

**Board of Directors' report for 2021  
To The Fifty-second General Assembly  
Shareholders of Saudi Arabian Refineries  
Company (SARCO)**

**Peace, mercy and blessings of God...,**

The Board of Directors of the Saudi Arabian Refineries Company has the honor to submit to you the annual report for the financial year ended December 31, 2021, which reflects the overall performance of the company and other companies, associates and affiliates to which your company contributes with equity investments or property rights. The report also clarifies the requirements of the corporate governance system and other relevant regulations issued by the Financial Market Authority and the Ministry of Trade and Investment.

The report also contains the final audited accounts and the accompanying explanations, as well as the report of the External Auditor for the financial year ended 31 December 2021.

## **I. Profile of the company's activity**

The company was established in accordance with the Saudi corporate system as a Saudi joint-stock company and registered in the Commercial Register No. 4030003334 of 19/12/1379 A.H. corresponding to 14/06/1960. Its purposes include performing petroleum work in all its branches and related activities, executing water, land reform and all industrial and commercial projects, participating in founding companies, buying and selling shares, and undertaking any other business to invest the company's current capital (SAR 150 million). The company's activity is currently limited to investing in local companies (as detailed below).

## **II. Company projects**

1- Contribution to the Saudi Industrial Investment Group Company:

It is a Saudi public shareholding company its head office in Riyadh with a capital of only 4,500,000,000 SAR (SAR 4.5 billion). Your company owns in the shares of the Saudi Industrial Investment Group Company 3.38% and a number of (15,194,480 shares) fifteen million one hundred and ninety-four thousand four hundred and eighty shares, and the (market) value of these shares on the date of preparing the financial statements on December 31, 2021 AD amounted to (473,308,052 SAR) Only four hundred and seventy three million three hundred and eight thousand and fifty two SAR.

- Your company obtained dividends from the company for the first half of the year 2021 in the amount of (7,597,240 SAR) only seven million five hundred and ninety-seven thousand two hundred and forty SAR and it was included in the income statement of your company for the year 2021.

### **2- The Arab Company for Tanks Ltd:**

It is a limited liability company based in the industrial city of Yanbu with a capital of only 90,677,400 SAR, while your company's share in it (24,482,898 SAR) is a 27%. The company's activity consists in storing, mixing, filling and storing chemicals, petrochemicals, petroleum and petroleum products for others. The company's profits for the financial year ended December 31, 2021 amounted to only 512,521 SAR, twelve thousand five hundred and twenty-one SAR. Your company's share of the profits from the comprehensive contribution from this company amounted to 78,784 SAR, which were included in the income list for 2021.

### **3- Arab Sulfonate Company Ltd:**



It is a limited liability company headquartered in the industrial city of Jeddah. The capital of the Arab Sulfonate Company Ltd. (17,350,000 SAR) is only 17 million 350 thousand SAR. Your company's share in it (5,899,000 SAR) is 34%. The Arab Company for Sulfonates produces a variety of sulphonate acid used in the manufacture of detergents, shampoo and multi-use cleaning liquids. The company sells its products locally and internationally.

At its meeting held on nine Muharram 1438 A.H. on October 10, 2016, the Company's Board of Directors decided that the legal adviser of the company would file a lawsuit against the management of the Arab Sulfonate, due to the unsatisfactory results of the said company, which resulted in the loss of more than half of its capital. Judicial action No. (1574/2H) of 1438 was filed on 21 Safar 1438 A.H., corresponding to November 21, 2016, and the claim of the Arab Sulfonate for 26,268,133 SAR represents all the losses suffered by the company as a result of its administration and its claim for the losses set forth in the Claim Regulation against Arab Sulfonate Company.

On Rabi' al-Awwal 9, 1438 AH corresponding to December 8, 2016 AD, the company received a notification of a lawsuit before the Administrative Court in Jeddah at the Second Commercial Department No. (1659/2 BC) filed by Sultan Muhammad Qusay Wali al-Din Asaad (partner) in the Arab Sulfonate Company against the Saudi Arabian Refineries Company, claiming it With the dissolution and liquidation of the Arab Sulfonate Company in accordance with the provisions of Article 181 of the Companies Law, due to the company's exposure to losses that exceeded half of its capital. The Arab Sulfonate Company Ltd. and the appointment of the chartered accountant's office, Saleh Al-Naim, as a liquidator for the Arab Sulfonate Company Ltd., and the verification of losses and the responsibility of the management of the Arab Sulfonate Company for them. A depreciation provision was taken at the full book value of the investment during the first quarter of 2018.

On 8 Ramadan 1442 AH (corresponding to April 20, 2021 AD), the Second Chamber of the Commercial Court in Jeddah decided to appoint the Idraq International Company as a refinery to succeed the Office of the Legal Accountant Saleh Abdullah Al-Na'im in liquidating the Arab Company for Sulfonates. The liquidation work should be completed within a maximum period of one year from the receipt of the final judgment.



#### **4- Saudi Arabian Oil Company (Aramco):**

It is a Saudi company headquartered in the city of Dhahran with a capital of 60,000,000,000 SAR. Your company owns shares in the Saudi Arabian Oil Company (Aramco) by 0.002%, and after (35,481 shares) by 35 thousand 418.1 shares.

The market value of these shares at the date of preparation of the financial lists on December 31, 2021 amounted to only 1,270,220 SAR.

- Your company received dividends distributed by the company for the fourth quarter of the year 2020 and the first, second and third quarter of 2021 in the amount of (49,929) SAR only forty-nine thousand nine hundred and twenty-nine SAR and it has been included in the income statement of your company for the year 2021.

#### **5- Southern Region Cement Company:**

Southern region cement company is a Saudi Joint Stock Company whose main activity is the manufacture and production of cement and its derivatives and its capital amount (1,400,000,000) billion and four hundred million SAR, your company owns in the shares of the southern region cement company 0.43% and the number of (120,666 shares) one hundred twenty thousand six hundred sixty ( 8,458,687 SAR ) only eight million four hundred fifty-eight thousand six hundred eighty-seven SAR.

- Your company earned distributed profits from the company for the second half of 2020 and the first half of 2021 for (SAR 452,498). It was included in your company's income list for the year 2021.

#### **6- International Water & Energy Works Co:**

International Water and Energy Works Company is a Saudi joint stock company whose main activity is the development and operation of power and water desalination plants in the Kingdom of Saudi Arabia and internationally. Its capital is (7,310,997,290) seven billion three hundred and ten million nine hundred and ninety seven thousand two hundred and ninety SAR. International Water & Energy Works Co. accounted for 0.00002% and numbered (155 shares) one hundred and fifty-five shares, and the (market) value of these shares on the date of preparing the financial statements on December 31, 2021 AD amounted to (13,020 SAR ) only thirteen thousand and twenty SAR.

#### **7- Other revenue**

Your company's remaining 2021 profit is as follows:

Statement	profit	Notes
No-purpose fund income	1,529,119	Settlement of the bank security for the Arab Sulfonate
Other services income	301,500	The Arab Company for Tanks Ltd administrative services
Other revenue	6,131	Refund from Popa Insurance
Other revenue	2,736	
Total	1,839,486	



### III. Financial results:

A. The following is a statement of the results of the company's work for the last five years and a table of comparison of the financial statements of these years according to the report of the company's external auditor:

Statement of financial position (SAR)	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and Cash equivalents	30,425,868	30,657,331	36,310,138	28,643,269	27,570,144
Prepaid expenses and other debit balances	495,685	8,587,390	12,393,315	12,981,976	8,874,973
<b>Total current assets</b>	<b>30,921,553</b>	<b>39,244,721</b>	<b>48,703,453</b>	<b>41,625,245</b>	<b>36,445,117</b>
<b>Non-current assets</b>					
Investments in fair value equity instruments through other inclusive income	483,049,979	429,933,581	367,949,647	349,124,409	292,954,645
Investments in associates - net	49,378,292	49,359,105	48,309,359	50,255,492	51,366,736
Property and equipment — net	56,330	57,203	59,310	11,101	9,048
Intangible assets — net	71,592	-	-	-	-
<b>Total non-current assets</b>	<b>532,556,193</b>	<b>479,349,889</b>	<b>416,318,316</b>	<b>399,391,002</b>	<b>344,330,729</b>
<b>Total assets</b>	<b>563,477,746</b>	<b>518,594,610</b>	<b>465,021,769</b>	<b>441,016,247</b>	<b>380,775,846</b>
<b>liabilities and equity</b>					
<b>Current liabilities:</b>					
creditor shareholders	2,415,472	3,860,902	3,985,260	3,836,891	3,725,771
Other current receivables and liabilities	396,192	5,462,974	5,389,559	5,468,757	7,999,471
Zakat Provision	450,500	334,198	1,143,433	807,249	1,456,375
<b>Total current liabilities</b>	<b>3,262,164</b>	<b>9,658,074</b>	<b>10,518,252</b>	<b>10,112,897</b>	<b>13,181,617</b>
<b>Non-current liabilities</b>					
Provision for end of service benefits	680,764	612,259	541,546	377,280	313,809
<b>Total non-current liabilities</b>	<b>680,764</b>	<b>612,259</b>	<b>541,546</b>	<b>377,280</b>	<b>313,809</b>
<b>Shareholders ' equity</b>					

<i>Capital</i>	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
<i>Statuary reserve</i>	28,099,984	27,440,761	26,102,735	24,385,665	22,930,038
<i>Reserve for the evaluation of investments in fair value proprietary instruments through other inclusive income</i>	356,303,957	301,906,348	245,932,383	228,194,969	172,025,505
<i>Retained earnings</i>	25,130,877	28,977,168	31,926,853	27,945,436	14,824,875
<i>Proposed profit distribution</i>	-	-	-	-	7,500,000
<i>Total shareholder equity</i>	559,534,818	508,324,277	453,961,971	430,526,070	367,280,420
<i>Total liabilities and equity</i>	563,477,746	518,594,610	465,021,769	441,016,247	380,775,846

#### B. Income statement for the last five years:

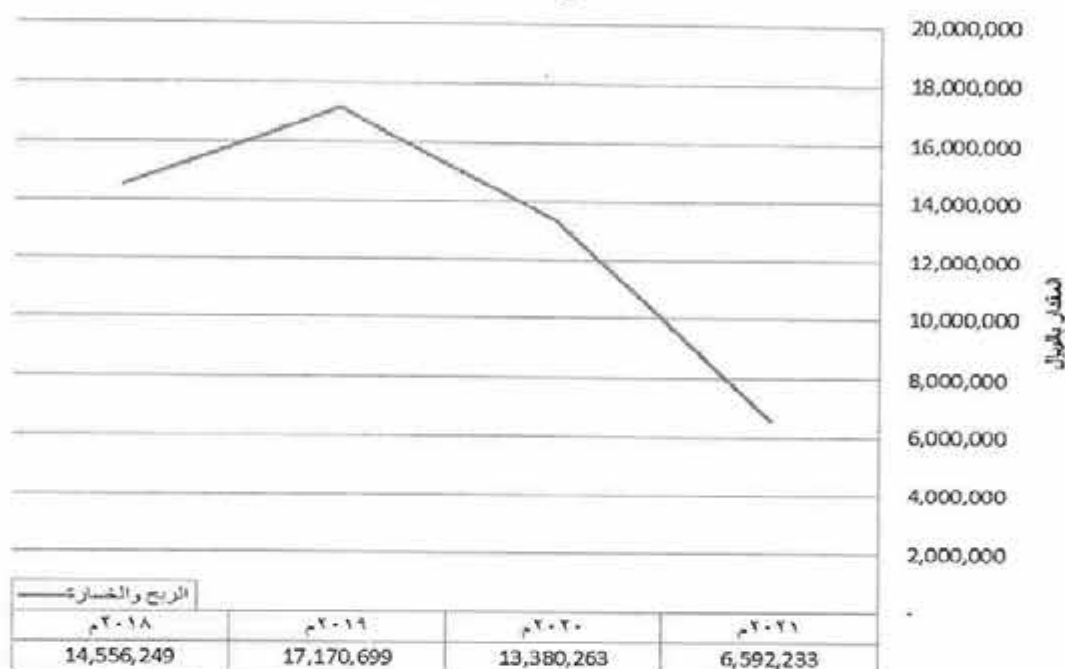
Income statement (SAR)	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
investment income	8,099,667	15,777,542	22,798,404	18,994,900	116,554
company share of business results (Associates)	78,784	1,047,918	(1,814,678)	(768,175)	57,193
General and administrative expenses	(2,858,781)	(2,789,658)	(3,138,400)	(2,806,418)	(2,917,258)
provision for doubtful debts	-	-	-	-	(3,869,066)
Under-investment provision	-	-	-	(363,006)	-
non-purpose provision	1,529,119	-	-	-	-
Other revenue	310,367	303,060	467,462	306,197	301,500
Net profit before Islamic zakat	7,159,156	14,338,862	18,312,788	15,363,498	8,769,249
General Zakat	(450,500)	(334,198)	(1,142,089)	(807,249)	(1,451,681)
Zakat from previous years	(116,423)	(624,401)	-	-	-
Net profit for the year	6,592,233	13,380,263	17,170,699	14,556,249	7,317,568



Dividend	0.44	0.89	1.14	0.97	0.49
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C. The chart shows the change in net profits over the last five years:

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d. Geographical analysis of income in 2020:

Statement	profit	City
Profits distributed by Saudi Group Company	7,597,240	Riyadh
Profits distributed by Southern Region Cement Company	452,498	Abha
Profits distributed by Saudi Aramco Company	49,929	Dhahran
Share profit by Arab Company for Tanks Ltd	78,784	Yanbu Industrial
Other revenue	1,839,486	Jeddah
Total	10,017,937	

E. The following statement illustrates the substantial differences in this year's operational results compared with the previous year's results:

Statement	2021	2020	Change	Rate of change
Investment income	8,099,667	15,777,542	(7,677,875)	(49%)
The company's share of the results of the work of associates and affiliates	78,784	1,047,918	(969,134)	(92%)
Other revenue	1,839,486	303,060	1,536,426	507%
Total Revenue	10,017,937	17,128,520	(7,110,583)	(42%)
General and administrative expenses	(2,858,781)	(2,789,658)	69,123	2%
Operating profit	7,159,156	14,338,862	(7,179,706)	(50%)
Zakat and disbursements from previous years	(566,923)	(958,599)	(391,676)	(41%)
Net profit	6,592,233	13,380,263	(6,788,030)	(51%)
Dividend	0.44	0.89	(0.45)	(51%)

**F. The main differences between 2021 and 2020 are:**

- 1- Investment income drops by 49% due to lower profit distribution from Saudi Industrial Investment Group (SIIC).
- 2- The company's share of the results of the work of its associates and subsidiary companies (the Arab Company for Tanks) decreased by 92% due to the cancelation of the costs of some fixed assets and an increase in expenses during the year.
- 3- Other income rose by 507% and for this reason, the ASC bank guarantee settlement with SABB was obtained. The bank discharged the Saudi Arabian Refinery Company as one of the guarantors of any future claims relating to the guarantee.

**G. Expectations and risks for the company:**

Because your company's profits depend mainly on the results and profits achieved by the companies in which the company contributes, whether these contributions are capital or securities (equities), it is difficult to predict the results of the next financial year, which ends on December 31, 2022. These risks, in general, are represented by the risks that companies working in the field of petrochemicals may face from the fluctuation of material prices



The year 2021 witnessed a marked fluctuation in the activities of associates, affiliate, and investor companies. This positively affected the financial results of some of the companies in which your company contributes and was affected by the negativity of others.

#### **IV. Profit distribution policy**

In accordance with the provisions of Article 51 of the Company's Statute, which provides that: "The annual net profits of the company shall be distributed after deducting all expenses and other costs, including the legally imposed zakat, as follows:

- 1- The net profit shall be set aside (10%) for the formation of the firm's statutory reserve. The ordinary General Assembly may decide to discontinue such a set-off when the said reserve reaches (30%) of the paid capital.
- 2- The regular General Assembly may, on the proposal of the Board of Directors, avoid a certain percentage of net profits to form an agreement reserve to be allocated for purposes to be determined by the Assembly.
- 3- The ordinary General Assembly may decide to establish other reserves, to the extent that it is in the interest of the company or to ensure that fixed profits are distributed as far as possible to the shareholders. The said Assembly may also deduct from the net profits sums for the establishment of social enterprises for the company's employees or to aid existing ones.
- 4- The remainder shall then be distributed as a first installment to shareholders, representing 5% of the paid capital of the company. The ordinary General Assembly may also decide to distribute dividends to shareholders from the balance of the remaining dividends.
- 5- Subject to the provisions set forth in Article (30) of this Statute and Article (76) of the Companies Regulations, after the foregoing, a percentage (7.5%) of the remainder shall be allocated to reward the Board of Directors. The entitlement to this award shall be proportional to the number of meetings attended by the member.
- 6- The rest is then distributed to shareholders as an additional share of the profits
- 7- The Ordinary Assembly may decide to distribute interim dividends to its shareholders on a quarterly or semi-annual basis. It may authorize the Board of Directors to do so by virtue of a resolution determined annually.

- The Board of Directors of the Company, in its meeting held on Sha'ban 20, 1443H (March 23, 2022), recommended to the Fifty-second Regular General Assembly the distribution of monetary profits for the financial year 2021, amounting to 7,500,000 SAR (5%) of the company's capital, at a rate of 50 Halala per share owned by the shareholder at the end of the trading on the day of the Company's regular general assembly.

**The following table provides a breakdown of the profit distribution:**

Statement	Amount in SAR
Net profit after zakat	6,592,233
<u>Less:</u> Transfer to statutory reserve	(659,223)
Remaining	5,933,010
<u>Less:</u> First share of equity (5%)	(7,500,000)
Remaining	(1,566,990)
<u>Add:</u> support from retained earnings	1,566,990
Balance (carry-over balance for next year)	-

#### **V. Fines or loans to the company**

- The company did not receive any bank loans or facilities during 2021.
- No penalty or sanction has been imposed on the company by the Financial Market Authority or any supervisory, regulatory or judicial body until the end of fiscal year 2021.
- We would also like to point out that, under Article VIII, bank guarantees will be provided to companies (associates and subsidiary) in exchange for loans and banking facilities obtained by these companies in their independent legal personality. All these guarantees are granted to local banks.

#### **VI: Company Board Members:**

##### **A- Member of the board:**

Board members who are members of the boards of directors of other companies:



Name	Board members of other companies	Inside KSA - Outside KSA	Legal entity
Prince Muhammad Khalid Turki Al Saud	Al-Bogari and Sabban Tourism Company	Inside KSA	Closed joint stock company
Mr. Fahad Abdulrahman Al-Muaikel	Saudi Industrial Investment Group Company	Inside KSA	Joint stock company
Eng. Htan bin Hamid Al-Sharif	Delta Z Advertising Company Wesal Investment Holding Company Al-Shaheen and Al-Aqla Company Fuel Paths company	Inside KSA	Limited Liability Company Limited Liability Company Solidarity with Gulf capital Limited Liability Company
Mr. Yasser Suleiman Al-Aqeel	Tabuk Agricultural Development Company	Inside KSA	Joint stock company

## B. Record of Board meetings:

- 1- The board of directors of the company held nine meetings during the financial year ending December 31, 2021. The members were:

Name	Classification Member	Dates of board members' meetings									
		03/3	02/5	09/6	12/8	11/9	25/9	20/10	26/10	08/12	Total
Mr. Suleiman bin Saad Al-Hamid (Chairman)	Non-Executive	Not assigned	Present	Present	Present	Present	By path	Present	By path	By path	8 of 9
Eng. Ayad Bin Mohammed Meshikh (Vice-Chairman)	Independent	Not assigned	Present	Present	Present	Present	By path	Present	By path	By path	8 of 9
Prince Muhammad Khalid Al Saud (No longer a Chairman as of 01/05/2021)	Non-Executive	Present	Present	Present	empowered	empowered	By path	Present	By path	By path	9 of 9
MR. Khalid Ahmed Al-Hamdan (Former Vice President)	Independent	Present	No longer a member as of 01/05/2021								1 of 9

Mr. Muqeid Ibrahim Al-Otaibi (Managing director)	Executive	Not assigned	Present	Present	Present	Present	By path	Present	By path	By path	8 of 9
Mr. Fahad Abdulrahman Al-Muaikel (Executive Director)	Executive	Not assigned	Present	Present	Present	Present	By path	Present	By path	By path	8 of 9
Dr. Ali Saleh Khobati	Independent	Not assigned	Present	Present	Present	Present	By path	Present	By path	By path	8 of 9
Eng. Htan Hamid Al-Sharif	Non-Executive	Not assigned	Present	Present	Present	Present	By path	Present	By path	By path	8 of 9
Mr. Yasser Suleiman Al-Aqeel	Independent	Not assigned	Present	Present	Present	Present	By path	Present	By path	By path	8 of 9
Mr. Omar Abdullah Al-Maliki	Independent	Present	No longer a member as of 01/05/2021								1 of 9
Mr. Mohammed Sami Rafa	Independent	Present	No longer a member as of 01/05/2021								1 of 9
Eng. Abdul Ghani Abdul Rahim Wali	Independent	Present	No longer a member as of 01/05/2021								1 of 9
Mr. Abdullah Rashid Al-Rafa	Independent	Present	No longer a member as of 01/05/2021								1 of 9
Mr. Ammar Mohammed Al-Abadi	Independent	Present	No longer a member as of 01/05/2021								1 of 9
Mr. Nasser Sharaf Al-Abdali (Oj company representative)	Non-Executive	Present	No longer a member as of 01/05/2021								1 of 9

- 2- The General Assembly of Shareholders held two meetings during the financial year ending December 31, 2021, through modern means of technology (tele-voting), in accordance with the circular of the Financial Market Authority to settle for holding the associations of listed joint stock companies through modern means remotely and to suspend their meetings in presence until further notice. The members' attendance was as follows:

Name	Ordinary General Assembly meeting held on 21/04/2021
Prince Muhammad Khalid Turki Al Saud	Present
Mr. Khalid Ahmed Al-Hamdan	Not present
Mr. Omar Abdullah Al-Maliki	Present
Mr. Mohammed Sami Rafa	Not present



Eng. Abdul Ghani Abdul Rahim Wali	Present
Mr. Abdullah Rashid Al-Rafa	Present
Mr. Ammar Mohammed Al-Abadi	Not present
Mr. Nasser bin Sharaf Al-Abdali (representative of OJ)	Not present

Name	Ordinary General Assembly meeting held on 15/06/2021
Mr. Sulaiman Saad Al-Hamid	Present
Eng. Ayad Mohammed Al-Musheykh	Not present
Mr. Fahad Abdulrahman Al-Muaikel	Present
Mr. Fahad Abdulrahman Al-Muaikel	Present
Dr. Ali Saleh Khobati	Present
Prince Muhammad Khalid Turki Al Saud	Not present
Eng. Htan Hamid Al-Sharif	Present
Mr. Yasser Suleiman Al-Aqeel	Present

**c. The most important decisions taken by the Company's Board of Directors in 2021:**

- 1- Selection of the Chairman and Vice-Chairman of the Board of Directors and formation of committees emanating from it.
- 2- Approval for the sale of Tabuk cement shares (a company to which I am an investor) due to its lack of economic feasibility.
- 3- IPO approval at Aqua Power.
- 4- To approve the payment and settlement of the bank guarantee from SAP Bank of the Arab Sulfonate Company Ltd. and discharge the company.
- 5- Approval of the amendment of the Policy and Remuneration Regulation of the Board of Directors, its Committees and the Executive Directorate, with a view to its adoption by the General Assembly of the Company.

**H. Actions taken by the Board of Directors to inform its members of shareholder proposals and observations concerning the company and its performance:**

The members of the Board of Directors are informed of all the shareholders' inquiries and proposals regarding the company and its performance, especially those received in the meetings of the General

Assemblies. All the questions and inquiries were answered and documented in the minutes of the General Assemblies.

**D. Emoluments of Board of Directors members and chief executives:**

- As approved by the General Assembly (45th) held on 02/04/1439 AH corresponding to 12/20/2017 AD, the regulation on the policy of remuneration of the Board of Directors, its committees and the executive administration was updated.

**First: Remuneration for members of the Board**

1. The remuneration of the members of the board of directors of a company shall consist of a certain amount, a meeting attendance allowance, an expense allowance, benefits in kind, or a percentage of profits. Two or more of these benefits may be combined, and not exceeding what is stipulated in the company system and its regulations in accordance with the schedule included in this policy, and any subsequent amendments to this schedule that are adopted in accordance with the system.
2. Such remuneration may be uneven in the light of a policy issued by the Rewards and Nominations Committee and approved by the Assembly. The annual report of the Board of Directors to the General Assembly of Contributors should include a comprehensive statement of all remuneration, expense allowance and other benefits received by members of the Board of Directors during the financial year, as well as a statement of the receipts of members of the Board as workers, administrators, equivalent of substantive or administrative work or consultancy (if any), and should also include a statement of the number of meetings of the Board and the number of meetings attended by each member from the date of the last meeting of the General Assembly.
3. In the event that the emoluments of the members of the Board of Directors are a percentage of the profits, the provisions of Article 76, paragraph 2, of the Companies Regulations (2) and Article 51 of the Company's Regulations shall be taken into account, provided that the total amount of emoluments, financial benefits and in kind



received by a member of the Board of Directors in all cases does not exceed SAR 500,000 per year.

4. Take into account that the remuneration of independent board members is not a percentage of the profits made by the company or is directly or indirectly based on the profitability of the company.

### **Second: Remuneration of the Secretary of the Board**

The remuneration of the Secretary of the Board and the manner in which it is paid shall be determined in accordance with the policy in force in this regard.

### **Third: Remuneration of committee members:**

1. Except for the Audit Committee, the Board of Directors shall determine and approve the membership emoluments of its Pop-up Committees, attendance allowances and other benefits on the recommendation of the Awards and Nominations Committee.
2. The membership bonuses of these committees shall consist of the remuneration and allowances for attendance at meetings and other benefits as indicated in this policy in accordance with the schedule included therein.
3. Remuneration for membership of the Audit Committee is approved by the General Assembly for contributors on the recommendation of the Board of Directors, as per the Regulations.
4. When forming the membership of committees that emanate from the Board of Directors, the number of committees that a member of the Board can occupy shall be taken into account, so that the total amount of remuneration a member receives for his membership in the Board and the committees does not exceed the maximum limit stipulated in the Companies Regulations.
5. A member of the Board of Directors participating in its committees (including the Audit Committee) shall be entitled to the annual bonus prescribed and stipulated whether the member is a participant in one or several committees.

### **Fourth: Executive management rewards:**

The Rewards and Nominations Committee shall audit and approve the salary scale established for all staff members and chief executives and

the incentive program and plans on an ongoing basis upon the recommendation of the Executive Directorate. Executive management rewards shall include the following:

(Basic salary, allowances, medical insurance, annual bonus, leave, other benefits)

- The following table shows the allowances (meeting attendance and bonuses) received by the members of the Board of Directors during FY2021:

**I: Independent members:**

Name	Attendance at meetings of the Board allowance	incentive schemes	Annual Bonus	Any other compensation or benefits in kind	Total
Eng. Aiad Mohammed Al-Musheykh	15,000	-	-	-	15,000
Dr. Ali Saleh Khobati	15,000	-	-	-	15,000
Mr. Yasser Suleiman Al-Aqeel	15,000	-	-	-	15,000
Mr. Abdullah Rashid Al-Rafa*	3,000	-	7,922	-	10,922
Mr. Omar Abdullah Al-Maliki*	3,000	-	7,922	-	10,922
Mr. Mohammed Sami Rafa*	3,000	-	7,922	-	10,922
Eng. Abdul Ghani Abdul Rahim Wali*	3,000	-	7,922	-	10,922
Mr. Ammar Mohammed Al-Abadi*	3,000	-	3,961	-	6,961
<b>Total</b>	<b>60,000</b>	<b>-</b>	<b>35,649</b>	<b>-</b>	<b>95,649</b>

\* No longer a member as of 01/05/2021

**II: - Executive members:**

Name	Attendance at meetings of the Board allowance	incentive schemes	Annual Bonus	Any other compensation or benefits in kind	Total
Mr. Fahad Abdulrahman Al-Muaikel	15,000	-	-	-	15,000
Mr. Fahad Abdulrahman Al-Muaikel	15,000	-	-	-	15,000
		-	-	-	
<b>Total</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>



### III. Non-executive members:

Name	Attendance at meetings of the Board allowance	incentive schemes	Annual Bonus	Any other compensation or benefits in kind	Total
Mr. Sulaiman Saad Al-Hamid	15,000	-	-	-	15,000
Prince Muhammad Khalid Turki Al Saud	12,000	-	-	-	12,000
Eng. Hatan Hamid Al-Sharif	15,000	-	-	-	15,000
Mr. Khalid Ahmed Al-Hamdan*	3,000	-	7,922	-	10,922
Mr. Nasser Sharaf Al-Abdali* (Oj company representative)	3,000	-	7,922	-	10,922
Total	48,000	-	15,844	-	63,844

\* No longer a member as of 01/05/2021

### IV. Rewards for senior executives

The company's total disbursements to the company's chief executives, which include the executive director, secretary, and the company's accountant, are as follows (as instructed by the Capital Market Authority, since the company has no financial manager)

Statement	Total
Salaries and compensation	422,574
Allowances	158,724
Periodic and annual bonuses	100,498
Total	681,796

### IV. Remuneration of committee members:

Committee members	annual committee remuneration	Meeting attendance allowance	Total
Members of the Investment Committee			
Mr. Fahad Abdulrahman Al-Muaikel	50,000	3,000	53,000
Eng. Ayad Mohammed Al-Musheykh	50,000	3,000	53,000
Prince Muhammad Khalid Turki	50,000	1,500	51,500

Al Saud			
Mr. Fahad Abdulrahman Al-Muaikel	50,000	3,000	53,000
Mr. Yasser Suleiman Al-Aqeel	50,000	3,000	53,000
Audit committee members			
Mr. Yasser Suleiman Al-Aqeel	From the Investment Committee	6,000	6,000
Mr. Khaled Abdulaziz Al-Houshan	50,000	6,000	56,000
Mr. Bassem Adnan Abu Al-Faraj	50,000	6,000	56,000
Nominations and rewards committee members			
Prince Muhammad Khalid Turki Al Saud	Nominations and rewards committee members	-	-
Mr. Sulaiman Saad Al-Hamid	50,000	-	51,500
Dr. Ali Saleh Khobati	50,000	-	51,500
From the Investment Committee			
Mr. Sulaiman Saad Al-Hamid	Social Responsibility Committee members	-	-
Eng. Ayad Mohammed Al-Musheykh	Nominations and rewards committee members	-	-
Eng. Htan Hamid Al-Sharif	50,000	-	50,000

- Note: A member of the Board of Directors participating in committees of the Board shall be entitled to one annual bonus provided for in the Board of Directors's Bonus Policy Regulation, its committees and the executive administration, whether the member is participating in one or several committees.

#### **E. Ownership of shares by members of the Board of Directors:**

The following table shows a statement of shares held by board members:

Name	Statement	December 31, 2021	December 31, 2020	Rate of change	Share of capital stock (%)
Mr. Sulaiman Saad Al-Hamid	-	1,500	-	100%	0.0100000 %
Eng. Ayad Mohammed Al-Musheykh	-	10	-	100%	0.0000666 %
Prince Muhammad Khalid Turki Al Saud	-	10,500	200,504	(95%)	0.0700000 %
Mr. Fahad Abdulrahman Al-Muaikel	-	-	-	-	-
Mr. Fahad Abdulrahman Al-Muaikel	-	1	-	100%	0.0000066 %
Dr. Ali Saleh Khobati	-	500	-	100%	0.0033333 %
Eng. Htan Hamid Al-Sharif	-	-	-	-	-
Mr. Yasser Suleiman Al-Aqeel	-	2,134	-	100%	0.0142266 %



- Bearing in mind that there are no shares in the name of wives or minor children of members or senior executives, as at 31/12/2021.

**F. Board committees:**

**1) Audit Committee:**

The audit committee shall be responsible for monitoring the company's work and verifying the integrity and integrity of the reports, financial lists and internal control systems. The committee's functions shall include:

**A. Financial reports:**

- 1- Study the company's initial and annual financial lists before submitting them to the Board of Directors and expressing its opinion and recommendation; to ensure its integrity, fairness and transparency.
- 2- Provide a technical opinion - at the request of the Board of Directors - on whether the report of the Board of Directors and the financial lists of the company are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the financial position, performance, business model and strategy of the company.
- 3- Study any significant or unusual issues contained in financial reports.
- 4- Carefully consider any matters raised by the company's financial manager, his/her supervisor, company obligor or auditor.
- 5- Verification of accounting estimates in material matters in financial reports.
- 6- Study of company accounting policies and make an opinion and recommendation to the Board.
- 7- Contacting company debtors and creditors or others for confirming the funds or other purposes.
- 8- Comply with the auditing standards adopted in the Kingdom in order to verify that the financial lists as a whole:
  - The financial position of a company and the results of its operations for the financial year then ended shall appear fairly in the light of the presentation and disclosure of the information

contained in the financial statements in accordance with the generally accepted accounting standards, and appropriate to the circumstances of the company.

- Conforms to the requirements of the corporate system and the corporate statute for the preparation and presentation of financial statements.

**B. Internal Audit:**

- 1- Study and Audit the internal and financial control and risk management systems of the company and determine the effectiveness of their design in a manner that enables the reduction and detection of fraud and errors immediately after they occur and the effectiveness of the implementation of oversight activities in a manner that enables the quality and consistency of the implementation of oversight activities. It also oversees investigations related to fraud or errors occurring in the company, or any other matters that the Committee deems it important to investigate. The Committee also evaluates the effectiveness of the company's assessment of the significant risks to which it may be exposed and the steps taken by the company's management to monitor and address these risks.
- 2- Adopt company internal audit procedures.
- 3- Audit and approval of the annual internal audit management plan.
- 4- Study internal audit reports, prepare a written report on its opinion and recommendations, and follow up on the implementation of corrective actions of the observations received.
- 5- Oversight and oversight of the performance and activities of the internal auditor and the internal audit department of the company, if any, to ensure that the necessary resources are available and effective in performing the work and tasks assigned to it. If the company does not have an internal auditor, the committee shall make its recommendation to the board on the need for his appointment.
- 6- Recommend to the Board of Directors the appointment of the Director of the Internal Audit or Management Unit or Internal Auditor and propose rewards.
- 7- Verify the independence of internal auditors.



- 8- The Committee shall act as the interface between the Board of Directors and the internal auditors.

**C. Auditors:**

- 1- Recommend to the Board of Directors the nomination, dismissal, determination of fees and performance evaluation of auditors after verification of independence and review of the scope of their work and the terms of engagement.
- 2- Verify the independence, objectivity and fairness of the auditor and the effectiveness of the audit work, taking into account relevant rules and standards.
- 3- Review the company auditor's plan and work, verify, and reflect that no substantive or administrative work is submitted outside the scope of the audit work. The Committee shall study The accounting policies adopted by a company prior to its adoption and any change in such policies and the submission of such proposals as the Committee may deem appropriate, taking into account the appropriateness of the accounting policies for the nature of the business and their impact on the financial position of the enterprise and the results of its business
- 4- Answer company auditor inquiries.
- 5- Study the audit report and notes to the financial statements and follow-up action taken thereon

**D. Ensure compliance:**

- 1- Review the results of oversight reports and verify that the company has taken the necessary action.
- 2- Verify the company's compliance with the relevant regulations, regulations, policies and instructions.
- 3- Review the contracts and proposed dealings with the parties concerned and submit its opinion thereon to the Board of Directors.
- 4- Submit to the Board of Directors any matters it deems necessary to take action and make recommendations for action

The Audit Committee shall consist of (3) members, including (2) non-Board financial and accounting specialists. During 2012, the Audit Committee held six meetings. The Audit Committee plays an essential

and important role in assisting the Board of Directors to fulfill its statutory duties. In 2021, the Committee supervised and coordinated the internal and external audits of the company with a view to ascertaining the effectiveness and efficiency of the internal control systems and procedures. The most prominent achievements of the Committee during the year were the quarterly and final audits of the company for 2021, with the external auditor and the recommendation of the Board of Directors for approval.

**Committee members:**

SN .	Member Name	Current positions	Qualifications	EXPERIENCE
1	Mr. Yasser Suleiman Al-Aqeel	Chairman	Master's degree in project management, management information systems	<ul style="list-style-type: none"> <li>- Helicopter Corporation</li> <li>- Arasco - Planning Department</li> <li>- Plastic Solutions Company - Planning and Project Management</li> </ul>
2	Mr. Khaled Abdulaziz Al-Houshan	non-Board member	Master of Business Administration and Applied Finance	<ul style="list-style-type: none"> <li>- Membership of the Auditing Standards Committee in the Saudi Organization for Certified Public Accountants SOCPA</li> <li>- Experience in audit committees in several companies</li> <li>- Diverse internal audit experience</li> <li>- Membership of the American Association of internal auditors</li> <li>- Audit and compliance General Organization for social insurance</li> </ul>
3	Mr. Bassem Adnan Abu Al-Faraj	non-Board member	Bachelor of Accounting	<ul style="list-style-type: none"> <li>- Founder and executive director of Bassem Abu Al Faraj financial consulting</li> <li>- Assistant general manager of National Bank of Kuwait</li> <li>- Regional manager of Alinma Bank's Western Region marketing and sales department</li> <li>- Assistant general manager Bank Aljazira credit risk sector</li> <li>- Leader of the Saudi British bank corporate banking team</li> <li>- Team leader of Bank Al Jazeera corporate banking</li> <li>- Sales consultant partner real estate - Dallah al Baraka Group</li> </ul>



### **Record attendance of audit committee members ' meetings during 2021:**

Member Name	Current positions	Dates of meetings of Audit Committee members					
		21/2	22/4	05/7	04/8	10/9	19/10
Mr. Yasser Suleiman Al-Aqeel	Chairman	Not assigned		Present	Present	Present	Present
Mr. Khaled Abdulaziz Al-Houshan	non-Board member	Not assigned		Present	Present	Present	Present
Mr. Bassem Adnan Abu Al-Faraj	non-Board member	Not assigned		Present	Present	Present	Present
Eng. Abdul Ghani Abdul Rahim Wali	(Former Chairman)	Present	By path	No longer a member as of 01/05/2021			
Mr. Khalid Ahmed Al-Hamdan	(Former Member)	Present	By path	No longer a member as of 01/05/2021			
Mr. Ammar Mohammed Al-Abadi	(Former Member)	Present	Not signed	No longer a member as of 01/05/2021			

- **Audit Committee recommendation on the need to appoint an internal auditor to the company:-**

However, the Audit Committee considered that there was no need to appoint an internal auditor for the company at this time.

- The forty-fifth ordinary session of the General Assembly had approved the updating of the Audit Committee's rules of procedure, duration and method of work

### **2) Investment Committee:**

The Investment Committee is looking for investment opportunities that are consistent with the company's statutes to benefit from the company's cash, whether by increasing the company's percentage of ownership in the companies currently invested in it or by entering as founders of new companies with economic feasibility, of investment opportunities and projects that are presented to the company by specialized financial entities, and are determined to be feasible and submitted to the Board of Directors for appropriate decision.

### **Committee members:**

SN	Member Name	Current positions	Qualifications	EXPERIENCE
1	Mr. Fahad Abdulrahman Al-Muaikel	Chairman	Bachelor of Marketing	<ul style="list-style-type: none"> <li>- Al-Rajhi Bank Customer Service</li> <li>- Director-General and Marketing Director, Al-Maha Plastics Factory Company</li> <li>- Director of Public Relations and</li> </ul>

				Marketing of the Saudi Development Company - Director-General of the First Company for Plastic Industries
2	Eng. Ayad Mohammed Al-Musheykh	Member	Master of Project Management	- Chief Executive of the United Rasim Company for Technology and Business Development Limited - Chief Executive Officer of RDM. - Project management adviser for a number of projects in the Kingdom.
3	Prince Muhammad Khalid Turki Al Saud	Member	Bachelor of Commerce	- Chairman of the Board of Directors of the Al-Buqari and Al-Sabban Tourism Company
4	Mr. Fahad Abdulrahman Al-Muaikel	Member	General Administration Bachelor Professional diploma in executive management	- Executive Director of the Saudi Arabian refinery company, Sarco - Member of the Board of Directors of the Arab Tank Company Ltd. (formerly) Jeddah South Region Cement Company Deputy Director - The Western Sector National Guard Tender Section
5	Mr. Yasser Suleiman Al-Aqeel	Member	Master's degree in project management, management information systems	- Helicopter Corporation - Arasco - Planning Department - Plastic Solutions Company - Planning and Project Management

### **Attendance at Investment Committee Members' Meetings during 2021:**

Member Name	Current positions	First meeting 12/07	Second meeting 25/08	Third meeting 08/12
Mr. Fahad Abdulrahman Al-Muaikel	Chairman	Present	Present	By path
Eng. Ayad Mohammed Al-Musheykh	Member	Present	Present	By path
Prince Muhammad Khalid Turki Al Saud	Member	Present	Not present	By path
Mr. Fahad Abdulrahman Al-Muaikel	Member	Present	Present	By path
Mr. Yasser Suleiman Al-Aqeel	Member	Present	Present	By path

### **3) Nominations and Awards Committee:**

The Committee on Awards and Nominations was established on 20/01/2012. Its functions and competences were approved by the General Assembly (thirty-ninth). The Committee's working rules were



updated by virtue of General Assembly resolution 45/02/1439 A.H., 20/12/2017. The Committee's functions include the following:

**A) Select Bonus Policy:**

- 1- Develop a clear policy for all members of the Board of Directors , the committees of the Board and executive management, and submit it to the Board of Directors for consideration for adoption by the General Assembly, taking into account performance-related criteria, disclosure and verification of implementation.
- 2- Clarify the relationship between bonuses granted and the applicable bonus policy and show any material deviation from this policy.
- 3- Periodically review the rewards policy and assess its effectiveness in achieving its objectives.
- 4- Recommend to the ADMINISTRATION the remuneration of its members, its committees and senior executives in accordance with the policies and regulations adopted.

**B) Determine Membership Nomination Policy:**

- 1-Propose clear policies and criteria for membership in the Board and executive management.
- 2-Recommend to the Board of Directors the nomination and re-nomination of its members in accordance with approved policies and standards, taking into account that no person convicted of a crime against the Secretariat shall be nominated.
- 3-Prepare a description of the capacity and qualifications required for membership of the Board and for executive management positions.
- 4-Identify the time a member should be allocated to the work of the Board of Directors.
- 5-Annual review of requirements for appropriate skills or expertise for board membership and executive management functions.
- 6-Review the structure of the Board of Directors and executive management and make recommendations on possible changes.
- 7-The independence of independent members is verified on an annual basis and there is no conflict of interest if the member is a board member of another company.

- 8- Job description of executive members, non-executive members, independent members and chief executives.
- 9- Establish special procedures in the event of a vacancy in the position of a member of the Board of Directors or a senior executive.
- 10- Identify weaknesses and strengths in the board and propose solutions to address them in the company's interest.

**Committee members:**

S N .	Member Name	Current positions	Qualifications	EXPERIENCE
1	Prince Muhammad Khalid Turki Al Saud	Chairman	Bachelor of Commerce	- Chairman of the Board of Directors of the Al-Buqari and Al-Sabban Tourism Company
2	Mr. Sulaiman Saad Al-Hamid	Member	Bachelor of Military Sciences	- Member of the Saudi Economic Society - Management and leadership expertise for the reform of several private sector companies - Military and security command expertise
3	Dr. Ali Saleh Khobati	Member	English literature doctor	- University of Business and Technology Under-Secretary - Assistant Undersecretary of the Ministry of Education for Educational Development - General Director of Education in the Tabuk region - Teacher's college assistant

**Register attendance at the meetings of the members of the Nominations and Rewards Committee during 2021:**

Member Name	Current positions	First meeting 01/02	Second meeting 25/07	Third meeting 25/10
Prince Muhammad Khalid Turki Al Saud	Chairman	Not assigned	By path	By path
Mr. Sulaiman Saad Al-Hamid*	Member	Not assigned	Not assigned	-
Dr. Ali Saleh Khobati	Member	Not assigned	By path	By path
Mr. Muqeid Ibrahim Al-Otaibi**	(Former Member)	Not assigned	By path	-
Mr. Abdullah Rashid Al-Rafa	(Former	Present	No longer a member as of	



	Chairman)		01/05/2021
Mr. Mohammed Sami Rafa	(Former Member)	Present	No longer a member as of 01/05/2021
Mr. Omar Abdullah Al-Maliki	(Former Member)	Present	No longer a member as of 01/05/2021

\* Became a member of the Committee as of 26/10/2021

\*\* No longer a member as of 21/10/2021

#### **4) Social Responsibility Committee:**

The Social Responsibility Committee shall study and approve the social contribution of the company and establish effective foundations and standards for it with a view to enhancing the reputation of the company and deepening the sense of social responsibility of the company, its employees, its shareholders and society as a whole. The functions of the Committee shall include:

- 1- Develop the foundations and criteria for the social contribution of the company.
- 2- Propose and adopt programs that serve the community.
- 3- Discussion of proposed programs and adoption of their implementation.
- 4- Develop and monitor programs that contribute to a greater sense of corporate social responsibility and corporate employees.
- 5- Activation of the role of the company in adopting social responsibility policies, initiatives and programs towards its shareholders, customers, the environment and society as a whole with the aim of enhancing and enhancing the reputation of the company.
- 6- Oversee and evaluate the effectiveness of supported programs.
- 7- Recommend continuation or discontinuation of support after the program is completed.
- 8- Submit recommendations to the company's board of directors regarding the company's annual social contribution budget.

#### **Committee members:**

SN	Member Name	Current positions	Qualifications	EXPERIENCE
1	Mr. Sulaiman Saad Al-Hamid	Chairman	Bachelor of Military Sciences	- Member of the Saudi Economic Society - Management and leadership expertise

				for the reform of several private sector companies - Military and security command expertise
2	Eng. Ayad Mohammed Al-Musheykh	Member	Master of Project Management	- Chief Executive of the United Rasim Company for Technology and Business Development Limited - Chief Executive Officer of RDM. - Project management adviser for a number of projects in the Kingdom.
3	Eng. Htan Hamid Al-Sharif	Member	Bachelor of civil engineering	- CEO of Delta Z advertising company - Director General of technical affairs and also director of performance measurement department at Jeddah Municipality - Director General of studies and designs and also chairman of the traffic committee in Jeddah - General manager of the project of the comprehensive scheme of rainwater drainage and also general supervisor of the historical area in Jeddah - Member of the Charitable Food Association - Saudi Engineer Organization member - Member of the Supreme Committee for the Local Plan of Jeddah

### **Record of the meetings of the Social Responsibility Committee during 2021:**

The committee was established on August 12, 2021 and did not meet during the year.

### **VII. Statement of entitlements for Government entities**

Your company does not have any financial entitlements to government entities in terms of loans or liabilities other than the following payments:

Payment type	Paid during the year	Provision Movement		End-of-period provision balance
		Custom Component	Variations	
Zakat and income	334,198	450,500	-	450,500
General Social Insurance Institution	56,274	-	-	-
visa and passport costs	1,050	-	-	-
Labor office fee	8,383	-	-	-

The company submitted the zakat declaration for 2020.



### **VIII. Transactions with relevant parties**

The company provided a bank guarantee to the Saudi British Bank (SAB) in exchange for the banking facilities granted to the Arab Sulfonate Limited (a associates company) at a value of SAR 5.1 million, which represents 34% of the total value of the banking facilities granted to the associates, according to the company's share of the capital.

Due to the associates's failure to pay the bank facilities according to their due date, the bank filed a claim with the company to pay the debt of the Arab Company for Sulfonates in addition to any fees that are not yet due on October 21, 2015. On April 12, 2017, the Saudi British Bank (SAB) filed a suit against the Arab Company for Sulfonates and the company in its capacity as the guarantor of the facilities and demanded payment of the amounts due. On February 3, 2019, the 14th Executive Department of the Executive Court in Jeddah issued a ruling demanding that the Arab Company for Sulfonates pay the amount of the claim. Accordingly, the company's management formed an allocation of the value of the company's share of the bank guarantee and did not form any additional allocation resulting from any fees resulting from the non-payment.

C) On September 9, 2021, the Saudi British Bank (SAB) agreed to deduct 30% of the value of the bank guarantee of SAR 5.1 million. Based on this process, only SAR 3.57 million was paid back. The bank will discharge Saudi Arabian Refineries from any future claims, so the SAR 1.52 million was returned for a list of profits or losses.

D) On October 19, 2021, an agreement was signed between the Saudi British Bank (SAB) and the Company. Based on this agreement, the Bank discharged the Saudi Arabian Refinery Company from any future claims related to bank guarantee for Arab Sulfonate Company Ltd.

### **IX. Governance Regulation:**

On 12 November 2006, the Council of the Financial Market Authority issued the Indicative Regulation on the Governance of Joint-stock Companies. The Regulation includes the rules and criteria governing the performance of joint-stock companies. The company, represented by the Board of Directors, has approved its own governance regulations, which

are appropriate to the nature and size of the company's activity. At present, the Board of Directors are given the authority to oversee compliance with these regulations.

**A- Applicable governance regulations:**

- 1- Update of the policies, criteria and procedures for membership of the Board of Directors (adopted by the General Assembly).
- 2- Update of the policy on remuneration of the Board of Directors, its committees and executive management (adopted by the General Assembly).
- 3- The Investment Commission was established and its terms of reference were defined.
- 4-Update of the Nominations and Awards Committee's working list (adopted by the General Assembly at its forty-fifth session).
- 5-Update of the Audit Committee's Rules of Procedure (adopted by the General Assembly 45).
- 6-Update disclosure and transparency regulation (approved by Board of Directors).
- 7-Company auditor's business policy (approved by Board of Directors).
- 8-Update conflict of interest regulation (approved by Board of Directors).
- 9-Update of the internal control system (approved by the Board of Directors).
- 10- Update the statement of shareholders' equity (approved by the board of directors).
- 11-Work policy of the Social Responsibility Committee (approved by the Board of Directors).

**B- Unless implemented by governance regulations and reasons for non-application:**

Requirements of the Regulation	Application
Article VI, paragraph (d), of the Corporate Governance Regulation (Investors who are legal persons acting on behalf of others - such as investment funds - must disclose their voting policies and effective voting in their annual reports, as well as how to deal with any fundamental conflict of interest that may affect	Article VI, paragraph (d), does not apply to a company, either directly or indirectly, because this article concerns financial intermediaries and the activity of our company, which contributes to other companies,



the exercise of fundamental rights of their investments)	whether associates or subsidiaries.
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## **X. Board of Directors:**

### **\* The Board of Directors decides:**

1. The accounts records have been properly prepared.
- 2- The system of internal oversight was properly prepared and effectively implemented.
- 3- There is little doubt as to the ability of the company to continue its activity.

## **XI: - General Disclosures:**

\* No person or entity notified the company of any interest in the category of shares entitled to vote during the fiscal year 2021.

\* The company did not issue or grant debt instruments that are convertible into shares or any rights of option, subpoenas, transfer rights, or similar rights during fiscal year 2021.

## **XII. Findings of the annual audit of the effectiveness of internal control procedures:**

Internal audit is an independent, objective assurance and advisory activity to add and improve the performance of the company's accounting business. Internal control assists the company in achieving its objectives by providing a regular basis for evaluating and improving the effectiveness of oversight. The company relied on an internal control system that is commensurate with the nature of its work

The company's activity is based on separating tasks and responsibilities, defining the terms of reference for the company's executive administration, informing the audit committee about all that contributes to improving the company's work, contributing to the audit of the initial and annual financial lists, and implementing the recommendations issued by the audit committee in this regard.

The audit committee did not make any observations or submit any reports that showed any material deficiency or weakness in the company's internal control.

### **XIII: - Company's Shareholder Record Requests:**

The number of the company's requests to the shareholders register	Application Date	Reasons for request
First	31/01/2021	Corporate Actions
Second	02/02/2021	Corporate Actions
Third	14/04/2021	Corporate Actions
Fourth	21/04/2021	Work of the General Assembly
Fifth	25/04/2021	Earnings profile
Sixth	15/06/2021	Work of the General Assembly
Seventh	30/09/2021	Corporate Actions
Eighth	31/12/2021	Corporate Actions

### **IVX: Recommendations to the General Assembly (fifty-second session) for 2021:**

The Board of Directors recommends to the fifty-second regular General Assembly:

- 1- Voting on the report of the Board of Directors for the financial year ended 31 December 2021.
- 2- Voting on the financial lists for the fiscal year ending December 31, 2021.
- 3- Voting on the report of the Auditor for the financial year ended 31 December 2021.
- 4- Voting on discharge of the members of the Board of Directors for the financial year ending December 31, 2021.
- 5- Voting on the recommendation of the Board of Directors to distribute monetary profits for the financial year 2021 of 7,500,000 SAR (5%) from the company's capital, 50 Halah for each share owned by the shareholder. The shareholders who own the company's shares are eligible at the end of the trading day of the Company's regular general assembly (fifty-second) and are registered in the company's shareholders' register with the Deposit Center Company at the end of the second trading day following the due date. The distribution date will be announced later.
- 6- Voting on the appointment of the External Auditor from among the candidates based on the recommendation of the Audit Committee to



examine, review and audit the financial lists of the second, third and annual quarters of fiscal year 2022 and the first quarter of fiscal year 2023.

- 7- Voting on the renewal of the authorization issued to members of the Board for obtaining bank loans, necessary banking facilities, the holding of mortgages and the provision of in-kind guarantees, both movable and immovable, belonging to the company, to facilitate the company's work and achieve its purposes. In this regard, they shall have the right to sign all necessary papers and documents on behalf of the company, based on the text of Article 24 of the Company's Regulations.
- 8- Voting on the Board of Directors' decision to appoint Engineer / Abdul Rahman bin Ayed Al-Dahasi (independent member) to the Board of Directors starting from the date of his appointment on February 3, 2022 to complete the current session of the Board, which ends on April 30, 2024, succeeding former member Mr. Suleiman bin Saad Al-Hamid (non-executive).
- 9- Voting on the Board of Directors' decision to appoint Mr. Mohammed Bin Nawaf Al-Harbi (Independent Member) to the Board of Directors starting from the date of his appointment on February 3, 2022, to complete the current session of the Board, which ends on April 30, 2024, succeeding the former member Dr. Ali Bin Saleh Khufti (Non-Executive).
- 10- Voting on amending the Board of Directors and Executive Administration Bonus Policy Regulation, if a member of the Board of Directors shall be entitled to a certain amount of 200,000 SAR, in addition to what is stated in the Statute of Article 51.

In conclusion, the Board of Directors extends its sincere thanks and appreciation to the Government of the Custodian of the Two Holy Mosques, King Salman Abdulaziz Al Saud, for its continued support to the advancement of all sectors of the State, including the national economy. The Board of Directors also extends its thanks and appreciation to all contributors for the trust they have placed in us. We hope that we will always be as good as they think.

God grants success,

**BOARD OF DIRECTORS**

