

## BOARD OF DIRECTORS REPORT

Yanbu National Petrochemical Company (Yansab)  
on the performance and activities of the company  
for the fiscal year 2021





**Disclaimer**

The English translation is prepared for convenience. For all purposes, the Arabic language version of these Annual Report shall be the original, governing instrument. In the event of any conflict between the Arabic version and English version, the Arabic language version shall govern and control.



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



His Royal Highness  
Prince Muhammad bin Salman bin Abdulaziz Al Saud  
Crown Prince, Deputy Prime Minister and Minister of Defense

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# BOARD OF DIRECTORS



ENG. ABDULRAHMAN  
AHMED SHAMSADDIN  
Chairman



ENG. MAJED  
ABDULELAH NOURADDIN  
Deputy Chairman  
of the Board



MR. IBRAHIM MOHAMMED  
AL-SAIF

Member, Board of Directors



DR. AHMAD ABDULLAH  
AL-MEGHAMES

Member, Board of Directors



MR. KHALID BIN IBRAHIM  
AL-RABIAAH

Member, Board of Directors



ENG. SAMEEH SOLIMAN  
AL-SAHAFI

Member, Board of Directors



ENG. FAISAL MOEAD  
ALBAHAIR

Member, Board of Directors



ENG. MOHAMMED ALI  
BAZAID

Company President

## Our Vision:

To be the best petrochemical complex in the world.

## Our Mission:

Providing high-quality products in a responsible manner through innovation, learning and operational excellence, maintaining high performance in the field of environment and safety while maintaining the maximum value for all beneficiaries.



## BOARD OF DIRECTORS REPORT

To Yanbu National Petrochemical Company's (YANSAB) Shareholders Greetings,

The Board of Directors of YANSAB is pleased to present the Annual Report for the fiscal year ended on December 31, 2021 prepared in accordance with the requirements of the Companies Law of the Kingdom of Saudi Arabia, YANSAB's Articles of Association, Corporate Governance Regulations, Rules on the Offer of Securities and Continuing Obligations, and Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies issued by the Capital Market Authority.

The Annual Report provides information on YANSAB's activities, performance, achievements, 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 addition to its contributions to the areas of environmental, social and corporate governance, according to its final accounts and financial position for the fiscal year ended December 31, 2021.

The Board of Directors (Board) 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 support to the economic sectors in realization of the Kingdom's Vision 2030 (Thriving Economy), particularly the unlimited support to the industrial sector. It appreciates the efforts exerted by YANSAB's employees and the support provided by all stakeholders including shareholders, customers, suppliers and the community where we work.



# FIRST: COMPANY STRATEGY

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# FIRST: COMPANY STRATEGY:

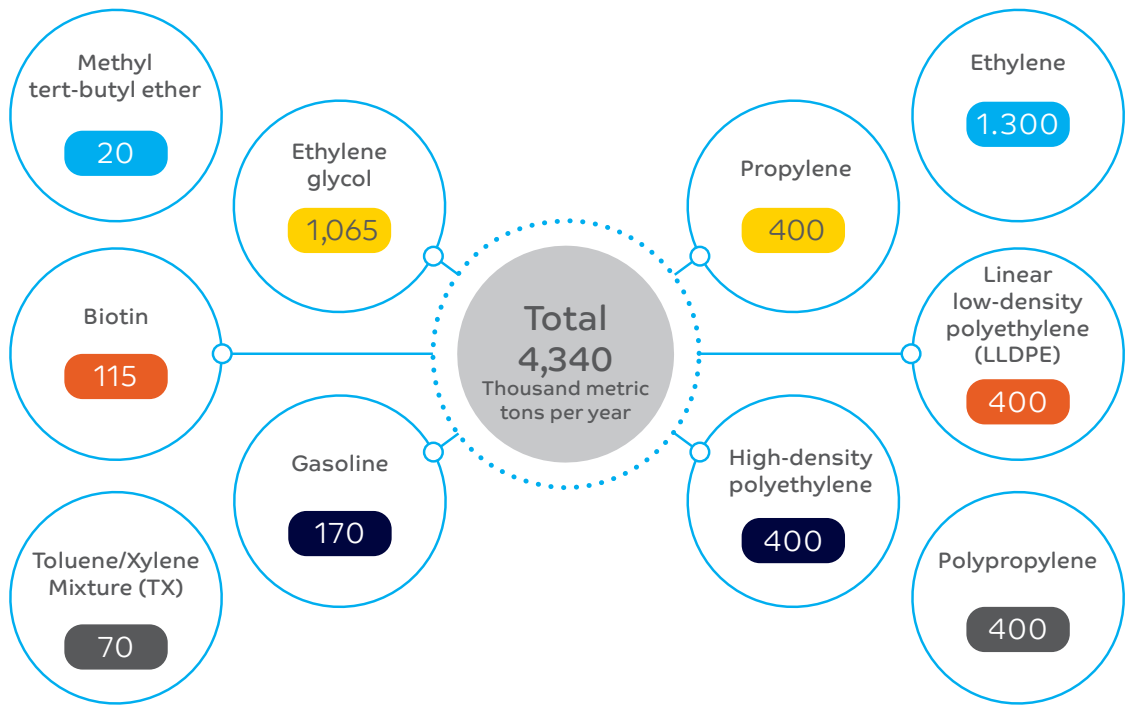
## 1. Establishment and Activity

Yanbu National Petrochemical Company (YANSAB) is a listed Saudi joint-stock company.

YANSAB's authorized and fully paid-up capital is 5,625 million SAR distributed over 562.5 million shares at a nominal value of 10 SAR per share. Saudi Basic Industries Corporation (SABIC) owns 51%

and 49% is owned by private sector entities and individuals.

YANSAB produces petrochemical materials in its industrial complex in Yanbu Industrial City, with a production capacity of over 4 million tons annually of various products, according to the following table:



## 2. YANSAB's Strategy

YANSAB has developed a clear future strategy to ensure growth in the petrochemical industry that's value added to its assets and shareholder's equity, while maintaining the highest levels of safety, quality and sustainability, adhering strictly to all relevant industry standards and laws in order to achieve

leadership, fostering the partnership between all the company-related parties (locally and globally), and growing the shareholders' equity without prejudice to the Company's social responsibility. The strategy will be implemented through the following lines:

-  **Line 1:** Scale up energy optimization by putting in place several programs and projects with a core focus on ensuring reliability, sustainability and performance improvement.
-  **Line 2:** Expand the production capacity for the main products.
-  **Line 3:** Continue studying the available investment opportunities related to manufacturing petrochemicals.
-  **Line 4:** Study purchasing shares in some companies that practice the same activity (Manufacturing Petrochemicals) or shareholding in feasible companies.

In this context, YANSAB is keen to enhance its competitiveness, benefit from technological progress and provide digital solutions that contribute to improving our capabilities in various

fields, such as manufacturing, supply chain, innovation and sustainability. YANSAB launched several initiatives during 2021 as part of SABIC's Digital Transformation Program, as follows:

-  Assets management using artificial intelligence.
-  Smart inspection.
-  Business permits digitization.
-  digitization and monitor its factories

YANSAB is also studying similar initiatives to enable it to comply with future goals.

3. Plans, decisions, expansions and future expectations

(YANSAB) operates in accordance with the strategic plans sit up by the Board of Directors, which adopted the principles of safety, sustainability and reliability in the management of operations, risk management, performance control and comprehensive implementation in the company that aims to improve the efficiency of operations, raise growth rates and generate innovative ideas to rationalize energy and natural resources, and improve The level of performance of its assets in a way that contributes to the development of the rights of its shareholders, the protection of the environment and the enhancement of the company's competitive capabilities in various markets.

The company works on managing and operating the factories of (IBN RUSHD) company, which allows the company to optimize the use of assets and achieve better spending efficiency, including attracting national talents and handling services for materials and raw materials, which are among the business within the group.

The company plans to carry out preventive maintenance work for its industrial complex during the year 2023, in line with international maintenance standards in this industry, as the company's complex will be stopped to carry out the necessary maintenance and repairs during that period, and the company will announce fundamental future developments at that time.

And in implementation of the vision of the Kingdom of Saudi Arabia 2050 to protect the climate and the environment and reduce carbon dioxide (CO<sub>2</sub>) and similar and greenhouse gases, (YANSAB) in cooperation with (SABIC) is committed to the goals of the Paris Agreement, and will continue to make efforts and explore the necessary solutions to achieve carbon neutrality in its operations by year 2050 AD, taking into account the various regional and national ambitions, commitments and initiatives.

(YANSAB) is studying many investment opportunities, including the Yanbu project to integrate and the techniques of converting crude into chemicals by thermal cracking and fossil cracking, in addition to studying the project site to enhance its economic feasibility.

We also seek to reduce greenhouse gas emissions by 2030 by 20% compared to 2018 by targeting our direct and indirect emissions from our production processes (Scope 1 and Scope 2 emissions), and we will continue to cooperate with our partners in initiatives aimed at To reduce indirect "Scope 3" emissions along the value chain.



4. Risks

Each investor, current or potential, should carefully study the risk factors identified below, bearing in mind that these risks do not include all those that YANSAB may encounter, and there may be additional risks unknown to YANSAB at the present or may be considered by it as insubstantial risks that may hinder its operations.

The company's activity, financial position, operating results and cash flows may be substantially affected adversely due to the occurrence of any of these risks which the company sees as substantial at the present, or any other risks that the company could not identify and sees as insubstantial, or if the insubstantial risks became substantial.

Our risk management policy is to proactively identify and understand risks facing or may face the company, evaluate the extent of their impact on our performance, and take preventive measures to prevent or minimize and control them. At the same time, we are capitalizing on the opportunities to achieve our strategic goals, and we apply this policy to all of our operations. The responsibility of implementing risk management policy rests with the Executive Management, while the responsibility for monitoring the implementation of this policy rests with the Board of Directors, supported by the Risk Committee.

We have developed a policy for risk management and business continuity management in accordance with an integrated governance system that works to identify, understand and effectively manage the risks facing the company. This responsibility begins on the shoulders of our employees, including employees and management, through the preparation of detailed reports on the risks facing the company. These reports are submitted to the Risk Committee periodically. Then the committee submits its recommendations to the board of directors regarding the adequacy of the measures taken to reduce the impact of those risks. Additionally, it recommends either continuing with the same measures or taking additional measures to control those risks.

YANSAB has also developed its Risk Management and Business Continuity System that enhances the value of the company and protect its interests as a part of the continuous commitment to the applicable requirements with a view to achieving the interests of the company's customers, employees and related parties in accordance with the following principles:



YANSAB risk management working throw brilliant plan to improve risks system at the company. YANSAB has at the work that evaluates the level of effectiveness and maturity of the risk management system by (SABIC) and, got the second level by the end of 2020. In addition, (YANSAB) has developed a risk management system by working on several dimensions, including Control and governance, integration of risk operations, risk management infrastructure and enabling a culture of risk among employees this contributed to raising it to the third level at the end of 2021.

In addition, YANSAB applies its Business Continuity Management System (OMS-222) to prioritize and understand the threats facing the company and the requirements needed to reduce the possibility of incidents and reduce

their negative effects. Accordingly, YANSAB has held workshops for all departments to review the business continuity strategies and how to develop them. The company has passed the detailed audit to maintain the Business Continuity Certificate (ISO: 22301) as a global standard that confirms the company's ability to continue providing its products or services at acceptable and predetermined levels in the event of the occurrence of any incidents that may affect the workflow.

(YANSAB) successfully upgraded the Business Continuity Certificate ISO-22301-2019 (BCMS). From 2012 version to 2019 version which is a global standard that confirms the company's ability to continue providing its products or services at acceptable and pre-determined level, in the event of any accidents that may affect the workflow



In principle, we are exposed to strategic risks (the risks that may affect our ability to achieve our strategic goals), operational risks (the risks resulting from the nature of our operations), and the financial risks (the risks that affect profitability). In addition, we are exposed to many risk factors. The following is a detailed description of those risk factors.

**MAIN RISKS RELATING TO OUR BUSINESS,** YANSAB needs to maintain high capacity utilization rates in the manufacturing facilities in order to maintain profit margins. Profits in the petrochemicals business are closely tied to global demand, industry inventory levels and plant capacity utilization. That is because higher production rates enable the sector to allocate fixed costs across larger production volumes. Consequently, maximizing production rates is a key factor to the profitability of the company's petrochemicals operations. YANSAB's ability to maintain profitability depends, to a significant degree, on its ability to maintain high capacity utilization rates in its plants, which is the level of production that each plant achieves in relation to its capacity. Excess industry capacity, especially at times when demand is weak, may cause YANSAB and other industry participants to lower production rates, which would reduce YANSAB's margins, income and cash flow. YANSAB is exposed to a number of operational risks, including reduced utilization rates due to scheduled activities such as: maintenance and unscheduled outages which may, for example, be due to equipment or human failure; unavailability of skilled human resources; decline of recovery rates lower than the expected; poor performance of YANSAB's contractors; corrosion problems impacting the plant and pipelines; health and safety incidents that may be caused by third-party contractors; and exposure to natural hazards such as changeable weather events. Any such incident could adversely affect YANSAB's business, Operating results or financial position. There is no doubt that the failure to maintain high capacity utilization rates could have a substantial and adverse effect on YANSAB's business, Operating results or financial position. The company strives to reduce such effect by reducing costs and improving the reliability of the company's plants to ensure the continuity of production and sale within clear business plans and practices.

### RISKS RELATED TO OUR RESPONSIBILITIES TOWARDS ENVIRONMENT, HEALTH AND SECURITY (EHSS)

YANSAB is compliant with laws and regulations related to the environment, health, safety and security that apply to its operations. These laws and regulations set various standards regulating certain aspects of EHSS quality provide for civil and criminal penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. In addition, special provisions may be applicable in environmentally sensitive areas of operation. YANSAB cannot predict what EHSS legislation or regulations will be enacted in the future or how existing or future EHSS laws or regulations will be administered or enforced. This is because compliance with more stringent laws or regulations, or more vigorous enforcement policies imposed by any regulatory authority, could in the future require large expenditures by YANSAB for the installation and operation of systems and equipment for remedial measures. All the foregoing could have a significant and adverse effect on YANSAB's business, Operating results or financial position. Incidents related to the company's products may involve severe damage to property, the environment and human health, which could substantially affect in an adverse manner YANSAB's business, Operating results and financial position as a commercial company working with chemicals and hazardous substances. YANSAB's business is inherently subject to the risk of spills, discharges or other releases of hazardous substances into the environment. YANSAB uses feedstock's and manufactures, stores and transports chemical products that are volatile and explosive, which may have an adverse impact on the environment. YANSAB's operations include the following environmental risks:

- Explosions at SABIC's production or logistics facilities.
- Release of toxic gases into the atmosphere.
- Release of hazardous chemicals on land or in waterways.

Such risks or others could result in fires, explosions, severe pollution or other catastrophic circumstances, which could cause severe damage or injury to persons, property or the environment as well as disruptions that suspend working in YANSAB. Such incidents may result in equipment failures or shutdowns, civil lawsuits, criminal investigations and regulatory enforcement proceedings, all of which can cause YANSAB to bear great liabilities. Any damage to persons, equipment or property or other disruption that affects YANSAB's ability to produce or distribute its products, could result in a significant decrease in YANSAB's revenues and profits and enormous additional costs to replace or repair YANSAB's assets depending on the nature of the incident. YANSAB may not be fully insured, or not insured at all, all of which could result in a substantial and adverse effect on YANSAB's business, Operating results and financial position.

**Risks resulting from the Outbreak of Global Pandemics or Epidemics,** the outbreak of global pandemics or epidemics may lead to risks of global business and economic activity disruption. Risks resulting therefrom or governments' instructions to deal with such events may have a fundamental and negative impact on YANSAB's business and operating results or financial position.

### OUR INSURANCE POLICIES MAY NOT BE SUFFICIENT TO COVER ALL RISKS THAT WE FACE.

YANSAB's operations involve hazards and risks inherent in petrochemicals operations and other operations. Such hazards and risks include fires, explosions, pipeline ruptures and spills, storage tank leaks, chemical spills, discharges or releases of hazardous substances or gases and other environmental risks, mechanical failure of equipment at YANSAB's facilities, war, terrorism, sabotage and natural disasters. In addition, many of these operating and other risks may cause personal injury and loss of life, severe damage to or destruction of YANSAB's properties and properties of others and environmental pollution, which may result the suspension of operations and imposition of civil or criminal penalties. YANSAB believes that it must maintain an insurance coverage in amounts consistent with the relevant industry practices, including covering the risks of property damage, business interruption resulting from, inter alia, fire or machinery breakdown, and third-party liability. However, this insurance coverage cannot include all losses, which YANSAB may incur in the future, or guarantee that the liability imposed on

YANSAB will not exceed its total assets. YANSAB may be exposed to a material loss to the extent that a claim is made against YANSAB which is not covered in whole or in part by the insurance and for which third party indemnification is not available. In addition, there can be no assurance that YANSAB's insurance coverage will continue to be available in the market or available at an acceptable cost. If YANSAB suffered large uninsured losses or if any insured loss significantly exceeds such an insurance coverage, then the business, Operating results or financial position might be substantially affected in an adverse manner. This would, in turn, affect the ability of YANSAB to pay the profits and other dividends payable, and this could have a substantial and adverse effect on YANSAB's business, Operating results or financial position.

### RISKS RELATED TO PROJECTS UNDER DEVELOPMENT

YANSAB owns several projects that are under development or in elementary stages of planning (such as investments in new production plants; and expansion and modernization of the existing plants). Other additional capital projects may be undertaken during the term of the Report. Each of these projects entails a number of risks during construction such as the risks of investment cost over-run, delayed or incomplete startup, any default by any appointed contractor or sub-contractor or their ability to comply with their contractual obligations, shortage or increase in the costs of equipment, breakdown or failure of equipment, processes or technology, difficulties in connecting any related upstream or downstream facility, timely availability of the required feedstock at the time of commencement of commercial operations, start-up or commissioning problems, problems with effective integration of operations, increased operating costs, exposure to unanticipated liabilities, changes in taxes or duties, difficulties in achieving the expected efficiencies, cooperation and cost savings, and changes in market conditions. In case of the occurrence of any of these risks, the overall profitability of the relevant project would be substantially affected in an adverse manner. If any new project fails to achieve the expected levels of performance or profitability, this could have a substantial and adverse effect on YANSAB's business, Operating results or financial position.



## OIL AND GAS PRICE FLUCTUATIONS

Large and prolonged decline in crack spreads would negatively impact our financial results. YANSAB's financial results are significantly impacted by the margin between the prices at which YANSAB sells products and the prices at which YANSAB purchases feedstock for use, particularly in its petrochemicals business. However, the price of YANSAB's feedstock and the price of the product sold to customers depends on the type of product and the location of the customer. YANSAB's Operating results can be significantly impacted by fluctuations in the prices of several commodities, particularly oil, oil derivatives and gas. That is because YANSAB's prices in Saudi Arabia are set by the Ministry of Energy.

YANSAB's sales depend on petrochemical products. Generally, the changes in sales' prices for petrochemical products coincide with the changes in oil prices albeit sometimes with the delayed timescale, including a paradigm shift in dynamics across different regions. Thus, manufacturers are unable to impose all such increases on their customers when oil prices are soaring. As a result, the margins in YANSAB's operations are significantly improved when oil prices (petrochemical prices) are soaring and suffer in the period of falling.

## IF YANSAB ENTERS INTO FINANCING AGREEMENTS

It may be subject to additional or more restrictive agreements and ratios, or its assets may be held as collateral for the benefit of the lenders. In addition, any debt that requires a large part of the cash flows from the operations that are set aside to pay the principal and interest (to the extent the due payment is made) on indebtedness of YANSAB. This reduces the company's ability to take advantage of the cash flow to finance its operations and future business opportunities. All of the aforementioned may limit the ability of YANSAB to increase the capital to finance any future capital expenditures or operations, and thus expose the company to the risks of increasing interest rates or increasing costs, or both, to cover interest rates, as well as the risks of refinancing to the extent that YANSAB fails to repay its loans from the cash flows generated from its internal activities. If the company becomes unable to obtain an appropriate financing or other capital contributions to finance the capital and investment expenditures in the future, this

may require changing such projects, reducing their scope, postponing or canceling them, which may, in turn, affect the profitability and operational competitiveness of YANSAB.

## CUSTOMERS' CREDIT RISKS

According to the marketing agreement, YANSAB sells its products to SABIC which, in turn, provides these products to a variety of customers. This may expose it to the risk of non-payment for the products supplied, especially the trade receivables. These risks are heightened when conditions in the industries in which its customers operate or the general economic conditions deteriorate. The risks of non-payment (whether by customers or SABIC), if occurred, may materially or adversely affect YANSAB's business, the results of its operations, or its financial position; it is noteworthy that the terms of the marketing agreement and the credit sales policy provides for reducing the incidence of customers' credit risks.

## FOREIGN EXCHANGE RISKS

YANSAB operates internationally. Thus, it is exposed to foreign exchange risks arising from various currency exposures, especially with respect to fluctuations of other currencies against the Saudi Arabian Riyal. These risks are primarily in accounts receivable, trade payables and certain non-SAR denominated bank accounts. However, as long as the Saudi Riyal is pegged to the U.S. Dollar and YANSAB's business is primarily conducted in U.S. Dollar, YANSAB does not significantly exposed to U.S. Dollar risks. The company also deals with the Euro, British Pound and Japanese Yen to a lesser extent. YANSAB policies require conducting a periodic review of currency exchange risk. However, there is no guarantee that any adequate precautionary procedures will be sufficient to protect YANSAB, or that any future fluctuations in the currency exchange rates will not adversely affect YANSAB's business, operating results or financial position.

## FINANCIAL INSTRUMENT RISKS

The annual financial statements include clarifications about YANSAB's exposure to the types of financial instrument risks to which YANSAB may be exposed and YANSAB's policy and procedures in respect of measuring and managing these risks. These risks may have a substantial and adverse effect on the Operating results and the financial position of YANSAB. There were no company-based loans or any hedging contracts during the fiscal year ending on December 31, 2021.

## WE ARE SUBJECT TO GLOBAL MARKET/ ECONOMIC CONDITIONS

YANSAB faces risks related to changes in the global economic environment, and YANSAB's performance is particularly affected by economic cycles affecting end-user industries, since the products manufactured by YANSAB are used as intermediates in manufacturing products utilized by such companies. In the last decade, the global economy has continued to experience periods of slowdown, high volatility, reduced business activity, unemployment, decline in interest rates and erosion of consumer confidence, that have impacted the downstream demand for chemical and plastic products in certain industry sectors and regions. YANSAB cannot predict adverse trends in the global economy and their effect on the market demand for YANSAB's products and its profitability. Any downturn in regional or worldwide economies, market crisis or prolonged periods of instability could have a material and adverse effect on YANSAB's business, Operating results or financial position. The deterioration of the economic climate can, particularly, result in decreased industrial output and decreased demand for consumer products including consumer goods, packaging products and industrial goods, all of which include YANSAB's products all over the world.

## THE INDUSTRIES IN WHICH WE OPERATE ARE HIGHLY COMPETITIVE

The markets for most of YANSAB's products are highly competitive. YANSAB faces aspects of competitiveness in several markets and different geographic industries. YANSAB's key competitors vary from product to product and range from large global petrochemical companies to numerous smaller regional companies. Some of YANSAB's competitors are larger and more vertically integrated than YANSAB in terms of their upstream and/ or downstream productions, and therefore they may be able to manufacture more competitive products than YANSAB.

## THE CYCLICAL NATURE OF THE PETROCHEMICALS INDUSTRY MAY HAVE A SUBSTANTIAL AND ADVERSE IMPACT ON OUR BUSINESS

The petrochemicals industry is subject to the cycles of expansion and contraction in line with movements in the global economy, which leads to fluctuations in the supply and demand of petrochemicals products and volatility in the prices of feedstock as well as final petrochemical products. As a result of such a cyclicity, the global petrochemical markets have experienced alternating periods of limited supply (which has resulted in the increase of prices and profit margins), followed by expansion of production capacity (which has resulted in oversupply, lower prices and reduced margins). YANSAB cannot precisely predict, in a measurable manner, these economic trends and cycles or the duration and dates of such trends and cycles, which could significantly affect YANSAB's business, Operating results or financial position. Conditions affecting transportation of products may adversely affect the performance of our operations, especially exports of the final products by sea and overland trucks. Although YANSAB seeks cost effectiveness in the distribution of its final products, there can be no assurance that these transportation costs will not significantly increase in the future, which may reduce YANSAB's competitive advantage compared to regional producers. Any issue affecting cargo transportation by sea, such as special taxes, dangerous conditions or natural disasters, inter alia, could adversely affect YANSAB's Operating results or financial position. Furthermore, some of the products ordered to be transported are classified as hazardous. As for the cargo transportation, YANSAB relies on various forms of transportation to deliver the final products to customers. Such geopolitical issues, acts of war, trade blockades and piracy affecting these transportation routes could adversely affect YANSAB's business, results of operations and financial position.



### RISKS ARISING FROM INTERNATIONAL TRADE CONTROLS

YANSAB exports products to countries which have adopted trade defense instruments such as anti-dumping and anti-subsidy laws and regulations. Noncompliance with such laws and regulations may result in imposing anti-dumping or anti-subsidy duties on imports of products into such countries. Moreover, YANSAB's imports and exports are affected by import duties that may be imposed by some governments at their own discretion. YANSAB believes that some countries' application of trade defense measures and other forms of trade controls is likely to be increased in the future. Any trade defense measures or duties imposed on exports or imports of YANSAB, its suppliers or its customers could have a substantial and adverse effect on YANSAB's business, Operating results or financial position.

### RISKS ARISING FROM DEFECTIVE PRODUCTS

Several products of YANSAB are developed through highly complex technical and manufacturing processes. Therefore, there are potential risks that some products may be defective. These risks are increased when customers incorporate YANSAB products into consumer products, which are then sold to consumers. Although YANSAB defines its liability towards its customers for product defects under the purchase and sale agreements, through coordination with SABIC as per the marketing agreement, laws in a number of countries impose a strict liability on the manufacturer or importer of the products, which could not be limited. Moreover, YANSAB performs a part of its business without fixed-term contracts, which enables the seller to reduce its liability. Defects in products manufactured by YANSAB may give rise to significant costs, including expenses related to the recovery of end-use products by end-stage customers or their own customers, replacing defective items, write-offs of defective stocks, and loss of potential sales. In addition, such defects are likely to give rise to claims related to product liability and warranty, including liability for damages caused by such defects. Any or all of these may have a substantial and adverse effect on YANSAB's business, results of operations or financial position, in addition to damages to its reputation.

### Changes to Laws or Regulations or Noncompliance with Any Laws and Regulations May Substantially Affect Our Business in an Adverse Manner,

YANSAB is subject to various laws and regulations. Such laws and regulations may be related to licensing requirements, EHSS obligations, asset and investment controls, marketing guidelines and a range of other requirements. YANSAB's petrochemicals products are subject to a variety of laws and government regulations relating to the use, discharge, release and disposal of toxic or hazardous materials used by such businesses. Compliance with such laws and regulations can be costly, and SABIC incurs and will continue to incur costs, including capital expenditures to comply with these requirements. Furthermore, noncompliance with such laws and regulations or any changes thereto, including issuing additional regulations, could have a substantial and adverse effect on YANSAB's business, results of operations or financial position. In addition, new laws may be enacted, and new regulations may be issued in the future. As a result, additional costs related to compliance with the regulations, confiscation or recall of products, or financial fines, any of which may result in either obstruction or prohibition of the development, distribution and sale of YANSAB's products. The regulation or reclassification of any of SABIC's raw materials or products could adversely affect the availability or marketability of such products. This results in a ban on its import, purchase or sale, or requires YANSAB to incur ever-increasing costs to comply with notification, labelling or handling requirements, each of which may adversely affect YANSAB's business, Operating results or financial position.

**RISKS ARISING FROM YANSAB'S NONCOMPLIANCE WITH THE STANDARDS OF SEEC,** aimed at rationalizing energy production and consumption to the extent that ensures scaling up its efficiency in the Kingdom. In case of YANSAB's noncompliance with the requirement of providing energy consumption data or an action plan to scale up the energy efficiency for any of its plants on the dates set by the center, this will result in risks that may have a substantial and adverse effect on the Operating results and the financial position of YANSAB, and consequently the Ministry of Commerce and Investment will suspend its industrial services. In addition, the export license will not be issued. The industrial project will be administratively closed until the violation and consequences thereof are eliminated. In addition, the industrial license of any plant will be cancelled or not renewed if it does not meet the energy-efficiency requirements and standards approved by the SEEC. By virtue of a notification from the SEEC. In the event that YANSAB does not comply with the energy efficiency requirements and standards approved by the SEEC, the Capital Market Authority (CMA) will compel YANSAB to disclose the consequences of its noncompliance. If YANSAB does not do so, the CMA will take the necessary regulatory actions, including the imposition of fines and penalties prescribed under the Capital Market Law and Implementing Regulations. Furthermore, the Saudi Standards, Metrology and Quality Organization (SASO) will refuse to renew the license using the quality mark, and the Royal Commission for Jubail and Yanbu (RCGY) will apply the penalties and sanctions prescribed in the laws and regulations applicable to RCGY's in case YANSAB or one of its plants is noncompliant with the energy efficiency requirements and standards approved by the SEEC.

### RISKS RESULTING FROM DISPUTES AND/OR LITIGATION

YANSAB is subject to risks related to legal and regulatory procedures to which it is a party or that may arise in the future. These risks may include, in particular, risks related to product liability, competition, antitrust, export control and data protection laws, patent law, procurement law, tax legislation and protecting the environment in which YANSAB works. YANSAB's involvement as a party to lawsuits and regulatory actions may result in imposing fines or penalties or could adversely affect its reputation. Moreover, litigation and regulatory actions are unpredictable, and legal or regulatory actions in which YANSAB is, or becomes, involved (or settlements thereof) could result in substantial penalties that may lead to significant losses, costs, and expenses. Such losses, costs and expenses may not be covered or fully covered by insurance. Investigations of possible legal or regulatory violations may result in imposing civil or criminal penalties and/or other adverse financial consequences. Any of the aforementioned may have a substantial and adverse effect on YANSAB's business, Operating results or financial position, as well as on YANSAB's reputation.

### RISKS ASSOCIATED WITH THE USE OF INTELLECTUAL PROPERTY AND TECHNOLOGY LICENCES

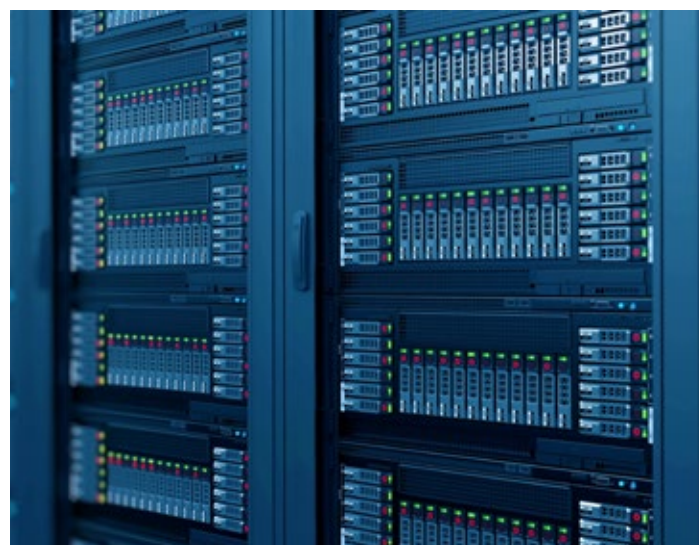
YANSAB depends upon a wide range of intellectual property to support its businesses and has obtained, with respect to this, licenses for certain technologies used in its manufacturing facilities. YANSAB's operations are primarily based on technology licenses from SABIC and other parties. Any termination of any substantial technology license or dispute related to its use could require the relevant entity of YANSAB to cease using the relevant technology. Therefore, this may adversely affect YANSAB's ability to produce the relevant products. In addition, YANSAB's inability to maintain any license could require YANSAB to cease using the technology and to license such rights from other parties on less favorable commercial terms or obtain substitute technology of lower quality or performance standards at greater cost. Any of the foregoing could have a substantial and adverse effect on YANSAB's business and Operating results.





## RISKS ASSOCIATED WITH THE USE OF INFORMATION TECHNOLOGY

YANSAB relies on several information technology ("IT") systems in order to carry out its day-to-day operations. As a result of the ever-increasing complexity of information and communication technology, YANSAB is exposed to various risks, ranging from the loss or theft of data, cyber-attacks, stoppage and interruptions to the business, through to systems failure and technical obsolescence of IT systems. The ever-increasing global information security threats and more sophisticated cybercrimes pose a risk to the confidentiality, availability and integrity of data, operations and infrastructure of the IT systems, networks, facilities, products and services of YANSAB. The no availability, breach of confidentiality, or the manipulation of data in critical IT systems and applications may lead to confidential data and expertise leak in an uncontrollable manner and have a direct impact on YANSAB's business operations. Although YANSAB maintains back-up systems, there is no assurance that these systems will work as efficiently or quickly as expected; or will work at all. Should such threats overcome the information security measures implemented by YANSAB, they could potentially lead to violation of confidential information, improper use of systems and networks, manipulation and destruction of data, production downtime and operational disruptions, which in turn could have a substantial and adverse effect on YANSAB's business, Operating results and financial condition.



## WE ARE HIGHLY DEPENDENT ON OUR TEAM OF PERSONNEL AND MANAGEMENT

YANSAB's future success partially depends on its continued ability to hire, integrate and retain highly skilled employees. There is a high demand for experts and highly qualified personnel in the industries in which YANSAB works, and there is an ongoing competition over talent hunting. YANSAB may not be able to successfully recruit, train or retain the necessary qualified personnel in the future. YANSAB also relies on its executive officers and key personnel. The success of its business is driven by the performance of such officers and key personnel and the ability of YANSAB to retain them. The unexpected loss of executive officers or key personnel could have a substantial and adverse effect on YANSAB's business, Operating results or financial condition. YANSAB may need to offer competitive compensation and other benefits in order to attract and retain key personnel in the future. If YANSAB cannot recruit new qualified personnel to support its business, this could have a substantial and adverse effect on YANSAB's business, Operating results or financial condition.

## RISKS ARISING FROM PENSION OBLIGATIONS

YANSAB has defined benefit pension plans and retirement plan programs, funding and other obligations with respect to such pension or benefit plans in accordance with the rules applicable to the pension plan or its relevant benefits. The calculations of these plans requires the Management to make certain assumptions related to the long-term rate of return on plan assets, discount rates used to measure future obligations and expenses, inflation rates of salary scale, healthcare cost trend rates, mortality and other assumptions. The selection of assumptions is based on historical trends and known economic and market conditions at the time of evaluation. However, these estimates are highly susceptible to change from time to time based on the performance of plan assets, actuarial valuations, market conditions and contracted benefit changes. Adverse changes in estimates, together with results substantially differing from the estimates, might cause a significant increase in YANSAB's obligations or future funding requirements. This could, in turn, have a substantial and adverse effect on YANSAB's Operating results and financial position.

## RISKS ASSOCIATED WITH DIVIDEND

YANSAB has no guarantee concerning dividend or total dividend amount. YANSAB may adopt a change in its dividend policy from time to time without prior notice. Making any resolution related to dividend and total dividend amount is also subject to the discretion of the Board of Directors. Making any recommendation or resolution by the Board of Directors to distribute future dividends depends on several factors, including YANSAB's profits and its previous and expected cash flows, YANSAB's financial obligations, requirements of growth plans and future expansions, analysis of investment opportunity and needs for reinvestment, requirements, cash and capital flows and solvency ratios, in order to develop its revenues and finance investment spending program, and to verify balance between providing funds by self-financing sources or from external financing sources. The dividend depends on the market situation, the general economic climate, and other factors that the Board of Directors deems important.

## RISKS ASSOCIATED WITH THE CONTROLLING INTEREST

SABIC owns 51% of YANSAB's shares, which gives SABIC a majority in voting and management and the ability to control most of the major decisions related to YANSAB, as well as effective control over YANSAB. Any change in SABIC's business strategy or policies for YANSAB may result in unpredictable consequences regarding YANSAB's business. This, in turn, could have a substantial and adverse effect on YANSAB's Operating results and financial position.





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# SECOND: YANSAB'S PERFORMANCE AND BUSINESS:

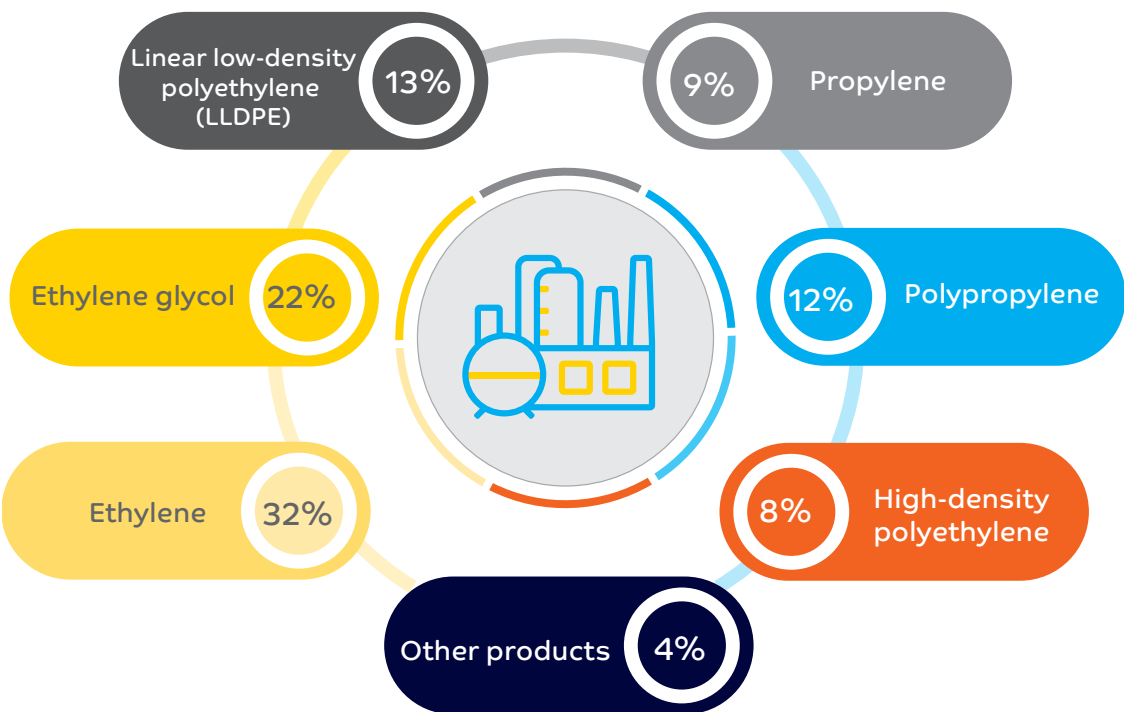
## 1. Operation and Production

During the year 2021 AD, the company faced several challenges in its operational operations, as it announced the scheduled shutdown of some of its factories to conduct preventive maintenance work for the ethylene glycol and olefins plants on January 26, 2021 AD, and on July 11, 2021 AD. These stops mainly led to a decrease in the quantities produced, which amounted to 3,851 metric tons, by 7.5%, compared to the

quantities produced during the year 2020, which amounted to 4,164 thousand metric tons.

(YANSAB) will continue to implement its strategy for growth in the petrochemical industry with benefit to the company's assets and shareholders' equity, while maintaining the highest levels of safety, quality and sustainability.

The following table shows the percentage of product quantities at YANSAB's plants.



Note: Other products include biotin, methyl tert-butyl ether and toluene/ xylene mixture.

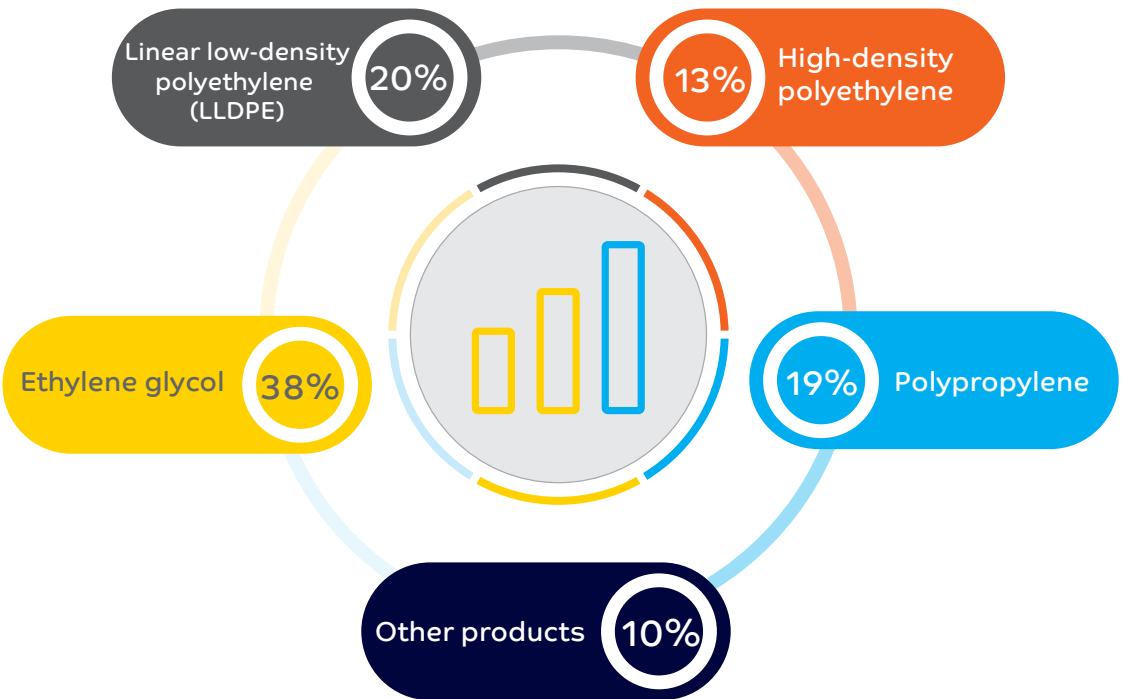
## 2. Sales and Marketing

The amount of sales for the year 2021G was about 2,086 thousand metric tons, compared to the amount of sales for the year 2020, which amounted to 2,169 thousand metric tons, a decrease of 3.8%.

Sales revenues for the year 2021 AD amounted to about 7,408 million Saudi riyals, compared to sales revenues for the year 2020, which amounted to 5,035 million Saudi riyals, an increase of 47%.

(YANSAB) sells its products through SABIC - according to the marketing agreement - which in turn works on marketing these products in all local, regional and global markets, through a committee that reviews market trends, future price expectations, product costs and the adoption of the minimum acceptable price Return on net products.

The following figure shows the percentage of sales revenue by products:

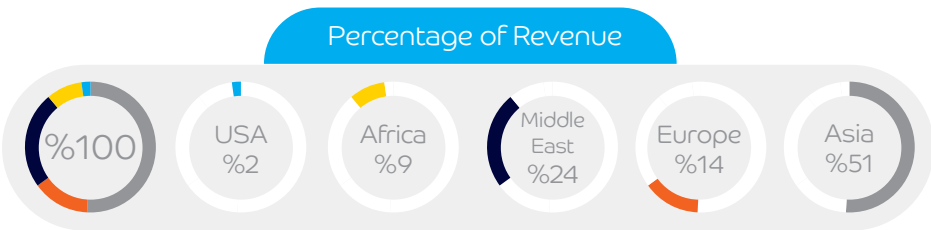
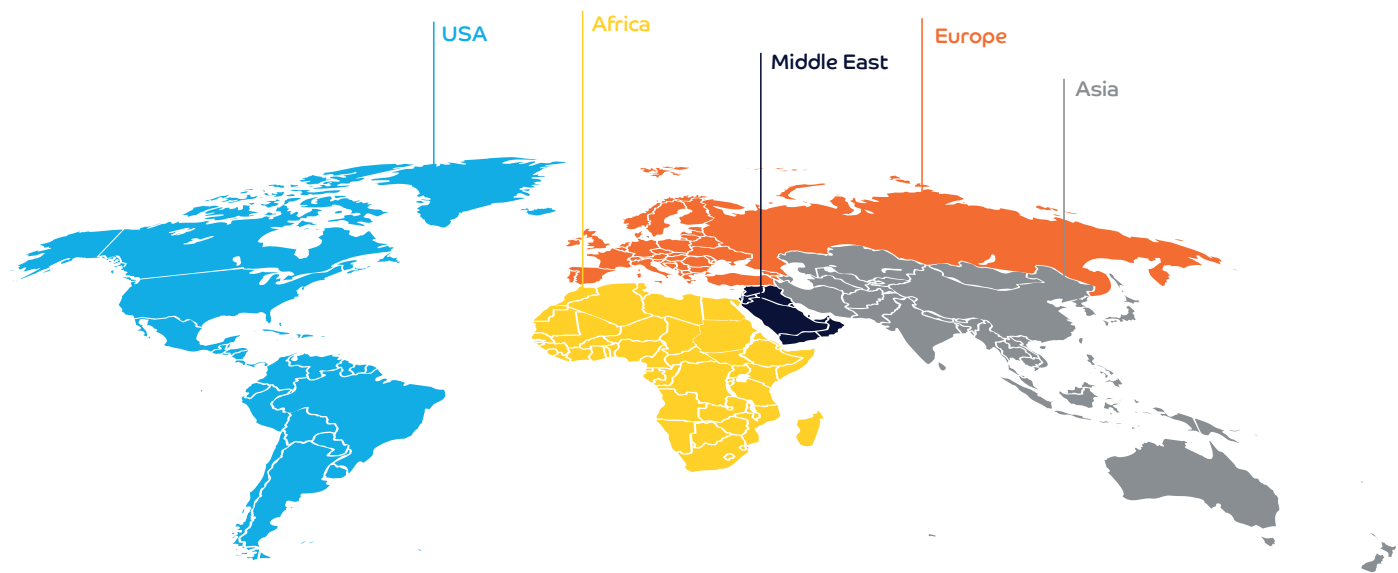


Note: Other products include biotin, methyl tert-butyl ether and mixture of toluene and xylene.



3. Geographical Analysis of Revenues

This graph shows the percentage of revenue based on geographical regions:



المنطقة الجغرافية	النسبة المئوية للإيرادات	الإيرادات (بآلاف الريالات السعودية)
Asia	51%	3,778
Europe	14%	1,037
Middle East	24%	1,778
Africa	9%	667
USA	2%	148
Total	100%	7,408

4. Assets, Liabilities and Business Results

BUSINESS RESULTS (AMOUNTS IN THOUSANDS, SAR)

STATEMENTS	2021	2020	2019	2018	2017
Sales	7,407,725	5,034,940	6,064,834	7,628,470	7,220,906
Cost of sales	(5,253,405)	(3,946,224)	(4,566,563)	(4,763,033)	(4,350,607)
Gross profit	2,154,320	1,088,716	1,498,271	2,865,437	2,870,299
Net profit	1,531,299	677,574	1,089,772	2,413,978	2,376,365

FINANCIAL POSITION LIST (AMOUNTS IN THOUSANDS, SAR)

Statements	2021	2020	2019	2018	2017
Current assets	7,613,672	5,938,074	5,842,703	6,227,525	6,582,991
Non-current assets	10,494,305	11,401,684	12,227,704	12,844,534	13,181,539
Total assets	18,107,977	17,339,758	18,070,407	19,072,059	19,764,530
Current liabilities	1,785,379	1,339,390	1,152,758	1,343,865	2,323,147
Non-current liabilities	1,280,207	1,014,911	774,837	472,499	703,953
Shareholders' Equity	15,042,391	14,985,457	16,142,812	17,255,695	16,737,430
Total liabilities and Shareholders' equity	18,107,977	17,339,758	18,070,407	19,072,059	19,764,530





## 5. Clarification of Substantial Differences in the Operating Results

Item	(Amounts in thousands, SAR)		Changes (+) or (-)	Percentage of change
	2021	2020		
Sales		5,034,940	2,372,785	47%
Cost of sales	(5,253,405)	(3,946,224)	(1,307,181)	33%
<b>Gross profit</b>	<b>2,154,320</b>	<b>1,088,716</b>	<b>1,065,604</b>	<b>98%</b>
Other operating incomes	-	-	-	
Other operating expenses	(503,429)	(361,116)	(142,313)	39%
<b>Operating profit</b>	<b>1,650,891</b>	<b>727,600</b>	<b>923,291</b>	<b>127%</b>

The reason for the increase in operating profit is mainly due to the increase in average selling prices for all products.

Although:

1. A decrease in the quantities produced and sold as a result of the company's factories' stopping, as announced on the websites of the Saudi Stock Exchange (Tadawul) on January 26, 2021 and July 11, 2021.
2. High average cost of manufacturing inputs.

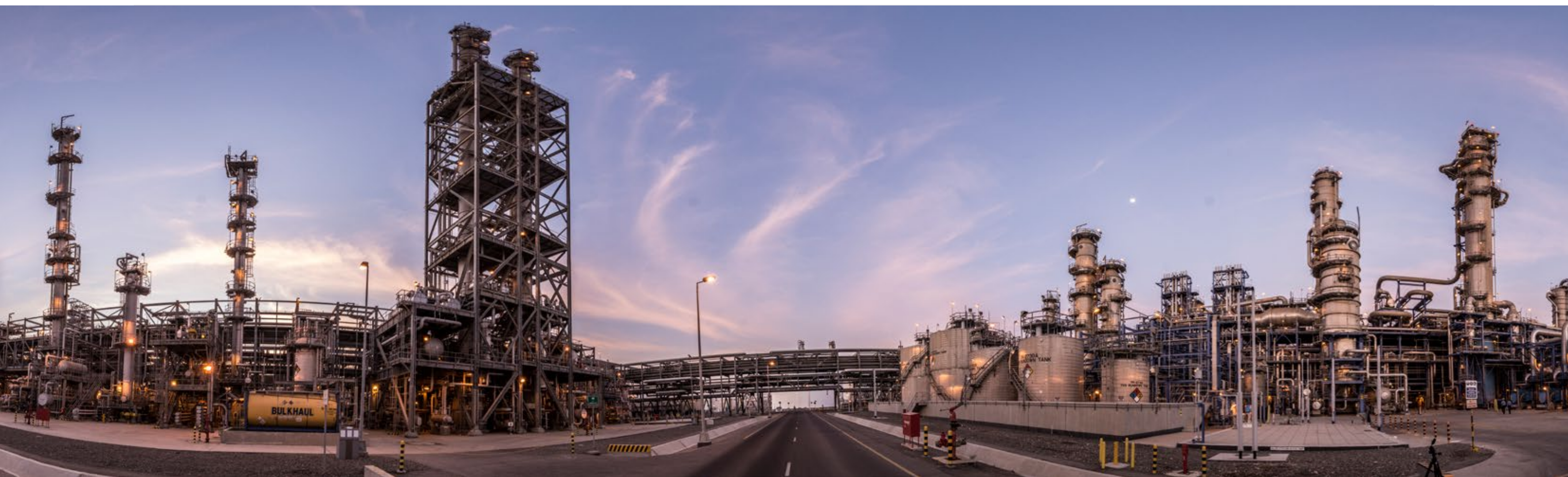
## 6. Paid and Outstanding Statutory Payment

The following table shows the value of the paid and outstanding statutory payment with a brief description of them and their reasons (amounts in thousands, SAR):

Item	2021		Brief description	Reasons
	The Paid	Outstanding payment up to fiscal year end		
Zakat	130,155	203,708	What is paid or charged to the fiscal year pursuant to the regulatory provisions of the General Authority of Zakat and Tax (GAZT) in Saudi Arabia.	The due sums during 2022 will be paid according to the statutory time limit.
General Organization for Social Insurance	56,298	5,287	What is paid or charged to the fiscal year pursuant to the regulatory provisions of the General Organization for Social Insurance (GOSI) in Saudi Arabia.	The due sums during 2022 was paid according to the statutory time limit.
<b>Total</b>	<b>186,453</b>	<b>208,995</b>		

YANSAB registered for the VAT (value-added tax) at (GAZT) and obtained the registration certificate successfully. The VAT will not have a substantial impact on

YANSAB's operations as it is a VAT-group member represented by the Saudi Basic Industries Corporation (SABIC).





# THIRD: ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

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# THIRD: ENVIRONMENTAL, SOCIAL, AND GOVERNANCE PRACTICES:

YANSAB recognizes the pivotal importance of environmental, social, and corporate governance factors to business success in the global marketplace. It is eagerly looking forward to incorporating these factors into its core business strategy to ensure that all of its employees understand the major trends that will affect the company and society over the coming decades, and to find a common approach to addressing the environmental and social governance issues raised by those trends.

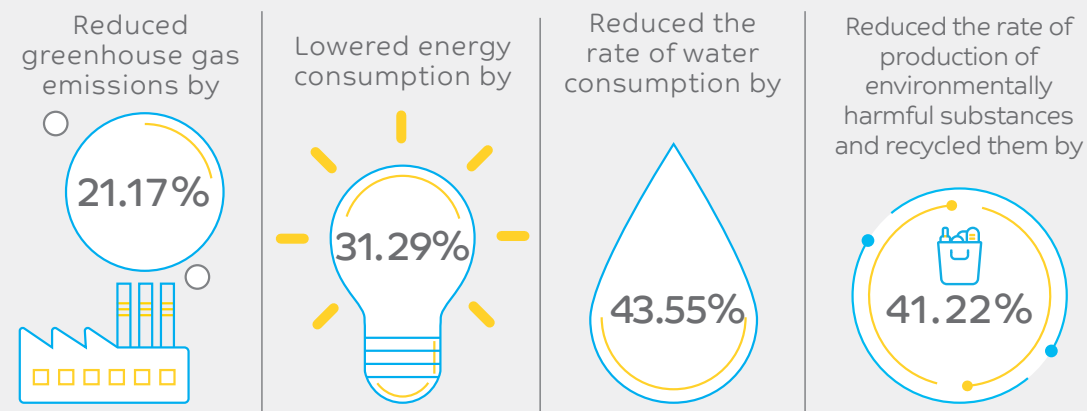
## 1. Sustainability

The principle of sustainability depends on satisfying our needs in the present time, thinking seriously about the future of the coming generations and meeting their special needs while maintaining the integrity of our environment and the natural resources upon which our lives and economy depend. Based on our health, safety, security, environment, and quality policy, YANSAB has adopted, in cooperation with SABIC, sustainability

principles as part of its strategy to develop the operational efficiency of plants, rationalize the consumption of natural resources such as water, electricity, and natural gas, and reduce greenhouse gas emissions.

YANSAB, in coordination with all relevant parties, continued its ongoing efforts, where it organized several workshops to generate new and innovative ideas for sustainability operations, which aim to reduce the consumption of natural resources and optimize operations. Ideas that will enrich YANSAB's sustainability operations were reviewed and discussed As for the year 2021, as planned, there were some factories under general maintenance (the alluvial plant, ethylene glycol plant, and high density polyethylene plant) and there were some challenges to rationing and reducing gas emissions, especially from the olefins plant and gas fuel consumption, which contributed to reducing the emission of gases resulting from combustion and preserving the environment.

With this sustainable effort, the company successfully continued to achieve most of the sustainability and energy goals agreed for the year 2021, compared to the performance indicators for the year 2010, which are represented in the following:



And in implementation of the vision of the Kingdom of Saudi Arabia 2030 To improve and reduce the level of energy consumption according to Standards of the Saudi Energy Efficiency Center (SEEC).

YANSAB has started the second session with new goals and bigger challenges, especially in ethylene glycol plants, HDPE, Biotin-1 and Benzene.

The company has developed a clear action plan to complete the course The second is to achieve its goals in the year 2025.

YANSAB has introduced a new work mechanism to boost energy efficiency. This action is in line with the United Nations' Clean Development Mechanism (CDM), according to the Kyoto Protocol signed by Saudi Arabia. The Kyoto Protocol is a protocol to address global warming.

In this context, YANSAB completed the project of adding the second economizer of steam boilers in the utility unit in 2018, and it was registered with the United Nations as one of the projects that will reduce greenhouse gas emissions.

This contributes to promoting sustainable development in Saudi Arabia by reducing greenhouse gas emissions and conserving fossil fuels. This leads to

the preservation of our natural resources and the environment. Other mechanisms implemented by YANSAB in 2021 included the ongoing implementation of an Energy Management System (EMS), in line with the requirements of the International Organization for Standardization (ISO 50001).

In addition, there is an electronic page on sustainability and energy in YANSAB's local information network, through which all employees can have access to the information, indicators, and courses of action with regards to sustainability and energy in YANSAB. Further, YANSAB built digital monitoring dashboards for each operating unit that display performance indicators for sustainability and energy and are directly linked to the Research Information Management System (RIMS). The EMS team monitors these indicators in order to take appropriate actions in a timely manner in order to raise efficiency and improve performance.

As YANSAB is keen on developing its personnel and strengthening their capabilities, online educational courses and programs on energy and sustainability were delivered at YANSAB, making it the first SABIC affiliate to offer such programs and courses.



## 2. Reliability

YANSAB has been keen, since its establishment, on adopting the strategy of SABIC's Comprehensive Reliability Program, which is based on improving the full performance of YANSAB's assets and fixing the principle of high production rates, which makes reliability one of the main pillars in YANSAB's management of quality and performance assessment. Thus, YANSAB has strengthened this pivotal role of reliability and adopted plans and mechanisms that support these objectives and help achieve them permanently in line with the YANSAB's vision and strategy.

YANSAB firmly establishes the culture of reliability among employees and permanently assert its importance through its ongoing programs, awareness-raising messages and continuous monitoring of performance indicators, and through holding events and programs that reinforce this principle.

YANSAB applied a comprehensive system for managing the life of assets and assessing their life through a systematic process for operating, maintaining and effectively promoting the assets, and setting plans to reduce the cost to achieve the largest revenue return, as well as studying the challenges and managing to overcome them in scientific ways. YANSAB implements approved methodologies and tools of reliability such as reliability-based maintenance, risk-based inspection, preventive equipment systems, and analysis of problems' main reasons. These methodologies play an effective role in increasing plants' reliability and efficiency, which prevent any failure or disruption of production.

YANSAB had a distinguished and effective presence in many SABIC's manufacturing initiatives such as presenting skills and competencies to associates through the (manufacturing service request) portal and reviewing and implementing all the initiatives issued and applicable to YANSAB, including SABIC's 2025 Manufacturing Strategy through the development of a series of comprehensive implementation plans.

The efforts of the past years have culminated in raising the reliability of (Yansab) electricity network succeeded by overcoming it for several fluctuating events of the electricity network without a negative impact on the safety and reliability of assets and production. As well as the completion of the project to provide a power source for the spare engines stored in the company's warehouses for materials Which contributes to increasing the readiness of spare engines when needed.

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YANSAB used fixed asset evaluation program and plans to ensure the safety of fixed assets, the continuity of their work and the improvement of their reliability. This was positively reflected in the harmonization of variables in the field of examination of stationary equipment and pipelines.

Believing that the distinguished capabilities and competencies are the ones that set and achieve goals, YANSAB works systematically and effectively to develop its employees' skills in various technical fields and develop the principles of reliability. YANSAB also endeavors to make them officially adopt the latest international standards in this field. YANSAB has also been keen on making sure that its employees communicate and share their experience with other SABIC's affiliates. Also, YANSAB has been keen on benefiting from the experiences and expertise of those affiliates in the field of reliability and its applications.

YANSAB is also working to enhance its competitiveness, benefit from technological progress, and provide digital solutions that contribute to improving its capabilities in various fields, such as manufacturing, supply chain, innovation, and sustainability. New areas and sectors among these initiatives are:



Extending the use of artificial intelligence in "asset care"



Smart Verification



Work permits are being digitized.



Digitize the operator's factory monitoring tour.

YANSAB is launching similar initiatives that enable it to comply with future goals, including full company coverage, digitization, artificial intelligence, energy optimization, plant efficiency, and others.

## 3. Total Quality

YANSAB, in cooperation with SABIC, carried out a comprehensive review of the Operations Management Procedures System (OMS) in the year 2021, after the company conducted a self-audit during the year to measure the implementation of these updated procedures. This review aims to ascertain the role and effectiveness of the operations management procedures system and to address any deficiencies, if any, or to make improvements and development to this system.

The company has completed all external audits of all its administrative systems represented in Energy Management System Certification (ISO: 50001), Quality Systems (ISO: 9001-2015), Business Continuity (ISO: 22301), Energy (ISO 50001), and Information Security Management Systems (ISO 27001), where all audit programs have been successfully passed. These reviews are conducted annually on the quality systems in YANSAB, which confirm that the company does all its work at various levels in accordance with the approved international standards.

In addition, during the year 2021, the external audit process was continued on the final product of High Density Polyethylene (HDPE) for product no. (P6006). It has been certified by customers in the United States of America according to the standard (NSF-14), Italy (IIP), France (LNE) and Malaysia (SIRIM), where all stages of the production system audit and its quality have been successfully passed. These certifications are important to ensure that the company's products are sold in international markets.

As part of the company's continuous improvement programs, YANSAB has formed an (TAHSINI) committee that deals with all quality principles and continuous improvement of all operations in accordance with the standards of the business management procedures system. Among the tasks of the committee's work for the year 2021 is to hold several workshops using some quality tools such as (5S), which is one of the basic principles of quality and depends on achieving the effectiveness of the work environment. Training courses have also been held for the principles of "Go to Gemba," which are concerned with the effective presence of effective management personnel according to specific criteria.





#### 4. Safety, Environment, Industrial Security and Occupational Health:

YANSAB recognizes the importance of human resources, being the real wealth and the most prominent factors of its success. Therefore, it continuously pays due attention to developing and updating safety procedures to create appropriate working conditions for occupational health, safeguard the environment to protect personnel, preserve its assets from risks, spread environmental awareness in society and abide by responsible care toward sustainability and ensuring business continuity.

YANSAB considers safety culture an integral part of Standards to which you adhere and a lifestyle to live its employees inside and outside the company, whether during working hours or after, the company is always looking for Be the leader in safety.

YANSAB has a trained team ready to deal with all emergencies, in addition to an integrated firefighting unit to deal with fires and emergencies. YANSAB also continuously provides and organizes lectures and awareness-raising campaigns on safety, security, occupational health and environmental protection to raise awareness of all personnel, which contributes to making YANSAB a safe working environment.

YANSAB also trains its personnel in all areas of security and safety, occupational health and the environment to prepare, qualify and develop them to operate and maintain YANSAB's plants safely. YANSAB also has an electronic system through which the personnel of YANSAB report on any situation that may violate security, safety, occupational health or environmental procedures. The system helps classify the case and the degree of its seriousness and enables the administration to follow up with the relevant authority to take the necessary corrective actions, and then the case is studied and analyzed to avoid occurrence in the future.

The company also has an electronic system for employees the company to which any flaws in the procedures should be reported safety and security, occupational health, and the environment, where the system helps classify the condition and its severity through it, the administration follows up with the entity concerned to take the necessary corrective action then study the situation and analyze it to avoid its occurrence in the future.

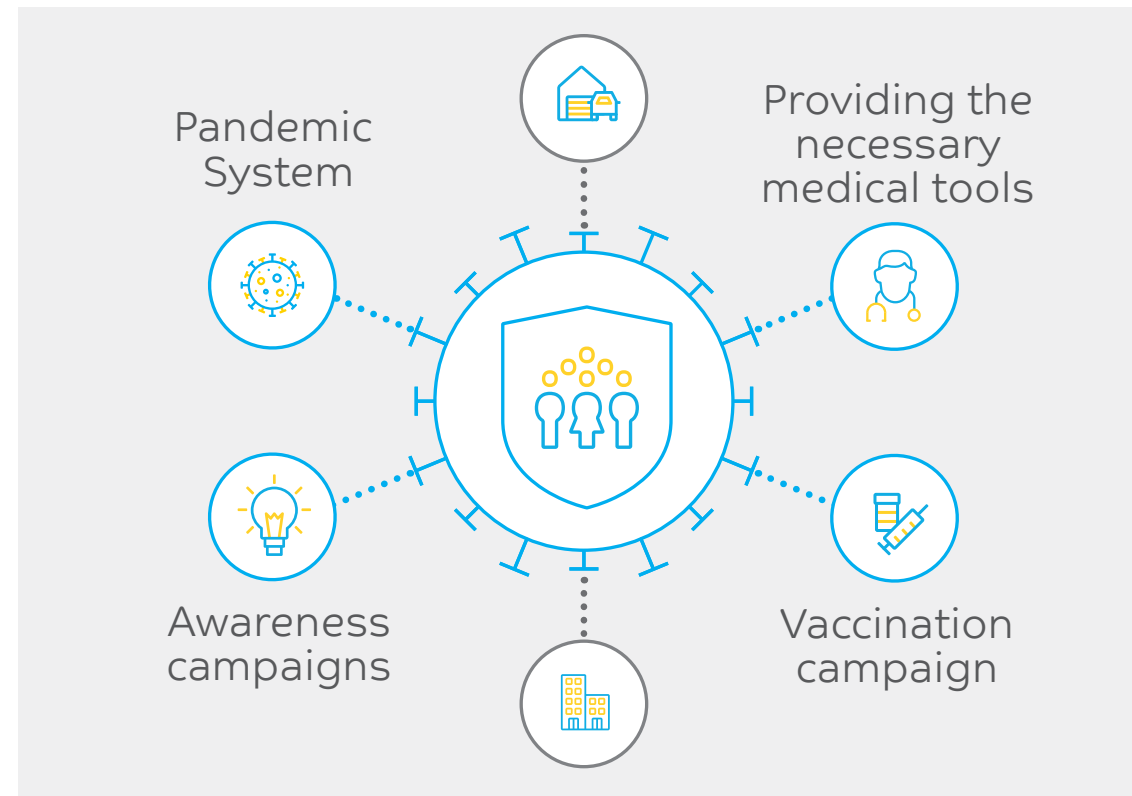
YANSAB pays due attention to its personnel's health by applying the regulations relating to occupational health and the applications that guarantee it, providing all their safety requirements during work, introducing them to the correct methods and tools to perform their work safely, and accurate and continuous follow-up to their health according to the nature of the work and through the plan prepared in advance. YANSAB has designed many occupational health programs and initiatives aimed at enhancing awareness of occupational risks through awareness campaigns, workshops, and various lectures, which contribute to raising the level of occupational health culture among company employees, such as seasonal influenza vaccination campaigns for employees, and workshops on how to reduce the risk of The level of occupational stress, awareness programs, and the application of regulations in the field of occupational health and the applications that guarantee this, providing all requirements for their safety at work.

In pursuit to preserve the environment, YANSAB has set strategic goals for preserving natural resources as well as the existing natural environment and repairing damage if it occurs. Control all emissions to avoid harming the environment and comply with regulatory authority regulations, as the company seeks to reduce the effects that can harm the environment by reducing waste produced through recycling solutions and improving the quality of industrial wastewater to be within the limit that an industrial wastewater treatment facility can treat.





With regard to the Corona pandemic, YANSAB is committed to the precautionary measures and measures and to adhering to the regulations and laws determined by the competent authorities, as the company has taken several initiatives and measures, including:



#### **Pandemic System:**

YANSAB has incorporated the Pandemic Protection System alongside other safety systems in order to deal with any future pandemic in a proactive manner and reduce the resulting damage.

#### **Awareness campaigns:**

The Company continued its awareness campaigns for all its employees, their families, and the community to urge them to take all the necessary measures set by the competent authorities.

#### **Providing the necessary medical tools:**

The Company has been keen on providing the necessary medical and preventive tools for employees within the company and ensuring that they are used correctly inside the company's facilities.

**Vaccination campaign:** YANSAB was the sponsor of SABIC's campaign to vaccinate against the Corona virus (Covid-19) for employees of SABIC companies and their families in the city of Yanbu through its entertainment center, which was fully equipped to provide them with the Corona vaccine, and the company also obligated all its employees to complete immunization against the Corona virus, which is conditional on entering industrial facilities in conjunction with the campaign of the Ministry of Health in the Kingdom of Saudi Arabia and the decisions of the Ministry of Human Resources .

The company also established constructive projects and targeted programs, including:

#### **Environmental safety:**

YANSAB has installed continuous analysis equipment to measure nitrogen oxide emissions and particle emission, to maintain the discharge of artificial waste water through the monitoring system (PI VISION), to maintain air emission and to discharge industrial waste water under specifications laid down by the Royal Commission for Jubail and Yanbu.

#### **The initiative to reduce industrial waste and turn it into secondary products:**

The Company took an initiative to reduce the amount of industrial waste and turn it into secondary products. A specialized team was formed to study all waste lines and work to reduce their quantities. The company was also able to extract some materials from waste lines and turn them into secondary products through recycling operations that are conducted for some industrial waste where they are sold.

#### **YANSAB completed the project of covering the streets and roads of the factory with traffic cameras:**

The company completed the project of providing all the streets and roads of its factories with cameras to follow the traffic movement and link them to the security control room.

#### **Be good, do well Program:**

A program that addresses the lifestyle of employees and their families by highlighting the nutritional, physical, psychological, and work environment aspects. YANSAB launched this program with the participation of highly qualified people in their fields and in cooperation with universities and health and social institutions.

#### **Hypothetical Experiments for Emergency Response:**

Under the supervision of the Executive Management, YANSAB cooperated with Yanbu Area Mutual Aid (YAMA), which includes in its membership several government entities and industrial companies operating in Yanbu, in conducting hypothetical experiments inside the YANSAB in several departments to assess the emergency response capabilities of the personnel who work in the areas relevant to accidents, the efficiency of the Emergency

Communications System (ECS), and the readiness of individuals and equipment. These experiments have had a great impact on promoting the culture of the safety of facilities and personnel.

#### **The Initiative of Safety, Health, Environment and Security Culture (Protection Shield):**

It is a platform that offers programs aimed at maintaining a culture of safety, health, the environment, and security. (Yansab) has completed 11 campaigns related to the culture of safety. Educational programs have also been developed to keep pace with developments and be of high quality, in addition to developing and raising the efficiency of internal campaigns for company employees

**Standard work permits:** YANSAB is one of the first companies at the level of SABIC to implement electronic work permits, as the new unified work permit system has been applied to all of its divisions. The electronic work permit aims largely to raise work readiness, reduce injuries, and facilitate the continuation of dangerous activities.

#### **Safety Training Program (ilmam):**

A distinguished program concerned with training on safety systems in an innovative way, aimed at enhancing safety culture and knowledge, and also including all updates to the procedural safety systems used in the company.

#### **Contractors' Vaccination**

**Monitoring Program:** The Company has monitored YANSAB that all site service contractors have completed receiving doses of the Corona virus vaccine and ensures that their health condition is "immunized" on an ongoing basis through the application of our trust to more than 1,200 service contractors.

#### **Contractors' performance development program:**

which aims to evaluate contractors' performance in the fields of safety, health, security, and the environment, as well as quality. The program seeks to bring contractors' performance towards excellence at all levels through frequent participation, commitment, and vision for both (YANSAB) and contractor management.



5. Investing Human Resources

YANSAB gives due attention to its human resources and nationalization of jobs, as it always conforms to the plans developed by the Board of Directors to employ and develop national cadres. The percentage of Saudis reached 92% for all positions and 100% for leadership positions in the company.

The company's operators and technicians represent the largest segment of the workforce and are the basic building blocks in the company's operations, so YANSAB exerts the utmost care to work on their development and continuous improvement in various fields related to their field of work. Where the company launched its development program (JADEER) , which enables the development of technicians and operators in the company to complement the stage presented by the vocational qualification program in previous years.(JADEER) program that works on refining and developing the skills of employees and ensuring that their skills and knowledge capabilities reach higher, which contributes to qualifying distinguished employees who are capable of to operate and maintain the company's factories safely.

YANSAB continued to implement the early development program for YANSAB's freshly graduated engineers. The program aims to enhance and develop the engineers' basic skills by having on-the-job training and attending tailor-made courses falling within their area of work to achieve the highest level of efficiency and better invest in their employees' skills and capabilities.

The company's Training and Workforce Development Department provided learning opportunities and improved knowledge, skills, and capabilities in the field of digital learning. We succeeded in converting many programs that included direct interaction into digital learning and interaction platforms to mitigate the challenges arising from the outbreak of the new Corona virus. Through the Digital Learning Experience Campaign, a variety of virtual classrooms as well as online learning options are offered, which our employees can easily access.

During the coronavirus pandemic, YANSAB has not stopped developing its employees and has continued to train employees in online classes. Furthermore, YANSAB has developed a Knowledge Club Initiative, a program in which employees share their experiences and knowledge with other colleagues online.

In the same vein, YANSAB is investing in its human resources and qualifying them administratively and technically. YANSAB has integrated the Job Competency Program that includes descriptions of all the jobs in YANSAB, in addition to the required level of professionalism to perform each job, which contributed to identifying and promoting the strengths of the employees occupying these jobs and figuring out and developing weaknesses with an integrated system of training tools in various administrative and technical fields during 2021.

A new unified human resources platform has been launched, which aims to manage human resources and all related issues such as recruitment, performance, and competency management.

YANSAB is also keen on benefiting from the employees' expertise and skills by adopting a development and innovation policy that encourages and motivates employees to provide innovative ideas and methods that help improve operational and production processes, extend the useful life of the equipment, contribute to saving energy and time, or contribute to protecting the environment and raising safety levels to make YANSAB a safer work environment. YANSAB also pays due attention to motivating its employees by providing incentives for suggestions and ideas contributing to development and innovation.

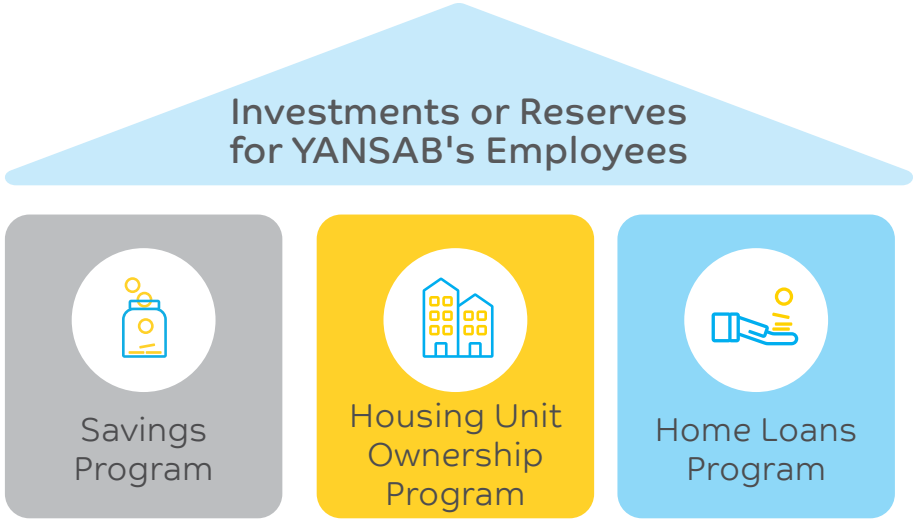
YANSAB also assesses its annual meeting with employees, which reviews YANSAB's goals and performance, receives employees' opinions and inquiries, and discusses several topics of concern to employees, such as safety, training, development, work environment, housing ownership programs, housing loans, and other topics.

In the area of services provided to the community, YANSAB has developed a project for the Saudization of contractors' jobs in cooperation with SABIC, the Royal Commission for Jubail and Yanbu, and in partnership with the Human Resources and Development Fund (HRDF) and the contractors.

YANSAB also welcomes some college and university students desiring to enroll in the cooperative training program to complete their academic requirements for graduation.

6.Investments or Reserves for YANSAB's Employees

YANSAB is keen on securing the future of its Saudi employees and achieving job security for them through the adoption of several incentive programs, including:



- a) Savings Program**

YANSAB has adopted a savings program aimed at encouraging its Saudi employees to save in a way that ensures increasing their income and contributing to securing their future according to the determined program.

(According to the determined program, YANSAB has adopted a savings program aimed at encouraging its Saudi employees to save in a way that ensures their income increases and contributes to securing their future.)
- b) Housing Unit Ownership Program**

YANSAB aims to provide an opportunity for Saudi employees who meet the requirements for housing unit ownership for accommodation purposes. YANSAB granted its employees 214 housing units during the previous years and started construction on 152 housing units and is expected to finish them by 2022
- c) Home Loans Program**

YANSAB provides soft loans for home ownership to its Saudi employees, according to the approved terms and conditions for obtaining a one-time, interest-free loan during their working life at YANSAB. YANSAB granted 147 loans during the previous years, and YANSAB will continue in the Home Loans Program.

The following table shows the investments or reserves created by YANSAB for the benefit of its employees as of December 31, 2021 compared to the previous year (amounts in thousands of Saudi riyals):

Item	2021	2020
End-of-Service Benefits	1,020,462	772,968
Savings Program	47,713	31,402
Loans and home ownership	137,332	141,565
Retirement program and other benefits	2,144	1,593
Total	1,207,651	947,528



## 7. Social Responsibility

YANSAB is keen on assuming its social responsibilities properly. Therefore, YANSAB seeks to establish strong and lasting relationships with the community and ensures that the programs it provides have tangible and positive economic and social benefits in line with YANSAB's ambitions and resources, global issues, and societal needs, following the company's social responsibility policy approved by the General Assembly. The following is a brief overview of the activities, events, and programs that YANSAB contributed to during 2021:

### YANSAB's Social Contribution Throughout Covid-19 Pandemic:

YANSAB has made many contributions and initiatives since the start of the pandemic, including the following:

- Supplying coronavirus testing devices to the competent health authorities in Yanbu, which enabled them to do the test within 3 hours instead of taking two days, which had a positive impact on the community in which we work.
- Provide medical tools to the competent authorities, which contributed to a rapid response to the pandemic.

- Allowing employees to work remotely (from home), which helped to protect employees and their families while also providing the necessary technical support, such as providing laptop computers and improving technical technologies to allow employees to perform their duties without difficulty.
- Reviewing and evaluating the status of contracting employees working in the company in terms of their housing situation and precautionary measures in coordination with the competent authorities to address any deficiencies that may lead to the Corona virus (Covid-19) outbreak.

### Support Madinah Autism Centre :

Through its social responsibility policy, the company seeks to establish strong and lasting relationships with the community in which it operates by focusing on the areas of community development, education, training, and health. The company continued its contribution and support to the "Tamkeen Comprehensive Center for Autism" in Madinah, one of the initiatives of the Madinah Autism Association (Tamkeen) to enhance its role in serving people with disabilities and people with autism, helping them integrate into education and society, and increasing their opportunities in the labor market.

This step comes within the framework of our commitment to human health as one of the pillars of our social responsibility strategy, one of the objectives of Saudi Vision 2030, and a continuation of our programs that focused on supporting and developing institutional initiatives aimed at achieving a positive and sustainable impact in terms of increasing the efficiency of ways to deal with autism.

This will contribute to the development of the center's programs and capabilities in diagnosis, early intervention, treatment plans, and vocational rehabilitation, enhancing its role in providing advisory services and in



spreading awareness about autism among members of society, in addition to expanding research and studies and attracting and training specialized cadres, according to the best and latest international practices.

The Tamkeen Comprehensive Autism Center is one of the initiatives of the Madinah Autism Association for Autism (Tamkeen) aimed at providing specialized programs in its field, which include physical and occupational therapy, sensory integration, speech and language therapy, improvement of daily and social skills, and general behavior of the patient in the surrounding environment, as well as accommodation services. Health and physical care for the beneficiaries.

In the presence of His Royal Highness (Prince Faisal Bin Salman Bin Abdulaziz), Governor of Al-Madinah Al-Munawwarah region, His Excellency the Minister of Human

Resources, Eng. Ahmed bin Sulaiman Al-Rajhi, and the project's founding partners, including YANSAB, the comprehensive Tamkeen Center for Autism was opened, which provides integrated services for those under the umbrella of the Autism spectrum. Below is a summary of the center's work during the year 2021:

- Commencement of building equipment
- 8 clinics for in-depth diagnosis and evaluation
- 8 speech and language therapy clinics
- There are seven psychiatric clinics.

The center began receiving cases gradually, starting in August 2021, when the total number of beneficiaries enrolled in the program reached 38.

- Providing treatment plans with tools, assessment standards, and global approaches.
- Counseling sessions for the parents of the children





**National Day 91:**

Our national day is a vibrant culture, blended with high-level passion and strong will. With traditional patterns of identity; On Saudi National Day (91), we see support for the growth and modernization of our country, a modern renovation of our belonging, and a living inspiration for the spirit and essence of the nation's happiness.

YANSAB held its annual celebration of National Day (91) online through modern technology means. The celebration included Several programs that establish the concept of citizenship and loyalty to this country and its wise leadership, and highlight the role of leadership in their attention to all citizens and residents in this country during the pandemic period, to return the favor to our country and its leaders who put the citizen at the core of all development plans and development work, and provided them with ways of pride, empowerment, security and sustainability.

**YANSAB Family Initiative:**

This initiative aims to foster social networking with YANSAB's employees to achieve one of our core values; "engagement" which reflects our concern for our human resources. The key programs of this initiative include:

- Immediate communication of employee cases through communication programs between management and employees.
- A campaign to vaccinate employees and their families against the Corona virus (Covid-19).

**SABIC Safety Campaign 2021 in Yanbu:**

YANSAB participated in the SABIC Safety Campaign, which was held in Yanbu, where a number of its employees participated in this campaign, which lasted for 3 weeks and was aimed at clarifying the importance of the employee in maintaining his safety and the safety of those around him. It's all about safety, being a strong representation of SABIC's values, being assertive in whatever you see as inconsistent with those values, and you have the power to even stop the work, if necessary. "This is part of our CEO's message on safety, which is the first section of the campaign, followed by: indoor safety, safety from falls, slips, and trips, safety when handling chemicals, hazard recognition, home safety, and personal protective equipment.

The (SABIC) safety campaign in Yanbu contributed to raising awareness of the environment, health, safety, and security by implementing practical demonstrations of the potential consequences resulting from non-compliance with environmental, health, safety, and security policies and applicable life-saving rules, and the campaign targeted front-line employees, as well as employees of companies and departments. Government in Yanbu.





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# FOURTH: CORPORATE GOVERNANCE:

## 1. Corporate Governance

YANSAB adopts good corporate governance practices in accordance with the regulations and rules of governance issued by regulators and with international principles and best practices of governance. This is because YANSAB has set the general framework for its governance that includes a set of regulations and policies through which the roles and responsibilities are defined, and advise on how to make and undertake decisions and control over their implementation in light of the transparency rules that achieve accountability and enhance adequacy of performance, based on the relevant laws and

regulations. The Board of Directors monitors the implementation of Governance Laws to verify the integrity and accuracy of application to ensure compliance with the best practices of governance, and to ensure the adoption and application of the best global systems in terms of control and commitment, which guarantees employees, investors and stakeholders' rights and shareholders' equity alike.

YANSAB applies the provisions of the Corporate Governance Regulations issued by the Capital Market Authority except for the following paragraph:

Article /Clause No.	Provision of Article/Clause	Reason
Article 95: Formation of a Corporate Governance Committee	In the event that the Board of Directors forms a committee specialized in Corporate Governance, then it shall be entrusted with specialties established under Article 94 of the Regulations. This committee should follow up with any topics related to the applications of governance and provide the Board of Directors with the reports and proposed recommendations at least annually.	Based on Article 50 of the Corporate
		Governance Regulations, which stipulates that the Board of Directors shall form specialized committees according to YANSAB's need, circumstances and positions, to enable YANSAB to perform its duties effectively, the Board deems the formation of a specialized committee on Corporate Governance infeasible, because the actions of the Board and the committees are of the main components of governance, each of which contributes to achieving its goals. Therefore, restricting the applications of governance to a committee is deemed a violation to the application of Governance Principles.

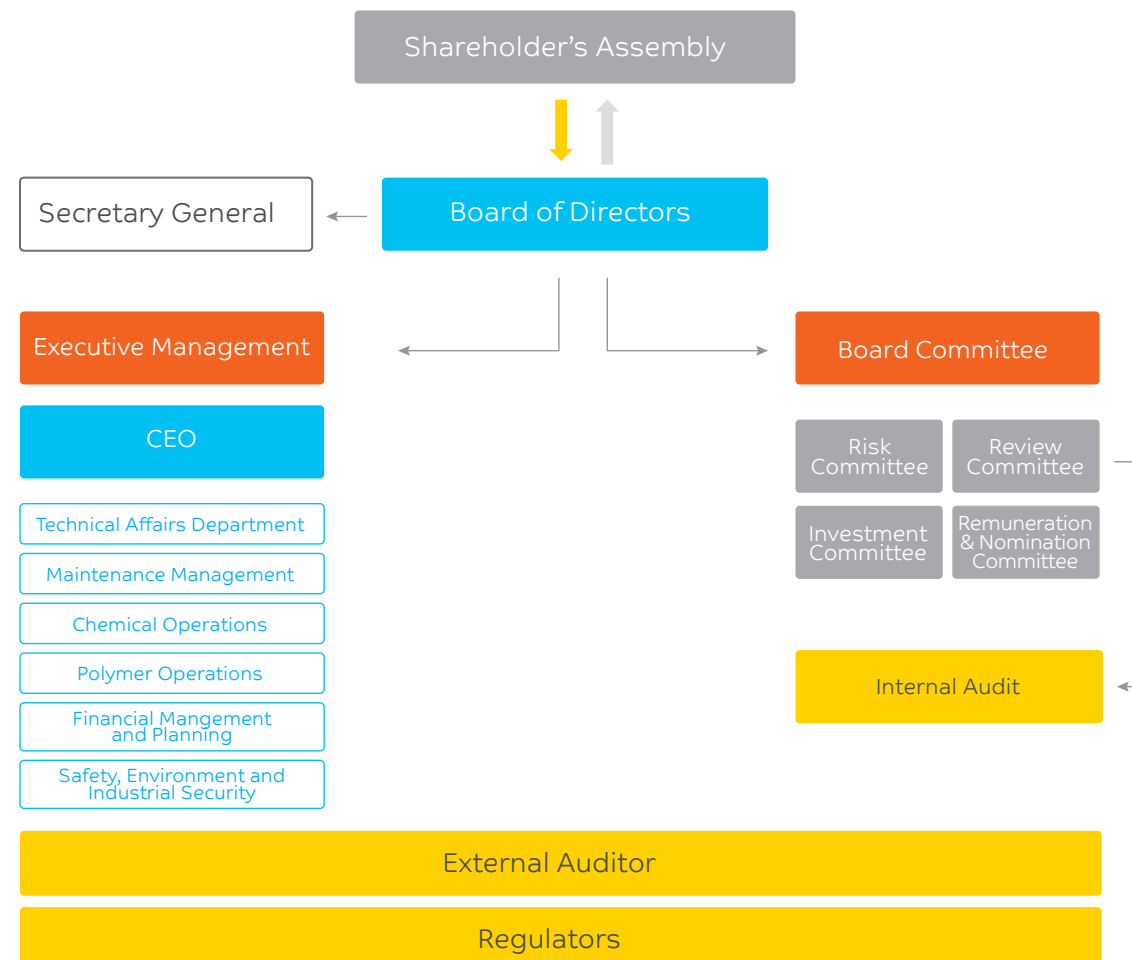
## 2. Shareholders

YANSAB is committed to achieving the principle of shareholders' rights protection to ensure fairness and equality among them in providing the appropriate information at the right time. YANSAB informs its shareholders and investors of its performance and activities during the year through the annual report of the Board, and also keeps them updated with any significant developments that may occur and affect its financial position and business, in a way that does not affect its competitiveness, through Tadawul's website, its website, and other means of communication with the aim of helping investors make investment decisions based on correct and adequate information, and ensuring that information is not leaked to some investors without others and that all beneficiaries have equal opportunities to access information. YANSAB is strictly and keenly committed to implementing the policies and procedures for disclosing the essential developments, relevant events, financial statements and performance reports

in accordance with the legal requirements, the applicable regulations and instructions received from the competent authorities. YANSAB is also keen on handing over its shareholders their due dividends by reminding them of the need to update their data and making sure to link their Bank accounts' numbers to Tadawul's portfolios in order to ensure the deposit of their profits without delay. YANSAB's shareholders can inquire about unpaid dividends through YANSAB's website.

YANSAB is keen on regular disclosure on Tadawul's website about the relevant events, substantive developments and financial statements, in accordance with the provisions governing disclosure and transparency, and making them available to shareholders, investors and stakeholders. During the fiscal year ended on 31 December 2021, YANSAB posted 15 announcements. The following table shows the topics of the announcements and the date of posting:

No.	Date of Posting	Topic of announcement
1.	January 20, 2021	YANSAB announces the preliminary financial results for the period ended on December 31, 2020 (twelve months).
2.	January 26, 2021	Yanbu National Petrochemical Company (YANSAB) announced the scheduled suspension of some of the company's factories to carry out preventive maintenance work.
3.	February 15, 2021	Yanbu National Petrochemical Company (YANSAB) announced the latest developments on the scheduled suspension of some of the company's factories to carry out preventive maintenance work.
4.	February 22, 2021	Yanbu National Petrochemical Company (YANSAB) announced the latest developments on the scheduled suspension of some of the company's factories to carry out preventive maintenance work.
5.	February 25, 2021	Yanbu National Petrochemical Company (YANSAB) announced the latest developments on the scheduled suspension of some of the company's factories to carry out preventive maintenance work.
6.	March 1, 2021	YANSAB announces the annual financial results for the year ended on December 31, 2020 (twelve months).
7.	March 8, 2021	YANSAB announces the invitation of shareholders to attend the Extraordinary General Assembly Meeting (First Meeting) through modern means of technology.
8.	March 31, 2021	YANSAB announces the results of the Extraordinary General Assembly Meeting (First Meeting) through modern means of technology.
9.	April 18, 2021	YANSAB announces the preliminary financial results for the period ended on March 31, 2021 (three months).
10.	June 17, 2021	Yanbu National Petrochemical Company (YANSAB) announces the decision of the board of directors to distribute cash dividends to shareholders for the first half of 2021.
11.	July 11, 2021	Yanbu National Petrochemical Company announces a temporary suspension of the company's factories for maintenance work.
12.	July 25, 2021	Yanbu National Petrochemical Company (YANSAB) announced the latest developments on the temporary suspension of the company's factories for maintenance work.
13.	July 25, 2021	YANSAB announces the preliminary financial results for the period ended on July 30, 2021 (six months)
14.	October 18, 2021	YANSAB announces the preliminary financial results for the period ended on September 30, 2021 (nine months).
15.	December 23, 2021	YANSAB announces Board's recommendation to distribute cash dividends to shareholders for the second half of 2021.



### 3. Shareholders Registers

During the fiscal year ended on 31 December 2021, YANSAB requested the Shareholders Registers seven (7) times, and the following table shows the dates of requesting the Shareholders Registers and the reasons for requesting:

Register Date	The Reason
04/01/2021	Company procedures
30/03/2021	The 13th Ordinary General Assembly
01/04/2021	Dividends Record
05/07/2021	Dividends Record
29/09/2021	Company procedures
30/09/2021	Company procedures
17/10/2021	Company procedures

### 4. General Assemblies

The following table shows the date of the General Assembly of shareholders held during the fiscal year ended on 31 December 2021 and the names of the Board members present in this Assembly, as follows:

the Board member	The Ordinary General Assembly 17/08/1442 H equivalent 30/03/2021
ENG. Abdulrahman Ahmed Shamsaddin	Attended
ENG. Majed Abdulelah Nouraddin	Attended
MR. Ibrahim Mohammed Al-Saif	Attended
DR. Ahmad Abdullah Al-Meghames	Attended
MR. Khalid Bin Ibrahim Al-Rabiaah	Attended
ENG. Sameeh Soliman Al-Sahafi	Attended
ENG. Faisal Moead Albahair	Attended

### 5. Board of Directors

The Board of Directors assumes setting and reviewing the overall policies and procedures of YANSAB, including the main corporate objectives, strategic plans and overall key performance indicators. The Board also approves YANSAB's annual business plans and budgets and ensures the availability of financial and human resources required to implement these plans. In addition, the Board bears the full responsibility for identifying the optimal capital structure for YANSAB, major capital expenditures, as well as asset ownership and disposal decisions. The Board also oversees the implementation and monitoring of internal control systems.

The Board of Directors consists of seven members with the expertise required for managing the YANSAB's business. During

the 12th Ordinary General Assembly meeting on 15 March 2020, the Board members shall be appointed for three years as of 16 March 2020 for the fifth session (2020-2023) pursuant to Article 17 of the company's Articles of Association, which reads as follows: "YANSAB is managed by a Board of Directors consisting of seven (7) members elected by the Ordinary General Assembly for a term of three years. The Saudi Basic Industries Corporation (SABIC) shall have the right to appoint or nominate four (4) members including the Chairman of the Board and the Vice Chairman of the Board". The independent Board members were elected according to the cumulative voting while SABIC nominated four members. The following table shows the names and membership classification of the current Board members:

Member Name	Membership Classification	Member Position
Abdulrahman Ahmed Shamsaddin	Non-executive Member	Chairman
ENG. Majed Abdulelah Nouraddin	Non-executive Member	Vice Chairman
MR. Ibrahim Mohammed Al-Saif	Independent Member	Board Member
DR. Ahmad Abdullah Al-Meghames	Independent Member	Board Member
MR. Khalid Bin Ibrahim Al-Rabiaah	Independent Member	Board Member
ENG. Sameeh Soliman Al-Sahafi	Non-executive Member	Board Member
ENG. Faisal Moead Albahair	Non-executive Member	Board Member



Current and Former Positions, Academic Qualifications and Experience of Board and Committees' members:



**ENG. Abdulrahman Ahmed Shamsaddin**  
Chairman of the Board  
Chairman of Investment Committee

#### Current position

CEO of SABIC Agri-Nutrients.

#### Former Positions and Work Experience

- SABIC Executive Vice President, Shared Services.
- Vice President of Internal Audit at SABIC.
- General Manager of Risk Management at SABIC.
- General Manager of Continuous Improvement at SABIC.
- General Manager of Manufacturing Services at SABIC.
- Manager of Maintenance Projects Management at SABIC.
- Operations General Manager at IBN RUSHD.
- Engineering Processing Manager at SAMREF.
- Manager of Project Management at SAMREF.
- Manager of Maintenance Management at SAMREF.
- Supervisor of Inspection Department at SAMREF.
- Materials' Technical Engineer at SAMREF.

He was a member of SABIC's risk management executive committee, secretary of SABIC's risk and compliance committee, member of the finance leadership team, and leader of many global projects and initiatives. He was responsible to the audit committee of the board of directors for the internal audit management of the company. He has participated in several leadership missions, was a member of the strategy and governance frameworks teams, and is one of the first graduates of SABIC's leadership challenge program. He has a B.Sc. degree in Applied Mechanical Engineering.

Eng. Abdulrahman Ahmed Shamsaddin is also experienced in operational and administrative fields, safety of work procedures, efficiency of performance and reliability, engineering and project management, maintenance and operations at refineries and petrochemical plants.

He has a B.Sc. degree in Applied Mechanical Engineering.



**ENG. Majed Abdulelah Nouraddin**  
Vice Chairman  
Audit Committee member

#### Current position

General Manager of Planning and Performance Improvement, SABIC (Petrochemicals Industry)

He also holds several other positions, including Board Member, Al-Jubail Fertilizer Company (AlBayroni), and Board Member, ArcelorMittal Tubular Products Jubail.

#### Former Positions and Work Experience

- General Manager of Planning and Performance for the Manufacturing Sector Company (SABIC).

- General Manager of Economics & Business Support, SABIC (Agri-Nutrients Industry)
- General Manager of Economics & Business Support, SABIC (Specialized Chemicals Industry)
- Managing Director of Economics & Business, SABIC (Chemicals Industry)
- Finance Director and Board Secretary, YANSAB
- Head of Treasury Department, YANSAB

Eng. Majed is also experienced in project management, financial management, economics and business administration. He holds two master's degrees in project management and executive business administration, and a bachelor's degree in industrial engineering.



**DR. Ahmad Abdullah Al-Meghames**  
Board Member  
Chairman of Remuneration and Nomination Committee.

#### Current position

Secretary-General of Saudi Organization for Certified Public Accountants.

#### Former Positions and Work Experience

- Board Member and Chairman of Audit Committee, National Shipping Company of Saudi Arabia (Bahri)
- Member of Audit Committee, Saudi Telecom Company
- Member of Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

- Vice Chairman, Committee for Development of Accounting Remote Bodies, International Federation of Accountants
- Associate Professor, King Saud University
- Lecturer, King Saud University

Dr. Ahmad holds a PhD in accounting, master's degree in accounting, and bachelor's degree in accounting. He holds a Fellowship of the Saudi Organization for Certified Public Accountants SOCPA.





**MR. Ibrahim Mohammed Al-Saif**  
Board Member  
Chairman of Audit Committee  
Member of Investment Committee

#### Current position

Board Member of Al BARRAK Industrial Group

#### Former Positions and Work Experience

- Assistant Governor for Investment, General Organization for Social Insurance (GOSI).
- General Manager of Financial Investments, GOSI.

Mr. Ibrahim is also experienced in the fields of investment, economy, establishment of companies, membership of company boards, committees, and many international associations and groups in the field of investment and economy. Mr. Ibrahim holds Master's degree in Economics.



**MR. Khalid Ibrahim Al-Rabiaah**  
Board Member  
Chairman of Risk Committee  
Member of Investment Committee

#### Current position

Founder and head of Khalid Al-Rabiaah financial consulting.  
Chairman of the audit committee of the International Water and Energy Works Company (AQWAPOWER).  
Member of the board of Directors of the Tunisian-Saudi bank.  
Member of the board of Directors of Abdullah Al Othaim investment company.  
Member of the board of Directors of Al Sharq integrated pipes company for industry.  
Chairman of the audit committee of the Saudi district cooling company.

#### Former Positions and Work Experience

- Chairman of the Board of Directors of the Saudi Stock Exchange (Tadawul).
- CEO of Methanol Chemicals Company (Chemanol).
- Vice President for Finance, Saudi Arabian Amiantit.
- Advisor to the Ministry of industry and Mineral Resources.

Mr. Khalid has extensive experience in the field of strategic and financial planning and business development. He holds a bachelor's degree in accounting from the University of Toledo, America.



**ENG. Sameeh Soliman Al-Sahafi**  
Board Member  
Risk Committee Member

#### Current position

CEO of Saudi Yanbu Petrochemical Company (YANPET).

#### Former Positions and Work Experience

He worked at (SAMREF) in the Department of Electrical and Technical Engineering, and was responsible for electrical maintenance and project planning. Then, he moved to work at (YANSAB) Company and in the hierarchy

through several positions, including Senior Manager of Reliability, General Manager of Technical Affairs, General Manager of Chemical Operation, CEO of YANSAP and CEO of (IBN RUSHD) Company and worked on Ibn Rushd transformation project.

He is experienced in project and technical affairs, maintenance, technology and operations in petrochemical companies. Eng. Sameeh holds a bachelor's degree in power engineering and electric motors.



**ENG. Faisal Moead Al-Bahair**  
Board Member  
Member of Remuneration and Nomination Committee  
Member of Investment Committee

#### Current position

Vice Chairman of the Local Content and Business Development Unit, SABIC.  
Board member in a number of companies.  
CEO of Nusaned Investment.

#### Former Positions and Work Experience

Prior to appointment to his current position in the Local Content Unit, he served as a General Manager of Investment Management and Market Studies for the Petrochemical Sector in SABIC.

Eng. Faisal holds a bachelor's degree in chemical engineering, and has completed many professional courses in management, finance, internal auditing, inventory management, marketing, and operational and strategic planning.





**MR. Khalid Ali Al-Qarni**  
Member of Audit Committee

#### Current position

Vice President of Global Finance Reporting & Controllershship at SABIC.  
Board Member in several companies as follows:  
Arab Industrial Fibers Company (IBN RUSHD) and Member of Audit Committee.  
Board Member, Sinopec (SABIC) Tenjin Petrochemical Co. Ltd  
Board Member and Audit Committee Member, Industrialization & Energy Services Company (TAQA)  
Board member and Audit Committee  
Member, Gulf One Capital BSC (closed)  
Member of Supervisory Board, SABIC Capital B.V.

#### Former Positions and Work Experience

- Global Finance Controller at SABIC
- Partner, Deloitte Middle East.

Mr. Khalid has an extensive international experience in financial accounting and Controllershship  
Mr. Khaled holds a bachelor's degree in Accounting, and he is a certified chartered accountant who holds associate degree certificate (CPA) from SOCPA.



**MR. AlWaleed Fahd Al-Senani**  
Member of Remuneration and Nomination Committee.

#### Current position

Executive Director of Corporate Governance, SABIC.  
Audit Committee Member, Saudi Kayan Petrochemical Company

#### Former Positions and Work Experience

- Executive Director of Corporate Governance (SABIC)
- Several functions and tasks in CMA, including: Corporate Governance Director; Risk Management Director

- Faculty Member at Accounting Department, College of Business Administration at Prince Sultan University
- Mr. Al-Waleed is also experienced in the organizational and applied field of corporate governance.

He holds a bachelor's and a master's degrees in accounting plus a master's degree in commerce, in addition to many certificates of executive leadership programs.



**MR. Thamer Abdullah Al-Hamoud**  
Member of Risk Committee

#### Current position

Manager of Legal Affairs, Compliance and Governance, and Board Secretary at Al Ra'idah Investment Company.  
He is also a member of the Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO), a member of Remuneration and Nomination Committee and a member of Governance and Risk Committee.

#### Former Positions and Work Experience

- Manager of CMA Board Decisions and Instructions Unit, Department of Legal Advisory, CMA.
- A seconded legal adviser at the Norton Rose Fulbright Law Firm, London, UK.
- Legal Adviser, Saudi Food and Drug Authority.

Mr. Thamer holds a bachelor's degree in Law and a master's degree in Financial Law and Securities.



**ENG. Mohammed Ali Bazaid**  
Member of Investment Committee  
Secretary-General of Remuneration and Nomination Committee

#### Current position

CEO of Yanbu National Petrochemical Company (YANSAB)

#### Former Positions and Work Experience

He worked at Saudi Yanbu Petrochemical Company (YANPET), and rose in the hierarchy through several technical and leadership positions, the most recent of which was General Manager of Maintenance, then he moved to work in Arabian Industrial Fiber Company (IBN RUSHD) as the General Manager of Technical Affairs, then General Manager of Operation, then President of (IBN RUSHD), then moved to be the President of

YANSAB.

Eng. Mohammed is experienced in operation and maintenance, project planning and management, and technical and reliability affairs in the petrochemical sector.

He holds a bachelor's degree in mechanical engineering in addition to certificates of many specialized courses in finance, management and executive leadership from major business and management institutes.



The following table shows the membership of boards of directors inside and outside the Kingdom of Saudi Arabia:

Name	Current memberships of boards or directorship inside or outside KSA	Former memberships of boards or directorship inside or outside KSA
ENG. Abdulrahman Ahmed Shamsaddin	YANSAB's Chairman of Board, CEO of SABIC Agri-Nutrients.	Marafiq Company and Maaden Phosphate Company.
ENG. Majed Abdulelah Nouraddin	YANSAB, Al-Bayroni, ArcelorMittal Tubular Products Jubail.	N/A
MR. Ibrahim Mohammed Al-Saif	Yanbu National Petrochemical Company (YANSAB) Al BARRAK Industrial Group.	Savco company, Bank AlJazira, Samba Financial Group, Telecommunications company (Mobily), Dur Hospitality, Gulf Tourism Company and Rajhi Steel
DR. Ahmad Abdullah Almaghamis	Yanbu National Petrochemical Company (YANSAB).	Board member of the National Shipping Company of Saudi Arabia (Bahri)
MR. Khalid Bin Ibrahim Al-Rabiaah	Yanbu National Petrochemical Company (YANSAB), International Water and Energy Company (ACWAPOWER), Tunisian Saudi bank.	Saudi Stock Exchange (Tadawul), Al Jazeera Support Services Company,
ENG. Sameeh Soliman Al-Sahafi	Yanbu National Petrochemical Company (YANSAB).	N/A
ENG. Faisal Moead Albahair	Yanbu National Petrochemical Company (YANSAB), Al-Razy Company and United Company, The Saudi Industrial Investments Company.	N/A

6. Board Meetings and Attendance Record for Each Meeting

The Board of Directors held five meetings during the fiscal year ending on 31/12/2021. The following table shows the attendance record of each member of the Board meetings and their dates:

Member Name	Attendance Record for 2021					Total
	1 <sup>st</sup> Meeting 28 February	2 <sup>nd</sup> Meeting 30 March	3 <sup>rd</sup> Meeting 17 July	4 <sup>th</sup> Meeting 8 September	5 <sup>th</sup> Meeting 23 December	
ENG. Abdulrahman Ahmed Shamsaddin	Attended	Attended	Attended	Attended	Attended	5
ENG. Majed Abdulelah Nouraddin	Attended	Attended	Attended	Attended	Attended	5
DR. Ahmad Abdullah Al-Meghames	Attended	Attended	Attended	Attended	Attended	5
MR.Ibrahim Mohammed Al-Saif	Attended	Attended	Attended	Attended	Attended	5
MR. Khalid Bin Ibrahim Al-Rabiaah	Attended	Attended	Attended	Attended	Attended	5
ENG. Sameeh Soliman Al-Sahafi	Attended	Attended	Attended	Attended	Attended	5
ENG. Faisal Moead Albahair	Attended	Attended	Attended	Attended	Attended	5

7. Brief Description of the Board Committees’ Competences and Duties

The Board of Directors has formed several committees, and has offered a recommendation to the General Assembly to form the Audit Committee, that play a significant and essential role to help carry out its statutory duties in order to achieve the optimal performance and benefit from the diverse experiences of its members. These committees serve as a dynamic driver for setting policies, developing programs, auditing and making recommendations, as follows:

First: AUDIT COMMITTEE

In the light of the relevant provisions contained in the rules governing the Audit Committee set forth in the Corporate Governance Regulations issued by the Capital Market Authority, the Committee reviews YANSAB’s financial statements and announcements related to its financial performance, provides the technical opinion on whether the Board report and YANSAB’s financial statements were prepared in accordance with the regulatory requirements defining how to prepare and present them, and studies the financial and accounting policies used in YANSAB and provides the opinions and recommendation to the Board of Directors in this regard. The Audit Committee studies and reviews the internal and financial control and risk management systems; ensuring their effectiveness through periodic reporting to the Internal Audit Department (or other External Auditors) on the adequacy and

effectiveness of the internal and financial control and risk management systems and following up on the implementation of recommendations and corrective actions to the observations contained in the audit report. In addition, it prepares a report for the Board of Directors that includes its opinion on the adequacy of these systems as well as recommendations to redress the substantial issues and any other recommendations for developing these systems and their works falling within the scope of their competence. It supervises and oversees the performance of the Internal Audit Department and verifies its effectiveness in carrying out its duties and responsibilities. It provides recommendations to the

Board of Directors to appoint or dismiss the external auditors, and determine their fees, after assessing their performance, independence, scope of work and terms of employment. It reviews the external auditor’s plan and works and verifies compliance with statutory standards governing its activities. It studies the regulators’ reports on YANSAB’s compliance with the regulations and instructions and ensures that YANSAB takes the necessary measures. It ensures that YANSAB abides by the relevant laws, regulations, policies and instructions. It reviews the proposed contracts and transactions with the relevant parties and provides its opinion to the Board of Directors regarding them.

The committee consists of three members. It held five meetings during the fiscal year ended on 31 December 2021. The following table lists members’ names and each member’s attendance record of the Committee meetings as well as the date thereof:

COMMITTEE MEMBERS	Attendance Record for 2021				
	1 <sup>st</sup> Meeting 20 January	2 <sup>nd</sup> Meeting 15 February	3 <sup>rd</sup> Meeting 18 April	4 <sup>th</sup> Meeting 25 July	5 <sup>th</sup> Meeting 17 October
MR. Ibrahim Mohammed Al-Saif	Attended	Attended	Attended	Attended	Attended
ENG. Majed Abdulelah Nouraddi	Attended	Attended	Attended	Attended	Attended
MR. Khaled Ali Alqarni	Attended	Attended	Attended	Attended	Attended

The following are the most important works of the Committee, including the topics discussed, during its meetings for the fiscal year ended on 31 December 2021:

1. Reviewed the preliminary quarterly and annual financial statements for the year 2021.
2. Provided recommendation to the Board of Directors on appointing external auditors after studying proposals submitted by the external auditors and determining their fees for the fiscal year ended on 31 December 2021.
3. Examined the audit plan of the auditor and provided observations on it to enhance the efficiency and effectiveness of the audit.
4. Examined and verified the independence of the external auditor.
5. Studied the auditor’s observations on YANSAB’s financial statements and reviewed with the Executive Management the implementation of the recommended action.
6. Reviewed the works of YANSAB’s Internal Audit Department in order to verify its effectiveness in carrying out assignments and tasks set out by the Board of Directors.
7. Examined the periodic internal audit reports and reviewed the implementation of corrective actions for the observations contained in the audit report.
8. Examined the reports of the external regulators periodically and reviewed the implementation of the corrective actions of the observations contained in the audit report.
9. Reviewed and approved the internal audit plan of 2021.
10. Reported on the results of the Committee’s deliberations to the Board of Directors periodically.
11. Issued a report on the works of YANSAB’s Internal Audit Department.

12. Examined and approved the Audit Committee’s 2021 report, activities, and opinion on the internal control system.
13. Reviewed the annual report on the Audit Committee’s performance.
14. Reviewing the Board Report of 2021.
15. Reviewed the progress made in implementing the Internal Control and Risk Management Project.
16. Reviewed and approved the updated Internal Audit Charter.
17. Reviewed the Audit Committee Regulations and Internal Audit Risk Assessment Guidelines.
18. Reviewed and recommended to the Board the appointment of an external auditor to audit the marketing agreement with SABIC
19. Selected Chairman of Audit Committee for the new session.
20. Re-nominated the Secretary-General of the Committee for the new session.
21. Reviewed important circulars issued by the Capital Market Authority.

The Committee reviewed the works of the Internal Audit Department, and the results of the work of the external auditor. The Committee found that there were no substantial observations on its assigned work.

Audit Committee’s recommendations contradicting with the Board’s resolutions or rejected by the Board on appointing and dismissing YANSAB’s auditor, determining relevant fees and assessing the performance thereof

There are no Audit Committee’s recommendations contradicting with the Board’s resolutions or rejected by the Board on appointing and dismissing YANSAB’s auditor, determining fees and assessing performance or appointing the internal auditor, nor any other recommendations.



Second: REMUNERATION AND  
NOMINATION COMMITTEE

In the light of the relevant provisions contained in the rules governing the Remuneration and Nomination Committee set forth in the Corporate Governance Regulations issued by the Capital Market Authority, the Committee prepares the Remuneration Policy for Board’s

Members\Committees’ Members and Senior Executives, makes the required recommendation to the Board of Directors as it is approved by the Ordinary General Assembly of YANSAB. It also reviews the Remuneration Policy periodically to ensure its adaptation to any change to the relevant laws and regulations, reviews YANSAB’s strategic objectives and the skills and qualifications required to achieve them, and makes recommendations to the Board on the remuneration of Board members, its committees and Senior Executives according to the policy approved by the Ordinary General Assembly of YANSAB. In addition, the Committee prepares an annual report on the remuneration

granted to the members of the Board, its committees and Senior Executives, sets a policy and standards for the Board membership, makes recommendations to the Board thereon in order to be approved by YANSAB’s Ordinary General Assembly, makes recommendations to the board of directors to nominate for Board membership in accordance with the approved Membership Policy, annually reviews the skills required for the Board membership and prepares a description of the required capabilities and qualifications, studies the conflict of interest cases for those wishing to join the Board membership and makes the required

recommendation, studies the structure of the Board of Directors and makes recommendations on changes that can be made, sets procedures in the event of vacancy of the position of a Board member or Board committees members, makes the required commendation and makes a recommendation to the Board of Directors on performance standards to evaluate the work of the Board of Directors, Board members and Board committees. The Committee annually verifies the independence of the independent members and the absence of any conflict of interest if a member joins membership of another company’s Board, makes recommendations to the Board of Directors to set for the new Board members an induction program covering YANSAB’s activity, business nature and financial and legal aspects, makes recommendations for the Board of Directors on the appropriate policies and standards for appointing Senior Executives, determining the capabilities and skills required, and reviews them periodically to ensure their adaptation to changes to YANSAB’s strategic goals and the skills and qualifications required to achieve them. Further, the Committee sets job descriptions for Senior Executives, reviews YANSAB’s organizational structure, offers recommendations on changes that can be made, and sets procedures for succession in the event of a vacancy of a Senior Executive’s position.

The Remuneration and Nomination Committee consists of three members. It held two meetings during the fiscal year ended on 31 December 2021. The following table lists members’ names and each member’s attendance record for the Committee’s meetings as well as the date of the meetings:

COMMITTEE MEMBERS	Attendance Record for 2021	
	1 <sup>st</sup> Meeting 27 January	2 <sup>nd</sup> Meeting 24 November
DR. Ahmed Abdullah Almaghamsi	Attended	Attended
ENG. Faisal Moead Albahair	Attended	Attended
MR. Alwaleed Fahd Alsenani	Attended	Attended

The following are the most important topics discussed by the Committee, during its meetings for the fiscal year ended on 31 December 2021:

1. Review the model of independence and competition for board members.
2. Recommend the annual remuneration to board members for the fiscal year ended December 31, 2020.
3. Recommending that the Chairman of the Board of Directors be authorized to adopt the annual remunerations for members of the Executive Department.
4. Approve the annual report on the rewards granted to board members, its committees and senior executives.
5. Training program for board members for 2021.
6. Reviewed application to organize board meetings and evaluate the Board of Directors.
7. Reviewed the Board’s evaluation form for 2021 and guidance on it.
8. Recommending the annual remunerations for members of the committees of the Board of Directors for the year 2021.
9. Authenticate pass recommendations.
10. Reviewed the relevant circulars.
11. Scheduling committee meetings for 2022.

Training of Board Members

When appointed, the members of the Board receive an orientation that includes an introduction to YANSAB’s activities, business, strategy and future goals, the organizational structure and the financial and operational aspects, the Board’s obligations, duties, responsibilities and rights, as well as the duties and competencies of the Board’s committees.

Regular updates are also provided to the Board members and the Board’s committees on legal developments, governance, accounting and circulars issued by the competent authorities.

The Remuneration and Nomination Committee provided recommendation on the training program for the Board of Directors that includes the developments in the petrochemicals market.



Third: RISK COMMITTEE

In the light of the relevant provisions contained in the rules governing risk committees set forth in the Corporate Governance Regulations issued by the Capital Market Authority and the Risk Committee's charter, the Committee shall work with the Executive Management to develop a comprehensive policy for risk management in a manner commensurate with the nature of YANSAB's business and activities as well as YANSAB's goals and strategies. The committee will also provide recommendations to the Board of Directors to approve that policy. The Committee offers recommendations to the Board of Directors to determine an acceptable level of the risks to which YANSAB may be exposed and how to maintain it. After the Board's approval of the acceptable level of risk, the Committee verifies that YANSAB does not go beyond it, verifies the feasibility and success of business continuity, annually identifies the risks threatening its continuity, oversees the performance of YANSAB's risk management systems, and assesses the effectiveness of systems and mechanisms for identifying, measuring, and monitoring risks that YANSAB may be exposed to. This is aimed at

determining its deficiencies, re-evaluating the ability to take, or be exposed to, risks regularly, preparing a report to the Board containing detailed risk exposure and proposed steps to manage these risks and reporting them to the Board of Directors, ensuring the availability of adequate resources and systems for managing risks and providing recommendations to the Board of Directors thereon, reviewing the organizational structure of the Risk Management Department and providing recommendations on it before being approved by the Board of Directors, verifying the independence of risk management personnel from the activities that may cause YANSAB to be exposed to risks, ensuring that risk management personnel understand the risks surrounding YANSAB, and considering any issues raised by the Audit Committee that may affect risk management.

The committee consists of three members. It held 6 meetings during the fiscal year that ended on December 31, 2021. The following table lists members' names and each member's attendance record for the committee's meetings as well as the date of the meetings:

COMMITTEE MEMBERS	Attendance Record for 2021					
	1 <sup>st</sup> Meeting 07 March	2 <sup>nd</sup> Meeting 06 June	3 <sup>rd</sup> Meeting 08 August	4 <sup>th</sup> Meeting 05 September	5 <sup>th</sup> Meeting 27 October	6 <sup>th</sup> Meeting 08 December
MR. Khalid Bin Ibrahim Al Rabiah	Attended	Attended	Attended	Attended	Attended	Attended
ENG. Sameeh Soliman Al-Sahafi	Attended	Attended	Attended	Attended	Attended	Attended
MR. Thamer Bin Abdullah Al Hamoud	Attended	Attended	Attended	Attended	Attended	Attended

The following are the most important topics discussed by the Committee, during its meetings for the fiscal year ended on 31 December 2021:

1. View the results of the evaluation of the progress level of risk management in the company.
2. Discussing the action plan to improve the company's risk management progress.
3. View the business continuity program plan for the year 2021.
4. Examine the introductory report on the incident of technical malfunction and stoppage of factories.
5. Examine the business continuity scenarios simulated for cybersecurity risks.

6. Reviewing the company's plan and the technical structure assigned to implement it will address some technical problems.
7. View the insurance company's agent's offer.
8. Examining a risk statement (YANSAB) for insurance claims
9. View the latest developments in the company's risk register.
10. Reviewing the annual evaluation review work

Fourth: INVESTMENT COMMITTEE

In light of what the rules stipulated in the Investment Committee's charter approved by the Board of Directors, the Investment Committee shall review the investment strategy and policy regularly to ensure adaptation to changes that may occur in the external environment in which YANSAB works, legislations regulating business, or strategic objectives or otherwise. It shall provide recommendations to the Board on the proposed changes to such policy. In addition, the Committee shall oversee YANSAB's investment activities and establish appropriate processes for measuring and assessing investment performance, evaluate the investment opportunities proposed by Executive Management, ensure that the

proposed investment opportunities comply with relevant laws, regulations and instructions, ensure the availability of sufficient resources for investment, and study the Executive Management's progress reports in respect of approved investment opportunities and any other competences assigned to the Committee by the Board of Directors.

The Remuneration and Nomination Committee consists of five members. It held two meetings during the fiscal year ended on 31 December 2021. The following table lists members' names and each member's attendance record for the Committee's meetings as well as the date of the meetings:

COMMITTEE MEMBERS	Attendance Record for 2021	
	1 <sup>st</sup> Meeting 13 June	2 <sup>nd</sup> Meeting 29 Augusts
ENG. Abdulrahman Ahmed Shamsaddin	Attended	Attended
MR. Ibrahim Mohammed Al-Saif	Attended	Attended
MR. Khalid Bin Ibrahim Al-Rabiaah	Attended	Attended
ENG. Faisal Moead Albahair	Attended	Attended
ENG. Mohammed Ali Bazaid	Attended	Attended

The following are the most important topics discussed by the Committee, during its meetings for the fiscal year ended on 31 December 2021:

1. Project development discussions
2. Project developments under the investment strategy
3. Evaluation of the performance of the Investment Committee for the year 2021.



### 8. The Methods Adopted by The Board of Directors to Assess the Board and Board Committees' Performance and the effectiveness and efficiency of the online meetings.

The Board of Directors, based on the recommendation of the Remuneration and Nominations Committee, established the necessary mechanisms to evaluate its performance and the performance of its committees. The evaluation process for the year 2021 was carried out under the supervision of the Remuneration and Nominations Committee, which included the tasks and responsibilities of the Board and committees, identifying strengths and weaknesses and suggesting actions to be taken in line with the company's interests.

### 9. The Procedures Taken by The Board to Inform Its Members, Especially Non-Executives, Of The Shareholders' Proposals and Their Observations Regarding TANSAB and Its Performance

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

The Board Charter stipulates that the Board member must attend General Assembly Meetings to hear and discuss shareholders' suggestions and observations about the YANSAB and its performance.

### 10. Declarations by The Board of Directors

YANSAB's Board of Directors acknowledges that:

1. The accounting records were properly prepared.
2. The Internal Control System was developed and implemented effectively.
3. There are almost no doubts on YANSAB's capability to continue its activity.
4. There are no debt instruments, conversion rights or subscription rights under convertible debt instruments, nor any contractually based securities or convertible warrants, contractually based securities, warrants or similar rights issued or granted by the company.
5. There is no refund, purchase or cancellation by the company of any redeemable debt instruments.
6. None of the Board members or senior executives waived any remuneration during the fiscal year ended on 31 December 2021.
7. None of YANSAB's shareholders waived the dividends for the fiscal year ended on 31 December 2021.
8. YANSAB has not concluded any contracts with any member of the Board members, or the Senior Executives, and there is no personal interest for any of them or any person related to any of them.
9. There is no penalty, retribution, precautionary measure or precautionary restriction imposed on YANSAB by the CMA, or from any supervisory or other regulatory authority or judicial body during the fiscal year ended on December 31, 2021.
10. There is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).
11. The independent auditor's report shows that the financial statements present fairly, in all material respects, and there are no reservations about them.
12. No shareholder notified YANSAB of any change in the ownership of shares during the fiscal year ended on December 31, 2021.
13. YANSAB acknowledges that it has no loans currently.





## 11.Executive Management

Current and former positions, educational qualifications and experience of YANSAB's senior executives:



**ENG.**  
**Mohammed Ali Bazaid**

### Current position

CEO of Yanbu National Petrochemical Company (YANSAB)

### Former Positions and Work Experience

He worked at Saudi Yanbu Petrochemical Company (YANPET), and rose in the hierarchy through several technical and leadership positions, the most recent of which was General Manager of Maintenance, then he moved to

work in Arabian Industrial Fiber Company (IBN RUSHD) as the General Manager of Technical Affairs, then General Manager of Operation, then President of (IBN RUSHD), then moved to be the President of YANSAB.

Eng. Mohammed is experienced in operation and maintenance, project planning and management, and technical and reliability affairs in the petrochemical sector.

He holds a bachelor's degree in mechanical engineering in addition to certificates of many specialized courses in finance, management and executive leadership from major business and management institutes.



**ENG.**  
**Jehad Hassan Shami**

### Current position

Executive Director - Chemical Operation

### Former Positions and Work Experience

He worked as a Process Engineer, Kemya, then he joined the establishment of the Saudi Kayan project, and rose in the hierarchy through several positions, including Senior Manager of Phenolics, Senior Manager Operations-Olefins.

Then he moved to work in YANSAB as Senior Manager Operations-Polypropylene, and Senior Manager of Operations-Olefins.

Eng. Jehad has experience in process engineering, operation and project management in petrochemicals.

He holds a bachelor's degree in applied chemical engineering.



**ENG.**  
**Majed Hassen Alahmadi**

### Current position

Executive Director - Chemical Operation

### Former Positions and Work Experience

- Executive Director of Operation in Arab Industrial Fiber Company (IBN RUSHD)
- Director of The Highest Health, Environment, Security and Safety in Yanbu National Petrochemical Company (YANSAB)

- Senior Director of High Density Polyethylene Management in Yanbu National Petrochemical Company (YANSAB)
- Director of Chemical Operations in Yanbu National Petrochemical Company (YANSAB)
- Operations Engineer of Yanbu National Petrochemical Company (YANSAB).

Eng. ALAHMADI is experienced in process engineering and operation in petrochemical companies  
he holds a bachelor's degree in chemical engineering.



**ENG.**  
**Tariq Saad Aldhahri**

### Current position

Executive Director - Maintenance

### Former Positions and Work Experience

- Director of Top Central Maintenance of Saudi Yanbu Petrochemical Company (YENPET)
- Senior Chemical Maintenance Manager in Yanbu Saudi Petrochemical Company (YENPET)
- Polymer Maintenance Manager in Yanbu Saudi Petrochemical Company (YENPET)

- Director of Benefit Maintenance of Saudi Yanbu Petrochemical Company (YENPET)
- Director of Micro devices in Yanbu Saudi Petrochemical Company (YENPET)
- Credit Engineer of Yanbu Saudi Petrochemical Company (YENPET)

ENG. Tariq is Experienced in maintenance operations in petrochemical companies  
He holds a bachelor's degree in electrical engineering.





**ENG.**  
**Hosam Saud Alhujaili**

#### Current position

Executive Director - Technical Affairs

#### Former Positions and Work Experience

- Senior Asset Engineering Manager of Yanbu National Petrochemical Company (YANSAB)
- Director of the Highest Inspection of Yanbu National Petrochemical Company (YANSAB)
- Director of the Highest Periodic Maintenance in Yanbu National Petrochemical Company (YANSAB)

- Director of High Density Polyethylene Management in Yanbu National Petrochemical Company (YANSAB)
- Maintenance engineer of Yanbu National Petrochemical Company (YANSAB)
- Fixed equipment inspection engineer in Saudi Aramco

Eng. Hosam is experienced in maintenance and technical affairs in petrochemical companies.

He holds a bachelor's degree in mechanical engineering.



**ENG.**  
**Khalid Mohammed Alsubhi**

#### Current position

Executive Director - YANSAB Growth Projects

#### Former Positions and Work Experience

Ethylene Production Engineer, Ethylene Production Supervisor, General Manager of Operations, General Manager of Olefins, General Manager of Polymer at YENPET. Then he moved to work at YANSAB as Executive Director of Chemicals.  
Executive Director- Polymer Operation.

ENG. ALSUBHI is experienced in petrochemical operations, process engineering, management, production and safety.  
He holds a bachelor's degree in chemical engineering.



**MR.**  
**Abdulkareem Hashem Almalki**

#### Current position

Sr. Manager Finance, PLAN  
Board of Directors Secretary

#### Former Positions and Work Experience

- Senior Financial Analyst, Royal Commission for Jubail and Yanbu (Yanbu Project)
- Senior Analyst, Budget and Cost Control, Marafiq

Then he moved to work with YANSAB 2007 project team, where he led the team in charge of applying SAP-PS project system

and SAP unified system, and rose in the hierarchy through several positions, including:

- Senior Manager of Internal Audit Department
- Manager of Financial Reports
- Member of several internal committees

Mr. Abdulkareem is experienced in financial management, internal audit, cost accounting, financial accounting, treasury, business planning, and corporate governance.

He holds a master and bachelor degrees in Professional Accounting.



## 12. Description of Interests, Contractually Based Securities and Subscription Rights of the Issuer's Directors, Senior Executives and Their Relatives in the Shares or Debt Instruments of the Issuer or any of its Subsidiaries, Together with Any Change to These Interests or Rights During the Last Fiscal Year.

### First: Board Members

Description of interests, contractually based securities and subscription rights of the issuer's directors, and their relatives in the shares or debt instruments of the issuer

Name	Year Beginning			Year End			Net Change	Change Ratio
	Shares	Debt instruments	Ownership Ratio	Shares	Debt instruments	Ownership Ratio		
ENG. Abdulrahman Ahmed Shamsaddin	-	-	-	-	-	-	-	-
ENG. Majed Abdulelah Nouraddin	35,000	-	-	35,000	-	-	-	-
DR. Ahmad Abdullah Al-Meghames	1,000	-	-	1,000	-	-	-	-
MR. Ibrahim Mohammed Al-Saif	10,000	-	-	10,000	-	-	-	-
MR. Khalid Bin Ibrahim Al-Rabiaah	1	-	-	1	-	-	-	-
ENG. Sameeh Soliman Al-Sahafi	-	-	-	-	-	-	-	-
ENG. Faisal Moead Albahair	-	-	-	-	-	-	-	-

### Second: Senior Executives

Description of interests, contractually based securities and subscription rights of the issuer's Senior Executives, and their relatives in the shares or debt instruments of the issuer

Name	Year Beginning			Year End			Net Change	Change Ratio
	Shares	Debt instruments	Ownership Ratio	Shares	Debt instruments	Ownership Ratio		
ENG. Mohammed Ali Bazaid	2,553	-	-	2,553	-	-	-	-
ENG. Jihad Hassan Shami	-	-	-	-	-	-	-	-
Majid Hassen Alahmadi	25	-	-	25	-	-	-	-
Tariq Saad Aldhahri	-	-	-	-	-	-	-	-
Hosam Saud Alhujaili	-	-	-	-	-	-	-	-
ENG. Khalid Mohammed Alsubhi	-	-	-	-	-	-	-	-
MR. Abdulkareem Hashem Almaliki	-	-	-	-	-	-	-	-
ENG. Mohammed Mustafa Eskandarani	-	-	-	-	-	-	-	-
ENG. Maher Abdulmoaty Hussain	-	-	-	-	-	-	-	-

## 13. Remunerations of Board Members and Executive Management

The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations of the Board members, committee members from the Board, committee members who is not a Board member or Senior Executive. The remunerations are determined according to the regulatory rules approved by the Board as well as the Remuneration Policy for Board's Members, Committees' Members and Senior Executives, approved by the General Assembly. Accordingly, the member shall be entitled to the remuneration granted thereto accordingly.

### REMUNERATION POLICY

In light of the provisions regulating the remunerations of the Board's members. Committees' members set forth in the Companies Law, the Corporate Governance Regulations, the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed

#### First: Board's Members\ Committees' Members

The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations of Board's Members\ Committees' members based on the following principles:

- The remunerations shall be consistent with the company's strategic objectives and incentive for the members to achieve those objectives and enhance the company's ability to develop and sustain its business.
- Remunerations shall be commensurate with the nature of the company's business and size as well as the skills and experience required.
- The remunerations shall be a means to attract Board members with the required expertise and qualifications to enhance the company's ability to achieve its objectives.

- Board member shall be paid an annual remuneration of SAR 200,000 for membership of the Board.
- Board member who participates in Board's committees (including the Audit Committee) shall be paid an annual remuneration of SAR 150,000, whether the member participate in one or several committees.

- Member (from outside the Board of Directors) who participates in one of the Board's committees (including the Audit Committee) shall be paid an annual remuneration of SR 150,000, whether the member participates in one or several committees.

- The company is entitled to claim compensation for damage to its reputation and should take any compensation, or other costs incurred by the company, in the event:

- A member is convicted of committing an act of disgrace, dishonesty or forgery, or violating the laws and regulations of the Kingdom of Saudi Arabia or any other country,
- A member fails to carry out responsibilities and duties resulting in damage to the interest of the company,
- Membership is terminated, by a decision of the General Assembly, because a member's absence for three consecutive meetings within one year without a legitimate excuse acceptable to the Board.

#### Second: Senior Executives

- The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determines the remunerations of the Senior Executives, provided that these remunerations:

- Are commensurate with YANSAB's strategic objectives and incentive for the Senior Executives to achieve these objectives and enhance the company's ability, business development and sustainability.
- Are appropriate for the nature, activity and size of YANSAB's business, as well as the skills and required expertise.
- Enable YANSAB to attract senior executives with capabilities, skills and qualifications required to enable the company to achieve its objectives.
- Don't cause conflict of interest which might adversely impact YANSAB's interest and ability to achieve its objectives.



### Third: Clarification of the relationship between the granted remunerations and the applicable Remuneration Policy, and statement of any significant deviation from this policy.

The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations for Board's members, Committees' members and committees' members who are not members of the Board, and Senior Executives. The remunerations shall be determined in accordance with the regulatory controls approved by the Board of Directors, the Remuneration Policy for Board's

Members\Committees' Members and Senior Executives approved by the General Assembly of YANSAB. The member shall therefore be entitled to the remuneration granted thereto accordingly.

The following tables show the remunerations of the Board's Members\committees' Members and Senior Executives:

### A. BOARD MEMBERS' REMUNERATIONS

Remunerations for the board members' paid during the fiscal year ended on 31 December 2021 (amounts in thousands, SAR):

	Fixed Remunerations						Variable Remunerations										Grand Total	Expenditure Allowance
	Specific amount (1)	attendance allowance for Board meetings	Total attendance allowance for Board meetings	In-kind benefit	Remuneration of technical, administrative and consultancy works	Remuneration of the Chairman of Board, Managing Director or Secretary of Board	Total	Profit Rate	Periodic Bonus	Short-term incentive plans	Long-term Incentive Plans	Shares awarded (a value is entered)	Total	End of Service Benefit				
First: Independent Members																		
DR. Ahmad Abdullah Al-Meghames	200	12	6	--	--	--	218	--	--	--	--	--	--	--	--	218		
MR. Abdulkareem Asaad Abu Alnasr(2)	41.1	--	--	--	--	--	41.1	--	--	--	--	--	--	--	--	41.1		
ENG. Gasem Saleh Alshaikh(2)	41.1	--	--	--	--	--	41.1	--	--	--	--	--	--	--	--	41.1		
MR. Ibrahim Mohammed Al-Saif(3)	158.9	12	24	--	--	--	194.9	--	--	--	--	--	--	--	--	194.9		
MR. Khalid Bin Ibrahim Al-Rabiaah(3)	158.9	12	24	--	--	--	194.9	--	--	--	--	--	--	--	--	194.9		
Total	600	36	54	--	--	--	690	--	--	--	--	--	--	--	--	690		
Second: Non-Executive Members																		
MR. Yousuf Abdullah Albenyan(2)	41.1	--	--	--	--	--	41.1	--	--	--	--	--	--	--	--	41.1		
MR. Murhaf Mohammed Almadani(2)	41.1	--	--	--	--	--	41.1	--	--	--	--	--	--	--	--	41.1		
ENG. Hosam Abdullah Alzamil(2)	41.1	--	--	--	--	--	41.1	--	--	--	--	--	--	--	--	41.1		
ENG. Majed Abdulelah Nouraddin	200	12	18	--	--	--	230	--	--	--	--	--	--	--	--	230		
ENG. Abdulrahman Ahmed Shamsaddin(3)	158.9	12	6	--	--	--	176.9	--	--	--	--	--	--	--	--	176.9		
ENG. Sameeh Soliman Al-Sahafi(3)	158.9	12	18	--	--	--	188.9	--	--	--	--	--	--	--	--	188.9		
ENG. Faisal Moead Albahair(3)	158.9	12	12	--	--	--	182.9	--	--	--	--	--	--	--	--	182.9		
Total	800	48	54	--	--	--	902	--	--	--	--	--	--	--	--	902		

(1) Fixed remunerations in the above table is the annual remuneration for membership of the Committee for the fiscal year ended on December 31, 2019. It was disbursed after the approval of the General Assembly held in March 2020.

(2) Member ended membership on 15/03/2020

(3) Member joined Committee on 16/03/2020

### B. COMMITTEE MEMBERS' REMUNERATIONS

REMUNERATIONS PAID TO THE BOARD'S COMMITTEE'S MEMBERS for the year ended on 31 December 2021(amounts in thousands, SAR):

MEMBERS	Fixed remunerations (excluding session attendance allowance) <sup>(1)</sup>	Session attendance allowance	Total
<b>Members of Audit Committee</b>			
MR. Abdulkareem Asaad Abu Alnasr	30.8	-	<b>30.8</b>
ENG. Majed Abdulalah Nouraddin	150	18	<b>168</b>
MR. Khalid Ali Alqarni	150	18	<b>168</b>
MR. Ibrahim Mohammed Al-Saif <sup>(3)</sup>	119.2	18	<b>137.2</b>
<b>Members of Remuneration and Nomination Committee</b>			
ENG. Gasem Bin Sakeh Alshaikh	30.8	-	<b>30.8</b>
ENG. Hosam Bin Abdullah Alzamil	30.8	-	<b>30.8</b>
MR. Alwaleed Fahd Alsenani	147.1	6	<b>153.1</b>
DR. Ahmad Abdullah Almaghamis	116.3	6	<b>122.3</b>
ENG. Faisal Moead Albahair <sup>(4)</sup>	116.3	6	<b>122.3</b>
<b>Members of Risk Committee</b>			
DR. Ahmad Abdullah Al-Meghames <sup>(2)</sup>	30.8	-	<b>30.8</b>
MR. Murhaf Bin Mohammed Almadani	30.8	-	<b>30.8</b>
ENG. Majed Abdulalah Nouraddin	Included in the Audit Committee	-	<b>-</b>
MR. Khalid Ibrahim Al Rabiah	116.3	18	<b>134.3</b>
ENG. Sameeh Soliman Alsuhaifi	116.3	18	<b>134.3</b>
MR. Thamer Abdullah Al Hamoud	116.3	18	<b>134.3</b>
<b>Members of Investment Committee</b>			
MR. Yousuf Abdullah Albenyan <sup>(1)</sup>	30.8	-	<b>30.8</b>
MR Abdulkareem Asaad Abu Alnasr <sup>(2)</sup>	Included in the Audit Committee	-	<b>-</b>
ENG. Gasem Saleh Alshaikh <sup>(2)</sup>	Included in the Remuneration and Nomination Committee	-	<b>-</b>
ENG. Hosam Abdullah Alzamil <sup>(2)</sup>	Included in the Remuneration and Nomination Committee	-	<b>-</b>
ENG. Mohammed Ali Bazaid	147.1	6	<b>153.1</b>
ENG. Abdulrahman Ahmed Shamsaddin <sup>(4)</sup>	116.3	6	<b>122.3</b>
ENG. Faisal Moead Albahair <sup>(4)</sup>	Included in the Remuneration and Nomination Committee	6	<b>6</b>
MR. Ibrahim Mohammed Al-Saif <sup>(4)</sup>	Included in the Audit Committee	6	<b>6</b>
MR. Khalid Bin Ibrahim Al-Rabiaah <sup>(4)</sup>	Included in the Risk Committee	6	<b>6</b>

(1) Fixed remunerations in the above table is the annual remuneration for membership of the Committee for the fiscal year ended on December 31, 2020. It was disbursed after the approval of the Board of Directors during 2021.

(2) Member ended membership on 15/03/2020

(3) Member joined Committee on 16/03/2020

(4) Member joined Committee on 24/03/2020

### C. Senior Executives Remunerations

Remunerations Paid to Senior Executives, including the CEO and CFO, for the year ended 31 December 2021 (amounts in thousands, SAR):

	Fixed Remunerations				Variable Remunerations						End-of-service benefits	Total Remunerations for Board	Total Aggregate Amount
	Salaries	Allowances	In-kind benefits	TOTAL	Periodic bonuses	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
five senior executives	3,883	1,139	248	5,270	--	--	653	468	--	1,121	--	24	6,404
Total	3,883	1,139	248	5,270	--	--	653	468	--	1,121	--	24	6,404

Given the efforts made by the Board of Directors, the Remuneration and Nomination Committee provided a recommendation to the Board of Directors to approve Board members' remuneration for the fiscal year ended on 31 December 2021, which will be disbursed after the approval of the General Assembly at its meeting scheduled for March 2022, as follows (amounts in thousands, SAR):

S.No.	Name	Membership Start Date	Membership End Date	No. of Membership Days	Due Remuneration
1	ENG. Abdulrahman Ahmed Shamsaddin Chairman	01/01/2021	31/12/2021	365	200
2	ENG. Majed Abdulelah Nouraddin Vice Chairman	01/01/2021	31/12/2021	365	200
3	DR. Ahmad Abdullah Al-Meghames Board Member	01/01/2021	31/12/2021	365	200
4	MR. Ibrahim Mohammed Al-Saif Board Member	01/01/2021	31/12/2021	365	200
5	MR. Khalid Bin Ibrahim Al-Rabiaah Board Member	01/01/2021	31/12/2021	365	200
6	ENG. Sameeh Soliman Al-Sahafi Board Member	01/01/2021	31/12/2021	365	200
7	ENG. Faisal Moad Albahair Board Member	01/01/2021	31/12/2021	365	200
Total					1,400

### 14. Results of The Annual Review of Effectiveness and Procedures of Internal Control System

During 2021, YANSAB's Internal Audit Department conducted regular reviews to verify the effectiveness of the internal control system. This review included the operational processes of polymer and chemical plants, distribution of utility service costs, materials and tanks budget, sustainability and energy management, cyber security, quality management (Analysis Department), marketing agreement, product handling management, budgeting and financial reporting, treasury, review of materials exchange and swap agreements, environment, health and safety management, and waste and Scrap. The Internal Audit Department also reviewed the petty cash on a semi-annual basis.

The Audit Committee also verified that Internal Audit Department implemented the agreed audit plan in full independence and the auditor completed the work professionally in a proper manner and full independence, and that he had access to all the data and documents required to perform the duties thereto. The Committee also reviewed the actions taken by the Internal Audit Department and YANSAB's Executive Management to consider the observations and redress them in coordination with the relevant departments. The aforementioned audits did not show any substantial weakness in YANSAB's Internal Control System. The Audit Committee regularly informs the Board of Directors of the Committee's assignments and the results of its work.

The auditor rectifies the assessment of the Internal Control System as a part of the audit of YANSAB's final financial statements.

### 15. Dividend Policy

A dividend lies within the jurisdiction of the Ordinary General Assembly of YANSAB based on a recommendation from the Board of Directors. YANSAB's Dividend Policy provides for: Setting the standards governing YANSAB's dividends, in a way that contributes to striking a balance between sustainable dividends to investors and enhancing YANSAB's ability to achieve its goals, and developing its business in the long run by investing in the proposed investment opportunities; taking into account the provisions mentioned in YANSAB's Articles of Association, Companies Law, Capital Market Law and their implementing regulations.

In the light of the provisions regulating dividends stipulated in the Companies Law, the Corporate Governance Regulations, YANSAB's Articles of Association, and the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies, dividends shall be in accordance with the following principles and rules:

- The General Assembly of YANSAB, based on the recommendation of the Board of Directors, shall take the charge of distributing dividends.
- YANSAB may distribute interim dividends to its shareholders either on a semi-annual or quarterly basis, according to a resolution issued by the Board of Directors after obtaining an annually renewed authorization from the Ordinary General Assembly of the Board.





- C. YANSAB's annual net profits are distributed, after deducting all general expenses and other costs, as follows:
1. (10%) of the net profits shall be set aside to form the statutory reserve. The Ordinary General Assembly may decide to stop setting aside any profits whenever the said reserve amounts to thirty percent (30%) of the paid-up capital.
  2. The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a percentage from the net profits deemed to be appropriate by the Ordinary General Assembly in order to create a contingency reserve allocated for a specific purpose(s).
  3. The Ordinary General Assembly has the authority to decide to create other kinds of reserves, to the extent that it achieves the interest of YANSAB or ensures that fixed dividends, as much as possible, are distributed to shareholders. The Ordinary General Assembly may also deduct from the net profits sums to establish social associations for YANSAB's employees or to support the existing ones.
  4. From the remainder, five percent (5%) of YANSAB's paid-up capital shall be distributed to the shareholders.

- D. The restrictions set in the applicable regulations, internal regulations and agreements concluded with holders of debt instruments, financing instruments, creditors and other lenders shall be observed in addition to other legal and regulatory considerations, and any restrictions imposed on dividends under loan agreements with government or commercial funds and institutions, and other matters deemed significant by YANSAB's Board of Directors when announcing dividends.
- E. The requirements of growth plans and future expansions, analysis of investment opportunities, YANSAB's needs for reinvestment, cash and capital requirements and flows, solvency ratios, etc. (whichever is larger) shall be observed in order to grow YANSAB's revenues, finance its investment spending program, and to verify balance between providing funds by self-financing sources or from external funding sources. Accordingly, the Board of Directors makes a proposal filed to the Ordinary General Assembly to set aside a percentage of the profits for these purposes.



- F. Dividends depend on the net profits achieved, the availability and adequacy of cash flows, YANSAB's financial position, market situation, general economic climate and other factors.
- G. If the statutory reserve exceeds thirty percent (30%) of the capital, The Ordinary General Assembly may decide to distribute the increment to the shareholders in the years in which YANSAB does not achieve net profits sufficient to distribute the share set for them in YANSAB's Articles of Association, and the contingency reserve may only be used under a decision from the Extraordinary General Assembly. If this reserve is not allocated for a specific purpose, the Ordinary General Assembly may decide to spend it for the benefit of YANSAB or shareholders, based on the proposal of the Board of Directors.

The following table shows the ratios of the dividends and total dividends distributed to shareholders for the fiscal year ended on December 31, 2021, in addition to the ratios of dividends and amounts proposed to be distributed at the end of the year and the total dividends (amounts in thousands, SAR).

	Dividends distributed for the year	Dividends proposed to be distributed at the end of the year	TOTAL
Percentage	15 %	15 %	30%
Total	843,750	843,750	1,687,500
MATURITY DATE	01/07/2021		
	On the maturity date, the cash dividend entitlement will be for the shareholders who own the shares registered in the Shareholders Register at the Deposit Center by the end of the second trading day following the day of YANSAB's General Assembly, which will be announced later.		

16.DESCRPTION OF TRANSACTIONS BETWEEN YANSAB AND A RELATED PARTY

SABIC and some of its companies market and sell YANSAB's products, supply raw materials and obtain its technical licenses, shared services and administrative, technological, technical and legal expertise, provide services relating to handling materials and raw materials as well as other services and contract that are considered to be intra-group activities.

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