



2023

BOARD OF DIRECTOR'S REPORT

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1. AT A GLANCE

A. CORE VALUES

Vision

“Best-in-Class Integrated Refining and Petrochemical Company, Operating in a Sustainable Manner”

Petro Rabigh is one of the world's largest integrated refining and petrochemical complexes. The company houses one of the world's largest high olefins fluid catalytic cracker (HOFCC) units and a world-scale ethane cracker. We are one of the Kingdom's largest producers of polypropylene, polyethylene and mono ethylene glycol and are the first producer of propylene oxide in the Middle East. Our products have markets throughout Europe, the Middle East, North Africa and East Asia.

We believe in our Vision. It inspires us to strive for excellence to be best-in-class and make a positive and sustainable impact on the world. That is who we are!

Mission

Our mission gives us a sense of purpose. It is a guiding principle that motivates us to be at our best and work together towards one goal.

We are here to:

Maximize shareholder value, utilizing our integrated resources in a world-class manner.

We believe that we are all shareholders; investors and employees, and we have a collective obligation to maximize return on investment for all of us together.

To achieve this goal, we have to maintain a reliable, sustainable level of productivity and optimum performance to drive growth and profitability.

Not only must our facilities and equipment be world-class, our people must be world-class too.

Petro Rabigh's engineers, operators, technicians, specialists, and administrators, are among the most capable in the industry.

All of this empowers our company with the tools of world leadership, and we will continue to strive and pursue our continuous mission in the future.

Values

Our corporate values form the guiding principles by which Petro Rabigh and its employees conduct their daily business dealings and relationships. These values are the elements which constitute our character and identity as a company.

Integrity

In Petro Rabigh, when we make a commitment, we keep it. We are fair and ethical. Our conduct in business is beyond reproach, and we stand up against misconduct.

Excellence

We benchmark, innovate, challenge ourselves and continually improve.

Discipline

It means that our business activities are characterized by focus and discipline, and we organize and focus our people and resources for maximum efficiency and effectiveness.

Teamwork

We work together, solve problems together, and get results in a collaborative manner to succeed together and celebrate together, and become best-in-class.

Accountability

We take our work with high professionalism. We take full responsibility for everything we do and the outcomes.

Citizenship

We act with full social responsibility, fueling economic growth for our communities, and creating trustful and lasting relations with our partners, for our precious Kingdom.

B. MAIN SCOPE

Company's Activities:

Petro Rabigh has two main activities, Refining and Petrochemicals Production. The two activities are fully integrated to maximize profit and minimize cost by recovering and converting low value products into higher margin products.

Refining

The Company has a capacity to process up to 400,000 barrels per day of Arabian light crude oil and produce 115 million barrels of gasoline, naphtha, jet fuel, diesel and fuel oil annually.

Petrochemicals

The Company has a capacity to produce up to 2.8 million tons annually of polyethylene, mono ethylene glycol, polypropylene and propylene oxide & other petrochemical derivatives, from crude oil, ethane and butane feedstock supplied by Saudi Aramco and 1.9 million tons of Paraxylene, Benzene, Phenol, Acetone by upgrading Naphtha produced from crude.

The following table includes the two activities contribution to Petro Rabigh business during the year 2023:

Activity	2023 Sales (SAR Thousands)	Contribution to Sales (%)
Refining	32,253,586	72%
Petrochemicals	12,350,407	28%
Total	44,603,993	100%

Rabigh PlusTech Park

Moreover, the Company's activities include owning, developing, and operating industrial complexes for conversion industries. In that respect, the Company has completed the Rabigh PlusTech Park (RPTP) handover from Saudi Aramco and Rabigh Conversion Industry Management Services Company in October

2021. Petro Rabigh has updated its bylaws to cover the activities of operating, maintaining, and leasing plots in RPTP.

Rabigh PlusTech Park is committed to building a sustainable future for all. As the leading private industrial park in Saudi Arabia, RPTP provides world-class support services, including power supply, water, telecommunication lines, logistic partners, competitive utility cost, plug & play infrastructure, facility management, and high-security zone. We strive to provide substantial investment opportunities to local and foreign investors in conversion and petrochemical-related industries. Our goal is to create a platform for broad downstream and petrochemical related industries in Saudi Arabia, boosting the local economy with various industries and services, creating job opportunities, and attracting local and foreign investments for high-value-added and export industries which serve the Saudi VISION 2030. Rabigh PlusTech Park joins hands with all who support promising sectors and foster their success so that they become new pillars of the Saudi economy.

Major Highlights

- Total RPTP Land Utilization achieved is 53%
- Total number of active tenants is 16
- During 2023, Three (3) new tenants signed land lease agreement:
 - Green Community for PET Bottles Recycling
 - Pure Life for Ceramics Filters Manufacturing
 - Saudi Top for Polymer Recycling
- Petro Rabigh will continue its best efforts to promote and attract new tenants that are strategically fit with Petro Rabigh and in line with Saudi Vision 2030.

2. BUSINESS PERFORMANCE

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

Statement of Profit or loss:

	In SAR Thousands				
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Sales	44,603,993	55,952,481	45,638,066	21,870,198	34,061,975
Refined Products	32,253,586	40,576,066	27,925,978	13,213,695	25,876,797
Petrochemical Products	12,350,407	15,376,415	17,712,088	8,656,503	8,185,178
Cost of sales	(45,182,492)	(54,268,748)	(40,881,573)	(22,772,807)	(32,344,064)
Gross profit (loss)	(578,499)	1,683,733	4,756,493	(902,609)	1,717,911
Selling, General and Administrative Expenses	(2,116,967)	(1,772,669)	(1,716,064)	(1,588,839)	(1,366,724)
Other (expense) income - net	(1,997,267)	(1,025,945)	(1,003,768)	(1,289,680)	(895,338)
Net profit (loss) after Zakat and tax	(4,692,733)	(1,114,881)	2,036,661	(3,781,128)	(544,151)

Statement of Comprehensive Income:

	In SAR Thousands				
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Net (loss) profit after Zakat and tax	(4,692,733)	(1,114,881)	2,036,661	(3,781,128)	(544,151)
Remeasurement (loss) gain on defined benefit plan	(12,345)	154,406	43,122	(61,619)	(69,187)
Tax effect	926	(11,580)	(3,234)	4,621	10,378
Items that will not be reclassified to statement of profit or loss in subsequent periods	(11,419)	142,826	39,888	(56,998)	(58,809)
Total comprehensive (loss) income for the year	(4,704,152)	(972,055)	2,076,549	(3,838,126)	(602,960)

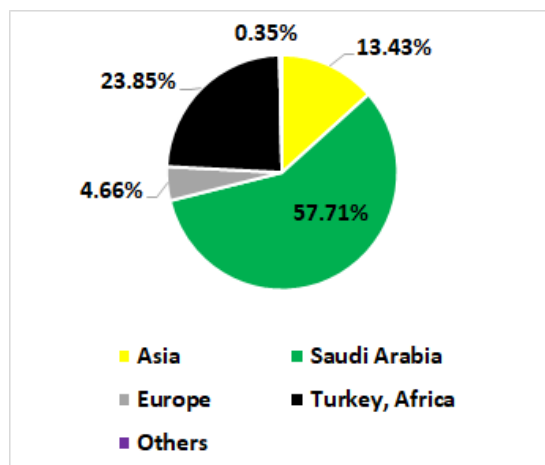
Statement of Financial Position:

	In SAR Thousands				
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Current assets	11,938,963	12,260,809	17,895,462	9,506,504	11,520,263
Non-current assets	51,263,916	53,317,923	55,466,561	61,187,505	62,509,385
Total assets	63,202,879	65,578,732	73,362,023	70,694,009	74,029,648
Current liabilities	22,756,224	26,931,280	33,801,080	20,185,156	27,946,114
Non-current liabilities	29,895,974	23,392,591	31,255,032	44,305,370	36,042,127
Equity	10,550,681	15,254,861	8,305,911	6,203,483	10,041,407
Total equity and liabilities	63,202,879	65,578,732	73,362,023	70,694,009	74,029,648

2. Geographical analysis of the Company's revenues

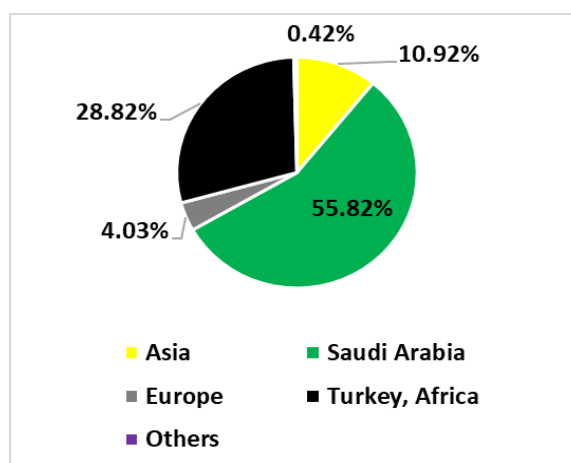
Sales

Refined Products		
Destinations	Volume (BBL)	%
Asia	12,767,356	13.43%
Saudi Arabia	54,844,146	57.71%
Europe	4,430,521	4.66%
Turkey, Africa	22,660,840	23.85%
Others	328,657	0.35%
Total	95,031,520	100%



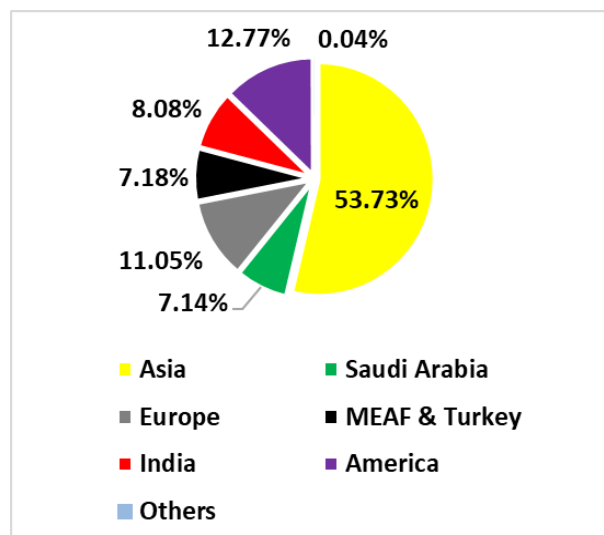
Gross Revenues

Refined Products		
Destinations	Sales (SAR)	%
Asia	3,521,245,313	10.92%
Saudi Arabia	18,002,477,199	55.82%
Europe	1,300,578,492	4.03%
Turkey, Africa	9,294,694,028	28.82%
Others	134,590,950	0.42%
Total	32,253,585,982	100%



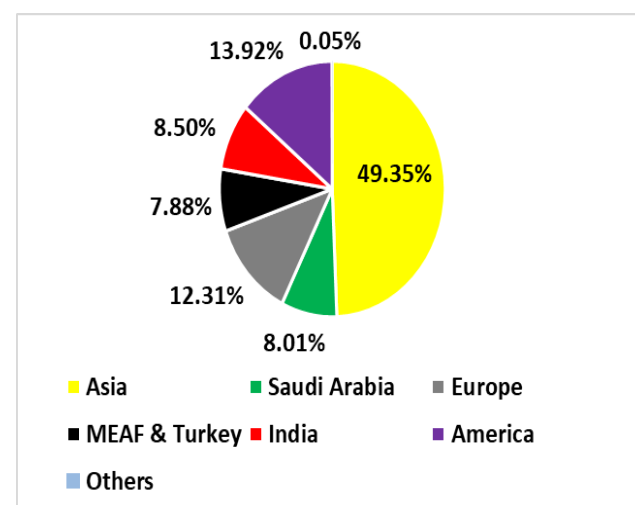
Sales

Petrochemical		
Destinations	Volume (MT)	%
Asia	1,935,945	53.73%
Saudi Arabia	257,428	7.14%
Europe	398,262	11.05%
MEAF & Turkey	258,618	7.18%
India	291,245	8.08%
America	460,235	12.77%
Others	1,516	0.04%
Total	3,603,248	100%



Gross Revenues

Petrochemical		
Destinations	Sales (SAR)	%
Asia	6,095,027,630	49.35%
Saudi Arabia	988,679,022	8.01%
Europe	1,519,804,708	12.31%
MEAF & Turkey	972,759,044	7.88%
India	1,049,666,920	8.50%
America	1,718,637,319	13.92%
Others	5,832,768	0.05%
Total	12,350,407,413	100%



3. Material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Company

The following is a brief description of the 2023 financial outcome in comparison to the previous year.

- Net loss after Zakat and Tax for the year ended December 31, 2023 is SAR 4,693 million (December 31, 2022: net loss SAR 1,115 million).
- Loss per share for the year ended December 31, 2023 is SAR 2.81 per share (December 31, 2022: loss per share SAR 0.79).

- The gross loss for the year ended December 31, 2023 is SAR 578 million (December 31, 2022: gross profit SAR 1,684 million).

The reason of the increase in net loss for the current year compared to last year was primarily due to the following reasons:

- The challenging market conditions adversely affecting the margins for both refined and petrochemical products;
- The significant increase in the financing costs because of rising interest rates;
- The unplanned shutdown of the Ethane cracker unit starting from March 1, 2023, to March 20, 2023, or necessary maintenance activities to enhance the plant's reliability and the unplanned shut down of the High Olefins Fluid Catalytic Cracker (HOFCC) unit for necessary repairs & maintenance during December 2023; and
- A one-off provision of Saudi Riyals 365.7 million relating to a claim raised by a third-party against the Company.

The Company's accumulated losses as of December 31, 2023, amounted to Saudi Riyals 6,406 million representing 38.34% of the Company's share capital of Saudi Riyals 16,710 million. The main causes of these losses are stated above in response to "the reason of the increase (decrease) in the net profit during the current year compared to the last year".

The Directors have taken following actions to address Company's accumulated losses situation:

- Evaluated the Company's funding position and liquidity to assess the Company's ability to meet its obligations as they fall due and had reviewed and approved the Company's Business Plan for the years 2024, 2025 and 2026 including cash flows and forecasts.
- Reviewed potential founding shareholders support through payment term adjustments and crude slate changes, which is expected to improve the Company's cash flows position and products margin.
- Reviewed the economics and cashflow projections of two mega projects - Debottlenecking Project (DBN) and Diesel Hydrotreater Project (DHT) and assessed its impact on the Company's profitability and cashflows, which is expected to favorably impact the Company's profitability in the medium and long-term period.
- Evaluated the Transformation Program where several value-added initiatives were introduced to improve the profitability of the Company. The Transformation Program was started in 2021, whereby the Company has implemented 185 initiatives with the objective of reducing the Company's operational cost and increase revenue. The Transformation Program is now entering its fourth year and the Directors have also reviewed 40 new initiatives intended to further reduce the operating losses during the year ending 2024 in addition to the recurring value of the 185 initiatives previously implemented.

4. Compliance with the standards approved by the Saudi Organization for Certified Public Accountant (SOCPA)

The financial statements of the Company have been prepared in compliance with International Financial Reporting Standards (IFRS) as well as other standards and pronouncements as endorsed by SOCPA. There is no inconsistency with the standards approved by SOCPA.

5. Name of each Affiliate Company, its capital, the Company's ownership percentage, the main scope of business, country of operation and country of incorporation

N/A

6. Shares and debt instruments issued for each Affiliate Company

N/A

7. Loans (payable upon request or not), a statement of the total indebtedness of the Company, any amounts paid by the Company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount

A) Loans and facilities from banks, financial institutions, founding shareholders and their affiliates

- i. During the year 2015, the Company entered into Consortium Loan Agreements with commercial banks and financial institutions for Phase II Expansion Project. The following table shows loans from commercial banks and financial institutions relating to the Expansion Project (Phase II Project).
- ii. The Company also entered into the following agreements in 2020:
 - Revolving corporate facilities with Saudi Aramco and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical, based on prevailing market rates. The facilities available under each of these agreements amount to SAR 2,812.5 million (collectively SAR 5,625 million). These facilities are secured by promissory notes issued by the Company in favor of each lender.
 - Corporate facility agreement with Saudi Aramco. The facility available under this agreement amounts to SAR 1,875 million and is unutilized as at December 31, 2023. The facility bears financial charges based on prevailing market rates. The facility is secured by promissory note issued by the Company in favor of Saudi Aramco to the extent of drawdown made.

The Loans and facilities from banks, financial institutions, founding shareholders and their affiliates is tabulated below:

Lender	In SAR Thousands					
	Loan Availed up to December 31, 2023	Loan Tenor (Years)	Balance on December 31, 2022	Additions / Restructuring during 2023	Repayments / Restructuring during 2023	Balance December 31, 2023
Japan Bank For International Cooperation	7,492,500	12.5 - 13	5,182,502	-	(536,096)	4,646,406
Commercial Banks	3,506,250	12.5 - 13	1,683,873	-	(174,186)	1,509,687
Public Investment Fund	4,875,000	12.5 - 13	3,372,037	-	(349,050)	3,022,987
Islamic Financial Institutions	3,506,250	12.5 - 13	444,792	-	(46,011)	398,781
Sumitomo Mitsui Banking Corporation - Equity Bridge Loans	8,250,000	7	9,309,514	-	(3,027,946)	6,281,568
Aramco Overseas Company - Equity Bridge Loans	3,000,000	7	-	3,000,000	(13,288)	2,986,712
Saudi Aramco - Revolving Corporate facility	1,762,500	3	1,087,500	675,000	-	1,762,500
Sumika Finance Company - Revolving Corporate facility	1,762,500	3	1,087,500	675,000	-	1,762,500
Accrued Interest on loans	-	-	49,495	1,484,113	(1,486,951)	46,657
Total	34,155,000	-	22,217,213	5,834,113	(5,633,528)	22,417,798

B) Loan from Saudi Industrial Development Fund (SIDF)

During the year ended December 31, 2019, the Company entered into a loan agreement with SIDF to replace a portion of the loans for Phase II Expansion Project. The facility available under this loan agreement amounts to SAR 3,600 million and is fully utilized as at December 31, 2023. The loan is repayable in unequal semi-annual instalments commencing from Rabi Aakhir 1443H corresponding to November 2021 to Shawwal 1453H corresponding to January 2032. Upfront fee amounting to SAR 288 million was deducted at the time of receipt of the loan and is amortized over the loan term. The loan also bears a follow up fee to be paid on semi-annual basis. The loan has certain covenants, which among other things requires certain financial ratios to be maintained. The loan facility is secured by a mortgage on the property, plant and equipment of the Company amounting to SAR 7,200 million.

C) Other Facilities

- The Company has working capital facilities of Saudi Riyals 3,375 million with local commercial banks on prevailing market rates. During the year ended December 31, 2023, drawdowns and repayments amounting to Saudi Riyals 31,150 million and Saudi Riyals 28,535 million, respectively have been made by the Company with a closing balance of Saudi Riyals 3,262 million as at December 31, 2023.
- The Company has a credit facility of Saudi Riyals 375 million with a local commercial bank on prevailing market rates. As at December 31, 2023, the facility has been unutilized.

8. Convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year, as well as stating any compensation obtained by the company in this regard

N/A

9. Conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company

N/A

10. Redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding

N/A

11. Transactions between the Company and any Related Party

Agreement Nature, Condition and Duration (Amounts in SAR'000)	
1) Purchase of Goods (Amount: 39,289,907)	
(a) Crude Oil Feedstock Supply Agreement (COSA) with Saudi Aramco for the supply of crude oil feedstock requirements in respect of the Complex, up to a maximum supply of 400,000 bpd. Duration: 30 years commencing from October 1, 2008.	
(b) Ethane Feedstock Supply Agreements with Saudi Aramco for the supply of ethane feedstock requirements in respect of the Complex, up to a maximum supply of 125 million standard cubic feet per day (MMSCFD). Duration: 20 years commencing from respective effective dates stated in the Agreements.	
(c) Butane Feedstock Supply Agreement with Saudi Aramco for the supply of butane feedstock requirements in respect of the Complex, up to a maximum supply of 12,000 barrels per day (bpd). Duration: 20 years commencing from December 1, 2008.	
(d) Petroleum Product Sales Agreement with Saudi Aramco for the supply of fuel oil up to a maximum of 32 MBD monthly which the Company would, in turn, supply to Rabigh Arabian Water and Electricity Company (RAWEC) for use as fuel for the provision of certain utilities to the Company. Duration: 25 years commencing from June 1, 2008.	

(e) **Fuel Oil Supply Agreement** with Saudi Aramco for the supply of fuel oil up to a maximum of 20 MBD monthly, which the Company would, in turn, supply, to RAWEC for use as fuel for the provision of certain utilities to the Company. **Duration:** 25 years commencing from February 15, 2018.

(f) **Allocated Sales Gas Supply agreement** with Saudi Aramco for the supply of Sales Gas up to a maximum of 50 MMSCF per day. **Duration:** 20 years commencing from July 1, 2020.

(g) The Company also has various other agreements for materials, goods and services with Saudi Aramco and its affiliated Companies. **Duration:** Annual Charge.

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

2) **Purchase of Goods (Amount: 69,117)**

The Company has various agreements for materials, goods and services with Sumitomo Chemical Company and its affiliated Companies. **Duration:** Annual Charge

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:

Noriaki Takeshita / Noriaki Oku / Seiji Takeuchi

3) **Sale of Refined Products & Petrochemical Products (Amount: 38,055,923)**

(a) **Phase I Refined Products Offtake Agreement (RPOA)** with Saudi Aramco as a “Buyer” of certain refined products listed therein. **Duration:** 5 years commencing from May 1, 2019, and further extendable for another 5 year period.

(b) **Sulphur and Refined Products Lifting and Marketing Agreement (SRPLMA)** with Saudi Aramco as a global “marketer” of certain refined products listed therein. **Duration:** 5 years commencing from May 1, 2019, and is further extendable for an additional 5 year period.

(c) **Liquefied Petroleum Gas and Light Naphtha Lifting and Marketing Agreement** with Saudi Aramco as global “Marketer” of liquefied petroleum gas and light naphtha. **Duration:** 10 years commencing from November 30, 2018 and further extendable for an additional 5 year period (also see d below).

(d) **Phase II Light Naphtha Offtake Agreement** with Saudi Aramco as “Buyer” of Light Naphtha produced by the Complex effective from September 1, 2021. **Duration:** Valid up to November 30, 2028, and further extendable for an additional 5 year period.

(e) **Phase I Petrochemical Products Marketing Agreement (PPMA)** with Saudi Aramco as global “Marketer” of Phase I petrochemical products. Pursuant to an Assignment and Assumption Agreement dated March 28, 2017, Saudi Aramco assigned its rights and

obligations under its respective PPMAs to its affiliate, Aramco Trading Company (ATC). Further, pursuant to Assignment and Assumption Agreements dated February 11, 2020, ATC assigned its rights and obligations under: (i) the Propylene Oxide PPMA, to Aramco Trading Singapore PTE. Ltd (ATS) and (ii) remaining respective PPMAs, to Aramco Chemicals Company (ACC). During the year ended December 31, 2021, both ATS and ACC transferred their rights and obligations under their respective PPMAs to Saudi Basic Industries Corporation (SABIC) pursuant to Transfer Agreements effective from October 5, 2021. **Duration:** 10 years commencing from April 1, 2014, and further extendable for another two consecutive 5 year periods.

(f) Phase II Petrochemical Products Marketing Agreements with Saudi Aramco as global “Marketer” of Phase II petrochemical products. Pursuant to Assignment and Assumption Agreements dated February 11, 2020, Saudi Aramco assigned its rights and obligations under its PPMAs to its affiliates; Aramco Chemicals Company (ACC) and Aramco Trading Singapore PTE Ltd. (ATS). During the year ended December 31, 2021, ACC transferred its rights and obligations under its PPMAs to Saudi Basic Industries Corporation (SABIC), Aramco Trading Company (ATC) and Arlanxeo Netherlands B.V and ATS transferred its rights and obligations under its respective PPMAs to Saudi Basic Industries Corporation (SABIC) pursuant to Transfer Agreements effective from October 5, 2021. **Duration:** 10 years commencing from the accumulated production date and further extendable for another 5 years.

(g) Domestic Distribution Agreement (DDA) with Aramco Trading Company (ATC) as local “Distributor” of certain petrochemical products for onward sale and distribution within the Kingdom. Pursuant to an Assignment and Assumption Agreement dated February 11, 2020 ATC transferred its rights and obligations under the DDA to ACC. During the year ended December 31, 2021, ACC transferred its rights and obligations under the DDA to SABIC pursuant to a Transfer Agreement effective from October 5, 2021. **Duration:** The supply and distribution obligations of each party with respect to a given product will terminate upon the expiration or termination of the global product lifting and marketing agreement corresponding to the same product.

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

ATC, ATS, SABIC and ARLANXEO are Saudi Aramco affiliates.

4) Sale of Petrochemical Products (Amount: 5,074,367)

(a) Phase I Petrochemical products marketing agreement (PPMA) with Sumitomo Chemical Asia PTE Limited (affiliate of Sumitomo Chemicals Company) as global “Marketer” of Phase I petrochemical products. **Duration:** 10 years commencing from April 1, 2014, and further extendable for another two consecutive 5 year periods.

(b) Phase II Petrochemical products marketing agreements with Sumitomo Chemical Asia PTE Limited (affiliate of Sumitomo Chemicals Company) as global “Marketer” of Phase II petrochemical products. **Duration:** 10 years commencing from the accumulated production date and further extendable for another 5 years.

(c) **Liquefied Petroleum Gas and Light Naphtha lifting and marketing agreement** with Sumitomo Chemical Company as global “Marketer” of liquefied petroleum gas and light naphtha. **Duration:** 10 years commencing from November 30, 2018 and further extendable for an additional 5 year period.

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:

Noriaki Takeshita / Noriaki Oku / Seiji Takeuchi

5) Financial Charges (Amount: 317,948)

(a) **Revolving Corporate Facility Agreement** with Saudi Aramco pursuant to which, a corporate facility of Saudi Riyals 2,812.5 million has been made available to the Company.

Duration: Annual Charge

(b) **Corporate Facility Agreement** with Saudi Aramco pursuant to which, a facility of Saudi Riyals 1,875 million has been made available to the Company. **Duration:** Annual Charge

(c) **Rabigh Community Agreement** with Saudi Aramco in respect of leases of land and infrastructure facilities. **Duration:** 25 years from October 1, 2014.

(d) **Terminal Lease Agreement** with Saudi Aramco in respect of the existing Rabigh Marine Terminal. Pursuant to this agreement, Saudi Aramco grants to the Company an exclusive right to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site. **Duration:** 30 years effective from October 1, 2008.

(e) **Land Lease Agreement** with Saudi Aramco for lease of approximately 20 million square meters of land. **Duration:** 99 years, with effect from Nov 1, 2005 and subject to extension for additional consecutive periods as may be agreed between the parties.

(f) **Rabigh PlusTech Park Land Lease Agreement** with Saudi Aramco pursuant to which, Saudi Aramco leases approximately 2.4 million square meters of land at PlusTech Park Site to the Company. **Duration:** 35 years effective from October 1, 2021 and subject to extension for additional consecutive periods as may be agreed between the parties.

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

6) Financial Charges (Amount: 98,494)

(a) **Revolving Corporate Facility Agreement** with Sumika Finance Company Limited (wholly owned subsidiary of Sumitomo Chemical Company) pursuant to which, a corporate facility of Saudi Riyals 2,812.5 million has been made available to the Company. **Duration:** Annual Charge.

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:

Noriaki Takeshita / Noriaki Oku / Seiji Takeuchi

7) Rentals (Amount: 24,649)

(a) **Land Lease Agreement** with Saudi Aramco for lease of approximately 20 million square meters of land. **Duration:** 99 years, with effect from Nov 1, 2005 and subject to extension for additional consecutive periods as may be agreed between the parties.

(b) **Terminal Lease Agreement** with Saudi Aramco in respect of the existing Rabigh Marine Terminal. Pursuant to this agreement, Saudi Aramco grants to the Company an exclusive right to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site. **Duration:** 30 years effective from October 1, 2008.

(c) **Rabigh Community Agreement** with Saudi Aramco in respect of leases of land and infrastructure facilities. **Duration:** 25 years effective October 1, 2014.

(d) **Rabigh PlusTech Park Land Lease Agreement** with Saudi Aramco pursuant to which, Saudi Aramco leases approximately 2.4 million square meters of land at PlusTech Park Site to the Company. **Duration:** 35 years effective from October 1, 2021 and subject to extension for additional consecutive periods as may be agreed between the parties.

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

8) Secondees' Costs (Amount: 11,837)

Secondment Agreement with Saudi Aramco dated June 12, 2006 pursuant to which, Saudi Aramco may, from time to time, second certain personnel to the Company to assist in the conduct of its business and operations. **Duration:** Continuous term to apply effective from June 12, 2006 until the date on which the shareholder ceases to be a shareholder of the Company

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

9) Secondees' Costs (Amount: 4,564)

Secondment Agreement with Sumitomo Chemical Company dated July 1, 2006 pursuant to which, Sumitomo Chemical Company may, from time to time, second certain personnel to the Company to assist in the conduct of its business and operations. **Duration:** Continuous term to apply effective from July 1, 2006 until the date on which the shareholder ceases to be a shareholder of the Company.

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:

Noriaki Takeshita / Noriaki Oku / Seiji Takeuchi

10) Services and Other Cost Charges, Net (Amount: 18,212)

Services agreements with Saudi Aramco and its affiliates in respect of various operational and logistical support services. These agreements cover the provision of support services to and by the Company such as human resources, training and recruitment, legal, utilities, information technology, general management, technical and pre-marketing support. These agreements also cover the ongoing technical support needed for continuous operations, and the marketing technical services, engineering and safety best practices and training being provided by Saudi Aramco. The Company pays for these services at the mutually agreed prices specified in each agreement. **Duration:** Annual Charge

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:

Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

11) Services and Other Cost Charges, Net (Amount: 260)

Services Agreements with Sumitomo Chemical Company and its affiliates in respect of various operational and logistical support services. These agreements cover the provision of support services to and by the Company such as human resources, training and recruitment, legal, utilities, information technology, general management, technical and pre-marketing support. These agreements also cover the ongoing enhancements (such as refining and petrochemical process know-how) and the marketing technical services, engineering and safety best practices and training being provided by Sumitomo Chemical Company. The Company pays for these services at the mutually agreed prices specified in each agreement. **Duration:** Annual Charge

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:

Noriaki Takeshita / Noriaki Oku / Seiji Takeuchi

12. Businesses or contracts to which the Company is a party and in which a director of the Company, a Senior Executive or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the businesses or contracts.

The Board of Directors of the Company declared that except for the information mentioned in Item 11 above, there are no businesses or contracts to which the Company is a party, and in which a Director of the Company or its Senior Executives or any person related to any of them is or was interested.

13. Paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefore

The Company's outstanding amounts to Zakat, Tax and Customs Authority (ZATCA) and General Organization for Social Insurance (GOSI) are as follows:

	2023		Brief description	Reasons
	Paid SAR ('000s)	Charges that have not been paid until the end of the annual financial period SAR ('000s)		
Zakat	36,752	0	During the year 2023, the Company filed its Zakat and Tax Return relating to year ended December 31, 2022, with ZATCA and the Zakat payable for the year 2022 as per the filed Return was Nil. The Company paid Zakat amounting to SAR 36,752 thousands to ZATCA during the year 2023 pursuant to revised assessments received for years 2009 – 2010 and 2017 – 2018.	Zakat for the year 2023 is Nil due to negative Zakat base.
Tax	0	0	During the year 2023, the Company filed its Zakat and Tax Return relating to year ended December 31, 2022, with ZATCA and the tax payable for the year 2022 as per the filed Return was SAR Nil.	Income Tax payable as at December 31, 2023 is Nil due to negative tax base for year 2023.
General Organization for Social Insurance	114,893	9,452	During the year 2023, the Company paid SAR 114,893 thousand to GOSI.	Balance GOSI payable as at December 31, 2023 is paid to GOSI Authority in the subsequent month of January 2024.
Costs of visas and passports	447.8	0	Paid to Ministry of Interior (MOI).	Renewal of Iqamas, Passports and Visas.
Labor Office Fees	53.9	0	Paid to Ministry Labor Office (MOL).	Renewal of the work permits.

14. Investments made or any reserves set up for the benefit of the employees of the Company

A. Shares Ownership Incentive Program for Employees

In 2008, the Board of Directors approved implementation of an Employee Share Ownership Plan (ESOP) which provided 800 shares to eligible employees at the end of a 5-year maturity period. To implement this, the Company arranged with a commercial bank to subscribe for 1.5 million shares during the IPO period at the offer price of SAR21 per share. These ESOP shares are managed by Riyadh Capital under an open-ended mutual fund which has offered to subscribe and hold such shares “on trust” for the employees as part of an Administrative Service Agreement. These shares, as service awards to employees, were to be amortized evenly over a period of five years and allocated to eligible employees when the vesting period was fully completed. Out of 1,894 employees who originally participated in the Program, a total of 1,650 employees completed the 5-year vesting period and became eligible for the allotted shares ownership.

B. Home Ownership Incentive Program

The Board of Directors of Petro Rabigh approved implementing an incentive program for the Saudi employees to own housing units. The program aims at providing stability for staff and the convenience of living near the Company’s Facilities, which should positively reflect on their performance and continued employment with the Company. As per this program, the employee can own or build a housing unit for a single family. As of the end of 2023, a total of 1,048 employees have already joined the program.

C. Employee Lot Allowance

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

D. Annual Variable Bonus Scheme

The Company administers an Annual Variable Bonus Scheme that is performance and profitability driven, with profitability as a bonus trigger (no profitability, no bonus) and a bonus ceiling of 3.5 monthly basic salaries. The Scheme allocates 70% weight to the Company Performance as measured by a set of specific KPIs, and 30% to Employee Performance. Detailed KPIs covering the Company’s Corporate Objectives are established to measure the Company performance, reflect quantified results, and drive employee positive behavior, with special emphasis on Safety and Compliance.

E. Employee Savings Plan

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

The Balance as of December 31, 2023 for the above mentioned Programs and Funds are as follows:

Description	Balance In SAR Thousands
Shares Ownership Incentive Program for Employees	5,305
Employee Housing Loan- Home Ownership Program (10% Fund)	14,094

Employee Lot Allowance (Home Ownership Program)	68,402
Employer's contribution to Employee Savings Plan	152,403

15. If the External Auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information

N/A

16. Treasury shares held by the Company and details of the uses of such shares

N/A

17. Company's significant plans and decisions (including changes to the structure, expanding the Company's operations or halting them) and the future expectations

Petro Rabigh is currently undergoing Design Scoping and feasibility for 3 major projects that will have a considerable business improvement in terms of economics as well as placing Petro Rabigh in a competitiveness position amongst market peers. Those projects are:

Bottom-of-the-Barrel Project (BOTB)

The main objective of this project is to design and build a Residue Desulfurization Unit to produce very low Sulfur fuel oil (VLSFO) 0.5wt% S. in addition, upon the completion of this project, Petro Rabigh Complex will have the capability to meet the future High-Severity FCC feed properties allowing for further expansion in the Petrochemical (polyolefins) sector. This project will add further economic value to support the Company's business improvement and growth. Additionally, the project will support Vision 2030 and accelerate the Kingdom's strategy to transition to cleaner energy sources in power generation and reduce sulfur emissions through Upgrading High Sulphur Fuel Oil to Clean Fuels, Enable Petro Rabigh to meet global fuel quality standards and IMO 2020 regulation, Position Petro Rabigh to be one of the most competitive, highest conversion and sophisticated refineries in the world, and Transfer state of the art technology and know-how to the Kingdom. This project has completed the design basis scoping paper (DBSP), and it is undergoing the bidding process for the front-end engineering design (FEED).

The Diesel Hydrotreater Unit (DHT)

The main objective of this project is to design and build a new Diesel Hydrotreating (DHT) unit to produce Ultra-Low Sulfur Diesel. In addition, this unit will have the capability to accommodate the additional Diesel production from High-Severity FCC configuration as part of future BOTB expansions.

This project is currently at engineering, procurement, and construction (EPC) contract bidding Phase will add further economic value to support the Company business improvement and growth. Additionally, the project will support Vision 2030 and accelerate the Kingdom's strategy to transition to cleaner energy sources and reduce sulfur Emissions, enable Petro Rabigh to meet global fuel quality standards as well as Saudi requirements for Clean Diesel.

ECR and HOFCC Debottlenecking Project

The main objective of this project is to remove the existing capacity constraints for both money makers technologies aiming to maximize the Company's profit margin and financial growth. The project will result in expanding petrochemical production capacities in two stages to 127% and to 115% of current capacity

for ethylene and propylene products respectively enabling further expansion opportunities for the local downstream demand. Currently, Petro Rabigh is proceeding with the 1st stage of the expansion which will increase the ethylene and propylene productions by 105% and 109% respectively.

These projects are at the initial design stage and as the Company advances in detail design a final decision will be made on the investments.

3. RISK MANAGEMENT

The business of Petro Rabigh relies on Oil Refining and Petrochemical Production which is exposed to the following potential risks:

A. Financial Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk principally arises from cash and cash equivalents, trade receivables, long-term loans and other receivables. Cash and cash equivalents are placed with banks with sound credit ratings. The majority of trade receivables representing 99.8% (December 31, 2022: 99.4%) is from founding shareholders and their affiliates with historically strong credit ratings and is stated at respective realizable values. In the event of disagreement on any invoice, the marketer is required to pay the full value of the invoice prior to resolution of the disagreement. The Company does not obtain collaterals over receivables. As at December 31, 2023, there were overdue debts equivalent to 0.3% (December 31, 2022: 3%) of the trade receivables of Company's allowed credit periods. The loans are receivable from employees and are secured by mortgages on the related housing units. The Company is not exposed to significant credit risk on other receivables.

Commodity Price Risk

The Company is exposed to the risk of fluctuations in the prevailing market prices on the Refined and Petrochemical Products it produces. The Company's policy is to manage these risks through the use of contract-based prices with major customers, based on the agreements entered by the Company. The Company does not enter into commodity price hedging arrangements.

Fair Value and Cash Flow Interest Rate Risks

The Company is exposed to the risk associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company's interest rate risks arise mainly from its short-term deposits, loans from banks and financial institutions and loans from founding shareholders and their affiliates, which are at floating rate of interest and are subject to re-pricing on a regular basis.

Fair value of financial assets and liabilities carried at amortized cost approximate their carrying amounts.

Interest rate sensitivity

As at December 31, 2023, it is estimated that a general increase / decrease of 50 basis points in floating interest rates on loans and borrowings, with all other variables held constant, would increase / decrease the Company's profit (loss) for the year by approximately Saudi Riyals 128.2 million (December 31, 2022: Saudi Riyals 114.1 million).

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

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

The Company's financial liabilities consist of trade and other payables, loans and borrowings, lease liabilities and accrued expenses and other liabilities. All financial liabilities except for loans and borrowings, lease liabilities, are non-commission bearing and expected to be settled within 12 months from the date of statement of financial position.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's transactions are principally in Saudi Riyals and US Dollars. The Company monitors the fluctuation in currency exchange rates and believes that currency risk is not significant to the Company.

B. Risks Related to the Economic Situation

The Company acknowledges the global economic challenges and significant market volatility affecting Petro Rabigh's products. Elevated inflation rates, declines in manufacturing indicators, and continued interest rate hikes have adversely impacted Petro Rabigh's product performance over the past year. Within this economic landscape, crude oil prices witnessed a decline, influencing petrochemicals and refined products and exerting pressure on product cracks, resulting in less favorable margins. This situation was further complicated by increased refined product supply from new refinery capacities, particularly in Asia (China, India, and the Middle East) and Africa. Consequently, the Company constantly and closely monitors market circumstances, supply and demand, interest, and currency rates in order to anticipate and plan for any downturns.

C. Risks Related to Operations

The Company's sources of revenue heavily rely on the smooth operation of plants and facilities that are dependent on the risk factors including but not limited to the plant performance & capacity utilization, crisis management, protection of the HSSE essentials, strong engineering support, reliable operational technology infrastructure, dependable supply chain, adherence to the applicable legal and regulatory requirements etc.

In order to maintain steady operations, Petro Rabigh Management regularly reviewing all operations related risks and developed mitigation plans per need.

D. Risks Related to Governance

The Board of Directors, among its other responsibilities, performs the role of setting the Company's strategic direction. In doing so the Board relies on management's reports and representations regarding the Company's operations and activities. Accordingly, there is a potential risk in exercising this role if inaccurate or incomplete information is delivered to the Board of Directors, which could lead to ineffective direction and possibly result in an impact on profitability. To manage and to mitigate against this risk, the

Company's Board of Directors continuously reviews the Company's compliance to Corporate Governance Rules and Regulations by exercising control mechanisms including but not limited to:

- i. Establishing Board committees which meet regularly, prior to Board meetings, to monitor, evaluate, review and report, or make recommendations, to the Board on various matters including but not limited to Safety, Corporate Planning, Sales, Marketing, Company Compensation Plans, Audit Reviews, etc.
- ii. Ensuring that Key Performance Indicators (KPI's) are directly aligned to key strategic objectives and targets set by the Board.
- iii. Effective governance is a critical aspect of a successful business; it supports management in delivery of the strategy, managing costs, attracting investment, making better decisions and responding effectively to the risks. The Board of Directors assumes responsibility for the risk governance, including strategic guidance and risk oversight of the Company. Petro Rabigh has developed a Corporate Governance Framework, which includes policies and procedures that promote effective governance principles and best practices. Petro Rabigh Corporate Governance Framework sets out roles, responsibilities, and methods of decision-making. To build good management capabilities, enhance performance and achieve Company's objectives; the Company's executive management led to establish the risk infrastructure and management including the designing, implementing, maintaining and improving an effective risk program. Petro Rabigh has also established Management Steering Committees including the Risk Management Steering Committee (RMSC). The purpose of the RMSC is to assist the BAC in fulfilling its responsibilities related to risk and compliance. The RMSC Charter includes the Committee's' related Duties, Responsibilities, Authorities and Risk Management Policy. An exclusive department (Governance & Risk Management Department) is also established with the defined roles and responsibilities to facilitate, coordinate, monitor and improve corporate governance and risk management performance to help and support the RMSC.

Strategic success of any organization begins with effective and efficient Enterprise Risk Management (ERM), as an effective ERM program can help organizations to manage their risks and maximize opportunities. ERM is a broader area, which involves a set of processes and methods used by the organization to manage not just risks associated with accidental losses, but also financial, strategic, technological, operational, and other business risks.

Petro Rabigh apprehended and implemented Enterprise Risk Management (ERM); ERM includes the methods and processes used by the Company to manage risks and seize opportunities related to the achievement of its objectives.

ERM is established in line with the BAC approved Risk Management Policy and the Risk Appetite Statement, which defined the level of risk that the organization is willing to accept in the pursuit of its objectives. The ERM Framework addresses the enterprise risk from a holistic perspective, considering six (6) risk descriptors (Health & Safety, Environment, Legal & Regulatory Compliance, Project Delivery, Reputation and Financial Impact) and a 5 x 5 Risk Assessment Matrix and Opportunity Assessment Matrix based on 5 risk "Severity" levels (from Insignificant to Catastrophic and from Insignificant to Exceptional) with 5 levels of "likelihood" (from Rare to Almost Certain). The Risk Assessment Matrix, Opportunity Assessment Matrix and Risk Thresholds were approved by the RMSC and BAC as part of "Risk Appetite Statement Guidelines". The BAC formally endorsed

nine (09) risks as corporate risks and the status of these corporate risks along with other ERM important activities are periodically reported to BAC. Comprehensive Risk Registers are established throughout the Company and at different levels i.e. Department, Function and Corporate level. Risk Registers are periodically reviewed and updated, as and when required, to keep the risk-related information up to date. Risk management activities are continuously monitored at different levels and risk reporting is also performed at different levels e.g. Reporting to the RMSC on quarterly basis and to the BAC on bi-annual basis. IAO is also auditing Risk Management activities on a regular basis, as per the audit schedule to ensure the effectiveness of the Risk Management System. Under the supervision of RMSC, Governance & Risk Management Department is building and fostering a risk aware - culture within the Company that emphasizes and demonstrates the benefits of risk management including the risk-based thinking and risk based decision-making practices.

iv. At the Board of Directors' meeting held on September 19, 2023, Board of Directors approved the Governance and Compliance Framework as part of the Company's efforts to enhance governance practices and streamline the compliance processes in line with industry best practices. In addition, and as part of the newly developed frameworks, the Board of Directors' approved additional Corporate level policies as the following:

1. Anti-Bribery Anti-Corruption Policy
2. Anti-Money Laundering Policy
3. Sanctions and Trade Control Policy
4. Third Party Compliance Policy

These policies will enhance the Company's governance and compliance practices and responds to international regulations and jurisdictions applicable to the Company's business.

E. Risks Related to Regulations

The Company is operating in a dynamic environment and its business operation is governed by local as well as international applicable laws and regulations. In case of changes in regulations or legislation(s), the Company operations may be affected. Companies must abide by regulations set by governing bodies that oversee their industry. Therefore, any change in regulations can cause a rippling effect across an industry. Regulations can increase costs of operations, introduce legal and administrative hurdles, and sometimes even restrict a company from doing business. To mitigate such risks, Petro Rabigh has established a Governance & Risk Management (GRM) Department which is an organization that carries the responsibilities and is accountable for following up on the development of local and international mandatory and voluntary regulations pertaining to the petrochemical and refining industry and is in-charge of taking steps necessary to report to management, within a reasonable timeframe, any changes to regulations that are deemed to have direct or implied restrain on the Company's operations, as well as communicating the need to comply to certain regulations and suggesting the appropriate steps to do so. This includes local governmental regulations such as regulations and laws by The Ministry of Energy, Ministry of Industry and Mineral Resources, Ministry of Commerce, the CMA, in addition to international regulations such as trade and anti-dumping laws and environmental regulations, etc. The information regarding current and future changes comes through the Corporate Affairs & Investor Relations Department, that is responsible for assuring such surveillance of the regulatory environment and is used by the Governance & Risk Management (GRM) Department to monitor and promote compliance. Governance & Risk Management (GRM) Department work closely with proponent departments e.g. Safety, Environment and Health, Office of Legal Affairs, etc. The Risk Management Steering Committee

(RMSC) also oversees the Compliance Management affairs, and the Governance & Risk Management (GRM) Department periodically reports on compliance management to the RMSC.

F. Risk Related to Effective Control by Founding Shareholders

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

- i. Consistent with CMA Corporate Governance Regulations, Petro Rabigh's bylaws require that at least one-third of the members of the Board of Directors be independent, which currently means that no less than three of nine directors are independent. And in order for a resolution of the board to be adopted it must be approved by at least seven of the nine directors with, thus ensuring that no resolution may be adopted solely without the approval of one of the independent directors.
- ii. The Chairman positions of the BAC, NRC and the MSC are currently occupied by independent Directors.
- iii. The Company's bylaws require that the Board approves the Company's entry into or modification of terms for transactions with any of the Shareholders' or related parties.
- iv. Related-party transactions are voted by non-related members in the BAC and Board of Directors and are disclosed in the Board Report and at General Assembly meetings.

4. SOCIAL RESPONSIBILITY

A. Company's Social Contributions (CSR)

Corporate Social Responsibility (CSR) at Petro Rabigh aims to unite all efforts for the benefit of our community through sustainable social, environmental, and economic practices. Our commitment is to engage with people, contribute to the community, and create a positive impact.

In 2023, we expanded our CSR initiatives to include empowering women to start their own businesses by providing training courses, fostering gender equality, and promoting economic empowerment. We also supported the sustainability of work for fishermen by supplying essential equipment, ensuring the continuity of their livelihoods, and contributing to the local economy.

Recognizing the importance of Training & Education development, we introduced initiatives for University Graduates to attend the Annual Leaders of Tomorrow Conference by SABIC. Additionally, we provided support to over 125 students by fulfilling their school necessities throughout the 2023 academic year. Furthermore, 44 pre-graduation students participated in the COOP program as trainees at our company, and the TAMHEER program in PRC offered training opportunities to 94 University Graduates in cooperation with the Ministry of Human Resource and Social Development.

Petro Rabigh remains dedicated to environmental stewardship. Our Mangrove Initiative aimed to plant 10,000 mangrove saplings in collaboration with HRH MBS' Green Saudi Initiative. The second phase successfully completed the planting of 10,000 saplings along the coast of Khor Al-Kharar in Rabigh Governorate, aligning with our strong commitment to environmental practices.

Our ongoing commitment to CSR was acknowledged with a number 1 ranking on the National CSR portal, recognizing the continued efforts to make a meaningful difference in the community and environment.

B. Environmental, Social, and Governance (ESG)

Sustainable growth is the core of the Saudi Arabia Vision 2030, and Petro Rabigh's Sustainability strategies and practices continue to contribute to the goals of Saudi Vision 2030. The Company has adopted a management system approach in establishing its ESG – Sustainability Management that sees the integration of Environmental, Social and Governance components of the business into a coherent system, to further enable the achievement of its vision, mission, and objectives.

Petro Rabigh believes ESG Sustainability is a balance of society, economy, and environment for long-term resilience, ensuring that we have and will continue to have sound resources to protect human health and the environment.

Understanding the significance of our role in shaping the energy landscape and contributing to the prosperity of our nation, the Company has embarked on a journey of sustainable achievements, and in the process, receives the following accolades in terms of industrial excellence:

- Recognized by the Zakat, Tax, and Customs Authority for its role in enhancing clearance speed through a dedicated pre-submission initiative, which aims to create a more efficient and streamlined business environment in the country. This recognition is a testimony to the Company's ongoing efforts to improve business processes and contribute to the success of Saudi Arabia Vision 2030.
- Recognized for Collaboration and Innovation at the GDA International Conference and Exhibition. This recognition by GDA (Gulf Downstream Association) is a testament to the Company's leadership in a sector that faces increasing challenges from energy transition, sustainability, conflicts and price fluctuations, partnerships, and joint investment to ensure continued growth and success.
- Emerged as the Top-ranked Petrochemical Company at the National CSR Portal, showcasing its consistent and significant Corporate Social Responsibility (CSR) initiatives. The Company has achieved a perfect score of 5/5 in the National Corporate Social Responsibility evaluation, solidifying its commitment to responsible business practices.
- Recognized by the Gulf Petrochemicals and Chemicals Association (GPCA) at the 3rd GPCA Responsible Care Excellence Awards. The Company secured Second Position for its Tier 3 Loss of

Primary Containment (LOPC) Dashboard. The awards ceremony showcased outstanding achievements in various categories, including Performance Metrics, Process Safety, Sustainable Environmental Protection. This award reflects the Company's commitment to responsible practices and its dedication to excellence in the industry.

- Honored by the Deputy Governor of Makkah Region, for its support of the Makkah Excellence Award. This prestigious accolade recognized the Company's outstanding contributions to the Makkah Excellence Award and its commitment to excellence, innovation, and community engagement, reaffirming the Company's dedication to making a positive impact in the region and upholding corporate responsibility.
- Received the Procurement Excellence Award for 'Best Practices in SAP ARIBA Catalog Management' at the SAP Spend Connect Summit. This accolade underscores the Company's dedication to operational excellence, particularly in e-Procurement, cementing Petro Rabigh's position as a leader in catalog sourcing implementation (e.g., Grainger, McMaster).

To demonstrate its commitment to quality, environment, health & safety, and social responsibility, our company has successfully passed the surveillance audits conducted by TuV Nord for the following management system certifications:

- ISO 9001:2015 Quality Management System
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management System
- RC 14001:2015 Responsible Management System

In addition, the management of Petro Rabigh is proud that its QCD laboratories have received ISO/IEC 17025:2017 accreditation, as granted by the authorized international accreditation body A2LA (American Association for Laboratory Accreditation). This accreditation is a major milestone as this internationally recognized standard can help the Company gain access to new markets as it expands.

As a result of our strict adherence to these management system standards, the Company not only can achieve continual improvement in terms of our overall performance, but also guaranteeing high quality products and services, thus increasing global competitiveness, and addressing future needs and expectations that pose a challenge in an increasingly dynamic and complex environment.

Petro Rabigh's unwavering commitment to Sustainability through Environmental Initiatives, is highlighted by the completion of Phase 1 of the Mangrove Plantation Project, marking the successful planting of 10,000 mangroves. This initiative underscores the significance of the Company's dedication in championing sustainable practices and environmental stewardship and, as a way forward, aims to gain Carbon Offset through the registration of this initiative at Fair Carbon.

To further reduce greenhouse gas (GHG) emissions, the Company has commissioned the onsite Carbon Capture facility. This facility is expected to capture 110,000 ton of CO₂e per year, and at the end, to completely decarbonize the operations and achieve a net-zero footprint that aligns with the target established for Saudi Arabia at the Green Initiative Forum of 2021.

The Company also executed a coral reef restoration project, focusing on the creation of nine (9) coral nurseries and populated these with 355 coral fragments along the coastal water of the community beach, targeting the IUCN red list "threatened and vulnerable" coral species of *Acropora*.

In terms of ESG information transparency and disclosure, the Company has improved the contents of its external Sustainability and Governance webpage, addressing the requirements of various ESG Rating Agencies (both local and global in scope). Some of the improvements undertaken were the inclusion of Corporate Governance content in the form of links to all Corporate Governance Policies, Governance & Compliance Frameworks, and a description of each of the four (4) Board Committees.

Publication of the newly approved Corporate Governance Policies at the Company's external website has been completed to ensure the continual improvement of ESG Sustainability performance and implementing the core principles of business sustainability.

As Petro Rabigh continues its journey, the Company remains steadfast in its commitment to sustainable growth and responsible business practices. By embracing innovation, fostering collaboration, and engaging with the community, Petro Rabigh aims to lead the way in creating a sustainable and prosperous future for all.

5. CORPORATE GOVERNANCE

1. Compliance with the CMA's Corporate Governance Regulations

Petro Rabigh implements all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority.

2. Names, qualifications, and experience of the Board and Committees members and Executive Management

Board Members:

Name	Current Position	Previous Position	Qualifications	Experience
Ibrahim Q. Al-Buainain	Chairman (Non-Executive Director)	Chairman (Non-Executive Director)	- BS Mechanical Engineering - MBA Global Management - Master's Degree - Innovation & Global Leadership	34 years
Noriaki Takeshita	Deputy Chairman (Non-Executive Director)	Deputy Chairman (Non-Executive Director)	- BS Law	41 years
Othman A. Al-Ghamdi	President & Chief Executive Officer (Executive Director)	President & CEO (Executive Director)	- BS Chemical Engineering - MBA	34 years
Seiji Takeuchi	Non-Executive Director	Non-Executive Director	- BS Chemical Engineering - MS Applied Chemistry	37 years
Noriaki Oku ¹	Executive Director	-	- BS Chemical Engineering - MS Chemical Engineering	31 years
Suleman A. Al-Bargan	Non-Executive Director	Non-Executive Director	- BS Chemical Engineering - MBA	42 years
Abdullah J. Al-Faifi	Independent Director	Independent Director	- BS Accounting	39 years
Saleh F. Al-Nazha	Independent Director	Independent Director	- BS Chemical Engineering	40 years
Mohammed A. Al-Omair	Independent Director	Independent Director	- BS Civil Engineering	41 years

¹ Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand, Noriaki Oku was appointed as Director from April 1, 2023

Committees Members:

Name	Current Position	Previous Position	Qualifications	Experience
Ibrahim Q. Al-Buainain	Chairman of Executive Committee	Chairman of Executive Committee	- BS Mechanical Engineering - MBA Global Management - Master's Degree - Innovation & Global Leadership	34 years
Noriaki Takeshita	Member of Audit Committee	Member of Audit Committee	- BS Law	41 years
Othman A. Al-Ghamdi	Member of Marketing Steering Committee	Member of Marketing Steering Committee	- BS Chemical Engineering - MBA	34 years
Noriaki Oku ¹	Member of - Marketing Steering Committee	-	- BS Chemical Engineering - MS Chemical Engineering	31 years
Suleman A. Al-Bargan	Member of - Audit Committee - Nomination & Remuneration Committee	Member of - Audit Committee - Nomination & Remuneration Committee	- BS Chemical Engineering - MBA	42 years
Seiji Takeuchi	Member of - Nomination & Remuneration Committee -Executive Committee	-	- BS Chemical Engineering - MS Applied Chemistry	37 years
Abdullah J. Al-Faifi	Chairman of - Audit Committee Member of - Nomination & Remuneration Committee	Chairman of - Audit Committee Member of - Nomination & Remuneration Committee	- BS Accounting	39 years
Saleh F. Al-Nazha	Chairman of - Marketing Steering Committee Member of - Executive Committee	Chairman of - Marketing Steering Committee Member of - Executive Committee	- BS Chemical Engineering	40 years
Mohammed A. Al-Omair	Chairman of - Nomination & Remuneration Committee Member of - Audit Committee	Member of - Audit Committee	- BS Civil Engineering	41 years

¹ Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand, Noriaki Oku was appointed as Director from April 1, 2023.

Executive Management:

Name	Current Position	Previous Position	Qualifications	Experience
Othman A. Al-Ghamdi	President & Chief Executive Officer	President & Chief Executive Officer	- BS Chemical Engineering - MBA	34 years
Akihiko Hiraoka	Chief Financial Officer, Finance & Accounting	Chief Financial Officer, Finance & Accounting	- BS Law	33 years
Noriaki Oku	Sr. Vice President, Manufacturing	Sr. Vice President, Manufacturing	- BS Chemical Engineering - MS Chemical Engineering	31 years
Adel A. Al-Mejhed ¹	Vice President, Industrial Relations	-	- BS Computer Information Systems - Master's Degree in HR Management	25 years
Bander S. Al-Juaid ¹	Vice President (A), Industrial Relations	Vice President (A), Industrial Relations	- BS Computer Science	21 years
Mohammed M. Farsi	Vice President, Engineering & Support	Vice President, Engineering & Support	- BS Chemical Engineering - MS Chemical Engineering	21 years
Yasser D. Al-Ghamdi	Vice President, Market Development	Vice President, Market Development	- BS Chemical Engineering	22 Years
Sami S. Al-Dossary ²	Vice President, Industrial Security	Vice President (A), Industrial Security	- BS Computer Science	37 Years
Assem M. Saleh ²	Vice President (A), Industrial Security	Manager, Safety Department	- BS Fire Protection Engineering	19 years

¹Adel Al-Mejhed was appointed as Vice President, Industrial Relations replacing Bandar Al-Juaid effective April 1, 2023.

²Assem M. Saleh was assigned as acting Vice President, Industrial Security replacing Sami S. Al-Dossary who retired effective November 29, 2023.

3. Name of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager

Name	Current	Inside / Outside the Kingdom	Previous	Inside / Outside the Kingdom
Ibrahim Q. Al-Buainain	Aramco Trading Company **	Inside the Kingdom	Hyundai Oil Bank**	Outside Kingdom
	Aramco Overseas Company B.V**	Outside the Kingdom	S-Oil*	Outside Kingdom
	Aramco Services Company**	Outside the Kingdom	SATORP**	Inside Kingdom
	Saudi Aramco Asia Company Ltd**	Outside the Kingdom	Aramco Trading Singapore **	Outside the Kingdom
	Saudi Petroleum Int'l Inc***	Outside the Kingdom	Aramco Trading Fujairah **	Outside the Kingdom

	Saudi Aramco Base Oil Company**	Inside the Kingdom	Aramco Trading Limited (London) **	Outside the Kingdom
	Aramco Digital Company***	Inside the Kingdom	Petreddec *	Outside the Kingdom
	Regional Voluntary Carbon Market Company*	Inside the Kingdom	Bahri *	Inside the Kingdom
			Bahri Chemicals **	Inside the Kingdom
			Aramco Chemical Company **	Inside the Kingdom
Noriaki Takeshita	Sumitomo Chemical Company *	Outside the Kingdom	-	-
Othman A. Al-Ghamdi	-	-	S-Oil*	Outside Kingdom
	-	-	SAMREF**	Inside Kingdom
Suleman A. Al-Bargan	SATORP **	Inside the Kingdom	-	-
	YASREF **	Inside the Kingdom	-	-
	MOTIVA **	Outside the Kingdom	-	-
	JIGPC***	Inside the Kingdom	-	-
	Royal Commission of Jubail and Yanbu***	Inside the Kingdom	-	-
	Axens***	Outside the Kingdom	-	-
	GDA***	Outside the Kingdom	-	-
Seiji Takeuchi	Sumitomo Chemical Company *	Outside the Kingdom	-	-
Noriaki Oku	Sumitomo Chemical Company *	Outside the Kingdom	-	-
Saleh F. Al-Nazha	Saudi Plastic Factory***	Inside the Kingdom	-	-
Mohammed A. Al-Omair	Sofon***	Inside the Kingdom	SAMREF**	Inside Kingdom
	Aldrees Petroleum & Transport Company*	Inside the Kingdom	SATORP**	Inside Kingdom
			SASREF**	Inside Kingdom
			Motor Oil Hellas*	Outside Kingdom
			Avin*	Outside Kingdom
			MARAFEQ**	Inside Kingdom
Abdullah J. Al-Faifi	Integrated Data for Information Technology Co.	Inside the Kingdom	Al Othaim Investment Co.**	Inside the Kingdom

	(FUSION) **			
	Abdullah Al Othaim Market Co.*	Inside the Kingdom	Nama Petrochemical Co.*	Inside the Kingdom
	Tanami Arabia Co.**	Inside the Kingdom	-	-
	Saudi Alawal Bank (SAB)*	Inside the Kingdom	-	-

* Listed

** Limited Liability

*** Unlisted

4. Composition of the Board and classification of its members as follows

No.	Name	Membership Classifications
1	Ibrahim Q. Al-Buainain	Non-Executive Director
2	Noriaki Takeshita	Non-Executive Director
3	Othman A. Al-Ghamdi	Executive Director
4	Noriaki Oku ¹	Executive Director
5	Seiji Takeuchi	Non-Executive Director
6	Suleman A. Al-Bargan	Non-Executive Director
7	Abdullah J. Al-Faifi	Independent Director
8	Saleh F. Al-Nazha	Independent Director
9	Mohammed A. Al-Omair	Independent Director

¹ Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand, Noriaki Oku was appointed as Director from April 1, 2023.

5. Procedure taken by the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance

Petro Rabigh Corporate Affairs & Investor Relations Department, compiles shareholders' suggestions, comments and questions about the company's performance into a quarterly report for the Board of Directors.

6. A brief description of the competencies and duties of the committees

Board Audit Committee:

The BAC consists of Four members who are fully experienced in Accounting, Auditing Standards, Internal Audit Procedures, Analyze and evaluate Financial Statements, relevant laws, and regulations which enables them to fulfill their duties smoothly. The responsibilities and duties of this Committee include, but not limited to, the following:

- Reviewing; Management's high-level summary of the top existing and emerging risks facing the Company, and Management's mitigation plan for the most significant enterprise-wide risks.
- Overseeing and supervising the Internal Audit to ensure that the Internal Audit Office had the appropriate standing and independent to effectively fulfill its responsibilities.
- Ensuring that the General Auditor has the authority to report significant observations to the Committee without interference or censorship and that the issues are appropriately acted by Management.
- Reviewing the effectiveness of the Internal Audit Office including its compliance with the applicable standards for the professional practices of internal auditing.

- e. Approving the annual audit plan and all changes to the plan.
- f. Submitting recommendations to the Board regarding the appointment, dismissal, and remuneration of the External Auditors after reviewing their scope of work, terms of engagement and qualifications, with such recommendation having regard to the independence of the External Auditors.
- g. Reviewing the performance and supervising the activities of the External Auditors and approving any activity beyond the scope of the audit work assigned to them during the performance of their duties.
- h. Reviewing the External Auditors' reports, and comments in relation to the Company's financial statements, and following up on the actions taken in relation to the same.
- i. Reviewing significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understanding their impact on financial reports.
- j. Reviewing, expressing opinions on, and make recommendations to the Board regarding the interim and annual financial statements of the Company prior to their presentation to the Board to ensure integrity, fairness, and consistency.
- k. Reviewing the overall system of internal controls implemented by Management and consider its effectiveness, including financial reporting controls and information technology security and controls.
- l. Reviewing the contracts and transactions to be entered into by the Company with any related party and making recommendations to the Board in relation to the same.
- m. Ensure that the strategies and comprehensive policies for Risk Management are available and updated based on the Company's internal and external changing factors.
- n. Report annually to the shareholders, describing the Committee's composition, responsibilities and any other information required by rule.
- o. Institute and oversee special investigations as needed.

The Board Audit Committee consists of the following members:

Name	Title	Board Audit Committee Meeting Attendance in 2023				Number of Attendance
		1 st Meeting dated Mar 13	2 nd Meeting dated May 10	3 rd Meeting dated Aug 07	4 th Meeting dated Nov 08	
Abdullah J. Al-Faifi	Chairman	√	√	√	√	4
Noriaki Takeshita	Member	√	√	√	√	4
Suleman A. Al-Bargan	Member	√	√	√	√	4
Mohammed A. Al-Omair	Member	√	√	√	√	4

Nomination and Remuneration Committee (NRC):

The NRC consists of four members. The responsibilities and duties of this committee include, but are not limited to, the following:

- a. Preparing, recommending to the Board, and overseeing policies and criteria in relation to the appointment of Directors and members of the Company's executive management.
- b. Ensuring that all necessary and appropriate inquiries are made into the backgrounds and qualifications of Board candidates before recommending them to the Board for nomination.
- c. At least annually, reviewing, assessing, and recommending to the Board the skills, qualifications, and credentials required for membership in the Board and the Company's executive management, including setting the time commitment required for such membership and the job specifications for executive, non-executive, and independent Directors and members of the Company's Executive Management.
- d. Reviewing, regularly, the structure, size, composition, strengths, and weaknesses of the Board (including the skills, knowledge, and experience) and the Company's Executive Management; endorsing appropriate recommendations to the Board that are compatible with the interests of the Company.
- e. Preparing, recommending to the Board, and overseeing the implementation and disclosure of a policy for the remuneration of Directors, Executives of the Company, and members of the Committees of the Board, which shall be presented before the General Assembly for approval.
- f. Determining the points of strengths and weakness in the Board and recommending remedies that are compatible with the Company's interest.
- g. Regularly reviewing and assessing the effectiveness and appropriateness of the remuneration policy and make recommendations to the Board in relation to the same.

The following table shows the names of the NRC members and the number of its meetings and the dates of the meeting and the number of attendances for each meeting:

Name	Title	NRC Meeting Attendance in 2023				Number of Attendance
		1 st Feb 28	2 nd May 17	3 rd Sep 5	4 th Dec 5	
Mohammed A. Al-Omair	Chairman	√	√	√	√	4
Takashi Shigemori ¹	Member	√				1
Seiji Takeuchi ¹	Member		Proxy to Mohammed Al-Omair	√	√	3
Suleman A. Al-Bargan	Member	√	√	√	√	4
Abdullah J. Al-Faifi	Member	√	√	√	√	4

¹ Mr. Takashi Shigemori ceased to be a committee member after February 28, 2023. In his place, Mr. Seiji Takeuchi was appointed as a new member. In addition, Mr. Seiji Takeuchi was not present at the 2nd NRC meeting; however, he conveyed his vote to the Committee Chairman via written proxy submitted to the Committee Secretary.

Marketing Steering Committee (MSC):

The MSC consists of three members. The tasks and responsibilities of this committee include, but are not limited to, the following:

- a. Reviewing the Company's annual and quarterly production and supply plan for the Company's Products for the following period, which the Company will provide to the Marketers.
- b. Working with each of the Marketers (separately) in developing their respective Annual Marketing Plan for the Products, which plan will be submitted to the Board for approval.
- c. Reviewing and making recommendations regarding the Company's and the Marketers' strategies and actions related to legal compliance (e.g. with regard to anti-trust laws and export regulations).
- d. Monitoring the Company's compliance with the marketing and lifting agreements, reviewing, and approving any amendment with necessary consideration of any related agreements.
- e. Developing, endorsing, and recommending to the Board of Directors for its approval; (a) a Refined Products Annual Marketing Plan, and (b) a Petrochemical Products Annual Marketing Plan for the Company.
- f. Ensuring that all such Marketing Plans are developed with the Company's operating and production plans to be prepared by the Company.
- g. Ensuring that Marketers' pricing methodologies do not expose the Company to any anti-dumping risks anywhere in the world where the Company's products are being sold.

The following table shows the names of the MSC members and the number of its meetings and the dates of the meeting and the number of attendances for each meeting:

Name	Title	MSC Meeting Attendance in 2023				
		1 st March 6 th	2 nd June 1 st	3 rd Sep 14 th	4 th Nov 22 nd	Number of Attendance
Saleh F. Al-Nazha	Chairman	√	√	√	√	4
Othman A. Al-Ghamdi	Member	√	√	√	√	4
Takashi Shigemori ¹	Member	√	-	-	-	1
Noriaki Oku ¹	Member	-	√	√	√	3

¹ Mr. Takashi Shigemori ceased to be a committee member after February 28, 2023. In his place, Mr. Noriaki Oku was appointed as a new member.

Executive Committee (EXCOM):

The EXCOM may adopt resolutions by circulating the proposed resolutions in writing or in electronic format to all the Members for their approval and signature. Promptly following the conclusion of each meeting of the EXCOM, or the adoption of a written resolution, the Secretary shall distribute the meeting minutes and/or the resolutions of the EXCOM to the Board and to each Member.

The EXCOM shall have the authority to undertake the following:

- a. Review and approve contract award and expenditure requests for items covered in approved business plans, budgets and programs, provided that no individual item shall exceed SAR187.5million.
- b. Review the business plan and recommend such plan to the Board for approval.
- c. Review and approve additions to the annual budgets, plans, and programs approved by the Board, as the EXCOM may deem necessary from time to time, provided that no individual addition shall exceed SAR187.5 million in value.
- d. Review and approve redefinitions, cancellations, and supplements of previously approved expenditure requests, provided that no individual item shall exceed SAR187.5 million.
- e. Receive informational reports on miscellaneous subjects and advise the Company's Management thereon.
- f. To the extent permitted under the law, and without prejudice to the responsibilities of the BAC, approve the entry of the Company into transactions with any of the Shareholders or related persons, and modify the terms of any agreement in connection with the same.
- g. Consider reports submitted to it in accordance with specific functions and subjects delegated by the Board from time to time.
- h. Perform such other tasks as delegated to it by the BOD from time to time.

The following table shows the names of the EXCOM members and the number of its meetings and the dates of the meeting and the number of attendances for each meeting:

Name	Title	EXCOM Meeting Attendance in 2023				Number of Attendance
		1 st ¹	2 nd May 9	3 rd ²	4 th Nov 7	
Ibrahim Q. Al-Buainain	Chairman	-	√	-	√	2
Saleh F. Al-Nazha	Member	-	√	-	√	2
Seiji Takeuchi	Member	-	√	-	√	2

¹ During 1Q, the meeting was postponed with direction from Chairman. No resolution passed.

² No resolution was adopted during 3Q.

7. The means used by the Board to assess its performance, the performance of its Committees and members and the external body which conducted the assessment and its relation with the Company

The Board of Directors has established a mechanism for an annual 'Board Effectiveness Evaluation'. The mechanism elaborates on specific aspects of Board performance to ensure that the evaluation findings clarify any potential problems; identify the root cause(s) of these findings; and test the practicality of specific governance solutions. The annual Board evaluation exercise provides an assessment of the Board performance by the Board members themselves (including the P&CEO) as the sole sources of information for the evaluation process. This "Board-as-a-Whole" evaluation ensures that the Directors develop a shared understanding of their governance role and responsibilities. The assessment includes

ten parameters covering the following premium axis: Membership Accountability; Governance; Board Operations; Legal Responsibility; Financials; Planning; and Board Member Relations. The NRC presides over the evaluation process, hence, the NRC Secretary will be in charge of conducting the analysis and reporting of the results.

8. Remuneration of the Board members and Executive Management

Directors Remuneration

Rules of Remuneration Determination

- a. The remuneration of all Directors shall be recommended by the Board to the General Assembly for approval on an annual basis. The recommendation of the Board to the General Assembly shall be based on the recommendation of the NRC. The recommendations of the NRC and the Board shall be in compliance with applicable laws, regulations, and policies (including this Policy). Moreover, there is no notable deviation from the said policy.
- b. The remuneration of Directors could be in the form of specific cash payments, in kind benefits, attendance allowances, a percentage of the Company's annual net profits, or a combination of any of the foregoing.
- c. Where the remuneration of Directors is distributed as a percentage of the Company's net profits, the maximum total annual remuneration may not exceed 10% of the Company's net profits after deducting the relevant reserves and after distributing profits to the Company's shareholders at a minimum rate of 5% of the Company's paid-up capital.
- d. In all cases, the total annual remuneration and benefits for each Director, in cash or in kind, must not exceed SAR 500,000.
- e. Notwithstanding Paragraphs b and c above, the remuneration of independent Directors shall not be in the form of a percentage of the Company's net profits and shall not be, directly or indirectly, based on the profitability of the Company.
- f. The remuneration of Directors may vary based on the experience, expertise, duties, independence, and attendance record of each Director as well as other relevant considerations.

Additional Remuneration

- A. The Chairman of the Board may receive remuneration in addition to his remuneration as a Director. Such additional remuneration (if any) shall be recommended by the NRC and approved by the Board on an annual basis.
- B. Directors serving in any of the Committees may receive remuneration in addition to their remuneration as Directors.
- C. Directors serving as Senior Executives may receive remuneration in addition to their remuneration as Directors.
- D. If the Secretary of the Board is one of the Board Director, then he may receive remuneration in addition to his remuneration as a Director. Such additional remuneration (if any) shall be determined by the Board (based on the recommendation of the NRC) on an annual basis.

Board: (In SAR Thousands)

Name	Fixed Remuneration							Variable Remuneration					End-of-service award	Aggregate Amount	Expenses Allowance	
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)				Total
First: Independent Board Directors																
1- Saleh F. Nazha	350	0	0	0	0	0	350	0	0	0	0	0	0	0	350	0
2- Mohammed A. Al-Omair	350	0	0	0	0	0	350	0	0	0	0	0	0	0	350	0
3- Abdullah J. Al-Faifi	350	0	0	0	0	0	350	0	0	0	0	0	0	0	350	0
Total	1,050	0	0	0	0	0	1,050	0	0	0	0	0	0	0	1,050	0
Second: Non-Exec. Board Directors																
1- Ibrahim Q. Al-Buainain	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2- Noriaki Takeshita	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3- Suleman A. Al- Bargan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4- Takashi Shigemori ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5-Seiji Takeuchi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Third: Exec. Directors																
1-Othman A. Al-Ghamdi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2-Noriaki Oku ¹	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

¹ Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand, Noriaki Oku was appointed as Director from April 1, 2023.

Senior Executives Remuneration

Rules of Remuneration Determination

- The remuneration of all Senior Executives shall be recommended by the NRC and approved by the Board in accordance with the relevant employment contracts and internal policies and compensation plans.

- b. The NRC shall review and approve the employment contracts with Senior Executives, including contracts with new appointments. It shall also review and approve any contract with an employee with compensation equivalent to Senior Executives.

Benefits and Incentive Plans

- a. Senior Executives are entitled to certain benefits provided by the Company. Besides pension, benefits are primarily in the areas of medical services, access to the Company’s recreational facilities, housing-related allowances (or equivalent), and transportation-related allowances (or equivalent). The nature and levels of benefits for Senior Executives shall be periodically reviewed by the NRC and approved by the Board.
- b. The Company may offer Senior Executives variable compensation that is market-informed and subject to the fulfillment of pre-defined performance goals, whether short-term or long-term. Such variable compensation plans shall be subject to the recommendation of the NRC and the approval of the Board.
- c. The Company may offer Senior Executives and other employees the opportunity for share ownership through an employee share plan or similar programs. Such plans and programs shall be subject to the recommendation of the NRC and the approval of the Board and shall be in accordance with applicable laws, regulations, and instructions.

Senior Executives: (In SAR Thousands)

The following table sets out the aggregated remuneration paid to the Company’s five highest paid Senior Executives, inclusive of the CEO and CFO positions.

	Fixed remunerations				Variable remunerations						End-of- service award	Total remunerations for Board executives, if any	Aggregate Amount
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
Total	4,515	1,615	0	6,130	0	0	0	0	0	0	0	0	6,130

Committee Members Remuneration

Rules of Remuneration Determination

- a. The members of the Committees shall be remunerated in accordance with the charter of the relevant Committee.
- b. Notwithstanding Paragraph above, the NRC shall review and recommend to the Board the remuneration of the members of the Committees.

Committee members: (In SAR Thousands)

	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending meetings	Total
Audit Committee Members			
1- Abdullah J. Al-Faifi	0	0	0
2- Noriaki Takeshita	0	0	0
3- Suleman A. Al-Bargan	0	0	0
4- Mohammed A. Al-Omair	0	0	0
Total	0	0	0
Remuneration & Nomination Committee Members			
1- Mohammed A. Al-Omair	0	0	0
2- Seiji Takeuchi	0	0	0
3- Suleman A. Al-Bargan	0	0	0
4- Abdullah J. Al-Faifi	0	0	0
Total	0	0	0
Marketing Committee Members			
1- Saleh F. Al-Nazha	0	0	0
2- Noriaki Oku	0	0	0
3- Othman A. Al-Ghamdi	0	0	0
Total	0	0	0
Executive Committee Members			
1- Ibrahim Q. Al-Buainain	0	0	0
2- Saleh F. Al-Nazha	0	0	0
3- Seiji Takeuchi	0	0	0
Total	0	0	0

9. Punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the CMA or any other supervisory, regulatory or judiciary authority

N/A

10. Results of the annual review of the effectiveness of the internal control procedures and practices of the Company and the opinion of the BAC with respect to the adequacy of the Company's internal control system

The primary role of the Internal Audit Office is to assess and monitor the implementation of Petro Rabigh internal control system and verify the compliance of the Company and its employees with the applicable laws, regulations, instructions and Company policies and procedures.

In accordance with the 2023 annual audit plan approved by the Board Audit Committee, the Internal Audit Office audited the internal control procedures of the Company's major activities. The General Auditor presented the results and recommendations to the Board Audit Committee during the Committee regular meetings. The Executive Management of the Company is committed to implement Internal Audit recommendations within a reasonable time frame established in conjunction with the Internal Audit Office in order to improve the internal control procedures.

It is the opinion of Board Audit Committee that the internal control is sound in design and has been duly implemented and that its financial practices in all material respect are in line with accepted accounting standards followed in the Kingdom of Saudi Arabia. Further, there were no critical or major observations found during the 2023 audits that can impair the effectiveness of the Company's internal control systems.

11. The BAC's recommendation on the need for appointing an internal auditor for the Company

Petro Rabigh has an established Internal Audit Office headed by General Auditor and consists of a team of experienced Internal Auditors.

12. The BAC recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an External Auditor, as well as justifications for those recommendations and reasons for disregarding them

There was no conflict between the BAC recommendations and the Board resolutions.

13. The General Assembly meetings held during the last fiscal year

A General Assembly Meeting was held in Rabigh on June 7, 2023. Ibrahim Q. Al-Buainain, Chairman of the Board of Directors, chaired the General Assembly.

Names of the Board Members who attended:

1. Eng. Ibrahim Qassim Al-Buainain
2. Eng. Othman Ali Al-Ghamdi
3. Eng. Suleman Amer Al-Bargan
4. Eng. Noriaki Oku
5. Mr. Abdullah Jaber Al-Faifi
6. Eng. Saleh Fahad Al-Nazha
7. Eng. Mohammed Abdullatif Al-Omair

14. Dividends Distribution Policy

After deducting all general expenses and other costs, including taxes and zakat imposed under Shari'a, the Company's annual net profits shall be allocated as follows:

- Ten percent (10%) of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve equals thirty percent (30%) of the Company's paid-up capital.
- The Ordinary General Assembly may, upon the recommendation of the Board of Directors, set aside a percentage of the annual net profits to form an additional reserve to be allocated for the purpose or purposes decided by the Ordinary General Assembly.
- The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to create social institutions for the Company's employees, or to support existing institutions of such kind.

- A percentage of no less than 1% of the remaining amounts of the annual net profits shall be distributed to the shareholders unless the Ordinary General Assembly decides otherwise.

The Company may distribute interim dividends on a quarterly or semi-annual basis in accordance with the rules established by the competent authority.

15. Interest in a class of voting shares held by persons (other than the Company's directors, Senior Executives and their relatives) who have notified the Company of their holdings, together with any change to such interests during the last fiscal year.

N/A

16. Interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Company, and any change on these interest or rights during the last fiscal year

Board Members:

Name	Position	Period Start		Period End		Net Change	Change %
		Stocks	Debt Instruments	Stocks	Debt Instruments		
Ibrahim Q. Al-Buainain	Chairman (Non-Executive Director)	-	-	-	-	-	-
Noriaki Takeshita	Deputy Chairman (Non-Executive Director)	-	-	-	-	-	-
Othman A. Al-Ghamdi	President & Chief Executive Officer (Executive Director)	-	-	-	-	-	-
Suleman A. Al-Bargan	Non-Executive Director	-	-	-	-	-	-
Seiji Takeuchi	Non-Executive Director	-	-	-	-	-	-
Noriaki Oku ¹	Executive Director	-	-	-	-	-	-
Abdullah J. Al-Faifi ¹	Independent Director	100	-	100	-	-	-
Saleh F. Al-Nazha	Independent Director	-	-	-	-	-	-
Mohammed A. Al-Omair	Independent Director	12	-	12	-	-	-

¹ Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand, 3Noriaki Oku was appointed as Director from April 1, 2023.

Senior Executives:

Name	Position	Year Start		Year End		Net Change	Change %
		Stocks	Debt Instruments	Stocks	Debt Instruments		
Naoyuki Inoue ¹	Chief Financial Officer	-	-	-	-	-	-
Akihiko Hiraoka ¹	Chief Financial Officer, Finance & Accounting						
Noriaki Oku	Senior Vice President, Manufacturing	-	-	-	-	-	-
Mohammed M. Farsi	Vice President, Engineering & Support	-	-	-	-	-	-
Yasser D. Al-Ghamdi	Vice President Market Development	-	-	-	-	-	-
Adel A. Al-Mejhed ¹	Vice President, Industrial Relation	120	-	120	-	-	-
Aseem M. Saleh ³	Vice President (A), Industrial Security	175		175	-	-	-

¹Adel Al-Mejhed was appointed as Vice President, Industrial Relations replacing ²Bandar Al-Juaid effective April 1, 2023.

³Assem M. Saleh was assigned as acting Vice President, Industrial Security replacing ⁴Sami S. Al-Dossary who retired effective November 29, 2023

17. Board meetings held during the last financial year

Name	Title	1 st Meeting March 20, 2023	2 nd Meeting June 7, 2023	3 rd Meeting Sep. 19, 2023	4 th Meeting Nov. 21, 2023 ¹	5 th Meeting Dec. 19, 2023	Total Meetings Attended
Ibrahim Q. Al-Buainain	Chairman (Non-Executive Director)	√	√	√	√	√	5
Noriaki Takeshita	Deputy Chairman (Non- Executive Director)	√	√	√	√	√	5
Othman A. Al-Ghamdi	President & Chief Executive Officer (Executive Director)	√	√	√	√	√	5
Seiji Takeuchi	Non-Executive Director	√	√	√	√	√	5
Noriaki Oku ³	Executive Director	-	√	√	√	√	4

Takashi Shigemori ²	Non-Executive Director	√	-	-	-	-	1
Suleman A. Al-Bargan	Non-Executive Director	√	√	√	Proxy to Othman A. Al-Ghamdi	√	5
Mohammed A. Al-Omair	Independent Director	√	√	√	√	√	5
Abdullah J. Al-Faifi	Independent Director	√	√	√	√	√	5
Saleh F. Al-Nazha	Independent Director	√	√	√	√	√	5

¹ This was a special Board Meeting to provide an update on ECR/ HOFCC Debottlenecking Project and seek the Board of Director's approval of the final investment decision (FID).

² Takashi Shigemori has resigned from the Board where his membership ended on March 31, 2023. On the other hand,

³ Noriaki Oku was appointed as Director from April 1, 2023.

18. Numbers of Company's requests of shareholders records, dates and reasons thereof

Thirteen records were requested for the shareholders of the Company during the year 2023 as shown in the following table:

No.	Reason	Date
1	Corporate Action	31/01/2023
2	Corporate Action	28/02/2023
3	Corporate Action	31/03/2023
4	Corporate Action	30/04/2023
5	Corporate Action	31/05/2023
6	General Assembly	07/06/2023
7	Corporate Action	14/06/2023
8	Corporate Action	31/07/2023
9	Corporate Action	31/08/2023
10	Corporate Action	30/09/2023
11	Corporate Action	31/10/2023
12	Corporate Action	30/11/2023
13	Corporate Action	31/12/2023

19. Arrangements or agreements under which a director or a Senior Executive of the Company has waived any remuneration

N/A

20. Arrangements or agreements under which a shareholder of the Company has waived any rights to dividends

N/A

21. Declarations of the Board of Directors

The Board of Directors declares the following:

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

22. Information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses, including the names of persons in relation, the nature, conditions of such competing businesses. If there are no such competing businesses, the Company must submit a statement thereof

No member of the Board is engaging in or was engaging in such a competing business with the Company or its activities.

23. If the Board recommended replacing the External Auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation

N/A