



**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

## **Board of Directors report**

### **Saudi Vitrified Clay Pipe Company**

### **Submitted to the General Assembly 2020**

The Board of Directors of The Saudi Vitrified Clay Pipe Company is pleased to present to the shareholders its annual report for the fiscal year ended 31/12/2020 accompanied by audited financial statements, including the most important developments, results and activities.

### **About The Company**

The Saudi Vitrified Clay Pipe Company was established in 1397H, 1977AD for the purpose of producing clay pipes, as a limited liability company that was transformed in 2007 into a joint stock company with a capital of 150 million riyals.

### **Company Policy**

- Production and Supply of high stable quality clay pipes according to the requirements of international specifications and client requirements.
- Application and Maintaining of the Quality System ISO 9001:2015
- Work on continuous development in all active areas of the company.
- Maintaining the leading position for the production and distribution of clay pipe products in the Middle East.



**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

---

## **The Company's main activity.**

The company's activity includes the production, manufacture, import, export and sale of Clay pipes and their connections and accessories of complementary and rubber connections and others in different sizes from 100 mm to 1200 mm, where the company is keen to provide integrated solutions of high quality and conform to international standards and applied specifications in the company's various projects for all services to create sewage network lines and household connections both inside and outside the Kingdom.

The company is keen to ensure that all the requirements of different projects are met at all times by ensuring the supply of the requirements of pipes, connections and so on quickly and immediately, whatever the circumstances and reasons.

The production capacity of the company's factories is 200,000 tons per year, with the company keen to import some materials in the event of a shortage of any items to ensure that the supply of projects continues to avoid delays in the progress of projects.

## **Production**

The company's production was 85,344 tons for 2020 compared to 82,431 tons for 2019, with an increase of 3.53%.



Saudi Pottery Pipe Production Company  
Saudi Vitrified Clay Pipe  
Co.

**First: Financial results and company performance**

**1. Summary of the company's assets, liabilities and results for the last five fiscal years**

**A. Financial Position Statement**

(Thousands of riyals)

Statement	In accordance with international standards applied in Saudi Arabia				
	2020	2019	2018	2017	2016
Current assets	125,020	136,659	118,661	137,051	225,269
Non-current assets	195,810	209,090	215,085	226,772	240,955
<b>Total assets</b>	<b>320,830</b>	<b>345,749</b>	<b>333,746</b>	<b>363,823</b>	<b>466,224</b>
Current Liabilities	20,292	37,409	23,973	42,315	113,538
Long-term loans	-	-	-	-	-
Non-current Liabilities	21,559	23,244	16,620	16,723	17,187
<b>Total Liabilities</b>	<b>41,851</b>	<b>60,653</b>	<b>40,593</b>	<b>59,038</b>	<b>130,725</b>
Share Capital	150,000	150,000	150,000	150,000	150,000
Statutory Reserve	75,000	75,000	75,000	75,000	75,000
Retained Earnings	53,979	60,096	68,153	79,785	110,499
<b>Total shareholders' equity</b>	<b>278,979</b>	<b>285,096</b>	<b>293,153</b>	<b>304,785</b>	<b>335,499</b>
<b>Total liabilities and shareholders' equity</b>	<b>320,830</b>	<b>345,749</b>	<b>333,746</b>	<b>363,823</b>	<b>466,224</b>

## B. Income Statement

(Thousands of riyals)

Statement	In accordance with international standards applied in Saudi Arabia				
	2020	2019	2018	2017	2016
Sales	123,369	122,619	117,964	164,355	293,605
Cost of sales	(83,396)	(84,521)	(92,208)	(107,901)	(179,770)
<b>Gross profit</b>	<b>39,973</b>	<b>38,098</b>	<b>25,756</b>	<b>56,454</b>	<b>113,835</b>
Other income	-	-	-	1,673	2,967
Selling and Marketing expenses	(6,634)	(6,487)	(5,832)	(10,110)	(18,788)
General and Administrative expenses	(20,300)	(19,618)	(12,447)	(16,170)	(19,142)
<b>Operating profit</b>	<b>13,039</b>	<b>11,993</b>	<b>7,477</b>	<b>31,847</b>	<b>78,872</b>
Other income (expense)	182	(226)	(799)	(1,287)	(3,454)
<b>Net profit before zakat</b>	<b>13,221</b>	<b>11,767</b>	<b>6,678</b>	<b>30,560</b>	<b>75,418</b>
<b>Zakat</b>	<b>(2,547)</b>	<b>(2,987)</b>	<b>(2,290)</b>	<b>(1,606)</b>	<b>(2,171)</b>
<b>Net profit</b>	<b>10,674</b>	<b>8,780</b>	<b>4,388</b>	<b>28,954</b>	<b>73,247</b>
<b>Earnings per share from net profit</b>	<b>0.71</b>	<b>0.59</b>	<b>0.29</b>	<b>1.93</b>	<b>4.88</b>

Some numbers of 2019 statements have been reclassified to correspond to the current year classification.

## C- Retained Earnings Statement

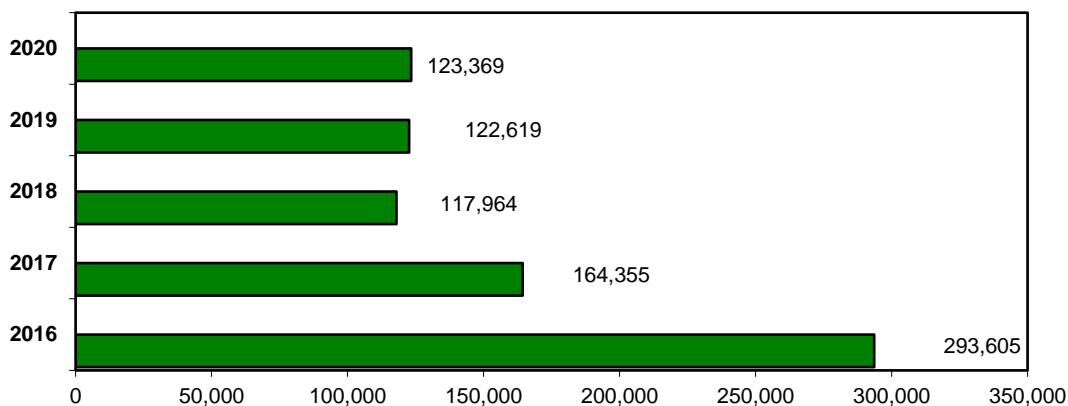
(Thousands of riyals)

Statement	Sr
Balance of Retained Earnings as of 01/01/2020	<b>60,096</b>
Added net profit for 2020	<b>10,674</b>
Dividends are deducted for 2020	<b>(15,000)</b>
Other comprehensive Loss items for 2020 are deducted	<b>(1,791)</b>
Balance of Retained Earnings as at 31/12/2020	<b>53,979</b>

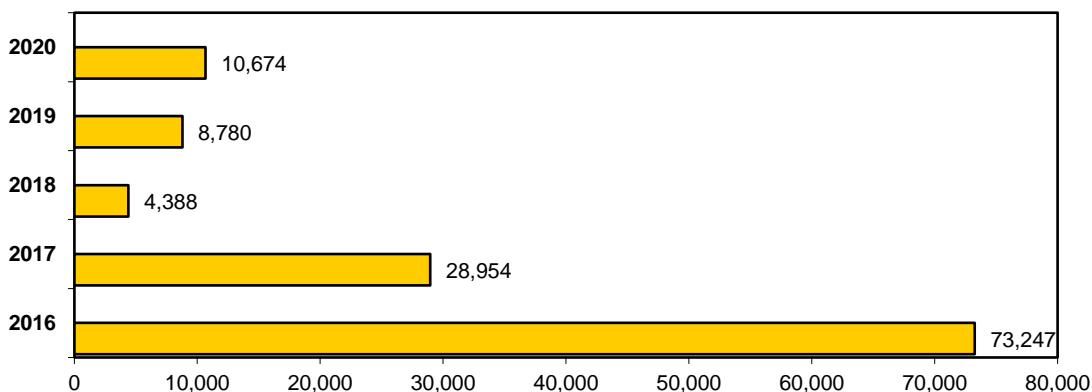
### D-Retained Earnings

The balance of retained earnings as of 31/12/2020 is SAR 53,979,049.

Revenue's growth for five years (2016-2020)  
(Thousands of riyals)

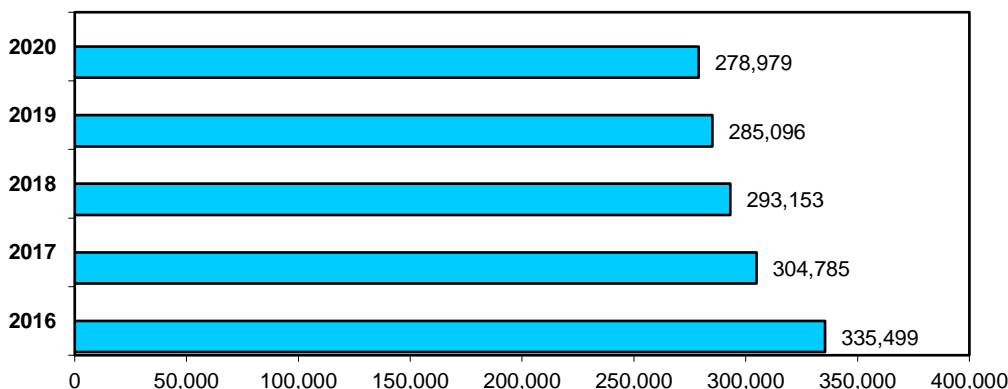


Net profit's growth for five years (2016-2020)  
(Thousands of riyals)



### Shareholders' equity Change in Five Years (2016-2020)

(Thousands of riyals)



### 2- Geographical analysis of the revenues of the company for 2019 and 2020

Statement	2020	2019	Change
Central Region Sales	46,712,439	46,621,424	91,015
Northern Region Sales	15,732,059	16,545,009	(812,950)
Southern Region Sales	19,097,560	18,827,952	269,608
Eastern Region Sales	2,392,668	400,633	1,992,035
Western Region Sales	37,783,352	40,120,828	(2,337,476)
<b>Total domestic sales</b>	<b>121,718,078</b>	<b>122,515,846</b>	<b>(797,768)</b>
Overseas Sales (GCC and Europe)	1,651,065	102,837	1,548,228
<b>Total</b>	<b>123,369,143</b>	<b>122,618,683</b>	<b>750,460</b>

### 3. Any Material differences in the operational results compared to the previous year's results or any expectations announced by the company:

(Thousands of riyals)

Statement	2020	2019	Changes	Percentage of change
<b>Sales</b>	123,369	122,619	750	0.61%
<b>Cost of sales</b>	(83,396)	(84,521)	(1,125)	(1.33%)
<b>Gross profit</b>	39,973	38,098	1,875	4.92%
<b>Operating expenses</b>	(26,934)	(26,105)	829	3.18%
<b>Operating profit</b>	13,039	11,993	1,046	8.72%



# Saudi Pottery Pipe Production Company Saudi Vitrified Clay Pipe Co.

## 1. Profits

- The company's net profit before zakat for the year 2020 is SAR 13,221,490 while the net profit before zakat for the previous year was SAR 11,766,866, with an increase of 12.36% due to increase of sales and Decrease of cost of sales.
- The provision of zakat and income tax for the year 2020 is SAR 2,546,945.
- The company managed to achieve an operating profit for the year 2020 equal to SAR 13,039,057 while the operating profit for the previous year was SAR 11,993,370, with an increase of 8.72% due to increase of sales and Decrease of cost of sales.

## Information on loans:

1. Short-term loans: The Company did not take any short-term loans in year 2020.
2. Long-term loans: The Company did not take any long-term loans in year 2020.

Also, The Company acknowledges that it does not have any loans from financial institutions and banks or from Shareholders during the year 2020.

**A Statement of the value of any paid and outstanding statutory payments on account:**

Description	2020		Brief description	Reasons
	Paid amount	Outstanding amount until the end of the annual financial period		
<b>Zakat</b>	4,349,609	-	Zakat paid for 2020, zakat differences paid for final Settlement for years 2014 - 2017	Zakat paid for 2020, zakat differences paid for final Settlement for years 2014 - 2017
<b>Taxes</b>	5,107,770	527,531	Tax paid for 2020	Provision for December 2020
<b>GOSI</b>	1,579,032	161,096	The company is obliged to pay social insurance fees in compliance with the law	Provision for December 2020
<b>Visas and Passports costs</b>	349,100	-	The company is obliged to pay visa and passport fees without delay	The company is obliged to pay visa and passport fees without delay
<b>Labor Office fees</b>	96,353	-	The company is obliged to pay the labor office fees without delay	The company is obliged to pay the labor office fees without delay
<b>Quarry fees</b>	63,000	45,634	The company is obliged to pay a rental fee and for the quantities consumed from the quarries to the "Modon" authority	The company is obliged to pay a rental fee and for the quantities consumed from the quarries to the "Modon" authority
<b>Customs Duties</b>	966,223	-	The company is obliged to pay customs duties for goods imported from abroad	The company is obliged to pay customs duties for goods imported from abroad





**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

**A Statement as to the value of any investments made or any reserves set up for the benefit of the employees of the company**

The company is keen to secure the future of its employees and achieve job security for them. The following is a table showing the value of the provision during the year 2020 for the benefit of the company's employees

**(Thousands of riyals)**

Item	Balance as of 01/01/2020	Provision during 2020	Paid amount	Actuarial remeasurement losses	Balance as of 31/12/2020
End-of-service Indemitiy	18,056	1,706	(4,782)	1,792	16,772

**A Description of the activities of any debt instruments**

There are no transferable debt instruments convertible into shares, contractual securities, any option rights, subscription right notes, or similar rights, and there are no transfer or subscription rights under debt instruments convertible into shares, contractual securities, option rights, or subscription right notes. Or similar rights issued or granted by the company, and there is no refund, purchase or cancellation by the company of any recoverable debt instruments during the year 2020.

**Any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants**

There is no inconsistency from the accounting standards issued by the Saudi Organization of Certified Public Accountants (SOCPA) regarding the review of the company's financial statements.

**A Description of any transaction between the Company and any Related Party**

The Company acknowledges that there are no transactions or contracts in it or there was a substantial interest in it for one of the members of the board of directors, the general manager, the financial manager or any person related to any of them.

**Auditors' report and financial statements**

The auditors' report shows that financial statements present fairly, in all material respects, the financial position of the company as at December 31 2020, and its financial performance and cash flows for the year then ended in accordance with the international Financial Reporting Standards that are endorsed in Kingdom of



# Saudi Pottery Pipe Production Company Saudi Vittrified Clay Pipe Co.

Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

## Company External Auditors

The General Assembly approved the appointment of RSM Allied Accountants (Dr. Abdelgadir Bannaga & Partners Co.) as auditor of the company from among the candidates based on the recommendation of the Audit Committee to examine, review and verify the financial statements for the second, third quarters and annual of fiscal year 2020 and the first quarter of fiscal year 2021 and determine its fees.

## Board's Declarations

According to the board's role and responsibilities in protecting the company's assets, The Board of Directors, based on the information available to it, the auditor's report, the results of current market requirements and future indicators, confirms the following:

1. Records of accounts have been properly prepared.
2. Internal control system is built on sound basis and is effectively implemented.
3. There are no significant doubts concerning the Company's ability to continue carrying out its activity.

## Recommendations of the Audit Committee, which are conflicted with the board's decisions, or which the Board has refused to adopt on the appointment and dismissal of the company's auditor, the determination of its performance, the evaluation of its performance or the appointment of the internal auditor, the justifications for those recommendations, and the reasons for not taking them

There are no recommendations from the audit committee that conflict with the board's decisions, which the Board has refused to take on the appointment and dismissal of the company's auditor, the determination of its fees, the evaluation of its performance, or the appointment of an internal auditor.

## A Discription of the Company's significant plans and decisions and Future expectations

### Significant Plans and decisions

At present, the Management has no intention of restructuring the Company or discontinuing its operations.



## Saudi Pottery Pipe Production Company Saudi Vittrified Clay Pipe Co.

### Future Expectations

The company's total sales in 2020 were at the same rate in 2019, where the increase was 0.6% due to the delay to start new projects due to the impact of the markets on the Covid-19 pandemic, which affected most economic sectors, both domestically and globally, hoping to end soon, especially in the KSA as a result of its great efforts, which will certainly have a positive impact on the progress of projects as well as the launch of new projects during the year 2021. and the following years, however, the work in many of the current projects has developed steadily during the year 2020, which has led to the maintenance of the demand for the company's products in a stable manner while maintaining the rate of production capacity of the company and consequently improving production costs, which in turn led to an increase in operating profits by 8.72% from the previous year, which is expected to continue during the year 2021..

There are expectations of a return of activity to the markets at the beginning of next year 2021, it is expected a positive impact of performance and market demands and expected growth in the completion of projects during next year, which will positively affect the volume of sales according to current indicators, as the company will focus on export markets to increase sales.

### International Financial Reporting Standards

The company applied the international standards for financial reports from 01/01/2017 which became mandatory for listed companies as of 01/01/2017. The company has prepared its initial and annual financial statements for the fiscal year 2020 accordingly and during the specified regular periods.

### Value Added Tax

The company applies VAT in line with regulations in Saudi Arabia from 01/01/2018. The company has been registered in VAT with the General Authority for Zakat and Income, although VAT will not have a substantial impact on the company's results.



## **Information on any risks facing the company and the policy of managing and monitoring these risks**

The risks described below do not include all the risks that the Company may face, but there may be additional risks that are not currently known to the Company, or may be considered insignificant by the Company, that may hinder its operations.

A- The company's market is influenced by economic factors affecting the economy in general, and related to the financial situation and income level, where the oil sector is the most influential sector on the Saudi economy and where the volatility of oil prices affects the level of expenditure in general.

B- Since its inception, the company has relied on an experienced management team in management and operation, and the approval of these leaders is one of the most important elements affecting the development and progress of the company's performance.

### **Commission rate risk**

The risk of commission rates represents the risks of a financial instrument's fluctuation as a result of changes in the prevailing commission rates in the market. The company manages its cash flows by monitoring the timing between the cash flow collected and the cash flow used. However, the risk of commission rates in this regard is not considered substantial. The company is subject to the risk of commission rates on its commission-related liabilities including term loans.

### **Currency risk**

Currency risk resulting from fluctuations in the value of financial instruments due to changes in foreign exchange rates. The management monitors the volatility of foreign exchange rates and believes that the company is not subject to the risk of exchange rate change significantly except the Euro, since the official currency of the company is the Saudi riyal, which is the main currency that the company deals with and its price is currently fixed and by a small margin against the US dollar. The company also deals in Euro currency according to the prevailing exchange rates in the market, and the company also uses derivative financial instruments to reduce exchange rate risk.



## **Credit risk**

Credit risk represents the inability of one party to meet its Liabilities, resulting in the other party incurring a financial loss. Financial instruments that may expose the company to debt concentration risks consist mainly of balances with banks, cash in the fund and debtors' accounts. The Company deposits its cash balances in several of financial institutions with high credit capabilities and embarks on a policy to reduce the size of its holdings deposited in each financial institution. The company does not believe that there is a significant risk of inefficiency from these financial institutions. The company does not believe that it is subject to debt risk in relation to debtors' accounts due to its client base directly or indirectly linked to government contracts.

## **Liquidity risk**

The difficulties faced by the company are in providing funds to fulfill pledges related to financial instruments. The Company manages liquidity risk by ensuring that funds are available to meet any future Liabilities. The Company does not consider that it is subject to substantial liquidity risks.

## **Dividends distributing policy**

As stipulated in the Article of Association, the distribution of profits depends on the amount of net profits achieved, their financial situation, the state of the market, the company's needs for reinvestment and monetary and capital requirements. The Board of Directors proposes at the end of each financial year to the General Assembly to distribute the company's net profits after all public expenses and other costs, including zakat, which are paid legally as follows:

1. Set a side (10%) From the net profits to form the company's statutory reserve, the General Assembly may decide to stop this sparing when the reserve reaches 30% of the paid-up capital.
2. The General Assembly may decide to form other reserves, to the extent that is in the company's interest or ensures that fixed profits are distributed as much as possible to shareholders. The association may also deduct from the net profits amounts to establish social institutions for the company's workers or to assist those which exist.
3. 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.
4. Subject to the provisions stipulated in Article (20) of the company's Articles of Association, and Article (76) of the Companies Law, after the aforementioned, a percentage not exceeding 10% of the remainder shall be allocated to the





**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

remuneration of the Board of Directors, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member.

5. The General Assembly shall decide to distribute interim dividends to its shareholders on a quarterly or semi-annual basis and may authorize the Board of Directors to do so by a decision of which is renewed annually.
6. The shareholder shall be entitled to his share of the profits in accordance with the General Assembly resolution issued in this matter and the decision indicates the date of maturity and the date of distribution and the entitlement of the dividend stake of the shareholders registered in the shareholders' registers at the end of the specified day of maturity.
7. Dividends to be distributed to shareholders, through banks, will be disbursed by depositing in their investment portfolios on the dates set by the Board of Directors.

	Dividends ratio distributed over the year		Ratio of dividends proposed to be distributed at the end of the year 2020	Total dividends
	08/01/2020	14/12/2020		
Ratio	10%	10%	0%	20%
Total	15,000,000	15,000,000	0	30,000,000

A cash dividend distribution of SAR 15,000,000 was announced by (1) riyals per share to shareholders in 2019 on the due date of 31/12/2019, which was distributed on 08/01/2020 for the 2<sup>nd</sup> half of the year 2019, a cash dividend of SAR 15,000,000 was distributed to shareholders at (1) riyals per share on 14/12/2020 on the due date 30/11/2020 for the first half of the year 2020. Which means the total distributed in 2020 to SAR 30,000,000.

### **Implemented and non-implemented provisions of the Corporate Governance Regulations, and justifications thereof**

In accordance with the Corporate Governance Regulations issued by the CMA on 16/05/1438H, 13/02/2017AD, the Company has been established during 2017 internal governance system which covers most of the articles of the governance system issued by the CMA, and in violation of the regulations and rules issued by the CMA, and in contravention of the regulations and rules issued by the CMA. From the relevant authorities, as the General Assembly of the company and the Board of Directors adopted the regulations and policies most of the policies emanating from the regulation of governance, thus the company has



**Saudi Pottery Pipe Production Company**  
**Saudi Vittrified Clay Pipe**  
**Co.**

fulfilled the requirements of the governance regulation issued by the CMA in terms of the number of committees and their composition and members and many other articles of the system and the following table shows the position of the company on the application of the Saudi corporate governance regulation issued by the CMA:

The Company implements all provisions set forth in the Corporate Governance Regulation issued by Capital Market Authority, except the following provisions:

<b>Article/ Paragraph No.</b>	<b>Article/Paragraph text</b>	<b>Reasons for Non- Implementation</b>
Article 39 - No. 2	Developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company	It is a Guiding Article and when it becomes compulsory, the company will apply it.
Article 41	a)The Board shall develop,based on the proposal of the nomination committee,the necessary mechanisms to annually assess the performance of the Board,its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company. b) The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment. c) The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board.The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general. d) The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment	It is a Guiding Article and when it becomes compulsory, the company will apply it.



**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

Article/ Paragraph No.	Article/Paragraph text	Reasons for Non-Implementation
	to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof. e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years. f) Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.	
Article 70	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee." Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	It is a Guiding Article and when it becomes compulsory, the company will apply it.
Article 71 - No. 2-12	The competences of the risk management committee shall include the following: 2) determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level; 03) Ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months; 4) overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein; 5) Regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example);	It is a Guiding Article and when it becomes compulsory, the company will apply it.





**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

Article/ Paragraph No.	Article/Paragraph text	Reasons for Non-Implementation
	<p>6) preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board;</p> <p>7) providing recommendations to the Board on matters related to risk management;</p> <p>8) ensuring the availability of adequate resources and systems for risk management;</p> <p>9) reviewing the organisational structure for risk management and providing recommendations regarding the same before approval by the Board;</p> <p>10) verifying the independence of the risk management employees from activities that may expose the Company to risk;</p> <p>11) ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk; and</p> <p>12) Reviewing any issues raised by the audit committee that may affect the Company's risk management.</p>	
Article 72	The risk management committee shall convene periodically at least once every six months, and as may be necessary.	It is a Guiding Article and when it becomes compulsory, the company will apply it.
Article 85	<p>The Company shall establish programmes for developing and encouraging the participation and performance of the Company's employees. The programmes shall particularly include the following:</p> <p>1) forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;</p> <p>2) establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme; and</p> <p>3) Establishing social organisations for the benefit of the Company's employees.</p>	It is a Guiding Article and when it becomes compulsory, the company will apply it.
Article 87	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those	It is a Guiding Article and when it becomes compulsory, the company will apply it.



**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

<b>Article/ Paragraph No.</b>	<b>Article/Paragraph text</b>	<b>Reasons for Non- Implementation</b>
	of the community for purposes of developing the social and economic conditions of the community.	
Article 88	The Board shall establish programmes and determine the necessary methods for proposing social initiatives by the Company, which include: 1) establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities; 2) disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility; 3) disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company's; and 4) Establishing awareness programmes to the community to familiarize them with the Company's social responsibility.	It is a Guiding Article and when it becomes compulsory, the company will apply it.
Article 89 - Paragraph 3	the Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods;	It is a Guiding Article and when it becomes compulsory, the company will apply it.
Article 95	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	It is a Guiding Article and when it becomes compulsory, the company will apply it.



# Saudi Pottery Pipe Production Company Saudi Vittrified Clay Pipe Co.

## Ownership of board members

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 or its affiliates, and any change on such interest or rights during the last fiscal year:

S	Names of the persons of interest, contractual securities or rights issue	Beginning of the year		End of the year		Net change	Change ratio
		Number of shares	Debt Instruments	Number of shares	Debt Instruments		
1	Prince Faisal bin Abdulaziz bin Faisal Al Saud	2,293,000	-	2,293,000	-	0	%0
2	Dr. Saad Saud AlSayari - Managing Director	2,000,000	-	2,000,000	-	0	%0
3	AbdulLatif AlIssa Holding Group	1,500,000	-	-	-	(1,500,000)	(100%)
4	Riyadh Investment Co.	750,000	-	750,000	-	0	%0
5	Abdul Mohsen AbdulLatif AlIssa*	11,635	-	8,428	-	(3,207)	(27.6%)
6	Abdullah Suleiman AlDabaan	24,200	-	12,600	-	(11,600)	(47.9%)
7	Dr. Ali AbdulRahman AlKhalaf *	1,019	-	1,019	-	0	%0
8	Dr. Moayyed Issa Alqurtas ***	1,000	-	1,000	-	0	%0
9	Dr. AbdulRahman Ibrahim AlHumaid*	1,000	-	1,000	-	0	%0
10	Abdullah Abdulrahman Mohammed AlAbdulwahed (Representative of the Public Pension Authority) **	489,667	-	515,494	-	25,827	5.3%
11	Sulaiman Naser Alhatlan**	-	-	10	-	10	100%
12	Dr. Mulhim Hamad Ali Al-Mulhim**	-	-	10	-	10	100%

\* His membership expired on 17 October 2020

\*\* His membership began on 18 October 2020

\*\*\* His membership has been transformed from independent to non-executive from 18 October 2020

Senior executives and their wives and minor children have no shares in the company except in the interest of the Managing Director.



## Waivers of salaries, compensation and profits

There are no arrangements or agreements under which the company's shareholders waive their rights to the company.

## Disclosures:

1. All board members have no involvement in any loan or guarantee of any of the board members for any loan or obligation of any kind.
2. There are no other investments or investments created for the benefit of any of the company's employees.

## Board of Directors and committees emanating from it

### Board of Directors

#### A) Composition of the Board and the classification of its members:

The Board of Directors consists of seven (7) members, and the following table shows the classification of board members:

Member Name	Post	Member Classification
Prince Faisal bin Abdulaziz bin Faisal Al Saud	Chairman	Non-executive.
Dr. Saad Saud AlSayari - Managing Director	Member	Executive
Abdullah Suleiman AlDabaan	Member	Non-executive.
Dr. Moayyed Issa Alqurtas ***	Member	Non-executive.
Sulaiman Naser Alhatlan **	Member	Independent
Dr. Mulhim Hamad Ali Al-Mulhim **	Member	Independent
Abdullah Abdulrahman Mohammed AlAbdulwahed (Representative of the Public Pension Authority) **	Member	Independent
AbdulMohsen AbdulLatif AlIssa*	Member	Non-executive.
Dr. Ali AbdulRahman AlKhalaf *	Member	Independent
Dr. AbdulRahman Ibrahim AlHumaid *	Member	Independent

\* His membership expired on 17 October 2020

\*\* His membership began on 18 October 2020

\*\*\* His membership has been transformed from independent to non-executive from 18/10/2020



**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

**The 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.**

At the first meeting of the Board of Directors, especially non-executive members, the Chairman of the Board shall inform the shareholders of their suggestions and observations about the company and its performance.

**B) Five board meetings were held in 2020 as follows:**

Name	07/03/2020	07/06/2020	26/09/2020	07/11/2020	19/12/2020	Attendance
Prince Faisal bin Abdulaziz bin Faisal Al Saud	√	√	√	√	√	<b>100%</b>
Dr. Saad Saud AlSayari - Managing Director	√	√	√	√	√	<b>100%</b>
Abdullah Suleiman AlDabaan	√	√	√	√	√	<b>100%</b>
Dr. Moayyed Issa Alqurtas ***	√	√	√	√	√	<b>100%</b>
Sulaiman Naser Alhatlan **	-	-	-	√	√	<b>100%</b>
Dr. Mulhim Hamad Ali Al-Mulhim **	-	-	-	√	√	<b>100%</b>
Abdullah Abdulrahman Mohammed AlAbdulwahed (Representative of the Public Pension Authority) **	-	-	-	√	√	<b>100%</b>
Abdul Mohsen AbdulLatif Al-Issa*	√	√	√	-	-	<b>100%</b>
Dr. Ali AbdulRahman AlKhalaf *	√	√	√	-	-	<b>100%</b>
Dr. Abdul Rahman Ibrahim AlHumaid*	√	√	X	-	-	<b>66.67%</b>
<b>Last Shareholder's Assembly Meeting Date: 28/09/2020</b>						

\* His membership expired on 17 October 2020

\*\* His membership began on 18 October 2020

\*\*\* His membership has been transformed from independent to non-executive from 18 October 2020



## Saudi Pottery Pipe Production Company Saudi Vittrified Clay Pipe Co.

### C. Current and past positions of board members, qualifications and experience

Name	For current jobs	Previous posts	Qualifications	Experiences
Prince Faisal bin Abdulaziz bin Faisal Al Saud	<ul style="list-style-type: none"><li>- Chairman of the board of directors of Al YUSR INDUSTRIAL CONTRACTING CO.</li><li>- Chairman of the board of directors of ALASIMAH LLC</li><li>- Chairman of the board of directors HECKETT MULTISERV SAUDI Arabia LTD</li><li>- Chairman of the board of directors and chairman of the executive committee of SAUDI VITRIFIED CLAY PIPE CO.</li><li>- Chairman of the board of directors of WATER PROJECTS SAUDI Arabia LTD</li></ul>	<ul style="list-style-type: none"><li>- Deputy Chairman of the board of directors - Tasnee</li><li>- Member of the board of directors of United Saudi Bank</li><li>- Chairman of the board of directors of Ramah Aluminium Company</li><li>- Assistant Deputy Minister of Education for cultural affairs.</li><li>- Director General of external relations and missions at the Ministry of Education</li><li>- Chairman of the board of directors of Saudi Turf Company</li></ul>	<ul style="list-style-type: none"><li>- Bachelor of Business Administration from the University of California, Berkeley</li><li>- Mater of Business Administration from Michigan State University (America)</li></ul>	<ul style="list-style-type: none"><li>- Assistant Deputy Misnister of Education for cultural affairs</li><li>- Director-General of external relations and missions at the Ministry of Education</li><li>- Planning department director at the Ministry of Transportation</li></ul>



# Saudi Pottery Pipe Production Company

## Saudi Vitrified Clay Pipe Co.

Name	For current jobs	Previous posts	Qualifications	Experiences
Dr. Saad Saud AlSayari - Managing Director	CEO of Saudi Vitrified Clay Pipe Co.	<ul style="list-style-type: none"><li>- Board member of ALSalam Aircraft Co., Ltd.</li><li>- Vice Chairman of Saudi Advanced Industries Co.</li><li>- Board member of the Saudi Military Garment Industry Co.</li><li>- Board member of Saudi Cairo Bank</li><li>- Associate Professor and Head of The Department of Earth Sciences at King Fahd University of Petroleum and Minerals</li><li>- Lecturer at Princeton University (USA)</li><li>- Board member of the Institute of Applied Geology (Jeddah)</li><li>- Member of the Planning Committee of King Faisal University (Dammam)</li><li>- Member of the Saudi Geological Committee for Cooperation with UNESCO</li><li>- Member of the Industrial Committee of the Chamber of Commerce and Industry in Riyadh</li><li>- Board member of the Water and Sanitation Authority in Riyadh</li></ul>	<ul style="list-style-type: none"><li>Phd in Geology, University of Stuttgart (Germany)</li><li>- Master of Geology , University of Stuttgart (Germany)</li></ul>	<ul style="list-style-type: none"><li>- 35 years of experience in Board Member of companies</li><li>- 8 years professor and head of the Department of petroleum and Minerals at King Fahd University of Petroleum and Minerals</li></ul>





# Saudi Pottery Pipe Production Company

## Saudi Vitrified Clay Pipe Co.

Name	For current jobs	Previous posts	Qualifications	Experiences
AbdulMohsen AbdulLatif AlIssa*	<ul style="list-style-type: none"> <li>- Chairman of Abdullatif AlIssa Group Holding Co.</li> <li>- Chairman of Al-Yusur Leasing and Finance Co.</li> <li>- Chairman of Best Trading Co.</li> <li>- Board member of Home Real Estate Co.</li> <li>- Chairman of Lightweight Construction Co. - SIPOREX</li> <li>- Board member of Tania Bottled Drinking Water Co. Ltd.</li> <li>- Chairman of Trustees AbdulLatif Al Issa Charitable Foundation</li> </ul>	<ul style="list-style-type: none"> <li>- Project Engineer at Aramco</li> <li>- Vice President, AbdulLatif Al-Issa Foundation</li> <li>- CEO of AbdulLatif Al Issa Group Holding Co.</li> <li>- Board member of The Middle East Batteries Company</li> <li>- Board member of Arab Paper Manufacturing Company (WARAQ)</li> <li>- Member of the Board of Directors of Saudi Development and re-Export Services Ltd Company</li> <li>- Board member of United Electronics Company (Extra).</li> <li>- Board Member of AlBilad Bank</li> <li>- Chairman of Gulf Real Estate Co.</li> <li>- Board member of Saudi Vitrified Clay Pipe Co.</li> </ul>	Bachelor of Civil Engineering, California State University, Sacramento (USA)	<ul style="list-style-type: none"> <li>- 5 Years of experience in project engineering</li> <li>- 9 Years of experience as vice president of a trading Est.</li> <li>- 5 Years of experience as CEO of a trading Co.</li> <li>- 14 years of experience as a board member</li> <li>- 21 years of experience as the Chairman of Boards</li> </ul>
Abdullah Abdulrahman Mohammed AlAbdulwahed (Representative of the Public Pension Authority) **	<ul style="list-style-type: none"> <li>- Member of the board of the Saudi Vitrified Clay Pipe Company</li> <li>- Director of insurance Planning and Development at the Public Pension Authority (12/2018 - until now)</li> </ul>	<ul style="list-style-type: none"> <li>Accountant at the Public Pension Corporation (2/2008-11/2012)</li> <li>- Financial Auditor at the Public Pension Authority (12/2012-12/2013)</li> <li>- Manager Assistant at the Public Pension Authority (12/2013-11/2018)</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor's Degree of Accounting from King Saud University, 11/2007</li> <li>- Master of Business Administration in Finance, University of Wisconsin Whitewater, USA 2012</li> </ul>	More than 12 years' experience in the financial field





# Saudi Pottery Pipe Production Company

## Saudi Vittrified Clay Pipe Co.

Name	For current jobs	Previous posts	Qualifications	Experiences
Dr. AbdulRahman Ibrahim AlHumaid*	<ul style="list-style-type: none"> <li>- Retired from King Saud University</li> <li>- Businessman and board member of many joint stock companies</li> <li>- Member of a number of audit committees for Saudi joint stock companies</li> <li>- Member of the Board of Trustees of the International Accounting Standards Board for the Middle East and North Africa</li> <li>- Member of the Board of Trustees of Prince Sultan University since its inception until now</li> <li>- Member of many professional Institutions locally, regionally and internationally</li> </ul>	<ul style="list-style-type: none"> <li>- Professor of Accounting and Audit, King Saud University</li> <li>- Head of accounting department, King Saud University</li> <li>- Board member Saudi Vittrified Clay Pipes Co.</li> </ul>	<ul style="list-style-type: none"> <li>- PhD in Accounting and Finance from Louisiana State University (USA)</li> <li>- Master of Accounting, Missouri State University (USA)</li> <li>- Bachelor of Accounting from King Saud University</li> </ul>	<ul style="list-style-type: none"> <li>-Consulting Director of Al-Rashed Consultants &amp; CPAs</li> <li>- Member of the Board of Directors of Saudi Organization for Certified Public Accountants (two sessions)</li> <li>- Chairman of the Testing Committee of Saudi Organization for Certified Public Accountants</li> <li>- Chairman of the Accounting Standards Committee - Saudi Organization for Certified Public Accountants for 10 years</li> <li>- Chairman of the Securities Committee - Chamber of Commerce and Industry in Riyadh for 5 years</li> <li>- Member of the primary and zakat committees for 10 years</li> <li>- Member of the Riyadh City Council for the first session</li> </ul>



# Saudi Pottery Pipe Production Company

## Saudi Vittrified Clay Pipe Co.

Name	For current jobs	Previous posts	Qualifications	Experiences
Dr. Moayyed Issa Alqurtas ***	- Board member Saudi Vittrified Clay Pipe Company	<ul style="list-style-type: none"> <li>- Board Director AlRajhi Bank</li> <li>- Board director AlRajhi Takaful</li> <li>- Vice Chairman and Managing Director, Tasnee</li> <li>- Chairman, Maadaniyah</li> <li>- Board Director, Cristal</li> <li>- Board Director, Taqa</li> <li>- Vice Chairman, Tasnee and Sahara Olefins Co.</li> <li>- Member Director, Ebn Khaldoon Optics</li> <li>- Chairman, National Batteries Co.</li> <li>- Chairman, Lead Smelting Co.</li> <li>- Chairman, Khadamat Co.</li> <li>- Director General R&amp;D, SABIC and President of one of its affiliates</li> <li>- Board Director, Riyadh Cables Companies</li> </ul>	<ul style="list-style-type: none"> <li>- BSc of Chemical Engineering, University of Baghdad</li> <li>- Ph.D Management, University of Bradford, UK</li> </ul>	<ul style="list-style-type: none"> <li>CEO and Vice Chairman, National Industrialization Co. Tasnee</li> <li>- Director General R&amp;D, SABIC and President of one of its affiliates</li> <li>- Member of the Advisory Board for Economic Affairs of the Supreme Economic Council</li> </ul>
Abdullah Suleiman AlDabaan	<ul style="list-style-type: none"> <li>- Chairman of Riyadh Investment Holding Company</li> <li>- Chairman of AlMakateb Co. Ltd.</li> <li>- Chairman of Ramah Aluminium &amp; Metal Catling Factory Co. Ltd.</li> <li>- Chairman of Riyadh Aluminium Products Co. Ltd.</li> <li>- Managing Director of Saudi Turf Co. Ltd.</li> <li>- Board member of Saudi Vittrified Clay Pipe Co.</li> </ul>	<ul style="list-style-type: none"> <li>- General Manager of Preparatory Programs at the Institute of Public Administration in Riyadh</li> <li>- Former Board member of Saudi Investment Bank</li> <li>- Former Board member of Tasnee Co.</li> <li>- Chairman of Riyadh Metal Industries Company Ltd.</li> <li>- Chairman Athath Co. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor Degree in Political Sciences from Washington University USA 1966</li> <li>- Master Degree in Administration and Government Policies from Wisconsin State University USA 1969</li> </ul>	<ul style="list-style-type: none"> <li>- 51 years of experience in Public Sector, Contracting, entrepreneur and industrial Sector</li> </ul>



# Saudi Pottery Pipe Production Company

## Saudi Vitrified Clay Pipe Co.

Name	For current jobs	Previous posts	Qualifications	Experiences
Sulaiman Naser Alhatlan **	<ul style="list-style-type: none"> <li>- Board member and MD, Chairman of Investment Committee, and Chairman of ExCom at Maharah HR Company</li> <li>- Board member and Chairman of Audit Committee at Maalem Financing Company</li> <li>- Board member at Knowledge voice Investment Company</li> </ul>	<ul style="list-style-type: none"> <li>- Faculty member, Financial Programs, Institute of Public Administration</li> <li>- Partner and CEO, HNC Company, a CMA licensed firm</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor's degree in Accounting, King Saud University- 1994</li> <li>- Master's degree in Accounting, San Diego State University- 1998</li> </ul>	<p>More than 20 years of experience as a financial advisor, board member and committee member in many sectors including industrial, financial, food and beverage, real estate development and insurance. Areas of expertise include governance, internal audit, business planning, M&amp;A and Investment banking.</p>



# Saudi Pottery Pipe Production Company

## Saudi Vittrified Clay Pipe Co.

Name	For current jobs	Previous posts	Qualifications	Experiences
Dr. Ali Abdulrahman AlKhalaf *	<ul style="list-style-type: none"> <li>- Board member of Al Yamamah Investment Company</li> <li>- Managing Director of Al-Yusur Industrial Contracting Company</li> <li>- Board member of Saudi Arabian Water Projects Co. Ltd.</li> <li>- Board member of ALASIMAH Company</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman of Saudi Iron &amp; Steel Co. (Hadeed)</li> <li>- Board member of Saudi Arabian Fertilizer Company (Safco) Dammam</li> <li>- Board member of Tasnee Co.</li> <li>- Board member of Saudi Vittrified Clay Pipe Co.</li> </ul>	<ul style="list-style-type: none"> <li>- PhD in Chemical Engineering, University of Southern California (USA)</li> <li>- Master of Chemical Engineering, California State University, San José (USA)</li> <li>- Bachelor in Chemical Engineering, University of California Berkeley</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman of the Board of Directors of Saudi Iron and Steel Company (Iron) Jubail</li> <li>- Member of the Board of Directors of Saudi Cement Company (Safco) Dammam</li> <li>- Member of the Board of Directors of the National Manufacturing Company</li> </ul>



# Saudi Pottery Pipe Production Company Saudi Vittrified Clay Pipe Co.

Name	For current jobs	Previous posts	Qualifications	Experiences
Dr. Mulhim Hamad Ali Al-Mulhim **	- Member of the Board of Directors of Saudi Vittrified Clay Pipe co. - Partner in Haitham Hamad Al-Mulhim and Mulhim Hamad Al-Mulhim Law Firm		- PhD in Law (Laws of Merger and Acquisitions), Pennsylvania State University, 2016 - Master in Commercial Law and International Trade, Pennsylvania State University -2014 - Master of Laws, Higher Judicial Institute / Imam Muhammed Bin Saud Islamic University, 2011 - Bachelor of Sharia, Imam Mohammed Bin Saud Islamic University, 2008	- Lawyer and legal advisor at Haitham Hamad Al-Mulhim and Mulhim Hamad Al-Mulhim Law Firm - Adjunct Professor of Commercial Law at the College of Economics and Administrative Sciences at Imam Muhammad bin Saud Islamic University in Riyadh 2016-2020 - Adjunct Professor of Law in Department of Law at the College of Economics and Administrative Sciences at Yamamah University, in 1438-1439H (2017-2018) - Research Assistant to Samuel Thompson at Pennsylvania State University, 2014

**\* His membership expired on 17 October 2020**

**\*\* His membership began on 18 October 2020**

**\*\*\* His membership has been transformed from independent to non-executive from 18 October 2020**



## Saudi Pottery Pipe Production Company Saudi Vittrified Clay Pipe Co.

### Current and past positions of committee members, qualifications and experience

Name	For current jobs	Previous posts	Qualifications	Experiences
Mr. Hisham Ali AlAkil Member of Audit Committee from outside the Board	<ul style="list-style-type: none"><li>- Executive Financial Manager at Bank AlBilad</li><li>- Chairman of the Audit Reinttee at Saudi Reinsurance Company</li><li>- Member of the Audit Committee at Saudi Ground Services Company</li><li>- Chairman of the Audit Committee at National Housing Company</li><li>- Member of the Audit Committee at Mills Company (First, Second, Third and Fourth)</li><li>- Member of the Audit Committee at Saudi Vittrified Clay Pipes Company</li><li>- Member of the Audit Committee at Saudi Investment Recycling Company</li></ul>	<ul style="list-style-type: none"><li>- Deputy Chief Financial Officer, ALRAJHI BANK</li><li>- Chief Financial Officer, ALRAJHI BANK</li><li>- Chief Financial Officer, ALRAJHI BANK, MALAYSIA</li><li>- ASSISTANT GENERAL MANAGER, ALRAJHI BANK</li><li>- Finance Director at NAS AIR</li><li>- Saudi Central Bank, Insurance supervisor</li></ul>	<ul style="list-style-type: none"><li>- KING SAUD UNIVERSITY, Bachelor of Science (Bsc), Accounting</li><li>- UNIVERSITY OF ILLINOIS, URBANA-CHAMPAIGN (USA), Master's Degree, Accounting and Finance.</li><li>- ASSOCIATION OF CERTIFIED FRAUD EXAMINER, Certified Fraud Examiner (CFE)</li><li>- AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS, Certified Public Accountant (CPA)</li><li>- SAUDI ORGANIZATION FOR CERTIFIED PUBLIC ACCOUNTANT, Certified Public Accountant (CPA)</li></ul>	21 years of experience in accounting, auditing and financial consulting



# Saudi Pottery Pipe Production Company

## Saudi Vittrified Clay Pipe Co.

### Executive Management

Name	For current jobs	Previous posts	Qualifications	Experiences
Dr. Saad Saud AlSayari - Managing Director	CEO of Saudi Vitrified Clay Pipe Co.	<ul style="list-style-type: none"><li>- Board member of ALSalam Aircraft Co., Ltd.</li><li>- Vice Chairman of Saudi Advanced Industries Co.</li><li>- Board member of the Saudi Military Garment Industry Co.</li><li>- Board member of Saudi Cairo Bank</li><li>- Associate Professor and Head of The Department of Earth Sciences at King Fahd University of Petroleum and Minerals</li><li>- Lecturer at Princeton University (USA)</li><li>- Board member of the Institute of Applied Geology (Jeddah)</li><li>- Member of the Planning Committee of King Faisal University (Dammam)</li><li>- Member of the Saudi Geological Committee for Cooperation with UNESCO</li><li>- Member of the Industrial Committee of the Chamber of Commerce and Industry in Riyadh</li><li>- Board member of the Water and Sanitation Authority in Riyadh</li></ul>	<ul style="list-style-type: none"><li>Phd in Geology, University of Stuttgart (Germany)</li><li>- Master of Geology , University of Stuttgart (Germany)</li></ul>	<ul style="list-style-type: none"><li>- 35 years of experience in Board Member of companies</li><li>- 8 years professor and head of the Department of petroleum and Minerals at King Fahd University of Petroleum and Minerals</li></ul>



# Saudi Pottery Pipe Production Company

## Saudi Vittrified Clay Pipe Co.

Name	For current jobs	Previous posts	Qualifications	Experiences
Eng. Mahmoud Khalid Abu Jabbara	General Manager	Worked as Site Engineer in Sewerage Projects in Abu Dhabi from 1983-1986, then Projects Engineer from 1986-1988, then Sales Manager at Saudi Vittrified Clay Pipe Company from the year (1989- 22 August 2011), then General Manager from the year 23 August 2011 until now.	Bachelor's degree in Civil Engineering 1983 - Member of the Jordanian Council of Engineers - Member of the Saudi Council of Engineers - Several courses in the field of sales and management	Worked as Site Engineer in Sewerage Projects in Abu Dhabi from 1983-1986, then Projects Engineer from 1986-1988, then Sales Manager at Saudi Vittrified Clay Pipe Company from the year (1989- 22 August 2011), then General Manager from the year 23 August 2011 until now.
Mr. Saud Saad Al-Sayari	Deputy Chief Executive Officer	- Administrator in samba banking credit department - Deputy Chief Executive Officer in Saudi Vittrified Clay Pipe Company	- Bachelor in Business from King Saud University	- 3 years experience in bank credit - 18 years experience in managing cooperations
Eng. Essam Khader Massoud	Production and Maintenance Manager	- Chief of Air Conditioning, Water and Sanitation Systems at Saudi Oger Co. - Maintenance Eng. of water purification plants, pumping stations and networks in Riyadh operation and maintenance program of the Water and Sewerage Authority.	Bachelor of Mechanical Engineering from King Saud University in Riyadh	Management and maintenance of prod. Equipment. Design and installation of water and sanitation systems - Design, installation and maintenance of purification plants and pressure/left stations - Design, installation and maintenance of various air conditioning systems





# Saudi Pottery Pipe Production Company

## Saudi Vittrified Clay Pipe Co.

Name	For current jobs	Previous posts	Qualifications	Experiences
Mr. AbdulKhalig Abdulla Babkeir	CFO	<ul style="list-style-type: none"> <li>- Financial manager of GlobeMed Saudi company</li> <li>- Chief Accountant of Middle East Factory for Machine Company</li> <li>- Accountant and Chief Accountant of Al-Olia Investment Company</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor of Cost &amp; Management Accounting, Omdurman Ahlia University, Sudan</li> <li>- Diploma of Business and Finance Sciences from Al-Mudther Institute for Business Studies, Sudan</li> <li>- Certified Management Accountant (CMA) from Institute of Management Accountants (USA)</li> </ul>	<ul style="list-style-type: none"> <li>18 years as Finance Manager</li> <li>- Six years as an accountant and Chief Accountant</li> </ul>



# Saudi Pottery Pipe Production Company Saudi Vittrified Clay Pipe Co.

## The names of companies inside and outside the Kingdom in which a Board member is a member of their current or previous board or directors

Member's name	Names of companies in which a board member is a member of their current board or manager	Inside / Outside the Kingdom	Legal entity (listed joint stock/non listed joint stock /limited liability/...)	Names of companies in which a board member is a member of their current board or manager	Inside / Outside the Kingdom	Legal entity (listed joint stock/non listed joint stock /limited liability/...)
Prince Faisal bin Abdulaziz bin Faisal Al Saud	<ul style="list-style-type: none"> <li>- Al YUSR INDUSTRIAL CONTRACTING CO.</li> <li>- ALASIMAH LLC</li> <li>- SAUDI TURF CO.</li> <li>- HECKETT MULTISERV SAUDI Arabia LTD.</li> <li>- SAUDI VITRIFIED CLAY PIPE CO.</li> <li>- WATER PROJECTS SAUDI ARABIA LTD.</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Unlisted Joint Stock Company</li> <li>- Limited liability</li> <li>- Limited liability</li> <li>- Limited liability</li> <li>- Listed Joint Stock Company</li> <li>- Limited liability</li> </ul>	<ul style="list-style-type: none"> <li>- Tasnee</li> <li>- United Saudi Bank</li> <li>- Ramah Aluminium Company</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Listed Joint Stock Company</li> <li>- Unlisted Joint Stock Company</li> <li>- Limited liability Company</li> </ul>
Dr. Saad Saud AlSayari	<ul style="list-style-type: none"> <li>- Saudi Vittrified Clay Pipe Co.</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Stock Joint Company</li> </ul>	<ul style="list-style-type: none"> <li>- AlSalam Aircraft Co. Ltd.</li> <li>- Saudi Advanced Industries Co.</li> <li>- Saudi Military Garment Industry Co.</li> <li>- Saudi Cairo Bank</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Limited liability</li> <li>- Stock Joint Company</li> <li>- Limited liability</li> <li>- Closed Stock Joint Company</li> </ul>



# Saudi Pottery Pipe Production Company

## Saudi Vittrified Clay Pipe Co.

Member's name	Names of companies in which a board member is a member of their current board or manager	Inside / Outside the Kingdom	Legal entity (listed joint stock/non listed joint stock /limited liability/...)	Names of companies in which a board member is a member of their current board or manager	Inside / Outside the Kingdom	Legal entity (listed joint stock/non listed joint stock /limited liability/...)
AbdulMohsen AbdulLatif AlIssa*	<ul style="list-style-type: none"> <li>- AbdulLatif Al Issa Group Holding Company</li> <li>- Al-Yusur Leasing and Finance Co.</li> <li>- Best Trading Co.</li> <li>- Home Real Estate Co.</li> <li>- Lightweight Construction Co. "SIPOREX"</li> <li>- Tania Bottled Drinking Water Co., Ltd.</li> <li>- Chairman of Trustees of AbdulLatif Al Issa Charitable Foundation</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Unlisted Stock Joint Co.</li> <li>- Unlisted Stock Joint Co.</li> <li>- Unlisted Stock Joint Co.</li> <li>- Unlisted Stock Joint Co.</li> <li>- Unlisted Stock Joint Co.</li> <li>- Limited liability</li> <li>- A donor institution licensed from Ministry of Human Resources and Social Development</li> </ul>	<ul style="list-style-type: none"> <li>- Aramco</li> <li>- Middle East Batteries Co.</li> <li>- Arab Paper Manufacturing Company (WARAQ)</li> <li>- Saudi Development and re-Export Services Ltd Company</li> <li>- United Electronics Company "Extra"</li> <li>- AlBilad Bank</li> <li>- AbdulLatif AlIssa Est.</li> <li>- Gulf Real Estate Co.</li> <li>- Saudi Vittrified Clay Pipe Company</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Public Company</li> <li>- Limited liability</li> <li>- Unlisted Stock Joint Co.</li> <li>- Limited liability</li> <li>- Stock Joint Co.</li> <li>- Stock Joint Co.</li> <li>- Limited liability</li> <li>- Unlisted Stock Joint Co.</li> <li>- Stock Joint Co.</li> </ul>
Dr. Mulhim Hamad Ali Al-Mulhim**	- Saudi Vittrified Clay Pipe co.	- Inside Saudi Arabia	- Listed joint stock company	-	-	-



# Saudi Pottery Pipe Production Company

## Saudi Vittrified Clay Pipe Co.

Member's name	Names of companies in which a board member is a member of their current board or manager	Inside / Outside the Kingdom	Legal entity (listed joint stock/non listed joint stock /limited liability/...)	Names of companies in which a board member is a member of their current board or manager	Inside / Outside the Kingdom	Legal entity (listed joint stock/non listed joint stock /limited liability/...)
Dr.Ali AbdulRahman AlKhalaf *	<ul style="list-style-type: none"> <li>- Al Yamamah Investment Co.</li> <li>- Al-Yusur Industrial Contracting Company</li> <li>- Saudi Arabian Water Projects Co. Ltd.</li> <li>- AIASIMAH Co.</li> <li>- Saudi Turf Co.</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Unlisted Stock Joint</li> <li>- Unlisted Stock Joint</li> <li>- Limited liability</li> <li>- Limited liability</li> <li>- Limited liability</li> </ul>	<ul style="list-style-type: none"> <li>- Saudi Iron &amp; Steel Co. (Hadeed)</li> <li>- Saudi Arabian Fertilizer Company (SAFCO) Dammam</li> <li>- Tasnee Co.</li> <li>- Saudi Vittrified Clay Pipe Co.</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Unlisted Stock Joint</li> <li>- Stock Joint Co.</li> <li>- Stock Joint Co.</li> <li>- Stock Joint Co.</li> </ul>
Abdullah Abdulrahman Mohammed AlAbdulwahed (Representative of the Public Pension Authority) **	<ul style="list-style-type: none"> <li>- Saudi Vittrified Clay Pipe Company</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Listed joint stock company</li> </ul>	-	-	-
Abdullah Suleiman AlDabaan	<ul style="list-style-type: none"> <li>- Riyadh Investment Holding Co.</li> <li>- AlMakateb Co.</li> <li>- Ramah Aluminium &amp; Matal Catling Factory Co.</li> <li>- Saudi Turf Co. Ltd.</li> <li>- Riyadh Aluminium Products Co. Ltd.</li> <li>- Saudi Vittrified Clay Pipe Co.</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside KSA</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Closed Stock Joint Company</li> <li>- Limited liability</li> <li>- Limited liability</li> <li>- Limited liability</li> <li>- Limited liability</li> <li>- Stock Joint Company</li> </ul>	<ul style="list-style-type: none"> <li>- Saudi Investment Bank</li> <li>- Tasnee Co.</li> <li>- Riyadh Metal Industries Co.Ltd.</li> <li>- National Athath Company Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Stock Joint Company</li> <li>- Stock Joint Company</li> <li>- Limited liability</li> <li>- Limited liability</li> </ul>



# Saudi Pottery Pipe Production Company

## Saudi Vittrified Clay Pipe Co.

Member's name	Names of companies in which a board member is a member of their current board or manager	Inside / Outside the Kingdom	Legal entity (listed joint stock/non listed joint stock /limited liability/...)	Names of companies in which a board member is a member of their current board or manager	Inside / Outside the Kingdom	Legal entity (listed joint stock/non listed joint stock /limited liability/...)
Dr. AbdulRahman Ibrahim AlHumaid*	<ul style="list-style-type: none"> <li>- Chairman of AlBillad Bank</li> <li>- Board member of Mohammed Ibrahim Al-Subai'i &amp; Sons (MASIC)</li> <li>- Board member of Obekan Investment Group</li> <li>- Member of the Audit Committee of The Saudi Military Industries Company</li> <li>- Member of Board of Trustees of the Charitable Endowment of Sheikh Mohammed bin Ibrahim al-Subai'i</li> <li>- Member of the General Authority for Zakat and Income</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Stock Joint Co.</li> <li>- Unlisted Stock Joint</li> <li>- Unlisted Stock Joint</li> <li>- Unlisted Stock Joint</li> <li>- Unlisted Stock Joint</li> <li>- Government</li> </ul>	<ul style="list-style-type: none"> <li>- House of National Consulting</li> <li>- Board member of Mohammed Bin Abdulaziz Al Rajhi &amp; Sons Holding Company (Al Rajhi Holding)</li> <li>- Board member of Saudi Agricultural and Livestock Investment Company (Salik)</li> <li>- Member of the Audit Committee of Saudi Basic Industries Company (SABIC)</li> <li>- Member of the Audit Committee of Saudi Stock Exchange (Tadawul)</li> <li>- Saudi Votrified Clay Pipe Co.</li> </ul>	<ul style="list-style-type: none"> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> <li>- Inside the Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>- Limited liability</li> <li>- Unlisted Stock Joint</li> <li>- Government Stock Joint</li> <li>- Stock Joint Co.</li> <li>- Unlisted Stock Joint Co.</li> <li>- Listed Stock Joint Co.</li> </ul>





**Saudi Pottery Pipe Production Company**  
**Saudi Vittrified Clay Pipe**  
**Co.**

Member's name	Names of companies in which a board member is a member of their current board or manager	Inside / Outside the Kingdom	Legal entity (listed joint stock/non listed joint stock /limited liability/...)	Names of companies in which a board member is a member of their current board or manager	Inside / Outside the Kingdom	Legal entity (listed joint stock/non listed joint stock /limited liability/...)
Sulaiman Naser Alhatlan **	- Maharah Human Resources Company - Maalem Financing Company - Knowledge Voice Investment Company - Saudi Vittrified Clay Pipe Company	- In Saudi Arabia - In Saudi Arabia - In Saudi Arabia - In Saudi Arabia	- Listed Company  - Closed Joint Stock Company  - Limited liability Company - Listed Company	- House of National Consulting Company	- In Saudi Arabia	- Limited liability Company

**\* His membership expired on 17 October 2020**

**\*\* His membership began on 18 October 2020**

**\*\*\* His membership has been transformed from independent to non-executive from 18 October 2020**



## **Second: Board committees**

The Board of Directors has three committees:

### **1- Executive Committee**

Is a subsidiary committee of the Board of Directors, consisting of three (3) members, appointed by the Board of Directors, and whose membership is determined so that this period does not exceed the term of the Board of Directors.

#### **The committee's functions and responsibilities:**

- Holding periodic meetings to study the new work and obstacles, and to propose appropriate solutions to them, and they should present to the Board of Directors issues that require a decision by the Board.
- Field visits to the factory whenever the requirements of the work are required.
- Review the studies, reports and presentations received by the Committee, and make suggestions and recommendations to the management of the company and the Board of Directors to improve and develop the work.
- Guide sales and marketing, and explore ways to activate them.
- Carrying out the tasks and competencies to which the Board of Directors considers to be mandated by the Committee.
- Exercising the powers vested in it under the Directory of Powers approved by the Board of Directors.

#### **Schedule of attendance of executive committee meetings for 2020**

	Name	Nature of Membership	First meeting	The second meeting
			19/04/2020	12/10/2020
1	Prince Faisal bin Abdulaziz bin Faisal Al Saud	Chairman	√	√
2	Dr. Saad Saud AlSayari - Managing Director	Member	√	√
3	Abdullah Suleiman AlDabaan	Member	√	√





## **Audit Committee**

The review committee was formed by decision of the General Assembly of the company, consisting of three (3) members whose membership and remuneration are determined in accordance with the regulations of the Review Committee approved by the General Assembly.

## **The Committee's functions and responsibilities:**

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

### **a) Financial reports:**

- 1) Study the initial financial statements and the company's financial statements before submitting them to the Management Council and express ing their opinion and recommendation in order to ensure their integrity, fairness and transparency.
- 2) To express the technical opinion – on the request of the Board of Directors - whether the report of the Board's report and the company's financial statements is fair, balanced and understandable and includes information that allows shareholders and investors to evaluate the financial position of the company and its performance, business model and strategy.
- 3) Examine any important or unfamiliar issues involving financial reports.
- 4) Thoroughly examine any matters raised by the company's CFO, its duties, the company's compliance officer or the auditor.
- 5) Verification of accounting estimates in the core issues contained in the financial reports.
- 6) Study the accounting policies applied in the company and express opinion and recommendation to the Board of Directors in this regard.

### **B) Internal Audit:**

- 1) Study and review the internal control, financial and risk management systems in the company.
- 2) Study the internal audit reports and follow up on the corrective procedures for the notes contained in them.
- 3) Monitoring and supervising the performance and activities of internal auditors and internal audit management in the company to verify the availability of the



## Saudi Pottery Pipe Production Company Saudi Vittrified Clay Pipe Co.

necessary resources and their effectiveness in the performance of the work and tasks assigned to it.

4) Recommending to the Board of Directors to appoint a director of the internal audit unit or department or internal auditor and suggesting his remuneration.

5) Preparing a report on its opinion regarding the adequacy of the internal control system in the company and the other activities it has performed within the scope of its competence. The Board of Directors must deposit sufficient copies of this report in the company's head office at least ten days before the date of the general assembly meeting, to provide everyone with Shareholders wanted a copy of it. The report is read during the assembly.

### **c) External Auditor:**

1) Recommend to the administration to nominate, dismiss and isolate the auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract.

2) Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, considering relevant rules and standards.

3) Review the company's audit plan and e-business, and verify that it does not provide any administrative or administrative work that is outside the scope of the audit work, and provide its views on it.

4) answer the company's auditor's inquiries.

5) Study the auditor's report and his observations on the financial statements and follow up on what has been taken on them.

### **d) Committment compliance:**

1) Review the results of the regulatory reports and verify that the company takes the necessary action on them.

2) Verify the company's compliance with the relevant laws, regulations, policies and instructions.

3) Review the contracts and transactions proposed by the company with the relevant parties, and submit its views on it to the Management Journal.

4) Raise the issues it deems necessary to take action in their regard to the Board of Directors and make recommendations on the measures to be taken.



**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

**Schedule of Attendance of Audit Committee meetings for 2020**

s	Name	Nature of Membership	First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting	Sixth Meeting	Seventh meeting
			26/02/2020	07/03/2020	10/06/2020	18/08/2020	15/10/2020	19/12/2020	28/12/2020
1	Dr. AbdulRahman Ibrahim AlHumaid*	Chairman	√	√	√	√	√	-	-
2	AbdulMohsen AbdulLatif AlIssa*	Member	√	√	√	√	√	-	-
3	Hisham Ali AlAkil	Member	√	√	√	√	√	√	√
4	Sulaiman Naser Alhatlan ***	Chairman	-	-	-	-	-	√	√
5	Dr. Moayyed Issa Alqurtas **	Member	-	-	-	-	-	√	√

**\* His membership expired on 17 October 2020**

**\*\* His membership began on 18 October 2020**

**\*\*\* His membership began on 18 October 2020 and he became chairman of the committee from 19/12/2020**



### **3. Remunerations and Nominations Committee**

The Awards and Nominations Committee was formed by decision of the Company's Board of Directors and consists of three (3) members whose membership and remuneration are determined in accordance with the regulations of the Remunerations and Nominations Committee approved by the General Assembly.

#### **The Committee's functions and responsibilities:**

The Remunerations and Nominations Committee specialises in:

- 1) Preparing a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board and the Executive Management and submitting them to the Board of Directors of consideration in preparation for approval by General Assembly, provided that this policy considers the following standards related to performance, disclosure and verification of their implementation.
- 2) Clarify the relationship between rewards and the applicable rewards policy, and indicate any fundamental deviation from this policy.
- 3) Periodic review of the remuneration policy, and evaluation of its effectiveness in achieving the objectives envisaged.
- 4) Recommend to the board of directors the rewards of the members of the Board of Directors and the committees that are subsidiary about it and the senior officials of the company in accordance with the policy adopted.
- 5) Proposing clear policies and standards for membership in the Board of Directors and Executive Management.
- 6) Recommend to the Administration's summary of nominations and re-nomination of members in accordance with the policies and standards adopted, taking into account that no one who has been convicted of a breach of trust has been nominated.
- 7) Prepare a description of the capabilities and qualifications required for the membership of the Board and the positions of the Senior Executives.
- 8) Determine the time that the member should allocate to the work of the Board of Directors.
- 9) Review the necessary skills or expertiserequirements for board membership and management functions.



**Saudi Pottery Pipe Production Company**  
**Saudi Vittrified Clay Pipe**  
**Co.**

- 10) Review the structure of the Board and Management and make recommendations on the changes that can be made.
- 11) Verify in a way that independent members are independent, and that there is no conflict of interest if the member is a member of the Board of Directors of another company.
- 12) Establish job descriptions for executive members, non-executive members, independent members, and senior executives.
- 13) Setting up special procedures in case the position of a member of the Board of directors or a senior executive becomes vacant.
- 14) Identify weaknesses and strengths in the board of directors, and propose solutions to address them in accordance with the company's interest.

**Schedule of Attendance of Remunerations and Nominations**  
**Committee meetings for 2020**

	Name	The nature of membership	First meeting	Second meeting	Third meeting	Fourth meeting	Fifth meeting
			22/01/2020	27/06/2020	10/08/2020	19/12/2020	29/12/2020
1	Prince Faisal bin Abdulaziz bin Faisal Al Saud	Member	√	√	√	√	√
2	Dr. Ali AbdulRahman AlKhalaf *	Chairman	√	√	√	-	-
3	Abdullah Suleiman AlDabaan	Member	√	√	√	√	√
4	Sulaiman Naser Alhatlan**	Chairman	-	-	-	√	√

\* His membership expired on 17 October 2020

\*\* He began his membership and became Chairman of the Committee on 07/11/2020



## **Disclosure of board members' bonuses and executive management**

The remuneration policy for members of the board of directors and the committees emanating from the board and the executive management aims to define clear criteria for remuneration of members of the board of directors, its committees and senior executives considering the requirements of the companies' system and the rules and regulations of the Capital Market Authority. The policy also aims to attract individuals with a degree of competence, ability and talent to work in Board of Directors, committees and executive management by adopting incentive plans and programs for rewards that are linked to performance, which contribute to improving the company's performance and achieving the interests of its shareholders.

### **General Remunerations criteria:**

The Remuneration and Nominations Committee is responsible for recommending to the Board the rewards of board members, committee members and senior executives of the company, in accordance with the approved criteria as follows:

- 1- The rewards should be commensurate with the company's activity and the skills needed to manage it.
2. Consider linking the changing portion of rewards to long-term performance.
- 3- The company takes into account the compatibility of the rewards with the company's strategy and objectives and with the size, nature and degree of risk.
- 4- The company takes into account the practices of other companies and what prevails in the labor market in determining rewards, while avoiding the resulting unjustified rise in rewards and compensation.
- 5- It is prepared in coordination with the Remuneration and Nominations Committee in relation to new appointments.
- 6- The rewards are determined by the level of the job, the tasks and responsibilities of the incumbent, the scientific qualifications, practical experience, skills and the level of performance.
- 7- The rewards should be fair and proportionate to the members' terms of reference and the actions and responsibilities performed and borne by the members of the Board of Directors or committees, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
- 8- Taking into account the sector in which the company operates, its size and the experience of the members of the Board of Directors.





## Saudi Pottery Pipe Production Company Saudi Vitrified Clay Pipe Co.

9- The reward should be reasonably sufficient to attract, motivate and retain competent board members.

10- The remuneration of members of the Board of Directors, its subsidiary committees and senior executives are disclosed in the annual report of the Board of Directors in accordance with the Corporate Governance Regulations.

### **Remuneration of board members and its subsidiary committees:**

1- The board member is entitled to an annual bonus of SAR 200,000, for his membership of the Board and an attendance allowance for each meeting of SAR 3,000.

2- The member of the audit committee is entitled to an attendance allowance for each session of SAR 5,000.

3- A member of the Remuneration and Nominations Committee is entitled to an attendance allowance for each session of SAR 5,000.

4- The Remunerations and Nominations Committee recommends the remuneration of the members of the Executive Committee annually based on the performance, and the recommendation is made to the Board of Directors for approval.

5. The company has the right to claim compensation for the damage to its reputation and to recover the rewards, compensation and any other costs incurred by the company, if:

(a) The member's commission of an act that violates honor and trust, or by forgery or by violating laws and regulations in the Kingdom of Saudi Arabia or in another country.

(B) If he fails to carry out his responsibilities, tasks and duties, which will result in harm to the interest of the company.

(C) Termination of membership - by decision of the General Assembly - due to the absence of three consecutive meetings within one year without a legitimate excuse accepted by the Board of Directors.

### **Executive Management Bonus:**

Executive Management Rewards include:

- Basic salary (paid monthly at the end of each calendar month)
- Allowances including but not limited to (housing allowance and transportation allowance)
- Medical insurance benefits for him and his family





**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

---

- Life insurance policy
- An annual reward associated with performance indicators in accordance with the annual assessment carried out in this regard
- Other benefits include, but are not limited to (annual leave, annual travel tickets and end-of-service benefits according to the work system and human resources policy approved by the company).

The following are tables showing the rewards of board members, committee members and senior executives:

Board Members Remunerations

	Fixed Remuneration				Variable Remuneration						Grand Total	Expenses Allowances		
	Specific amount	Allowance for attending the Board sessions	Total allowance for attending committee sessions	In Kind Benefits	A Statement of the Board members remuneration as workers or managers or payments received for technical administrative and consultancy works	Remuneration of the Board chairman, managing director or secretary, if they are committee members	Total	Profit share	Periodic remunerations	Short-term incentive plans			Long-term incentive plans	Equity (values to be entered)
First: Independent Members														
Dr. AbdulRahman Ibrahim AlHamid*	159,444	6,000	-	-	-	-	165,444	-	-	-	-	-	-	165,444
Dr. Ali AbdulRahman AlKhataf *	159,444	9,000	-	-	-	-	168,444	-	-	-	-	-	-	168,444
Sulaiman Naser Alhattan**	40,556	6,000	-	-	-	-	46,556	-	-	-	-	-	-	46,556
Dr. Melhem Hamad AlMelhem**	40,556	6,000	-	-	-	-	46,556	-	-	-	-	-	-	46,556
Abdullah Abdulrahman AlAbdulwahid**	40,556	6,000	-	-	-	-	46,556	-	-	-	-	-	-	46,556
Total	440,556	33,000	-	-	-	-	473,556	-	-	-	-	-	-	473,556
Second: Non-executive Members														
Prince Faisal bin Abdulaziz bin Faisal Al Saud	200,000	15,000	-	-	-	-	215,000	-	-	-	-	-	-	215,000
Abdul Mohsen AbdulLatif AlJissa *	159,444	9,000	-	-	-	-	168,444	-	-	-	-	-	-	168,444
Abdullah Suleiman Al-Dabaan	200,000	15,000	-	-	-	-	215,000	-	-	-	-	-	-	215,000
Dr. Moayyed Issa Alqurtas ***	200,000	15,000	-	-	-	-	215,000	-	-	-	-	-	-	215,000
Total	759,444	54,000	-	-	-	-	813,444	-	-	-	-	-	-	813,444
Third: Executive Members														
Dr. Saad Saud AlSavari	200,000	15,000	-	-	-	-	215,000	-	-	-	-	-	-	215,000
Total	200,000	15,000	-	-	-	-	215,000	-	-	-	-	-	-	215,000

\* His membership expired on 17 October 2020

\*\* His membership began on 18 October 2020

\*\*\* His membership has been transformed from independent to non-executive from 18 October 2020

### Committee members' Remunerations

	Fixed remuneration (except attending sessions)	Allowances for attending sessions	Total
<b>Audit Committee Members</b>			
Dr. AbdulRahman Ibrahim AlHamid*	-	25,000	25,000
Abdul Mohsen AbdulLatif AlIssa*	-	25,000	25,000
Sulaiman Naser Alhatlan ***	-	10,000	10,000
Dr. Moayyed Issa Alqurtas**	-	10,000	10,000
Hisham Ali AlAkil	-	35,000	35,000
<b>Total</b>	-	105,000	105,000
<b>Remuneration &amp; Nomination Committee Members</b>			
Dr. Ali AbdulRahman AlKhalaf *	-	15,000	15,000
Prince Faisal bin Abdulaziz bin Faisal Al Saud	-	25,000	25,000
Sulaiman Naser Alhatlan ****	-	10,000	10,000
Abdullah Suleiman AlDabaan	-	25,000	25,000
<b>Total</b>	-	75,000	75,000
<b>Executive Committee Members</b>			
Prince Faisal bin Abdulaziz bin Faisal Al Saud	260,000	-	260,000
Dr. Saad Saud AlSayari	50,000	-	50,000
Abdullah Suleiman AlDabaan	50,000	-	50,000
<b>Total</b>	360,000	-	360,000

\* His membership expired on 17 October 2020

\*\* His membership began on 18 October 2020

\*\*\* His membership began on 18 October 2020 and he became chairman of the committee from 19/12/2020

\*\*\*\* He began his membership and became chairman of the Committee on 07/11/2020

**Senior Executives Remuneration**

	Fixed Remuneration				Variable Remuneration						End of service rewards	Total remuneration for executives in the Board	Grand Total
	Salaries	Allowances	In Kind Benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Equity (values to be entered)	Total			
Five Senior Executives (including CEO & CFO)	5,460,000	-	639,000	6,099,000	1,205,000	-	-	-	-	1,205,000	5,067,872	7,304,000	12,371,872
	<b>Total</b>	0	639,000	6,099,000	1,205,000	0	0	0	0	1,205,000	5,067,872	7,304,000	12,371,872



**Saudi Pottery Pipe Production Company**  
**Saudi Vitrified Clay Pipe**  
**Co.**

**A statement of the dates of the General Assembly meetings held  
during the last fiscal year and the names of the board members who  
attend them**

<b>Name</b>	<b>05/04/2020</b>	<b>28/09/2020</b>	<b>Attendance</b>
Prince Faisal bin Abdulaziz bin Faisal Al Saud	√	√	<b>100%</b>
Dr. Saad Saud AlSayari - Managing Director	√	√	<b>100%</b>
AbdulMohsen AbdulLatif AlIssa *	√	X	<b>50%</b>
Abdullah Suleiman AlDabaan	√	√	<b>100%</b>
Dr. Ali AbdulRahman AlKhalaf *	√	√	<b>100%</b>
Dr. Moayyed Issa Alqurtas ***	√	√	<b>100%</b>
Dr.AbdulRahman Ibrahim AlHumaid *	√	√	<b>100%</b>
Sulaiman Naser Alhatlan **	-	-	<b>0%</b>
Dr. Mulhim Hamad Ali Al- Mulhim **	-	-	<b>0%</b>
Abdullah Abdulrahman Mohammed AlAbdulwahed (Representative of the Public Pension Authority) **	-	-	<b>0%</b>

**\* His membership expired on 17 October 2020**

**\*\* His membership began on 18 October 2020**

**\*\*\* His membership has been transformed from independent to non-executive from 18 October 2020**



**Saudi Pottery Pipe Production Company**  
**Saudi Vittrified Clay Pipe**  
**Co.**

**The number of company requests for the shareholders' register, dates and reasons for those requests:**

Number of company requests for shareholders' register	Order date	Reasons for the request
1	26/03/2020	Corporate procedures
2	05/04/2020	General Assembly
3	16/06/2020	Corporate procedures
4	02/09/2020	Corporate procedures
5	24/09/2020	Corporate procedures
6	28/09/2020	General Assembly
7	22/11/2020	Earnings file
8	22/11/2020	Corporate procedures
9	20/12/2020	Corporate procedures

**Sanctions and penalties imposed on the company:**

A fine was imposed on the company during the year 2020, as shown in the following table:

Sanction/Penalty/Precautionary Procedure/ Preventive Measure	Reasons for violation	Imposing Authority	Measures undertaken to remedy and avoid such non-compliance in the future
3,000	Error recording manpower	General Organization for Social Insurance	Ensure correct registration of workforce



## **Results of the annual review of effectiveness of internal control procedures of the company and the opinion of the audit committee with respect to adequacy of company's internal control system**

The results of the annual audit of the effectiveness and consequences of internal control showed the absence of any substantial observations affecting the company's activity, and the company's internal audit department carries out ongoing operational audits to verify the effectiveness of the internal control system in protecting the company's assets, assessing business risks and measuring the performance efficiency, as part of its audit of the company's final financial statements. By evaluating the internal control system and providing the company with a report containing weaknesses in the system and how to address them, as well as being able to see all the minutes of the audit committee for the financial period under examination, the results of the annual review have shown the effectiveness of internal control procedures during the year 2020, and that the internal control system applied by the company was prepared on sound bases and implemented efficiently and effectively.

## **Shareholders**

Achieving the shareholders' expectations and taking care of them is the company's main strategy and the company is constantly seeking to communicate effectively with the shareholders and to make them aware of the important developments of the company through a trading site, its website and other means of communication. In accordance with the policy of disclosure, which the company is keen to pay through compliance with the executive regulations of the CMA system and the systems in force in Saudi Arabia. The Company announced to pay dividends on the second half of 2019 in 25/12/2019, which was distributed on 08/01/2020, and announced to pay dividends on 11/11/2020 which was distributed on 14/12/2020. The Company takes into account the application of the guidelines contained in the Corporate Governance Regulations that are related to the company's employees and activities, particularly with regard to shareholders' rights and compliance with the instructions and the actions of disclosure and transparency.





## **Manpower and training**

The company has continued to develop a program (incentives and performance) to achieve many of the positive results of linking each employee's disease with the company's goal scorer, as of December 31, 2020 (470) employees.

## **Recommendations of the Board of Directors to the General Assembly of Shareholders**

1. Voting on the report of the Board of Directors for the fiscal year ended 31/12/2020
2. Voting on the financial statements for the fiscal year ended 31/12/2020.
3. Voting on the decision of the Board of Directors with the distribution of dividends to shareholders for the year 2020 by (1 riyal) per share and by (10%) of capital.
4. Voting on the external auditor report for the fiscal year ended 31/12/2020.
5. Voting on the assignment of external auditor from nominated offers based on the recommendation of the audit committee, in order to examine, review and audit the financial statements for the second, third and annual quarter of fiscal year 2021 and the first quarter of the fiscal year 2022 and determine his fees.
6. Voting to authorize the Board of Directors to distribute interim dividends on a semi-annual or quarterly basis for the fiscal year 2021.

## **Thanks and appreciation**

The Board of Directors extends its thanks and gratitude to the honorable shareholders for their valuable support and trust, and to the company's employees for their fruitful efforts.