

Verification of accounting estimates on material matters in the financial reports.

Studying the policies and accounting principles used in the company and expressing its opinion and recommendations to the board of directors in this regard.

Supervising and monitoring the performance and activities of the internal auditor and the internal audit department of the company, in order to verify the availability of the necessary resources and its effectiveness in carrying out the work and tasks entrusted to it.

Studying the internal audit reports and follows up the implementation of the corrective measures of the observations contained therein.

Studying and reviewing the internal and financial control systems and risk management in the company.

Recommending to the Board of Directors to appoint the Director of the Internal Audit Unit or Department or the Internal Auditor and propose his remuneration.

Recommending to the Board of Directors the nomination and removal of auditors, the determination of their fees and the evaluation of their performance. After ascertaining their independence and reviewing the scope of their work and the terms of their contract.

Verification of the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account relevant rules and standards.

Reviewing the audit plan of the company and its work, and verifying that it does not provide technical or administrative works beyond the scope of the audit work, and make comments thereon.

Answering the inquiries of the company's auditors.

Studying the auditor's report and its observations on the financial statements and following up on what has been taken.

Reviewing the results of the reports of the regulatory bodies and verifying that the company took the necessary action.

Verification of the company's compliance with relevant laws, regulations, instructions and policies.

Reviewing contracts and transactions proposed by the company with related parties and submitting their views thereon to the Board of Directors.

Ensuring the efficiency of the internal audit in the investee companies by reviewing the annual evaluation of the quality of the internal audit of these companies and as permitted by the partner agreements and submitting to the Board of Directors as it sees fit.

Carrying out special tasks related to the investee companies when requested by the Board of Directors.

Raising the issues for which it deems necessary to take action to the Board of Directors and recommending the actions to be taken.

Establishing a mechanism that allows employees of the company to submit their comments on any overruns in financial or other reports in secret. The Committee shall verify the application of this mechanism by conducting an independent investigation commensurate with the size of the error or overrun and adopting appropriate follow-up procedures.

1-2 The Results of the annual review of the effectiveness of Internal Audit procedures for the year 2020:

The Board of Directors reviewed the audit committee's report for the audit results for the year 2020, which states that the committee did not discover a fundamental weakness in the internal control systems and their integrity during the year 2020, and the recommendation to appoint an internal auditor for the company during the year 2020.

The audit committee's report:

During the year, the Audit Committee held eight meetings to carry out the following tasks:

1. Review the annual audited financial statements for 2020 as well as the quarterly financial statements and follow up the corrective actions taken to address the comments of the External Auditor.
2. Voting for the Board of Directors to appoint the external auditor from candidates to audit financial statements, determine his fees, and supervise the plan and scope of the external auditor's work, and ensure his independence.
- 3 - Follow-up of the implementation of the control procedures contained in the Companies Regulations, the Corporate Governance Regulations and the Audit Committee's Articles of Association.
- 4 - Recommendation of Audit Committee to appoint an internal auditor for company during the year 2020.

Based on the assurances obtained by Audit Committee from external auditor and executive management, the committee did not discover that there was a fundamental weakness in the internal control systems and their integrity during the year 2020, with the need for continuous review and development of the systems and policies in order to raise efficiency and effectiveness of control activities. Note that any system of internal control - regardless of the soundness of its design and effectiveness of its implementation - cannot provide absolute assurance.

1-3 Audit Committee Members:

The committee consists of three members as follows:

1. For the period ended on 14.06.2020*

Members	Membership
Aziz Mohammed Al Gahtani	Member of BOD - Independent - Chairman
Saleh Hamad Alshinafi	Independent
Jasim Shaheen Alrumaihi	Independent
Mohammed Abdullah Alibrahim	Independent

* Membership of the Audit Committee ended on 14/06/2020.

2. For the period from 15.06.2020 until the end of the current session of the Board *:

Members	Membership
Aziz Mohammed Al Gahtani	Member of BOD - Independent - Chairman
Saleh Hamad Alshinafi	Independent
Jasim Shaheen Alrumaihi	Independent

* The formation of the Audit Committee, specifying its tasks and operating controls, and rewarding its members for the current session, which started on 15/06/2020 and ends on 14/06/2023, was approved at the Extraordinary General Assembly meeting on 10/06/2020.

1-4 Audit Committee Meetings:

The following table shows the number of committee meetings during the year:

Members	Mtg# 85 20/06/20	Mtg# 86 01/07/20	Mtg# 87 15/08/20	Mtg# 88 19/08/20	Mtg# 89 23/08/20	Mtg# 90 07/09/20	Mtg# 91 05/10/20	Mtg# 92 27/10/20	Total Attendance
Aziz Mohammed Al Gahtani	✓	✓	✓	✓	✓	✓	✓	✓	8
Saleh Hamad Alshinafi	✓	✓	✓	✓	✓	✓	✓	✓	8
Jasim Shaheen Alrumaihi	✓	✓	✓	✓	✓	✓	✓	by phone ✓	8

2. Nomination and Remuneration Committee:

2-1 Summary of functions and responsibilities:

The functions and responsibilities of the Nomination and Remuneration Committee mentioned in the Nominations and Remuneration Committee's working list within the approved corporate governance regulations include the following:-

- **To prepare** a clear policy for the remuneration of members of the board of directors and committee's members and executive management and submit to the Board for consideration in preparation for approval by the General Assembly taking into account the standards related to performance, disclosure and verification of implementation.
- **To clarify** the relationship between the bonuses awarded and the applicable remuneration policy and indicate any core deviation from this policy.
- **Periodic review** of remuneration policy and evaluation of its effectiveness in achieving its objectives.
- **Recommending** to the Board of Directors the remuneration of the members of the Board of Directors and committee's members and the senior executives of the Company in accordance with the approved policy.
- **To propose** clear policies and criteria for membership in the Board of Directors and Executive Management.
- **Recommending** to the board of directors the nomination and re-nomination of members in accordance with approved policies and criteria taking into account that no person who has been convicted of a crime against the Secretariat shall be nominated.
- **To prepare** a description of the abilities and qualifications required for Board membership and occupy executive management jobs.
- **Determining** the time at which a member should specify to the works of the Board of Directors.
- **Annual review** of the necessary skills or experience requirements for board membership and executive management jobs.
- **To review the** structure of the Board and Executive Management and make recommendations on possible changes.
- **To verify** annually the independence of the independent members and to ensure that there is no conflict of interests between the company and the members of the board of directors.
- **To develop** a functional description of executive members, non-executive members, independent members and senior executives.
- **To establish** Special procedures in the event of presence of a vacant position in the Board of Directors or senior executives.
- **To identify** weaknesses and strengths in the board of directors and propose solutions to address them in line with the company's interests.



2-2 The Nomination and Remuneration Committee Members:

The current Committee consists of three members as follow:

1. For the period till 14.06.2020*:

Members	Membership
Abdulwahab Abdulkareem Al-Betairi	Member of BOD - Independent - Chairman
Hani Suliman Alsaleh	Member of BOD - Independent
Othman Mohammed Khujah	Independent

* Membership of the Nominations and Remuneration Committee ended on 14/06/2020.

2. For the period from 15.06.2020 until the end of the current session of the Board *:

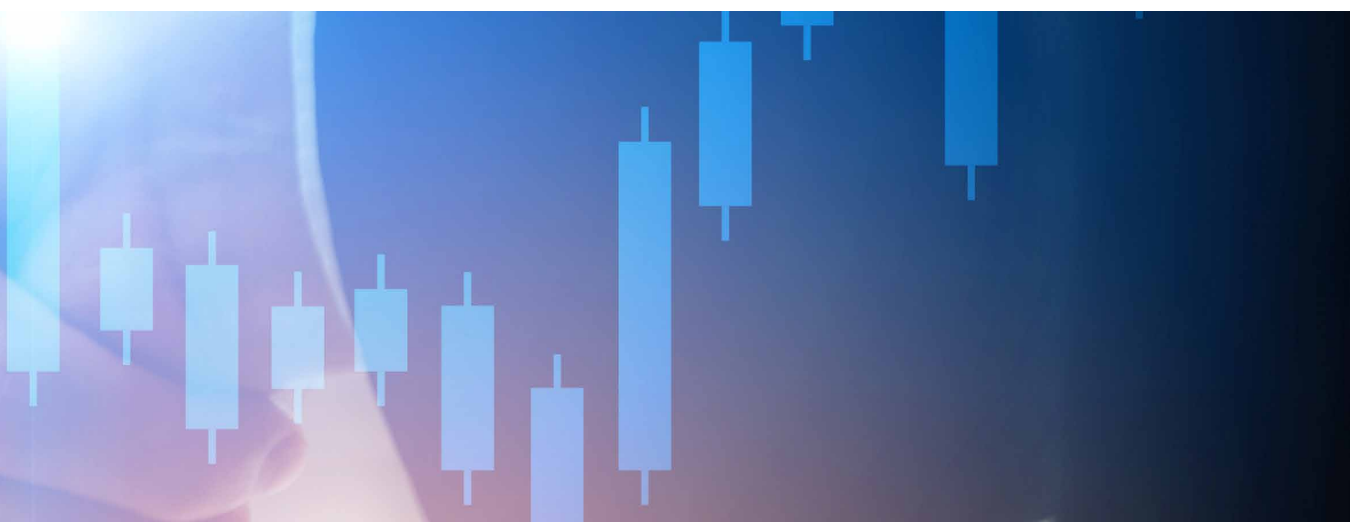
Members	Membership
Hani Suliman Alsaleh	Member of BOD - Independent - Chairman
Abdullaziz Abdulrahman Alfrayan	Member of BOD - Independent
Omar Mohammed Alkhuwaiter	Member of BOD - Independent

* The Board of Directors decided to form the Nomination and Remuneration Committee on 15/06/2020.

2-3 The Nomination and Remuneration Committee Meetings:

The following table shows the number of committee meetings during the year:

Members	Mtg# 31 02/01/20	Mtg# 32 03/02/20	Mtg# 33 10/02/20	Mtg# 34 13/02/20	Mtg# 35 16/02/20	Mtg# 36 09/04/20	Mtg# 37 01/06/20	Mtg# 38 28/12/20	Total Attendance
Abdulwahab A. Al-Betairi	✓	✓	✓	✓	✓	✓	✓	Not member	7
Hani Suliman Alsaleh	✓	✓	✓	✓	✓	✓	✓	✓	8
Othman Mohammed Khujah	✓	✓	✓	✓	✓	✓	✓	Not member	7
Abdullaziz Abdulrahman Alfrayan				Not member				✓	1
Omar Mohammed Alkhuwaiter				Not member				✓	1



3. Investment and Development Committee:

3-1 Summary of functions and responsibilities:

The duties and responsibilities of the Investment and Development Committee mentioned in the list of work of the Investment and Development Committee within the approved corporate governance regulations include the following:

- Identification of investment strategy and policies (subject to Board approval) as well as guidelines including policies and guidelines on asset classes, allocation of assets, prohibited investments and valuation.
- To review and approve investments made by or on behalf of the Company in accordance with the limits approved by the Board of Directors.
- To review proposed new investments and monitor compliance with investment policies and procedures.
- To review whether the proposed investment is a transaction with a related party that requires special attention, review and approval by the Board of Directors.
- To review and approve any investment criteria or other methods of measuring the investments used by the Company to monitor the performance of its investments.
- To review transactions related to Zakat / Taxes and zakat / tax liability related to these investment transactions.
- To review the accounting transaction and disclosure of each investment transaction to ensure that it is presented fairly in accordance with Generally Accepted Accounting Standard.
- Continuous monitoring of the performance of the Company's investment advisors and their retention as deemed appropriate by the Committee.
- To perform any other responsibilities related to the activities and investment policies of the company or other matters that may be assigned to the committee by the Board from time to time.
- To perform any other functions that may be requested by the Board from time to time or may be required by the policy of the Board of Directors.
- The Committee shall have the powers of the Board of Directors to perform and approve the activities entitled to it by the Board of Directors except for the following:-
 - * Recommend to the Board of Directors to approve the annual budget of the company.
 - * Approval of periodic and annual financial reports.
 - * Approval of company's business strategies.
- To inform the Committee's decisions to the board of directors at their next meeting.
- The Committee has the power to retain the consultants and other experts as the Committee deems necessary to carry out its duties and responsibilities.
- The Committee may conduct or authorize investigations or study of matters within the scope of the Commission's responsibilities. It may also retain an independent consultant or other advisers as the Committee deems necessary to perform its responsibilities properly at the expense of the Company. The Executive Chairman shall, with the approval of the Committee, maintain or terminate the service of any expert or consultant to be retained under the direction of the Committee or the Chief Executive Officer to assist the Committee in carrying out its responsibilities including the authority to approve fees or other compensation and retention periods of such consultant or expert. The Company shall bear such fees or rewards.

3-2 The Investment and Development Committee Members:

The Committee consists of five members as follows:

Members *	Executive/Non-executive/ Expert
Abdullah Owdah Alenezi	Member of BOD – non Executive - Chairman
Abdulwahab Abdulkareem Al-Betairi	Member of BOD - Independent
Khalid Mohammed Aldawood	Member of BOD - Executive
Adel Ali Alsayed	Independent
Rami Hassan Farahat	Independent

* The membership of Investment and Development Committee ended on 14/06/2020, and the Investment and Development Committee was not approved within the company's committees in the amended and approved corporate governance on 08/18/2020.

3-3 The Investment and Development Committee Meetings:

The following table shows the number of committee meetings during the year:

Members	Mtg# 7 30/04/20	Total
Abdullah Owdah Alenezi	✓	1
Abdulwahab Abdulkareem Al-Betairi	✓	1
Khalid Mohammed Aldawood	✓	1
Adel Ali Alsayed	✓	1
Rami Hassan Farahat	✓	1

F. Movement of Shares Owned By Directors, Senior Executives & Their Family Members

• The following table includes a description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on the shares or debt instruments of the Company:

1) Ownership of members and members of their families:

Name	Beginning of the year		End of the year		Net Change	Change %
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Mohammed Saleh Alkhalil	110,000	-	110,000	-	-	-
Abdulwahab Abdulkareem Al-Betairi	4,843	-	50,000	-	(45,157)	(0.065%)
Omar Mohammed Alkhuwaiter*	-	-	-	-	-	-
Khalid Mohammed Aldawood	-	-	-	-	-	-
Aziz Mohammed Al Gahtani	1,000	-	1,000	-	-	-
Hani Suliman Alsaleh	500	-	500	-	-	-
Saad Shafer Alharbi*	-	-	35	-	35	0.001%
Abdullaziz Abdulrahman Alfrayan*	-	-	-	-	-	-
Ali Abdullaziz Alturki*	-	-	-	-	-	-
Jamail Jamail Sifrah**	1,000	-	-	-	(1,000)	(0.001%)
Saad Saud Abonayan**	-	-	-	-	-	-
Abdullah Owdah Alenazi**	-	-	-	-	-	-
Abdullah Abdulrahman Alayadhi**	-	-	-	-	-	-

* They were elected during the General Assembly meeting held on 10/06/2020 to be a member Board of Directors for the session starting on 15/06/2020

** The membership of the Board of Directors ended on 14/6/2020

2) Ownership of senior executives and members of their families:

Name	Beginning of the year		End of the year		Net Change	Change %
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Khalid Mohammed Aldawood (CEO)	-	-	-	-	-	-
Saleem Akhtar (VP – Finance)	-	-	-	-	-	-

• There is no interest, contractual securities or rights issue to the Board members, Senior Executives and their relatives on the shares or debt instruments of the Company's subsidiaries.

G. Procedures taken by the Board to inform its members, Non-Executive Directors in particular, of shareholders' suggestions and remarks on the Company and its performance:

The Chairman of the Board and the Chief Executive Officer (CEO) inform the members of the Board of Directors about the opinions, suggestions, or comments of the shareholders at the first Board meeting.

XI. REMUNERATION/COMPENSATION OF CHAIRMAN, BOARD OF DIRECTORS AND TOP EXECUTIVES

1) Policy of the remuneration of Board members and committee's members and Executive Management

The remuneration policy for members of Board of Directors, committee's members and Senior Executives was prepared within the corporate governance. This policy approved in the Ordinary General Assembly (OGA) meeting on 12/21/2017, and the amendment of this policy approved in OGA meeting on 18/08/2020.

A) Remuneration of Board members and committee's members

- Board members' remuneration consists of a certain amount, attendance allowance for sessions, specific benefits, or a certain percentage of net profits, and it is permissible to combine two or more of these benefits. The remuneration of the members may be of varying amounts to reflect the member's experience, competence, tasks entrusted to him and his independence, the number of sessions he attended, and any other considerations at the discretion of the Board of Directors.

- If the remuneration is a specific percentage of the company's profits, this percentage may not exceed 10% of the net profits, after deducting the reserves decided by the General Assembly, and after distributing a profit to the shareholders of not less than 5% of the company's paid-up capital.

- In all cases, the remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors receive shall not exceed the amount of five hundred thousand riyals (500,000) annually in accordance with the controls set by the Ministry of Commerce and Investment and the Financial Market Authority.

- The remuneration of the members may be of varying amounts to reflect the member's experience, competence, tasks entrusted to him, his independence, the number of sessions he attended, and any other considerations at the discretion of the Board of Directors.

- The remuneration of the independent members of the board of directors should not be a percentage of the profits achieved by the company or it should not be based directly or indirectly on the profitability of the company according to what is set by the competent authority.



The following are the details of the policies related to annual bonuses and session attendance allowances for members of the Board, Committee's Member:

• For the period from beginning of the year until 18/08/2020: (Amounts in SR'000).

Description	BOD	Description	Committees Members
Chairman remuneration	350	Chairman remuneration	100
Member remuneration	300	Member remuneration	80
Meeting Attendance allowance	6	Independent Member remuneration	100
Other expenses not exceeding	2	Meeting Attendance allowance	5
		Other expenses not exceeding	2

• For the period from 19/08/2020 to the end of the year *: (Amounts in SR'000)

Description	BOD	Description	Committees Members
Chairman remuneration	350	Chairman remuneration if member	75
Member remuneration	250	Chairman remuneration if not member	150
Attendance meeting allowance	4	Member remuneration if member	50
Other expenses not exceeding	2	Member remuneration if member	100
		Attendance meeting allowance	3
		Other expenses not exceeding	2

* The shareholders in Extraordinary General Assembly held on 18/08/2020 approved the amendment of the company's corporate governance

B) Remuneration of Executive Management

- Monthly salary and additional allowances such as housing, transportation, and medical insurance, according to the company's regulations.
- Annual bonus based on the employee's annual performance evaluation.

C) The remuneration granted to members of the board of directors, committee's members and executive management are in line with the remuneration policy in force and approved by the shareholders, and there is no material deviation from this policy.

2) Board Member remuneration (Amounts in SR,000)

	Fixed Remuneration						Variable Remuneration					End-of-service award	Grand Total	Expenses/Allowance
	Specific amount *	Allowance for attending the Board meeting	Allowance for attending committee meeting	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary / a member	Total	Profit share	Periodic remunerations	Short-term incentive plans	Long-term incentive plans			
First: Independent Members														
Saad Saud Abonayan **	133	6	-	-	-	-	139	-	-	-	-	-	139	-
Aziz Mohammed Al Gahtani	270	24	30	-	-	-	324	-	-	-	-	-	324	-
Hani Suliman Alsaleh	270	18	38	-	-	-	326	-	-	-	-	-	326	-
Abdullah Abdulrahman Alayadhi **	133	12	-	-	-	-	145	-	-	-	-	-	145	-
Omar Mohammed Alkhuwaiter ***	137	12	3	-	-	-	152	-	-	-	-	-	152	-
Abdullaziz Abdulrahman Alfrayan ***	137	6	3	-	-	-	146	-	-	-	-	-	146	-
Ali Abdullaziz Alturki ***	137	12	-	-	-	-	149	-	-	-	-	-	149	-
Total	1,217	90	74	-	-	-	1,381	-	-	-	-	-	1,381	-
Second: Non-executive Members														
Mohammed Saleh Alkhalil	347	24	-	-	-	4,000	4,371	-	-	-	-	-	4,371	-
Abdulwahab Abdulkareem Al-Betairi	270	24	40	-	-	-	334	-	-	-	-	-	334	-
Saad Shafer Alharbi ***	137	12	-	-	-	-	149	-	-	-	-	-	149	-
Jamail Jamail Sifrah **	133	-	-	-	-	-	133	-	-	-	-	-	133	4
Abdullah Owdah Alenazi **	133	12	5	-	-	-	150	-	-	-	-	-	150	-
Total	1,020	72	45	-	-	4,000	5,137	-	-	-	-	-	5,137	4
Third: Executive Members ****														
Khalid Mohammed Aldawood	270	24	5	-	-	-	299	-	-	-	-	-	299	-
Total	270	24	5	-	-	-	299	-	-	-	-	-	299	-

* Remuneration of members whose end on 14/06/2020 was paid during 2020 and members whose started on 15/06/2020 during 2021.

** Member Board of Directors ended on 14/06/2020

*** New member Board of Directors from 06/15/2020

**** Remuneration and allowances paid to executive members are for their membership as board members and not for their executive positions in company.

3) Senior Executives Remuneration (Amounts in SR,000)

	Fixed remunerations				Variable remunerations					End-of-service award	Grand Total	Expenses/Allowance
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations *	Profits	Short-term incentive plans	Long-term incentive plans	Total			
Khalid Mohammed Aldawood (MOD & CEO) **	360	-	-	360	240	-	-	-	240	-	600	8
Saleem Akhtar (VP – Finance)	485	170	33	688	50	-	-	-	50	95	833	-
Total	845	170	33	1,048	290	-	-	-	290	95	1,433	8

* Paid during 2021.

** Salaries and remunerations paid to member of board of directors are for his position as CEO of company and not as a member of board of directors.

4) Committees Members Remuneration (Amounts in SR>000)

	Fixed Remuneration (Except attending allowance)*	Attending meetings allowance	Total
Audit Committee Members			
Aziz Mohammed Al Gahtani	86	30	116
Saleh Hamad Alshinafi	100	30	130
Jamail Jamail Sifrah	100	30	130
Mohammed Abdullah Alibrahim (Till 14/6/2020)	45	-	45
Total	331	90	421
Nomination & Remuneration Committee			
Abdulwahab Abdulkareem Al-Betairi	44	35	79
Hani Suliman Alsaleh	77	38	115
Othman Mohammed Khujah	44	35	79
Abdullaziz Abdulrahman Alfrayan	28	3	31
Omar Mohammed Alkhuwaiter	28	3	31
Total	221	114	335
Investment & development Committee			
Abdullah Owdah Alenezi	44	5	49
Abdulwahab Abdulkareem Al-Betairi	35	5	40
Khalid Mohammed Aldawood	35	5	40
Adel Ali Alsayed	44	5	49
Rami Hassan Farahat	44	5	49
Total	202	25	227

* Remuneration of members whose end on 14/06/2020 was paid during 2020 and members whose started on 15/06/2020 during 2021.

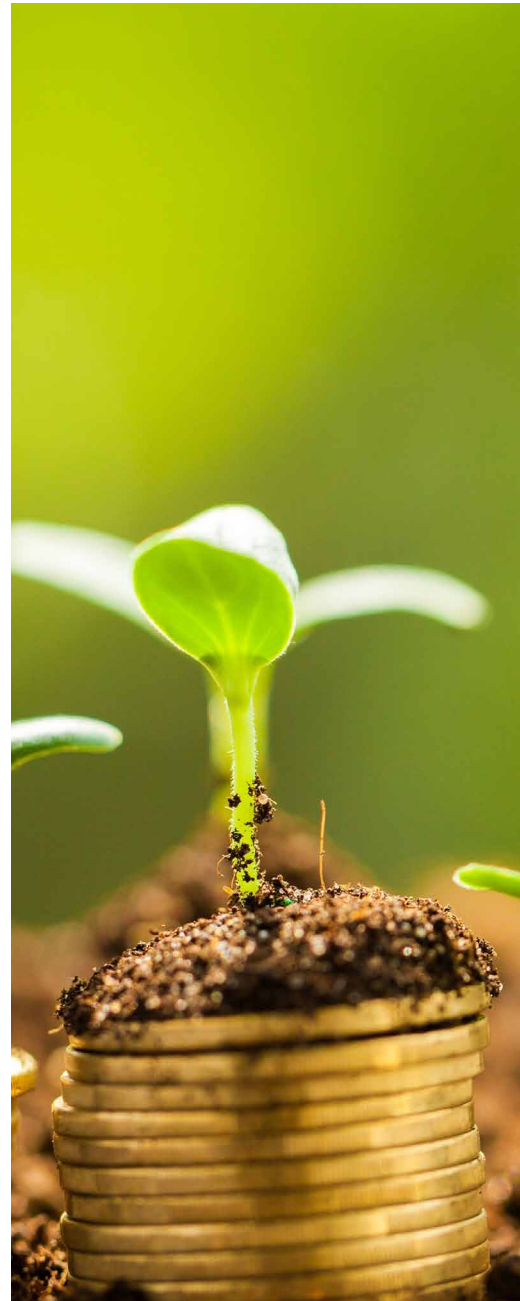
XII. TRANSACTIONS WITH RELATED PARTIES

There are no significant transactions / contracts during the year between the Company and the members of the Board or senior executives.

XIII. PROFIT DISTRIBUTION POLICY

The Company's net profits (annual, semi-annual or quarterly) shall be distributed after the approval of the Ordinary General Assembly of the Council and this approval shall be renewed annually after deduction of all general expenses and other costs as follows:-

- 10% of the net profits shall be deducted from the statutory reserve of the Company. The Ordinary General Assembly may decide to discontinue such deduction when the said reserve reaches 30% of the paid-up capital.
- Ordinary General Assembly on the proposal of the Board of Directors can avoid 30% of the net profit to form a statutory reserve specified to support the financial position of the company.
- The statutory reserve shall be used to cover the losses of the company or capital increase. If this reserve exceeds 30% of the paid-up capital, the general assembly of the company may decide to distribute the increase to the shareholders in the years in which the company does not achieve sufficient net profits to distribute their share specified for them in this system.
- The Ordinary General Assembly may decide to make other reserves to the extent that it serves the interest of the Company or to ensure the distribution of fixed profits to the shareholders as much as possible. The Assembly may also deduct from the net profits amounts to establish social corporations for the company's employees or to assist the existing ones.
- The residue shall be distributed to the shareholders a percentage at least 5% of the paid-up capital of the company.



The shareholder shall be entitled to his share of the profits in accordance with the General Assembly decision issued in this regard. The decision indicates the entitlement date and the date of distribution and the entitlement of profits to the shareholders registered in the shareholders' registers at the end of the day specified for entitlement.

XIV. POTENTIAL BUSINESS RISKS

The Group's activities expose it to a variety of potential business risks, market risks, financial risks (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The risk management is carried out by senior management under policies approved by the board of directors.

Risks	The potential impact of risks	How it is handled/mitigated
Control over Major Investment (NATPET)	As explained earlier in 2017 BOD report, Alujain Holding Corp. lost control over its major investment, (Alujain invested 98% of its paid-up capital in NATPET and owns 57.4% of NATPET), and such dealing with and removing this risk was one of the most important objectives of the previous and current Board of Directors	Control issue has changed substantially by the end of NATPET Board of Directors term on May 31, 2020, whereby Alujain Holding Corp. was able to effectively represent the Board and in the executive management of NATPET. The Board of Directors is working to develop what guarantees the sustainability of this situation and its strengthening in the future
Currency Risk (related to NATPET operations)	Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in normal course of its business. The Group did not undertake any significant transactions in currencies other than the Saudi Riyal, US dollar, and Euro. The Group's management monitors the fluctuations in currency exchange rates and believes that currency risk is not material. However, there are no significant foreign currency contracts due at the end of the current year. As the Saudi Riyal is pegged to US dollar, the group is not exposed to foreign currency risk	The group does not undertake significant transactions in currencies other than the Saudi Riyals or US dollar and lesser extent of Euro. Management monitors these operations on a regular basis. However, there were no material foreign exchange contracts in place as at the end of current year
Raw Material Price Differences (For NATPET operations)	The Raw material prices may vary adversely, which are related to international gas and petroleum derivative prices	The prices are beyond the control of the Group
Economic Risks (related to NATPET operations)	The finished product is sold in international market and any global or regional recession may impact the financial performance	Group sales activities are not restricted to any particular region, but are spread across the globe. Therefore, any fluctuation in prices is beyond the control of the Group
Operational Risk	Group's activities expose it to a variety of operational risks at the plants operated by its subsidiaries/associate companies, which are defined as "any circumstances or situation when equipment failure poses a threat to (1) health & environment and (2) production loss and repair cost	These risks are managed based on a "template decision making matrix", to minimize potential adverse effects on Group's operational performance. The Group also consults its vendor, licensor & third party experts, if needed
Legal Risks (pertaining to NATPET operations)	Being subjected to legal issues such as imposition of anti-dumping tax or anti-trust laws by countries where the subsidiaries' products are sold could affect the Group sales	The Group develops its strategies based on the changing global market conditions and remains vigilant to initiate appropriate measures to overcome such situations
Liquidity Management Risk	Alujain Holding Corp.'s major investment is in NATPET (The company owns 57.4% of NATPET) and dividends from NATPET are the main source of cash for the company despite NATPET's high cash balance	The management believes that cash and cash equivalents will be sufficient to meet its obligations for more than a year, with creditworthiness enabling the company to obtain short-term loans from banks in case there is an operational or investment need
COVID-19 Risks	Covid-19 risks may cause company's business to be disrupted if it escalates to point where it becomes difficult for NATPET to continue its business, noting that prices began to recover significantly	The consequences of COVID-19 can still be dealt with no significantly affecting operating business. Although this pandemic has greatly affected the prices of the company's products, NATPET, and the demand for Zain's main products (laundry detergents), the impact is still within the range that does not constitute a threat to its continuity

XV. CORPORATE GOVERNANCE

The company is committed to implementing all the mandatory articles stipulated in the Corporate Governance Regulations. Following are some guiding materials that have not yet been applied and requirements for their application and expected impact of adherence to them are being evaluated:

Item No.	Text	Reasons for not applying
39	Training	Guidance article: This will be studied by Nomination and Remuneration Committee
41	Evaluation	Guidance article: Nomination and Remuneration Committee will study adoption of evaluating Board members
70	Formation of Risk Management Committee	Guidance article
71	Terms of Risk Management Committee	Guidance article
72	Risk Management Committee meetings	Guidance article
76	Create a unit or audit department	Guidance article: An external office has been appointed to carry out the internal audit work based on the audit committee's recommendation to appoint an internal auditor during the year 2020
77	Internal audit plan	Guidance article: The audit committee approved the internal audit plan
78	Internal audit report	Guidance article: The Audit Committee reviewed the internal audit report
85	Motivate employees	Guidance article
87	Social Responsibility	Guidance article
88	Social work initiatives	Guidance article



XVI .BOARD DECLARATIONS

1. **The Company's** financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and there is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants and were audited by independent auditors as per International standards on auditing that are endorsed in the Kingdom of Saudi Arabia.

2. **The board** declares that:

- Proper books of account have been maintained.
- The system of internal control is sound in design and has been effectively implemented; and
- There are no significant doubts concerning the issuer's ability to continue as a going concern.

3. **The external** auditors have given an unqualified opinion on the financial statements for the period ended on December 31, 2020 with Emphasis of Matters, which are described in the "Independent Auditor's Report" section of this report.

4. **There were** no penalties or preventive restrictions imposed on the company during the year except suspending the shares of Alujain Holding Corp. from trading during the year as follow:

Date	Duration	Reason for suspension
05/03/2020	One Day	Upon the company's request in preparation for the announcement of a material event.
30/04/2020	69 Days	Due to the delay in receiving approved financial statements for 2019 of NATPET, and accordingly external auditor stated that they will not be able to complete review process for financial statements of Alujain for 2019 before the end of the time specified by the CMA to announce annual results for the year 2019 on 31/03/2020

5. **There were** no any convertible debt instruments, contractual securities, right issue or similar rights issued or granted by the Company during year.

6. **There were** no any conversion or subscription rights under any convertible debt instruments, contractually based securities, rights issue or similar rights issued or granted by the Company during the year.

7. **Subsidiaries** have not issued any shares and debt instruments during the year.

8. **There were** no any redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the Company and those purchased by its subsidiaries.

9. **The Company** has not received any notices for any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives), along with any change to such rights during the year.

10. **There were** no material contracts awarded to any related parties including directors, Senior Executives or any person related to any of them during the year, other than as described in the "Board of Directors" section and "Related Party Transactions" section in this report.

11. **There were** no long-term loans outstanding during the year, except for short-term credit facilities and loans granted to NATPET, which are described in the "Summary of Loan" section of this report.

12. **There were** no loans given to any of its directors, except as shown in "Related Party Transaction" section in this report.

13. **There are** no treasury shares held by the Company during the year.

14. **The Company** has not received waiver any remunerations from any Board member or senior executives.

15. **The Company** has not received any arrangements or agreements under which a shareholder of the Company has waived any rights to dividends.

16. **The Company** has not made any investments or created reserves for its employees, except for, as is required by Saudi Labor Law and Company policies.

17. **The company** has not contributed in any of the social responsibility programs during the year.

18. **Board has** not recommend to replace the external auditor before the end of the term for which it is appointed.

19. **Audit committee's** recommendation regarding appointing an internal auditor for company during 2020.

20. **There is no** conflict between audit committees' recommendations and with Board's resolutions during the year.

XVII. Corporate Governance

1. Vote on the Board of Directors' Report for 2020.
2. Vote on the 2020 year-end financial statements and external auditors' report.
3. Vote on the appointment of external auditors from among the candidates by the Audit Committee to review the financial statements for the second, third and annual quarters of 2021 and the first quarter of 2022, and determine his fees.

The Chairman and the Board of Directors express their appreciation and gratitude to the Custodian of the Two Holy Mosques King Salman Bin Abdul-Aziz Al-Saud; HRH Crown Prince Mohammad bin Salman bin Abdul-Aziz Al Saud, Deputy Prime Minister & Minister of Defense for their continued cooperation and support.

Thanks also to the Shareholders for their continued support, and the Executive Management and Staff of the Company for their great efforts, which helped to achieve the Company's goals in 2020.

BOARD OF DIRECTORS





