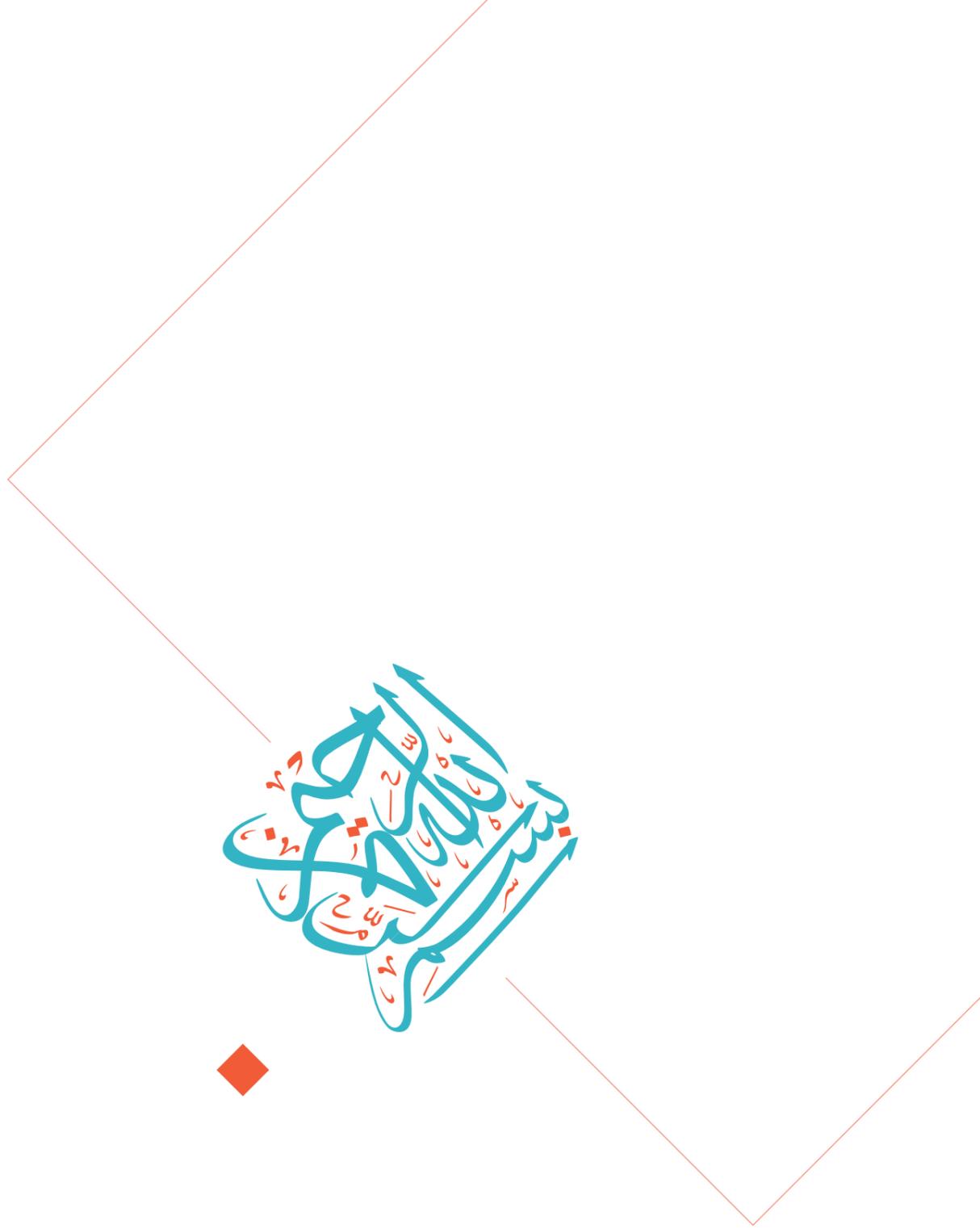
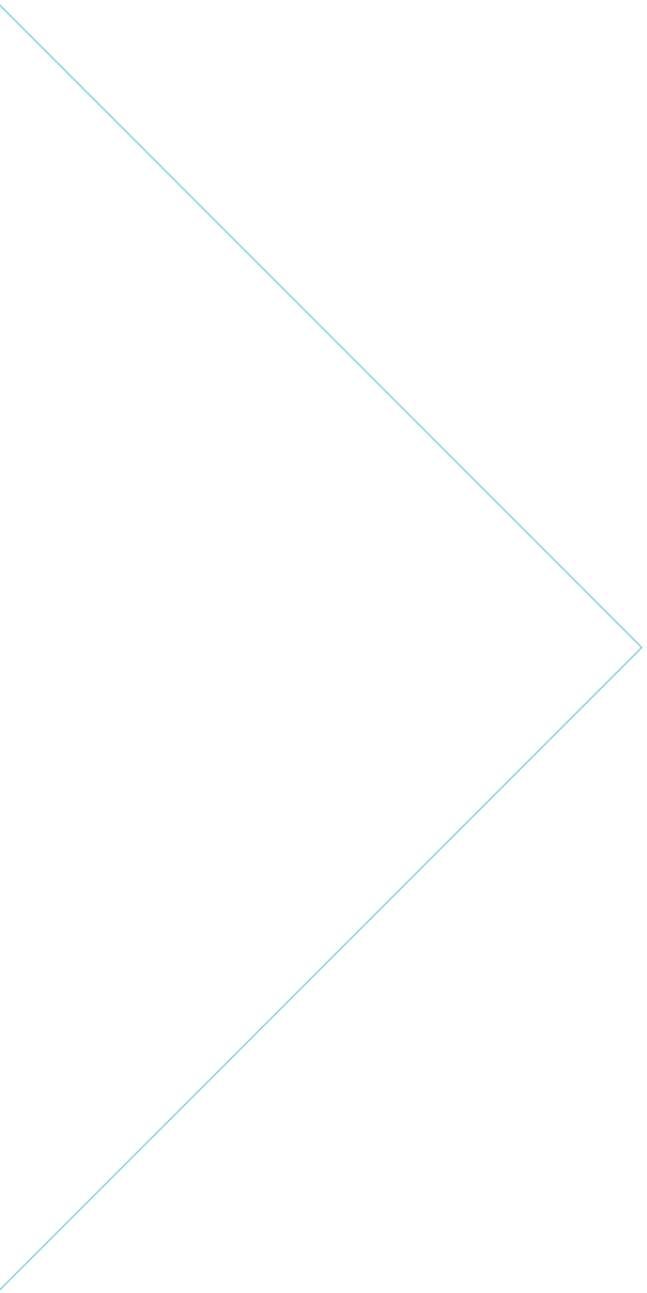




ANNUAL REPORT  
2022



“

“Your Country is witnessing developmental, comprehensive and sustainable mobilization movement aiming at developing the promising and newly emerging sectors; supporting local content, facilitating business environment, enabling the Saudi Citizen, involving the private sector more widely and increasing implementation efficiency for achieving further success”.

”



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

Prime Minister

“

“Our ambition is to build a more flourishing homeland; into which each Saudi Citizen will fulfill his/her wishes. Our homeland future that we will collaboratively be building, we shall accept nothing other than making it at the front of the nations of the world”.

”



His Royal Highness

**Prince Mohammed bin Salman bin Abdulaziz**

Crown Prince, Deputy Prime Minister, and Minister of Defense



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**Board Chairman**  
**Khalil Ibrahim Al-Watban**

## MESSAGE FROM CHAIRMAN

In the name of Allah, the Most Gracious, the Most Merciful  
Honorable Shareholders of Saudi Industrial Investment Group Company,  
Peace be upon you and God's mercy and blessings be upon you, and here after:

On my behalf, and on behalf of my colleagues, members of the company's board of directors, I am pleased to present to you the annual report on the performance of the Saudi Industrial Investment Group Company, its subsidiary, and the business results for the fiscal year ending in 31/12/2022.

The year 2022 did not witness significant economic growth, and many major global markets, such as China, are still in the recovery phase from the Corona pandemic, which mainly affected the level of growth in demand for petrochemical products. Furthermore, the rise in interest rates and the challenges in supply chains contributed to large fluctuations in the prices of petrochemical products during the year. In the first half of 2022, prices were high, and then the market witnessed a sharp decline in the prices of most materials during the second half, which was a major reason for the decline in the results of the company's business. At the same time, we did not witness a significant decrease in feedstock costs or freight costs, which all led to great pressure on the petrochemical industry. In addition, the company's project (Saudi Polymer Company) conducted scheduled periodic maintenance for about two months during the fourth quarter of this year, which takes place every six years, and this also fundamentally affected the company's results. However, despite all these challenges, the company achieved profits of 277 million SAR.

In 2022, SIIG concluded an acquisition deal of the National Petrochemical Company (Petrochem), as the boards of SIIG and Petrochem believed that this deal would make the two companies in a better position to

face current and future developments and challenges in the petrochemical sector in order to form a leading and integrated company with a strong business plan and a group various products that reduce the impact of fluctuations associated with the petrochemical sector.

Also in 2022, SIIG's Board approved a new strategy aimed at increasing and diversifying the investment portfolio of the group by continuing to grow its petrochemical projects, besides entering new sectors based on sustainability and modern technologies. This can be achieved through the formation of strategic partnerships with leading international companies, and in line with the Kingdom's vision 2030 in order to maximize the return for the company's shareholders, while working to continue distributing profits to shareholders. Moreover, SIIG is currently considering several new opportunities.

The company will continue to work to achieve its goals by maximizing returns to its shareholders, taking care of security and safety in its facilities, improving the performance of jointly managed projects, raising production efficiency, developing human resources capabilities, and facing persistent challenges in the petrochemical markets.

In conclusion, I would like to extend on my own behalf and on behalf of the members of the Board of Directors our sincere thanks and appreciation to the Custodian of the Two Holy Mosques and his wise government for their continuous support to the industry sector... May Allah grant us success.

## Board Members



Eng.  
**Khalil Ibrahim Al-Watban**  
Chairman of Board of Directors



Mr.  
**Nabil Abdullah Al Mubarak**  
Deputy Chairman of the Board



H.E. Mr.  
**Suleiman Abdul Rahman Al-Quwaiz**  
Member of the Board of Directors



Mr.  
**Farraj Mansour Abu Thaneen**  
Member of the Board of Directors



Dr.  
**Saad Saleh Al-Ruwaita**  
Member of the Board of Directors



Dr.  
**Abdul Rahman Suleiman Al Rajhi**  
Member of the Board of Directors



Eng.  
**Ziyad mohammed AlShiha**  
Member of the Board of Director



Mr.  
**Adel Abdulaziz Al-Quraishi**  
Member of the Board of Directors



Mr.  
**Fahad Abdul Rahman Al-Maikil**  
Member of the Board of Directors



Mr.  
**Eyad Abdulrahman AlHusain**  
Member of the Board of Director

## 1. Description of Company's Activity:

### 1.1 Foundation:

The Saudi Industrial Investment Group Company was established as a Saudi public joint stock company headquartered in Riyadh, Saudi Arabia. It is registered with commercial registration record 1010139946 on January 1, 1996, pursuant to the Ministry of Commerce Resolution No. 291 dated November 23, 1995, with a capital upon its inception of 550 million SAR. The company's capital has grown through the capitalization of profits, priority rights subscriptions, and capital raising, so that the company's capital today amounts to (7,548) million SAR.

## 1.2 Company Activity:

The activity of SIIG, according to its articles of association, is to invest in the following:

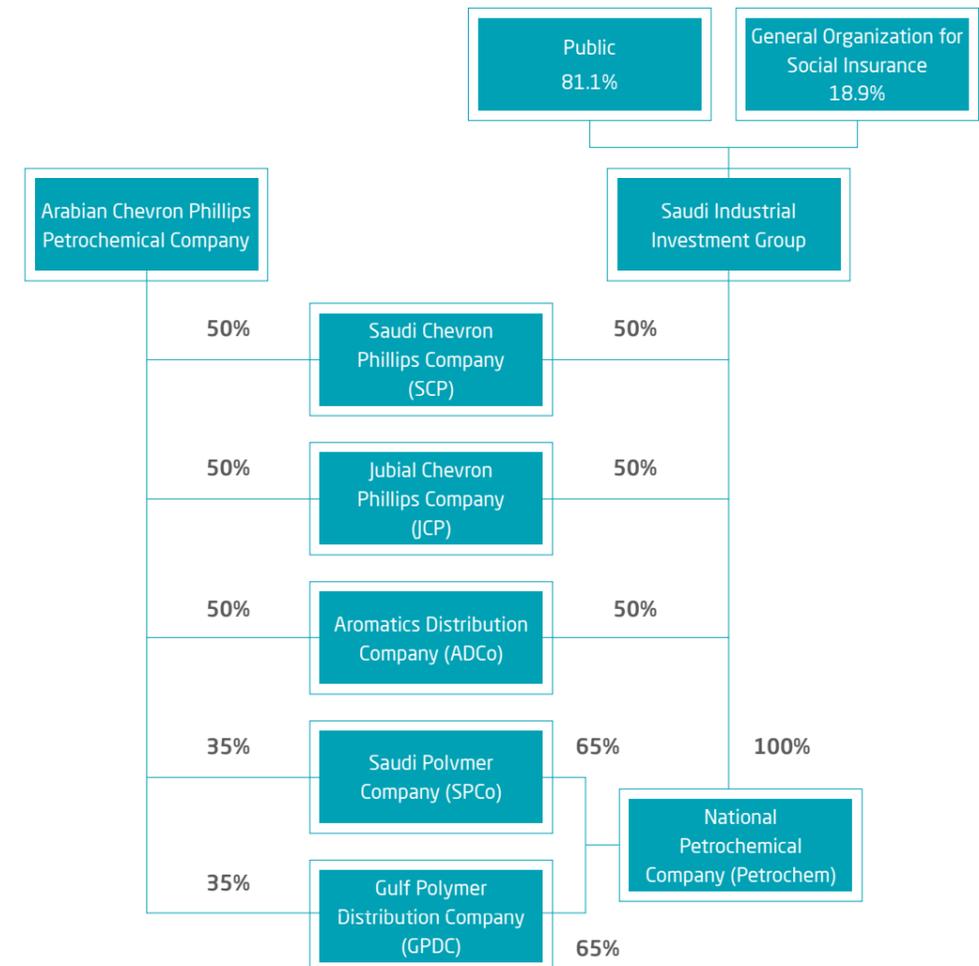
- 1 Manufacturing refined petroleum products.
- 2 Manufacturing basic chemicals.
- 3 Manufacturing other unclassified chemical products.
- 4 Wholesale of solid, liquid and gaseous fuels and related products.
- 5 Manufacturing plastics and synthetic rubber in their primary forms.
- 6 Metallurgy of chemical minerals and fertilizer minerals.
- 7 Mining of other non-ferrous metal ores.
- 8 Manufacturing batteries and accumulators.
- 9 Manufacturing industries.
- 10 Support activities for the extraction of oil and natural gas.
- 11 Construction work related to other civil engineering projects.

The company's practice at the present time is limited to investing in its jointly managed companies to produce the following petrochemicals: cyclohexane, styrene, aromatic compounds, propylene, polyethylene, polypropylene, and hexene-1. These products are used in manufacturing many products that enter our daily lives, and SIIG is keen on the commitment of its subsidiaries to the highest standards of quality in production and preserving the environment as well as the safety of its employees and societies.



## 1.3 SIIG's ownership structure and subsidiaries:

The chart below shows the percentage of ownership of the Saudi Industrial Investment Group in its jointly managed and affiliated projects by the end of 2022, as well as the percentages of major shareholders in the group:



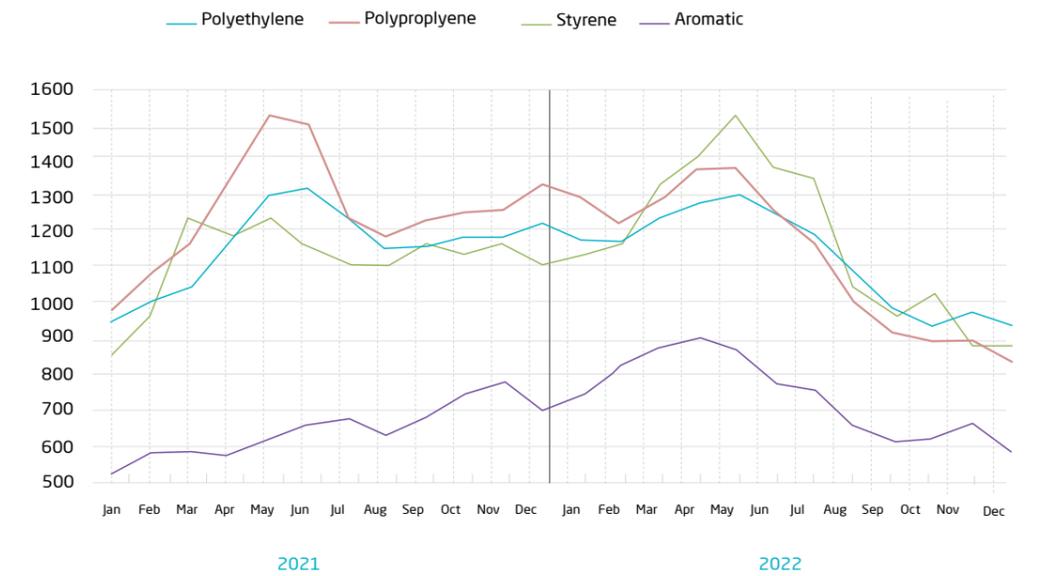
Note:

In April 2022, SIIG completed the acquisition of all issued shares in Petrochem that are not owned by SIIG, amounting to two hundred and forty million (240,000,000) ordinary shares, which represents 50% of Petrochem's capital.

### 1.4 Description of the subsidiaries activities and their impact on SIIG's business results for 2022:

Subsidiaries	Saudi Chevron Phillips (SCP)	Jubail Chevron Phillips (JCP)	Aromatics Distribution (ADCo)	Saudi Polymers	Gulf Polymers Distribution Company
<b>Ownership Percentage</b>	50% SIIG 50% Arab Chevron Phillips Company	50% SIIG 50% Arab Chevron Phillips Company	50% SIIG 50% Arab Chevron Phillips Company	65% SIIG through Petrochem 35% Arab Chevron Phillips Company	65% SIIG through Petrochem 35% Arab Chevron Phillips Company
<b>Foundation Year</b>	1996	2003	2020	2007	2011
<b>Company Structure</b>	Limited Liability Company	Limited Liability Company	Limited Liability Company	Limited Liability Company	Limited Liability Company
<b>Headquarters</b>	Jubail	Jubail	Dubai	Jubail	Dubai
<b>Capital</b>	243 million SAR	483 million SAR	100 thousand AED	1,406 million SAR	2 million AED
<b>Company Activity</b>	Production of liquid fuels, primary gases, gaseous fuels, and manufacturing organic chemicals	Production of liquid fuels, and manufacturing organic chemicals and propylene	Petrochemical trading (sale and distribution of Saudi Chevron Phillips products and Jubail Chevron Phillips Company outside the Kingdom)	Manufacturing chemical element Manufacturing plastics in their primary forms Production of lighting oils Production of Propylene Production of Polyethylene	Sale and storage of polymers and monomers all over the world
<b>Beginning of Production</b>	2000	2008	Distribution started in 2020	2012	Distribution started in 2012
<b>Production Capacity (Thousand tons per year)</b>	Benzene 835 Cyclohexane 290 Aromatic compounds 780	Styrene 730 Propylene 150	Distribution of cyclohexane and styrene products	Polyethylene 1,100 Polypropylene 400 Hexane 100 Propylene 40	Distribution of polyethylene, polypropylene, 1-hexene, and propylene products
<b>2022 Business Results</b>					
<b>Operation Rate</b>	98%	97%	--	88%	--
<b>Annual Sales</b>	6,152	6,776	4,617	6,599	-6,717
<b>Geographical distribution of sales</b>	<ul style="list-style-type: none"> <li>◊ Inside the Kingdom 22%</li> <li>◊ Asia 22%</li> <li>◊ Middle East 25%</li> <li>◊ Europe and Africa 31%</li> </ul>			<ul style="list-style-type: none"> <li>◊ Inside the Kingdom 8%</li> <li>◊ Asia 48%</li> <li>◊ Middle East 10%</li> <li>◊ Europe and Africa 34%</li> </ul>	
<b>Net Income</b>	756	(278)	89	51	214
<b>SIIG's share of net profits</b>	416	(156)	44	35	139

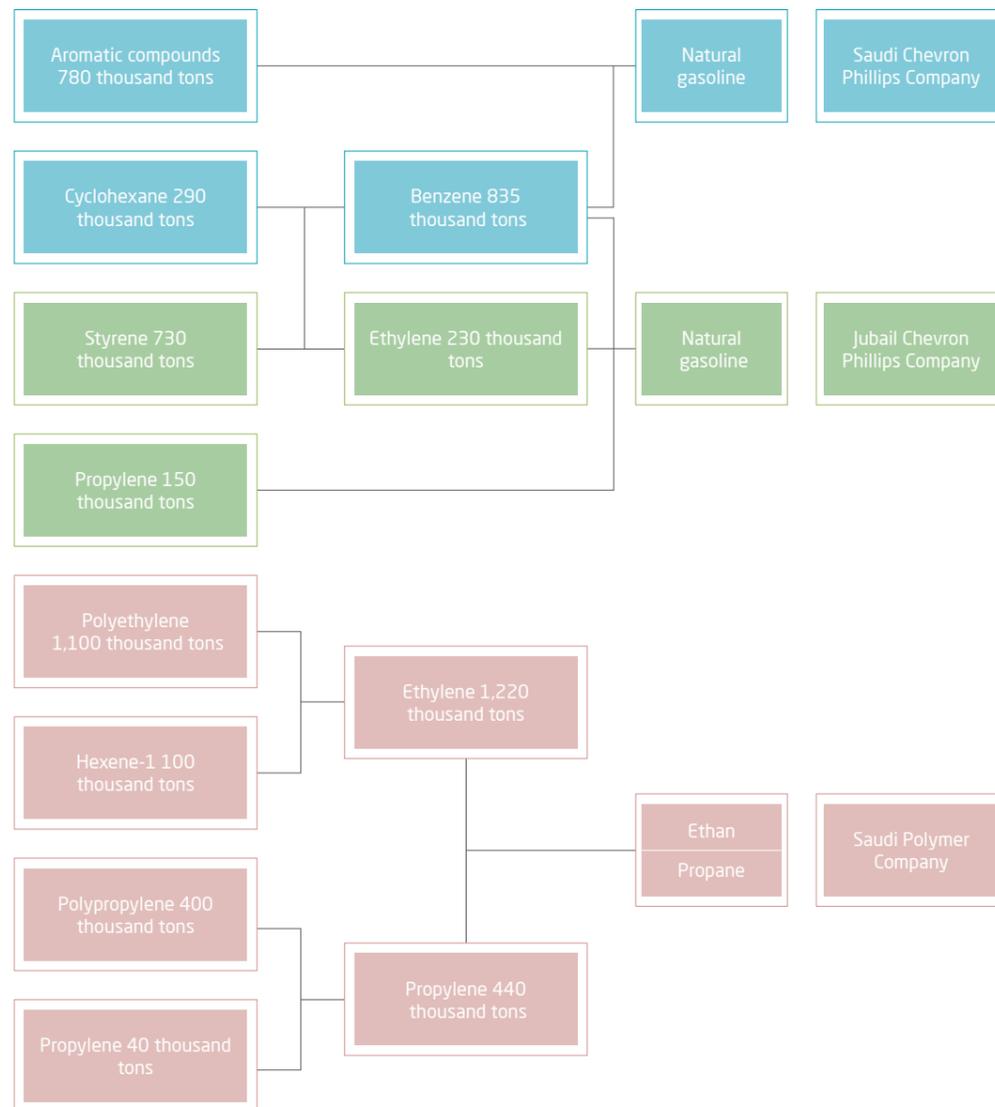
### 1.5 Subsidiary Products Prices:





## 1.6 Project Integration

The three projects (Saudi Chevron Phillips, Jubail Chevron Phillips, and the Saudi Polymer Company) are complementary to each other as they produce different products with a total capacity of 6,400 thousand tons annually, some of which are used internally to produce value-added products, and the quantities available for sale locally and internationally reach 3,700 thousand tons annually:



## 2. Petrochemical Industry:

The petrochemical industry in the Kingdom is a vital component of the Saudi non-oil economy, so the Kingdom aims to increase the production capacity of specialty chemicals and end products. This will not only achieve growth in the Kingdom's non-oil exports, but it will also create a base for manufacturing high-value products with greater returns, in addition to creating job opportunities for Saudi citizens.

### 2.1 The company's contribution to the petrochemical industry and its position in the Saudi market.

The Saudi Industrial Investment Group is proud to be one of the first privately owned petrochemical companies in the Kingdom of Saudi Arabia. Its main objective is to invest in the petrochemical industry for a better future for its shareholders, customers and the Kingdom as a whole. This can be achieved by taking advantage of strategic partnerships from around the world, and also by making optimal utilization of the Kingdom's natural resources and exploiting the available competitive advantage. The company's shares were listed on the Saudi Stock Exchange (Tadawul) on February 15, 2004. The Saudi Industrial Investment Group is considered one of the leading companies in the field of developing the industrial base in the Kingdom, especially the petrochemical industries. The Saudi Group is considered one of the largest petrochemical companies in the Kingdom of Saudi Arabia. Saudi Arabia in terms of hypothetical market capitalization - and

among the largest companies in the Middle East and North Africa region - with a hypothetical market value of 30.4 billion SAR as of December 31, 2022, and a total hypothetical combined production capacity of 6.3 million tons per year as of December 31, 2022. SIIG has also established for itself a strong and cohesive base represented in its strategic alliance with a partner with competitive experience in the petrochemical industry, thus enhancing its technical and investment capabilities in this field, as the Arabian Chevron Phillips Petrochemical Company is considered a strategic ally with SIIG. The Group aims to enhance its current industrial complex for the production of aromatic and hydrocarbon products by continuing to expand investment in the petrochemical industry, in addition to promoting private sector investments in the same field of industry.

### 2.2 Challenges and Outlook for the Petrochemical Market:

The petrochemical industry sector globally in general, and in Saudi Arabia in particular, has witnessed significant development over the past few years due to several factors, including shifts in macroeconomic fundamentals, commodity price development, shifting investments in regional production capacity, and reforms in public policies, among others. The latest developments in the petrochemical sector impose challenges on the entities operating in this field, which could impede performance and limit growth potential. These challenges include, but are not limited to:

- ◆ The shale oil boom in the United States, which was accompanied by an expansion in the production and supply of ethane gas and a decrease in its price. This decline in the price led to building large production capacities and increased competitiveness among polymer manufacturers all over the world.
- ◆ Polymer imports decreased in the Northeast Asia region - one of the largest destinations for polymer exports from the Kingdom - due to the increase in self-sufficiency, as the ethylene production capacity in the region increased at a compound annual growth rate of 4.9% between 2015-2021, while the ethylene production capacity increased in the Middle East at a compound annual growth rate of 1.8% over the same period.
- ◆ The Russian war on Ukraine and its negative impact on the rise in energy prices in Europe and the increase in global inflation.

Despite these challenges, the increase in the size of the world's population and the increase in per capita purchasing power in many countries of the world, especially in China and India, led to an increase in the demand for consumer products around the world, which depend on petrochemical materials in their manufacture. Furthermore, the Arabian Gulf region countries have become one of the largest exporters to China due to its production capacities and geographical location. It is expected that the next decade will witness a significant increase in the production capacity of petrochemicals, as the shale gas boom provided large and cheap supplies of feedstock to American producers, and China also succeeded in developing a technology that allows using coal in its petrochemical supply chain; Therefore, there are still great challenges for manufacturers in the Gulf

region to maintain their position in the petrochemical industries. Moreover, the industry is facing a major challenge in terms of preserving the environment and recycling its final products.

With regard to prices, the first half of 2022 witnessed a rise in the prices of petrochemical products, which led to an improvement in the results of the petrochemical companies, but it soon began to decline sharply in the second half of 2022, which caused a decline in results for petrochemical companies. Therefore, the company's future business results are difficult to predict due to fluctuating prices and accelerating economic effects. However, SIIG will continue to work on regulating operations, production, and sales to mitigate the negative impact of these challenges.



### 3. Risks related to SIIG's main business

The group and its projects manage its factory operations, manage risks and monitor performance. It also aims to develop the rights of shareholders and enhance the company's competitive capabilities in various markets. The company and its jointly managed companies continuously monitor the management of these risks and take preventive measures that contribute to raising awareness and limiting their impact. Among the risks that may affect the company in its main industries are the following:

#### 3.1 Risks related to the subsidiaries' business:

- ◆ The risks of supplying raw materials (feedstock) and their prices on which the jointly managed companies rely for production, as the jointly managed companies supply feedstock mainly from the Saudi Arabian Oil Company (Saudi Aramco) at prices similar to the prices of petrochemical companies in Saudi Arabia, and any change in the price of the feedstock will affect the company's profitability. The percentage of raw material requirements from Saudi Aramco is approximately 100%. Under the Raw Material Supply Agreements currently in force, the Saudi Arabian Oil Company (Saudi Aramco) is not obligated to supply the agreed raw materials or to provide an alternative, nor is it liable for any loss that may occur due to its failure to deliver the materials in accordance with the agreement. Accordingly, if the jointly managed companies lose Saudi Arabian Oil Company (Saudi Aramco) as a supplier of raw materials, or if Saudi Arabian Oil Company (Saudi Aramco) is unable or unwilling to provide Saudi Polymer Company with raw materials in the required quantities or refuses to provide it with any quantities as a result of a shortage in the quantities produced or operational problems in any of its production facilities, the jointly managed companies may be exposed to temporary interruptions in supplies that may force them to close their facilities. In addition, the jointly controlled companies can experience significant delays in their search for suitable alternative raw materials on commercially viable terms. If any one of these risks materializes, the business of SIIG will be materially negatively affected.
- ◆ Operational performance risks: Given that projects contain many technologies and equipment, which by their nature may be subject to breakdowns and stoppages from time to time, the amount of production may be affected as a result of these stops. In order to reduce the risks of these outages, the jointly managed companies shall implement a comprehensive reliability program for all their units, and work according to the highest international standards in maintaining these units on an ongoing basis.
- ◆ The activity of the jointly managed companies includes the manufacture and marketing of petrochemical products, and some of these materials are dangerous or flammable, as is the case in any activities that involve dealing with hazardous materials. To reduce such risks, the jointly managed companies train workers continuously in all areas of safety and environmental protection and implement the highest international safety standards.
- ◆ Interest rate risks, which has two effects on SIIG's business, as the continued decline negatively affects bank deposits, Islamic Murabaha and existing hedging operations with which the subsidiaries are linked. On the other hand, the increase in interest rates negatively affects the business SIIG and its jointly managed companies, as the increase in interest rates leads to an increase in the cost of outstanding loans in the jointly managed companies..
- ◆ The risks of human resources associated with the instability of Saudi competencies, and the relevant impact on the development of the company's performance and continuity. In order to avoid such risks, the company and its jointly managed companies prepare appropriate programs that help attract and stabilize Saudi employees and work to reduce their turnover rate..

- ◆ Environmental risks inherent in the petrochemical industries - such as pollution - and the resulting fines and costs. In order to reduce such environmental risks, the jointly managed companies are committed to the principles of sustainability by using materials that are least harmful to the environment, which are internationally permitted, and disposing of waste in the appropriate ways that do not harm the environment and society by specialists in this field.
- ◆ Risks related to anti-dumping laws in the markets in which the subsidiaries' products are sold, as the company works to apply international best practices in distributing its products, besides cooperating and coordinating with official authorities to represent the Saudi side in dumping cases that may be filed against it abroad.

#### 3.2 Limited Revenue from Operational Activities:

SIIG is a holding company that has no operational activities, source of income, or assets of its own other than 1) its shares in the ownership of its jointly managed companies represented in the following companies: Saudi Chevron Phillips Company, Jubail Chevron Phillips Company, Aromatics Distribution Company, Saudi Polymer Company (through Petrochem), and Gulf Polymers Company for Distribution (through Petrochem); and 2) its investments in Islamic Murabaha. Therefore, the cash flows of SIIG and its ability to distribute dividends to its shareholders depend on dividends or other transfers from its subsidiaries.

#### 3.3 Market and Sector Related Risks:

##### ◆ Competition Related Risks

The group and its jointly managed companies operate in an industrial sector with a high degree of competition as it is greatly affected by the level of supply and demand. The jointly managed companies work to market and sell their products in various local, regional and global markets, and expand their customer base through marketing agreements. They are also exposed to fluctuations in the prices of petrochemical products. The subsidiaries work to reduce such effects through optimal distribution of their products globally, reducing costs as much as possible, and increasing the quantities produced and sold.

##### ◆ Import and Export Related Risks.

The change in the existing legal or regulatory requirements in the countries or regional trade blocs (such as the GCC Customs Union) in which SIIG's subsidiaries operate, or the imposition of new import and export requirements, including anti-dumping and customs tariffs, will affect The competitive position of the products manufactured by the companies jointly managed by SIIG, or may prevent the sale of these products in some relevant countries, which may negatively affect the business activities of SIIG..

##### ◆ Risks related to changing supply and demand for products.

The jointly managed companies' product markets witnessed successive periods in which supply contraction occurred, which caused an increase in prices and profit margins, followed by periods that witnessed a recovery in production capacity, which resulted in excess supply and a decrease in prices and profit margins. Accordingly, the future growth of demand for the products of jointly managed companies may not be sufficient to mitigate the impact of excess production capacity, especially since these conditions may last for a longer period or may exacerbate further as a result of expected or unexpected additions in production capacity or due to any other events. Consequently, the production levels of the jointly managed companies, product sales and profit margins may be affected to a large extent, which in turn leads to a decrease in their overall financial performance levels, which also affects the financial position of SIIG.

#### ◆ Crude Oil Prices Related Risks..

The price of most of the products of the jointly managed companies of the group is linked to the feedstock price. Thus, the international prices of oil and its derivatives greatly affect the prices of other petrochemical products, which makes their prices fluctuate and oscillate greatly as a result of many changes in the global oil markets. Due to the fact that it might be difficult to control the factors that affect the prices of oil and its derivatives, any decline in crude oil prices could have a negative and material impact on the results of the companies jointly managed by SIIG, and their financial position and liquidity, including their ability to finance planned capital expenditures, and thus may negatively affect SIIG and its financial results.

#### ◆ Risks related to the fluctuation of feedstock prices and SIIG's products.

There is no guarantee that the prices of raw materials and products will remain at their current levels, as feedstock prices may be affected by a number of factors beyond the control of SIIG or any of its jointly managed companies, which may include, but are not limited to, changes in economic conditions in the Kingdom and supply and demand and economic policies pursued by the government and global or regional economic conditions or international treaties to which the Kingdom is currently bound or to which it may become a party in the future. Also, there is no guarantee that the prices of raw materials will not change, nor is there a guarantee that they will not affect the SIIG's profitability. In the event that any of the above occurs, this may adversely and materially affect the SIIG's business, financial condition, and the results of its operations.

#### ◆ Risks associated with the Kingdom's economy and the global economy.

SIIG and its jointly managed companies perform the majority of their operations in the Kingdom of Saudi Arabia, and most of their interests are concentrated in this country. Therefore, the SIIG's business and jointly managed companies, the results of their operations and their financial results may be affected in general and continue to be affected by the prevailing general financial, politics and economics conditions (from time to time), particularly in the Kingdom or in the Middle East region in general.

These markets are exposed to risks similar to those of other developed and developing markets, including legal, economic and political risks, besides the spread of epidemics and diseases (as happened as a result of the spread of the Covid 19 virus). Although the Kingdom of Saudi Arabia seeks to diversify its economy, raise government subsidies, and reduce its dependence on oil, the oil and gas sector is still the dominant sector and has the most impact on the Saudi economy. Accordingly, in the event of any decline in the global prices of hydrocarbon products, this will negatively affect the economy of the Kingdom of Saudi Arabia, which in turn may negatively affect the SIIG's business, financial position and the results of its operations.

#### ◆ Supply Chain Related Risks

The risks of maritime navigation suspension in the Arabian Gulf or the Strait of Hormuz due to the presence of the company's projects on the eastern coast of the Kingdom, and its dependence on exporting its products through ports located on the Arabian Gulf. As a result, any political or military events that occur in the Arabian Gulf, it may hinder the ability of SIIG's projects to export its products abroad the kingdom.

## 4. Description of SIIG's important plans and decisions, and future business expectations:

### 4.1 SIIG's acquisition of the National Petrochemical Company (Petrochem).

On 4/10/2022, corresponding to 9/9/1443 H, the extraordinary general assemblies of SIIG and the National Petrochemical Company (Petrochem) approved the SIIG's acquisition of all the issued shares in Petrochem that are not owned by SIIG. Two hundred and forty million (240,000,000) ordinary shares with a nominal value of ten (10) SAR per share, which represents (50%) of Petrochem's capital through an offer to exchange securities for all the shares subject to the offer. After negotiation and discussion between the two companies, it was agreed between SIIG and Petrochem on the exchange ratio of 1.27 shares in SIIG for each share in Petrochem. During the negotiation phase of the exchange ratio, both SIIG and Petrochem sought advice of their advisors, besides reviewing the necessary professional care reports related to the work of the two companies. Accordingly, the Petrochem shareholders registered in the Petrochem shareholder

register at the end of the second trading period after the assembly convened received (1.27) shares SIIG for every share they own in Petrochem. In exchange, SIIG issued three hundred and four million eight hundred thousand (304,800,000) ordinary shares with a nominal value of ten (10) SAR per share for the benefit of Petrochem sellers' shareholders by increasing its paid-up capital from four billion five hundred million (4,500,000,000) SAR to seven billion, five hundred and forty-eight million (7,548,000,000) SAR, and an increase in the number of its shares from four hundred and fifty million shares (450,000,000) to seven hundred and fifty-four million eight hundred thousand (7,54,800,000) shares, which represents an increase of (67,733%) in SIIG's capital. After the implementation of the Assembly's decision, Petrochem became an unlisted joint stock company wholly owned by SIIG.

### 4.2 Adopting New Strategy for SIIG.

SIIG's Board of Directors approved a new strategy for the group aimed at increasing and diversifying the group's current portfolio by continuing to grow its petrochemical projects, besides entering new industrial investments in sectors based on sustainability and modern technologies such as biotechnology, clean energy transformation technologies, and hydrogen. This

can be achieved through forming strategic partnerships with international companies in accordance with the Kingdom's Vision 2030 in order to maximize the return for the company's shareholders, while working to continue distributing profits to shareholders. SIIG is currently considering several new investment opportunities.

### 4.3 Periodic scheduled maintenance for the Saudi Polymers Company project

On 8/9/2022, SIIG announced on Tadawul's website the intention of its jointly managed project (Saudi Polymer Company) to suspend work for scheduled periodic maintenance as of Saturday 1-10-2022, and for a period of 58 days, while SIIG's other projects continue operating. This scheduled suspension was previously mentioned in the 2021 SIIG board of directors' report. It is worth noting that such a stoppage occurs every

five to six years, and this stoppage led to a decrease in SIIG's financial results for the fourth quarter of 2022; therefore, the results in the fourth quarter showed a loss of about (294) million SAR, compared to the previous quarter of the same year with profits of 55 million SAR, and profits of 122 million SAR for the same quarter of the previous year.

### 4.4 Future Expectations of SIIG Business.

At the beginning of 2023, there was a temporary and unscheduled stoppage for one of the projects of the Saudi Group (Saudi Polymer Company) due to a technical problem in the ethylene refrigeration unit. The Operations Department worked to repair it and gradually restart all units in a manner that preserves the safety of employees and equipment, and maintenance work continued for a period of 73 days. The financial impact on the results of the first quarter of 2023 is expected to be an amount of 230 million SAR.

With regard to the upcoming scheduled stoppages, there is going to be scheduled maintenance for two of the jointly managed companies in the first quarter of 2024, namely Saudi Chevron Phillips and Jubail Chevron Phillips project, and this in turn will affect the results of SIIG in that quarter; however, due to price fluctuations, it is currently difficult to predict the company's future results. Concerning international and local prices, which are considered the main influence on the company's results, the prices are still sharply low and are expected to continue for the first half of 2023.

## 5. SIIG's Financial Results:

### 5.1 Summary of SIIG's business results for the fiscal years 2018-2022:

The following table shows SIIG's business results for the past five years:

(List of financial position) in million SAR	2022	2021	2020	2019	2018
Current assets	2,352	3,574	1,781	5,838	7,060
Non-current assets	8,702	8,737	9,385	16,397	17,345
<b>Total assets</b>	<b>11,054</b>	<b>12,310</b>	<b>11,166</b>	<b>22,235</b>	<b>24,405</b>
Current liabilities	347	397	676	3,000	4,243
Non-current liabilities	20	20	19	4,267	5,747
<b>Total liabilities</b>	<b>367</b>	<b>417</b>	<b>694</b>	<b>7,267</b>	<b>9,990</b>
<b>Total equity</b>	<b>10,687</b>	<b>11,893</b>	<b>10,472</b>	<b>14,968</b>	<b>14,415</b>
<b>Total liabilities and equity</b>	<b>11,054</b>	<b>12,310</b>	<b>11,166</b>	<b>22,235</b>	<b>24,405</b>

Income statement (in million SAR)	2022	2021*	2020*	2019	2018
the sales *	-	-	-	7,656	8,930
Sales cost*	-	-	-	(5,773)	(6,247)
Gross profit	-	-	-	1,883	2,683
SIIG's share in the profits of the jointly managed projects*	494	1,906	253	274	311
General, administrative, sales and distribution expenses*	(72)	(69)	(52)	(616)	(702)
Investment losses of a jointly managed project	-	-	-	-	-
operating profit*	422	1,837	201	1,541	2,310
Finance revenue (costs).	45	10	20	(113)	(304)
Other income (net)	-	1	-	14	252
Income (loss) before non-controlling interest and zakat	467	1,848	221	1,442	2,258
Zakat and income tax	(74)	(30)	(14)	(158)	(259)
The share of non-controlling interest in the net profit (loss) of subsidiaries	(116)	(682)	(115)	(678)	(1,116)
Net profit	277	1,136	92	606	865
Earnings per share in riyals	0.41	2.53	0.2	1.35	1.92

\*Note:

- Starting from the third quarter of 2021, Petrochem stopped the method of fully consolidating its financial statements with the Saudi Polymer Company and the Gulf Polymers Company for Distribution and displaying its investments in them according to the equity method. The change in the way Petrochem consolidates its lists with its jointly managed companies led SIIG to change the way it presents its financial statements as well, and the lists for the fiscal year 2021 and the comparison figures for the fiscal year 2020 were presented using the equity method, and the previous years using the full consolidation method, as previously published.

- Moreover, on April 10, 2022, SIIG concluded an acquisition deal of all the shares issued in Petrochem that are not owned by the Group, amounting to two hundred and forty million (240,000,000) shares, which represents (50%) of Petrochem's capital. In exchange, SIIG issued three hundred four million eight hundred thousand (304,800,000) ordinary shares with a nominal value of ten (10) SAR per share for the benefit of Petrochem shareholders by increasing its paid-up capital from four billion five hundred million (4,500,000,000) SAR to seven billion five hundred and forty-eight million (7,548,000,000) SAR. After the implementation of the Assembly's decision, Petrochem became an unlisted joint stock company wholly owned by SIIG.

## 5.2 Significant differences in operating results from those of the previous year:

Items (in million SAR)	2022	2021	Changes +/-	Change Percentage %
SIIG's share in the profits of jointly managed projects	494	1,906	(1,412)	(74%)
General and administrative, sales and distribution expenses	(72)	(69)	3	4%
operating profit	<b>422</b>	<b>1,837</b>	(1,415)	(77%)
Net profit	<b>277</b>	<b>1,136</b>	(859)	(76%)

The reasons for the decrease in the company's net profits during 2022, compared to last year, are due to the following:

- 1) The profit margin decreased due to the increase in feedstock prices and the decrease in selling prices for 2022.
- 2) Scheduled periodic maintenance work for the Saudi Polymer Company project during the year 2022.
- 3) Zakat increased as a result of reversing the Zakat allocation in the previous year 2021.

## 5.3 Financial Accounting Policies and Application of Standards:

The company's consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and other standards and publications approved by the Saudi Organization for Chartered and Professional Accountants, and there is no difference in the accounting financial policies and standards applied in the company.

## 6. Dividend Distribution Policy:

The annual net profits of the company shall be distributed after deducting all general expenses and other costs as follows:

1

Ten percent (10%) of the net profits shall be set aside to form a regular reserve, and the Ordinary General Assembly may stop this form of saving when the aforementioned reserve reaches thirty percent (30%) of the paid-up capital.

2

.At the suggestion of the Board of Directors, the Ordinary General Assembly is entitled to set aside the percentage it deems appropriate from the net profits to form a consensual reserve and allocate it for a specific purpose/s.

3

The Ordinary General Assembly is entitled to decide on the formation of other reserves, to the extent that it is in the company's interest or to ensure that stable dividends are distributed to shareholders as much as possible.

4

Using the remaining after then, dividends are distributed to shareholders with a minimum of five percent (5%) of the paid-up capital.

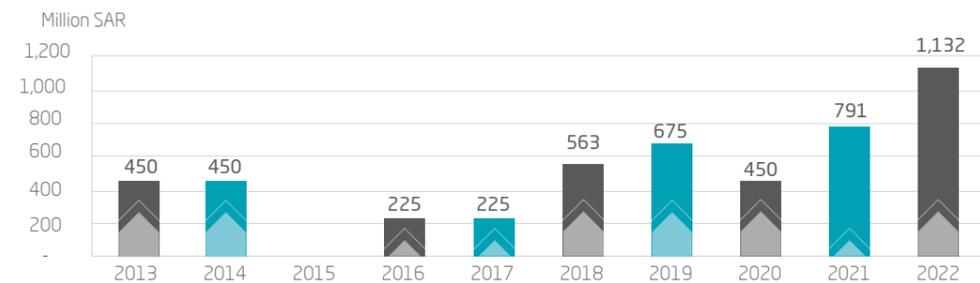
The company may also distribute interim profits to its shareholders on a semi-annual or quarterly basis, by decision of the Board of Directors, if the company's financial position permits and its liquidity is available in accordance with the controls and procedures set by the competent authority.

According to the provisions of Article (68) of the Income Tax Law and Article (63) of its Implementing Regulations, cash distributions from the company to shareholders, when transferred or credited to their bank accounts, are subject to a withholding tax of 5%.

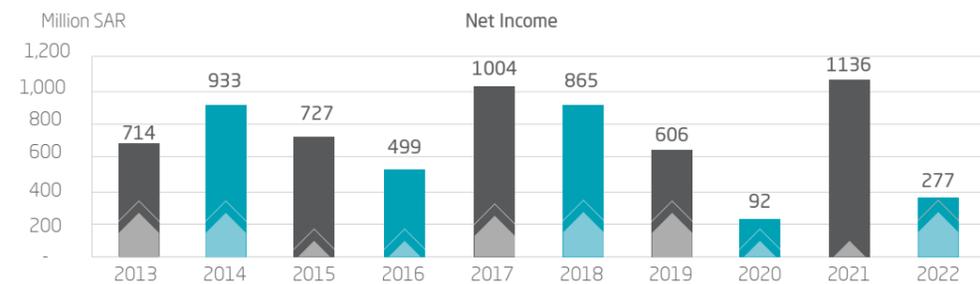
The Board of Directors of the Saudi Industrial Investment Group decided to distribute cash dividends for the fiscal year 2022 according to the following:

Dividend Period	Board Decision	Due Date	Distribution Date	Total amount distributed	Number of outstanding shares	Dividend per share	Percentage
1st Quarter - 2022	14/4/2022	30/6/2022	21/07/2022	566.1 million SAR	754.8 million shares	0.75 SAR	7.5%
2nd Quarter - 2022	4/12/2022	8/12/2022	22/12/2022	566.1 million SAR	754.8 million shares	0.75 SAR	7.5%

Thus, the total amount distributed as profits for 2022 is 1,132 million SAR, and the share per share is one and a half SAR, at a rate of 15% to the nominal value of the share. The cash dividend distributions during the past years were as follows:



The company has achieved net profits during the previous years as follows:



It is known that the petrochemical industry is a fluctuating industry due to the change in the prices of feedstock costs as well as the prices of final products globally; therefore, it is difficult to predict the company's profits for the coming years, which requires reviewing the dividend policy periodically, bearing in mind that the company aims to achieve the continuity and growth of annual distributions to shareholders whenever possible. The following table shows the balance of profits:

Description	2022
Balance of retained profits on 1/1/2022	1,809
Dividends for 2022	(1,698)
Net profits on 12/31/2022	277
Other comprehensive income for this year	98
Transferred to regular reserve at 10%	(28)
Accumulated retained profits on 12/31/2022	458



## 7. Loans and debt instruments:

SIIG do not have any direct loans, while the project of its subsidiary, the National Petrochemical Company (Petrochem), has outstanding loans for its project, the Saudi Polymer Company, as the Saudi Polymer Company has signed refinancing agreements with each of: The Saudi National Bank and Riyadh Bank, with a total of 3000 million SAR, for a period of four years, to be repaid semi-annually, starting from June 2020 and ending in December 2023. The loan carries an interest rate based on the London Interbank Offered Rate (LIBOR), in addition to 0.9% and is guaranteed by a principal bond. The following table shows the loan information, debt instruments, and the relevant transactions during 2022 (in millions SAR):

Lender	Loan Amount	Opening Balance	During Year Payments	Fiscal Year End Balance	Loan Term (year)*
Riyadh Bank	1,500	750	375	375	4
Saudi National Bank	1,500	750	375	375	4
<b>Total</b>	<b>3,000</b>	<b>1,500</b>	<b>750</b>	<b>750</b>	

\* Payment started in mid-2020.

(For your information, the Saudi Polymer Company, which is jointly managed, obtained the original loan before the establishment of the project, which resulted in many conditions, the most important of which is the withholding of cash amounts as a guarantee for repaying the loan. Given the regularity of the company's operational activities, the improvement of its financial capacity, and the repayment of the bulk of the loan, the company decided to refinance the original loan to obtain better financing terms, as the company was able to use the withheld amounts amounting to (1,762) million SAR to repay part of the original loan value. This contributed to reducing the total value of the new financing, and the refinancing aims to ease restrictions on the future distributions of the Saudi Polymer Company, bearing in mind that this does not necessarily entail additional dividends from the group to its shareholders in the near term. The original loan amounted to (13,458) million SAR, provided by the Saudi Industrial Development Fund, the Public Investment Fund, and 19 commercial banks, 9 of which are local. The repayment began in 2013, and the full repayment of the loan was supposed to end at the end of 2023, and the original loan was settled during the year ending on December 31, 2020).

## 8. Description of any interest in the category of shares with voting rights or company debt instruments (except members of the company's Board of Directors, senior executives and their relatives) and any change of such rights during fiscal year 2022:

Interest Owner	Year Beginning	Year End	Net Change	Change Rate
	Number of shares	Number of shares		
General Organization for Social Insurance	22,275,000	140,260,835	117,985,835	529.6%
SIIG's number of shares	450,000,000	754,800,000	304,800,000	67.7%
Ownership percentage	4.95%	18.58%	13.63%	-

Note: On April 10, 2022, SIIG acquired all the shares issued in Petrochem that are not owned by the Saudi Group, amounting to two hundred and forty million (240,000,000) shares, which represents (50%) of Petrochem's capital. In exchange, SIIG issued three hundred four million eight hundred thousand (304,800,000) ordinary shares in favor of Petrochem shareholders. After the implementation of the Assembly's decision, Petrochem became an unlisted joint stock company wholly owned by SIIG.



## 9. Company Management:

### 9.1 Forming Board and Classifying Members:

SIIG is managed by a board of directors consisting of ten members. On 4/10/2022, the Extraordinary General Assembly agreed to increase the number of board members from 9 to 10 members as a result of SIIG's acquisition of the National Petrochemical Company (Petrochem), as one of the terms of the acquisition deal is that one member of Petrochem will be transferred to SIIG. The General Organization for Social Insurance has changed its representative on SIIG's Board by nominating Mr. Eyad Al-Hussain (former member of Petrochem's board of directors) instead of Mr. Thamer Al-Hamoud, as of the date of completing the acquisition of Petrochem by SIIG (10/4/2022).

It is worth noting that regarding the current session elected on 4/21/2021, their membership began on 7/1/2021, and the current board session ends on 6/30/2024. The members are classified according to the definitions of the Corporate Governance Regulations issued by the Capital Market Authority as follows:

SN	Member Name	Position	Capacity
1	Eng. Khalil Ibrahim Al-Watban	(Board Chairman) (Representative of the General Organization for Social Insurance)	Non-executive
2	Mr. Nabil Abdullah Al Mubarak	(Vice Chairman)	Non-executive
3	H.E. Mr. Sulaiman Abdulrahman AlQuwaiz	Board Member	Non-executive*
4	Dr. Abdul Rahman Sulaiman Al-Rajhi	Board Member	Non-executive
5	Mr. Faraj Mansour Abuthnain	Board Member	Independent
6	Dr. Saad Saleh Al Rwaita	Board Member	Independent
7	Mr. Adel Abdulaziz AlQuraishi	Board Member	Non-executive
8	Eng. Ziyad Mohammad Alshiha	Board Member	Independent
9	Mr. Eyad Al-Hussain	Board Member (Representative of the General Organization for Social Insurance)	Non-executive
10	Mr. Fahad Abdulrahman Almuaikeel	Board Member	Independent

\* H.E. Mr. Sulaiman AlQuwaiz completed nine years as a member of SIIG's Board of Directors on October 1, 2022. Accordingly, his membership classification was changed from independent to non-executive.

### 9.2 Names, current and previous positions, qualifications, and experience of board members, committee members, and executive management:

Board Members (and Board Committee Members)	
<b>.Khalil Ibrahim Al-Watban, Board Chairman, Executive Committee Chair</b>	
Current position	Retired
Qualifications	B.Sc. in Mechanical Engineering
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Deputy Minister of the Ministry of Economy and Planning for Sectoral and Regional Development Affairs (2018 - 2022)</li> <li>◆ Vice President of Strategy and Planning at Saudi Arabian Mining Company and its subsidiaries (2009-2018).</li> <li>◆ President of Alpha Project Development (2007-2009)</li> <li>◆ Vice President of Projects and Engineering at Utility Electricity and Water Company (2004-2007)</li> <li>◆ Career Progression at Saudi Basic Industries Corporation (SABIC) and its subsidiaries (1987-2004).</li> </ul>
<b>Nabil Abdullah Al Mubarak - Vice Chairman - Member of the Executive Committee</b>	
Current position	CEO and Managing Director of the Financial Analytics Company.
Qualifications	Master of Information Management and Financial Management. Bachelor of Accounting.
الوظائف السابقة والخبرات	<ul style="list-style-type: none"> <li>◆ Founder and CEO of Simah Credit Rating Agency (Tassnief) (2015-2022)</li> <li>◆ Founder and CEO of Saudi Credit Information Company (Simah) (2004-2017)</li> <li>◆ Career Progression at Saudi Central Bank (1992-2003)</li> </ul>
<b>Sulaiman Abdulrahman AlQuwaiz - Board Member - Executive Committee Member</b>	
Current position	Retired
Qualifications	Professional qualification in corporate financial management and banking operations management B.A. in Business Administration.
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Governor of the General Organization for Social Insurance. (2013-2021)</li> <li>◆ Several management positions at the Saudi American Bank and Riyadh Bank (1981-2013)</li> </ul>
<b>Abdulrahman Sulaiman AlRajhi, Board Member, Audit Committee Member</b>	
Current position	Businessman
Qualifications	PhD in Accounting. Master's in accounting. Bachelor's degree in accounting.
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Various experiences and positions in the management of Sulaiman Abdulaziz Al-Rajhi Holding Company, Sulaiman Al-Rajhi Charitable Foundation, and the management of the National Information Systems Company.</li> </ul>

Board Members (and Board Committee Members)	
<b>Faraj Mansour Abuthnain, Board Member, Nominations and Rewards Committee Chair</b>	
Current position	Retired
Qualifications	Bachelor's degree in Industrial Management. Chase Manhattan Credit and Financial Analysis Program.
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Senior Vice President of Investment and Finance at the National Manufacturing Company (1999-2008)</li> <li>◆ Director of Lending at the Saudi Industrial Development Fund (1982-1999)</li> </ul>
<b>Saad Saleh Al Rwaita, Board Member, Audit Committee Chair, Governance Committee Chair</b>	
Current position	Vice Dean of Prince Sultan University for Administrative and Financial Affairs.
Qualifications	PhD in Accounting. Master's in accounting. Bachelor's degree in accounting.
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Head of accounting at King Saud University, and held positions and memberships in boards and audit committees in companies and government institutions.</li> </ul>
<b>Adel Abdulaziz AlQuraishi, Board Member, Nominations and Remuneration Committee Member</b>	
Current position	Businessman
Qualifications	Bachelor's degree in Industrial Management.
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Managing Director of Arab United Motors Company (1995-200)</li> <li>◆ Worked in various positions at Samba Bank (1001-1994)</li> <li>◆ Held positions and memberships in boards of companies and government institutions. (2000-2022)</li> </ul>
<b>Ziyad Mohammad Alshiha - Board Member - Nomination and Remuneration Committee Member</b>	
Current position	CEO of the Saudi Investment Company for Recycling "SRIK"
Qualifications	Master of Business Administration Master of Electrical Engineering Bachelor's degree in electrical engineering
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Managing Director of Al-Wedyan Real Estate Company (2018-2019)</li> <li>◆ CEO of the Saudi Electricity Company (2014 - 2018)</li> <li>◆ Saudi Aramco in several operational and executive positions inside and outside the Kingdom (1984-2014)</li> </ul>

Board Members (and Board Committee Members)	
<b>Eyad Abdulrahman Al-Hussein - Board Member - Governance Committee Member</b>	
Current position	Assistant Governor for Financial Affairs - General Organization for Social Insurance.
Qualifications	Master of Commerce and Finance Bachelor of Accounting
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Assistant Governor for Financial and Administrative Affairs - General Organization for Social Insurance (2014-2021)</li> <li>◆ Director General of Financial Affairs - General Organization for Social Insurance (2009 - 2013)</li> <li>◆ Director General of Financial Control - General Organization for Social Insurance (2007 - 2009)</li> <li>◆ Financial Controller - General Organization for Social Insurance (2000 - 2007)</li> </ul>
<b>Fahad Abdulrahman Almuaikeel, Board Member, Nominations and Remuneration Committee Member, Governance Committee Member</b>	
Current position	Chief Executive Officer of the Saudi Arabian Refineries Company (Sarco) (2013-2022)
Qualifications	Bachelor of Economics and Management.
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Deputy Director of the Office of the Southern Region Cement Company, Jeddah (2004-2012)</li> <li>◆ The National Guard of the Western Sector in the Tenders Section - 2003</li> </ul>
Committee Members (Non-Board)	
<b>Khalid Mohammed Alkhowaiter, Non-Board Member, Audit Committee Member</b>	
Current position	Financial and administrative advisor.
Qualifications	Bachelor of Administrative Sciences - Accounting Department. American CPA Fellowship
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Chief Financial Officer, Advanced Electronics Company (2018-2022)</li> <li>◆ Career progression in several positions at the Advanced Electronics Company (1984-2018)</li> <li>◆ Held several audit committee memberships in companies and government institutions</li> </ul>

Executive Management:	
<b>Abdulrahman Saleh Alismail</b>	
Current position	CEO of the Saudi Industrial Investment Group.
Qualifications	Master of Economics Bachelor's degree in Financial Management
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Managing Director - National Petrochemical Company (2008-2020)</li> <li>◆ Projects Manager - Saudi Industrial Investment Group (2004-2008)</li> <li>◆ General Manager - Connected Solutions Technology Company (2002-2004)</li> <li>◆ Director of Investment Programs - Banking Institute (SAMA) (1994-2002)</li> </ul>
<b>Fahad Abdullah Al Thiban</b>	
Current position	Director of Operations Department - Saudi Industrial Investment Group
Qualifications	Bachelor's degree in Statistics
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Acting CEO - National Petrochemical Company (2021-2022)</li> <li>◆ General Manager of Marketing - National Petrochemical Company (2011-2020)</li> <li>◆ General Manager of Gulf Polymers Company (2011-2020)</li> <li>◆ Mr. Fahd Al Thiban also held several positions during his work at SABIC:</li> <li>◆ General Manager of SABIC Turkey (2010-2011)</li> <li>◆ Business Manager of Methanol Product (2007-2010)</li> <li>◆ Regional Director at SABIC Asia Pacific - Singapore (2003-2006)</li> </ul>
<b>Hazem Marwan Abu Suwairah</b>	
Current position	Senior Financial Manager - Saudi Industrial Investment Group.
Qualifications	Bachelor's degree in Economics and Administrative Sciences.
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Accounts Head - National Petrochemical Company (2009-2010)</li> <li>◆ Chief Accountant - Development Company for Investment, Real Estate and Tourism Development (2005-2009)</li> <li>◆ Chief Accountant - Real Estate Development and Tourism Company - Turesco (2001-2005)</li> <li>◆ Auditor - Al-Rubaish Certified Public Accountants and Auditors (1999-2001)</li> </ul>
<b>Ali Abdullah AlBegmi</b>	
Current position	Director of Compliance and Secretary of the Board of Directors - Saudi Industrial Investment Group
Qualifications	Master's degree in International Marketing Higher Diploma in Design, Industry and Management Bachelor's degree in Chemical Engineering

Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Projects Manager and Board Secretary - National Petrochemical Company (2009-2022)</li> <li>◆ Director of Business Development at the Saudi Industrial Investment Group (2008-2009)</li> <li>◆ Mr. Ali Al-Bagami also worked in several positions at the Saudi Industrial Development Fund (1997-2008).</li> </ul>
<b>Mohammed Ali Al Dughaish</b>	
Current position	Project Manager - Saudi Industrial Investment Group.
Qualifications	Master of Engineering Management Bachelor of Petroleum Engineering.
Previous jobs and experiences	<ul style="list-style-type: none"> <li>◆ Project Manager - Saudi Industrial Investment Group. (2017 until now)</li> <li>◆ Board Secretary - Saudi Industrial Investment Group (2011 - 2022)</li> <li>◆ Project Analyst - Saudi Industrial Investment Group. (2010-2016)</li> </ul>

### 9.3 Names of companies inside or outside the Kingdom in which a member of the Board of Directors is a member of its current and previous boards of directors or one of its directors:

Current Boards Membership			Previous Boards Membership		
Company	Inside/outside the Kingdom	Legal Entity	Company	Inside/outside the Kingdom	Legal Entity
<b>Engineer Khalil Ibrahim Al-Watban (Board Chairman)</b>					
The Saudi Investment Company for Recycling "SRIK"	Inside	Limited liability			
Marine Business Company for Environmental Services	Inside	Limited liability			
National Petrochemical Company (Petrochem)	Inside	Closed Joint Stock			
Saudi Polymer Company	Inside	Limited liability			
Saudi Chevron Phillips Company	Inside	Limited liability			
Jubail Chevron Phillips Company	Inside	Limited liability			

Current Boards Membership			Previous Boards Membership		
Company	Inside/outside the Kingdom	Legal Entity	Company	Inside/outside the Kingdom	Legal Entity
<b>Mr. Nabil Abdullah Al Mubarak (Board Vice Chairman)</b>					
Arabian Sea Company for Information Systems	Inside	Listed Joint Stock			
Social Development Bank	Inside	Government			
Lindo Corporation	Inside	Institution			
Financial Analytics Company	Inside	Closed Joint Stock			
Al-Murshid Holding Group	Inside	Limited liability			
Al-Murshid Contracting Company	Inside	Closed Joint Stock			
Saudi Polymer Company	Inside	Closed Joint Stock			
Saudi Chevron Phillips Company	Inside	Limited liability			
Jubail Chevron Phillips Company	Inside	Limited liability			
<b>H.E. Mr. Sulaiman Abdulrahman AlQuwaiz</b>					
Etiad Etisalat Company (Mobily)	Inside	Listed Joint Stock	Hassana Investment Company	Inside	Non-Listed Joint Stock
Saudi Arabian Mining Company (Maaden)	Inside	Listed Joint Stock	Saudi Glass Industries Company (Glass)	Inside	Listed Joint Stock
British Bank Council	Inside	Listed Joint Stock	National Industrialization Company (TASNEE)	Inside	Listed Joint Stock
Al Munajem Food Company	Inside	Listed Joint Stock	Royal and Son Insurance Company	Inside	Non-Listed Joint Stock
Saudi Arabian Ballrock Company	Inside	Closed Joint Stock	Ajil Financial Services Company	Inside	Non-Listed Joint Stock
			MasterCard International Company	Outside	Non-Listed Joint Stock

Current Boards Membership			Previous Boards Membership		
Company	Inside/outside the Kingdom	Legal Entity	Company	Inside/outside the Kingdom	Legal Entity
<b>Dr. Abdul Rahman Sulaiman Al-Rajhi</b>					
Al Rajhi Brothers Group	Inside	Non-Listed Joint Stock	Advanced Education Company	Inside	Non-Listed Joint Stock
Saudi Cement Company	Inside	Listed Joint Stock	National Poultry Group	Outside	Closed Joint Stock
Syob Arabia Company	Inside	Non-Listed Joint Stock	Sulaiman bin Abdulaziz Al-Rajhi Endowments	Inside	Non-Profit
National Information Systems Co. Ltd	Inside	Non-Listed Joint Stock			
Sulaiman Al-Rajhi University	Inside	Educational Institution			
Suleiman bin Abdulaziz Al-Rajhi Charity	Inside	Non-Profit			
College of Medicine, King Saud University	Inside	Educational Institution			
Sulaiman Al-Rajhi Foundation for Development Finance	Inside	Non-Profit			
National Association for Social Services (Ajwad)	Inside	Non-Profit			
NGOs	Inside	Non-Profit			
<b>Mr. Faraj Mansour Abuthnain</b>					
Astra Industrial Group	Inside	Listed Joint Stock	The National Petrochemical Company, Petrochem	Inside	Closed Joint Stock
Al Moammar Information Systems	Inside	Listed Joint Stock	The Saudi National Shipping Company	Inside	Listed Joint Stock
Al-Rajhi Building and Development Company	Inside	Limited liability	Bawan Company	Inside	Listed Joint Stock
			Aljazira Capital	Inside	Closed Joint Stock

Current Boards Membership			Previous Boards Membership		
Company	Inside/outside the Kingdom	Legal Entity	Company	Inside/outside the Kingdom	Legal Entity
<b>Dr. Saad Saleh Al Rwaita</b>					
			The Saudi Company for Recycling	Inside	Limited Liability
			Saudi National Bank	Inside	Listed Joint Stock
			Saudi Printing and Packaging Company	Inside	Listed Joint Stock
			Rana Investment Fund	Inside	Closed Joint Stock
			Riyadh Downtown Development	Inside	Government Institution
			AlWadian Company	Inside	Closed Joint Stock
<b>Mr. Adel Abdulaziz AlQuraishi</b>					
United Motors Company	Inside	Limited liability	Al-Sabah Trading Company	Inside	Limited liability
Advanced Systems Company	Inside	Limited liability	Ali Zaid AlQuraishi & Brothers Co	Inside	Limited liability
AlQuraishi Company	Inside	Limited liability	Arabian Motors Company	Inside	Limited liability
Saudi Polymer Company	Inside	Limited liability	Rana Investment Company	Inside	Limited liability
Saudi Chevron Phillips Company	Inside	Limited liability	Supreme Commission for Tourism	Inside	Governmental
Jubail Chevron Phillips Company	Inside	Limited liability			
<b>Eng. Ziyad Mohammad Alshiha</b>					
ARCAD Group Consultant Member	Inside	Closed Joint Stock	Member of GCC Interconnection Authority	Inside	Closed Joint Stock
Board Chairman of ARCAD Overseas	Inside	Closed Joint Stock	Member of BEXA Corporation	Inside	Closed Joint Stock
Board Chairman of Strategic Minds Corporation	Inside	Closed Joint Stock	Member of AlWedyan Company	Inside	Closed Joint Stock
Marine Business for Environmental Services (SAIL)	Inside	Limited liability	Member of Riyadh Development Authority	Inside	
Global Environmental Management Services (GEMS)	Inside	Limited liability	Member of Cities Authority	Inside	
			Member of Capital Market Investment Authority	Inside	
			Faculty member of the College of Administration - Prince Sultan University	Inside	

Current Boards Membership			Previous Boards Membership		
Company	Inside/outside the Kingdom	Legal Entity	Company	Inside/outside the Kingdom	Legal Entity
<b>Mr. Eyad Abdulrahman Al-Hussain</b>					
Saudi Polymer Company	Inside	Limited liability	Member of Samba Financial Group	Inside	Listed Joint Stock
Gulf Polymers Distribution Company	Outside	Limited liability	Board Member of Alawwal Bank	Inside	Listed Joint Stock
Aromatics Distribution Company	Outside	Limited liability	Board Chairman of the National Medical Care Company	Inside	Listed Joint Stock
			Member of the Financial Supervision Board of the Saudi Company for Sand Bricks	Inside	Limited liability
<b>Mr. Fahad Abdulrahman Almuaikeel</b>					
Saudi Arabian Refineries Company	Inside	Listed Joint Stock	-	-	-
Arab Company for Tanks	Inside	Limited liability			
Sadu Investment Company	Inside	Limited liability			

### 9.4 Board Members Ownership:

- A description of any interest belonging to the Board of Directors members, their wives, and minor children in the shares of the company (SIIG) during 2022:

Interest Owner Name	Year Beginning	Year End	Net Change	Change Rate
Khalil Ibrahim Al-Watban	----	----	----	----
Nabil Abdullah Al Mubarak	5,000	10,000	5,000	100%
Sulaiman Abdurrahman AlQuwaiz	----	----	----	----
Abdulrahman Sulaiman AlRajhi	38,193	38,193	0	0%
Faraj Mansour Abuthnain	----	----	----	----
Saad Saleh Al Rwaita	----	----	----	----
Adel Abdulaziz AlQuraishi	40,000	40,000	0	0%
Ziyad Mohammad Alshiha	----	----	----	----
Eyad Abdulrahman Al-Hussain	---	2,000	2,000	0%
Fahad Abdulrahman Almuaikeel	550	1,100	550	100%

Noting that there are no debt instruments for board members in the company or its subsidiaries.

### 9.5 Senior Executives Ownership:

- A description of any interest belonging to the Senior Executives, their wives, and minor children in the shares of the company (SIIG) during 2022:

Interest Owner Name	Year Beginning	Year End	Net Change	Change Rate
Abdulrahman Saleh Al Ismail*	1,000	2,250	1,250	125%
Hazem Marwan Abu Swaireh	----	----	----	----
Muhammad Ali Al Daghish	----	----	----	----

- Noting that there are no debt instruments for Senior Executives in the company or its subsidiaries.

\* The change is due to the merger of his owned shares in SIIG and Petrochem.

### 9.6 Board Meetings:

SIIG's Board held six meetings during the fiscal year 2022, and the attendance of the members was as follows:

Member Name	15 March	31 March	10 April	14 April	20 September	4 December
Khalil Ibrahim Al-Watban	✓	✓	✓	✓	✓	✓
Nabil Abdullah Al Mubarak	✓	✓	✓	✓	✓	✓
Sulaiman Abdurrahman AlQuwaiz	✓	✓	✓	✓	✓	✓
Abdulrahman Sulaiman AlRajhi	✓	✓	✓	✓	✓	✓
Faraj Mansour Abuthnain	✓	✓	✓	✓	✓	✓
Saad Saleh Al Rwaita	✓	✓	✓	✓	✓	✓
Adel Abdulaziz AlQuraishi	✓	✓	✓	✓	✓	✓
Ziyad Mohammad Alshiha*	-	-	-	✓	✓	✓
Eyad Abdulrahman Al-Hussain*	-	-	-	✓	✓	✓
Fahad Abdulrahman Almuaikeel	✓	✓	✓	✓	✓	✓
Thamer Abdullah Al-Hamoud**	✓	✓	-	-	-	-

Note:

\* Membership started on 11/4/2022.

\*\* Membership ended on 4/10/2022.

## 10. Board Committees:

### 10.1 Audit Committee:

The audit committee's functions include the following:

- ◆ Study the company's accounting policy, monitor its operations, and verify the validity and integrity of financial reports and statements as well as the company's compliance with relevant regulations, laws and policies.
- ◆ Recommend the selection and removal of external auditors, determine their remuneration, assess their performance, verify their independence, and review their scope of work and contract conditions.
- ◆ Study annual and preliminary financial statements before they are approved and published.
- ◆ Verify that the design company's oversight activities is adequate and effective in an appropriate manner, ensure the independence of internal auditors, approve the company's internal audit action plan, evaluate its performance, study its reports, and follow up on the implementation of the corrective actions based on the relevant feedback.
- ◆ Assess the effectiveness of the company's assessment of major and potential risks, and how to monitor and address such risks.

The Audit Committee consists of three members, all of whom have practical and professional experience to actively participate in the work of the Audit Committee. The committee held five meetings during 2022, and the attendance of the committee's members was as follows:

SN	Member Name	Membership Status	26 Jan	9 Mar	9 May	3 Aug	2 Nov
1	Saad Saleh Al Rwaita	Chair	✓	✓	✓	✓	✓
2	Abdulrahman Sulaiman AlRajhi	Member	✓	✓	✓	✓	✓
3	Khalid Abdullah Alkhwaiter	Member	✓	✓	✓	✓	✓

## Audit Committee's activities during 2022:

SIIG's audit committee held five meetings during the fiscal year 2022, and the topics of those meetings that were discussed focused on the following:

- 1 Discussing the quarterly preliminary financial statements for the first, second, third and fourth quarters of the fiscal year 2022, and the audited financial statements for the fiscal year ending on 12/31/2022. Recommendations were submitted to the Board in preparation for approval
- 2 Reviewing and discussing the reports of the internal auditor according to the audit plan approved by the committee and developing proposals, solutions and corrective measures for the observations mentioned in these reports
- 3 Approving the internal audit plan for the fiscal year 2023 and submitting observations thereon
- 4 Following up and discussing the reports of the internal auditor in the jointly managed companies, as well as following up on the implementation plan of the internal audit recommendations
- 5 Emphasizing the significance of evaluating the effectiveness of the company's assessment of potential risks and how to monitor and confront such risks
- 6 Following up the workflow of the external auditor and ensuring their independence and the absence of any obstacles affecting their workflow
- 7 Reviewing and studying the offers submitted by the offices of external auditors

## 10.2 Executive and Investment Committee:

The tasks of the Executive Committee include the following:

- 1 The tasks assigned by the Board in managing and directing the company's operations and affairs as well as reviewing the estimated budget.
- 2 The investment committee has the right, in order to perform its duties, to communicate and conduct initial research with other relevant parties, without entailing any legal obligation on the company except after obtaining the approval of the Board of Directors
- 3 Seeking investment opportunities in specific fields, including mergers or acquisitions, and expansion of existing projects.
- 4 Preparing the investment strategy and its guidelines and policies, as well as proposing possible areas of internal and external investment.
- 5 The committee may seek the assistance of independent consultants, whenever the need arises, to carry out specialized studies that will help the committee perform its tasks and determine their fees.
- 6 The authority to contract with consultants and experts and to pay their fees within the limits of a budget of 500 thousand SAR annually. Any further amounts require the approval of the Board of Directors.
- 7 Determining and arranging the priorities of suggested investment proposals, identifying attractive investment opportunities, and studying their feasibility before presenting them to the Board.
- 8 Reviewing the impact of the proposed investments on SIIG's statement of financial position, including required financing, and assessing the impact on liquidity and indebtedness ratios.
- 9 The committee shall perform the tasks of the Risk Committee and the Social Responsibility Committee

The committee held seven meetings during 2022, and the attendance of the committee's members was as follows:

SN	Member Name	Membership Status	9 Feb	31 Mar	21 Jun	13 Sep	1 Nov	22 Nov	27 Dec
1	Khalil Ibrahim Al-Watban	Chair	✓	✓	✓	✓	✓	✓	✓
2	Sulaiman Abdurrahman AlQuwaiz	Member	✓	✓	✓	✓	✓	✓	✓
3	Nabil Abdullah Al Mubarak	Member	✓	✓	✓	✓	✓	✓	✓

The most important topics discussed during the meetings were the study of the company's strategy, future investment opportunities, actual expenditures for the fiscal year 2022, and comparing them with the approved budget for the year, the estimated budget for the fiscal year 2022, and the study of social responsibility programs.

## 10.3 Nomination and Remuneration Committee:

The Nomination and Remuneration Committee performs the following tasks:

- 1 The committee shall recommend nominations to the Board of Directors taking into account that those convicted of any offence related to honesty and integrity must not be nominated
- 2 Conduct the annual review of the necessary skills requirements for board membership and prepare a description of the capabilities and qualifications required for board membership, including determining the time required to be allocated by the member to the Board of Directors.
- 3 Reviewing the structure of the Board of Directors and making recommendations on what changes can be made.
- 4 Identifying weaknesses and strengths in the Board of Directors and proposing appropriate solutions when needed in accordance with the company's interests.
- 5 Ensuring, on an annual basis, the independence of independent members, and the absence of conflict of interest in case any of the members is also a board member in another company.
- 6 Developing clear policies for the remuneration of board members, senior executives, and using performance-related criteria to determine such rewards.
- 7 Developing a job description of executives, non-executive members, independent members and senior executives
- 8 The committee shall take into account on an annual basis not to violate the provisions of the Corporate Law, the Financial Market Law and the relevant executive regulations.
- 9 The committee shall periodically review the remuneration policy and assesses its effectiveness in achieving the foreseeable objectives.
- 10 Recommending remuneration for board members and committees, senior executives and employees of the company in accordance with the policy in place.

In 2022, the committee held four meetings, and the attendance of the committee's members was as follows:

SN	Member Name	Membership Status	15 Mar	14 Apr	15 Sep	27 Nov
1	Faraj Mansour Abuthnain	Chair	✓	✓	✓	✓
2	Adel Abdulaziz AlQuraishi	Member	✓	✓	✓	✓
3	Fahad Abdulrahman Almuaikeel	Member	✓	✓	✓	✓
4	Ziyad Mohammad Alshiha*	Member	-	✓	✓	✓
5	Thamer Abdullah Al Hamoud**	Member	✓	-	-	-

Note: \* Membership started on 11/4/2022.

\*\* Membership ended on 4/10/2022.

The most important topics discussed were ensuring the independence of the independent members and the absence of conflict of interests, studying the specific criteria for rewarding the company's employees, supervision the transfer of the employees of the National Petrochemical Company (Petrochem) to SIIG after the acquisition deal, and studying the salary scale and the new organizational structure.

#### 10.4 Governance Committee:

The committee has the following objectives and responsibilities relating to the company's governance rules:

- 1 Ensuring the company's commitment to applying the governance regulations, clarifying the competencies of the Board and its committees, and developing its efficiency to strengthen the company's decision-making mechanisms.
- 2 Informing the Board of developments in governance and providing it with the committee's reports and recommendations.
- 3 Reviewing and developing the professional code of conduct that represents the company's values, as well as other internal policies and procedures in order to meet the company's need to apply best practices.

In 2022, the committee held one meeting, and the attendance of the committee's members was as follows:

SN	Member Name	Membership Status	29 December
1	Saad Saleh Al Rwaita	Chair	✓
2	Fahad Abdulrahman Almuaikeel	Member	✓
3	Eyad Abdulrahman Al-Hussain*	Member	✓
4	Thamer Abdullah Al Hamoud**	Member	-

Note: \* Membership started on 11/4/2022.

\*\* Membership ended on 4/10/2022.

The most important topics discussed were the evaluation of the SIIG's annual report for the year 2021.

## 11. Remunerations of Board Members, Committee Members, and Senior Executives:

### 11.1 Remuneration Policy:

- 1 Remunerations are given for the purpose of encouraging Board members and executive management to succeed and develop the company in the long term, such as linking the variable part of the remuneration to long-term performance.
- 2 The remuneration policy was approved by the General Assembly, and it discusses in detail the general criteria for remuneration, the criteria for the remuneration of Board members, the criteria for the remuneration of committee members, the criteria for the remuneration of the executive management, the method of disbursement of such remuneration, the cases of deduction, and the claim for compensation and recovery.
- 3 Remunerations are determined based on the incumbent's job rank, tasks and responsibilities assigned to, educational qualifications, practical experience, skills, and level of performance.
- 4 Concerning those who took advantage of the position to obtain undue bonuses, remunerations shall be suspended or refunded if it is founded that they were given on the basis of inaccurate information provided by a Board member or the executive management.

All fees and remunerations have been disbursed to Board members, committee members and senior executives based on the policy followed adopted by the company and the recommendation of the Nomination and Remuneration Committee. It was also approved by the Board, and there are no deviations from the policy.



## 11.2 Board Members Remuneration:

	Fixed Remuneration (thousand SAR)						Variable Remuneration (thousand SAR)					End of Service Gratuity	Grand Total	Expense Allowance
	Specific Amount	Board Sessions Attendance Allowance	Committee Sessions Attendance Total Allowance	In-Kind Benefits	Technical, administrative and advisory work Remuneration	Remuneration of Chairman, Managing Director or Secretary, if he/she is a member	Total	Profit share	Periodic Remuneration	Short term incentive plans	Long term incentive plans			
<b>First: Independent Members</b>														
Faraj Mansour Abuthnain	200	18	12			230								230
Saad Saleh Al Rwaita	200	18	18			236								236
Ziyad Mohammad Alshiha*	143	9	9			161								161
Fahad Abdulrahman Almuaikeel	200	18	15			233								233
<b>Second: Non-Executive Members</b>														
Khalil Ibrahim Al-Watban	200	18	21			239								239
Sulaiman Abdulrahman AlQuwaiz	200	18	21			239								239
Nabil Abdullah Al Mubarak	200	18	21			239								239
Abdulrahman Sulaiman AlRajhi	200	18	15			233								233
Adel Abdulaziz AlQuraishi	200	18	12			230								230
Eyad Abdulrahman Al-Hussain*	143	9	3			155								155
Thamer Abdullah Al Hamoud**	57	9	3			69								69

Note: \* Membership started on 11/4/2022.

\*\* Membership ended on 4/10/2022.

## 11.3 Committees Members Remuneration:

Member	Committee	Fixed Remuneration (thousand SAR)	Attendance Total Allowance (thousand SAR)	Total (Thousand SAR)
Khalil Ibrahim Al-Watban	Executive and Investment	200	21	221
Sulaiman Abdulrahman AlQuwaiz	Executive and Investment Committee Merger Committee	200	21	221
Nabil Abdullah Al Mubarak	Executive and Investment	200	21	221
Faraj Mansour Abuthnain	Nomination and Remuneration Committee Merger Committee	200	12	212
Abdulrahman Sulaiman AlRajhi	Audit Committee Merger Committee	300	15	315
Saad Saleh Al Rwaita	Audit Committee Governance Committee	300	18	318
Adel Abdulaziz AlQuraishi	Nomination and Remuneration Committee	200	12	212
Ziyad Mohammad Alshiha*	Nomination and Remuneration Committee	143	9	152
Eyad Abdulrahman Al-Hussain*	Governance Committee	143	3	146
Fahad Abdulrahman Almuaikeel	Nomination and Remuneration Committee Governance Committee	200	12	212
Thamer Abdullah Al Hamoud**	Nomination and Remuneration Committee Governance Committee	57	3	60
Khalid Abdullah Alkhowaiter***	Audit Committee	100	15	115
<b>Total (thousand SAR)</b>		<b>2,243</b>	<b>162</b>	<b>2,405</b>

Note: \* Membership started on 11/4/2022.

\*\* Membership ended on 4/10/2022.

\*\*\* Audit Committee Non-Board Member

## 11.4 Senior Executives Salaries and Remuneration:

	Fixed Remuneration (thousand SAR)			Variable Remuneration (thousand SAR)					End of Service Gratuity	Total Board Remuneration for Executives (if any)	Grand Total
	Salaries	Allowances	In-Kind Benefits	Periodic Remuneration	Dividends	Short term incentive plans	Long term incentive plans	Granted shares (enter the value)			
Five senior executives	5,488		2,242	7,730	1,850				1,850	1,140	10,720

## 12. Company Social Contributions:

During 2022, SIIG contributed, in cooperation with charities, to support programs that are in the interest of society, as the total support for 2022 amounted to approximately 1,500 thousand SAR. The company is keen to continue searching for distinguished programs that have lofty goals, with a focus on supporting education programs in health and safety, supporting orphans and poor families in the field of education and training, and encouraging educational and training institutions. SIIG is always working to evaluate the effectiveness and seriousness of the participating work team and the training course supported by the company, so it can decide to continue support or search for other programs.

## 13. Statement of Due Regular Payments:

The Company has no loans or debts payable other than the following payments:

Statement	2022		Brief Description	Statement of Reasons
	Paid	Due		
Zakat	44,213,310	30,256,335	The due amount represents the Zakat for 2022	Paid upon submitting the Zakat declaration for the year 2022.
Social Security	535,584	40,101	Insurance contributions	The due amount for December 2022, and paid in January 2023.
Visa and Passport Fees	64,475	0	Renewal fees for residence permits and exit and return visas.	
Labor Office Fees	35,000	0	Work permit renewal fees.	



## 14. Transactions with Related Parties:

In 2022, transactions were made with related parties on commercial grounds as follows:

Related Party	Company Relation	Transaction Type / Duration / Value
National Petrochemical Company (Petrochem)	Subsidiary	Financial transactions between SIIG and Petrochem during the year amounted to 180 thousand SAR, representing joint services and transactions, without preferential conditions.
National Petrochemical Company (Petrochem)	SIIG's acquisition of Petrochem	On 4/10/2022, corresponding to 9/9/1443 H., SIIG's Extraordinary General Assembly and Petrochem's Extraordinary General Assembly approved the Group's acquisition of all issued shares in Petrochem that are not owned by the Saudi group. A number of SIIG's Board members had an interest in the acquisition deal, as each of Mr. / Khalil bin Ibrahim Al-Watban and Mr. / Thamer bin Abdullah Al-Hamoud (in their capacity as representatives of the General Organization for Social Insurance in the Board of Directors of the Saudi Group, and the General Organization for Insurance owns shares in both Petrochem and SIIG) disclosed their interest in the acquisition deal to SIIG's Board, and as a result, they abstained from participating in voting on the Board decision issued approving the conclusion of the implementation agreement. It was also announced to the public, and the external auditor read out his report on this interest during the Extraordinary General Assembly meeting.

## 15. Company Governance Regulations:

On April 15, 2020, the General Assembly approved updating the Corporate Governance Regulations for the company, in order to be in line with the Corporate Governance Regulations issued by the Board of the Capital Market Authority. The final version after the amendment was distributed to the shareholders before and during the meeting of the assembly, and their approval was obtained for the amendments. The company is constantly reviewing the Corporate Governance Regulations for the purpose of ensuring that all the requirements of the Corporate Governance Regulations issued by the Capital Market Authority are met.

It is worth noting that the Saudi Ministry of Commerce and the Capital Market Authority announced the draft executive regulations for the new corporate law, which became effective on January 19, 2023, and the company will work to amend its governance regulations and submit them to the next General Assembly for approval in line with the requirements of the new regulations.

The following table shows the remaining provisions of the Corporate Governance Regulations that have not been applied, or do not apply:

Article/Item Number	Article/Item text	Reasons for not applying
Article 41	Evaluation – the required mechanisms to assess the performance of the board, its members, committees and executive administration.	Guiding Article: the company will consider applying best practices to assess the performance of board members and committees.
Article 70	Forming the Risk Management Committee	Guiding Article: The Executive Committee performs the tasks of the Risk Management Committee by reviewing the risk management reports in the subsidiaries.

## 16. Shareholders General Assemblies during 2022:

During 2022, the company held one meeting of the General Assembly of Shareholders, which was an extraordinary meeting using modern technology, in the presence of the following board members:

Member Name	10 April 2022
Khalil Ibrahim Al-Watban	✓
Nabil Abdullah Al Mubarak	✓
Sulaiman Abdurrahman AlQuwaiz	✓
Abdulrahman Sulaiman AlRajhi	✓
Faraj Mansour Abuthnain	✓
Saad Saleh Al Rwaita	✓
Adel Abdulaziz AlQuraishi	✓
Thamer Abdullah Al Hamoud	✓
Fahad Abdulrahman Almuaikeel	✓

## The most important decisions approved by the Extraordinary General Assembly were:

- ◆ Approving the auditor's report, the financial statements, and the report of the Board of Directors for the year 2021.
- ◆ Approving the appointment and determining the fees of Pricewaterhouse Office to examine, review and audit the financial statements for the second, third, fourth and annual quarters of the fiscal year 2022, as well as the first quarter of the fiscal year 2023.
- ◆ Approving the amendment of 6 articles in the company's articles of association.
- ◆ Approving SIIG's capital increase from (4,500,000,000) SAR to (7,548,000,000) SAR through the issuance of (304,800,000) ordinary shares with a nominal value of ten (10) SAR per share (referred to as "capital increase") for the purpose of the acquisition of all the issued shares in the National Petrochemical Company (hereinafter referred to as "Petrochem") that are not owned by SIIG. This was in accordance with the provisions of Article (26) of the Merger and Acquisition Regulations issued by the Board of the Capital Market Authority through the issuance of (1.27) shares in SIIG in exchange for each share in Petrochem (the "Transaction") in accordance with the terms and conditions of the implementation agreement related to the deal concluded between SIIG and Petrochem on 3-21-1443 H. (corresponding to 10-27-2021) (the "Execution Agreement").

## 17. Shareholders Record:

The records were requested by the company's shareholders from Tadawulat website as follows:

Number of Requests	Request Date	Reasons for request
1	03/01/2022	Company procedures.
2	23/01/2022	Company procedures.
3	23/03/2022	Company procedures.
4	05/04/2022	General Assembly
5	07/04/2022	Company procedures.
6	10/04/2022	General Assembly
7	14/04/2022	Company procedures.
8	18/04/2022	Profits File
9	04/07/2022	Profits File
10	05/10/2022	Company procedures.
11	09/10/2022	Company procedures.
12	12/12/2022	Profits File

## 18. General Procedures:

### 18.1 Audit Committee's recommendation to appoint an internal auditor in SIIG:

The Internal Audit Management Unit was formed, and an internal auditor was appointed based on the recommendation of the Audit Committee in its meeting on 7/26/2020, and the Audit Committee approved the internal auditor's work plan for the year 2022.

### 18.2 Penalties and sanctions by the supervisory and regulatory authorities:

No penalty, sanction, precautionary measure, or precautionary restriction were imposed on the company by the CMA or by any supervisory, regulatory, or judicial authority during 2022.

### 18.3 Actions taken by the Board to inform the members about the shareholders' proposals and observations regarding the company and its performance:

According to the corporate governance regulations in Chapter Two, Article Four (Communication with Shareholders), all observations, proposals and complaints from stakeholders that come to the company are directed to the Board Secretary, who writes them down in a special register and then submits them to the Board for discussion and action. The Board Chairman and the Chief Executive Officer shall review and discuss the shareholders' feedback with the rest of the Board members.

### 18.4 Disclosure record of Board members and Executive Management:

The company's management works to organize disclosures for each of the Board members and the Executive Management in a special register in accordance with the disclosures required under the Companies Law, the Capital Market Law and its implementing regulations, and publish this record on the company's website.

## 19. Summary of the Environmental, Social and Corporate Governance (ESG) Practices:

We at SIIG and its subsidiaries are proud to include environmental, social and corporate governance practices in the depth of our business culture, as these practices lie at the core of our goals and values. We also strive to integrate them at all levels through the continuous search for ways to improve our operations in line with our social, economic and environmental responsibilities.

We also believe that success is not only reflected in our quarterly or annual results and financial performance, but rather requires making every effort to achieve optimal results and our contribution to the environment and society in which we operate. We seek to achieve the perfect balance in the goals and aspirations of stakeholders, whether customers, suppliers, shareholders, regulatory bodies, or society in general.

### 19.1 Environment:

SIIG is working on developing an environmental sustainability strategy and setting road maps and goals for the company. We have made good progress over the past years and continue to focus our efforts on further

improvements in our environmental performance, and the search for more investment opportunities in more sustainable projects.

### 19.2 Social Practices:

#### 19.2.1 Company employees:

The company's employees play a major role in its success; therefore, SIIG strives to provide a safe and stimulating work environment for its employees so that they can reach their potential. In order to attract good talent, companies work with qualified consulting offices to find good competencies, as they follow a policy of

selecting the appropriate employee for each job, and also work to develop their employees and departments by providing them with the opportunity to train them in the best training institutes. The company also annually conducts a performance appraisal for its employees to motivate them to do their best.

#### 19.2.2 Community investment and social and economic development.

The company has always been working to serve the community and contribute to this cause in a variety of ways, including supporting the fight against the COVID-19 pandemic. Moreover, several training institutes and charities have been supported to undertake CSR initiatives. Selected programs focus on training individuals with skills and knowledge that will help them find decent jobs that build self-reliance and independence.

### 19.3 Corporate Governance:

SIIG follows strong corporate governance practices and maintains fairness and transparency with all its stakeholders and in all its business decisions. The areas of focus and objectives related to our governance are based on the following basic principles:

- ◆ Interact with all company stakeholders including customers, employees and communities.
- ◆ "Zero Tolerance" for corruption, bribery and unethical practices, and put in place sound reporting procedures.
- ◆ Strong and transparent governance.
- ◆ Create an environment that encourages trust, innovation and sustainable growth.

SIIG's management structure is supported by policies that are periodically reviewed and updated according to the requirements of the legislative authorities, which helps to manage operational, organizational and reputational risks effectively and efficiently. Among the measures taken to achieve the best corporate management standards and full compliance with regulatory requirements are the following:

- ◆ The role of the board in the efficiency of corporate governance: SIIG's Board assigned the Governance Committee to follow up on any update to the regulations and requirements of the Capital Market Authority and the best practices in the local and international markets.
- ◆ In the year 2022 and to improve corporate governance standards, SIIG appointed a consultant to update the corporate governance document, and the consultant's report was discussed with the Governance Committee to make any necessary amendments.
- ◆ At the beginning of 2023, the Capital Market Authority worked with the Ministry of Commerce to update the Corporate Regulations, and SIIG developed an action plan to update its governance documents to be discussed with the Governance Committee and presented to the Board in preparation for submitting it to the General Assembly for approval.
- ◆ SIIG is arranging educational courses for the Board members regarding the governance and management of the Board of Directors.

SIIG will work on its commitment towards the goal of building an ecosystem that positively affects the three aspects: environment, social and governance, with the absolute dedication and hard work of its employees and the continuous support of all its other stakeholders, and its commitment to providing long-term value to its stakeholders and looks forward to achieving many achievements in the coming years.

### 20. General Disclosures:

- ◆ No person or entity has notified the company of any interest in the category of voting shares during the fiscal year 2022.
- ◆ There are no transferable debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year.
- ◆ There are no transfer or subscription rights under transferable debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company.
- ◆ There is no refund, purchase or cancellation by the company of any recoverable debt instruments, and the value of the remaining securities, with a distinction between the listed securities purchased by the company and those purchased by its subsidiaries.
- ◆ There are no arrangements or agreements under which a member of the company's board or a senior executive waived any remuneration.
- ◆ There are no arrangements or agreements under which a shareholder of the company has waived any rights to profits.
- ◆ There is no conflict between the decisions of the Audit Committee and the Board regarding the nomination or dismissal of the company's auditor, determining the fees, evaluating performance, or appointing the internal auditor.
- ◆ The company has not made any investments for the benefit of the company's employees.
- ◆ The external auditor's report included an attention notice until 06/30/2022, and the external auditor indicated in the financial statements for the first quarter of 2022 that the National Petrochemical Company (Petrochem) changed the method of presenting its financial statements starting from the third quarter of the year 2021, and stopped using the method of complete consolidation of its financial statements with the Saudi Polymers Company and the Gulf Polymers Company for Distribution, and displaying its investments in them according to the equity method. Therefore, the financial items (sales and total profit) of the investee companies did not show in the profit or loss statement of Petrochem. Accordingly, due to the fact that SIIG completely consolidates its statements with Petrochem and that Petrochem changed the method of consolidating its statements with its jointly managed companies, this led the SIIG to change the way it presents its financial statements as well. Therefore, the financial items (sales and gross profit) did not show in the profit or loss statement, and this change did not affect in any way the equity of the shareholders of SIIG nor on net profits and earnings per share.
- ◆ The Board did not recommend changing the auditor before the end of the period for which he was appointed.
- ◆ The company did not issue any treasury shares or held shares.

## 21. Annual Audit Results on Effectiveness of Internal Control Procedures:

Internal audit is an objective and independent assurance and advisory activity, and it is performed in order to add value and improve the company's operations. Internal audit helps the company achieve its objectives by providing a regular basis for evaluating and improving the effectiveness of control and the processes involved in the company's control performance. Moreover, the internal audit performed many periodic and special audits that would ensure the effectiveness of the internal control systems and the soundness of

their application, besides contributing to the review of the preliminary and final financial statements and coordinating the work of the external control authorities. The Board has reviewed the report of the Audit Committee regarding the reports of the results of the audit for 2022 submitted by the internal auditor and did not find any material observations, and it was found that the internal control system is functioning properly. For more information, the audit committee report is available on the company's website.

## 22. Board and Senior Executives Declarations:

The Board of Directors acknowledges the following:

1

The account records were properly prepared.

2

The internal control system was properly developed and implemented effectively.

3

There is no significant doubt about the company's ability to continue its activities.

4

There is no substantial interest for the board members, CEO, CFO or senior executives in the company's contracts other than what was disclosed in the transactions with related parties in this report.

In conclusion, the Board would like to extend its sincere gratitude to the Custodian of The Two Holy Mosques and His wise government for the continued support to the industry and all sectors.

May Allah Grant Us Success

Board of Directors





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