

## Annual Report 2022

50

عاماً من النجاح

YEARS OF SUCCESS

1972-2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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



HRH Crown Prince  
**Mohammed Bin Salman Al Saud**  
Crown Prince and Prime Minister

## Table of Contents

<b>01</b>	Introduction	<b>P/08</b>	<b>21</b>	Earnings per Share	<b>P/60</b>
<b>02</b>	BOD Chairman Speech	<b>P/10</b>	<b>22</b>	Company's Dividends Distribution Policy	<b>P/60</b>
<b>03</b>	GCEO and Managing Director of (SCCH) Speech	<b>P/12</b>	<b>23</b>	Financing Compatible with Islamic Sharia	<b>P/61</b>
<b>04</b>	An Overview of SCCH	<b>P/16</b>	<b>24</b>	Saudi Industrial Development Fund's Financing	<b>P/63</b>
<b>05</b>	SCCH Success Milestones	<b>P/18</b>	<b>25</b>	Transactions with Related Parties	<b>P/63</b>
<b>06</b>	Our Strategy	<b>P/20</b>	<b>26</b>	Statement of Statutory Payments	<b>P/64</b>
<b>07</b>	Company and its Subsidiaries' Activities	<b>P/22</b>	<b>27</b>	Penalties and Sanctions and Reserve Restriction	<b>P/64</b>
<b>08</b>	Saudi Chemical Company Holding's Percentage of Ownerships in its Subsidiaries	<b>P/28</b>	<b>28</b>	Auditor	<b>P/64</b>
<b>09</b>	Strategic Plans, Expansion of Activities, and Investments in Other Companies	<b>P/28</b>	<b>29</b>	Results of the Annual Review of the effectiveness of the Internal Control	<b>P/65</b>
<b>10</b>	Board members, Board Committees, and Senior Executives	<b>P/36</b>	<b>30</b>	Expected Risks	<b>P/68</b>
<b>11</b>	Board level committees	<b>P/40</b>	<b>31</b>	Shareholders' Rights and General Assembly	<b>P/74</b>
<b>12</b>	Membership of BOD in the Board of other Joint-Stock Companies as of 31/12/2022	<b>P/44</b>	<b>32</b>	Shareholder Registers 2022	<b>P/75</b>
<b>13</b>	BOD Meetings during 2022	<b>P/45</b>	<b>33</b>	Corporate Governance and Related Processes	<b>P/76</b>
<b>14</b>	Board Level Committees Meetings during 2022	<b>P/45</b>	<b>34</b>	Communication with Shareholders and Investors	<b>P/78</b>
<b>15</b>	Description of any interest of the BOD members, their spouses and minor children in the Company's shares or debt instruments, or in any of its subsidiaries	<b>P/47</b>	<b>35</b>	Social Responsibility Program	<b>P/79</b>
<b>16</b>	Compensation and Remuneration for Board Members and Senior Executives	<b>P/48</b>	<b>36</b>	Quality and Environmental Management	<b>P/80</b>
<b>17</b>	Contribution of Each Activity to the Company's Business Volume and the Consolidated Sales	<b>P/53</b>	<b>37</b>	Safety Record and Industrial Security	<b>P/80</b>
<b>18</b>	Geographical Distribution of the Consolidated Sales	<b>P/54</b>	<b>38</b>	Distribution of dividends	<b>P/82</b>
<b>19</b>	Explanation of any Significant Differences in Operating Results as Compared to Previous Year's Results	<b>P/55</b>	<b>39</b>	Internal and Other Controls' Representations	<b>P/82</b>
<b>20</b>	Summary of the Consolidated Financial Results	<b>P/56</b>	<b>40</b>	Conclusion	<b>P/83</b>



## 01 Introduction



The annual report for 2022 presents a new success milestone in the history of the Saudi Chemical Company Holding (SCCH). This year marks the establishment of the Company and documents its growing achievements over the past five decades. During these years, SCCH and its subsidiaries have become one of the most prominent investment companies in the industrial and commercial sectors. SCCH now forms a prestigious national platform and a stream for the non-oil industrial sector in the Kingdom, which is one of the key enablers to realize of achieving the Kingdom's Vision 2030.

### Dear Shareholders and Partners,

We present this report to reflect the institutional, operational, and financial performance of SCCH and the commitment of its Board of Directors to adhere to the principles of disclosure, transparency, and governance. We will review the Company's status and achievements through an integrated set of facts, figures, and tables on the Company's financial position, including a final budget, income statement, cash flows, and changes in shareholders' rights. With another year of giving, we look forward to a new phase of growth, prosperity and achievements that that will enrich our Company's approach and ambitious strategic vision towards greater progress, by targeting the most rewarding revenues, returns and profits for all shareholders, partners and stakeholders.

## 02 BOD Chairman Speech



### Dear Shareholders,

May the peace, mercy and blessings of Allah be upon you,

As we submit our annual report for 2022, allow me, on behalf of my colleagues the members of the Board of Directors and all employees at the Saudi Chemical Company Holding, to express our pride in our history, which is filled with successes and milestones achieved by the efforts of the best national and international talents and experts. We have worked together side by side to achieve major successes, so we have reached a prominent leading position in the industrial and commercial sectors. We look forward to further growth under the guidance of a wise leadership that will make our Kingdom among the most competitive, capable, sophisticated and prosperous countries in the world.

We have accomplished fifty years of major achievements in the national industry and production sectors and we look forward to a new chapter of giving and growth based on our ambitious strategic vision. We aim to support the government's relentless efforts and the aspirations of our wise leadership to elevate the level of national companies so they can achieve greater expansion and attract global and local investments that increase the level of national production and manufacturing in line with the objectives of the Kingdom's Vision 2030, "An Ambitious Nation and Thriving Economy".

In this report, we present another success story in our company's long history by showcasing key operational and financial achievements across various activities. This is done through the company's key performance indicators, highlighting positive facts and figures that reflect our success in implementing our development strategy at all operational and administrative levels. This strategy will help us achieve further growth and development for the company and its subsidiaries across various fields of work and production, by ensuring strong financial and operational performance, as well as an efficient and successful management of supply chains, transport and logistical activities, to enhance the company's competitiveness in local and regional markets.

I would like to extend my sincere thanks and appreciation to all our valued partners and shareholders for their trust and continued support. I would also like to extend my gratitude to all members of the Board of Directors for the profound impact that their guidance and cooperation have had on our success this year. I would also like to thank my brothers in executive management and the company's employees at all levels for their loyalty and dedication in implementing management directives, and for their great efforts that guarantee the Company's ability to optimally achieve all its strategic objectives.

God is the Arbiter of Success.

**Eng. Fahd bin Saleh Al-Jarbou**  
Chairman of the Board

### 03 GCEO and Managing Director Speech



#### Dear Shareholders,

May the peace, mercy and blessings of Allah be upon you,

Saudi Chemical Company Holding and its subsidiaries have had fifty years of success and excellence in all sectors. The company has succeeded in establishing a leading national economic entity where partners, shareholders and employees play an integral role. Its successful career was shaped by true strategic values that contributed to the sustainability of this organization and drove its prosperity and development to achieve the goals of Saudi Vision 2030.

As we entered our fifth decade in 2022, I am pleased to say that Saudi Chemical Company Holding witnessed clear operational and administrative excellence across all of its business, reflected in the company's performance. It recorded growth and prosperity according to financial and operational indicators. This emphasizes the accuracy of its strategic planning and overall development vision in developing the company's investment base and improving its financial strength to achieve sustainable value and gain for all investors and partners.

This year brings with it a new success for the company in terms of its commitment to sustainability and innovation in all its fields, which has enabled it to increase its institutional and operational competitiveness. The company has worked to enhance productivity, intensify efforts to keep pace with variables, meet the needs of its customers, and provide creative solutions to develop an advanced digital operational and production infrastructure, leveraging significant technological developments and growth in work environments in the Kingdom and the support provided by our wise government.

Saudi Chemical Company Holding continued to activate its internal communication channels and to provide all components for job growth to maintain a secure and stable employment cycle. It sought to promote loyalty and generosity among employees, support them, and empower them through qualification and training to improve their capabilities and expertise and reinforce their ability to efficiently implement the company's objectives. The Company's management has also been keen to activate all external communication channels in accordance with an ambitious strategy, through which it aims to enhance its leading position and maintain its positive image among all partners, customers, shareholders and stakeholders. This strategy also hopes to develop this image in line with the company's active presence as a prominent Saudi industrial and commercial company that contributes to the development of the private industrial and commercial sector and maintains cooperation with relevant government entities and institutions.

We hope that the coming years will bring more major successes in all areas for the Company and its subsidiaries. We hope to build on our blessings and the achievements we've made over the past 50 years to expand our portfolio of investment projects, expand our customer and partner base, and increase performance and delivery efficiency in a way that maximizes the benefits and profits of all shareholders and partners.

In conclusion, I would like to thank all my colleagues at Saudi Chemical Company Holding and its subsidiaries, shareholders, clients and partners, as well as the Chairman of the Board of Directors and the members of the Board, for their great support and trust, which have motivated us to continue giving and succeeding with confidence and strength. We hope the future will be even brighter.

God is the Arbiter of Success.

**Eng. Thamer bin Mohammad Al Muhid**  
GCEO and Managing Director

## Board of Directors



**Eng. Fahd S. Al-Jarbou'**  
Chairman of Board of Directors



**Obaid A. Al-Rasheed**  
Deputy Chairman of the Board



**Eng. Thamer M. Al Muhid**  
Managing Director



**Sultan A. AlHamidi**  
Member



**Dr. Mohammed S. AlBadr**  
Member



**Abdulrahman A. Al-Yamani**  
Member



**Fawaz M. Al-Fawaz**  
Member



**Mohammed O. AlOtaibi**  
Member



**Mohammed S. bin Dawood**  
Member



## 04

**An overview of SCCH**

Over the course of 50 years, SCCH was able to set itself apart on a pioneering and advanced path as a national Saudi platform. It has succeeded in achieving a distinguished presence in the private industrial and commercial production sector since its inception in 1972. Following that, it was listed on the Saudi Stock Exchange (Tadawul), with a declared paid-up capital of SAR 843,200,000, divided into 84,320,000 shares, with a nominal value of SAR 10 per share.

With a comprehensive strategic vision, the Company has achieved factual excellence in 2 main sectors: the production, trade and distribution of medicines, pharmaceuticals and medical equipment, in addition to the production and distribution of explosive materials and substances for civil and military use.

With 50 years of giving, growth and leadership in both the industrial and commercial sectors, the Company has a vigorous record of major achievements and unique successes. This was made possible by its strong institutional and operational strength and distinguished financial solvency, through which it was able to achieve a strong presence in the local and regional markets. This can be attributed to its adoption of the principle of long-term strategic planning, and the application of its action plans in line with the best professional practices, in accordance with the highest standards of quality, efficiency and safety.

SCCH, with its 50-years record of growth and development, has played a leading and pivotal role in the non-oil sector and in supporting the major transformation journey. It is proud to be directed by the relentless efforts of our wise leadership and our government towards supporting the private and joint sectors to achieve greater competitiveness and excellence at the regional and global levels, in order to transform the Kingdom's markets into an attractive global environment for promising major investments with greater growth, development and prosperity.

**Vision**

To create value and prosperity by nurturing and protecting nations

**Mission**

To unleash human creativity to serve our customers the best, max share value for investors and shareholders, and develop talents and communities.

**Values****Integrity****Diversity****Engagement****Agility**

الكيميائية السعودية  
Saudi Chemical  
Saudi Joint Stock Co.



## 05 SCCH Success Milestones



## 06 Our Strategy

The Company shall implement a comprehensive sustainable development strategy based on the following themes:

### Leading the Non-Oil Industrial Sector

The Company's strategy is based on being the leading national company in the non-oil sector. It contributes to the direct enhancement of national output by achieving sustainable growth and integration in all its various key sectors. It aims to raise production capacities in manufacturing, distribution, transport and logistic support facilities, as well as enhance the capabilities of innovation, renewal and product development, in line with the requirements and needs of customers and in accordance with the highest required quality and efficiency standards. Furthermore, the strategy aims to ensure the continuity and development of work in relation to production, supply chains and distribution channels for all civil, military and health sectors in KSA and the GCC, while developing all aspects of strategic integration among all its subsidiaries. The strategy also benefits from significant government support to develop non-oil industrial and productive work environments in the Kingdom to directly raise their contribution to the national income, in line with one of the most ambitious goals of the Kingdom's Vision 2030.

### Cultivating Domestic Content

In line with the objective of achieving the Kingdom's Vision 2030, the Company is exerting continuous efforts to develop work mechanisms and methodologies by studying local markets and their requirements and needs. It then aims to meet these needs in accordance with the required technical and operational standards and specifications, as a contribution to cultivating domestic content and improving competitiveness with international markets. Moreover, the Company aims to support the efforts to dedicate the "Saudi Made" initiative as a factor in promoting domestic content so that it can truly compete in the most prestigious international markets.

### Localization of Expertise and Competencies

The Company is committed to the policy of transferring and localizing expertise and knowledge, attracting the best Saudi competencies, expertise and talents, and supporting them with more training courses and qualification programs to enable them to lead future work paths with efficiency, skill and competence. Moreover, the Company continues to develop and build its work environments to serve as an example of giving and socially responsible work, and a sustainable and secure business model.

Our approach to integrating the value of sustainability into our business and activities clearly outlines all imperatives, objectives and priority areas in a way that contributes to meeting work legislative requirements and managing the risks associated with our business. On the other hand, we are eager to consider all social, environmental, and economic factors, including ethical values, occupational health and safety, good workplace practices, employee and community rights and environmental protection.

## Innovation, R&D

The Company is committed to conducting specialized market research and studies, and analyzing trends, customer tendencies and growing requirements, as well as studying the performance of competitors in local and regional markets to develop its administrative and operational practices across its various work channels. This is in line with its sustainable strategy for development in accordance with the latest international standards of quality and efficiency, which ensures the creation of the best technical and manufacturing solutions and options that meet the needs and requirements of all customers and partners.

### Maintaining a Positive Brand Image, and Enhancing Corporate Communication

Saudi Chemical Company Holding believes that promoting effective communication with stakeholders through internal, external, and social communication channels is a key factor in successfully achieving the company's vision and strategic goals. The company's executive management pays great attention to institutional communication, and to its development and implementation across all corporate activities related to its employees and its external audience. In line with Saudi Chemical Company Holding's leading role as one of the most important industrial and commercial companies in the Saudi and regional markets, the company has been keen to enhance its brand image through a number of institutional activities, such as ensuring its presence through its subsidiaries participating in several a several exhibitions and events. The company was honored to receive visits from high-profile local personalities and officials from various sectors during these events. This was evident, for instance, at the company's participation in sponsoring the 2022 World Defence Show in its first edition, which is the first global event of its kind in the Kingdom, under the patronage of His Royal Highness Prince Mohammed bin Salman, Crown Prince and Prime Minister of the Council of Ministers, and during the company's sponsorship of MODH 4th International Quality Conference. These are only some of the events that contributed to highlighting the company's position in local and international markets.

The company has also been able to enhance its presence on social and traditional media by covering various topics, to better communicate its vision and mission, as well as increase its visibility and the quality of its products and services. In addition, given the major achievements made by Saudi Chemical Company Holding during the year, it has been included in a number of internationally, regionally, and locally approved lists, including the selection of the Group CEO and Managing Director for Forbes Middle East's Top Healthcare Leaders for 2022, as well as the list of most powerful CEOs in the Middle East for 2022. Saudi Chemical Company Holding has also been included in the list of the Top 10 Innovative Companies in the Healthcare Sector in Saudi Arabia for 2022, which was published through Forbes magazine and the Research, Development and Innovation Development Authority.

The company pays great attention to participating and cooperating with stakeholders when it comes to implementing their media and communication campaigns and interacting with them. Furthermore, Saudi Chemical Company Holding and its sectors participate in the campaigns and programs organized by "Made in Saudi", which was launched by the Saudi Export Development Authority as part of the National Industrial Development and Logistics Program (NIDL). This participation is done through subsidiaries registered with "Made in Saudi", namely, AJA Pharma and Saudi Chemical Company Holding Limited.

On a related note, the company continued to honor its commitments towards the community by participating in community responsibility initiatives, and developing programs of tangible value and positive impact meant to serve employees and achieve sustainable community development. One of the most important of these initiatives was the summer training program, held by the company to train the children of its employees. It was a very important and distinguished initiative launched under the direct supervision of the company's executive management.

## 07

## Company and its Subsidiaries' Activities



### Saudi Chemical Company Holding (Saudi Joint Stock Company):

Saudi Chemical Company Holding was established in 1972 as a pioneering Company in Saudi Arabia, in the field of manufacturing explosives for civil purposes. The Company became a major local and regional provider of civil explosives in various applications such as, rock removal, road paving, tunnels, mines, plus mining, and oil exploration. The company's capital is 843.2 million SR and it was listed in the Saudi Capital Market in 2001. It was also approved to transfer the activity of the explosives sector on 09/09/2018 to Saudi Chemical Company Limited (subsidiary) effective by 01/01/2019.



### Saudi Chemical Company Ltd. (SCCL):

Saudi Chemical Company Ltd. (SCCL) was established at the end of 2011 with a capital of fifty million SR, for manufacturing, selling, and purchasing of explosives and their related products for civil and military uses, in addition to importing industrialization materials and equipment. The company also plans to study and develop some projects related to energy materials production for military use.

The Company owns three major factories and warehouses in the central, northern, and western regions, as well as central distribution warehouses in the southern, western, and eastern regions. The Company was able to supply the local market with all basic materials and accessories of explosives for civilian use necessary for infrastructure works and construction projects. It should be noted that the Company's business is not limited to the production of explosives for civilian purposes only but extends to military purposes.



### Suez International Nitrate Company (SINCO):

SINCO was established in 2006 in Egypt. The activity of the Company is the production of ammonium nitrate, which is the main raw material used by the factories of Saudi Chemical Company Limited in Saudi Arabia for the production of explosives. The annual production capacity is 80,000 tons of low-density porous ammonium nitrate.

During 2009, SINCO completed the construction of its factory, passed the primary operational tests, and received the license necessary for production. The commercial production of SINCO commenced during the first quarter of 2010. SINCO's authorized capital is 5 million U.S. Dollars, of which the issued and paid capital is five million U.S. Dollars, divided into 50,000 shares with a par value of US\$ 100 per share. SINCO is a closed joint-stock company and is not listed in the Egyptian Stock Market.



### Chemical Company for Commercial Investment Ltd. (CCCI):

Chemical Company for Commercial Investment Ltd. (CCCI) was established in 2008 with a capital of 5 million SR. The activities of the company include wholesale and retail trade in medicines and medical materials and machinery, medical equipment, management and operation of community and governmental pharmacies in the Kingdom of Saudi Arabia. CCCI began its business activities in 2013.



### AJA Pharmaceutical Industries Company Ltd. (AJA Pharma):

AJA Pharmaceutical Industries Company Ltd. (AJA Pharma) was established in 2012, as a limited liability company in the Kingdom of Saudi Arabia, with a capital of 100 million Saudi Riyals. The principal activities of the Company include the establishment and ownership of medical factories, medical preparations, vaccines and serums, pharmaceuticals and radioactive reagents, laboratory and diagnostic tools and medical supplies, and the undertaking, managing, and owning of medicinal research and development, and import, export, wholesale and retail trade in industrial equipment.



### Saudi International Trading Company Ltd. (SITCO Pharma):

SITCO Pharma was established in 1982 with a capital of five million SR. The activity of the Company is concentrated in the distribution of Pharmaceutical products in Saudi Arabia. SITCO Pharma is one of the major pharmaceutical distributors in the Kingdom and has the leading position in this area. It is the appointed agent for a number of major global companies in the pharmaceutical industry. It provides all health sectors in Saudi Arabia with a large proportion of their needs for international pharmaceutical products through its distribution network deployed in all areas of Saudi Arabia. It is also one of the largest national distributors of vaccines and refrigerated medications (such as insulin and hormones), which require special transportation and storage conditions.



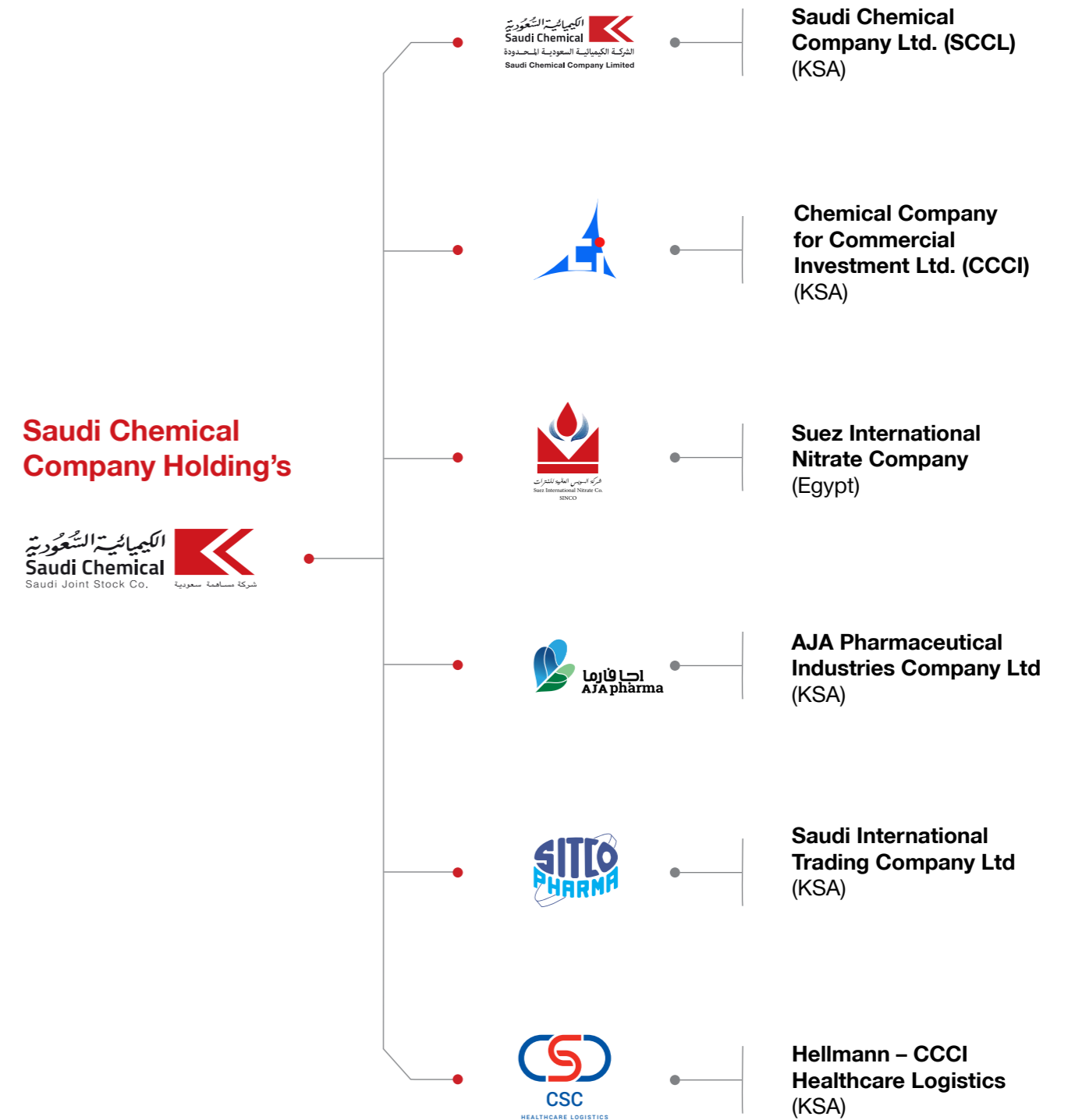
### Hellmann – CSC Healthcare Logistics

Saudi Chemical Company Holding, through its subsidiary the Chemical Company for Commercial Investment Ltd. (CCCI), established a joint logistics company along with International Logistics Company at the end of 2022, under the name of "Supply Chain Management Company for Logistics Services Ltd". This exclusive joint project is the first of its kind in the region in the field of logistics services in the healthcare sector and will contribute to the development of the Kingdom's logistics capabilities and localize logistics in the sector. The project aims to provide transportation, loading, unloading, storage, and distribution services with the highest standards of quality, safety and security.

## 08 Saudi Chemical Company Holding's Percentage of Ownerships in its Subsidiaries

Saudi Chemical Company Holding's direct and indirect percentage of ownerships in its subsidiaries are summarized as of December 31, 2022, in the following table:

Company Name	Paid Capital	Ownership%	Main Activity	Operational Headquarters	Country of Incorporation
Saudi Chemical Company Ltd.	50 Million Saudi Riyals	100%	Production of nitric acid, manufacturing and supply of civil and military explosives, ammunition and weapons for both both civilian and military.	KSA	KSA
Chemical Company for Commercial Investment Ltd. (CCCI)	5 Million Saudi Riyals	100%	Includes wholesale and retail trade in medicines and medical equipment.	KSA	KSA
Suez International Nitrate Company (SINCO)	5 Million US Dollars	100%	Production of Ammonium Nitrate.	Egypt	Egypt
AJA Pharmaceutical Industries Compny Ltd.	100 Million Saudi Riyals	100%	Manufacture of pharmaceuticals for human use, sale agents in pharmaceuticals and cosmetics.	KSA	KSA
Saudi International Trading Company Ltd. (SITCO Pharma)	5 Million Saudi Riyals	99%	Distribution of medicines, sales agents in pharmaceuticals and cosmetics.	KSA	KSA
Hellmann– CSC Healthcare Logistics	500 Million Saudi Riyals	50%	Logistics, utility operation, loaing, unloading, transportation and distribution services.	KSA	KSA



## 09 Strategic Plans, Expansion of Activities, and Investments in Other Companies

In line with the strategic plans set by the Board of Directors to expand activities and diversify the company's sources of income, the company committed in 2022 to implementing its strategic plans in order to achieve many ambitions and improve financial performance to benefit all stakeholders. The following is an overview of the main actions taken to support the company's strategy and the key achievements of subsidiaries in the various sectors and business units of the company:

Military Industries Complex - Riyadh

### First: Explosives Sector

#### Saudi Chemical Company Limited

##### Civil Explosives Unit

- Reviewed operational and production costs to maximize the company's financial return.
- Supplied the company's products to several strategic projects in the Kingdom, mainly NEOM, by providing products and services to implementing companies, and offering technical support and other vital projects.
- Resumed the export of the company's products this year to foreign markets after stopping it due to the Covid-19 pandemic.
- Organized over nine technical courses for government security sectors and private sector employees inside and outside the Kingdom, especially on the use, handling, and safe handling of explosives. The

company held several environmental safety and health courses for its employees working across all the company's locations.

- Completed the central firefighting, fire prevention, and fire protection systems project at the company's factory in Atshana in line with the criteria and requirements of the High Commission for Industrial Security, with the aim of preparing the company's locations, maintaining the validity of its licenses and properties, and ensuring the safety of its employees.
- Renewed licenses for all three of the company's distribution warehouses for four years, in line with the requirements of the Law of Explosives and Fireworks, and its technical and security specifications.

##### Military Explosives Unit

- Completed all necessary construction for the Military Industries Complex, completed the installation of the company's explosives material production lines, and received the raw materials necessary to operate the pilot project.
- Obtained the final license for activities in the military explosives industry from the General Authority for Military Industries.
- Obtained approval from the relevant authorities on operation, pilot production, and transportation.

- Completed the modernization and maintenance of central firefighting, fire prevention, and fire protection systems in the Military Industries Complex, in accordance with the safety and fire protection specifications of the High Commission for Industrial Security. The overall security project for the Military Industries Complex was also completed.
- Signed a memorandum of understanding with Spanish company "Expal" to localize the mobilization and production of artillery projectiles in multiple tracks in order to diversify the national military industries and increase local content. The MOU was signed on the sidelines of the World Defence Show in its first edition in 2022.

##### Exports

The Saudi Chemical Company Limited continuously seeks to expand its scope of work and provide its services both regionally and globally. It is a member of the "Made in Saudi" program launched by the Saudi Export Development Authority (SEDA), and it actively participates in the program to support the national development strategy and increase the volume of Saudi non-oil exports.

##### Commitment and Licenses

All licenses issued to the company's factories and warehouses are valid. The company strictly complies with technical and security requirements, and with the Law of Explosives and Fireworks and its technical and security requirements, which are in line with the specifications of the High Commission for Industrial Security, the General Authority for Military Industries, and other relevant entities.

## Second: Pharmaceutical Sector

- Achieved operational and competitive excellence through the formation of an experienced and competent team, the continuous development of work mechanisms, and the provision of new digital solutions to keep up with the variables and needs of the growing market.
- Signed new development agreements for the transfer of knowledge and technology related to pharmaceutical manufacturing. Launched new products and medicines in therapeutic fields for a number of diseases, including modern era diseases (such as diabetes, heart disease, hypertension, and diseases related to oncology and vaccines), to maintain business sustainability and contribute to increasing the GDP and achieving pharmaceutical security.
- Completed the installation of the sterile production line and all necessary facilities and machinery at the AJA Pharma Factory.
- Increased the volume of storage facilities to improve services provided to the company's customers in some warehouses belonging to the Saudi International Trading Company Limited (SITCO Pharma).
- Established a partnership between the Chemical Company for Commercial Investment and Hellmann International Logistics to support the competitive advantage of the company in the 3PL logistics sector.



### Pharma Sector Companies

The achievements of Saudi Chemical Company Holding's pharmaceutical companies are as follows:

#### Saudi International Trading Company (SITCO Pharma)

Sitco Pharma is one of the largest pharmaceutical companies in the Kingdom, and it is among the most prominent in terms of the quality of its services and its commitment to maintaining the company's leadership in the field of pharmaceutical distribution. In this context, long-term contracts were signed during this year with multinational companies: New products were added to the distribution network, existing contracts with major suppliers were reviewed and renewed, unprofitable agreements were terminated, and the storage capacity of the company's General Drug Storage in Jeddah was doubled.

#### AJA Pharmaceutical Industries Company (AJA Pharma)

In 2022, AJA Pharma developed its manufacturing capabilities infrastructure to localize pharmaceutical industries, transfer manufacturing technology, and achieve pharmaceutical security in the Kingdom in line with the Kingdom's vision and national transformation aspirations in the health sector. These developments positively reflected on the company's production capacity to reach more than 23 million packages as a result of the launch of 10 new products. It has also tripled the capacity of one of the production lines. Furthermore, the company has completed installing the sterile pharmaceutical production line and equipping all the necessary machinery and facilities related to its operation.

In 2022, Panadol-Extra, a local player, was launched by AJA Pharma in the Saudi market in the fourth quarter of the year, along with 8 other products related to various chronic diseases. The company was also able to move from secondary packaging to full manufacturing and initial packaging to reach 60% of the total produced units in 2022, compared to 30% in 2021. Similarly, AJA Pharma developed 9 products in different therapeutic areas with different formats, most of which are expected to be launched in 2023. In addition, a total of 6 new drug preparations have been completed, as well as transferring the ownership of marketing rights for Cialis 3 concentrations from Eli Lilly International to AJA Pharma.

#### Exports

AJA Pharma seeks to expand its business regionally and globally, exporting some of its products to GCC countries such as Oman. The company is also a member of the "Made in Saudi" program launched by the Saudi Export Development Authority, and it actively participates in the program in it to support the national development strategy and increase the volume of Saudi non-oil exports.

#### Chemical Company for Commercial Investment Ltd. (CCCI)

In 2022, the business model was reviewed, and objectives were set to raise efficiency and reach profitability. CCCI is working to establish new partnerships based on better distribution terms.

#### Hellmann – CSC Healthcare Logistics

The steps related to establishing the company have been completed, the most important of which were signing the shareholders agreement, obtaining approval from the General Authority for Competition, issuing the necessary licenses from the concerned authorities, completing the company's Articles of Association, and the appointment of the Chairman and the Board of Directors. It is expected that the company will start its business in 2023. This joint venture will contribute to the development of capabilities in warehouse and logistics management in the healthcare sector, and will improve the quality of third-party logistics services (3PL).





### Third: Suez International Nitrate Company (SINCO)

The company launched its business with the aim of producing ammonium nitrate, which is the basic material needed to produce civil explosives, instead of importing it from European countries, as was the case in the past. This project has strengthened the ability of the Saudi Chemical Company Ltd. to secure most of its needs of the main raw materials for the production of civil explosives, the demand for which is expected to increase in the upcoming years, in order to complete the infrastructure projects in the Saudi Arabia, such as railway and mining projects, which are expected to need increasing quantities of civil explosives in the upcoming years.

## 10 Board Members, Board Committees, and Senior Executives

### Board members' functions, qualifications and expertise

#	Name	Qualifications	Current and Previous Positions and Experiences
1	Eng. Fahad Saleh Al-Jarbou	Bachelor of Electrical Engineering, KFUPM 1974.	<ol style="list-style-type: none"> <li>2010-Present – Member and Chairman of the Board of Directors - Chairman of the Executive Committee Saudi Chemical Holding Co.</li> <li>2002-2010: General Manager and member of the Board of Directors (SITCO Pharma).</li> <li>1995-2010: General Manager and Managing Director and Member of the Executive Committee of the Saudi Chemical Company.</li> <li>1992-1995: CEO of NAFTA Company Limited.</li> <li>1989-1992: General Manager - Qassim Cement Company.</li> <li>1983-1989 General Manager &amp; Board Member in METSCO Steel Construction Co. Ltd.</li> <li>1976-1983: Saudi Industrial Development Fund - Electrical Loans Section.</li> <li>1974-1976 Teaching Assistant.</li> </ol>
2	Mr. Obaid Abdulah AlRasheed	Bachelor of Business Administration, San Jose, United States of America, 1983	<ol style="list-style-type: none"> <li>Feb. 2021-Present MD and CEO Arab National Bank</li> <li>2011-Feb. 2021- VP Arab National Bank.</li> <li>38 Years in Banking</li> </ol>
3	Eng. Thamer Mohammed Al Muhid	Bachelor of Civil Engineering - King Saud University 1993 Master of Business Administration Austria Master of Business Administration USA	<ol style="list-style-type: none"> <li>2020 - Present: Managing Director - CEO of the Saudi Chemical Holding Group.</li> <li>May 2022 - Present: Vice Chairman of the Board of Directors of the National Academy of Military Industries.</li> <li>2018-2020, Deputy General Manager of the Saudi Chemical Company Limited and Managing Director of SINCO</li> <li>2016-2018, General Manager of the Food Unit, Almarai Company</li> <li>2015-2015, the Ministry of Commerce and Industry, General Director of Policies, Research and Planning</li> <li>1995 - 2015, SABIC Jubail and Riyadh - 2009 Global Director of Planning and Monitoring, GI SABIC USA.</li> <li>1993 to 1995, the Royal Commission for Jubail and Yanbu</li> </ol>
4	Dr. Mohammed Saud Al-Badr	Doctorate in Computer Education 1993.	<ol style="list-style-type: none"> <li>2010-2020 General Manager of Saudi Chemical Company Holding.</li> <li>2008-2009: CEO of Saudi Integrated Telecom Co.</li> <li>1997-2007: General Manager of International Company for Education and Training.</li> <li>1993-1997 General Manager of IT at Shura Council</li> </ol>

#	Name	Qualifications	Current and Previous Positions and Experiences
5	Mr. Abdulrahman Abdulaziz Alyemni	Bachelor of Arts Geography KSU 1403	<ol style="list-style-type: none"> <li>18 years of experience in corporate boards.</li> <li>12 years in the executive management of the Saudi Pharmaceutical Industries (SPIMACO).</li> <li>1984 – 1993 Ministry of Higher Education.</li> </ol>
6	Mr. Fawaz Mohammed Al-Fawaz	Bachelor's Finance and Accounting KSU 1983	<ol style="list-style-type: none"> <li>2015-Present, Executive Vice President of Finance - National Industrialization Company.</li> <li>2010-2015 Vice President of Finance - SABIC Head office.</li> <li>2005-2009, General Manager of Finance - SABIC Head office.</li> <li>2000-2004, General Manager of Financial and Accounting Services - SABIC Head office.</li> <li>1996-1999, Assistant Vice President of Finance, SABIC Marketing (one of SABIC's subsidiaries).</li> </ol>
7	Mr. Mohammed Omair AlOtaibi	Master of Business Administration Western Michigan University USA 1993	<ol style="list-style-type: none"> <li>2016 - until now: Zamin E-Marketing Company, Chairman of the Board of Directors</li> <li>Previous membership in the boards of directors of companies (GASCO, Riyadh Bank, Yamamah Steel and Abo Moati Co.)</li> <li>2005 - 2015, Saudi National Shipping Company</li> <li>1994 to 2005, the Saudi Hollandi Bank and Saudi American Bank</li> <li>1983 to 1991, Riyadh Bank and Saudi Airlines</li> </ol>
8	Mr. Mohammed Saad Bin Daoud	Bachelor's Accounting, KSU 1996.	<ol style="list-style-type: none"> <li>2018 – present Mohammed bin Saad bin Dawood Office for Financial and Administrative Consulting</li> <li>March 2018 – July 2018 Managing Director of Mawafat Investment Company.</li> <li>2014 – 2018, CEO and board member of Mohammed Abdulaziz Al Rajhi &amp; Sons for Investment Company.</li> <li>2013 – 2014, General Manager of Corporate Banking at Saudi British Bank.</li> <li>2004 – 2013, Deputy General Manager of Corporate Banking at Arab National Bank.</li> </ol>
9	Mr. Sultan Abdulaziz AlHamidi	Bachelor of Systems Engineering, King Fahd University of Petroleum and Minerals, 1997 Master of Business Administration, King Saud University, 2004	<ol style="list-style-type: none"> <li>2019 - until now: Executive Vice President of the Business Sector</li> <li>2013-2015 Bank Aljazira: Vice President for Retail Finance</li> <li>2011-2013 Al-Rajhi Bank: Assistant Director Alam, Head of Alternative Channels.</li> <li>2009 - 2011 Al Rajhi Bank: Assistant General Manager and Head of Cards Center</li> <li>2007 to 2009, Al-Rajhi Bank: Cards Products Manager.</li> <li>2006-2007 Saudi Telecom Company: Integration Management Project Manager</li> <li>1999 to 2006, the Saudi Electricity Company: Head of Control System.</li> </ol>

## Senior Executive's Positions, Qualifications, and Experiences

#	Name	Current Position	Previous Position	Qualifications	Years of Experience
1	Thamer Mohammed Al Muhid	GCEO and MD	<ol style="list-style-type: none"> <li>Feb. 2020- Present: Group CEO of Saudi Chemical Holding Co.</li> <li>Deputy General Manager of the Saudi Chemical Company Ltd., General Manager and Managing Director of Suez International Company (SINCO) from 3/2018 until 2/2020</li> <li>General Manager of Food Sector - Almarai Company from 2016 – 2018.</li> <li>2015 – General Manager of Policies, Research, and Planning, Ministry of Commerce.</li> <li>SABIC Jubail and Riyadh -2009. Global Manager of Planning and Control - GE SABIC, USA 1995 – 2015</li> <li>Royal Commission for Jubail and Yanbu -1993-1995</li> </ol>	<ul style="list-style-type: none"> <li>Bachelor of Civil Engineering from King Saud University.</li> <li>Master – Austria</li> <li>Master - USA</li> </ul>	29 years
2	Sameh Fathi Ahmed Hasan	Group CFO	<ol style="list-style-type: none"> <li>Financial and Planning Manager for Al Faisaliah Group</li> <li>Head of the financial sector of Aujan Holding Group</li> <li>Regional Financial Manager for Colgate Palmolive Arabia Limited in the Kingdom of Saudi Arabia</li> <li>Regional Financial Manager for Novartis International, North Africa</li> <li>Regional Chief Financial Officer of Johnson &amp; Johnson Med Yekal, North Africa</li> </ol>	<ul style="list-style-type: none"> <li>Master's degree in Business Administration - from the Dutch Maastricht Business School.</li> </ul>	27 years

#	Name	Current Position	Previous Position	Qualifications	Years of Experience
3	Ismail Mohammed Ismail shehada	CEO Pharma Sector	<ol style="list-style-type: none"> <li>President of the Gulf Cooperation Council (GCC) for the British Company AstraZenca from 1/2019 to 6/2020.</li> <li>General Manager of the British company AstraZenca in Saudi Arabia from 1/2017 to 12/2018.</li> <li>General Manager of the British Glasgow Smith Klein Company in Saudi Arabia from 1/2016 to 12/2016.</li> </ol>	<ul style="list-style-type: none"> <li>Bachelor of Pharmacy from the University of Applied Sciences - Jordan.</li> <li>Executive Master in Senior Leadership Development, London, UK.</li> <li>Certificate of Advanced Sales Execution Program from ESCP, Europe.</li> <li>Medical course in Oncology at Gustave Roussy Hospital, Paris, France.</li> <li>In 2019, he received a recognition award as one of IFAH's top 100 healthcare leaders in recognition of his efforts in healthcare development in the region.</li> <li>2018, he was awarded the Excellence Award in Human Resources in the MENA Region - Championship of Change - presented by NASEBAH, in recognition of his efforts in the field of positive change in the field of healthcare.</li> </ul>	24 years
4	Khalid Mohammed Al-bawardi	Secretary of the Board of Directors And CEO of Holding Affairs	<ol style="list-style-type: none"> <li>CMA - Director of the Follow-up Unit - Investigation Department</li> </ol>	<ul style="list-style-type: none"> <li>Bachelor of Business Administration from King Saud University.</li> </ul>	27 years
5	Abdullah Al Zenaidi	CEO Explosive Sector	<ol style="list-style-type: none"> <li>CEO and BOD Member of SABI Africa - 2017 – 2020</li> <li>General Manager for Specialized Chemical Sector SABI -2016</li> <li>General for MTBE SABIC 2015</li> <li>Global Director for Chemical Catalysts Factory SABIC 2011-2014</li> <li>Director of Chemical Catalysts Factories SABIC 2003 – 2010</li> <li>Technology Licensing Specialist SABIC 2000-2002</li> <li>Project Manager SABIC – 1996-1999</li> <li>Production Engineer SPMACO -1993-1996</li> </ol>	<ul style="list-style-type: none"> <li>Bachelor of Chemical Engineering from KFUPM.</li> <li>Master's degree in international management.</li> </ul>	30 years

# 11

## Board Level Committees

The company approved the governance system and internal governance regulations, which were approved by the Board of Directors and the Ordinary General Assembly of the company in the year 2009, and it included developing the following policies, guidelines, and methods for creating the primary Board committees and outlining the responsibilities, qualifications, and benefits for their members.

:

### First: The Executive Committee

#### 1. Executive Committee Competencies

- Discussing and making decisions in matters that require urgent decisions in emergency events
- Decision making that are required by the company's routine business.
- Ensuring that the company's strategic plans have been translated into actual actions and actions aimed at achieving the company's interest.
- Reviewing and preparing recommendations for the Board of Directors on the strategic and operational issues of the company.
- Exercising all the powers approved by the supervisory and regulatory authorities or the company's BOD cooperates with the general manager within the limits of the powers assigned to it.

#### 2. Duration of Executive Committee

The Executive Committee began its work on 1/1/2022 and ends with the end of the current session of the Board on 12/31/2024.

#### 3. Executive Committee Members

The Executive Committee consists of the distinguished board members enlisted in the table below:

#	Name	Position	Qualifications and experience
1	Eng. Fahad Saleh Al-Jarbou	Chairman	As explained in the Board membership
2	Mr. Obaid Abdulah AlRasheed	Member	
3	Eng. Thamer Mohammed Al Muhid	Member	
4	Mr. Fawaz Mohammed Al-Fawaz	Member	
5	MR. Mohammed Saad Bin Daoud	Member	

## Second: Audit Committee

#### 1. Audit Committee Competencies

The committee is responsible for monitoring the company's business and verifying the integrity of reports, financial statements and internal control systems. In particular, the Committee is responsible for the integrity and completeness of the annual and quarterly financial statements, the submission of periodic reports to the Board of Directors on the efficiency of internal control policies and procedures and recommending the appointment of external auditors. In addition, it shall study the internal control system and provide relevant opinion and recommendations as well as prepare an annual evaluation and review of the activities performed by the Committee and its members, including the degree of the Committee's compliance of with its own regulation.

#### 2. Duration of Audit Committee

The Audit Committee has commenced working on 1/1/2022, and it shall finish by the end of the current tenure of the Board on 31/12/2024

#### 3. Audit Committee Members

The Audit Committee consists of the distinguished members enlisted in the table below:

#	Name	Position	Qualifications	Experience
1	Mr. Fawaz Mohammed Al-Fawaz	Chairman	• As explained in the Board membership	• As explained in the Board membership
2	Mr. Abdulwahab Ahmad Abed	Member	• As explained in the Board membership	• 15 Years of Investment and Wealth Management in Public Equity and Private Equity Funds
3	Mr. Khaled Al-Hoshan	Member	• Bachelor of Systems, King Saud University, 1999.	<ul style="list-style-type: none"> <li>• 2020 to now, Audit Committee, Red Sea Information Systems Company.</li> <li>• 2021 to now, Audit Committee, the Saudi Arabian Refineries Company.</li> <li>• 2021 to now, Audit Committee, the Saudi Paper Industry Company.</li> <li>• 2021 to now, audit committee, Naseej International Trading Company.</li> <li>• 2021 to now, audit committee, the Methanol Chemical Company.</li> </ul>
4	Mr. Abdullah Hamad Al-Mehthil	Member	<ul style="list-style-type: none"> <li>• Master of Accounting and Information Systems (MACC), Kansas University, 2004; and a Bachelor's in accounting and (Financial) Business Administration from the same university in 2003</li> <li>• Fellowship of Saudi Organization of Certified Public Accountants (SOCPA) - 2016</li> <li>• Fellowship of Certified Public Accountants (CPA), USA - 2008</li> <li>• CFA1 in 2012</li> <li>• Several leadership courses from INSEAD University</li> </ul>	<ul style="list-style-type: none"> <li>• Assistant Deputy Designate for Governance and Policies at the Ministry of Finance's Accounting and Financial Affairs Department</li> <li>• Head of the Accrual Accounting Center at the Ministry of Finance to date</li> <li>• Industrialization &amp; Energy Services Company - latest position: Chief Financial Officer</li> <li>• Finance Manager and Director of Financial Planning at Abdullatif Alissa</li> <li>• Head of Accounting Department at the General Organization for Social Insurance</li> </ul>

## Third: Remuneration and Nomination Committee

### 1. Remuneration and Nomination Committee Competencies

The Remuneration and Nomination Committee is considered one of the committees that lay the foundations for the future of the Company. It is concerned with the development and retention of human resources as well as the preparation of strategic plans to enhance the Company's performance and enable it to possess the keys to success. It specializes in preparing a clear policy for the remuneration of members of the Board of Directors and the committees emanating from the Board and submitting it to the Board for consideration in preparation for its approval by the General Assembly of the company. This committee is also concerned with the administrative development, the financial return of employees and career succession programs, especially for human resources which is given special attention. This committee is the main authority on studying and analyzing the market and the level of the Company's performance as compared to similar companies. The committee also helps in attracting talents and individuals with distinguished skills, and it may seek the assistance of expertise and consultation offices that are specialized in questionnaires and strategic studies in this area. It also works on developing valid frameworks for the implementation of significant development programs for the company's current performance and lay robust foundations for building a successful future.

### 2. Duration of Nomination and Remuneration Committee

The Nomination and Remuneration Committee has commenced working on 1/1/2022, and it shall finish by the end of the current tenure of the Board on 31/12/2024

### 3. Nomination and Remuneration Committee Members

The Nomination and Remuneration Committee consists of the distinguished board members enlisted in the table below:

#	Name	Position	Qualifications and experience
1	Mr. Sultan Abdulaziz Al-Hamidi	Chairman	As explained in the Board membership
2	Mr. Abdulrahman Abdulaziz Alyemni	Member	
3	Dr. Mohammed Saud Al-Badr	Member	
4	Mr. Mohammed Omair Al-Otaibi	Member	

## Fourth: Risk and Governance Committee

### 1. Risk and Governance Committee Competencies

The Risk and Governance Committee is one of the committees concerned with corporate governance and developing a comprehensive strategy and policies for risk management, as well as the Company's governance in line with the nature and size of the company's activities. It is also responsible for ensuring the implementation, review and update of the above based on the Company's internal and external variables. It also undertakes the task of independently guaranteeing that the internal control processes for risk management serve the interest of the Company and limit its exposure to potential risks. Moreover, it is responsible for reviewing reports and making recommendations to the Board of Directors on matters related to risk management, overseeing the risk management system and Company governance, and evaluating their effectiveness. It is also concerned with reviewing issues raised by the audit committee that affect risk management in the company.

### 2. Duration of Risk and Governance Committee

The Risk and Governance Committee starts its work on 1/1/2022 and ends it when the current Board session ends on 12/31/2024.

### 3. Risk and Governance Committee Members

The Risk and Governance Committee consists of the members of the Board of Directors listed in the following table:

#	Name	Position	Qualifications and Experience
1	Mr. Obaid Abdullah Alrasheed	Chairman of the Committee	Described in the membership of the Board of Directors
2	Eng. Thamer Mohammed Al Muhid	Member	
3	Mr. Fawaz bin Mohammed bin Fawaz Al-Fawaz	Member	
4	Mr. Mohammed bin Saad bin Abdulaziz Bin Daoud	Member	

## BOD Members and Classification

#	Name	Position	Executive / Non-Executive / Independent
1	Eng. Fahad Saleh Al-Jarbou	Board Chairman	Non-Executive
2	Mr. Obaid Abdullah Alrasheed	Deputy Chairman	Non-Executive
3	Eng. Thamer Mohammed Al Muhid	GCEO and Managing Director	Executive
4	Mr. Abdulrahman Abdulaziz Alyemni	Board Member	Non-Executive
5	Mr. Fawaz bin Mohammed bin Fawaz Al-Fawaz	Board Member	Independent
6	Dr. Mohammed Saud Al-Badr	Board Member	Non-Executive
7	Mr. Mohammed bin Saad bin Abdulaziz Bin Daoud	Board Member	Independent
8	Mr. Sultan Abdul Aziz Al-Hamidi	Board Member	Independent
9	Mr. Mohammed Omair Al-Otaibi	Board Member	Independent

## 12 Membership of BOD in the Board of other Joint-Stock Companies as of 31/12/2022

#	Name	Listed Company	Non-Listed Company
1	Eng. Fahad Saleh Al-Jarbou	• None	• None
2	Mr. Obaid Abdullah Alrasheed	• Arab National Bank • Dr. Sulaiman Al Habib Medical Services Group Holding Company (HMG) • Saudi Home Loans (SHL)	• Arab Financial Company (Capital)
3	Mr. Abdulrahman Abdulaziz Alyemni	• Al-Jouf Agriculture Development Co.	• None
4	Eng. Thamer Mohammed Al Muhid	• Southern Province Cement company	• Suez International Nitrate Company • Dar Al-Balad Trading Company
5	Mr. Fawaz bin Mohammed Al-Fawaz	• None	• The Industrialization and Energy Services Co. • Tasnee and Sahara Olefins Co. • Rua Almadinah Holding Co. • Saudi Acrylic Acid Company • SAL Saudi Company for Logistics Services
6	Mr. Sultan Abdulaziz Al-Hamidi	• None	• Aljazira Capital • National Finance Company
7	Mr. Mohammed Omair Al-Otaibi	• Saudi Reinsurance Company • Abdullah Saad Muhammad Abu Moati Libraries Company	• Omran Company for Industry and Commerce • Al-Moajil Trading and Contracting Company
8	Mr. Mohammed bin Saad Bin Daoud	• Bank AlJazira	• Risk and Compliance Committee Zakat, Tax and Customs Authority • Dar Al Tamleek • Alpha Capital • Mohammed Abdulaziz Al Rajhi & Sons for Investment Company • Saudi Tourism Development Company • Alissa Group Holding Company • Aqalat Real Estate Company • Thiqah Company
9	Dr. Mohammed Saud Al-Badr	• Saudi Arabian Amiantit Company	• None

## 13 BOD Meetings During 2022

The Board of Directors held (5) meetings during 2022. The following table shows the attendance details of each member:

#	Name	(1) 05/01/2022	(2) 10/05/2022	(3) 15/06/2022	(4) 05/09/2022	(5) 18/09/2022	Total	% Of attendance
1	Eng. Fahad Saleh Al-Jarbou	✓	✓	✓	✓	✓	5	100%
2	Mr. Obaid Abdullah Alrasheed	✗	✗	✓	✓	✗	2	40%
3	Mr. Abdulrahman Abdulaziz Alyemni	✓	✓	✓	✓	✓	5	100%
4	Eng. Thamer Mohammed Al Muhid	✓	✓	✓	✓	✓	5	100%
5	Mr. Fawaz bin Mohammed Al-Fawaz	✓	✓	✓	✓	✓	5	100%
6	Mr. Sultan Abdulaziz Al-Hamidi	✓	✓	✓	✓	✓	5	100%
7	Mr. Mohammed Omair Al-Otaibi	✓	✓	✓	✓	✓	5	100%
8	Mr. Mohammed bin Saad Bin Daoud	✓	✓	✓	✓	✓	5	100%
9	Dr. Mohammed Saud Al-Badr	✓	✓	✓	✓	✓	5	100%

## 14 Board Level Committees Meetings Durig 2022

### Executive Committee

The Executive Committee held (7) meetings during 2022 as detailed below:

#	Name	Position	(1) 13/02/22	(2) 29/03/22	(3) 11/05/22	(4) 08/06/22	(5) 22/08/22	(6) 09/11/22	(7) 11/12/22	Total
1	Eng. Fahad Saleh Al-Jarbou	Chairman	✓	✓	✓	✓	✓	✓	✓	7
2	Mr. Obaid Abdullah Alrasheed	Member	✓	✗	✗	✓	✓	✓	✗	4
3	Eng. Thamer Mohammed AlMuhaid	Member	✓	✓	✓	✓	✓	✓	✓	7
4	Mr. Fawaz Mohammed AlFawaz	Member	✓	✓	✓	✓	✓	✓	✓	7
5	Mr. Mohammed Saad Bin Daoud	Member	✓	✓	✓	✓	✓	✓	✓	7

## Audit Committee

The Audit Committee held (5) meetings during 2022 as detailed below:

#	Name	Position	(1) 17/03/2022	(2) 12/05/2022	(3) 26/06/2022	(4) 11/08/2022	(5) 03/11/2022	Total
1	Mr. Fawaz Mohammed Al-Fawaz	Chairman	✓	✓	✓	✓	✓	5
2	Mr. Khalid bin Abdulaziz Al-Hoshan	Member	✓	✓	✓	✓	✓	5
3	Mr. Abdullah Hamed Al-Muhazel	Member	✓	✓	✓	✓	✓	5
4	Mr. Abdul Wahab Ahmed Abed	Member	✓	✓	✓	✓	✓	5

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee held (1) meetings during 2022 as detailed below:

#	NAME	Position	(1) 20/12/2022	Total
1	Mr. Sultan Abdulaziz Al-Hamidi	Current Chairman	✓	1
2	Mr. Abdulrahman Abdulaziz Alyemni	Member	✓	1
3	Dr. Mohammed Saud Al-Badr	Member	✓	1
4	Mr. Mohammed Omair Al-Otaibi	Member	✓	1

## The Risk and Governance Committee

The Risk and Governance Committee held (3) meetings in 2022 as detail below:

#	NAME	المنصب	(1) 13/04/2022	(2) 19/06/2022	(3) 24/10/2022	Total
1	Mr. Obaid Abdullah Alrasheed	Current Chairman	✓	✓	✓	3
2	Eng. Thamer Mohammed Al Muhid	Member	✓	✓	✓	3
3	Mr. Fawaz Mohammed Al-Fawaz	Member	✓	✓	✓	3
4	Mr. Mohammed bin Saad bin Abdulaziz Bin Daoud	Member	✓	✓	✓	3

## 15

Description of any interest of the BOD members, their spouses and minor children in the Company's shares or debt instruments, or in any of its subsidiaries:

#	The Name of the Person who has Interest	Beginning of the year 2022		End of the year 2022		Net Change	Ratio Change
		No. of Shares	Debt Instruments	No. of Shares	Debt Instruments		
1	Eng. Fahad Saleh Al-Jarbou	1,333	-	1,333	-	-	-
2	Mr. Obaid Abdullah Alrasheed	1,333	-	1,333	-	-	-
3	Mr. Abdulrahman Abdulaziz Alyemni	1,333	-	1,333	-	-	-
4	Mr. Fawaz bin Mohammed bin Fawaz Al-Fawaz	-	-	-	-	-	-
5	Eng. Thamer Mohammed Al Muhid	-	-	-	-	-	-
6	Mr. Mohammed bin Saad bin Abdulaziz Bin Daoud	-	-	-	-	-	-
7	Mr. Sultan Abdulaziz Al-Hamidi	-	-	-	-	-	-
8	Mr. Mohammed Omair Al-Otaibi	-	-	40,500	-	-	-
9	Dr. Mohammed Saud Al-Badr	103	-	103	-	-	-



## 16 Compensation and Remuneration for Board Members and Senior Executives:

Below are the details of expenses and remuneration paid for or due to the members of BOD and its committees as well as the salaries and remuneration paid to the company's top five senior executives for the fiscal year 2022:

### BOD Member's Remuneration (in thousand SAR)

#	NAME	Fixed Rewards						Total	Variable Rewards						End of Service Gratuity	Grand Total	Expense Reimbursement
		BOD Remuneration	BOD meetings allowance	Committee Meetings Attendance Allowance Total	In-kind benefits	Remuneration of Technical, Administrative and	Remuneration of BOD Chairman and Managing Director		Percentage of profits	Periodic Remuneration	Short - term incentive plans	Long - term incentive plans	Shares granted	Total			
Non-Executive members	Eng. Fahad Saleh Al-Jarbou	250	15	21	-	-	-	286	-	-	-	-	-	-	-	286	-
	Mr. Obaid Abdullah Alrasheed	250	6	21	-	-	-	277	-	-	-	-	-	-	-	277	-
	Mr. Abdulrahman Abdulaziz Alyemni	250	15	3	-	-	-	268	-	-	-	-	-	-	-	268	-
	Dr. Mohammed Saud Al-Badr	250	15	3	-	-	-	268	-	-	-	-	-	-	-	268	-
<b>Total</b>		<b>1,000</b>	<b>51</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,099</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,099</b>	<b>-</b>
Executive members	Eng. Thamer Mohammed Al Muhid	250	15	30	-	-	-	295	-	-	-	-	-	-	-	295	-
	<b>Total</b>	<b>250</b>	<b>15</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>295</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>295</b>	<b>-</b>
Independent members	Mr. Fawaz bin Mohammed bin Fawaz Al-Fawaz	250	15	45	-	-	-	310	-	-	-	-	-	-	-	310	-
	Mr. Mohammed bin Saad bin Abdulaziz Bin Daoud	250	15	30	-	-	-	295	-	-	-	-	-	-	-	295	-
	Mr. Sultan Abdulaziz Al-Hamidi	250	15	3	-	-	-	268	-	-	-	-	-	-	-	268	-
	Mr. Mohammed Omair Al-Otaibi	250	15	3	-	-	-	268	-	-	-	-	-	-	-	268	-
<b>Total</b>		<b>1,000</b>	<b>60</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,141</b>	<b>-</b>
<b>Grand Total</b>		<b>2,250</b>	<b>126</b>	<b>159</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,535</b>	<b>-</b>

The BOD's remuneration consists of a certain amount, a meeting attendance allowance (a lump sum of SR 3,000 per meeting), in-kind benefits or a certain percentage of net profit. Two or more of these benefits can be combined within the limits as provided for in the Companies Law with a maximum of (SR 500,000) Five hundred thousand Saudi Riyals per member in accordance with the controls established by the related authority. The

mechanism for determining such remuneration shall be developed based on a recommendation by, which shall be approved by the General Assembly. There is no deviation between the remuneration awarded to BOD members and the applicable remuneration policy or any financial or in-kind benefits in exchange for any tasks or executive.

## BOD Committee Members Remuneration (in thousand SAR)

NAME	Fixed Remuneration (excluding attendance allowance)	Meetings Attendance Allowance	Total	Expense Reimbursement
<b>Executive Committee members</b>				
Eng. Fahad Saleh Al-Jarbou	100	21	121	-
Mr. Obaid Abdullah AlRasheed	100	12	112	-
Mr. Fawaz Mohammed Al-Fawaz	100	21	121	-
Mr. Mohammed Saad Bin Daoud	100	21	121	-
Eng. Thamer Mohammed Al Muhid	100	21	121	-
<b>Total</b>	<b>500</b>	<b>96</b>	<b>596</b>	
<b>Audit Committee members</b>				
Mr. Fawaz Mohammed Al-Fawaz	100	15	115	-
Mr. Khalid bin Abdulaziz Al-Hoshan	100	15	115	-
Mr. Abdullah Hamed Al-Muhazel	100	15	115	-
Mr. Abdul Wahab Ahmed Abed	100	15	115	-
<b>Total</b>	<b>400</b>	<b>60</b>	<b>460</b>	
<b>Nomination and Remuneration Committee members</b>				
Mr. Sultan Abdulaziz Al-Hamidi	100	3	103	-
Mr. Abdulrahman Abdulaziz Alyemni	100	3	103	-
Dr. Mohammed Saud Al-Badr	100	3	103	-
Mr. Mohammed Omair Al-Otaibi	100	3	103	-
<b>Total</b>	<b>400</b>	<b>12</b>	<b>412</b>	
<b>The Risk and Governance Committee</b>				
Mr. Obaid Abdullah Alrasheed	100	9	109	-
Eng. Thamer Mohammed Al Muhid	100	9	109	-
Mr. Fawaz Mohammed Al-Fawaz	100	9	109	-
Mr. Mohammed Saad Bin Daoud	100	9	109	-
<b>Total</b>	<b>400</b>	<b>36</b>	<b>436</b>	

## Compensation and Remuneration for Senior Executives:

- **Fixed Remuneration:**

The Remuneration and Nomination Committee shall be responsible for determining the remuneration and privileges of the company's Managing Director/General Manager and Directors of Departments. According to the remuneration policy approved by the company, the fixed remuneration shall also include salaries under labor contracts in accordance with the provisions of the Saudi Labor Law, its implementing regulations and relevant laws. The salary and compensation scale for the company's employees shall include the basic salary, main allowances (housing and transportation), medical insurance, end of service gratuity, several in-kind benefits, and performance-based compensation / incentive schemes.

- **Variable Remuneration**

It may include the granted shares, long-term incentive plans, short-term incentive plans, dividends and periodic remuneration.

- **Expense Reimbursement:**

Travel and accommodation expenses and expenditures - related to fulfilling responsibilities and training – shall be reimbursed to senior executives in accordance with the company's established travelling policy.

## Remunerations of five senior executives for the fiscal year ending in 31 Dec 2022, including the CEO and the CFO: (in thousand SAR)

Description	Salaries and Compensation	Allowances	Periodic and Annual Remuneration	Dividends	Incentive Schemes	Any other compensations or in-kind benefits payable on a monthly or yearly basis	End of Service Gratuity (Unpaid)	Paid End of Service Gratuity
<b>Total</b>	6,135	2,038	4,530	0	0	1,732	389	0

Clarification: Saudi Chemical Company Holding is committed to disclosing the elements of the remuneration of senior executives in total in accordance with the statutory requirements contained in subparagraph (B) of paragraph (4) of Article (90) of the Corporate Governance Regulations, but to protect the interests of the company, its shareholders and its employees and to avoid causing any harm resulting from the detailed disclosure according to the position, the details are not presented as contained in Appendix (1) of the senior executives of the Corporate Governance Regulations.

## Description of any interest of the senior executives, their spouses, and minor children in the company's shares, debt instruments, or in any of its subsidiaries:

#	Interest Holder Name	Beginning of the year 2022		End of the year 2022		Net Change	Ratio Change
		Number of Shares	Debt Instruments	Number of Shares	Debt Instruments		
1	Thamer Mohammed Al Muhid: GCEO and MD	-	-	-	-	-	-
2	Sameh Fathi Ahmed Hasan: Group CFO	-	-	-	-	-	-
3	Ismail Mohammad Ismail Shehada: Pharmaceutical Sector CEO	-	-	-	-	-	-
4	Khalid Mohammed Saad Albawardi: BOD Secretary, and Chief Holding Affairs Officer	-	-	-	-	-	-
5	Abdullah Abdulaziz Alznaedi: Explosives Sector CEO	-	-	-	-	-	-

## 17 Contribution of Each Activity to the Company's Business Volume and the Consolidated Sales

### First: Explosives for Civil Uses

The sale of explosives for civil use amounted to SAR 324 million in 2022, compared to SAR 281 million in 2021, marking an increase of 15.5%. The company has the capabilities to meet the Kingdom's needs for explosives for civil use, such as in infrastructure and road construction projects, as well as mining, quarrying, and uncovering oil and gas reservoirs. Saudi Chemical Company Holding Ltd is renowned for its ability to produce all types of explosives for civil use necessary in various fields while complying with the highest standards of global quality. In addition, the company is supported by strategic agreements with the world's leading companies in the industry.

### Second: Pharmaceutical and Medical Supplies

The annual sales of SITCO Pharma Company amounted to SAR 3.3 billion in 2022, compared to SAR 3.07 billion in 2021, marking an increase of 7.7%. The levels of pharmaceutical sales over the past five years confirm the company's ability to maintain a record share in the distribution market in the Kingdom. It has the ability to meet local demand for globally produced medicines and to provide them to the Saudi market in line with the company's commitment as an agent of the world's largest pharmaceutical companies. SITCO Pharma also manages a state-of-the-art distribution and storage network that covers all regions of the Kingdom and is designed in accordance with the latest international regulations. It is also equipped with the appropriate devices to distribute all types of medicines around the clock. The company has also acquired a record market share for the sale of vaccines, inoculations, and refrigerated medications that require special conditions for transportation and storage. This provided a real added value to the company's prominent position in the market, as it became the first supplier of these types of medications in the local market, thereby confirming the company's pioneering role as the largest pharmaceutical distributor in the Kingdom.

The revenues of AJA Pharmaceutical Industries Company in 2022 amounted to SAR 116.7 million, compared to SAR 77.6 million in 2021, marking an increase of 50.4%. The sales of AJA to SITCO Pharma amounted to SR 86.8 million in 2022 (SAR 58 million in 2021), noting that these amounts were excluded when preparing the consolidated financial statements.

The sales of medical supplies and other materials amounted to SAR 21.7 million in 2022, compared to SAR 20.6 million in 2021, marking an increase of 5.2%.

### Third: Ammonium Nitrate Activities

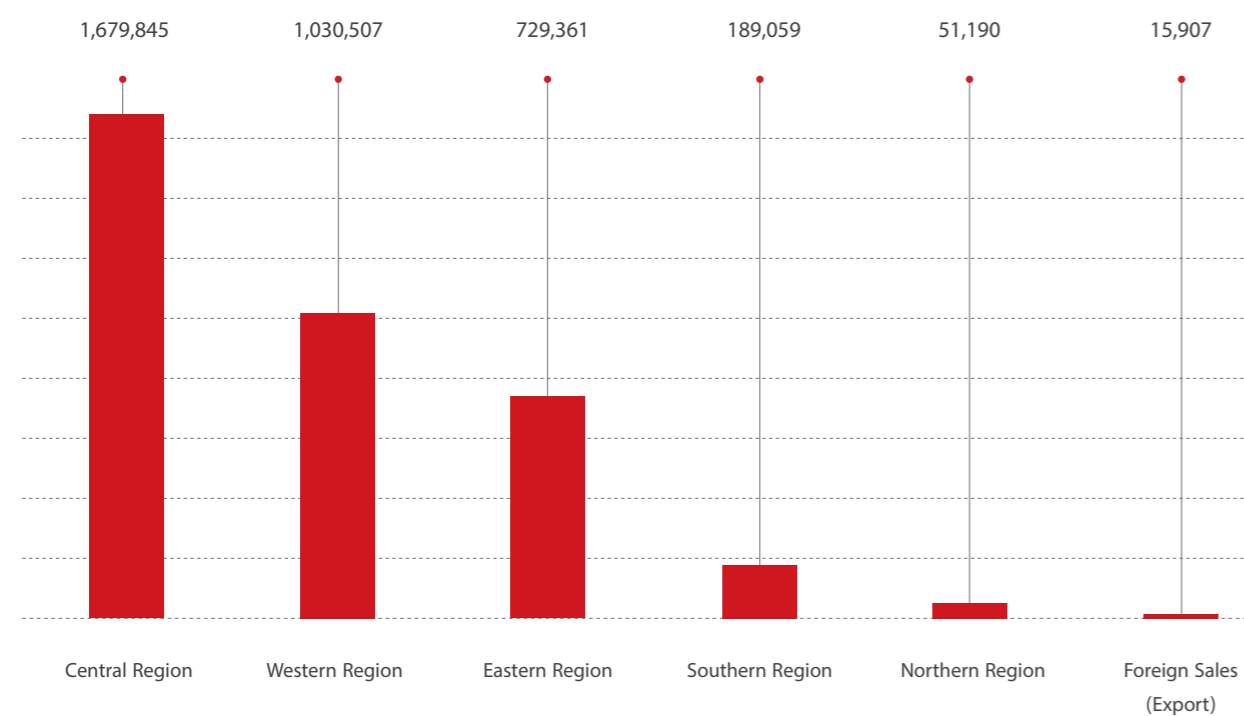
The sales of ammonium nitrate recorded by the Suez International Nitrates Company (SINCO) during 2022 amounted to SAR 77.6 million, compared to SAR 62.9 million in 2021, marking an increase of 23.4%. Meanwhile, SINCO's sales to Saudi Chemical Company Holding Limited during 2022 amounted to SAR 66.8 million (SAR 44.7 million in 2021), noting that these amounts were excluded when preparing the consolidated financial statements.

## 18 Geographical Distribution of the Consolidated Sales

The sales of the company and its subsidiaries are mainly realized through their respective activities inside the Kingdom of Saudi Arabia as follows:

#	Region	Sales (Thousands SAR)			
		2022		2021	
		Amount	Percentage	Amount	Percentage
1	Central Region	1,679,845	%45.45	1,548,524	%45.40
2	Western Region	1,030,507	%27.88	987,332	%28.95
3	Eastern Region	729,361	%19.73	637,053	%18.68
4	Southern Region	189,059	%5.12	163,326	%4.79
5	Northern Region	51,190	%1.39	51,997	%1.52
6	Foreign Sales (Export)	15,907	%0.43	22,748	%0.67
7	Total	3,695,869	%100	3,410,980	%100

The following graph illustrates the geographical distribution of the consolidated sales achieved within Saudi Arabia and abroad for the year 2022:



## 19 Explanation of any Significant Differences in Operating Results as Compared to Previous Year's Results

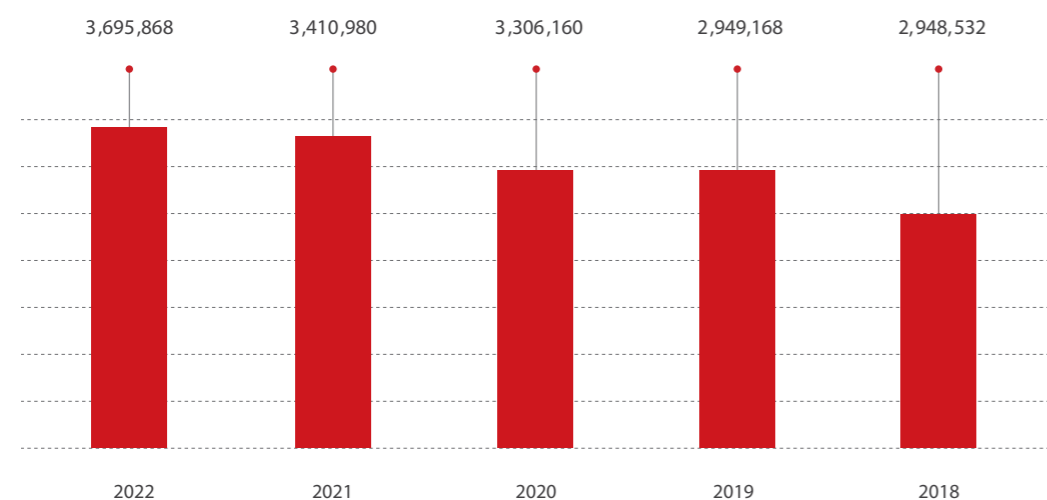
Description	2022	2021	Variations	Changes %
	(Thousand SAR)			
Sales	3,695,868	3,410,980	284,888	%8.35
Cost of sales	(3,208,213)	(2,979,079)	(229,134)	%7.69
<b>Gross profit</b>	<b>487,655</b>	<b>431,901</b>	<b>55,754</b>	<b>%12.91</b>
Selling and marketing expenses	(159,483)	(154,099)	(5,384)	%3.49
General and administrative expenses	(102,465)	(107,749)	5,284	(%4.90)
Expected credit loss on trade receivables	(48,297)	(28,454)	(19,843)	%69.74
<b>Income from main operations</b>	<b>177,410</b>	<b>141,599</b>	<b>35,811</b>	<b>%25.29</b>
Finance costs	(58,027)	(41,040)	(16,987)	%41.39
Other income (expenses), net	(5,216)	6,278	(11,494)	(%183.08)
Zakat and income tax expense	(33,180)	(36,374)	3,194	(%8.78)
Non-controlling interests	(764)	(893)	129	(%14.45)
<b>Net profit of shareholders</b>	<b>80,223</b>	<b>69,570</b>	<b>10,653</b>	<b>%15.31</b>
Other comprehensive income of shareholders	4,189	2,024	2,165	%106.97
<b>Total comprehensive income of shareholders</b>	<b>84,412</b>	<b>71,594</b>	<b>12,818</b>	<b>%17.90</b>

## 20 Summary of the Consolidated Financial Results

### First: Consolidated Sales

The consolidated net sales of the Saudi Chemical Company Holding and its subsidiaries amounted to 3,696 million SAR during the fiscal year ended on 31 December 2022, compared to the sales in 2021 that reached 3,411 million SAR, with an increase of 8.4%. The following table shows the increase of consolidated sales over the past five years:

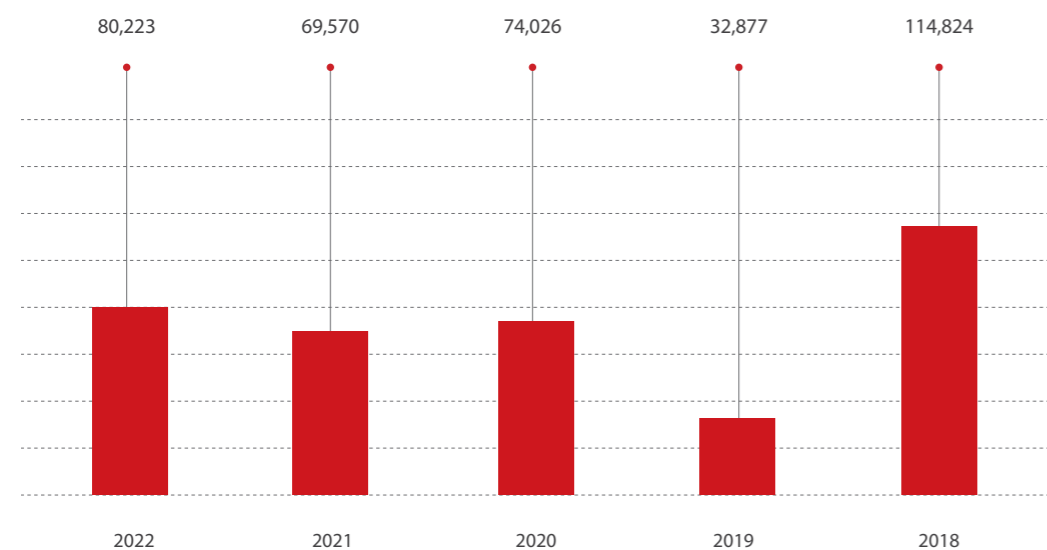
Sales in thousand SAR



### Second: Consolidated Net Profit

The consolidated net profit of 2022 amounted to 80.2 million SAR compared to 69.6 million SAR in 2021, reflecting a decrease of 15%. The increase in net profit is mainly due to the improvement in performance, the increase in sales of the pharmaceutical industries sector and the civil explosives sector, the improvement in the profit margin, in addition to the decrease in the provision for zakat and income tax, and the achievement of a profit from the revaluation of derivative financial instruments to cover the risks associated with commission rates, despite the increase in the provision for impairment of trade receivables and the increase in Finance costs, foreign exchange losses.

Net Profit in Thousand SAR



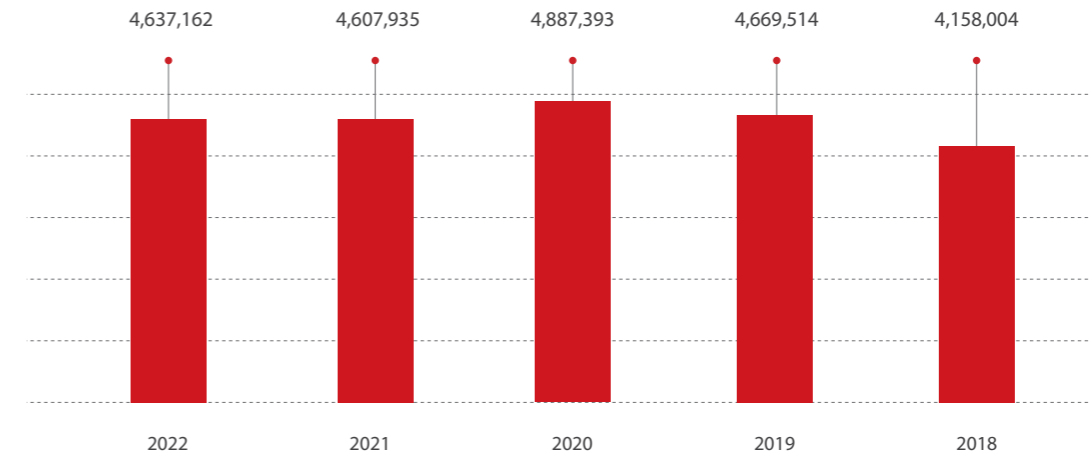
### Third: Consolidated Income Statement in Thousand SAR

Description	2022	2021	2020	2019	2018
Sales	3,695,868	3,410,980	3,306,160	2,949,168	2,948,532
Cost of sales	(3,208,213)	(2,979,079)	(2,869,752)	(2,491,206)	(2,519,988)
<b>Gross profit</b>	<b>487,655</b>	<b>431,901</b>	<b>436,408</b>	<b>457,962</b>	<b>428,544</b>
Selling and marketing expenses	(159,483)	(154,099)	(157,525)	(152,849)	(117,944)
General and administrative expenses	(102,465)	(107,749)	(115,969)	(136,148)	(120,165)
Expected credit loss on trade receivables	(48,297)	(28,454)	(13,289)	(44,478)	(6,500)
<b>Income from main operations</b>	<b>177,410</b>	<b>141,599</b>	<b>149,625</b>	<b>124,487</b>	<b>183,935</b>
Finance costs	(58,027)	(41,040)	(41,703)	(57,055)	(41,319)
Other income (expenses), net	(5,216)	6,278	326	(1,196)	270
Zakat and income tax expense	(33,180)	(36,374)	(33,201)	(32,803)	(26,893)
Non-controlling interests	(764)	(893)	(1,021)	(556)	(1,169)
<b>Net profit of shareholders</b>	<b>80,223</b>	<b>69,570</b>	<b>74,026</b>	<b>32,877</b>	<b>114,824</b>
Other comprehensive income of shareholders	4,189	2,024	2,365	(1,436)	3,283
<b>Total comprehensive income of shareholders</b>	<b>84,412</b>	<b>71,594</b>	<b>76,391</b>	<b>31,441</b>	<b>118,107</b>

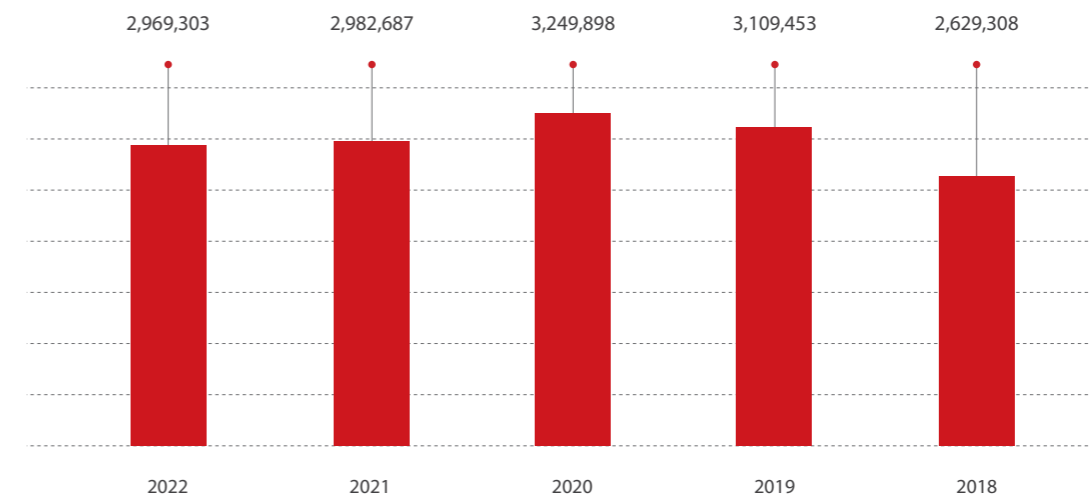
#### Fourth: Consolidated Financial Position

Description:	2022	2021	2020	2019	2018
<b>Assets:</b>					
Non-current assets	1,798,155	1,556,380	1,391,027	1,156,022	1,029,309
Current assets	2,839,007	3,051,555	3,496,366	3,513,492	3,128,695
<b>Total assets</b>	<b>4,637,162</b>	<b>4,607,935</b>	<b>4,887,393</b>	<b>4,669,514</b>	<b>4,158,004</b>
<b>Liabilities and equity:</b>					
Non-current liabilities	809,400	424,631	370,984	175,859	170,638
Current liabilities	2,159,903	2,558,056	2,878,914	2,933,594	2,458,670
<b>Total liabilities</b>	<b>2,969,303</b>	<b>2,982,687</b>	<b>3,249,898</b>	<b>3,109,453</b>	<b>2,629,308</b>
<b>Shareholders' equity:</b>					
Capital	843,200	843,200	843,200	843,200	632,400
Statutory reserve	341,868	333,846	326,890	319,488	316,200
General reserve	340,000	340,000	340,000	340,000	340,000
Retained earnings	134,815	100,585	120,267	51,278	233,925
<b>Total shareholders' equity</b>	<b>1,659,883</b>	<b>1,617,631</b>	<b>1,630,357</b>	<b>1,553,966</b>	<b>1,522,525</b>
Non-controlling interests	7,976	7,617	7,138	6,095	6,171
<b>Total equity</b>	<b>1,667,859</b>	<b>1,625,248</b>	<b>1,637,495</b>	<b>1,560,061</b>	<b>1,528,696</b>
<b>Total liabilities and equity</b>	<b>4,637,162</b>	<b>4,607,935</b>	<b>4,887,393</b>	<b>4,669,514</b>	<b>4,158,004</b>

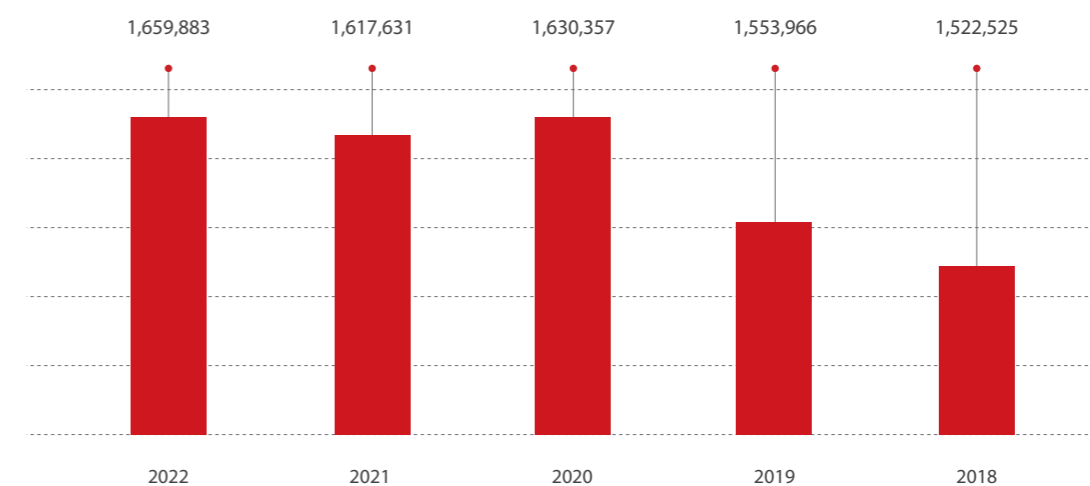
#### Fifth: Total Assets (In Thousands SAR)



#### Sixth: Total Liabilities (In Thousands SAR)

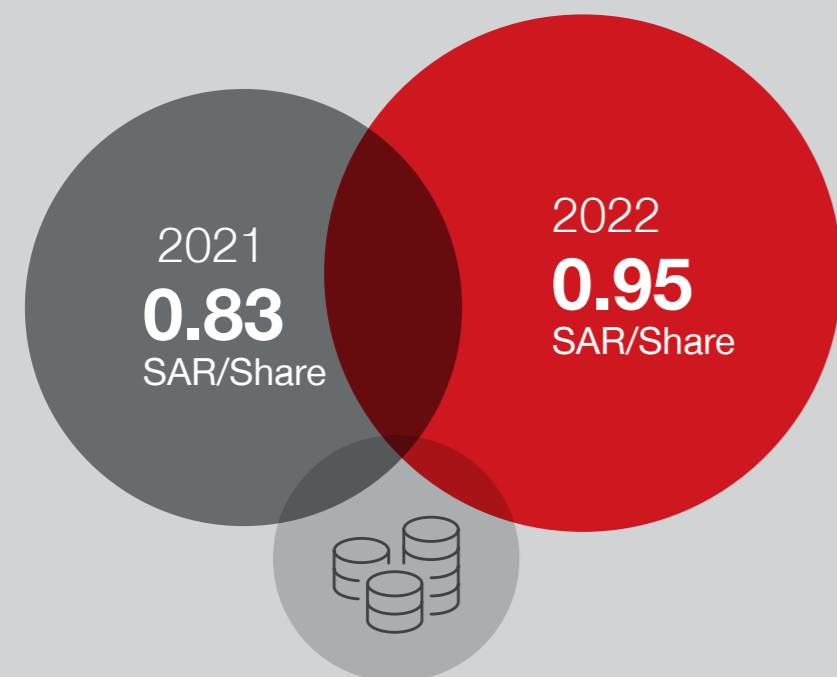


#### Seventh: Total Shareholders' Equity (In Thousands SR)



## 21 Earnings per Share

The earnings per share, compared to last year, is as follows:



## 22 The Company's annual net profits shall be distributed as follows:

The Company's annual net profits shall be distributed as follows:

- 10% of the net profits to be set aside to form a statutory reserve. The General Assembly may cease such transfer when the said reserve reaches 30% of the paid-up capital.
- The Ordinary General Assembly may, on the proposal of Board of Directors, transfer an amount of net profit to form a general or an agreed reserve to face any future adverse effects on the Company.
- The Ordinary General Assembly may decide to create other reserves to the extent that serves the interests of the Company or ensures the distribution of fixed dividends as much as possible to the shareholders. The said Assembly also may deduct from the net profits amounts for establishing social organizations for the Company's employees or to help the existing ones.
- Part of the remaining net profits shall be distributed to the shareholders dividends equivalent to 5% of the paid-up capital.
- Subject to the provisions stipulated in Article (20) of the Company's By-Laws and Article (76) of the Companies' Regulations, the following shall be allotted by a percentage not to exceed 10% to reward the Board of Directors, provided that the entitlement to such remuneration is commensurate with the number of meetings attended by the member.
- The Company may distribute interim dividends to its shareholders semi-annually or quarterly provided that the Ordinary General Assembly authorizes the Board to distribute interim dividends by virtue of a resolution renewed annually, in accordance with the regulations established by the Regulatory Authority.

## 23 Financing compatible with Islamic Sharia

The company and its subsidiaries obtained banking facilities from local banks that are in compliance with Islamic Sharia and its provisions generally accepted in the financing process, which include Murabaha compliant with Islamic Sharia on short and medium term, participation contracts and forward sales. The agreed commission is charged to the financing agreement. The total of these contracts is summarized as follows:

Description (in thousand SAR)	2022	2021
Opening Balance	1,534,425	1,399,658
Variation during the year	(404,464)	134,767
<b>Closing Balance</b>	<b>1,129,961</b>	<b>1,534,425</b>

The outstanding Sharia-compliant financing contracts of each company as of December 31, 2022 are summarized as follows:

### First: Financing compatible contracts with Islamic Sharia of Saudi Chemical Company Holding

Financing contracts compatible with Islamic Sharia from local commercial banks in thousand SAR

#	Lending entity	Murabaha Principal Amount	Repaid Amount	Remaining Balance	Murabaha Term
1	Saudi British Bank	140,000	-	140,000	3 months
<b>Total</b>		<b>140,000</b>	<b>-</b>	<b>140,000</b>	<b>-</b>

### Second: Financing compatible contracts with Islamic Sharia of Saudi International Trading Co., Ltd. (SITCO Pharma):

Financing contracts compatible with Islamic Sharia from local commercial banks in thousand SAR

#	Lending entity	Murabaha Principal Amount	Repaid Amount	Remaining Balance	Murabaha Term
1	Banque Saudi Fransi	185,973	-	185,973	3 months
2	Saudi British Bank	234,559	-	234,559	3 months
3	Saudi National Bank	269,430	-	269,430	3 months
<b>Total</b>		<b>689,961</b>	<b>-</b>	<b>689,961</b>	<b>-</b>

### Third: Financing compatible contracts with Islamic Sharia of Saudi Chemical Company Limited:

Financing contracts compatible with Islamic Sharia from local commercial banks in thousand SAR

#	Lending entity	Murabaha Principal Amount	Repaid Amount	Remaining Balance	Murabaha Term
3	Saudi National Bank	300,000	-	300,000	-
<b>Total</b>		<b>300,000</b>	<b>-</b>	<b>300,000</b>	<b>-</b>

## 24 Saudi Industrial Development Fund's Financing

Saudi Chemical Company, Ltd – also signed a long-term financing agreement with the Saudi Industrial Development Fund on 22/03/1441H corresponding to 19/11/2019G for financing the capital expenditures of a new factory in Riyadh for 229 million SAR. The received amount reached SAR 229 million by 31 December 2021 (31 December 2020: SAR 183.2 million). The amounts received from the Fund were originally reduced by administrative fees amounting to SAR 18.3 million. The financing repayment shall be repaid semi-annual payments starting from 15/4/1444H corresponding to 9/11/2022, and the last payment would be on 15/10/1450H corresponding to 28/2/2029. The agreement secured by a promissory note, and a pledge of the company's property, factory, and equipment. The agreement also includes some financial covenants.

AJA Pharma Company - also signed a long-term financing agreement with the Saudi Industrial Development Fund on 23/04/1437H corresponding to 02/02/2016G for financing the capital expenditures of the company's factory in Hail for 157.5 million SAR. The received amount reached SAR 157.5 million by 31 December 2021 (31 December 2020: SAR 157.5 million). The amounts received from the Fund were originally reduced by administrative fees amounting to SAR 11.8 million. The financing repayment shall be repaid semi-annual payments starting from 15/10/1444H corresponding to 05/05/2023, and the last payment would be on 15/04/1452H corresponding to 15/08/2030. The agreement secured by a promissory note, and a pledge of AJA's property, factory, and equipment. The agreement also includes some financial covenants.

## 25 Transactions with Related Parties

Related parties are: Shareholders, members of the board of directors, and senior management personnel of the Group and installations under control, joint control, or over which they exercise significant influence. During the year 2022, the company and some of its subsidiaries had transactions with related parties, which included non-material payments and expenses. The following is a statement of the balances at the end of the year resulting from transactions with a related party:

First: Amounts due from a related party - Supply Chains Company for Logistics Services in the amount of 3.67 million riyals (2021: zero). The Supply Chain Company for Logistics Services is a joint venture between the Group and Hellmann International Company for Logistics Services, in which the Group has joint control and 50% ownership stake, as it issues the decisions of the partners unanimously according to the company's articles of incorporation.

Second: Amounts due to a related party - Hellmann International for Logistics Services in the amount of 13.3 million riyals (2021: zero).

### • Conflict of Interests of BOD Members and Senior Executives

1. The Company does not have any contracts or any substantial interest with any of the company's BOD members, Managing Director, Finance Manager, senior executives or with any person related to any of them.
2. None of the BOD members has engaged in any work that would in any form compete with the Company's business or traded in the Company's activities.
3. The Company has not offered cash loan of any kind to the BOD members or guaranteed any loan taken by one of them from others.

### • Remunerations and Compensations

1. None of the company's BOD members or any of the senior executives has waived their right for any salary or compensation.
2. There are no arrangements or agreements pursuant to which any shareholder of the Company has waived his rights to receive dividends.
3. There are no investments or other reserves that have been made in favor of the employees of the Company.



## 26 Statement of Statutory Payments

The followings are certain statutory payments made by Saudi Chemical Company Holding and its subsidiaries during 2022: (in Thousand SAR)

Description	2022		Brief Description	Reasons for the accruals
	Paid	Due		
Zakat, Tax and Customs Authority	20,998	56,555	Zakat payable by the Company and its subsidiaries	Payable after submitting the annual Zakat declaration
General Organization for Social Insurance ("GOSI")	12,852	1,385	The amount payable to GOSI which represents the shares of the employees and the Company	Payable at the beginning of the following month
Costs of visas and passports	328	-	Visa fees, renewal of residency and transfer of sponsorship of employees	-
Labor Office fees	3,351	-	Work permit fees	-
Value Added Tax (VAT)	58,657	5,191	Net Value Added Tax	To be paid before end of following month

## 27 Penalties and Sanctions and Reserve Restriction

No penalty, sanction, or reserve restriction by any supervisory, regulatory, or other jurisdictions, were imposed on the Company during the year 2022.

## 28 Auditor

The General Assembly that was convened on 11/05/2022 approved the appointment of Ernst & Young. as an external auditor for the Company for reviewing and auditing the financial statements of the third quarter, the annual statements for the fiscal year 2022, and the first and second quarters of 2023.

## 29 Results of the Annual Review of the effectiveness of the Internal Control

**The Internal Audit Department of the Saudi Chemical Company, based on the plan approved by the Audit Committee for 2022, has carried out all internal audit functions of the Company and its subsidiaries as follows:**

The Internal Audit Department has conducted comprehensive reviews of the central shared services sector in the Human Resources and Administrative Affairs Department, in addition to reviewing risk management tasks and following up on the implementation of recommendations and observations at SCCH.

**In addition, comprehensive business reviews were conducted for the following companies:**

AJA Pharma and SCC Ltd. (Civil Sector)

SCC Ltd. (Military Sector) and work is ongoing to continue the implementation of recommendations and observations.

This in addition to participating in the inventory of stores as at the end of the year for the Saudi International trading and marketing Ltd. (SITCO Pharma), Saudi Arabia Ltd. (Civil Explosives) and the Chemical Company for Commercial Investment Ltd. (CCC).

**In addition to the audit activities mentioned above, the Company's Internal Audit Department has implemented other value-added initiatives for the Company's business, such as:**

Internal training in the field of governance, risk, compliance and control in SCCH.

Providing the necessary updates to the Audit Committee on the main areas related to the implementation of the Group's policies, the latest developments, and the progress made in the implementation of the Resource Planning System (ERP).

Participating in the summer training program that targeted the sons and daughters of the Company's employees by raising awareness of the job and the role it adds to the organization, in addition to assisting the IT Department in evaluating the appropriate external resources and expert qualifications to implement the cybersecurity, governance and risks project.

**The Internal Audit Department has updated many policies and procedures related to internal audit tasks in line with the best international practices and standards, such as:**

1. Internal Audit Charter.
2. Internal Audit Escalation Policy and Procedures.
3. Code of Ethics for Internal Audit.
4. Internal Audit Manual.

In 2022, the Audit Committee at SCC held five meetings to implement the tasks assigned to it, in accordance with the regulations approved by the General Assembly and in line with the Corporate Governance Regulation, some of which were aimed to:

- Study and discuss the consolidated annual financial statements for 2021 to ensure and approve their validity, fairness and compatibility with the approved accounting policies, recommend them to the Board of Directors for approval, and submit them to the General Assembly for confirmation.
- Study and discuss data and consolidated quarterly financial statements for 2022, approve them, and recommend them to the Board of Directors for approval.
- Approve the internal audit and inspection plan for 2022 based on the after discussing the risk assessment and answering the Committee's inquiries
- Continue the implementation of the 2022 internal audit and inspection plan adopted by the Committee, discuss periodic reports submitted by the Internal Audit Department, and continue the implementation of corrective measures.
- Study and discuss the report of the external auditors, meet them to verify the independence and effectiveness of the review process, answer their inquiries, and ensure that there are no obstacles that may affect their work progress.
- Review the evaluation of offers submitted by the offices of the external auditors who were invited with the approval of the Committee, and recommend the Board of Directors to present them to the General Assembly, in order to select an external auditor to audit the Company's quarterly and annual consolidated financial statements from among the applicants.
- Follow up with the executive management to improve risk management and governance activities.

## Independence, Authorities, and Responsibilities

The internal audit provides independent objective services to help the Board of Directors, the Audit Committee, and executive management in performing their responsibilities with a high degree of efficiency and effectiveness. The internal audit is not subject to any influence by the executive management and has full authority to have unrestricted access to any records (manual or electronic), of the company's properties and personnel of the company, as required to perform its tasks. The Internal Audit Department, in carrying out its work, adopts a systematic approach to evaluate and improve the effectiveness of internal oversight, so that the company's objectives and asset protection can be achieved. The internal audit scope of work includes checking the adequacy and effectiveness of the company's internal control system and the quality of management, for the purpose of verifying whether the company's internal systems provide reasonable assurance to achieve the company's objectives.

## The Committee's Opinion on the Adequacy of the Internal Control System:

Based on the above mentioned, the Audit Committee reviewed the internal control procedures with the plan and duties adopted and tested by internal audit, and after discussing with the external auditor and the executive management on the quarterly and annual business results and studying the observations submitted to it, the Committee can confirm reasonable internal control procedures in the company, and did not observe anything worth highlighting or believe there is a fundamental weakness in the internal control measures and policy, taking into consideration that the effectiveness of any internal control system cannot be fully confirmed. The Committee recommends that the company continues updating internal control procedures and policies that promote internal control.

And there are no recommendations from the Audit Committee that conflict with the decisions of the Board of Directors, or that the Board rejected any of the recommendations made to it by the Committee during the year 2022.



## 30 Expected Risks

### Saudi Chemical Approach to Managing Risks

Based on the Board of Directors' commitment to implement best governance practices; to ensure the application of corporate governance regulations and risk management standards through the supervision, regular review, and verification of the implementation mechanism; and to raise the Company's level of maturity in the fields of governance and risks, the Board of Directors formed the Governance and Risks Committee, although it is not a compulsory requirement by the legislative and regulatory authorities in the Kingdom of Saudi Arabia. The Governance and Risk Committee is responsible for discussing the current risk portfolio, status, and mitigation plans, as well as any emerging risks, while the responsibility for identifying, assessing, mitigating, and reporting risks with the operational business departments/units of the Company.

In accordance with International Standard ISO 31000, SCCH established a risk management department. The Company has put in place a thorough and integrated risk management system that guarantees the business's continuity and sustainability and helps the Company achieve its goals by identifying, analyzing, evaluating, and mitigating risks.

### Risk Identification and Assessment

The Company's Risk Management Department has identified and analyzed risks by holding meetings with senior management and leadership positions to identify potential risks and challenges facing the Company, as well as at the level of all departments and divisions at SCCH and its subsidiaries, including:

- SCCH and all its departments.
- SCC Ltd. and all its departments.
- Saudi International Trading Company Ltd. (SITCO Pharma) and all its departments.
- Saudi Commercial Investment Company Ltd. and all its departments.
- AJA Pharma and all its departments.

The Risk Management Department has assessed and classified risks in accordance with the approved Heat Map and established risk mitigation plans connected to particular work procedures, time frames, and KPIs.

As completely as possible, risks have been identified, including those of various categories (financial, strategic, operational, compliance, etc.). A risk register has been given to each department or business unit, and it includes possible risks as well as an assessment of these risks. It helps departments in identifying possible risks that pertain to their areas of responsibility and work to mitigate them in accordance with the Company's risk appetite.

### Emerging Risks

At SCCH, we take into account current risks and emerging risks that can impact our ability to achieve our objectives. We continuously identify emerging risks and discuss them with risk owners to work on their analysis and assessment. The Risk Management Department also follows up on events and developments to identify external trends and monitor the company's internal activities and environment in search of new, emerging and changing risks to ensure that they are appropriately identified, evaluated and managed.

### The process of identifying, analyzing, evaluating and monitoring risks in the Saudi Chemical Company

The company has documented the risk management policy, which includes an integrated and consistent system for the governance of the risk management process, (shown in the following chart), and aims effectively at identifying, understanding and managing the risks facing the company and affecting its business performance. The company also invests in the available opportunities to continue achieving its strategic goals. .



## Risks Facing SCCH



### Cybersecurity threats:

The emergence of sophisticated malware, phishing, and Trojan viruses has raised the chance of data theft or destruction as well as adverse operating system damage, destruction, or control. Due to its reliance on a variety of different IT systems spread among its branches in various areas of the Kingdom, the Company is exposed to various risks in the IT environment in the course of its daily operations. Data backup methods are kept up to date by SCCH. The Company recently hired and collaborated with a consultant to develop its cybersecurity infrastructure in accordance with the guidelines, policies, and laws released by the regulatory bodies in the Kingdom.



### Loss of professional competencies and lack of talent retention:

In addition to lowering job turnover rates, the company is focused on keeping its staff, particularly those with high levels of expertise and skill. In addition to other measures that will help retain talented employees, the company has adopted a number of initiatives that help do so. These include incorporating the culture of talent development into its policies and practices and developing employee skills and expertise through specialized training, management, leadership, and skill courses in their line of work.



### The existence of regulations, laws and organizational changes that are not compatible with the operating model of some business units:

We are committed to implementing our operations in accordance with the laws, regulations, and legislation issued by the regulatory, legislative, and supervisory authorities in the Kingdom and abroad. However, some of these regulations and legislation may adversely affect the volume of the Company's annual sales and profitability and result in imposing additional costs related to compliance with regulations and legislation. SCCH keeps track of all new and revised rulings, laws, and rules that affect the business's operating model and structure. Along with identifying the risks and their effect, work plans and procedures are identified to ensure their implementation and compliance, which helps to proactively identify risks and controls to address risks.



### High cost of production inputs:

The Company was exposed to a significant increase in the prices of raw materials for the explosives sector, as well as production inputs, packaging materials and effective materials for the pharmaceutical sector. The Company has taken the necessary preventive measures that will contribute to reducing this risk. The Company seeks internal solutions to keep reduction levels, bring drugs into the Kingdom of Saudi Arabia, and manage production expenses.

## Risks of Financial Instruments

Here are the group's most important financial risks:

### Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, foreign currency risk, and other price risks such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and financings.

### Commission Rate Risk

Commission rate risk is the exposure to the risk associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group is not exposed to a significant commission rate risk.

Management of the Group does not enter into future agreements to hedge its commission rate risk. However, this is monitored on a regular basis and corrective measures initiated wherever required. All of the financings are on Saudi Interbank Offered Rate ("SIBOR") and fixed commission rates. Because the changes in SIBOR are not significant, commission rate sensitivity analysis has not been disclosed.

### Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Group operates locally and internationally and has some transactions that are in US Dollars and Euros. However, the Group has a limited exposure to foreign currency risk since the Group signs most of its contracts with foreign companies in Saudi Riyals. The Group's management monitors the foreign currency exchange rates fluctuations and believes that the Group's exposure to currency risk is not significant.

Management of the Group does not enter into future agreements to hedge its foreign currency risk. However, this is monitored on a regular basis and corrective measures are initiated wherever required.

### Credit Risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit risk results mainly from its transactions with the Ministry of Health and other ministries and other government medical institutions, and certain high-profile Saudi Arabian companies. The ministries and other government medical institutions are part of the Government of the Kingdom of Saudi Arabia, which has a strong credit rating in the Saudi market. The high-profile Saudi Arabian companies also have a high credit rating in the Saudi market. The maximum exposure to credit risk associated with the Group's financial instruments is limited to the book values included in the consolidated statement of financial position of those respective financial instruments.

The Group's management follows up outstanding balances, and where appropriate, trade receivables are carried net of an allowance for credit loss. Cash is placed at banks with sound credit ratings.

### Price Risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to a significant price risk.

### Concentration of Credit Risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

### Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group assessed the risk concentration for refinancing its debt, concluding that it was low. Access to sources of funding is sufficiently available, and there is the possibility of replenishing debt due within 12 months with existing lenders.

## 31 Shareholders' Rights and General Assembly

The Company's articles of association and regulations guarantee the general rights of shareholders, including all rights related to the Shares, and ensure that its shareholders receive their due profits, the right to obtain a share of the Company's assets upon liquidation, attend shareholders' associations, participate in its deliberations and vote on its decisions, monitor the work of the Board of Directors, file a liability case against the Board members, and inquire and request information in a manner that does not prejudice the interests of the Company and does not conflict with the Capital Market Law and its Implementing Regulations.

### Shareholders' Rights and Access to Information:

1. The Company's Bylaws shall ensure the procedures and precautions necessary for all shareholders to exercise their statutory rights.
2. All information shall be provided in a transparent and credible manner to the general shareholders, enabling them to exercise their rights to the fullest. This information shall be adequate, accurate and updated in a regular and timely manner.
3. The Company shall ensure that information is not leaked and that all shareholders and related parties obtain information fairly without discrimination.

### General Assemblies in 2022:

The following table shows the date of the General Assemblies of shareholders held during the fiscal year ending on 31/12/2022 and the names of the members of the Board of Directors attending these Assemblies, as follows:

#### (Ordinary General Assembly) held on 11/05/2022:

NAME	Position	Meeting 11/05/2022 Attendance Record
Eng. Fahad Saleh Al-Jarbou	Board Chairman	✓
Mr. Obaid Abdullah Alrasheed	Deputy Board Chairman	✗
Eng. Thamer Mohammed Al Muhid	GCEO and Managing Director	✓
Mr. Abdulrahman Abdulaziz Alyemni	Board Member	✓
Mr. Fawaz Mohammed Al-Fawaz	Board Member	✓
Mr. Mohammed Saad Bin Daoud	Board Member	✓
Mr. Sultan Abdulaziz Al-Hamidi	Board Member	✓
Mr. Mohammed Omair Al-Otaibi	Board Member	✓
Dr. Mohammed Saud Al-Badr	Board Member	✓

At this meeting, the General Assembly discussed and approved the following agenda items by a majority of the votes present:

1. Approval of the report of the Board of Directors for the fiscal year ending on 31/12/2021.
2. Approval of the Company's financial statements for the fiscal year ending on 31/12/2021.
3. Approval of the auditor's report for the fiscal year ending on 31/12/2021.
4. Approval of the discharge of the Board members for the fiscal year ending on 31/12/2021.
5. Approval of the disbursement of an amount of SAR 2,020,800 as a reward for the Board's satisfaction with the fiscal year ending on 31/12/2021.
6. Approve the appointment of Ernst & Young PLT, certified accountants and auditors, from among various candidates based on the recommendation of the Audit Committee, in order to examine and review the Company's financial statements for the third and annual quarters of the fiscal year 2022 and the first and second quarters of 2023 and determine their fees.
7. Approval of the delegation of the Board of Directors to distribute interim profits on a quarterly or semi-annual basis for the fiscal year 2022, and determine the due date and distribution date according to the regulatory controls and procedures issued in implementation of the Companies Law in accordance with the Company's financial situation, cash flows and expansion and investment plans.

## 32 Shareholder Registers 2022

During the fiscal year ending on 31/12/2022, the Company requested the shareholders' registers for a total of 5 times. The following table shows the dates of requesting the shareholders' registers and the reasons for their request:

Number of Company Requests for Shareholders' Registers	Request Date	Reasons for the Request
1	02/01/2022	Profit profile
2	07/03/2022	Company Procedures
3	13/03/2022	Company Procedures
4	08/05/2022	General Assembly
5	10/10/2022	General Assembly

## 33 Corporate Governance and Related Processes

Since 2009, the Company adopts wise applications in corporate governance in accordance with the governance regulations and rules issued by the regulatory authorities, and in line with best practices. The Company has developed its general governance framework, including a set of regulations and policies that define roles and responsibilities. It makes decisions, directs them and monitors their implementation, in light of transparency rules that achieve accountability and enhance performance adequacy, based on relevant laws and regulations. The Board of Directors shall follow up on the implementation of governance systems to verify the integrity and accuracy of the application, and work on constantly updating it since it was approved by the General Assembly of the company in 2009 to keep pace with developments in relevant systems and ensure compliance with the best governance practices and confirm the adoption and application of the best control and compliance systems that guarantee the rights of workers, shareholders, investors and stakeholders alike.

The Company has implemented the requirements of the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the following paragraphs:

 Article **39**       Paragraph **2**

### Article/Paragraph Provision

Develop the necessary mechanisms for the Board members and executive management to receive training programs and courses on an ongoing basis for the purpose of developing their skills and knowledge in areas related to the Company's activities.

### Reasons for not Applying

Advisory paragraph, noting that the Company carried out training programs in 2022 and developed the skills and knowledge of its executive management and all employees at the Company level.

 Article **76**       Paragraph **3**

### Article/Paragraph Provision

The remuneration of the Director of the Internal Audit Department or the Audit Department shall be determined upon the proposal of the Audit Committee in accordance with the Company's policies.

### Reasons for not Applying

Advisory paragraph.

 Article **78**       Paragraph **(C) No. 3**



### Article/Paragraph Provision

The Board of Directors shall determine the scope of the report of the Internal Audit Unit or Department based on the recommendation of the Internal Audit Committee. In particular, the report shall include the following:

Evaluation of the performance of the Board of Directors and senior management in implementing the internal control system, including determining the number of times the Board was notified of control issues (including risk management) and the manner in which these issues were dealt with.

### Reasons for not Applying

Advisory paragraph.

 Article **85**       Paragraph **2 & 3**

### Article/Paragraph Provision



The Company shall set programs to develop and motivate the participation and performance of its employees, provided that they include, in particular, the following:

(2) Programs to grant employees shares in the Company or a share of the profits it makes and pension programs, in addition to establishing an independent fund to spend on these programs.

(3) Establishing social institutions for the Company's employees.

### Reasons for not Applying

Advisory paragraphs.



 Article **87**       Paragraph **0**

### Article/Paragraph Provision

The Ordinary General Assembly shall, on the proposal of the Board of Directors, develop a policy that ensures a balance between its objectives and those that the community aspires to achieve for the purpose of improving social and economic conditions in the community.

### Reasons for not Applying

Advisory article, noting that the Company is continuously working on participating in various community activities and implementing some initiatives aimed at improving the social, educational and economic conditions of the community in 2022.

 Article **88**       Paragraph **0**

### Article/Paragraph Provision

The Board of Directors shall develop the programs and determine the means necessary to introduce the Company's initiatives in the field of social work, including the following:

Develop measurement indicators that link the Company's performance with its social initiatives and compare them to other companies with similar activities.

### Reasons for not Applying

Advisory article, noting that the Company is continuously working on participating in various community activities and implementing some initiatives aimed at improving the social, educational and economic conditions of the community in 2022.



## 34 Communication with Shareholders and Investors

The Company is committed to applying the highest levels of transparency, credibility and fairness in providing the right information in a timely manner. Performance and the latest developments in activities during the year are disclosed through the annual report of the Board of Directors. Any important developments that may occur shall be announced through the Tadawul website, the Company's website and other means of communication in order to help investors make investment decisions based on correct information, and to ensure that all beneficiaries have equal access to information from the source. The Company strictly commits to the implementation of policies and procedures for disclosing material developments, specific events, financial statements and performance reports in accordance with legal requirements, applicable regulations and instructions from competent authorities.

The Company shall also brief the members of the Board of Directors about the shareholders' suggestions and observations regarding the Company and its performance. The Investor Relations Department shall provide senior management with reports that include a report on the shareholders, the movement of the shares and notes about the Company and its performance. The Executive Management shall present to the Board a report containing information on investor activity and the Company's shares. The Company shall disclose all inquiries from supervisory authorities and inquiries from shareholders received by the General Assembly. Observations of the shareholders regarding the company are not included, except for what is recorded in the minutes of the General Assembly.

## 35 Social Responsibility Program

Keeping pace with the Vision 2030, in line with the vision of SCCH and its strategic objectives, and as a continuation of the Company's strategic transformation project, the Company shall harness its strengths to contribute to supporting the community in which it operates and to carry out the responsibility entrusted to it towards this community, based on four basic pillars, namely: Attracting Talents, Training and Qualification, Developing the Work Environment, and Protecting the Environment.

### First: Attracting Talents

SCCH and its subsidiaries are keen to attract, qualify and maintain their workforce by providing incentive programs that encourage growth and development. The Company is also keen to support localization programs by applying the standards and requirements of localization support programs.

### Second: Training and Qualification

The Company assesses the performance of its employees and examines training needs in order to prepare and provide the appropriate training programs that enable employees to perform their work efficiently and increase the Company's overall productivity.

The Company also cooperates with educational institutions to provide cooperative/applied training programs to university and institute students, follow up with the students, and guarantee that they receive a training plan that qualifies them to enter the labor market and acquire new skills.

The Company is keen to provide social responsibility programs, such as the summer training program offered by the Company to the sons and daughters of its employees to allow them to learn about different fields of work, which will help them choose university specializations that suit them and acquire various skills. The Company's employees from all sectors contribute to providing these programs, so that they can participate in social responsibility activities.

### Third: Protecting the Environment

SCC is committed to environmental responsibility and a comprehensive quality management of the environment by reducing environmental risks, providing healthy and safe workplaces to prevent work injuries, and applying special technologies to recycle waste resulting from all its manufacturing and production processes.



## 36 Quality and Environmental Management

### Quality and Environmental Management

During the year, the company maintained the ISO 9001 certificate for quality and operations management, the ISO 14001 environmental management certificate, and the ISO 45001 occupational safety and health certificate.

### Commitment and Permits

All licenses issued to the Company's factories and warehouses are valid. The Company meets strictly the technical and security requirements in line with the requirements of the Executive Regulations of the Explosives and Explosives System and the technical and security requirements and in accordance with the specifications of the Higher Commission for Industrial Security.

## 37 Safety Record and Industrial Security

During 2022, there was no incident that threatened the integrity of the company's property, employees, and surrounding environment, despite the seriousness and sensitivity of the products manufactured and traded by the company, thanks to Allah and then the continuous review of security and safety procedures and regulations at the company's facilities.



## 38 Dividend Distribution

On 18 December 2022, the Board of Directors approved the distribution of a progress cash dividend to shareholders for the financial period ended 30 September 2022 (9 months) in the amount of SAR 42,160,000, at a rate of half of SAR 5% of the company's capital.

Dividends distributed in 2021		Proposed dividends to be distributed on year end	Total dividends
Percentage	5%	0%	5%
Total	42,160,000 Riyals	--	42,160,000 Riyals

## 39 Internal and Other Controls' Representations

**The Board of Directors and the company's management acknowledge the following:**

1. The account records have been correctly prepared.
2. The internal control system was established on sound bases and implemented effectively.
3. There is no doubt about the company's ability to continue its activity.
4. There is no deviation from the accounting standards approved by the Saudi Organization for Certified Public Accountants.
5. There are no shares or debt instruments issued to the subsidiaries.
6. There is no interest in the category of shares with voting rights belonging to persons (other than members of the Board of Directors and senior executives and their wives and minor children), who have informed the company of these rights under Article 30 of the registration and listing rules, or any change in those rights during the last fiscal year.
7. There are no interest, choice, or subscription rights belonging to the members of the company's Board of Directors, senior executives, their wives, and minor children in the shares or instruments of the company, or any of its subsidiaries, or any change in that interest or those rights during the last fiscal year.
8. The company has no debt instruments convertible to shares, rights of choice, or memoranda of rights of subscription, or similar rights that were issued or granted by the company. The company did not receive any compensation for these during the fiscal year.
9. There are no rights to transfer or register, under debt instruments convertible to shares, rights of choice, memoranda of rights of subscription, or similar rights that were issued or granted by the company.
10. There is no refund, purchase or cancellation, from the company's side, of any refundable debt instruments, or any securities purchased by the company or its subsidiaries.
11. There are no businesses that compete with the company or any of the branches of the activity it is engaged in and which any member of the Board of Directors is or was engaged in.

## 40 Conclusion

Over 50 years of leadership and institutional and operational excellence, SCCH confirmed its distinguished presence as a leader of industry, production, and trade among private sector companies in the Kingdom and the region. The Company is dedicated to actively contributing to improving Saudi competitiveness to match regional and international markets, thus increasing the value of national products, greatly enriching domestic content, and achieving greater growth and excellence through an ambitious sustainable development strategy based on the integration of all stakeholder roles.

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Financial  
Statements

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Saudi Chemical Company Limited



اجا فارما  
AJA pharma

