



# Board Annual Report of Sahara International Petrochemical Company (Sipchem)

For fiscal year 2021



## **Dear Shareholders of Sahara International Petrochemical Company**

**May Peace, Mercy and Blessings of Allah be upon you,**

With confident strides, Sipchem continues its journey towards success and excellence, as 2021 witnessed significant successes by the company, which was able to survive the repercussions of the COVID-19 Pandemic that is still casting shadows on global markets, although with lesser impacts than those of 2020, thanks to God.

Such successes were not limited to revenues, but included the expansion into global markets, thanks to the high quality of the products of Sipchem, which enabled the company to continue its work in an uninterrupted manner. The selection of Sipchem by Shareek Program as one of the most prominent national Companies was a culmination of relentless efforts made by every Sipchem team member. Such progress would not have been possible without the strong support of our Wise Leadership to the public sector and us, as part of the Kingdom 2030 Vision.

In an effort to support local industries, the Saudi Government has launched several economic and development programs, including the National Companies Promotion Program (NCPP), the National Strategy for Industry and the Saudi Green Initiative to provide Saudi Companies with the opportunity to stand out globally. Such efforts place a hefty task on us to provide support for the national economy and achieve the objectives of our shareholders and stakeholders.

Furthermore, the advanced administrative approaches, which have been embraced by the Company, played an important role in achieving excellence, thanks to the adoption of the policies of governance, values of accountability, attraction of best qualified human resources, acceleration of digitalization, and the enhancement of efficiency of spending on funding and loan expenditures.

Sipchem will continue its unique journey to assume a higher and more prominent stature that meets our aspirations, driven by the efforts of the members of our working team, who continue endeavors that will enable us to implement our plans, realize our visions, and turn aspirations into reality with their dedication and commitment.

On behalf of my colleagues, members of the Board of Directors, I would like to present to you this Annual Report of the Fiscal Year ending 31<sup>st</sup> of December 2021, which contains an overview of the performance and efforts of the Company during the year. I would also like to take this opportunity to express, on my own behalf and on behalf of the Board of Directors, our deepest thanks and gratitude to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz - - May Allah Protect him - and HRH Crown Prince Mohammad bin Salman bin Abdulaziz- May Allah Protect him - for saving no effort to provide our beloved country and its people with the prosperity and welfare they deserve.

The Board of Directors also would like to express deepest thanks to all the shareholders for their trust and longstanding interest in Sipchem's continued success. We also commend the sincere efforts of the Executive Management and all employees at all levels, who worked as a team through difficult circumstances and challenges to maintain such outstanding achievements and performance.

Khalid A. Al-Zamil

Chairman

## 1. Applicable and Inapplicable Provisions of the Corporate Governance Regulations

In implementation of the Corporate Governance Regulations issued by the Saudi Capital Market Authority, Sahara International Petrochemical Company "Sipchem" has adopted all regulations, policies and procedures that fall within the powers of the Board of Directors and the General Assembly, as follows:

S	Regulations/Policy
1	Audit Committee Regulations (General Assembly)
2	Company's Main Plans, Policies, Strategies and Goals (Board of Directors)
3	Nomination and Remuneration Committee Regulations (General Assembly)
4	Executive Committee Regulations (Board of Directors)
5	Governance Committee Regulations (Board of Directors)
6	Policies and Standards for Membership Procedures in the Board of Directors (General Assembly)
7	Remuneration policy for Members of the Board of Directors, Board Committees and Executive Management (General Assembly)
8	Corporate Governance Rules (Board of Directors)
9	Dividend Distribution Policy (General Assembly)
10	Risk Management Policies and Procedures (Board of Directors)
11	Conflict of Interest Management Policy for Members of the Board of Directors, Executive Management and Shareholders (Board of Directors)
12	Policy of Organizing the Relationship with Stakeholders (Board of Directors)
13	Sipchem's Administrative and Financial Policies and Powers Delegated to the Executive Management (Board of Directors)
14	Investment and Financing Policies and Mechanisms (Board of Directors)
15	Employee Remuneration Policy (Board of Directors)
16	Work Procedures Policies in the Board of Directors (Board of Directors)
17	Professional Conduct and Ethical Values Policy (Board of Directors)
18	Policies and Procedures to ensure Sipchem's compliance with the rules, regulations and disclosure to shareholders and stakeholders (Board of Directors)
19	Policies of Competitive Business Standards (General Assembly)

Sipchem applies all the provisions stated in the Corporate Governance Regulations issued by the Capital Market Authority (CMA) except for the provisions listed below:

Article No.	Article Text	Clarifications
41	Evaluation	Guiding Article
70	Risk Management Committee Formation (Guiding Article)	The Board of Directors has assigned the responsibilities for the Risk Management processes and regulations to the Board's Audit Committee, which shall be responsible for developing and implementing risk management processes and regulations, to serve as the framework for the Company. The CEO shall chair the Risk Management's Internal Executive Committee. The key roles of the Senior Management shall be assigned to the members of the Committee and the Company's Risk Management Department shall submit its reports to the Audit Committee.
71	Terms of Reference of the Risk Management Committee (Guiding Article)	
72	Meetings of the Risk Management Committee (Guiding Article)	
87	Social Responsibility (Guiding Article)	Sipchem implements programs aimed at highlighting and sustaining the role of social responsibility, which covers areas that focus on the society. Sipchem is working within a specific strategy in social responsibility.
88	Social Activity Initiatives	Guiding Article and the Company shall work on developing KPIs for social responsibility.
93	Disclosure of Remunerations	The Company is committed to the disclosure of the remunerations of Board and Committee Members in details. The company has also committed to disclosing the remuneration of senior executives in total in accordance with the statutory requirements contained in subparagraph (b) of Paragraph No. (4) of Article (93) of the Corporate Governance Regulations, in order to protect the interests of the company, its shareholders and its employees, and to avoid causing any harm that may result from disclosure. Detailed, the details were not presented as contained in Annex No. (1) concerning the remuneration of senior executives from the Corporate Governance Regulations.

## 2. Names, Current Positions, Former Positions, Qualifications and Experience of Board Members, Committee Members and Executive Management.

### A. Board Members:

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	<b>Eng. Khalid A. Al-Zamil</b> (Zamil Group Holding Co. Representative)	Chairman – Sahara International Petrochemical Company (Sipchem) Chairman – Zamil Group Holding Co. Chairman – Zamil Industrial Investment Co. Chairman – Middle East Battery Co. Chairman – International Methanol Company Chairman – Sahara Petrochemical Company Chairman – Al WAHA Petrochemicals Company	Board Member – Zamil Industrial Investment Co.	Bachelor of Civil Engineering	Board Member – Luberef Company
2	<b>Mr. Fahad S. Al-Rajhi</b>	Vice Chairman– Sahara International Petrochemical Company (Sipchem) Chairman – Yanbu Cement Co. Chairman – Alrajhi Ekhwan Co. Vice Chairman – Al Watania for Industries Board Member – Musharaka Capital Co. Chairman - Saudi German Company for Non-woven Products (SGN) Board Member – International Methanol Co. Board Member – Al Watania Poultry Co. Chairman - Bischof + Klein Middle East Company Board Member - National Aquaculture Company	Board Member – Saudi Cement Company	Bachelor of Industrial Management	Chairman – Alrajhi Ekhwan Co. Board Member – Saudi Cement Company
3	<b>Eng. Yousef A. Al-Zamil</b>	Board Member – Alinma Investment Board Member – Sahara International Petrochemical Company (Sipchem) Board Member - International Vinyl Acetate Company IVC Board Member - International Acetyl Co. LTD	Vice Chairman – Gulf Petrochemical Industries Co. Chairman - Saudi Petrochemical Company (SADAF) Board Member – Saudi Arabian Fertilizers Company (Safco).	Bachelor of Chemical Engineering	He worked as Counsellor of H.E the Minister of Energy, Industry and Mineral Resources, and worked as the CEO of the National Industrial Strategy Project in the Ministry of Energy, Industry and Mineral Resources. He also worked as EVP of SABIC and held several positions in SABIC.

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
4	<b>Eng. Reyadh S. Ahmed</b> (Ikarus Petrochemical Co. Representative)	Board Member - – Sahara International Petrochemical Company (Sipchem) Chairman – Meezan Bank Chairman - Privatization Holding Company Board Member – Noor Financial Investment Co. (NOOR) Board Chairman and CEO of Ikarus Petroleum Industries Chairman - Middle East Complex for Engineering, Electronics & Heavy Industries Co. Chairman – IT Partners Co.	Board Member – Karachi Electric Supply Corp. Vice Chairman – Gas & Oil Fields Services Company Board Member - Saja'a Gas Private Ltd, (SajGas) Board Member – United Gas Supply Company Board Member – Kuwait Rocks Company Vice Chairman - Eastern United Petroleum Services (EUPS)	Bachelor of Chemical Engineering MA of Chemical Engineering	Businessman
5	<b>Mr. Saeed A. Basamah</b>	Board Member - – Sahara International Petrochemical Company (Sipchem) Chairman – Khair Inorganic Chemical Industries Co. Board Member – International Medical Center Co. Board Member – Saudia Dairy & Foodstuff Co. (SADAFCO) Board Member – Jeddah Development and Urban Regeneration Co.	-	Bachelor of Business Administration	Businessman
6	<b>Dr. Abdulrahman A. Al-Zamil</b>	Board Member - – Sahara International Petrochemical Company (Sipchem)	Chairman – Zamil Group Holding Co. Chairman – Zamil Industrial Investment Co. Board Member – Sahara Petrochemicals Co. Chairman – National Power Co. Chairman – National Chemical Carriers Co. Chairman – Saudi Advanced Technologies Co	Bachelor of Law PhD – International Relations	He worked as Deputy Governor of the General Electricity Corporation, then as Deputy Minister of Commerce, then as Member of Saudi Shura Council for three sessions

7	<b>Mr. Ayidh M. Al-Qarni</b> (General Organization for Social Insurance Representative)	Board Member - – Sahara International Petrochemical Company (Sipchem). Internal Audit Department General Organization for Social Insurance	Financial Investment Department – Public Pension Agency	Master's Degree in Business Administration Bachelor of Accounting	Financial sector and financial institutions
8	<b>Mr. Saeed O. Al-Esayi</b>	Board Member - Sahara International Petrochemical Company (Sipchem)Chairman – Alesayi Trading Corporation	Board Member – Yanbu Cement Co. Board Member – Al Rajhi Bank Board Member – Sahara Petrochemical Co.	Bachelor of Industrial Engineering	Businessman
9	<b>Mr. Ziad A. Al-Turki</b>	Chairman – Sons of A. A. Turki Co. for Trading & Contracting	Vice chairman – A. A. Turki Co. for Trading & Contracting	Diploma of Social Sciences	Businessman
10	<b>Ahmed S. Al-Sayyari</b> (GOSI Representative)	General Director of Infrastructure, Technology and Operation – GOSI Board Member - Sahara International Petrochemical Company (Sipchem).	-	B.A. Computer Science M.A. Business Administration	He worked in several positions in GOSI
11	<b>Mr. Abdulaziz A. bin Dayel</b>	Adviser -GOSI Board Member – Tabuk Agricultural Development Company (TADCO) Nominations Committee Member Tabuk Agricultural Development Company (TADCO) Audit Committee Member- Tabuk Agricultural Development Company (TADCO) Board Member - Sahara International Petrochemical Company (Sipchem).	Executive Director – Munajem Group Executive Director of Sales & Marketing in Mawaridh Holding Group Managing Director – Tihama Advertising, Public Relations and Marketing Co.	Bachelor of Business Administration	He worked in Samba Financial Group and held several positions. Then, he moved to Riyadh Bank as Director of the Central Region, then a Board Member of Tihama Company, then he worked as the Executive Director of Mawaridh Holding Group then Munajem Group.

**B. Committees members:**  
**Executive Committee**

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Eng. Yousef A. Al-Zamil Chairman of the Executive Committee	Board Member – Alinma Investment Board Member – Sahara International Petrochemical Company (Sipchem) Board Member - International Vinyl Acetate Company IVC Board Member - International Acetyl C. LTD	Vice Chairman – Gulf Petrochemical Industries Co. Chairman - Saudi Petrochemical Company (SADAF) Board Member – Saudi Arabian Fertilizers Company (Safco).	Bachelor of Chemical Engineering	He worked as Counsellor of H.E the Minister of Energy, Industry and Mineral Resources, and worked as the CEO of the National Industrial Strategy Program in the Ministry of Energy, Industry and Mineral Resources. He also worked as EVP of SABIC and held several positions in SABIC.
2	Mr. Fahad S. Al-Rajhi	Vice Chairman – Sahara International Petrochemical Company (Sipchem) Chairman – Yanbu Cement Co. Chairman – Alrajhi Ekhwan Co. Vice Chairman – Al Watania for Industries Board Member – Musharaka Capital Co. Chairman - Saudi German Company for Non-woven Products (SGN) Board Member – International Methanol Co. Board Member – Al Watania Poultry Co. Chairman - Bischof + Klein Middle East Company Board Member - National Aquaculture Company	Vice Chairman – Yanbu Cement Co. Board Member – Saudi Cement Company	Bachelor of Industrial Management	Chairman – Alrajhi Ekhwan Co. Board Member – Saudi Cement Company



3	Eng. Reyadh S. Ahmed	<p>Chairman – Meezan Bank</p> <p>Chairman - Privatization Holding Company</p> <p>Board Member – Noor Financial Investment Co. (NOOR)</p> <p>Board Chairman and CEO of Ikarus Petroleum Industries</p> <p>Chairman - Middle East Complex for Engineering, Electronics &amp; Heavy Industries Co.</p> <p>Chairman – IT Partners Co.</p> <p>Board Member – Sahara International Petrochemical Company (Sipchem)</p>	<p>Board Member – Karachi Electric Supply Corp.</p> <p>Vice Chairman – Gas &amp; Oil Fields Services Company</p> <p>Board Member - Saja'a Gas Private Ltd, (SajGas)</p> <p>Board Member – United Gas Supply Company</p> <p>Board Member – Kuwait Rocks Company</p> <p>Vice Chairman - Eastern United Petroleum Services (EUPS)</p>	<p>Bachelor of Chemical Engineering</p> <p>MA of Chemical Engineering</p>	Businessman
4	Mr. Ayidh M. Al-Qarni	<p>Board Member – Sahara International Petrochemical Company (Sipchem)</p> <p>Internal Audit Department General Organization for Social Insurance</p>	<p>Financial Investment Department – Public Pension Agency</p>	<p>Master's Degree in Business Administration</p> <p>Bachelor of Accounting</p>	Financial sector and financial institutions
5	Mr. Saeed O. Al-Esayi	<p>Chairman – Alesayi Trading Corporation</p>	<p>Board Member – Yanbu Cement Co.</p> <p>Board Member – Al Rajhi Bank</p> <p>Board Member – Sahara Petrochemical Co.</p>	<p>Bachelor of Industrial Engineering</p>	Businessman

## Audit Committee

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Mr. Ayidh M. Al-Qarni Chairman of the Audit Committee	Financial Investment Department-GOSI Board Member – Sahara International Petrochemical Company (Sipchem)	Financial Investment Department – Public Pension Agency	Master's Degree in Business Administration Bachelor of Accounting	Financial sector and financial institutions
2	Mr. Mohammad Farhan Al-Nader	Managing Partner - RSM International Allied Accountants Audit Committee Member - Sahara International Petrochemical Company (Sipchem)	Executive Director of Finance – Awqaf Sulaiman Al-Rajhi Holding Co.	Bachelor of Accounting	Managing Partner - RSM International Allied Accountants
3	Dr. Mohammed Faraj Al Kanani	Founder and CEO of Holfaa El Tanmya Company Audit Committee Member - Sahara International Petrochemical Company (Sipchem)	Dean of the College of Industrial Management, King Fahd University of Petroleum and Minerals. Head of Finance and Economics Department at the King Fahd University of Petroleum and Minerals. General Investment Supervisor of the Fund for Supporting Research and Educational Programs at the King Fahd University of Petroleum and Minerals.	Bachelor's Degree in Financial Management from King Fahd University of Petroleum and Minerals. Master's Degree in Financial Management from the University of Colorado Denver in the United States. Ph.D. in Finance Management, University of Oklahoma, United States. Accredited Financial analyst	Chairman – Dhahran Valley Business Services Company Board Member – (Arab National Bank, Dhahran Techno Valley Holding Company, Saudi Real Estate Refinance Co., National Bonds Corporation, AlAhli Takaful Company, Leejam Sports Company, Environmental Fund, Oasis Business Company, Governance Center Co. owned by Public Investment Fund)

## Nomination and Remuneration Committee

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Mr. Ziad A. Al-Turki Committee Chairman	Chairman – Sons of A. A. Turki Co. for Trading & Contracting	Vice chairman – A. A. Turki Co. for Trading & Contracting	Diploma of Social Sciences	Businessman
2	Mr. Fahad S. Al-Rajhi	Chairman – Yanbu Cement Co. Chairman – Alrajhi Ekhwan Co. Vice Chairman – Al Watania for Industries Chairman - Saudi German Company for Non-woven Products (SGN) Chairman - Bischof + Klein Middle East Company Member of the Committee of Nomination and Remuneration	Vice Chairman – Yanbu Cement Co. Board Member – Saudi Cement Company	Bachelor of Industrial Management	Chairman – Alrajhi Ekhwan Co. Board Member – Saudi Cement Company
3	Ahmed S. Al-Sayyari (GOSI Representative)	General Director of Infrastructure, Technology and Operation – GOSI Board Member -- International Petrochemical Company (Sipchem).	-	B.A. Computer Science M.A. Business Administration	He worked in several positions in GOSI
4	Eng. Saeed A. Basamah	Chairman – Khair Inorganic Chemical Industries Co.	-	Bachelor of Business Administration	Businessman
5	Mr. Abdulaziz A. bin Dayel	Adviser of the Public Pension Agency-GOSI Board Member – Tabuk Agricultural Development Company (TADCO) Nominations Committee Chairman - Tabuk Agricultural Development Company (TADCO) Audit Committee Member- Tabuk Agricultural Development Company (TADCO) Nomination and Remuneration Committee Member	Executive Director – Munajem Group Executive Director of Sales & Marketing in Mawaridh Holding Group Managing Director – Tihama Advertising, Public Relations and Marketing Co. General Secretary of the Board of Directors of GOSI	Bachelor of Business Administration	He worked in Samba Financial Group and held several positions. Then, he moved to Riyadh Bank as Director of the Central Region, then a Board Member of Tihama Company, and then he worked as the Executive Director of Mawaridh Holding Group then Munajem Group.

## Governance Committee

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Mr. Abdulaziz A. bin Dayel Chairman of the Committee	Adviser of -GOSI Board Member – Tabuk Agricultural Development Company (TADCO) Nominations Committee Chairman - Tabuk Agricultural Development Company (TADCO) Audit Committee Member- Tabuk Agricultural Development Company (TADCO)	Executive Director – Munajem Group Executive Director of Sales & Marketing in Mawaridh Holding Group Managing Director – Tihama Advertising, Public Relations and Marketing Co. General Secretary of the Board of Directors of GOSI	Bachelor of Business Administration	He worked in Samba Financial Group and held several positions. Then, he moved to Riyad Bank as Director of the Central Region, then a Board Member of Tihama Company, then he worked as the Executive Director of Mawaridh Holding Group then Munajem Group.
2	Dr. Najem bin Abdulla Al Zaid	Vice-Chairman – Saudi Electricity Company The founding and executive partner of ZS&R Law Firm Governance Committee Member	Board Member – CMA General Manager of Legal Affairs of CMA	PhD in Law Master's Degree in law Bachelor of Laws and Regulations	He held several positions in various sectors in CMA, until he worked as a Board Member of CMA
3	Mr. Turki M. Al Marzouq	Local Investment Support Department at Hasana Investment Company Governance Committee Member	Financial Management of Alriyadh Development Company Director of Corporate Governance at the Public Pension Agency	Bachelor of Accounting	He has more than 20 years of practical experience in management, finance, investment and accounting, as well as in boards of directors and their committees in industrial, real estate and agricultural sectors.

## Executive Management

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Eng. Abdullah S. Al-Saadoon	CEO	COO	Bachelor of chemical engineering	He held several positions in SABIC in the petrochemical industry. He moved to Sahara International Petrochemical Company (Sipchem) and progressed to become Sipchem's COO after merger with Sahara Petrochemicals Company. He then was appointed CEO of the Company in 2021.
2	Mr. Rushdi K. Al-Dulijan	Vice-President for Finance	Executive Vice-President of Finance and Information Technology at Sahara Petrochemicals Company	Bachelor of Accounting	After joining Sahara International Petrochemical Company (Sipchem) as CFO, he was in charge of the Finance and IT sections until he was promoted to Vice President for Finance of Sipchem. He also worked at the Saudi Electricity Company in several positions at Auditing and financial Control.
3	Eng. Ibrahim Abdulaziz Al Rashood	Vice President of Manufacturing	Vice President for Operations	Bachelor of Electric Engineering	After he joined Sipchem in 2004, he was promoted to several leading positions. He is currently in charge of managing and leading 14 Sipchem Subsidiary Companies. He was appointed Vice President for Operations after the merger in 2019. Before joining Sipchem, he worked at ARAMCO for more than 10 years in consultancy services and projects department of ARAMCO.
4	Matar Atshan Al Dhefiri	Vice President for Commercial Sector	Vice President for Marketing and Sales	Bachelor of Chemical Engineering MA of Natural Gas Engineering and Management	After joining Sipchem, he held several senior leading positions, including Sales, Marketing, Strategy, Business Development and supply chains, before joining Sipchem, he worked for Saudi Aramco for more than 10 years where he

				held a number of technical positions, including Senior Operations Engineer, Operations and production Engineer, and construction engineer.	
5	Omar bin Salem Bajubail	Vice President for Joint Services	Vice President for Integration Management	Bachelor of Mechanical Engineering	After joining Sipchem in 2004 as general Director of Waha before being promoted to director and CEO of Waha. He was vice president for joint services. Prior to joining Sipchem, he worked for SABIC for more than 10 years, during which he held several positions
6	Mr. Faisal M. Al-Modlij	General Manager of Corporate Affairs and Governance Board Secretary	General Director of Corporate Affairs and Compliance	Bachelor of Management Systems	After joining Sipchem in 2007, he held several positions including director of Corporate Affairs and investor relations and is currently the General Director of Governance and Corporate Affairs, and was appointed secretary general of the general secretariat of the board of directors. Prior to joining Sipchem, he worked at SABIC for more than 9 years in the legal department.

### 3) Names of Companies inside or outside KSA, Whose Current and Former Board Members or Directors are Board Members of Sipchem

Member Name	Names of companies whose current Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)	Names of companies whose former Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)
Eng. Khalid A. Al-Zamil	Zamil Group Holding Co. Zamil Industrial Investment Co. Middle East Battery Co. International Methanol Company Sahara Petrochemicals Company Al WAHA Petrochemicals Company Luberef Company	Inside KSA	Closed Joint Stock Company Publicly Listed Joint Stock Company Limited Liability Company Limited Liability Company Unlisted Joint Stock Company Limited Liability Company Limited Liability Company	-	-	-
Mr. Fahad S. Al-Rajhi	Yanbu Cement Co. Alrajhi Ekhwan Co. Al Watania for Industries Musharaka Capital Co. Saudi German Company for Non-woven Products (SGN) International Methanol Company Watania Poultry Co. Bischof + Klein Middle East Company National Aquaculture Company	Inside KSA	Publicly Listed Joint Stock Company Unlisted Joint Stock Company Unlisted Joint Stock Company Limited Liability Company Limited Liability Company Unlisted Joint Stock Company Limited Liability Company	Saudi Cement Company	Inside KSA	Publicly Listed Joint Stock Company
Mr. Saeed A. Basamah	International Medical Center Co. Saudia Dairy & Foodstuff Co. (SADAFCO) Jeddah Development and Urban Regeneration Co. Khair Inorganic Chemical Industries	Inside KSA	Closed Joint Stock Company Publicly Listed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company	-	-	-
Mr. Ayidh M. Al-Qarni	-	-	-	-	-	-
Eng. Reyadh S. Ahmed	Meezan Bank Privatization Holding Company Noor Financial Investment Co. (NOOR) Ikarus Petroleum Industries	Outside KS	Publicly Listed Joint Stock Company Publicly Listed Joint Stock Company Publicly Listed Joint Stock Company Closed Joint Stock Company	Karachi Electric Supply Corp. Gas & Oil Fields Services Company Saja'a Gas Private Ltd, (SajGas) United Gas Supply Company	Outside KS	Publicly Listed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company

Member Name	Names of companies whose current Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)	Names of companies whose former Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)
	Middle East Complex for Engineering, Electronics & Heavy Industries Co. IT Partners Co.		Closed Joint Stock Company Closed Joint Stock Company	Kuwait Rocks Company Eastern United Petroleum Services (EUPS)		Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company
Dr. Abdulrahman A. Al-Zamil				Zamil Group Holding Co. Zamil Industrial Investment Co. Sahara Petrochemicals Company National Power Company National Chemical Carriers Ltd Company (NCC) Saudi Advanced Technologies Company	Inside KSA	Closed Joint Stock Company Publicly Listed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company
Mr. Ziad A. Al-Turki	Sons of A. A. Turki Co. for Trading & Contracting A. A. Turki Co. for Trading & Contracting Keller Turki Ltd Redland Industrial Services (Arabia) Ltd. The Finance Company For Construction Ltd Honeywell Turki Arabia Tamam Intergraded Trading Ltd. Dhahran International Exhibitions Company Al-Turki Environmental Services ATCO Marine Services Investcorp Bank	Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA Outside KSA Outside KSA Outside KSA Outside KSA Outside KSA Outside KSA Outside KSA	Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Joint-Stock Company	Samba Capital Saudi United Construction Company	Outside KSA Inside KSA	Limited Liability Company Limited Liability Company
Eng. Yousef A. Al-Zamil	Alinma Investment Co. International Vinyl Acetate Company IVC International Acetyl C. LTD	Inside KSA	Limited Liability Company	Gulf Petrochemical Industries Co. (GPIC) Saudi Petrochemicals Company (SADAF) Saudi Fertilizers Company SAFCO	Outside KSA Inside KSA Inside KSA	Limited Liability Company Limited Liability Company Public Joint Stock Company



Member Name	Names of companies whose current Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)	Names of companies whose former Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)
Mr. Saeed O. Al-Esayi	Alesayi Trading Corporation Omar Kassem Al Esayi & Partners Marketing Company Ltd Omar Kassem Alesayi Group Co. Ltd Omar Kassem Al-Esayi & Partners Co. Ltd United Carton Industries Company	Inside KSA	Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company	Sahara Petrochemicals Company Yanbu Cement Co. AL Rajhi Bank	Inside KSA	Closed Joint Stock Company Publicly Listed Joint Stock Company Publicly Listed Joint Stock Company
Mr. Ahmed Saad Al Sayyari	- Al Taawuniyah Real Estate Investment Co.	Inside	-Limited Liability Company	-	-	-
Mr. Abdulaziz A. bin Dayel	Tabuk Agricultural Development Company	Inside KSA	Listed joint stock company	Tihama Advertising, Public Relations and Marketing Co. Adart Medyan Company Ogel V Co. Intermarkets Co. Mawarid Food Company Ltd	Inside KSA	Publicly Listed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company

#### 4) Formation of the Board of Directors and Classification of Directors:

Sipchem has the privilege of having a highly experienced Board of Directors with full relevant knowledge and efficiency in petrochemicals. The Board is composed of eleven members elected by the Ordinary General Assembly Meeting on 08/12/2019 for three years, extending to 09/12/2022.

Members are classified as follows:

S	Name	Commission	Membership Status
1	Eng. Khalid A. Al-Zamil (Representative of Zamil Group Holding Company)	Chairman	Non-executive
2	Mr. Fahad S. Al-Rajhi	Vice Chairman	Non-executive
3	Dr. Abdulrahman A. Al-Zamil	Member	Non-executive
4	Eng. Reyadh S. Ahmed (Representative of Ikarus Petrochemical Holding Company)	Member	Non-executive
5	Eng. Saeed A. Basamah	Member	Non-executive
6	Eng. Yousef A. Al-Zamil	Member	Non-executive
7	Mr. Saeed O. Al-Esayi	Member	Independent
8	Mr. Ayidh M. Al-Qarni (Representative of the Public Pension Agency)	Member	Independent
9	Mr. Ziad A. Al-Turki	Member	Independent
10	Mr. Bandr A. Masoudi* (Representative of GOSI)	Member	Independent
11	Mr. Ahmed Saad Al Sayyari** (Representative of GOSI)	Member	Independent
12	Mr. Abdulaziz A. bin Dayel	Member	Independent

\* Date of Board member Resignation is 10 July 2021 AD

\*\* Date of Board Member Appointment is 11 July 2021 AD

## 5) Actions taken by the Board of Directors to inform its members, especially non-executives, of the shareholders' proposals and remarks about Sipchem and its performance

Except for the queries in the Extraordinary General Assembly, dated 24 May 2021, no further inquiries or observations regarding the Company and its performance have been received by the Company. The Investor Relations Department meets with shareholders and investors throughout the year to review the latest developments of Sipchem. The CEO and Chairman of the Board of Directors shall inform the Board of Directors of the proposals, observations and opinions of shareholders and investors through:

- The Board periodic meetings without the presence of any Executive Member, if necessary. Article 37 of the Articles of Association of the Company provides procedures to ensure that all shareholders have the right to discuss matters, request information and ask questions to the members of the Board of Directors and Auditors. The Chairman and members of the Board of Directors shall respond to all inquiries concerning the Company business.

## 6) Brief Description of Committees' Terms of Reference

### A. AUDIT COMMITTEE

The main purpose of the Audit Committee is to assist the Board in overseeing financial reporting processes, monitoring the adequacy and effectiveness of the internal control system, supervising internal audits and verifying its effectiveness in carrying out tasks and functions entrusted thereto.

The Committee is composed of three members, one of whom is an independent member of the Board of Directors. The other two members are nominated from outside the Board of Directors with the expertise and efficiency that qualify them to participate actively in the work of the Audit Committee. Terms of reference of the Committee include, in particular:

#### First: Financial Reports and Statements:

- Analyze Sipchem's quarterly and annual financial statements before being presented to the Board and provide opinions and recommendations on their integrity, clarity and transparency.
- Provide the technical opinion, at the request of the Board of Directors, whether the Board's report and financial statements of the Company are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the financial position of Sipchem and its performance, business model and strategy.
- Examine any important or unusual issues contained in the financial reports and statements.
- Closely investigate into any matters raised by Sipchem's CFO, or who perform his duties or Sipchem's Auditor.
- Examine accounting estimates in relation to important matters stated in financial reports and statements.
- Study the accounting policies adopted by Sipchem and provide an opinion and recommendation to the Board of Directors.

#### Second: Internal Audit:

- Study and review the internal control, financial and risk management systems of the Company.
- Analyze and study the internal audit reports and follow up implementation of the corrective actions of the observations contained therein.
- Supervise and monitor the performance and activities of the Internal Audit Department of Sipchem, to verify the availability of human and material resources necessary for its effectiveness.
- Make a recommendation to the Board on the need for appointment of the head of internal audit, and propose his remunerations.

**Third: Auditor:**

- Recommend to the Board of Directors the appointment, removal them, and fees of auditors; evaluate their performance, after ascertaining their independence, and reviewing the scope of their work and the terms of their contract.
- Verify independence, understanding and integrity of the external auditor and effectiveness of external audit works and activities, taking into account the relevant rules and standards.
- Review Sipchem's external auditor plan and activities, and ensure that the external auditor does not conduct any technical or administrative activities beyond the scope of external audit activities.
- Respond to all inquiries of Sipchem's external auditor.
- Study and review the external auditor's reports and observations on the financial reports and statements and follow up actions taken.

**Fourth: Compliance Verification:**

- Review the results of the reports of the regulatory bodies (if any) and verify that Sipchem takes the necessary procedures.
- Ensure Sipchem's compliance with relevant laws, regulations, rules, policies and instructions.
- Review the contracts and transactions to be concluded by Sipchem with the related parties and submit relevant recommendations to the Board of Directors.
- Inform the Board of Directors of the issues it deems necessary to take actions and make recommendations on the steps/actions that are required to be taken.

❖ **Members of the Audit Committee and Attendance Record of Audit Committee Meetings:**

S	Name	Nature of Membership	Number of meetings during 2020: six meetings							Total Attendance
			First 23/2/2021	Second 10/3/2021	Third 27/4/2021	Fourth 9/6/2021	Fifth 29/7/2021	Sixth 19/10/2021	Seventh 22/12/2021	
1	Mr. Ayidh M. Al-Qarni	Chairman	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7
2	Mr. Mohammad Farhan Al-Nader	Member	Absent	Attended	Attended	Attended	Attended	Attended	Attended	6
3	Dr. Mohammed Faraj Al Kanani	Member	Attended	Attended	Attended	Attended	Attended	Attended	Attended	7

## B. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee shall consist of five members of the Board of Directors of the Company.

### ❖ Terms of Reference of the Committee

#### **First:** With regard to remunerations:

- Prepare a clear policy for remuneration of members of the Board of Directors and the Board Committees and the Executive Management, in order to enhance motivation of the administrative staff and retain distinct key staff. Present such policy to the Board of Directors for consideration in preparation for adoption by the General Assembly, while taking into account that such policy shall follow and disclose criteria related to performance, and ensure implementation thereof.
- Clarify the relationship between the remunerations awarded and the applicable remuneration policy and indicate any material deviation from this policy.
- Periodically review the remuneration policy and assess its effectiveness in achieving objectives thereof.
- Provide recommendations to the Board in respect of remunerations of Board members, committees' members and Senior Executives, in accordance with the approved policy.
- Supervise performance evaluation of senior executives in the light of the company's annual goals and objectives related to business units and sectors and within the framework of the evaluation and remuneration system approved by the company and recommending to the Board the due incentives and bonuses.
- Evaluate human resources programs, including talent acquisition and retention programs, performance management programs, succession plans, comprehensive incentive and bonus programs, and diversification programs to enrich the cumulative experience to enable the company to improve the corporate performance culture at the macro level.

#### **Second:** With regard to Nominations:

- Propose clear policies and standards for membership in the Board and Executive Management.
- Recommend to the Board of Directors the nomination and re-nomination of members in accordance with the approved policies and standards, taking into account the disqualification of any person who has already been convicted of committing a crime related to honor.
- Prepare a description of capabilities and qualifications required for membership of the Board of Directors and functions of the Executive Management.
- Determine the time a member should allocate to the work of the Board of Directors.
- Annual review of the required skills or experience requirements for Board Membership and Executive Management functions.
- Review the structure of the Board of Directors, Board Committees and the Executive Management and make recommendations on possible changes.
- Annually verify the independence of independent members and check that there is no conflict of interest if the member is on the board of another company.
- Develop a job description of executive members, non-executive members, independent members and senior executives.
- Establish special procedures in the event of a vacancy in the membership of the Board of Directors or senior executives.
- Identify strengths and weaknesses in the board of directors and committees thereof and propose solutions to address them in line with Sipchem interests.
- The Committee shall study the topics that are assigned to it or referred to it by the Board of Directors and submit its recommendations to the Board for decision-making.

- Ensure the compliance of the company with the procedures of nomination for membership of the board, which are provided for in the Corporate Governance Regulations and the requirements of the Capital Market Authority, while taking into consideration the possibility that the number of nominees for the board of directors, whose names are presented to the General Assembly may exceed the number of seats available, in order to give the General Assembly the opportunity to choose from among them.
- Provide an adequate level of training and familiarization to the new Board Members of the company tasks and achievements to enable them to perform their work with the required efficiency.
- Study conflict of interest cases of those wishing to be nominated for membership of the board of directors and make recommendations thereon.

#### ❖ Members of the Nomination and Remuneration Committee and Attendance Record of Committee Meetings:

S	Name	Nature of Membership	Number of meetings during 2021: four meetings				Total Attendance
			First 17/3/2021	Second 30/3/2021	Third 14/09/2021	Fourth 14/12/2021	
1	Mr. Ziad A. Al-Turki	Chairman	Attended	Attended	Attended	Attended	4
2	Mr. Fahad S. Al-Rajhi	Member	Attended	Attended	Attended	Attended	4
3	Mr. Bandr A. Masoudi*	Member	Attended	Attended	-	-	2
4	Ahmed Saad Al Sayyari**	Member	-	-	-	Attended	1
4	Eng. Saeed A. Basamah	Member	Attended	Attended	Attended	Attended	4
5	Mr. Abdulaziz A. bin Dayel	Member	Attended	Attended	Attended	Attended	4

\* Date of Nomination and remuneration Committee member Resignation is 10 July 2021 AD

\*\* Date of Nomination and remuneration Committee Member Appointment is 11 July 2021 AD

### C. Executive Committee:

#### ❖ Terms of reference, functions and responsibilities of the Committee:

- Study the issues referred to the Committee by the Board of Directors and take appropriate decisions regarding them as delegated by the board.
- Supervise the development of Sipchem's short, medium and long-term strategic plans and submit them to the Board for approval.
- Follow-up on and ensure implementation of Sipchem's overall strategy and its effectiveness in achieving the desired objectives, as well as review and update the same from time to time.
- Supervise the annual budgeting of Sipchem, review the proposals submitted by the Executive Management and submit recommendations to the Board for approval.
- Follow up on actual performance of the Company and submit the necessary recommendations to the Board.

- Study investment opportunities, whether in the area of buying shares or stakes in existing companies, or the acquisition of companies operating in the same field as Sipchem, and provide the necessary recommendations thereon to the Board.
- Provide the Board with periodic reports on the Committee's work results.
- The Committee periodically reviews and reassesses the suitability of these regulations, makes the proposed amendments and submits them to the Board.

❖ **Members of the Executive Committee and Attendance Record of Committee Meetings:**

S	Name	Nature of Membership	First	Second	Third	Fourth	Total Attendance
			03/03/2021	08/06/2021	07/09/2021	28/11/2021	
1	Eng. Yousef A. Al-Zamil	Chairman	Attended	Attended	Attended	Attended	4
2	Mr. Fahad S. Al-Rajhi	Member	Attended	Attended	Attended	Attended	4
3	Eng. Reyadh S. Ahmed	Member	Attended	Attended	Attended	Attended	4
4	Mr. Ayidh M. Al-Qarni	Member	Attended	Attended	Attended	Attended	4
5	Mr. Saeed O. Al-Esayi	Member	Attended	Attended	Attended	Attended	4

#### D. Governance Committee:

##### Terms of reference, functions and responsibilities of the Committee:

During 2020, the Board of Sahara International Petrochemical Company (Sipchem) established the Governance Committee. The terms of reference, functions and responsibilities of the Committee are as follows:

- Review and update Sipchem's Governance Regulations and its annexes in accordance with the regulatory requirements and best practices.
- Review and develop Professional Code of Conduct that reflects the values of Sipchem and other internal policies and procedures in a manner that meets the needs of the Company and is in line with best practices and submit the same to the Board for approval.
- Keep the Board Members always informed of developments of corporate governance and best practices.
- Annually review the Board report to ensure that Sipchem's obligations are in accordance with the relevant laws and regulations and submit a recommendation to the Board for approval to be presented to the Ordinary General Assembly for approval.
- Recommend to the Board everything that would enhance Sipchem's corporate governance practices.

## ❖ Members of the Governance Committee and Attendance Record of Committee Meetings:

Number of meetings during 2021: Two meetings					
S	Name	Nature of Membership	First 17/02/2021	Second 01/12/2021	Total Attendance
1	Mr. Abdulaziz A. bin Dayel	Chairman	Attended	Attended	2
2	Dr. Najem bin Abdulla Al Zaid	Member	Attended	Attended	2
3	Mr. Turki M. AlMarzouq	Member	Attended	Attended	2

## 7) Methods Adopted By the Board of Directors to Assess the Board Members' Performance

In order to significantly improve the performance of the Board in making and taking decisions, during 2021, Sipchem performed an internal assessment of the work of the Board in cooperation with Hawkamah Institute - an external entity - for the assessment of the work of Board Members. This was aimed to ensure that the Board is fully aware of its roles and responsibilities and that each Board Member enjoy sufficient experience to contribute to the decision-making process.

## 8) Disclosure of Remunerations of Members of Board, Board Committees and Executive Management

### Controls of Membership Remunerations in the Board and the Committees

The Nomination and Remuneration Committee shall recommend to the Board of Directors the remunerations of the members of the Board and the members of the committees, as follows:

- ❖ Taking into consideration the harmony of remunerations with Sipchem's strategy and objectives.
- ❖ Taking into account the practices of other companies and prevailing practice of the labor market in determining the remunerations, while avoiding the resulting unjustified increase of remunerations and compensations and within the limits stipulated by the Companies Law and its Implementing Regulations.
- ❖ The remuneration shall be reasonably sufficient to attract the members of the Board of Directors with the appropriate competence and experience.
- ❖ The remuneration should be fair and commensurate with the terms of reference of the member and the duties and responsibilities of the members of the Board of Directors or committee members, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
- ❖ Remuneration of the Board members may vary based on different responsibilities assigned to each member in addition to other considerations.
- ❖ Board members may not vote on Board members' remuneration item at the General Assembly Meeting of shareholders.

The Company shall disclose remunerations of Board, committees' members and senior executives in the Board Annual Report in accordance with the relevant regulations. The Board Report submitted to the Ordinary General Assembly must include a comprehensive statement of all remuneration, allowances and other benefits granted to Board and Committee members during a fiscal year. The Report must include a statement of all amounts received by the Board and Committee members in their capacity as employees or managers, or in return for technical or administrative duties or consultations. The Report must also include a statement of the number of Board meetings and number of meetings attended by each member as from the last General Assembly Meeting.



### **Mechanism of Remuneration of Board and Committees Members**

- ❖ The Company's Articles of Association and the policy of remuneration and compensation of the Board and Executive Management shall determine the annual remuneration of the Board members while the committees regulations shall specify remuneration and allowances of their members to be consistent with the Company's business, provided that amounts given to each member does not exceed the limits stipulated in Companies Law and Regulations thereof.
- ❖ Remuneration must be based on recommendations of the Company's Nomination and Remuneration Committee.
- ❖ Remuneration of Board and committees members shall be granted against their participation in meetings and number of meetings they attend.
- ❖ Attendance allowance and other benefits related to Board and related committee meetings shall be paid immediately after each meeting. The board annual remuneration shall be paid in full after being approved by the General Assembly.

### **Details of Remuneration of Board and Committees Members**

#### **A. Remuneration of Board Members**

- The Board shall determine, based on recommendations of Nomination and Remuneration Committee, the annual remuneration of the Board and committees members.
- Remuneration of the Board members shall be a certain amount, meeting attendance allowance, in-kind benefits, or a certain percentage of net profits, noting that two or more of such benefits may be combined. In all cases, remuneration, allowances and other financial or in-kind benefits granted to a Board member may not exceed an amount of SAR 500,000 pursuant to the provisions of Companies Law and Regulations thereof, and in line with controls of the competent authorities. In case remuneration of the Board members is a percentage of profits, such percentage should not exceed 10%.
- Board members who reside outside the city where the Company headquarters is located, whether inside or outside the Kingdom, are entitled to compensation for travel costs to attend Board meetings. These costs include a round trip ticket from the place of residence to the venue of the meeting as well as the costs associated with accommodation, transportation and attendance allowance.
- Upon recommendation of the Nomination and Remuneration Committee and after approval of the Board, the Board member shall be entitled to an annual remuneration of not more than SAR 300,000 in return for his membership in the Board in accordance with the eligibility mechanism set forth in Article (4) of this Policy.
- Upon recommendation of the Nomination and Remuneration Committee and after approval of the Board, the Board member participating in the Board committees shall be entitled to an annual remuneration not exceeding SAR 100,000 in return for his membership in the Board committees whether the member is a participant in one or more committees, including remuneration granted against membership in the Audit Committee” in accordance with the eligibility mechanism described in Article (4) of this Policy.
- Upon recommendation of the Nomination and Remuneration Committee, the Chairman of the Board shall determine the remuneration of membership in the committees in which the member is appointed from outside the Board, so that such remuneration does not exceed SAR 100,000.
- The Board may, upon recommendation of the Nomination and Remuneration Committee, from time to time review the annual remuneration of the Board member referred to above in the light of the variables related to performance, provided that remuneration, allowances and other financial or in-kind benefits granted to the Board member shall not exceed the amount of SAR 500,000 in accordance with the provisions of the Companies Law and its regulations and in accordance with the regulations set by the competent authorities.

## Remuneration of Board Members

	Fixed Remunerations						Variable Remunerations						End-of-Service gratuity	Gross total	Expenses allowances (transportation, accommodation)
	Certain amount	Attendance allowance for meetings	Sum of attendance allowance for committees' meetings	In-kind benefits	Remuneration of technical, administrative and consultancy works	Remuneration of the Chairman of Board, Managing Director or Secretary of Board, if a Board Member	Total	Percentage of Profits	Periodic Remunerations	Short-term incentive plans	Long-term Incentive Plans	Granted shares			
Eng. Khalid A. Al-Zamil		12,000				12,000		300,000				300,000		312,000	
Dr. Abdulrahman A. Al-Zamil		12,000				12,000		300,000				300,000		312,000	2,100
Eng. Yusef A. Al-Zamil		12,000	12,000			24,000		400,000				400,000		424,000	2,400
Mr. Fahad S. Al-Rajhi		12,000	24,000			36,000		400,000				400,000		436,000	1,000
Mr. Saeed O. Al-Esayi		12,000	12,000			24,000		385,714				385,714		409,714	
Eng. Reyadh S. Ahmed		12,000	12,000			24,000		371,429				371,429		395,429	
Mr. Abdulaziz A. bin Dayel		12,000	18,000			30,000		400,000				400,000		430,000	2,300
Eng. Saeed A. Basamah		12,000	12,000			24,000		400,000				400,000		424,000	3,200
Mr. Ziad A. Al-Turki		12,000	12,000			24,000		400,000				400,000		424,000	
Mr. Ayidh M. Al-Qarni		12,000	33,000			45,000		400,000				400,000		445,000	4,400
Mr. Bandr A. Masoudi*		6,000	6,000			12,000		400,000				400,000		412,000	
Ahmed Saad Al Sayyari**		6,000	3,000			9,000		-				-		9,000	
<b>Total</b>		<b>132,000</b>	<b>144,000</b>			<b>276,000</b>		<b>4,157,143</b>				<b>4,157,143</b>		<b>4,433,143</b>	<b>15,400</b>

\* Date of Board Member Resignation is 10 July 2021

\*\*Date of Board Member Appointment is 11 July 2021

## Remunerations of Committees Members:

	Fixed Remunerations* (Except attendance allowance)	Attendance allowance	Total
<b>AUDIT Committee Members</b>			
Mr. Ayidh M. Al-Qarni	١٠٠,٠٠٠	٢١,٠٠٠	١٢١,٠٠٠
Mohammad F. Al-Nader	١٠٠,٠٠٠	١٨,٠٠٠	١١٨,٠٠٠
Mohammed F. Al-Zahrani	١٠٠,٠٠٠	٢١,٠٠٠	١٢١,٠٠٠
<b>Total</b>	<b>٣٠٠,٠٠٠</b>	<b>٦٠,٠٠٠</b>	<b>٣٦٠,٠٠٠</b>
<b>Executive Committee Members</b>			
Yusef A. Al-Zamil	١٠٠,٠٠٠	١٢,٠٠٠	١١٢,٠٠٠
Fahad S. Al-Rajhi	١٠٠,٠٠٠	١٢,٠٠٠	١١٢,٠٠٠
Reyadh S. Ahmed	٧١,٤٢٩	١٢,٠٠٠	٨٣,٤٢٩
Mr. Ayidh M. Al-Qarni	-	١٢,٠٠٠	١٢,٠٠٠
Saeed O. Al-Esayi	٨٥,٧١٤	١٢,٠٠٠	٩٧,٧١٤
<b>Total</b>	<b>٣٥٧,١٤٣</b>	<b>٦٠,٠٠٠</b>	<b>٤١٧,١٤٣</b>
<b>Members of Nomination &amp; Remuneration Co</b>			
Ziyad A. Al-Turk	١٠٠,٠٠٠	١٢,٠٠٠	١١٢,٠٠٠
Fahad S. Al-Rajhi	-	١٢,٠٠٠	١٢,٠٠٠
Bandr A. Masoudi	١٠٠,٠٠٠	٦,٠٠٠	١٠٦,٠٠٠
Ahmed Saad Al Sayyari	-	٣,٠٠٠	٣,٠٠٠
Saeed A. Basamah	١٠٠,٠٠٠	١٢,٠٠٠	١١٢,٠٠٠
Abdulaziz A. bin Dayel	١٠٠,٠٠٠	١٢,٠٠٠	١١٢,٠٠٠
<b>Total</b>	<b>٤٠٠,٠٠٠</b>	<b>٥٧,٠٠٠</b>	<b>٤٥٧,٠٠٠</b>
<b>Members of Governance Committee</b>			
Abdulaziz A. bin Dayel	-	٦,٠٠٠	٦,٠٠٠
Turki M. AlMarzouq	١٠٠,٠٠٠	٦,٠٠٠	١٠٦,٠٠٠
Najem A. Al Zaid	١٠٠,٠٠٠	٦,٠٠٠	١٠٦,٠٠٠
<b>Total</b>	<b>٢٠٠,٠٠٠</b>	<b>١٨,٠٠٠</b>	<b>٢١٨,٠٠٠</b>

**Mechanism of Remuneration of Senior Executives (Executive Management)**

- The Board shall determine types of remuneration granted to the Company’s senior executives - based on recommendations of Nomination and Remuneration Committee - such as fixed remuneration, performance-based remuneration, and incentives.
- Remuneration is intended to promote competitiveness required to attract and retain qualified and competent employees and to maintain the highest level of skills that the Company needs.

**Remunerations of Senior Executives - Five of Senior Executives who have received the highest remunerations from Sipchem, including CEO and CFO as detailed in the below table:**

	Fixed Remunerations			Variable Remunerations					End-of-Service gratuity	Total remunerations of Board Executives, if any	Gross total	
	Salaries	Allowances	In-kind benefits	Total	Periodic Remunerations	Profits	Short-term incentive plans	Long-term Incentive Plans				Granted shares (Insert the value)
<b>Remunerations of Senior Executives including CEO and CFO</b>	7,797,153	2,235,844		10,032,997	4,761,857			5,265,024		10,026,881	3,548,946	23,608,825

## **9) Any Penalties, Sanctions or Precautionary Measures**

There are no penalties, sanctions, precautionary measures or precautionary attachment imposed on Sipchem by CMA or any other supervisory, regulatory or judicial authority.

## **10) Results of Annual Review of Internal Audit Procedures**

The Internal Audit Department of Sipchem provides assurance and consulting services independently and objectively in order to add value, improve operations and achieve the strategic goals of Sipchem.

The Internal Audit Department assists Sipchem in achieving its goals through evaluating and improving the effectiveness of the internal control system, risk management and governance processes.

The Internal Audit Department follows the risk based audit methodology, through which the audit work is directed towards the most impactful and risky for the company and important activities and works of Sipchem. In accordance with the best professional practices, Sipchem annual audit plan is prepared on the basis of risks.

The scope of work of the Internal Audit Department in Sipchem includes the review of activities, operations, risk management procedures, internal control systems, information systems, governance processes, and assistance in discovery and protection against fraud, deceit, and embezzlement. All activities, functions, departments and branches of Sipchem and subsidiaries fall within the scope of the Internal Audit Department.

During 2021, the Internal Audit Department carried out several periodic and special audits according to the annual audit plan approved by the Audit Committee with the aim of giving the necessary assurances regarding the effectiveness and efficiency of internal control and risk management in Sipchem, with a focus on activities and functions with high risks. The Internal Audit Department also provides consulting services for the purpose of contributing with the Executive Management to improving the efficiency and effectiveness of Sipchem's various operations, in addition to contributing to the audit of the interim and annual financial statements.

### **Audit Committee's opinion on the adequacy of Sipchem's internal control system**

The internal audit activities and processes referred to above did not show the existence of substantial observations during 2021, and the internal audit activities and processes demonstrated the adequacy and effectiveness of the internal control system, and ensured the existence of good risk management and the efficiency of governance processes.

## **11) Recommendation made by the Audit Committee on the need for the appointment of an internal auditor in Sipchem**

There was no recommendation made by the Committee as Sipchem already has an Internal Audit Department performing internal auditor functions.

## **12) Audit Committee's recommendations contradicting with the Board's resolutions or rejected by the Board on appointing and dismissing Sipchem's auditor, determining relevant fees and assessing the performance thereof**

There is no contradiction between the Audit Committee's recommendations and the Board's decisions.

### 13) Details of Social Contributions

Since its inception, Sipchem has been aware of the concept and importance of social responsibility in achieving sustainable development. Believing in it as a channel to provide support for the society, Sipchem has been keen on investing in the society and being present in exhibitions and other marketing events. .

We strive hard to inspire and empower the society, in which we invest. Year after year, we are working to improve, develop and activate our approach and way of dealing with society to achieve high returns and benefits at all levels of projects.

Our Areas of Concern in Social Responsibility:

- Health and safety
- Entrepreneurship
- Support of local economies
- Sport and culture
- Environment and sustainability
- Education

Because of our strong belief in Social Responsibility, and after Sipchem has made significant achievements in a short time, it is working relentlessly to repay its society. Sipchem pays attention to society through its commitment, since its inception, to the implementation of many community initiatives. Since the beginning, it has been participating in many social activities around the Kingdom. Our programs covered more than 76% of Saudi Arabia and reached more than 1 million beneficiaries

in previous years, Sipchem has been committed to its duties towards society, despite the difficult conditions experienced by the global economy, especially the petrochemical sector. In 2021, Sipchem allocated a total of about SAR 9 million for community service activities, as the contributions and initiatives varied according to Sipchem's policy in community service. Sipchem focused on implementing sustainable programs aimed at increasing the pace in line with social change and has focused on areas of concern.

A year that was full of events, in which Sipchem devoted many efforts to make significant achievements that were fruitful and kept growing in all fields and levels, to yield excellent results and continuing positive impacts on the society day after day. Sipchem has had a fair share of achievements in the society this year.

#### 14) Statement of the dates of shareholders' general assemblies held during 2021 and the names of Attended Board Members

The Extraordinary General Assembly was held on **May 24, 2021**. The Attendance Record of Board Members is as follows:

S	Name	May 24, 2021	Attendance
1	Eng. Khalid A. Al-Zamil	Attended	1
2	Mr. Fahad S. Al-Rajhi	Attended	1
3	Dr. Abdulrahman A. Al-Zamil	Attended	1
4	Eng. Reyadh S. Ahmed	Attended	1
5	Eng. Saeed A. Basamah	Attended	1
6	Eng. Yousef A. Al-Zamil	Attended	1
7	Eng. Saeed O. Al-Esayi	Attended	1
8	Mr. Ayidh M. Al-Qarni	Attended	1
9	Mr. Ziad A. Al-Turki	Attended	1
10	Mr. Bandr A. Masoudi	Attended	1
11	Mr. Abdulaziz A. bin Dayel	Attended	1

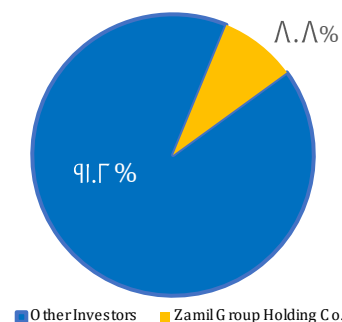
## 15) DESCRIPTION OF SIPCHEM ACTIVITIES:

(Sipchem) is a Saudi public joint stock company listed on the Tadawul (Saudi Capital Market). Sipchem is actively investing in basic and intermediary petrochemical and chemical materials that can be utilized as feedstock for manufacturing of a vast array of products that provide prosperity and welfare for humans. Sipchem is committed to implementing its activities in compliance with the highest quality standards whether in its products or maintaining the integrity of the surrounding environment or the safety of its employees and communities.

Sipchem selected Jubail Industrial City, located in the Eastern Province of Saudi Arabia, to establish its industrial complex on an area of 1,766,959 square meters, because of the availability of all required basic infrastructure, the abundance of raw materials and necessary petrochemical products in the Eastern Province and the ease of export operations via King Fahd Industrial Port and Jubail Commercial Port.

In 2021, Sipchem's existing manufacturing facilities produced 4,042 million metric tons. Net income amounted to SAR 3,591,8 Million in 2021 compared with SAR 175,9 Million in 2020 with an increase of 1,942%. The reason of increasing profits of the Company during this year compared to the previous year is attributed to an increase of sales revenues and operational profits as a result of the increasing prices of feedstock materials as butane, ethanol, ethylene and propane, as well as the company's share in the profit (loss) of investment in a joint venture and associates, where profits were 530.8 Million Riyals for 2021, compared to a loss of 33.8 million Riyals in 2020.

The above net profit increased in spite the loss the company suffered in two cash-generating units of an amount of 260 million Riyals, which are related to Polyethylene terephthalate factory for SAR 160 million and Gulf company for advanced cable insulators factory for SAR 100 million, which was listed in the results of 2021 as announced in the Saudi Stock Exchange. Sipchem's strategy, planned to be implemented in gradual stages, aims at achieving integration of the current and future chemical products to create a chain of valuable final products. Such strategy will contribute to increasing the GDP and support the industrial development in light of the comprehensive development plans implemented by the kingdom, which at the end help maximizing the shareholders' profitability.



<b>Establishment Date</b>	1999
<b>Company Type</b>	Joint-Stock Company
<b>Headquarters</b>	Al Khobar – Saudi Arabia
<b>Capital</b>	SAR 7,333,333,320
<b>Company Activity</b>	Petrochemical & Chemical Industries, Basic and Intermediate
<b>Number of shares</b>	733,333,332 shares

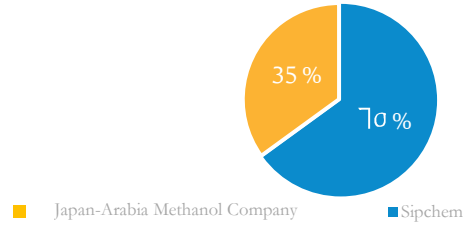


## A description of the subsidiaries' activities and its impact on the size of Sipchem's business and its contribution to the results for 2021

(Million Riyals)		
Activity	Revenues	Percentage
International Methanol Company	1,304.3	13.1%
International Diol Company	1,002.9	10.0%
International Acetyl Company Limited	517.9	5.2%
International Vinyl Acetate Company	1,779.9	17.8%
International Gases Company	115.1	1.1%
Sipchem Marketing Company	670.3	6.7%
International Polymers Company	1,657.7	16.6%
Sipchem Chemicals Company	564.9	5.7%
Gulf Advanced Cable Insulation Company	75.4	0.8%
Saudi Specialized Products Company	-	-
Sipchem Advanced Technologies Company	16.5	0.2%
Sahara International Petrochemical Company	420.9	4.2%
Sahara Marketing Company	-	-
Al WAHA Petrochemicals Company	1,855.9	18.6%
<b>Total</b>	<b>9,981.7</b>	<b>100%</b>

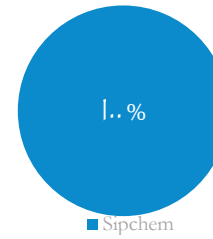
### Description of Activities of Sipchem's Subsidiaries

### International Methanol Company



<b>Establishment Date</b>	2002
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 360,97
<b>Company Activity</b>	Production of Methanol (methyl alcohol)
<b>Capacity</b>	970 thousand mtpa

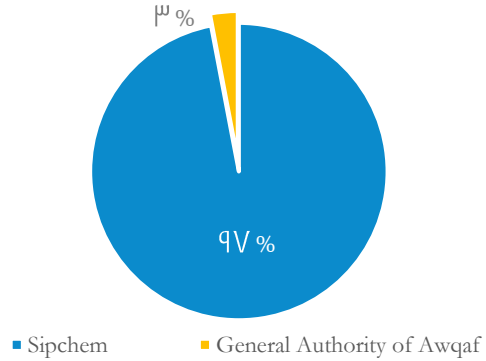
### International Diol Company



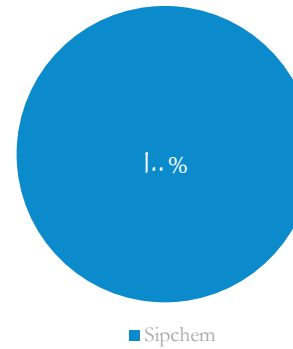
<b>Establishment Date</b>	2002
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 431,25
<b>Company Activity</b>	Production of Butanediol (BDO), Maleic Anhydride (MAn), Tetrahydrofuran (THF) and gamma-Butyrolactone (GBL)
<b>Capacity</b>	40 thousand mtpa of Maleic Anhydride (MAn) 5 thousand mtpa of gamma-Butyrolactone (GBL) 7,65 thousand mtpa of Tetrahydrofuran (THF) 50 thousand mtpa of Butanediol (BDO)

- 2021 witnessed the purchase of the share of the Arab Company for Supplies, which was 4.35% in the International Diol Company, to be 100% owned by Sipchem on 07 August 2021.

### International Vinyl Acetate Company Ltd.



### Sahara Petrochemicals Company

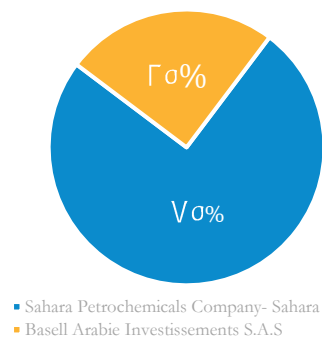


<b>Establishment Date</b>	2006
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 676,000,000
<b>Company Activity</b>	Production of Vinyl Acetate Monomer
<b>Capacity</b>	330 thousand mtpa

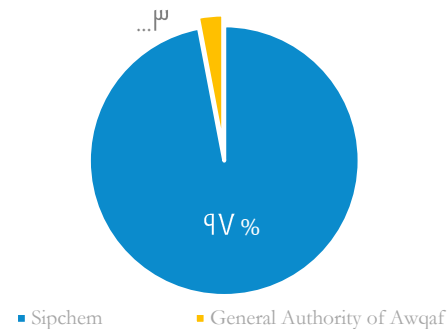
<b>Establishment Date</b>	2004
<b>Company Type</b>	Closed Joint Stock Company
<b>Headquarters</b>	AL-Khobar – Saudi Arabia
<b>Capital</b>	SAR 2,378,95
<b>Company Activity</b>	Petrochemical & Chemical Industries, Basic and Intermediate

**In 2021, Helm AG's 10% share in the International Vinyl Acetate Company was purchased to become 97% owned by Sipchem on 30 May 2021.**

### AL WAHA Petrochemical Company- AL WAHA



### International Acetyl Company Limited

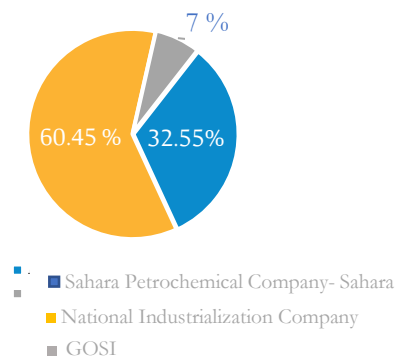


<b>Establishment Date</b>	2006
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 1,660,000,000
<b>Company Activity</b>	Production of Propylene and Polypropylene
<b>Capacity</b>	450,000 mtpa of Propylene 450,000 mtpa of Polypropylene 1,080 mtpa of caustic soda 150 mtpa of mixed liquid hydrocarbons

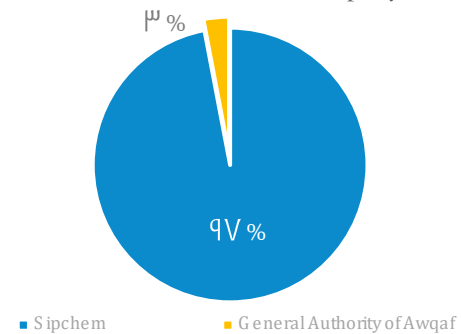
<b>Establishment Date</b>	2006
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 1,003,000,000
<b>Company Activity</b>	Production of Acetic Acid (AA) and Acetic Anhydride (AAAn)
<b>Capacity</b>	460,000 mtpa of Acetic Acid 50,000 mtpa of Acetic Anhydride

In 2021, Helm AG's 10% share in International Acetyl Company Limited was purchased to become 97% owned by Sipchem on 30 May 2021.

### Tasnee & Sahara Olefins Company (TSOC)



### International Gases Company

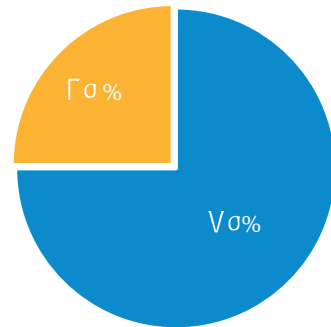


<b>Establishment Date</b>	2006
<b>Company Type</b>	Closed Joint Stock Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 2,830 million
<b>Company Activity</b>	Establishment, management, operation, ownership and investment in industrial projects, particularly petrochemical and chemical industries in addition to marketing their products and performing all related activities.

Sahara Petrochemicals Company indirectly owns 24.41% of Saudi Ethylene & Polyethylene Company

<b>Establishment Date</b>	2006
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 425,4 million
<b>Company Activity</b>	Production of Carbon Monoxide and Hydrogen
<b>Capacity</b>	345,000 mtpa of Carbon Monoxide 65,000 mtpa of Hydrogen

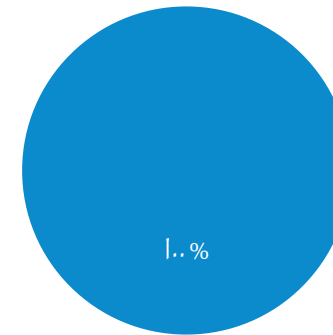
### Saudi Ethylene and Polyethylene Company (SEPC)



- Tasnee & Sahara Olefins Company (TSOC)
- BasellMoyen Orient Investissements SAS

<b>Establishment Date</b>	2006
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 2,737,500,000
<b>Company Activity</b>	Production of propylene, ethylene, high density polyethylene and low density polyethylene.
<b>Capacity</b>	284.8 thousand mtpa of Propylene 1,008 thousand mtpa of Ethylene 800 thousand mtpa of polyethylene

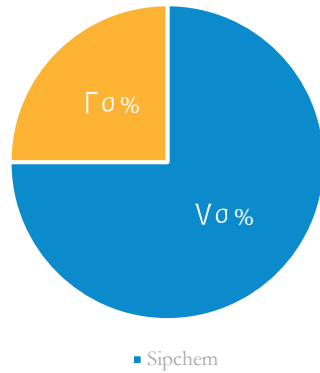
### Sipchem Marketing Company



- Sipchem

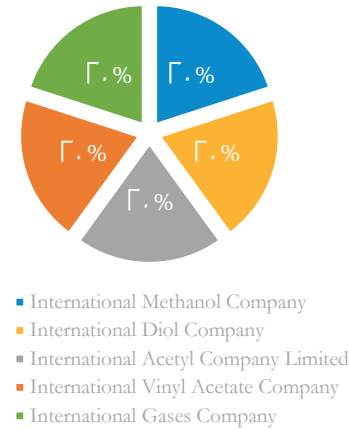
<b>Establishment Date</b>	2007
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Al-Khobar – Saudi Arabia
<b>Capital</b>	SAR 2,000,000
<b>Company Activity</b>	Marketing and sales of petrochemicals and plastics.

### International Polymers Company



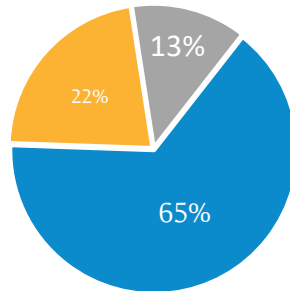
<b>Establishment Date</b>	2009
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 703,2 million
<b>Company Activity</b>	Production of Polyvinyl acetate, Polyvinyl alcohol, polyethylene wax, Low Density Polyethylene and ethylene and vinyl acetate copolymers.
<b>Capacity</b>	200,000 mtpa of ethylene and vinyl acetate copolymers. 125,000 mtpa of Polyvinyl acetate 4,000 mtpa of Low Density Polyethylene 4,000 mtpa of Polyvinyl alcohol 200 mtpa of polyethylene wax

### International Utilities Company (IUC)



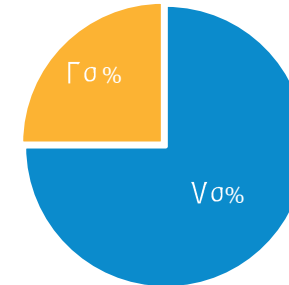
<b>Establishment Date</b>	2009
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 2,000,000
<b>Company Activity</b>	Management, operation and maintenance of utilities and facilities for Sipchem’s subsidiaries.

### Saudi Acrylic Acid Company (SAAC)



■ Tasnee & Sahara Olefins Company (TSOC)  
 ■ Sahara Petrochemicals Company

### Saudi Acrylic Monomer Co. Ltd. (SAMCO)



■ Saudi Acrylic Acid Company (SAAC)  
 ■ Rohm and Haas Nederland B.V.

<b>Establishment Date</b>	2009
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 1,777 million
<b>Company Activity</b>	Establishment, management, operation and ownership of acrylic acid and its derivatives production projects, and petrochemical and chemical industrial projects.

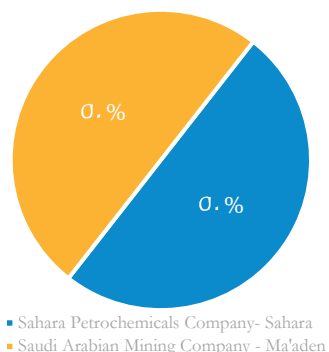
Based on Sahara Petrochemical Company's ownership percentage in TSOC, which is 32.55 %, Sahara holds indirectly additional ownership percentage of 21.16 in Saudi Acrylic Acid Company (SAAC), thus is reflected in Sahara's total equity to be 43.16%.

<b>Establishment Date</b>	2009
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 1,084,5 million
<b>Company Activity</b>	Acrylic Acid, Butyl Acrylic, Diethylhexyl Acrylic, Glacial Acrylic Acid
<b>Capacity</b>	160 thousand mtpa of Butyl Acrylic 64 thousand mtpa of Glacial Acrylic Acid

Based on Sahara Petrochemical Company's ownership percentage in Saudi Acrylic Acid Company (SAAC), which is 43.16 %, Sahara holds indirectly additional ownership percentage of 32.37%, in Saudi Acrylic Monomer Co. Ltd. (SAMCO).

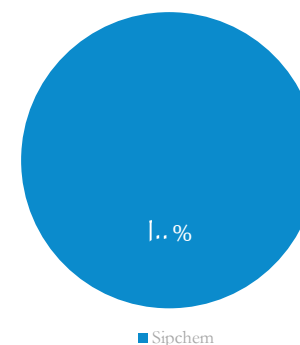


## Sahara & Ma'aden Petrochemicals Company (SAMAPCO)



<b>Establishment Date</b>	2011
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 900,000,000
<b>Company Activity</b>	Production of caustic soda, chlorine, and Ethylene Dichloride (EDC)
<b>Capacity</b>	300,000 mtpa of Ethylene Dichloride (EDC) 250,000 mtpa of caustic soda

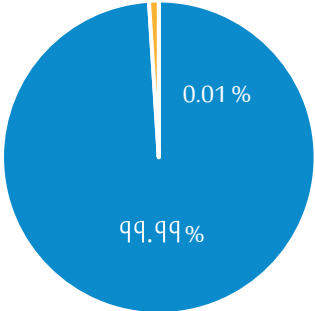
## Sipchem Chemicals Company



<b>Establishment Date</b>	2011
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 266,000,000
<b>Company Activity</b>	Production of ethyl acetate / butyl acetate, polybutylene terephthalate and tetrahydrofuran
<b>Capacity</b>	100,000 mtpa of ethyl acetate 50,000 mtpa of n-Butyl Acetate 68,000 mtpa of polybutylene terephthalate 3,568 mtpa of tetrahydrofuran

- Production operations at Sipchem's Polyethylene terephthalate factory (a subsidiary of Sipchem) were suspended on 01 January 2021 in line with Sipchem's post-merger strategy to improve profitability and performance efficiency, to ensure liquidity levels and stability, to maintain the sound financial structure, and to take into account the investment risks resulting from the current economic conditions and the challenges facing the markets in general.

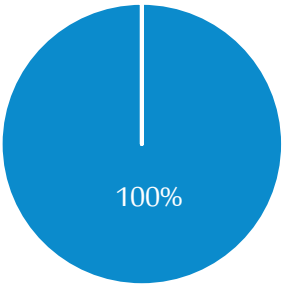
Sipchem Europe Cooperative UA and its Subsidiaries



■ Sipchem ■ Sipchem chemical company

<b>Establishment Date</b>	2011
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Lotre-Switzerland
<b>Capital</b>	SF 1,000,000
<b>Company Activity</b>	Providing administrative support in marketing and logistics activities

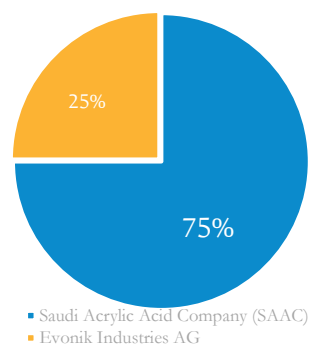
Promising Business Company



■ Sahara Petrochemicals Company

<b>Establishment Date</b>	2011
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 700,000
<b>Company Activity</b>	Wholesale of chemical fertilizers

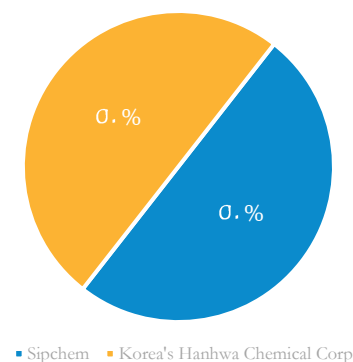
### Saudi Acrylic Polymer Company (SAPCO)



<b>Establishment Date</b>	2012
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 416,400,000
<b>Company Activity</b>	Ownership, management and operation of super absorbent polymers plant within the integrated acrylics complex project
<b>Capacity</b>	80 thousand mtpa of super absorbent polymers

By virtue of Sahara’s aggregate 43.16% equity stake in SAAC, Sahara owns an indirect equity stake of 32.37% in SAPCO.

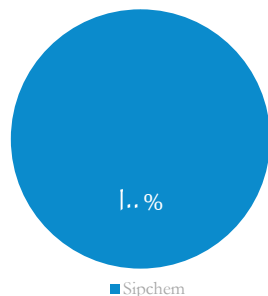
### Gulf Advanced Cable Insulation Company



<b>Establishment Date</b>	2012
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 57,240,000
<b>Company Activity</b>	Cable insulation polymers products
<b>Capacity</b>	25 thousand mtpa

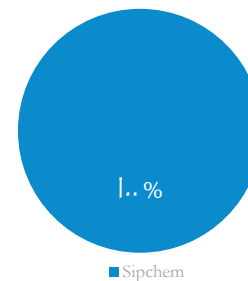
- Production operations at Gulf advanced cable insulation factory (a subsidiary of Sipchem) were suspended on 01 July 2021 in line with Sipchem's post-merger strategy to improve profitability and performance efficiency, to ensure liquidity levels and stability, to maintain the sound financial structure and to take into account the investment risks resulting from the current economic conditions and the challenges facing the markets in general.

### Saudi Specialized Products Company (Wahaj)



<b>Establishment Date</b>	2013
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Riyadh – Saudi Arabia
<b>Capital</b>	SAR 56,320,000
<b>Company Activity</b>	Production of metal molds used for plastics industries and maintenance of metal molds in addition to producing transparent films.
<b>Capacity</b>	5000 mtpa

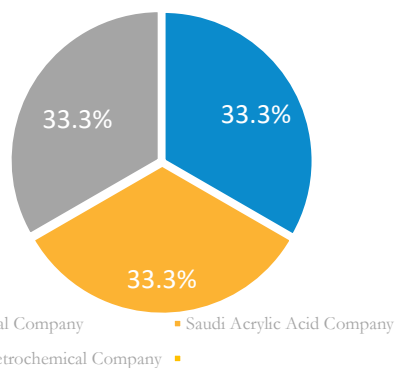
### Sipchem Asia Pte Ltd



<b>Establishment Date</b>	2013
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Singapore
<b>Capital</b>	SAR 752,970
<b>Company Activity</b>	Marketing Sipchem's products in Asia

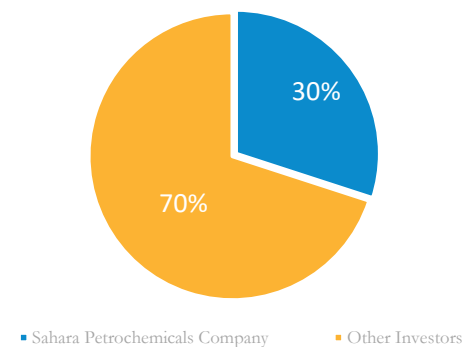
- Production operations at the Vinyl Ethylene Acetate Film factory of the Saudi Specialized Products Company (a subsidiary of Sipchem) were suspended on 01 January 2021, in line with Sipchem's post-merger strategy to improve profitability and performance efficiency.
- Hanwha Chemical Overseas Company Limited's 25% stake in Saudi Specialized Products Company was purchased to become 100% owned by Sipchem chemicals on 29 December 2021.

### Saudi Butanol Company (SABUCO)



<b>Establishment Date</b>	2013
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 486,000,000
<b>Company Activity</b>	Production of n-butanol and isobutanol
<b>Capacity</b>	330 thousand mtpa of n-butanol 11 thousand mtpa of iso-butanol

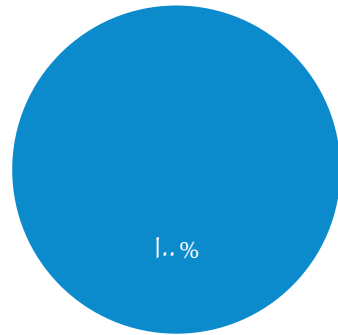
### Khair Inorganic Chemical Industries



<b>Establishment Date</b>	2016
<b>Company Type</b>	Closed Joint Stock Company
<b>Headquarters</b>	Ras Al-Khair – Saudi Arabia
<b>Capital</b>	SAR 800,000,000
<b>Company Activity</b>	Production of soda and sodium chloride
<b>Capacity</b>	300,000 mtpa of Soda Ash 384,000 mtpa of sodium chloride

By virtue of Sahara's aggregate 43.16% equity stake in SAAC, Sahara owns an indirect equity stake of 14.38% in SABUCO.

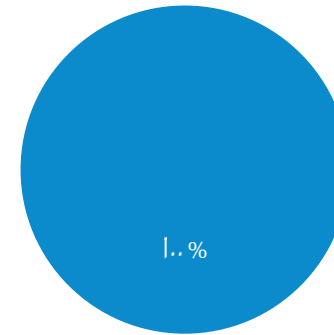
## Sahara Marketing Company



■ Sahara Petrochemicals Company- Sahara

<b>Establishment Date</b>	2016
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 500,000
<b>Company Activity</b>	Marketing and sales of petrochemicals and plastics.

## Saudi Advanced Technologies Company



■ Sahara Petrochemicals Company- Sahara

<b>Establishment Date</b>	2018
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Riyadh – Saudi Arabia
<b>Capital</b>	SAR 5,000,000
<b>Company Activity</b>	Metal formation by hammering, pistons, casting, rolling, making structures for motor vehicles, making parts, accessories and engines for motor vehicles.

## 16) A Description of Sipchem's Plans and Strategies

Sipchem aims to continue to achieve and maximize positive results through continuous growth and work to develop and explore new investment opportunities in line with the company's strategy and vision. Project development opportunities include new acquisitions and mergers inside or outside the kingdom to enhance the company's profitability and enable it to enter new global markets. The company also continues to develop and explore opportunities to build new factories and expand its existing factories to increase the production capacity of its products in line with the growing global demand in addition to maximizing profitability and creating new job opportunities for the people of the country. Sipchem succeeded in overcoming the great challenges experienced by the global economy due to the coronavirus pandemic (COVID - 19). This year, it was able to achieve historic profits by (following a strategy aimed at continuity of production and reduction of costs through digital transformation through supply chains, and striving hard for research and development in future projects that support the growth of the company and achieve the objectives of the company and the preservation of shareholders ' rights.

Sipchem has updated its strategy for the next ten years as having a clear vision for the future and a tangible roadmap to achieve this will be critical to the sustainability of the company's success. This new strategy is based on five main pillars (growth, profitability, sustainability, digital transformation and innovation, and human resources). Sipchem is always looking forward to shaping its future and attracting new growth opportunities to contribute to the growth and prosperity of the kingdom of Saudi Arabia and contribute to the realization of the kingdom's Vision 2030.

## 17) Information on Any Risks Faced by Sipchem

Risk management is an integral part of Sipchem's strategy in order to achieve long- and short-term objectives. The objective of risk management is to ensure that Sipchem can effectively implement its strategies and realize its objectives, identify risks that limit Sipchem's ability to reach its objectives, and determine whether these risks are at a low and manageable level.

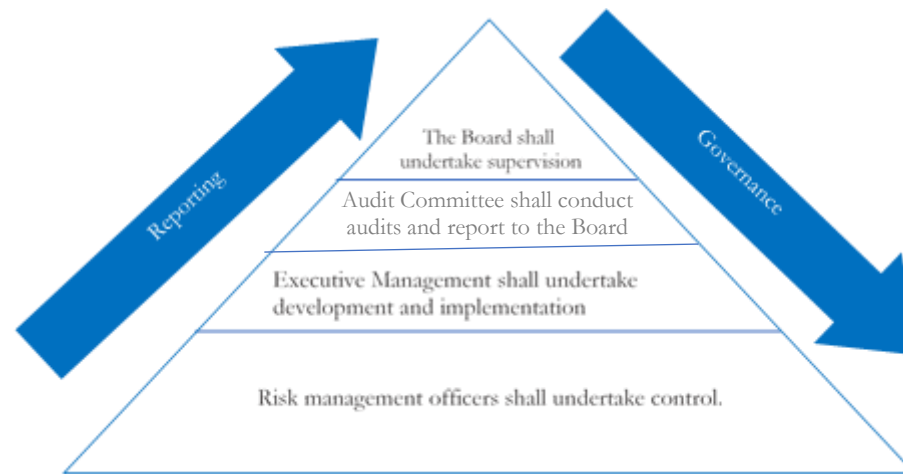
The Board, as part of its role in providing strategic oversight and supervision of the Company, is responsible for protecting investors' interests by maintaining an effective risk management and internal control system. The Executive Risk Management Committee is fostering a culture of risk management using leading standards through risk management. Accordingly, the concerned department shall implement, identify, evaluate and develop appropriate procedures for dealing with risk management practices in related activities or risks that may affect the organizational strategy.

Sipchem has developed a broad risk management framework in line with the leading practices and has widely informed the Board about related risks.

The main activity of risk management is to educate the Company as a whole about the agreed level of risks; including:

- Understand the risk environment; assess the qualitative risks and the likelihood that the Company will be exposed to such risks.
- Determine how best to deal with such risks.
- Manage identified risks in appropriate ways.
- Emphasize the effectiveness of managing such risks and, where necessary, rapid intervention to improve such effectiveness.
- Periodically inform Management and the Board of the seriousness with which risks are managed, controlled and improved.

Based on the leading practices and regulations of CMA, Sipchem's governance structure of the risk management system is as follow:



## 1. Implementation of the Risk Management System and Organizational Structure:

Sipchem's Board of Directors has assigned the responsibility of Sipchem's risk management systems and processes to the Board Audit Committee. The Audit Committee shall be responsible for developing and implementing risk management systems and processes as a framework for the Company. The Internal Risk Management Executive Committee is chaired by the CEO, while the key roles of senior management are assigned to the Committee members. Sipchem's risk management functionally reports to the Risk Management Audit Committee and shall be responsible for:

- Risk reporting.
- Conducting periodic risk assessments with business entities and subsidiaries.
- Coordinating all risk management activities within the Company.
- Reviewing risks faced by subsidiaries.
- Coordinating with subsidiaries on the implementation of risk management practices.
- Maintaining risk management policy and describing how to report risks.

## 2. Sipchem's Risk Management Policies and Practices:

Sipchem relies on a company-wide risk management policy approved by the Board, which identifies and formalizes risk management guidelines and practices, reporting procedures, and preparation of related reports.



Subsidiaries are responsible for risks as much as they are responsible for the revenues, and therefore the responsibility for managing risks shall be assumed by the management teams of subsidiaries as well as the managers. The risk management process controls exposures through using risk surveys, assessments, remedies, reporting and monitoring, including reporting of associated risks. Sipchem's risk management framework has been developed and implemented based on continuous practices and improvements through various ongoing initiatives.

Below is a diagram showing the continuously implemented risk management system:



### 3. Risk factors of Sipchem and its subsidiaries:

Sipchem incurs a number of risks that may affect operational and financial performance thereof. There is no certainty that risk management activities will prevent emergence of such risks. However, the management shall closely monitor such risks while taking preventive measures and controls to address the same. The following are some of the main risk factors that are being addressed:

**a. Feedstock price increase in KSA**

Strategic Response in the Sipchem Business Model to Feedstock Price Increase in the Kingdom of Saudi Arabia – especially Methane and Ethane.

**b. Advanced Technologies and Market Trends**

Strategic Response to Advanced Technologies (such as Non- Hydrocarbon Plastics) and Market Trends (Circular Economy) which may put the basics of supply and demand of the key value chain at risk - Methanol polypropylene, polymers

**c. Delivering a feasibility Study for Capital Investment Growth Projects**

Delivering a feasibility Study for Capital Investment Growth Projects, especially in Downstream Sectors, despite investment support in the Kingdom.

**d. A Huge Explosion in A Factory**

A huge explosion took place in a factory, causing losses in the factory outputs for a long time, possible loss of lives, and damage to Sipchem reputation.

**e. Maritime Incident/Explosion**

Maritime Shipping explosion that may cause environmental damages, claims against Sipchem, and damages to Sipchem reputation.

**f. Cybersecurity Incidents (IT/OT)**

Cybersecurity incidents in Information Technology (IT) or Operational Technology (OT) may lead to disruptions in the manufacturing operations, ERP planning factors, data loss, and damages to reputation.

**g. Regional Geopolitical Instabilities**

Regional geopolitical instability may result from sanctions or unexpected political conflicts, which may lead to a decline of revenues and shareholder values.

**h. Unspecified Strategic Goals**

Unspecified Strategic goals may lead to unrelated objectives, initiatives and work plans.

**i. Governance Weaknesses**

Governance Weaknesses (including internal controls/audit processes) may cause asset losses and possible damages to reputation.

**j. Liquidity Crisis**

Liquidity crises in the Saudi Capital Market may cause an increase in base rates/profit margins, a focus on the exposure of local bank financing, which may lead to high loan cost/excessive lending.

## 18) Summary in form of a table regarding Sipchem's assets, liabilities, and results of its operations during the last five fiscal years

The key financial indicators for the year 2021 compared to the previous year are as follows:

- Revenues reached SAR 9,981.7 million during the year 2021 compared to SAR 5,323 million for the previous year with an increase of 87.5%.
- Net profit reached SAR 5,579.8 million during the year 2021 compared to SAR 172.9 million for the previous year, with an increase of 375.7%.
- Net operational profit reached SAR 4,464.3 million in 2021, compared to SAR 359.6 million in the previous year, with an increase of 1,141.5%
- Net profit reached SAR 3,591.8 million in 2021, compared to SAR 175.9 million in the previous year, with an increase of 1,942%.
- Earnings per share reached SAR 0.24 during the year 2020 compared to SAR 0.52 for the previous year.

### Assets, liabilities and operating results for the last five financial years

Consolidated statement of financial position (Million Riyal)					
	2021	2020	2019	2018	2017
Non-current assets	18.558	18.792	19,863	12,380	12,342
Current assets	5.946	4.973	4.128	3.000	3.638
Total assets	24.504	23.765	23.991	15.380	15,980
Total Equity	15.695	13.836	14.338	7.125	7.211
Non-current liabilities	5.873	6.464	7.722	6.330	6,928
Current liabilities	2.936	3.465	1.931	1.925	1,841
Total liabilities and equity	24.504	23.765	23.991	15.380	15,980

### A description of the impact of each activity on the size of Sipchem business and its contribution to the results:

**Sectorial Analysis:** The Company operates in the following sectors:

- **Basic chemicals:** They include Methanol, Butane products and Carbon Monoxide.
- **Intermediate chemicals:** They include Acetyl Acid, Vinyl Acetate Monomers, Ethyl Acetate, Butyl Acetate and related materials.
- **Polymers:** These include low density Polyethylene, Polyvinyl acetate, Polyvinyl Alcohol, and Polybutylene Terephthalate, electrical wire conductor insulation products plant including the sector of polypropylene material.
- **Trade:** It includes revenues of Sipchem Marketing Co. and its foreign subsidiaries
- **Companies and others:** This include Sipchem, Ethylene Vinyl Acetate Films Plant and Tools Production Plant.

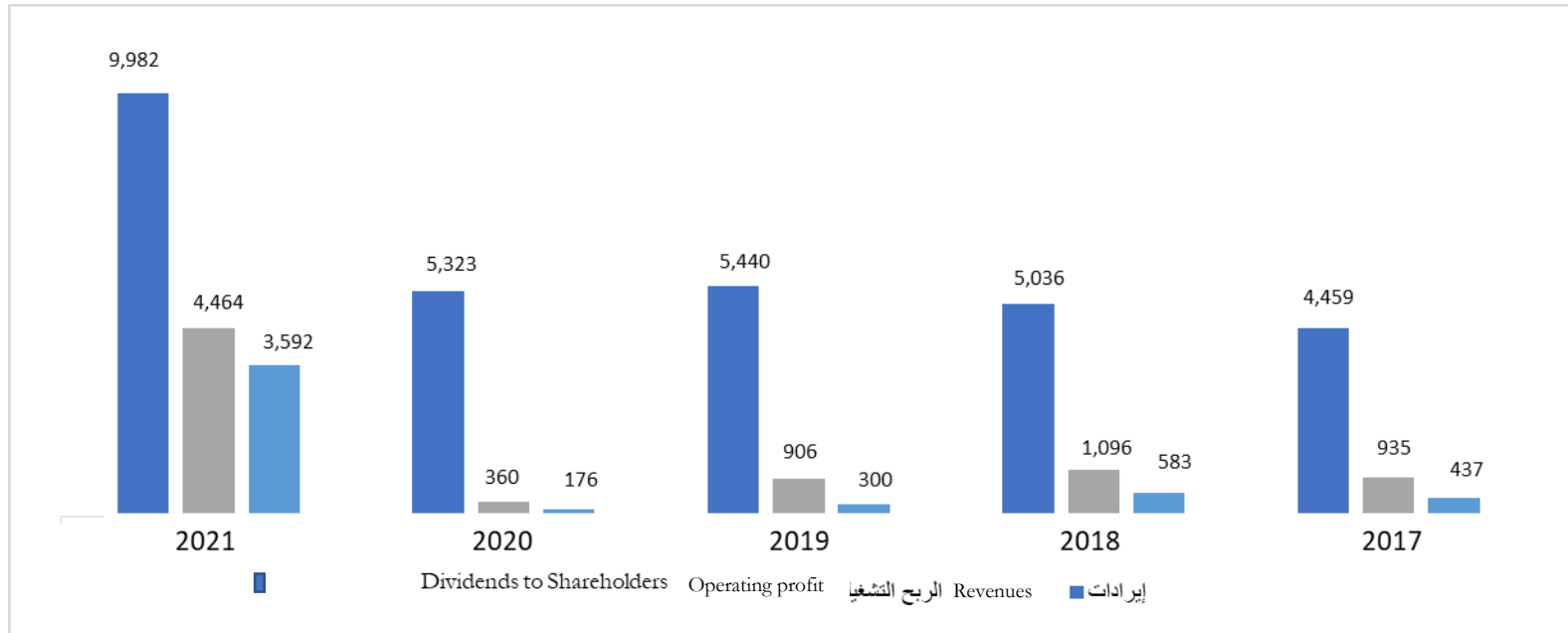
Million Riyals	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Companies and others	Exclusion upon merger	Total
	For the year ended 31 Dec. 2021						
Revenues	3,265	4,284	3,651	7,437	16	(8,671)	9,982
Total profit/loss	2,105	1,685	1,555	337	(20)	(82)	5,580
Operating profit/loss	1,765	1,389	1,204	269	(141)	(22)	4,464
Dividend in joint ventures and associate companies	-	-	-	-	531	-	531
Profit/loss before Zakat and tax	1,697	1,257	831	268	738	(383)	4,408
Total assets	3,839	5,955	7,275	2,061	26,706	(21,332)	24,504
Total liabilities	1,895	1,896	3,051	1,651	4,787	(4,471)	8,809
Capital expenses	80	224	119	85	248	-	756
	For the year ended 31 Dec. 2020						
Revenues	1,692	2,232	2,334	3,664	49	(4,648)	5,323
Total profit/loss	618	(72)	455	154	(6)	24	1,173
Operating profit/loss	349	(307)	237	102	(72)	51	360
Dividend in joint ventures and associate companies	-	-	-	-	(34)	-	(34)
Profit/loss before Zakat and tax	208	(59)	143	100	(136)	(71)	185
Total assets	3,772	5,374	7,245	1,227	25,249	(19,102)	23,765
Total liabilities	2,275	2,423	3,235	823	5,248	(4,075)	9,929
Capital expenses	115	134	122	0.3	144	-	515

### Consolidated statement of profit or loss (Million Riyal)

	2021	2020	2019	2018	2017
Income	9,982	5,323	5,440	5,036	4,459
Cost of sales	(4,402)	(4,150)	(3,805)	(3,401)	(3,033)
Total profit	5,580	1,173	1,635	1,635	1,426
Selling and distribution costs	(453)	(395)	(315)	(197)	(200)
General and administrative expenses	(663)	(419)	(414)	(342)	(291)

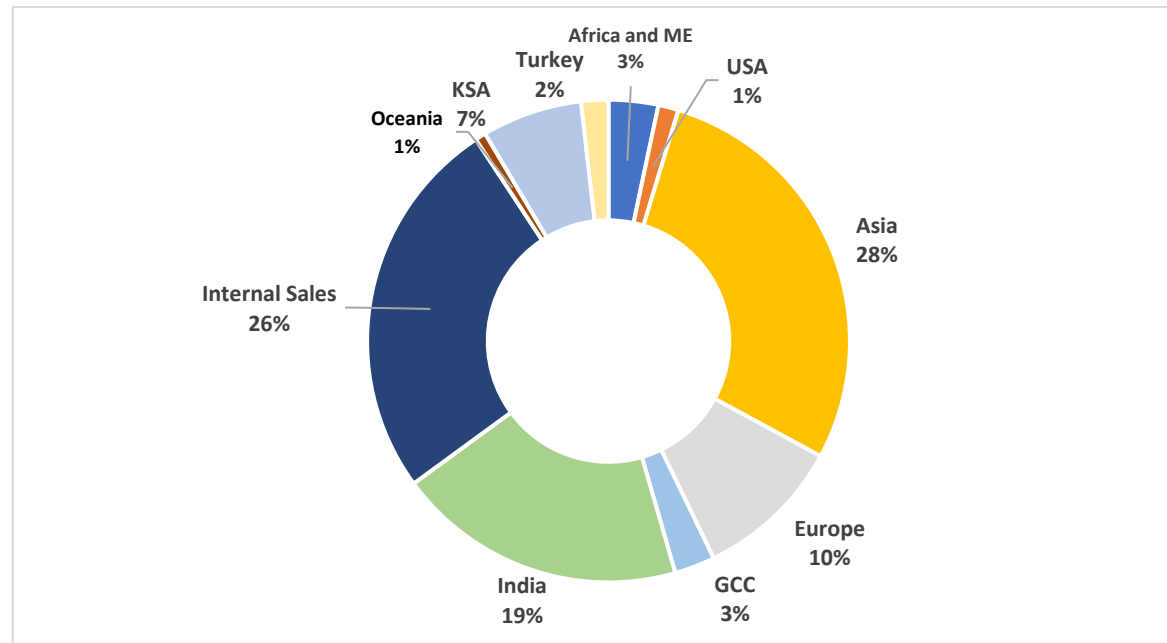
Operating profit	4,464	360	906	1,096	935
Dividend in joint ventures and associate companies	531	(34)	(27)	-	-
Finance Revenues	30	26	60	28	22
Finance costs	(319)	(293)	(370)	(263)	(298)
Other (Expenses)/ income, net	(298)	126	(179)	6	12
Profit before Zakat and income tax	4,408	185	390	867	671
Cost of Zakat and income tax	(450)	(128)	(145)	(116)	(84)
Profit for the year	3,958	57	245	751	587
Profit yields to:					
Equity	3,592	176	300	583	437
Non- controlling interests	366	(119)	(55)	168	150
Earnings per share from net profit yields to shareholders	4.94	0.24	0.52	1.59	1.19

Evolution of sales, operating profit and net profit for the last five years (Million Riyals)



## 19) Geographical Analysis of Sales of Sipchem and its subsidiaries

Sipchem's products are marketed and sold in all local markets, Middle East markets and international markets. The following chart shows the geographical distribution of Sipchem's sales during 2021:



## 20) Significant differences in operating results from previous year results:

STATEMENTS	2021	2020	Change +/-	% of change
Sales/ Revenue	9,981.7	5,323	4,658.7	87.5%
Total profit	5,579.8	1,172.9	4,406.9	375.7%
Operating profit	4,464.3	359.6	4,104.7	1,145%
Net profit yields to shareholders	3,591.8	175.9	3,415.9	1,942%

During 2021, the net profit increased by 1,942% compared to 2020. This is attributed mainly to an increase of revenues and operational profits, which resulted from a hike in the prices of all products, in spite of the increase in prices of feedstock such as butane, ethanol, Ethylene and Propane; in addition, the company's dividend in the profit/loss of a joint venture or an associate company also increased up to a profit of SAR 530.8 million in 2021, compared to a loss of SAR 33.8 million in 2020.

The above net profit increase despite the company's suffering of the loss of an impairment of two cash generating units amounted to SAR 260 million was recorded in 2021 related to Poly butylene terephthalate Plant (amounted to SAR 160 million) and the Gulf company for advanced cable insulators (amounted to SAR 100 million).

## 21) Clarification of any difference for the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA)

There is no difference from the approved accounting standards.



**22) Each subsidiary's name, share capital, percentage of Sipchem's shareholding therein, main activity, country of operations, and country of incorporation.**

Subsidiary's name	Capital SAR Million	Percentage of Sipchem's shareholding therein	Main activity	Country of operations	Country of incorporation
International Methanol Company	361	65%	Production of Methanol (methyl alcohol)	KSA	KSA
International Diol Company	431	100%	Production of Butanediol (BDO), Maleic Anhydride (MAAn), Tetrahydrofuran (THF) and gamma-Butyrolactone (GBL)	KSA	KSA
Sahara Petrochemicals Company	2,388	100%	It operates as a holding company whose main activity is concentrated in the petrochemical sector	KSA	KSA
International Vinyl Acetate Company Ltd.	676	97%	Production of Vinyl Acetate Monomer	KSA	KSA
Al WAHA Petrochemicals Company	1,660	75%	Production of propylene and polypropylene	KSA	KSA
International Acetyl Company Limited	1,003	97%	Production of Acetic Acid (AA) and Acetic Anhydride (AAAn)	KSA	KSA
Tasnee & Sahara Olefins Company (TSOC)	2,830	32.55%	Establishment, management, operation, ownership and investment in industrial projects, particularly petrochemical and chemical industries in addition to marketing their products and performing all related activities.	KSA	KSA

<b>International Gases Company</b>	425	% 97	Production of carbon monoxide and hydrogen	KSA	KSA
<b>Saudi Ethylene and Polyethylene Company (SEPC)</b>	2,737.5	24.41%	Production of propylene, ethylene, high-density polyethylene and low-density polyethylene.	KSA	KSA
<b>Sipchem Marketing Company</b>	2	% 100	Marketing and sales of petrochemicals and plastics	KSA	KSA
<b>Saudi Acrylic Acid Company (SAAC)</b>	1,777	43.16%	Establishment, management, operation and ownership of acrylic acid and its derivatives production projects, and petrochemical and chemical industrial projects.	KSA	KSA
<b>Saudi Acrylic Monomer Co. Ltd. (SAMCO)</b>	1,084.5	32.37%	Production of acrylic acid derivatives: Acrylic Acid, Butyl Acrylic, Diethylhexyl Acrylic, Glacial Acrylic Acid	KSA	KSA
<b>International Utilities Company (IUC)</b>	2	91.2%	Management, operation and maintenance of utilities and facilities for Sipchem's subsidiaries.	KSA	KSA
<b>International Polymers Company</b>	703	75%	Production of Polyvinyl acetate, Polyvinyl alcohol, polyethylene wax, Low Density Polyethylene and ethylene and vinyl acetate copolymers.	KSA	KSA
<b>Saudi Acrylic Polymer Company (SAPCO)</b>	416.4	32.37%	Ownership, management and operation of super absorbent polymers plant within the integrated acrylics complex project	KSA	KSA
<b>Sahara &amp; Ma'aden Petrochemicals Company (SAMAPCO)</b>	900	50%	Design, construction, ownership and operation of an integrated plant for production of chlorine, caustic soda, and ethylene dichloride	KSA	KSA

Sipchem Chemicals Company	266	100%	Production of ethyl acetate / butyl acetate, polybutylene terephthalate and tetrahydrofuran	KSA	KSA
Sipchem Europe Cooperative UA and its Subsidiaries	SF 1,000,000	100%	Providing administrative support in marketing and logistics activities	Netherlands	Netherlands
Saudi Butanol Company (SABUCO)	486	14.38%	Production of n-butanol and isobutanol	KSA	KSA
Sahara Marketing Company	0.5	100%	Marketing and wholesale of petrochemical products	KSA	KSA
Promising Business Company	0.7	100%	Wholesale of chemical fertilizers	KSA	KSA
Gulf Advanced Cable Insulation Company	57	% 50	Cable insulation polymers products	KSA	KSA
Khair Inorganic Chemical Industries	800	30%	Production of sodium carbonate, dense vs light soda ash, calcium chloride and calcium carbonate	KSA	KSA
Saudi Specialized Products Company (Wahaj)	56	100%	Production of metal molds used for plastics industries and maintenance of metal molds in addition to producing transparent films.	KSA	KSA
Sipchem Asia Pte Ltd	0.752	100%	Marketing Sipchem's products in Asia	Singapore	Singapore
Saudi Advanced Technologies Company	5	100%	Metal formation by hammering, pistons, casting, rolling, making structures for motor vehicles, making parts, accessories and engines for motor vehicles.	KSA	KSA

### 23) Details of shares and debt instruments issued for each subsidiary

There are no debt instruments convertible into shares or any subscription notes or similar rights issued or granted by the Company during 2021. There are also no rights of transfer or subscription under debt instruments convertible into shares, option rights, warrants or similar rights issued or granted by the Company during the year 2021.

### 24) A Description of Sipchem's Policy in Distributing Dividends

The annual net profits of the Company are distributed according to Article (48) of Sipchem's articles of association, after deducting all general expenses and other costs as follows:

- A percentage representing (10%) of the net profits shall be set aside to form a statutory reserve for the Company, and the Ordinary General Assembly may cease such practice whenever the mentioned reserve reaches 30% of the paid share capital.
- The Ordinary General Assembly, based on the proposal of the Board of Directors may retain a certain percentage of the net profits to form a consensual reserve and allocate such reserve for purposes beneficial to the Company.
- The Ordinary General Assembly may decide to create other reserves, to the extent that serves the interest of the Company or guarantees the distribution of fixed profits as possible to the shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to incorporate social institutions for Sipchem's employees or to assist the institutions that may exist.
- The remaining amount thereafter shall be distributed among shareholders, with a proportion not less than (5%) five percent of the paid share capital.
- Subject to the provisions of Article (22) twenty-second of this law, and Article (76) seventy-six of the Companies Law, which after the above allocates a percentage not exceeding (10%) ten percent of the remaining amount for remuneration of the Board of Directors, provided that entitlement to such remuneration shall be prorata to the number of sessions attended by each member.

The Company may also distribute profits to its shareholders periodically, quarterly or semi-annually, if its financial capabilities permit, provided that the Company, when doing so, adheres to the conditions, controls and instructions issued about the same by the competent authorities

The dividends to be distributed according to Article (49) of the Articles of Association shall be paid to the shareholders at the place and dates specified by the Board in accordance with the instructions issued by the Ministry of Commerce and Investment and the Capital Market Authority.

Sipchem's Board of Directors has made its recommendations on 15 September 2020 to distribute cash dividends for the first and second halves of fiscal year 2021 to the shareholders as follows:

	Dividends ratios distributed during the year		dividend ratios proposed for distribution at year end	Total dividends
	14 July 2021	20 December 2021		
Percentage	7.5%	15%	22.5%	-
Total	٥٤٩,٩٩٩,٩٩٩	١,٠٩٠,٧٤٣,٢٢٣	-	١,٦٤٠,٧٤٣,٢٢٢

### 25) Description of any interest in the voting shares category held by persons (save the members of Sipchem's Board of Directors, senior executives and their relatives) who informed the Company of such rights under Article forty-five of the Registration and Listing Rules and any change in such rights during the fiscal year 2021

The Company did not receive notice of any interests belonging to persons in the voting shares or a change in such rights.

## 26) Description of Any Interests, Contractually Based Securities and Subscription Rights of Sipchem's Board Members, Senior Executives and Their Relatives in Shares or Debt Instruments of the Company or Any of Its Subsidiaries, Together With Any Change in These Interests or Rights During 2021

A description of any interests held by the Board Members, their wives and adolescent children in the shares or debt instruments of the Issuer:

S	Name	Shares as at 1 JAN 2021		Shares as at Dec. 31, 2021		Net Change	% of change	Ownership of first- degree relatives and its change
		Number	Ownership %	Number	Ownership %			
1	Eng. Khalid A. Al-Zamil	334,240	0.04558%	334,240	0.04558%	0	0	-
2	Dr. Abdulrahman A. Al-Zamil	1,036,852	0.14139%	692,533	0.094%	344,319	33%	-
3	Eng. Yousef A. Al-Zamil	21,500	0.0029%	29,500	0.004%	8,000	32%	-
4	Mr. Fahad S. Al-Rajhi	6,500,000	0.8864%	7,000,000	0.95%	500,000	7%	-
5	Mr. Saeed O. Al-Esayi	6,478,071	0.8833%	6,478,071	0.8833%	0	0	-
6	Eng. Reyadh S. Ahmed	0	0%	0	0%	-	-	-
7	Mr. Abdulaziz A. bin Dayel	0	0%	0	0%	-	-	-
8	Mr. Saeed A. Basamah	0	0%	0	0%	-	-	-
9	Mr. Ziad A. Al-Turki	1,000	0%	1,817,500	0.247%	1,816,500	181,750%	-
10	Mr. Ayidh M. Al-Qarni	0	0%	0	0%	-	-	-
11	Mr. Ahmed Al Sayyari	0	0%	0	0%	-	-	-

A description of any interests held by the Senior Executives, their wives and adolescent children in the shares or debt instruments of the Issuer:

S	Name	Shares as at 1 JAN 2021		Shares as at Dec. 31, 2021		Net Change	% of change	Ownership of first- degree relatives and its change
		Number	Ownership %	Number	Ownership %			
1	Eng. Abdullah S. Al-Saadoon	0	0%	30,000	0.0040%	30.000	30000%	-
	Eng. Ibrahim Abdul Aziz Al Rashood	41222	0.0056%	41222	0.0056%	-	-	-
2	Eng. Matar Atshan Al Zofiri	35347	0.0048%	38425	0.0052%	3078	9%	-
4	Mr. Rushdi K. Al-Dulijan	0	0%	0	0%	-	-	-
5	Omar Salem Bajubail	0	0%	25600	0.0034%	25600	25600%	-
6	Mr. Faisal M. Al-Modlij	0	0%	0	0%	-	-	-

## 27) Information Related to Any Loans owed by the Company (Million Riyals)

Sahara International Petrochemical Company								
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance	
Islamic Sukuk	-	-	-	-	-	-	-	-
Long-term loans	5	5,425	2,808	-	1,000	852	2,956	

International Methanol Company								
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance	
Islamic facilities	10	٤٢٥	٢١٣	-	-	١٠٦	١٠٧	

## Information Related to Any Loans owed by the Company (Million Riyals)

International Diol Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Long-term loans from Partners	unspecified	64	1,052	-	10	-	1,062

International Acetyl Company Limited							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	10	٧٥٨	٥٢٠	-	-	٢٢٣	٢٩٧
Long-term loans from Partners	unspecified	260	250	129	90	(107)	233

International Vinyl Acetate Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	12	495	323	-	-	323	-
Long-term loans from Partners	unspecified	88	82	-	120	(82)	120

International Gases Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	6	300	300	-	-	46	253

## Information Related to Any Loans owed by the Company (Million Riyals)

International Polymers Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	12	704	399	-	700	399	700
Saudi Industrial Development Fund	6.4	600	235	-	-	151	84
Public Investment Fund	12.5	704	351	-	-	351	-

Sipchem Chemicals Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Saudi Industrial Development Fund	6	395	193	-	-	193	-
Long-term loans from Partners	-	-	-	-	-	-	-

Gulf Advanced Cable Insulation Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Saudi Industrial Development Fund	6	99	38	-	-	-	38
Long-term loans from Partners	Unspecified	103	112	-	1	-	113

Saudi Specialized Products Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Saudi Industrial Development Fund	-	-	-	-	-	-	-
Short-term loans from partners	-	-	-	-	-	-	-
Long-term loans from Partners	Unspecified	٢١١	١٠٥	(١١)	-	(٦)	٩٩



### Information Related to Any Loans owed by the Company (Million Riyals)

Sahara Petrochemicals Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	10	500	213	-	-	38	175

Saharah and Menirals for Petrochemicals Company SAMAPCO							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	12	2,250	2,177	-	-	73	2,104

Al Waha Petrochemical Plant							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	12	1,964	1,158	-	-	157	1,001

**28) Description of Categories and Numbers of Any Convertible Debt Instruments and Any Contractually Based Securities, Subscription Right Notes, or Similar Rights Issued or Granted by the Company During the Fiscal Year, Along With an Explanation of Any Compensation Obtained by the Company in Return.**

N.A.

**29) Description of Any Transfer or Subscription Rights Under Convertible Debt Instruments, Contractually Based Securities, or Similar Subscription Right Notes Issued or Granted by the Company**

N.A.

**30) Description of Any Redemption, Purchase or Cancellation by the Company of Any Redeemable Debt Instruments and the Value of the Remaining Securities With a Distinction Between the Listed Securities Purchased by the Company and Securities Purchased by Subsidiaries of the Company**

N.A.

**31) The Number of Board Meetings Held During the Fiscal Year 2020, Dates of Such Meetings, and Attendance Record for Each Meeting, Indicating the Names of Attendances.**

The Board of Directors of Sipchem held four meetings during 2021. The table below shows the attendance record and date for each meeting:

S	Name	06/04/2020	07/06/2020	29/09/2020	15/12/2020	Total Attendance
1	Eng. Khalid A. Al-Zamil	Attended	Attended	Attended	Attended	4
2	Mr. Fahad S. Al-Rajhi	Attended	Attended	Attended	Attended	4
3	Dr. Abdulrahman A. Al-Zamil	Attended	Attended	Attended	Attended	4
4	Mr. Bandr A. Masoudi*	Attended	Attended	-	-	2
5	Mr. Ayidh M. Al-Qarni	Attended	Attended	Attended	Attended	4
6	Mr. Ziad A. Al-Turki	Attended	Attended	Attended	Attended	4
7	Eng. Reyadh S. Ahmed	Attended	Attended	Attended	Attended	4
8	Eng. Saeed O. Al-Esayi	Attended	Attended	Attended	Attended	4
9	Eng. Yousef A. Al-Zamil	Attended	Attended	Attended	Attended	4
10	Mr. Saeed A. Basamah	Attended	Attended	Attended	Attended	4
11	Mr. Abdulaziz A. bin Dayel	Attended	Attended	Attended	Attended	4
12	Mr. Ahmed Saad Al Sayyari**	-	-	Attended	Attended	2

\* Date of Board Member resignation is 10 July 2021

\*\* Date of appointment of Board Member is 11 July 2021

### 32) Number of requests for the shareholders' record, dates and justifications

S	Request Date	Request Justification
1	31 JAN 2021	Company's procedures
2	28 Feb 2021	Company's procedures
3	31 March 2021	Company's procedures
4	5 May 2021	Company's procedures
5	24 May 2021	General Assembly
6	1 July 2021	Profit profile
7	5 Aug. 2021	Company's procedures
8	17 Aug. 2021	General Assembly
9	9 Sept. 2021	Company's procedures
10	5 Oct. 2021	Company's procedures
11	3 Nov. 2021	Company's procedures
12	2 Dec. 2021	Company's procedures
13	31 Dec. 2021	Company's procedures

\* Sipchem uses the records in the preparation of detailed monthly reports which are submitted to the Executive Management to follow up and communicate with shareholders through interviews or meetings. Sipchem also explores the latest developments of its business and reply to the shareholders' suggestions and inquiries.

### 33) Description of any Transactions between Sipchem and Related Parties

Transactions with the related parties represent transactions with the shareholders, the sister companies, associate companies, partners, the Board of Directors and the entities wholly or jointly controlled or materially influenced by the related parties. The Group conducted the following transactions with the related parties during 2021:

Name	Nature of the transaction	Relationship
Japan- Arabia Methanol Company Limited	Sales	Partner in a subsidiary
Helm Arabia GmbH & Co. KG. (Helm Arabia)		
HANWHA CHEMICAL MALAYSIA SDN. BHD. (Hanwah Co.?)	Sales	shareholder in a subsidiary
Sahara & Ma'aden Petrochemical Company (SAMAPCO)	Joint Services Cost, Employee Unit Ownership Program Cost	A joint-venture of a subsidiary
National Manufacturing Company	Acquisition of Feedstock supplies rights and marketing arrangements	Shareholder in an associate company
LyondellBasell Industries NV	Sales	Shareholder in joint operations of a subsidiary
Saudi Ethylene & Polyethylene Company (SEPC)	Sales	Associate Company

Sipchem and non-controlling shareholders have provided loans to the Group's companies to support their operations and comply with debt requirements. Long-term loans carry financing charges at market rates and have specific maturity dates according to agreed payment schedules.

The prices and terms of the above transactions are approved by the Board of Directors of Group's subsidiaries. The above transactions resulted in the following balances with the related parties as at December 31, 2021:

- **Trade receivables:**

**Million Riyals**

Names	٢٠٢١	٢٠٢٠
LyondellBasell Industries NV and an associate company	٢٩٧	١٩٥
HANWHA CHEMICAL MALAYSIA SDN. BHD. (Hanwah Co.)	١٤٢	١٠٠
Japan- Arabia Methanol Company Limited	٤٦	٤٤
<b>Total</b>	<b>٤٨٥</b>	<b>٣٣٩</b>

- **Prepayments and other current assets**

**(Million Riyals)**

Name	2021	2020
SAMAPCO	58	35
LyondellBasell Industries NV	12	4
<b>Total</b>	<b>70</b>	<b>39</b>

- **Accrued Expenses and Other Current Liabilities**

**Million Riyals**

Name	2021	2020
SAMAPCO	26	36
LyondellBasell Industries NV	59	41
HANWHA CHEMICAL MALAYSIA SDN. BHD	7	6
Helm Arabia GmbH & Co. KG. (Helm Arabia)	-	5
<b>Total</b>	<b>92</b>	<b>88</b>

**34) Information Related to Any Business or Contracts, in Which the Company is a Party, or in Which There Was an Interest for a Board Member or for its Senior Executives or for Any Person Related to Any of Them, Including the Names of Those Involved in the Business or Contracts, the Nature of Such Business or Contracts, Terms, Duration and Amount of the Same. In Case of Lack of Such Business or Contracts, the Company shall Provide a Declaration in This Regard.**

N.A.

**35) Statement of Any Arrangements or Agreement, Under Which a Board Member or a Senior Executive Has Waived Any Remunerations.**

There is no arrangement or agreement, under which a Board Member or a senior executive has waived any remuneration.

**36) Statement of Any Arrangements or Agreement, Under Which a Shareholder of the Company Has Waived Any Rights to Profits.**

There is no arrangement or agreement, under which a shareholder of the Company has waived any rights to profits.

**37) Statement of Regular Paid and Payable Payments of Any Zakat, Taxes, Fees or Any Other Payables that Were Not Paid Until the End of the Annual Fiscal Period with a Brief Description of the Same and Description of the Reasons.**

**Regulatory due payments:**

Million Riyals					
STATEMENT	Payments made during the year 2021	Outstanding and unpaid up to the end of annual fiscal year	Brief description	Reasons	
GAZT	89.0	484.2	Zakat	Obligatory	
GAZT	8.9	78.7	Tax	Obligatory	
GOSI	38.1	3.0	Subscriptions	Obligatory	
Labor Office Fees	1.9	-	Fees	Obligatory	

**38) Statement of Any Investments Or Reserves Established For the Interest of Employees of the Company**

Sipchem's success is mainly attributed to its distinguished ability and constant endeavors to attract qualified personnel. Sipchem has been successful in creating an environment in which employees are proud to work in; a very professional transparent one, which encourages high performance and effective engagement at all levels of management in all Sipchem's subsidiaries. Sipchem cares about ensuring its personnel's job satisfaction to help them achieve their career ambition; Sipchem pays attention to the job development and training programs, both technical and administrative, to raise levels of efficiency, loyalty and create a fair and competitive environment inside the Company.

The table below shows the number and percentage of employees in Sipchem and its subsidiaries as at the end of 2021 compared to 2020:

Employees	2020		2021	
	Number	Percentage	Number	Percentage
Saudis	1,249	80.17%	1121	82.42%
Non-Saudis	309	19.83%	239	17.58%
	1,558		1,360	

The following are some of the achievements of the Human Resources Department during 2021:

### 1. Human Resources Policy:

#### a. Development of Human Resources Policy:

Human Resources Team has made many improvements and developments for majority of the Human Resources programs after the second year of the merger as follows:

- Update Human Resources Policy to be in line with Sipchem strategy.
- Review and update job description for the majority of Sipchem's jobs.

### 2. Talent Management and Development:

#### a. E-learning Program:

Sipchem has implemented an online training system that included more than 7,000 training courses in the areas of management, leadership, work skills, safety and security, and computer program courses attended by nearly 800 employees. It is worth mentioning that content of these training materials was prepared by international universities and educational institutions.

#### b. Virtual Learning Program:

In line with the updates to the global learning methods, Sipchem has delivered more than (81) virtual awareness-raising sessions in several areas such as: safety, security, administration, and others that were attended by more than 850 employees from Sipchem's departments.

#### c. Development of Employee Performance Assessment:

Human Resources Team has developed the annual employee assessment program by launching an addition, which is the semi-annual review phase that takes place in July and August and aims to review the employee's progress towards achieving the targets set since the beginning of the year and to provide the appropriate directions for development and improvement purposes.

**d. Career Progression Program:**

Twenty (20) Saudi employees graduated during 2021 from Sipchem's development program to determine the career path for universities' fresh graduates. The program lasted for two years, during which the participants received on-the-job training and they also received around (30) training courses on team work, time management, creative thinking and emotional intelligence.

**e. Professional Development Plan Program:**

Applying the individual professional development plan for employees, which is a plan implemented electronically through the human resources system. This Plan describes the competencies required from the employee in line with the employee's career path and promotes development of the employee's capabilities and skills and how to invest the same.

**f. Qualification Program for Technicians and Technical Staff:**

Sipchem provides training and development opportunities for employees in the field of manufacturing and operation, including training courses and on-the-job training. Sipchem issues certificates and grants rewards related to the successful completion of each stage of the program.

**g. Procurement Academy (Sipchem)**

The Human Resources team has established an e-Academy specialized in the development of talents in the field of procurement and logistics with a company specialized in this field, which offers e-courses. This academy was established based on the competencies and qualifications approved for procurement Department.

**h. Cooperative Training Program**

The Human Resource team, in cooperation with several departments at Sipchem, provided training for 90 trainees from various universities and colleges of the Kingdom and they finished the program successfully.

**3. Employees' Incentive Programs**

**a. Home Ownership Program for Saudi Employees:**

The program aims at giving a chance to Sipchem's Saudi employees, who meet the program conditions, to own housing units in light of Sipchem policy of assuring comfort and stability for its employees and motivating them to continue their services with Sipchem.

**b. House Loan Program for Saudi Employees**

The company aims to give the Saudi employees, who work at its headquarters in Khobar and Dhahran, specifically those who meet the conditions of the loan system through the ownership program, to obtain a loan without interest for one time during the term of their service with the company in exchange for easy installments, within the framework of the policy adopted to ensure stability and comfort for these employees, in order to enhance the relationship between the company and them, and to encourage them to continue working in the company.

#### **c. Employees Shares Ownership Incentive Program:**

Sipchem implemented an Employee Incentive Program aimed at encouraging Sipchem's and subsidiaries' employees to maintain and improve their work performance and put up their utmost efforts to serve Sipchem's interests and achieve its objectives. The program also contributes in attracting highly qualified personnel in the field of petrochemicals.

The program is currently managed by Al Bilad Securities and Investment Co., through a special portfolio opened for the program in 2010. A total of 267,009 shares have been transferred from the program portfolio to the eligible employees. Total number of the program shares reached 5,590,870 as of December 31, 2021.

#### **d. Savings Program:**

Sipchem initiated to put an Islamic Shariah-compliant savings program to motivate its employees and enhance their loyalty to Sipchem hence improving the work performance, and attracting well-qualified Saudi employees and motivating them to continue their services. The program is aimed at helping Saudi employees to accumulate their savings to be utilized upon retirement or end of services. Sipchem takes a part of the subscribed employee's salary and may invest these savings according to his desire. Sipchem has the right to manage this investment in the way which it believes to be beneficial for the program subscriber in accordance with the best available Islamic Shariah-compliant investment portfolio. Also, Sipchem has the right to invest the subscriber's savings in investment activities in cooperation with specialized companies and banks in accordance with the criteria of Islamic investment in a manner that can attain benefits for the subscribers provided that such investments are in low-risk Islamic portfolios.

The saving program was activated in 2011. It is managed by Bank AlJazira and it was reviewed, audited and approved by the Sharia Committee of Bank AlJazira.

### **39) Acknowledgments:**

The Board of Directors is keen to ensure the professional performance of (Sipchem) during the year 2021. Accordingly, the Board of Directors confirms the following:

- 1) That the accounting records had been prepared correctly.
- 2) That the internal control system has been properly prepared and implemented effectively.
- 3) That there is no little doubt in Sipchem's ability to continue its activity.
- 4) The consolidated financial statements have been prepared in accordance with the accounting standards and regulations issued by the Saudi Organization for Certified Public Accountants and in accordance with the relevant requirements of the Companies Law and the Company's Articles of Association regarding the preparation and publication of financial statements.
- 5) There is no contract to which the Company is a party and where there is or there was a fundamental interest of a member of the Board of Directors, CEO or CFO or any person related to any of them.
- 6) There is no arrangement or agreement whereby a Board Member or a senior executive waives any salary or compensation.
- 7) There is no arrangement or agreement whereby a shareholder of the Company waives any rights in profits.



**40) If the Auditor's Report Includes Reservations on the Annual Financial Statements, the Board Report Must Clarify Those Reservations, Their Reasons, and Any Information Related Thereto.**

Auditor's report does not include any reservations on the annual financial statements.

**41) If the Board Recommends Changing the Auditor Before the End of the Auditor's Term of Service, the Report Must Contain this Matter, Along With the Recommendation for the Change.**

The Board did not recommend to change the auditor.

**42) Disclosure of details of Treasury shares held by the Company and details of the uses of these shares:**

Number of treasury shares held by the Company	Value (SAR per share)	Date of retention	Use details
6,171,150	SAR 293,746,740	15 March 2021	Sipchem's shares were bought back as treasury shares, because the Board considers that the share price in the market is less than its fair value.

## Conclusion:

At the end of our report, the Board of Directors would like to express its gratitude and thanks to the Custodian of the Two Holy Mosques and HRH Crown Prince, for their care and support for the petrochemical sector in Saudi Arabia. Also, the Board appreciates the sincere efforts of the governmental bodies for their continuous support. The Board also extends its appreciation and thanks to the shareholders and all Company staff members for their sincere efforts and dedication to support Sipchem's efforts to attain its goals, promote its competitiveness and preserve its gains and interests. We pray to God to bless our efforts, , as we are filled with hope to continue to develop the performance and enhance the capabilities of the company in order to support the economic and social development system of the Kingdom.

**The Board**

