

BASIC CHEMICAL INDUSTRIES (BCI) tm

Saudi joint stock Company



Board of director's report

Fiscal year ended December 31, 2021

(31431) Dammam (1053) P.O.

Kingdom of Saudi Arabia

+ 966 13 821 7777 : Phone

+ 966 13 847 2648 : Fax

www.bci.com.sa



Abdulla Muhanna Abul Aziz Al-Moaibed

(Chairman)

Bachelor of Civil Engineering - Seattle University - USA

Partner / Chairman – Azmy Abdel Hadi and Abdullah Al-Moaibed engineering consultancy company



Sulaiman Abdullah Hamd Alqadi

Independent member

(Vice Chairman)

(Chairman of the audit committee)

Bachelors of petroleum engineering – The University of Texas - USA

Member - Independent - Head of Nominations and

Remunerations - Saudi United Cooperative Insurance

Company

Member - Independent - Chairman of the Audit / Nominations and

Remuneration Committee - Alawwal Bank



Tatiq Ali Abdulla Al-Tamimi

Non-executive member

Chairman of the Nominations and)

(Remunerations Committee

Bachelors of Business Administration – Wirth Worth University - USA

Member - Non-Executive - Gulf Union Cooperative

Insurance Company

Member - Independent - Chairman of the Audit Committee

- Dammam Hotels Company

Member - Non-Executive - Jinan Real Estate Company

Member - Independent - Educational Services Company

Chairman of the Board of Directors - Saudi Electrical

Materials Company

Chairman of the Board - Clarinet Co., Ltd.

Chairman of the Board of Directors - The Arab Company for
the Construction of Electrical Installations

Chairman of the Board - Consolidated Gulf Contractors
Company Ltd.

.Chairman of the Board - Tunneling Construction Co. Ltd



Abdul Aziz Muhanna Abdul Aziz Al-Moaibed

Non-executive member

High school — Saudi Arabia



Abdulaziz Abdulla Abdulaziz Alnaim

Independent Member

Bachelor of Business Administration — Massachusetts Institute of
Technology - USA

Chairman of the Nominations and Remunerations

Committee - GIB Capital

Member - Independent - Fund of Funds Company

Member - Executive - Companies within the Mayar Capital Group

Member - Independent - Phiz Ltd. United Kingdom

Member - Independent - ONMO Ltd. United Kingdom



Khalid Abdullah Ibrahim Al-Moammer

Non-executive member

Bachelors of Industrial Engineering — University of Washington - USA

Chairman of the Board of Directors - Al Moammer

Information Systems Company

Chairman of the Board - Saudi Esri Company



Abdullatif Azmi Andullatif Abdul Hadi

Non-executive member

Bachelors of Civil Engineering — Central Florida University - USA

Member - Founding Partner - Abdulhadi & Al-Moaibed Co. Ltd. "Holding"

Member - Independent - Alaa Abdulhadi & Khalifa Al Hawass Consulting Company

Member - Founding Partner and Member - Audit

Committee - KBR Abdulhadi & Al-Moaibed Consulting Company

Chairman of the Board of Directors - Specialized Company for Project Services - Kingdom of Bahrain

Member - Founding Partner - Saudi Comprehensive Care Company

Chairman of the Board of Directors - Azmi Abdel Hadi & Sons Holding Company



Abdul Aziz Talal Ali Altamimi

Independent Member

Bachelor of Finance - King Fahd University of Petroleum and Minerals

Master of Business Administration - Coventry University — United Kingdom



Hessa Abdulmohsin Mohammed Alalshaikh

Non-executive Member

Bachelor of Business Administration - Al Yamamah University - Kingdom of Saudi Arabia

Master of Business Administration - Columbia University - United
States
MBA - London Business School – United Kingdom

Executive management



Alaa Abdullah Abdul Karim Al Sheikh
CEO

Former CEO of Almajdouie Industries Company

Bachelor's degree in Mechanical Engineering from King Fahd University of Petroleum and Mining

Executive MBA from the same university



Fares Lahoud
CFO

Former CFO of Al-Qahtani Group

Masters In Finance

BA in Accounting and Finance from Saint Joseph University-Beirut



Bernie Kelly
Commercial Director

Former CEO of Clariant AG Oil and Mining Services – Asia

BSc Chemistry University of Strathclyde, Glasgow



Mishari Alghamdi
HR Manager

Former Director of Human Resources for General Electric Saudi Arabia
for Advanced Turbines
Bachelor of Science in Management from King Fahd University of
Petroleum and minerals.+
Master of Human Resources Management from University of Texas,
USA



Roy Martins
Supply Chain Director

Director of Supply Chain and Procurement at Eureka Explosives
Company - formerly United Arab Emirates
Bachelor's degree in Chemical Engineering from Uni Camp -
Sao Paulo, Brazil



Adonis Munzer

Director of Huntsman ABC Corporation – a subsidiary company
Site Manager for Huntsman ABC Corporation – Formerly
BA in Chemistry from the American University in Lebanon



Abdul Rasheed Abdulrahman

Director of the National Adhesives Company - a subsidiary company
Quality Manager at National Adhesives Company – formerly
Bachelor of Science from Kiuvimbio University, India



Pankaj Sivitava
Operation Director

Production Manager for Basic Chemical Industries – formerly
Bachelor's degree in Chemical Engineering from University of Delhi -
India



The word of His Excellency the Chairman of the Board of Directors

In the Name of God, the Most Gracious, the Most Merciful, and may peace and blessings be upon the most honorable messengers, the seal of the Prophet, his family and all of his companions.

Dear shareholders of Basic Chemical Industries (BCI)

Peace, mercy and blessings of God,

On behalf of my colleagues, members of the company's board of directors, I am pleased to put in your hands the annual report of the Basic Chemical Industries Company (BCI) in order to keep you informed of the latest news and developments related to the company's performance during the year 2020 AD, and at the beginning I would like to extend my thanks and appreciation to the General Assembly of shareholders for their support and Their confidence in the members of the Board of Directors, and I would like to take the opportunity to extend my sincere thanks to my colleagues, members of the Board of Directors, for their efforts during this year, as well as the company's management for the great efforts made to improve the overall performance of the company and its subsidiaries and the positive results that were reflected in the operational activities of the company, I am also pleased to present to you, through this report, the results of the company's achievements in its past year on December 31, 2021. The company achieved a net profit of 57.7 million riyals in the year 2020 AD compared with 51.2 million riyals for the year 2020 AD, and sales of 513.4 million riyals were achieved during the year 2021 AD compared with 500.2 million riyals for the year 2020 AD, and the total shareholders' equity during the year 2021 570.2 million riyals compared to 538.5 million riyals for the year 2020 AD, and these results have been achieved despite the successive local and global economic changes and the resulting severe effects due to the new Corona virus (COVID-19) pandemic, in addition to what the chemical market is going through in terms of price change and severe shortage in Demand and intense competition. Throughout this year, thanks to God and his grace, the company was able to continue the path of success and strengthen its competitive position among chemical companies, which were achieved by the grace of God, then the efforts of the employees and the directives of the Chairman and members of the Board of Directors and what the executive management is doing in order to improve its performance level, position and ability to achieve the aspirations of its shareholders and all its customers.

The Board is also pleased to respond to your inquiries related to this report during the next Ordinary General Assembly meeting, God willing.

Abdullah Muhanna Al Moaibed
Chairman of Board of Directors



A word from the CEO of Basic Chemical Industries Company BCI

Dear Shareholders of Basic Chemical Industries.

In the Name of God, the Most Gracious, the Most Merciful, and may peace and blessings be upon the most honorable messengers, the seal of the Prophet, his family and all of his companions.

Since its beginnings, Basic Chemical Industries Company has sought to be a pioneer in the localization of chemical industries in the Kingdom of Saudi Arabia and the region, emanating from the vision of its first founders, the support of government agencies and institutions, and not forgetting the trust of its customers, suppliers and partners.

From this point of view, the company continued its commitment to provide its products and services to a large segment of customers with the quality and dedication they are accustomed to, as the company continued to address the challenges and changes in the market in the wake of the pandemic, from increases in the prices of some raw materials as well as transportation costs in order to continue supplying products to the fullest.

positive performance

In 2021, BCI achieved total total revenues of 513.4 million riyals, which represents an increase of 2.6% over the year 2020. The company's net profit also increased to 57.7 million riyals, a growth rate of 13% compared to the adjusted net profit for the year 2020. The company's net profit from its wholly owned companies rose to 34.4 million riyals, at a rate of 9%, and to 23.4 million riyals, at a rate of 19% of its ownership in mixed companies.

New culture, new vision

I would like to stress my pride and gratitude for being able to work side by side over the past year with outstanding teams that are eager for achievement and change at BCI. Today, the human element in the company continues to lead the strategic transformation of the group to restructure its departments, operations and ways of working. During 2021 AD, the company witnessed many positive changes as a basis for its strategies for the coming years, and it is expected that the restructuring operations will continue during 2022 AD.

The year 2021 AD witnessed the launch of the new Code of Business Ethics to define the frameworks and rules of conduct and proper dealing with our customers, colleagues, suppliers, competitors, and our communities, and where these rules emerge from our new values:

We work safe: to protect ourselves, our colleagues, our customers and the environment around us.

We set and reach goals: we plan, we execute, and we hold ourselves and others to account for our goals and results.

We challenge ourselves: to constantly improve our processes and systems.

We work together: in teams. We share knowledge, support each other across the organization, promote diversity and encourage different opinions.

Finally: we always do the right thing.

Repositioning and exploring the future

Today, the company stands on the threshold of qualitative shifts that will renew the company's business and reposition it in the local and regional market, and on top of these moves is the completion of the construction work at the company's new factory for chlorine and its derivatives in Jubail Industrial City to start commercial operation in 2022 AD, which will supply the local market in Its first phase doubles the quantities produced from the Dammam factory.

The company also focused on working on its human component during the past year, as the number of employees grew by 8% in preparation for the operation of the Jubail factory, as well as investing in some talents that will contribute to the renaissance and future expansion of the company. Saudization in the company increased by 14%, with a change of 14%, in line with the national goals and the Kingdom's Vision 2030 in Saudization of jobs.

Continuing the journey in 2022

The year 2022 AD will be pivotal, God willing, in the history of the Basic Chemical Industries Company, from the operation of the new Jubail factory, through the restructuring of the company's business and commercial activities, as well as activating some strategic partnerships to localize more chemical industries and expand the company's income streams. Here, I would like to extend my sincere thanks



and gratitude to my partners in advancing the company's development, who are all the company's employees, including managers, heads of departments, and employees in its branches and factories, who have proven that they are up to the challenges and responsible in accepting and adopting change. I also thank the company's board of directors and its committees for standing behind the change and supporting it and providing the executive management with the necessary powers to activate it. To the shareholders, many thanks for their confidence in the company and its future.

Best wishes,

Alaa Abdullah Al Sheikh
Chief Executive Officer

1- Company profile, vision, mission and values

A- Company profile

- * The Basic Chemical Industries Company was established in Dammam in the year 1973 AD (corresponding to 1392 AH) as a simple partnership company in the name of "Muhanna Al Moaibed and Darwish Al Darwish Company" and its commercial name was "Basic Chemical Industries Company" with commercial register No. 2050002795 issued on 02/28/1392 AH corresponding to 02/02/1973 AD, with a capital of 16,000,000 riyals.
- * The company transferred its legal status from a simple partnership company to a limited liability company in the name of "Chemical Industries Company Ltd." on 01/11/1397 AH corresponding to 01/01/1977 AD and reduced its capital to 11,000,080 riyals.
- * Based on the decision of the partners, the capital of the company was increased from 11,000,080 riyals in 1977 to 18,915,845 riyals in 1981, and then to 36,011,040 riyals in 1982 AD, and to 37,961,040 riyals in 1995, and then to 100,000,000 riyals in the year In 2005 AD, all capital increases of the company were funded by transferring from retained earnings and reserves.
- * The company was transformed into a joint stock company under its current name "Basic Chemical Industries Company" (PCI) according to Ministerial Resolution No. 746 issued on 03/24/1427 AH corresponding to 04/23/2006 AD. The shareholders of the company voted in their extraordinary general assembly held on 08/29/1428 AH corresponding to 09/11/2007 AD to raise the company capital to 220,000,000 riyals.
- * The company was listed on the Saudi stock market on 06/16/2008 AD, and the shareholders of the company voted in their extraordinary general assembly that was held on 08/27/1430 AH corresponding to 08/18/2009 AD to raise the company's capital. Through free grants at its current level, which is 275,000,000 Saudi riyals distributed over 27,500,000 shares, the nominal share value per share is 10 Saudi riyals.

B- The vision of the company

Basic Chemical Industries Company (BCI) is working to be a leading company in its field, distinguished by its customer focus, the quality of its production, the best operating methods, and the support of the national economy. The performance of the Basic Chemical Industries Company (BCI) during the year 2021 was affected by economic sectors affected by the general economic situation, geographical and external change in addition to competition that affected selling prices, which was reflected in profit margins and thus on financial results as well as changes in the Arab and regional markets. Impacted sales.

C- The company's mission

Steadily persevering to produce the finest and highest varieties of chemicals in the most efficient way, with a commitment to protecting and preserving the environment, in addition to maximizing the value for stakeholders.

D- Company values

Client: Focusing on the customer and achieving the highest benefit for him by providing all the company's chemical products and others with the most efficient, highest quality, and competitive prices while providing technical support to him.

Investor: preserving shareholders' rights and maximizing return on investment.

The employee: providing a safe and competitive, highly professional work environment that contributes to attracting and maintaining competencies.

Supplier: Creating a long-term business relationship between the company and the supplier based on trust and a balance of interests.

Environment: working within the highest environmental standards and developing work systems that contribute to the continued preservation of the environment.

Society: Enriching the social position of the company through developing the national workforce and contributing to the service and development of society.

2- A description of the main types of activities of the company and its subsidiaries and a statement of each activity and its impact on the volume of the company's business and its contribution to the results

A- A description of the main types of activities of the company and its subsidiaries

main activity	"Company name
Production of hydrochloric acid, caustic soda, sodium hypochlorite, chlorine gas, calcium chloride, hot and cold adhesives, detergents, concrete processing chemicals, ferric chloride, hydrogen peroxide, aluminum chloride, potassium hydroxide.	Basic Chemical Industries Corporation
Production of sulfuric acid, sodium sulfate, potassium sulfate and hydrochloric acid, and marketing of the company's products of industrial chemical.	The National Basic Chemicals Company (Subsidiary)
Production of water-based adhesives and hot-melt adhesives.	National adhesive Company Ltd. (Subsidiary)
Production of biocides, ferric chloride, oxygen inhibitors, anticoagulants, multi-purpose chemical cleaners, anti-calc chemicals for desalination plants, sediment derivatives, anti-foaming materials, anticorrosive and sedimentation inhibitors, and metal surface treatment chemicals.	Saudi Water Treatment Company Ltd. (Subsidiary)

Production of polyurethane and polyether blended polyol systems..	Huntsman ABC Corporation (Subsidiary)
Wholesale and retail trade in commercial and industrial chemical materials, maintenance and repair of onshore and offshore stations for petroleum refineries, maintenance and repair of gas production and distillation plants, pumping stations and their purification, import and export.	Chemicals Marketing and Distribution Company Ltd (Subsidiary)

B- A statement of each activity and effect on the volume of the company's business and its contribution to the results

The following table shows the main activities of the company, according to the different strategic business units, and their impact on the volume of business in 2021 compared to 2020: -

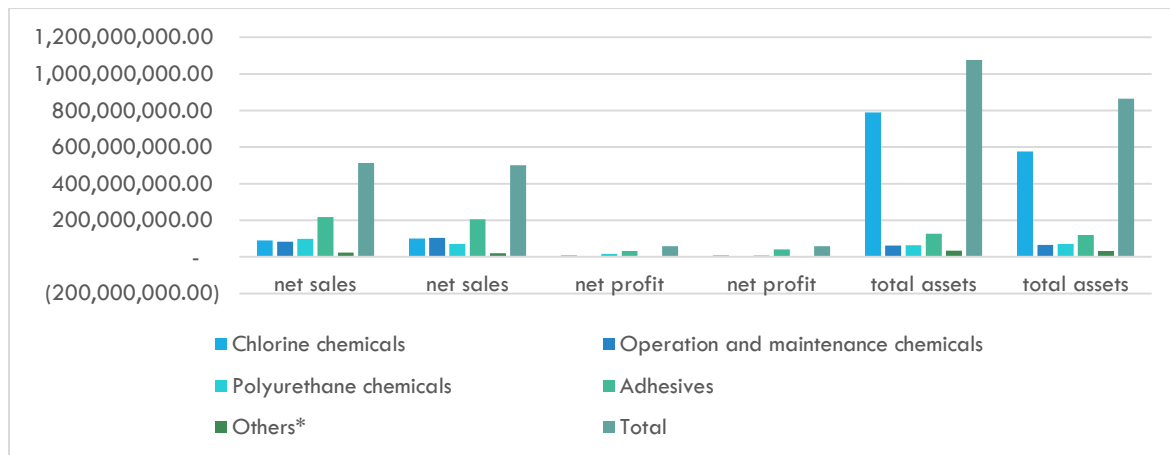
% of total production	Increase/ (decrease)	(000 TON) 2020	Production 2021	main product
%70.39	(10.97)	161.32	150.35	Chlorine chemicals
%2.74	0.9	4.93	5.83	maintenance chemicals Operationand
%1.94	(0.52)	4.58	4.06	Polyurethane chemicals
%9.49	1.04	19.24	20.28	Adhesives
%15.44	8.23	24.76	32.99	Others*
%100	(1.32)	214.83	213.5	Total

* Others (water treatment chemicals, concrete, and other chemicals) (all the numbers shown in the table are in thousands of tons) The following table shows the impact of the main activities on the company's sales and profits, as the company's revenues were distributed by activity in 2021 compared to 2020 AD as follows:

total assets 2020	total assets 2021	net profit 2020	net profit 2021	net sales 2020	net sales 2021	Main product
575,432,896	789,163,475	6,961,544	7,472,464	100,033,314	89,154,020	Chlorine chemicals
65,832,946	62,774,738	3,418,205	1,917,020	103,918,916	83,648,774	Operation and maintenance chemicals
70,385,254	63,156,984	8,086,210	16,469,639	70,570,876	99,492,467	Polyurethane chemicals
119,805,509	126,191,707	40,949,427	31,791,560	205,980,062	218,268,767	Adhesives
32,677,168	34,412,205	(1,125,538)	68,396	19,736,580	22,814,784	Others*
864,133,773	1,075,699,109	58,289,848	57,719,079	500,239,748	513,378,812	Total

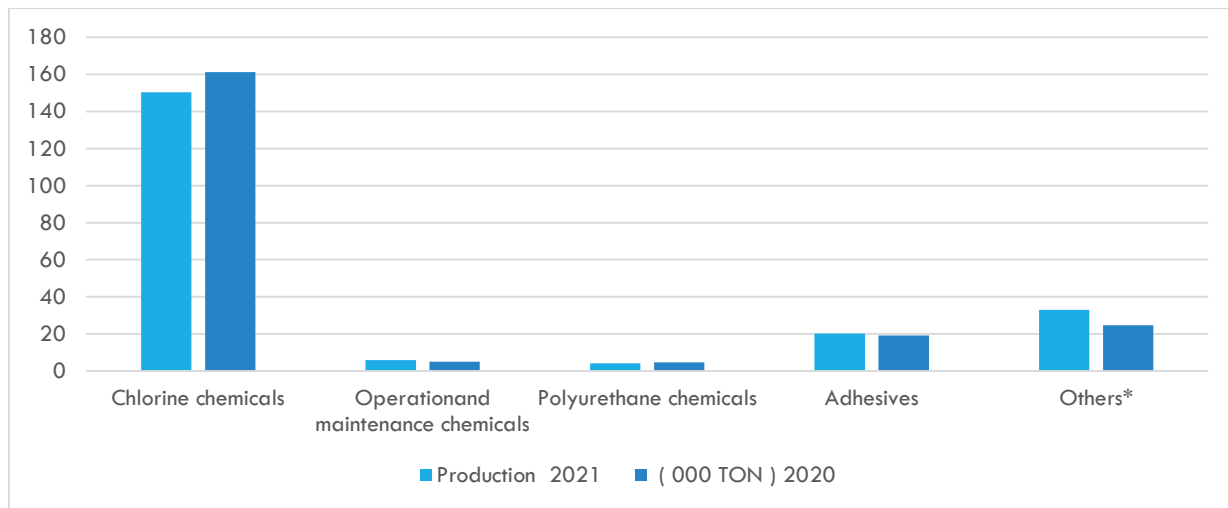
31,524,635 34,368,495 **Net profit for the year attributable to:**
19,665,213 23,350,584 **Shareholders of the Basic Chemical Industries Corporation**
Non-controlling interests

51,189,848 57,719,079 Net profit for the year



The amount of sales for the year 2021 AD amounted to about **213.6** thousand metric tons, compared to the amount of sales for the year 2020, which amounted to **214.83** thousand metric tons, an decrease of **1.23%**, while the sales revenues in 2021 reached **513,378,612** Saudi riyals, compared to the sales revenues for the year 2020, which amounted to **500,239,748** Saudi riyals, an increase of **2.6%**, and the details are as follows: -

- The amount of chlorine chemicals sold during the year 2021 AD (**150.35**) thousand tons, with a total value of (**89,154,020 Saudi riyals**), which is the main activity affecting the volume of the company's main business and its results, at a rate of **70.39%**.
- The quantity of maintenance chemicals sold during the year 2021 AD (**5.83**) thousand tons, with a total value of (**83,648,774 Saudi riyals**), which is an additional resource and affects the volume of the Company's business by **2.74%**.
- The amount of polyurethane sold during the year 2021 AD (**4.06**) thousand tons, with a total value of (**99,492,467 Saudi riyals**), which is a major activity and affects the volume of the Company's business by **1.94%**.
- The amount of adhesives sold during the year 2021 AD (**20.28**) thousand tons, with a total value of (**218,268,767 Saudi riyals**), which is a major activity and affects the volume of the Company's business by **9.49%**.
- The amount of other materials sold during the year 2021 (water treatment chemicals, concrete and other chemicals) is (**32.99**) thousand tons, with a total value of (**22,814,784 Saudi riyals**), which is an additional resource that affects the volume of the company's business by **15.44%**.



3- Description of the company's important plans and decisions (including structural changes, expansion of its business, or suspension of its operations)

A- Future plans

The executive management works according to the strategic plans by the Board of Directors, whether in managing its operational operations for the existing factories or evaluating and studying some areas and opportunities for future expansions that would develop the rights of its shareholders and contribute to the development of the Kingdom's national economy and maintain its position within the chemical industries sector in the Kingdom for the purpose of continuation. With a distinguished level in production and marketing, the company has started implementing a project in Jubail Industrial Area to manufacture chlorine and its derivatives with an estimated production capacity of 70,000 tons as a first stage. The project is expected to be completed in 2022 AD. The executive management is also working on activating the company's strategy, which depends on:

* Operational efficiency: The company's management is keen to qualify and develop human resources to meet the needs of the company from an experienced technical workforce, as the local labor market faces a challenge in providing the business with manpower in general, and specially trained, to keep pace with the contemporary business boom, and the company is working to attract Saudi skilled workers through the material benefits granted to workers, training them, and benefiting from their skills and experiences. The total number of employees of the company and its subsidiaries in 2021 AD reached the following:

Increase/ (decrease)	2020	2021	Number of employees
8	98	106	Number of Saudis
(20)	260	240	Number of foreigners
(12)	358	346	Total
%3.27	%27.37	%30.64	Total

* **Distinguished management:** The company is distinguished by the presence of a distinguished administrative team with a high level of competence, experience and accurate knowledge in the markets, and continuous work to explore appropriate opportunities to develop the activity of the company.

* **Quality of products:** The company provides high-quality products that are able to compete in the regional and global markets. The company pursues a policy of providing marketing support for its products and always searching for new products in order to preserve its customers and establish its presence in the local and global markets.

* **Industrial security and environmental safety:** The Basic Chemical Industries Company (BCI) pays special attention and top priority to the safety and health of its employees and all other parties affected by its industrial operations, along with its keenness to protect the environment and considers this an integral part of all its operations, Through structured training and preparing periodic qualification programs to follow safety and implementing courses at the group level for all employees and workers, according to an approved methodology that adheres to the highest international standards, and the result of those efforts was a marked decrease in the rate of work injuries, and this has the company contracted with King Fahd University of Petroleum and Minerals to evaluate the performance of the company In the field of industrial security and environmental safety, and comparing it with companies in developed countries, and based on the final report, the company is preparing in the classification of international companies in terms of commitment and adherence to environmental safety and human resources.

B- Important decisions during the year 2021 AD

- The Company announced on the "Tadawul" website on 03/23/2021 AD that the Board of Directors made a decision not to distribute any dividends to investors for the fiscal year 2020. This is due to the continues completion of the construction and financing of the Chlorine production project in Jubail.
- The company announced on "Tadawal" website that it had signed a non-binding letter of intent on July 14, 2021 with the companies owning Union Chlorine (LLC) to acquire 49% of the ownership of that company. Union Chlorine Company (LLC) is a manufacturer of chlor-alkali, based in the United Arab Emirates - Abu Dhabi. On December 4, 2021, the company announced the expiry of the letter of intent without reaching an agreement to complete the deal, due to the lack of compatibility with the concerned parties and without any obligation on any of them.

- The company announced on "Tadawal" website on February 20, 2022 the completion of the electrical current connection to the company's factory in Jubail, as well as the completion of the supply of all equipment and all construction and engineering works, and the start of implementing the trial operation plan for some equipment, systems and operating stages in the factory.
- The company announced on the "Tadawal" website on March 23, 2022, the opening of candidacy for membership of the company's board of directors for the next period, which begins its work as of June 15, 2022 AD and ends on June 14, 2025 AD, provided that the candidates will be elected at the General Assembly meeting which will be announced on the date of its holding Later after obtaining the necessary approvals from the appropriate authorities.

4- Future expectations for the company's business and the risks it faces

A- Future expectations

The company's management expects that the company will continue to maintain its distinguished position in the coming years, God willing, by endeavoring to provide an integrated assortment of high-quality basic chemical products in accordance with the highest international and local standards and specifications, and to provide its customers with high-level services and competitive prices in a manner that meets their needs and expectations as well. In achieving this, the company relies on the elements of strength that characterize the company and its subsidiaries, which are: -

- **Successful operational record:** The company has a strong record in manufacturing and operating chlorine gas, caustic soda and hydrochloric acid plants with higher than the design production capacity, as well as being one of the best companies that manufacture chlorine acid, which is mainly supplied to giant companies such as Aramco, Sabic, Sadara, Sasref and SATORP And the major companies in the Kingdom. As well as the subsidiary companies that produce chemicals and adhesives of the highest quality and are recognized in the local and regional markets.

- **Availability of raw materials:** Since its inception in 1973, the company has succeeded in securing the raw materials needed for production from its own sources through its long-time approved suppliers. Diversity of products: The company continues to search for opportunities for expansion through the production of more chemicals and the entry of new markets supported by its partners outside the Kingdom, including Huntsman and Henkel.

- **Shared services and facilities:** The similarity of the needs required by the subsidiaries of the company in addition to their proximity to each other within the same location provides the company with

a great opportunity to save capital and operational costs by building and operating a common infrastructure that serves all its subsidiaries. In addition, the subsidiary companies participate in Administrative, financial, maintenance and storage services provided by the Basic Chemical Industries Company, which gives the company a number of important advantages such as administrative experience and the ability to secure financing facilities at favorable prices and reduce costs.

● **Geographical location and proximity to markets:** The company has established its factories in the first industrial city in Dammam and in Yanbu Industrial City, And the new factory in Jubail Industrial City and its branches inside and outside the Kingdom, which provides the subsidiary companies with important positive advantages such as the availability of infrastructure and geographical proximity to the locations of the presence of raw materials in addition to the strategic location between the markets. The company is mainly responsible for exporting its products in the Middle East and North Africa, and this provides the company with a competitive advantage not available to other producers.

● **The ability to secure financing:** The company was able to secure adequate financing for itself and its subsidiaries. This contributed to enhancing the ability of the company to complete its projects on time and reducing financing costs. This was strengthened by obtaining the approval of a local bank to finance a gas production project. Chlorine and its derivatives.

● **The reputation of the company:** The company managed to secure a number of major strategic shareholders for its subsidiaries, such as Huntsman ABC and the National Labels Company, and from these individual investors and private sector companies in the world (such as Huntsman and Henkel), which provides the projects with an opportunity Benefit from extensive experience and global reliability.

● **Strong relations with leading technology companies:** The company was able to build strong alliances with a number of leading companies in the technology of the chemical industry that provide the company and its subsidiaries with the necessary technical resources and participate in some companies as a shareholder in its capital, and this reflects the confidence of international technology companies in The company and its departments, one of the subsidiary companies has concluded exclusive representation contracts with several leading companies in the fields of chemicals specializing in water treatment, which gives the company high preferential advantages and gives it a competitive ability in the Gulf markets

● **Successful performance record:** Basic Chemical Industries Company (BCI) and its subsidiaries and sister companies have achieved a successful record of strong growth and a distinguished reputation in customer service, which made the Company a leader in the chemical market in the Gulf region.

● **Exports growth:** There are strong opportunities to increase exports to regional markets in the coming years, as the latest sales figures indicate an increase in exports of products such as chlorine chemicals and adhesives, and this reflects the great competitiveness of the company.

B- The risks the company faces

No economic sector is devoid of potential risks, and there is no doubt that there are some risks that the Company's business may be exposed to according to the development of the chemical sector in the Kingdom, including: -

Currency risk: Currency risk is the risk of change in the value of financial instruments due to changes in foreign exchange rates. Most of the group's transactions are carried out in Saudi riyals, US dollars and euros. We believe that currency risk is not material to the group.

*** Interest rate risk on cash flows and fair value:** Interest rate risk on cash flows and fair value is exposure to various risks related to the impact of interest rate fluctuations in the market on the group's financial position and cash flows. The group's financial assets and liabilities are not exposed to fair value interest rate risks. And cash flows. Management monitors changes in interest rates and we believe that the interest rate risk on cash flows and fair value has little impact on the Group.

*** Price risk:** It is the risk that the value of a financial instrument is exposed to fluctuations as a result of changes in market prices, whether those changes are caused by specific factors of the instrument or its issuer, or factors affecting all instruments traded in the market. The group does not have financial instruments exposed to price risk.

*** Credit risk:** Credit risk is the inability of the company to fulfill its obligations, which leads to other parties incurring a financial loss, and the group does not have medium or small credit risks and that this results from conservative credit policy, whereby cash is deposited with banks with a high credit rating, Accounts receivable are recorded after deducting the allowance for doubtful debts.

*** Liquidity risk:** Liquidity risk is the risk of the group's inability to secure the liquidity necessary to meet commitments related to financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed by ensuring management periodically of Availability of sufficient liquidity to meet future liabilities.

*** Fair value:** The fair value is the value at which an asset is exchanged or a liability settled between knowledgeable and willing parties in the same terms of dealings with independent parties, as the group's financial instruments are compiled on the basis of the historical cost method, and differences may arise between the value. Carrying and fair value estimates, and management believes that the fair value of the group's financial assets and liabilities are not materially different from their carrying value.

*** Risks of entering competitors and changing demand:** the company works to sell its products in competitive markets that are subject to the forces of supply and demand, which exposes the company to competitive risks.

* **Deflation and recession in the global economy:** the company is affected by fluctuations in the global economy, which may expose the company to reducing the demand for the company's sales.

* **Change in the prices of raw materials and energy:** the company is affected by changes in raw and energy prices, which results in an increase in operating costs, which affects the financial impact of the group, and the management deals with these changes and works to reduce their effects on the company's performance. The company "decisions to deal with such assumptions by re-evaluation of cost control and a comprehensive study of selling prices and the geographical division of sales areas. It is possible that there are other risks that the company does not know at the present time or that it considers unimportant until the date of preparing this report, which could hinder its operations in the future.

5- The company's assets and liabilities and the results of its business in the last five years

<u>2017 AD</u>	<u>2018 AD</u>	<u>2019 AD</u>	<u>2020 AD</u>	<u>2021 AD</u>	<u>Figures (Thousand Riyals)</u>
595,540	605,190	534,561	500,240	513,379	sales
(444,747)	(450,405)	(400,023)	(368,942)	(369,617)	Sales cost
150,793	154,785	134,538	131,298	143,762	Gross profit
10,723	6,688	4,715	3,056	59	Other revenue
(73,635)	(78,593)	(70,055)	(66,829)	(69,428)	Administrative and marketing expenses
(524)	-	(159)	(137)	(91)	Other expenses
87,357	82,880	69,039	67,388	74,302	Net profit before zakat and taxes
-	-	-	(7,100)	(5,500)	Loss on the fair value measurements of the derivative financial statements
(15,603)	(12,361)	(9,653)	(9,098)	(11,083)	Zakat and tax expense
71,754	70,519	59,386	58,290	57,719	Profit for the year
(27,985)	(20,851)	(18,164)	(19,665)	(23,350)	Less: non-controlling interests
43,769	49,668	41,222	31,525	34,369	Net profit for the year attributable to shareholders of the Chemical Industries Company
150,714	160,618	174,201	213,033	197,528	retained earnings at the beginning of the year
43,769	49,668	41,222	31,525	34,369	Profit for the year
(4,377)	(4,967)	(4,122)	(3,863)	(3,437)	Transferred to legal reserve

<u>2017 AD</u>	<u>2018 AD</u>	<u>2019 AD</u>	<u>2020 AD</u>	<u>2021 AD</u>	<u>Figures (Thousand Riyals)</u>
(1,988)	(3,618)	1,732	(5,767)	(2,773)	Other comprehensive income (loss)
(27,500)	(27,500)	-	(27,500)	-	Other distributions
160,618	174,201	213,033	197,528	225,686	Retained earnings at the end of the year attributable to the shareholders of the Basic Chemical Industries Company

<u>2017 AD</u>	<u>2018 AD</u>	<u>2019 AD</u>	<u>2020 AD</u>	<u>2021 AD</u>	<u>Figures (Thousand Riyals)</u>
					Financial position indicators
486,449	360,102	330,641	280,170	304,293	Current assets
-	-	-	-	-	Investments
194,653	332,487	425,711	583,964	771,406	fixed assets
681,102	692,589	756,352	864,134	1,075,699	Total assets
89,625	77,472	89,522	174,619	160,792	Current liabilities
24,008	29,377	46,019	87,497	286,512	Non-current liabilities
488,690	507,239	550,192	538,550	570,145	Shareholders' equity
78,779	78,501	70,619	63,468	58,250	Non-controlling rights
681,102	692,589	756,352	864,134	1,075,699	Total liabilities and shareholders' equity

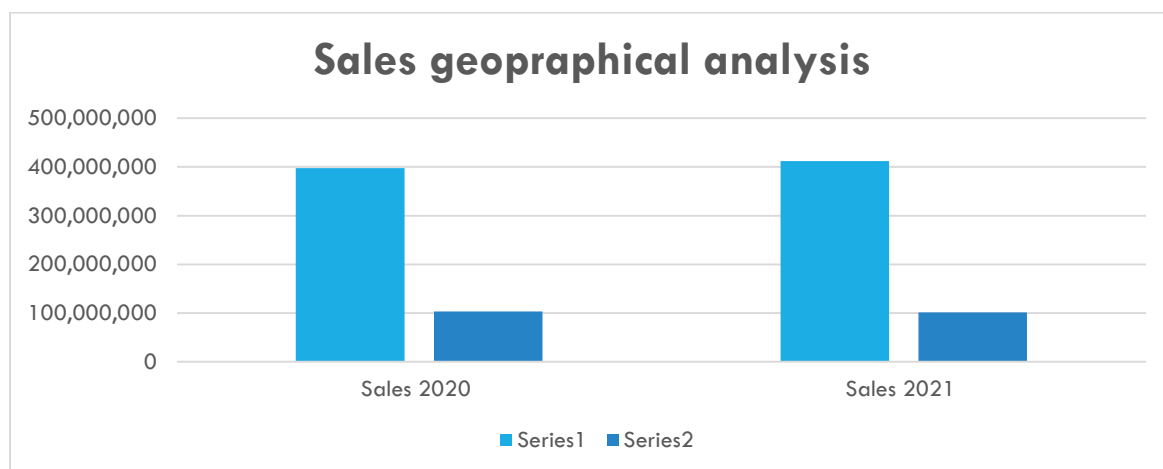
<u>2017 AD</u>	<u>2018 AD</u>	<u>2019 AD</u>	<u>2020 AD</u>	<u>2021 AD</u>	<u>Figures (Thousand Riyals)</u>
					Cash flow statement indicators
87,359	82,880	69,039	60,288	68,802	Profit before taxes and zakat
(17,038)	14,403	32,407	100,772	(28,478)	Other changes in operations activities
(70,479)	(114,866)	(116,935)	(170,406)	(198,313)	Net cash flow of investing activities
(54,820)	(48,400)	(11,656)	14,043	144,792	Net cash flow of financing activities
(54,978)	(65,983)	(27,145)	4,698	13,083	Net change in cash and cash equivalents
227,856	172,878	106,895	79,750	84,448	Cash at the beginning of the period
172,878	106,895	79,750	84,448	71,365	Cash at the end of the period

6- Geographical analysis of the total revenues of the company and its subsidiaries

A- Total sales for the year 2021 AD

2020 Sales	2021 Sales	Description
397,336,070	412,155,051	Within the Kingdom (Kingdom of Saudi Arabia)
102,903,678	101,223,561	Outside the kingdom
500,239,748	513,378,612	Total

B- Analyzing the company's sales graphically



7 - The material differences in the operating results compared to the results of the previous year or any expectations announced by the company

%	Change	<u>Saudi 2020</u> <u>Riyal</u>	<u>Saudi 2021</u> <u>Riyal</u>	Income Statement Indicators
2,6%+	13,138,864	500,239,748	513,378,612	the sales
.2%+	674,937	(368,941,852)	(369,616,789)	Sales cost
9%+	12,463,927	131,297,896	143,761,823	Gross profit
.6-%	265,885	(44,581,873)	(44,847,758)	Selling and distribution expenses
10%+	2,332,565	(22,247,485)	(24,580,050)	General and administrative expenses
80+%	(4,936,246)	(6,178,690)	(11,114,936)	Other income (expenses)
13%+	6,529,231	51,189,848	57,719,079	Profit for the year

The most important reasons for changes in operating results from the results of the previous year:

- The increase in sales is due to an increase in the internal and external demand for the company's products, where the increase in sales represents 2.6%.
- The increase in gross profit by 9.5% is due to the increase in sales.
- The increase in general and administrative expenses by 5% is due to a significant increase in the provision for expected credit losses.
- The increase in profit for the year amounted to 12.8% due to the increase in sales.
- In addition to the other reasons that were announced on the Tadawul website at the time during the year 2021 AD.

9- The name of each subsidiary company, its capital, the percentage of ownership of the company in it, its main activity, the state, the main place of its operations, and the country of its incorporation.

Home country	Operati on Country	Main Activity	BCI Share	Capital	Company
Saudi Arabia Dammam	Saudi Arabia Dammam	Production of hydrochloric acid, caustic soda, hypochlorite, chlorine gas, calcium chloride, hot and cold adhesives, detergents, concrete curing chemicals, hydrogen peroxide, aluminum chloride, potassium hydroxide.	%100	275,000,000 Saudi Riyal	Basic Chemical Industries Corporation
Saudi Arabia Yanbu	Saudi Arabia Yanbu	Production of sulfuric acid, sodium sulfate, potassium sulfate and hydrochloric acid, wholesale and retail trade in chemicals used in industrial work and in medical and industrial laboratories, and marketing of the company's products of industrial chemicals.	% 100	10,000,000 Saudi Riyal	The National Basic Chemicals Company
Saudi Arabia Dammam	Saudi Arabia Dammam	Production of hot and cold adhesives.	% 47	20,795,000 Saudi Riyal	National Adhesive Company Ltd.

Saudi Arabia Dammam	Saudi Arabia Dammam	Production of biocides, ferric chloride, oxygen inhibitors, anticoagulants, multi-purpose chemical cleaners, anti-calc chemicals for desalination plants, sediment derivatives, anti-foaming materials, anti-corrosive and sedimentation inhibitors, metal surface treatment chemicals, and marketing of the company's products.	% 100	16,500,000 Saudi Riyal	Saudi Water Treatment Company Ltd.
Saudi Arabia Dammam	Saudi Arabia Dammam	Production of polyurethane and polyether blended polyol systems	% 49	3.200.000 Saudi Riyal	Huntsman ABC Corporation
Saudi Arabia Dammam	Saudi Arabia Dammam	Wholesale and retail trade in commercial and industrial chemicals.	% 100	1,108,072 Saudi Riyal	Chemicals Marketing and Distribution Company Ltd.

10- Details of shares and debt instruments issued for each subsidiary company

The company acknowledges that there are no debt instruments on the company or its subsidiaries that are convertible into shares, bonds, sukuk, or any option rights, subscription right notes or similar rights, and there are no transfer or subscription rights under transferable instruments. To shares, bonds, sukuk or similar option rights issued or granted by the company, and there is no redemption, purchase or cancellation by the company of any debt instruments recoverable during the year 2021 AD, and therefore there is no compensation for the company Return .

11- A description of the company's policy for distributing profits

The distribution of profits is the prerogative of the ordinary general assembly of the company based on the recommendation of the board of directors, as the policy of the company in the distribution of profits is in line with Article (42) of the articles of association of the company which states: - "The net profits of the company are distributed in the following manner: -

- He sets aside ten percent (10%) of the net profits to form the statutory reserve for the company. The Ordinary General Assembly may decide to discontinue this reserve when the aforementioned reserve reaches 30% of the paid-up capital.
- The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside (5%) of the net profits to form an agreement reserve to be allocated for a specific purpose or purposes for the benefit of the company.

- The Ordinary General Assembly may approve the formation of other reserves, to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders. The aforementioned assembly may also deduct from the net profits amounts for the establishment of social institutions for the company's employees or to assist what may exist from these institutions.
- From the remainder after that, a percentage representing (5%) of the company's paid-up capital shall be distributed to the shareholders.
- Taking into account the provisions stipulated in the articles of association of the company and the companies 'system, after the aforementioned, a percentage (10%) of the remainder is allocated to the members of the Board of Directors with a maximum of 500,000 Saudi riyals, provided that the entitlement of this reward is proportional to the number of sessions attended by the member.
- The rest is then distributed to shareholders as an additional share in profits.
- The company may also distribute interim dividends to its shareholders on a semi-annual or quarterly basis after fulfilling the statutory requirements.

The company distributes profits according to the following policy:

- The net profits after calculating the statutory provisions mentioned in Article (42) of the Articles of Association are sufficient to ensure their ability to be distributed.
- Availability of necessary liquidity.
- The dividend distribution does not conflict with any banking agreements, if any.
- That the profit distribution process does not limit the ability of the company to continue its growth.
- Profits to be distributed to shareholders shall be paid out of their net profits after deducting zakat after the approval of the Ordinary Assembly, and the entitlement to dividends is distributed to shareholders registered in the company records at the end of the trading day of the assembly.
- The Board of Directors determines the date for payment of profits, which will be announced through the Tadawul website and official newspapers.
- Profits are distributed to shareholders through direct deposit in their portfolios automatically and in coordination with Tadawul.

The following is a statement of the profits that have been distributed since the listing of "the company" in the Saudi stock market on June 16, 2008 until December 31, 2021:-

Bank Name	Distributed profit per share	Distribution method	Distribution date	Due date	Announcement date
Arab national Bank	One Riyal	Account transfer	2020/03/17	2020/03/09	2019/12/19
Arab national Bank	One Riyal	Account transfer	2018/06/06	2018/05/15	2018/02/27
Arab national Bank	One Riyal	Account transfer	2017/05/23	2017/05/10	2017/03/05
Arab national Bank	One Riyal	Account transfer	2016/06/09	2016/05/15	2016/04/10
Arab national Bank	One Riyal	Account transfer	2015/05/07	2015/04/28	2015/01/19
SAAB	One Riyal	Account transfer	2014/05/11	2014/04/21	2014/01/13
SAAB	One and half Riyal	Account transfer	2013/05/13	2013/04/21	2013/01/12
SAAB	One Riyal	Account transfer	2012/05/16	2012/05/01	2013/01/25
Arab national Bank	One Riyal	Account transfer	2011/04/24	2011/04/05	2010/12/11
Arab national Bank	One Riyal	Account transfer	2010/05/03	2010/04/14	2010/01/16
SAAB	One Riyal	Account transfer	2009/07/21	2009/06/30	2009/04/21

12 - A description of any interest in the category of shares eligible to vote belonging to persons (other than members of the company's board of directors, senior executives and their relatives) who informed the company of those rights under Article (45) of the registration and listing rules and any change in those rights during the last fiscal year

The company acknowledges that there is no interest in a class of voting-eligible shares belonging to persons (except for members of the board of directors, senior executives and their spouses and minor children) who informed the company of those rights according to Article (45) of the registration and listing rules, and none of the shareholders To inform the company of any change in the ownership of shares during the fiscal year ending 12/31/2021 AD.

13- A description of any interest, contractual securities and subscription rights of the members of the company's board of directors, senior executives and their relatives in

the shares or debt instruments of the company or any of its subsidiaries and any change in that interest or those rights during the last fiscal year

A- A description of any interest of the members of the board of directors and their wives and minor children in the shares or debt instruments of the company or its subsidiaries

%	Net change	2020		2021		Name	S
		<u>Debt instru ments</u>	<u>Shares</u>	<u>Debt instru ments</u>	<u>Shares</u>		
-	-	None	2,724,796	None	2,724,796	Abdullah Muhanna Abdul Aziz Al-Muaybad	1
-	-	None	455	None	455	Suleiman Abdullah Hamad Al-Qadi	2
%0,04	50,000	None	1,394,273	None	1,344,273	Abdul Aziz Muhanna Abdul Aziz Al Moaibed	3
-	-	None	6,066,185	None	6,066,185	Tariq Ali Abdullah Al-Tamimi *	4
-	-	None	10,443	None	10,443	Khaled Abdullah Ibrahim Al-Muammar	5
-	-	None	15,000	None	15,000	Abdel-Latif Azmy Abdel-Hadi	6
-	-	None	2,675,228	None	2,675,228	Hussa Abdul Mohsen Muhammad Al-Sheikh **	7
-	-	None	1,000	None	1,000	Abdul Aziz Abdullah Al-Na`im	8
-	-	None	-	None	-	Abdul Aziz Talal Al-Tamimi	9

* Mr. Tariq Ali Al-Tamimi does not own any personal shares, but he represents the company that owns the shares (Ali Abdullah Al-Tamimi Company).

** Mrs. Hassa Abdul-Mohsen Muhammad Al-Sheikh does not own any personal shares, but she represents the corporation that owns the shares (the Public Pension Agency and the pioneering investment company "Raed").

** Except for the above, there is no interest, contractual securities and subscription rights belonging to the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries.

B- A description of any interest of the senior executives and their wives and minor children in the shares or debt instruments of the company or its subsidiary companies

%	Net change	2020		2021		Name	S
		<u>Debt instru ments</u>	<u>Shares</u>	<u>Debt instru ments</u>	<u>Shares</u>		
-	-	None	None	None	None	Alaa Abdullah Abdul Al Sheikh	1
-	-	None	None	None	None	Pankaj Sivitava	2
-	-	None	None	None	None	Fares Lahoud *	3
-	-	None	None	None	None	Roy Martins	4
-	-	None	None	None	None	Bernie Kelly **	5
-	-	None	None	None	None	Mishari Alghamdi ***	6

* Mr. Fares Lahoud was appointed to the position of Chief Financial Officer on 15/08/2021, after consulting with members of the Nominations and Remunerations Committee of the Board of Directors.

** Mr. Bernie Kelly was appointed to the position of Commercial Director, on 07/11/2021, after consulting with members of the Nomination and Remuneration Committee of the Board of Directors.

*** Mr. Meshari Al-Ghamdi has been appointed as the Director of Human Resources.

14 - Information related to any loans on the company (whether they are payable on demand or otherwise) and a disclosure of the total indebtedness of the companies and its subsidiaries and any sums paid by the company in repayment of loans during the year

On 05/28/2018 AD, the company signed an agreement to increase and amend the limit of credit facilities granted to the company that are compatible with Islamic Sharia from the Arab National Bank, and the balance of the debt owed to the bank as on 12/31/2020 AD amounted to 85,565,944 Saudi riyals (compared to: \$ 15 million Saudi riyals in the year 2019 AD) of the total credit facilities granted amounting to 262 million Saudi riyals, due for repayment starting from 12/31/2021 AD and therefore the company did not pay any dues to the Arab National Bank as of 12/31/2020.

The Group renegotiated the terms of the agreement and rescheduled the repayment period. In accordance with the terms of the amended loan agreement, these loans will be repaid in twenty equal quarterly installments of SAR 13.1 million each starting from March 2021. Subsequently, after the date of the financial statements for the year ending on December 31, 2021, the loan repayment terms were rescheduled to become the first payment due in December 2022. The costs of capitalized loans during the year ending on December 31, 2021 amounted to SAR 2.3 million (December 31, 2020 SAR 2.2 million).

15 - Previous years' adjustments

During the year 2021, the group's management discovered errors, which were addressed by reconciling the comparative financial statements for the year 2020. The following is a statement of those matters and the impact of the adjustments on the comparative financial statements:

- During 2018, the company entered into a contract for derivative financial instruments (interest rate swap) and therefore the fair value of those derivative financial instruments was recognized as on the date of the financial reports, as well as the profits or losses resulting from the reporting periods.
- The Group's management discovered errors in the data used to calculate employee benefits obligations for the year ended December 31, 2020, as they were settled in 2021.

Balance as restated	Restatement	Balance, previously reported	
			Consolidated statement of financial position As at 1 January 2020
203,132,612	(9,900,000)	213,032,612	Retained earnings
9,900,000	9,900,000	-	Derivative financial instruments liability
			As at 31 December 2020
197,527,602	(21,201,987)	218,729,589	Retained earnings
19,349,198	(79,391)	19,428,589	Non-controlling interests
17,000,000	17,000,000	-	Derivative financial instruments liability
35,420,349	4,281,378	31,138,971	Employee benefit obligations

Consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2020

(7,100,000)	(7,100,000)	-	Loss on the fair value of the derivative financial instrument
51,198,848	(7,100,000)	58,289,848	Profit for the year
			Other comprehensive income
(6,083,196)	(4,281,378)	(1,801,818)	Remeasurements of employee benefit obligations
45,106,652	(11,381,378)	56,488,030	Total comprehensive income

16- A description of the categories and numbers of any convertible debt instruments and any contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year ending 12/31/2021 AD

The company acknowledges that there are no debt instruments, contractual securities, subscription right notes, or any similar rights issued or granted by the company during the year 2021 AD.

17- A description of any transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company.

The company acknowledges that during the year 2021 AD it did not grant or issue any convertible debt instruments, any contractual securities, subscription warrants, or similar rights.

18- A description of any redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries

The company acknowledges that there are no redemptions, purchases or cancellations by the company or its subsidiaries for any redeemable debt instruments during the year 2021.

19- The number of board meetings held during the year 2021 AD and the record of attending each meeting indicating the names of the attendees

During the year 2021 AD, the Board of Directors held (6) sessions, the following is a statement of attendance: -

Total	Sixes meeting 2021/12/28	Fifth meeting 2021/11/04	fourth meeting 2021/08/17	Third meeting 2021/05/17	second meeting 2021/03/22	first meeting 2021/01/27	Name	S
6	✓	✓	✓	✓	✓	✓	Abdullah Muhanna Abdul Aziz Al-Muaybad	1
6	✓	✓	✓	✓	✓	✓	Suleiman Abdullah Hamad Al-Qadi	2
6	✓	✓	-	-	✓	✓	Abdul Aziz Muhanna Abdul Aziz Al-Moebed*	3
4	✓	✓	-	-	✓	✓	Tariq Ali Abdullah Al-Tamimi**	4
5	-	✓	✓	✓	✓	✓	Khaled Abdullah Ibrahim Al-Muammar***	5
5	✓	✓	-	✓	✓	✓	Abdel-Latif Azmy Abdel-Hadi****	6

6	✓	✓	✓	✓	✓	✓	Hussa Abdul Mohsen Muhammad Al-Sheikh	7
6	✓	✓	✓	✓	✓	✓	Abdul Aziz Abdullah Al-Na`im	8
6	✓	✓	✓	✓	✓	✓	Abdul Aziz Talal Al-Tamimi	9

* Mr. Abdul Aziz Muhanna Abdul Aziz Al-Moebed apologized for attending the fourth meeting due to the circumstances of his presence outside the Kingdom of Saudi Arabia.

** Mr. Tariq Ali Abdullah Al-Tamimi apologized for not attending the third meeting due to personal circumstances.

*** Mr. Khaled Abdullah Ibrahim Al-Muammar apologized for not attending the sixth meeting due to personal circumstances.

**** Mr. Abdel-Latif Azmy Abdel-Hadi apologized for not attending the fourth meeting due to the circumstances of his presence outside the Kingdom of Saudi Arabia.

20- A description of any transaction between the company and a related party

Transactions with related parties as on 12/31/2021 are as follows: -

Balance as 2020/12/31	Balance as 202/12/31 1	the purpose of the contract	related parties	The name of the stakeholder company
28,031,193	43,899,516	Purchase of Material	Huntsman Corporation Netherlands (Related party)	Basic Chemical Industries Corporation
7,894,268	3,265,193	Purchase of Material	Henkel Group of Companies in the Middle East (Related party)	Basic Chemical Industries Corporation
7,358,471	8,016,162	Franchise fees	Henkel UK Limited (Related party)	Basic Chemical Industries Corporation
13,141,120	15,909,107	Sale of material	Henkel Group of Companies in the Middle East (Related party)	Basic Chemical Industries Corporation
2,500,000	-	Engineerin g consulting services	Abdul Latif Azmy Abdul Latif Alaa Azmy) Abdul Hadi Abdel Hadi and his successor Abdullah Al-Hawas Company (for Engineering Consulting	Basic Chemical Industries Corporation

Other than the above, there are currently no commercial dealings with any of the company's board members, its executive directors, who owns a share (5%) or more of the company's shares, or any of

their relatives who has a direct or indirect material interest in this. Transactions, and there are no powers that give any of them the right to vote on these transactions.

Noting that all these contracts with related parties are based on commercial bases without any preferential conditions and achieve the interest of the company and do not negatively affect its performance and do not constitute a financial burden, but rather increase the profitability of shareholders and that the prices specified in these contracts provide savings for the company compared to those popular in Local markets are therefore in the interest of shareholders and are considered preferential prices for the company.

21 - Information related to any business or contracts in which the company is a party, or in which there is an interest in a member of the company's board of directors, the CEO, the financial manager, or any person related to any of them.

Balance as of 12/31/2020	The date of the assembly's approval of the contract	Balance as of December 31, 2019	The purpose of the contract	Related party	The name of the stakeholder company
-	2021/04/28	2,500,000	Engineering consulting services	Abdul Latif Azmy Abdul Latif Abdul Hadi (Alaa Azmy Abdel-Hadi and Khalifa Abdullah Al-Hawas Company)	Basic Chemical Industries Corporation

The company acknowledges that no member of the board of directors, the chief executive officer, or the financial controller has any direct or indirect interest in the business and contracts that are made for the company's account, and no member of the members has obtained a license from the general assembly. The company also acknowledges that the members of the board of directors did not participate. In any business that would compete with the company or trade in one of the branches of activity that the Basic Chemical Industries Company engages in, and none of the members were informed that he had a personal interest in the business and contracts concluded by the company for its account.

Except for Mr. / Abdul Latif Azmy Abdel-Latif Abdel-Hadi (a member of the board of directors) and his brother company / Alaa Azmy Abdel-Hadi and Khalifa Abdullah Al-Hawas Company for Engineering Consulting, in which a member of the board of directors Mr. Abdul-Latif Azmi Abdel-Hadi occupies the position of a member of the board of directors, where a contract was concluded with it within a year 2017 AD regarding engineering consultations related to the company's projects at a rate of 8,400,000 Saudi riyals for a period of 36 months from the date 02/18/2016 until 02/17/2019 AD and the provision of consulting services to the company was actually started during the year 2017 AD and the amount was

paid and approved by the General Assembly, as well. A new contract was signed with the same company, "Alaa Azmi Abdel Hadi and Khalifa Abdullah Al-Hawas Engineering Consulting Company", regarding engineering consultations for a "first phase" of the chlorine production project established in Jubail Industrial City on 07/09/2018 at a rate of 5,822,500 Saudi riyals in addition to new operating orders for an amount of 1,353,035 Saudi riyals, with a total amount of 7,175,535 Saudi riyals, and the service has actually started during 2018 and the amount has been completely paid and agreed on my the general assembly on 01/06/2020.

22- A statement of any arrangements or agreement under which a member of the company's board of directors or a senior executive waived any salaries, compensation, or any loans granted by the company to members of the board of directors.

The company acknowledges that there is no arrangement or agreement under which a member of the board of directors or a senior executive has waived any salary or compensation. The company also acknowledges that it did not provide any cash loans of any kind to members of its board of directors or guaranteed any loan contracted by one of them with others.

23- A statement of any arrangements or agreement under which a shareholder of the company waived any rights to profits

The company acknowledges that there is no arrangement, agreement or assignment under which any of the shareholders of the company has waived any rights in profits.

24- A statement of the value of the statutory payments due for the payment of any zakat, taxes, fees, or any other dues, with a brief description of them and their reasons

A- The company has paid dues to government agencies as follows: -

2020	2021	Reason	Statement
9,973,230	7,971,964	Under the zakat and income tax system	Department of Zakat and Income
2,490,050	3,028,583	Under the social security system	The Public Institution for Social Security
389,224	426,326	Shareholder registry services fees and a stock registry report	Saudi Market Company Tadawul
2,089,179	1,354,160	Fees for visas, accommodations and certifications	Passports, work office, certifications, government fees and others
14,941,683	12,781,033	Total	

25- The number of the company's requests for the shareholders' register and the dates of those requests:

Request purpose	Request date	S
Other	2021/01/16	1
Other	2021/04/13	2
General Assembly	2021/04/28	3

26- A statement of the value of any investments or reserves established for the benefit of the company's employees

Except for the end of service gratuity, there are no investments or reserves established for the employees' health during the year 2021.

%	2020	2021	Item
%1	32,420,349	35,332,477	End of service

27- Social responsibility

In continuation of the company's policy in supporting social work, the company is always keen to support some charitable societies licensed by government agencies in Dammam and other regions across the Kingdom. The Board of Directors has approved the following payments: -

Amount	Name of the donor's association
187,000	Charitable societies licensed by government agencies in Dammam and other regions in the Kingdom

28- Declarations of the Board of Directors

Based on the information available to us, and based on the auditor's report, current market results and data and future indicators, the Board of Directors of the Basic Chemical Industries Company declares the following: -

- That the account records were properly prepared.
- That the internal control system was prepared on a sound basis and has been effectively implemented.
- There is no doubt about the source's ability to continue its activity.

29- Information to be disclosed under the Corporate Governance Regulations

A. Compliance with the Corporate Governance Regulations.

On November 12, 2006, the Board of the Capital Market Authority issued the guiding regulation for the governance of joint stock companies, followed by circulars issued by the Capital Market Authority, obligating some articles in the guiding regulation. The company complies with the requirements and decisions of the Authority, and in accordance with the joint stock companies' system and the requirements of the Capital Market Authority, and was presented to the Board of Directors in its session held on Saturday, 21/04/2012 AD, and after reviewing it, it was approved and recommended

By presenting it to the General Assembly, which was held on Tuesday, 1/5/2012 AD, and was approved by the Assembly, the company provided the Capital Market Authority with a full copy of the regulation after its approval by the General Assembly, where the Authority expressed some of its observations on the regulation regarding some of the articles contained It has been amended in accordance with the requirements of the Authority and approved by the Board of Directors.

Terms that are not applied and the reason why:

A. Names of companies for which a member of the company's board of directors is a

Reasons for non-adopting	Discription	Article number
These articles are indicative, noting that the audit committee covers most of these tasks. The company has not currently established a separate committee to manage risks, but the company has many procedures and policies for managing risks and reducing their impact.	Formation, terms of reference and meetings of the Risk Committee	70 , 71 & 72

member of its current or previous boards of directors or of its managers as of 12/31/2021:

A. Composition of the Board of Directors and classification of its members (executive / non-executive / independent)

The Board of Directors consists of nine members in accordance with Article (15) of the Articles of Association which states: "The company shall be managed by a board of directors consisting of nine members elected

by the Ordinary General Assembly of shareholders for a period not exceeding three years and may be re-appointed for several terms". A new board of directors, whose session begins on 06/15/2019 and ends on 06/14/2022 AD, for a period of three years. The Ordinary General Assembly of shareholders agreed to elect the new board at its meeting held on 05/23/2019.

B. A brief description of the competencies of the main board committees, their tasks, the names of the committees, their heads and members, and the number of their meetings:

The Ordinary General Assembly formed the Audit Committee and the Board of Directors formed the Nomination and Remuneration Committee, both of which play an important and main role to assist the Board of Directors in carrying out the statutory duties entrusted to it to achieve optimal performance, and to benefit from the various experiences of its members in developing policies, programs, review and raising recommendations, and the corporate governance regulation has been organized. The purpose, responsibilities, duties and tasks assigned to these committees are as follows:

6.1 Audit Committee:

The audit committee consists of:

Name	Designation
Sulaiman Abdullah Hamd Alqadi	Head – Independent
Abdul Aziz Muhanna Abul Aziz Al-Moaibed	Member – non executive
Hessa Abdulmohsin Mohammed Alalshaikh	Member – non executive

6.1.1 The number of audit committee meetings and the attendance record of members:

The Committee held (5) Five meetings during the year 2021 AD. All members attended the Committee's meetings, the Committee discussed among these meetings the tasks entrusted to it and issued its recommendations regarding them to the Company's Board of Directors. The following is a statement of the number of the Committee's meetings during the year 2021 AD, indicating the attendance record of the members:

Total	Fifth meeting 2021/11/04	Fourth meeting 2021/08/17	Third meeting 2021/07/01	Second meeting 2021/03/22	First meeting 2021/02/27	Name	م
5	✓	✓	✓	✓	✓	Sulaiman Abdullah Hamd Alqadi	1

4	✓	-	✓	✓	✓	Abdul Aziz Muhanna Abdul Aziz Al-Moaibed*	2
5	✓	✓	✓	✓	✓	Hessa Abdulmohsin Mohammed Alalshaikh	3

* Mr. Abdulaziz Muhanna Abdul Aziz Al-Moaibed apologized for attending the fourth meeting due to the circumstances of his presence outside the Kingdom of Saudi Arabia.

6.1.2 The duties of the audit committee, its terms of reference and its term of work

- Ensure that the financial reports have been prepared in accordance with the accounting policies followed by the company.
- Identify and review the accounting problems that affect the process of preparing financial reports and understand the extent of their impact on the validity of those reports.
- Studying the draft financial statements before submitting them to the Board of Directors and giving opinions and recommendations regarding them.
- Preparing recommendations for the Board of Directors regarding the appropriateness of accounting policies applied to the nature of the company and its evaluation of the financial reports issued by the company and the nature of the review process.
- Preparing recommendations for the Board of Directors regarding the annual report of the company, prior to its approval by the Board.
- Preparing recommendations related to establishing, improving and disseminating the control environment within the company.
- Preparing an evaluation of the internal control systems, developing reports on its opinion and recommendations, and supervising the internal audit department.
- Make recommendations related to the selection of the chartered accountant, which includes the committee's review of his professionalism and independence, the expected risks of having a conflict of interest, as well as the fees that he will receive.
- Conducting an annual review of the performance of the chartered accountant and making recommendations related to his appointment, reappointment, or termination of his contract.
- Working with the chartered accountant in order to coordinate the preparation of the audit plan and procedures, taking into account the circumstances of the company and any changes that occurred in the conditions required by the legal supervisory authorities during the current year.
- Discussing the important findings and recommendations reached by the chartered accountant and the degree of management's response to them, as well as the corrective measures taken by them based on those recommendations.
- Preparing recommendations for company policy regarding determining the period required to change the chartered accountant.

- Preparing recommendations for establishing the company's internal audit department and its budget, selecting the department head, and monitoring the degree of independence of the internal auditors.
- Preparing an evaluation of the performance of the internal audit department and preparing the necessary recommendations to improve its effectiveness.
- Discussing deviations and errors contained in the reports prepared by the internal audit department and ensuring that the management takes appropriate corrective actions.
- Ensure that the executive management follows the company's rules and regulations, and that there are no violations.
- The term of the committee's work is three years, starting from 07/10/2019, and for a period of 3 years.

During the year 2017 AD, the management worked on updating the audit committee regulation in line with the government laws and rules, and the administration has completed preparing and updating these bylaws the audit committee at the beginning of 2018 and it was presented to the company shareholders and they approved it in the ordinary general assembly meeting that was held On 02/06/2018 AD, the results of the meeting were published on Tadawul on 07/02/2018.

The main tasks of the audit committee in the updated regulations are to form a conviction about the adequacy and effectiveness of the internal control system, and to submit any recommendations to the Board of Directors that would activate and develop the system in order to achieve the company's objectives and protect the interests of shareholders and investors with high efficiency. The audit committee has the right to view the information, data, reports, or other matters that the committee deems important to have access to. The audit committee is responsible for monitoring the company's business and verifying the integrity and integrity of the reports, financial statements, and internal control systems. The scope of the committee's work includes carrying out all the work that enables it to achieve its tasks, including:

A- Financial reporting:

1. Study the interim and annual financial statements before submitting them to the Board of Directors in order to express opinion and recommendation on them (if any), to ensure their integrity, fairness and transparency.
2. Expressing a technical opinion upon the request of the Board of Directors on whether the report of the Board of Directors and the financial statements of the company is fair, balanced and understandable, and includes information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
3. Study any important or unfamiliar issues included in the financial reports.
4. Carefully researching any issues raised by the company's financial manager, whoever assumes his duties, the company's compliance officer, or the auditor.

5. Verify the accounting estimates in the fundamental issues mentioned in the financial reports.
6. Study the accounting policies followed in the company and express opinion and recommendation to the Board of Directors in this regard.

B- Internal Audit:

1. Coordination with the Internal Audit Department with regard to studying and reviewing the company's internal and financial control and risk management systems to form a conviction that the internal control system is effective and meets the company's objectives in this regard.
2. Reviewing and approving the annual and strategic audit plan for the internal audit department.
3. Study the reports of the Internal Audit Department and follow up on the implementation of corrective measures for the observations contained in the reports.
4. Control and supervise the performance and activities of the Internal Audit Department, in order to verify the availability of the necessary resources, their effectiveness in performing the tasks and tasks assigned to them, their independence and objectivity.
5. Recommending to the Board of Directors to appoint, exempt or remunerate a director of an internal audit unit or department.

C- External Auditor:

1. Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.
2. Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account the relevant rules and standards.
3. Reviewing the auditor's plan and work, verifying that he has not submitted technical or administrative works outside the scope of the audit work, and expressing her views on this.
4. Answer the inquiries of the company's auditor.
5. Study the auditor's report and his notes on the financial statements and follow up on what has been taken in their regard.

D- Compliance:

1. Review the results of the reports of the supervisory authorities and verify that the company has taken the necessary actions regarding them.
2. Verify the company's compliance with the relevant laws, regulations, policies and instructions.

3. Review the contracts and proposed transactions that the company conducts with related parties, and submit their opinions on this to the Board of Directors.
4. Raise the issues it deems necessary to take action in their regard to the Board of Directors, and make recommendations on the measures to be taken.

E- Formation of the Committee:

1. The Board of Directors shall, by a decision of the Company's Ordinary General Assembly, form a review committee consisting of three members selected by the Company's Board of Directors, whether from shareholders or others, for the duration of the Board's term, which is three years, subject to renewal. The members of the committee must be independent or non-executive, and in all cases one of the committee members must be independent.
2. It is not permissible for anyone who works or has been working during the past two years in the executive or financial management of the company, or with the company's auditor, to be a member of the audit committee.

F- The authorities of the Committee:

1. The Audit Committee is responsible for monitoring the company's business, and for this purpose it may:
2. The right to view the company's records and documents.
3. Requesting any clarification or statement from members of the Board of Directors or the executive management.
4. It may request the board of directors to call the general assembly of the company to convene if the board of directors impedes its work or the company suffers heavy damage or losses.

6.2 Nomination and Remuneration Committee:

The Nomination and Remuneration Committee consists of:

Name	Designation
Tariq Ali Abdulla Al-Tamimi	Head / non-executive
Abdulla Muhanna Abul Aziz Al-Moaibed	Member / non-executive
Abdullatif Azmi Abdullatif Abdul Hadi	Member / non-executive

6.2.1 Number of Nomination and Remuneration Committee meetings:

The Nominations and Remuneration Committee held a meeting during the year (1) on 05/04/2021 AD and all members attended the committee meeting.

The appointment of Mr. Alaa Al-Sheikh to occupy the position of CEO of the company was approved and the proposed financial offer was approved and that it was appropriate compared to what the former CEO was receiving. All members attended and stated as follows:-

Total	First meeting 2021/03/22	Name	م
1	✓	Tariq Ali Abdulla Al-Tamimi	1
1	✓	Abdulla Muhanna Abul Aziz Al-Moaibed	2
1	✓	Abdullatif Azmi Abdullatif Abdul Hadi	3

A number of (2) decisions were issued by passing by the committee state the following:

- ☐ Approval of the remunerations and allowances of the Chairman and members of the Board of Directors for the year ending on December 31, 2021 AD, with a total amount of 2,100,000 Saudi riyals.
- ☐ Adopting a policy for evaluating the members of the Board of Directors.

6.2.2 The duties of the Nomination and Remuneration Committee, its terms of reference and its term of work

- Annual review of the required needs of appropriate skills for membership of the Board of Directors, preparing a description of the capabilities and qualifications required for membership of the Board of Directors, and recommending to the Board of Directors the nomination in accordance with the approved policies and standards.
- Reviewing the structure of the Board of Directors and making recommendations regarding the changes that can be made.
- Determining the strengths and weaknesses of the board of directors and proposing remedies in accordance with the company's interest.
- Setting standards to determine the independence of a member of the board of directors, ensuring his independence on an annual basis, and ensuring that there is no conflict of interest if the member is a member of the board of directors of another company.

- Preparing recommendations for the Board of Directors related to defining certain criteria for selecting people to fill the position of CEO and heads of the main departments of the company.
- Preparing an initial evaluation of the persons nominated for the position of the CEO and the heads of departments and divisions of the company and setting appropriate standards and procedures for evaluating performance.
- Organizing training programs for executives related to corporate governance and ethical behavior.
- Establishing a policy for rewards and incentives for members of the Board of Directors and executives of the company aimed at increasing the value of the company.
- Examine nomination applications for membership of the Board of Directors in accordance with the experiences, controls, conditions and standards set by the Corporate Governance Regulations, and ensure that those previously convicted of a crime involving dishonesty and breach of trust are not nominated.

The period of the committee's work is three years, starting on 6/15/2019 AD and ending with the end of the current session of the Council on 6/14/2022 AD.

During the year 2017 AD, the management worked on updating the list of the Nominations and Remuneration Committee in line with the laws and rules of the government, and the administration has completed preparing and updating this list of the Nominations and Remuneration Committee at the beginning of 2018 AD and it was presented to the shareholders of the company and they approved it at the Ordinary General Assembly meeting Which was held on 02/06/2018 AD, and the results of the meeting were published on Tadawul website on 02/07/2018.

The Nominations and Remuneration Committee, according to the updated regulations, shall be responsible for the following:

- Propose clear controls and criteria for membership in the Board of Directors and executive management.
- Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with the approved controls and standards, taking into account not to nominate any person previously convicted of a breach of trust.
- Prepare a description of the capabilities and qualifications required for membership in the Board of Directors and occupying executive management positions.
- Annual review of the necessary needs of skills or appropriate expertise for board membership and executive management functions.
- Reviewing the structure of the Board of Directors and the executive management and submitting recommendations to the Board regarding the changes that can be made.
- Determine the strengths and weaknesses of the board and propose solutions to address them in accordance with the interests of the company.

- Checking on an annual basis the independence of the members and the absence of a conflict of interest if the member is a member of the board of directors of another company.
- Establish job descriptions for executive members, non-executive members, independent members and senior executives.
- Establishing special procedures in case the position of a member of the Board of Directors or a senior executive becomes vacant.
- Preparing a clear list of remuneration for members of the Board of Directors and the committees emanating from the Board and the Executive Management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy the following standards related to performance, disclosure of them, and verification of their implementation.
- Clarify the relationship between the granted rewards and the applicable remuneration list, and indicate any fundamental deviation from this bylaw.
- Periodic review of the rewards list, and evaluation of their effectiveness in achieving the desired goals.
- Recommending to the Board of Directors the remuneration of the members of the Board of Directors and the committees emanating from it and the senior executives of the company in accordance with the approved bylaw.

7 Details of remuneration and compensation paid to board members and senior executives

The remuneration of the Board of Directors consists of the percentage stipulated in Article (4-18) of the Articles of Association and within the limits of what is stipulated in the Companies Law or any other regulations, decisions or instructions that complement it. Remuneration and compensation during the year 2020: -

Eight senior executives who received the highest remuneration and compensation, in addition to the CEO and the financial director if they were not among them	Independent / Non executives BOD members	Executives BOD members	Description
6,905,528	-	-	Salaries and compensation
-	245,000	-	Allowances for attending board meetings
-	8,000	-	Travel allowance for members of the Board of Directors
-	1,400,000	-	Periodic and annual bonuses
-	300,000	-	Periodic remuneration for committee members
-	85,000	-	Allowances for attending committee meetings
The company provides and housing for senior executives	The company provides a car to the Chairman of the Board of Directors	*200,000	Any compensation or other benefits in kind paid monthly or annually
6,905,528	2,038,000	200,000	المجموع

(The term “remuneration and compensation” means salaries, wages, allowances and the like, periodic or annual bonuses linked to performance, short or long-term incentive plans, and any other benefits in kind.)

* The Board of Directors decided, in its meeting held on January 27, 2021 AD, to assign Mr. Abdullatif Azmi Abdullatif Abdul Hadi (Authorized Member of the Board of Directors) to perform the duties of the CEO of the Chemical Industries Company on a temporary basis, and the amount paid to him was in return for performing the duties of the CEO.

8 Any penalty or precautionary restriction imposed on the company by the Authority or any other supervisory, regulatory or judicial authority.

There is no fine, penalty, precautionary measure or other reserve restriction imposed on the company by the competent authority or from any other supervisory, regulatory or judicial authority.

8- Results of the annual review of the effectiveness of the company's internal control procedures:

The annual report shows the results of the internal audit as follows:

- The internal audit work has been directed to the activities and functions of high risk and to raise the effectiveness and efficiency of the company's operations.
- The internal auditor has coordinated fully with the external auditor in a satisfactory and effective manner.
- The internal auditor does not have any reservations or restrictions to access any information, documents, records or assets of the company

All observations related to internal control are submitted by the audit committee to the board of directors, and it is not clear that there are substantial observations that can be mentioned.

Independence, powers and responsibilities:

The internal audit provides independent objective services with the aim of assisting the board of directors, the audit committee, and the executive management in carrying out their responsibilities with a high degree of efficiency and effectiveness. The internal audit is not subject to any influence by the executive management, and it has full powers for unrestricted full access to any records (manual or electronic), properties and employees of the company, according to what is required to perform its work.

Internal audit responsibilities:

- Preparing the strategic plan for the work of the internal audit.
- Executing inspections according to the annual plan.
- Submit reports on examination results.
- Identifying financial and operational risks, and cooperating with management to provide effective control tools at an appropriate cost to limit the effects of these risks and discover them as soon as they arise.
- Coordination between the various departments in the companies and the external supervisory bodies, including the external auditor.
- Developing the audit implementation policies and procedures to be consistent with best professional practices.

Scope of work:

The internal audit adopted, when carrying out its work, a systematic approach to evaluate and improve the effectiveness of internal control in order to achieve the goals of the company and protect its assets. To achieve the company's objectives, the scope of the internal audit has included:

- Periodic checking and examination.

- Informing officials of the results of the examination carried out by the internal audit in order to verify that the necessary measures have been taken to address the identified weaknesses.
- Evaluating the plans and procedures presented by officials in the various departments of external relationship to deal with the observations and recommendations included in the audit report, and in the event that the measures that have been taken are not sufficient, the matter has been discussed with the officials to ensure the efficiency and adequacy of the measures taken.

29-Shareholders' rights and general assemblies:

The Basic Chemical Industries Company (BCI) represented on its board of directors is very keen to know the valued shareholders of their rights guaranteed by the company's articles of association, internal bylaws and corporate governance regulations, which were approved by the General Assembly on 05/01/2012 AD, in order to The importance of the shareholders' role in monitoring and following up the company's business and participation in order for the company to prosper and develop as a leading company in the world of the chemical industry, which includes all the rights related to the share, and in particular the right to obtain a share of the profits that are decided to be distributed ,

The right to obtain a share of the company assets upon liquidation, the right to attend shareholders 'assemblies, participate in their deliberations and vote on their decisions, the right to dispose of shares, the right to monitor the business of the board of directors and file a liability lawsuit against the members of the board, and the right to inquire and request information in a manner that does not harm the interests of The company does not conflict with the financial market system and the executive regulations, according to the following articles of the company's articles of association:

1- The right to receive a share of the profits to be distributed:

Article number	Discription
Article No. (42) of the Articles of Association	The net profits of the company are distributed as follows....:

	6-) The remainder is then distributed to the shareholders as an additional share in the profits.
Article No. (43) of the Articles of Association	The shareholder is entitled to a share in the profits in accordance with the decision of the General Assembly issued in this regard, and the decision specifies the date of entitlement and the date of distribution, and the eligibility of the profits shall be for the owners of the shares registered in the shareholders' records at the end of the day specified for entitlement.
Article 4/2 of the Corporate Governance Law	The Board of Directors protects and facilitates shareholders' exercise of their basic rights, which include: 6) Sharing the company's profits.
Article 1/5 of the Corporate Governance Law	General rights of the shareholders: Shareholders are guaranteed all rights related to their shares, in particular: 1) The right to share distributable profits
Article 3/5 of the Corporate Governance Law	Shareholders' equity in profits: The Board of Directors shall set a clear policy related to dividend distributions in a manner that achieves the interests of the shareholders and the company. Shareholders must be informed of this policy during the General Assembly and referred to in the report of the Board of Directors. The General Assembly will approve the dividends and the date of their distribution, whether in cash or additional shares, which will be given to the shareholders - as their right - whose names appear in the Securities Depository Center as stated at the end of the trading session on the day that the General Assembly was held.
Article 110 of the Companies Law 2015	Shares set equal rights and obligations and prove to the shareholder all the rights related to the share, and in particular he has the right to obtain a share of the net profits to be distributed.....

2- The right to obtain a share of the company's assets upon liquidation

Article number	Discription
Article No. (47) of the Articles of Association	"As soon as the company expires, the company enters the role of liquidation and retains the legal personality to the extent necessary for liquidation. The voluntary liquidation decision is issued by the extraordinary general assembly. The liquidation decision must include the appointment of the liquidator, specifying his powers, his fees, the restrictions imposed on his powers and the time required for liquidation. The period of voluntary liquidation must not exceed five years. It may be extended to more than that except by a court order and the authority of the company's board of directors ends with its dissolution. Nevertheless, these remain in charge of managing the company and are prepared with regard to the change in the liquidators 'judgment until the liquidator is appointed. Shareholders' associations remain in place during the liquidation period and their role is limited to exercising their jurisdiction that does not conflict with the terms of reference. Liquidator. "
Article 1/5 of the Corporate Governance Law	Shareholders are guaranteed all rights related to their shares, in particular: 2) The right to share the company's assets upon liquidation

3- The right to attend general assemblies, participate in its deliberations, and vote on its decisions

Article number	Discription
Article No. (23) of the Articles of Association	"Every shareholder, regardless of the number of his shares, has the right to attend the general assembly of

	shareholders, and he has the right to delegate on him another person other than members of the board of directors or company employees to attend the general assembly."
Article No. (30) of the Articles of Association	Every shareholder has a vote for every share in the general assemblies, and the cumulative vote is used in the election of the Board of Directors, so that the right to vote for the share may not be used more than once. Also, members of the Board of Directors may not participate in voting on the Assembly's decisions related to absolving them of responsibility for managing The company or that is related to a direct or indirect interest to them. "
Article 1/5 of the Corporate Governance Law	Shareholders are guaranteed all rights related to their shares, in particular: 2) The right to attend general assemblies, especially the right to debate and vote - in person or by proxy - on decisions that concern them. 3) Every shareholder has the right to attend the general assemblies of the shareholders even if the company statute stipulates otherwise..... Every shareholder has the right
Article 96 of the Companies Law 2015	Every shareholder has the right to discuss the topics on the assembly's agenda and direct questions about them to the members of the board of directors and the auditor.

4- The right to dispose of shares

Article number	Discription
Article No. (12) of the Articles of Association	The company's shares trade in accordance with the provisions of the Capital Market Law.

Article 1/5 of the Corporate Governance Law	General rights of the shareholders: Shareholders are guaranteed all rights related to their shares, in particular: 4) The right to dispose of shares by selling, assigning, or transferring ownership.
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5- The right to monitor the activities of the board of directors and file a liability lawsuit against the members of the board

Article number	Discription
Article No. (46) of the Articles of Association	"Every shareholder has the right to file a liability lawsuit for the company against the members of the board of directors if the mistake made by them would cause a special harm to him. The shareholders may not file the aforementioned lawsuit unless the company's right to file it is still valid. The shareholder must inform the company of his intention to file a filing. The lawsuit. "
Article 1/5 of the Corporate Governance Law	General rights of the shareholders: Shareholders are guaranteed all rights related to their shares, in particular: 5) The right to supervise the activities of the members of the Board of Directors, and to file liability claims against them.
Article 80 of the Companies Law 2015	Every shareholder has the right to file a lawsuit for the liability established for the company against the members of the Board of Directors

6- The right to inquire and request information in a manner that does not harm the interests of the company and does not oppose the financial market system and its implementing regulations

Article number	Discription
Article No. (32) of the Articles of Association	"Every shareholder has the right to discuss the topics on the assembly's agenda and to direct questions about them to the

	members of the board of directors and the auditor. Every text depriving the shareholder of this right is void, and the board of directors or the auditor answers the shareholders' questions to the extent that does not expose the interest of the company to harm
Article 1/5 of the Corporate Governance Law	General rights of the shareholders: Shareholders are guaranteed all rights related to their shares, in particular: 6) The right - upon request and on a regular basis - to obtain inquiries about and access to essential information and information about the company that are relevant to them without prejudice to the interests of the company, and in a manner that does not conflict with the Capital Market Law and its implementing regulations.

7- Facilitating shareholders' exercise of their rights and access to information
7.1 The company's articles of association and its internal regulations specify the procedures and precautions necessary to be taken so that the shareholders can exercise all their legal rights.

Article number	Discription
Clause (5/3) of the approved corporate governance law	The company must take all the necessary legal procedures and precautions for the shareholders to exercise all their legitimate rights, and all information that enables shareholders to properly exercise their rights shall be made available to them, and the information available in this way must be comprehensive and accurate, and it must be available and updated within the specified times. By using the most effective means of communicating with shareholders in a decent and respectful manner.

7.2 The company is keen to provide all information on a regular basis in accordance with the standards of disclosure through annual reports, Tadawul website, visual and readable media (local newspapers) in a comprehensive and accurate manner and publish the financial statements on the company's website.

7.3 The company is keen to provide information to the shareholders without discrimination among them, and for that, the company has created a special department "Shareholders Affairs Department" that aims to respond to all shareholders' inquiries and provide them with information that does not harm the interests of the company and does not conflict with the financial market system and the executive regulations.

8- The extraordinary general assemblies held in 2021 AD and the reasons for their convening

No extraordinary shareholders' assemblies were held during the year 2021.

9- Ordinary general assemblies held in 2021 AD and the reasons for their holding

An Ordinary General Assembly was held on 05/16/1442 AH corresponding to 04/28/2021 AD At the company's main headquarters (in Dammam) by means of modern technology, and the results were as follows:

- Approval of the company's auditor's report for the fiscal year ending on December 31, 2020 AD.
- Approval of the Company's external auditor's report for the fiscal year ending on 31/12/2020.
- Approval of the Board of Directors' report for the fiscal year ending on 31/12/2020.
- Approval of the financial statements for the fiscal year ending on 31/12/2020.
- Approval of the appointment of RSM as an auditor for the company from among the candidates nominated by the Audit Committee, in order to examine, review and audit the financial statements for the second, third and annual quarters of the fiscal year 2021 AD and the first quarter of the fiscal year 2022 AD and determine their fees.
- Approval of authorizing the Board's General Assembly to not distribute dividends to shareholders for the fiscal year 2020.
- Approval of the works and contracts concluded between the company and Alaa Azmy Abdel-Hadi Company and Khalifa Abdullah Al-Hawas for Engineering Consultancy, in which Board member Abdul-Latif Azmi Abdul-Latif Abdul-Hadi has an indirect interest, without preferential terms, which are advisory services for the company's projects in the amount of 4,906,223 Saudi riyals There is no balance for transactions for the year 2021.
- Agreeing to absolve the members of the board of directors from liability for the fiscal year ending on 31/12/2020 AD.
- Approval of the disbursement of a total amount of (2,100,000) Saudi riyals to remunerate the members of the Board of Directors for the fiscal year ending on December 31, 2020 AD.

30-Contingent liabilities and obligations on the annual financial statements included in the external auditor's report for the year ended 12/31/2021.

- 1- The Group has contingent liabilities for bank guarantees issued to the Group in the normal course of business, amounting to SR 8.2 million as on December 31, 2021, against 8.8 million riyals for the year 2020.
- 2- Capital expenditures contracted by the Group but not incurred until December 31, 2021, amounted to approximately 108.5 million Saudi riyals, compared to 249.0 million riyals for the year 2020.

Potential Zakat liabilities: The group received additional zakat assessments from the Authority the amount of 12.9 million Saudi riyals for the years 2011 AD until 2015 AD the group had objected to these additional assessments with the various objecting bodies, and before the end of the year, the authority issued an amended assessment in which the additional assessments were reduced to an amount of 3.2 million Saudi riyals. The administration considers that there is no additional zakat that may be generated upon completion of the objections.

- 3- During the year ending on December 31, 2020, the General Authority of Zakat and Income issued an assessment for one of the subsidiaries for the years from 2015 to 2018, and the assessment resulted in an additional zakat amounting to 11.1 million Saudi riyals. December 31, 2021 AD. The management's opinion is that no additional zakat obligations will arise upon completion of the appeal.

During the year ending on December 31, 2021 AD, the General Authority for Zakat and Income issued a link to one of the subsidiary companies for the years from 2016 AD to 2017 AD. The assessment resulted in additional zakat in the amount of 2.1 million Saudi riyals. The company submitted an objection to the authority asking it to issue a modified link based on the company's payments in this objection and to correct the material errors. The company's management strongly believes that no additional zakat obligation will arise upon completion of the objection.

The Authority issued zakat and tax assessments relating to subsidiaries for some years, which were approved by the subsidiaries. That the zakat and tax assessments for some years are currently under review by the Authority. All subsidiaries received zakat and tax certificates for the years until 2020.

The management believes that all of what was stated in the external auditor's report regarding potential liabilities and obligations are potential liabilities and may not occur. They represent bank guarantees in the normal course of the company's business, and that the capital expenditures contracted by the group are not material and in the context of the company's operational work.

31-Recommendation of the Board of Directors to replace the external auditors:

The Board of Directors did not recommend replacing the external auditor before the expiry of the period for which he was appointed

32-Confirmations:

1. The company confirms that it did not receive from the Company's external auditor a request to convene the general assembly during the year ending 12/31/2021 AD, and it has not been held.
2. The company confirms that it has not received from shareholders who own 5% of the capital or more, a request to convene the general assembly during the fiscal year ending 12/31/2021, and it has not been held.
3. The company announced the date, place and agenda of the two ordinary general assemblies (the first announcement) on the Tadawul website. The first meeting was on 07/04/2021 and twenty-one days before the date. The results of the meeting were published on the Tadawul website on 29/04/2020.
4. Shareholders are informed of the rules governing general assembly meetings and voting procedures by announcing the invitation to the assembly and in the local newspapers, and by distributing written procedures that are distributed before the meeting, and shareholders have the opportunity to actively participate and vote in the general assembly meetings.
5. Work has been done to facilitate the participation of the largest number of shareholders in the general assembly meeting, including choosing the location of the first meeting at the company's main headquarters in the first industrial city in Dammam, and the appropriate time, as the ordinary general assembly meetings were held at nine thirty in the evening.
6. The company confirms that the shareholders who own 5% or more of the company's shares did not ask to add one or more subjects to the agenda of the general assembly when preparing it.
7. The company confirms that it enables the shareholders to exercise their right to discuss the topics on the agenda of the general assembly and to ask questions to the members of the board of directors and to the chartered accountant, and the chairman of the association announces the opening of discussion during the session for the shareholders and directs questions to the members of the board or the chartered accountant and confirms during the session that it is the shareholder's right if He saw that the answer to an unconvincing question is to refer to the general assembly and its decision is enforceable, and no one of the shareholders asked any questions to the members of the board or the chartered accountant, and this was proven in the minutes of the assembly.
8. The company confirms that it is keen that all issues presented to the general assembly are accompanied by sufficient information that enables the shareholder to make a decision.
9. The company works to enable shareholders to view the meeting minutes readily during the session and distribute the meeting minutes at the company's headquarters. The financial market is informed of the results of the meeting as soon as the meeting ends. The Capital market Authority was informed of the results of the general assembly upon its completion and copy of the minutes was sent by e-mail on April 7, 2021. The Capital Market Authority has been informed of the Ordinary General Assembly as soon as the meeting ends on the Tadawal

website on April 29,2021 at at 8:53 am and before the market opened. The results of the assembly were also published on the company's website.

10. The company confirms that there are no obstacles to the shareholder's exercise of the right to vote, and the company seeks to facilitate that.
11. The company used the cumulative voting method to elect the current members of the board.
12. The company is obligated to verify that the shareholders 'authorizations to attend the general assembly meeting (which must be in writing) were for shareholders who are not members of the board of directors and non-employees of the company, in addition to the supervision of the representative of the Ministry of Trade and Industry in charge of attending the meeting and the process of screening the agencies.

33-Conclusion:

Finally, the Board of Directors thanks you for the precious confidence that you have placed in it, which it appreciates and cherishes and it is directed to God Almighty, the Almighty, with sincere supplication to preserve for this country the leader of its march and the symbol of its renaissance, the Custodian of the Two Holy Mosques King Salman bin Abdulaziz, and his trustworthy Crown Prince His Royal Highness Prince Muhammad bin Salman bin Abdulaziz, and to guide them and our rational government to what is good for this country and its citizens.

The Board of Directors also extends its thanks to all the employees of the company for their hard work and sincerity in order to maintain the company's continued progress and prosperity.

Chairman
Abdulla Muhanna Abul Aziz Al-Moaibed