

## BOARD OF DIRECTORS REPORT

Yanbu National Petrochemical Company (Yansab)

Annual Report 2022



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**Disclaimer**

The English translation is prepared for convenience. For all purposes, the Arabic language version of these Annual Report shall be the original, governing instrument. In the event of any conflict between the Arabic version and English version, the Arabic language version shall govern and control.



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



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



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# CHAPTER: STRATEGY, FUTURE EXPECTATIONS AND RISKS

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# BOARD OF DIRECTORS' REPORT

To Yanbu National Petrochemical Company's (YANSAB) Shareholders  
Greetings.

The Board of Directors of YANSAB is pleased to present the Annual Report for the fiscal year ended on 31 December, 2022. This report was prepared in accordance with the requirements of the Companies Law of the Kingdom of Saudi Arabia, YANSAB's Articles of Association, Corporate Governance regulations, rules on the Offer of Securities and Continuing Obligations, and regulatory rules and procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies issued by the Capital Market Authority (CMA).

The Annual Report provides information on YANSAB's activities, performance, achievements and future plans, as well as efforts made to enhance the company's performance in developing the equity of its shareholders and to support the growth of the national petrochemical industry.

The report also highlights the company's contributions to the areas of environment, society and corporate governance, according to its final accounts and financial position for the fiscal year ended 31 December, 2022.

The Board of Directors (Board) is honored to extend sincere gratitude to the Custodian of the Two Holy Mosques, His Royal Highness the Crown Prince and the Government for their support to economic sectors as they play their roles in realizing the Kingdom's Vision 2030 (Thriving Economy), particularly the industrial sector.

The Board also appreciates the efforts exerted by YANSAB's employees and the support provided by all stakeholders including shareholders, customers, suppliers and the entire work community.

## Vision

To be the best petrochemical complex in the world.

## Mission

Providing high-quality products in a responsible manner through innovation, learning and operational excellence, and maintaining high performance in the fields of environment and safety, while creating maximum value for all beneficiaries.



# ESTABLISHMENT AND ACTIVITY

Yanbu National Petrochemical Company (YANSAB) was incorporated in February 2006 as a Saudi joint-stock company. YANSAB's authorized and fully paid-up capital is 5,625 million SAR distributed over 562.5 million shares at a nominal value of 10 SAR per share. Saudi Basic Industries Corporation (SABIC) owns 51% and 49% is owned by private sector entities and individuals.

A subsidiary of Saudi Basic Industries Corporation (SABIC), the company is headquartered in Yanbu, an industrial city in the Al Madinah province of Western Saudi Arabia.

YANSAB adopts the application of the latest technologies across various manufacturing and production processes in its industrial complex in Yanbu Industrial City, with a production capacity of over four (4) million tons annually of various products, according to the following graph:



These products serve an assortment of industries around the world, ranging from packaging to textiles. YANSAB's products also play vital roles in the transportation of water and gas, various injection molding applications and cast film applications, and the packaging of electronic and medical devices.

Since 2021, YANSAB also manages and operates plants of Arabian Industrial Fibers Company (Ibn Rushd), y, which allows the company to optimize the use of assets and achieve better spending efficiency, including attracting national talents and handling services for materials and raw materials, which are among the business within the group.





# STRATEGY

YANSAB has developed a clear future strategy to ensure growth in the petrochemical industry that adds value to its assets, while maintaining the highest levels of safety, quality and sustainability; adhering strictly to all relevant industry standards and laws in order to achieve leadership; fostering partnerships between all company-related parties locally and globally; and growing shareholders' equity without prejudice to the company's social responsibility. The strategy will be implemented through the following lines:



**Line 1:** Scale up energy optimization by putting in place several programs and projects with a core focus on ensuring reliability, sustainability and performance improvement.



**Line 2:** Expand the production capacity for the main products.



**Line 3:** Continue studying the available investment opportunities related to manufacturing petrochemicals.



**Line 4:** Study purchasing shares in some companies that practice the same activity (Manufacturing Petrochemicals) or shareholding in feasible companies.



YANSAB is keen to enhance its competitiveness, benefit from technological progress and provide digital solutions



In this context, YANSAB is keen to enhance its competitiveness, benefit from technological progress and provide digital solutions that contribute to improving capabilities in various fields, such as manufacturing, supply chain, innovation and sustainability.

YANSAB continued to build on several initiatives during 2022 as part of SABIC's Digital Transformation Program



Assets management using artificial intelligence.



Smart inspection.



Business permits digitization.



digitize the process of monitoring factories

YANSAB is also studying similar initiatives to enable it to comply with future goals, including fuller coverage of the company for AI, energy optimization and plant efficiency.



# FUTURE PLANS

## Scheduled maintenance

On November 20, 2022, the company announced the scheduled Turnaround of the company's complex for preventive maintenance according to industrial and technical standards for 53 days starting from 10 January 2023. This turnaround will contribute to enhance reliability of the company's plants and improving its operational and production efficiency.

## Digital transformation

YANSAB is keen to enhance competitiveness, benefit from technological progress and provide digital solutions that improve capabilities in various fields such as manufacturing, supply chain, innovation, and sustainability.

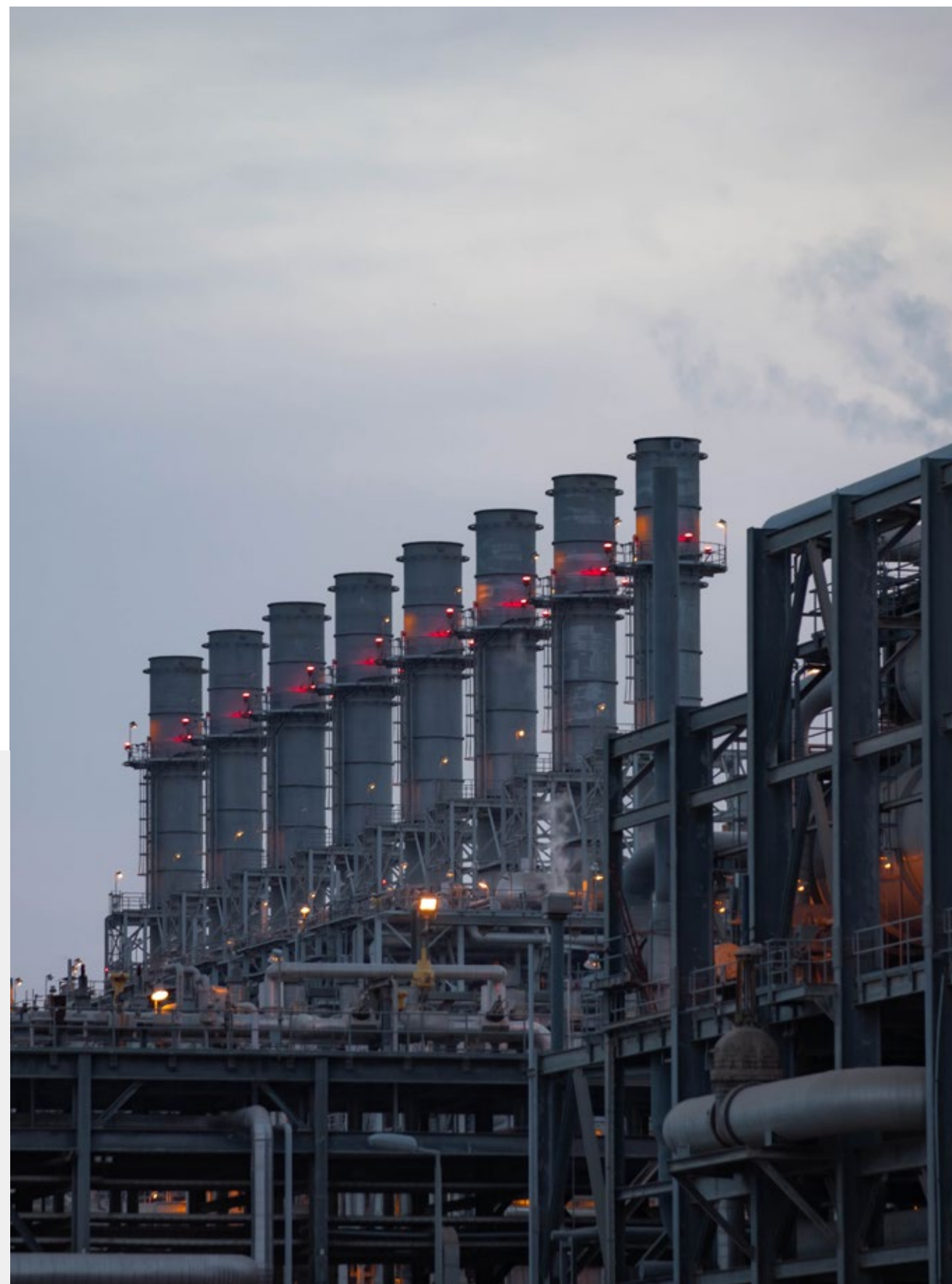
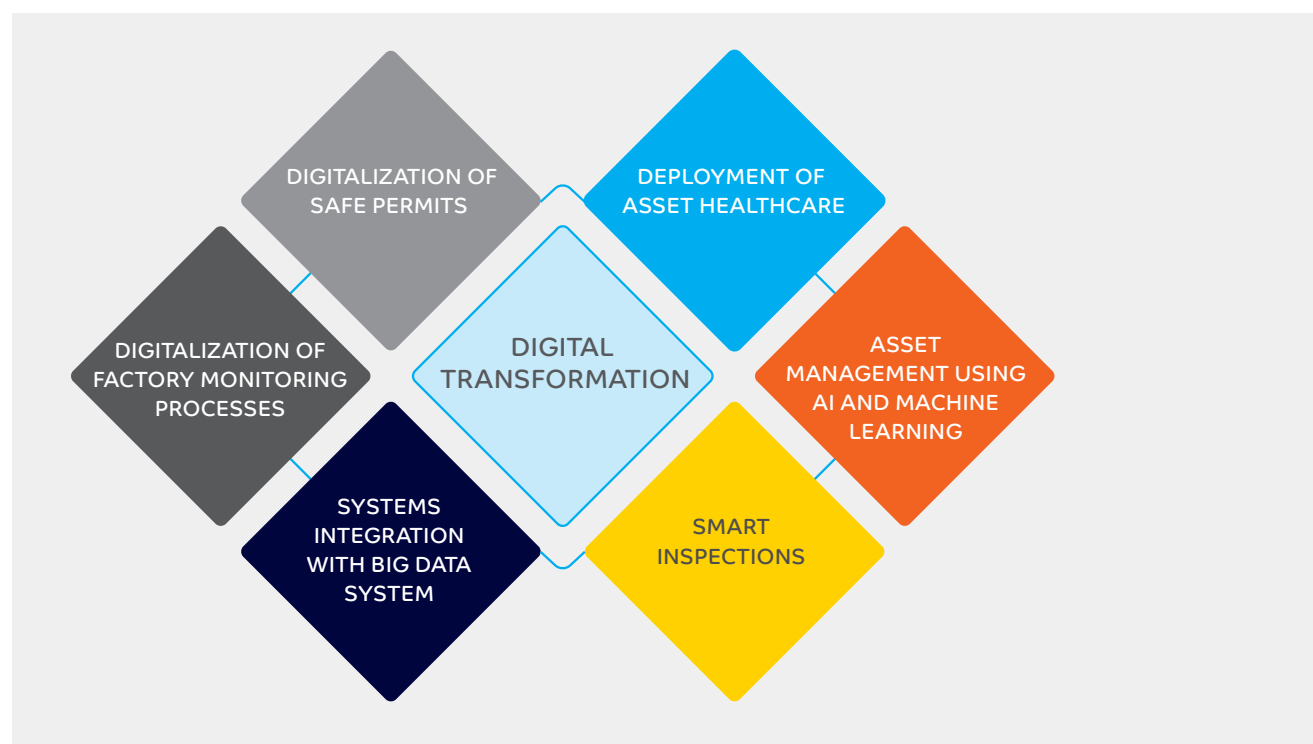
The company will continue adopting and implementing aspects of SABIC's Digital Transformation Program:

## Environmental pledges

YANSAB, in cooperation with SABIC, is committed to the goals of the Paris Agreement and the implementation of Saudi Vision 2060.

The company has pledged to reduce its greenhouse gas emissions by 20 percent by 2030, in comparison with 2018, targeting both direct and indirect emissions from different production processes.

YANSAB will also continue to make efforts and explore solutions to achieve carbon neutrality across all operations before or by 2050, after considering the company's ambitions and commitments, and national initiatives.



# RISK MANAGEMENT AND BUSINESS CONTINUITY

## Risk mitigation strategy

YANSAB is proactive in identifying and understanding risks that are facing, or likely to face, the company; evaluating the extent of impact on performance; taking preventive measures to prevent or minimize or control them; and capitalizing on opportunities to achieve strategic goals. This risk management strategy is applied to all operations.

## Risk management policy

YANSAB's policy for risk management and business continuity management has been developed in accordance with an integrated governance system that works to identify, understand, and effectively manage risks facing the company.

Responsibility begins with employees and members of management, through the preparation of detailed risk reports. These reports are submitted periodically to the Risk Committee.

In turn, the Risk Committee submits recommendations to the Board of Directors on the adequacy of measures taken to reduce the impact of any reported risk. Additionally, it also recommends either continuing with the same measures or taking additional measures to control the reported risk.



## Risk and business continuity systems

YANSAB's Risk Management System was developed to accommodate several dimensions that include control and governance, integration of risk operations, risk management infrastructure, and enabling a culture of risk among employees.

After a SABIC-led evaluation of its levels of maturity and effectiveness, this system was graded at second level at the end of 2020, and third level at the end of 2021. Plans are underway to achieve a higher grade on schedule.

YANSAB has also developed a Risk Management and Business Continuity System, both to enhance the value of the company and protect its interests, and as part of a continuing commitment to the achieving the interests of the company's customers, employees, and related parties.

In addition, YANSAB applies its Business Continuity Management System to understand and prioritize threats facing the company and requirements to reduce the possibility of incidents or reduce their negative effects.

The company regularly hosts workshops for all departments to review business continuity strategies and to study how best to develop them further.

## Strategy and policy implementation

The responsibility of implementing the risk mitigation strategy and related risk management policies rests with YANSAB's Executive Management, while the responsibility for monitoring its implementation rests with the Board of Directors, with the support of the Risk Committee.





# RISK

Each investor, current or potential, should carefully study the risk factors identified below, bearing in mind that these risks do not include all those that YANSAB may encounter, and there may be additional risks unknown to YANSAB at the present or may be considered by it as insubstantial risks that may hinder its operations. YANSAB's activities, financial position, operating results, and cash flows may be substantially or adversely affected due to the occurrence of any risks which the company sees as substantial at present, or any other risk that the company has not yet identified or sees as insubstantial, or if insubstantial risks become substantial. In principle, the company is exposed to strategic risks that affect the ability to achieve strategic goals, operational risks which resulting from the nature of the business, and financial risks which affect profitability.

## MAIN RISKS RELATING TO OUR BUSINESS

The company needs to maintain capacity utilization rates in the manufacturing facilities in order to maintain profit margins. Profits in the petrochemicals business are closely tied to global demand, industry inventory levels and plant capacity utilization. That is because higher production rates enable the sector to allocate fixed costs across larger production volumes. Consequently, maximizing production rates is a key factor to the profitability of the company's petrochemicals operations. YANSAB's ability to maintain profitability depends, to a significant degree, on its ability to maintain high capacity utilization rates in its plants, which is the level of production that each plant achieves in relation to its capacity. However, excess industrywide capacity, especially at times when demand is weak, may cause YANSAB and (others in the industry) to lower production rates, which will reduce margins, income, and cash flow. YANSAB is exposed to a number of operational risks, including reduced utilization rates due to scheduled activities such as: maintenance and unscheduled outages which may, for example, be due to equipment or human failure; unavailability of skilled human resources; decline of recovery rates lower than the expected; poor performance of contractors, corrosion problems impacting plants and pipelines, health and safety incidents that may be caused by third-party contractors, and exposure to natural hazards

such as changeable weather events. Any such incident could adversely affect YANSAB's business, operating results, or financial position. There is no doubt that the failure to maintain high capacity utilization rates could have a substantial and adverse effect on YANSAB's business, Operating results or financial position. The company strives to reduce such effect by reducing costs and improving the reliability of the company's plants to ensure the continuity of production and sale within clear business plans and practices.

## Risks Related to our Responsibility Towards Environment, Health, and Security (EHSS)

YANSAB is compliant with laws and regulations related to the environment, health, safety and security that apply to its operations. These laws and regulations set various standards regulating certain aspects of EHSS quality and provide for civil and criminal penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate facilities and locations where operations are or were conducted. In addition, special provisions are applicable in environmentally sensitive areas of operation. YANSAB cannot predict what EHSS legislation or regulations will be enacted in the future, or how existing or future EHSS laws or regulations will be administered or enforced. This is because compliance with more stringent laws or regulations, or more vigorous enforcement policies imposed by any regulatory authority could in the future require large expenditures by YANSAB for the installation and operation of systems and equipment for remedial measures. All the foregoing could have a significant and adverse effect on YANSAB's business, Operating results or financial position. Incidents related to the company's products may involve severe damage to property, the environment and human health, which could substantially affect in an adverse manner YANSAB's business, operating results and financial position as a commercial company working with chemicals and hazardous substances, YANSAB is inherently subject to the risk of spills, discharges, or other releases into the environment. YANSAB uses feedstock's and manufactures, stores and transports chemical products that are volatile and explosive, which may have an adverse impact on the environment.

YANSAB's operations include the following environmental risks:

- Explosions at SABIC's production or logistics facilities.
- Release of toxic gases into the atmosphere.
- Release of hazardous chemicals on land or in waterways.

Such risks or others could result in fires, explosions, severe pollution or other catastrophic circumstances, which could cause severe damage or injury to persons, property or the environment as well as disruptions that suspend working in YANSAB. Such incidents may result in equipment failures or shutdowns, civil lawsuits, criminal investigations and regulatory enforcement proceedings, all of which can cause YANSAB to bear great liabilities. Any damage to persons, equipment or property or other disruption that affects YANSAB's ability to produce or distribute its products, could result in a significant decrease in YANSAB's revenues and profits and enormous additional costs to replace or repair YANSAB's assets depending on the nature of the incident. YANSAB may not be fully insured, or not insured at all, all of which could result in a substantial and adverse effect on YANSAB's business, operating results and financial position.



## Risks resulting from the Outbreak of Global Pandemics or Epidemics

The outbreak of global pandemics or epidemics may lead to risks of global business and economic activity disruption. Risks resulting therefrom or governments' instructions to deal with such events may have a fundamental and negative impact on YANSAB's business and operating results or financial position.

## OUR INSURANCE POLICIES MAY NOT BE SUFFICIENT TO COVER ALL RISKS THAT WE FACE

YANSAB's operations involve hazards and risks inherent in petrochemicals operations and other operations. Such hazards and risks include fires, explosions, pipeline ruptures and spills, storage tank leaks, chemical spills, discharges or releases of hazardous substances or gases and other environmental risks, mechanical failure of equipment at YANSAB's facilities, war, terrorism, sabotage and natural disasters. In addition, many of these operating and other risks may cause personal injury and loss of life, severe damage to or destruction of YANSAB's properties and properties of others and environmental pollution, which may result the suspension of operations and imposition of civil or criminal penalties. YANSAB believes that it must maintain an insurance coverage in amounts consistent with the relevant industry practices, including covering the risks of property damage, business interruption resulting from, inter alia, fire or machinery breakdown, and third-party liability. However, this insurance coverage cannot include all losses, which YANSAB may incur in the future, or guarantee that the liability imposed on YANSAB will not exceed its total assets. YANSAB may be exposed to a material loss to the extent that a claim is made against YANSAB which is not covered in whole or in part by the insurance and for which third party indemnification is not available. In addition, there can be no assurance that YANSAB's insurance coverage will continue to be available in the market or available at an acceptable cost. If YANSAB suffered large uninsured losses or if any insured loss significantly exceeds such an insurance coverage, then the business, Operating results or financial position might be substantially affected in an adverse manner. This would, in turn, affect the ability of YANSAB to pay the profits and other dividends payable, and this could have a substantial and adverse effect on YANSAB's business, operating results or financial position.

## OIL, GAS AND FACILITIES PRICE FLUCTUATIONS

Large and prolonged decline in crack spreads would negatively impact our financial results. YANSAB's financial results are significantly impacted by the margin between the prices at which YANSAB sells products and the prices at which YANSAB purchases feedstock for use, particularly in its petrochemicals business. However, the price of YANSAB's feedstock and the price of the product sold to customers depends on the type of product and the location of the customer. YANSAB's operating results can be significantly impacted by fluctuations in the prices of several commodities, particularly oil, oil derivatives, gas and facilities. That is because YANSAB's feedstock prices in Saudi Arabia are set by the Ministry of Energy.

YANSAB's sales depend on petrochemical products. Generally, the changes in sale's prices for petrochemical products coincide with changes in oil prices albeit, sometimes with the delayed timescale, including a paradigm shift in dynamics across different regions. Thus, manufacturers are unable to impose all such increases on their customers when oil prices are soaring. As a result, the margins in YANSAB's operating are significantly improved when oil prices (petrochemical prices) are soaring and suffer in the period of falling.

## IF YANSAB ENTERS INTO FINANCING AGREEMENTS

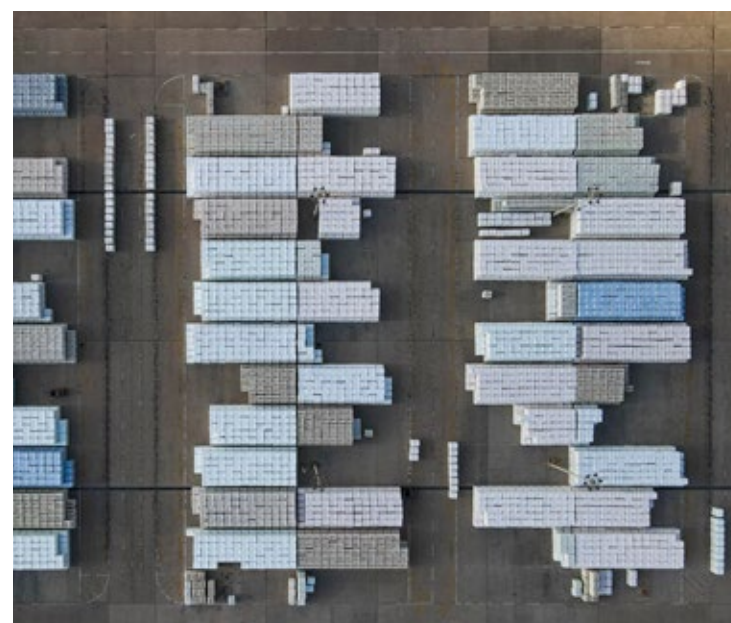
It may be subject to additional or more restrictive agreements and ratios, or its assets may be held as collateral for the benefit of the lenders. In addition, any debt that requires a large part of the cash flows from the operations that are set aside to pay the principal and interest (to the extent the due payment is made) on indebtedness of YANSAB. This reduces the company's ability to take advantage of the cash flow to finance its operations and future business opportunities. All of the aforementioned may limit the ability of YANSAB to increase the capital to finance any future capital expenditures or operations, and thus expose the company to the risks of increasing interest rates or increasing costs, or both, to cover interest rates, as well as the risks of refinancing to the extent that YANSAB fails to repay its loans from the cash flows generated from its internal activities. If the company becomes unable to obtain an appropriate financing or other capital contributions to finance the capital and investment expenditures in the future, this may require changing such projects, reducing their scope, postponing or canceling them, which may, in turn, affect the profitability and operational competitiveness of YANSAB

## CUSTOMERS' CREDIT RISKS

According to the marketing agreement, YANSAB sells its products through\to SABIC which, in turn, provides these products to a variety of customers. This may expose it to the risk of non-payment for the products supplied, especially the trade receivables. These risks are heightened when conditions in the industries in which its customers operate or the general economic conditions deteriorate. The risks of non-payment (whether by customers or SABIC), if occurred, may materially or adversely affect YANSAB's business, the results of its operations, or its financial position; it is noteworthy that the terms of the marketing agreement and the credit sales policy provides for reducing the incidence of customers' credit risks.

## FOREIGN EXCHANGE RISKS

YANSAB operates internationally. Thus, it is exposed to foreign exchange risks arising from various currency exposures, especially with respect to fluctuations of other currencies against the Saudi Arabian Riyal. These risks are primarily in accounts receivable, trade payables and certain non- SAR denominated bank accounts. However, as long as the Saudi Riyal is pegged to the U.S. Dollar and YANSAB's business is primarily conducted in U.S Dollar, YANSAB does not significantly exposed to U.S. Dollar risks. The company also deals with the Euro, British Pound and Japanese Yen to a lesser extent. YANSAB policies require conducting a periodic review of currency exchange risk. However, there is no guarantee that any adequate precautionary procedures will be sufficient to protect YANSAB, or that any future fluctuations in the currency exchange rates will not adversely affect YANSAB's business, operating results or financial position.



## FINANCIAL INSTRUMENT RISKS

The annual financial statements include clarifications about YANSAB's exposure to the types of financial instrument risks to which YANSAB may be exposed and YANSAB's policy and procedures in respect of measuring and managing these risks. These risks may have a substantial and adverse effect on the Operating results and the financial position of YANSAB. There were no company-based loans or any hedging contracts during the fiscal year ending on December 31, 2022.

## WE ARE SUBJECT TO GLOBAL MARKET/ ECONOMIC CONDITIONS

YANSAB faces risks related to changes in the global economic environment, and YANSAB's performance is particularly affected by economic cycles affecting end-user industries, since the products manufactured by YANSAB are used as intermediates in manufacturing products utilized by such companies. In the last decade, the global economy has continued to experience periods of slowdown, high volatility, reduced business activity, unemployment, decline in interest rates and erosion of consumer confidence, that have impacted the downstream demand for chemical and plastic products in certain industry sectors and regions. YANSAB cannot predict adverse trends in the global economy and their effect on the market demand for YANSAB's products and its profitability. Any downturn in regional or worldwide economies, market crisis or prolonged periods of instability could have a material and adverse effect on YANSAB's business, Operating results or financial position. The deterioration of the economic climate can, particularly, result in decreased industrial output and decreased demand for consumer products including consumer goods, packaging products and industrial goods, all of which include YANSAB's products all over the world.

## THE INDUSTRIES IN WHICH WE OPERATE ARE HIGHLY COMPETITIVE.

The markets for most of YANSAB's products are highly competitive. YANSAB faces aspects of competitiveness in several markets and different geographic industries. YANSAB's key competitors vary from product to product and range from large global petrochemical companies to numerous smaller regional companies. Some of YANSAB's competitors are larger and more vertically integrated than YANSAB in terms of their upstream and/ or downstream productions, and therefore they may be able to manufacture more competitive products than YANSAB.

## THE CYCLICAL NATURE OF THE PETROCHEMICALS INDUSTRY MAY HAVE A SUBSTANTIAL AND ADVERSE IMPACT ON OUR BUSINESS

The petrochemicals industry is subject to the cycles of expansion and contraction in line with movements in the global economy, which leads to fluctuations in the supply and demand of petrochemicals products and volatility in the prices of feedstock as well as final petrochemical products. As a result of such a cyclicity, the global petrochemical markets have experienced alternating periods of limited supply (which has resulted in the increase of prices and profit margins), followed by expansion of production capacity (which has resulted in oversupply, lower prices and reduced margins). YANSAB cannot precisely predict, in a measurable manner, these economic trends and cycles or the duration and dates of such trends and cycles, which could significantly affect YANSAB's business, Operating results or financial position. Conditions affecting transportation of products may adversely affect the performance of our operations, especially exports of the final products by sea and overland trucks. Although YANSAB seeks cost effectiveness in the distribution of its final products, there can be no assurance that these transportation costs will not significantly increase in the future, which may reduce YANSAB's competitive advantage compared to regional producers. Any issue affecting cargo transportation by sea, such as special taxes, dangerous conditions or natural disasters, inter alia, could adversely affect YANSAB's Operating results or financial position. Furthermore, some of the products ordered to be transported are classified as hazardous. As for the cargo transportation, YANSAB relies on various forms of transportation to deliver the final products to customers. Such geopolitical issues, acts of war, trade blockades and piracy affecting these transportation routes could adversely affect YANSAB's business, results of operations and financial position.



#### RISKS ARISING FROM INTERNATIONAL TRADE CONTROLS

YANSAB exports products to countries which have adopted trade defense instruments such as anti-dumping, and anti-subsidy laws and regulations. Non-compliance with these may result in the imposition of anti-dumping or anti-subsidy duties on imports of products into such countries. Moreover, YANSAB's imports and exports are affected by import duties that may be imposed by some governments at their own discretion. YANSAB believes that some countries' application of trade defense measures and other forms of trade controls is likely to be increased in the future. Any trade defense measures or duties imposed on exports or imports of YANSAB, its suppliers or its customers could have a substantial and adverse effect on YANSAB's business, Operating results or financial position.

#### RISKS ARISING FROM DEFECTIVE PRODUCTS

Several products of YANSAB are developed through highly complex technical and manufacturing processes. Therefore, there are potential risks that some products may be defective. These risks are increased when customers incorporate YANSAB products into consumer products, which are then sold to consumers. Although YANSAB defines its liability towards its customers for product defects under the purchase and sale agreements, through coordination with SABIC as per the marketing agreement, laws in a number of countries impose a strict liability on the manufacturer or importer of the products, which could not be limited. Moreover, YANSAB performs a part of its business without fixed-term contracts, which enables the seller to reduce its liability. Defects in products manufactured by YANSAB may give rise to significant costs, including expenses related to the recovery of end-use products by end-stage customers or their own customers, replacing defective items, write-offs of defective stocks, and loss of potential sales. In addition, such defects are likely to give rise to claims related to product liability and warranty, including liability for damages caused by such defects. Any or all of these may have a substantial and adverse effect on YANSAB's business, results of operations or financial position, in addition to damages to its reputation.

#### Changes to Laws or Regulations or Noncompliance with Any Laws and Regulations

May Substantially Affect Our Business in an Adverse Manner, YANSAB is subject to various laws and regulations. Such laws and regulations may be related to licensing requirements, EHSS obligations, asset and investment controls, marketing guidelines and a range of other requirements.

YANSAB's petrochemicals products are subject to a variety of laws and government regulations relating to the use, discharge, release and disposal of toxic or hazardous materials used by such businesses. Compliance with such laws and regulations can be costly, and SABIC incurs and will continue to incur costs, including capital expenditures to comply with these requirements. Furthermore, noncompliance with such laws and regulations or any changes thereto, including issuing additional regulations, could have a substantial and adverse effect on YANSAB's business, results of operations or financial position. In addition, new laws may be enacted, and new regulations may be issued in the future. As a result, additional costs related to compliance with the regulations, confiscation or recall of products, or financial fines, any of which may result in either obstruction or prohibition of the development, distribution and sale of YANSAB's products. The regulation or reclassification of any of SABIC's raw materials or products could adversely affect the availability or marketability of such products. This results in a ban on its import, purchase or sale, or requires YANSAB to incur ever-increasing costs to comply with notification, labelling or handling requirements, each of which may adversely affect YANSAB's business, operating results or financial position.

#### RISKS ARISING FROM YANSAB'S NONCOMPLIANCE WITH THE STANDARDS OF SEEC

aimed at rationalizing energy production and consumption to the extent that ensures scaling up its efficiency in the Kingdom. In case of YANSAB's noncompliance with the requirement of providing energy consumption data or an action plan to scale up the energy efficiency for any of its plants on the dates set by the center, this will result in risks that may have a substantial and adverse effect on the Operating results and the financial position of YANSAB, and consequently the Ministry of Commerce and Investment will suspend its industrial services. In addition, the export license will not be issued. The industrial project will be administratively closed until the violation and consequences thereof are eliminated. In addition, the industrial license of any plant will be cancelled or not renewed if it does not meet the energy-efficiency requirements and standards approved by the SEEC. By virtue of a notification from the SEEC. In the event that YANSAB does not comply with the energy efficiency requirements and standards approved by the SEEC, the Capital Market Authority (CMA) will compel YANSAB to disclose the consequences of its noncompliance. If YANSAB does not do so, the CMA will take the necessary regulatory actions, including the imposition of fines and

penalties prescribed under the Capital Market Law and Implementing Regulations. Furthermore, the Saudi Standards, Metrology and Quality Organization (SASO) will refuse to renew the license using the quality mark, and the Royal Commission for Jubail and Yanbu (RCGY) will apply the penalties and sanctions prescribed in the laws and regulations applicable to RCGY's in case YANSAB or one of its plants is noncompliant with the energy efficiency requirements and standards approved by the SEEC.

#### RISKS RESULTING FROM DISPUTES AND/OR LITIGATION

YANSAB is subject to risks related to legal and regulatory procedures to which it is a party or that may arise in the future. These risks may include, in particular, risks related to product liability, competition, antitrust, export control and data protection laws, patent law, procurement law, tax legislation and protecting the environment in which YANSAB works. YANSAB's involvement as a party to lawsuits and regulatory actions may result in imposing fines or penalties or could adversely affect its reputation. Moreover, litigation and regulatory actions are unpredictable, and legal or regulatory actions in which YANSAB is, or becomes, involved (or settlements thereof) could result in substantial penalties that may lead to significant losses, costs, and expenses. Such losses, costs and expenses may not be covered or fully covered by insurance.

Investigations of possible legal or regulatory violations may result in imposing civil or criminal penalties and/ or other adverse financial consequences. Any of the aforementioned may have a substantial and adverse effect on YANSAB's business, Operating results or financial position, as well as on YANSAB's reputation.

#### RISKS ASSOCIATED WITH THE USE OF INTELLECTUAL PROPERTY AND TECHNOLOGY LICENCES

YANSAB depends upon a wide range of intellectual property to support its businesses and has obtained, with respect to this, licenses for certain technologies used in its manufacturing facilities. YANSAB's operations are primarily based on technology licenses from SABIC and other parties. Any termination of any substantial technology license or dispute related to its use could require the relevant entity of YANSAB to cease using the relevant technology. Therefore, this may adversely affect YANSAB's ability to produce the relevant products. In addition, YANSAB's inability to maintain any license could require YANSAB to cease using the technology and to license such rights from other parties on less favorable commercial terms or obtain substitute technology of lower quality or performance standards at greater cost. Any of the foregoing could have a substantial and adverse effect on YANSAB's business and operating results.





#### RISKS ASSOCIATED WITH THE USE OF INFORMATION TECHNOLOGY

YANSAB relies on several information technology ("IT") systems in order to carry out its day-to-day operations. As a result of the ever-increasing complexity of information and communication technology, YANSAB is exposed to various risks, ranging from the loss or theft of data, cyber-attacks, stoppage and interruptions to the business, through to systems failure and technical obsolescence of IT systems. The ever-increasing global information security threats and more sophisticated cybercrimes pose a risk to the confidentiality, availability and integrity of data, operations and infrastructure of the IT systems, networks, facilities, products and services of YANSAB. The no availability, breach of confidentiality, or the manipulation of data in critical IT systems and applications may lead to confidential data and expertise leak in an uncontrollable manner and have a direct impact on YANSAB's business operations. Although YANSAB maintains back-up systems, there is no assurance that these systems will work as efficiently or quickly as expected; or will work at all. Should such threats overcome the information security measures implemented by YANSAB, they could potentially lead to violation of confidential information, improper use of systems and networks, manipulation and destruction of data, production downtime and operational disruptions, which in turn could have a substantial and adverse effect on YANSAB's business, operating results and financial condition

#### WE ARE HIGHLY DEPENDENT ON OUR TEAM OF PERSONNEL AND MANAGEMENT.

YANSAB's future success partially depends on its continued ability to hire, integrate and retain highly skilled employees. There is a high demand for experts and highly qualified personnel in the industries in which YANSAB works, and there is an ongoing competition over talent hunting. YANSAB may not be able to successfully recruit, train or retain the necessary qualified personnel in the future. YANSAB also relies on its executive officers and key personnel. The success of its business is driven by the performance of such officers and key personnel and the ability of YANSAB to retain them. The unexpected loss of executive officers or key personnel could have a substantial and adverse effect on YANSAB's business, Operating results or financial condition. YANSAB may need to offer competitive compensation and other benefits in order to attract and retain key personnel in the future. If YANSAB cannot recruit new qualified personnel to support its business, this could have a substantial and adverse effect on YANSAB's business, operating results or financial condition.

#### RISKS ARISING FROM PENSION OBLIGATIONS

YANSAB has defined benefit pension plans and retirement plan programs, funding and other obligations with respect to such pension or benefit plans in accordance with rules applicable to the pension plan or its relevant benefits. The calculations of these plans requires the Management to make certain assumptions related to the long-term rate of return on assets, discount rates used to measure future obligations and expenses, inflation rates of salary scale, healthcare cost trend rates, mortality, and other assumptions. The selection of assumptions is based on historical trends and economic and market conditions at the time of evaluation. However, these estimates are highly susceptible to change from time to time, based on the performance of plan assets, actuarial valuations, market conditions and contracted benefit changes. Adverse changes in estimates, together with results substantially differing from the estimates, might cause a significant increase in YANSAB's obligations or future funding requirements. This could, in turn, have a substantial and adverse effect on YANSAB's Operating results and financial position.

#### RISKS ASSOCIATED WITH DIVIDEND

YANSAB has no guarantee concerning dividend or total dividend amount. YANSAB may adopt a change in its dividend policy from time to time without prior notice.

Making any resolution related to dividend and total dividend amount is also subject to the discretion of the Board of Directors. Making any recommendation or resolution by the Board of Directors to distribute future dividends depends on several factors, including YANSAB's profits and its previous and expected cash flows, YANSAB's financial obligations, requirements of growth plans and future expansions, analysis of investment opportunity and needs for reinvestment, requirements, cash and capital flows and solvency ratios, in order to develop its revenues and finance investment spending program, and to verify balance between providing funds by self-financing sources or from external financing sources. The dividend depends on the market situation, the general economic climate, and other factors that the Board of Directors deems important.

#### RISKS ASSOCIATED WITH CONTROLLING INTERESTS

SABIC owns 51 per cent of YANSAB's shares, which gives SABIC a majority in voting and management and the ability to control most major decisions related to YANSAB, as well as effective control over YANSAB. Any change in SABIC's business strategy or policies for YANSAB may result in unpredictable consequences for the business which in turn could have a substantial and adverse effect on operating results and financial position.





# CHAPTER: **BUSINESS PERFORMANCE**

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Operations and production	34





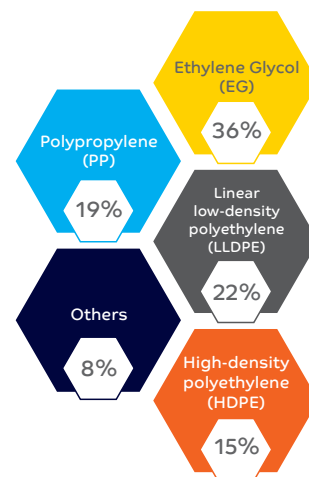
# FINANCIAL CAPITAL

## Sales and marketing

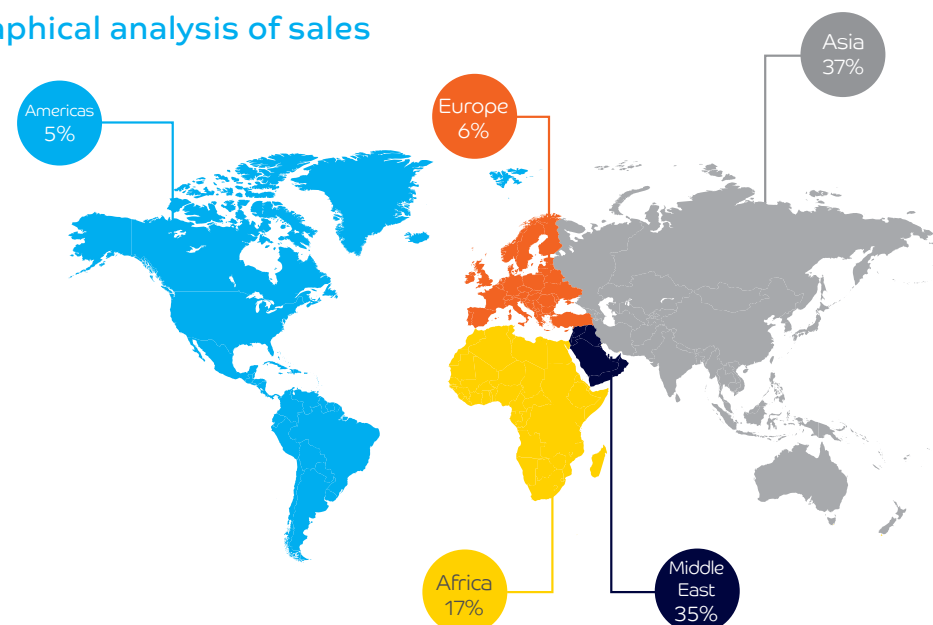
Sales volume in 2022 reached 2,243 metric tons, compared to the sales volume in 2021 which was 2,086 metric tons, an increase of 7.5%

Product	Percentage of sales revenues
Ethylene Glycol (EG)	36%
Linear low-density polyethylene (LLDPE)	22%
High-density polyethylene (HDPE)	15%
Polypropylene (PP)	19%
Others	8%
Total	100%

Note: Other products include biotin, methyl tert-butyl ether, and toluene/xylene mixture.



## Geographical analysis of sales



Geographical region	Percentage of sales revenues
Asia	37%
Europe	6%
Middle East	35%
Africa	17%
Americas	5%
Total	100%

## Income Statement (amounts in thousands, SAR)

Statements	2022	*2021	2020	2019	2018
Sales	7,024,050	7,499,273	5,034,940	6,064,834	7,628,470
Cost of sales	(6,053,628)	(5,253,405)	(3,946,224)	(4,566,563)	(4,763,033)
Gross profit	970,422	2,245,868	1,088,716	1,498,271	2,865,437
Net profit	414,145	1,531,299	677,574	1,089,772	2,413,978

\* For the 2021 comparison year, see clarification of 38 in the financial statements for the year ended 31 December 2022.

## Balance Sheet (amounts in thousands, SAR)

Statements	2022	*2021	2020	2019	2018
Current assets	6,958,810	7,666,605	5,938,074	5,842,703	6,227,525
Non-current assets	9,720,781	10,494,305	11,401,684	12,227,704	12,844,534
<b>Total assets</b>	<b>16,679,591</b>	<b>18,160,910</b>	<b>17,339,758</b>	<b>18,070,407</b>	<b>19,072,059</b>
Current liabilities	1,649,008	1,886,025	1,339,390	1,152,758	1,343,865
Non-current liabilities	979,730	1,232,494	1,014,911	774,837	472,499
Shareholders' equity	14,050,853	15,042,391	14,985,457	16,142,812	17,255,695
<b>Total liabilities and shareholders' equity</b>	<b>16,679,591</b>	<b>18,160,910</b>	<b>17,339,758</b>	<b>18,070,407</b>	<b>19,072,059</b>

\* For the 2021 comparison year, see clarification of 38 in the financial statements for the year ended 31 December 2022.

## Clarification of substantial differences in operating results

Item	(Amounts in thousands, SAR)		Changes (+) or (-)	Percentage of change
	2022	*2021		
Sales	7,024,050	7,499,273	(475,223)	(6%)
Cost of sales	(6,053,628)	(5,253,405)	800,223	15%
Gross profit	970,422	2,245,868	(1,275,446)	(57%)
Other operating incomes	92,658	77,051	15,607	20%
Other operating expenses	(548,314)	(588,464)	(40,150)	(7%)
<b>Operating profit</b>	<b>514,766</b>	<b>1,734,455</b>	<b>(1,219,689)</b>	<b>(70%)</b>

The decrease in operating profit is attributable to lower average sales prices for all of the products, higher productions inputs average cost and higher shipment cost, despite higher production and sales quantity.

\* For the 2021 comparison year, see clarification of 38 in the financial statements for the year ended 31 December 2022



# INVESTMENTS OR RESERVES FOR YANSAB'S EMPLOYEES

YANSAB is keen on securing the future of its Saudi employees and achieving job security for them through the adoption of several incentive programs, including:

## Savings Program

The company's savings program is aimed at encouraging its Saudi employees to save in a way that increases their income and contributes to securing their future according to plans determined in the program.

## Housing Unit Ownership Program

YANSAB provides an opportunity to Saudi employees who meet the requirements for housing unit ownership for accommodation. In 2022, the company completed construction on 152 new housing units and granted to Saudi employees, adding to the roster of 214 such units completed in earlier years.

## Home Loans Program

YANSAB provides soft loans for home ownership to its Saudi employees, according to the approved terms and conditions for obtaining a one-time, interest-free loan during their working life at YANSAB. YANSAB granted 147 loans during the previous years, and YANSAB will continue in the Home Loans Program.

The following table shows the investments or reserves created by YANSAB for the benefit of its employees as of 31 December, 2022 compared to the previous year (amounts in thousands, SAR)

Item	2022	*2021
End-of-service benefits	776,343	1,020,462
Savings Program	110,906	100,646
Loans and home ownership	280,843	136,547
Retirement program and other benefits	68,629	87,789
<b>Total</b>	<b>1,236,721</b>	<b>1,345,444</b>

\* For the 2021 comparison year, see clarification of 38 in the financial statements for the year ended 31 December 2022

## Paid and outstanding statutory payment

The following table shows the values of paid and outstanding statutory payment with details and reasons (amounts in thousands, SAR)

Item	2022		Brief description <sup>1</sup>	Reasons
	Paid amount	Outstanding payment up to fiscal year end		
Zakat	157,076	187,879	What is paid or charged to the fiscal year pursuant to the regulatory provisions of Saudi Arabia's Zakat, Tax and Customs Authority (ZATCA).	The sums due during 2022 will be paid according to the statutory time limit.
General Organization for Social Insurance	66,764	5,337	What is paid or charged to the fiscal year pursuant to the regulatory provisions of the General Organization for Social Insurance (GOSI) in Saudi Arabia.	The sums due during 2021 were paid according to the statutory time limit
<b>Total</b>	<b>223,840</b>	<b>193,216</b>		

# OPERATIONS AND PRODUCTION

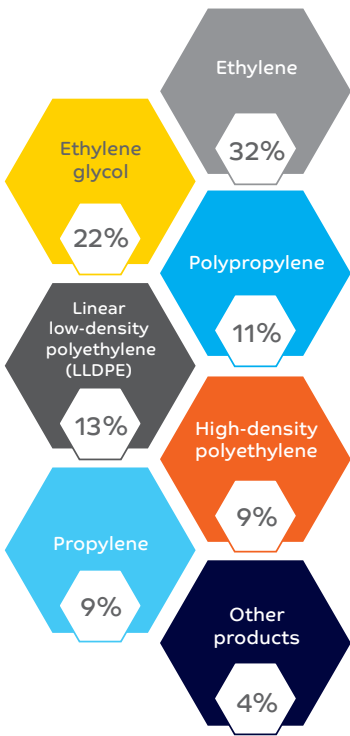
## Operations and production

The production quantities reached 4,126 metric tons during the year 2022 with an increase of 7.1% compared to the quantities of 2021 that reached 3,851 metric tons.

YANSAB will continue to implement its growing strategy for the petrochemical industry that's value added to the company's assets and shareholder's equity, while maintaining the highest levels of safety, quality and sustainability.

Product	Percentage
Ethylene	32%
Ethylene glycol	22%
Polypropylene	11%
Linear low-density polyethylene (LLDPE)	13%
High-density polyethylene	9%
Propylene	9%
Other products	4%
Total	100%

Note: Other products include biotin, methyl tert-butyl ether, and toluene/xylene mixture.



Throughout 2022, the company continued to introduce new initiatives and disciplines to improve operation excellence, and in certain instances, showcased the efficacy of YANSAB's crisis management and emergency response strategies.

The company has devised innovative solutions and applied them to maintain the sustainability of operational operations the reliability of its plants.

An ongoing focus area is the company's self-defined targets of achieving 20 per cent carbon reduction by 2030 and 100 per cent by 2050. A group has been formed to study all options, innovations,

and propositions to achieve these carbon neutrality targets, where every ton of CO<sub>2</sub> or CO<sub>2</sub>e emitted will be compensated with the removal of an equivalent amount.

YANSAB established two new committees in 2022 to oversee aspects of operations: The AWAL Committee will handle different aspects of Environment and Human Health, Safety, and Security (EHSS) based on generated actions to improve overall EHSS performance across the company, and the SELAH Committee will ensure that people are synchronized and integrated to objectives and deliverables, to create maximum impact through unified efforts.

## Manufacturing

YANSAB created a diligent monitoring system for chemicals and additives; the company gives flexibility in adjusting and adjusting production according to market requirements and directions.

## Digitalization

Ongoing digitalization programs and processes have resulted in tangible business gains across many operations.

In one example, the Asset Health Care (AHC) program for early detection of possible failures allowed rectification before impact. More significantly, the use of Smart Inspection in risk discovery prevented a potential incident of property damage.





# CHAPTER: ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

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# ENVIRONMENTAL CAPITAL

## Quality

### – External audits

Annual reviews are conducted on quality systems to confirm that the company does all its work, at various levels, in accordance with approved international standards. During 2022, YANSAB completed and passed all external audits of its administrative systems:

- Energy Management System Certification (ISO: 50001)
- Quality Systems (ISO: 9001-2015)
- Business Continuity (ISO:22301)
- Energy (ISO 50001)
- Information Security Management Systems (ISO 27001)

### – Internal audits

Since completing a comprehensive review of the Operations Management System (OMS) in 2021, in association with SABIC, the company conducts regular self-audits to review all updated procedures.

These audits ascertain the implementation, and effectiveness of OMS with a view to address deficiencies, if any, and to make improvements as needed.

Specific certifications ensure that the company's products can be sold in international markets in compliance with local regulations. The external audit process for High Density Polyethylene (HDPE) for product no. P6006 was completed in 2022, as per standards in the US (NSF-14), Italy (IIP), France (LNE), and Malaysia (SIRIM).

### – improve

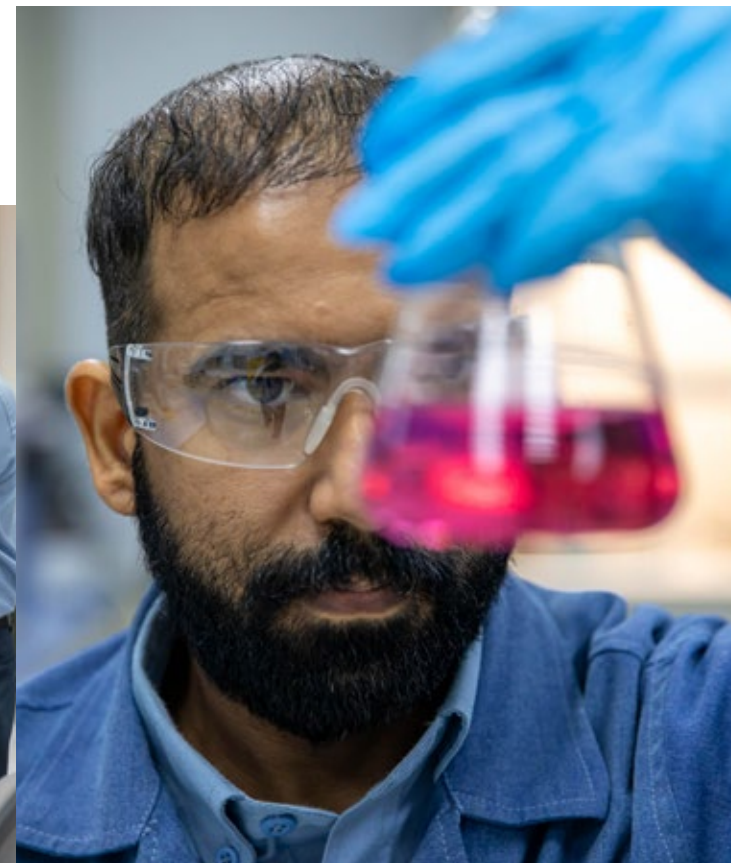
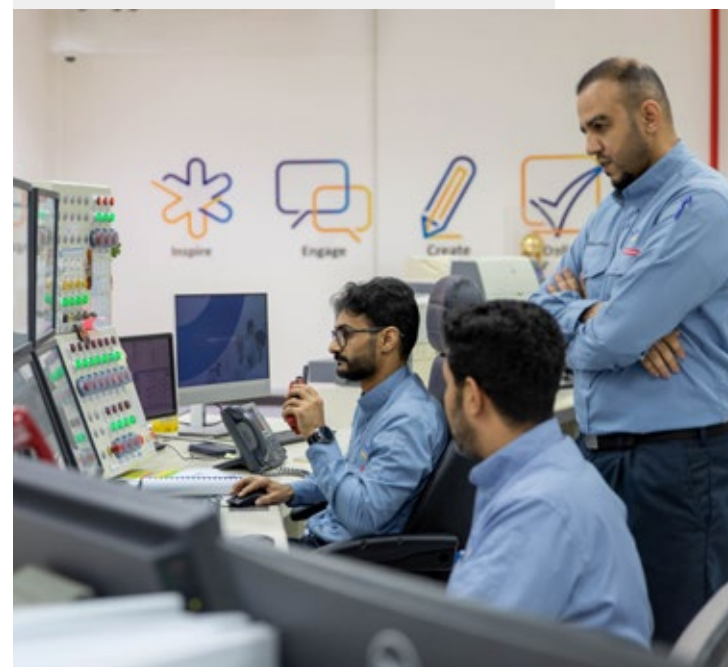
An integral part of the company's continuous improvement program, the improve Committee oversees quality principles of all operations in accordance with standards of the Business Management System (BMS).

During 2022, the Committee held workshops on the 5S Method for creating more organized and productive workspaces, and Going to Gemba, the management practice of observing, learning, and understanding every level of the business.

## Launch of SHEM (Safety, Health and Environment Management)

YANSAB introduced the SHEM Maturity Level concept and has already completed uploading all previous iMEA findings with corrective and preventive actions into the eSHEM SAP auditing system.

This new standard for risk-based assessment is being embedded throughout the organization and will be completed next year. It will supplement standard auditing which has hitherto served as the primary means to assess sites' SHEM performance and progress.



## Commitment to EHSSQ

YANSAB policy for Environment, Health, Safety, Security, Energy, Information Security and Quality (EHSSQ)

As a company working in the petrochemicals industry, YANSAB is emphatically committed to implement and monitor effective management systems for EHSSQ, in accordance with international standards. These are designed to lead to better performance, and to ensure the highest degrees of trust and transparency with all stakeholders.

- Provide quality products, while ensuring reliable operations in a safe and secure environment that prevent health hazards and injuries
- Comply with all applicable legal requirements, and other regulatory requirements that meet Responsible Care Guiding Principles
- Continually review and improve objectives, systems, processes, and energy efficiency, at and across all plants
- Comply with sustainability requirements that aim to prevent pollution, reduce waste, and conserve natural resources
- Develop programs that enhance the competence of employees and raise awareness levels of external audiences





## Reliability

### – Assets

Since establishment, the company has worked towards fuller adoption of SABIC's Comprehensive Reliability Program, which is based on improving the full performance of assets and fixing the principle of high production rates.

YANSAB uses approved tools and methodologies such as Reliability Centered Maintenance (RCM), Risk Based Inspection (RBI), Reliability Instrumented System (RIS), and Root Cause Analysis (RCA). These methodologies play an effective role in increasing plants' reliability and efficiency, which prevent any failure or disruption of production. YANSAB uses a comprehensive system for managing the life of assets and assessing their life through a systematic process for operating, maintaining and effectively promoting the assets, and setting plans to reduce costs to achieve the largest revenue return, as well as studying the challenges and managing to overcome them in scientific ways.

### – Asset Performance Index (API)

API is the global manufacturing KPI (key performance indicator) under SABIC's strategic initiative, Asset Life Cycle Management. API contains four dimensions: Asset Performance, ERM Manufacturing Asset Major Risk, Best Practice Implementation, and Asset Programs Maturity. In 2022, YANSAB achieved a target score of 85.3% in the API as compared to 80.2 % in 2021.

### – Assessments

Reliability continues to be one of the main pillars of YANSAB's management of quality and performance assessments. This pivotal role is strengthened through plans and mechanisms that support overarching objectives and secure them permanently in line with the company's vision and strategy.

### – Projects

Multiple upgrades, and major maintenance and repair projects were completed safely and successfully, to increase overall reliability of physical assets and optimize plant production levels.

### – Corporate culture

With the premise that distinguished capabilities and competencies help achieve goals quicker, YANSAB works systematically to develop employee skills in different technical fields and strengthen the principles of reliability.

The company has established a strong culture of reliability among employees, and regularly reinforces its importance through ongoing events and programs, awareness-raising messages, and continuous monitoring of performance indicators.

### – Communication

YANSAB participates actively and regularly in various SABIC forums such as Technical Exchange meetings, Manufacturing Service Requests, and in the presentation of skills and competencies to associates.

Employees communicate regularly and share their experiences with other SABIC affiliates. Concurrently, YANSAB benefits from the experiences and expertise of these affiliates in the field of reliability and its applications.

A manufacturing strategy has been developed with a series of comprehensive implementation plans. Based around it, YANSAB is planning similar initiatives for future goals including digitization, energy optimization, plant efficiency and sustainability.

## Sustainability

### – Principles

YANSAB has adopted, in cooperation with SABIC, numerous sustainability principles as part of an overarching strategy to develop operational efficiency of plants, rationalize the consumption of natural resources such as water, electricity and natural gas, and reduce greenhouse gas emissions. These are also symbiotic with existing safety, security, environment, and quality policies.

The company has defined strategic goals for preserving natural resources and the existing natural environment, and for repairing any damages if they occur. These goals include complying with regulatory authorities, controlling harmful emissions, reducing waste produced through recycling solutions, and improving the quality of industrial wastewater.

### – Protocols

YANSAB's goals are in line with Saudi Vision 2030, to maintain Energy Intensity (EI) for each plant and the feed utilization and material losses of Olefins plant, according to the 2nd cycle target (2020-2025) that is regulated by the Saudi Energy Efficiency Center (SEEC).

YANSAB Energy Management System (EMS) YMS-OMS-P-423.001 is in line with the requirements of the International Organization for Standardization (ISO 50001).

Yansab is committed to reduce CO<sub>2</sub> emissions by 20 per cent by 2030, in comparison with 2018, targeting both direct and indirect emissions from different production processes and as aligned with Saudi Green Initiatives programs.

Meanwhile, the company's protocols and planned mechanisms to boost energy efficiency are in line with the United Nations' Clean Development Mechanism (CDM), according to the Kyoto Protocol signed by Saudi Arabia.

### – Operations

New digital monitoring dashboards for each operating unit, featuring performance indicators for sustainability and energy consumption, are directly linked to the DCS and PI System. These indicators are also constantly monitored to enable appropriate actions in timely manner.

Continuous analysis equipment is used to measure nitrogen oxide emissions and particle emissions, to maintain the discharge of artificial wastewater through a monitoring system (PI VISION), to maintain the quality of air emissions and to discharge industrial wastewater under specifications of the Royal Commission for Jubail and Yanbu.

### – Education

YANSAB's local information network features dedicated electronic pages through which all employees have easy access to information, indicators, and courses of action with regards to sustainability and energy conservation.

The first SABIC affiliate to offer online educational courses and programs on energy and sustainability, YANSAB continues to educate and empower employees through workshops that aim to generate innovative ideas to reduce consumption of natural resources and optimize operations.

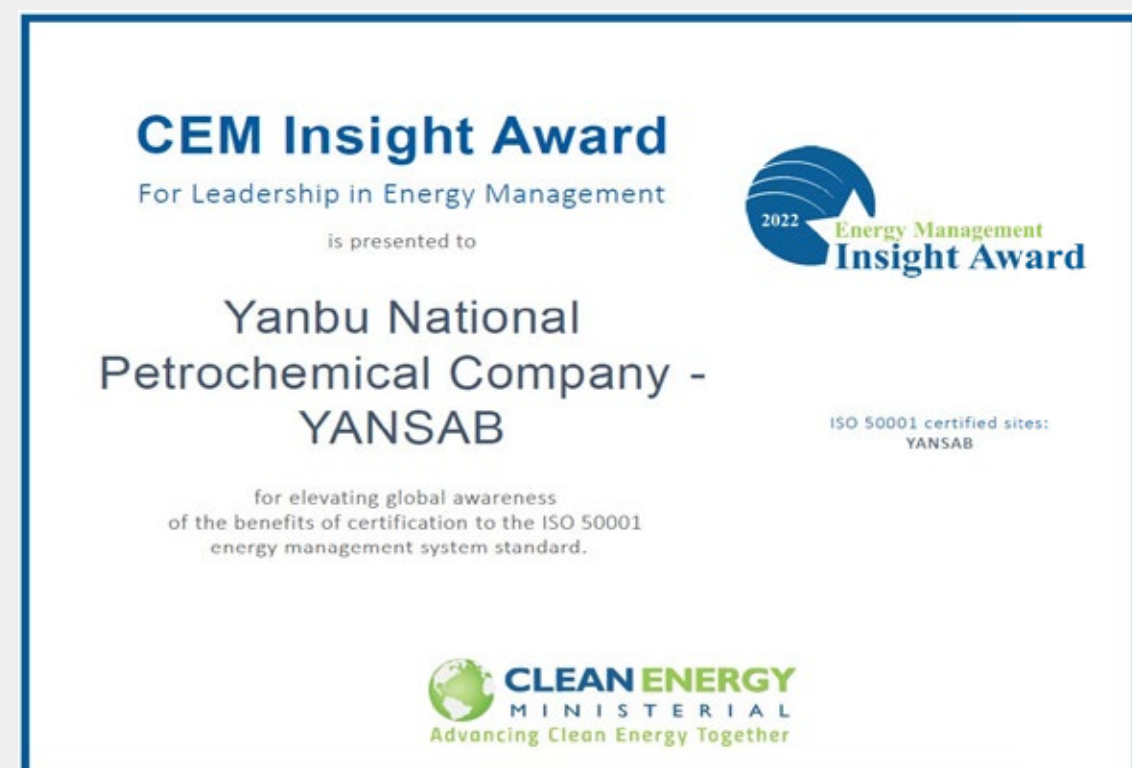
YANSAB, in line with SABIC Manufacturing Strategy trained 16 engineers to complete the SABIC Energy Certificate Program in 2022.

## Energy management award

In September 2022, YANSAB became the only manufacturing plant in Saudi Arabia to win the distinguished Energy Management Insight Award from the International Clean Energy Ministerial (CEM) forum. Only 25 other organisations in the world have been similarly recognized for implementing energy management systems to achieve energy, economic, and sustainability benefits.

The award recognizes YANSAB for its case study and shared insights on the benefits of energy management systems and the ISO 50001 standard. YANSAB is the only manufacturing plant in Saudi Arabia to be awarded by the global platform, after competing with more than 50 industry sectors from 150 countries.

This win demonstrates the company's efforts to contribute to the clean energy objectives of Saudi Vision 2030 and achieving carbon neutrality target by 2050. It is also another success story for the company as it continues to integrate sustainability management systems with its business strategy.



## Occupational health and industrial safety

### – Approach

YANSAB's multi-pronged approach to health and safety includes developing and updating procedures to create appropriate working conditions, protecting personnel, preserving assets, safeguarding the environment, abiding by responsible care, and ensuring business continuity.

### – Training

Employees and Contractor are trained in all areas of security and safety, occupational health, and the environment to prepare, qualify and develop them to operate and maintain plants safely. The company has trained teams to deal with emergencies, and an integrated firefighting unit to deal with fires and fire-related emergencies.

### – Reporting

An electronic system allows every employee in the company to report on any situation that may violate security, safety, occupational health, or environmental procedures. The system also helps classify the case, and the degree of its seriousness, and enables administration to follow up with relevant authorities to take necessary corrective actions. Each case is studied and analyzed to avoid any occurrence in the future.

### – Education

YANSAB organizes lectures, workshops, and awareness-raising campaigns for employees and Contractors on safety, security, occupational health, and environmental protection. Similarly, the company has designed many health initiatives which include increasing awareness of occupational stress and combating seasonal influenza through vaccination campaigns.

### – Wellness

YANSAB pays due attention to employee and Contractors safety and well-being by adopting all regulations relating to occupational health and the applications that guarantee it; providing them with necessary safety requirements during work; introducing them to the correct methods and tools to perform their work safely; and regular monitoring of their health according to the nature of work and through plans prepared in advance.

### – Mock drills

YANSAB cooperates with Yanbu Area Mutual Aid (YAMA) to conduct hypothetical experiments inside individual departments to assess the emergency response capabilities of personnel, the efficiency of the Emergency Communications System (ECS), and the readiness of both individuals and equipment.

These drills and experiments continue to have a positive impact on promoting the culture of safety across the company.

## Occupational health and industrial safety

### Be Good, Do Well

Led by highly qualified experts in cooperation with universities and health and social institutions, YANSAB's lifestyle program for employees and their families highlights nutritional, physical, psychological, and social aspects of their lives.

### Protection Shield

The broad-based platform presents programs aimed at maintaining a culture of safety, security, efficiency, good health, and ongoing education.

### ELMAM

The unique safety training program focusses on presenting safety systems and updates to procedural safety systems in innovative ways to enhance knowledge and promote a safety culture.

### Contractors' Performance Development

Designed to evaluate and improve performance in the fields of quality, safety, security health, and the environment, the program aspires to raise contractors' performance towards achieving excellence at all levels

- Contractor Partnership Program, in alignment with YANSAB's EHSS policy, to leverage and raise levels of culture and compliance among external contractors
- Execution of (safety) programs: EHSS Culture Training for Leadership, and Human Failure Model Training
- Effective engagement and dialogue across the company through Protection Shield programs: Tanbeeh, ESHAR, Sharek, Waai, Taaleem, Edrak and Solouk
- Training security personnel on defense and protection devices.



# INTELLECTUAL CAPITAL

## Human capital development

### – JADEER

Operators and technicians are the largest segment of the workforce, and YANSAB is assiduous about development and continuous improvement in their respective fields of work. The dedicated development program JADEER complements vocational qualification programs they have completed earlier, with the aim of refining skills and raising levels of professional knowledge for safe and smooth operations at plants and factories.

### – Early Development Program

Freshly graduates who join YANSAB are enrolled in an early development program that enhances and develops their academic knowledge with on-the-job training and tailor-made within their areas of work. This investment in their skills and capabilities helps achieve the highest levels of efficiency.

### – Job Competency Program

YANSAB has integrated its Job Competency Program to include descriptions of all jobs in the company, and the required levels of professional qualifications and expertise to perform them. This contributes greatly to identifying and promoting the strengths of employees occupying each job and overcoming any weaknesses with an integrated system of training tools.

FLS FLM E-FLM (front line supervisor, front line manager, and extended-front line manager)

## Leadership for the future of the organization

- Creating a culture of manufacturing leadership that is not only driven by the system but also with operation disciplines supported by critical organization behavior to ultimately achieve operation excellence.
- Developing a workplace coaching culture and implementing it across the leadership level
- Accelerating intervention and supporting activities by improving EHSS and reliability

## Plant Management Team (PMT) site stewardship

The Plant Management Team (PMT) shows inefficiency on the day to day running of the plant business with involvement of frontline site engagement. The new dilution process has been observed and many deviations have caused many aspects in term of EHSS as well as the day to day running of the plant.

The aim of the E-FLM PMT project is to create or rather re-establish the OMS through the learning process and project based, where:

- Established with SABIC SME (Subject matter expert) the PMT ideal prototype model
- Site PMT process assessment for each site as per the new model
- Map the new model to the current practice
- Highlight and mitigate gaps on project based process that will last up to 9 months

## Jumpstart Plus

The purpose of this program is to significantly increase and improve critical leadership behaviors of manufacturing

directors. Jumpstart is designed specifically for manufacturing leaders and will focus on the adoption of Close of Business (COB) behaviors in their day-to-day activities, and for strategic focus.

### – Digital learning experiences

The company's Training and Workforce Development department continuously provides learning opportunities in the field of digital learning. In the aftermath of the pandemic, several programs that previously included direct interactions have been converted into digital learning platforms.

The ongoing Digital Learning Experience campaign promotes a wide variety of virtual classrooms and online learning options are easily accessible by employees, especially through the digital library PERCIPIO. Additionally, the Knowledge Club initiative allows and encourages them to share their work experiences and professional knowledge with colleagues, on online forums.

### – Employee-led innovation

YANSAB has adopted a development and innovation policy that encourages employees to suggest innovative ideas and methods that improve operational and production processes, extend the useful life of equipment, contribute to savings of energy and time, contribute to environment protection, or raise safety levels.

The company also pays due attention to employee motivation, and offers incentives for all ideas and suggestions that contribute to innovation and development

### – Employee-led reviews

YANSAB holds an annual townhall-style meeting with employees to review goals against performance, and to discuss a variety of topics of concern to them such as safety, training and development, remuneration and benefits, and workplace concerns. In turn, employees are invited to express their opinions and make enquiries.

## Nationalization

YANSAB pays due attention to human resources and the nationalization of jobs and conforms to plans developed by the Board of Directors to employ and develop national cadres.

As a result, the percentage of Saudi nationals employed in all positions across the company has reached 93 percent, and 100 per cent for leadership positions.

YANSAB continues to work in cooperation with SABIC and the Royal Commission for Jubail and Yanbu, in partnership with the Human Resources and Development Fund (HRDF) to develop a project for the Saudization of contractors' jobs.

The company also continues to welcome Saudi college and university students and enroll them in training programs to help them complete their academic requirements for graduation.

## Employee welfare

YANSAB remains keen on seeing all employees achieve higher levels of job security and job satisfaction and in helping them secure better futures, for themselves and their families.

### – Savings Program

YANSAB's savings program for Saudi employees is designed to teach them ways of saving that help with increasing their income and securing their future.

### – Home Loans Program

The company offers interest-free loans for home ownership to all Saudi employees who meet approved terms and conditions during their tenure in the company. Boosted by the success of 147 loans issued in previous years, the program continues to add value to employee welfare.

### – Housing Ownership

Saudi employees who meet all necessary requirements, automatically qualify for YANSAB's housing unit ownership.

In 2022, the company completed construction of 152 new housing units, adding to the roster of 214 such units completed in earlier years.





# SOCIAL CAPITAL

## Corporate Social Responsibility (CSR)

YANSAB is keen on assuming its social responsibilities properly and correctly, and thereby seeks to establish strong and lasting relationships with the communities it serves. Further, the company does its best to ensure that the programs it designs or promotes have tangible and positive economic or social benefits.

## Key focus areas

YANSAB's many efforts and endeavors in CSR are focused around four key areas, that complement the company's ambitions and resources, and addresses global issues and societal needs.

- Education and training
- Community development
- Environmental protection
- Health



## CSR Review 2022

All planned programs were conducted successfully, covering a broad range of events, activities, and campaigns, these programs were centered around the four focus areas specified in YANSAB's CSR policy.

Presented under the aegis of the YANSAB Social Season, the Family Programs notable among them first aid courses, public speaking, aikido for children, Microsoft skills and academic excellence for school students.

The company also held its celebration on the occasion of Foundation Day and National Day, through a Several programs and activities that promoted the concepts of patriotism and loyalty to the country.

## Support Madinah Autism Centre

Through its social responsibility policy, the company seeks to establish strong and lasting relationships with the community in which it operates by focusing on the areas of community development, education, training, and health. The company continued its contribution and support to the "Tamkeen Comprehensive Center for Autism" in Madinah, one of the initiatives of the Madinah Autism Association (Tamakkon) to enhance its role in serving people with disabilities and people with autism, helping them integrate into education and society, and increasing their opportunities in the labor market.

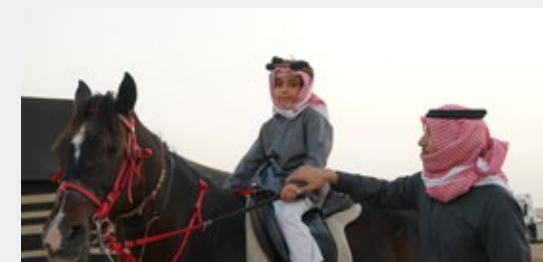
This step comes within the framework of our commitment to human health as one of the pillars of our social responsibility strategy, one of the objectives of Saudi Vision 2030, and a continuation of our programs that focused on supporting and developing institutional initiatives aimed at achieving a positive and sustainable impact in terms of increasing the efficiency of ways to deal with autism.

This will contribute to the development of the center's programs and capabilities in diagnosis, early intervention, treatment plans, and vocational rehabilitation, enhancing its role in providing advisory services and in

spreading awareness about autism among members of This contribution will also help in expanding research and studies as well as hiring and training specialized cadres, according to the best and latest international practices.

The Tamkeen Comprehensive Autism Center is one of the initiatives of the Madinah Association for Autism (Tamakkon) aimed at providing specialized programs in its field, which include physical and occupational therapy, sensory integration, speech and language therapy, improvement of daily and social skills, and general behavior of the patient in the surrounding environment, as well as accommodation services, no to mention the health and physical care services provided for the beneficiaries.

In the presence of His Royal Highness (Prince Faisal Bin Salman Bin Abdulaziz), Governor of Al-Madinah Al-Munawwarah region, His Excellency the Minister of Human Resources, Eng. Ahmed bin Sulaiman Al-Rajhi, and the project's founding partners, including YANSAB, the comprehensive Tamkeen Center for Autism was opened, which provides integrated services for those under the umbrella of the Autism spectrum.





# CHAPTER: GOVERNANCE

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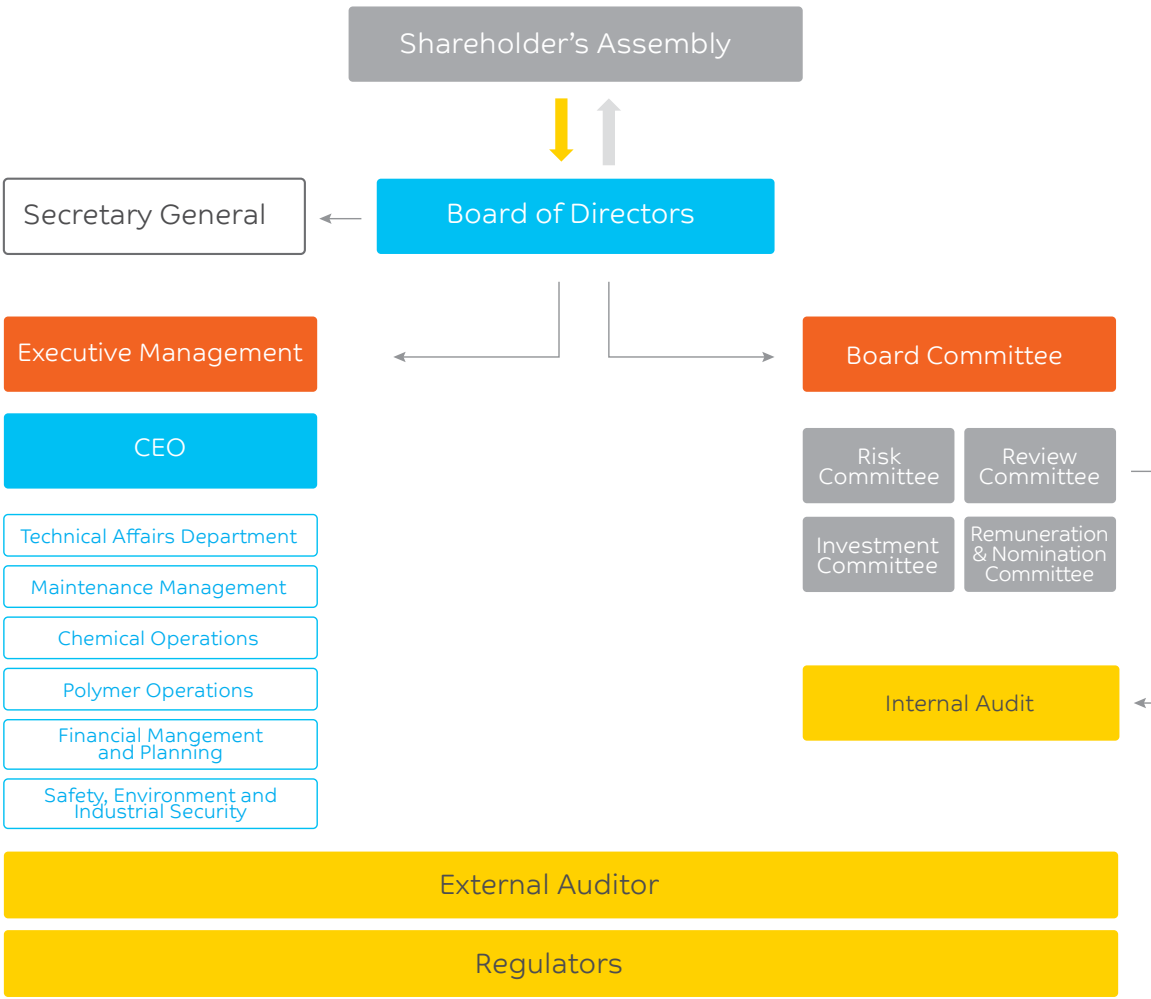


# CORPORATE GOVERNANCE

YANSAB adopts good corporate governance practices in accordance with the regulations and rules of governance issued by regulators and with international principles and best practices of governance. This is because YANSAB has set the general framework for its governance that includes a set of regulations and policies through which the roles and responsibilities are defined, and advise on how to make and undertake decisions and control over their implementation in light of the transparency rules that achieve accountability and enhance adequacy of performance, based on the relevant laws and regulations. The Board of Directors

monitors the implementation of Governance Laws to verify the integrity and accuracy of application to ensure compliance with the best practices of governance, and to ensure the adoption and application of the best global systems in terms of control and commitment, which guarantees employees, investors and stakeholders' rights and shareholders' equity alike.

Article /Clause No.	Provision of Article/Clause	Reason
Article 95: Formation of a Corporate Governance Committee	In the event that the Board of Directors forms a committee specialized in Corporate Governance, then it shall be entrusted with specialties established under Article 94 of the Regulations. This committee should follow up with any topics related to the applications of governance and provide the Board of Directors with the reports and proposed recommendations at least annually.	Based on Article 50 of the Corporate Governance Regulations, which stipulates that the Board of Directors shall form specialized committees according to YANSAB's need, circumstances and positions, to enable YANSAB to perform its duties effectively, the Board deems the formation of a specialized committee on Corporate Governance infeasible, because the actions of the Board and the committees are of the main components of governance, each of which contributes to achieving its goals. Therefore, restricting the applications of governance to a committee is deemed a violation to the application of Governance Principle





# SHAREHOLDERS

YANSAB is committed to the principles and protection of shareholders' rights to ensure fairness and equality among them in providing the appropriate information at the right time.

The company provides details about its performance and activities throughout the year by means of the Annual Report and Annual General Assembly Meeting. It also updates shareholders and investors about any other significant developments that may occur and thereby affect financial position through the Tadawul website, the company's own website, and other means of communication. These measures ensure that all beneficiaries have equal opportunities to access such information and help them make investment decisions based on correct and timely information.

YANSAB is fully committed to implementing all policies and procedures for disclosing financial statements and performance reports, in accordance with legal requirements and all applicable regulations and instructions received from relevant authorities.

YANSAB is keen on handing over to shareholders their due dividends in timely fashion. The company regularly reminds them to update their personal data and to link their bank accounts to Tadawul's portfolios, so that their deposits do not face any delay.

YANSAB communicates and collaborates with participants in global capital markets including institutions, individuals and financial analysts, through continuous and open communication, virtual meetings, and participation in the company's annual investor's day. The inaugural event featured presentations from senior leadership who shared the company's strategic growth plans, financial performance, sustainability, and carbon neutrality ambitions.

In turn, YANSAB teams continue to attend workshops and conferences on emerging markets and the global chemical industry, and participates in regional and international initiatives related to environmental and social practices, corporate governance, sustainability and carbon neutrality.

The company has an Investor Relations department, and members of the team, who are experts in different fields, work alongside the Certified Investor Relations Officer (CIRO).

No.	Date of Posting	Topic of announcement
1.	19 January, 2022	Yanbu National Petrochemical Co. announces its Interim Financial Results for the Period Ending on 2021-12-31 (Twelve Months)
2.	21 February, 2022	Yanbu National Petrochemical Co. announces its Annual Financial Results for the period ending on 2021-12-31
3.	2 March, 2022	Yanbu National Petrochemical Company (YANSAB) invites Shareholders to attend the Ordinary General Assembly Meeting (First Meeting) through modern technology means
4.	24 March, 2022	Yanbu National Petrochemical Co. announces results of the Ordinary General Assembly Meeting (First Meeting)
5.	17 April, 2022	Yanbu National Petrochemical Co. announces its Interim Financial Results for the period ending on 2022-03-31 (Three Months)
6.	5 June, 2022	Yanbu National Petrochemical Co. announces the distribution of cash dividends for First Half of 2022
7.	4 July, 2022	Addendum announcement from Yanbu National Petrochemical Company in regard to the distribution of cash dividends for First Half of 2022
8.	25 July, 2022	Yanbu National Petrochemical Co. announces its Interim Financial Results for the period ending on 2022-06-30 (Six Months)
9.	27 October, 2022	Yanbu National Petrochemical Co. announces its Interim Financial Results for the period ending on 2022-09-30 (Nine Months)
10.	20 November, 2022	Yanbu National Petrochemical Company (YANSAB) announces the scheduled turnaround of the company's complex for preventive maintenance
11.	24 November, 2022	Yanbu National Petrochemical Co. announces calling candidatures for Board Members' elections
12.	11 December, 2022	Yanbu National Petrochemical Company (YANSAB) announces expected announcement date for its 2022 annual financial results
13.	25 December, 2022	Yanbu National Petrochemical Company (YANSAB) announces Board recommendations to distribute cash dividends to Shareholders for Second Half of 2022

## Shareholders' Registers

During the fiscal year ended on 31 December 2022, YANSAB requested the Shareholders' Registers six times, with dates and details listed below.

Register date	Reason for request
03/01/2022	Corporate action
23/03/2022	The 14th Ordinary General Assembly
27/03/2022	Dividend entitlement
19/05/2022	Corporate action
19/06/2022	Dividend entitlement
29/11/2022	Corporate action

# DIVIDEND POLICY

YANSAB's Dividend Policy falls within the jurisdiction of its Ordinary General Assembly, based on recommendations from the Board of Directors. YANSAB's Dividend Policy provides for

Setting the standards governing YANSAB's dividends, in a way that contributes to striking a balance between sustainable dividends to investors and enhancing YANSAB's ability to achieve its goals, and developing its business in the long run by investing in the proposed investment opportunities; taking into account the provisions mentioned in YANSAB's Articles of Association, Companies Law, Capital Market Law and their implementing regulations.

In the light of the provisions regulating dividends stipulated in the Companies Law, the Corporate Governance Regulations, YANSAB's Articles of Association, and the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies, dividends shall be in accordance with the following principles and rules:

A. The General Assembly of YANSAB, based on the recommendation of the Board of Directors, shall take the charge of distributing dividends.

B. YANSAB may distribute interim dividends to its shareholders either on a semi-annual or quarterly basis, according to a resolution issued by the Board of Directors after obtaining an annually renewed authorization from the Ordinary General Assembly of the Board.

C. YANSAB's annual net profits are distributed, after deducting all general expenses and other costs, as follows:

1. (10%) of the net profits shall be set aside to form the statutory reserve. The Ordinary General Assembly may decide

to stop setting aside any profits whenever the said reserve amounts to thirty percent (30%) of the paid-up capital.

2. The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a percentage from the net profits deemed to be appropriate by the Ordinary General Assembly in order to create a contingency reserve allocated for a specific purpose(s).

3. The Ordinary General Assembly has the authority to decide to create other kinds of reserves, to the extent that it achieves the interest of YANSAB or ensures that fixed dividends, as much as possible, are distributed to shareholders. The Ordinary General Assembly may also deduct from the net profits sums to establish social associations for YANSAB's employees or to support the existing ones.

4. From the remainder, five percent (5%) of YANSAB's paid-up capital shall be distributed to the shareholders.

D. The restrictions set in the applicable regulations, internal regulations and agreements concluded with holders of debt instruments, financing instruments, creditors and other lenders shall be observed in addition to other legal and regulatory considerations, and any restrictions imposed on dividends under loan agreements with government or commercial funds and institutions, and other matters deemed significant by YANSAB's Board of Directors when announcing dividends.

E. The requirements of growth plans and future expansions, analysis of investment opportunities, YANSAB's needs for reinvestment, cash and capital requirements and flows, solvency ratios, etc. (whichever is larger) shall be observed in order to grow YANSAB's revenues, finance its investment spending program, and to verify balance between providing funds by self-financing sources or from external funding sources. Accordingly, the Board of Directors makes a proposal filed to the Ordinary General Assembly to set aside a percentage of the profits for these purposes.

F. Dividends depend on the net profits achieved, the availability and adequacy of cash flows, YANSAB's financial position, market situation, general economic climate and other factors.

G. If the statutory reserve exceeds thirty percent (30%) of the capital, the Ordinary General Assembly may decide to distribute the increment to the shareholders in the years in which YANSAB does not achieve net profits sufficient to distribute the share set for them in YANSAB's Articles of Association, and the contingency reserve may only be used under a decision from the Extraordinary General Assembly. If this reserve is not allocated for a specific purpose, the Ordinary General Assembly may decide to spend it for the benefit of YANSAB or shareholders, based on the proposal of the Board of Directors

The following table shows the ratios of dividends and total dividends distributed to shareholders for the fiscal year ended on 31 December, 2022, in addition to the ratios of dividends and amounts proposed to be distributed at the end of the year, and the total dividends (all amounts in thousands, SAR)

	Dividends distributed for the year	Dividends proposed to be distributed at the end of the year	Total
Percentage	15%	12.5%	27.5%
Total	843,750	703,125	1,546,875
Maturity Date	15/06/2022 On the maturity date, the cash dividend entitlement will be for shareholders who own shares registered in the Shareholders Register at the Deposit Center, by the end of the second trading day following the day of YANSAB's General Assembly, which will be announced later		

## General Assemblies

The following table shows the date of the General Assembly of shareholders held during the fiscal year ended on 31 December 2022 and the names of the Board members present in this Assembly, are as follows:

the Board member	The Ordinary General Assembly 20\08\1443H equivalent 23\03\2022
Eng. Abdulrahman Ahmed Shamsaddin	Attended
Eng. Majed Abdulelah Nouraddin	Attended
Mr. Ibrahim Mohammed Al-Saif	Attended
Dr. Ahmad Abdullah Al-Meghames	Attended
Mr. Khalid Bin Ibrahim Al-Rabiaah	Attended
Eng. Sameeh Soliman Al-Sahafi	Attended
Eng. Faisal Moad Albahair	Attended



# BOARD OF DIRECTORS

The Board of Directors (Board) sets and reviews major policies and procedures at YANSAB, including the main corporate objectives, strategic plans, and performance indicators. The Board approves the company's annual business plans and budgets and ensures the availability of financial and human resources required to implement these plans. In addition, the Board bears full responsibility for identifying the optimal capital structure for the company, major capital expenditures, as well as asset ownership and disposal decisions. The Board also oversees the implementation and monitoring of internal control systems.

YANSAB's Board consists of seven members with the expertise required for managing the company's business. During the 12th Ordinary General Assembly meeting held on 15 March 2020, the current Board Members were appointed for a term of three years for the fifth session from 2020 to 2023, starting on 16 March 2020. This is pursuant to Article 17 in the company's Articles of Association: 'YANSAB is managed by a Board of Directors consisting of seven (7) members elected by the Ordinary General Assembly for a term of three years. The Saudi Basic Industries Corporation (SABIC) shall have the right to appoint or nominate four (4) members including the Chairman of the Board and the Vice Chairman of the Board.' Accordingly, SABIC has nominated four members, and the Board Members were elected by cumulative voting as detailed and classified below.

## YANSAB Board of Directors

Member Name	Membership Classification	Member Position
Eng. Abdulrahman Ahmed Shamsaddin	Non-executive	Chairman
Eng. Majed Abdulelah Nouraddin	Non-executive	Vice Chairman
Mr. Ibrahim Mohammed Al Saif	Independent	Board Member
Dr. Ahmad Abdullah Al Meghames	Independent	Board Member
Mr. Khalid Bin Ibrahim Al Rabiaah	Independent	Board Member
Eng. Sameeh Soliman Al Sahafi	Non-executive	Board Member
Eng. Faisal Moead Albahair	Non-executive	Board Member

## Training for Board Members

When appointed, Board Members receive an orientation that includes an introduction to YANSAB's activities, business, strategy, and goals; the organizational structure and its financial and operational aspects; the Board's obligations, duties, responsibilities and rights; and the duties and competencies of Board Committees.

Regular updates are also provided to Board Members and Board Committee Members on legal developments, governance, accounting, and circulars issued by competent authorities.

On the recommendation of the Remuneration and Nominations Committee, a training workshop was held for Board Members, which included investment and risk strategies and the promotion of good governance practices. Management also organized a training programme for Board Members and Board Committee Members on carbon neutrality, circular economy, and sustainability.

## Board methods to assess performance

Based on the recommendation of the Remuneration and Nominations Committee, the Board of Directors have developed various performance criteria to evaluate members, their work, and pop-up committees. Accordingly, an independent external organization, the GCC Board Directors Institute (BDI), has been appointed to evaluate the performance of the Board and Board Members for 2022. The assessment results showed that YANSAB's Board of Directors is an effective board with academic qualifications and professional skills, and that its members are committed to protecting and preserving the rights of stakeholders. .

## Board procedures regarding shareholders

YANSAB's Articles of Association guarantees the equity rights of all shareholders, and the company receives suggestions and observations from shareholders by email or by phone call, and at General Assembly Meetings. The Board of Directors is officially notified with a summary of these suggestions and observations.

YANSAB's Board Charter also stipulates that Board Members must attend General Assembly Meetings to hear and to discuss shareholders' suggestions and observations.

## The Procedures Taken by The Board to Inform Its Members, Especially Non-Executives, Of The Shareholders' Proposals and Their Observations Regarding YANSAB and Its Performance

YANSAB's Articles of Association guarantees' equity rights of shareholders. YANSAB also receives all shareholders' the suggestions and observations by e-mail or by phone call and through the General Assembly Meeting. The Board of Directors is notified with a summary of these suggestions or observations, if any. The Board Charter stipulates that the Board member must attend General Assembly Meetings to hear and discuss shareholders' suggestions and observations about the YANSAB and its performance.

## Declarations by The Board of Directors

YANSAB's Board of Directors acknowledges that:

1. Proper books of account have been maintained.
2. The system of internal controls is sound in design and has been effectively implemented.
3. There are no significant doubts concerning the company's ability to continue its activity.
4. There are no debt instruments, conversion rights or subscription rights under convertible debt instruments, nor any contractually based securities, convertible warrants, contractually based securities, warrants or similar rights issued or granted by the company.
5. There is no refund, purchase or cancellation by the company of any redeemable debt instruments.
6. None of the Board Members or Senior Executives waived any remuneration during the fiscal year ended on 31 December, 2022.
7. None of YANSAB's shareholders waived dividends for the fiscal year ended on 31 December, 2022.
8. YANSAB has not concluded any contracts with any Board Member, or Senior Executive, and there is no personal interest for any of them or any person related to any of them.
9. There is no penalty, retribution, precautionary measure or precautionary restriction imposed on YANSAB by the Capital Market Authority (CMA), or from any other supervisory or regulatory authority, or judicial body, during the fiscal year ended on 31 December, 2022.
10. There is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).
11. The independent auditor's report shows that the financial statements are presented fairly, in all material respects, and there are no reservations about them.
12. No shareholder notified YANSAB of any change in the ownership of shares during the fiscal year ended on 31 December, 2022.
13. YANSAB acknowledges that it currently has no loans.

## PROFILES OF BOARD MEMBERS AND BOARD COMMITTEE MEMBERS

Current and Former Positions, Academic Qualifications and Experience of Board and Committees' members:



**ENG. Abdulrahman Ahmed Shamsaddin**

Chairman of the Board  
Chairman of Investment Committee

### Current position

CEO of SABIC Agri-Nutrients.

### Former Positions and Work Experience

- Executive Vice President, Shared Services at SABIC
- Vice President of Internal Audit at SABIC
- General Manager of Risk Management at SABIC
- General Manager of Continuous Improvement at SABIC
- General Manager of Manufacturing Services at SABIC
- Manager of Maintenance Projects Management at SABIC
- Operations General Manager at IBN RUSHD
- Engineering Processing Manager at SAMREF
- Manager of Project Management at SAMREF
- Manager of Maintenance Management at SAMREF
- Supervisor of Inspection Department at SAMREF
- Materials' Technical Engineer at SAMREF

- He was a member of SABIC's Risk Management Executive Committee, secretary of SABIC's Risk and Compliance Committee, member of their Finance Leadership team, and leader of many global projects and initiatives. He was also responsible to the Audit Committee of the Board of Directors for the internal audit management of the company.

Eng. Abdulrahman Ahmed Shamsaddin is experienced in operations and administration, safety of work procedures, efficiency of performance and reliability, engineering and project management, maintenance and operations at refineries and petrochemical plants. He has participated in several leadership missions, is a member of strategy and governance frameworks teams, and is one of the first graduates of SABIC's Leadership Challenge program. He has a B.Sc. in Applied Mechanical Engineering.



**ENG. Majed Abdulelah Nouraddin**

Vice Chairman  
Audit Committee member

### Current position

Vice President - Capacity, Capabilities and Growth Assurance for Strategic Growth at SABIC,  
Chairman of Audit Committee for Arabian Industrial Fibers Company (Ibn Rushd).  
Board Member at Saudi-Yanbu Petrochemical Company (Yanpet)  
Board Member at Al Jubail Petrochemical Company (Kemya), SABIC Capital B.V  
Board Member at ArcelorMittal Tubular Products Jubail.

### Former Positions and Work Experience

- General Manager of Planning and Performance Improvement, SABIC (Petrochemicals)

- General Manager of Planning and Performance, SABIC (Corporate Manufacturing)
- General Manager of Economics and Business Support, SABIC Agri-Nutrients
- General Manager of Economics and Business Support, SABIC (Performance Chemicals)
- Managing Director of Economics & Business, SABIC (Chemicals)
- Finance Director and Board Secretary, YANSAB
- Head of Treasury Department, YANSAB

Eng. Majed is experienced in project and financial management, economics, and business administration. He holds two master's degrees in project management and executive business administration, and a bachelor's degree in industrial engineering.



**DR. Ahmad Abdullah Al-Meghames**

Board Member  
Chairman of Remuneration and Nomination Committee.

### Current position

CEO of Saudi Organization for Certified Public Accountants.

### Former Positions and Work Experience

- CEO of Saudi Organization for Chartered and Professional Accountants.
- Former positions and work experience
- Board Member and Chairman of Audit Committee, National Shipping Company of Saudi Arabia (Bahri)
- Member of Audit Committee, Saudi Telecom Company

- Member of Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)
- Vice Chairman, Committee for Development of Accounting Remote Bodies, International Federation of Accountants
- Associate Professor, King Saud University
- Lecturer, King Saud University

Dr. Ahmad has a PhD in accounting, and master's and bachelor's degrees in accounting. He holds a Fellowship from the Saudi Organization for Chartered and Professional Accountants (SOCPA)





**MR. Ibrahim Mohammed Al-Saif**  
Board Member  
Chairman of Audit Committee  
Member of Investment Committee

#### Current position

Board Member of Al BARRAK Industrial Group

#### Former Positions and Work Experience

- Assistant Governor for Investment, General Organization for Social Insurance (GOSI).
- General Manager of Financial Investments, GOSI.

Mr. Ibrahim is experienced in the fields of investment, economy, establishment of companies, membership of company boards, committees. He is a member of many international associations and groups in the fields of investment and economy. He has a master's degree in economics



**MR. Khalid Ibrahim Al-Rabiaah**  
Board Member  
Chairman of Risk Committee  
Member of Investment Committee

#### Current position

- Founder and Chairman of KIR Financial Advisory
- Chairman of the Board Audit Committee at Acwapower
- Chairman of the Board at The Arab Company for Drug industry & Medical Appliances (ACDIMA)
- Member of the Board at The Tunisian Saudi Bank
- Member of the Board at Abdullah Al Othaim Investment Co.
- Member of the Board at East Pipes Integrated Co. for Industry
- Member of the Board at Al Dowyan Real Estate Group
- Member of the Board at Tarabot Charitable organization

#### Former Positions and Work Experience

- Chairman of the Board of Directors of the Saudi Stock Exchange (Tadawul)
- CEO of Methanol Chemicals Company (Chemanol)
- Vice President for Finance, Saudi Arabian Amiantit

Mr. Khalid has extensive experience in the fields of strategic and financial planning and business development. He holds a bachelor's degree in accounting from Ohio's University of Toledo, US.



**ENG. Sameeh Soliman Al-Sahafi**  
Board Member  
Risk Committee Member

#### Current position

President of Saudi Yanbu Petrochemical Company (YANPET).

#### Former Positions and Work Experience

He worked at SAMREF in the Department of Electrical and Technical Engineering and was responsible for electrical maintenance and project planning. Then, he moved to YANSAB and rose rapidly through several positions

including Senior Manager of Reliability, General Manager of Technical Affairs and Executive Manager - Chemical Operations. He was later the CEO of YANSAP and CEO of IBN RUSHD Company and worked on the management of the strategic transformation sector. He is experienced in project planning, technical affairs, maintenance, technology and operations in petrochemical companies. Eng. Sameeh holds a bachelor's degree in power engineering and electric motors.



**ENG. Faisal Moead Al-Bahair**  
Board Member  
Member of Remuneration and Nomination Committee  
Member of Investment Committee

#### Current position

Vice Chairman of the Local Content and Business Development Unit of SABIC, CEO of Nusaned Investment and Board Member of several companies..

#### Former Positions and Work Experience

Prior to his appointment in the Local Content Unit at SABIC, he served as their General Manager of Investment Management and Market Studies for the Petrochemical Sector.

Eng. Faisal holds a bachelor's degree in chemical engineering, and has completed many professional courses in management, finance, internal auditing, inventory management, marketing, and operational and strategic planning.



**MR. Khalid Ali Al-Garni**  
Member of Audit Committee

#### Current position

Vice President of Internal Audit  
Board Member and Audit Committee Member of Arab Industrial Fibers Company (IBN RUSHD) and Industrialization & Energy Services Company (TAQA); Board Member of Sinopec (SABIC) Tenjin Petrochemical Co. Ltd and Member of Supervisory Board at SABIC Capital B.V.

#### Former Positions and Work Experience

- Vice President of Global Finance Reporting and Controllershship at SABIC
- Global Finance Controller at SABIC
- Partner at Deloitte Middle East

Mr. Khalid has extensive international experience in financial accounting and controllership  
He has a bachelor's degree in accounting and is a certified chartered public accountant (CPA) with an associate degree from Saudi Organization for Chartered and Professional Accountants (SOCPA)



**MR. AlWaleed Fahd Al-Senani**  
Member of Remuneration and Nomination Committee.

#### Current position

- General Manager of Corporate Governance, SABIC.
- Board Member and Chairman of Audit and Risk Committee, Gas National Industrial Gases Co.

#### Former Positions and Work Experience

- Executive Director of Corporate Governance at SABIC
- Various positions at CMA, including Corporate Governance Director and Risk Management Director

Mr. Al-Waleed has extensive experience in corporate governance and risk management. He holds a bachelor's and a master's degree in accounting and has completed several leadership programs at Harvard Business School, MIT Sloan, IMD and INSEAD.



**MR. Thamer Abdullah Al-Hamoud**  
Member of Risk Committee

#### Current position

Chief of Legal, Compliance and Governance, and Board Secretary at Al Ra'idah Investment Company and member of Remuneration and Nomination Committee and Governance and Risk Committee at Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO).

#### Former Positions and Work Experience

- Manager of CMA Board Decisions and Instructions Unit, Department of Legal Advisory, CMA.
- A seconded legal adviser at the Norton Rose Fulbright Law Firm, London, UK.
- Legal Adviser, Saudi Food and Drug Authority.

Mr. Thamer holds a bachelor's degree in Law and a master's degree in Financial Law and Securities.



**ENG. Mohammed Ali Bazaid**  
Member of Investment Committee  
Secretary-General of Remuneration and Nomination Committee

#### Current position

President of Yanbu National Petrochemical Company (YANSAB)

#### Former Positions and Work Experience

He worked at Saudi Yanbu Petrochemical Company (YANPET), and rose quickly through several technical and leadership positions, the most recent of which was General Manager of Maintenance. He then moved to Arabian Industrial Fiber Company (Ibn Rushd), first as General Manager of Technical Affairs, then General Manager of Operation, and finally President, before becoming CEO of YANSAB.

Eng. Mohammed is experienced in operations and maintenance, project planning and management, and technical and reliability affairs in the petrochemical sector.

He has a bachelor's degree in mechanical engineering and numerous certificates in specialized courses in finance, management and executive leadership from major business and management institutes.



## MEMBERSHIPS OF DIRECTORS IN AND OUTSIDE SAUDI ARABIA

Name	Current memberships	Former memberships
Eng. Abdulrahman Ahmed Shamsaddin	YANSAB's Chairman of the Board, CEO of SABIC Agri-Nutrients, member of Gulf Petrochemical Industries Company (GPIC)	Marafiq Company and Maaden Phosphate Company
Eng. Majed Abdulelah Nouraddin	YANSAB, Saudi-Yanbu Petrochemical Company (Yanpet), Arcelor Mittal Tubular Products Jubail	Al Bayroni
Mr. Ibrahim Mohammed AlSaif	YANSAB, Al Barrak Industrial Group	Safco company, Bank AlJazira, Samba Financial Group, Mobily, Dur Hospitality, Gulf Tourism Company and Rajhi Steel
Dr. Ahmad Abdullah Al Maghamis	YANSAB	The National Shipping Company of Saudi Arabia (Bahri)
Mr. Khalid Bin Ibrahim Al Rabiaah	YANSAB, Al Dowaian Holding Company, International Water and Energy Company (ACWAPOWER), of Al Sharq integrated pipes company for industry, Tunisian Saudi Bank, The Arab Company for Drug industry & Medical Appliances (ACDIMA)	Saudi Stock Exchange (Tad-awul), Al Jazeera Support Services Company,
Eng. Sameeh Soliman Al Sahafi	YANSAB and President of Saudi Yanbu Petrochemical Company (YANPET).	N/A
Eng. Faisal Moead Albahair	YANSAB, Dussur Company and Nusaned Investment company of SABIC Affiliate	Al Razy Company and United Company

## BOARD MEETINGS AND ATTENDANCE

The Board of Directors held five meetings during the fiscal year ending on December 31, 2022 with dates and details listed below.

Member Name	Attendance Record for 2022				
	1 <sup>st</sup> Meeting 20 February	2 <sup>nd</sup> Meeting 23 March	3 <sup>rd</sup> Meeting 05 June	4 <sup>th</sup> Meeting 14 October	5 <sup>th</sup> Meeting 25 December
Eng. Abdulrahman Ahmed Shamsaddin	Attended	Attended	Attended	Attended	Attended
Eng. Majed Abdulelah Nouraddin	Attended	Attended	Attended	Attended	Attended
Dr. Ahmad Abdullah Al Meghames	Attended	Attended	Attended	Attended	Attended
Mr. Ibrahim Mohammed Al Saif	Attended	Attended	Attended	Attended	Attended
Mr. Khalid Bin Ibrahim Al-Rabiaah	Attended	Attended	Attended	Attended	Attended
Eng. Sameeh Soliman Al Sahafi	Attended	Attended	Attended	Attended	Attended
Eng. Faisal Moead Albahair	Attended	Attended	Not Attended	Attended	Attended

# BOARD COMMITTEES

YANSAB's Board of Directors have formed, and continues to manage, several committees that serve as a dynamic driver for setting policies, making decisions, developing programs, and bringing them to fruition. The Board also offers recommendations to the General Assembly for the formation of the Audit Committee which can benefit from the diverse experiences of Board Members as it plays an essential and significant role in achieving optimal performance.

## First: Audit Committee

In the light of relevant provisions contained in the rules governing audit committees as set forth in the corporate governance regulations issued by the Capital Market Authority, YANSAB's Audit Committee reviews the company's financial statements and announcements related to its financial performance. It provides opinions on whether the Annual Report and other financial statements are prepared in accordance with regulatory requirements, studies the financial and accounting policies used in them, and defines how best to prepare and present them. In this regard, the Audit Committee also provides opinions and recommendations to the Board of Directors.

The Audit Committee studies and reviews all internal and financial control and risk management systems and ensures their effectiveness through periodic reporting to

the Internal Audit department (or to external auditors) on its adequacy, follow-ups on the implementation of recommendations, and corrective actions to observations contained in any audit report. If it falls within the scope of their competence, the Audit Committee also prepares a report for the Board of Directors with opinions on the adequacy of systems, recommendations to redress substantial issues, and any other recommendations for developing systems and their works.

The Audit Committee supervises and oversees the performance of YANSAB's Internal Audit department and verifies its effectiveness in carrying out assigned duties and responsibilities. It provides recommendations to the Board to appoint or dismiss external auditors, and determine their fees after assessing their performance, independence, scope of work and terms of employment. The Committee reviews the external auditor's plans and works and verifies compliance with all statutory standards governing its activities. It studies any report issued by a regulator on compliance and ensures that the company undertakes necessary measures.

Further, the Audit Committee ensures that YANSAB abides by all relevant laws, regulations, policies and regulatory instructions. It also reviews proposed contracts and transactions with relevant parties and provides informed opinions regarding them, to the Board.

The Audit Committee consists of three members, and they held five meetings during the fiscal year ended on 31 December 2022, with dates and details listed below.

COMMITTEE MEMBERS	YANSAB Audit Committee Attendance Record for 2022				
	1 <sup>st</sup> Meeting 19 January	2 <sup>nd</sup> Meeting 17 February	3 <sup>rd</sup> Meeting 17 April	4 <sup>th</sup> Meeting 25 July	5 <sup>th</sup> Meeting 25 October
Mr. Ibrahim Mohammed Al-Saif	Attended	Attended	Attended	Attended	Attended
Eng. Majed Abdulelah Nouraddin	Attended	Attended	Attended	Attended	Attended
Mr. Khalid Ali AlGarni	Attended	Attended	Attended	Attended	Attended

## Major actions

1. Reviewed the preliminary quarterly and annual financial statements for the year 2021 and the preliminary quarterly financial statements for 2022
2. Provided recommendations to the Board of Directors on appointing external auditors after studying proposals submitted by external auditors and determining their fees for the fiscal year ended on 31 December 2022
3. Examined the audit plans of the external auditor and provided comments to enhance the efficiency and effectiveness of the audit
4. Examined and verified the independence of the external auditor
5. Studied the external auditor's observations on YANSAB's financial statements and reviewed implementation of recommended actions with Executive Management
6. Reviewed the works of YANSAB's Internal Audit Department to ensure its effectiveness in carrying out assignments and tasks set out by the Board
7. Issued a report on the works of YANSAB's Internal Audit Department
8. Examined periodic internal audit reports and reviewed the implementation of corrective actions to observations contained in them
9. Examined the reports of external regulators and reviewed the implementation of corrective actions to observations raised in them
10. Reviewed and approved internal audit plan for the year 2022.
11. Submitted periodic reports on the results of the Committee's deliberations to the Board
12. Examined and approved the Audit Committee's 2022 report, activities, and opinions on the internal control system
13. Reviewed the annual report on the Audit Committee's performance.
14. Reviewed the Board of Directors' report for the year 2021
15. Reviewed various reports submitted by Risk Committee and Executive Management.
16. Reviewed and discussed the status of Internal Control gaps closure
17. Reviewed the Marketing Agreement Audit
18. Reviewed the new Internal Audit system
19. Reviewed important circulars issued by the Capital Market Authority
20. Reviewed the works of the Internal Audit Department, and results of the work of the external auditor and found that no substantial observations on their assigned work.

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

The Audit Committee has no recommendation that contradicts the Board's resolutions or has been rejected by the Board – on the appointing and dismissing of YANSAB's external auditor, determining their fees and assessing their performance, appointing the internal auditor, or any other matter.

## Annual review of Internal Control System

During 2022, YANSAB's Internal Audit department conducted regular reviews to verify the effectiveness of the Internal Control System. These reviews included Organizational Manpower, Process Control, Central Workshops, Inspection, Treasury and Finance, the catalyst reclamation process and precious metal controls, the disposal of assets, and chemical operations including Olefins, Utilities and Offsite, EG and BBTX. The Internal Audit department also reviewed petty cash on a semi-annual basis. Concurrently, the external auditor also evaluated the effectiveness of the Internal Control System during the audit of YANSAB's final financial statements.

The aforementioned audits did not show any substantial weakness in YANSAB's Internal Control System.

The Audit Committee verifies that the Internal Audit department has implemented the agreed audit plan in full independence, and that the external auditor completed the work professionally in a proper manner and in full independence, with access to all the data and documents required to perform these duties.

The Committee has also reviewed actions taken by the Internal Audit Department and YANSAB's Executive Management to consider observations and correct them, in coordination with relevant departments.

The Audit Committee continues to regularly inform the Board of Directors of its assignments and the results of its work.

The external auditor also evaluated the effectiveness of the Internal Control System as a part of his work during the audit of YANSAB's final financial statements.



## Second: Remuneration and Nomination Committee

In the light of relevant provisions contained in the rules governing remuneration and nomination committees as set forth in the corporate governance regulations issued by the Capital Market Authority, YANSAB's Remuneration and Nomination Committee prepares the remuneration policy for Board Members, Board Committee Members and other senior executives, and makes required recommendations to the Board of Directors as approved by the Ordinary General Assembly of YANSAB. The Committee periodically reviews the remuneration policy to ensure adaptation to any change in relevant laws and regulations, reviews YANSAB's strategic objectives and the skills and qualifications required to achieve them and makes recommendations about suitable remunerations to the Board. The Committee prepares an annual report on all these remunerations.

The Remuneration and Nomination Committee sets the policy and standards for Board membership and makes recommendations to the Board thereon for approval by YANSAB's Ordinary General Assembly, on nominations for membership. The Committee prepares a description of required capabilities and qualifications, studies any cases featuring conflict of interest, and makes required recommendations. It annually reviews the skills required for Board membership, and periodically studies the structure of the Board of Directors and sets procedures in the event of vacancy of the position of any member. The

Committee also annually verifies the independence of independent members and any conflict of interest if a member wishes to join another company's Board.

The Committee makes recommendations to the Board on appropriate policies and standards for appointing Senior Executives, determining the capabilities and skills required of them, and reviewing them periodically to ensure adaptation to changes. Further, it sets job descriptions for senior executives and the procedures for succession in the event of a vacancy of any position, and reviews these periodically. It also provides regular updates to the Board and Board Committees on legal developments, governance, accounting and circulars issued by the competent authorities.

The Remuneration and Nomination Committee makes recommendations to the Board for new Board Members to receive an orientation or induction program covering YANSAB's activities, business, and financial and legal aspects. It also provides recommendation on various training programs for the Board of Directors, including macro developments in the petrochemicals market.

The Remuneration and Nomination Committee consists of three members, and they held three meetings during the fiscal year ended on 31 December 2022, with dates and details listed below.

COMMITTEE MEMBERS	YANSAB Remuneration and Nomination Committee Attendance Record for 2022		
	1 <sup>st</sup> Meeting 31 January	2 <sup>nd</sup> Meeting 30 June	3 <sup>rd</sup> Meeting 07 November
DR. Ahmed Abdullah Almaghamisi	Attended	Attended	Attended
ENG. Faisal Moead Albahair	Attended	Attended	Attended
MR. Alwaleed Fahd Alsenani	Attended	Attended	Attended

### – Major actions

- |  |   |
|--|---|
| <ol style="list-style-type: none"><li>1. Reviewed the independence and competition model for Board Members.</li><li>2. Recommended annual remunerations for Board Members for the fiscal year ended 31 December, 2021.</li><li>3. Recommended annual bonuses for Senior Executives for the fiscal year ended 31 December, 2021</li><li>4. Reviewed the annual report on remunerations awarded to members of the Board of Directors, its affiliated committees, and Senior Executives for the fiscal year ended 31 December, 2021.</li><li>5. Organised a training program for Board Members for the year 2022.</li><li>6. Evaluated the Board of Directors and Board committees for the year 2022.</li></ol> | <ol style="list-style-type: none"><li>7.Planned nominations of members to the Board of Directors for the sixth session from 2023 to 2026.</li><li>8. Recommended annual remunerations for Board Members for the fiscal year ended 31 December, 2022.</li><li>9. Recommended annual remunerations for Board Members for the fiscal year ended 31 December, 2022.</li><li>10. Reviewed the most significant changes in the new corporate system.</li><li>11. Reviewed all relevant circulars.</li><li>12. Scheduled committee's meetings for 2023</li></ol> |
|--|---|

### Third: Risk Committee

In the light of relevant provisions contained in the rules governing risk committees as set forth in the corporate governance regulations issued by the Capital Market Authority and in YANSAB's Risk Committee Charter, the Risk Committee works with the company's Executive Management to develop and uphold comprehensive policies for risk management. These policies are commensurate with the nature of YANSAB's business and activities, as well as the company's goals and strategies, and recommendations to any changes in these policies are sent to the Board of Directors for approval.

The Risk Committee offers recommendations to the Board to determine acceptable levels of the risks to which YANSAB may be exposed, and how to maintain it. After Board approval, the Committee verifies that YANSAB does not go beyond it, verifies the feasibility and success of business continuity, and identifies any risks that threaten this continuity.

The Risk Committee consists of three members, and they held four meetings during the fiscal year ended on 31 December 2022, with dates and details listed below.

COMMITTEE MEMBERS	YANSAB Risk Committee Attendance Record for 2022			
	1 <sup>st</sup> Meeting 14 March	2 <sup>nd</sup> Meeting 23 June	3 <sup>rd</sup> Meeting 01 September	4 <sup>th</sup> Meeting 25 December
Mr. Khalid Bin Ibrahim Al Rabiaah	Attended	Attended	Attended	Attended
Eng. Sameeh Soliman Al-Sahafi	Attended	Attended	Attended	Attended
Mr. Thamer Bin Abdullah Al Hamoud	Attended	Attended	Attended	Attended

#### – Major actions

1. View the results of the evaluation of the progress level of risk management in the company
2. View the global business risk insights that may have an impact on the company's business
3. View the business continuity program plan for the year 2022
4. View the company's plan and the technical structure assigned to implement it will address some technical problem
5. View potential risks from the Russia-Ukraine war that could affect the company's business
6. View continuous development and updates in the company's risk register
7. View the annual evaluation review work

### Fourth: Investment Committee

In light of the rules stipulated in YANSAB's Investment Committee Charter and as approved by the Board of Directors, the Investment Committee regularly reviews the company's investment strategy and policies to ensure adaptation to any changes that may occur in the external environment in which YANSAB works; new legislations regulating business; changes in strategic objectives, or otherwise.

The Investment Committee oversees YANSAB's investment activities, establishes appropriate processes for measuring and assessing investment performance, evaluates new investment opportunities proposed by the

company's Executive Management, ensures that proposed investment opportunities comply with relevant laws, regulations and instructions, ensures the availability of sufficient resources for investments, and studies the Executive Management's progress reports in respect of approved investment opportunities as well as any other competences assigned by the Board of Directors.

The Investment Committee consists of five members, and they held three meetings during the fiscal year ended on 31 December 2022, with dates and details listed below.

COMMITTEE MEMBERS	YANSAB Investment Committee Attendance Record for 2022		
	1 <sup>st</sup> Meeting 20 February	2 <sup>nd</sup> Meeting 30 June	3 <sup>rd</sup> Meeting 14 October
ENG. Abdulrahman Ahmed Shamsaddin	Attended	Attended	Attended
MR. Ibrahim Mohammed Al-Saif	Attended	Attended	Attended
MR. Khalid Bin Ibrahim Al-Rabiaah	Attended	Attended	Attended
ENG. Faisal Moead Albahair	Attended	Attended	Attended
ENG. Mohammed Ali Bazaid	Attended	Attended	Attended

#### – Major actions

1. Held discussions on project development discussions
2. Reviewed project developments in the context of investment strategy



# EXECUTIVE MANAGEMENT

Current and former positions, educational qualifications and experience of YANSAB's senior executives:



**ENG.**  
**Mohammed Ali Bazaid**

## Current position

President of YANSAB

## Former Positions and Work Experience

He worked at Saudi Yanbu Petrochemical Company (YANPET), and held several technical and leadership positions, the most recent of which was General Manager of Maintenance, then he moved to work in Arabian Industrial Fiber Company (IBN RUSHD) as the General Manager of Technical Affairs, then General Manager of Operation, then President of (IBN

RUSHD), then moved to be the President of YANSAB.

Eng. Mohammed is experienced in operation and maintenance, project planning and management, and technical and reliability affairs in the petrochemical sector.

He holds a bachelor's degree in mechanical engineering in addition to certificates of many specialized courses in finance, management and executive leadership from major business and management institutes.



**ENG.**  
**Jehad Hassan Shami**

## Current position

Director - Polymer Operation

## Former Positions and Work Experience

He started his career as a Process Engineer at Kemya before joining the newly established Saudi Kayan project and holding several positions including Senior Manager of Phenolics and Senior Manager Operations - Olefins. He then joined YANSAB as Senior Manager Operations - Polypropylene and later became Senior Manager of Operations - Olefins.

Eng. Jehad has experience in process engineering, operations and project management in petrochemicals. He holds a bachelor's degree in applied chemical engineering.



**ENG.**  
**Majed Hassen Alahmadi**

## Current position

Executive Director - Chemical Operation

## Former Positions and Work Experience

Majed joined Yansab during initial Yansab Project, He worked as a Process Engineer, then rose in the hierarchy through several positions, including HDPE Senior Manager and Senior Manager EHSS. Then he was promoted as Operation Director in Ibn Rushd. He was rotated to Yansab as Chemical Operation Director.

Eng. Majed has experience in EHSS, process engineering, operation and project management in petrochemicals.

He holds a bachelor's degree in chemical engineering.



**ENG.**  
**Tariq Saad Aldhahri**

## Current position

Executive Director - Maintenance

## Former Positions and Work Experience

Tariq Started as an instrumentation Engineer in (YANPET), then rose through different leadership roles including Sr. Manager Central Planning & Control, and Sr. Manager Polymers Maintenance. Tariq has participated in managing various Efficiency Improvement Projects including Manufacturing Fixed Cash Cost Optimization and SABIC FCC+ Optimization.

Tariq has experience in Maintenance, Planning, Cost and Project Management in Petrochemicals.

Tariq holds a Bachelor's degree in Electrical Engineering from Dalhousie University, Canada.



**ENG.**  
**Hosam Saud Alhujaili**

#### Current position

Executive Director - Technical Affairs

#### Former Positions and Work Experience

He worked as a fixed equipment inspection engineer at Saudi Aramco, before he joined YANSAB where he rose through several positions including Maintenance Manager of HDPE and Olefin Plant and Senior Manager of Turnaround and Major Maintenance. He was later assigned as Senior Manager in Inspection and Asset Engineering.

Eng. Hosam is experienced in maintenance and technical affairs in petrochemical companies. He holds a bachelor's degree in mechanical engineering.



**ENG.**  
**Khalid Mohammed Alsubhi**

#### Current position

Executive Director - YANSAB Growth Projects

#### Former Positions and Work Experience

Ethylene Production Engineer, Ethylene Production Supervisor, General Manager of Operations, General Manager of Olefins, General Manager of Polymer at YENPET. Then he moved to work at YANSAB as Executive Director of Chemicals.

Executive Director- Polymer Operation. ENG. ALSUBHI is experienced in petrochemical operations, process engineering, management, production and safety. He holds a bachelor's degree in chemical engineering.



**MR.**  
**Abdulkareem Hashem Almalki**

#### Current position

Director Finance & Planning,  
Board of Directors Secretary.

#### Former Positions and Work Experience

- Senior Financial Analyst, Royal Commission for Jubail and Yanbu (Yanbu Project)
- Senior Analyst, Budget and Cost Control, Marafiq
- Then he moved to work with YANSAB 2007 project team, where he led the team in charge of applying SAP-PS project system and SAP unified system, and rose in the hierarchy through several positions, including:

- Senior Manager of Internal Audit Department
- Manager of Financial Reports
- Member of several internal committees

Mr. Abdulkareem is experienced in financial management, internal audit, cost accounting, financial accounting, treasury, business planning, and corporate governance.

He holds a master and bachelor degrees in Professional Accounting.





## Description of interests, contractually based securities and subscription rights of the issuer's directors, senior executives and their relatives in the shares or debt instruments of the issuer or any of its subsidiaries, together with any change to these interests or rights during the last fiscal year

### Board Members

Description of interests, contractually based securities and subscription rights of the issuer's directors, and their relatives in the shares or debt instruments of the issuer

Name	Beginning of year			End of year			Net Change	Change Ratio
	Shares	Debt instruments	Ownership Ratio	Shares	Debt instruments	Ownership Ratio		
Eng. Abdulrahman Ahmed Shamsaddin	-	-	-	-	-	-	-	-
Eng. Majed Abdulelah Nouraddin	35,000	-	-	35,000	-	-	-	-
Dr. Ahmad Abdullah Al-Meghames	1,000	-	-	10	-	-	990	-99%
Mr. Ibrahim Mohammed Al-Saif	10,000	-	-	10,000	-	-	-	-
Mr. Khalid Bin Ibrahim Al-Rabiaah	1	-	-	1	-	-	-	-
Eng. Sameeh Soliman Al-Sahafi	-	-	-	-	-	-	-	-
Eng. Faisal Moead Albahair	-	-	-	-	-	-	-	-

### Senior Executives

Description of interests, contractually based securities and subscription rights of the issuer's Senior Executives, and their relatives in the shares or debt instruments of the issuer

Name	Beginning of year			End of year			Net Change	Change Ratio
	Shares	Debt instruments	Ownership Ratio	Shares	Debt instruments	Ownership Ratio		
Eng. Mohammed Ali Bazaid	2,553	-	-	2,553	-	-	-	-
Eng. Jehad Hassan Shami	-	-	-	-	-	-	-	-
Mr. Majid Hassen AlAhmadi	25	-	-	25	-	-	-	-
Mr. Tariq Saad AlDhahri	-	-	-	3,333	-	-	3,333	3,333%
Mr. Hosam Saud AlHujaili	-	-	-	-	-	-	-	-
Eng. Khalid Mohammed AlSubhi	-	-	-	2,483	-	-	2,483	2,483%
Mr. Abdulkareem Hashem AlMalki	-	-	-	-	-	-	-	-
ENG. Maher Abdulmoaty Hussain	-	-	-	-	-	-	-	-

### Remuneration Policy

In light of the provisions regulating the remunerations of Board Members and Board Committee Members set forth in the Companies Law, Corporate Governance Regulations, and regulatory rules and procedures issued pursuant to the Companies Law relating to Listed Companies:

#### Board Members and Board Committee Members

- The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations of Board Members and Board Committee Members, based on the following principles:
  - Remunerations shall be consistent with the company's strategic objectives and incentives for members to achieve those objectives and enhance the company's ability to develop and sustain its business
  - Remunerations shall be commensurate with the nature of the company's business and size as well as required skills and experience
  - Remunerations shall be a means to attract Board Members with the required expertise and qualifications to enhance the company's ability to achieve its objectives
- Board Members shall be paid an annual remuneration of SAR 200,000 for Membership of the Board.
- Board Members who participate in Board Committees (including the Audit Committee) shall be paid an annual remuneration of SAR 150,000, whether the member participate in one or several committees.
- Members from outside the Board of Directors who participates in a Board Committee (including the Audit Committee) shall be paid an annual remuneration of SR 150,000, whether the member participates in one or several committees.
- The company is entitled to claim compensation for damage to its reputation and should take any compensation, or other costs incurred by the company, in the event:
  - A member is convicted of committing an act of disgrace, dishonesty or forgery, or violating the laws and regulations of Saudi Arabia or any other country
  - A member fails to carry out responsibilities and duties resulting in damage to the interest of the company

- Membership is terminated, by a decision of the General Assembly, for a Member's absence for three consecutive meetings within one year, without a legitimate excuse acceptable to the Board.

#### Senior Executives

- The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine remunerations of Senior Executives, provided that these remunerations:
  - Are commensurate with YANSAB's strategic objectives and incentives for the Senior Executives to achieve these objectives and enhance the company's ability, business development and sustainability
  - Are appropriate for the nature, activity and size of YANSAB's business, as well as required skills and expertise
  - Enable YANSAB to attract senior executives with capabilities, skills and qualifications required to enable the company to achieve its objectives.
  - Do not cause conflict of interest which might adversely impact YANSAB's interest and ability to achieve its objectives.

Clarification of the relationship between granted remunerations and applicable Remuneration Policy, and statement of any significant deviation from this Policy.

The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations for Board Members, Board Committee Members and Committee Members who are not members of the Board, and Senior Executives. The remunerations shall be determined in accordance with regulatory controls approved by the Board of Directors, the Remuneration Policy for Board Members and Board Committee Members and Senior Executives as approved by the General Assembly of YANSAB. The Member shall therefore be entitled to the remuneration granted thereto accordingly.

### Clarification of the relationship between granted remunerations and applicable Remuneration Policy, and statement of any significant deviation from this Policy.

The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations for Board Members, Board Committee Members and Committee Members who are not

members of the Board, and Senior Executives. The remunerations shall be determined in accordance with regulatory controls approved by the Board of Directors, the Remuneration Policy for Board Members and Board Committee Members and Senior Executives as approved by the General Assembly of YANSAB. The Member shall therefore be entitled to the remuneration granted thereto accordingly.

### Board Members' Remunerations in 2022

Remunerations paid to YANSAB Board Members during the fiscal year ended on 31 December 2021 (amounts in thousands, SAR)

	Fixed Remunerations						Variable Remunerations										
	Specific amount <sup>(1)</sup>		attendance allowance for Board meetings	Total attendance allowance for Board meetings	In-kind benefit	Remuneration of technical, administrative and consultancy works	Remuneration of the Chairman of Board, Managing Director or Secretary of Board	Total	Profit Rate	Periodic Bonus	Short-term incentive plans	Long-term Incentive Plans	Shares awarded (a value is entered)	Total	End of Service Benefit	Grand Total	Expenditure Allowance
First: Independent Members																	
Dr. Ahmad Abdullah Al Meghames	200	15	9	--	--	--		224	--	--	--	--	--	--	--	224	--
Mr. Ibrahim Mohammed Al-Saif	200	15	24	--	--	--		239	--	--	--	--	--	--	--	239	--
Mr. Khalid Bin Ibrahim Al-Rabiaah	200	15	21	--	--	--		236	--	--	--	--	--	--	--	236	--
Total	600	45	54	--	--	--		699	--	--	--	--	--	--	--	699	--
Second: Non-Executive Members																	
Eng. Abdulrahman Ahmed Shamsaddin <sup>(2)</sup>	200	15	9	--	--	--		224	--	--	--	--	--	--	--	224	--
Eng. Majed Abdulelah Nouraddin <sup>(2)</sup>	200	15	15	--	--	--		230	--	--	--	--	--	--	--	230	--
Eng. Sameeh Soliman Al Sahafi <sup>(2)</sup>	200	15	12	--	--	--		227	--	--	--	--	--	--	--	227	--
Eng. Faisal Moead Albahair <sup>(2)</sup>	200	12	18	--	--	--		230	--	--	--	--	--	--	--	230	--
Total	800	48	54	--	--	--		911	--	--	--	--	--	--	--	902	--

<sup>(1)</sup> Fixed remuneration is the annual remuneration for Board Membership for the fiscal year ended on 31 December 2021, which was disbursed after approval of the General Assembly held in March 2022.

<sup>(2)</sup> To be paid to SABIC, upon Member's request.

### Board Committee Members' Remunerations in 2022

Remunerations paid to YANSAB Board Committee Members during the fiscal year ended on 31 December 2022 (amounts in thousands, SAR)

MEMBERS	Fixed remunerations (excluding session attendance allowance) <sup>(1)</sup>	Session attendance allowance	Total
<b>Members of Audit Committee</b>			
Mr. Ibrahim Mohammed AlSaif	150	15	165
Eng. Majed Abdulelah Nouraddin	150	15	165
Mr. Khalid Ali AlGarni	150	15	165
<b>Members of Remuneration and Nomination Committee</b>			
Dr. Ahmad Abdullah AlMaghamis	150	9	159
Eng. Faisal Moead Albahair	150	9	159
Mr. Alwaleed Fahd AlSenani	150	9	159
<b>Members of Risk Committee</b>			
Mr. Khalid Ibrahim Al Rabiaah	150	12	162
Eng. Sameeh Soliman AlSuhafi	150	12	162
Mr. Thamer Abdullah AlHamoud	150	12	162
<b>Members of Investment Committee</b>			
Eng. Abdulrahman Ahmed Shamsaddin <sup>(1)</sup>	150	9	159
Eng. Faisal Moead Albahair <sup>(1)</sup>	Included in Remuneration and Nomination Committee	9	9
Mr. Ibrahim Mohammed Al-Saif	Included in Audit Committee	9	9
Mr. Khalid Bin Ibrahim Al-Rabiaah	Included in Risk Committee	9	9
Eng. Mohammed Ali Bazaid <sup>(1)</sup>	150	9	159

<sup>(1)</sup> To be paid to SABIC, upon Member's request

### Senior Executives Remunerations

Remunerations paid to YANSAB's Senior Executives, including the CEO and CFO, for the year ended 31 December 2022 (amounts in thousands, SAR)

	Fixed Remunerations				Variable Remunerations						End-of-service benefits	Total Remunerations for Board	Total Aggregate Amount
	Salaries	Allowances	In-kind benefits	TOTAL	Periodic bonuses	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
Five senior executives	4,130	1,267	252	5,649	--	--	1,540	511	--	2,051	--	24	7,724
Total	4,130	1,267	252	5,649	--	--	1,540	511	--	2,051	--	24	7724

The company has committed itself to disclosing executive bonuses in accordance with the statutory requirements contained in Article 93 of Corporate Governance Regulations in light of Article 60, paragraph B of the Securities Offering Rules and continuing obligations.



The company has committed to disclose the remuneration of executives in accordance with the statutory requirements contained in Article (93) of the Corporate Governance Regulations, in light of provisions stated in Paragraph B of Article (60) of the Rules on the Offer of Securities and Continuing Obligations.

Given the efforts made by the Board of Directors, the Remuneration and Nomination Committee provided a recommendation to the Board of Directors to approve Board Members' remuneration for the fiscal year ended on 31/12/2022. (amounts in thousands, SAR) <sup>(1)</sup>:

S.No.	Name	Membership Start Date	Membership End Date	No. of Membership Days	Due Remuneration
1	ENG. Abdulrahman Ahmed Shamsaddin Chairman <sup>(2)</sup>	1/1/2022	31/12/2022	365	200
2	ENG. Majed Abdulalah Nouraddin Vice Chairman <sup>(2)</sup>	1/1/2022	31/12/2022	365	200
3	DR. Ahmad Abdullah Al-Meghames Board Member	1/1/2022	31/12/2022	365	200
4	MR. Ibrahim Mohammed Al-Saif Board Member	1/1/2022	31/12/2022	365	200
5	MR. Khalid Ibrahim Al-Rabiaah Board Member	1/1/2022	31/12/2022	365	200
6	ENG. Faisal Moead Albahair Board Member <sup>(2)</sup>	1/1/2022	31/12/2022	365	200
7	ENG. Sameeh Soliman Al-Sahafi Board Member <sup>(2)</sup>	1/1/2022	31/12/2022	365	200
Total					1,400

<sup>(1)</sup> The annual bonus was paid during January 2023.

<sup>(2)</sup> To be paid to SABIC, upon member's request.

#### DESCRIPTION OF TRANSACTIONS BETWEEN YANSAB AND A RELATED PARTY

SABIC and some of its companies market and sell YANSAB's products, supply raw materials and obtain its technical licenses, shared services and administrative, technological, technical and legal expertise, provide services relating to handling materials and raw materials as well as other services and contract that are considered to be intra-group activities.



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