

**METHANOL CHEMICALS COMPANY'S  
BOARD OF DIRECTORS REPORT  
ON THE COMPANY'S PERFORMANCE & BUSINESS  
FOR THE FINANCIAL YEAR 2021**

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## First: Board of Directors Report

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## BOARD MEMBERS

### Chairman

Eng. Ali Abdul Aziz Ali Al-Turki

### Vice Chairman

Mr. Melfi Manahi Melfi Al-Marzoqi

### Members

Mr. Hani Sulaiman Al-Saleh

Eng. Abdullah Abdul Aziz Al-Znaedi

Eng. Saud Abdullah Al-Sanea

Mr. Abdullah Abdulrahman Bu-Ali

Mr. Yousif Abdullah Al-Rajhi

Eng. Waleed Abdul Aziz Al-Showair

Eng. Ali Mohammed Al-Asiri

### Board Secretary

Mr. Abdullah Ali Al-Hajri

## Dear valued Shareholders,

The Board of Directors of Methanol Chemicals Company (Chemanol) is pleased to present to the honorable shareholders the annual report on the Company's performance and the results of its activities for the year ended December 31, 2021. The report includes information about the Company's activities, achievement and future plans as well as the efforts made to enhance the performance in developing the equity of shareholders and to support the national petrochemical industry in line with Saudi Vision 2030, in addition to its contributions to the areas of safety, sustainability, reliability and social responsibility, according to the information reflected in the year-end financial results and financial position.

The report has been prepared in accordance with the requirements of the Corporate Governance Regulations; Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority (CMA), Companies Law of the Kingdom of Saudi Arabia and Chemanol's Articles of Association,

The Board of Directors is also honored to extend sincere gratitude to the Custodian of the Two Holy Mosques, His Royal Highness the Crown Prince and the Government for their great support to the growth of the national economy, especially the unlimited support to the industrial sector.

## 1. ABOUT THE COMPANY

Chemanol is a Saudi joint-stock company listed on the Saudi Stock Exchange under the Commercial Registration No. 2055001870. Its paid-up capital is Six Hundred Seventy-Four Million, Five Hundred Eight Thousand, Six Hundred Thirty (674,508,630) Saudi Riyals, divided into Sixty-Seven Million, Four Hundred Fifty Thousand, Eight Hundred and Sixty-Three (67,450,863) ordinary shares with a nominal value of ten (10) Riyals per share. The Company is located in Al-Jubail Industrial City and has a total annual production capacity approaching one million metric tons, and exports 15 product (26 grades) to over 75 countries around the world.

The Company operates in the field of manufacturing and marketing speciality chemical products including superplasticizers, Pentaerythritol, Hexamethylene Tetramine (Hexamine), Monomethylamine, Dimethylamine, Trimethylamine, Dimethyl Formamide, Liquid Formaldehyde, Paraformaldehyde, Acetaldehyde, Formaldehyde Resins (Liquid & Powder), Carbon Monoxide, Sodium Formate as well as Methanol; the main feedstock for the previously mentioned products.

The following table shows the Company's products and their annual production capacity:

Product	Capacity (MTY)
Aqueous & Urea Formaldehyde (AF - 37 & UFC - 85)	300,000
Methanol	231,000
Sulphonated Naphthalene Formaldehyde (SNF)	163,020
Dimethyl Formamide (DMF)	60,000
Dimethylamines (DMA)	50,000
Carbon Monoxide	33,000
Mono Pentaerythritol (Penta)	20,000
Formaldehyde RESINS (UF, MF & MUF)	13,200
Acetaldehyde	8,000
Sodium Formate (Sofo)	12,000
Hexamine (HMT)	9,600
Paraformaldehyde (Para)	8,000

\*Including intermediate products which are converted into finished products.

## 2. ENVIRONMENT, HEALTH, SAFETY & SECURITY (EHSS)

During 2021, the Company continued applying the requirements of Responsible Care Certificate (RC 14001) in accordance with internal and external audit criteria and procedures.

### **Compliance with Environmental Standards**

Chemanol did not record any incidents of non-compliance with the environmental standards during 2021, which demonstrates the Company's firm commitment to environmental requirements and standards.

### **EHSS Training and Awareness Sessions:**

Chemanol put the rehabilitation and training of its employees and contractors at the top of its list of priorities by conducting training and awareness courses in the field of EHSS. The Company has completed 983 intensive courses, equivalent to 7,325 training hours.

### **Work Performed Without Injury/ Lost Time Injury:**

With the help of Allah, Chemanol, for the first time, achieved a milestone of completing 14.9 million safe-man-hours without lost time injury for its employees and contractors of which 9.8 million hours for direct employees.

### **Emergency Preparedness and Response:**

The Company has, using in-house capabilities, carried out 65 emergency response mock drills to ensure that an effective system is in place. It has also successfully carried out the annual joint drill with Jubail Area Mutual Aid Association (JAMA'A), and the emergency response teams of the Company scored full marks as evaluated by JAMA'A.

### **Quality Near-Miss Reports:**

The Company encourages its employees to carry out near miss incidents through the Potential Risk Report System in order to enhance the level of safety, security and environmental protection. The total reports submitted by 325 employees were 1,412 cases during the year.

### **Lowering the Accidents Rate:**

The good initiatives, trainings and practices have resulted in the achievement of the highest industrial safety rates in the history of the Company compared to previous years.

## **3. INVESTING IN HUMAN RESOURCES:**

Chemanol is proud of its human resources and it pays a considerable attention to them as they are the fundamental element in managing and operating its business and facilities. The Company continuously strives to develop and promote its human competencies at all professional and occupational levels. At the end of 2021, the total headcount of the Company was 449 employees. The Company continued to implement the objectives set by the Board of Directors to employ and develop the talented local employees. Accordingly, by the end of this year, the Saudization rate reached 65.2% posting an increase of approximately 9% over the last five years, which enabled the Company to maintain its "Platinum" ranking in the Ministry of Labor and Social Development's classification program (Nitaqat) for achieving high rates in the level of Saudization.

The Department of Human Resources carried out many initiatives, and training and stimulus programs during 2021 including:

- **Saudi Fresh Graduates Training Programs:**

Chemanol employs local talented fresh graduates in various jobs and qualifies them through skill development programs and specialized training courses relevant to their area of work and technical and administrative disciplines. Such programs aim at strengthening and improving employees' basic skills by providing them on-the-job training courses and by attending relevant training courses to achieve the highest level of efficiency.

- **Program for Replacement of Local Competencies in Leadership Positions :**

In continuation of the Company's plans to raise the rate of Saudization, the employment replacement program in leadership positions (in technical and administrative fields) has been started and is being implemented in a phased manner.

- **Cooperative Training Program:**

In pursuit of its strategy to qualify the local talented employees, Chemanol participated in the cooperative training program and received some students of universities and colleges who desire to take on-the-job training to complete the graduation requirements. Some 22 trainees were trained in different administrative and technical professions

### **Housing Loans Program:**

In line with its strategy for achieving employee engagement and job stability, and attracting experienced talented local employees and thereby attaining high levels of Saudization, the Company compensates the Saudi employee for the monthly loan interests resulting from the Housing Finance that he receives from the Approved Financing Entity in accordance with the terms and conditions. The number of Saudi employees benefiting from this program reached 42 employees at the end of 2021. The Company's objective is to ensure that a larger number of Saudi employees benefit from such program in order to enhance job and social stability for them.

## **4. PRODUCTION AND SALES**

### **First: Production:**

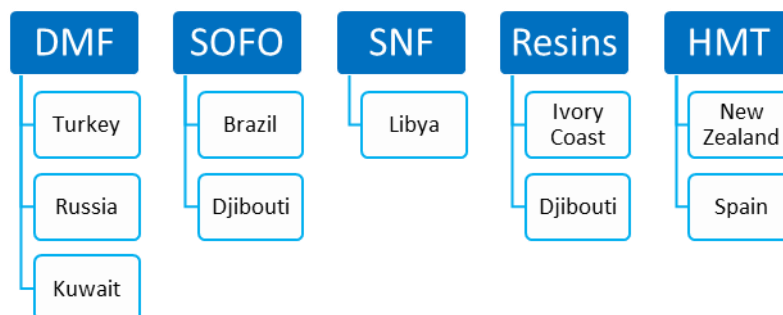
The Company produced 742.35 metric tons of various products in the year 2021 with an increase of 17.6% compared to the quantities of 2020 which was 631,000 metric tons. The reason for the increase in 2021 compared to the previous year is due to the significant improvement in the operational performance and efficiency of the Company's plants besides the lifting of the Covid-19 lockdown restrictions in many countries throughout the world which in turn have had a positive impact on marketing the Company's products and the global supply chains as well.

### **Second: Sales:**

The Company sells and markets a variety of trusted products to a broad customer base around the world (more than 75 countries). This requires intense effort to ensure continuity and sustainability through enhancing customer experience and resolving all their problems and challenges.

Chemanol constantly strives to ensure adaptability to the changing market conditions by keeping abreast of the new developments and changes in the market, and accordingly changing plans and objectives to reach the desired results.

The Company has been working to increase its geographical expansion through exploring promising marketing opportunities and opening up new markets for its products to widen its outreach and minimize the potential risks of market fluctuations. In the context of implementing this strategy and despite the impact of the Coronavirus pandemic on the global supply chains, the Company successfully entered 5 products into 9 new markets in 2021 including Libya, New Zealand, Ivory Coast, Djibouti, Spain, Brazil, Turkey, Russia and Kuwait as shown in the below diagram:

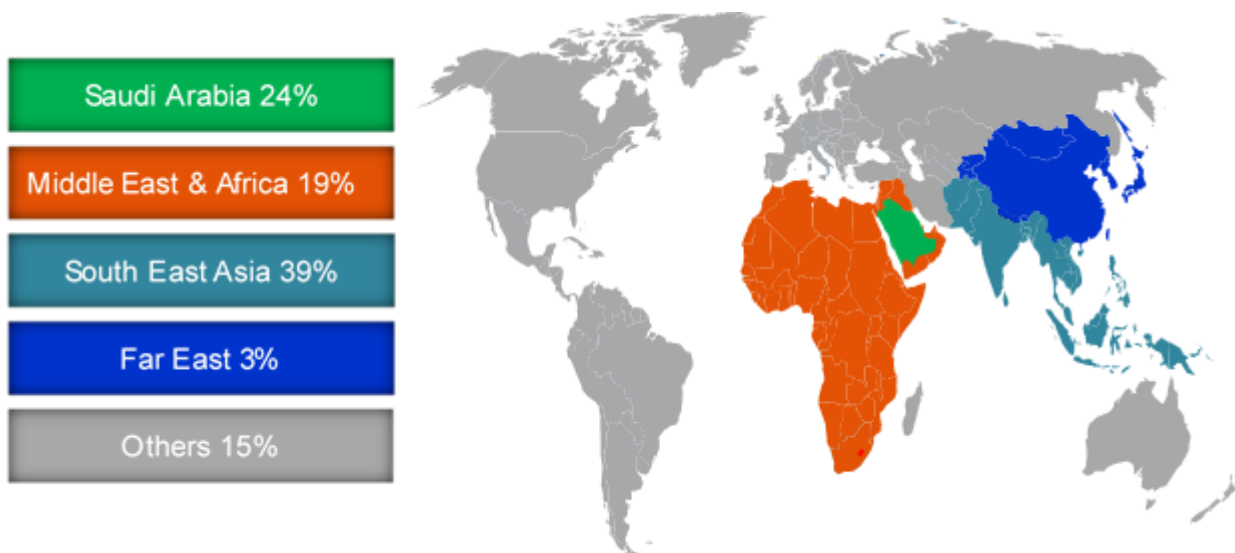


The Company also renewed its contract with one of the largest insurance companies to provide insurance coverage over some customers' accounts to protect the Company from potential debts resulting from default on payment.

Despite the difficulties and challenges that confronted the Company since the outbreak of the Coronavirus pandemic , the sales volume increased to 326,000 metric tons in comparison with 2020 figure of 308,000 metric tons; an increase of 6%. The increase in sales of Company's products is attributed to improvement in the operational performance of the company's plants, exploring new markets and working vigorously with customers and distributors to increase sales volume. Sales revenues amounted to more than SAR 1 billion in 2021 compared to 2020 which was around SAR 495; an increase of more than 203%. In addition to the above mentioned factors, such an increase in revenues was partly attributed to increase in the prices of petrochemical products in the domestic and global markets and directing sales to regions with higher returns which resulted in increase in the average selling prices of the products by more than 92% compared to 2020 despite the increase in methanol prices in the global markets by only 65% during the year.

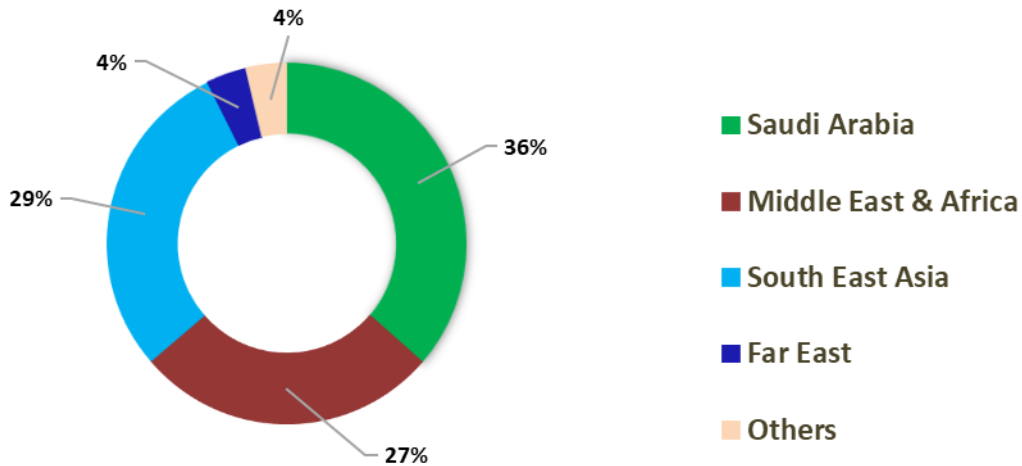
#### • Geographical Analysis of Revenues

The following diagram shows the percentage of sales revenues by geographical region:





The following diagram shows the percentage of sales quantities by geographical region:



## 5. COMPREHENSIVE QUALITY

Chemanol is committed to implementing the highest international standards of quality, safety and environment. From that perspective, the Company adopted the Total Quality Management System ISO 9001 in 2000 as a tool of achieving the objectives through self-assessment of its internal and external activities. Also it adopted the Responsible Care Certification RC 14001 and ISO/IEC 17025 (the quality standard for testing and calibration laboratories) in 2015. The Company is keen to maintain its relevant certificates effective and updated by meeting the internal and external audit requirements. The Company considers these certificates as added value to its products and activities.

## 6. ENERGY EFFICIENCY PROGRAM

Chemanol has completed the first phase and started on the second phase of the Saudi Energy Efficiency Centre's (SEEC) energy efficiency program. The Company is proceeding in application of the requirement according to the schedule set forth. It aims at reducing energy consumption as well as increasing the operational efficiency of its plants.

The following diagram shows the actual and target electrical readings for Methanol, Dimethyl Formamide (DMF) and Formaldehyde plants for the first and second phases which started in 2011. The first phase ended in 2019 and the second phase started in 2021 and will end in 2025, and the target results for 2021 is expected to be completed in 2025. It is worth mentioning that the second phase is concerned with the consumption of energy as fuel and feedstock, while the first phase was focused on using the energy as fuel only.

Plants under the Supervision of SEEC Program	Second Phase (2021 -2025)	
	Energy Intensity Target 2025 (MMBtu/Tons)	Energy Intensity Achieved 2021 (MMBtu/Tons)
Methanol plant	33,03	37,52
Methylamine & Dimethyl Formamide Plant	45,97	20,52
Formaldehyde plant 30000	- 2,74	- 4,29
Formaldehyde plant 33000	- 2,74	- 6,44

**Note:** all Company plants that under the supervision of SEEC Program achieved distinctive results in reducing energy consumption and raising the efficiency of energy use. This was due to improvement in the efficiency and productivity of the plants, and optimized use of energy except for Methanol plant which needs a revamp project to reach the required levels. Hence, the said project is being implemented and it is in the engineering works phase.

The Company strives unceasingly to abide by all energy consumption efficiency requirements. A number of measures have been taken to improve energy consumption and reduce wastage as shown in the table above with a view to achieving the remaining goals according to the requirements of the second phase by 2025 instead of 2024, due to the Covid-19 preventive measures in place. A number of measures are currently being taken to help reaching the target such as increasing the production capacity of Methanol plant.

In order to achieve target values in 2025, the Company developed a road map which was discussed with, and ultimately approved by SEEC.

## 7. RELIABILITY

In light of the attention given by the Company on preventive maintenance programs and performance and in enhancing its positive results on the different business units, the Company successfully reduced production losses caused by the sudden equipment failures, improved overall plant performance and thereby increased their productivity and operational efficiency. It adopted and applied certain programs in this regard such as Risk-Based Inspection (RBI) and Reliability-Centered Maintenance (RCM).

## 8. PLANS, FUTURE PROSPECTS AND RISKS

Chemanol pays considerable attention, within the framework of its strategy, to explore suitable solutions to optimize its assets, human and financial resources through studying and exploring the available opportunities to increase and diversify its resources, and ensuring the safe operating requirements of its plants. Furthermore, it strives to increase its market share in the domestic, regional and global markets which would increase the revenues and raise the shareholders' equity.

Chemanol's strategic plan is based on developing its existing business and exploring new and more sustainable investment opportunities by enhancing its leadership position in the field of manufacturing speciality chemicals from methanol derivatives or derivatives from other products, as well as entering into partnerships with the owners of advanced technologies inside and outside the Kingdom to produce high value speciality products. Consequently, the Management decided to

develop the Company's strategy and explore new growth opportunities in speciality petrochemical materials such as Methanol Derivatives (DMDS) and Speciality Amines (MDEA) to diversify its products base and to optimize the use of methanol derivatives of the to align with the Saudi Vision 2030 whose main objective is the diversification of petrochemical products and supporting the national industries.

The Company obtained the approval of the Ministry of Energy on March 01, 2020 for allocating the required feedstock to expand the Methanol plant to increase its output by around 100,000 metric tons per year, and to achieve the objectives of the Saudi Energy Efficiency Program. The output increase will be used to establish new plants, including a Dimethyl Disulfide (DMDS) plant and a Methyl Diethanolamine (MDEA) plant, in line with Saudi Vision 2030. The plants are considered the first-of-their-kind in the Kingdom and the Gulf region, and their products will be used in on oil, gas, and other manufacturing industries such as pharmaceuticals and agricultural chemicals.

With a view to achieving its strategic plans, and strengthening its financial position, the Company signed on 25/02/2021 an agreement with the lending banks to extend the repayment period of the outstanding loan of SAR 475 million to 2028 instead of 2022 without introducing any modifications in the previous guarantees. The Company also signed an agreement with the Saudi Industrial Development Fund (SIDF) on 23/03/2021 to reschedule the outstanding loan of SAR 245 million and extend its repayment to 2022 instead of 2021. On 28/06/2021 the Company obtained the approval of the Extraordinary General Assembly to decrease its capital by 44.07% i.e. to SAR 674,508,630 instead of 1,206,000,000, and as a consequence, the accumulated losses had been written off.

#### **Chemanol is distinguished by numerous strengths and competitive advantages:**

- One of the world's most integrated and reliable global producers of methanol, formaldehyde and derivatives.
- Among the world's largest formaldehyde producers situated in a single location.
- Low investment costs with reasonable investment payback.
- It has 22 petrochemical units producing range of methanol, formaldehyde and derivatives.
- It has fully automated, environmentally-clean and zero-effluent plant with round-the-clock production to strictest international standards.
- Chemanol has a competitive advantage over the similar entities working in the same sector in the Kingdom of Saudi Arabia and the GCC particularly in manufacturing speciality chemicals from the methanol feedstock which is produced internally. This gives the Company the advantage of rationalizing its production expenditures and thereby enhancing its competitive strength in this field.
- The Company has a vast amount of operational and technical expertise extending over 30 years. It is recognized as a regional pioneer and a leader in the production of formaldehyde due to its distinctive market share. The Company has a well-established marketing network through which it reaches out to its customers in more than 75 countries. This assists the Company to continuously develop and update its strategy to be in line with the market requirements and trends, and to explore new products and business opportunities that bring positive results to the Company's performance.

## 9. RISKS:

- The Company's business engages in the manufacture and marketing of chemicals including hazardous and flammable products. To reduce such risks, the Company follows the highest safety standards related to the storage and transportation of products and raw materials. The Company also continuously trains employees in the areas of safety, as well as insuring all its assets and operations.
- Due to the nature of its operations, the Company is exposed to fluctuation of chemical products prices. Therefore, it strives to develop an effective strategy that contributes to reduce the impact of the international price volatility on the Company's products.
- The Company is continuously seeking to reduce employee turnover by providing appropriate working environment, and attracting, training and retaining talented local employees to serve the Company's goals and plans.
- The Company may, from time to time, be subject to scheduled and non-scheduled shutdowns like other companies. It has sought to reduce the risk of such shutdowns by applying comprehensive reliability to all its plants to detect faults before they occur and take the appropriate measures for their maintenance.
- Although the Company views the competition positively, there emerges the problem of dumping practices. The Company takes appropriate legal measures against such practices to protect its own interests. It also seeks to create a competitive value among its customers by focusing on production and timely delivery of high-quality products at competitive prices.
- The Company's products are primarily based on using methanol and methanol derivatives, which means that they are directly correlated to methanol prices. The Company seeks to address this challenge through its future strategy aimed at diversification of its products base by using other feedstock.
- The Company allocates a significant part of the cash flow from its operations to repay the principal and long-term loan service, and any fluctuation in the interest rates affects the profitability and cash flow of the Company. Furthermore, the Company assesses its financial capability for prepayment of its loan installments due during the year.

Also, it is making due studies regarding the possibility of refinancing the existing loans in order to lower the financing costs. The Company also manages the liquidity risk by periodically ensuring that sufficient liquidity is available to meet any future commitments as they fall due.

- There is also the risks related to the Company's transactions in foreign currencies. Currency risk is the risk that the value of a financial instrument will fluctuate because of fluctuations in foreign exchange rates. Therefore, most of the Company's transactions are made in Saudi Riyals and US Dollars and accordingly, the Company's Management believes that the currency risks are immaterial.

## 10. ASSETS, LIABILITIES AND BUSINESS RESULTS

### ■ Statement of Financial Position (in '000 SAR)

Statement	2021	2020	2019	*2018	*2017
Current Assets	655,901	322,810	344,587	463,847	525,395
Non-current Assets	1,246,665	1,355,093	1,598,450	1,656,881	1,731,673
Total Assets	1,902,567	1,677,903	1,943,038	2,120,728	2,257,068
Current Liabilities	385,789	827,555	228,456	253,235	281,331
Long-term Loans & Other Liabilities	498,929	71,816	660,769	726,445	880,320
Shareholders' Equity	1,018,542	778,532	1,053,813	1,141,048	1,095,417
Total Liabilities & Shareholders' Equity	1,902,567	1,677,903	1,943,038	2,120,728	2,257,068

\* Certain comparative figures have been reclassified to conform to the international accounting standards.

\* Long term loans have been reclassified as current liabilities, and later on, loans have been reclassified as liabilities after signing the loan agreements with the commercial banks and SIDF, as announced on 28/02/2021 and 23/03/2021 respectively on Tadawul website.

### ■ Statement of Income (in '000 SAR)

Statement	2021	2020	2019	2018	*2017
Sales	1,009,548	495,709	527,240	701,613	683,215
Cost of Sales	(571,478)	(477,783)	(467,781)	(506,042)	(550,155)
Impairment losses	(25,005)	(157,099)	-	-	-
Gross Profit	(413,065)	(139,173)	59,459	195,571	133,060
Other Revenues (Expenses)	(4,634)	(5,307)	(3,658)	2,296	16,826
Selling, Administrative & General Expenses	(122,167)	(91,937)	(96,437)	(103,648)	(129,461)
Financial Expenses	(23,285)	(32,575)	(37,532)	(38,919)	(43,124)
Zakat	(18,974)	(7,102)	(5,908)	(9,146)	(5,000)
Net Profit / (Loss)	(244,005)	(276,094)	(84,076)	46,154	(27,700)

\* Certain comparative figures have been reclassified to conform to the international accounting standards

## 11. CLARIFICATION ON MATERIAL DIFFERENCES IN OPERATING RESULTS

Particulars	(in '000 SAR)		Variances + or (-)	Percentage of Variance
	2021	2020		
Sales	1,009,548	495,709	513,839	103,7%
Cost of Sales	(571,478)	(477,783)	(93,694)	19,6%
Impairment losses	(25,005)	(157,099)	(157,099)	(84,1%)
Gross Profit	413,065	(139,173)	(198,632)	-
Other Operational Revenues	(4,634)	(5,307)	(1,649)	(12,7)
Other Operational Expenses	(122,393)	(91,937)	4,500	33,1
Operating Profit	286,263	(236,417)	522,680	-

The Company realized sales of SAR 1,010 million in 2021 compared to sales of the previous year which was SAR 496 million, an increase of 104%. The Company also recorded a gross profit of SAR 413 million against a gross loss of SAR 139 million in 2020. Operating profit amounted to SAR 286 million in 2021 compared to operating loss of SAR 236 million in 2020. The reason for realizing this profit during the current year compared to the previous year is due to increase in the average selling prices and accessing new markets with higher profit margins. Also, the significant improvement in plants reliability resulted in reduction of unplanned shutdowns which led to increase in quantities sold and reduction in fixed cost per metric ton. However, to ensure that its financial statements are fairly presented in conformity with the International Financial Reporting Standards (IFRS), the Company recorded an impairment provision of SAR 25 million for some of its plants and equipment.

## 12. CLARIFICATION OF ANY DIFFERENCE FROM THE ACCOUNTING STANDARDS APPROVED BY THE SAUDI ORGANIZATION FOR CERTIFIED PUBLIC ACCOUNTANTS:

The Company's financial statements for FY ended December 31, 2021 have been prepared in accordance with the International Financial Reporting Standards adopted by the Kingdom of Saudi Arabia.

## 13. AUDITORS' REPORT AND THE FINANCIAL STATEMENTS:

The Auditor's report shows that the financial statements are free from material misstatement and there are no reservations about them. Furthermore, the Board of Directors has not recommended to replace the Auditor

## 14. DIVIDEND POLICY:

According to Articles 47 & 48 of the Company's Articles of Association the Dividend Distribution is as follows:

1. Ten percent (10%) of the net profit to be put aside to form statutory reserve, and the Ordinary General Assembly may decide to discontinue setting aside such percentage when the said reserve reaches thirty percent (30%) of the paid-up capital.
2. Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a specific percentage of the net profit to form a consensual reserve which may be allocated for certain purpose/s with the approval of the General Assembly.



3. Ordinary General Assembly may decide to form other reserves to achieve the Company's interest or ensure the distribution of fixed dividends, as far as possible, to shareholders
4. A dividend representing five percent (5%) of the Company's paid-up capital shall be distributed from the remainder to shareholders.
5. Ordinary General Assembly may, upon the proposal of the Board of Directors and the satisfaction of controls established by the competent authority, decide to distribute interim dividends to shareholders on a semi-annual or quarterly basis.
6. A shareholder will be entitled to his/ her share of dividends in accordance with the resolution adopted by the General Assembly in this regard. The resolution must indicate the date of entitlement and the date of distribution. Entitlement to dividends shall be for shareholders registered in the Shareholders' Register by the end of the eligibility date

#### 15. CHANGE IN EQUITY FOR PERSONS OTHER THAN DIRECTORS AND SENIOR EXECUTIVES:

None of the shareholders other than directors or Senior Executives have notified the Company of any change in the ownership of the shares during the year ended 31/12/2021.

#### 16. INFORMATION ON COMPANY LOANS

The Company's payable loans and financing facilities at the end of 2021 amounted to SAR 672,719 million compared to SAR 731,5 million at the end of 2019; a decrease of 0.42% due to the repayment of principal of Riyadh Bank working capital Murabaha Facility. Financing facilities include bank loans in accordance with Islamic Murabaha Regulation, and the Saudi Industrial Development Fund (SIDF) loan.

The following table shows the Company's Payable Loans at the end of 2021 (SAR in '000')

Lender	Loan Amount	Loan Period (year)	Maturity Date	Opening Balance	Additions	Payments	Restructured Amounts	Closing Balance
SIDF*	385,000	6	28/03/2021	245,000	-	-	-	245,000
SABB (Syndicate)	139,713	7	31/12/2022	107,579	-	(3,292)	(104,287)	-
SABB (Bilateral)	34,000	7	31/12/2022	26,180	-	(801)	(25,379)	-
Riyad (Syndicate)	109,098	7	31/12/2022	84,005	-	-	(84,005)	-
Riyad (Bilateral)	50,000	7	31/12/2022	34,750	-	-	-	(34,750)
SAMBA (Syndicate)	78,875	7	31/12/2022	60,734	-	(1,859)	(58,875)	-
GIB (Bilateral)	225,000	7	31/12/2022	173,250	-	(5,301)	(167,949)	-
SABB** (Syndicate)	129,666	8	31/12/2028	-	129,666	(12,967)	-	166,699
Riyad** (Syndicate)	118,755	8	31/12/2028	-	118,755	(11,876)	-	106,880
SNB** (Syndicate)	58,875	8	31/12/2028	-	58,875	(5,888)	-	52,988
GIB** (Syndicate)	167,949	8	31/12/2028	-	167,949	(16,795)	-	151,154
<b>Total</b>	<b>860,245</b>	<b>-</b>	<b>-</b>	<b>731,498</b>	<b>475,245</b>	<b>(58,779)</b>	<b>(475,245)</b>	<b>672,719</b>

\* SIDF Loan has been rescheduled until 2022.

\*\* After Loan Restructuring in 2021.

## 17. DESCRIPTION OF DEBT INSTRUMENTS ACTIVITIES

There are no convertible debt instruments, contractual securities, warrants or similar rights issued or granted by the Company. There are also no rights of transfer or subscription under convertible debt instruments, contractual securities, warrants or similar rights issued or granted by the Company during the financial year. Also there is no refund, purchase or cancellation by the Company for any redeemable debt instruments.

## 18. Corporate Governance

The Company implements all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority except for the following provisions:

Article No.	Article	Reasons for Non-application
13/ c	The Board shall invite the Ordinary General Assembly to convene upon the request of the external auditor, the audit committee or a number of shareholders holding shares equal to at least (5%) of the share capital of the Company. The external auditor may invite the assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request.	The external auditor or any of the shareholders holding shares equal to 5% of the share capital of the Company did not request the Ordinary General Assembly to convene during FY 2021.
19/b	Upon the termination of the membership of a Board member by any termination method, the Company shall promptly notify the Authority and the Exchange and shall specify the reasons for such termination.	No membership was terminated during FY 2021.
19/c	If a member of the Board resigns and has comments on the performance of the Company, he/she shall submit a written statement explaining such comments to the chairman of the Board and such statement shall be presented to the Board members	Not applicable as no Board member resigned during FY 2021.
32/b	The Board shall convene no less than four meetings per year, and no less than one meeting every three months.	A guiding article This Paragraph contradicts Article # 25 of the Company's Articles of Association which states that The Board shall convene at least twice a year.
39/2	Developing the necessary programmes required for the same, taking the into account developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company	A guiding article. Although the Board members and the Executive Management have the broad and practical experience and distinctive qualifications related to the businesses of the Company, it always encourage them to attend training courses which correspond to their specializations.
41/a	The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management.	A guiding article. The Board is still in the process of preparing such mechanisms and it shall be approved later. Accordingly, members were assessed without using KPIs.



41/e	The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	A guiding article. It hasn't been implemented yet
46/3	The chairman of the Board shall inform the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board..... in accordance with the standards issued by the Ordinary General Assembly upon a proposal of the Board and published on the company's website.....	No Board member engaged in any business competing with the business of the Company and the Chairman of the Board did not report any competing businesses in 2021. The Company is preparing a regulation on the standards of business competition of Board members. It shall be submitted to the General Assembly upon completion.
70	The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee.". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	A guiding article. An ad hoc internal committee consisting of the Senior Executives was formed. It is to be noted that risk monitoring falls within the functions of the Audit Committee. A risk register has been prepared and it will be annually updated and submitted to the Audit Committee and Board of Directors.
71	Authorities of the Risk Management Committee.	
72	Meetings of the Risk Management Committee.	
87	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Company's Corporate Governance Regulation includes Social Contribution and it shall be approved by the General Assembly when it is mandatory.
95	Formation of a Corporate Governance Committee.	A guiding article. The Board formed specialized committees in accordance with the needs of the Company and its conditions to enable it perform its functions and duties effectively, Also the work of the Board and its committees are considered key components of the Corporate Governance, where each of them contributes to the achievement of its objectives.

## 19. BOARD OF DIRECTORS

As stipulated in Article 17 of the Company's Articles of Association, the Company shall be managed by a Board of Directors composed of nine (9) members appointed by the Ordinary General Assembly through cumulative voting for a period of no more than three (3) Gregorian years. Accordingly, during the Ordinary General Assembly convened on November 09, 2021, the Board members were elected for a period of three years by cumulative voting.

The current Board of Directors is comprised of the following members:

Name of Member	Membership Classification	Position
Eng. Ali Abdul Aziz Al-Turki	Independent	Chairman of the Board
Mr. Melfi Manahi Al-Marzoqi	Independent	Vice Chairman
Eng. Saud Abdullah Al-Sanea	Non-Executive	Board Member
Mr. Abdullah Abdulrahman Bu-Ali	Non-Executive	Board Member
Mr. Hani Sulaiman Al-Saleh	Independent	Board Member
Eng. Waleed Abdul Aziz Al-Showair	Independent	Board Member
Eng. Abdullah Abdul Aziz Al-Znaedi	Independent	Board Member
Mr. Yousif Abdullah Al-Rajhi	Independent	Board Member
Eng. Ali Mohammed Al-Asiri	Independent	Board Member

## Current and previous positions, qualifications, and experience of Board & Committees Members:



**Eng. Ali Abdul Aziz Ali Al-Turki**

**Chairman & Chairman of Executive Committee**

**Current Position:**

the founding partner and CEO of Energy Capital Group (ECG)

**Previous Positions & Experience:**

- Vice Chairman of Rawabi Holding Co.
- Member of Rawabi's Executive Committee.
- Executive Chairman of the Board of Directors of Redland Industrial Services (RISAL); Arabia.
- Chairman of Gate Capital (Dubai).

Eng. Ali Al-Turki holds a Bachelor's degree in Manufacturing Engineering from Boston University, USA.



**Mr. Melfi Manahi Melfi Al-Marzoqi**

**Vice Chairman**

**Member of Nominations & Remuneration Committee**

**Current Position:**

- Vice-President of Human Resources at Etihad Etisalat Co.(Mobily).
- Managing Director of the National Agricultural Marketing Co. (Thimar)

**Previous Positions & Experience:**

- General Manager of Public Services at Etihad Etisalat Co.(Mobily).
- General Manager of Administration and Property Affairs at Etihad Etisalat Co.(Mobily).
- Executive Director of Licensing Affairs at Etihad Etisalat Co.(Mobily).
- Director of Administration Affairs Department at Etihad Etisalat Co.(Mobily).
- Services Department Manager at the General Authority of Zakat & Tax.

Mr. Melfi Al-Marzoqi holds Diploma of Electronics from the College of Technology, Bachelor's degree in Business Management from King Abdul Aziz University, KSA, and certificate of Senior Executives from London Business School, United Kingdom.



**Eng. Saud Abdullah Al-Sanea**

**Board Member**

**Member of Executive Committee.**

**Member of Marketing Committee.**

**Member of Nominations & Remuneration Committee.**

**Current Position:** Retiree

**Previous Positions & Experience:**

- CEO & Managing Director of Chemanol.
- CEO of Saudi Methanol Co. (AR-RAZI).
- Operations General Manager at Saudi Arabia Petrochemical Company (SADAF).
- Technical and Maintenance General Manager at Saudi Arabia Petrochemical Company (SADAF).

Eng.Saud Al-Sanea is a graduate in Electrical Engineering from USA and also holds a degree in Executive Development Program from Kellogg, North Western University, USA.



**Mr. Abdullah Abdulrahman Bu-Ali**

**Board Member**

**Member of Executive Committee.**

**Current Position:**

Retiree

**Previous Positions & Experience:**

- CFO of Chemanol.
- General Manager – Finance at National Methanol Company (Ibn Sina).
- General Manager - Finance & Administration at Saudi Arabia Petrochemical Company (SADAF).
- General Manager – Finance at MARAFIQ

Mr. Bu-Ali holds a Bachelor's degree in Industrial Management from the King Fahd University of Petroleum & Minerals, KSA.



**Eng. Abdullah Abdul Aziz Nasser Al-Znaedi**

**Board Member**

**Member of Marketing Committee.**

**Current Position:**

CEO of the Explosives Sector at Saudi Chemical Co.

**Previous Positions & Experience:**

- Worked at Saudi Basic Industries Corporation (SABIC), and Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO).

Eng. Abdullah holds a Bachelor's degree Chemical Engineering from King Fahd University of Petroleum & Minerals, KSA, and a Master of Business Administration (Executive MBA) in Global Management from Thunderbird School of Global Management, USA.



**Mr. Yousif Abdullah Abdul Aziz Al-Rajhi**

**Board Member**

**Member of Audit Committee.**

**Current Position:**

- General Manager of Abdullah Abdul Aziz Al-Rajhi & Sons Industrial Co.

**Previous Positions & Experience:**

- General Manager of Al-Rajhi Industrial & Trading Co.
- Financial Project Manager at Al-Rajhi Exchange & Investment Co.
- Branch Manager of Al-Rajhi Banking & Investment Corporation.

Mr. Yousif Al-Rajhi holds Bachelor's degree in Economic & Political Sciences from King Saud University, KSA, and a Master of Development Administration from Western Michigan University, USA.



**Mr. Hani Sulaiman Abdul Rahman Al-Saleh**

**Board Member**

**Chairman of Nominations & Remuneration Committee**

**Current Position:**

- CEO of Arabian Hala Group.

**Previous Positions & Experience:**

- Sales Manager at Tasnee Petrochemical Co.
- Founder & CEO of Naqel Co.
- Project Manager at the Saudi Industrial Development Fund (SIDF).

Mr. Hani holds Bachelor's degree in Finance Management from King Saud University, KSA, and a Master of Business Administration (MBA) in Entrepreneurship from Babson College, USA.



**Eng. Waleed Abdul Aziz Abdul Rahman Al-Showair**

**Board Member**

**Current Position:**

- Sales Department Manager at Al-Jomaih Equipment Co.

**Previous Positions & Experience:**

- Worked at Al-Khorayef Equipment Co., and Akel Trading & Industrial Co.

Eng. Waleed Al-Showair holds Bachelor's degree in Agricultural Engineering from King Saud University, KSA.



**Eng. Ali Mohammed Manea Al-Asiri**

**Board Member & CEO**

**Current Position:**

- & CEO of Chemanol.

**Previous Positions & Experience:**

- President and CEO of Saudi Calcined Petroleum Coke Co. (SCPC).
- President of Gulf Packaging Co. (GPIL).
- Worked in senior positions with other reputable organizations like SADAF, Farabi Petrochemical Co., and TASNEE.

Eng. Ali Al-Asiri holds Bachelor's degree in Applied Chemical Engineering from King Fahd University of Petroleum & Minerals, Saudi Arabia and a Master of Executive Management Business Administration (EMBA) from USA Troy University Alabama, USA.

**The following table shows the Directors' membership in current and former Boards:**

Name of Member	Memberships in current boards of directors of companies or Being one of their Management Teams	Memberships of Former boards of directors or Being one of their Management Teams
<b>Eng. Ali Abdul Aziz Al-Turki</b>	<b>Inside the Kingdom</b> National Petrochemical Industry Co. (NATPET).	<b>Inside the Kingdom</b> - Nesma & Partners Co. - Rawabi Vallianz Offshore Services Co. - Jenan Real Estate Co. - Samba Capital & Investment Management Co., and Alujain Holding Corp. - Alujain Holding Corp. - Executive Committee member of the Saudi Cancer Foundation. - Asharqia Business Youth Council of the Eastern Province Chamber of Commerce. <b>Outside the Kingdom:</b> - Neos Geo Solutions Inc (USA).
<b>Mr. Melfi Manahi Al-Marzoqi</b>	<b>Inside the Kingdom</b> None	<b>Inside the Kingdom</b> - Nama Chemicals Co
<b>Eng. Saud Abdullah Al-Sanea</b>	<b>Inside the Kingdom</b> None	<b>Inside the Kingdom</b> - Saudi Arabia Petrochemical Co. (SADAF), an affiliate of SABIC/ a limited liability Co. - Saudi Methanol Co. (AR-RAZI), an affiliate of SABIC/ a limited liability Co.
<b>Mr. Abdullah Abdulrahman Bu-Ali</b>	<b>Inside the Kingdom</b> Saudi Water Partnership Company (SWPC), a limited liability Co.	<b>Inside the Kingdom</b> - Marafiq Insurance Limited, a limited liability Co. - Saudi Iron & Steel Company (Hadeed), a limited liability Co. - MARAFIQ Water and Power Supply Co. (TAWREED), a limited liability Co. - Jubail Water &-Power Co. (JWAP), a limited liability Co. - SABIC Catalyst Company, a limited liability Co.
<b>Mr. Hani Sulaiman Al-Saleh</b>	<b>Inside the Kingdom</b> - Al-Etihad Co-operative Insurance Co. - Alujain Holding Corp. - Naqel Co. - Dermabit Waterproofing Industries Co. - Hala Supply Chain Services Co.	<b>Inside the Kingdom</b> None



Eng. Waleed Abdul Aziz AlShowair	Inside the Kingdom None	Inside the Kingdom None
Mr. Yousif Abdullah Al-Rajhi	Inside the Kingdom - Tabuk Agricultural Development Co. - United International Transportation Co. (Budget, Saudi). - Al-Rajhi Company for Education & Human Resources Development. - Al-Rajhi Co. for Industry & Trade. -Al-Rajhi Hotels Co. -Gulf Technology Co.	
Eng. Abdullah Abdul Aziz Al-Znaedi	Inside the Kingdom None	Inside the Kingdom None
Eng. Ali Mohammed Al-Asiri	Inside the Kingdom None	Inside the Kingdom None

## Current & previous positions of members of Committees who are coming from outside the Board:



**Mr. Abdullah Abdul Rahman Al Al-Sheikh**  
Member of Audit Committee.

**Current Position:**

- Chief Financial Officer, Saudi Medicare Group

**Previous Positions & Experience:**

- Chief Financial Officer, King Faisal Specialist Hospital & Research Centre.
- Head, Internal Audit, Saudi Stock Exchange (Tadawul).
- Executive Director, Internal Audit, King Fahad National Guard Hospital Program (AMI – GAMA).
- Assistant General Manager, Finance & Administration, Al-Maktab Co. Ltd.
- Senior Auditor, Ministry of Finance and National Economy.

Mr. Abdullah Al Al-Sheikh holds Bachelor's degree in Accounting from King Saud University, KSA and a Master of Business and Accounting from Aberdeen University, United Kingdom.



**Mr. Khalid Abdul Aziz Al-Hoshan**  
Member of Audit Committee.

**Current Position:**

- Head of Internal Audit, National Health Laboratory

**Previous Positions & Experience:**

- General Manager of Al-Rajhi Industrial & Trading Co.
- Group Internal Audit Manager, Safari Holding Company.
- Head of Internal Audit, Al-Ahlia for Cooperative Insurance Company.
- Audit & Compliance Officer, General Organization for Social Insurance.
- Member of Audit Committees of a number of companies and organizations such as: Saudi Organization for Certified Public Accountants (SOCPA), National Gypsum Company, Ash Sharqiyah Development Company, Arab Sea Information System Company etc..

Mr. Khalid Al-Hoshan holds Bachelor's degree in Law from King Saud University, KSA and a Master of Business Administration from University of Newcastle, Australia.



**Mr. Saad Ibrahim Al-Mushawah**  
**Member of Audit Committee.**

**Current Position:**

- General

**Previous Positions & Experience:**

- Head of Lending Team, Saudi Industrial Development Fund (SIDF).
- Chief Executive Officer, Gulf Union Foods Co.
- Board Member of Al-Jazira Takaful.
- Head of Audit Committee, Al-Jazeera Takaful.
- Audit Committee member, Alessa Industries.
- Audit Committee member, Fawaz Al-Hokair Co.

Mr. Saad Al-Mushawah holds Bachelor's degree in Industrial Management from King Fahd University of Petroleum & Minerals, KSA and a specialized course in Financial Management & Investment from Chase Manhattan Bank, USA.



**Eng. Abdullah Owdah Al-Enazi**  
**Member of The Executive Committee**

**Current Position:**

- Managing Director, GeoNapet.

**Previous Positions & Experience:**

- General Manager, Aminatit Group of Companies.
- General Manager of Avico, Aminatit Group of Companies.
- Chairman of Board of Directors, Lift-Slab Co., an Egyptian Joint-Stock Co.
- CEO, Mayamin Development Co.
- CEO, Saudi Paper Co.
- Managing Director, Saudi Paper Co.
- Chairman, Path Protocol Co.
- Managing Director, Alujain Holding Co.

Eng. Abdullah Al-Enazi holds Bachelor's degree in Mechanical Engineering and a Master of Master of Business Administration from King Fahd University of Petroleum & Minerals, KSA.



**Mr. Akram Mohamed Al-Rabayah**  
**Member of The Executive Committee**

**Current Position:**

- Managing Director of Jazan Gas Co.
- CEO of Cayan Group.
- Engineering & Commercial Operations at Bently Nevada Corp.
- Services Manager at GE, Controls & Optimization.
- Regional General Manager for Africa, India & Middle East at GE.
- President & CEO for the Gulf Region at GE.

**Previous Positions & Experience:**

- Process Control/ Commissioning & Testing Engineer at Bachtel/ CCC.
- 

Mr. Akram Al-Rabayah holds Bachelor's degree in Systems Engineering and a Master of Mechanical Engineering from King Fahd University of Petroleum & Minerals, KSA.



**Mr. Khaled Asaad Khashoggi**  
**Member of Marketing Committee.**

**Current Position:**

- CEO of Oak Wood Co.
- Partner & Executive Board Member of Calin Capital – Canada.

**Previous Positions & Experience:**

- Administration Manager at City Development Co.; an affiliate of Aqar Holding Co.
- Sales Manager at City Development Co.; an affiliate of Aqar Holding Co.
- Operations Manager at Investment Development Co.
- 

Mr. Khaled Khashoggi holds Bachelor's degree in Business Administration from Templeton University, New York, USA.

## 20. BOARD MEETINGS AND ATTENDANCE RECORD FOR EACH MEETING

The term of the previous Board of Directors expired on 11/11/2021 and a new Board was elected for a three-year term commencing from 12/11/2021. Accordingly, information of meetings held by each board will be presented separately as shown in the following tables:

- The attendance record of each member of the previous Board & dates of meetings:

Name of Member				Total
	First Meeting	Second Meeting	Third Meeting	
	April 07 <sup>th</sup>	August 09 <sup>th</sup>	October 25 <sup>th</sup>	
Mr. Abdullah Ali Al-Sanea	✓	✓	✓	3
Eng. Sami Abdulaziz Al-Suwaigh	✓	✓	✓	3
Mr. Mohammed Farhan Al-Nader	✓	✓	✓	3
Mr. Adel Saleh Al-Ghassab	✓	✓	✓	3
Eng. Abdul Salam Mazro Al-Mazro	✓	✓	✓	3
Mr. Yassir Abdulrahman Alluhaidan	✓	✓	✓	3
Eng. Saud Abdullah Al-Sanea	✓	✓	✓	3
Mr. Abdullah Abdulrahman Bu-Ali	✓	✓	✓	3
Mr. Zeyad Abdullatif Al-Barrak	✓	✓	✓	3

- The attendance record of each member of the current Board & dates of meetings:

Name of Member				Total
	First Meeting	Second Meeting	Third Meeting	
	November 14 <sup>th</sup>	November 23 <sup>rd</sup>	December 26 <sup>th</sup>	
Eng. Ali Abdul Aziz Al-Turki	✓	✓	✓	3
Mr. Melfi Manahi Al-Marzoqi	✓	✓	✓	3
Eng. Saud Abdullah Al-Sanea	✓	✓	✓	3
Mr. Abdullah Abdulrahman Bu-Ali	✓	✓	✓	3
Mr. Hani Sulaiman Al-Saleh	✓	✓	✓	3
Eng. Waleed Abdul Aziz Al-Showair	✓	✓	✓	3
Mr. Yousif Abdullah Al-Rajhi	X	✓	✓	2
Eng. Abdullah Abdul Aziz Al-Znaedi	✓	✓	✓	3
Eng. Ali Mohammed Al-Asiri	✓	✓	✓	3

## 21. Executive Management

Current and previous positions, qualifications, and experience of Senior Executives of the Company:



**Eng. Ali Mohammed Al-Asiri**

**Current Position:**

- Chief Executive Officer (CEO) of the Company.

**Previous Positions & Experience:**

- CEO of Saudi Calcined Petroleum Coke Co. (SCPC).
- Held various leadership positions at other reputable companies like Saudi Arabia Petrochemical Company (SADAF), Farabi Petrochemical Company, Gulf Packaging Company (GPIL) and TASNEE.

Eng. Ali Al-Asiri holds a Bachelor's degree in Applied Chemical Engineering from King Fahad University of Petroleum & Minerals, KSA and completed his post-graduation with an Executive Management Business Administration (EMBA) from USA.



**Mr. Abdullah Ali. Al-Hajri**

**Current Position:**

- Chief Financial Officer (CFO)

**Previous Positions & Experience:**

- He served with reputable entities like Saudi Industrial Development Fund (SIDF), Ernst & Young and Marafiq.

Mr. Al-Hajri holds a Bachelor's degree in Accounting from King Faisal University, KSA and subsequently pursued post-graduation with M.S. in Finance from Southern New Hampshire University, USA.



**Eng. Khalid mohammed Moharrum**

**Current Position:**

- General Manager – Manufacturing

**Previous Positions & Experience:**

- Held various leadership positions in Chemanol.

Mr. Moharrum holds an honours Bachelor's degree in Applied Chemical Engineering from the King Fahd University of Petroleum & Minerals, KSA.



**Mr. Abdulaziz Mohamed Al-Zahrani**

**Current Position:**

General Manager, Marketing & Sales

**Previous Positions & Experience:**

- Marketing & Sales Manager at SADARA.
- Marketing & Sales Manager at Saudi International Petrochemical Company (SIPCHEM).

Mr. Al-Zahrani holds a Bachelor's degree in Systems Engineering from King Fahd University of Petroleum & Minerals, KSA.



**Mr. Eid Abdul-Mohsen Al-Dossary**

**Current Position:**

General Manager, EHSS & Administration

**Previous Positions & Experience:**

- Held various leadership positions in Chemanol.
- Administration Manager at Al-Fozan Factory.

Mr. Al-Dossary holds a Bachelor's degree in Projects Management from King Faisal University, KSA



## 22. INTERESTS OF DIRECTORS AND SENIOR EXECUTIVES

There are some interests in the shares of the Company during 2021, belong to some members of the Board of Directors as shown below:

### First: Members of the Board of Directors

- The previous Board which term ended on 11/11/2021

Description of any interest, contractual papers and subscription rights attributable to the members of the previous Board of Directors in the Company's shares or debt instruments from the beginning of the year until the expiry of the Board term on 11/11/2021								
Name	Beginning of the year			End of the year			Net Change	Percent. of Change
	Number of shares	Debt Instruments	Percent. of Ownership	Number of shares	Debt Instruments	Percent. of Ownership		
Mr. Abdullah Ali Al-Sanea	1,054	-	-	589	-	-	465	55,8%
Eng. Sami Abdul Aziz al-Suwaigh	1,000	-	-	559	-	-	441	55,9%
Eng. Saud Abdullah Al-Sanea	-	-	-	1,000	-	-	1,000	100%
Mr. Abdullah Abdulrahman Bu-Ali	-	-	-	-	-	-	-	0%
Mr. Zeyad Abdullatif Al-Barrak	-	-	-	-	-	-	-	0%
Mr. Mohammed Farhan Al Nader	1,000	-	-	559	-	-	441	55,9%
Mr. Adel Saleh Al Ghassab	-	-	-	-	-	-	-	-
Eng. Abdul Salam Mazro Al Mazro	1,000	-	-	559	-	-	441	55,9%
Mr. Yassir Abdulrahman Alluhaidan	2,426	-	-	1,356	-	-	1070	55,8%

\* There is no any interest attributable to the spouses and children of minors of members of the previous Board in the Company's shares in 2021.

- The current Board which term commenced on 12/11/2021

Description of any interest, contractual papers and subscription rights attributable to the members of the Board of Directors in the Company's shares or debt instruments as from the beginning of the term of the current Board on 12/11/2021								
Name	Beginning of the year			End of the year			Net Change	Percentage of Change
	Number of shares	Debt Instruments	Percent. of Ownership	Number of shares	Debt Instruments	Percent. of Ownership		
Eng. Ali Abdul Aziz Al-Turki	100	-	-	100	-	-	-	0%
Mr. Melfi Manahi Al-Marzoqi	829	-	-	829	-	-	-	0%
Eng. Saud Abdullah Al-Sanea	1,000	-	-	1,000	-	-	-	0%
Mr. Abdullah Abdulrahman Bu-Ali	-	-	-	-	-	-	-	0%
Eng. Waleed Abdul Aziz Al-Showair	10	-	-	10	-	-	-	0%
Eng. Abdullah Abdul Aziz Al-Znaedi	20	-	-	20	-	-	-	0%
Mr. Hani Sulaiman Al-Saleh	20,200	-	-	17,620	-	-	2,580	13%
Mr. Yousif Abdullah Al-Rajhi	458,239	-	-	65,249	-	-	392,990	86%
Eng. Ali Mohammed Al-Asiri	-	-	-	-	-	-	-	0%



## Description of any interest attributable to the spouses and children of minors of members of the current Board in the Company's shares in 2021.

Description of any interest, contractual papers and subscription rights attributable to the spouses and children of minors of members of the Board in the Company's shares or debt instruments as from the beginning of the term of the current Board on 12/11/2021								
Name	Beginning of the year			End of the year			Net Change	Percentage of Change
	Number of shares	Debt Instruments	Percent. of Ownership	Number of shares	Debt Instruments	Percent. of Ownership		
Spouse of Mr. Hani Sulaiman Al-Saleh	7,542	-	-	7,542	-	-	-	0%
Mr. Sulaiman Hani Sulaiman Al-Saleh	5	-	-	5	-	-	-	0%
Spouse of Eng. Waleed Abdul Aziz Al-Showair	5,000	-	-	5,260	-	-	260	5%

\*Except as indicated above, there is not any interest attributable to the spouses and children of minors of members of the Board in the Company's shares in 2021.

## Second: Senior Executives

There is no any interest attributable to the Senior Executives in the Company's shares in 2021.

Description of any interest, contractual papers and subscription rights attributable to the Senior Executives and their relatives in the Company's shares or debt instruments								
Name	Beginning of the year			End of the year			Net Change	Percentage of Change
	Number of shares	Debt Instruments	Percent. of Ownership	Number of shares	Debt Instruments	Percent. of Ownership		
Eng. Ali Mohammed Al-Asiri	-	-	-	-	-	-	-	0%
Mr. Abdullah Ali Al-Hajri	4,870	-	-	829	-	-	4,870	100%
Eng. Khalid Mohammed Moharrum	-	-	-	-	-	-	-	0%
Mr. Abdulaziz Mohamed Al-Zahrani	-	-	-	-	-	-	-	0%
Mr. Eid Abdul-Mohsen Al-Dossary	-	-	-	-	-	-	-	0%

\* There is no any interest, contractual papers and subscription rights attributable to the relatives of Senior Executives in the Company's shares or debt instruments.

## 23. REMUNERATION OF BOARD MEMBERS AND EXECUTIVE MANAGEMENT

Considering the provisions governing the remuneration of Board members, Board committees and Senior Executives, there was no significant deviation during the FY 2021 in any remuneration paid to the Board members and Senior Executives from the Remuneration Policy adopted by the Ordinary General Assembly on 14/05/2018. Hence, the remuneration of Board members, Board committees and Senior Executives was paid in accordance with the following principles and rules:

### First: Board Members & Board Committees:

- Based on the recommendation of the Nominations & Remuneration Committee, The Board of Directors shall determine the remuneration of Board members and Committee members in accordance with the following principles:
  - ✓ The organization of the remuneration should be consistent with the Company's strategic objectives and should be an incentive factor for the members of the Board and committees to achieve these objectives and enhance the Company's ability to develop and sustain its business.
  - ✓ The remuneration should be commensurate with the nature of the Company's business, activity and size, as well as the experience required.
  - ✓ The remuneration should be a means to attract Board members with experience and qualifications to enhance the Company's ability to achieve its objectives.
- A Board member is entitled to an annual remuneration of SAR 200,000 in return for membership in the Board.
- The Company shall be entitled to claim damages for its reputation and to recover all remuneration, compensation and any other costs incurred by the Company in case:
  - ✓ The member commits an act involving a breach of honour or trust, or violates the laws and regulations of the Kingdom of Saudi Arabia or any other country.
  - ✓ The member fails to carry out his responsibilities and duties, and that results in damage to the interests of the Company.
  - ✓ Of termination of membership by a decision of the General Assembly for being absent from three consecutive meetings within one year without a legitimate excuse acceptable to the Board of Directors.

### Second: Senior Executives

- Based on the recommendation of the Nominations & Remuneration Committee, the Board of Directors shall determine the remuneration of Senior Executives in accordance with the following principles:
  - ✓ The remuneration and compensation should be consistent with the Company's strategic objectives and should be an incentive factor for Senior Executives to achieve these objectives and enhance the Company's ability to develop and sustain its business.
  - ✓ The remuneration should be commensurate with the nature of the Company's business, activity and size, as well as the experience required.
  - ✓ The remuneration should enable the Company to attract Senior Executives with the necessary credentials, skills and capabilities to enable the Company to achieve its objectives.
  - ✓ The remuneration should not cause any conflict of interest that would adversely affect the interest of the company and its ability to achieve its objectives.

The following tables show the remuneration and compensation paid during the FY ended December 31, 2021 to the members of the Board of Directors and Senior Executives (in accordance with Article 93 of Corporate Governance Regulations) including CEO and CFO.

**First: Members of the previous Board which term ended on 11/11/2021:**

Board Members	Fixed Remuneration						Variable Remuneration									
	Specific amount	Allowance for attending meetings of the Board	Total allowance for attending committee meetings	In-kind benefits	Remuneration of technical administrative and advisory work	Remuneration of the Chairman, Managing Director or the Secretary, if any	Total	Percentage of profits	Periodic Remuneration	Short-term incentive plans	Long-term incentive plans	Shares granted	Total	End of service benefits	Grand Total	Expense Allowance
INDEPENDENT MEMBERS																
Mr. Abdullah Ali Al-Sanea	-	12,000	12,000	-	-	-	24,000	-	372,603	-	-	-	372,603	-	396,603	6,236
Eng. Sami Abdul Aziz al-Suwaigh	-	12,000	21,000	-	-	-	33,000	-	372,603	-	-	-	372,603	-	405,603	6,236
Mr. Mohammed Farhan Al Nader	-	12,000	18,000	-	-	-	30,000	-	372,603	-	-	-	372,603	-	402,603	6,236
Mr. Adel Saleh Al Ghassab	-	12,000	27,000	-	-	-	39,000	-	372,603	-	-	-	372,603	-	411,603	6,236
Eng. Abdul Salam Mazro Al Mazro	-	12,000	15,200	-	-	-	27,200	-	372,603	-	-	-	372,603	-	399,803	6,236
Mr. Yassir Abdulrahman Alluhaidan	-	12,000	23,700	-	-	-	35,700	-	372,603	-	-	-	372,603	-	408,303	6,236
Mr. Zeyad Abdullatif Al-Barrak	-	12,000	33,000	-	-	-	45,000	-	372,603	-	-	-	372,603	-	417,603	6,236
NON-EXECUTIVE MEMBERS																
Eng. Saud Abdullah Al-Sanea	-	12,000	12,000	-	-	-	24,000	-	372,603	-	-	-	372,603	-	396,603	-
Mr. Abdullah Abdulrahman Bu-Ali	-	12,000	12,000	-	-	-	24,000	-	372,603	-	-	-	372,603	-	396,603	-
Total	-	108,000	173,900	-	-	-	281,900	-	3,353,427	-	-	-	3,353,427	-	3,635,327	43,652

\*It should be noted that there are no fixed remunerations except what has been indicated above concerning the members of the Board and Committees.

\*The due periodic fixed remunerations are paid to the Board members in the year following the maturity period. But for 2021, a part thereof was paid in the same year due to the expiry of the term of the Board on November 11, 2021. The said remunerations; SAR 200,000, were due since 2020, where SAR 172,603 was due for the period extending from January 1, 2021 to November 11, 2021; the date of expiry of the previous Board.

## Second: Members of the current Board which term commenced on 12/11/2021:

Board Members	Fixed Remuneration						Variable Remuneration									
	Specific amount	Allowance for attending meetings of the Board	Total allowance for attending committee meetings	In-kind benefits	Remuneration of technical ,administrative and advisory work	Remuneration of the Chairman, Managing Director or the Secretary, if any	Total	Percentage of profits	Periodic Remuneration	Short-term incentive plans	Long-term incentive plans	Shares granted	Total	End of service benefits	Grand Total	Expense Allowance
INDEPENDENT MEMBERS																
Eng. Ali Abdul Aziz Al-Turki	-	9,000	6,000	-	-	-	15,000	-	-	-	-	-	-	-	15,000	-
Mr. Melfi Manahi Al-Marzoqi	-	9,000	8,879	-	-	-	17,879	-	-	-	-	-	-	-	17,879	-
Mr. Hani Sulaiman Al-Saleh	-	9,000	8,700	-	-	-	17,700	-	-	-	-	-	-	-	17,700	-
Eng. Waleed Abdul Aziz Al-Showair	-	9,000	8,400	-	-	-	17,400	-	-	-	-	-	-	-	17,400	-
Eng. Abdullah Abdul Aziz Al-Znaedi	-	9,000	5,700	-	-	-	14,700	-	-	-	-	-	-	-	14,700	-
Mr. Yousif Abdullah Al-Rajhi	-	6,000	4,500	-	-	-	10,500	-	-	-	-	-	-	-	10,500	-
NON-EXECUTIVE MEMBERS																
Eng. Saud Abdullah Al-Sanea	-	9,000	15,000	-	-	-	24,000	-	-	-	-	-	-	-	24,000	-
Mr. Abdullah Abdulrahman Bu-Ali	-	9,000	6,000	-	-	-	15,000	-	-	-	-	-	-	-	15,000	-
EXECUTIVE MEMBERS																
Eng. Ali Mohammed Al-Asiri	-	9,000	-	-	-	-	9,000	-	-	-	-	-	-	-	9,000	-
Total	-	78,000	63,179				141,179	-	-	-	-	-	-	-	141,179	-

### Third: Remuneration of committee members of the previous Board which term ended on 11/11/2021:

Board Members	Fixed Remuneration	Allowance for attending meetings of the Board	Total
<b>Audit Committee</b>			
Mr. Mohammed Farhan Al Nader	None	None	None
Mr. Zeyad Abdullatif Al-Barrak	None	None	None
Mr. Adel Saleh Al Ghassab	None	None	None
<b>Remuneration and Nomination Committee</b>			
Eng. Sami Abdul Aziz al-Suwaigh	None	None	None
Mr. Yassir Abdulrahman Alluhaidan	None	None	None
Mr. Zeyad Abdullatif Al-Barrak	None	None	None
<b>The Executive Committee</b>			
Mr. Abdullah Ali Al-Sanea	None	None	None
Eng. Sami Abdul Aziz al-Suwaigh	None	None	None
Eng. Saud Abdullah Al-Sanea	None	None	None
Mr. Abdullah Abdulrahman Bu-Ali	None	None	None
Eng. Abdul Salam Mazro Al Mazro	None	None	None
<b>Marketing Committee</b>			
Eng. Abdul Salam Mazro Al Mazro	None	None	None
Eng. Saud Abdullah Al-Sanea	None	None	None
Mr. Yassir Abdulrahman Alluhaidan	None	None	None
Mr. Adel Saleh Al Ghassab	None	None	None

**Fourth: Remuneration of committee members of the current Board which term commenced on 12/11/2021:**

Board Members	Fixed Remuneration	Allowance for attending meetings of the Board	Total
<b>Audit Committee</b>			
Mr. Saad Ibrahim Al-Mushawah	None	None	None
Mr. Abdullah Abdul Rahman Al Al-Sheikh	None	None	None
Mr. Khalid Abdul Aziz Al-Hoshan	None	None	None
Mr. Yousif Abdullah Abdul Aziz Al-Rajhi			
<b>Remuneration and Nomination Committee</b>			
Mr. Hani Sulaiman Al-Saleh	None	None	None
Eng. Saud Abdullah Al-Sanea	None	None	None
Mr. Melfi Manahi Al-Marzoqi	None	None	None
<b>The Executive Committee</b>			
Eng. Ali Abdul Aziz Al-Turki	None	None	None
Eng. Abdullah Owdah Al-Enazi	None	None	None
Eng. Saud Abdullah Al-Sanea	None	None	None
Mr. Abdullah Abdulrahman Bu-Ali	None	None	None
Mr. Akram Mohamed Al-Rabayah	None	None	None
<b>Marketing Committee</b>			
Eng. Saud Abdullah Al-Sanea	None	None	None
Eng. Waleed Abdul Aziz Al-Showair	None	None	None
Eng. Abdullah Abdul Aziz Al-Znaedi	None	None	None
Eng. Abdullah Owdah Al-Enazi	None	None	None
Mr. Khaled Asaad Khashoggi	None	None	None

## Fifth: Senior Executives

Remuneration of Senior Executives including CEO & CFO	Fixed Remuneration				Variable Remuneration						End of service benefits	Total Executives remuneration for the Board, if any	Grand total
	Salaries	Allowances	In-Kind	Total	Periodic Bonus	Profits	Short-Term Motivational Bonus	Long-Term Motivational Bonus	Shares granted	Total			
	3,773	1,188			693					5,654			5,654
Total	3,773	1,188			693					5,654			5,654

\*The Company committed to disclose the total remuneration of the Senior Executives in accordance with the requirements of Article (93), paragraph (4), item (b), of the Corporate Governance Regulations. However, non-disclosure of the remuneration in detail is due to that the Company is careful to protect its interests and the interests of its shareholders, maintain job stability and safeguard the financial and contractual information of the Senior Executives. Not to mention that salaries and remuneration of Senior Executives are subject to several criteria with respect to their professional experience and educational qualifications, in addition to salary differences from company to company and from sector to sector, besides that they are engaged in employment contracts that are governed by the provisions of the Labor Law.

## 24. THE PROCEDURES TAKEN BY THE BOARD OF DIRECTORS TO INFORM ITS MEMBERS OF THE SHAREHOLDERS' PROPOSALS AND OBSERVATIONS REGARDING THE COMPANY AND ITS PERFORMANCE

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

## 25. MEANS RELIED UPON BY THE BOARD OF DIRECTORS FOR EVALUATING ITS PERFORMANCE AND THE PERFORMANCE OF ITS COMMITTEES AND MEMBERS

The Remuneration and Nomination Committee's Regulations approved by the General Assembly includes conducting assessment for the performance of the Board and its committees on an annual basis. However, the Board underlines the significance of communicating with the committees through reviewing their periodic reports and hence discussing the recommendations and decisions taken by them.

## 26. BRIEF DESCRIPTION OF THE AUTHORITIES AND DUTIES OF THE BOARD COMMITTEES

The Board of Directors has formed several committees that play an important role in helping to carry out its statutory duties in order to achieve the optimum performance and benefit from the diverse expertise and experience of its members:

### First: The Executive Committee:

In the light of the Executive Committee Regulations approved by the Board of Directors, the Duties and Responsibilities of the Committee shall be as follows:

1. Following up the Company's financial position, and operational and marketing strategies.
2. Reviewing the Company's strategic planning procedures and processes in coordination with the Chief Executive Officer (CEO).
3. Coordinating with the CEO to lay down the Company's strategic plan and the operational objectives.
4. Periodically reviewing the Company's strategic plan and the operational objectives to ensure their consistency with the Company's mission and objectives.
5. Making recommendations to the Board regarding the strategic decisions in relation with the investment opportunities that aim to improve the Company's performance.
6. Any duties or tasks assigned to it by the Board of Directors.
7. All the decisions and recommendations of the committee shall be submitted to the Board at the most recent meeting for approval.

The committee's term shall be three (3) years starting from the commencement date of each Board term, and in no way shall an Executive Committee's member's term be extended beyond the Board's term.

The Executive Committee held one meeting during the term of the previous Board which expired on 11/11/2021 as per the following:

Name of Member	Capacity	Date of Meeting
		October 24 <sup>th</sup>
Mr. Abdullah Ali Al-Sanea	Chairman	✓
Eng. Sami Abdul Aziz al-Suwaigh	Member	✓
Eng. Abdul Salam Mazro Al Mazro	Member	✓
Eng. Saud Abdullah Al-Sanea	Member	✓
Mr. Abdullah Abdulrahman Bu-Ali	Member	✓



The current Executive Committee was formed on 23/11/2021 from the following members:

- |                                    |          |
|------------------------------------|----------|
| 1. Eng. Ali Abdul Aziz Al-Turki    | Chairman |
| 2. Eng. Saud Abdullah Al-Sanea     | Member   |
| 3. Mr. Abdullah Abdulrahman Bu-Ali | Member   |
| 4. Eng. Abdullah Owdah Al-Enazi    | Member   |
| 5. Mr. Akram Mohamed Al-Rabayah    | Member   |

The following table shows the number of meetings and attendance record from the time of the Committee's formation through the end of the year 2021.

Name of Member	Capacity	Date of Meeting		
		1 <sup>st</sup> mtg.	2 <sup>nd</sup> mtg.	Total
		December 07 <sup>th</sup>	December 21 <sup>st</sup>	
Eng. Ali Abdul Aziz Al-Turki	Chairman	✓	✓	2
Eng. Abdullah Owdah Al-Enazi	Member	✓	✓	2
Eng. Saud Abdullah Al-Sanea	Member	✓	✓	2
Mr. Abdullah Abdulrahman Bu-Ali	Member	✓	✓	2
Mr. Akram Mohamed Al-Rabayah	Member	✓	✓	2

#### Second: Audit Committee:

In the light of the Audit Committee Regulations approved by the General Assembly of the Company, the Duties and Responsibilities of the Committee shall be as follows:

- **Financial Reports:**
  - a. Examining and reviewing the Company's financial statements and providing opinion and recommendation to the Board thereon.
  - b. Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
  - c. Examining any important or non-familiar issues contained in the financial reports.
  - d. Investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties, or the Company's external auditor.
  - e. Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- **Internal Audit:**
  - a. Examining and reviewing the Chemanol's internal and financial control systems and risk management system.
  - b. Examining the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.

- c. Providing a recommendation to the Board on appointing the Head of the Internal Audit and suggest his/her remuneration.
- d. Monitoring and overseeing the performance and activities of Chemanol's Internal Audit Department to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.

▪ **External Auditor:**

- a. Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remuneration, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- b. Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- c. Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon.
- d. Responding to queries of the Chemanol's External Auditor.
- e. Reviewing the External Auditor's reports and its comments on the financial statements and following up the procedures taken in connection therewith.

▪ **Ensuring Compliance:**

- a. Reviewing the findings of the reports of supervisory authorities and ensuring that Chemanol has taken the necessary actions in connection therewith.
- b. Ensuring Chemanol's compliance with the relevant laws, regulations, policies and instructions.
- c. Reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board in connection therewith.
- d. Reporting to the Board any issues in connection with what it deems necessary to take action on and providing recommendations as to the steps that should be taken.

In general, in order to perform its duties, the Audit Committee may:

- a. Investigate any matter falling within its functions or any subject specifically requested by the Board of Directors.
- b. Access the Company's records and documents.
- c. Request any explanation or statement from Board members, Executive Management, or the Company employees for the purpose of investigating and inquiring about any information.
- d. Seek legal and technical advice from any third party or other independent consultant when necessary to assist the Committee in performing its functions and to investigate any shortcoming relating to Internal Audit Department.
- e. The Company Management shall inform the Chairman of Audit Committee of any defect, fraud or irregularity according to their level of seriousness.

To ensure the independence of the Audit Committee's work, both the Head of Internal Audit Department and the External Auditor shall directly deal and communicate with the Audit Committee without any intermediary.

The following table shows the meetings of the Committee and Members attendance record during the previous Board term which expired on 11/11/2021:

Name of Member	Capacity	Date of Meeting					Total
		1 <sup>st</sup> mtg.	2 <sup>nd</sup> mtg.	3 <sup>rd</sup> mtg.	4 <sup>th</sup> mtg.	5 <sup>th</sup> mtg.	
		Feb. 24 <sup>th</sup>	March 23 <sup>rd</sup>	May 5 <sup>th</sup>	Aug. 8 <sup>th</sup>	Oct. 26 <sup>th</sup>	
Mr. Mohammed Farhan Al Nader	Chairman	✓	✓	✓	✓	✓	4
Mr. Adel Saleh Al Ghassab	Member	✓	✓	✓	✓	✓	4
Mr. Zeyad Abdullatif Al-Barrak	Member	✓	✓	✓	✓	✓	4

On 09/11/2021, the Ordinary General Assembly approved the formation of the Audit Committee to a term of 3 years starting from 12/11/2021 to 11/11/2024.

The Committee consists of the following members:

1. Mr. Saad Ibrahim Al-Mushawah Chairman
2. Mr. Abdullah Abdul Rahman Al Al-Sheikh Member
3. Mr. Khalid Abdul Aziz Al-Hoshan Member

On 23/11/2021, the Board of Directors recommended to appoint Mr. Yousif Abdullah Abdul Aziz Al-Rajhi (an Independent Board Member) as a member of the Audit Committee. Hence such a recommendation shall be presented to the General Assembly at its first meeting for approval.

The newly formed Audit Committee held one meeting during 2021 as per the following:

Name of Member	Capacity	Date of Meeting	Total
		1 <sup>st</sup> mtg.	
		Dec. 19 <sup>th</sup>	
Mr. Saad Ibrahim Al-Mushawah	Chairman	✓	2
Mr. Yousif Abdullah Al-Rajhi	Member	✓	1
Mr. Abdullah Abdul Rahman Al Al-Sheikh	Member	✓	1
Mr. Khalid Abdul Aziz Al-Hoshan	Member	✓	1

### Third: Remuneration and Nomination Committee:

In conformity with the Remuneration and Nomination Committee' regulations issued by the Capital Market Authority (CMA), the duties and responsibilities of the Committee shall be:

1. Suggesting clear policies and standards for membership of the Board and the Executive Management.
2. Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with the approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
3. Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
4. Determining the amount of time that the member shall allocate to the activities of the Board.
5. Annually reviewing the skills and expertise required of the Board members and the Executive Management.
6. Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure.
7. Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another company.
8. Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
9. Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
10. Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
11. Periodically reviewing the remuneration policy and assessing its effectiveness in achieving the desired objectives.
12. Explaining the relationship between remuneration granted and applicable remuneration policy, highlighting any significant deviation from such policy.
13. Providing recommendations to the Board in respect of the remuneration of its members, the committees' members and Senior Executives, in accordance with the approved policy.
14. Ensuring the validity of insurance of Board members against any incorrect decisions which may entail legal consequences and financial liabilities.

The Committee which ended with the expiry of the previous Board on 11/11/2021 consists of three members. The following table shows the name of members and their attendance record for the Committee meetings and dates.

Name of Member	Membership Status/ Capacity	Date of Meeting		Total
		1 <sup>st</sup> mtg.	2 <sup>nd</sup> mtg.	
		March 28 <sup>th</sup>	Sept. 29 <sup>th</sup>	
Eng. Sami Abdulaziz Al-Suwaigh	Chairman – Independent	✓	✓	2
Mr. Yassir Abdulrahman Alluhaidan	Committee member - Independent	✓	✓	2
Mr. Zeyad Abdullatif Al-Barrak	Committee member - Independent	✓	✓	2

The new Remuneration and Nomination Committee which will expire on 11/11/2024, was formed on 14/11/2021. The following table shows the meetings of the Committee and Members attendance record

Name of Member	Attendance record in 2021 as from 12/11/2021			Total
	Capacity	1 <sup>st</sup> mtg.	2 <sup>nd</sup> mtg.	
		Nov 17 <sup>th</sup>	Dec. 28 <sup>th</sup>	
Mr. Hani Sulaiman Al-Saleh	Chairman	✓	✓	2
Mr. Melfi Manahi Al-Marzoqi	Member	✓	✓	2
Eng. Saud Abdullah Al-Sanea	Member -	✓	✓	2

#### Fourth: Marketing Committee:

In accordance with the Board of Directors of Chemanol Directive dated 15/11/2018, a marketing committee was formed to support the Company in the sale and marketing of its products. In the light of the approved Regulations of the Committee, the duties and responsibilities of the Committee shall be:

- Assisting the Marketing and Sales Department in developing the annual marketing plan for the products. Such a plan shall be submitted to the Board for approval.
- Reviewing the Company's annual and quarterly plan regarding the production and sales of various products.
- Developing quarterly price forecast to identify the economics of market sectors.
- Reviewing the product grades and/ or the profitability of new items, and providing recommendations to add and remove products, as may be required.
- Periodically reviewing the Company's logistics costs (packaging, freight, warehousing costs), and recommending improvements thereto.
- Developing KPIs, in coordination with the Marketing and Sales Department, in order to enable the Company to periodically review and measure the performance of the Department.
- Reviewing and providing recommendations regarding the Marketing and Sales Department's strategies and actions related to legal compliance (e.g. anti-monopoly laws and export and dumping regulations).

- Monitoring the Company's compliance with Marketing and Transportation agreements as well as reviewing and approving any amendments thereto, taking into account due consideration.
- Providing recommendations to the Company to conduct periodic or specialized marketing research to identify customers' needs and satisfaction levels as well as the environmental factors and competitive elements.
- Providing assistance in laying down long-term plans for marketing the existing products and developing growth strategies.
- Providing assistance in identifying opportunities and potential partnerships to improve marketing initiatives to achieve optimal results.

The Marketing Committee consisted of four members during the term of the previous Board which expired on 11/11/2021. The following table shows the name of members and their attendance record for the Committee meetings and dates:

Name of Member	Capacity	Date of Meeting
		October 24 <sup>th</sup>
Eng. Abdul Salam Mazro Al Mazro	Chairman	✓
Eng. Saud Abdullah Al-Sanea	Member	✓
Mr. Yassir Abdulrahman Alluhaidan	Member	✓
Mr. Adel Saleh Al Ghassab	Member	✓

On 23/11/2021, the Board of Directors resolved the formation of the new Marketing, and the following table shows the name of members and their attendance record for the Committee meetings and dates:

Name of Member	Capacity	Date of Meeting
		December 20 <sup>th</sup>
Eng. Saud Abdullah Al-Sanea	Chairman	✓
Eng. Waleed Abdul Aziz Al-Showair	Member	✓
Eng. Abdullah Abdul Aziz Al-Znaedi	Member	✓
Eng. Abdullah Owdah Al-Enazi	Member	✓
Mr. Khaled Asaad Khashoggi	Member	✓

## **27. RESULTS OF THE ANNUAL REVIEW OF THE EFFECTIVENESS OF THE INTERNAL CONTROL PROCEDURES**

In its continuous efforts to improve the control environment and to minimize the risk, Chemanol developed written control procedures for all its operations. This is strengthened by the formation of an elected Audit Committee by the General Assembly which contributes in ensuring the independence of the internal and external auditors. The Committee receives periodic reports about the units and activities under audit which would contribute in providing of continuous assessment and in measuring the effectiveness of the internal control system.

The Company's Internal Audit Department which reports to Audit Committee, provides assurance and consulting services to add value and improve the Company's operations in conformity with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Such activity helps the Company promote and protect its value and accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The business of the Company is subject to periodic audits in accordance with Audit Committee's approved plan. Reports on the outcomes of such audits are submitted to the Executive Management and Board of Directors. The internal audit activities demonstrated some remarks and had been reported to both Executive Management and Board of Directors and corrective actions were taken. Nothing has been brought to the attention of the Audit Committee to believe that there are material deficiencies that require disclosure. Furthermore, the control system has achieved many improvements during the year.

## **28. WAIVING OF REMUNERATION**

None of the Board Members or Senior Executives has waived the annual remuneration for FY ended December 31, 2021.

## **29. WAIVING OF DIVIDENDS**

The Company did not distribute dividends to shareholders in FY ended December 31, 2021.

## **30. CONTRACTS IN WHICH DIRECTORS AND SENIOR EXECUTIVES HAVE AN INTEREST**

The Board of Directors acknowledges that the Company did not entered into any contracts in which there was a personal interest for any of the Board members or Senior Executives.

## **31. BOARD OF DIRECTORS DECLARATIONS**

The Board of Directors acknowledges that:

1. The accounting records have been properly prepared.
2. The internal control system has been developed and implemented soundly and effectively.
3. There are no doubts on the Company's ability to continue its activity.
4. The Company does not have an affiliated company, therefore, there are no shares or debt instruments issued to such an affiliated company.



### 32. GENERAL ASSEMBLIES

The following table shows the dates of General Assemblies held during the FY ended December 31, 2021 and the names of members of the Board of Directors who attended them:

The Assembly	Ordinary General Assembly	Extraordinary General Assembly	Ordinary General Assembly
Board Member/ Date of GA	June 9 <sup>th</sup> , 2021	June 9 <sup>th</sup> , 2021	November 9 <sup>th</sup> , 2021
Mr. Abdullah Ali Al-Sanea	✓	✓	✓
Eng. Sami Abdulaziz Al-Suwaigh	✓	✓	✓
Eng. Saud Abdullah Al-Sanea	✓	✓	x
Mr. Abdullah Abdulrahman Bu-Ali	✓	✓	✓
Mr. Adel Saleh Al-Ghassab	✓	✓	✓
Eng. Abdul Salam Mazro Al-Mazro	✓	✓	x
Mr. Mohammed Farhan Al-Nader	✓	x	x
Mr. Yassir Abdulrahman Alluhaidan	✓	✓	✓
Mr. Zeyad Abdullatif Al-Barrak	✓	✓	✓

### 33. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company Management is committed to achieving the principle of fairness in providing the appropriate information at the right time to investors in order to help them take the best decisions based on correct and adequate information, to ensure that such information is not leaked to some investors rather than others and also to ensure that all the beneficiaries have equal access. The Company is strictly and keenly committed to implementing the policies and procedures for disclosing the material developments, financial statements and performance reports in accordance with the legal requirements, the applicable regulations and instructions of the competent authorities.

Towards that end, the Company organized a "Review Meeting" on 04/11/2021 for the shareholders to review the Company's performance during and after the Coronavirus Crisis. The Board of Directors responded to all queries raised by the shareholders during the meeting.

### 34. SHAREHOLDERS RECORDS

The following table shows the dates of the requests of Shareholders Records and the reasons thereof during the FY ended December 31, 2021:

Date of Request	Reason for the Request
14/03/2021	Other
09/06/2021	General Assembly
22/06/2021	Other
04/07/2021	Other
19/08/2021	Other
16/09/2021	Other
03/10/2021	Other
28/10/2021	Other
31/10/2021	Other
02/11/2021	Other
04/11/2021	Companies' procedures

### 35. COMPANY ANNOUNCEMENTS ON THE SAUDI STOCK EXCHANGE (TADAWUL) WEBSITE

During the FY ended December 31, 2021, the Company announced a number of events and resolutions on Tadawul website through 27 announcements addressed to the Company shareholders.

S.N.	Date of Announcement	Title of Announcement
1.	February 28 <sup>th</sup>	Methanol Chemicals Company announces signing of an agreement for restructuring the outstanding loans of SAR 475 million with the Lenders.
2.	March 23 <sup>rd</sup>	Methanol Chemicals Company announces the rescheduling of the Saudi Industrial Development Fund (SIDF) loan amounting to SAR 245 million.
3.	March 25 <sup>th</sup>	Methanol Chemicals Co. announces its Annual Financial Results for the Period Ending on 31-12-2020
4.	April 6 <sup>th</sup>	Methanol Chemicals Co. announces its estimated Interim Financial Results for the Period Ending on 2021-03-31 (Three Months).
5.	May 6 <sup>th</sup>	Methanol Chemicals Co. announces to Invites its Shareholders to Attend the Ordinary General Assembly Meeting (First Meeting).
6.	May 9 <sup>th</sup>	Methanol Chemicals Co. announces its Interim Financial Results for the Period Ending on 2021-03-31 (Three Months).
7.	May 26 <sup>th</sup>	Correction announcement from Methanol Chemicals Co. in regards to its announcement of the Interim Financial Results for the Period Ending on 2021-03-31 ( Three Months )
8.	May 26 <sup>th</sup>	Methanol Chemicals Company announces the Opening of the Nomination for Membership of the Board of Directors for the New Term.
9.	June 1 <sup>st</sup>	Methanol Chemicals Company invites its Shareholders to attend the Extraordinary General Assembly Meeting (through the Modern Technology Means), which includes Decreasing and Increasing the Company's Capital ( First Meeting ).
10.	June 10 <sup>th</sup>	Methanol Chemicals Co. Announces the Results of the Ordinary General Assembly Meeting, (Second Meeting).
11.	June 24 <sup>th</sup>	Methanol Chemicals Company announces the date of its Shareholders E-Voting on the Extraordinary General Assembly Meeting Agenda (through the Modern Technology Means), which includes

		Decreasing and Increasing the Company's Capital (First Meeting) (Reminder).
12.	June 29 <sup>th</sup>	Methanol Chemicals Company (Chemanol) Announces the Results of the Extraordinary General Assembly Meeting, which includes Decreasing and Increasing the Company's Capital (Second Meeting) (through the Modern Technology Means).
13.	July 8 <sup>th</sup>	Methanol Chemicals Company announces decreasing its accumulated losses to 0% of the share capital.
14.	July 25 <sup>th</sup>	Methanol Chemicals Co. announces its estimated Interim Financial Results for the Period Ending on 2021-06-30 (Six Months).
15.	August 10 <sup>th</sup>	Methanol Chemicals Co. Announces the Board's Recommendation to Increase the Capital by Offering Right Issues.
16.	August 11 <sup>th</sup>	Methanol Chemicals Co. announces its Interim Financial Results for the Period Ending on 2021-06-30 (Six Months).
17.	August 19 <sup>th</sup>	Methanol Chemicals Co. Announces the Deposit of Sums Resulting from Selling Fractional Stocks Following Decrease of the Company's Capital in the Accounts of Eligible Shareholders.
18.	August 25 <sup>th</sup>	Methanol Chemicals Company announces the submission of the application for increase of the Company's Capital by offering Right Issues, to the CMA.
19.	October 5 <sup>th</sup>	Methanol Chemicals Company announces its estimated Interim Financial Results for the Period Ending on 2021-09-30 (Nine Months).
20.	October 10 <sup>th</sup>	Methanol Chemicals Co. announces to Invites its Shareholders to Attend the Ordinary General Assembly Meeting (First Meeting).
21.	October 18 <sup>th</sup>	Methanol Chemicals Co. announces its Interim Financial Results for the Period Ending on 2021-09-30 (Nine Months).
22.	October 27 <sup>th</sup>	Methanol Chemicals Company invites its Shareholders to attend the Review Meeting for the Company's Performance during and after the Coronavirus Crisis.
23.	October 28 <sup>th</sup>	Methanol Chemicals Co. Announces the Results of the Ordinary General Assembly Meeting (First Meeting).
24.	November 10 <sup>th</sup>	Announcement from Methanol Chemicals Company concerning the misleading information has been mentioned by a shareholder during the General Assembly Meeting held on November 09, 2021.
25.	November 10 <sup>th</sup>	Announcement from Methanol Chemicals Company concerning the misleading information has been mentioned by a shareholder during the General Assembly Meeting held on November 09, 2021.
26.	November 15 <sup>th</sup>	Methanol Chemicals Company announces the Appointment of the Chairman and Vice-Chairman of the Board of Directors, Formation of the Board Committees and Appointment of the Company's Representatives before the Capital Market Authority & the Saudi Tadawul Group.
27.	November 24 <sup>th</sup>	Methanol Chemicals Company Announces Appointment Audit Committee Member.

### 36. PAID AND DUE STATUTORY PAYMENTS

The following table shows the paid and due statutory payments during the FY 2021 (SAR in '000')

Particulars	Amount Paid	Payable until the end of the year	A Brief Description	Reason
Zakat	5,698	20,275	Company Zakat	Mandatory
Tax	744	130	Withholding Tax	Mandatory
General Organization for Social Insurance	10,817	906	GOSI Subscription Payments	Mandatory
Visa and Passport Cost	326	-	Payments against Employees visa and passports	Mandatory

### 37. INVESTMENTS OR RESERVES CREATED FOR THE BENEFIT OF EMPLOYEES

The following table shows the provision of Company employees at the end of year 2021 (SAR in '000').

Item	2020	2021
Provision for End of Service Benefits	48,892	55,276

### 38. SANCTIONS AND PENALTIES IMPOSED ON THE COMPANY

There is no penalty, sanction, precautionary measure, or precautionary restriction imposed on the Company by CMA or by any other supervisory, regulatory or judicial authority during the FY ended December 31, 2021.

### 39. DESCRIPTION OF ANY TRANSACTION BETWEEN THE COMPANY AND A RELATED PARTY

There are no transactions concluded between the Company and any related party during the FY ended December 31, 2021.

### 40. SOCIAL RESPONSIBILITY

Believing in its responsibility and duty towards developing the community and applying the principle of complementarity and coherence in all its society oriented activities, Chemanol strived to provide many social contributions from which citizens would benefit. Such contributions included blood donation campaign in cooperation with King Fahad Specialist Hospital, the Saudi Society for Fine Arts' Awareness Campaign on Breast Cancer and the "Eastern Green" initiative of the Municipality of the Eastern Province etc..

In addition, the Company provided donations and assistance to several Non-profit Organizations (NPOs) such as the Charity Society for Orphan Care in the Eastern Region "Bena", Jubail Orphan Foundation, Charity Association for Disabled Care & Rehabilitation, Charitable Society for Memorization of the Holy Quran, and Charitable Society for Special Needs in Jubail (Eradah). Such donations which were made in accordance with the budget approved by the Board of Directors, are limited only to entities having legal personalities and officially registered.

## 6. CONCLUSION

I have the honour to express to the Custodian of the Two Holy Mosques King Salman bin Abdul Aziz Al-Saud and to His Royal Highness Crown Prince Mohammed bin Salman - may Allah save them-, in my own name and on behalf of the Board of Directors and the Executive Management, our heartfelt thanks and gratitude for supporting the national manufacturing industry, especially during the Covid-19 pandemic. We ask Allah the Almighty to remove this adversity and to protect us and our beloved country against any harm.

We extend our sincere thanks and gratitude to the Executive Management and all the employees for their efforts during this tough year. We highly value and appreciate the interaction of the Company's shareholders and the relevant government and private sectors. The Board looks forward to further achievements for the Company in the coming years and get back on the profitability track.

**Ali Abdul Aziz Ali Al-Turki**

**Chairman of Board of Directors**