

DRIVING EXCELLENCE

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**Sahara International Petrochemical
Company (Sipchem)**

P.O. Box 130

Al-Khobar 31952

Kingdom of Saudi Arabia

Tel: +966 13 801 9222

www.sipchem.com

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

IN THE NAME OF ALLAH
THE MOST COMPASSIONATE, THE MOST MERCIFUL

رؤية VISION

2030

المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

"Since the announcement of our wise government, under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud and His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince and Prime Minister, the Transition Program 2020 and the vision of the Kingdom of Saudi Arabia 2030, Sipchem has been working in a fast pace to keep abreast of the Kingdom's economic development and its direction of promoting sustainable economic resources in the interests of the nation, which will result in diversification of its investments and the excellence of its products supported by the researches conducted through its scientific research centre".



The Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud



His Royal Highness
**Prince Mohammed bin Salman bin
Abdulaziz Al Saud**
Crown Prince, Prime Minister

DRIVING EXCELLENCE

With focused efforts and based on a solid and well-established foundation, Sipchem has made great strides towards implementing its strategy that is based on five fundamental pillars, which are growth, profitability, sustainability, digital transformation, and human capital, by increasing its production activities in the field of petrochemicals and polymers, and further developing its projects with local and international partners with the capacity of adding the desired value. Sipchem also emphasizes on strengthening its active presence in both local and global markets, to ensure close access to active markets in Asia, Europe and the Americas.

Sipchem also places full emphasis not only on expanding its production and sales, but is also planning on expanding its activities as well as investing in new technologies for sustainability and carbon reduction with the goal of reaching lower levels of emissions across all of its operations.







Sipchem signs an agreement with the Saudi Maersk Company to export its products through King Abdullah Economic Port



Sipchem signs a memorandum of understanding with Saudi Railways (SAR)



Eng. Abdullah Al-Saadoun is among the most powerful CEOs in the Middle East 2022



As a key industry leader, Sipchem continues to develop product innovation mechanisms and demonstrate operational excellence inline within the framework of the Kingdom's Vision 2030, while striving to expand its position as the petrochemical supplier of choice to a broad range of customers around the world.

Driving Excellence

Overview

Sipchem is one of the largest companies in the petrochemical sector in the Kingdom of Saudi Arabia, and is distinguished by its progress and technological development with its commitment to sustainability.

As one of the world's leading and most ambitious petrochemical companies, Sipchem strives to achieve excellence by providing sustainable and high quality petrochemical and polymer products.

The growth and success of Sipchem, which it witnessed and continues to witness, has helped to establish its presence in the markets of more than 100 countries around the world, and to feed the markets with a diverse basket of distinctive and unique chemical and petrochemical products, supported by a qualified team of more than 1,500 employees belonging to more than 27 nationalities. From across the globe.

The merger that took place, after God's grace, in the middle of 2019 AD between the Saudi International Petrochemical Company and the Sahara Petrochemical Company, reveals to us the result of an insightful vision aimed at establishing a pioneering national entity, a step that falls within the most prominent achievements of Sipchem in the journey of excellence.



Vision

To be a recognized leader in growth, excellence and partnerships in the chemicals industry.



Mission

To continuously create value through sustainable, innovative and quality products relying on our growing capabilities and motivated employees.



Values

Courage

Taking initiative to face fear, risk, and adversity; daring to think, ideate, and communicate assertively; confronting what's wrong, and defending what's right.

Passion

Having positive energy and being enthusiastic at work; the urge that drives people towards excellence, job-loyalty, productivity, and achievement.

Agility

The ability to swiftly and efficiently adapt in response to change in the environment in order to achieve optimal results, while prioritizing our desired results and conserving time and resources.

Collaboration

Enabling teams to achieve common goals by eliminating barriers for productivity through mutual respect, effective communication, and accountability.

Chairman's Statement

Continuing our journey towards success and excellence.

It is with great pleasure that I present to you, on behalf of the Board of Directors of the Sahara International Petrochemical Company "Sipchem," the company's annual report for the fiscal year 2022 AD. This report provides an overview of the company's performance as well as its efforts during 2022.

Sipchem maintains on its path to excellence, recording remarkable successes in the company's overall performance and results for the year 2022.

With focused efforts, Sipchem has made great strides towards its goals of excellence in the petrochemical industry in accordance with the long-term strategy authorized by the board of directors in 2021. The implementation of this strategy has begun in earnest, placing its emphasis on excellence, reliability, and higher efficiency among other initiatives that contributes to overcome the global geopolitical and economic influence in support of our great nation's development and prosperity.

Sipchem will continue to emphasize the development and investment made by the executive management team in Sipchem's future leaders in order to further its well-thought-out actions in pursuit of its growth objectives by prioritizing the company's values, encouraging growth, and ensuring the implementation of our pillars, which in turn will drive us to swiftly realize our goals toward digital transformation and business sustainability.

Sipchem would not have taken these bold steps without the success of God first, and then the full support of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz, his devoted Crown Prince Mohammed bin Salman, and the wise government, as well as what was provided by the company's employees and their unwavering determination.

Focusing on creativity and innovation, Sipchem has provided the ideal environment that makes its employees to be in constant unity with oneself; to view adversity as an opportunity; to view hardship as a necessary step toward success; to respond to challenges head-on with a can-do attitude; and to help make Sipchem the best it can be.

In conclusion, and in light of the company's more than 24-years journey culminating in growth and excellence, Sipchem will strive to create positive values that benefit the company and its shareholders while also contributing to the company's presence in a competitive sector and markets.

I would like to express my appreciation to the Board of Directors, employees, and everyone who has contributed to the company along its journey to success.

Khalid A. Al-Zamil
Chairman



“

With focused efforts, Sipchem has made great strides towards its goals of excellence in the petrochemical industry in accordance with the long-term strategy authorized by the board of directors in 2021.



Growth path



1999

Company incorporation



2005

- Operation of the International Methanol Company and the International Diol Company

2006

- Initial Public offering of Sipchem shares in the Saudi stock market (IPO)
- Initiate the creation of an Acetyl complex



2006

Incorporation of subsidiaries:

- Al Waha Petrochemical Company
- Tasnee and Sahara Olefins Company
- Saudi Ethylene and Polyethylene Company





2012-2009

- Starting operations of the Acetyl complex
- Increasing the company's capital to 3.6 billion Saudi Riyals



2016

- Inauguration of Sipchem Research and innovation Center "Manar".



2011-2009

- Establishment of the Sahara and Ma'aden Petrochemical Company (SAMAPCO)
- Saudi Acrylic Acid Company Limited (SAAC)
- Saudi Acrylic Monomers Company Limited (SAMCO)



2016-2012

- Expansion of the Acrylate complex
- Establishment of the Saudi Acrylic Polymers Company (SAPCO)
- Establishment Saudi Butanol Company (SABUCO)
- Establishment of Sahara Marketing Company

2021



- Sipchem joins Shareek programme

2020



- Establishment of Sipchem Lindy Company
- Signing a joint venture to build an industrial gas project in the Kingdom of Saudi Arabia



2019

- Sipchem's merger with Sahara in line with Vision 2030



CEO Statement

Striving on delivering excellence through reliability and efficiency.

Sipchem began in 2022 with the momentum generated by the remarkable results of 2021, to continue our journey as a leading Saudi company in the global petrochemical sector, and despite important global events, our operations has shown strong flexibility. We have also witnessed a strong performance in profits and a strong monetary position during the year. It should be noted that while we are presenting these strong financial results, we have continued to emphasize the health, safety and well-being of our staff as our highest priority.

Following the acknowledgment of our 10-year strategy last year, we took further steps in 2022 to institutionalize that long-term strategy. Building on our strategic pillars of growth, profitability, sustainability, innovation, digital transformation and human resources, we have built functional strategies integrated into planning, budget management and performance systems to achieve our strategy and maintain our competitive advantage.

In 2022, we made further progress in business development to realize our growth aspirations. Through enhanced engagement with relevant government actors and a partner programme, we have sought to continue planning new projects and to strengthen cooperation with our partners in support of growth goals.

In terms of sustainability, we have made great strides this year. Because we developed our own sustainability strategy and identified multiple projects to reduce carbon emissions from our plants. We are also intensifying efforts to monitor and analyse emissions data based on global best practices. We aspire to be at the forefront of sustainability efforts in the Kingdom, to support efforts to reach carbon neutrality, and to become a benchmark in the Kingdom and the GCC States.

At the digital level, we have succeeded in laying the foundations for our journey in digital transformation, namely, the establishment of basic infrastructure

and resource capacities, and securing quick gains through the implementation of digital transformation projects - many of which have been launched in the implementation stages.

Despite all the challenges, we remain committed to our strategy and the objectives of our company, which have been adopted taking into account all the circumstances in order to bring it into line with the priorities of our work and our staff, and we are confident that we will continue on the path of excellence to achieve more in 2023 and beyond.

Abdullah S. Al-Saadoon
Chief Executive Officer



“

Building on our strategic pillars of “Growth”, “Profitability”, “Sustainability”, “Innovation”, “Digital Transformation” and “Human Resources”, we have built functional strategies integrated into planning, budget management and performance systems to achieve our strategy and to maintain our competitive advantage.”



Our commitment to striving for excellence and continuously improving efficiencies and maximizing synergies drives our ability to consistently deliver world-class products and services. Our relentless pursuit for innovation strengthens our industry-leading capabilities and helps us achieve sustainable long-term growth.

REDEFINING EXCELLENCE

Sipchem is ranked as the third largest petrochemical company listed on the Saudi stock market by market capitalization



Sipchem is ranked among the largest companies worldwide (Classified among Forbes Global 2000 list, and as one of the 16 Saudi largest companies)



Sipchem is listed in Forbes list of the Top 100 Companies in the Middle East for the year 2022





Board of Directors



Eng. Khalid A. Al-Zamil
Chairman of the Board



Mr. Fahad S. Al-Rajhi
Vice Chairman



Dr. Abdulrahman A. Al-Zamil
Board Member



Eng. Saeed O. Al-Esayi
Board Member



Eng. Abdullah Khalifa
Board Member

Board of Directors (Cont.)



Mr. Saeed A. Basamah
Board Member



Eng. Reyadh S. Ahmed
Board Member



Mr. Ziad A. Al-Turki
Board Member



Mr. Ahmed Al-Dakheel
Board Member



Mr. Mosaed Al-Ohali
Board Member



Mr. Firas M. Al-Abed
Board Member

Operational Highlights

24 Companies

24 affiliates and subsidiary companies serve as the mainstay of the organization working towards achieving its vision and goals.

500 Partners

Sipchem serves more than 500 global business partners



23.5 billion

Sipchem's total assets value amount to 23.5 billion Saudi Riyals

1,442

Sipchem's total number of employees is 1,442 from 27 nationalities.



5 million

Sipchem's total production capacity is 5 million metric tons

100 countries

Sipchem's products reach more than 100 countries worldwide.



Financial Highlights

With confident strides, Sipchem continued its path towards success and excellence, as the past year 2022 witnessed remarkable successes. Sipchem has been able to deliver remarkable achievements over the past year thanks to God and through its constant focus on excellence, reliability and efficiency. In addition to the many initiatives that, after God's compromise, have reduced the intensity of the changes that we have faced during the past year, with a clear objective of supporting the promising development goals of our precious homeland.

Net profit

Million Saudi Riyal

3,591

Gross Revenue

Million Saudi Riyal

9,981

Shareholders' Equity

Million Saudi Riyal

15,695

Earnings per share

Saudi Riyal

4.94





99.9%

Sipchem has successfully supplied 99.999% pure hydrogen to SASREF



75%

Sipchem has reduced 75% of its hazardous waste since 2020



67%

of our suppliers are local Saudi companies



At Sipchem, we are committed to creating sustainable value for all stakeholders through our pioneering efforts in environmental protection, labor, human rights, ethics, and sustainable procurement. This approach drives our long-term success through social responsibility initiatives, environmentally friendly practices, and research and innovation.

SHAPING A BETTER TOMORROW

Plastic shipping pallets

100%

Sipchem is the first company in Saudi Arabia to use 100% recycled plastic pallets in transporting its product, to conserve the environment, minimize deforestation, and allow these pallets to be reused for extended periods of time.





At Sipchem , we strive to build and develop the capabilities of our employees to achieve high and distinguished performance. We also provide opportunities for career advancement in a safe and stimulating work environment.

BUILDING CAPABILITIES

Sipchem granted its First Patent by the United States Patent Office



92%

Sipchem achieved a 92% compliance rate for National Cybersecurity Authority (NCA)



Sipchem signs an agreement with SAP to develop its digital services





Polypropylene (PP)

Polypropylene (PP)

Summary: Polypropylene is a high-strength, flexible, light-weight thermoplastic with a variety of applications, both in general areas and in high-tech environments. It is a member of the polyolefin family, which includes polyethylene, polypropylene, and linear low-density polyethylene. Polypropylene is a thermoplastic polymer that can be melted and reformed. It is a product that is used in a wide range of applications, including automotive, construction, and consumer goods. It is a versatile material that can be used in a variety of forms, including fibers, films, and injection-molded parts. It is a strong, durable material that is resistant to many chemicals and is used in a wide range of applications, including automotive, construction, and consumer goods. It is a versatile material that can be used in a variety of forms, including fibers, films, and injection-molded parts.





Sipchem achieved record profits in 2022



Sipchem ranked first place in the National Volunteering Award 2022



1500

Total number of volunteer hours work completed by the Sipchem's employees during 2022



Sipchem has established a solid foundation that presents sustainable growth opportunities for growth through strategic efforts aimed at diversifying production, creating a balanced portfolio of product mix, seizing safe and stable investment opportunities in a robustly growing industry, achieving a strong market position and sustainable financial performance.

SUSTAINABLE GROWTH

Investing in future leaders in a safe and stimulating work environment so that their efforts are the fuel that leads to the progress and development that Sipchem aspires to. As an organization that promotes innovation, As a company focused on innovation, ensuring that we attract talented people from diverse backgrounds reflects our conviction that diversity brings added value to the company.

INVESTING IN FUTURE LEADERS

83%

Sipchem maintains a 83% Saudization Rate



Sipchem Receives Performance Excellence Award from Franklin Covey



Sipchem achieves IMS compliance by obtaining ISO certifications for energy and asset management systems





Sipchem's achievements in social responsibility

Sipchem cares

Sipchem has always believed in its firm commitment to the society in all its spectrum and has realized that this commitment will achieve its objectives by instilling and strengthening a culture of social responsibility in all of the company's operations to be in line with Sipchem's strategy, sustainable development goals, and the Kingdom's Vision 2030. Sipchem also strives to form and build strong and sustainable relationships with the Society as well as also sought to invest in society and work hard to positively influence and drive ambitious change in the development of the society

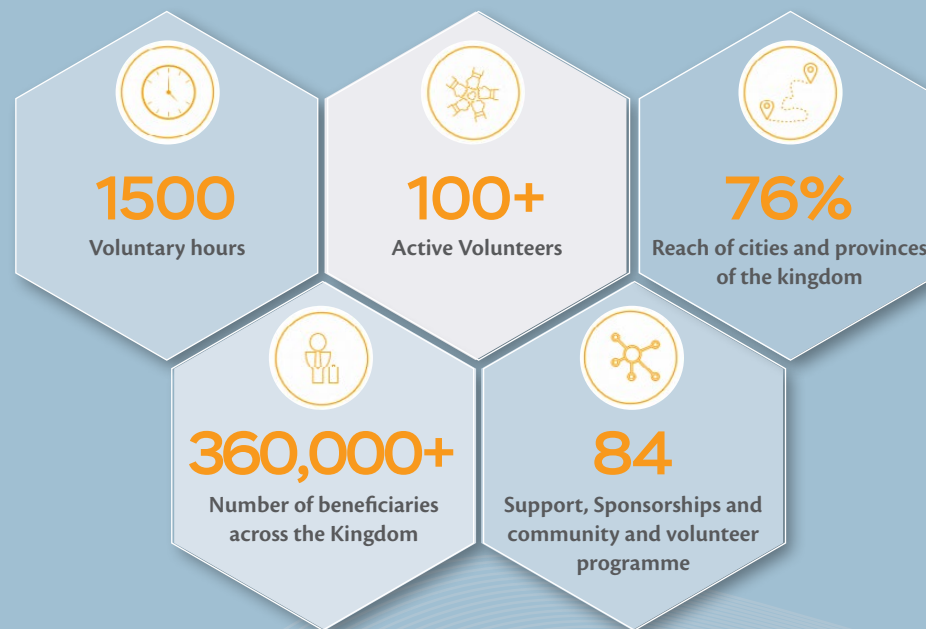
We are committed to being a socially responsible company by building positive relationships with communities, engaging in mutually beneficial partnerships to achieve social and economic prosperity.



Our areas of interest in social responsibility

- Charitable and social programmes
- Education and culture
- Health, Environment and Safety
- Supporting local economies and entrepreneurship
- Volunteer programmes

CSR activities Summary 2022



Charitable and social programmes

Sipchem is committed to being a socially responsible company that strives to building positive relationships with the society by contributing to mutually beneficial partnerships that are in line with the goals of sustainable development and the Kingdom's Vision 2030 to help in achieving social and economic prosperity.

Ehsan platform

Sipchem contributed to the national charitable campaign of (Ihsan) platform by donating a total amount of one million Saudi riyals in support of charitable projects that benefited more than 1,600 beneficiaries around the Kingdom.



Sipchem Employees Donation Fund

The annual Sipchem Employees Donation Fund contributed financial support to encourage the students of the Charitable Society for the Memorization of the Holy Quran in Jubail to memorize the Book of God.

More than 200 memorizers benefited from this initiative.

10 Transportation buses

In cooperation with Irada Association, Sipchem provided 10 buses for the safe transportation of 350 beneficiaries with special needs "Down Syndrome", from their homes to rehabilitation centers during their rehabilitation period. The total number of frequent trips reached 3,800 during the year 2022.



Ramadan basket initiative

In partnership with Etaam Association, Sipchem participated in the distribution of 1,000 Ramadan baskets during the holy month of Ramadan to 1,000 beneficiary families in the eastern province.



10 Housing units

In partnership with the The Charity Society for Orphan Care (Bena), Sipchem contributed to sponsoring development programs for charitable housing by providing 10 housing units for orphans in the eastern region, benefiting more than 48 orphans and widows.



Sipchem is a partner for social responsibility and sustainability at the Misk Global Forum

Sipchem participated as a social responsibility partner in the sixth edition of the Misk Global Forum, which was organized by the Mohammed bin Salman Foundation "Misk", and witnessed the attendance of more than 28 thousand beneficiaries.

Education and culture

Strategic Partner of the Misbar Scientific Camp for the Kingdom's Orphans

Sipchem participated as a strategic partner for the Scientific Camp for the Kingdom's orphans (Misbar 5 and 6) in cooperation with the Bena Association for Orphan Care with the aim of training the Kingdom's orphans on scientific and cultural paths to build a prosperous future. A total number of 280 male and female students representing 26 orphan associations from various regions of the Kingdom participated in the camp.

Creatathon Social Responsibility Challenge

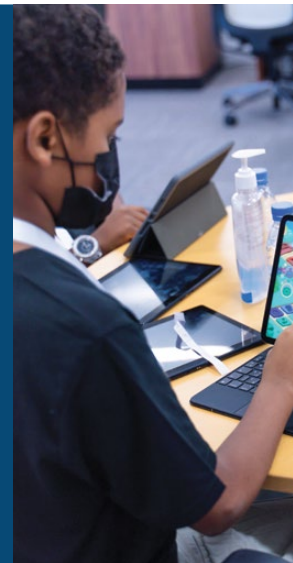
With the aim of promoting a culture of innovation, we launched the "Social Responsibility Creatathon" challenge, with the participation of 210 ideas. The challenge was concluded with the winning of three projects: first place health track, second place quality of life track and third place environment track, achieving 200 training hours.



Cultural programmes

Sipchem has implemented several diverse cultural programs at the Sipchem Technology and Innovation Center (Manar), targeting young people and youth, benefiting more than 1,200 beneficiaries during the year 2022

- Mali initiative:** targeting young people in financial literacy and awareness.
- Knowledge Councils:** Targeting young people by hosting well-known and inspiring personalities that includes dialogue sessions covering several topics, including: culture, education, innovation and entrepreneurship.
- Prepare for your career:** Targeting young people to prepare them for their professional career through resume writing workshops, special interview training, and individual counselling sessions with experienced mentors.
- Digital Knowledge:** A monthly program targeting children of both genders between the age of 10 and 14 years old, by providing digital and technological training and teaching them the basics of robot design and programming.



GPCA Youth Forum

As the main sponsor of the GPCA Youth Forum, which is the first youth forum for the Gulf Petrochemical Association (GPCA) with a slogan "For the youth from the youth", in the presence of more than 200 male and female students from various Arab Gulf countries.



Sipchem Summer Academy

Investing in developing the skills of children and youth, Sipchem has contributed to launching various academies targeting this group in the cities of Khobar and Jubail, in partnership with several specialized entities. More than 200 individuals benefited from this initiative, through 5,000 training hours, which included:

- Sipchem Innovation Club Academy for Robotics and Artificial Intelligence
- Sipchem Culinary Arts Academy
- Sipchem Football Academy





Health, environment and safety



Rheumatology Society

Sipchem's health social responsibility programs included contributing to the sponsorship of 30 knee replacement surgeries for needy and low-income patients of the Society for Rheumatology.

Empowering people of determination

Sipchem seeks to enable people with special needs to obtain suitable job opportunities, and to enhance their role in society.

Sipchem provided training opportunities in several fields at the company's headquarters in cooperation with:

- Sawaeed Association
- Irada Association for People with Special Needs in Jubail



Volunteering



National Volunteer Award

Sipchem achieved first place in the National Labor Award for the year 2022, which is supervised by the Ministry of Human Resources and Social Development.



Sipchem volunteering Oasis

The launch of the Sipchem volunteering Oasis at the headquarters of the Charitable Association for the Rehabilitation of Computers - Irtiqaa, aiming to nurture the volunteering sector, by providing a creative environment to empower youth in volunteer work and build a culture of volunteering.



Prince Ahmed bin Fahd bin Salman Center for Business Development (SANA)

To empower youth, Sipchem contributed financially to young entrepreneurs and helped in launching ambitious Saudi startups in areas that meets the need of the society to achieve sustainability.



نادي سبكييم الصيف لفنون الطبخ
Sipchem Summer Camp Cooking Arts

أكاديمية السعودية لفن الطهي
Saudi Culinary Academy

The most prominent participations and events of Sipchem

1 Sipchem participated as a main sponsor in the sixteenth annual forum of the Gulf Petrochemicals and Chemicals Association (GPCA) as part of its plans to have a strategic presence in important conferences specialized in the petrochemical industry.

2 Sipchem participates in the world's first exhibition of plastic and rubber materials "K-Show" in Germany to provide opportunities for introducing new products and production technologies to the industry, which is often for the first time.

3 Sipchem signed an agreement, the first of its kind in the petrochemical industry, with SAP to explore areas of cooperation by providing cloud services and software solutions as part of its digital transformation plans in order to raise the level of efficiency and achieve the greatest benefit to its customers and employees.

4 It launches its carbon neutrality project in line with its strategy and aspirations to achieve sustainability and growth, as well as how this project aligns with global efforts and the Kingdom's vision to reach carbon neutrality in 2060.

5 Sipchem signs a memorandum of understanding with Saudi Railways (SAR) to transport its products by rail. With the aim of reaching the best opportunities for the future of sustainable transportation and logistics services for Sipchem products, through innovative transportation solutions

6 Sipchem organized a visit for a number of investors and financial analysts from financial companies and local and international banks with the aim of extending and strengthening bridges of communication between stakeholders and contributing to the creation of added value and fruitful long-term relationships

7 Sipchem participates in the 37th Annual Career Day at King Fahd University of Petroleum and Minerals to introduce students to the company and its work, and to introduce graduate development programs in addition to the advantages offered by the company to employees.





The most prominent participations and events of Sipchem





Corporate Governance

In line with Sipchem's commitment to preserving the environment and reducing the use of paper, please scan the QR Code shown below to view the Corporate Governance report and Financial Results.





Financial Statements

In line with Sipchem's commitment to preserving the environment and reducing the use of paper, please scan the QR Code shown below to view the Corporate Governance report and Financial Results.





Sipchem Head Quarters
Saudi Arabia

Sipchem Building,
King Saud Road District,
Al-Hada District, Al Khobar

E marketing@sipchem.com
T +966 13 801 9392

Sipchem Asia
Singapore

Sipchem Asia Pte. Ltd,
152 Beach Road, #04-07 Gateway East
Singapore, 189721

E marketing@sipchem.com
T +65 6884 6958

Sipchem Europe SA
Switzerland

Sipchem Europe SA, Route de Lavaux 35,
P.O. Box 312,
1095 Lutry, Switzerland

E secretary@sipchem-europe.com
T +41 21 721 1166

www.sipchem.com

www.sipchem.com