This Sustainability report has been prepared based on the information available to Saudi Arabian Mining Company and its subsidiaries (hereinafter, the Ma’aden, we or the company) as of the date of issue.

This Sustainability report includes certain forward-looking statements with respect to Ma’aden’s operations.

The company has made every possible effort to ensure the accuracy of the information included in this Sustainability report. However, the company does not guarantee the appropriateness, comprehensiveness, accuracy or usefulness of this information. The information in this Sustainability report is not to solicit investors to buy or sell the company’s securities.

Words such as “intends”, “strives”, “projects”, “expects”, “estimates”, “plans”, “considers”, “assumes”, “may”, “should”, “will”, “continues” and other words with similar meanings usually indicate the projected nature of the statement.

These forward-looking statements, due to their specific nature, involve inherent risks, inaccuracy and uncertainty, and there is a risk that the assumptions, expectations, intentions or other forward-looking statements may change and/or never come to life.

Ma’aden accepts no responsibility for any losses that may be incurred by any individual or legal entity by their reliance on the forward-looking statements. Each particular forward-looking statement represents one of numerous development scenarios and should not be treated as the most probable one.

Additional information about these and other factors are presented in the Governance, Compliance and Risks chapter of this Sustainability report.

When considering forward-looking statements, the above factors should be carefully considered and taken into account, in particular, the economic, social and legal obligations of the activities conducted by Ma’aden.

Except for cases directly provided for by the applicable laws, Ma’aden does not assume any obligations to publish updates or amendments to this annual report or to the forward-looking statements, based on either new information or subsequent events.
بسم الله الرحمن الرحيم
Custodian of the Two Holy Mosques
King Salman Bin Abdulaziz Al Saud
Crown Prince and Deputy Prime Minister
and Interior Minister
HRH Prince Mohammed bin Naif bin Abdulaziz Al Saud
Deputy Crown Prince and Second Deputy Premier and Defense Minister

HRH Prince Mohammed bin Salman bin Abdulaziz Al Saud
10 INTRODUCTION
24 GOVERNANCE, COMPLIANCE AND RISKS
38 Integrating Sustainability

Ras Al Khair, one of the world's largest and most efficient integrated aluminium plants.
Dear Partners/Stakeholders,

Welcome to the 2015 Ma’aden Sustainability Report which this year focusses on Ma’aden’s efforts to integrate sustainability throughout the organization and incorporate it into business decision making so that across Ma’aden our teams are empowered to produce business-driven sustainability performance.

It is often said that sustainability is a journey. Ma’aden’s business model is to build value throughout the mining value chain in Saudi Arabia, from “mine to market.” Embedding sustainability across this entire mining value chain is a significant challenge and a multi-year journey that we are committed to at all levels of our leadership.

Our sustainability journey is unique in the Kingdom. Before Ma’aden there was no mining industry in the Kingdom to speak of. We are the leading force in the development of mining in Saudi Arabia and so we have proudly accepted our responsibility to lead a sustainable mining sector here.

While we have much more to do, our progress thus far has been meaningful. Last year, we focused on governance by launching our Code of Conduct and training our people on how it impact the way we behave with all of our stakeholders.

In return for their dedication, we launched a home ownership program for our staff and continue to invest in their development, with more than SAR 95 million spent last year in training 1300 young Saudis in the mining sector.

In our ongoing mission to achieve zero harm, our teams have recorded 20% less loss time incidents (LTIs) than last year and we’ve successfully conducted 14 environmental audits across the Ma’aden Group so that we continue to focus on improvements in both process and system safety.

Our communities continue to be key focus for us. This year, 78% of the Saudi staff in our mining operations were from the local surrounding community. For Ma’aden local community support means local content support. So we are pleased to report that in 2014 a total of 78% of our corporate wide purchasing budget was spent on national suppliers.

As we progress on our journey, we’ve learned that integrating sustainability even further will make our business more resilient and more adaptable. Bringing local context into global mining is a key part of our journey to becoming a world class minerals enterprise.

Thank you for being part of that journey and for continued support.

Best Regards

Ma’aden’s
our vision
To be a world class minerals enterprise.

our mission
Champion the responsible development of the mining sector as the third pillar of Saudi industry by maximizing the value of the mineral resources for our stakeholders and adopting best-in-class practices.

our values

INTEGRITY
Honesty, integrity and the highest ethical standards in our relationships with all our stakeholders.

CARE
Sustained care and fairness for our people, the communities we touch and the environments we operate in.

OWNERSHIP
Personal ownership and accountability for quality results in pursuit of our collective goals.

TEAMWORK
Communication and collaboration with each other across the company and with partners to achieve success.
<table>
<thead>
<tr>
<th></th>
<th>Asset (SAR million)</th>
<th>Net Profit (SAR million)</th>
<th>Sales (SAR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>84,541</td>
<td>1,357</td>
<td>10,791</td>
</tr>
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</table>

An example of bauxite ore.
2014 has been an extraordinary year for Ma’aden, during which a number of notable achievements clearly illustrate the real progress that we have made towards realizing our vision of becoming a world-class minerals enterprise.
At Ma’aden, we have come a long way in a short time. We have transformed our company, started to reshape our national mining industry, built a network of supportive national and regional stakeholders, and emerged slowly but surely into multiple global commodities industries that we had little experience of when we began - all in just 18 years, the blink of an eye in the mining industry, making Ma’aden a major contributor to the Kingdom’s economic development.

When Ma’aden was established in 1997, it was with the aspiration of building the third pillar of Saudi industry, diversifying from oil and natural gas into mining. As we expanded from gold into phosphate, aluminium, industrial minerals, and base metals; and opened up to shareholders over the years, we made strides towards realizing the Kingdom’s other three strategic goals: capacity building, quality job creation, and balanced regional development.

Ma’aden continues to be a lynchpin for the creation of new anchor industries in Saudi Arabia – one that can leverage natural resources to develop people and remote regions through the judicious retrieval, development, manufacturing and export of end products from those natural resources.

**Gold and Base Metals**

Our story begins with gold: it was the first of the Ma’aden product lines, the beginning of our mining activity and the foundation of our growth.

By the end of 2013, we managed three actively producing gold mines: the legendary Mahd Ad Dhahab, and Bulghah - both in Al Madinah Province; and Al Amar in Al Riyadh Province. Our Al Hajar mine closed during 2013.

At the same time we were conducting extensive exploration and preparatory work for the future, and making steady progress towards achieving our stated goal of producing 500,000 ounces of gold annually by 2017.

Ma’aden Gold and Base Metals (MGBM) now runs five mines. In 2014, the As Suq mine in Makkah Al Mukaramah Province was opened, raising our production by 15 percent. Additionally, Sukhyabarat mine in Al Qassim Province - which initially closed in 2003 to focus exclusively on processing - was reopened in 2014. A sixth mine at Ad Duwayhi, also in Makkah Al Mukaramah Province, will begin production in 2015.

Despite wild fluctuations in the price of gold, our careful management and strategic investments in infrastructure deployment helped us end 2014 with strong financial and operational growth. And this is not the end: thanks to our new 450km treated water pipeline from Taif, we anticipate opening more mining sites in the coming years, including those based on current development projects at Ar RJum, Mansourah and Masarrah.

We also added another product line with our expansion into copper. Together with the Barrick Gold Corporation of Canada – the world’s largest producer of gold – we have acquired the Jabal Sayid copper mine in Madinah Province. Production will
begin in 2015, and we estimate peak production of up to 51,000 tonnes of copper in concentrate annually.

**Phosphate**

For the average consumer, fertilizer may not inspire a great deal of excitement – but for the savvy investor, the opposite is true. Feeding the world’s growing population is one of the most pressing concerns of all nations across the world.

Ma’aden, as a rising producer of DAP and MAP, two of the most popular fertilizers in the world, is in a strategic position when it comes to this global commodity thanks to our rapid and efficient transportation to emerging markets, and our ability to respond quickly to changing market conditions and customer needs.

Our phosphate business revolves around two hubs: the Ma’aden Phosphate Company, a joint venture with SABIC operating in Al Jalamid mine in the north and Ras Al Khair Industrial City in the east; and the Ma’aden Wa’ad Al Shamal phosphate project, a joint venture with both MOSAIC, the world’s largest producer of phosphate fertilizers and SABIC. This latter project, with its seven world-class plants and ancillary facilities, is on course to become one of the world’s largest phosphate production facilities.

Until then, we continue to break our own production and sales records, this year exceeding one million tonnes of phosphoric acid production and more than SAR5 billion in sales.

Although the Wa’ad Al Shamal project will only debut in 2016, we are using this time to ramp up our market presence at home and abroad. For 2014, our results have been very promising, with inroads into several key Asian, African and American markets. Exploration activity is also continuing, ensuring that we have more than enough mineral resources by the time all our production facilities are engaged.

**Industrial Minerals**

Gold may be historic and fertilizer literally down to earth, but industrial minerals is probably the product line most closely aligned to the modern age.

At Ma’aden, we mine three of these non-fuel, non-metal and non-gem materials: low-grade bauxite, used in the production of cement; kaolin, the classic white clay once used to make porcelain in ancient China and now one of the world’s most versatile clays; and caustic calcined magnesia, used for everything from reducing air pollution to improving livestock health. Some of our output goes towards our

**More than SAR 5 billion phosphate sales**

...
of the Kingdom – assuring our partners, stakeholders and shareholders that Ma’aden is delivering on its stated goals and is here for the long haul.

We are immeasurably proud to have launched the world’s largest and most efficient integrated aluminium processing complex, including a bauxite mine and crushing facility at Al Ba’itha in Al Qasim Province; and a refinery, smelter, and one of the most technologically advanced rolling mills in the world at Ras Al Khair Industrial City.

Fully realized, Ma’aden Aluminium will be able to produce the world’s most economical aluminium – and we are well on our way to doing so.

In May, our Al Ba’itha mine produced its first bauxite, and the following month Saudi Arabia’s first ever can sheet coil was produced at our Ras Al Khair rolling mill. Our smelter reached full production in July, and in November we produced our first molten metal from our can recycling facility.

With a deep-water port that connects our operations to global markets, and the downstream industries stimulated by our aluminium capabilities, 2014 has been the year that Ma’aden has successfully completed the mine-to-market value chain.

Looking Ahead

It has been an exceptional year for Ma’aden during which a number of notable achievements clearly illustrated the very
real progress that we have made towards realizing our vision of becoming a world-class minerals enterprise.

Our aluminium business has led the way, with the completion of the end-to-end value chain that enables us to produce a Saudi can from Saudi bauxite. However, it is the fact that each part of our business has passed similarly significant milestones that makes 2014 such a landmark year in the Ma’aden story.

As well as being a successful year developmentally, 2014 has also been very positive financially. The combination of increasing production and increased sales volumes have resulted in a significant rise in operating income.

During a year in which we have made our mine to market dream a reality, it is clear that the investments we’ve made since our establishment are finally translating into operational progress and financial results.

Growing Our Portfolio
Our core business areas are the production of gold and base metals, phosphate and aluminium, but increasingly, we are exploring for and evaluating new minerals, which may mature into promising, stand-alone businesses.

Some of the industrial minerals we’re looking at include refractory clays, kyanite, graphite, pure limestone for ground calcium carbonate (GCC) and precipitated calcium carbonate (PCC) products, potash and iron ore.

Consequently, our industrial minerals company is expanding its market shares, and caustic soda and ethylene dichloride sales continue to rise.

Sustainable Growth
Our story is all about building a secure, sustainable business and building resilience throughout our business model has been one of the key themes of 2014.

As we look ahead our strategies will inevitably adjust, adapting to changes in the market and our own growth to extract the maximum value of our assets while making the right investments.

Accordingly, our strategic focus is four-fold: operating excellence, marketing and

“Fully realized, Ma’aden Aluminium will be able to produce the world’s most economical aluminium.”
Ma’aden is perfectly positioned for the next stage of its development: to continue contributing to the prosperity of the Kingdom, to create quality jobs for Saudi nationals, to support the communities around our operating sites, to enable the creation of a downstream manufacturing industry, and to generate sound future returns for our investors.

This means making productivity and cost-efficiency part of our DNA. It means delivering best-in-class sustainability metrics and delivering capital projects on time and on budget.

It means continuing the excellent work of our exploration teams to ensure the long-term future of the business, and developing a pipeline of high quality projects. It means continuous improvement of our in-house capabilities by investing in our people and shaping Ma’aden into a lean and efficient operating organization. It also means refining our sales and marketing, being responsive to volatility, opening up new markets, and building and maintaining profitability.

So much has been achieved in such a relatively short time that it is easy to forget that Ma’aden is still a very young company. But it is a company built on robust foundations and primed to begin reaping the rewards of a far-sighted investment strategy.

We have invested in our assets and human capital to such a degree that we are now one of the fastest growing mining companies in the world. Over the past decade our workforce has expanded from 800 to 6,149 employees, our assets have grown 11-fold, and our revenue has increased by a factor of 25.

24% growth in total assets in 2014

sales, exploration and growth, and capability building.

Ma’aden Sustainability Report | 2014
KEY STRENGTHS AND COMPETITIVE ADVANTAGES

- strong growth opportunities
- attractive long-term fundamentals
- diversified businesses
- significant mineral resource base
- cost effective minerals production
- solid national infrastructure
- strong joint venture partners
- significant synergies between businesses
- experienced multi-national management team
MA’ADEN
AT A GLANCE

SALES IN MILLION SAR

- **Phosphate**: 5,577 (2014) vs. 4,498 (2013)
- **Aluminium**: 4,322 (2014) vs. 1,015 (2013)

GROWTH IN WORKFORCE

- **2011**: 3,020
- **2012**: 4,366
- **2013**: 5,763
- **2014**: 6,149

2014 SALES IN MILLION SAR

- **Phosphate**: 5,577
- **Aluminium**: 4,498
- **Gold and base metals**: 1,015
- **Industrial minerals**: 715

Ma’aden Sustainability Report | 2014
GROWTH IN ASSETS IN BILLION SAR

MA’ADEN SITES

GOLD
- current
- under development
- copper

PHOSPHATE
- mine
- production
- under development

ALUMINIUM
- Bauxite mine
- Aluminium production
- under development

INDUSTRIAL MINERALS
- Caustic magnesia
- Magnesite mine
- Kaolin & low grade bauxite

INTRODUCTION
GOVERNANCE, COMPLIANCE AND RISKS
At Ma’aden’s Head Office in Riyadh
Our corporate governance framework is based on Saudi law, Ma’aden’s Articles of Association and the regulations stipulated by the Capital Markets Authority (CMA).
HE Suleiman bin Abdulrahman Al Gwaiz
Non-executive member and sits on the Board’s Executive Committee. He holds a bachelor’s degree in business administration. He also sits on the board of Banque Saudi Fransi (BSF), the Hassana Investment Company, and the Saudi Investment Group.

HE Mohammed bin Abdullah Al-Kharashi
Non-executive member and chairs the Board’s Audit Committee. He holds a master’s degree in accounting and sits on the boards of Saudi Basic Industries Corp (SABIC), and Saudi Telecom Company (STC).

Eng Abdallah bin Saif Al-Saif
Chairman of our Board of Directors. An independent member, he also chairs the Board’s Executive Committee and the Nomination and Remuneration Committee. Al-Saif holds a bachelor’s degree in petroleum engineering. He also sits on the Board of the Dhahran Emaar Company.
Mansour bin Saleh Al-Maiman
Non-executive member and sits on the Board’s Nomination and Remuneration Committee. He holds a master’s degree in business administration and a bachelor’s degree in accounting and business administration, and is the Chairman of the National Commercial Bank. He sits on the boards of NCB Capital, the Saudi Railway Company (SAR), and Sanabil Investments.

Sultan bin Jamal Shawli
Non-executive member and sits on the Board’s Executive Committee. He holds a master’s degree in petrological studies, and specialized in sedimentary environments of phosphate rocks in Saudi Arabia. He does not hold any other board membership in a public company.

Eng Khalid bin Hamad Al-Sanani
Non-executive member and sits on the Board’s Audit Committee. He holds a master’s degree in construction project management and a bachelor’s degree in civil engineering. He does not hold any other board membership in a public company.

Eng Abdulaziz bin Abdullah Al-Suqair
An independent member and sits on the Board’s Executive Committee. He holds a master’s degree in electrical engineering and a bachelor’s degree in electrical and electronic engineering. He is also the Chairman of the Board of the Saudi Telecom Company (STC).

Dr Ziyad bin Abdulrahman Al-Sudairy
An independent member and sits on the Board’s Nomination and Remuneration Committee. He holds a doctoral degree in law and a bachelor’s degree in political science. He does not hold any other board membership in a public company.

Eng Khalid bin Saleh Al-Mudaifer
President and CEO, is the executive member of the Board. He also sits on the Board’s Executive Committee and Nomination and Remuneration Committee. Al-Mudaifer holds a master’s degree in business administration and a bachelor’s degree in civil engineering. He is also on the board of the Gulf International Bank (GIB).
**Highest Standards and Best Practices**

There are four main bodies in charge of the company’s governance:

1. Shareholders
2. Board of Directors and supporting committees
3. President and CEO
4. Management committee.

Our commitment to the highest standards of integrity and transparency helped shape Ma’aden’s corporate governance and processes. They have been inspired by the leading practice guidelines of the International Council of Mining and Metals (ICMM).

We have built a strong internal control mechanism to make every Ma’aden employee contribute to compliance practices and strengthen the governance regime. The Corporate Governance Framework, which outlines our system of governance, is designed to harmonize the interests of all our stakeholders – which includes shareholders, management, employees, clients and the communities in which we operate. The framework goes beyond ensuring compliance with laws and regulations. It extends to risk management, business conduct standards, and policy compliance.

We strive to achieve this through several clearly established by-laws, policies, procedures and directives, including:

- The Audit Committee Charter
- The Nomination and Remuneration Committee Charter
- The Executive Committee Charter
- The Business Conduct Guidelines
- The Whistleblowing Policy
- The Conflict of Interest Policy
- The HSE Policy.

**Role of Shareholders**

Our General Assembly is the platform where shareholders exercise their voting rights. Shareholder consent is required for key decisions such as the approval of the financial statements, the Board of Directors report on the company’s activities, the review and approval of the Board of Directors’ recommendations on dividend payments, the election of board members, amendments to the articles of association, appointment of external

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**The Corporate Governance Framework Includes:**

- Audit Committee Charter
- Nomination and Remuneration Committee Charter
- Executive Committee Charter
- Business Conduct Guidelines
- Whistleblowing Policy
- Conflict of Interest Policy
- Health Safety and Environmental Policy
auditors, and raising registered capital. Each shareholder is entitled to one vote.

**Board of Directors**
The main functions of the Board are to:

- approve the strategic plans and key objectives of the company and supervise their implementation
- lay down rules for internal control systems and supervise them
- lay down specific and explicit policies, standards and procedures for the membership of the Board of Directors and implement them after they have been approved by the General Assembly
- outline a written policy that regulates the relationship with stakeholders with a view to protecting their respective rights
- approve the quarterly financial statements
- approve policies and procedures to ensure the company’s compliance with laws and regulations including the company’s obligation to disclose material information to shareholders, creditors and other stakeholders
- appoint the CEO and senior executives
- assess overall operational performance against approved strategic plans and objectives.

As of December 31 2014, our Board of Directors is comprised of nine members. The term of office for each member is three years, and the Board meets at least once every quarter.

Although the Board performs its tasks collectively, it delegates some of its work in order to perform its duties in an effective manner. The committees to whom these tasks are delegated are:

- the Audit Committee
- the Nomination and Remuneration Committee
- the Executive Committee.

**Audit Committee**
The Audit Committee was formed on November 15, 2008, and its terms are renewed every three years in accordance with Article 14 of the corporate governance regulations issued by the Board of the CMA. Under this article, the General Assembly of shareholders, upon recommendation of the Board of Directors, is authorized to issue rules for appointing the members of the Audit Committee, define the terms of their office and the procedures to be followed by the committee.

The committee completed its second term on October 24, 2014. Accordingly, the members of the committee were appointed for the third term through a Board resolution issued on October 26, 2014.

The newly appointed committee continues to be chaired by HE Mohammed bin Abdullah Al-Kharashi with the following five members: Eng Khalid bin Hamad Al-Senani, Eng Abdullah bin Mohammed Al-Fayez, Dr Abdullah bin Hassan Al-Abdulqader, Mazen bin Abdullah Al-Fraih, and Waleed bin Ibrahim Shukri.

The first meeting of the committee’s third term was held on December 14, 2014.

The committee oversees the internal audit department’s activities which it
## Members of the Board of Directors

<table>
<thead>
<tr>
<th>Member’s name</th>
<th>Membership status</th>
<th>Meetings attended</th>
<th>Committee membership</th>
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</thead>
<tbody>
<tr>
<td>Eng Abdallah Bin Saif Al-Saif</td>
<td>Independent</td>
<td>8</td>
<td>Nomination and Remuneration Committee</td>
</tr>
<tr>
<td>HE Mohammed bin Abdullah Al-Kharashi</td>
<td>Non-executive</td>
<td>8</td>
<td>Audit Committee</td>
</tr>
<tr>
<td>HE Suliman bin Abdulrahman Al-Gwaiz</td>
<td>Non-executive</td>
<td>7</td>
<td>Executive Committee</td>
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<tr>
<td>Mansour Bin Saleh Al-Maiman</td>
<td>Non-executive</td>
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<td>Nomination and Remuneration Committee</td>
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<tr>
<td>Eng Khalid bin Hamad Al-Senani</td>
<td>Non-executive</td>
<td>5</td>
<td>Audit Committee</td>
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<tr>
<td>Eng Sultan Bin Jamal Shawli</td>
<td>Non-executive</td>
<td>6</td>
<td>Executive Committee</td>
</tr>
<tr>
<td>Dr Ziyad Abdulrahman Al Sudairy</td>
<td>Independent</td>
<td>4</td>
<td>Nomination and Remuneration Committee</td>
</tr>
<tr>
<td>Eng Abdulaziz Bin Abdullah Al Suqair**</td>
<td>Independent</td>
<td>5</td>
<td>Executive Committee</td>
</tr>
<tr>
<td>Eng Khalid bin Saleh Al Mudaifer</td>
<td>Executive</td>
<td>8</td>
<td>Nomination and Remuneration Committee</td>
</tr>
<tr>
<td>HE Soliman Bin Saad Al-Humayyd*</td>
<td>Independent</td>
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<td>Executive Committee</td>
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## Members of the Audit Committee

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<tr>
<td>HE Mohammed bin Abdullah Al-Kharashi</td>
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<td>Eng Khalid bin Hamad Al-Senani</td>
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<tr>
<td>Eng Abdullah bin Mohammed Al-Fayez</td>
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<tr>
<td>Dr Abdallah bin Hassan Al-Abdulqader</td>
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<tr>
<td>Mazen bin Abdullah Al-Fraih</td>
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<tr>
<td>Waleed bin Ibrahim Shukri</td>
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</table>

* Mr. Soliman Bin Saad Al-Humayyd submitted his immediate resignation on Tuesday, December 9, 2014 from his position as an independent member of the Ma’aden Board of Directors, due to his appointment as the Minister of Social Affairs.

** Term of service ended for Eng Abdulaziz Bin Abdullah Al Suqair on October 24, 2014.
Membership on other closed and listed joint-stock companies

<table>
<thead>
<tr>
<th>Company Name</th>
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<tbody>
<tr>
<td>Dhahran Emaar Company</td>
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<tr>
<td>Saudi Telecom Company (STC)</td>
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<tr>
<td>Saudi Basic Industries (SABIC)</td>
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<tr>
<td>Banque Saudi Fransi (BSF)</td>
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<tr>
<td>Hassana Investment Company</td>
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<tr>
<td>Saudi Investment Group</td>
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<tr>
<td>National Commercial Bank (NCB)</td>
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<td>Saudi Railway Company (SAR)</td>
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<tr>
<td>NCB Capital</td>
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<tr>
<td>Sanabil Investments</td>
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<tr>
<td>None</td>
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<td>None</td>
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<tr>
<td>None</td>
</tr>
<tr>
<td>Saudi Telecom Company (STC)</td>
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<tr>
<td>Gulf International Bank</td>
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<tr>
<td>Al Faisaliah Group (AFG)</td>
</tr>
<tr>
<td>Mohammed Abdulaziz Al-Rajhi &amp; Sons Holding Company</td>
</tr>
</tbody>
</table>

- reports to the committee. The committee also oversees the effectiveness of information systems controls, adequacy of internal controls over financial reporting, review of the financial statements, Enterprise Risk Management (ERM) activities, the appointment of external auditors, and other general activities related to the external audit.

The major roles and responsibilities of the committee include the following:

- review Ma’aden’s adopted financial policies and procedures and recommend their final approval to the Board
- review the interim and annual standalone and consolidated financial statements of Ma’aden and its subsidiaries
- recommend the appointment of the external auditors to the Board
- review internal audit reports and approve the annual internal audit plan, internal audit policies and procedures
- conduct or authorize initiation of investigations related to any matter, as it deems appropriate, in the best interest of the company, having unrestricted access to management and information relevant to the investigation.
Nomination & Remuneration Committee
On October 26, 2014, Maaden’s Board issued a resolution to appoint the Nomination and Remuneration Committee members for the third session. There are four members; Mansour Bin Saleh Al-Maiman, Dr Ziyad Abdulrahman Al Sudairy, and Eng Khalid Bin Saleh Al Mudaifer, and Eng Abdallah Bin Saif Al-Saif, who serves as chairman. The first meeting of the third session was held on December 21, 2014.

The key duties and responsibilities of the committee are to:

- conduct annual reviews of the skills, capabilities and work experience needed to strengthen the supervisory performance of the Board and make suitable recommendations to the Board
- verify the independence of Board members and assess potential conflicts of interest for members who also serve on other company boards
- evaluate candidates for Board membership by assessing personal and professional qualities including integrity, credibility, responsibility, leadership experience, business acumen and the capability to devote the time necessary to carry out all responsibilities
- identify the shortcomings in the functioning of the Board and propose solutions to address any deficiency
- review and approve all compensation (salaries, allowances, shares) for all executives annually.

Executive Committee
The Executive Committee was formed on November 15, 2008 and consisted of a chairman, Eng Abdallah Bin Saif Al-Saif, and four members; HE Soliman Bin Saad Al-Humayyd, Abdulaziz Bin Abdullah Al Suqair, Eng Sultan Bin Jamal Shawli, and Eng Khalid Bin Saleh Al Mudaifer. The executive committee was formed for the second session on October 24, 2011 with no change in members or chairman.

On October 26, 2014 Maaden’s Board issued a resolution to appoint the Executive Committee members for the third session, chaired by Eng Abdallah Bin Saif Al-Saif with members HE Suliman bin Abdulrahman Al-Gwaiz, Eng Sultan Bin Jamal Shawli, Eng Khalid Bin Saleh Al Mudaifer, and HE Soliman Bin Saad Al-Humayyd, who was re-elected to the Board of Directors on November 13, 2014 by the General Assembly. The first meeting of the third session was held on November 13, 2014.

The duties and responsibilities of the Executive Committee are to:

- review Ma’aden’s objectives and strategies, and make recommendations to the Board to help achieve the objectives and execute the business plan and strategies efficiently
- review budgets relating to the

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<tbody>
<tr>
<td>Eng Abdallah Bin Saif Al-Saif</td>
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<td>Mansour Bin Saleh Al-Maiman</td>
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<td>Dr Ziyad Abdulrahman Al Sudairy</td>
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<td>Eng Khalid Bin Saleh Al Mudaifer</td>
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Mr. Soliman Bin Saad Al-Humayyd submitted his immediate resignation on Tuesday, December 9, 2014 from his position as an independent member of the Ma’aden Board of Directors, due to his appointment as the Minister of Social Affairs.

**Term of service ended for Eng Abdulaziz Bin Abdullah Al Suqair on October 24, 2014.**

### MEMBERS OF THE EXECUTIVE COMMITTEE

<table>
<thead>
<tr>
<th>Name</th>
<th>1 (16 Feb 2014)</th>
<th>2 (29 Jun 2014)</th>
<th>3 (07 Sep 2014)</th>
<th>4 (23 Nov 2014)</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Eng Abdallah Bin Saif Al-Saif</td>
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<td>HE Suliman bin Abdulrahman Al-Gwaiz</td>
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<tr>
<td>Eng Abdulaziz Bin Abdullah Al Suqair**</td>
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<td>Eng Sultan Bin Jamal Shawli</td>
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<td>Eng Khalid Bin Saleh Al Mudaifer</td>
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<tr>
<td>HE Soliman Bin Saad Al-Humayyd*</td>
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Company’s workforce, operations and capital expenditure
- Review proposed business, operations and financial plans with a time-frame of more than three years, and provide recommendations to the Board on these matters
- Approve short-term (less than one year) business, operations and financial plans and medium-term plans (one to three years) that are conceived under the approved long-term plan
- Oversee and monitor the implementation and completion of Ma’aden’s and its affiliates’ expansion projects.

Details of the roles and responsibilities of the three committees are explained in their respective charters, which are available on our website: www.maaden.com.sa/en/investor/governance

Role of Management
The President and CEO, along with senior executives form the Management Committee, perform a number of key functions. These include setting clear business objectives within an appropriate ethical framework, establishing good processes, providing for transparency and clear lines of responsibility and accountability, implementing sound business planning, integrating business risk management throughout the company, having the right people with the right skills for the job, having sound communication, establishing clear boundaries for acceptable behavior, evaluating and driving performance, recognizing individual and group contributions, and establishing and maintaining adequate internal controls.

Compliance and Ethics
Ethics, which is one of the four pillars of Ma’aden’s approach to sustainability, goes beyond rules. Ethical practices create an internal value system that drives people to do the right thing. Rules, policies, and procedures are developed out of a need to comply with the law or to keep order; ethics produces behaviours that are not merely reactions to mandates.

The compliance culture at Ma’aden starts at the top of the organization and is supported by a compliance team that is empowered to and responsible for successfully implementing relevant policies, procedures, training and monitoring that are aligned with sound ethics and business strategies.

Ma’aden’s compliance team assists senior management in identifying, evaluating, controlling and monitoring the compliance risks affecting the Company on an ongoing basis. Where weaknesses have been found through its reviews, the compliance team recommends appropriate controls and remedial actions.

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* Mr. Soliman Bin Saad Al-Humayyd submitted his immediate resignation on Tuesday, December 9, 2014 from his position as an independent member of the Ma’aden Board of Directors, due to his appointment as the Minister of Social Affairs.

** Term of service ended for Eng Abdulaziz Bin Abdullah Al Suqair on October 24, 2014.
During 2014, we have undertaken a number of initiatives to further embed ethics and a culture of compliance throughout the Company. We have recommended a new comprehensive Code of Conduct which defines the fundamental principles for doing business consistent with all applicable laws and Ma’aden’s values. The new Code of Conduct helps guide stakeholders on how to conduct business on behalf of Ma’aden and provides direction on where to go when there are questions or concerns. The new Code of Conduct also reflects the diversity of Ma’aden’s people, their cultures, and their experiences wherever they are located. The new Code of Conduct was approved by Ma’aden’s Board in January 2015.

Ma’aden has also performed a gap analysis comparing our procedures to international best practices which helped us identify several policies that were drafted in 2014 and are expected to be rolled-out in 2015. In addition, we developed a broader compliance awareness plan, which includes compliance and ethical training sessions for new employees, and periodical awareness newsletters and emails on compliance topics. We also created a database with all approved compliance policies and forms, which is easily accessible to all employees.

Along with these measures, we enhanced our whistleblowing mechanisms to allow employees to more easily and confidentially report concerns, including establishing an integrity line and a dedicated intranet site. We have also created an on-line mechanism for employees to declare any actual or potential conflicts of interest.

**HSE Policy**
Ma’aden is Saudi Arabia’s largest diversified mineral resource company. Excellence in our management of health, safety and environmental (HSE) risks is integral to the way we do business, and reflects our accountability concerning active stewardship and progress towards sustainable development.

Ma’aden’s HSE policy provides the foundation for our overriding commitment to continually improve our health, safety, and environmental performance standards in gold, base metals, phosphate, aluminium, and our other industrial minerals projects. The company’s objective is to have zero harm to people and the environment.

The guidelines and policies are available on our website: www.maaden.com.sa/en/investor/hse

**Managing Risks**
Effective and integrated risk management sits at the heart of true business sustainability. Ma’aden has a well-established risk management process, which not only covers strategic and operational risks, but also our environmental, social, health and safety risks. Our risk management process is aligned with the ISO 31000 international...
standards on risk management. Risk is inherent in every business activity. We appreciate that successful business is not about avoiding risk altogether. Rather, it is about finding ways to mitigate negative impacts of risks while capitalizing on opportunities.

Risk assessment and management is the responsibility of corporate management. Our Board oversees risk management with a focus on the most significant risks facing the company. Throughout the year, the Board and the committees to which it has delegated responsibility hold dedicated meetings to review and discuss specific risk topics in greater detail.

The Board’s risk oversight process builds upon the management’s risk assessment and mitigation processes, which include standardized reviews of long-term strategic and operational planning, executive development and evaluation, code of ethics compliance, regulatory compliance, health, safety and environmental compliance, financial reporting, information technology and security.

The corporate Enterprise Risk Management (ERM) department is responsible for overseeing and coordinating risk assessment and mitigation on an enterprise-wide basis. Our risk management program leverages the risk infrastructures that are integral to each of our businesses, and are in line with Ma’aden’s overall risk policies, guidelines and review mechanisms. Our risk infrastructure operates at the business and functional levels and is designed to identify, evaluate and mitigate all types of risk.

Depending on the nature of the risk involved and the particular business or function affected, we use a wide variety of risk mitigation strategies, including delegation of authority, standardized processes, strategic planning reviews, operating reviews and insurance. We manage the risk of fluctuations in economic activity and customer demand by monitoring industry dynamics and responding accordingly, including by adjusting capacity and implementing cost reductions.

We use insurance to mitigate the potential impact of some risks centrally. A formal process to review and monitor the implementation status of the risk mitigation plans on a regular basis has also been designed and implemented.

Internal Audit
Our centralized internal audit function continues to plays a key role in evaluating and improving risk management, internal controls, and governance processes, thereby supporting the larger business objectives of the enterprise. Established a year after the formation of Ma’aden, the Internal Audit Department (IAD) has evolved over the years, particularly after the listing of the company on Tadawul, the Saudi stock exchange.

With 12 full time professionals headed by the Chief Audit Executive, IAD provides assurance and consultations to strengthen
all Ma’aden operations. IAD consultancy services include vital management functions, system implementation reviews, and responding to enquiries from management to facilitate risk-centric decisions.

In 2014, we maintained our focus on aligning audit and organizational strategies that have helped us and our subsidiaries improve the level of corporate governance. As a result, the group continued to achieve considerable financial reporting stability and full compliance with the local regulatory framework, the lenders’ requirements, and the International Financial Reporting Standards (IFRS) recommended by the Saudi Organization of Certified Public Accountants (SOCPA).

We successfully maintained our efficiency and effectiveness in financial reporting which enabled Ma’aden to make early announcements of audited financial results. We are thus able to hold our annual General Assembly of shareholders before the end of the first quarter of 2015.

Our current practice is aligned with the International Professional Practices Framework (IPPF) and our risk-based methodology allows the assessment of organizational performance along the lines of risk-rating criterion, and our understanding of the different risk profiles for each of the Ma’aden SBUs enables us to tailor audit plans that best suits Ma’aden’s risk environment.

The outcome of this process is a risk-based internal audit plan for every year which is presented to the Audit Committee for approval. In 2014, we performed 160 audit engagements, the highest number ever since our formation, and covered a significant proportion of Ma’aden’s risk universe.

We are committed to improving our governance regime by maintaining a constant vigil and by adopting emerging leading practices, with a focus on controlled environments and business processes. We believe that effectively and constantly improving governance will drive shareholder value while improving the risk management processes across all of Ma’aden.

We will continue to equip ourselves with the latest technology-assisted tools and work towards building a continuous auditing model by utilizing the potential offered by our automated audit environment.

Investor Relations
At Ma’aden Investor Relations, we strive to be a world-class investor relations team. Our commitment as a key resource to the financial community and Ma’aden leadership is to be a reliable, responsive and transparent source of valuable information.

We are dedicated to uphold our core values of integrity and high ethical standards in our relationships with all our stakeholders. Our investor relations program ensures transparency in all communications while complying fully with the continuous and consistent disclosure obligations stipulated by the Kingdom’s Capital Market Authority.

We also ensure timely flow of information through various channels such as
as the website, Tadawul announcements, and conference attendance. In addition, we offer access to our Investor Relations team by phone and email, and host special events for analysts and investors including an Investor Day and earnings calls.

We follow a policy of proactively communicating with the market and informing our stakeholders of all key developments that will have an impact on the business. We hold dialogues with the investor community and advise the company’s senior management about market perceptions. Our dialogues with shareholders have become increasingly important as our individual and institutional investors are always looking for up-to-date information on company developments, our business plans, achievements and challenges.

Ma’aden has been a member of the Middle East Investor Relations Society (MEIR) since October 2012.

**Disclosure**

The company is obligated to continuously disclose any material developments and financial information through official channels, such as, the Saudi Stock Exchange (Tadawul) and the company’s website. No penalties, sanctions, or reserve restrictions related to disclosure were imposed on the company by regulatory, supervisory, monitoring, or judicial authorities during 2014.

**Deals with Related Parties**

Ma’aden has not been a party in any contract in which the CEO or the CFO or any Ma’aden-related person holds an interest.

**Remuneration and Compensation**

Remunerations and compensation paid to the board members and senior executives of the company for the fiscal year ending on December 31, 2014 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Executive members of the Board of Directors</th>
<th>Non-executive/independent members of the Board of Directors</th>
<th>Five highest earning senior executives including the CEO and the CFO</th>
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</thead>
<tbody>
<tr>
<td>Salaries and Compensation</td>
<td>--</td>
<td>--</td>
<td>8,259,636</td>
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<tr>
<td>Allowances</td>
<td>251,000</td>
<td>2,157,370</td>
<td>2,890,873</td>
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<tr>
<td>Regular and annual remunerations</td>
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<td>--</td>
<td>650,006</td>
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<tr>
<td>Incentive plans</td>
<td>--</td>
<td>--</td>
<td>3,474,000</td>
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<tr>
<td>Any compensation or benefits in kind paid monthly or annually</td>
<td>--</td>
<td>--</td>
<td>238,288</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>251,000</strong></td>
<td><strong>2,157,370</strong></td>
<td><strong>15,512,802</strong></td>
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All numbers in Saudi Riyals
Integrating Sustainability
Integrating Sustainability

"It is often said that sustainability is a journey. Ma’aden’s business model is to build value throughout the mining value chain in Saudi Arabia, from “mine to market.” Embedding sustainability across this entire mining value chain is a significant challenge and a multi-year journey that we are committed to at all levels of our leadership.”

Khalid Bin Saleh Al-Mudaifer
President and CEO
Ma’aden
Talent Acquisition
Ma’aden realizes that human capital development is the cornerstone of its short and long-term strategies. We have been very proactive in sourcing and attracting highly qualified candidates to support our various operations. Ma’aden has also revamped its employee incentive plan to attract and retain employees who demonstrate high performance. We have developed a clear career ladder and an effective performance management process that directly supports employee growth and development.

Human Resources (HR) intensified its efforts and applied best staffing practices in 2014 to position Ma’aden as the employer of choice. Special attention was given to the attraction and retention of Saudis to provide Ma’aden with a team of qualified and stable national employees that will support our operations in the short and long term. The driving objective is to build a workforce of highly qualified, dedicated, and motivated officers, executives, administrators, and professionals who have a wide range of expertise in management, engineering, geology, accounting, IT, and other key specialties.

HR’s highlight of 2014 was to provide front-end support to the Wa’ad Al Shamal project by designing and developing the career and job architecture that will attract the best talent at the right time for this high profile national endeavor.

New Employee Onboarding
Ma’aden developed and implemented standardized guidelines for new employee screening and selection. We also institutionalized on-boarding programs for new employees and published them in the employment manual. Hands-on training was delivered to all Ma’aden’s affiliate companies to ensure consistency of content and implementation. These initiatives resulted in improved and more efficient processes for screening, hiring,
and on-boarding. New hires received timely introduction and orientation to Ma’aden’s strategic vision as well as operational policies, guidelines, and processes. Special attention was given to Ma’aden’s values and business ethics. On-boarding programs also focus on new employee needs to ensure a soft landing and easy integration into work teams, which expedites employee productivity and performance. Due emphasis is always placed on safety, health and the environment to ensure that a culture valuing employee health and safety is being developed.

**Compensation and Work Processes**
Following recognized global consensus that monetary compensation is not the primary driver of employees’ satisfaction and engagement, Ma’aden has developed a comprehensive employee incentive program that aims at boosting satisfaction and hence performance. This comprehensive program addresses both tangible and intangible benefits. Moreover, it takes into consideration Ma’aden’s unique business operations, diversity of processes, and geographical challenges. Non-financial aspects of the program include the need to maintain work-life balance, clear career development ladders, and continuous learning and professional development.

In addition, a number of HR work processes were automated and rolled-out in 2014. This enabled employees to execute personnel transactions electronically with ease and convenience through the HR portal, thus saving time and enhancing satisfaction.

**Saudization Through Training**
Ma’aden has adopted a comprehensive program for training and career development with the aim of retaining qualified talent and improving employee and organizational performance.

We expanded our pool of Saudi employees by executing an ambitious program to hire high school graduates and provide them with the required academic and technical skills in-house to qualify them for Ma’aden’s target jobs. This effort is in line with our social responsibility objectives. A total of 921 qualified Saudi employees joined Ma’aden in 2014, making the nationalization rate 64.5 percent. Our total staff, including employees and trainees, reached 6,149 at the end of 2014. This is a significant increase from a staffing level of just 905 employees in 2008. Ma’aden’s strategic expansion plan to become the third pillar of Saudi industry calls for nearly 13,000 employees by 2022.

In 2014, Ma’aden continued its successful Professional Development Program for recent university graduates. The program’s aim is to develop and maintain a pipeline of qualified national employees to meet Ma’aden’s growing needs for leadership...
and professional expertise. The program has trained a total of 156 young people since its inception in 2012, mostly recent engineering graduates.

**Technical Training**

Ma’aden established a strategic partnership with the Technical and Vocational Training Corporation (TVTC) and established the Saudi Mining Polytechnic (SMP) in an effort to boost specialized high level training for the mining industry. The SMP, which was established in 2012 in collaboration with the Missouri University for Science and Technology, has trained a total of 484 trainees to date. It is supported with the latest educational technologies and simulators to facilitate learning and equip trainees with specialized mining knowledge and skills that will be used to support Ma’aden’s operations as well as those of other national firms.

Ma’aden continued to support the Mubadara program in partnership with the Royal Commission for Jubail and Yanbu. The purpose of this nine-month program is to equip recent high school graduates from the northern region with essential health and safety skills and build their English language proficiency. Successful graduates from Mubadara go on to join technical training programs and earn degrees in various vocational specialties; join any of the various projects in the Northern Borders Area, such as Wa’ad Al Shamal project; or attend universities in the Kingdom or abroad. Mubadara has graduated 474 candidates to date since its inception in September 2013. Ma’aden has also sponsored specialized training for a number of high school graduates in various industrial training programs. Graduates from this sponsorship program include 125 trainees who were trained at Jubail Technical Institute and 229 trainees who were trained at Jubail Industrial College.

**Ma’aden’s Training Workshop-Participant Statistics Program in 2014**

- **SAR 3.5 million**
  - Mubadara: 474
- **SAR 50 million**
  - Saudi Mining Polytechnic: 484
- **SAR 12.8 million**
  - Jubail Technical Institute: 125
- **SAR 30.2 million**
  - Jubail Industrial College: 229

Statistics include all employees who may have attended multiple training sessions.

*Includes: Headquarters, Industrial Minerals Company, Ma’aden Infrastructure Company*
Home Ownership
Ma’aden established a home ownership program for its Saudi employees in collaboration with local financial institutions that provides loans for residential construction. The program requires the employee to bear only the principal of the loan while Ma’aden will bear all administrative expenses. By the end of 2014, the total loan amount awarded to qualified Saudi employees was close to SAR64 million. Ma’aden has also signed a contract to build 794 residential units in Al Mutrafiah District in Jubail Industrial City for Ma’aden employees at Ras Al Khair Industrial City. Eligible employees will begin to be assigned to these units in 2015.

Savings Plan
Ma’aden continues to administer a Savings Plan for its Saudi employees. Under this plan, employees are encouraged to contribute a fixed optional amount of their monthly salary, which will be matched at a relative rate by Ma’aden. Both contributions will be invested on behalf of the employee in a savings account, provided that the plan conditions are satisfied. By the end of 2014, total employee savings under this plan reached nearly SAR31 million, while Ma’aden contributions were nearly SAR16 million.

SAR 16 million
Ma’aden contribution to the employee savings plan program
Ma’aden constantly endeavors to build and promote sustainability in income and job opportunities. We are committed to generating a positive impact on the communities in which we operate. Ma’aden also strives to establish permanent values that positively impact the economic, social and environmental aspects of our businesses and the communities we serve to ensure a promising future for the coming generations.

The real essence of sustainability is represented by our continuing commitment to ethical business practices, including self-reporting any actual or potential violations. This is the essential standard according to which Ma’aden conducts all its business. We support sustainability in all activities and consider it the cornerstone upon which our entire strategy should be built, and encourage our contractors to do the same.

Ma’aden continues to make every effort to optimize all available resources and improve the efficiency of energy and water consumption, which also saves a great deal of money and increases production capacity. We also invest in finding innovative solutions for the environmental issues facing mining processes.

In fact, Ma’aden has wide expertise, both in terms of the mining process and also in administration. Such expertise has certainly enabled the company to innovate practical solutions for the issues that pose a challenge to sustainable development. For instance, our approach to the provision of water resources and waste disposal by means of separation, packing, storage, treatment, recycling and disposal.

To meet the challenges of water supply in a desert environment, Ma’aden receives water from a number of resources, including the Saline Water Conversion Corporation and the National Water Company in addition to its own water wells. Ma’aden not only seeks to achieve optimal utilization of water in all its work sites, but it also tries to reduce the amount of water used by rationing its usage and applying modern water saving technologies.

In 2015 Ma’aden will start operating a 450km pipeline through which the National Water Company will supply the Ad Duwayhi mine and other future Ma’aden projects in the municipality of Taif and surrounding areas with treated waste water. Consequently, we will be able to continue the implementation of our projects in addition to the possibility of recycling the water used in the mining processes several times in order to benefit multiple times from each drop of water and also to curb the extraction of underground water.
To highlight this and other innovative approaches to sustainability, Ma’aden is planning to issue a magazine in 2015 which will revolve around sustainability issues.

Environmental Standards
Ma’aden is keen to conduct all its mining operations in compliance with the standards issued by the Presidency of Meteorology and Environment (PME) and by the Royal Commission for Jubail and Yanbu as well as according to the globally applied environmental systems, mining investment systems and corporate policies. Ma’aden focuses on implementing precautions to protect the environment and it applies preventive measures to diminish any possible negative impacts to the environment.

Ma’aden has firmly established the concepts of sustainability and mining responsibility as part of its vision. Accordingly, in 2010, it introduced the Environmental Scorecard and environment key performance indicators which measure the environmental performance of all company sites on a monthly basis. Indicators are updated annually to guarantee the success of Ma’aden’s current operations alongside the development of other projects.

The key performance indicator classifies results according to the commitment, performance, and training of the employees. During 2014, the overall indicator for Ma’aden’s environmental performance level was 95.9 percent. Within the same framework, Ma’aden has conducted 14 environmental reviews and audits with the purpose of assessing possible environmental impacts. Additionally, we have launched...
diverse initiatives related to training and awareness. Only one environment violation was registered in 2014; a minor incident of limited construction waste disposal caused by one of the contractors who work with Ma’aden Aluminium. The violation was addressed immediately.

In light of the supreme importance of the relationship between the company and the local communities close to its operation sites, Ma’aden constantly seeks to reduce its effects on the environment and to invest in specialized research techniques and information technology systems, to precisely measure our environmental impact and provide a platform for setting targets that can lower any impact.

One example is our collaboration with the Emirate of Medinah, where Ma’aden has addressed concerns of residents living near Mahd Ad Dhahab regarding the air, soil and water quality, and the extent of contamination following excavation work. Ma’aden reassured residents by clarifying that the environmental impact was below locally and globally permissible limits as confirmed by a detailed study by the King Abdulaziz City for Science and Technology (KACST).
Ma’aden takes the safety and security of its facilities and employees very seriously. Therefore, we strive to ensure that an ideal environment is created for our employees, contractors and surrounding communities. In doing so, Ma’aden follows strict laws that regulate various aspects of our plant sites and mines such as drilling, exploration, development and production. By doing so, we attempt to secure the safety of our staff, environment, mines and materials, and the surrounding communities equally.

With that in mind, the company seeks to create an injury-free work environment, one particularly void of any crippling or permanent injuries. In all its facilities and subsidiaries, Ma’aden measures its progress toward this goal through the Lost Time Injury Frequency Rate, which improved from 0.05 in 2013 to 0.04 this year. There were zero fatalities of Ma’aden employees during 2014. A total of 13 injuries were recorded for employees: two lost time injuries, three restricted duty cases and eight medical treatment cases.

Moreover, Ma’aden has introduced the Diamond system, an occupational health and safety management system to be applied in all company operations. This system is extensively used in all International Organization for Standardization (ISO) standard specifications and is characterized by a sequential process easily remembered through the motto: (Plan – Do – Act – Check).

Ma’aden Phosphate, Ma’aden Gold, Ma’aden Industrial Minerals as well as the main headquarters were all awarded the (ISO 14001) Environmental standards certificate and the Occupational Health and Safety Standard (OHSAS 18001). The chief objectives of applying these standards are to meet Ma’aden’s strategic targets, preserve the environment, protect company assets, and save lives.

In the field of occupational safety, Ma’aden organizes training courses for those working at the various sites to impart a full understanding of the possible risks, and the behaviors that can mitigate them such as defensive driving techniques and the analysis of occupational safety hazards.

Furthermore, Ma’aden has developed a special program for comprehensive management of the environment, health and safety in cooperation with the experts at Alcoa, Ma’aden Aluminium’s partner organization. The program includes 112 standards and is implemented across all Ma’aden facilities and directorates. It deals with environmental, health and safety
related issues including water quality, waste management and air emission. These standards have already been set and are currently in the process of being applied.

The application of these standards has been challenging as they included a number of advanced criteria. However, all obstacles are being addressed through five Diamond Stages – allowing the standards to be applied gradually until Ma’aden can reach Diamond Stage Five, by 2022.

11 COMMITMENTS TO SAFETY

To ensure a safe environment that helps prevent accidents that lead to any fatality, bodily injury, illness, property damage, or negative environmental impact, Ma’aden shall:

1. Develop an Environment, health and safety (EHS) management system for setting and reviewing goals.

2. Conduct regular risk assessment and audits in its facilities to identify and mitigate EHS risks.

3. Communicate this policy to contractors, suppliers and other stakeholders.

4. Train employees and provide them with the resources and tools to maintain job competencies.

5. Comply with applicable legal and regulatory requirements, internal standards and all other requirements adopted by Ma’aden.

6. Assure safe operations at Ma’aden facilities.

7. Report all injuries or incidents sustained in Ma’aden.

8. Promote off-the-job and community EHS awareness.

9. Conserve resources and reduce waste.

10. Continuously improve the effectiveness of the company EHS management system.

11. Cooperate with the Higher Commission for Industrial Security to ensure compliance with the Commission requirements and full coordination at all levels.
Ma’aden believes in its social responsibility and it seeks to achieve sustainable growth through best practices and by developing appropriate procedures. Ma’aden wishes to maintain a close relationship with the local communities by contributing positively to the individuals’ prosperity as well as that of the environment, economy and community.

To help achieve this purpose, Ma’aden is currently in the process of developing a social partnership program to ensure that it fully comprehends and considers the concerns and expectations of the local communities and also to guarantee that the company investments would positively impact the community to the greatest degree possible. Additionally, Ma’aden is working to establish a social responsibility management system to supervise its social performance. The system is expected to be consistent with the best global practices including the standards of participation for all concerned parties as well as the performance standards of the International Finance Cooperation, a member of the World Bank Group.

Within the context of the Ma’aden community engagement framework, Ma’aden has studied the current situation of each mine. We assessed the main risks and key issues including the provision of support, employment, local supply, and investment in the communities. Based on the community engagement framework, Ma’aden’s sites recorded an average performance rate of 1.64. On the Ma’aden community engagement matrix, this 1.64 performance rating ranks between level 1 (inform) and level 2 (consult), however, Ma’aden sites hope to reach a level 3 (involve) by 2018.

Ma’aden’s score on community engagement level

1.64

Ma’aden Sustainability Report | 2014
Ma’aden Community Engagement Levels

01 INFORM
Provide local community with balanced and objective information to help them understand problems, choices, opportunities and/or solutions

02 CONSULT
Get responses from the community to analysis, choices and/or decisions

03 INVOLVE
Work directly with the community throughout the process to ensure that public concerns and aspirations are consistently understood and considered

04 COLLABORATE
Partner with the community in each aspect of the decision including the development of alternatives and the identification of the preferred solution

05 EMPOWER
Enable the local community to make the final decision

Ma’aden’s Community Goals

We will keep you informed
We will keep you informed, listen to and acknowledge concerns and provide feedback on how community input influenced the decision making
We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how community input influenced the decision
We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible
We will implement your decisions

Ma’aden Gold and Base Metals Community Engagement Activities

SAR 4 million spent to build Mahd Ad Dhahab Center for Public Occasions

SAR 475,295
Education and Training

SAR 460,000
Environment Energy and Climate Change

SAR 60,000
Donations and other social investments

SAR 63,315
Health and Social Welfare

SAR 100,000
Capacity Development

SAR 120,000
Sports, Arts, Culture, and Heritage

Integrating Sustainability | 049
Ma’aden is committed to the following ten social responsibility principles:

01. To implement and maintain ethical business practices and sound systems of corporate governance.

02. To integrate sustainable development considerations within the corporate decision-making process.

03. To uphold fundamental human rights and respect cultures, customs and values in dealing with employees and others who are affected by our activities.

04. To implement risk management strategies based on valid data and sound science.

05. To seek continual improvement of our health and safety performance.

06. To seek continual improvement of our environmental performance.

07. Contribute to the conservation of biodiversity and integrated approaches to land use planning.

08. To facilitate and encourage responsible product design, use, re-use, recycling and disposal of waste.

09. To contribute to the social, economic and institutional development of the communities in which we operate.

10. To implement effective and transparent engagement, communication, and independently verified reporting arrangements with our stakeholders.
Based on the fact that Ma’aden endorses and supports the local communities in which it operates, we have adopted a strategy of inclusion that focuses on three main aspects, namely: local purchases, local recruitment, and community development.

The purchasing department has developed a range of policies and practices to support purchasing from local Saudi suppliers and give them priority over other competitors since such commitments support the national economy.

The total value of our expenditure on Saudi supply contracts amounted to SAR7.9 billion – an amount equivalent to 78 percent of our total purchasing budget compared to SAR5.4 billion spent in 2013, which accounted for only 67 percent of our total purchasing budget.

The purchasing department has issued a special policy for contracting with companies and suppliers. Pursuant to this policy, every company should be located in the green category of the Nitaqat program introduced by the Ministry of Labor for the purpose of job localization.

### PROCUREMENT RATES IN REMOTE AREAS

<table>
<thead>
<tr>
<th>Company</th>
<th>Saudi contracts</th>
<th>Local Saudi contracts</th>
<th>Non-Saudis contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ma’aden Aluminium</td>
<td>SAR 36 million</td>
<td>60%</td>
<td>21%</td>
</tr>
<tr>
<td>Ma’aden Gold &amp; Base Metals</td>
<td>SAR 122 million</td>
<td>95%</td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td>SAR 16 million</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>SAR 3.5 million</td>
<td>100%</td>
<td>78%</td>
</tr>
<tr>
<td></td>
<td>SAR 38 million</td>
<td>100%</td>
<td>90%</td>
</tr>
<tr>
<td></td>
<td>SAR 21 million</td>
<td>100%</td>
<td>78%</td>
</tr>
</tbody>
</table>
Developing Capabilities

In order to enhance our interest in national human capacities generally, and in local human capital particularly, Ma’aden has invested a great deal in various development and training initiatives, especially to qualify the youth from the communities close to our operation sites.

In 2014, we spent more than SAR50 million to train 484 students at the Saudi Mining Polytechnic. We also qualified 474 of the High school graduates in the Northern areas through the Mubadara initiative which supplies them with basic safety and security skills and improves their English language at a total expense that exceeded SAR3.5 million. 125 youths were trained at Jubail Technical Institute for SAR12.75 million, and 29 youths were trained at Jubail Industrial College for SAR30.22 million.

Ma’aden also endowed fresh university graduates, especially those specialized in the engineering field, with special attention via its occupational development program which has graduated 156 youths since its inception in 2012. In 2014, we invested SAR3.5 million in this program.

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PERCENTAGE OF SAUDI EMPLOYEES WHO ARE LOCAL HIRES

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ma’aden Gold and Base Metals Company</td>
<td>61%</td>
</tr>
<tr>
<td>Industrial Minerals Company</td>
<td>68%</td>
</tr>
<tr>
<td>Ma’aden Aluminium Company</td>
<td>78%</td>
</tr>
</tbody>
</table>

- Saudis from outside the local community
- Saudis from the local community
ETGAN is the name of Ma’aden’s strategic transformation program which aims to build world-class organizational capabilities. It is structured around a set of initiatives across the various business sectors to support Ma’aden in achieving its vision of becoming a world-class minerals enterprise. ETGAN supports Ma’aden by delivering superior results in critical areas such as projects, operations, and support functions. It targets a range of initiatives run by teams selected from affiliates and functional divisions. Each initiative aims to achieve sustainable development in its area of focus, delivering projects faster and cheaper, running lean and productive operations supported by practical and effective functional teams.

In support of Ma’aden’s plans to execute specific initiatives to enhance performance, facilitate change management, and promote Ma’aden values, ETGAN launched a number of initiatives in 2014 to support various organizations throughout Ma’aden in achieving their strategic business goals. These initiatives cover human resources, strategy, planning and organizational performance, the Phosphate Operations Excellence Program, phosphate marketing, sales and strategy, environmental health and safety, exploration, and research and development.

Phosphate Operational Excellence
In early 2014, the Phosphate Operations Excellence Program was launched, targeting phosphate mining, beneficiation and plant operations at Ma’aden Phosphate Company. This initiative aims to capture throughput production improvement and cost saving opportunities that support profitability and sustainability planning. The focus areas of this initiative in Al Jalamid and Ras Al Khair Industrial City include improving rock beneficiation,
achieving satisfactory production cost rates, improving production processes, increasing equipment and machinery utilization rates, and reducing production down times, thus reducing costs and enhancing EBITDA.

**Phosphate Marketing and Sales Strategy**

In another initiative, Ma’aden Phosphate Marketing, Sales and Logistics Department implemented the Phosphate Program for Excellence and Strategic Transformation to manage the huge growth and increasing complexity of the phosphate business. This initiative aims to realize the performance levels that MPC aspires to achieve, and build an organization which is capable of continual growth and sustainable profitability in the short and long terms. The program strikes a balance between MPC’s investments and its international presence as a strategy to enable Ma’aden to realize its vision of becoming a world player in the international phosphate market.

**Ma’aden Values and Culture**

This initiative has been launched to promote and reinforce Ma’aden values in order to encourage and adopt key professional practices in all our businesses and build a professional work environment that will embody the corporate values of integrity, care, ownership, and teamwork in order to realize Ma’aden’s long-term goals and strategy. It identified the critical behaviors that will be encouraged and spread to form the future Ma’aden work environment and culture through a program with specific objectives. This initiative has been piloted at MPC Gas Operations and Ma’aden’s Sukhaybarat and Bulghah gold mines.

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**ETGAN’s 2014 Initiatives**

1. Resources and reserves (1)
2. Resources and reserves (2)
3. Operational excellence/phosphate.
5. Research and development.
8. Talent acquisition and onboarding.
10. Ma’aden’s values
Ma’aden Academy

The ETGAN program also includes setting up Ma’aden’s own leadership development academy to accelerate its plans of capability building. The objective of the Ma’aden academy is to provide leadership and managerial development to high potential employees that will equip them to become the future leaders of the organization. Ma’aden Academy has continued to play an active role in designing and delivering learning and development programs to build the skills and behaviors which support the ‘Ma’aden Way’. The training program targets three types of training:

- functional and management training to initiative team members to equip them with requisite skills and managerial behavior for successful implementation of their respective initiatives
- functional training to the rest of the employees by selected initiative team members who have been prepared to serve as functional trainers
- leadership development which aims to provide Ma’aden leaders with the leadership competencies and behaviors to enable them to lead in an ever-changing and increasingly dynamic business world.

To this effect, Ma’aden Academy has signed a strategic partnership with INSEAD business school to develop and deliver leadership development programs in support of our vision to lead the development of mining as a fundamental pillar of Saudi industry. In 2014, the Academy conducted 61 learning sessions and workshops in leadership development, management, and functional training to 422 employees from various departments across the organization.