

2016

Board of Directors' Report

**Rabigh Refining & Petrochemical Company
(Petro Rabigh)**

Contents of 2016 Board of Directors' Report	Page
1. Company's Brief and Activities	4
2. Significant Plans, Decisions and Future Prospects	5
3. Potential Risks & Risk Management	7
4. Assets, Liabilities and Results of Business for the Last Five Years	10
5. 2016 Geographical Gross Sales and Revenues Analysis	11
6. Material Differences in the Operating Results in Comparison to the Previous Year	15
7. Compliance with the Accounting Standards	15
8. Company's Subsidiaries	16
9. The Particulars of the Issued Shares and Debt Instruments of Every Subsidiary	16
10. Dividends Distribution Policy	16
11. Description of Any Interest and Changes in a Class of Voting Shares Held by Persons Other Than the Company's Directors, Senior Executives and Their Relatives	16
12. Description of Any Interest, Contractually Based Securities, and Subscription Rights of the Company's Directors, Senior Executives and Their Relatives	16
13. Loans	18
14. Description of the Classes and Numbers of Any Convertible Debt Instruments, Any Contractually Based Securities, Warrants or Similar Rights Issued or Granted by the Company	20
15. Description of Any Conversion or Subscription Rights Under Any Convertible Debt Instruments, Contractually Based Securities, Warrants or Similar Rights Issued or Granted by the Company	20
16. Description of Any Redemption or Purchase or Cancellation by the Company of Any Redeemable Debt Instruments	20
17. The Number of Meetings of the Directors Held During the Last Financial Year and the Attendance Record of Each Meeting Listing Names of the Attendees	20
18. Description of Any Transaction Between the Company and Any Related Party	21
19. Information Relating to Any Businesses or Contract to Which the Company is a Party and in Which a Director of the Company, the CEO, the CFO or Any Person Related to Any of Them Is or Was Interested	25
20. Description of Any Arrangement or Agreement Under Which a Director or a Senior Executive of the Company Has Waived Any Salary or Compensation	25

21. Description of Any Arrangement or Agreement Under Which a Shareholder of the Company Has Waived Any Rights to Dividends	25
22. A Statement of the Value of Any Outstanding Statutory Payment on Account of Any Zakat, Taxes, Fees or Any Other Charges	25
23. A Statement as to the Value of Any Investments Made or Any Reserves Set Up for the Benefit of the Employees of the Company	26
24. Declarations of the Board of Directors	27
25. Compliance with Corporate Governance Regulations	27
26. A Statement of the External Auditor's Report Containing Reservations on the Annual Financial Statements	28
27. The Recommendations of the Board of Directors to Replace the External Auditors and Their Causes	28
28. Names of Any Joint Stock Company or Companies in Which the Company Board of Directors Member Acts As a Member of its Board of Directors	28
29. Formation of the Board of Directors and Classification of its Members	29
30. A Brief Description of the Jurisdictions and Duties of the Board's Main Committees	30
31. Details of Compensation and Remuneration Paid to the Board of Directors, Top Five Executives, CEO & CFO	32
32. Punishment or Penalty or Preventive Restriction Imposed on the Company by the Authority or Any Other Supervisory or Regulatory or Judiciary Body	33
33. Results of the Annual Audit of the Effectiveness of the Internal Control Procedures of the Company	33

1. Company's Brief and Activities

Company's Brief:

Rabigh Refining and Petrochemical Company (Petro Rabigh) was established as a Saudi limited liability Company under Commercial Registration No. 4602002161 on 15-08-1426H (corresponding to September 19, 2005). The Company was converted into a joint stock Company pursuant to the Minister of Commerce and Industry's Resolution No 262/Q dated 22/10/1428H (corresponding to November 3, 2007). The objectives of the Company are the development, construction and operation of an integrated petroleum refining and petrochemical complex. The complex manufactures refined petroleum products, petrochemical products and other hydrocarbon products including; gasoline, naphtha, jet fuel, diesel, fuel oil, polyethylene (PE), mono ethylene glycol (MEG), polypropylene (PP) and propylene oxide (PO).

Company's Activities:

Petro Rabigh has two main activities; namely refining and petrochemical production. The two activities are fully integrated to maximize profit and minimize cost by converting low value products to higher margin products.

Refining

The Company has a capacity to process up to 400,000 barrels per day of Arabian light crude oil and produce 134 million barrels of gasoline, naphtha, jet fuel, diesel and fuel oil annually.

Petrochemicals

The Company has a capacity to produce up to 2.4 million tons per annum of polyethylene, mono ethylene glycol, polypropylene and propylene oxide from crude oil, ethane and butane feedstock supplied by Saudi Aramco.

The following table indicates each of the two activities contribution to Petro Rabigh business in the year 2016:

Activity	2016 Sales (SAR Thousands)	Contribution to Sales (%)
Refining	19,423,911	77 %
Petrochemicals	5,722,219	23 %
Total	25,146,130	100%

2. Significant Plans, Decisions and Future Prospects

The Company foresees normal operation in 2016 and onwards, while the following future prospects are taken into consideration by the Company's management and Board of Directors:

a) Petro Rabigh Transformation Roadmap

PRC continues to implement its Transformation Roadmap towards performance improvement and excellence. Until end of 2016 PRC has implemented 68% of the Transformation Roadmap, with a project on-track rate consistently above 70% for the last 24 months, maintaining the objective of successful initial completion by the end of 2017.

The Transformation Master Plan consists of 6 Roadmaps containing 11 Projects, totaling 88 Initiatives with over 4,500 tasks, involving directly more than 130 employees. Following the Operational Excellence principle of Plan/Do/Check/Adjust (PDCA) and recent feedback from the Board, Executive Management and Shareholder Audits, a detailed review process of all Roadmaps has been finalized mid-year, including definition and selection of industry-specific KPIs for proper performance monitoring and improving department and section-level accountability for all operating plan action items. The review process involves an effectiveness assessment of the overall Transformation process, as well as individual assessment of all the Roadmaps. Corrective actions have been initiated to address the gaps, resulting in new tasks recorded under the Transformation Management System, and a new Roadmap 3.6 "Develop Effective Operations" has been initiated, championed by Refinery Manager under the close supervision and sponsorship of GM Operations. Also, three different Steering Committees have been initiated by the President and CEO to bring more focus on key areas of the performance improvement in Reliability, Rabigh II Commissioning and Start-up, Profitability and Cost Control.

Currently the Transformation Roadmap has delivered tangible improved performance in Safety, Human Resources, Logistics, Sales and Marketing, IT and Finance. Going forward, the focus of the Transformation Roadmap has shifted to the core production areas, with Process Engineering, Material Management, Maintenance, Reliability and Operations Roadmaps being critically addressed by dedicated teams of specialists.

In order to ensure proper monitoring and tracking of all activities to improve performance, PRC has upgraded its Transformation Performance Management dashboard into a **Corporate Management System** to include the following modules:

Transformation Roadmap (project management of all related Transformation Roadmap initiatives) – under implementation, 68% achieved;

Key Performance Indicators, Operational Performance (function and department-level KPI dashboards for proper performance monitoring) – under development and implementation, 90% achieved, operational February 2016;

Accountability (operating plan derived function and department targets, action-items, manpower requirements, budget and KPIs) – completed.

Shareholders Assessments – (compilation of all 3 founding shareholders performance assessments, findings and recommendations) – under development and implementation.

Corporate Actions (initiatives aimed at improving key areas of operations in PRC: asset reliability, Phase II, profitability and cost control) – under development and implementation, operational February 2017.

Engineering Recommendations (compendium of all technical recommendations for overview and tracking, with access to SAP system for further reference) - under development and implementation, operational March 2017.

Safety Recommendations (interface and overview of all safety management recommendations for tracking and access to SAP safety management system for further reference) - under development and implementation, operational March 2017.

The Corporate Management System ensures that all relevant information for managing PRC's business is contained in one place, regularly updated, transparent and accessible in

a controlled manner by all concerned parties through the Company's portal. It provides a positive user experience while capturing all relevant data threads for adequate business management.

b) Phase II Implementation

The Company sees a significant progress of the Phase II construction work during 2016 given the completion of an expansion of the existing Ethane Cracker, MTBE/Isobutylene units, Cumene/Phenol units, electrical & other utility facilities and support services buildings. Ethane Cracker continues to be in operation by raising its capacity to process 125 million SCFD of Ethane. The remaining units including Naphtha Reformer and Aromatics are scheduled to be completed in the second quarter of 2017 and the operation of these units plans to gradually start in the second half of 2017. The delay in these plants is due to the construction market challenges.

The Phase II project will produce over 1.3 MTPA of paraxylene and a diverse slate of other petrochemical products, most of which have yet to be produced in Saudi Arabia, such as ethylene propylene diene monomer rubber ("EPR"), thermoplastic olefin ("TPO"), methyl methacrylate ("MMA"), and poly methyl methacrylate ("PMMA"). Upon completion of the Phase II project, the whole complex of the Company will be capable of producing 5 MTPA of petrochemical products and 15 MTPA of refined petroleum products.

c) Projects for Polyol Production, Clean Fuel and Sulfur Recovery

The Company awarded clean fuel project and sulfur recovery project to the contractor who performs engineering, procurement and construction work of these two projects. The projects plan to be completed during the third quarter of 2019.

The sulfur recovery project, with a capacity of 106,000 tons per annum, is one of the necessary additions for the Phase II project in order to ensure the compliance of the project units to related environmental regulations. The clean fuel project is to construct a naphtha processing unit, with a capacity of 17,000 BPSD, to start producing clean fuel during 2019.

Regarding the polyol project (Polyether Polyols), it is still under engineering study and review.

3. Potential Risks & Risk Management

The business of Petro Rabigh relies on oil refining and petrochemical production which is exposed to the following potential risks:

• Financial Risk Management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk mainly comprises of cash and cash equivalents, time deposits, trade receivables, loans and other receivables. Cash and cash equivalents and time deposits are placed with banks with sound credit ratings. The majority of trade receivables (98%) is from founding shareholders with historically strong credit ratings, and is stated at respective realizable values. For trade receivables from third parties, the Company has a credit insurance policy with a reputable insurance service provider. The Company does not obtain collaterals over receivables. As at December 31, 2016, there were minimal overdue debts equivalent to 1.9% (2015: 10.3%) of the trade receivables of Company's allowed credit periods. The loans are receivable from utility service provider and employees and are secured by utility payments and mortgages on the related housing units respectively. The Company is not exposed to significant credit risk on other receivables.

Fair Value and Cash Flow Interest Rate Risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company's interest rate risks arise mainly from its short-term deposits, loans from banks and financial institutions and loans from founding shareholders, which are at floating rate of interest and are subject to re-pricing on a regular basis.

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due.

Liquidity requirements are monitored on regular basis and the Company ensures that sufficient liquid funds are available to meet any commitments as they arise. The Company aims to maintain sufficient level of its cash and cash equivalents to meet expected cash outflows of financial liabilities.

The Company's financial liabilities consist of trade and other payables, loans and borrowings, capital lease liabilities and certain other liabilities. All financial liabilities except for loans and borrowings, capital lease liabilities and certain employee related liabilities which are non-current in nature, are non-commission bearing and expected to be settled within 12 months from the date of balance sheet.

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Company's transactions are principally in United States Dollars and Saudi Arabian Riyals.

Fair Value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company's financial assets consists of cash and cash equivalents and time deposits, trade receivables, investment, loan and other receivables and its financial liabilities consist of trade and other payables, loans and borrowings, capital lease liabilities and other liabilities. The fair values of the financial instruments are not materially different from their carrying values.

• Risks Related to the Economic Situation

The Company realizes that it operates in a competitive market and the demand of Petro Rabigh products is influenced by global as well as local economic conditions. The major influential factor on demand of Petro Rabigh products is anticipated to be major economic recessions or stagnant local economic conditions. The downturn of both international and

local economic conditions will likely initiate a decline in demand for both refined and petrochemical products and that would impact Petro Rabigh's planned sales and targeted revenues, and if coupled with upward inflationary risks and risks associated with the changes to be made by the government it can further apply pressure on the demand of the Company's products as well as anticipated feedstock cost. Therefore, the Company continuously and closely monitors market condition, supply and demand conditions, interest and exchange rates to forecast and plan for any potential downturns.

• Risks Related to Operations

The Company's sources of revenue rely on the operation of plants and facilities that are influenced by performance and plant capacity utilization, as well as strong engineering support and reliable process information technology infrastructure. The safe and stable operation of the plant is determined by the Operation personnel competency and skill, plant performances, capacity utilization, controlling the hazards and mitigate the risk to as low as reasonable possible. In 2016 the company's Transformation Program was redefined, adding focused committees to address the asset reliability, profitability and cost control, Rabigh II expansion program and to track all management technical recommendations with the goal of reducing process variability, ensuring safe and steady operation, providing competent and motivated personnel to operate and manage the Company facilities and improve Process Information Technology.

• Risks Related to Governance

The Board of Directors among its other responsibilities performs the role and responsibility of setting the Company's strategic direction. Part of that will rely heavily on management's reports and representation regarding the Company's operations and activities. Thus, there is an implied potential risk in practicing this role if ineffective or wrong information is delivered to the Board of Directors which could lead to ineffective direction and will likely result in unwanted profitability impact and/or desired return on investment. To manage and to mitigate this risk, the Company's Board of Directors is continuously overseeing and reviewing the Company's compliance to corporate governance rules and regulations through different approaches such as but not limited to:

- a- Establishing Board committees which will meet periodically as well as prior to Board meetings with the purpose of continuous evaluation and review of various annual corporate plans such as Sales, Marketing, Compensation plans, Audit Reviews, etc.
- b- The Company's established policies are not fixed over the entire life of the organization. Therefore, policies and procedures are reviewed by the Board on "as needed" basis in order to avoid breaching of preset controls due to changing dynamics of the business that the Company operates in.
- c- To ensure that the strategy plan as set by the Board is implemented effectively and to avoid the risk of management diverting from the plan, each organization takes the responsibility of setting key performance indicators (KPI's) which are directly aligned to key strategic objectives. The results of the KPI's are then aligned and are reviewed in each Board meeting against the strategic plan.

• Risks Related to Regulations

The Company is operating in a dynamic environment and its business operation is governed by local as well as international regulations. To control the risk of immediate regulation impact on the Company's operations, the Petro Rabigh has established a Corporate Affairs Department which is an organization that carries the responsibilities and is accountable for following up on the development of local and international regulations pertaining to the petrochemical and refining industry and is in charge of taking steps necessary to report to management within a reasonable timeframe any changes to regulations that is assessed to have direct or implied restrain on the Company's operation as well as communicating the need to comply to certain regulations and suggesting the appropriate steps to do so. This includes local governmental regulations such as

regulations and laws by The Ministry of Energy and Industry and Mineral Resources, Ministry of Commerce and Investment, the Capital Market Authority, in addition to International regulations such as trade and anti-dumping laws and regulations and environmental regulations, etc.

• **Risk Related to Effective Control by Founding Shareholders**

Since the Company's IPO in 2008, the founding shareholders have maintained ownership of 75% of the Company's issued shares. This allows the founding shareholders majority voting rights and as a result, the founding shareholders may be able to influence matters requiring approval of the General Assembly. It is possible for this influence to be exercised in a manner that could have a significant effect on the Company's business, financial condition and results of operations including the election of directors, significant corporate transactions and capital adjustments. Furthermore, any change in the founding shareholders' own business strategy and/or policies toward the Company could result in consequences for the Company's business. On the other hand, the founding shareholders are considered major supporters of the Company's business and a guarantee to its continuity. Saudi Aramco for one is Saudi Arabia's economic backbone and a global catalyst in the oil and gas industry. Likewise, Sumitomo Chemical Co., Ltd. is a highly respected international company that is deeply rooted in a history that extends for more than 300 years. The two companies are vigorously committed to their investment in Petro Rabigh. Evidence of this commitment is the establishment of the second phase of Petro Rabigh where the founding shareholders undertook development of the project, transferred ownership of the project from the founding shareholders to the company and provided financial guarantees to ensure completion of the project. Moreover, as has been previously announced to the public, the founding shareholders have entered into a number of commercial agreements that ultimately benefit of Petro Rabigh. In addition, there are several ways that the Company ensures protection of minority shareholders, including the following:

- Consistent with CMA Corporate Governance Regulations, Petro Rabigh's bylaws require that at least one-third of the members of the Board of Directors be independent, which currently means that no less than three of nine directors are independent. And in order for a resolution of the board to be adopted it must be approved by at least seven of the nine directors, thus ensuring that no resolution may be adopted solely with the approval of non-independent directors.
- The position of chairman of both the Audit Committee and the Marketing Steering Committee are currently occupied by independent directors.
- The Company's bylaws require that the Board approve the Company's entry into or modification of terms for transactions with any of the Shareholders or related parties.
- Related-party transactions are disclosed in the Board of Directors Report and at General Assembly meetings.

4. Assets, Liabilities and Results of Business for the Last Five Years

Balance Sheet:

	In SAR Thousands				
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Current Assets	9,595,738	5,699,999	13,474,468	16,136,502	16,488,519
Non-Current Assets	48,534,315	45,641,050	27,461,323	29,440,244	31,287,030
Total Assets	58,130,053	51,341,049	40,935,791	45,576,746	47,775,549
Current Liability	11,333,134	7,872,133	12,174,834	15,676,713	16,347,884
Long-Term Loans & other Liabilities	38,419,046	35,117,518	19,205,094	20,982,576	22,866,723
Equity	8,377,873	8,351,398	9,555,863	8,917,457	8,560,942
Total Liabilities & Equity	58,130,053	51,341,049	40,935,791	45,576,746	47,775,549

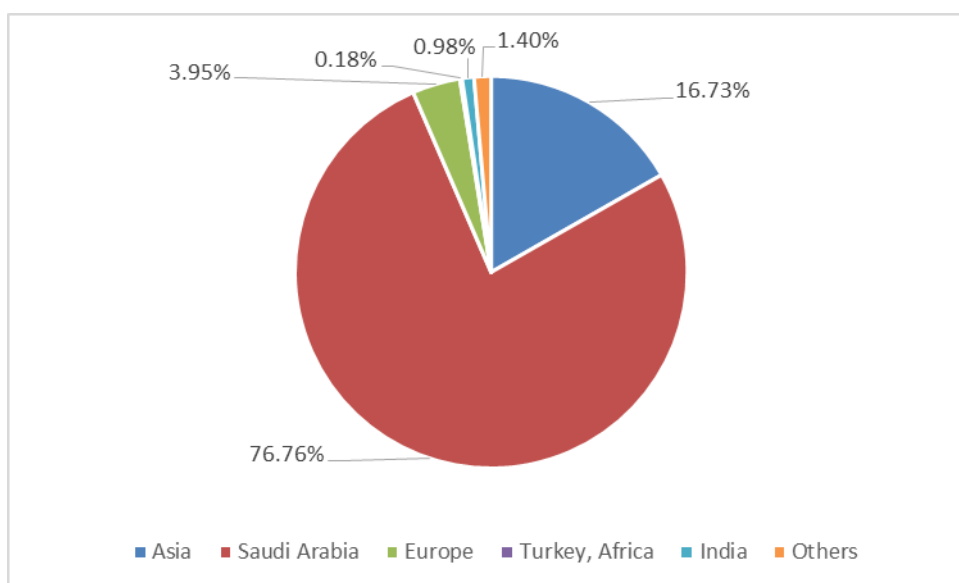
Income Statement:

	In SAR Thousands				
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Income	25,146,130	25,513,860	54,236,752	50,597,710	62,010,877
Refined Products	19,423,911	19,500,612	44,096,362	42,865,957	52,541,909
Petrochemical Products	5,722,219	6,013,248	10,140,390	7,731,753	9,468,968
Cost of Goods Sold	(24,038,699)	(25,218,530)	(52,511,512)	(50,136,617)	(60,481,712)
Gross Profit	1,107,431	295,330	1,725,240	461,093	1,529,165
Selling, General & Administrative Expenses	(998,715)	(1,055,425)	(991,502)	(774,105)	(875,201)
Other (expense) income - Net	(72,051)	1,588	(52,309)	672,195	(165,106)
Net Profit (Loss)	36,665	(758,507)	681,429	359,183	488,858

5. 2016 Geographical Gross Sales and Revenues Analysis

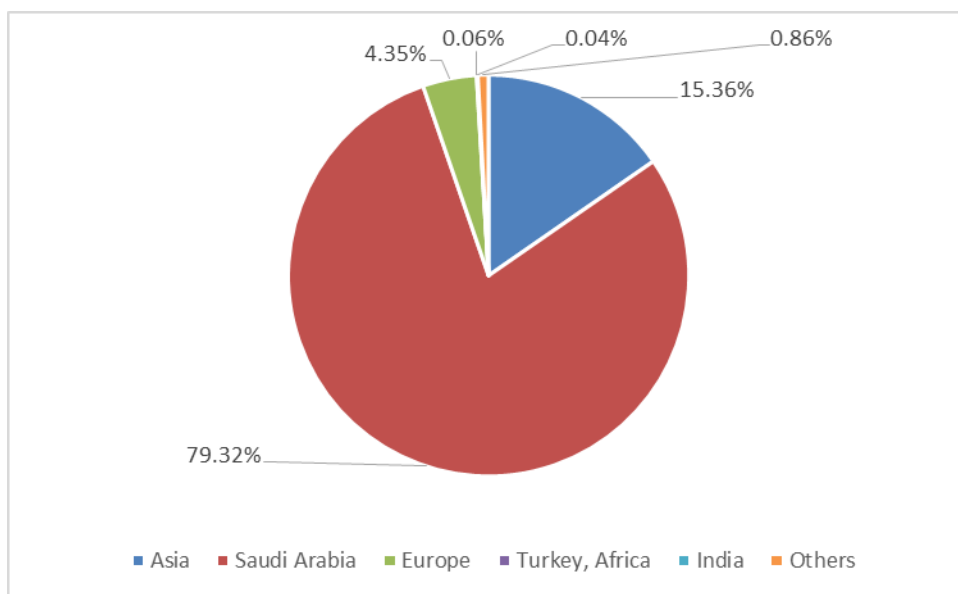
Refined Products Sales

Refined Products		
Destinations	Volume (BBL)	%
Asia	19,704,663	16.73%
Saudi Arabia	90,396,504	76.76%
Europe	4,656,162	3.95%
Turkey, Africa	212,202	0.18%
India	1,152,317	0.98%
Others	1,646,786	1.40%
Total	117,768,635	100%



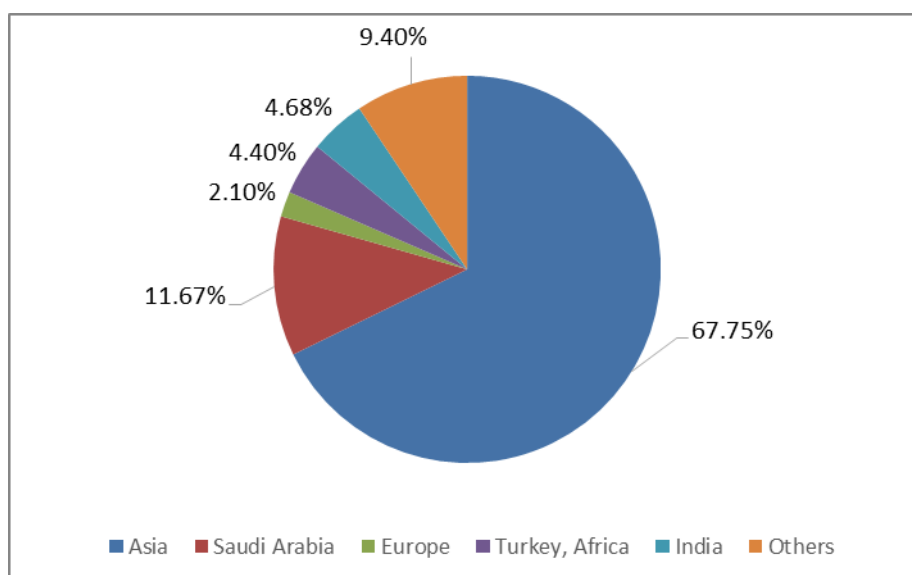
Refined Products Gross Revenues

Refined Products		
Destinations	Sales (SAR)	%
Asia	2,983,857,308	15.36%
Saudi Arabia	15,407,733,158	79.32%
Europe	845,196,589	4.35%
Turkey, Africa	11,219,149	0.06%
India	7,981,590	0.04%
Others	167,923,249	0.86%
Total	19,423,911,041	100%



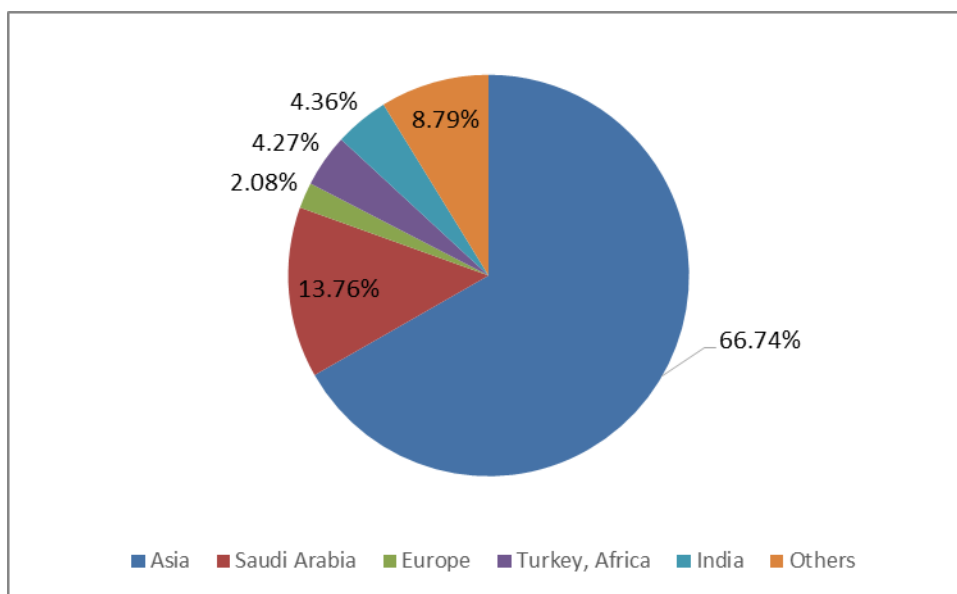
Petrochemical Products Sales

Petrochemical		
Destinations	Volume (MT)	%
Asia	1,177,349	67.75%
Saudi Arabia	202,786	11.67%
Europe	36,484	2.10%
Turkey, Africa	76,432	4.40%
India	81,286	4.68%
Others	163,320	9.40%
Total	1,737,658	100%



Petrochemical Products Gross Revenues

Petrochemical		
Destinations	Sales (SAR)	%
Asia	3,818,811,183	66.74%
Saudi Arabia	787,596,769	13.76%
Europe	118,953,971	2.08%
Turkey, Africa	244,430,779	4.27%
India	249,679,466	4.36%
Others	502,746,791	8.79%
Total	5,722,218,959	100%



6. Material Differences in the Operating Results in Comparison to the Previous Year

Following is a brief description of the 2016 financial outcome in comparison to the previous year:

- Net income for the year ended December 31, 2016 is SAR 36.7 million (December 31, 2015: Net loss SAR 758.5 million).
- Income per share for the year ended December 31, 2016 is SAR 0.04 per share (December 31, 2015: loss SAR 0.87 per share).
- The gross profit for the year ended December 31, 2016 was SAR 1,107.4 million (December 31, 2015: SAR 295.3 million).
- Operating income for the year ended December 31, 2016 is SAR 108.7 million (December 31, 2015: Operating loss of SAR 760 million).

The main reasons for net income for the year against loss in the previous year were (1) sales and production volume increased after start-up from the total complex shutdown performed in Q4 2015 and (2) feedstock price increase positively impacted inventory valuation. However, this profit has partially offset by narrowed margin for both refined products and petrochemicals in 2016.

7. Compliance with Accounting Standards Approved by (SOCPA)

The financial statements of the Company have been prepared and kept in accordance with the Generally Accepted Accounting Principles applied in the Kingdom of Saudi Arabia under the supervision of the Saudi Organization for Certified Public Accountants (SOCPA). These principles are constantly applied in the Company. There is no deviation from the accounting standards issued by SOCPA.

IFRS Conversion Plan

Pursuant to CMA's directive to all listed companies in Kingdom of Saudi Arabia to adopt International Financial Reporting Standards (IFRS) as its financial reporting framework effective January 1, 2017, the Company has taken adequate measures to ensure compliance with such directives.

The Company believes that it is well positioned to comply with CMA's stipulated deadline of January 1, 2017 for the IFRS Conversion.

8. Company's Subsidiaries

N/A

9. The Particulars of the Issued Shares and Debt Instruments of Every Subsidiary

N/A

10. Dividends Distribution Policy

The Company's annual profits shall be allocated, after deducting all general expenses and other costs including taxes and Zakat, as follows:

- 10% of the annual net profit shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when statutory reserve equals half of the Company's equity capital.
- The Ordinary General Assembly may, upon a request of the Board of Directors, set aside a percentage of the annual net profit to form an additional reserve to be allocated for purposes decided by the Ordinary General Assembly.
- All the remaining amounts of the annual net profits shall be distributed to shareholders as dividends unless the Ordinary General Assembly decides otherwise.

11. Description of Any Interest and Changes in a Class of Voting Shares Held by Persons Other Than the Company's Directors, Senior Executives and Their Relatives

N/A

12. Description of Any Interest, Contractually Based Securities, and Subscription Rights of the Company's Directors, Senior Executives and Their Relatives in the Shares or Debt Instruments of the Company or Any of its Subsidiaries, Together With Any Change to Such Interest or Rights

Name	Position	Period Start		Period End		Net Change	Change %
		Stocks	Debt Instruments	Stocks	Debt Instruments		
Abdulaziz M. Al-Judaimi*	Chairman (Non-Executive)	-	-	-	-	-	-
Tomohisa Ohno**	Deputy Chairman (Non-Executive)	-	-	-	-	-	-
Abdullah S. Al-Suwailem*	President & CEO (Executive Director)	-	-	-	-	-	-

Nasser D. Al Mahasher*	President & CEO (Executive Director)	-	-	-	-	-	-
Motaz A. Al-Mashouk*	Non-Executive Director	-	-	-	-	-	-
Shigeyuki Yoneda**	Non-Executive Director	-	-	-	-	-	-
Noriaki Takeshita**	Deputy Chairman Non-Executive Director	-	-	-	-	-	-
Takashi Shigemori**	Executive Director	-	-	-	-	-	-
Saud A. Al-Ashgar	Independent Director	85,400	-	85,400	-	-	-
Saleh F. Al-Nazha	Independent Director	1,000	-	1,000	-	-	-
Waleed A. Bamarouf	Independent Director	1,000	-	1,000	-	-	-

- Abdullah S. Al- Suwaleem resigned from the Board of Petro Rabigh on September 1, 2016.

- Nasser D. Al Mahasher was appointed as President & CEO (Executive Director) on September 1, 2016.

- Tomohisa Ohno resigned from the Board of Petro Rabigh on May 31, 2016.

- Takashi Shigemori was appointed as (Executive Director) on May 31, 2016

*Founding shareholder Saudi Aramco deposited 1,000 shares for Board Membership Qualification on behalf of this member.

**Founding shareholder Sumitomo Chemical deposited 1,000 shares for Board Membership Qualification on behalf of this member.

Description of Senior Executives & their Direct Relatives Interest in Company Stocks and/or Debt Instruments During the Last Financial Year:

Name	Position	Year Start		Year End		Net Change	Change %
		Stocks	Debt Instruments	Stocks	Debt Instruments		
Abdullah M. Al Qahtani	Vice President, Industrial Security	-	-	-	-	-	-
Bassam A. Al Bokhari	Vice President, Industrial Relations	252	-	252	-	-	-
Tareq A. Al Nuaim	Vice President, Engineering &	200	-	200	-	-	-

	Support						
Satoshi Takazawa*	Chief Financial Officer	-	-	-	-	-	-
Naoyuki Inoue***	Chief Financial Officer	-	-	-	-	-	-
Yasuhiko Kitaoura**	Senior Vice President, Manufacturing	-	-	-	-	-	-
Seiji Takeuchi****	Senior Vice President, Manufacturing	-	-	-	-	-	-
Takashi Shigemori	Vice President, Market Development	-	-	-	-	-	-

*Satoshi Takazawa resigned from Petro Rabigh on March 31, 2016

**Yasuhiko Kitaoura resigned from Petro Rabigh on May 14, 2016

***Naoyuki Inoue was appointed as (Chief Financial Officer) on May 1, 2016

****Seiji Takeuchi was appointed as (Senior Vice President, Manufacturing) on May 15, 2016

Personnel with Access to Material Company Information:

Khalid N. Al Nuwaiser*	General Auditor	-	-	-	-	-	-
Eric C. Hyder***	Chief Auditor	-	-	-	-	-	-
Michael C. Smith**	Secretary of the Board of Directors	-	-	-	-	-	-
Carter A. Lawson****	Secretary of the Board of Directors	-	-	-	-	-	-
Eyad M. Ajaj	Corporate Affairs Manager	2,050	-	2,050	-	-	-

*Khalid N. Al Nuwaiser resigned from Petro Rabigh on February 11, 2016.

**Michael C. Smith resigned from Petro Rabigh on September 1, 2016.

***Eric C. Hyder appointment as (Chief Auditor) on September 18, 2016

****Carter A. Lawson appointment as (Secretary of the Board of Directors) July 28, 2016

13. Loans

A) Loans from Banks and Financial Institutions

The Company has entered into Consortium Loan Agreements with commercial banks and financial institutions for development, design, and construction of integrated refining and petrochemical complex and Phase II expansion.

The following table shows Petro Rabigh loans from commercial banks, Islamic banks and government agencies:

Lender	In SAR Thousands					
	Loan Availed up to December 31, 2016	Loan Tenor (Years)	Balance on December 31, 2015	Additions during 2016	Repayments during 2016	Balance December 31, 2016
Japan Bank For International Cooperation	16,867,500	12.5 - 13	12,577,139	772,269	(824,013)	12,525,395
Commercial Banks	14,400,000	12.5 - 13	9,872,732	4,812,440	(4,430,237)	10,254,935
Public Investment Fund	8,625,000	12.5 - 13	5,016,513	2,201,250	(329,605)	6,888,158
Islamic Financial Institutions	2,250,000	12.5	1,314,380	-	(235,092)	1,079,288
Sumitomo Mitsui Banking Corporation - Equity Bridge Loans	4,681,125	4	3,588,000	1,093,125	-	4,681,125
Total	46,823,625		32,368,764	8,879,084	(5,818,947)	35,428,901

B) Loans from Founding Shareholders

The Company has also drawn down a total of SAR 2,287.5 million from each of its founding shareholders during 2008 and 2009. Loans from founding shareholders are repayable on demand on achieving the conditions set by the financial institutions according to the Credit Facility Agreement which is mentioned in the **Related Party Agreements and Transactions** segment of this report.

The following table lists Petro Rabigh loans from the founding shareholders:

Lender	In SAR Thousands				
	Loan Principle	Loan Tenor (Year)	Balance on December 31, 2015	Repayments During 2016	Balance on December 31, 2016
Saudi Aramco	2,287,500	NA	2,287,500	-	2,287,500
Sumitomo Chemical	2,287,500	NA	2,287,500	-	2,287,500
Total	4,575,000	NA	4,575,000	-	4,575,000

C) General Credit Facility

The general credit facility amounting to SAR 375 million has expired on September 3, 2016 and the terms and conditions for its renewal are currently under negotiations.

14. Description of the Classes and Numbers of Any Convertible Debt Instruments, Any Contractually Based Securities, Warrants or Similar Rights Issued or Granted by the Company During the Financial Year, Together With the Consideration Received by the Company in Return

N/A

15. Description of Any Conversion or Subscription Rights Under Any Convertible Debt Instruments, Contractually Based Securities, Warrants or Similar Rights Issued or Granted by the Company

N/A

16. Description of Any Redemption or Purchase or Cancellation by the Company of Any Redeemable Debt Instruments and the Value of Such Securities Outstanding, Distinguishing Between Those Listed Securities Purchased by the Company and Those Purchased by its Subsidiaries

N/A

17. The Number of Meetings of the Directors Held During the Last Financial Year and the Attendance Record of Each Meeting Listing Names of the Attendees

Name	Title	1 st Meeting Feb 24, 2016	2 nd Meeting April 22, 2016	3 rd Meeting July 28, 2016	4 th Meeting Sept 28, 2016	5 th Meeting Dec 15, 2016	Total Meetings Attended
Abdulaziz M. Al-Judaimi	Chairman (Non-Executive)	√	√	√	√	√	5
Tomohisa Ohno ***	Deputy Chairman (Non-Executive)	√	√	-	-	-	2
Abdullah S. Al-Suwailem*	President & CEO (Executive Director)	√	√	√	-	-	3
Nasser D. Al Mahasher**	President & CEO (Executive Director)	-	-	-	√	√	2
Motaz A. Al-Mashouk	Non-Executive Director	√	√	√	√	√	5
Shigeyuki Yoneda	Non-Executive	√	√	√	√	√	5

	Director						
Noriaki Takeshita	Deputy Chairman Non-Executive Director	√	√	√	√	√	5
Takashi Shigemori****	Executive Director	-	-	√	√	√	3
Saud A. Al-Ashgar	Independent Director	Via Proxy	√	√	√	√	5
Saleh F. Al-Nazha	Independent Director	√	√	√	√	√	5
Waleed A. Bamarouf	Independent Director	√	√	√	√	√	5

*Abdullah S. Al- Suwailem resigned from the Board of Petro Rabigh on September 1, 2016.

**Nasser D. Al Mahasher was appointed as President & CEO (Executive Director) on September 1, 2016.

***Tomohisa Ohno resigned from the Board of Petro Rabigh on May 31, 2016.

****Takashi Shigemori was appointed as (Executive Director) on May 31, 2016

18. Description of Any Transaction Between the Company and Any Related Party

As disclosed in the Company's audited annual financial statements, the Company entered into various agreements with its founding shareholders and their subsidiaries including, among others:

Crude Oil Feedstock Supply Agreement

On January 28, 2006, the Company entered into a Crude Oil Feedstock Supply Agreement (COSA) with Saudi Aramco for the supply to the Company of its crude oil feedstock requirements, up to a maximum supply of 400,000 bpd, solely for use in the integrated refining and petrochemical complex. The price at which Saudi Aramco sells the crude oil feedstock to the Company is based, amongst other variable market factors, on the international crude oil prices. The COSA is valid for 30 years commencing from October 1, 2008.

Refined Products Lifting and Marketing Agreement

On March 11, 2006, the Company signed a Refined Products Lifting & Marketing Agreement (RPLMA) with Saudi Aramco as sole "Marketer" of refined products from the Rabigh Refinery. The RPLMA is valid for 10 years from October 1, 2008, and is further extendable for another 5 years. Pursuant to this agreement, Saudi Aramco will lift and market globally, on behalf of the Company as "Seller", the refined products from the integrated refining and petrochemical complex.

Petrochemical Products Lifting and Marketing Agreement

On March 11, 2006 as amended on April 1, 2014, the Company signed a Petrochemical Products Lifting & Marketing Agreement (PPLMA) with founding shareholders as "Marketers" of petrochemical products from the integrated refining and petrochemical complex. The PPLMA is valid for 10 years from accumulated production date, and is further extendable for another 5 years. Pursuant to this agreement, Marketers will lift and market globally, on behalf of the Company as "Seller", the petrochemical products from the

integrated refining and petrochemical complex. An Assignment and Assumption Agreement dated February 23, 2009 assigns Sumitomo Chemical Asia PTE Limited as the “Marketer” on behalf of Sumitomo Chemical Company Limited.

Credit Facility Agreement

On March 18, 2006, the Company entered into a Credit Facility Agreement (CFA) with both of its Founding Shareholders. Under the provisions of this agreement, the Founding Shareholders agreed to grant to the Company a loan facility up to a maximum aggregate amount of Saudi Riyals 6,206 million for the development, design and construction of the integrated refining and petrochemical complex. The commitment of Founding Shareholders in respect of this facility expired on July 1, 2013.

Rabigh Refinery Complex Lease Agreement

The Company has entered into Rabigh Refinery Complex Lease Agreement with Saudi Aramco dated November 1, 2005 for the lease of approximately 11.8 million square meters for a period of 99 years, with effect from November 1, 2005, and may be renewed thereafter for consecutive additional periods as agreed. The Company shall pay to Saudi Aramco rent in an amount equal to Saudi Riyals 1 per square meter per annum starting from October 1, 2008.

Rabigh Community Agreement

The Company has entered into Rabigh community agreement with Saudi Aramco, effective October 1, 2014 for a term of 25 years, in respect of leases of land and infrastructure facilities at yearly lease rentals of Saudi Riyals 16.5 million and Saudi Riyals 18.2 million respectively.

Terminal Lease Agreement

The Company entered into a Terminal Lease Agreement with Saudi Aramco on March 2, 2006 in respect of the existing Rabigh Marine Terminal. Under this agreement, the Company has been granted exclusive rights by Saudi Aramco to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site for a term of 30 years effective from October 1, 2008.

Secondment Agreements

The Company has entered into Secondment Agreements with each of its Founding Shareholders; with Saudi Aramco dated June 12, 2006, and with Sumitomo Chemical dated July 1, 2006. Each of these agreements has a continuous term to apply until the date on which a Founding Shareholder ceases to be a shareholder of the Company. These agreements cover the requirement of the Company from time to time for the secondment of certain personnel to assist in the conduct of business and operations.

Services Agreements

The Company has entered into services agreements with founding shareholders and their affiliates covering various operational and logistics support services. These agreements cover the provision of various support services to and by the Company such as human resources, training and recruitment, legal, utilities, information Technology, General Management, Technical Support and Pre-marketing Support. These agreements also cover the ongoing technical support needed for continuous operations and ongoing enhancements such as refining and petrochemical process know-how provided by Saudi

Aramco and Sumitomo Chemical respectively and marketing technical services, engineering and safety best practices and training provided by both founding shareholders. The Company shall pay for these services at mutually agreed prices specified in each agreement for the services to be provided.

On the other hand, and prior to 2016, Petro Rabigh entered into minor service agreements with associates of its Founding Shareholders:

	Related Party	Description of Agreement
1	Aramco Overseas Company (AOC) B.V. (Italy)	Provides assistance to Petro Rabigh employees and their dependents on Out-of-Kingdom assignments.
2	Aramco Overseas Company B.V. (Korea)	Provides assistance to Petro Rabigh employees and their dependents on Out of Kingdom assignments.
3	Aramco Overseas Company B.V.	AOC to provide Petro Rabigh with recruitment services for in Kingdom positions
4	Aramco Overseas Company B.V.	AOC to provide communications, IT, consulting, Engineering, technical, admin or professional services
5	Sadara Chemical Company	Petro Rabigh Sells furniture and performs renovation work for SADARA
6	Sumika Middle East Co. Ltd. (SME)	Housing Services Agreement
7	Sumika Middle East Co. Ltd. (SME)	Provide Security Training to 2 employees of SME, a subsidiary of Sumitomo Chemical assigned in Rabigh PlusTech Park
8	Sumika Middle East Co. Ltd. (SME), KSA	Utility Supply by Petro Rabigh.
9	Sumitomo Chemical Polymer Compounds, Saudi Arabia Co. LTD.	Housing Services Agreement by Petro Rabigh.
10	Sumitomo Chemical Polymer Compounds, Saudi Arabia Co. (SPCS)	Provide Security Training to employees of Sumitomo Chemical Polymer Compounds, Saudi Arabia Co, a subsidiary of Sumitomo Chemical assigned in Rabigh PlusTech Park
11	Yanbu Aramco Sinopec Refining Co. (YASREF)	To provide on-job industrial training for YASREF staff

Rabigh PlusTech Park

Rabigh PlusTech Park is the first private industrial park in Saudi Arabia. It was established by Saudi Aramco and Sumitomo Chemical to both serve and benefit from the adjacent Petro Rabigh complex by securing long-term tenants to feedstock agreements at conditions favorable to all parties.

Petro Rabigh signed a service agreement with its founding shareholders, where Petro Rabigh provides Rabigh PlusTech Park tenants with at-cost logistical and utility services, as well as warehousing facilities, these tenants who are companies that convert petrochemical products into downstream products benefit from Petro Rabigh petrochemical feedstock supplies and create a captive market for Petro Rabigh products.

Balances of Related Party Transactions

Transactions with related parties arise mainly from purchases, sales of refined and petrochemical products, credit facilities, terminal lease, secondments and community lease agreements.

In addition to the loan from founding shareholders, the transactions result in receivable and payable balances with the related parties as set out in the balance sheet in trade and non-trade receivables, trade and other payables, loans and borrowings, accrued expenses and other liabilities amounting to Saudi Riyals 3,722 million (2015: SAR 789 million), SAR 5,912 million (2015: SAR 1,317 million), SAR 5,332 million (2015: SAR 5,213 million) and SAR 94 million (2015: SAR 233 million), respectively. These transactions are summarized as follows:

Nature of Transaction	Amount of transaction In SAR Thousands	
	December 31, 2016	December 31, 2015
Saudi Arabian Oil Company and its associated companies		
Purchase of goods including shortfall of LPG and through-put fee	19,708,849	19,812,749
Sale of refined products	21,741,222	21,946,412
Financial charges	86,526	75,521
Rentals	47,267	44,188
Services provided to shareholders	800	16,985
Secondees' costs	77,611	78,279
Services and other cost charges (credit), net	32,852	15,515
Dividend	-	164,250
Sumitomo Chemical Company Limited and its associated companies		
Purchase of goods	172,888	51,903
Sale of petrochemical products	2,449,226	2,741,071
Financial charges	58,891	47,323
Rentals	709	709
Services provided to shareholders	800	13,047
Secondees' costs	160,271	83,308
Service and other cost charges (credit), net	43,156	22,140
Dividend	-	156,038

19. Information Relating to Any Businesses or Contract to Which the Company is a Party and in Which a Director of the Company, the CEO, the CFO or Any Person Related to Any of Them Is or Was Interested, Including the Names of Persons in Relation, the Nature, Conditions, Durations and the Amount of the Business or Contract

N/A

20. Description of Any Arrangement or Agreement Under Which a Director or a Senior Executive of the Company Has Waived Any Salary or Compensation

N/A

21. Description of Any Arrangement or Agreement Under Which a Shareholder of the Company Has Waived Any Rights to Dividends

N/A

22. A Statement of the Value of Any Outstanding Statutory Payment on Account of Any Zakat, Taxes, Fees or Any Other Charges

The Company's outstanding amounts to Department of Zakat & Income tax (DZIT) and General Organization for Social Insurance (GOSI) are as follows:

	In SAR Thousands					
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Department of Zakat & Income Tax	153,520	48,960	98,592	79,894	45,655	27,538
General Organization for Social Insurance	7,853	7,356	6,832	5,718	5,343	4,785
Total	161,373	56,316	105,424	85,612	50,998	32,323

Withholding Tax Liability Arising on Novation of Phase 2 project

The novation of the Phase 2 project from the sponsoring partners to PRC in March 2015 and the subsequent reimbursements of these costs to the original sponsoring partners have resulted in WHT liability implications for PRC as a resident entity in KSA.

To this effect, PRC has engaged one of the reputable tax consultants in the region, to support calculation and filing of WHT.

Based on the consultant's extensive study and conclusions, PRC has recognized SAR 52.1 Million liability for filing of the withholding Tax. This amount consists of SAR 43.5 Million of withheld profit from beneficiaries and SAR 8.62 Million of delay payment. To offset this liability, PRC has also recognized SAR 6.75 Million as receivable from the beneficiaries of the payment which attracted the withholding tax; wherever PRC was entitled to deduct withholding tax from the payments in accordance with the contractual rights. Where no such contractual rights existed, such costs which amounted to SAR 15 Million have been capitalized as part of the initial projects costs. Hence, the overall profit and loss impact for the year ended December 31, 2016 would be SAR 30.4 Million.

23. A Statement as to the Value of Any Investments Made or Any Reserves Set Up for the Benefit of the Employees of the Company

Shares Ownership Incentive Program for Employees

The Board of Directors has approved implementation of an employee share ownership plan (ESOP) which provides 800 shares to eligible employees at the end of a 5-year maturity period. To implement this, the Company arranged with a commercial bank to subscribe for 1.5 million shares during the IPO period at the offer price of SAR21 per share. These ESOP shares are managed by Riyadh Capital under an open ended mutual fund which has offered to subscribe and hold such shares "on trust" for the employees as part of an Administrative Service Agreement. These shares, as service awards to employees, are amortized evenly over a period of five years and allocated to eligible employees until the vesting period has been fully met.

As of the end of 2016, a total of 1,674 employees have joined the shares ownership Incentive Program, and a total of 1,365 employees have completed their vesting period and the Company has transferred the shares to their portfolios.

Home Ownership Incentive Program

The Board of Directors of Petro Rabigh approved implementing an incentive program for the Saudi employees from both genders to own housing units. The program aims at providing stability for staff and the convenience of living near the Company's facilities, which should positively reflect on their performance and continued employment with the Company. As per this program, the employee can own or build a housing unit for a single family.

As of the end of 2016, a total of 510 employees have already joined the program.

Employee Lot Allowance

Part of the Home Ownership Program (HOP) the Company provides an amount of SAR 200,000 as a land lot allowance. This amount is considered as a personal loan depreciating over 10 years of Company service. The employee will only be required to repay this loan, or a prorated amount thereof, if he/she leaves the Company before completing 10 years of continuous service from the loan date.

Employee Savings Plan

The Company offers its employees the opportunity to enroll in a savings plan program where the employee contributes a percentage not exceeding 10% of his/her basic salary. The Company then rewards the employee at the rate of 10% for each year of continuous service, up to 100% of the monthly employee's contribution starting with the 10th year of continuous service.

The Balance as of December 31, 2016 for the above mentioned Programs and Funds is as follows:

Description	Balance In SAR Thousands
Shares Ownership Incentive Program for Employees	8,207
Employee Housing Loan- Home Ownership Program (10% Fund)	18,175
Employee Lot Allowance (Home Ownership Program)	43,015
Employer's contribution to Employee Savings Plan	39,305

24. Declarations of the Board of Directors

The Board of Directors declares the following:

- Proper books of account have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the Company's ability to continue as a going concern.

25. Compliance with Corporate Governance Regulations

The Company is committed to applying all the provisions and regulations of Corporate Governance Regulations and the Listing Rules issued by the Capital Market Authority, in addition to Corporate Governance Code issued by Petro Rabigh Company, which was adopted by the Board of Directors in May 7, 2013.

However, 3 items of CMA's (Corporate Governance Regulations) where not implemented due to the below:

Article #	Description	Justification
Corporate Governance Regulations Article 6-D	Investors who are judicial persons and who act on behalf of others - e.g. investment funds- shall disclose in their annual reports their voting policies, actual voting, and ways of dealing with any material conflict of interests that may affect the practice of the fundamental rights in relation to their investments.	The list of the shareholders of the Company includes a wide range of banks, international and local investment funds, as well as the Founding Shareholders. Petro Rabigh does not have the authority over those entities to disclose their policies in voting and their actual vote, or how to deal with any major conflict of interest. Therefore, Petro Rabigh cannot apply of this article. In addition, the text of paragraph (d) puts the responsibility to disclose on those investors, not on the source.
Corporate Governance Regulations Article 11-H	The Board of Directors shall not be entitled to enter into loans which spans more than three years, and shall not sell or mortgage real estate of the company, or drop the company's debts, unless it is authorized to do so by the company's Articles of Association. In the case where the company's Articles of Association includes no provisions to this respect, the Board should not act without the approval of the General Assembly, unless such acts fall within the normal scope of the company's business.	According to Article 19-E of the Bylaws of Petro Rabigh, the Board of Directors has the authority to make decisions relating to loans, bond issuance, and the sale, mortgage and reservation of the Company's assets and the write-off of receivables.
Corporate Governance Regulations Article 12-I	Judicial person who is entitled under the company's Articles of Association to appoint representatives in the Board of Directors, is not entitled to nomination vote of other members of the Board of Directors.	The company's Articles of Association don't entitle any judicial person to appoint representatives in the Board of Directors. Rather, the Board members are elected via the general assembly, where the sponsors vote their shares (Article 16). In addition, according to Article 37 of the Bylaws of Petro

		Rabigh, the Company follows the process of cumulative voting when electing the members of the Board of Directors in the General Assembly.
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26. A statement of the External Auditor's Report Containing Reservations on the Annual Financial Statements

N/A

27. The recommendations of the Board of Directors to Replace the External Auditors and Their Causes

N/A

28. Names of Any Joint Stock Company or Companies in Which the Company Board of Directors Member Acts As a Member of its Board of Directors

Name	Company	Title
Abdulaziz M. Al-Judaimi Chairman Non-Executive Director	-	-
Tomohisa Ohno*** Non-Executive Director Deputy Chairman	Sumitomo Chemical & Its Various Subsidiaries	Board Member
Abdullah S. Al-Suwailem* President & CEO Executive Director	-	-
Nasser D. Al-Mahasher** President & CEO Executive Director	-	-
Motaz A. Al-Mashouk Non-Executive Director	-	-
Shigeyuki Yoneda Non-Executive Director	-	-
Noriaki Takeshita Non-Executive Director	-	-
Takashi Shigemori**** Executive Director	-	-
Saud A. Al-Ashgar Independent Director	-	-
Saleh F. Al-Nazha Independent Director	-	-
Waleed A. Bamarouf Independent Director	Najran Cement	Independent Board Director

*Abdullah S. Al- Suwailem resigned from the Board of Petro Rabigh on September 1, 2016.

**Nasser D. Al-Mahasher was appointed as President & CEO (Executive Director) on September 1, 2016.

***Tomohisa Ohno resigned from the Board of Petro Rabigh on May 31, 2016.

****Takashi Shigemori was appointed as (Executive Director) on May 31, 2016.

29. Formation of the Board of Directors and Classification of its Members

The Board of Directors currently consists of 9 members:

Name	Title & Classification
Abdulaziz M. Al-Judaimi	Chairman (Non-Executive Director)
Tomohisa Ohno***	Deputy Chairman (Non-Executive Director)
Abdullah S. Al-Suwailem*	President & CEO (Executive Director)
Nasser D. Al Mahasher**	President & CEO (Executive Director)
Motaz A. Al-Mashouk	Non-Executive Director
Shigeyuki Yoneda	Non-Executive Director
Noriaki Takeshita	Deputy Chairman (Non-Executive Director)
Takashi Shigemori****	Executive Director
Saud A. Al-Ashgar	Independent Director
Saleh F. Al-Nazha	Independent Director
Waleed A. Bamarouf	Independent Director

*Abdullah S. Al- Suwailem resigned from the Board of Petro Rabigh on September 1, 2016.

**Nasser D. Al-Mahasher was appointed as President & CEO (Executive Director) on September 1, 2016.

***Tomohisa Ohno resigned from the Board of Petro Rabigh on May 31, 2016.

****Takashi Shigemori was appointed as (Executive Director) on May 31, 2016.

30. A Brief Description of the Jurisdictions and Duties of the Board's Main Committees

Board Audit Committee

The Board Audit Committee oversees financial, risk management and internal control aspects of the Company's operations. Its responsibilities include the review and discussion of the Company's interim and annual financial statements. The Board Audit Committee oversees the Company's external auditor and reviews the effectiveness of external and internal audit and has the authority to engage such external experts, as it deems necessary to fulfill its obligations of stewardship on the financial affairs of the Company.

The Board Audit Committee has responsibility for reviewing the effectiveness of the Company's system of internal controls, accounting information systems and finance department's competencies and capabilities while ensuring compliance with the generally accepted accounting standards.

Based on the review conducted by the Board Audit Committee, the committee reports that the Company is applying an effective internal auditing system and that its financial practices in all material respect are in line with accepted accounting standards followed in the Kingdom of Saudi Arabia.

The following table shows the composition of the Company's Board Audit Committee (BAC):

Name	Title	Meeting Attended
Saud A. Al-Ashgar	Chairman of Board Audit Committee	5
Waleed A. Bamarouf	Member	5
Noriaki Takeshita	Member	5
Motaz A. Al-Mashouk	Member	5
(3) Eric C. Hyder (1) Muhammad Kattu (1) Hesham Azzouz	General Auditor & Secretary of the Committee (Non-Member)	5

Nomination, Remuneration and Compensation Committee

The Committee, which has a duration of three years, decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board. The main duties of the Committee include, but are not limited to, the following:

- Recommending to the Board, nominations of Directors in accordance with the approved policies and standards.
- Ensuring that no person who has been previously convicted of any offence affecting honor or honesty is nominated for membership of the Board of Directors.
- Annually reviewing the required skills of the Directors of the Board and the time that a Director should dedicate to the Board's functions.
- Verifying annually the independence of the Independent Directors and the absence of any conflict of interests if the Directors serve as directors on the Board of any other Companies.
- Recommending to the Board clear policies for the remuneration for Directors and senior executive officers using performance criteria.

The following table shows the composition of the Company's Board Nomination, Remuneration & Compensation Committee (NRCC):

Name	Title	Meetings Attended
Motaz A. Al-Mashouk	Chairman of Nomination, Remuneration and Compensation Committee	3
Saleh F. Al-Nazha/ Waleed A. Bamarouf*	Member	2
Noriaki Takeshita	Member	3
Saud A. Al-Ashgar	Member	3
Bassam A. Al-Bokhari	Vice President of Industrial Relations & Secretary of the Committee (Non-Member)	3

*Waleed A. Bamarouf/Saleh F. Al-Nazha as NRCC Member, but could not attend the 3rd NRCC Meeting

Marketing Committee

The Marketing Committee (MC) is formed to guide the Company in marketing its products and the relationship with the marketers and its responsibilities include:

- Monitoring the marketers' performance.
- Reviewing and making recommendations regarding the effectiveness of the marketers' short and long term strategies in marketing the products.
- Reviewing the marketers' activities and making recommendations to maximize long-term revenue realization.
- Monitoring the marketers' activities for compliance with established governance rules and agreements in marketing the products.
- Monitoring the marketers' activities for compliance with applicable laws and regulations in marketing the products.

The following table shows the composition of the Company's Board Marketing Committee (MC):

Name	Title	Meetings Attended
Saleh F. Al-Nazha	Chairman of Marketing Committee	4
Abdullah S. Al-Suwailem / Nasser D. Al-Mahasher	Member	4
Noriaki Takeshita	Member	4
Takashi Shigemori	Secretary of the Committee (Non-Member) (Vice President of Market Development)	4

Executive Committee

The purpose of the Executive Committee (EC) is to assist the Board of Directors in overseeing the Company's interests in the most efficient manner while adhering to best practices of corporate governance. Without prejudice to the powers reserved to the Board of Directors, the Executive Committee shall have all the necessary power and authority to undertake the following tasks:

- Review and approve contract award and expenditure requests for items covered in approved business plans, budgets and programs, provided that no individual item shall exceed SAR 187,5 million.
- Review the business plan and recommend such plans to the Board of Directors for approval.
- Review and approve additions to the annual budgets, plans, and programs approved by the Board of Directors, as the Executive Committee may deem necessary from time to time.
- Review and approve redefinitions, cancellations and supplements of previously approved expenditure requests.
- Receive informational reports on miscellaneous subjects and advise the Company's management thereon.
- To the extent permitted under the law, approve the entry of the Company into transactions with any of the Shareholders or related persons, and modify the terms of any agreement in connection with the same.
- Consider reports submitted to it in accordance with specific functions and subjects delegated by the Board of Directors from time to time.
- Perform such other tasks as delegated to it by the Board of Directors from time to time.

The following table shows the composition of the Company's Board Executive Committee (EC):

Name	Title	Meetings Attended
Abdulaziz M. Al-Judaimi	Chairman of Executive Committee	Nil
Shigeyuki Yoneda	Member	Nil
Saleh F. Al-Nazha	Member	Nil
Carter A. Lawson	Secretary of the Committee (Non-Member)	Nil

31. Details of Compensation and Remuneration Paid to the Board of Directors, Top Five Executives, CEO & CFO

Details of the Board meeting expenses, remuneration and Company executives' salaries are shown in the below table:

	In SAR Thousands			
	Executives Board Members	Non-Executives Board Members	Independent Board Members	Five Senior Executive (Including CEO & CFO)
Salaries & Compensation	1,389	-	-	6,220
Allowances	-	-	60	-
Annual Remunerations	-	-	200	-
Incentives Plans	-	-	-	-
Other Compensations or Benefits*	-	-	-	-

*Independent Board members receive an annual bonus of SAR150,000.00 each against their service on the Board.

32. Punishment or Penalty or Preventive Restriction Imposed on the Company by the Capital Market Authority (CMA) or Any Other Supervisory or Regulatory or Judiciary Body

There was no Punishment or Penalty or Preventive Restriction imposed on the Company by the Capital Market Authority (CMA) or Any Other Supervisory or Regulatory or Judiciary Body

33. Results of the Annual Audit of the Effectiveness of the Internal Control Procedures of the Company

Internal Audit in Petro Rabigh is an independent, objective and consulting activity designed to monitor and improve the effectiveness of the system of internal controls in order to add value to the Company's operations. It helps the Company achieve its goals through the application of a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Additionally, Internal Audit provides an incentive to improve the effectiveness and efficiency of the Company operations by providing recommendations based on analysis and assessments of data and business processes.

In accordance to the 2016 annual audit plan approved by the Board Audit Committee, The Internal Audit function has audited the internal control procedures of the Company major activities. The General Auditor presents the results and recommendations to the Board Audit Committee during the committee regular meetings. Executive management of the Company is committed to implement Internal Auditing recommendations in a reasonable time frame established in conjunction with the Audit function in order to improve the internal control procedures.

There were no critical or major observations found during the 2016 audits that can impair the effectiveness of the Company internal control systems.