



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

For fiscal year 2022



Dear Shareholders of Sahara International Petrochemical Company

In the Name of Allah, the Most Gracious, the Most Merciful

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 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

## 1) 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 30/11/2022 for three years, extending to 09/12/2025. The new Board of Directors also extends its sincere thanks to the previous Board of Directors for their efforts and achievements in the year of 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	Eng. Abdullah K. Al- Buainain**	Member	Independent
8	Mr. Saeed O. Al-Esayi	Member	Independent
9	Mr. Ayidh M. Al-Qarni (Representative of the Public Pension Agency)	Member	Independent
10	Mr. Ziad A. Al-Turki	Member	Independent
11	Mr. Ahmed Saad Al Sayyari (Representative of GOSI)	Member	Independent
12	Mr. Abdulaziz A. bin Dayel	Member	Independent
13	Eng. Mosaed S. AlOhali***	Member	Non-executive
14	Mr. Feras M. Al-Abad***	Member	Non-executive
15	Mr. Ahmad A. AL- Dakheel	Member	Independent

\* The date of resignation of a member of the Board of Directors is 01 April 2022

\*\* The date of appointment of a member of the Board of Directors is 25 April 2022.

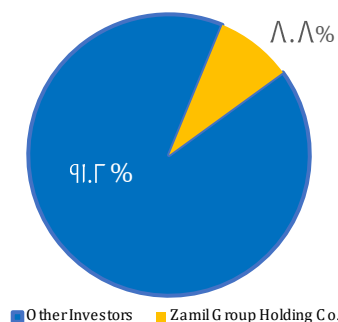
\*\*\* The date of appointment of the new members of the Board of Directors based on the decision of the Ordinary General Assembly on 30 Nov 2022.

## 2) 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 2022, Sipchem's existing manufacturing facilities produced 4,159 (2021: 4,042) million metric tons. Net income amounted to SAR 3,595.2 million in 2022 compared with SAR 3,591.8 million in 2021 with an increase of 0.1%. The reason of increasing profits of the Company during this year compared to the previous year is attributed to an increase in sales quantities of company's products as a result of increase in plants efficiency and reliability in spite of decrease in profits margin due to decrease in products prices and increase in prices of some feedstock and decrease in finance costs due to decrease in gearing ratio in addition to reduction in general and administrative expenses and decrease in zakat expenses Also.



<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

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

Sipchem updated its strategy for the next ten years in 2022, which is based on five main pillars

- Growth, as the company aims to become a medium to large company globally

Profitability, as the company aims to achieve high returns for shareholders through a global level of cost, distinctive profit margins and capital efficiency.

Sustainability, as the company aims to create Related Parties value through sustainable and responsible growth

- Digital transformation and innovation, as the company aims to be a pioneer in innovation and digital transformation in the chemical industry

- Human resources, as the company aims to be preferred in the chemical and petrochemical industries

This year, the company worked on developing initiatives to achieve this strategy, which resulted in the approval of 181 initiatives in the various departments of the company, and made them among the main performance indicators for all the company's managers.

Sipchem is always looking forward to working on shaping its future, and attracting new growth opportunities to contribute to the growth and prosperity of the Kingdom of Saudi Arabia and to contribute to achieving the Kingdom's Vision 2030, and this year the company continued to search for investment opportunities and maximize positive results in various petrochemical industries, whether through Investing in new projects or acquisitions inside or outside the Kingdom, which enhances the company's profitability and enables it to enter new global markets. In this context, a new factory for the production of maleic anhydride will be established, as well as the expansion of the polypropylene, vinyl acetate monomer and ethylene vinyl acetate factories, provided that the final investment decision is made at the end of 2023. These projects, if approved, will enable the company to increase the production capacity in line with the growing global demand and reduce the cost of production. production in addition to maximizing profitability and creating new job opportunities for the countrymen.

### 4) 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 2022 compared to the previous year are as follows:

- Revenues reached SAR 10,254 million during the year 2022 compared to SAR 9,687 million for the previous year with an increase of 6%.
- Gross profit decreased to SAR 4,839 million during the year 2022 compared to SAR 5,342 million for the previous year, with a decrease of 9%.
- Net operational profit decreased to SAR 4,047 million in 2022, compared to SAR 4,301 million in the previous year, with a decrease of 6%.
- Net profit reached SAR 3,595 million during the year 2022 compared to SAR 3,592 million for the previous year, with an increase of 0.1%.
- Earnings per share reached SAR 4.96 during the year 2022 compared to SAR 4.94 for the previous year.

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

### Consolidated statement of financial position (Million Riyal)

	2022	2021	2020	2019	2018
Non-current assets	18.052	18.548	18.792	19.863	12.380
Current assets	5.423	5.917	4.973	4.128	3.000
<b>Total assets</b>	<b>23.475</b>	<b>24.465</b>	<b>23.765</b>	<b>23.991</b>	<b>15.380</b>
Total Equity	16.737	15.722	13.836	14.338	7.125
Non-current liabilities	4.018	5.816	6.464	7.722	6.330
Current liabilities	2.721	2.927	3.465	1.931	1.925
<b>Total liabilities and equity</b>	<b>23.475</b>	<b>24.465</b>	<b>23.765</b>	<b>23.991</b>	<b>15.380</b>

### 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.

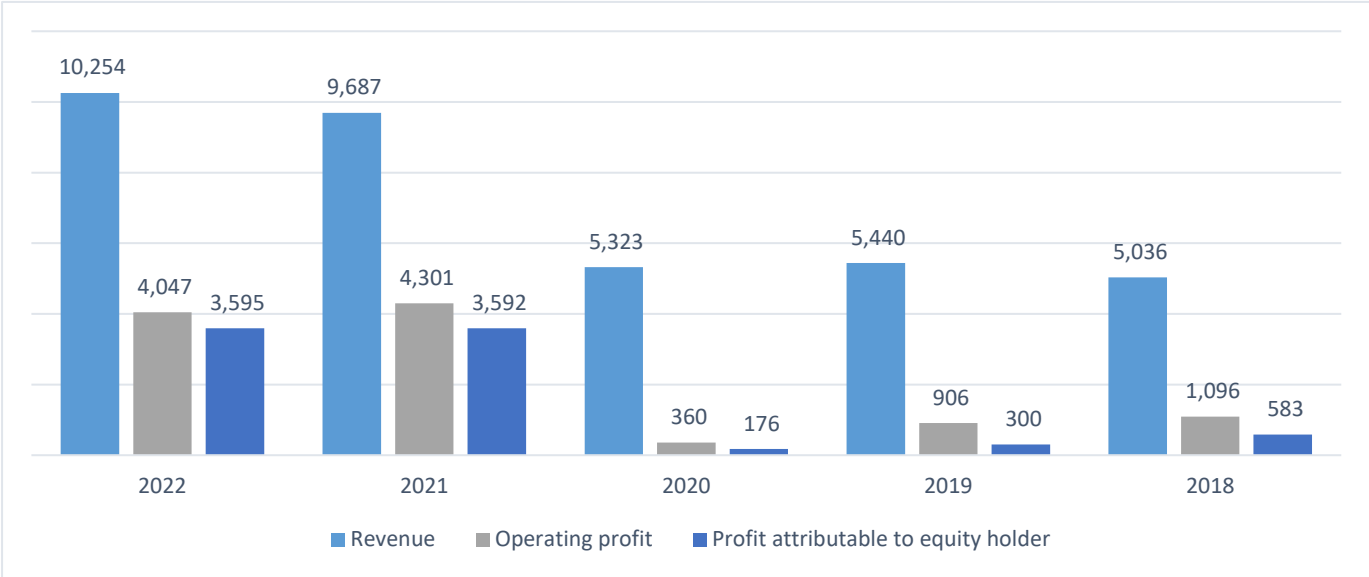
Million Riyals	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Companies and others	Exclusion upon merger	Total
	For the year ended 31 Dec. 2022						
Revenues	3,184	4,639	3,361	8,048	28	(9,007)	10,254
Gross profit/loss	1,859	1,640	928	331	(25)	107	4,840
Operating profit/loss	1,657	1,309	763	260	(97)	155	4,047
Dividend in joint ventures and associate companies	-	-	-	-	365	-	365
Profit/loss before Zakat and tax	1,626	1,253	694	260	251	99	4,184
Total assets	3,356	5,476	6,881	1,688	27,097	(21,022)	23,475
Total liabilities	1,107	1,546	2,677	1,135	3,799	(3,527)	6,738
Capital expenses	80	68	235	2	247	-	632
	For the year ended 31 Dec. 2021						
Revenues	3,146	4,305	3,455	7,435	17	(8,671)	9,687
Gross profit/loss	1,986	1,706	1,416	336	(20)	(82)	5,342
Operating profit/loss	1,765	1,389	1,041	269	(141)	(22)	4,301
Dividend in joint ventures and associate companies	-	-	-	-	480	-	480
Profit/loss before Zakat and tax	1,697	1,257	932	268	687	(383)	4,457
Total assets	3,839	5,955	7,209	2,061	26,734	(21,332)	24,465
Total liabilities	1,895	1,896	2,928	1,652	4,844	(4,471)	8,743
Capital expenses	80	224	116	77	244	-	741

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

	2022	2021	2020	2019	2018
Income	10,254	9,687	5,323	5,440	5,036
Cost of sales	(5,415)	(4,344)	(4,150)	(3,805)	(3,401)
Gross profit	4,839	5,342	1,173	1,635	1,635
Selling and distribution costs	(296)	(230)	(395)	(315)	(197)
General and administrative expenses	(496)	(651)	(419)	(414)	(342)
Impairment of non-financial assets	-	(160)	-	-	-
Operating profit	4,047	4,301	360	906	1,096
Dividend in joint ventures and associate companies	365	480	(34)	(27)	-
Finance Revenues	51	30	26	60	28
Finance costs	(245)	(315)	(293)	(370)	(263)
Other (Expenses)/ income, net	(34)	(38)	126	(179)	6
Profit before Zakat and income tax	4,184	4,457	185	390	867
Cost of Zakat and income tax	(231)	(449)	(128)	(145)	(116)
Profit for the year	3,953	4,008	57	245	751
Profit yields to:					
Equity	3,595	3,592	176	300	583
Non- controlling interests	358	417	(119)	(55)	168
Earnings per share from net profit yields to shareholders	4.96	4.94	0.24	0.52	1.59

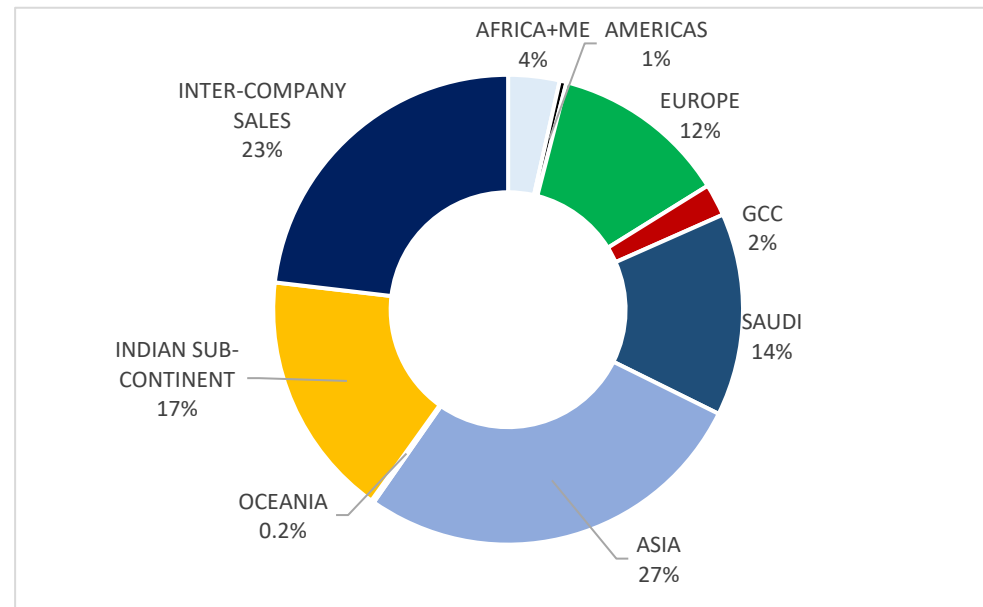


Evolution of sales, operating profit and net profit for the last five years (Million Riyals)



## 5) 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 2022:



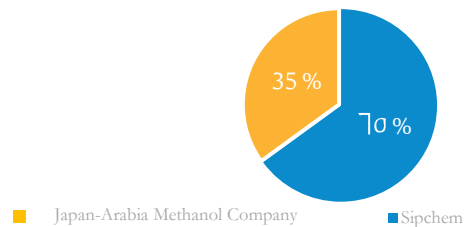
## 6) A description of the subsidiaries' activities and its impact on the size of Sipchem's business and its contribution to the results for 2022

(Million Riyals)

Activity	Revenues	Percentage
International Methanol Company	1,032.7	10.1%
International Diol Company	997.1	9.7%
International Acetyl Company Limited	260.0	2.5%
International Vinyl Acetate Company	2,369.2	23.1%
International Gases Company	106.9	1.0%
Sipchem Marketing Company	1,188.0	11.6%
International Polymers Company	1,799.6	17.6%
Sipchem Chemicals Company	457.1	4.5%
Saudi Specialized Products Company	9.0	0.1%
Sipchem Advanced Technologies Company	19.1	0.2%
Sahara International Petrochemical Company	453.7	4.4%
Sahara Marketing Company	-	-
Al WAHA Petrochemicals Company	1,561.2	15.2%
<b>Total</b>	<b>10,253.6</b>	<b>100%</b>

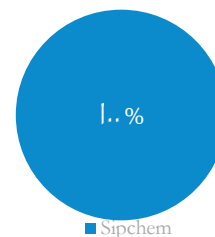
## Description of Activities of Sipchem's Subsidiaries

### International Methanol Company



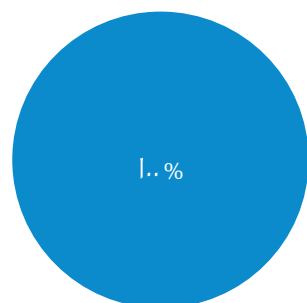
<b>Establishment Date</b>	2002
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 360,97
<b>Company Activity</b>	Production of Methanol (methyl alcohol)
<b>Capacity</b>	970 thousand mtpa

### 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)

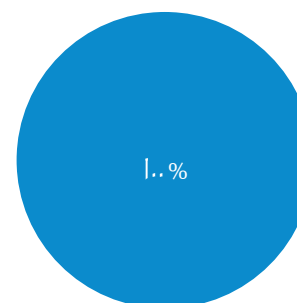
### International Vinyl Acetate Company Ltd.



■ Sipchem

<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

### Sahara Petrochemicals Company

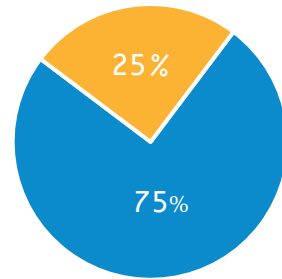


■ Sipchem

<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

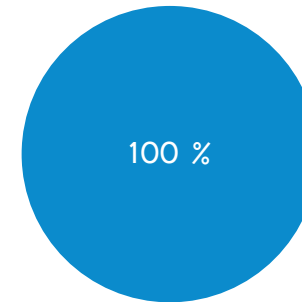
**In 2022, the Awqaf share of 3% in the International Vinyl Acetate Company was purchased to become 100% owned by Sipchem on July 21, 2022**

### AL WAHA Petrochemical Company- AL WAHA



■ Sahara Petrochemicals Company- Sahara  
 ■ Basell Arabie Investissements S.A.S

### International Acetyl Company Limited



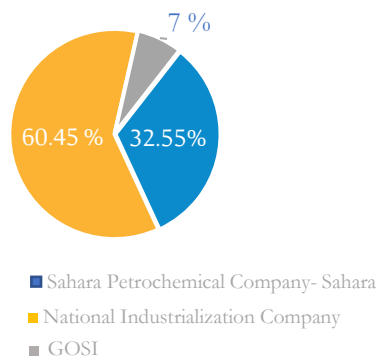
■ Sipchem

<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 (AA <sub>n</sub> )
<b>Capacity</b>	460,000 mtpa of Acetic Acid 50,000 mtpa of Acetic Anhydride

**In 2022, the Awqaf share of 3% in the International Acetyl Company was purchased to become 100% owned by Sipchem on July 21, 2022**

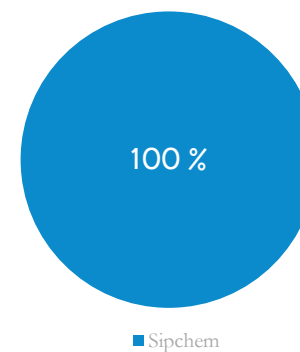
### Tasnee & Sahara Olefins Company (TSOC)



<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

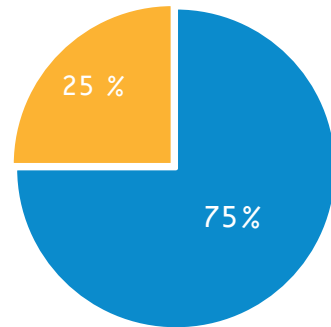
### International Gases Company



<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

**In 2022, the Awqaf share of 3% in the International Gases Company was purchased to become 100% owned by Sipchem on July 21, 2022**

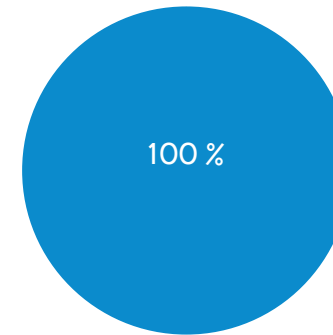
### Saudi Ethylene and Polyethylene Company (SEPC)



- 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

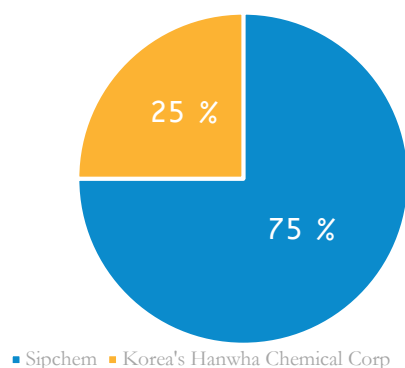


- Sipchem

<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.

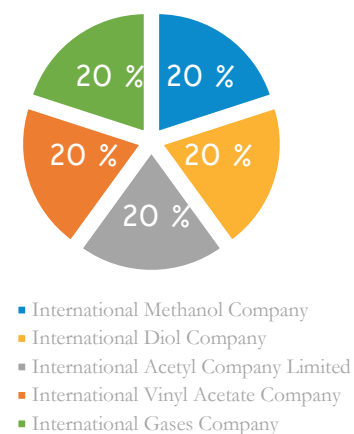


### International Polymers Company



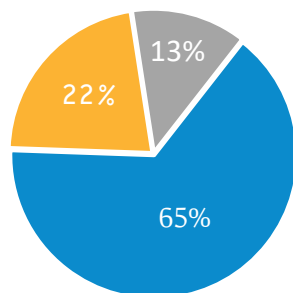
<b>Establishment Date</b>	2009
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 703,2 million
<b>Company Activity</b>	Production of Polyvinyl acetate, Polyvinyl alcohol, polyethylene wax, Low Density Polyethylene and ethylene and 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)



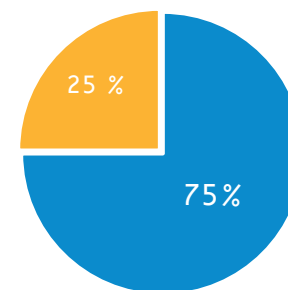
<b>Establishment Date</b>	2009
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 2,000,000
<b>Company Activity</b>	Management, operation and maintenance of utilities and facilities for Sipchem's subsidiaries.

### 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.

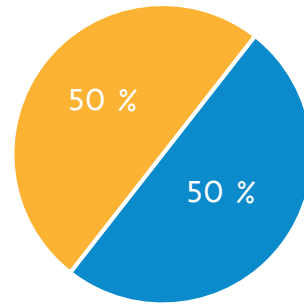
<b>Establishment Date</b>	2009
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 1,777 million
<b>Company Activity</b>	Establishment, management, operation and ownership of acrylic acid and its derivatives production projects, and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

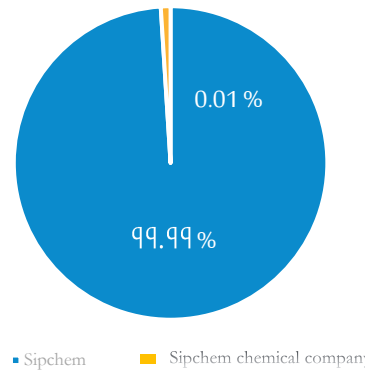
## Sahara & Ma'aden Petrochemicals Company (SAMAPCO)



■ Sahara Petrochemicals Company - Sahara  
■ Saudi Arabian Mining Company - Ma'aden

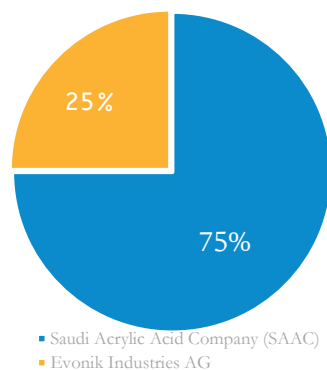
<b>Establishment Date</b>	2011
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 900,000,000
<b>Company Activity</b>	Production of caustic soda, chlorine, and Ethylene Dichloride (EDC)
<b>Capacity</b>	300,000 mtpa of Ethylene Dichloride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

### Sipchem Europe Cooperative UA and its Subsidiaries



<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

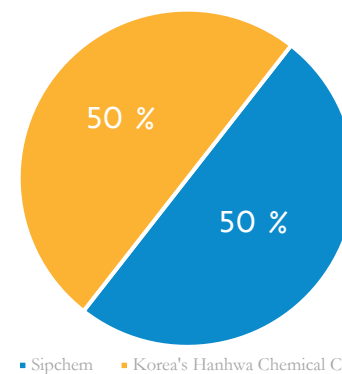
### Saudi Acrylic Polymer Company (SAPCO)



<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.

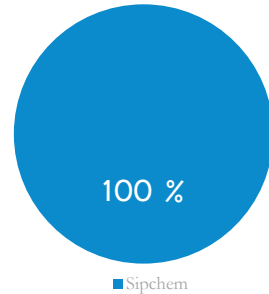
### Gulf Advanced Cable Insulation Company



<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

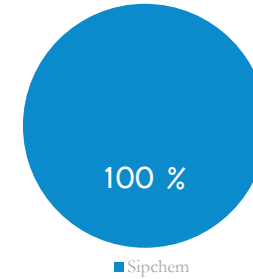
- Production operations at Gulf advanced cable insulation factory (a subsidiary of Sipchem) were suspended on 01 July 2021 in line with Sipchem's post-merger strategy to improve profitability and performance efficiency, to ensure liquidity levels and stability, to maintain the sound financial structure 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



<b>Establishment Date</b>	2013
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Hail – 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>	4000 mtpa

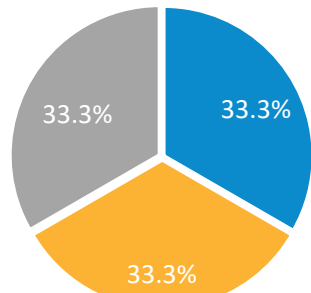
### Sipchem Asia Pte Ltd



<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 were stopped at the Ethylene Vinyl Acetate Film Factory of the Saudi Specialized Products Company (a subsidiary of Sipchem) on January 01, 2021 AD. This comes in line with Sipchem’s post-merger strategy with the aim of improving profitability and performance efficiency.
- On August 29, 2022, the company announced that a fire broke out in the company's factory in the city of Hail, without any injuries or human losses, praise be to God.

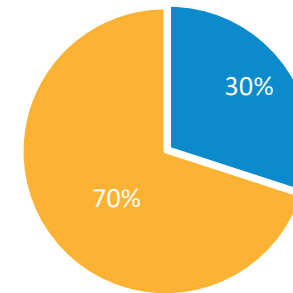
### Saudi Butanol Company (SABUCO)



- Sadara Chemical Company
- Saudi Acrylic Acid Company
- Saudi Kayan Petrochemical Company

<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

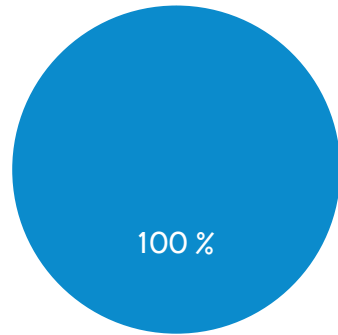


- Sahara Petrochemicals Company
- Other Investors

<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.

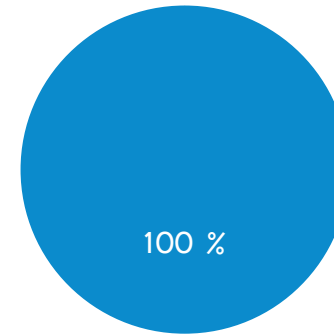
## Sahara Marketing Company



■ 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 (Wahaj)

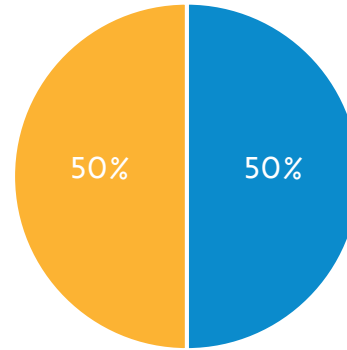


■ Sahara International Petrochemicals Company- Sipchem

<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.



## Linde Sipchem Industrial Gases



■ Sahara International Petrochemicals Company- Sipchem

■ Linde Holding Netherlands

<b>Establishment Date</b>	2022
<b>Company Type</b>	Limited Liability Company
<b>Headquarters</b>	Jubail Industrial City – Saudi Arabia
<b>Capital</b>	SAR 5000,000
<b>Company Activity</b>	Production of Primary gases, Production of mixed industrial gases, Production of ammonia, Transport of other gases and liquids via pipelines

## 7) 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)
20	Whistleblowing Policy and Procedure Manual

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
39	Evaluation	Guiding Article
67	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.
68	Terms of Reference of the Risk Management Committee (Guiding Article)	
69	Meetings of the Risk Management Committee (Guiding Article)	
84	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.
85	Social Activity Initiatives	Guiding Article and the Company shall work on developing KPIs for social responsibility.
90	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 (90) 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.

## 8) 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)	<b>Chairman</b> – Sahara International Petrochemical Company (Sipchem) . <b>Chairman</b> – Zamil Group Holding Co. <b>Chairman</b> – Middle East Battery Co.	Board Member – Zamil Industrial Investment Co.	Bachelor of Civil Engineering	<b>Chairman</b> of Zamil Group Holding Company. <b>Chairman</b> of t Zamil Industrial Investment Company. <b>Chairman</b> of the Zamil Steel Company.
2	<b>Mr. Fahad S. Al-Rajhi</b>	<b>Vice Chairman</b> – Sahara International Petrochemical Company (Sipchem) <b>Chairman</b> - Yanbu Cement Co., Ltd. <b>Chairman</b> - Alrajhi Ekhwan Co. <b>Vice Chairman</b> - Al Watania for Industries . <b>Board Member</b> - Musharaka Capital Co. <b>Chairman</b> - Saudi German Company for Nonwoven Products (SGN) . <b>Board Member</b> - International Methanol Co. <b>Chairman</b> of Sulaiman binAbdulaziz Al-Rajhi for Education and Development Co. <b>Chairman</b> of the flexible packaging Co.	Board Member – Saudi Cement Company	Bachelor of Industrial Management	<b>Chairman</b> – Alrajhi Ekhwan Co. <b>Board Member</b> – Saudi Cement Company .
3	<b>Eng. Reyadh S. Ahmed</b> (Ikarus Petrochemical Co. Representative)	<b>Board Member</b> - – Sahara International Petrochemical Company (Sipchem) <b>Chairman</b> – Meezan Bank . <b>Chairman</b> - Privatization Holding Company. <b>Board Member</b> – Noor Financial Investment Co. (NOOR) <b>Chairman and CEO</b> of Ikarus Petroleum Industries. <b>Chairman</b> - Middle East Complex for Engineering, Electronics & Heavy Industries Co. <b>Chairman</b> – 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 .

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
4	Mr. Saeed A. Basamah	<p><b>Board Member</b> – Sahara International Petrochemical Company (Sipchem).</p> <p><b>Chairman</b> – Khair Inorganic Chemical Industries Co.</p> <p><b>Board Member</b> – International Medical Center Co.</p> <p><b>Board Member</b> – Saudia Dairy &amp; Foodstuff Co. (SADAFCO)</p> <p><b>Board Member</b> of Future Sources Co.</p> <p><b>Board Member</b> of Hala Support Services Co.</p> <p><b>Board Member</b> of Basamh Group Co.</p>	-	Bachelor of Business Administration	Businessman
5	Dr. Abdulrahman A. Al-Zamil	<p><b>Board Member</b> – Sahara International Petrochemical Company (Sipchem) .</p>	<p>Chairman – Zamil Group Holding Co.</p> <p>Chairman – Zamil Industrial Investment Co.</p> <p>Board Member – Sahara Petrochemicals Co.</p> <p>Chairman – National Power Co.</p> <p>Chairman – National Chemical Carriers Co.</p> <p>Chairman – Saudi Advanced Technologies Co</p>	<p>Bachelor of Law</p> <p>PhD – International Relations .</p>	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
6	Mr. Saeed O. Al-Esayi	<p><b>Board Member</b> - Sahara International Petrochemical Company (Sipchem)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>	Bachelor of Industrial Engineering .	General Manager and then Chairman of the Board of Directors of Alesayi Motors Company and Omar Qassem Alesayi & Partners Company Limited.
7	Mr. Ziad A. Al-Turki	<p><b>Board Member</b> of Sahara International Petrochemical Company (Sipchem).</p> <p><b>Chairman</b> of Abdul Rahman Al-Turki Sons Trading and Contracting Co.</p>	Vice chairman – A. A. Turki Co. for Trading & Contracting	Diploma of Social Sciences	Vice Chairman of Abdul Rahman Ali Al-Turki Group of Companies “ATCO Group”.

		<p><b>Chairman</b> of Abdul Rahman Ali Al-Turki Group of Companies "ATCO Group".</p> <p><b>Board Member</b> of Dhahran International Exhibitions Company "Dhahran Expo", Saudi Arabia.</p> <p><b>Member</b> of the Strategic Partners Group, Investcorp, Bahrain .</p>			<p>Board Member of Dhahran International Exhibitions Company "Dhahran Expo", Saudi Arabia .</p> <p>Member of the Strategic Partners Group, Investcorp, Bahrain .</p>
8	<p><b>Eng / Abdullah Khalifa Al Buainain*</b></p>	<p><b>Board Member</b> of Sahara International Petrochemical Company (Sipchem).</p>	<p>CEO of Marafiq .</p> <p>Chairman of the Board of Directors of Marafiq subsidiaries</p> <p>Several positions in SABIC and Al-Razi Company .</p>	<p>Bachelor's degree in Mechanical Engineering</p>	<p>SABIC - petrochemical field - operation, maintenance and projects - boards of directors of subsidiaries - Chairman of Al-Razi Company - Vice President for Manufacturing Affairs</p> <p>CEO of Marafiq Company and Chairman of the Board of its subsidiaries.</p>
9	<p><b>Eng/ Musaed Suleiman Al-Ohali**</b> (Representative of the General Organization for Social Insurance)</p>	<p><b>Board Member</b> of Sahara International Petrochemical Company (Sipchem) .</p> <p><b>Board Member</b> of the Saudi Military Industries Company.</p> <p><b>Board Member</b> of the National Company for Industry .</p>	<p>Ma'aden CEO</p> <p>SABIC Senior Executive Advisor</p>	<p>MSc Chemical Engineering .</p>	<p>Graduating in several positions in Sadaf - SABIC - Ma'aden .</p>
10	<p><b>Mr. Firas Mazen Al-Abad**</b> (Representative of the General Organization for Social Insurance)</p>	<p><b>Board Member</b> of Sahara International Petrochemical Company (Sipchem) .</p> <p><b>Manager</b> of Hasanah Investment Company .</p>	<p><b>Manager</b> - Hassana Investment Company .</p> <p><b>Manager</b> of the Public Investment Fund .</p>	<p>Master of Finance</p> <p>Bachelor of Accounting</p>	<p>Manager - Hassana Investment Company . .</p> <p>Manager of the Public Investment Fund .</p> <p>Analyst - Hassana Investment Company</p>
11	<p><b>Mr. Ahmed Ali Al-Dakhil**</b></p>	<p><b>Board Member</b> of Sahara International Petrochemical Company (Sipchem)</p> <p><b>Chief Executive Officer</b> - Al Rajhi International Investment Company .</p> <p><b>Board Member</b> of the National Company for Industry</p> <p><b>Board Member</b> of Al-Rajhi International Investment Company .</p> <p><b>Board Member</b> of the Second Milling Company</p> <p><b>Board Member</b> of Al-Rajhi International Investment Company (Egypt Branch)</p> <p><b>Board Member</b> of the Middle East Company for Electrical Industries</p>	<p>Leadership positions in several listed and unlisted joint stock companies in the Kingdom</p>	<p>Bachelor's degree in Industrial Management</p>	<p>Leadership positions in several listed and unlisted joint stock companies in the Kingdom</p>

\*The Board Member decided to appoint Eng. Abdullah Khalifa Al-Buainain as a member of the Board of Directors on April 25, 2022, to succeed the resigned member, Eng. Yousef Abdul Rahman Al-Zamil.

\*\* On November 30, 2022, the General Assembly approved the election of the members of the Board of Directors for its new session, which began on December 10, 2022 and ends on December 09, 2025.

B)Committees members:

Executive Committee

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Mr. Fahad S. Al-Rajhi	Vice Chairman – Sahara International Petrochemical Company (Sipchem) Chairman - Yanbu Cement Co., Ltd. Chairman - Alrajhi Ekhwan Co. Vice Chairman - Al Watania for Industries . Board Member - Musharaka Capital Co. Chairman - Saudi German Company for Nonwoven Products (SGN) . Board Member - International Methanol Co. Chairman of Sulaiman binAbdulaziz Al-Rajhi for Education and Development Co. Chairman of the flexible packaging Co.	Board Member – Saudi Cement Company	Bachelor of Industrial Management	Chairman – Alrajhi Ekhwan Co. Board Member – Saudi Cement Company .
2	<b>Eng. Reyadh S. Ahmed</b> (Ikarus Petrochemical Co. Representative)	<b>Board Member</b> -- Sahara International Petrochemical Company (Sipchem) <b>Chairman</b> – Meezan Bank . <b>Chairman</b> - Privatization Holding Company. <b>Board Member</b> – Noor Financial Investment Co. (NOOR) <b>Chairman and CEO</b> of Ikarus Petroleum Industries. <b>Chairman</b> - Middle East Complex for Engineering, Electronics & Heavy Industries Co. <b>Chairman</b> – 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 .

3	Mr. Saeed O. Al-Esayi	<b>Board Member</b> - 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 .	General Manager and then Chairman of the Board of Directors of Alesayi Motors Company and Omar Qassem Alesayi & Partners Company Limited.
4	Eng / Abdullah Khalifa Al Buainain*	<b>Board Member</b> of Sahara International Petrochemical Company (Sipchem).	CEO of Marafiq . Chairman of the Marafiq Company. Several positions in SABIC and Al-Razi Company .	Bachelor's of Mechanical Engineering	SABIC - petrochemical field - operation, maintenance and projects - boards of directors of subsidiaries - Chairman of Al-Razi Company - Vice President for Manufacturing Affairs CEO of Marafiq Company and Chairman of the Board of its subsidiaries.
5	Eng/ Musaed Sulaiman Al-Ohali** (Representative of the General Organization for Social Insurance)	<b>Board Member</b> of Sahara International Petrochemical Company (Sipchem) . <b>Board Member</b> of the Saudi Military Industries Company. <b>Board Member</b> of the National Company for Industry .	Ma'aden CEO SABIC Senior Executive Advisor	MSc Chemical Engineering .	Graduating in several positions in Sadaf - SABIC - Ma'aden .

\* The Board of Directors decided to appoint Eng. Abdullah Khalifa Al Buainain as a member of the Executive Committee on 27 April 2022. Succeeding the resigned committee member, Eng. Yousef Al-Zamil.

\*\* The Board of Directors decided in its new session which began on December 10, 2022 to appoint Eng. Musaed Sulaiman Al-Ohali as a member of the Executive Committee on December 12, 2022.



## Audit Committee:

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Mr. Mohamed Farhan Al-Nader	Executive partner in United Accountants Member of RSM International Group. Member of the Audit Committee - Sahara International Petrochemical Company (Sipchem)	Executive of Finance Awqaf Suleiman Al-Rajhi Holding Company.	Bachelor of Accounting.	Executive partner in United Accountants, a member of the RSM International Group
2	Dr. Muhammad Faraj Al-Kinani	Founder and CEO of Development Allies Foundation. Member of the Audit Committee - Sahara International Petrochemical Company (Sipchem)	Dean of the College of Industrial Management at King Fahd University of Petroleum and Minerals. Head of the Finance and Economics Department at King Fahd University of Petroleum and Minerals. General Supervisor of Investment in the Research and Educational Programs Support Fund at King Fahd University of Petroleum and Minerals.	Bachelor's of Financial Management from King Fahd University of Petroleum and Minerals. Masters in Financial Management from the University of Colorado Denver in the United States of America. PhD in Financial Management from the University of Oklahoma in the United States of America. Certified Financial Analyst from...	Chairman and Board of Dhahran Valley Business Services Company. Member of the Board of Directors: (Arab National Bank, Dhahran Valley Technology Holding Company, Saudi Real Estate Refinance Company, National Bonds Company, Al-Ahly Takaful Company, Lijam Sports Company, Environment Fund, Business Oasis Company, Governance Center Company owned by the Public Investment Fund)
3	Eng. / Abdullah Khalifa Al Buainain	Board Member of Sahara International Petrochemical Company (Sipchem).	CEO of Marafiq . Chairman of the Marafiq Company. Several positions in SABIC and Al-Razi Company .	Bachelor's of Mechanical Engineering.	SABIC - petrochemical field - operation, maintenance and projects - boards of directors of subsidiaries - Chairman of Al-Razi Company - Vice President for Manufacturing Affairs CEO of Marafiq Company and Chairman of the Board of its subsidiaries.

4	Eng./ Mahmoud Saleh Al-Dheeb*	Member of the Audit Committee, Sahara International Petrochemical Company (Sipchem) .	Vice President of Operations and Maintenance at Marafiq Company. CEO, ACWA Power Saudi Arabia. Director of the Planning, Supply and Economic Department, SABIC Company. Vice President of Technical Services, Sipchem Company .	Bachelors of Chemical Engineering.	Vice President of Operations and Maintenance at Marafiq Company. CEO, ACWA Power Saudi Arabia. Director of the Planning, Supply and Economic Department, SABIC Company. Vice President of Technical Services, Sipchem Company .
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\* The Board Members decided on December 22, 2022 to approve the appointment of Eng. Mahmoud Saleh Al-Dheeb as a member of the Audit Committee for the new session. (Member from outside the Board).

### Nomination and Remuneration Committee :

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Mr. Ziad A. Al-Turki	<p><b>Board Member</b> of Sahara International Petrochemical Company (Sipchem).</p> <p><b>Chairman</b> of Abdul Rahman Al-Turki Sons Trading and Contracting Co.</p> <p><b>Chairman</b> of Abdul Rahman Ali Al-Turki Group of Companies "ATCO Group".</p> <p><b>Board Member</b> of Dhahran International Exhibitions Company "Dhahran Expo", Saudi Arabia.</p> <p><b>Member</b> of the Strategic Partners Group, Investcorp, Bahrain .</p>	Vice chairman – A. A. Turki Co. for Trading & Contracting	Diploma of Social Sciences	<p>Vice Chairman of Abdul Rahman Ali Al-Turki Group of Companies "ATCO Group".</p> <p>Board Member of Dhahran International Exhibitions Company "Dhahran Expo", Saudi Arabia .</p> <p>Member of the Strategic Partners Group, Investcorp, Bahrain .</p>
2	Mr. Saeed A. Basamah	<p><b>Board Member</b> – Sahara International Petrochemical Company (Sipchem).</p> <p><b>Chairman</b> – Khair Inorganic Chemical Industries Co.</p> <p><b>Board Member</b> – International Medical Center Co.</p> <p><b>Board Member</b> – Saudia Dairy &amp; Foodstuff Co. (SADAFCO)</p> <p><b>Board Member</b> of Future Sources Co.</p> <p><b>Board Member</b> of Hala Support Services Co.</p> <p><b>Board Member</b> of Basamh Group Co.</p>	-	Bachelor of Business Administration	Businessman

3	Mr. Ahmed Ali Al-Dakhil*	<p><b>Board Member</b> of Sahara International Petrochemical Company (Sipchem)</p> <p><b>Chief Executive Officer</b> - Al Rajhi International Investment Company .</p> <p><b>Board Member</b> of the National Company for Industry</p> <p><b>Board Member</b> of Al-Rajhi International Investment Company .</p> <p><b>Board Member</b> of the Second Milling Company</p> <p><b>Board Member</b> of Al-Rajhi International Investment Company (Egypt Branch)</p> <p><b>Board Member</b> of the Middle East Company for Electrical Industries</p>	Leadership positions in several listed and unlisted joint stock companies in the Kingdom	Bachelor's degree in Industrial Management	Leadership positions in several listed and unlisted joint stock companies in the Kingdom
4	Mr. Firas Mazen Al-Abad* (Representative of the General Organization for Social Insurance)	<p><b>Board Member</b> of Sahara International Petrochemical Company (Sipchem) .</p> <p><b>Manager</b> of Hasanah Investment Company .</p>	<p><b>Manager</b> - Hassana Investment Company .</p> <p><b>Manager</b> of the Public Investment Fund .</p>	Master of Finance Bachelor of Accounting	<p>Manager - Hassana Investment Company</p> <p>Manager of the Public Investment Fund .</p> <p>Analyst - Hassana Investment Company</p>

\*In its new session, which began on December 10, 2022, the Board of Directors decided to appoint both Mr. Ahmed Ali Al-Dakhil and Mr. Firas Mazen Al-Abbad as members of the Nominations and Remuneration Committee on December 12, 2022 .

## 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	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.
3	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.

\* The Board Members agreed to accept the resignation of the member of the Governance Committee, Mr. Najm Abdullah Al-Zaid, and to appoint Mr. Faisal Muhammad Al-Madlej as a member of the committee on 06/29/2022

## 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. Fahad Mansour Al-Ohali*	General Manager of Corporate Communication and Corporate Affairs Secretary General of the Board of Directors and affiliated committees	General Manager of Corporate Communication and Corporate Affairs	Bachelor's of financial management	After joining Sipchem in 2008, he held several positions, including in financial management, sales and marketing management, and corporate communication management. He is currently the general manager of corporate communication and corporate affairs.  Secretary General of the Board of Directors and affiliated committees

\*The Board Members decided to appoint Mr. Fahd Mansour Al-Ohali, Secretary General of the Board of Directors and affiliated committees on March 30, 2022 .

### 9) 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. Middle East Battery Co. Sahara Petrochemicals Company	Inside KSA	Closed Joint Stock Company Limited Liability Company Publicly Listed Joint Stock Company	-	-	-
Mr. Fahad S. Al-Rajhi	Sahara International Petrochemical Company (Sipchem) Yanbu Cement Company Al Rajhi Brothers Company Advanced Company for Packaging in Flex The National Company for Industry Musharaka Financial Company Saudi company International Methanol Company Sulaiman bin Abdulaziz Al-Rajhi Company for Education and Development	Inside KSA	Listed contribution Listed contribution closed stock Limited liability closed stock closed stock Limited liability Public contribution closed stock	Saudi Cement Company	Inside KSA	Publicly Listed Joint Stock Company
Mr. Saeed A. Basamah	Sahara International Petrochemical Company (Sipchem) Al-Khair Industry for Inorganic Chemicals (Inokhem) International Medical Center Company Saudi Dairy and Foodstuff Company Basamh Group of Companies Hala Support Services Company Sources of the future company	Inside KSA	Listed contribution Closed Joint Stock Company Listed shareholder Limited liability Limited liability Limited liability	-	-	-

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. Reyadh S. Ahmed	Sahara International Petrochemical Company (Sipchem) Bank balance Privatization Holding Company Noor Financial Investment Company Icarus Oil Industries Company Middle East Complex for Engineering, Electronic and Heavy Industries Icarus Heavy Industries	Inside KSA Outside the kingdom Outside the kingdom Outside the kingdom Outside the kingdom Outside the kingdom Outside the kingdom	Listed contribution Listed contribution Listed contribution Listed contribution Closed Joint Stock Company	Karachi Electric Supply Corp. Oil and Gas Field Services Company Sajaa Gas Private Limited Company United Gas Supply Company Kuwait Rock Company United Eastern Company for Oil Services	Outside the kingdom	Listed contribution Share closed Share closed Share closed Share closed Share closed
Dr. Abdulrahman A. Al-Zamil	Sahara International Petrochemical Company (Sipchem)	Inside KSA	Limited Liability Company	Zamil Group Holding Company Zamil Industrial Investment Company Sahara Petrochemical Company National Energy Company The National Chemical Transport Company Saudi Advanced Technologies Company	Inside KSA	Share closed Listed contribution Share closed Share closed Share closed Limited liability
Mr. Ziad A. Al-Turki	Sahara International Petrochemical Company (Sipchem) Abdul Rahman Al-Turki Sons Trading and Contracting Company Abdul Rahman Ali Al Turki Trading and Contracting Company	Inside KSA Outside the kingdom Inside KSA Inside KSA	Listed contribution Limited liability Limited liability Limited liability Limited liability Limited liability Closed Joint Stock Company Limited liability	Samena Capital Company Saudi United Construction Company	Outside the kingdom within the Kingdom	Limited liability Limited liability



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)
	Turkish Killer Company Ltd Arabian Redland Industrial Services Co. Ltd Honeywell Turkish Arab Company Tamam Integrated Trading Co. Ltd Dhahran International Exhibitions Company Al-Turki Company for Environmental Services Rockell Automation Limited Al-Murjan Integrated Investment Company Ramki Al Turki Environmental Services Co. Ltd		Limited liability Limited liability Limited liability			
Mr. Saeed O. Al-Esayi	Sahara International Petrochemical Company (Sipchem) . Omar Qassem Alesayi and Partners Marketing Co. Ltd Alesayi Motors Company Omar Qasim Alesayi and Partners Co. Ltd	Inside KSA	Publicly Listed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company	Sahara Petrochemical Company Yanbu Cement Company Al Rajhi Bank	Inside KSA	Publicly Listed Joint Stock Company Closed Joint Stock Company Publicly Listed Joint Stock Company
Eng. / Abdullah Khalifa Al Buainain	Sahara International Petrochemical Company (Sipchem) .	Inside KSA	Publicly Listed Joint Stock Company .	-	-	-
Eng./ Musaed Suleiman Al-Ohali	Sahara International Petrochemical Company (Sipchem) Saudi Military Industries Company The National Company for Industry	Inside KSA	Publicly Listed Joint Stock Company Limited Liability Company Closed Joint Stock Company	-	-	-
Mr. Firas Mazen Al-Abad	Sahara International Petrochemical Company (Sipchem)	Inside KSA	Publicly Listed 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. Ahmed Ali Al-Dakhil	Sahara International Petrochemical Company (Sipchem) The National Company for Industry Al-Rajhi International Investment Company Second Milling Company Al-Rajhi International Investment Company (Egypt Branch) Middle East Company for Electrical Industries	Inside KSA	Publicly Listed Joint Stock Company Closed Joint Stock Company Limited Liability Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company	-	-	-

## 10) 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 18 April 2022 and Ordinary General Assembly on 30 Nov 2022, 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.

## 11) 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 four members, one of whom is an independent member of the Board of Directors. The members have experience and competence that qualify them to actively participate 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 24/02/2022	Second 23/03/2022	Third 18/04/2022	Fourth 25/06/2022	Fifth 2022/09/01	Sixth 17/10/2022	
1	Mr. Ayidh M. Al-Qarni *	Chairman	Attended	Attended	Attended	Attended	Attended	Attended	6
2	Mr. Mohammad Farhan Al-Nader	Member	Attended	Attended	Attended	Attended	Attended	Attended	6
3	Dr. Mohammed Faraj Al Kanani	Member	Attended	Attended	Attended	Attended	Attended	Attended	6
4	Eng. Abdullah K. Al-Buainain**	Member	-	-	-	-	-	-	
5	Eng. Mahmoud S. Al-Theeb***	Member	-	-	-	-	-	-	

\* The date of resignation of the Audit Committee member is 20 December 2022

\*\* The date of appointment of a member of the Audit Committee in the new session based on the decision of the Ordinary General Assembly on 11/30/2022.

\*\*\* The date of appointment of a member of the Audit Committee to succeed the resigned member is 22 December 2022.

## B. **Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee shall consist of four 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 09/03/2022	Second 06/06/2022	Third 20/09/2022	Fourth 28/11/2022	
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. Ahmed Saad Al Sayyari **	Member	Attended	-	Attended	Attended	3
4	Eng. Saeed A. Basmah	Member	Attended	Attended	Attended	Attended	4
5	Mr. Abdulaziz A. bin Dayel **	Member	Attended	Attended	Attended	Attended	4
6	Mr. Ahmad A. Al Dakheel *	Member	-	-	-	-	-
7	Mr. Feras M. Al Abad *	Member	-	-	-	-	-

\* The date of appointment of the new members of the Nomination and Remuneration Committee is on 12 December 2022

\*\* The expiration date of the membership of the Nomination and Remuneration Committee member is 09 December 2022

## 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						Total Attendance
			First 31-03/202	Second 13/06/2022	Third 15/09/2022	Fourth 16/11/2022	Fifth 23/11/2022	
1	Eng. Yousef A. Al-Zamil*	Chairman	Attended	-	-	-	-	1
2	Mr. Fahad S. Al-Rajhi**	Chairman	Attended	Attended	Attended	Attended	Attended	5
3	Eng. Reyadh S. Ahmed	Member	Attended	Attended	Attended	Attended	Attended	5
4	Mr. Ayidh M. Al-Qarni	Member	Attended	Attended	Attended	Attended	Attended	5
5	Mr. Saeed O. Al-Esayi	Member	Attended	Attended	Attended	Attended	Attended	5
6	Eng. Abdullah K. Al-Buainain***	Member	-	Attended	Attended	Attended	Attended	4
7	Eng. Mosaed S. AlOhalj****	Member	-	-	-	-	-	-



## 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 03/03/2022	Second 22/06/2022	Third 06/10/2022	Total Attendance
1	Mr. Abdulaziz A. bin Dayel	Member	Attended	Attended	Attended	3
2	Dr. Najem bin Abdulla Al Zaid	Member	Attended	-	-	1
3	Mr. Turki M. AlMarzouq	Member	Attended	Attended	Attended	3
4	Mr. Faisal M. Al Mudlij	Member	-	-	Attended	1

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

Based on the assessment that was prepared in the years 2020 and 2021 for the members of the Board of Directors, which would ensure that the Board of Directors is fully aware of their role and responsibilities towards the company during the Board session that ended on December 09, 2022 AD, and due to the end of the Board session, the previous assessments were satisfied. The Board will take the appropriate action regarding the evaluation of its members in the new session of the Board.

## 13) 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			
Eng. Khalid A. Al-Zamil		18,000	-			18,000		300,000				318,000	-	-
Dr. Abdulrahman A. Al-Zamil		18,000	-			18,000		300,000				318,000	-	1,100
Eng. Yusef A. Al-Zamil*		3,000	3,000			6,000		400,000				406,000	-	600
Mr. Fahad S. Al-Rajhi		18,000	27,000			45,000		400,000				445,000	-	3,400
Mr. Saeed O. Al-Esayi		18,000	15,000			33,000		400,000				433,000	-	3,400
Eng. Reyadh S. Ahmed		18,000	15,000			33,000		400,000				433,000	-	4,300
Mr. Abdulaziz A. bin Dayel		15,000	21,000			36,000		400,000				436,000	-	2,500
Eng. Saeed A. Basamh		18,000	12,000			30,000		400,000				430,000	-	1,200
Mr. Ziad A. Al-Turki		18,000	12,000			30,000		400,000				430,000	-	-
Mr. Ayidh M. Al-Qarni		15,000	33,000			48,000		400,000				448,000	-	8,800
Eng. Abdullah K. Al-Buainain**		15,000	12,000			27,000		-				27,000	-	3,500
Mr. Bandr A. Masoudi***		-	-			-		200,000				200,000	-	-
Mr. Ahmed S. Al Sayyari		15,000	9,000			24,000		175,000				199,000	-	1,100
Eng. Mosaed Suliman Al-Ohali****		3,000	-			3,000		-				3,000	-	-
Mr. Feras Mazin Al-Abad****		3,000	-			3,000		-				3,000	-	-
Mr. Ahmed Ali Al-Dakheel****		3,000	-			3,000		-				3,000	-	-
<b>Total</b>		<b>198,000</b>	<b>159,000</b>			<b>357,000</b>		<b>4,175,000</b>				<b>4,532,000</b>		<b>29,900</b>

\* Date of Board Member Resignation is 01 April 2022.

\*\* Date of Board Member Appointment is 25 April 2022.

\*\*\* Date of Board Member & Nomination and Remuneration Committee Member Resignation is 05 July 2021.

\*\*\*\* Date of New Board Members Appointment based on General Assembly resolution on 30 Nov 2022.

## Remunerations of Committees Members:

	Fixed Remunerations*(Except attendance allowance)	Attendance allowance	Total
<b>AUDIT Committee Members</b>			
Mr. Ayidh M. Al-Qarni	100,000	18,000	118,000
Mr. Mohammad F. Al-Nader	85,714	18,000	103,714
Mr. Mohammed F. Al-Zahrani	100,000	18,000	118,000
Eng. Abdullah K. Al-Buainain	-	-	-
Eng. Mahmoud S. Al-Theeb	-	-	-
Total	285,714	54,000	339,714
<b>Executive Committee Members</b>			
Eng. Yusef A. Al-Zamil	100,000	3,000	103,000
Mr. Fahad S. Al-Rajhi	100,000	15,000	115,000
Eng. Reyadh S. Ahmed	100,000	15,000	115,000
Mr. Ayidh M. Al-Qarni	-	15,000	15,000
Eng. Saeed O. Al-Esayi	100,000	15,000	115,000
Eng. Abdullah K Al-Buainain	-	12,000	12,000
Eng. MUSAED S AL OHALI	-	3,000	3,000
Total	400,000	78,000	478,000
<b>Members of Nomination &amp; Remuneration Co</b>			
Mr. Ziyad A. Al-Turk	100,000	12,000	112,000
Mr. Fahad S. Al-Rajhi	-	12,000	12,000
Mr. Ahmed S Al-Sayyari	25,000	9,000	34,000
Mr. Saeed A. Basamh	100,000	12,000	112,000
Mr. Abdulaziz A. bin Dayel	100,000	12,000	112,000
Mr. Bandr A. Masoudi	50,000	-	50,000
Total	375,000	57,000	432,000
<b>Members of Governance Committee</b>			

Mr. Abdulaziz A. bin Dayel	-	9,000	9,000
Mr. Turki M. Al-Marzouq	100,000	9,000	109,000
Dr. Najem A. Al Zaid	100,000	3,000	103,000
Mr. Faisal M Al-Modlij	-	3,000	3,000
<b>Total</b>	<b>200,000</b>	<b>24,000</b>	<b>224,000</b>

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

- The Board of Directors determines the types of bonuses granted to Senior Executives in the company - Based on the recommendation of the Nominations and Remunerations Committee - such as fixed bonuses, performance, and incentive bonuses.

- Bonuses aim to achieve the required competitive to attract and retain qualified and competent employees and to maintain the high level of skills which the company needs.

### 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)				Total
Remunerations of Senior Executives including CEO and CFO	8,178,882	2,704,530.27		10,883,412.27	4,942,587			6,475,533.85		11,418,120.85	1,813,902.04		24,115,435.16

#### **14) 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.

#### **15) 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 2022, 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 2022, 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.

#### **16) 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..



## 17) 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.

## 18) Details of Social Contributions

Sipchem firmly believes in its steadfast commitment to society and understands that this dedication succeeds in its goals by building a social responsibility culture throughout its operations in line with both the Kingdom's 2030 Vision and Sipchem's 20230 plan. By its ardent ambition to invest in communal activities for the aim of positively effecting and driving ambitious change in social and cultural development, Sipchem always tries to establish strong and lasting partnerships with the community. At Sipchem, we thrive on motivating and empowering the community by enhancing, creating, and operationalizing our strategies and tactics to produce bigger results and advantages.

### **Our principal areas of social responsibility interest are:**

1. Health, Environment & Safety
2. Local Economies & Entrepreneurship
3. Educational Development and Cultural Programs
4. Volunteering, Charitable and Social Programs

Having made remarkable achievements over the past years, we are actively striving to give back to the community, and we accord great significance to the community through our dedication to implement many community initiatives since the establishment of the company. Sipchem has participated in several social initiatives and projects throughout the Kingdom, reaching more than 76% of the cities, governorates, and regions.

According to the firm's policy on community service, more than 81 effective programs and initiatives have been put into place, and in 2022, the employees contributed more than 1500 hours of volunteering work hours. A successful year that was filled with unwavering commitment, unending work, and great accomplishments has come to an end. These traits positively reverberated in many sectors and levels, leaving their impression and mark on society, and influencing its social responsibility ethos in practice

### 19) Statement of the dates of shareholders' general assemblies held during 2022 and the names of Attended Board Members.

The General Assembly was held on **April 18, 2022, and November 30, 2022**. The Attendance Record of Board Members is as follows:

S	Name	April 18, 2022	November 30, 2022	Attendance
1	Eng. Khalid A. Al-Zamil	Attended	Attended	2
2	Mr. Fahad S. Al-Rajhi	Attended	Attended	2
3	Dr. Abdulrahman A. Al-Zamil	Attended	Attended	2
4	Eng. Reyadh S. Ahmed	-	Attended	1
5	Eng. Saeed A. Basamh	Attended	Attended	2
6	Eng. Abdullah K Al-Buainain	-	Attended	1
7	Eng. Saeed O. Al-Esayi	Attended	Attended	2
8	Mr. Ayidh M. Al-Qarni	Attended	Attended	2
9	Mr. Ziad A. Al-Turki	Attended	Attended	2
10	Mr. Ahmed S Al Sayari	Attended	Attended	2
11	Mr. Abdulaziz A. bin Dayel	Attended	Attended	2

## 20) 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.

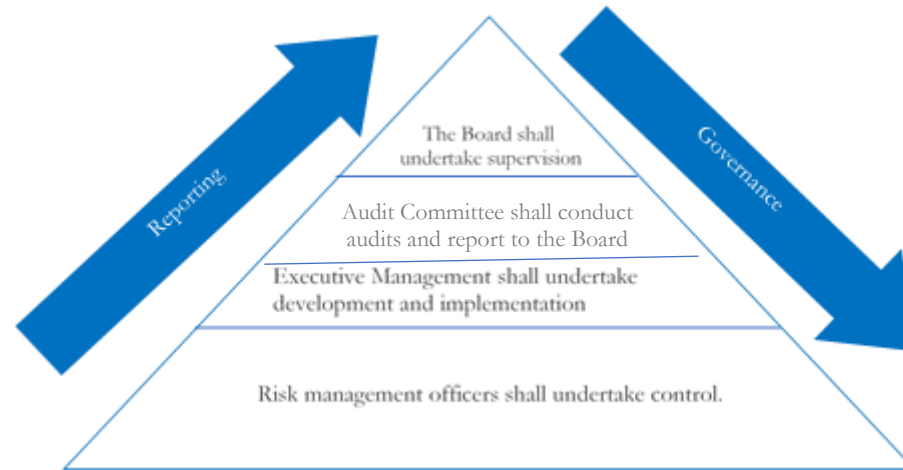
The Board, as part of its role in providing strategic oversight and supervision of the Company, is responsible for protecting investors' interests by maintaining an effective risk management and internal control system. The Executive Risk Management Committee is fostering a culture of risk management 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.

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

STATEMENTS	2022	2021	Change +/-	% of change
Sales/ Revenue	10,253.63	9,686.69	566.93	6%
Gross profit	4,838.68	5,342.36	(503.68)	-9%
Operating profit	4,046.99	4,301.43	(254.44)	-6%
Net profit yields to shareholders	3,595.29	3,591.84	3.45	0.1%

During 2022, the net profit marginally increased by 0.1% compared to 2021. This is attributed mainly to:

- Increase in sales quantities of company's products as a result of increase in plants efficiency and reliability in spite of decrease in profits margin due to decrease in products prices and increase in prices of some feedstock.
- Decrease in finance costs due to decrease in gearing ratio in addition to reduction in General and Administrative expenses and decrease in zakat expenses.
- It should be noted that during last year an impairment loss of SR 160 million was recorded related to cash generating unit of PBT plant when compared the current year with the year 2021.

## 22) 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.

**23) 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	100%	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	100%	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	100%	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
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
Lindy Sipchem Industrial Gas Company	5	50%	Production of primary gases and industrial gases	KSA	KSA

## 24) 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 2022. 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 2022.

## 25) 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 prorated 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 to distribute cash dividends for the first and second halves of fiscal year 2022 to the shareholders as follows

	Dividends ratios distributed during the year		dividend ratios proposed for distribution at year end	Total dividends
	26 July 2022	15 December 2022		
Percentage	17.5%	15%	32.5%	-
Total	1,270,893,963.5	1,087,682,986.5	-	2,358,576,950

**26) Description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article 85 of the Rules on the Offer of Securities and Continuing Obligations, together with any change to such interests during the fiscal year 2022**

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

**27) 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 2022**

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 2022		Shares as at Dec. 31, 2022		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	692,533	0.094%	692,533	0.094%	0	0	-
3	Mr. Fahad S. Al-Rajhi	7,000,000	%0.95	7,000,000	0.95%	0	0	-
4	Mr. Saeed O. Al-Esayi	6,478,071	0.8833%	7,077,885	0.9651%	599,814	%10	-
5	Eng. Reyadh S. Ahmed	0	0%	0	0%	0	0	-
6	Mr. MUSAED S. AL- OHALI	0	0%	0	0%	0	0	-
7	Mr. Saeed A. Basamah	0	0%	0	0%	0	0	-
8	Mr. Ziad A. Al-Turki	1,817,500	0.247%	995,000	0.1356%	(822,500)	(%45)	-
9	Mr. Feras M. Al- Abad	0	0%	0	0%	0	0	-
10	Mr. Ahmed A. Al- Dakheel	0	0%	168	0.00002%	0	0	-
11	Eng. Abdullah K. Al- Buainain	0	0%	49,000	0.0068%	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 2022		Shares as at Dec. 31, 2022		Net Change	% of change	Ownership of first- degree relatives and its change
		Number	Ownership %	Number	Ownership %			
1	Eng. Abdullah S. Al-Saadoon	30,000	0.0040%	50,000	0.00681%	20,000	66%	-
2	Eng. Ibrahim Abdul Aziz Al Rashood	41,222	0.0056%	51,222	0.0069%	10,000	25%	-
3	Eng. Mater A Al-Dhafeeri	38,425	0.0052%	35,000	0.00477%	3,425	(9%)	-
4	Mr. Rushdi K. Al-Dulijan	0	0%	0	0%	-	-	-
5	Omar Salem Bajubail	25,600	0.0034%	21,000	0.00286%	4,600	(18%)	-
6	Mr. Fahad M. Al- Ohaly	0	0%	72,183	0.00984%	-	-	-

## 28) 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	7	5,425	2,956	-	-	1,223	1,733	

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	425	107	-	-	107	-	

### 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	1,062	1,062	-	-	601	461

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	758	297	-	-	297	-

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	253	-	-	91	162

### 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	6	700	700	-	-	35	665
Saudi Industrial Development Fund	6.4	600	84	-	-	84	-

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
Long-term loans from Partners	Unspecified	811	737	-	74	-	811

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
Long-term loans from Partners	Unspecified	3	2	-	-	-	2

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
Long-term loans from Partners	Unspecified	146	130	-	16	-	146

Saudi Advanced Technologies							
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
Short-term loans from Partners	Unspecified	244	69	-	175	-	244

### 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	175	-	-	39	136

Sahara and Ma'aden 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	2,104	-	-	579	1,525

Al Waha 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
Commercial banks	12	1,964	1,001	-	-	156	845

**29) 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.

**30) 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.

**31) 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.

**32) The Number of Board Meetings Held During the Fiscal Year 2022, Dates of Such Meetings, and Attendance Record for Each Meeting, Indicating the Names of Attendees**

The Board of Directors of Sahara International Petrochemical Company “Sipchem” held six Board Meetings during 2022. The table below shows the attendance record and date for each meeting:

S	Name	30/03/2022	29/06/2022	28/09/2022	23/11/2022	30/11/2022	12/12/2022	Total Attendance
1	Eng. Khalid A. Al-Zamil	Attended	Attended	Attended	Attended	Attended	Attended	6
2	Mr. Fahad S. Al-Rajhi	Attended	Attended	Attended	Attended	Attended	Attended	6
3	Dr. Abdulrahman A. Al-Zamil	Attended	Attended	Attended	Attended	Attended	Attended	6
4	Eng. Saeed O. Al-Esayi	Attended	Attended	Attended	Attended	Attended	Attended	6
5	Mr. Ziad A. Al-Turki	Attended	Attended	Attended	Attended	Attended	Attended	6
6	Mr. Saeed A. Basamh	Attended	Attended	Attended	Attended	Attended	Attended	6
7	Eng. Reyadh S. Ahmed	Attended	Attended	Attended	Attended	Attended	Attended	6
8	Eng. Yousef A. Al-Zamil*	Attended	-	-	-	-	-	1
9	Eng. Abdullah K Al-Buainain**	-	Attended	Attended	Attended	Attended	Attended	5
10	Mr. Ayidh M. Al-Qarni	Attended	Attended	Attended	Attended	Attended	-	5
11	Mr. Abdulaziz A. bin Dayel	Attended	Attended	Attended	Attended	Attended	-	5
12	Mr. Ahmed S Al-Sayyari**	Attended	Attended	Attended	Attended	Attended	-	5
13	Eng. Mosaed S. Al-Ohali***	-	-	-	-	-	Attended	1
14	Mr. Feras M. Al-Abad***	-	-	-	-	-	Attended	1
15	Mr. Ahmed A. Al-Dakheel***	-	-	-	-	-	Attended	1

\* Date of Board Member Resignation is 01 April 2022.

\*\* Date of Board Member Appointment is 25 April 2022.

\*\*\* Date of New Board Members Appointment based on General Assembly resolution on 30 Nov 2022.



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

S	Request Date	Request Justification
1	01 JAN 2022	Company's procedures
2	01 Feb 2022	Company's procedures
3	02 March 2022	Company's procedures
4	04 April 2022	Company's procedures
5	18 April 2022	General Assembly
6	29 May 2022	Company's procedures
7	04 June 2022	Company's procedures
8	18 July 2022	Company's procedures
9	02 Aug 2022	Company's procedures
10	04 Sept. 2022	Company's procedures
11	05 Sept. 2022	Company's procedures
12	03 Oct. 2022	Company's procedures
13	02 Nov 2022	Company's procedures
14	29 Nov 2022	Company's procedures
15	30 Nov 2022	General Assembly
16	04 Dec 2022	Company's procedures
17	31 Dec 2022	Company's procedures

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

### 34) 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 2022:

Name	Nature of the transaction	Relationship
Japan- Arabia Methanol Company Limited	Sales	Partner in a subsidiary
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
Linde Sipchem Industrial Gases Company	Expense paid on behalf of joint-venture	A joint-venture

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, 2022:

- **Trade receivables:**

#### Million Riyals

Names	2022	2021
LyondellBasell Industries NV and an associate company	186	297
Hanwa Chemical Malaysia SDN. BHD. (Hanwah Co.)	86	142
Japan- Arabia Methanol Company Limited	50	46
<b>Total</b>	<b>322</b>	<b>485</b>

- **Prepayments and other current assets**

(Million Riyals)

Name	2022	2021
SAMAPCO	38	58
LyondellBasell Industries NV	10	12
Linde Sipchem Industrial Gases Company	1	-
<b>Total</b>	<b>49</b>	<b>70</b>

- **Accrued Expenses and Other Current Liabilities**

Million Riyals

Name	2022	2021
SAMAPCO	49	26
LyondellBasell Industries NV	54	59
Hanwa Chemical Malaysia SDN. BHD. (Hanwah Co.)	7	7
<b>Total</b>	<b>110</b>	<b>92</b>

**35) 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.

**36) 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.

**37) 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.

### 38) 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 2022	Outstanding and unpaid up to the end of annual fiscal year	Brief description	Reasons
ZATCA	156.0	473.5	Zakat	Obligatory
ZATCA	150.7	15.9	Tax	Obligatory
GOSI	37.1	-	Subscriptions	Obligatory
Labor Office Fees	2.0	-	Fees	Obligatory

### 39) 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 2022 compared to 2021:

Employees	2022		2021	
	Number	Percentage	Number	Percentage
Saudis	1,182	82.42%	1121	83.35%
Non-Saudis	236	17.58%	239	16.64%
	1,418		1,360	

The following are some of the achievements of the Human Resources Department during 2022:

## **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 third year of the merger as follows:

Update Human Resources Policy to be in line with Sipchem strategy.

## **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. the company achieved more than 43,000 hours in 2022.

### **b. Virtual Learning Program:**

In line with the updates to the global learning methods, Sipchem has delivered more than (60) 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. the company achieved more than 14,000 hours in 2022.

### **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 2022 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. Tamheer Program**

The company, in cooperation with the Ministry of Human Resources, attracted 16 trainees through the Tamheer program, which is an on-the-job training program directed at Saudi male and female graduates from local and foreign universities, and graduates of institutes and colleges holding technical diplomas. Labor market

**h. Cooperative Training Program**

The Human Resource team, in cooperation with several departments at Sipchem, provided training for 148 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. Real estate loan program through the bank for Saudi employees:**

Through this system, the company aims to provide financing solutions through banks accredited by the company to Saudi employees working for it and who meet the conditions, so that Sipchem will bear the interest on a monthly basis according to the payment period and based on standards agreed upon with the bank. This program included 55 beneficiary employees in 2022. It is expected that it will include larger numbers during the next year 2023 AD in order to

secure stability and comfort for employees and their families, and urge them to continue working in its service because they are one of the most important strategic pillars of the company.

#### **d. 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 564,371 shares have been transferred from the program portfolio to the eligible employees. Total number of the program shares reached 6,155,241 as of December 31, 2022.

#### **e. 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.

### **40) Acknowledgments:**

The Board of Directors is keen to ensure the professional performance of (Sipchem) during the year 2022. 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.
- 8) No member of the Board of Directors shall engage in business competing with the business of the company.

**41) 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.

**42) 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.

**43) 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
8,211,341	SAR 301,766,781	20 October 2022	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**



