

Board of Directors of
Yanbu National Petrochemical Company (Yansab)
Report on the Performance and Activities
of the Company for the Fiscal Year 2020



in the name of Allah,
most gracious, most merciful

Disclaimer

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



Custodian of the Two Holy Mosque
King Salman Bin Abdulaziz Al Saud



His Royal Highness
Prince Mohammed Bin Salman Bin Abdulaziz Al Saud
Crown Prince, Deputy Prime Minister and Minister of Defense

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Board of Directors



Mr.
Ibrahim M. Al-Saif
Member, Board of Directors



Dr.
Ahmad A. Al-Meghames
Member, Board of Directors



Mr.
Khalid B. Al-Rabiaah
Member, Board of Directors



Eng.
Abdul Rahman Ahmed Shams Al-Din
Chairman



Eng.
MAJED ABDOLELAH NOURADDIN
Deputy Chairman of the Board



Eng.
Sameeh S. Al-Sahafi
Member, Board of Directors



Eng.
Faisal M. Albahair
Member, Board of Directors



Eng.
MOHAMMED ALI BAZAID
Company President

Board of Directors Report

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

The Board of Directors of YANSAB is pleased to present the Annual Report for the fiscal year ended on December 31, 2020 prepared in accordance with the requirements of the Companies Law of the Kingdom of Saudi Arabia, YANSAB's Articles of Association, Corporate Governance Regulations, Rules on the Offer of Securities and Continuing Obligations, and Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies issued by the Capital Market Authority.

The Annual Report provides information on YANSAB's activities, performance, achievements, and future plans as well as the efforts made to enhance the performance in developing the equity of shareholders and to support the national petrochemical industry, in addition to its contributions to the areas of safety, sustainability, reliability and social responsibility, according to its final accounts and financial position for the fiscal year ended December 31, 2020.

The Board of Directors (Board) is also honored to extend sincere gratitude to the Custodian of the Two Holy Mosques, His Royal Highness the Crown Prince and the Government for their support to the economic sectors in realization of the Kingdom's Vision 2030 (Thriving Economy), particularly the unlimited support to the industrial sector. It appreciates the efforts exerted by YANSAB's employees and the support provided by all stakeholders including shareholders, customers, suppliers and the community where we work.





Our Vision:

To be the best petrochemical complex in the world.

Our Mission:

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

First: YANSAB's Profile

1. Establishment and Activity

Yanbu National Petrochemical Company (YANSAB) is a listed Saudi joint-stock company established on 11 February 2006, under the Ministerial Resolution No. 49, Commercial Register No. 4700009432 and Industrial License No. 1367/R dated 23 August 2005.

YANSAB's authorized and fully paid-up capital is 5,625 million SAR distributed over 562.5 million shares at a nominal value of 10 SAR per share. Saudi Basic Industries Corporation (SABIC) owns 51% and 49% is owned by private sector entities and individuals.

YANSAB produces petrochemical materials in its industrial complex in Yanbu Industrial City, which started commercial operation on 1 March 2010 with a production capacity of over 4 million tons annually of various products, according to the following table:

PRODUCT	QUANTITY (Thousand metric tons per year)
Ethylene	1,300
Propylene	400
Linear low-density polyethylene (LLDPE)	400
High-density polyethylene	400
Polypropylene	400
Ethylene glycol	1,065
Methyl tert-butyl ether	20
Biotin	115
Gasoline	170
Toluene/Xylene Mixture (TX)	70
Total	4,340



2. YANSAB's Strategy

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



Line 1:

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



Line 2:

Expand the production capacity for the main products.



Line 3:

Continue studying the available investment opportunities related to manufacturing petrochemicals.



Line 4:

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

In this context, YANSAB is keen to enhance its competitiveness, benefit from technological progress and provide digital solutions that contribute to improving our capabilities in various fields, such as manufacturing, supply chain, innovation and sustainability. YANSAB launched several initiatives during 2020 as part of SABIC's Digital Transformation Program, as follows:

- Assets management using artificial intelligence.
- Smart inspection.
- Business permits digitization.

YANSAB is also studying similar initiatives to enable it to comply with future goals, including investment in advanced technologies, cogeneration integrated energy, digitization, artificial intelligence, etc.

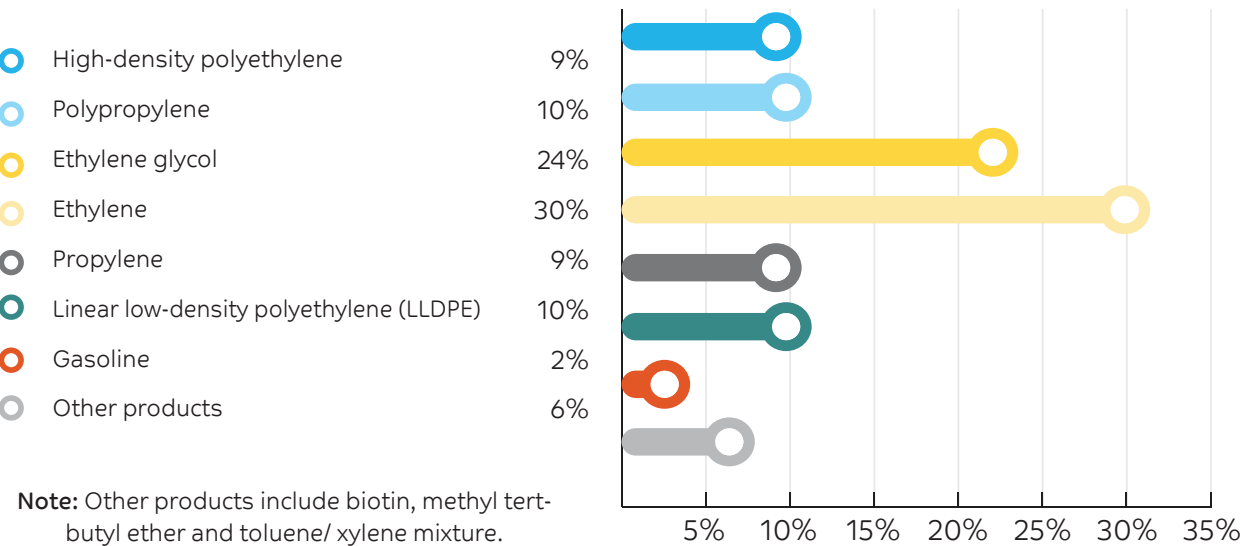
Second: YANSAB's Performance and Business

1. Operation and Production

The production quantities reached 4,164 metric tons during the year 2020. They include intermediates such as ethylene, propylene and butane 1, which are converted into final products, with a decrease of 1.6% compared to the quantities of 2019 that reached 4,232 metric tons.

YANSAB will continue to implement its growing strategy for the petrochemical industry that's value added to the company's assets and shareholder's equity, while maintaining the highest levels of safety, quality and sustainability. In 2020, YANSAB won the Operational Excellence Award from SABIC.

The following table shows the percentage of product quantities at YANSAB's plants.



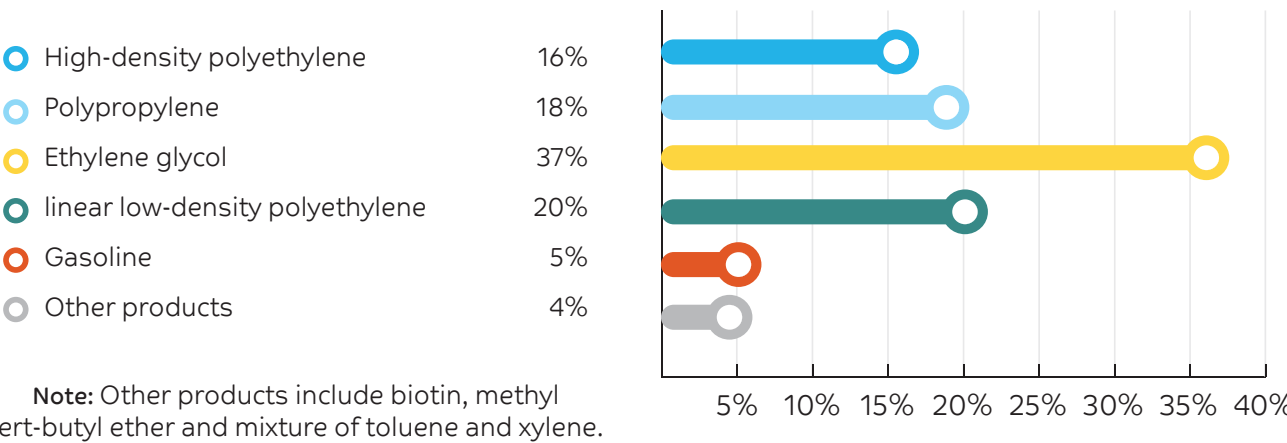
2. Sales and Marketing

Sales volume in 2020 reached 2,169 metric tons, compared to the sales volume in 2019 which reached 2,288 metric tons, an increase of 5.2%.

Sales revenue in 2020 was SAR 5,035 million, compared to SAR 6,065 million in 2019, a decrease of 17%. This decrease in sales revenue is attributed to the lower average selling price of all products.

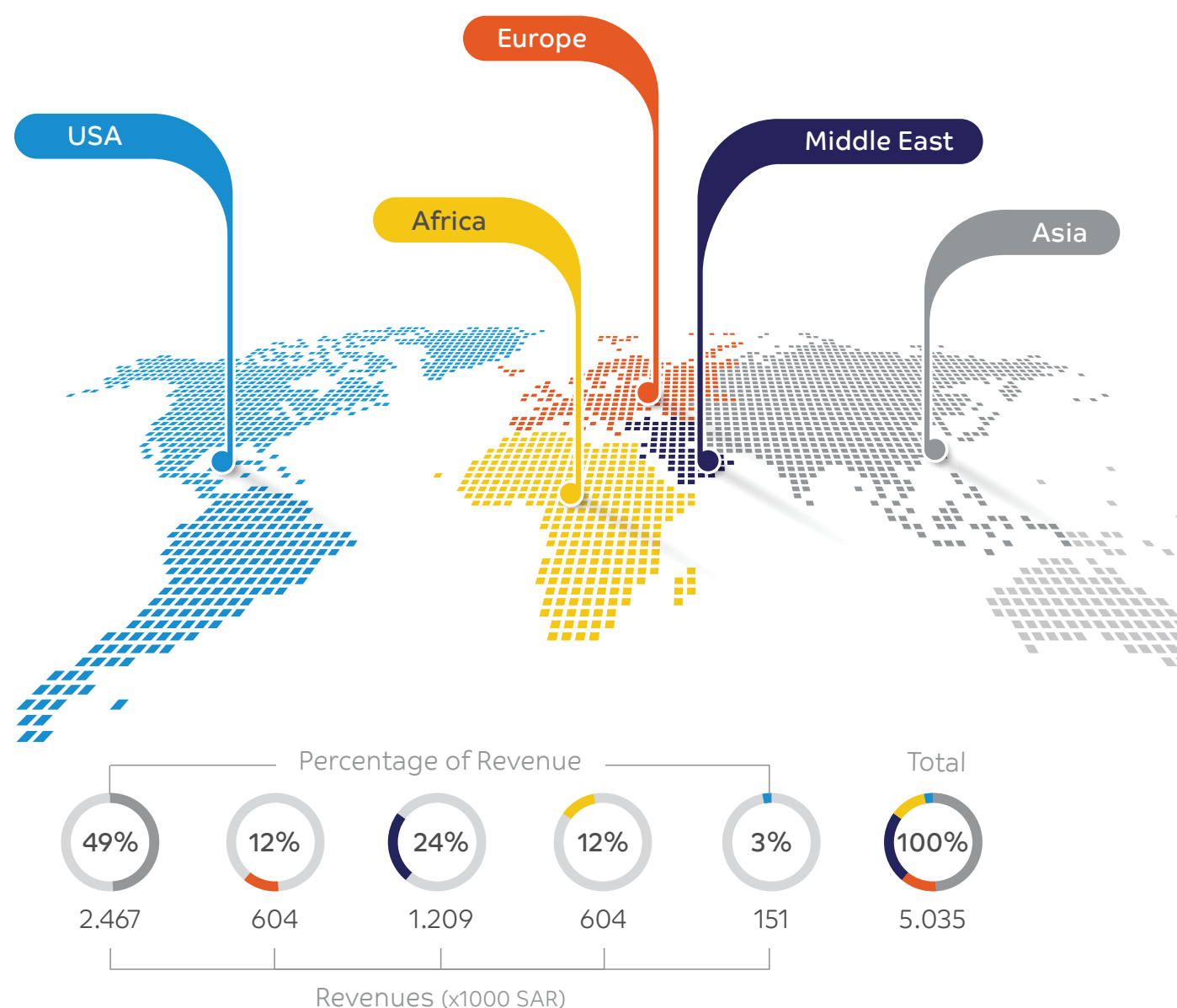
YANSAB sells its products to SABIC -according to the marketing agreement- which in turn assumes marketing these products in all local, regional and global markets, through a committee that reviews market trends, future price expectations and product costs, and approves the acceptable minimum price for the net products.

The following table shows the ratios of sales revenues by product:



3. Geographical Analysis of Revenues

This graph shows the percentage of revenue based on geographical regions:



Geographical region	Percentage of Revenue	Revenues (x1000 SAR)
Asia	49%	2,467
Europe	12%	604
Middle East	24%	1,209
Africa	12%	604
USA	3%	151
Total	100%	5,035

4. Assets, Liabilities and Business Results

BUSINESS RESULTS (AMOUNTS IN THOUSANDS, SAR)

STATEMENTS	2020	2019	2018	2017	2016
Sales	5,034,940	6,064,834	7,628,470	7,220,906	6,230,643
Cost of sales	(3,946,224)	(4,566,563)	(4,763,033)	(4,350,607)	(3,349,355)
Gross profit	1,088,716	1,498,271	2,865,437	2,870,299	2,881,288
Net profit	677,574	1,089,772	2,413,978	2,376,365	2,344,362

FINANCIAL POSITION LIST (AMOUNTS IN THOUSANDS, SAR)

Statements	2020	2019	2018	2017	2016
Current assets	5,938,074	5,842,703	6,227,525	6,582,991	6,369,991
Non-current assets	11,401,684	12,227,704	12,844,534	13,181,539	13,815,798
Total assets	17,339,758	18,070,407	19,072,059	19,764,530	20,185,789
Current liabilities	1,339,390	1,152,758	1,343,865	2,323,147	2,531,251
Non-current liabilities	1,014,911	774,837	472,499	703,953	1,598,995
Shareholders' Equity	14,985,457	16,142,812	17,255,695	16,737,430	16,055,543
Total liabilities and Shareholders' equity	17,339,758	18,070,407	19,072,059	19,764,530	20,185,789

5. Clarification of Substantial Differences in the Operating Results

Item	(Amounts in thousands, SAR)		Changes (+) or (-)	Percentage of change
	2020	2019		
Sales	5,034,940	6,064,834	(1,029,894)	(16.98)%
Cost of sales	(3,946,224)	(4,566,563)	620,340	(13.58)%
Gross profit	1,088,717	1,498,271	(409,555)	(27.34)%
Other operating incomes	-	-	-	-
Other operating expenses	(361,116)	(402,121)	41,005	(10.20)%
Operating profit	727,601	1,096,150	(368,550)	(33.62)%

The decrease in the Operating profit is attributed to the decrease in the average selling prices of all products despite the decrease in the cost of some production inputs.

6. Sustainability

The principle of sustainability depends on satisfying our needs at the present time, thinking seriously about the future of the coming generations and meeting their special needs while maintaining the integrity of our environment and the natural resources upon which our lives and economy depend. Based on our Health, Safety, Security, Environment, and Quality Policy, YANSAB has adopted, in cooperation with SABIC, sustainability principles as part of its strategy to develop the operational efficiency of plants, rationalize the consumption of natural resources such as water, electricity and natural gas and reduce greenhouse gas emissions.

YANSAB, in coordination with all relevant parties, continued its ongoing efforts, where it organized several workshops to generate new and innovative ideas for sustainability operations, which aim to reduce the consumption of natural resources and optimize operations. Ideas that will enrich YANSAB's sustainability operations were reviewed and discussed. In 2020, gas emissions, especially resulting from Olefins plant, and the consumption of gas fuel were rationed and reduced, contributing to the reduction of gas emissions resulting from combustion and preservation of the environment.

Thanks to this sustainable effort, YANSAB has successfully continued to achieve the agreed sustainability and energy objectives for 2020, compared to the performance indicators for 2010, as follows:



Reduced greenhouse gas emissions by 17.17%



Lowered energy consumption by 34.04%



Reduced the rate of water consumption by 52.54%



Reduced the rate of production of environmentally harmful substances and recycled them by 47.69%

In fulfillment of Saud Arabia's Vision 2030 for improving and cutting energy consumption according to the standard of the Saudi Energy Efficiency Center (SEEC), YANSAB successfully completed the first cycle by providing more than 2 million thermal power units costed at about \$2.5 million.

YANSAB has introduced a new work mechanism to boost energy efficiency. This action is in line with the United Nations' Clean Development Mechanism (CDM), according to the Kyoto Protocol signed by Saudi Arabia. Kyoto Protocol is a protocol to address global warming.

In this context, YANSAB completed the project of adding the second economizer of steam boilers in the utility unit during 2018, and it was registered with the United Nations as one of the projects that will reduce greenhouse gas emissions.

This contributes to promoting sustainable development in Saudi Arabia by reducing greenhouse gas emissions and conserve fossil fuels. This leads to the preservation of our natural resources and the environment. Other mechanisms implemented by YANSAB in 2019 included the ongoing implementation of Energy Management System (EMS), in line with the requirements of the International Organization for Standardization (ISO:50001).

In addition, there is an electronic page on sustainability and energy in YANSAB's local information network, through which all employees can have access to the information, indicators and course of action with regards to sustainability and energy in YANSAB. Further, YANSAB built digital monitoring dashboards for each operating unit that display performance indicators for sustainability and energy and are directly linked to the Research Information Management System (RIMS). The EMS team monitors these indicators to take appropriate actions in a timely manner in order to raise efficiency and improve performance.

As YANSAB is keen on developing its personnel and strengthening their capabilities, online educational courses and programs on energy and sustainability were delivered at YANSAB, making it the first SABIC affiliate to offer such programs and courses.

7. Reliability

YANSAB has been keen, since its establishment, on adopting the strategy of SABIC's Comprehensive Reliability Program, which is based on improving the full performance of YANSAB's assets and fixing the principle of high production rates, which makes reliability one of the main pillars in YANSAB's management of quality and performance assessment. Thus, YANSAB has strengthened this



pivotal role of reliability and adopted plans and mechanisms that support these objectives and help achieve them permanently in line with the YANSAB's vision and strategy.

YANSAB firmly establishes the culture of reliability among employees and permanently assert its importance through its ongoing programs, awareness-raising messages and continuous monitoring of performance indicators, and through holding events and programs that reinforce this principle.

YANSAB applied a comprehensive system for managing the life of assets and assessing their life through a systematic process for operating, maintaining and effectively promoting the assets, and setting plans to reduce the cost to achieve the largest revenue return, as well as studying the challenges and managing to overcome them in scientific ways. YANSAB implements approved methodologies and tools of reliability such as reliability-based maintenance, risk-based inspection, preventive equipment systems, and analysis of problems' main reasons. These methodologies play an effective role in increasing plants' reliability and efficiency, which prevent any failure or disruption of production.

YANSAB had a distinguished and effective presence in many SABIC's manufacturing initiatives such as presenting skills and competencies to associates through the (manufacturing service request) portal and reviewing and implementing all the initiatives issued and applicable to YANSAB, including SABIC's 2025 Manufacturing Strategy through the development of a series of comprehensive implementation plans. Moreover, YANSAB had a distinguished and active presence in SABIC's Technical Conference, which was held in early 2020, and presented a number of technical topics that were applied and proved successful.

YANSAB has also raised the efficiency and reliability

of the electrical network in YANSAB through the efforts geared toward technically developing the important electrical appliances and implementing of policy of electrical systems' continuous readiness. Thanks to Allah, these efforts were paid off through overcoming several fluctuations in the electricity transmission lines from the source without affecting assets and production adversely. YANSAB also implemented reliability programs for mobile devices, precision machines and control systems, monitored their performance with the best modern methods and mechanisms, and improved their effectiveness, which positively reflects on increasing life expectancy of these devices, machines and systems.

YANSAB used fixed asset evaluation program and plans to ensure the safety of fixed assets, the continuity of their work and the improvement of their reliability. This was positively reflected in the harmonization of variables in the field of examination of stationary equipment and pipelines.

Believing that the distinguished capabilities and competencies are the ones that set and achieve goals, YANSAB works systematically and effectively to develop its employees' skills in various technical fields and develop the principles of reliability. YANSAB also endeavors to make them officially adopt the latest international standards in this field. YANSAB has also been keen on making sure that its employees communicate with and share their experience with other SABIC's affiliates. Also, YANSAB has been keen on benefiting from the experiences and expertise of those affiliates in the field of reliability and its applications. These efforts were reflected in YANSAB's business and led to the reduction of production loss resulting from equipment malfunctions. Accordingly, performance indicators improved compared to the previous year.



8. Total Quality

YANSAB successfully completed implementing its Operations Management Systems (OMS), conducted self-audit to measure the implementation of these updated procedures, and has introduced an online training program to enhance knowledge of YANSAB personnel concerning the new integrated system.

An electronic program has been developed to enable employees to submit any request for clarification or inquiry related to OMS implementation, rather than using paper forms.

In confirmation of the continued effectiveness of the quality, environment and occupational health and safety (QE&OHS) systems and their implementation in YANSAB, the quality management system certificate (ISO:50001) has been renewed and upgraded from 2011 to 2018 version. This certificate was obtained after passing the comprehensive audit to reaffirm YANSAB's continued application of the standards and requirements of this standard, which was carried out by the British Standards Institution (BSI), internationally recognized organization for ISO certification of the capability to continue provision of products or services to the fullest.

YANSAB also performs periodic internal audits by YANSAB's team of trained auditors, and periodic external audits by BSI team that included its quality systems (ISO:9001-2015) and business continuity (ISO:22301), energy (ISO:50001) and information security management systems (ISO:27001), where all audit programs have been successfully bypassed. In addition, an external audit has been conducted on high-density polyethylene (HDPE) end product for Product No. (P6006). It was adopted by customers in USA according to (NSF-14), customers in Italy according to IIP, customers in France according to LNE, and customers in Malaysia according to SIRIM, where all audit stages of production system and quality were successfully passed.

YANSAB also organized World Quality Day by holding several training workshops and online induction programs on how to improve quality.

9. Safety, Environment, Industrial Security and Occupational Health:

YANSAB recognizes the importance of the human resources, being the real wealth and the most prominent factors of its success. Therefore, it continuously pays due attention to developing and updating safety procedures in order to create appropriate working conditions for occupational health, safeguard the environment to protect personnel, preserve its assets from risks, spread environmental awareness in society and abide by responsible care toward sustainability and ensuring business continuity.

YANSAB has a trained team ready to deal with all emergencies, in addition to an integrated firefighting unit to deal with fires and emergencies. YANSAB also continuously provides and organizes lectures and awareness-raising campaigns on safety, security, occupational health and environmental protection to raise awareness of all personnel, which contributes to making YANSAB a safe working environment.

YANSAB also trains its personnel in all areas of security and safety, occupational health and the environment to prepare, qualify and develop them to operate and maintain YANSAB's plants safely. YANSAB also has an electronic system through which the personnel of YANSAB report on any situation that may violate security, safety,

occupational health or environmental procedures. The system helps classify the case and the degree of its seriousness and enables the administration to follow up with the relevant authority to take the necessary corrective actions, and then the case is studied and analyzed to avoid occurrence in the future.

YANSAB pays due attention to its personnel's health by applying the regulations relating to the occupational health and the applications that guarantee it, providing all their safety requirements during work, introducing them to the correct methods and tools to perform their work safely, and accurate and continuous follow-up to their health according to the nature of the work and through the plan prepared in advance.

In pursuit to preserve the environment, YANSAB adheres to the principles of sustainability by using eco-friendly materials, such as those that do not affect the ozone layer, and disposing of waste in the proper ways that do not harm the environment and society, through authorized contractors who are specialized in this field.

YANSAB succeeded through close cooperation between the Department of Operation, Department of Safety, Environment, Industrial Security, and Occupational Health, in addition to the Department of Planning and Business, in transforming some industrial waste (useless) into valuable materials and selling the same to a specialized company in this field, thereby reducing the quantity of (annual) industrial waste and achieving a profit-making financial return.

With regard to the precautionary procedures and measures taken by YANSAB to address the challenges caused by Coronavirus pandemic (Covid-19), YANSAB has taken several proactive measures in coordination with the relevant authorities, such as conducting several awareness campaigns inside and outside the company, providing safety, care, and prevention tools, including but not limited to: (ongoing sterilization of workplaces, providing sanitizers and masks for workers and their families, daily temperature screening, daily health disclosure, suspension of meetings and remote electronic service delivery). A working group was formed to daily follow up on everything related to such pandemic, continuously co-ordinate with the competent authorities and take the necessary measures to protect workers and society.



By the end of 2020, YANSAP has managed to achieve more than 44 million hours of work without a debilitating injury. In 2020, YANSAP conducted several awareness campaigns inside and outside the company in the fields of HSSE, including:

Activating the unified security program: YANSAB completed modernizing and developing its security system and linking it with the unified security program for all SABIC affiliates as well as activating its electronic security and government system, which made it easier for employees to meet all security and government requirements, save much time and effort, and provide high-level security protection through linking with the Information Security Department.

Contractors Training Program: As part of YANSAB's responsibility toward reaching advanced levels of safety, more than 2,500 employees of contractors have been trained in health, safety, and environmental (HSE) procedures as well as Life-Saving Rules. This training includes several contractors' categories such as project contractors, periodic maintenance contractors and general service contractors. The said contractors are subject to a test for assessing the level of understanding (HSE) rules before working with YANSAB. Moreover, the NEBOSH International General Certificate in Occupational Health and Safety (NEBOSH IGC) has become an internationally recognized certificate and is necessary for anyone working in or wanting to work in occupational safety and health. Therefore, YANSAB obliges safety officers of its contractors to obtain (NEBOSH IGC). YANSAB also followed up on the contractors and ensured that they followed the measures taken by the relevant authorities to deal with Coronavirus, such as providing protection and prevention methods, evaluating their residences and providing them with housing in case of non-compliance with the precautionary measures and procedures.

Seasonal influenza vaccination campaign: In coordination with the relevant authorities, YANSAB has launched its annual campaign to vaccinate its employees and contractors against seasonal influenza.

Awareness-raising Campaign on Major Risks of Operational Scenarios: YANSAB launched this campaign due to its keenness on maintaining communications among all personnel, spreading the awareness about technical safety risks and the relevant engineering and organizational protection systems and methods, maintaining constant operational readiness of Protection Systems, and putting in place their periodic maintenance requirements.

The Initiative of Safety, Health, Environment and Security Culture (Protection Shield): It is a platform of six programs aimed at preserving the culture of HSSE by scaling communication and scientific efficiency of HSSE. The Protection Shield program is divided into two lines: The line of communication and providing more than 350 materials, and the line of training programs on HSE. Moreover, five programs were launched and 50 courses were provided through a training and educational platform under the supervision of HSSE Department and with the participation of the Departments of Operations and Maintenance and other technical departments.



Environmental safety: YANSAB has installed continuous analysis equipment to measure nitrogen oxide emissions and particle emission, to maintain the discharge of artificial waste water through the monitoring system (PI VISION) in accordance with specifications laid down by the Royal Commission for Jubail and Yanbu.

Hypothetical Experiments for Emergency Response:

Under the supervision of the Executive Management, YANSAB cooperated with Yanbu Area Mutual Aid (YAMA), which includes in its membership several government entities and industrial companies operating in Yanbu, in conducting hypothetical experiments inside the YANSAB in several departments to assess the emergency response capabilities of the personnel who work in the areas relevant to accidents, the efficiency of the Emergency Communications System (ECS), and the readiness of individuals and equipment. These experiments have had a great impact on promoting the culture of safety of facilities and personnel.

10. Investing Human Resources

YANSAB gives a due attention to its human resources and nationalization of jobs, as it always conforms to the plans developed by the Board of Directors to employ and develop national cadres. The ration of Saudization by the end of 2020 reached 89%.

YANSAB employs Saudis fresh graduates of universities and colleges in various jobs and qualifies them through tailor-made training courses falling within their area of work, and provides on-the-job training, as well.

YANSAB continued to implement the early development program for YANSAB's fresh graduated engineers. The program aims to enhance and develop the engineers' basic skills by having on-the-job training and attending tailor-made courses falling within their area of work to achieve the highest level of efficiency, and better invest its employees' skills and capabilities.

As part of its policy to develop and further its employees' skills, YANSAB continued to implement the professional qualification program, in order to develop the skills and increase the efficiency of Saudi technicians and operators. The idea of the program is to provide gradual on-the-job training for employees in all plant units starting from the basic operating units to the main control unit. At the end of each stage, the employee takes tests that assess his competence to work in a unit. If he passes, he will move to the next unit, and so on until he completes on-the-job training in all plant units. Then, the employee is assigned to work in the appropriate location based on his appraisal, which contributes to qualifying distinguished employees capable of operating and maintaining YANSAB's plants.

During the Coronavirus pandemic, YANSAB has not stopped developing its employees, and has continued to train employees in online classes. Furthermore, YANSAB has developed a Knowledge Club Initiative, a program in which employees share their experiences and knowledge with other colleagues online. In the same vein, YANSAB is investing in its human resources and qualify them administratively and technically.

YANSAB has integrated the Job Competency Program that includes descriptions of all the jobs in YANSAB, in addition to the required level of professionalism to perform each job, which contributed to identifying and promoting the strengths of the employees occupying these jobs and figuring out and developing weaknesses with an integrated system of training tools in various administrative and technical fields during 2020.

New Unified Human Resources Platform has been launched, which aims to manage human resources and all related issues such as recruitment, performance management and competency management.

YANSAB is also keen on benefiting from the employees' expertise and skills by adopting a development and innovation policy that encourages and motivates employees to provide innovative ideas and methods that help improve operational and production processes, extend the useful life of the equipment, contribute to saving energy and time, or contribute to protecting the environment and raising safety levels to make YANSAB a safer work environment. YANSAB also pays due attention to motivating its employees by providing incentives for suggestions and ideas contributing to development and innovation.

YANSAB also assesses its annual meeting with employees, which reviews YANSAB's goals and performance, receives employees' opinions and inquiries, and discusses several topics of concern to employees, such as safety, training, development, work environment, Housing Ownership Programs, housing loans, and other topics.

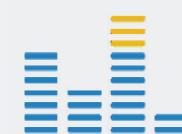
In the area of services provided to the community, YANSAB has developed a project for the Saudization of contractors' jobs in cooperation with SABIC, the Royal Commission for Jubail and Yanbu, and in partnership with the Human Resources and Development Fund (HRDF) and the contractors.

The company also welcomes some students from universities and colleges who wish to have cooperative training on the job to complete their academic requirements for the purpose of graduation.



11. Investments or Reserves for YANSAB's Employees

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



a) Savings Program

YANSAB has adopted a savings program aimed at encouraging its Saudi employees to save in a way that ensures increasing their income and contributing to securing their future according to the determined program.

b) Housing Unit Ownership Program

YANSAB aims to provide an opportunity for Saudi employees who meet the requirements for housing unit ownership for accommodation purposes. YANSAB granted its employees 214 housing units during the previous years and started construction of 152 housing units and is expected to get them finished during 2022.



c) Home Loans Program

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

The following table shows the investments or reserves created by YANSAB for the benefit of its employees as on December 31, 2020 compared to the previous year (amounts in thousands of Saudi riyals):

Item	2020	2019
End-of-Service Benefits	772,968	560,444
Savings Program	31,402	26,389
Loans and home ownership	141,565	167,710
Retirement program and other benefits	1,593	3,250
Total	947,528	757,793

12. Social Responsibility

YANSAB is keen on assuming its social responsibilities properly. Therefore, YANSAB seeks to establish strong and lasting relationships with the community, and ensures that the programs it provides have tangible and positive economic and social benefits in line with YANSAB's ambitions and resources, global issues and societal needs, in accordance with the Company's social responsibility policy approved by the General Assembly. The following is a brief overview of the activities, events, and programs that YANSAB contributed to during 2020:

YANSAB's Social Contribution Throughout Covid-19 Pandemic:

YANSAB has made many contributions and initiatives since the start of the pandemic, including the following:



Supplying Coronavirus test devices to the competent health authorities in Yanbu city, which enabled them to conduct the test within three hours instead of two days, which had a positive impact on the community where we work.



Enabling employees to work remotely (work from home), which has protected employees and their families, while providing them with the necessary technical support, including laptops and enhancing technical techniques to enable employees to perform their duties without difficulties.



Reviewing and evaluating the housing situation and precautionary measures of YANSAB's contracted employees in coordination with the competent authorities to address any shortcomings that may lead to the outbreak of Covid-19.



Preparing an awareness bag about the risks of Covid-19 pandemic and means of protection, as the initiative targeted security personnel during the curfew period.



Equipping an integrated building with a capacity of 55 beds to receive cases with all the necessary equipment.



Supplying medical equipment to competent authorities, which contributed to their prompt response to the pandemic.

Support Madinah Autism Centre

By virtue of social responsibility policy, YANSAB seeks to establish strong and lasting relations with the community where it works, by focusing on the areas of community development, education, training and health. Accordingly, YANSAB has contributed to the establishment and operation of the Autism comprehensive center in Madinah for a period of five years starting in 2020, in cooperation with the Al-Madina Association for Autism (Tamakkon), where it aims to care for 7000 autistic children in Madinah, by presenting highly qualified specialized programs based on best international practices. The center has a total area of 10,000 square meters including clinics, meeting rooms, administrative offices, classrooms, a dining hall, a theater, various sports areas, a building lobby and green spaces. The center aims to:

Ongoing intensive diagnosis, training and rehabilitation for autistic children, with a capacity of up to 500 children.

Activate the Center's role in providing advisory and training services.

Activate the World Disability Day and held social activities and partnerships with external parties.

Support research and studies.

Support Madinah Autism Centre

Work to integrate those covered by this center services into society and to raise awareness and educate their parents.

Develop sophisticated and modern treatment methods.

Raise awareness about autism in society.

Attract specialized national personnel.

National Day 90:

Our national day is a vibrant culture, blended with high-level passion and strong will. With traditional patterns of identity; On Saudi National Day (90), we see support for the growth and modernization of our country, a modern renovation of our belonging, and a living inspiration for the spirit and essence of the nation's happiness.

YANSAB held its annual celebration of National Day (90) online through modern technology means. The celebration included a number of programs that establish the concept of citizenship and loyalty to this country and its wise leadership, and highlight the role of leadership in their attention to all citizens and residents in this country during the pandemic period, to return the favor to our country and its leaders who put the citizen at the core of all development plans and development work, and provided them with ways of pride, empowerment, security and sustainability.

YANSAB Family Initiative:

This initiative aims to foster social networking with YANSAB's employees to achieve one of our core values; "engagement" which reflects our concern for our human resources. The key programs of this initiative include:

- During the Coronavirus pandemic, the Executive Management held a number of online meetings with employees aimed at enhancing communication, reassuring them and providing them with company's reports on the Coronavirus pandemic (Covid-19).
- Organizing competitive events for employees and their families to raise awareness and protect against the spread of the Coronavirus pandemic during the curfew period.
- Ongoing online greeting meetings through modern means of technology.

13. Paid and Outstanding Statutory Payment

The following table shows the value of the paid and outstanding statutory payment with a brief description of them and their reasons (amounts in thousands, SAR):

Item	2020		Brief description	Reasons
	The Paid	Outstanding payment up to fiscal year end		
Zakat	129,385	136,461	What is paid or charged to the fiscal year pursuant to the regulatory provisions of the General Authority of Zakat and Tax (GAZT) in Saudi Arabia.	The due sums during 2021 will be paid according to the statutory time limit.
General Organization for Social Insurance	42,893	4,543	What is paid or charged to the fiscal year pursuant to the regulatory provisions of the General Organization for Social Insurance (GOSI) in Saudi Arabia.	The due sums during 2021 was paid according to the statutory time limit
Total	172,278	141,004		

YANSAB registered for the VAT (value-added tax) at (GAZT) and obtained the registration certificate successfully. The VAT will not have a substantial impact on YANSAB's operations as it is a VAT-group member represented by the Saudi Basic Industries Corporation (SABIC).

Third: Future Expectations and Risks

1. Plans, Decisions, Expansions and Future Expectations

YANSAB operates according to the strategic plans formulated by the Board of Directors that has adopted the principles of safety, sustainability and reliability in operations management, risk management, performance monitoring and overall implementation, aimed at optimizing the efficiency of operations, raising growth rates and generating innovative ideas to rationalize energy and natural resources, and improving assets' performance in a way that contributes to growing the shareholders' equity, protecting the environment and enhancing the company's competitive capabilities in various markets.

YANSAB assumes the management and operation of Ibn Rushd's plants, which will allow YANSAB to make optimal use of assets and achieve better spending efficiency, including attracting national qualified personnel and services for handling materials and raw materials that are considered part of the group's business.

2. Risks

Each investor, current or potential, should carefully study the risk factors identified below, bearing in mind that these risks do not include all those that YANSAB may encounter, and there may be additional risks unknown to YANSAB at the present time or may be considered by it as insubstantial risks that may hinder its operations.

The company's activity, financial position, operating results and cash flows may be substantially affected adversely due to the occurrence of any of these risks which the company sees as substantial at the present time, or any other risks that the company could not identify and sees as insubstantial, or if the insubstantial risks became substantial.

Our risk management policy is to proactively identify and understand risks facing or may face the company, evaluate the extent of their impact on our performance, and take preventive measures to prevent or minimize and control them. At the same time, we are capitalizing on the opportunities to achieve our strategic goals, and we apply this policy to all of our operations. The responsibility of implementing risk management policy rests with the Executive Management, while the responsibility for monitoring the implementation of this policy rests with the Board of Directors, supported by Risk Committee.

We have set forth the Risk Management and Business Continuity Management Policy in accordance with an integrated governance system that effectively identifies, understands and manages the risks facing YANSAB. This responsibility starts with our employees and administrators both, by preparing detailed reports about the risks facing the company. These reports are periodically presented to the Risk Committee. Then, the Committee recommends to the Board of Directors on the efficiency of measures taken to mitigate the impact of these risks. In addition, it recommends either continuing with the same measures or taking additional measures to

control those risks.

YANSAB has also developed its Risk Management and Business Continuity Management that enhances the value of the company and protect its interests as a part of the continuous commitment to the applicable requirements with a view to achieving the interests of the shareholders in accordance with the following principles:

- Clear leadership and commitment.
- Employees' responsibility and efficiency.
- Effectively implementing the Risk Management and Business Continuity Management.
- Incorporating Risk Management in the key corporate decisions.
- Taking effective decisions based on calculated risks within the acceptable level.
- Planning for business continuity properly to ensure flexibility.
- Ensuring the integrity and soundness of the internal control system.
- Providing information about the risks through the best available way.
- Ensuring the continuous improvement and assessment of Risk Management and Business Continuity.

We have established a risk management policy and business continuity management in accordance with an integrated governance system that effectively identifies, understands and manages the risks facing the company.

YANSAB has established an integrated Risk Management System in accordance with agreed principles and standards through the application of its Risk Management System (OMS-221), which contains the structure and models needed to be followed to record, analyze and assess risks according to a clear schedule of tasks and responsibilities. The company has also trained the employees on how to use the system.

In addition, YANSAB applies its Business Continuity Management System (OMS-222) to prioritize and understand the threats facing the company and the requirements needed to reduce the possibility of incidents and reduce their negative effects. Accordingly, YANSAB has held workshops for all departments with the aim of reviewing the business continuity strategies and how to develop them. The company has passed the detailed audit to maintain the Business Continuity Certificate (ISO:22301) as a global standard that confirms the company's ability to continue providing its products or services at acceptable and predetermined levels in the event of the occurrence of any incidents that may affect the workflow.

In principle, we are exposed to strategic risks (the risks that may affect our ability to achieve our strategic goals), operational risks (the risks resulting from the nature of our operations), and the financial risks (the risks that affect profitability). In addition, we are exposed to many risk factors. The following is a detailed description of those risk factors.

MAIN RISKS RELATING TO OUR BUSINESS,

YANSAB needs to maintain high capacity utilization rates in the manufacturing facilities in order to maintain profit margins. Profits in the petrochemicals business are closely tied to global demand, industry inventory levels and plant capacity utilization. That is because higher production rates enable the sector to allocate fixed costs across larger production volumes. Consequently, maximizing production rates is a key factor to the profitability of the company's petrochemicals operations. YANSAB's ability to maintain profitability depends, to a significant degree, on its ability to maintain high capacity utilization rates in its plants, which is the level of production that each plant achieves in relation to its capacity. Excess industry capacity, especially at times when demand is weak, may cause YANSAB and other industry participants to lower production rates, which would reduce YANSAB's margins, income and cash flow. YANSAB is exposed to a number of operational risks, including reduced utilization rates due to scheduled activities such as: maintenance and

unscheduled outages which may, for example, be due to equipment or human failure; unavailability of skilled human resources; decline of recovery rates lower than the expected; poor performance of YANSAB's contractors; corrosion problems impacting the plant and pipelines; health and safety incidents that may be caused by third-party contractors; and exposure to natural hazards such as changeable weather events. Any such incident could adversely affect YANSAB's business, Operating results or financial position. There is no doubt that the failure to maintain high capacity utilization rates could have a substantial and adverse effect on YANSAB's business, Operating results or financial position. The company strives to reduce such effect by reducing costs and improving the reliability of the company's plants to ensure the continuity of production and sale within clear business plans and practices.



RISKS RELATED TO OUR RESPONSIBILITIES TOWARDS ENVIRONMENT, HEALTH AND SECURITY (EHSS)

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

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

Such risks or others could result in fires, explosions, severe pollution or other catastrophic circumstances, which could cause severe damage or injury to persons, property or the environment as well as disruptions that suspend working in YANSAB. Such incidents may result in equipment failures or shutdowns, civil lawsuits, criminal investigations and regulatory enforcement proceedings, all of which can cause YANSAB to bear great liabilities. Any damage to persons, equipment or property or other disruption that affects YANSAB's ability to produce or distribute its products, could result in a significant decrease

in YANSAB's revenues and profits and enormous additional costs to replace or repair YANSAB's assets depending on the nature of the incident. YANSAB may not be fully insured, or not insured at all, all of which could result in a substantial and adverse effect on YANSAB's business, Operating results and financial position.

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

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

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

RISKS RELATED TO PROJECTS UNDER DEVELOPMENT

YANSAB owns several projects that are under development or in elementary stages of planning (such as investments in new production plants; and expansion and modernization of the existing plants). Other additional capital projects may be undertaken during the term of the Report. Each of these projects entails a number of risks during construction such as the risks of investment cost over-run, delayed or incomplete startup, any default by any appointed contractor or sub-contractor or their ability to comply with their contractual obligations, shortage or increase in the costs of equipment, breakdown or failure of equipment, processes or technology, difficulties in connecting any related upstream or downstream facility, timely availability of the required feedstock at the time of commencement of commercial operations, start-up or commissioning problems, problems with effective integration of operations, increased operating costs, exposure to unanticipated liabilities, changes in taxes or duties, difficulties in achieving the expected efficiencies, cooperation and cost savings, and changes in market conditions. In case of the occurrence of any of these risks, the overall profitability of the relevant project would be substantially affected in an adverse manner. If any new project fails to achieve the expected levels of performance or profitability, this could have a substantial and adverse effect on YANSAB's business, Operating results or financial position.

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

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

**IF YANSAB ENTERS INTO FINANCING AGREEMENTS**

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

CUSTOMERS' CREDIT RISKS According to the marketing agreement, YANSAB sells its products to SABIC which, in turn, provides these products to a variety of customers. This may expose it to the risk of non-payment for the products supplied,

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

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

FINANCIAL INSTRUMENT RISKS, The annual financial statements include clarifications about YANSAB's exposure to the types of financial instrument risks to which YANSAB may be exposed and YANSAB's policy and procedures in respect of measuring and managing these risks. These risks may have a substantial and adverse effect on the Operating results and the financial position of YANSAB.

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

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

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

RISKS ARISING FROM INTERNATIONAL TRADE CONTROLS YANSAB exports products to countries which have adopted trade defense instruments such as anti-dumping and anti-subsidy laws and regulations. Noncompliance with such laws and regulations may result in imposing anti-dumping or anti-subsidy duties on imports of products into such countries. Moreover, YANSAB's imports and exports are affected by import duties that may be imposed by some governments at their own discretion. YANSAB believes that some countries' application of trade defense measures and other forms of

trade controls is likely to be increased in the future. Any trade defense measures or duties imposed on exports or imports of YANSAB, its suppliers or its customers could have a substantial and adverse effect on YANSAB's business, Operating results or financial position.

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

Changes to Laws or Regulations or Noncompliance with Any Laws and Regulations May Substantially Affect Our Business in an Adverse Manner, YANSAB is subject to various laws and regulations. Such laws and regulations may be related to licensing requirements, EHSS obligations, asset and investment controls, marketing guidelines and a range of other requirements. YANSAB's petrochemicals products are subject to a variety of laws and government regulations relating to the use, discharge, release and disposal of toxic or hazardous materials used by such businesses. Compliance with such laws and regulations can be costly, and SABIC incurs and will continue to incur costs, including capital expenditures to comply with these requirements. Furthermore, noncompliance with such laws and regulations or any changes thereto, including issuing additional regulations, could have a substantial and adverse

effect on YANSAB's business, results of operations or financial position. In addition, new laws may be enacted, and new regulations may be issued in the future. As a result, additional costs related to compliance with the regulations, confiscation or recall of products, or financial fines, any of which may result in either obstruction or prohibition of the development, distribution and sale of YANSAB's products. The regulation or reclassification of any of SABIC's raw materials or products could adversely affect the availability or marketability of such products. This results in a ban on its import, purchase or sale, or requires YANSAB to incur ever-increasing costs to comply with notification, labelling or handling requirements, each of which may adversely affect YANSAB's business, Operating results or financial position.

RISKS ARISING FROM YANSAB'S NONCOMPLIANCE WITH THE STANDARDS OF SEEC, aimed at rationalizing energy production and consumption to the extent that ensures scaling up its efficiency in the Kingdom. In case of YANSAB's noncompliance with the requirement of providing energy consumption data or an action plan to scale up the energy efficiency for any of its plants on the dates set by the center, this will result in risks that may have a substantial and adverse effect on the Operating results and the financial position of YANSAB, and consequently the Ministry of Commerce and Investment will suspend its industrial services. In addition, the export license will not be issued. The industrial project will be administratively closed until the violation and consequences thereof are eliminated. In addition, the industrial license of any plant will be cancelled or not renewed if it does not meet the energy-efficiency requirements and standards approved by the SEEC. by virtue of a notification from the SEEC. In the event that YANSAB does not comply with the energy efficiency requirements and standards approved by the SEEC, the Capital Market Authority (CMA) will compel YANSAB to disclose the consequences of its noncompliance. If YANSAB does not do so, the CMA will take the necessary regulatory actions, including the imposition of fines and penalties prescribed under the Capital Market Law and Implementing Regulations. Furthermore, the Saudi Standards, Metrology and Quality Organization (SASO) will refuse to renew the license using the quality mark, and the Royal Commission for Jubail and Yanbu (RCGY) will apply the penalties and sanctions prescribed in the laws and regulations applicable to RCGY's in case YANSAB or one of its plants is noncompliant with the energy efficiency requirements and standards approved by the SEEC.

RISKS RESULTING FROM DISPUTES AND/OR LITIGATION, YANSAB is subject to risks related to legal and regulatory procedures to which it is a party or that may arise in the future. These risks may include, in particular, risks related to product liability, competition, antitrust, export control and data protection laws, patent law, procurement law, tax legislation and protecting the environment in which YANSAB works. YANSAB's involvement as a party to lawsuits and regulatory actions may result in imposing fines or penalties or could adversely affect its reputation. Moreover, litigation and regulatory actions are unpredictable, and legal or regulatory actions in which YANSAB is, or becomes, involved (or settlements thereof) could result in substantial penalties that may lead to significant losses, costs, and expenses. Such losses, costs and expenses may not be covered or fully covered by insurance. Investigations of possible legal or regulatory violations may result in imposing civil or criminal penalties and/ or other adverse financial consequences. Any of the aforementioned may have a substantial and adverse effect on YANSAB's business, Operating results or financial position, as well as on YANSAB's reputation.

RISKS ASSOCIATED WITH THE USE OF INTELLECTUAL PROPERTY AND TECHNOLOGY LICENCES YANSAB depends

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

RISKS ASSOCIATED WITH THE USE OF INFORMATION TECHNOLOGY YANSAB relies on several information technology ("IT") systems in order to carry out its day-to-day operations. As a result of the ever-increasing complexity of information and communication technology, YANSAB is exposed to various risks, ranging from the loss or theft of data, cyber-attacks, stoppage and interruptions to the business, through to systems failure and technical obsolescence of IT

systems. The ever-increasing global information security threats and more sophisticated cybercrimes pose a risk to the confidentiality, availability and integrity of data, operations and infrastructure of the IT systems, networks, facilities, products and services of YANSAB. The nonavailability, breach of confidentiality, or the manipulation of data in critical IT systems and applications may lead to confidential data and expertise leak in an uncontrollable manner and have a direct impact on YANSAB's business operations. Although YANSAB maintains back-up systems, there is no assurance that these systems will work as efficiently or quickly as expected; or will work at all. Should such threats overcome the information security measures implemented by YANSAB, they could potentially lead to violation of confidential information, improper use of systems and networks, manipulation and destruction of data, production downtime and operational disruptions, which in turn could have a substantial and adverse effect on YANSAB's business, Operating results and financial condition.

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

RISKS ARISING FROM PENSION OBLIGATIONS YANSAB has defined benefit pension plans and retirement plan programs, funding and other obligations with respect to such pension or benefit plans in accordance with the rules applicable to the pension plan or its relevant

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

RISKS ASSOCIATED WITH DIVIDEND YANSAB has no guarantee concerning dividend or total dividend amount. YANSAB may adopt a change in its dividend policy from time to time without prior notice. Making any resolution related to dividend and total dividend amount is also subject to the discretion of the Board of Directors. Making any recommendation or resolution by the Board of Directors to distribute future dividends depends on several factors, including YANSAB's profits and its previous and expected cash flows, YANSAB's financial obligations, requirements of growth plans and future expansions, analysis of investment opportunity and needs for reinvestment, requirements, cash and capital flows and solvency ratios, in order to develop its revenues and finance investment spending program, and to verify balance between providing funds by self-financing sources or from external financing sources. The dividend depends on the market situation, the general economic climate, and other factors that the Board of Directors deems important.

RISKS ASSOCIATED WITH THE CONTROLLING INTEREST SABIC owns 51% of YANSAB's shares, which gives SABIC a majority in voting and management and the ability to control most of the major decisions related to YANSAB, as well as effective control over YANSAB. Any change in SABIC's business strategy or policies for YANSAB may result in unpredictable consequences regarding YANSAB's business. This, in turn, could have a substantial and adverse effect on YANSAB's Operating results and financial position.



Fourth: Corporate Governance



1. Corporate Governance

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

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

YANSAB applies the provisions of the Corporate Governance Regulations issued by the Capital Market Authority except for the following paragraph:

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

2. Shareholders

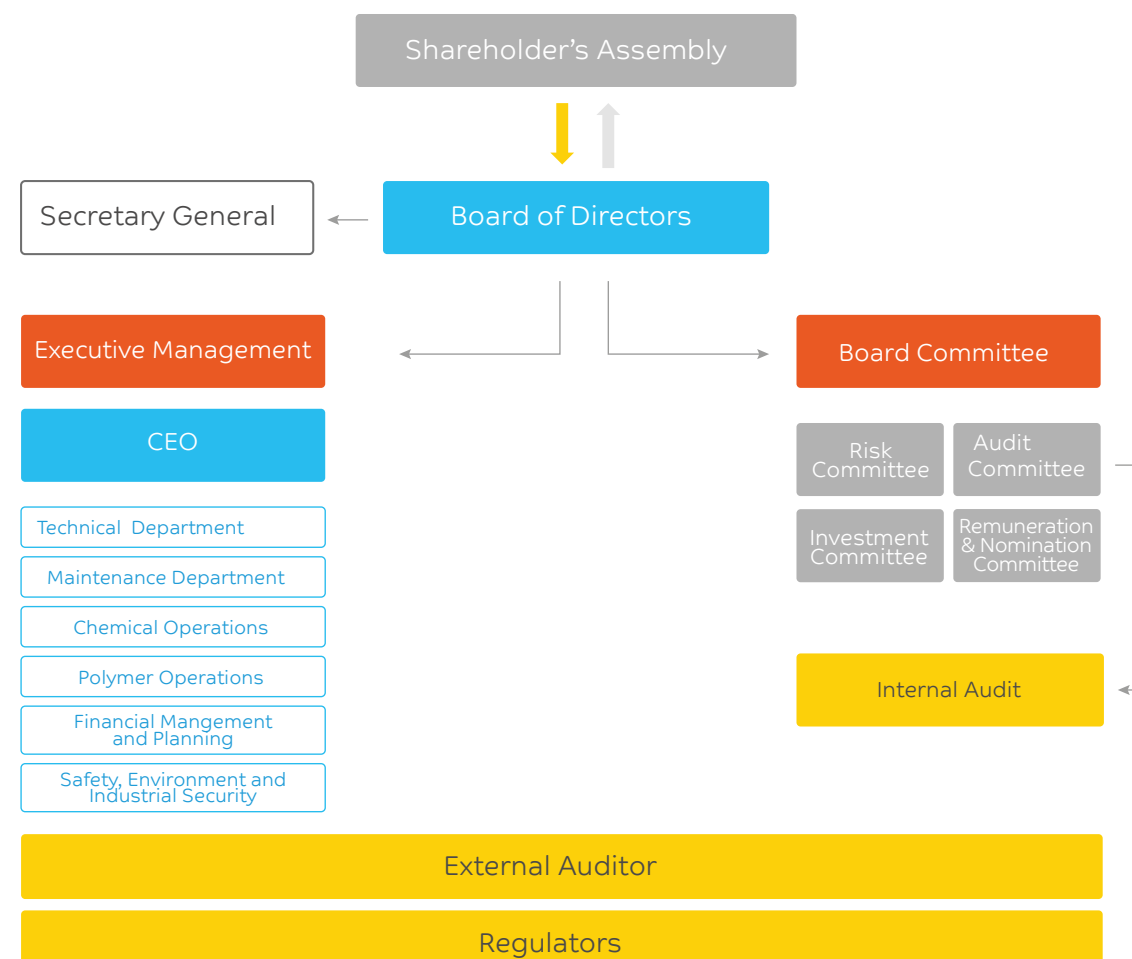
YANSAB is committed to achieving the principle of shareholders' rights protection to ensure fairness and equality among them in providing the appropriate information at the right time. YANSAB informs its shareholders and investors of its performance and activities during the year through the annual report of the Board, and also keeps them updated with any significant developments that may occur and affect its financial position and business, in a way that does not affect its competitiveness, through Tadawul's website, its website, and other means of communication with the aim of helping investors make investment decisions based on correct and adequate information, and ensuring that information is not leaked to some investors without others and that all beneficiaries have equal opportunities to access information. YANSAB is strictly and keenly committed to implementing the policies and procedures for disclosing the essential developments, relevant events, financial statements and performance

reports in accordance with the legal requirements, the applicable regulations and instructions received from the competent authorities. YANSAB is also keen on handing over its shareholders their due dividends by reminding them of the need to update their data and making sure to link their Bank accounts' numbers to Tadawul's portfolios in order to ensure the deposit of their profits without delay. YANSAB's shareholders can inquire about unpaid dividends through YANSAB's website.

YANSAB is keen on regular disclosure on Tadawul's website about the relevant events, substantive developments and financial statements, in accordance with the provisions governing disclosure and transparency, and making them available to shareholders, investors and stakeholders. During the fiscal year ended on 31 December 2019, YANSAB posted 15 announcements. The following table shows the topics of the announcements and the date of posting:

No.	Date of Posting	Topic of announcement
1.	January 23, 2020	YANSAB announces the preliminary financial results for the period ended on December 31, 2019 (twelve months)
2.	February 13, 2020	YANSAB announces the annual financial results for the year ended on December 31, 2019 (twelve months)
3.	February 20, 2020	YANSAB announces the invitation of shareholders to attend the Ordinary General Assembly Meeting (First Meeting).
4.	March 15, 2020	YANSAB's reminder announcement regarding the automatic voting on the items of YANSAB's ordinary general assembly (First Meeting)
5.	March 16, 2020	YANSAB announces the results of the Ordinary General Assembly Meeting (First Meeting).
6.	April 20, 2020	YANSAB announces the preliminary financial results for the period ended on December 31, 2020 (twelve months)
7.	May 11, 2020	YANSAB announces the distribution of cash dividends to shareholders for the first half of 2020.
8.	July 19, 2020	YANSAB announces the preliminary financial results for the period ended on June 30, 2020 (six months)
9.	October 18, 2020	YANSAB announces the preliminary financial results for the period ended on September 30, 2020 (nine months)
10.	December 07, 2020	YANSAB announces the invitation of shareholders to attend the Extraordinary General Assembly Meeting (First Meeting) through modern means of technology.
11.	December 24, 2020	YANSAB announces Board's recommendation to distribute cash dividends to shareholders for the second half of 2020.
12.	December 30, 2020	YANSAB announces the results of the Extraordinary General Assembly Meeting (First Meeting).





3. Shareholders Registers

During the fiscal year ended on 31 December 2020, YANSAB requested the Shareholders Registers five (5) times, and the following table shows the dates of requesting the Shareholders Registers and the reasons for requesting:

Register Date	The Reason
02/01/2020	Company procedures
12/01/2020	Company procedures
14/01/2020	Company procedures
15/03/2020	The 12th Ordinary General Assembly
17/03/2020	Dividends Record
13/07/2020	Dividends Record
13/07/2020	Dividends Record
03/09/2020	Company procedures
29/12/2020	The 4th Extraordinary General Assembly





4. General Assemblies

The following table shows the date of the General Assembly of shareholders held during the fiscal year ended on 31 December 2020 and the names of the Board members present in this Assembly, as follows:

the Board member	The Ordinary General Assembly 20/07/1441AH equivalent to 15/03/2020AD	The Extraordinary General Assembly 14/05/1442AH equivalent to 29/12/2020AD
Mr. Yousuf Abdullah Albenyan (1)	Attended	-
Mr. Murhaf Mohammed Almadani (1)	Attended	-
Dr. Ahmad Abdullah Al-Meghames	Attended	Attended
Eng. Hosam Bin Abdullah Alzamil (1)	Attended	-
Mr. Abdulkareem Bin Asaad Abu Alnasr(1)	Attended	-
Eng. Gasem Bin Saleh Alshaikh(1)	Attended	-
Eng. Majed Abdulelah Nouraddin	Attended	Attended
Eng. Abdulrahman Ahmed Shamsaddin(Γ)-		Attended
Mr. Ibrahim Mohammed Al-Saif (Γ)	-	Attended
Mr. Khalid B. Al-Rabiaah (Γ)	-	Attended
Eng. Sameeh Soliman Al-Sahafi(Γ)	-	Attended
Eng. Faisal M. Albahair(Γ)	-	Attended

(1) Member ended membership on 15/03/2020

(2) Member joined the Board on 16/03/2020

5. Board of Directors

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

The Board of Directors consists of seven members with the expertise required for managing the YANSAB's business. During the 12th Ordinary General Assembly meeting on 15 March 2020, the Board members shall be appointed for three years as of 16 March 2020 for the fifth session (2020-2023) pursuant to Article 17 the company's Articles of Association, which reads as follows: "YANSAB is managed by a Board of Directors consisting of seven (7) members elected by the Ordinary General Assembly for a term of three years. The Saudi Basic Industries Corporation (SABIC) shall have the right to appoint or nominate four (4) members including the Chairman of the Board and the Vice Chairman of the Board". The independent Board members were elected according to the cumulative voting while SABIC nominated four members. The following table shows the names and membership classification of the current Board members:

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

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



Eng.
Abdulrahman Ahmed Shamsaddin
Chairman of the Board
Chairman of Investment Committee

Current position

SABIC Executive Vice President, Shared Services. He currently holds several other positions, including a board member of Marafiq company and Maaden Phosphate Company.

Former Positions and Work Experience

- Vice President of Internal Audit at SABIC.
- General Manager of Risk Management at SABIC.
- General Manager of Continuous Improvement at SABIC.
- General Manager of Manufacturing Services at SABIC.
- Manager of Maintenance Projects Management at SABIC.
- Operations General Manager at Ibn Rushd.
- Engineering Processing Manager at SAMREF.
- Manager of Project Management at SAMREF.
- Manager of Maintenance Management at SAMREF.
- Supervisor of Inspection Department at SAMREF.
- Materials' Technical Engineer at SAMREF.

Eng. Abdulrahman Ahmed Shamsaddin is also experienced in operational and administrative fields, safety of work procedures, efficiency of performance and reliability, engineering and project management, maintenance and operations at refineries and petrochemical plants.

He has a B.Sc. degree in Applied Mechanical Engineering.



Eng.
MAJED ABDOLELAH NOURADDIN
Vice Chairman
Review Committee member

Current position

General Manager of Planning and Performance Improvement, SABIC (Petrochemicals Industry) He also holds several other positions, including Board Member, Al-Jubail Fertilizer Company (AlBayroni), and Board Member, ArcelorMittal Tubular Products Jubail

Former Positions and Work Experience

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

Eng. Majed is also experienced in project management, financial management, economics and business administration.

He holds two master's degrees in project management and executive business administration, and a bachelor's degree in industrial engineering.



Dr.
Ahmad Abdullah Al-Meghames
Board Member
Chairman of Remuneration and Nomination Committee.

Current position

Secretary-General of Saudi Organization for Certified Public Accountants.

Former Positions and Work Experience

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

Dr. Ahmad holds a PhD in accounting, master's degree in accounting, and bachelor's degree in accounting. He holds a Fellowship of the Saudi Organization for Certified Public Accountants SOCPA.



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

Current position

Board Member of Al Barrak Industrial Group

Former Positions and Work Experience

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

Mr. Ibrahim is also experienced in the fields of investment, economy, establishment of companies, membership of company boards, committees, and many international associations and groups in the field of investment and economy.

Mr. Ibrahim holds Master's degree in Economics.



Mr.
Khalid B. Al-Rabiaah
Board Member
Chairman of Risk Committee
Member of Investment Committee

Current position

Founder and Chairman of Khalid Al-Rabiaah for Financial Consulting, an advisor to the Ministry of Industry and Mineral Resources.

Member of the Board of Directors of the Tunisian Saudi Bank. Chairman of the Audit Committee of the International Water and Energy Business Company (ACWA Power).

Former Positions and Work Experience

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

Mr. Khalid has extensive experience in the field of strategic and financial planning and business development.

He holds a bachelor's degree in accounting.



Eng.
Sameeh Soliman Al-Sahafi
Board Member
Risk Committee Member

Current position

CEO of Saudi Yanbu Petrochemical Company (YANPET).

Former Positions and Work Experience

He worked at SAMREF in the Department of Electrical and Technical Engineering, and was responsible for electrical maintenance and project planning. Then, he moved to work in (YANSAB) and rose in the hierarchy through several positions, including Senior Manager of Reliability, General Manager of Technical Affairs, then Executive Manager - Chemical Operation, CEO of YANSAP and CEO of Ibn Rushd Company.

He is experienced in project planning, technical affairs, maintenance, technology and operations in petrochemical companies.

Eng. Sameeh holds a bachelor's degree in power engineering and electric motors.



Eng.
Faisal M. Albahair
Board Member
Member of Remuneration and Nomination Committee.
Member of Investment Committee

Current position

Vice Chairman of the Local Content and Business Development Unit, SABIC.

It is the national initiative that supports, develops and evolves local content in the Kingdom of Saudi Arabia in order to realize the goals of Saudi Vision 2030.

Board member in a number of companies.

CEO of Nusaned Investment.

Former Positions and Work Experience

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

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



Mr.
KHALID ALI ALQARNI
Member of Audit Committee

Current position

Vice President of Global Finance Reporting & Controllershship at SABIC

Board Member in several companies as follows:

Arab Industrial Fibers Company (Ibn Rushd) and Member of Audit Committee.

Board Member, Sinopec (SABIC) Tenjin Petrochemical Co. Ltd

Board Member and Audit Committee Member, Industrialization & Energy Services Company (TAQA)

Board member and Audit Committee

Member, Gulf One Capital BSC (closed)

Member of Supervisory Board, SABIC Capital B.V.

Former Positions and Work Experience

Global Finance Controller at SABIC;

Partner, Deloitte Middle East.

Mr. Khalid has an extensive international experience in financial accounting and Controllershship

Mr. Khaled holds a bachelor's degree in Accounting, and he is a certified chartered accountant who holds associate degree certificate (CPA) from SOCPA.



Mr.
ALWALEED FAHD ALSENANI
Member of Remuneration and Nomination Committee.

Current position

Executive Director of Corporate Governance, SABIC.
Audit Committee Member, Saudi Kayan Petrochemical Company

Former Positions and Work Experience

- Several functions and tasks in CMA, including: Corporate Governance Director; Risk Management Director
- Faculty Member at Accounting Department, College of Business Administration at Prince Sultan University
- Mr. Al-Waleed is also experienced in the organizational and applied field of corporate governance.

He holds a bachelor's and a master's degrees in accounting plus a master's degree in commerce, in addition to many certificates of executive leadership programs.



Mr.
Thamer Abdullah Al Hamoud
Member of Risk Committee

Current Position

Manager of Legal Affairs, Compliance and Governance, and Board Secretary at Al Ra'idah Investment Company.

He is also a member of the Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO), a member of Remuneration and Nomination Committee and a member of Governance and Risk Committee.

Former Positions and Work Experience

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

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



Eng.
MOHAMMED ALI BAZAID
Member of Investment Committee
Secretary-General of Remuneration and Nomination Committee

Current position

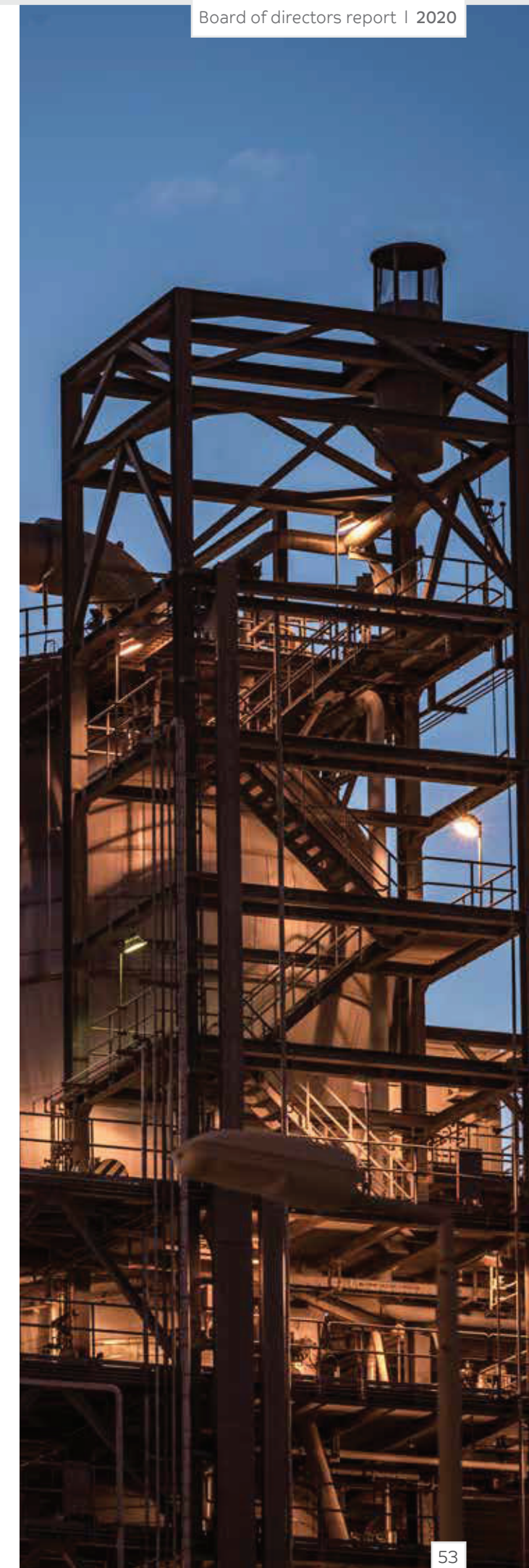
Company President of Yanbu National Petrochemical Company (YANSAB)

Former Positions and Work Experience

He worked at Saudi Yanbu Petrochemical Company (YANPET), and rose in the hierarchy through several technical and leadership positions, the most recent of which was General Manager of Maintenance, then he moved to work in Arabian Industrial Fiber Company (Ibn Rushd) as the General Manager of Technical Affairs, then General Manager of Operation, then President of (Ibn Rushd), then moved to be the President of YANSAB.

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

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



The following table shows the membership of boards of directors inside and outside the Kingdom of Saudi Arabia:

Name	Current memberships of boards or directorship inside or outside KSA	Former memberships of boards or directorship inside or outside KSA
Eng. Abdulrahman Ahmed Shamsaddin	YANSAB's Chairman of Board, Marafiq Company and Maaden Phosphate Company.	N/A
Eng. Majed Nouraddin	YANSAB, Al-Bayroni, ArcelorMittal Tubular Products Jubail	N/A
Mr. Ibrahim Mohammed Al-Saif	Yanbu National Petrochemical Company (YANSAB) Al Barrak Industrial Group	Savco company, Bank AlJazira, Samba Financial Group, Telecommunications company (Mobily), Dur Hospitality, Gulf Tourism Company and Al-Rajhi Steel Company
Dr. Ahmad Abdullah Almaghamis	Yanbu National Petrochemical Company (YANSAB)	Board member of the National Shipping Company of Saudi Arabia (Bahri)
Mr. Khalid B. Al-Rabiaah	Yanbu National Petrochemical Company (Yansab), Doyan Holding Company, International Water and Power Business Company (ACWA Power), Tunisian Saudi Bank.	Saudi Stock Exchange (Tadawul), Al Jazeera Support Services Company, Chemanol Company.
Eng. Sameeh Soliman Al-Sahafi	Yanbu National Petrochemical Company (YANSAB), YANBET Company	Ibn Rushd Company.
Eng. Faisal M. Albahair	Yanbu National Petrochemical Company (YANSAB), Al-Razy Company and United Company.	N/A

6. Board Meetings and Attendance Record for Each Meeting

The Board of Directors held five meetings during the fiscal year ending on 31/12/2020. The following table shows the attendance record of each member of the Board meetings and their dates:

Member Name	Attendance Record for 2020					Total
	1st Meeting February 20	2nd Meeting March 15	3rd Meeting May 11	4th Meeting August 26	5th Meeting December 24	
Eng. Abdulrahman Ahmed Shamsaddin ⁽¹⁾	--	--	Attended	Attended	Attended	3
Eng. Majed Abdulelah Nouraddin	Attended	Attended	Attended	Attended	Attended	5
Dr. Ahmad Abdullah Al-Meghames	Attended	Attended	Attended	Attended	Attended	5
Mr. Ibrahim Mohammed Al-Saif ⁽¹⁾	--	--	Attended	Attended	Attended	3
Mr. Khalid B. Al-Rabiaah ⁽¹⁾	--	--	Attended	Attended	Attended	3
Eng. Sameeh Soliman Al-Sahafi ⁽¹⁾	--	--	Attended	Attended	Attended	3
Eng. Faisal M. Albahair ⁽¹⁾	--	--	Attended	Attended	Attended	3
Mr. Yousuf Abdullah Albenyan	Attended	Attended	--	--	--	2
Mr. Murhaf Mohammed Almadani ⁽²⁾	Attended	Attended	--	--	--	2
Eng. Hosam Abdullah Alzamil ⁽²⁾	Attended	Attended	--	--	--	2
Mr. Abdulkareem Asaad Abu Alnas ⁽²⁾	Attended	Attended	--	--	--	2
Eng. Gasem Sakeh Alshaikh ⁽²⁾	Attended	Attended	--	--	--	2

(1) Member joined Board on 16 March 2020.

(2) Member ended membership on 15 March 2020.



7. Brief Description of the Board Committees' Competences and Duties

The Board of Directors has formed several committees, and has offered a recommendation to the General Assembly to form the Audit Committee, that play a significant and essential role to help carry out its statutory duties in order to achieve the optimal performance and benefit from the diverse experiences of its members. These committees serve as a dynamic driver for setting policies, developing programs, auditing and making recommendations, as follows:

First: AUDIT COMMITTEE

In the light of the relevant provisions contained in the rules governing the Audit Committee set forth in the Corporate Governance Regulations issued by the Capital Market Authority, the Committee reviews YANSAB's financial statements and announcements related to its financial performance, provides the technical opinion on whether the Board report and YANSAB's financial statements were prepared in accordance with the regulatory requirements defining how to prepare and present them, and studies the financial and accounting policies used in YANSAB and provides the opinions and recommendation to the Board of Directors in this regard. The Audit Committee studies and reviews the internal and financial control and risk management systems; ensuring their effectiveness through periodically reporting to the Internal Audit Department (or other External Auditors) on the adequacy and effectiveness of the internal and financial control and risk management systems and following up on the implementation of recommendations and corrective actions to the observations contained in the audit report. In addition, it prepares a report for the Board of Directors that includes its opinion on the adequacy of these systems as well as recommendations to redress the substantial issues and any other recommendations for developing these systems

and their works falling within the scope of their competence. It supervises and oversees the performance of the Internal Audit Department and verifies its effectiveness in carrying out its duties and responsibilities. It provides recommendations to the Board of Directors to appoint or dismiss the external auditors, and determine their fees, after assessing their performance, independence, scope of work and terms of employment. It reviews the external auditor's plan and works and verifies compliance with statutory standards governing its activities. It studies the regulators' reports on YANSAB's compliance with the regulations and instructions and ensures that YANSAB takes the necessary measures. It ensures that YANSAB abides by the relevant laws, regulations, policies and instructions. It reviews the proposed contracts and transactions with the relevant parties and provides its opinion to the Board of Directors regarding them.



The committee consists of three members. It held five meetings during the fiscal year ended on 31 December 2020. The following table lists members' names and each member's attendance record of the Committee meetings as well as the date thereof:

	Attendance Record for 2020				
	1st Meeting January 22	2nd Meeting February 06	3rd Meeting April 18	4th Meeting July 19	5th Meeting October 18
COMMITTEE MEMBERS					
Mr. Ibrahim Mohammed Al-Sai ⁽¹⁾	-	-	Attended	Attended	Attended
Eng. Majed Abdulelah Nouraddi	Attended	Attended	Attended	Attended	Attended
Mr. Khalid Ali Alqarni	Attended	Attended	Attended	Attended	Apologized
Mr. Abdulkareem Asaad Abu Alnasr ⁽²⁾	Attended	Attended	-	-	-

(1) Member joined Audit Committee on 16 March 2020.

(2) Member ended membership on 15 March 2020.

The following are the most important works of the Committee, including the topics discussed, during its meetings for the fiscal year ended on 31 December 2020:

- ① Reviewed the preliminary quarterly and annual financial statements.
- ② Provided recommendation to the Board of Directors on appointing external auditors after studying proposals submitted by the external auditors and determining their fees for the fiscal year ended on 31 December 2020.
- ③ Examined the audit plan of the auditor and provided observations on it to enhance the efficiency and effectiveness of the audit.
- ④ Examined and verified the independence of the external auditor.
- ⑤ Studied the auditor's observations on YANSAB's financial statements and reviewed with the Executive Management the implementation of the recommended action.
- ⑥ Reviewed the works of YANSAB's Internal Audit Department in order to verify its effectiveness in carrying out assignments and tasks set out by the Board of Directors.
- ⑦ Examined the periodic internal audit reports and reviewed the implementation of corrective actions for the observations contained in the audit report.
- ⑧ Examined the reports of the external regulators periodically and reviewed the implementation of the corrective actions of the observations contained in the audit report.
- ⑨ Reviewed and approved the internal audit plan of 2020.
- ⑩ Reported on the results of the Committee's deliberations to the Board of Directors periodically.
- ⑪ Issued a report on the works of YANSAB's Internal Audit Department.
- ⑫ Examined and approved the Audit Committee's 2020 report, activities, and opinion on the internal control system.
- ⑬ Reviewed the annual report on the Audit Committee's performance.
- ⑭ Reviewing the Board Report of 2019.
- ⑮ Reviewed the progress made in implementing the Internal Control and Risk Management Project.
- ⑯ Reviewed and approved the updated Internal Audit Charter.
- ⑰ Reviewed the Audit Committee Regulations and Internal Audit Risk Assessment Guidelines.
- ⑱ Selected Chairman of Audit Committee for the new session.
- ⑲ Re-nominated the Secretary-General of the Committee for the new session.
- ⑳ Reviewed and recommended to the Board the appointment of an external auditor to audit the marketing agreement with SABIC for the years ended on December 31, 2016 to 2019.
- ㉑ Reviewed important circulars issued by the Capital Market Authority.

The Committee reviewed the works of the Internal Audit Department, and the results of the work of the external auditor. The Committee found that there were no substantial observations on its assigned work.

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

There are no Audit Committee's recommendations contradicting with the Board's resolutions or rejected by the Board on appointing and dismissing YANSAB's auditor, determining fees and assessing performance or appointing the internal auditor, nor any other recommendations.

Second: REMUNERATION AND NOMINATION COMMITTEE

In the light of the relevant provisions contained in the rules governing the Remuneration and Nomination Committee set forth in the Corporate Governance Regulations issued by the Capital Market Authority, the Committee prepares the Remuneration Policy for Board's

Members\Committees' Members and Senior Executives, makes the required recommendation to the Board of Directors as it is approved by the Ordinary General

Assembly of YANSAB. It also reviews the Remuneration Policy periodically to ensure its adaptation to any change to the relevant laws and regulations, reviews YANSAB's strategic objectives and the skills and qualifications required to achieve them, and makes recommendations to the Board on the remuneration of Board members, its committees and Senior Executives according to the policy approved by the Ordinary General Assembly of YANSAB. In addition, the Committee prepares an annual report on the remuneration

granted to the members of the Board, its committees and Senior Executives, sets a policy and standards for the Board membership, makes recommendations to the Board thereon in order to be approved by YANSAB's Ordinary General Assembly, makes recommendations to the board of directors to nominate for Board membership in accordance with the approved Membership Policy, annually reviews the skills required for the

Board membership and prepares a description of the required capabilities and qualifications, studies the conflict of interest cases for those wishing to join the Board membership and makes the required recommendation, studies the structure of the Board of Directors and makes recommendations on changes that can be made, sets procedures in the event of vacancy of the position of a Board member or Board committees members, makes the required commendation and makes a recommendation to the Board of Directors on performance standards to evaluate the work of the Board of Directors, Board members and Board committees. The Committee annually verifies the independence of the independent members and the absence of any conflict of interest if a member joins membership of another company's Board, makes recommendations to the Board of Directors to set for the new Board members an induction program covering YANSAB's activity, business nature and financial and legal aspects, makes recommendations for the Board of Directors on the appropriate policies and standards for appointing Senior Executives, determining the capabilities and skills required, and reviews them periodically to ensure their adaptation to changes to YANSAB's strategic goals and the skills and qualifications required to achieve them. Further, the Committee sets job descriptions for Senior Executives, reviews YANSAB's organizational structure, offers recommendations on changes that can be made, and sets procedures for succession in the event of a vacancy of a Senior Executive's position.

The Remuneration and Nomination Committee consists of three members. It held four meetings during the fiscal year ended on 31 December 2020. The following table lists members' names and each member's attendance record for the Committee's meetings as well as the date of the meetings:

	Attendance Record for 2020			
	1st Meeting 29 January	2nd Meeting 25 June	3rd Meeting 11 November	4th Meeting 30 November
COMMITTEE MEMBERS				
DR. AHMAD ABDULLAH ALMAGHAMIS	-	Attended	Attended	Attended
Eng. Faisal M. Albahair(1)	-	Attended	Attended	Attended
Mr. Alwaleed Fahd Alsenani	Attended	Attended	Attended	Attended
Eng. Gasem Saleh Alshaikh(2)	Attended	-	-	-
Eng. Hosam Bin Abdullah Alzamil(2)	Attended	-	-	-

(1) Member joined Remuneration and Nomination Committee on 24 March 2020.

(2) Member ended membership on 15 March 2020.

The following are the most important topics discussed by the Committee, during its meetings for the fiscal year ended on 31 December 2020:

- ① Assessed the Performance of Remuneration and Nomination Committee for 2019.
- ② Assessed the performance of the Board and its committees for 2019.
- ③ Provided recommendations on the annual remuneration for the Board members for the fiscal year ended on 31 December 2019.
- ④ Provided recommendations on the annual remuneration for the Executive Management members for the fiscal year ended on 31 December 2019.
- ⑤ Approved the annual report on the remunerations granted to members of the Board, its Committees and senior executives.
- ⑥ Provided recommendation to the Board to nominate for Board membership in accordance with the approved membership policy for the next term, which shall start March 16, 2020 until March 15, 2023.
- ⑦ Selected chairman of the Committee.
- ⑧ Appointed the Secretary-General of the Committee.
- ⑨ Provided introduction to the functions and responsibilities of the Committee.
- ⑩ Reviewed the structure of the Board and Executive Management.
- ⑪ Reviewed the remuneration policy.
- ⑫ Reviewed the Board's membership policy.
- ⑬ Reviewed the induction program for new Board members periodically.
- ⑭ Reviewed and guided on Board's assessment form for 2020.
- ⑮ Reviewed and guided on the independence and competition form.
- ⑯ Provided recommendation to the Board to approve Board's updated regulations.
- ⑰ Provided training program to the Board members for 2020.
- ⑱ Discussed Board's assessment for 2020 and conducted questionnaire measuring the effectiveness and efficiency of online meetings of the Board and its committees during the Coronavirus pandemic (Coved-19).
- ⑲ Provided recommendation on the annual remuneration of members of Board's committees for 2020.
- ⑳ Set a schedule for the Committee's meetings for 2020.
- ㉑ Reviewed the relevant circulars.

Training of Board Members

When appointed, the members of the Board receive an orientation that includes an introduction to YANSAB's activities, business, strategy and future goals, the organizational structure and the financial and operational aspects, the Board's obligations, duties, responsibilities and rights, as well as the duties and competencies of the Board's committees.

Regular updates are also provided to the Board members and the Board's committees on legal developments, governance, accounting and circulars issued by the competent authorities.

The Remuneration and Nomination Committee provided recommendation on the training program for the Board of Directors that includes the developments in the petrochemicals market.

Third: Risk COMMITTEE

In the light of the relevant provisions contained in the rules governing risk committees set forth in the Corporate Governance Regulations issued by the Capital Market Authority and the Risk Committee's charter, the Committee shall work with the Executive Management to develop a comprehensive policy for risk management, in a manner commensurate with the nature of YANSAB's business and activities as well as YANSAB's goals and strategies. The committee shall also provide recommendations to the Board of Directors to approve that policy. The Committee offers recommendations to the Board of Directors to determine an acceptable level of the risks to which YANSAB may be exposed and how to maintain it. After the Board's approval of the acceptable level of risk, the Committee verifies that YANSAB does not go beyond it, verifies the feasibility and success of the business continuity, annually identifies the risks threatening its continuity, oversees the performance of YANSAB's risk management systems and assesses the effectiveness of systems and mechanisms for identifying, measuring and monitoring risks that YANSAB may be exposed to. This is aimed at determining its deficiencies, re-evaluating the ability to take, or be exposed to, risks regularly, preparing a report to the Board containing detailed risk exposure and proposed steps to manage these risks and report them to the Board



of Directors, ensuring the availability of adequate resources and systems for managing risks and providing recommendations to the Board of Directors thereon, reviewing the organizational structure of Risk Management Department and providing recommendations on it before being approved by the Board of Directors, verifying the independence of risk management personnel from the activities that may cause YANSAB exposed to risks, ensuring that risk management personnel understand the risks surrounding YANSAB and working to increase awareness of the risk culture, and considering any issues raised by the Audit Committee that may affect risk management.

The Committee consists of three members. It held three meetings during the fiscal year ended on 31 December 2020. The following table lists members' names and each member's attendance record for the Committee's meetings as well as the date of the meetings:

Attendance Record for 2020

COMMITTEE MEMBERS	1st Meeting 06 February	2nd Meeting 08 April	3rd Meeting 12 July
Mr. Khalid Bin Ibrahim Al Rabiah	-	Attended	Attended
Eng. Sameeh Soliman Al-Sahafi ⁽¹⁾	-	Attended	Attended
Mr. Thamer Bin Abdullah Al Hamoud	-	Attended	Attended
Dr. Ahmad Abdullah Al-Meghames ⁽²⁾	Attended	-	-
Mr. Murhaf Mohammed Almadani ⁽²⁾	Attended	-	-
Eng. Majed Abdullelah Nouraddin	Attended	-	-

(1) Member joined Risk Committee on 24 March 2020.

(2) Member ended membership on 15 March 2020.

The following are the most important topics discussed by the Committee, during its meetings for the fiscal year ended on 31 December 2020:

1. Select Chairman of Risk Committee.
2. Appoint the Secretary-General of the Committee.
3. Access to the updated Risk Management and Business Continuity Policy.
4. Access to the Risk Management system, business continuity and the responsibilities of

the Committee.

5. Risk Register
6. Discuss Covid-19 risks and business continuity plan.
7. Review internal audit of YANSAB's risk management policy.
8. Access to the annual progress measurement plan of the Risk Management.
9. Conduct training of Risk Committee's members.

Fourth: INVESTMENT COMMITTEE

In light of what the rules stipulated in the Investment Committee's charter approved by the Board of Directors, the Investment Committee shall review the investment strategy and policy regularly to ensure adaptation to changes that may occur in the external environment in which YANSAB works, legislations regulating business, or strategic objectives or otherwise. It shall provide recommendations to the Board on the proposed changes to such policy. In addition, the Committee shall oversee YANSAB's investment activities and establish appropriate processes for measuring and assessing investment performance, evaluate the investment opportunities proposed by Executive Management, ensure that the proposed

investment opportunities comply with relevant laws, regulations and instructions, ensure the availability of sufficient resources for investment, and study the Executive Management's progress reports in respect of approved investment opportunities and any other competences assigned to the Committee by the Board of Directors.

The Remuneration and Nomination Committee consists of five members. It held four meetings during the fiscal year ended on 31 December 2020. The following table lists members' names and each member's attendance record for the Committee's meetings as well as the date of the meetings:

Attendance Record for 2020

COMMITTEE MEMBERS	1st Meeting February	2nd Meeting May	3rd Meeting 11 November	4th Meeting 20 December
Eng. Abdulrahman Ahmed Shamsaddin ⁽¹⁾	-	Attended	Attended	Attended
Mr. Ibrahim Mohammed Al-Saif ⁽¹⁾	-	Attended	Attended	Attended
Mr. Khalid B. Al-Rabiaah ⁽¹⁾	-	Attended	Attended	Attended
Eng. Faisal M. Albahair ⁽¹⁾	-	Attended	Attended	Attended
Eng. Mohammed Ali Bazaid	Attended	Attended	Attended	Attended
Mr. Yousuf Abdullah Albenyan ⁽²⁾	Attended	-	-	-
Mr. Abdulkareem Bin Asaad Abu Alnas ⁽²⁾	Attended	-	-	-
Eng. Gasem Saleh Alshaikh ⁽²⁾	Attended	-	-	-
Eng. Hosam Abdullah Alzamil ⁽²⁾	Attended	-	-	-

(1) Member joined Investment Committee on 24 March 2020.

(2) Member ended membership on 15 March 2020.

The following are the most important topics discussed by the Committee, during its meetings for the fiscal year ended on 31 December 2020:

1. Discuss project developments.
2. Assess performance of the Investment Committee for 2019.
3. Select Chairman of Investment Committee.
4. Appoint the Secretary-General of the Committee.
5. Investment Committee Regulations.
6. Hold a workshop on investment in YANSAB.
7. General framework of YANSAB's capital structure.
8. Follow up on the outputs and proposals of the investment workshop.
9. Review changes related to work of the Committee in YANSAB's Articles of Association.
10. Access to the proposed investment plan for the next five years.
11. Assess performance of Investment Committee for 2020.

8. The Methods Adopted by The Board of Directors to Assess the Board and Board Committees' Performance and the effectiveness and efficiency of the online meetings.

Based on the recommendation of the Remuneration and Nomination Committee, the Board of Directors has set forth the techniques necessary for assessing the Board's and Board committees' performance. The overall assessment for 2020 was supervised by the Remuneration and Nomination Committee. This assessment included Board committees' duties and responsibilities, identifying strengths and weaknesses and proposing methods to redress them in a line with YANSAB's interest. Moreover, a questionnaire measuring the effectiveness and efficiency of the online meetings held for the Board and its committees during the Coronavirus pandemic (Covid-19) was conducted, showing the effectiveness and efficiency of online meetings.

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

YANSAB's Articles of Association guarantees' equity rights of shareholders. YANSAB also receives all shareholders' the suggestions and observations by e-mail or by phone call and through the General Assembly Meeting. The Board of Directors is notified with a summary of these suggestions or observations, if any.

The Board Charter stipulates that the Board member must attend General Assembly Meetings to hear and discuss shareholders' suggestions and observations about the YANSAB and its performance.

10. Declarations by The Board of Directors





YANSAB's Board of Directors acknowledges that:

- ① The accounting records were properly prepared.
- ② The Internal Control System was developed and implemented effectively.
- ③ There are almost no doubts on YANSAB's capability to continue its activity.
- ④ There are no debt instruments, conversion rights or subscription rights under convertible debt instruments, nor any contractually based securities or convertible warrants, contractually based securities, warrants or similar rights issued or granted by the company.
- ⑤ There is no refund, purchase or cancellation by the company of any redeemable debt instruments.
- ⑥ None of Board members or senior executives waived any remuneration during the fiscal year ended on 31 December 2020.
- ⑦ None of YANSAB's shareholders waived the dividends for the fiscal year ended on 31 December 2020.
- ⑧ YANSAB has not concluded any contracts with any member of the Board members, or the Senior Executives, and there is no personal interest for any of them or any person related to any of them.
- ⑨ There is no penalty, retribution, precautionary measure or precautionary restriction imposed on YANSAB by the CMA, or from any supervisory or other regulatory authority or judicial body during the fiscal year ended on December 31, 2020.
- ⑩ There is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).
- ⑪ The independent auditor's report shows that the financial statements present fairly, in all material respects, and there are no reservations about them.
- ⑫ No shareholder notified YANSAB of any change in the ownership of shares during the fiscal year ended on December 31, 2020.
- ⑬ YANSAB acknowledges that it has no loans currently.



11. Executive Management

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

			
Eng. Mohammed Ali Bazaid	Eng. JEHAD HASSAN SHAMI	Eng. KHALID MOHAMMED ALSUBHI	Eng. AWAD GHURAMALLAH ALGHAMDI
Current Position Company President	Current Position Executive Director - Chemical Operation	Current Position Executive Director - Polymer Operation	Current Position Executive Director - Maintenance
Former Positions and Work Experience He worked at Saudi Yanbu Petrochemical Company (YANPET), and rose in the hierarchy through several technical and leadership positions, the most recent of which was General Manager of Maintenance, then he moved to work in Arabian Industrial Fiber Company (Ibn Rushd) as General Manager of Technical Affairs, then General Manager of Operation, then President of (Ibn Rushd), then moved to be the President of YANSAB. Eng. Mohammed is experienced in operation and maintenance, project planning and management, and technical and reliability affairs in the petrochemical sector. He holds a bachelor's degree in mechanical engineering in addition to certificates of many specialized courses in finance, management and executive leadership from major business and management institutes.	Former Positions and Work Experience He worked as a Process Engineer, Kemya, then he joined the establishment of the Saudi Kayan project, and rose in the hierarchy through several positions, including Senior Manager of Phenolics, Senior Manager Operations-Olefins. Then he moved to work in YANSAB as Senior Manager Operations-Polypropylene, and Senior Manager of Operations -Olefins. Eng. Jihad has experience in process engineering, operation and project management in petrochemicals. He holds a bachelor's degree in applied chemical engineering.	Former Positions and Work Experience Ethylene Production Engineer, Ethylene Production Supervisor, General Manager of Operations, General Manager of Olefins, General Manager of Polymer at YENPET. Then he moved to work at YANSAB as Executive Manager of Chemicals. ENG. ALSUBHI is experienced in petrochemical operations, process engineering, management, production and safety. He holds a bachelor's degree in chemical engineering.	Former Positions and Work Experience Senior Manager of Polymer Maintenance, Ibn Rushd Senior, then Manager of Benefit Operations, YANSAB He is experienced in operation, maintenance and project management. Eng. Awad holds a bachelor's degree in electrical engineering.



Eng.
WAZEN MUBARAK ALSOLAMI

Current Position

Executive Director - Technical Affairs

Former Positions and Work Experience

He worked as an Instrument Maintenance Engineer at (Ibn Rushd), Leader of the Instrumentation Engineers Project at SABIC, Leader of the Operating and Construction Team at Al-Farabi, Senior Engineer of Control Devices for (Al-Farabi). Then, he moved to work in (YANSAB) and rose in the hierarchy through several positions, including a Manager of Analysis Section, Senior Manager of Quality and Laboratory, Senior Director of Linear Low-Density Polyethylene, Senior Director of Asset Engineering.

He is experienced in project leadership, quality and operation.

Engineer Wazan holds a bachelor's degree in Electrical Engineering.



Mr.
ABDULKAREEM HASHEM ALMALIKI

Current Position

Sr. Manager Finance,
Board of Directors Secretary.

Former Positions and Work Experience

- Senior Financial Analyst, Royal Commission for Jubail and Yanbu (Yanbu Project)
- Senior Analyst, Budget and Cost Control, Marafiq

Then he moved to work with YANSAB 2007 project team, where he led the team in charge of applying SAP-PS project system and SAP unified system, and rose in the hierarchy through several positions, including:

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

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

He holds a master and bachelor degrees in Professional Accounting.

12. Description of Interests, Contractually Based Securities and Subscription Rights of the Issuer's Directors, Senior Executives and Their Relatives in the Shares or Debt Instruments of the Issuer or any of its Subsidiaries, Together with Any Change to These Interests or Rights During the Last Fiscal Year.

First: Board Members

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

Name	Year Beginning			Year End			Net Change	wChange Ratio
	Shares	Debt instruments	Ownership Ratio	Shares	Debt instruments	Ownership Ratio		
Mr. Yousuf Abdullah Albenyan	2,500	-	-	Member ended membership on 15 March 2020				
Mr. Murhaf Bin Mohammed Almadani	-	-	-	Member ended membership on 15 March 2020				
Dr. Ahmad Abdullah Al-Meghames	1,000	-	-	1,000	-	-	-	-
Eng. Hosam Abdullah Alzamil	1,510	-	-	Member ended membership on 15 March 2020				
Mr. Abdulkareem Asaad Abu Alnasr	2,000	-	-	Member ended membership on 15 March 2020				
Eng. Gasem Saleh Alshaikh	1.175	-	-	Member ended membership on 15 March 2020				
Eng. Majed Abdulelah Nouraddin	20,000	-	-	35,000	-	-	15,000	75%
Eng. Abdulrahman Ahmed Shamsaddin	Member joined the Board on 16 March 2020			-	-	-	-	-
Eng. Sameeh Soliman Al-Sahafi	Member joined the Board on 16 March 2020			-	-	-	-	-
Eng. Faisal M. Albahair	Member joined the Board on 16 March 2020			-	-	-	-	-
Mr. Ibrahim Mohammed Al-Saif	Member joined the Board on 16 March 2020			10,000	-	-	-	-
Mr. Khalid B. Al-Rabiaah	Member joined the Board on 16 March 2020			1	-	-	-	-

Second: Senior Executives

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

Name	Year Beginning			Year End			Net Change	Change Ratio
	Shares	Debt instruments	Ownership Ratio	Shares	Debt instruments	Ownership Ratio		
Eng. Mohammed Ali Bazaid	2,553	-	-	2,553	-	-	-	-
Eng. JEHAD HASSAN SHAMI	-	-	-	-	-	-	-	-
Eng. Khalid Mohammed Alsubhi	-	-	-	-	-	-	-	-
Eng. AWAD GHURAMALLAH ALGHAMDI	-	-	-	-	-	-	-	-
Eng. Wazen Mubarak Alsolami	-	-	-	9,000	-	-	-	9,000%
Mr. Abdulkareem Hashem Almaliki	-	-	-	-	-	-	-	-
Eng. Mohammed Mustafa Eskandarani	-	-	-	-	-	-	-	-
Eng. Maher Abdulmoaty Hussain	-	-	-	-	-	-	-	-

13. Remunerations of Board Members and Executive Management

The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations of the Board members, committee members from the Board, committee members who is not a Board member or Senior Executive. The remunerations are determined according to the regulatory rules approved by the Board as well as the Remuneration Policy for Board's Members\Committees' Members and Senior Executives, approved by the General Assembly. Accordingly, the member shall be entitled to the remuneration granted thereto accordingly.

REMUNERATION POLICY

In light of the provisions regulating the remunerations of the Board's members\committees' members set forth in the Companies Law, the Corporate Governance Regulations, the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed

Joint Stock Companies and the Company's Articles of Association, the remunerations for the Board's members\committees' members and Senior Executives shall be in accordance with the following principles and rules:

First: Board's Members\Committees' Members

- The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations of Board's Members\Committees' members based on the following principles:
 - The remunerations shall be consistent with the company's strategic objectives and incentive for the members to achieve those objectives and enhance the company's ability to develop and sustain its business.
 - Remunerations shall be commensurate with the nature of the company's business and size as well as the skills and experience required.
 - The remunerations shall be a means to attract Board members with the required expertise and qualifications to enhance the company's ability to achieve its objectives.
- Board member shall be paid an annual remuneration of SAR 200,000 for membership of the Board.
- Board member who participates in Board's committees (including the Audit Committee) shall be paid an annual remuneration of SAR 150,000, whether the member participate in one or several committees.
- Member (from outside the Board of Directors) who participates in one of the Board's committees (including the Audit Committee) shall be paid an annual remuneration of SR 150,000, whether the member participates in one or several committees.
- The company is entitled to claim compensation for damage to its reputation and should take any compensation, or other costs incurred by the company, in the event:
 - A member is convicted of committing an act of disgrace, dishonesty or forgery, or violating the laws and regulations of the Kingdom of Saudi Arabia or any other country,
 - A member fails to carry out responsibilities and duties resulting in damage to the interest of the company,
 - Membership is terminated, by a decision of the General Assembly, because a member's absence for three consecutive meetings within one year without a legitimate excuse acceptable to the Board.

Second: Senior Executives

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

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

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

The following tables show the remunerations of the Board's Members\committees' Members and Senior Executives:

A. BOARD MEMBERS' REMUNERATIONS

Remunerations for the board members' paid during the fiscal year ended on 31 December 2020 (amounts in thousands, SAR):

	Fixed Remunerations							Variable Remunerations								
	Specific amount (1)	attendance allowance for Board meetings	Total attendance allowance for Board meetings	In-kind benefit	Remuneration of technical, administrative and consultancy works	Remuneration of the Chairman of Board, Managing Director or Secretary of Board	Total	Profit Rate	Periodic Bonus	Short-term incentive plans	Long-term Incentive Plans	Shares awarded (a value is entered)	Total	End of Service Benefit	Grand Total	Expenditure Allowance
First: Independent Members																
Dr. Ahmad Abdullah Al-Meghames	200	15	12	--	--	--	227	--	--	--	--	--	--	--	227	--
Mr. Abdulkareem Asaad Abu Alnasr ⁽²⁾	200	6	9	--	--	--	215	--	--	--	--	--	--	--	215	--
Eng. Gasem Saleh Alshaikh ⁽²⁾	200	6	6	--	--	--	212	--	--	--	--	--	--	--	212	--
Mr. Ibrahim Mohammed Al-Saif ⁽³⁾	--	9	15	--	--	--	24	--	--	--	--	--	--	--	24	--
Mr. Khalid B. Al-Rabiaah ⁽³⁾	--	9	12	--	--	--	21	--	--	--	--	--	--	--	21	--
Total	600	45	54	--	--	--	699	--	--	--	--	--	--	--	699	--
Second: Non-Executive Members																
Mr. Yousuf Abdullah Albenyan ⁽²⁾	200	6	3	--	--	--	209	--	--	--	--	--	--	--	209	--
Mr. Murhaf Mohammed Almadani ⁽²⁾	200	6	3	--	--	--	209	--	--	--	--	--	--	--	209	--
Eng. Hosam Abdullah Alzamil ⁽²⁾	200	6	6	--	--	--	212	--	--	--	--	--	--	--	212	--
Eng. Majed Abdulelah Nouraddin	200	15	15	--	--	--	230	--	--	--	--	--	--	--	230	--
Eng. Abdulrahman Ahmed Shamsaddin ⁽³⁾	--	9	9	--	--	--	18	--	--	--	--	--	--	--	18	--
Eng. Sameeh Soliman Al-Sahafi ⁽³⁾	--	9	3	--	--	--	12	--	--	--	--	--	--	--	12	--
Eng. Faisal M. Albahair ⁽³⁾	--	9	18	--	--	--	27	--	--	--	--	--	--	--	27	--
Total	800	60	57	--	--	--	917	--	--	--	--	--	--	--	917	--

(1) Fixed remunerations in the above table is the annual remuneration for membership of the Committee for the fiscal year ended on December 31, 2019. It was disbursed after the approval of the General Assembly held in March 2020.

(2) Member ended membership on 15/03/2020

(3) Member joined Committee on 16/03/2020

B. COMMITTEE MEMBERS' REMUNERATIONS

REMUNERATIONS PAID TO THE BOARD'S COMMITTEE'S MEMBERS for the year ended on 31 December 2020 (amounts in thousands, SAR):

MEMBERS	Fixed remunerations (excluding session attendance allowance) ⁽¹⁾	Session attendance allowance	Total
Members of Audit Committee			
Mr. Abdulkareem Asaad Abu Alnasr ⁽²⁾	150	6	156
Eng. Majed Abdulelah Nouraddin	150	12	162
Mr. Khalid Ali Alqarni	150	9	159
Mr. Ibrahim Mohammed Al-Saif ⁽³⁾	-	6	6
Members of Remuneration and Nomination Committee			
Eng. Gasem Bin Sakeh Alshaikh ⁽²⁾	150	3	153
Eng. Hosam Bin Abdullah Alzamil ⁽²⁾	150	3	153
Mr. Alwaleed Fahd Alsenani	150	12	162
Dr. Ahmad Abdullah Almaghamis ⁽⁴⁾	-	9	9
Eng. Faisal M. Albahair ⁽⁴⁾	-	9	9
Members of Risk Committee			
Dr. Ahmad Abdullah Al-Meghames ⁽²⁾	150	3	153
Mr. Murhaf Bin Mohammed Almadani ⁽²⁾	150	3	153
Eng. Majed Abdulelah Nouraddin ⁽²⁾	Included in the Audit Committee	3	3
Mr. Khalid Ibrahim Al Rabiah ⁽⁴⁾	-	3	3
ENG. Sameeh Soliman Alsuhafi ⁽⁴⁾	-	3	3
Mr. Thamer Abdullah Al Hamoud ⁽⁴⁾	-	3	3
Members of Investment Committee			
Mr. Yousuf Abdullah Albenyan ⁽²⁾	150	3	153
Mr. Abdulkareem Asaad Abu Alnasr ⁽²⁾	Included in the Audit Committee	3	3
Eng. Gasem Saleh Alshaikh ⁽²⁾	Included in the Remuneration and Nomination Committee	3	3
Eng. Hosam Abdullah Alzamil ⁽²⁾	Included in the Remuneration and Nomination Committee	3	3
Eng. Sameeh Soliman Al-Sahafi ⁽⁵⁾	42.3	--	42.3
Eng. Mohammed Ali Bazaid	107.7	12	119.7
Eng. Abdulrahman Ahmed Shamsaddin ⁽⁴⁾	--	9	9
Eng. Faisal M. Albahair ⁽⁴⁾	--	9	9
Mr. Ibrahim Mohammed Al-Saif ⁽⁴⁾	--	9	9
Mr. Khalid B. Al-Rabiaah ⁽⁴⁾	--	9	9

(1) Fixed remunerations in the above table is the annual remuneration for membership of the Committee for the fiscal year ended on December 31, 2019. It was disbursed after the approval of the Board of Directors during 2020.

(2) Member ended membership on 15/03/2020

(3) Member joined Committee on 16/03/2020

(4) Member joined Committee on 24/03/2020

(5) Member ended membership on 13/04/2019

C. Senior Executives Remunerations

Remunerations Paid to Senior Executives, including the CEO and CFO, for the year ended 31 December 2020 (amounts in thousands, SAR):

	Fixed Remunerations				Variable Remunerations								
	Salaries	Allowances	In-kind benefits	TOTAL	Periodic bonuses	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	End-of-service benefits	Total Remunerations for Board	Total Aggregate Amount
Six senior executives	4.374	1.142	261	5.777	--	--	744	787	--	1,531	--	42	7.350
Total	4.374	1.142	261	5.777	--	--	744	787	--	1,531	--	42	7.350

The company is obligated to disclose the remuneration of the executives in accordance with the statutory requirements contained in Article (93) of the Corporate Governance Regulations, in light of what was stated in Paragraph (b) of Article (60) of the rules for offering securities and continuing obligations.

Given the efforts made by the Board of Directors, the Remuneration and Nomination Committee provided a recommendation to the Board of Directors to approve Board members' remuneration for the fiscal year ended on 31 December 2020, which will be disbursed after the approval of the General Assembly at its meeting scheduled for March 2021, as follows (amounts in thousands, SAR):

S. No.	Name	Title	Membership Start Date	Membership End Date	No. of Membership Days	Due Remuneration
1.	Mr. Yousuf Abdullah Albenyan ⁽¹⁾	Chairman	01/01/2020	15/03/2020	75	41.1
2.	Mr. Murhaf Mohammed Almadani ⁽¹⁾	Vice Chairman	01/01/2020	15/03/2020	75	41.1
3.	Dr. Ahmad Abdullah Al-Meghames	Board Member	01/01/2020	31/12/2020	365	200
4.	Eng. Hosam Abdullah Alzamil ⁽¹⁾	Board Member	01/01/2020	15/03/2020	75	41.1
5.	Mr. Abdulkareem Asaad Abu Alnasr ⁽¹⁾	Board Member	01/01/2020	15/03/2020	75	41.1
6.	Eng. Gasem Saleh Alshaikh ⁽¹⁾	Board Member	01/01/2020	15/03/2020	75	41.1
7.	Eng. Majed Abdulelah Nouraddin ⁽³⁾	Vice Chairman	01/01/2020	31/12/2020	365	200
8.	Eng. Abdulrahman Ahmed Shamsaddin ⁽²⁾	Chairman	16/03/2020	31/12/2020	290	158.9
9.	Eng. Sameeh Soliman Al-Sahafi ⁽²⁾	Board Member	16/03/2020	31/12/2020	290	158.9
10.	Eng. Faisal M. Albahair ⁽²⁾	Board Member	16/03/2020	31/12/2020	290	158.9
11.	Mr. Ibrahim Mohammed Al-Saif ⁽²⁾	Board Member	16/03/2020	31/12/2020	290	158.9
12.	Mr. Khalid B. Al-Rabiaah ⁽²⁾	Board Member	16/03/2020	31/12/2020	290	158.9
Total						1,400

(1) Member ended membership on 15/03/2020

(2) Member joined the Board on 16/03/2020

(3) Vice Chairman of the Board from the beginning of the current term dated 16/03/2020

14. Results of The Annual Review of Effectiveness and Procedures of Internal Control System

During 2019, YANSAB's Internal Audit Department conducted regular reviews to verify the effectiveness of the internal control system. This review included the operational processes of polymer and chemical plants, distribution of utility service costs, materials and tanks budget, sustainability and energy management, cyber security, quality management (Analysis Department), marketing agreement, product handling management, budgeting and financial reporting, treasury, review of materials exchange and swap agreements, environment, health and safety management, and waste and Scrap. The Internal Audit Department also reviewed the petty cash on a semi-annual basis.

The Audit Committee also verified that Internal Audit Department implemented the agreed audit plan in full independence and the auditor completed the work professionally in a proper manner and full independence, and that he had access to all the data and documents required to perform the duties thereto. The Committee also reviewed the actions taken by the Internal Audit Department and YANSAB's Executive Management to consider the observations and redress them in coordination with the relevant departments. The aforementioned audits did not show any substantial weakness in YANSAB's Internal Control System. The Audit Committee regularly informs the Board of Directors of the Committee's assignments and the results of its work.

The auditor rectifies the effectiveness of the Internal Control System as a part of the audit of YANSAB's final financial statements.

15. Dividend Policy

A dividend lies within the jurisdiction of the Ordinary General Assembly of YANSAB based on a recommendation from the Board of Directors. YANSAB's Dividend Policy provides for: Setting the standards governing YANSAB's dividends, in a way that contributes to striking a balance between sustainable dividends to investors and enhancing YANSAB's ability to achieve its goals, and developing its business in the long run by investing in the proposed investment opportunities; taking into account the provisions mentioned in YANSAB's Articles of Association, Companies Law, Capital Market Law and their implementing regulations.

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

- (A) The General Assembly of YANSAB, based on the recommendation of the Board of Directors, shall take the charge of distributing dividends.
 - (B) YANSAB may distribute interim dividends to its shareholders either on a semi-annual or quarterly basis, according to a resolution issued by the Board of Directors after obtaining an annually renewed authorization from the Ordinary General Assembly of the Board.
 - (C) YANSAB's annual net profits are distributed, after deducting all general expenses and other costs, as follows:
 1. (10%) of the net profits shall be set aside to form the statutory reserve. The Ordinary General Assembly may decide to stop setting aside any profits whenever the said reserve amounts to thirty percent (30%) of the paid-up capital.
 2. The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a percentage from the net profits deemed to be appropriate by the Ordinary General Assembly in order to create a contingency reserve allocated for a specific purpose(s).
 3. The Ordinary General Assembly has the authority to decide to create other kinds of reserves, to the extent that it achieves the interest of YANSAB or ensures that fixed dividends, as much as possible, are distributed to shareholders. The Ordinary General Assembly may also deduct from the net profits sums to establish social associations for YANSAB's employees or to support the existing ones.
- From the remainder, five percent (5%) of YANSAB's paid-up capital shall be distributed to the shareholders.
- (D) The restrictions set in the applicable regulations, internal regulations and agreements concluded with holders of debt instruments, financing instruments, creditors and other lenders shall be observed in addition to other legal and regulatory considerations, and any restrictions imposed on dividends under loan agreements with government or commercial funds and institutions, and other matters deemed significant by YANSAB's Board of Directors when announcing dividends.



- (E) The requirements of growth plans and future expansions, analysis of investment opportunities, YANSAB's needs for reinvestment, cash and capital requirements and flows, solvency ratios, etc. (whichever is larger) shall be observed in order to grow YANSAB's revenues, finance its investment spending program, and to verify balance between providing funds by self-financing sources or from external funding sources. Accordingly, the Board of Directors makes a proposal filed to the Ordinary General Assembly to set aside a percentage of the profits for these purposes.
- (F) Dividends depend on the net profits achieved, the availability and adequacy of cash flows, YANSAB's financial position, market situation, general economic climate and other factors.
- (G) If the statutory reserve exceeds thirty percent (30%) of the capital, The Ordinary General Assembly may decide to distribute the increment to the shareholders in the years in which YANSAB does not achieve net profits sufficient to distribute the share set for them in YANSAB's Articles of Association, and the contingency reserve may only be used under a decision from the Extraordinary General Assembly. If this reserve is not allocated for a specific purpose, the Ordinary General Assembly may decide to spend it for the benefit of YANSAB or shareholders, based on the proposal of the Board of Directors.

The following table shows the ratios of the dividends and total dividends distributed to shareholders for the fiscal year ended on December 31, 2020, in addition to the ratios of dividends and amounts proposed to be distributed at the end of the year and the total dividends (amounts in thousands, SAR).

	Dividends distributed for the year	Dividends proposed to be distributed at the end of the year	TOTAL
Percentage	12.5 %	12.5 %	25%
Total	703,125	703,125	1,406,250
MATURITY DATE	09/07/2020	On the maturity date, the cash dividend entitlement will be for the shareholders who own the shares registered in the Shareholders Register at the Deposit Center by the end of the second trading day following the day of YANSAB's General Assembly, which will be announced later.	

16. DESCRIPTION OF TRANSACTIONS BETWEEN YANSAB AND A RELATED PARTY

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