

Annual Report 2023

Saudi Kayan Petrochemical Company
(SAUDI KAYAN)



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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



His Royal Highness
Prince Mohammed bin Salman bin Abdulaziz Al Saud
Crown Prince, Prime Minister of Saudi Arabia

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| AT A GLANCE



BOARD OF DIRECTORS' REPORT

The shareholders of Saudi Kayan Petrochemical Company (Saudi Kayan)

Greetings,

The Board of Directors (Board) of the company is pleased to present the Annual Report for the fiscal year ended on December 31, 2023.

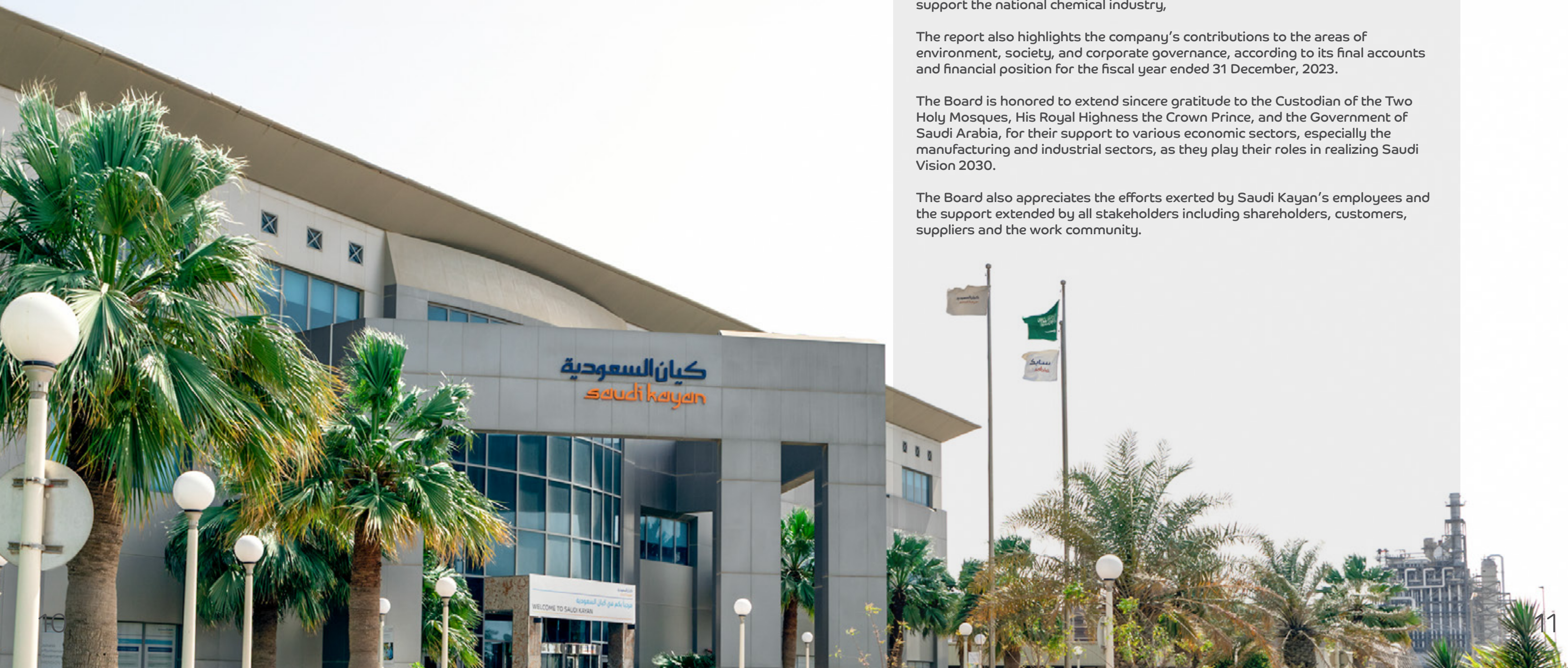
This report has been prepared in accordance with the requirements of the Companies Law of the Kingdom of Saudi Arabia, Saudi Kayan's Articles of Association, Corporate Governance Regulations, Rules on the Offer of Securities and Continuing Obligations, and Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies issued by the Capital Market Authority.

This Annual Report provides information on company's activities, performance, achievements, and future plans, as well as efforts made to enhance the company's performance in developing the equity of its shareholders and to support the national chemical industry,

The report also highlights the company's contributions to the areas of environment, society, and corporate governance, according to its final accounts and financial position for the fiscal year ended 31 December, 2023.

The Board is honored to extend sincere gratitude to the Custodian of the Two Holy Mosques, His Royal Highness the Crown Prince, and the Government of Saudi Arabia, for their support to various economic sectors, especially the manufacturing and industrial sectors, as they play their roles in realizing Saudi Vision 2030.

The Board also appreciates the efforts exerted by Saudi Kayan's employees and the support extended by all stakeholders including shareholders, customers, suppliers and the work community.



CHAIRMAN'S MESSAGE



Ahmed Al-Shaikh
Chairman of the Board
of Directors

Dear Shareholders of Kayan Saudi Arabia Petrochemicals ("Saudi Kayan"),

On behalf of the Board of Directors of Saudi Kayan Petrochemical Company, I am honored to present you the company's annual report for the year 2023, which was prepared in accordance with the company's bylaws, the Saudi Companies law, the requirements of the corporate governance regulations, and the rules for offering securities and continuing obligations issued by the Capital Market Authority, which sheds light on the performance and achievements of The company and its efforts to enhance performance in developing the rights of its shareholders according to what was stated in its final accounts and its financial position for the fiscal year ending on December 31, 2023.

It has been a challenging year, full of unexpected developments and new opportunities. In a dynamic global landscape, our steadfast commitment to excellence, innovation, and sustainability has been the driving force behind our continued success.

Amidst challenges faced by the petrochemical industry and geopolitical conflicts, Saudi Kayan found a way to produce the most profitable grades and sell our products in the highest netback regions, seizing market opportunities that the company will contribute to the restoration of its financial position. In addition to this success, we were able to reduce losses and safely and successfully implement a major turnaround safely and successfully in the first quarter of 2023, putting Saudi Kayan in position to benefit from future profits.

Our commitment to corporate social responsibility remains unwavering. We actively engaged with communities, fostering relationships built on trust, respect, and mutual benefit. By aligning our business objectives with societal needs, we aimed to create enduring value for all stakeholders.

As we reflect on the achievements we have made together this past year, we must also look ahead with optimism and determination for though the evolving landscape presents challenges, it is in these trials that Saudi Kayan will find the motivation to innovate and excel.

I extend my heartfelt gratitude to our shareholders, customers, employees, and partners for their unwavering support. Together, we will continue to shape the future of the petrochemical industry, setting new benchmarks for excellence. We also extend our gratitude to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, may God protect him, and his faithful Crown Prince, His Royal Highness Prince Muhammad bin Salman bin Abdulaziz Al Saud, and to His Royal Highness Prince Saud bin Nayef bin Abdulaziz, Governor of the Eastern Province, for the support and support they provided to the company, which contributes to supporting the industrial renaissance in our dear Kingdom.

It has been a challenging year, full of unexpected developments and new opportunities. In a dynamic global landscape, our steadfast commitment to excellence, innovation, and sustainability has been the driving force behind our continued success.

COMPANY PRESIDENT MESSAGE



Metab Al Shahrani
Company president

2023 has seen its fair share of challenges and victories, and Saudi Kayan has been blessed to emerge from it on a strong note.

In our bid to continue improving, Saudi Kayan received 17 global certifications that enhanced our brand and prestige in the industry. We also continued to develop new grades.

The talent and workforce at Saudi Kayan are the Company's biggest asset. This year, we added 75 new employees to our cadre while continuing to invest in training programs for employees to continue building their skills and developing their career aspirations. Our goal is to become an attractive employment prospect for the talented minds and innovators in Saudi Arabia to hone their skills and be at the forefront of the latest developments in the chemical industry.

We must also prepare for even more uncertain times in the future ahead. Unprecedented technological advancements, particularly in Artificial Intelligence, is forcing not just the chemicals industry but the world to rethink its operations and strategies. Digitalization brings welcome opportunities to refine our process while also inviting significant risks from cyber security threats. Geopolitical tensions on the heels of the COVID-19 pandemic create turbulence, and climate change will bring more challenges that could affect the company, the region, our sustainability efforts, and our financial situation. Emerging environmental regulations will also raise new barriers. The steps that Saudi Kayan takes in this decade will determine the fate of the Company's future.

But I am confident that with the participation of our employees, our partners, our parent company, and our stakeholders, Saudi Kayan will pull through and find new strength to be a pillar of Saudi Arabia. Guided by our esteemed Board of Directors of Saudi Kayan, we affirm the commitment of the executive management to continue the path of ambitious transformation that the company is pursuing. Together, we will continue to build a future where Saudi Kayan is a beacon that our beloved country can be proud of.

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OVERVIEW

Saudi Kayan Petrochemical Company (Saudi Kayan) is a public listed company specializing in the field of producing of chemicals, polymers, and specialty products. Located in Jubail Industrial City, Saudi Kayan employs over 1,300 employees in different fields and participate in achieving the company's current and future strategies.



Vision

We aspire to be a leader in safe & reliable operation, a preferred supplier to our customers, an employer of choice & deliver sustainable profitability



Mission

- Ensure that all factories in the company complex operate in a safe manner that provide protection for the surrounding environment and society.
- Supplying high quality products.
- Ensure that all our human resources are qualified, and operating in a positive work environment to ensure efficiency and profitability
- Stressing pursuit of growth opportunities and achieving added value for investors.



Values



CREATE

We challenge conventional thinking and seek new and creative ways to explore opportunities, whether in terms of products or work procedures, in pursuit of innovative solutions.



DELIVER

Our leadership is based on our exceptional achievements for our customers, and the key driver of our success is our unwavering focus on the correct delivery of our business.



INSPIRE

We work hand in hand to provide an inspiring work environment that creates solutions and achieves results for our customers.



ENGAGE

We respect and value the diverse cultures and work approaches of our employees, thus creating a wonderful and harmonious work environment. We have a positive impact both locally and globally

Ownership Structure

The Saudi Arabia Basic Industries Corporation (SABIC) owns 35% of Saudi Kayan, while the remaining 65% is held by private sector entities and individuals. The capital of SR 15 billion is divided into 1.5 billion ordinary shares with a par value of SR 10 per share.

Investment in joint ventures

Saudi Kayan Petrochemical Company owned 33.33% of the Saudi Butanol Company Limited, which is a joint venture between Saudi Kayan Petrochemical Company, Sadara Chemical Company, and Saudi Acrylic Acid Company, aimed to produce and operated by National Industrialization Company ,The joint venture between these three companies covers several key elements of SaBuCo including financing, tolling, operations and maintenance, engineering and procurement, construction, project management consulting, and technology licensing.

Company name	Saudi Butanol Company Limited (SaBuCo)
Ownership percentage	33.33%
Main activity	Production of butanol
Main operational headquarters	Kingdom of Saudi Arabia (Jubail Industrial City)
Country of incorporation	Kingdom of Saudi Arabia
Capital	SR 486,000,000
Legal entity	Saudi limited liability company
Debt instruments	A loan from the Saudi Industrial Development Fund (SIDF) in addition to loans from partners

Saudi Arabia’s plant was launched in 2015 with a value of SAR 1.94 billion. It was then the first plant of its kind to produce butanol in the Middle East, as well as one of the largest plants in the world.

SaBuCo produces more than 330,000 metric tons of n-butanol and 11,000 metric tons of iso-butanol per annum at its facilities in Jubail Industrial City. The company is operated by the National Industrialization Company.

Operating Divisions



Products

Saudi Kayan produces a wide range of products.

Category	Products	Annual production capacity (thousand metric tons)
Chemicals	Ethylene	1,524
	Propylene	669
	Ethylene Glycol	1065
	Normal and Iso butanol, (NBA)	114
	Benzene	90
	Ethylene Oxide (EO)	770
Polymers	Polypropylene (PP)	350
	High-density polyethylene (HDPE)	400
	Low-density polyethylene (LDPE)	300
	Polycarbonate	260
Specialties	Cumene	290
	Phenol	220
	Acetone	135
	Bisphenol A	240
	Ethanolamine	100
	Ethoxylates	40
	Natural alcohol (detergent)	50
Total		6,617

It also includes intermediate products that are converted into final products, such as benzene, ethylene oxide, cumene, phenol, and acetone.

These serve multiple industries around the globe such as food packaging, construction, and different consumer products. Petrochemical feedstock is used to make a staggering range of products that extend from pipes and paints to aircraft and automobile components.



COMPANY STRATEGY



STRATEGY

Saudi Kayan is keen to harness its assets, optimize its human and financial resources, and study new opportunities to broaden its portfolio and increase market share. In realizing these, the company has developed strategic plans to ensure safe and security operations, expand the customer base, and achieve significant returns for all its stakeholders. As approved by the Board of Directors, these plans are founded on the principles of safety, reliability, and sustainability – be it for managing risk, increasing the efficiency of operations, improving production output, rationalizing the use of energy and natural resources, or safeguarding people and places. These strategic initiatives also aim to reduce costs, raise competitive capabilities, improve performance, and increase profitability.

Saudi Kayan specializes in three main operation divisions:

1. Chemicals (Olefins, Ethylene Oxide, and Glycol);
2. Polymers (Polypropylene (PP), High-density polyethylene (HDPE), Low-density polyethylene (LDPE), Polycarbonate chain).
3. Specialty products (Ethanolamine (EAO), Phenol, Cumene, Bisphenol A)

The short-term strategy of the company is to focus on producing the most profitable grades based on the market demand while searching for more synergies with other affiliates and companies as a medium-term strategy. Saudi Kayan's long-term strategy aims to become a leading producer in the petrochemical industry and the preferred supplier to its customers while delivering a sustainable profitability that satisfies the expectations of the Company's expectations. Therefore, Saudi Kayan's approach is to focus on six dimensions. Each the strategy has its own defined actions that will contribute to consolidating Saudi Kayan's position as a leading company in the petrochemical industry.

SIX DIMENSIONS OF STRATEGY



Among its resources, Saudi Kayan owns 10 mixed crackers that is capable of generating more than 2 million metric tons (MT) of Ethylene and Propylene on an annual basis, where all internal demand of feedstock is secured from the olefin plant. Consequently, Saudi Kayan can produce an enormous portfolio of over 20 different products with over 1,300 differentiated grades. This ensures that the company has the capability to distribute the feed allocation to the higher contribution margin products.

At present, the biggest challenge that Saudi Kayan faces is the cost of high butane, which the company aims to resolve by curbing the butane intake and maximizing the ethane intake. In addition, fluctuating market prices and low demand is a threat to Saudi Kayan's business. Thus, the company capitalizes on producing the most profitable grades that is in demand in the market while diverting feedstock to the most profitable down-streams.

Marketing efforts

As per the standing agreement, all products made by Saudi Kayan are sold exclusively to SABIC, who in turn sells it to other customers around the world. In turn, Saudi Kayan works on a daily basis with specific business units at SABIC to ensure best pricing and maximum profitability. Both teams work together to create rolling plans for each plant. Alongside this meticulous approach, the two teams keep close watch on market developments, to cater more effectively to the highest netback regions. The company is also working on tapping into new regional and international markets.

ESG directives

Saudi Kayan recognizes the pivotal importance of environmental, social, and corporate governance factors for business success in the global marketplace. Besides incorporating these factors into core business strategy, the company is taking numerous steps to ensure that it forms an essential part of corporate culture. The mission is to ensure that all employees understand major trends that will affect the company and society over the coming decades, and to find innovative solutions to address and overcome issues.

Closer cooperation

Members of Saudi Kayan's Executive Management believe in extending full and close cooperation to all concerned parties to secure the reserves and resources needed to fulfil corporate strategy, especially with stakeholders. The company continues to work with the Ministry of Energy for the announced increase in the allocation of ethane gas, which will help reduce operational costs and improve ability to deal with market fluctuations.

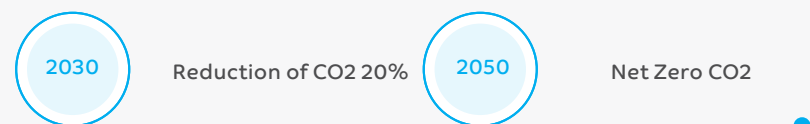
New investments

The company is constantly evaluating various value-added investments to enhance performance and achieve better financial returns for shareholders, be it through new strategic partnerships, tapping into existing opportunities, or extending the value and portfolio of specialized products.

Carbon neutrality

Saudi Kayan is fully committed to the goals of the Paris Agreement in line with the implementation of Saudi Arabia Vision to protect the environment and reduce carbon dioxide and similar greenhouse gases. The company will continue to exert all efforts to explore the needed solutions to achieve carbon neutrality in its production processes by 2050, while considering the various regional and national targets, commitments, and initiatives. Saudi Kayan is committed to its sustainability goals, to uphold targets of the Saudi Energy Efficiency Program (SEEP), and to contribute to the economy of Saudi Arabia.

Carbon Neutrality Roadmap



RISK MANAGEMENT

Risk management policy

Saudi Kayan's policy for risk management has been developed in accordance with an integrated governance system that works to identify, understand, and effectively manage any risks facing the company.

This policy is based on proactively identifying and understanding the risks facing the company, evaluating their impact and performance, and taking preventive measures to control them and minimize any possible effects. It accommodates several dimensions that include control and governance, integration of risk operations, risk management infrastructure, and promoting a culture of risk management among employees.

Risk Committee

The Board of Directors of Saudi Kayan has formed a Risk Management Committee, in accordance with the integrated governance system. The Risk Committee submits recommendations to the Board of Directors on the adequacy of measures taken to reduce the impact of any reported risk. Additionally, it also recommends either continuing with the same measures or taking new or additional measures to control the reported risk.

Responsibilities of risk management

Responsibility begins with employees and administrators, through the preparation of detailed risk reports for periodic submission to the Risk Committee. This task is overseen and monitored by members of the Executive Management.

The responsibility for ensuring that the risk management policy is implemented also rests with Executive Management, in a shared task with the Board of Directors and with support from the Risk Committee.



Environment, Health, Safety and Security (EHSS) risks

Saudi Kayan is fully compliant with laws and regulations applicable to all its operations and incorporates international standards and best practices in practicing quality, safety and security for human health and the environment. In addition, special provisions are applicable in environmentally sensitive areas of operation.

- **New legislation:** The company cannot predict what EHSS legislation or regulations will be enacted in the future.
- **Policy enforcement:** Compliance with more stringent laws or regulations, or more vigorous enforcement policies imposed by any regulatory authority could also require large expenditures for the installation and operation of systems and equipment as remedial measures.
- **Accidents:** As a commercial company working with chemicals and hazardous substances, Saudi Kayan is inherently subject to the risk of spills, discharges, or other releases into the environment. Accidents related to the company's products may involve serious damage to property, the environment and human health, which may adversely and materially affect business, results of operations and financial position.
- **Sectoral risks:** As with most petrochemical companies, environmental risks include any explosion at production or logistics facilities, the release of toxic gases into the atmosphere, and the release of hazardous chemicals on land or in waterways.



Business and operational risks

The company constantly strives to reduce the effects of business and operational risks by reducing costs, improving reliability at all plants, and ensuring the continuity of production and sales as per clear business plans and practices.

- **Capacity utilization:** In the petrochemicals industry, profitability is linked to global demand, industrywide inventory levels, and plant capacity utilization. Saudi Kayan needs to maintain high rates of production capacity at its manufacturing facilities to maintain high rates of capacity utilization – the level of production that each plant achieves in relation to its capacity. Failure to maintain this could have a substantial and adverse effect.
- **Variable production rates:** Higher production rates enable the company to allocate fixed costs across larger production volumes. However, excess industrywide inventory, especially at times when demand is weak, may cause Saudi Kayan and others in the industry to lower production rates, which will reduce margins, income, and cash flow. Reduced utilization rates may also occur due to scheduled activities such as maintenance or unscheduled outages due to equipment or human failure.
- **Operational risks:** Saudi Kayan is exposed to a number of operational risks which include the unavailability of skilled human resources, poor performance of contractors, health and safety incidents that may be

caused by third-party contractors, corrosion problems impacting plants and pipelines, and exposure to natural hazards such as volatile weather events. Subsequent recovery rates may be lower than the expected.

- **Insurance risks:** The company's operations are subject to hazards and risks inherent to petrochemical companies, which include fires, explosions, pipeline ruptures and spills, storage tank leaks, chemical spills, discharges or releases of hazardous substances or gases, environmental risks, mechanical failure of equipment, war, terrorism, sabotage, and natural disasters. In addition, many of these risks may cause personal injury and loss of life, severe damage to or destruction of the company's properties and the properties of others, including environmental pollution which can result in the suspension of operations and the imposition of civil or criminal penalties.

The company maintains insurance coverage in amounts that are consistent with relevant industry practices, including coverage for the risk of property damage, business interruption resulting from, among other things, fire or machinery breakdown and third-party liability. However, there can be no assurance that such insurance coverage will be adequate to cover all losses that may be incurred in the future, or that the liability imposed on the company will not exceed its total assets.

- **Transportation risks:** Saudi Kayan's operations depend heavily on the transfer of materials, particularly the exports of finished products by sea and road. Some of the products transported by the company are also classified as risky. Although the company seeks to maximize the cost of distributing final products, it cannot ensure that transportation costs will not increase significantly in the future, which may reduce competitive advantage over regional producers. Any problem that impacts the transportation of goods by sea, such as special taxes, risky conditions, and natural disasters, may adversely affect the outcome of the company's processes or financial situation. Geopolitical problems, wars and conflicts, commercial blockades, and piracy, which affect transportation, can also adversely affect the company's outcome of processes.

Financial risks

- **Funding and financing agreements:** If Saudi Kayan enters into any new financing agreement, it may become subject to additional or more restrictive financial agreements and ratios or be required to guarantee its assets for the benefit of lenders. Any indebtedness will require a large portion of cash flows resulting from operations to be allocated to pay the principal and interest on the indebtedness, which will reduce the company's ability to benefit from the cash flow in financing its operations and future business opportunities. All these may expose the company to the risk of increasing interest rates or increasing costs, or both, to cover interest rates, and will also expose it to refinancing risks to the extent that it cannot repay loans from the cash flows resulting from operating activities.

If the company is unable to obtain suitable financing or other capital contributions to finance capital and investment expenditures in the future, it may require changing any such planned projects, reducing their scope, or postponing or cancelling them, which in turn may affect profitability and competitiveness.

- **Customer credit risks:** Terms of the marketing agreement between Saudi Kayan and SABIC, and the company's credit sales policy, provide for reducing the incidence of customers' credit risks. However, since Saudi Kayan sells its products to SABIC who in turn sells these products to a variety of customers, it exposes the company to the risk of non-payment for products supplied, especially trade accounts receivables.

These risks increase when specific sectors are on the decline, or when general economic conditions deteriorate. Non-payment by SABIC or its customers may materially or adversely affect the company's business or its financial position.

- **Global economic conditions:** The company faces many risks associated with changes in the global economic environment. In particular, performance is affected by economic cycles that affect end-user sectors, since products manufactured by the company are used as an intermediary in the manufacture of several other products. A deteriorating economic climate could result in lower industrial output and lower demand for the company's end products including consumer goods, packaging products, and industrial goods.

In the past decade, the global economy has witnessed many periods of slowdown, high volatility, reduced business activity, unemployment, low interest rates and waning consumer confidence, all of which affected the final stages of demand for chemical and plastic products in certain industrial sectors and regions. The company is unable to predict such adverse trends and their impact on market demand for the company's products. The further decline of regional or global economies, market crises, or prolonged periods of instability may have a material and negative impact on the company's business, the results of its operations or its financial position.

- **Cyclical nature of the petrochemical sector:** The petrochemical sector goes through cycles of expansion and contraction in line with movements in the global economy, which leads to fluctuations in supply and demand for petrochemical products, as well as fluctuations in the prices of raw materials, and the prices of final petrochemical products. Saudi Kayan cannot predict with any measurable accuracy these trends and economic cycles, or the duration and dates of these trends and cycles, which can have a significant impact on business and financial results.
- **Foreign exchange rate:** Saudi Kayan has several policies that undergo periodic review of currency exchange risks. However, since the company operates internationally, it is exposed to foreign exchange risks arising from exposure to various currencies, and fluctuations of these currencies against the Saudi Arabian Riyal (SAR). The company is not significantly exposed to US dollar risks because the Saudi Riyal is pegged to the US Dollar and its business is primarily conducted in US Dollar, but it deals with the Euro, British Pound, and Japanese Yen to a lesser extent.

Foreign exchange risks are primarily in accounts receivables, trade payables, and certain non-SAR denominated bank accounts. There is no guarantee that adequate precautionary procedures are sufficient to protect Saudi Kayan, or that any future fluctuations in currency exchange rates will not adversely affect its operating results or financial position.

Risks associated with Intellectual Property (IP)

Saudi Kayan relies on a wide range of intellectual property rights to support its business, and in this regard, has obtained licenses for some of the technologies used in its facilities. The company's operations are based primarily on technology operations licenses from SABIC and other third parties. The termination of any substantive technology license or dispute relating to its use may require the company to stop using the relevant technology and thus may adversely affect ability to produce specific products.

The inability of the company to maintain any license may also require the company to stop using the technology and licensing rights to third parties on less favorable commercial terms, or to obtain alternative technologies of lower quality, or maintain performance standards at a greater cost. Any of these factors could have a significant negative impact.



FUTURE PLANS

Risks associated with Information Technology (IT)

Saudi Kayan relies on several IT systems to carry out its day-to-day operations. As a result of the increasing complexity of information and communication technologies, the company is exposed to associated risks that range from loss or theft of data, cyber-attacks, and interruptions to business, through to systems failures and technical obsolescence.

Rapidly rising information security threats and sophisticated cybercrimes also pose a risk to the confidentiality, availability and integrity of data, operations, and the infrastructure of IT systems, networks, facilities, products, and services. The non-availability, breach of confidentiality, or manipulation of data in critical IT systems and applications may lead to leaks of confidential data and expertise in an uncontrollable manner and have a direct impact on business operations.

Although the company maintains back-up systems, there is no assurance that these systems will work as efficiently or quickly as expected, or that they will work at all. Should such threats overcome implemented security measures, they could potentially lead to violation of confidential information, improper use of systems and networks, manipulation or destruction of data, production downtime and operational disruptions, which in turn could have substantial and adverse effects.

Risks associated with personnel

The company relies on the performance of its teams of personnel and management, and future success partially depends on the continued ability to hire, integrate, and retain highly skilled employees.

The sectors in which Saudi Kayan operates are defined by high demand for experts and highly qualified personnel, and ongoing competition over talent retention make it uncertain if the company will be able to successfully recruit, train or retain necessary personnel in the future. This is compounded by the need to offer competitive compensation and other benefits to attract and retain key personnel, or the unexpected loss of executive officers or key personnel to competitors. All these factors could have a substantial and adverse effect on operations.

The company works to develop the rights of its shareholders through the optimal use of its assets and human and financial resources, and to study the opportunities available to increase income. The company is also working on marketing and selling its products in various local, regional and international markets through the marketing agreement signed with SABIC. The company constantly follows up the requirements for the safe operation of its factories, and seeks to expand its customer base, and achieve the largest possible return.

Moreover, Saudi Kayan has also developed many plans and strategies drawn up by the Board of Directors that are based on the principles of safety, sustainability and reliability in managing operational processes, risk management and performance monitoring that aim to improve the efficiency of operations. In addition to raising growth rates and generating innovative ideas to rationalize energy and natural resources, which in turn will contribute to reducing costs, increasing profitability, and improving the

performance level of its assets, thus contributing to the development of shareholders' rights, protecting the environment and enhancing the company's competitive capabilities in various markets.

Saudi Kayan 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.

The company notes that it is working with the Ministry of Energy to provide increased allocation of ethane gas previously announced, which will help Saudi Kayan to reduce operational costs and increase the company's ability to deal with market fluctuations and sustain profitability in order to achieve the aspirations of shareholders and investors.

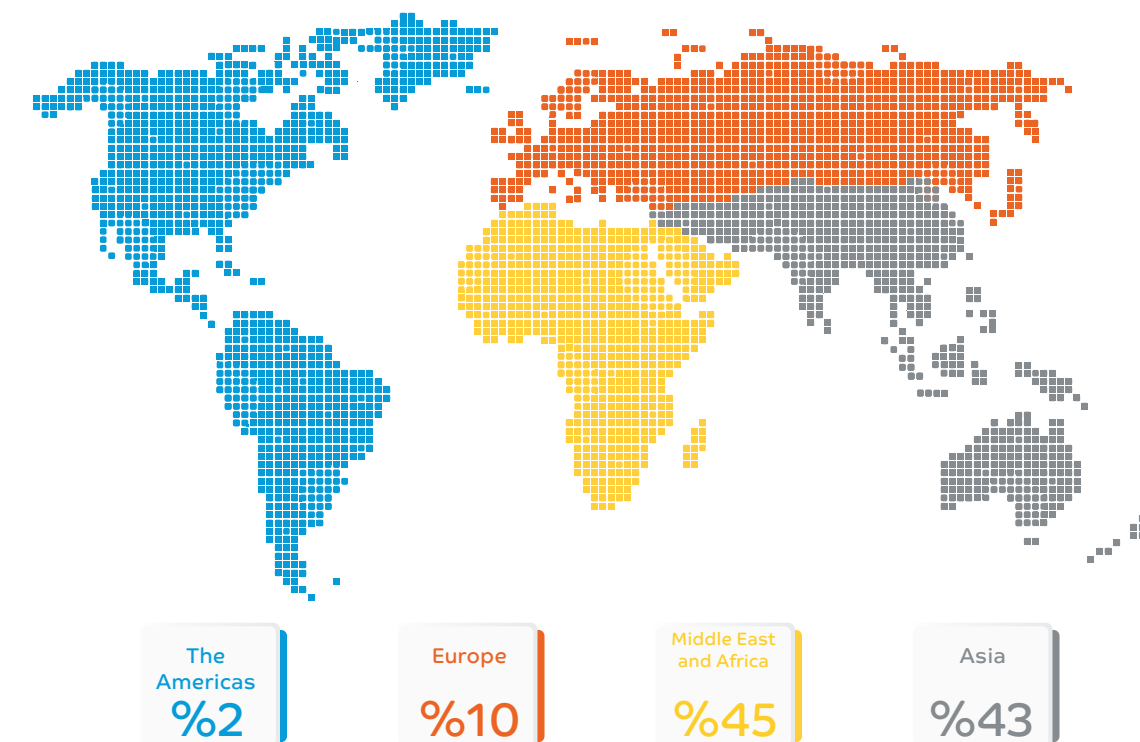


BUSINESS PERFORMANCE



FINANCIAL CAPITAL

Geographical analysis of revenues



Geographical	Revenues	Percentage
Middle East and Africa (MEAF)	1,074,323,024	45%
The Americas	48,383,793	2%
Europe	227,848,160	10%
Asia	837,535,948	43%

Financial position (amounts in millions, SAR)

Description	2023	2022	2021	2020	2019
Current assets	4,555	4,421	6,986	5,504	5,382
Non-current assets	22,125	23,852	25,910	28,001	29,946
Total assets	26,681	28,273	32,896	33,505	35,328
Current liabilities	6,322	4,304	4,020	3,347	2,887
Long-term loans and other liabilities	7,075	8,492	12,408	16,150	17,488
Shareholders' equity	13,284	15,477	16,469	14,009	14,953
Total liabilities and equity	26,681	28,273	32,896	33,505	35,328

Income statement (amounts in millions, SAR)

Statements	2023	2022	2021	2020	2019
Sales	8,171	11,157	12,656	8,007	9,536
Cost of sales	(9,017)	(11,253)	(9,099)	(7,559)	(8,464)
Gross profit	(846)	(97)	3,558	448	1,072
Other revenues (expenses)	24	(21)	(36)	(62)	15
Company's share of subsidiary net profit (loss)	-	-	-	-	18
Selling, General and Administrative (SG&A) and Research expenses	(623)	(739)	(734)	(615)	(693)
Financial expenses, net	(684)	(360)	(273)	(438)	(951)
Zakat	(7)	(26)	(124)	(115)	(98)
Net profit (loss)	(2,136)	(1,244)	2,391	(785)	(637)

Difference in operational results (amounts in millions, SAR)

The company's sales amounted to 8,171 million riyals during the year 2023 AD, compared to sales amounting to 11,157 million riyals during the year 2022 AD, a decrease of 27%. The operating loss amounted to 1,445 million riyals during the year 2023 AD, after deducting

selling, administrative, and general expenses, versus an operating loss of 857 million riyals for the year 2022 AD. The decrease in financial results is mainly due to the decrease in average selling prices for most products. The company seeks to continue reducing costs, diversifying products, and entering new markets with the aim of achieving its set goals.

Item	2023	2022	Changes (+) or (-)	Percentage of change
Sales	8,171	11,157	(2,986)	-27%
Cost of sales	(9,017)	(11,253)	2,236	-20%
Gross profit	(846)	(97)	(749)	-772%
Other operating revenues	-	-	-	-
Other operating expenses	(599)	(760)	161	-21%
Operating profit (loss)	(1,445)	(857)	(588)	69%

Paid and outstanding statutory payments

The following table shows the values of paid and outstanding statutory payment with details and reasons (amounts in thousands, SAR):

Item	2023		Brief description	Reasons
	Paid	Unpaid dues until the end of the year		
Zakat	27,352	61,310	What is paid or charged to the fiscal year pursuant to the regulatory provisions of Saudi Arabia's Zakat, Tax and Customs Authority (ZATCA).	Government dues
Tax	319	27	What is paid or charged to the fiscal year as tax expenses, in accordance with tax regulations in Saudi Arabia	Government dues
General Organization for Social Insurance	57,628	5,659	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.	Government dues
Visa and passport costs	120	0	Amounts paid during the year as visa and passports charges according to relevant regulations	Other government dues
Total	85,419	66,996		

Investments or reserves created for the benefit of the company's

Item	2023	2022
End-of-service benefits	725,806	620,933
Savings program	54,672	37,668
Housing loans and home ownership	78,872	113,859
Total	859,350	772,460

Information about the company's loans

The following table indicates the loans owed by the company by the end of 2023 (SAR, thousands):

Lender	Borrowed amount	Long term (years)	Balance at the beginning of the year	Additional balance during the year	Paid amounts	Balance at the end of the year
Facility agreement with the Saudi Industrial Development Fund	479,000	7	277,417	4,719	133,334	148.803
Islamic murabaha agreement with the Saudi National bank	7,125,000	7	7,100,957	27,092	1,275,000	5,853,049
Islamic murabaha agreement with Banque Saudi Fransi	1,500,000	8	1,490,614	1,870	-	1,492,484
Islamic revolving credit facility with Saudi national bank	3,000,000	5	895,643	1,500,899	-	2,396,542
Total business loans	12,104,000	0	9,764,631	1,534,580	1,408,333	9,890,878

OPERATIONS

Unique Operational Strengths

- The company's products consist of 20 different products offers more than 1,300 differentiated grades
- 10 mixed crackers enable annual production of more than 2 million metric tons of Ethylene and Propylene
- All feedstock demand for Ethylene and Propylene is secured internally from the Saudi Kayan Olefins plant

Asset Performance Index (API)

In 2023, Saudi Kayan developed new plans under the Asset Performance Index (API) program, to measure assets and their life cycles from design and project implementation through to operation and maintenance, with rehabilitation or replacements at the end of their lifespans.

While the API allows the company to increase production levels and improve performance, it also creates a more harmonious balance between its own requirements and those of stakeholders. In addition, several new programs are being implemented to improve asset reliability and availability, including the development of best practices, the publishing of equipment strategies, conducting maturity studies, and implementing state-of-the-art technologies.

API score and ranking

During 2023, Saudi Kayan scored 88.3% API score.

API Score

2023	88.3%
2022	88.9%



Systems and programs

- The Advanced Process Control (APC) system optimizes the time needed to take a decision, and enhances productivity
- The linear program called MBPPO runs multiple scenarios simultaneously and evaluates profitability to enable production of the most profitable products and grades
- The Operation Management System (OMS) continues to inspire employees and stakeholders towards continual improvement, and create a performance driven culture to achieve and exceed targets

Digitization

The acceleration of digital capabilities and emerging digital technologies is having a notable impact within the global petrochemicals industry, prompting companies to accelerate its adoption of digitalization. Cybersecurity threats however, have been keeping pace with technological advances, necessitating increased vigilance for cyber threats that could have severe negative impacts on Saudi Kayan's business, brand, and financial position.

As industries grapple with the ever-growing integration between the real world and the digital world, Saudi Kayan is in the process of implementing multiple initiatives in its digitalization journey, having learnt and implementing aspects of SABIC's extensive digitalization program in the areas of security, safety and inspection. In 2023, the company started the online permit and drone inspection to reduce time and cost and thereby speed up the process while retaining integrity.

Certifications and renewals

Saudi Kayan received 17 global certifications in 2023 that have enhanced the Company's brand and prestige in the industry for its prowess.

- ISO 9001 Quality Management System
- ISO 27001 Information Security Management System
- ISO 22301 Business Continuity Management
- ISO 14001 RCMS
- ISO 10015: 2019 Competency Management
- HALAL
- KOSHER
- LNE
- IIP
- SIRM
- NSF
- GMP EXCIPACT
- GMP EFFCI
- ISO 55001: 2014 Asset Management
- Bureau of Indian Standards (BIS)
- AENOR (Water)
- AENOR (Gas)



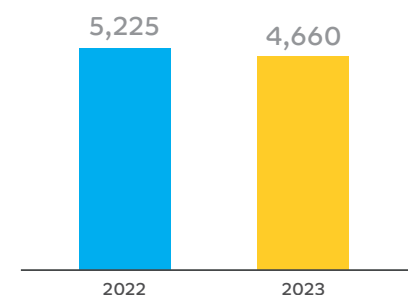
PRODUCTS AND MARKETS

Strategic objectives

Short term	Medium term	Long term
Producing the most profitable grades, based on varying market demand	Establishing synergies with affiliates and other companies	Becoming a regional leader in petrochemicals and a preferred supplier to the world to deliver sustainable profits

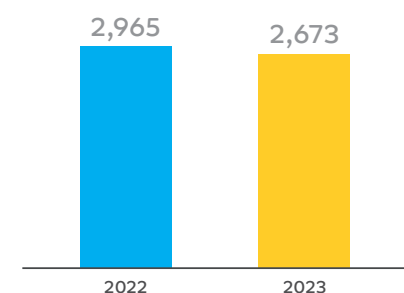
Production

Saudi Kayan managed to produce 4.66 Million metric ton in 2023 which is lower than last year that amounted to (5,22) million metric tons a decrease of 8%. The main reasons of the reduction was the scheduled planned Shutdown for olefins and polymers plant. Below graph, shows the quantities produced during the year 2023 compared to the year 2022 (million metric tons):



Sales

The reason for the decrease in revenues is mainly due to a decrease in the average selling prices for all products. The quantities sold for 2023 is (2.67) million metric tons, compared to the amount of sales for the year 2022, which amounted to (2.97) million metric tons, a decrease of (292) thousand metric tons, or 10% lower as a result of production shortfall compare to 2022. The following graph shows the decrease in the quantities sold during 2023 compared to 2022



Additionally, Saudi Kayan successfully obtained new international certificates, Bureau of Indian Standards (BIS) and Circular Economy, to add to their roster of existing certifications that will enable the company to continue expanding in the industry.



Product Innovation

Despite the multiple challenges, Saudi Kayan is determined to continue to advance the field of product innovation. Saudi Kayan is keen to maintain a safe inventory, which will support the company at any time to meet any additional requirement.

- Three new Polypropylene(PP) grades – FPC105, CAST Film, and PCG (the first medical grade for PP manufactured in Saudi Kayan)
- Three new High Density Polyethylene grades – BiAxPE, B5308SF, wire and cable (Saudi Kayan became the only SABIC affiliate to produce such a grade)
- Two new Low Density Polyethylene grades – PCG, to be used in medical applications.

Challenges

Saudi Kayan's business suffered as a result of geopolitical actions, along with the rest of the world. The Russian-Ukraine conflict exacerbated global petrochemical prices, along with ongoing supply chain problems and new conflicts in the Middle Eastern region will only create additional strain. At present, the Company's biggest challenge is the high price of Butane, which along with Ethane, is procured from Saudi Aramco for cracking and usage at all plants. Strategies are underway to reduce the intake of Butane and maximize the intake of Ethane, lowering the overall costs of both feedstocks, as well as focus on higher netback regions and developing new grades with a higher premium. As global pressure also mounts for companies to pivot to sustainability, finding ways to achieve this while keeping the Company resilient is a challenge for Saudi Kayan.

Geographical distribution

Sales District	MEAF	America	Europe	Asia	Local
Polymers	41%	2%	10%	31%	16%
Chemical & specialty	14%	2%	10%	57%	17%
Overall	28%	2%	10%	43%	17%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)



ENVIRONMENTAL CAPITAL

Climate Change and Resource Efficiency

Saudi Kayan supports Saudi Vision 2030 and the efforts undertaken to champion sustainability in the chemicals industry, providing the innovation required to fulfil the ambitious targets to transition to a low-carbon economy while using resources efficiently.

Recognizing that failure to adapt to climate change in the immediate future will have repercussions on the Company, Saudi Kayan is developing low-carbon technologies required by its parent company and its customers, and taking steps to mitigate its own GHG emissions by 2030 and Scope 1 & 2 emissions, reduce water wastage and material loss, and gradually become a model of carbon neutrality that is in line with KSA strategy. Given its stature, Saudi Kayan actively engages with industries, national, and international initiatives (such as Saudi Arabia’s Vision 2030 and the Saudi Energy Efficiency Center (SEEC)) to align its goals with sustainability trends, adopting new technologies that can effectively address matters pertaining to climate change and other environmental issues. It is also committed to achieving levels of excellence in accordance with international standards, including achieving the requirements of the Saudi Energy Center “Kafaa”.

In 2023, Saudi Kayan overhauled two of its crude oil boilers with package boilers to meet Saudi regulations, promising a reduction of 200,000 tonnes per year in CO₂ emissions and saving of over 700,000 MMBTU of energy. The Company initiated steps to direct purge gas recovery from the LDPE plant to Olefins in the

hopes of significantly reducing greenhouse gas emissions up to 40,000 MT of CO₂. A new Titanium catalyst was implemented in the DPC plant that has the potential to save around 266,000 tonnes annually and contribute to a 14.7% improvement in energy efficiency. Meanwhile, replacing the cycle water heat exchanger with a new packinox heat exchanger in our Ethylene Oxide/Ethylene Glycol (EOEG) plant promises to save an estimated 50 MT of steam per hour and enhance steam efficiency while reducing energy consumption by as much as 31% (and save around 6.5 million SAR annually); in addition, the EOEG plant captures approximately 70,000 tonnes of CO₂ every year, which is utilized as a raw material in the PC chain in committing to a sustainable future.

Saudi Kayan is progressing with the development of a Carbon Capture, Utilization, and Storage (CCUS) unit to align with regulatory requirements that is forecasted to be completed by 2027. This year, Saudi Kayan achieved its first cycle credit that reached up to 3.8 MMBTU.

Additionally, the Company continues to work on the Corporate Digitalization Program that seeks to aggregate and present climate data with accuracy. We passed the IMEA audit with zero findings, as with the KPMG audit for CDP report. Our sustainability team has engaged in reliability campaigns by presenting on topics pertaining to climate change and ESG matters.

In 2023, Saudi Kayan achieved the following outcomes in its sustainability efforts with comparisons to 2022:

Step change	2023	2022
Absolute GHG Emissions, Scopes 1 and 2 (mMTCO ₂)	5.0	5.5
Green House Gas Intensity (MTCO ₂ /MT sales)	0.88	0.81
Energy Intensity (GJ/MT sales)	12.022	10.9
Material Loss Intensity (MTM/MT)	0.044	0.06
Water Intensity (m3/MT sales)	1.062	0.84
CO ₂ Utilization (Million MT)	0.037	0.069

Workplace safety

At Saudi Kayan, ensuring the health, safety and security of employees is both, an important commitment and an ongoing responsibility.

The company does its utmost to ensure the wellness and wellbeing of all employees, as well as that of vendors, contractors, external stakeholders, and the neighborhoods and communities in which it operates.

Measures deployed at the workplace include providing employees and visitors with safety gear and equipment, observing all safety requirements, identifying the safest methods for employees to perform their tasks, and conducting timely check-ups and follow-ups of their health according to the nature of their work. Regular lectures on occupational health and environmental protection help increase raise awareness levels among all employees and make them champions of safety.

In the wider community, frequent campaigns on safety and environmental protection contribute to the creation of safer surroundings.

Management oversight

The company’s senior management has pledged to uphold the highest levels of safety on the premises with active participation and leadership, and by ensuring compliance with local laws and international standards. Members also direct constant and continuous attention towards all employees for adherence to stipulated rules and regulations, for their own safety as well as that of others, and to safeguard company property from risks.

Senior members of management are involved in overseeing the implementation of SHEM (Safety, Health and Environment Management) at Saudi Kayan. This standard for risk-based assessment is being embedded throughout the organization and will supplement standard auditing which has hitherto served as the primary means to assess onsite performance and progress.

Emergency preparedness

Saudi Kayan has a trained emergency response team that is ready and capable to deal with most types of unexpected or unplanned situations. During the last five years, members of this team have undergone almost 500 training sessions in various emergency operations like first aid, firefighting, rescue, and the handling of hazardous chemicals. This specialized team complements a full-fledged fire and emergency unit.

Mock drills are held at random intervals to test the efficacy of other onsite teams in handling accidents, evacuation, firefighting and other perilous situations.

Environment protection

As a manufacturer of petrochemicals, the company recognizes and upholds its responsibility towards the preservation and improvement of its immediate surroundings, as well as protection of neighboring communities, and the environment.

Based on a framework of objectives and targets that are reviewed at periodic intervals, proactive measures are applied or implemented to maintain the highest levels of industrial hygiene, and to restrict impact of specific activities on the immediate environment. To conserve natural resources and to protect the environment, the most practical and rationalized methods are used for waste disposal, the handling of air, water and soil pollutants, and applying sustainable measures in the reuse and recycling of products.

The company continues to meet all rules and regulations issued by the Royal Commission for Jubail, and aspires to match the highest international standards through defining aspects of its Safety, Health, and Quality Policy:

- Predictive performance indicators that measure the EHSS performance of every plant, with the added ability to address related risks in case of occurrence
- Program to periodically monitor and maintain standards for emissions and plant water pollution
- Ongoing awareness series on the company’s environmental policies and workplace first-aid measures
- Regular campaigns for careful driving and the correct use of company vehicles.

Environment, Health, Safety and Security (EHSS)

2023 proved to be a year filled with progress as well as challenges. Despite cultivating a positive EHSS compliance culture through various measures such as EHSS Campaigns, EHSS Transformation engagements, and Leadership Walkthroughs,

At Saudi Kayan, we strive to create a work environment that is safe for all employees to carry out their duties without posing a risk to their lives. This year, the Company undertook an EHSS transformation initiative under the theme, ‘Nobody Gets Hurt,’ that focused on five main pillars: EHSS Leadership, Risk Management, SHEM Stewardship, Environment Performance, and Contractor Management. The overall goal is for employees to work and return to their families safe and sound.

In addition, 75% of planned employees attended NEBOSH trainings conducted for safety and environment to enhance their awareness. Meanwhile, in the spirit that preparation helps to reduce damage in the event of a crisis, 28 Emergency Drills were conducted as per the 16 Pre-Incident Plans that considered the types of actions and decisions required for worst-case scenarios. Saudi kayan has conducted jointly major drill with (Jammah and Saudi Aramco) where it was successfully completed with security of 100% Throughout the year, Risk Discovery was enhanced by identifying all significant risks, and implementing interim actions to control the aforementioned identified risks to avoid any process safety, environmental, and occupational consequences.

Launch of Compliance Helpline

In 2023, the company continued operating the Compliance Helpline launched in 2022, assigning and training select members, and appointing Helpline Leaders. Their remit includes applying SHEM-10 standard requirements, under supervision from the EHSS department. The unit has been provided dedicated email addresses and phone numbers for direct contact, for any areas of concern or for support.

Sustainability

Since its establishment, Saudi Kayan has aspired to produce petrochemicals in a sustainable manner. From this point of view, the company began to implement the principle of sustainability and set future goals to reduce energy consumption, reduce water consumption, reduce greenhouse gas emissions and reduce the efficiency of material consumption; It is also committed to achieving levels of excellence in accordance with international standards, including achieving the requirements of the Saudi Energy Center “Kafaa”.

The company also continues to innovate to achieve its sustainability goals and keep pace with changing energy efficiency regulations such as the Energy Efficiency Program in Saudi Arabia. This involves preparing to tackle the risks of climate change by exploring the Science Based Targets Initiative, an international collaboration that promotes best practices, to assess our current greenhouse gas emissions targets to ensure commitment to positive impacts in all areas of operations.



EHSS Rate Metrics and Analysis

Dimensions (unit)	2023
EHSS rate (incidents/200,000 hours worked)	1.95
Total recordable incident rate (incidents/200,000 hours worked)	0.093
Occupational illness rate (illnesses/200,000 hours worked)	-
API 754 PSE Tier 1 (incidents)	1
API 754 PSE Tier 2 (incidents)	4
Security incidents (Class A + Class B + Class C (SHEM-10))	-
Security Incident Rate (incidents/200,000 hours worked)	-
EHSS Maturity Index (%)	70%
Absolute GHG emissions (Total Scope 1 & 2)	3,781,930 MT CO2e
Energy usage	51,670,935 GJ
Absolute material loss	187,344 MT
Absolute waste	122,335.6 MT
Absolute water	4,670,072 m3
CO2 utilization	29,502,000 MT

Reliability

Saudi Kayan has been keen to adopt an integrated strategy for reliability and equipment safety programs, including the Manufacturing Strategies Package 2026 that focuses on attaining high level of maturity in reliability by implementing strategic initiatives to reduce risks associated with equipment and systems during the life cycle of assets. These initiatives focus on incorporating reliability, improving operational safety, improving equipment maintenance efficiency, energy and sustainability.

With the challenges facing the petrochemical industries directly related to global economic fluctuations, the company seeks to continue on a sustainable approach to achieve the desired results to always be at the forefront of the industry in the Kingdom of Saudi Arabia in particular, and the global petrochemical industry in general.

INTELLECTUAL CAPITAL

Training and Development

Saudi Kayan always seeks to raise the level of efficiency of its employees and provide a fertile work environment that contributes to raising its performance to reach the company's goals and empowering the workforce to be a competitive force in the petrochemical industry, so it was keen to complete the development of employees through virtual courses that were provided to all employees. The Company has offered a variety of technical courses across different disciplines, enhancing employee knowledge through several internal courses that involved a substantial number of participants.

Training and Development

Number of participants	Average hours of training per employee
1,044	42

Early Development Program

Fresh graduates who join Saudi Kayan are enrolled in an early development program that is an enhanced version of the well-established SABIC Engineers early Development (SEED) program. The EDP aims to develop their academic knowledge with on-the-job training and tailor-made modules for their respective areas of work. This focused investment in skills and capabilities helps achieve the highest levels of efficiency.

Jadeer

As operators, technicians and frontline staff form the largest segment of the workforce, the company is keen to ensure their ongoing development, and continuous improvement in their respective fields of work. The dedicated development program JADEER complements vocational qualification programs they have completed earlier, with the aim of refining skills and raising levels of professional knowledge for safe and smooth operations at plants and factories.

Employee welfare

The company is keen to secure the future of its Saudi employees and help them experience the highest levels of job satisfaction and job security, and this is embodied through unique incentive programs.

Thrift Program

The popular program runs on the simple premise that the more employees are able to save in a single month, the more secure their future prospects. Participating employees can define their investment goals for tailor-made deductions from their monthly salaries that are invested in Sharia-compliant vehicles under Islamic financing. The saved amounts and accrued profits can be accessed whenever needed.

Home Loans Program (HLP)

The company offers interest-free loans for home ownership to all Saudi employees who meet approved terms and conditions during their tenure in the company. Boosted by the success of loans issued in previous years, the program continues to add value to employee welfare and wellbeing.

Housing Ownership Program (HOP)

Saudi employees who meet all necessary requirements, automatically qualify for Saudi Kayan's Housing Ownership program. After successfully completing the first set of homes, the company is working to obtain more residential lands for the construction of new housing units.

Leader development programs

The company continues to develop its leaders and provide all capabilities to achieve its goals: Thus, it ensured that its leaders are qualified through several programs designed specifically for such leaders, to ensure the development of their management skills and ability to complete their tasks to the fullest.

Kayan Maintenance Academy

Saudi Kayan has paid great attention to the development of technical capabilities through the Maintenance Academy, providing theoretical and practical training in the maintenance of equipment and devices, so that the trainees can apply what they learned in theory to these devices and equipment.



Internal Training Programs

Saudi Kayan has designed several programs as an investment to train highly experienced people in several internal courses to enhance their transfer of expertise, ensuring continuous development of performance.

Customized Training Programs

The company has studied the necessary development needs for employees, as it has provided several specialized training courses in cooperation with accredited training institutes and centers to raise the level of knowledge and skills necessary to perform their work professionally and with high quality. These programs included the following courses:

- Change management
- Emotional intelligence
- Development of operators and technicians
- Develop operators of operating monitoring devices
- Expenditure efficiency
- Lead for success

Cooperative Training Programs

In terms of social responsibility, the company has hosted many students of institutes, colleges and universities and offers programs that suit their majors and qualifications to ensure the development of their scientific skills and the practical application of the knowledge they gained during their academic career.

Experience exchange program

This program aims to exchange experiences with SABIC and its companies. Several programs have been scheduled at different times for the purpose of sharing experiences, ways to improve performance, and solutions to technical problems.

Happiness Committee

As part of the internal initiatives, the company's management has formed a happiness committee with the aim of improving the work environment and making it an attractive environment by organizing several initiatives and events for employees and their families.

Corporate Culture

With the premise that distinguished personal capabilities and competencies help achieve corporate goals quicker, Saudi Kayan works systematically to develop employee skills in different fields. The company is in the process of establishing a strong corporate culture, and regularly reinforces its impact and importance through ongoing events and programs, awareness-raising messages, and continuous monitoring.

Communication

Saudi Kayan participates in relevant industry forums that share or showcase skills and competencies. Employees communicate regularly and share their experiences with other SABIC affiliates, and in turn, benefit from the experiences and expertise of these affiliates.

Cybersecurity Training

Campaigns are run frequently to highlight cybersecurity crimes and their perils, both to educate employees and raise their awareness as well as to safeguard the digital assets of the company. While all vital systems remain protected with the latest security updates, personnel manning them are retrained regularly on safe and correct usage.

Human Resources

Total workforce

Direct Hire (DH)	Supplementary Man Power (SMP)	Total number of employees
1,156	145	1,301

Saudi nationals in workforce

Direct Hire (DH)	Supplementary Man Power (SMP)	Saudization Percentage
93.8%	24%	86%

SUPPLY CHAINS

All supply chain policies are handled by our parent company, ensuring that the SAP-Ariba (SLP) program vets new supplier qualifications to verify that they meet standards for procurement and supply chain needs. In 2023, SABIC registered suppliers that were inactive, underperforming, or failing to comply with the Supplier Code of Conduct; accordingly, they were removed from the global database.

Supply chain disruptions continue to affect logistics in the wake of the COVID-19 pandemic and the ongoing war in Ukraine that can lead to raw material and component shortages and higher costs. In some regions, the petrochemicals industry is dealing with overcapacity which is putting downward pressure on prices, whether it's due to increased investment in new capacity or a slowdown in demand growth.

Moreover, navigating global markets remain challenging as new disruptions take place in a post-COVID-19 world, as high inflation, rapid supply/demand fluctuations, and geopolitical

tensions impact global supply chains and limit the ability of global sourcing managers to secure their supply. In addition, the availability of raw materials, capacity issues, container availability, logistics challenges, supply shortages, and price shocks will continue to pose challenges.

However, Saudi Kayan expects China to remain the world's top global exporter of a wide spectrum of both high and low-value products competitively; the exports of the US, Germany, Netherlands, Japan, Italy, Belgium, France, Canada and the UK will most likely be concentrated in high-value, high-cost, and technologically advanced products.

As the European Union becomes the first region to enforce "carbon taxes" in shipping via its Emission Trading System, users of high-carbon fuels such as conventional fossil fuels will be penalized as the carbon taxes apply not only to shipments within Europe, but also to all shipments to and from Europe.



CSR AND COMMUNITIES

Saudi Kayan strongly believes in performing its social responsibilities in the correct manner, seeking to build enduring ties with the members of the community in which it operates, and offering social responsibility programs that deliver positive economic and social benefits.

Since its inception, the company has been committed to performing its national duties within the framework of its social responsibility strategy, which aims to serve the community, assist in social development, raise awareness of safety and health, and contribute to environmental protection.



CSR Programs

13



People reached

+4000



Health initiatives

In accordance with the company's commitment to social responsibility and its national and humanitarian feelings, the social responsibility committee encouraged employees to participate in Saudi Kayan blood donation campaigns and raise awareness about diabetics.

Charitable initiatives

Saudi Kayan Company is committed to charitable initiatives and contributes to various programs, such as the health and educational programs of the Jubail Orphans Association and the Rahmaa Health Association, where the company supported those in need of chemotherapy sessions and contributed with the Jubail Advocacy and Guidance Association in the Ramadan Iftar program during the holy month of Ramadan.



Educational initiatives

Kayan Company provides support for the education and learning service, as it sponsored the (Leadership and Public Speaking for Juniors) project for upper and middle primary school students, and organizing a visit to the company for employees children to learn about the company's facilities.

National initiatives

The organization celebrated Founding Day with its employees and gave symbolic gifts on this special day. Furthermore, it participated in the Saudi National Day celebration by hosting events and competitions and strengthening its national role in memory.

Saudi Kayan's initiatives in 2023 also included contributing to the Uhud Association for Endowment Services in the project 'Stop a Qur'an with a Brief Interpretation', where it printed and distributed ten thousand copies of the Qur'an to visitors to Two Holy Mosques. We are working to produce 200 copies of the book on King Salman bin Abdul Aziz's biography and journey.

CORPORATE GOVERNANCE



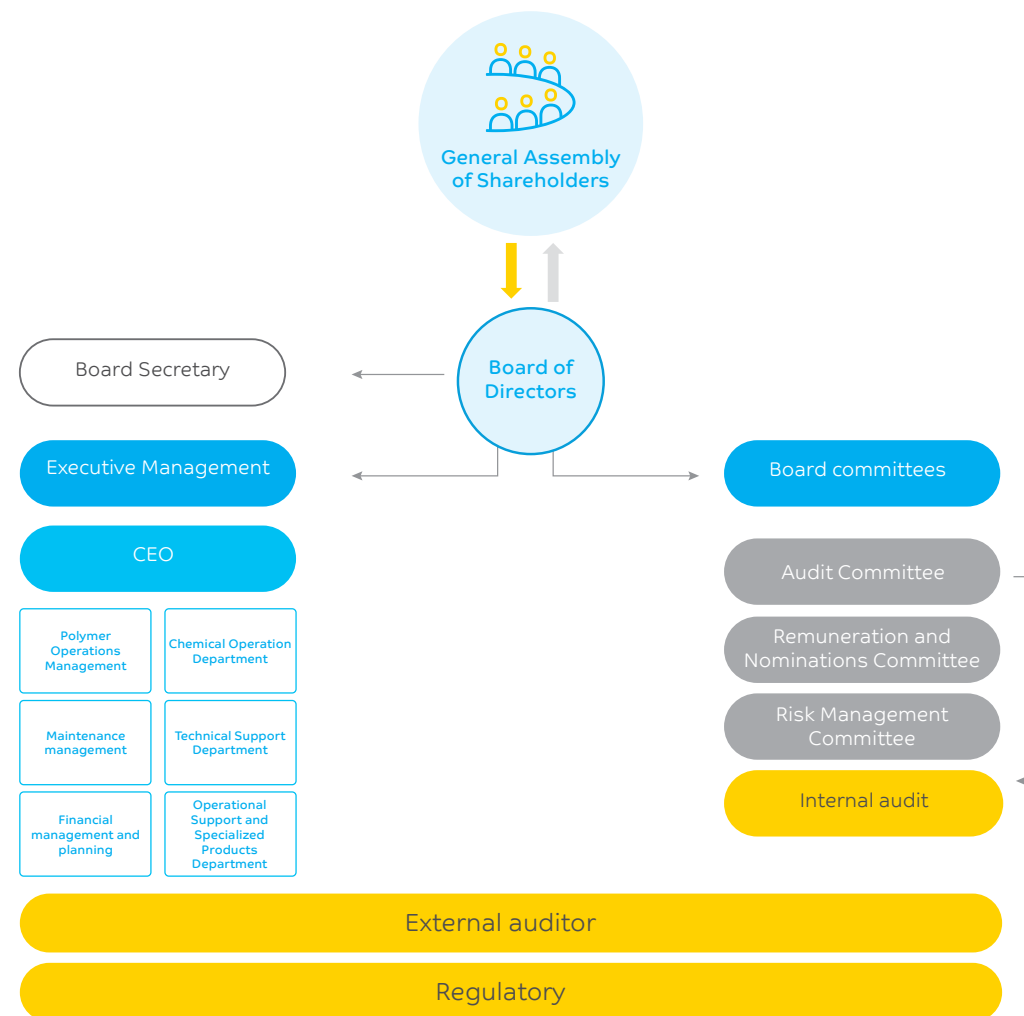
GOVERNANCE STRUCTURE

Governance Structure

Saudi Kayan is committed to practicing good corporate governance according to international principles and the rules and regulations issued by the Capital Market Authority (CMA), permissible exceptions excluded.

The general governance framework includes a set of policies that defines the roles and responsibilities within the Company, decision-making practices, and monitoring performance based on relevant regulations, to promote transparency, accountability and competence.

The Board has overall responsibility for establishing, supervising and reviewing the company's governance principles and policies. The Board is also responsible for following up on applications of governance laws to guarantee the rights of employees, shareholders, investors, and other stakeholders; to verify their integrity and accuracy; to ensure adherence to best practices, and to ensure adoption of the best laws for control and compliance.



SHAREHOLDERS

The Board of Directors' work regulations require that shareholders attend the meetings of the General Assembly to listen to the suggestions and observations made by shareholders about the company and its performance. The company's Articles of Association also guarantee the participation of shareholders in deliberations and discussions at meetings of the General Assembly, as shareholders are considered vital within Saudi Kayan's corporate governance framework.

Saudi Kayan is committed to providing the right information at the right time to all shareholders, investors and other stakeholder, while keeping them updated

about activities and performance undertaken during the year through the Annual Report. Furthermore, the Board has approved a Disclosure Policy and related procedures to ensure the right of shareholders to enquire, request information and get answers to their enquiries, in any manner that does not harm the interests of the company.

The company also provides updates about any important developments that could impact its financial position through the Tadawul website, Saudi Kayan's own website, and other means of communication, to enable them to make investment decisions based on correct and adequate information.

Date	Announcement
18 Jan 2023	Saudi Kayan Petrochemical Co. announces its intention to shut down some pro-duction units to perform scheduled periodic maintenance
23 Feb 2023	Saudi Kayan Petrochemical Co. announces the annual financial results ending on 31-12-2022
16 Mar 2023	Saudi Kayan Petrochemical Company invites its shareholders to attend the Ordi-nary General Assembly meeting (first meeting) through modern technology means
09 Apr 2023	Saudi Kayan Petrochemical Company announces the results of the Ordinary Gen-eral Assembly meeting (First meeting)
16 Apr 2023	Saudi Kayan Petrochemical Company announces the latest developments regard-ing to shut down some production units to perform scheduled periodic mainte-nance
02 May 2023	Saudi Kayan Petrochemical Co. announces the interim financial results for the period ending on 31-03-2023 (Three Months)
30 July 2023	Saudi Kayan Petrochemical Co. announces the interim financial results for the period ending on 30-06-2023 (Six Months)
14 Sep 2023	Saudi Kayan Petrochemical Co. announces that a limited fire occurred in an oper-ating unit of the Bisphenol Plant
23 Oct 2023	Saudi Kayan Petrochemical Co. announces the interim financial results for the period ending on 30-09-2023 (Nine Months)
25 Oct 2023	Addendum Announcement from Saudi Kayan Petrochemical Co. in regards to the interim financial results for the period ending on 30-09-2023 (Nine Months)
19 Nov 2023	Saudi Kayan Petrochemical Co. announces the latest developments on the limited fire in the operating unit of the Bisphenol plant
19 Nov 2023	Saudi Kayan Petrochemical Co. announces the opening of the Board of Directors nomination for the next session
30 Nov 2023	Saudi Kayan Petrochemical Company announces the resignation of the company's president
04 Dec 2023	Saudi Kayan Petrochemical Company announces the appointment of a company president

DIVIDENDS POLICY

General Assembly

Saudi Kayan held its General Assembly for shareholders 15 / Ramadhan / 1444 , 06/April/ 2023 , with attendance from Board Members as detailed below:

Ordinary General Assembly

Eng. Ahmed Al-Shaikh (Chairman of the Board)	Attended
Eng. Mohammed Al-Zahrani (Vice Chairman)	Attended
Dr. Waleed Al-Shalfan	Attended
Dr. Fahad Al Sherehy	Attended
Mr. Bashar Al Kayyali	Attended
Mr. Ahmed Abu Talaf	Attended
Eng. Ahad Awaidha	Attended

Shareholder Records

The company requested shareholder records 12 times during the financial year ending December 31, 2023. The below table lists the dates of shareholder record requests and the reasons:

Record Date	Reason for request
30 Jan 2023	Shareholder data analysis
28 Feb 2023	Shareholder data analysis
31 Mar 2023	Shareholder data analysis
06 Apr 2023	General assembly meeting
30 Apr 2023	Shareholder data analysis
31 May 2023	Shareholder data analysis
30 Jun 2023	Shareholder data analysis
31 Jul 2023	Shareholder data analysis
31 Aug 2023	Shareholder data analysis
30 Sep 2023	Shareholder data analysis
31 Oct 2023	Shareholder data analysis
30 Dec 2023	Shareholder data analysis

Saudi Kayan's Dividend Policy falls within the jurisdiction of its Ordinary General Assembly, based on recommendations from the Board of Directors. The Policy aims to strike a balance between dividends to shareholders—through cash or distribution of free shares—and the company's ability to maintain growth in light of expansion and investment plans, in accordance with controls and procedures from relevant authorities and the company's own regulations and policies.

Accordingly, the Dividend Policy takes into consideration various provisions and regulations mentioned in the Articles of Association, corporate governance regulations, the Capital Market Law, and the Companies Law relating to Listed Joint Stock Companies.

Regulatory restrictions for dividends

- Setting aside 10 per cent of net profits to form a statutory reserve, until said reserve reaches 30 per cent of paid-up capital
 - Setting aside other types of reserves and allocations as decided by the Ordinary General Assembly
 - No profits shall be distributed for the years following any fiscal year for which profits are not distributed only after paying out the percentage in accordance with the provisions of Article One Hundred and Fourteenth (114) of the Companies Law prescribed for the holders of preferred shares for this year
 - Not distributing amounts that exceed profit achieved in a fiscal year unless there is an available balance from previous years in the retained earnings account, and then, the distributed amount not to exceed this balance.
- ### Dividends distribution controls
- Determining the extent to which the company has achieved profits, assessing its financial position, market condition and general economic climate
 - Assessing expected cash flows to identify financial obligations to cover working capital and capital expenditures
 - Assessing the need to increase capital through the distribution of free shares based on the company's available balance in the retained earnings account, and accounting for future expansions so that capital is commensurate with expansion plans
 - Studying any legal and regulatory considerations, and any restrictions on distribution under any financing loans
 - Setting aside a certain percentage of net profits to form a consensual reserve and allocating it for specific purpose or purposes, if proposed thus by the Board
 - Recommending all final decisions to the Extraordinary General Assembly for approval
 - Setting aside of 10% of the net profits for forming a statutory reserve. The General Assembly may discontinue such setting aside should the abovementioned reserve reach 30% of the capital.
 - Distributing dividends on dates determined by the Board, in accordance with regulatory controls and procedures issued by authorities.
 - Thereafter, the remainder shall be distributed to the Shareholders as a first payment equaling 5% of the paid-in capital
 - Subject to the provisions stipulated for in the Company Bylaws and the Companies Law, a remuneration not exceeding 10% of the net profits shall be paid to the members of the Board of Directors within the limits provided for in the Companies Law, its Implementation Regulations and any other laws, decisions or instructions complementary thereto. Entitlement to this remuneration shall be proportionate to the number of meetings attended by the member. The remainder thereafter, if any, shall be distributed as an extra share of profits.
 - The Company may distribute interim, quarterly or half-yearly profits to shareholders pursuant to a decision of the Board of Directors as per the provisions of Companies Law or any laws, regulations, decisions or instructions complementary thereto.

The responsibility of the General Assembly

The approval of dividend distribution is based on the recommendation of the Board of Directors, taking into account the appropriateness of the amounts distributed to the company’s circumstances and not harming the interests of shareholders, and that it is in line with the company’s policy, bylaws, and related regulations. The General Assembly has the right to authorize the Board of Directors to distribute interim dividends to shareholders, provided that this authorization is renewed annually in accordance with the regulatory controls and procedures issued by the Capital Market Authority.

The responsibility of the Board of Directors

The Board of Directors shall recommend to the Ordinary General Assembly:

- The distribution of profits and the total amount distributed
- The share of each share in the distribution and its percentage of the nominal share value
- The date of eligibility and the date of distribution based on the information available to assist in making the decision

The responsibilities of the Executive Management

The Executive Management shall prepare a list of future cash flows, review the balances of the relevant accounts, prepare a report on the financial ratios that must be maintained to achieve the appropriate financial position of the company, and present statutory considerations or restrictions imposed on the Company, if any.

This policy shall be effective from the date of its approval by the Board of Directors and the responsibility for its application shall be on the executive management. The Board shall periodically review this policy to ensure its suitability for changes that may occur in the nature of the company’s business, its strategic objectives, and the relevant legislation and regulations.

BOARD OF DIRECTORS

The Board sets and reviews major policies and procedures at Saudi Kayan including key corporate objectives, strategic plans, and performance indicators; approving annual business plans, budgets, and assessing the availability of financial and human resources required to implement these plans. In addition, the Board bears full responsibility for identifying the optimal capital structure for the company, major capital expenditures, asset ownership, and disposal decisions, while overseeing the implementation and monitoring of internal control systems.

Saudi Kayan’s Board of Directors consists of seven members as stipulated in Article No. 17 of the company’s Articles of Association: “The company is managed by a Board of Directors consisting of seven (7) members appointed by the Ordinary General Assembly for a period not exceeding three (3) years.

During the Ordinary General Assembly meeting, current Board Members were elected by cumulative voting and appointed for a period of three years, as detailed and classified below:

Members of the Board

Member	Type	Position
Eng. Ahmed Al-Shaikh	Non-executive	Chairman of the Board of Directors
Eng. Mohammed Al-Zahrani	Non-executive	Vice Chairman
Dr. Waleed Al-Shalfan	Non-executive	Board Member
Dr. Fahad Al Sherehy	Non-executive	Board Member
Mr. Bashar Al Kayyali	Independent	Board Member
Mr. Ahmed Abu Talaf	Independent	Board Member
Eng. Ahad Awaidha	Independent	Board Member

BOARD MEMBER PROFILES

Eng. Ahmed Al-Shaikh
Chairman of the Board of Directors



Current Position/s

Executive Vice President of Engineering and Project Management at (SABIC)

Previous positions and education

- Executive Vice President of Manufacturing at SABIC
- President of the Saudi Yanbu Petrochemical Company (YANPET)
- President of Jubail United Petrochemical Company (UNITED)
- General Manager of Operations at UNITED
- General Manager of Maintenance and Technical Support at UNITED

Eng. Al Shaikh has a bachelor's degree in electrical engineering.

Current director or board member of other companies

In the Kingdom

- Saudi Kayan Petrochemical Company
- Power and Water Utility for Jubail and Yanbu
- Saudi council of engineers .

Overseas

- Sinopec Tianjin Petrochemical Co., Ltd. (China)
- The Saudi Mauritanian Metals and Steel Company (Takamul)
- Fujian (China)

Former director or board member of other companies

In the Kingdom

- Saudi Iron & Steel Company (Hadeed), SABIC
- Saudi Methanol Co (Ar Razi), SABIC
- Saudi-European Petrochemical Company (Ibn Zahr), SABIC
- Arabian Petrochemical Company (Petrokemya), SABIC
- Saudi Petrochemical Company (SADAF), SABIC

Eng. Mohammad Al-Zahrani

Vice Chairman of the Board
Chairman of Risk Management Committee
Member of Remuneration and Nominations Committee



Current Position/s

Vice-President of Polypropylene Business Unit-SABIC

Previous positions and education

- Vice President of the Chemicals Business Unit - SABIC
- CEO of Saudi Iron and Steel Company – Hadeed, a subsidiary of SABIC
- CEO of Saudi Petrochemical Company – Sadaf, a subsidiary of SABIC
- GM of Operations for the Eastern Petrochemical Company – Sharq, a subsidiary of SABIC
- EGM of the Saudi-Japanese Acrylonitrile Company
- Olefins project manager at the Eastern Company - Sharq

Eng. Mohammad holds a Bachelor's degree in chemical engineering and master's degree in executive business administration.

Current director or board member of other companies

- Saudi Kayan Petrochemical Company (Saudi Kayan)
- Saudi Polypropylene Company Ibn Zahr, a subsidiary of SABIC

Former director or board member of other companies

- Saudi Petrochemical Company - Petrokemya (a subsidiary of SABIC)
- Eastern Petrochemical Company - Sharq (a subsidiary of SABIC)
- Eastern Petrochemical Company - Ibn Sina (a subsidiary of SABIC)
- Jubail Chemical Products Services and Storage Company - Chem Tank (a subsidiary of SABIC)
- SABIC Storage Services Company Limited - SAB Tank

Overseas

- Gulf Aluminium Rolling Mill (GARMCO)
- Mauritania Saudi Mining and Steel Company



Dr. Fahd Al Sherehy

Member of the Board
Member of Risk Management Committee

Current Position/s

Vice President of Sustainability

Dr. Fahd holds a PhD in Chemical Engineering.

Previous positions and education

- Vice President of Energy Efficiency and Carbon Management
- Vice President of Technology and Innovation (CTO)
- General Manager of SABIC T&I Global Centers
- General Manager of Technology Department, Strategic Chemicals Unit, SABIC
- General Manager of Technology for Emerging Countries
- General Manager, Chemical Research

Current director or board member of other companies

- Member of Saudi Kayan Petrochemical Company (Saudi Kayan)

Former director or board member of other companies

- Member of Al-Jubail Petrochemical Company (Kemya), a joint venture between Saudi Basic Industries Corporation (SABIC) and ExxonMobil
- Member of Yanpet, a joint venture between Saudi Basic Industries Corporation (SABIC) and ExxonMobil.



Dr. Waleed Al-Shalfan

Member of the Board
Member of Audit Committee
Member of Risk Management Committee

Current Position/s

Vice President of the Catalysts and Growth Business Unit in the Middle East at SABIC

Previous positions and education

- Vice President, Technology and Innovation for Polymers, Saudi Basic Industries Corporation (SABIC)
- General Technical Director, Strategic Business Unit for Petrochemicals
- Vice President, High-Density Polyethylene, PVC, and Polystyrene Business Unit
- General Director, Technology and Emerging Economies
- General Director, SABIC Research Centers in the Kingdom

Dr. Al-Shalfan has a PhD in materials engineering, a master's degree in metallurgy, and a bachelor's degree in engineering mechanics.

Current director or board member of other companies

- Saudi Kayan Petrochemical Company (Saudi Kayan)

- National Center for Waste Management (MWAN)
- Saudi Investment Recycling Company (SIRC), a subsidiary of the Public Investment Fund.
- SAIL company, a subsidiary of SIRC

Former director or board member of other companies

- Saudi Petrochemical Company (SADAF), a subsidiary of SABIC
- Saudi-European Petrochemical Company (Ibn Zahr), a subsidiary of SABIC
- Member of the Supervisory Committee of the National Science and Technology Plan.
- Member of the Executive Committee of the World Plastics Council.
- Member of the Board of Directors of the Saudi Investment Recycling Company (SIRC)
- Member of the Marine Business Company for Environmental Services (SEAL).
- Member of the Technology Transfer and Patent Evaluation Offices committees mandated by the Research, Development and Innovation Development Authority.



Mr. Bashar Al Kayyali

Member of the Board
Member of the Audit Committee
Member of Risk Management Committee

Current Position/s

Co- Founder & Managing Director of Paramount Value Consulting, Saudi Arabia

Previous positions and education

- Head of Investment Banking at Deutsche Bank - Saudi Arabia
- Head of Financial Consulting at Gulf International Bank - Kingdom of Saudi Arabia
- Financial advisor at Arthur Andersen Company - Financial Consulting Department - Kingdom of Saudi Arabia

Mr. Kayali obtained a bachelor's degree in accounting and Certified Public Accountant AICPA, USA.

Current director or board member of other companies

- Saudi Kayan Petrochemical Company (Saudi Kayan)

- Amana Cooperative Insurance Company is a company Saudi public shareholding
- Abdul Ghani Al-Ajou Holding Company, a closed Saudi joint stock company

Former director or board member of other companies

- Future Ceramic and Porcelain Company, a closed Saudi joint stock company

Overseas

- Al Badia Cement Company, a Syrian public shareholding company

Mr . Ahmed Abu Talaf

Member of the Board
Chairman of the Remuneration and Nominations Committee

**Current Position/s**

Consultant CEO of Future Ceramic and Porcelain Company

Previous positions and education

- Director General, Human Resources and Administration, Saad Almueajel Group
- Director of Human Resources and Administration, Al Zahrani Group
- Senior Director for Human Resources and Administration, Sarah Holding Group
- Head of Planning and Support Services, Saudi Aramco

- Head of Planning and Programs, Saudi Electric Company

Mr. Abu Talaf has a bachelor's degree in business administration.

Current director or board member of other companies

Saudi Kayan Petrochemical Company (Saudi Kayan), a subsidiary of SABIC

Former director or board member of other companies

none

Eng. Ahad Awaidha

Member of the Board
Member of Risk Management Committee

**Current Position/s**

CEO of Al Ghazawi Holding Group

Previous positions and education

- General Supervisor and Director of Saudi Vision 2030 program, representing Economic Affairs Council
- CEO of Abdel Aziz and Saad Almueajel for Trade and Investment Company
- Director General of Al Zahrani Holding Group
- Director General, Marketing at Bank Albilad

Eng. Ahad has a bachelor's degree in mechanical engineering.

Current director or board member of other companies

- Saudi Arabian Petrochemical Entity, a subsidiary of SABIC
- Advanced Production Company

Former director or board member of other companies

none

Board Procedures Regarding Shareholders

Saudi Kayan's Articles of Association guarantees the equity rights of all shareholders and ensures that shareholders attending the General Assembly can participate in deliberations and discussions. The company receives suggestions and observations from shareholders by email or by phone call, and at General Assembly Meetings. The Board of Directors is officially notified with a summary of these suggestions and observations.

Saudi Kayan also stipulates that Board Members must attend General Assembly Meetings to hear and to discuss shareholders' suggestions and observations and to communicate with the company's shareholders According to the work regulations of the Board of Directors

Board Methods to Assess Performance

The Board of Directors, based on the recommendations of the Remuneration and Nominations Committee, has defined criteria and procedures and established necessary mechanisms to evaluate its own performance, and the performance of Board Committees, in order to ensure continuity of development, and efficiency of performance.

The evaluation process for the year 2023 was carried out under the supervision of the Remuneration and Nominations Committee, which included the tasks and responsibilities of the Board and Board committees, identifying strengths and weaknesses, and suggesting actions to be taken in line with the company's interests.

Training of board members

Once appointed to the Board, members receive an introduction that include the company's activity and performance, its strategy, future goals, organizational structure, department roles, financial and operational aspects, as well as visiting Plants.

Moreover, Saudi Kayan is keen to keep the board members abreast of developments in the industry sector by attending specialized conferences such as the Gulf Petrochemicals and Chemicals Association (GPCA), while providing regular updates to board member and board committees on legal developments, governance and circulars issued by the relevant authorities.

The company also pays attention to training members of the Board of Directors, as two training programs were implemented during the year 2023 based on the evaluation of the Remuneration and Nominations Committee and its recommendation regarding the annual training program for the Board of Directors, The first program focused on governance, strategy, and risks, while the second program focused on environmental, social, and corporate governance related to sustainability applications in petrochemical companies.

BOARD MEETINGS

The Board of Directors held 5 meetings during the fiscal year ending on December 31, 2023, with dates and details listed below:

Member	Attendance record for 2023				
	1st Meeting 21/02/2023	2nd Meeting 06/06/2023	3rd Meeting 22/08/2023	4th Meeting 30/11/2023	5th Meeting 26/12/2023
Eng. Ahmed Al-Shaikh	Attended	Attended	Attended	Attended	Attended
Eng. Mohammed Al-Zahrani	Attended	Not Attended	Attended	Attended	Attended
Dr. Waleed Al-Shalfan	Attended	Attended	Attended	Attended	Attended
Dr. Fahd Al Sherehy	Attended	Attended	Attended	Attended	Attended
Mr. Bashar Kayyali	Attended	Attended	Attended	Attended	Attended
Mr. Ahmed Abu Talaf	Attended	Attended	Attended	Attended	Attended
Eng. Ahad Awaidha	Attended	Attended	Attended	Attended	Attended

BOARD MEMBERS' INTERESTS

Some board members and their relatives had certain interests in the company's shares during 2023 as detailed.

Name	Start of year			End of year			Net Change	Change Ratio
	No. of Shares	Instrument of Debt	Quota	No. of Shares	Instrument of Debt	Quota		
Eng. Ahmed Al-Shaikh				20,000		0,00013	20,000	100%
Eng. Mohammed Al-Zahrani								
Dr. Waleed Al-Shalfan								
Dr. Fahd Al Sherehy								
Mr. Bashar Kayyali								
Mr. Ahmed Abu Talaf	101		0,0000007	101		0,0000007	-	
Mr. Ahad Awaidha	1000		0.000007	1000		0,000007	-	

Board Members' contracts

The company has not entered into any contracts with any member of the Board of Directors, and there is no personal interest in any one of them, or any person related to them.

BOARD COMMITTEES

The Board of Directors formed several committees to assist with its statutory duties, leveraging the expertise of its members to achieve optimal performance, set policies, develop programs, conduct reviews, and make recommendations.

Board Committee Directors’ Profiles (external)



Mr. Khalid Al Garni
Chairman of Audit Committee

Current Position/s
Vice President of Internal Audit, SABIC

Previous positions and education

- Vice President for Oversight and Financial Reporting, SABIC
- Partner, Deloitte Middle East

Mr. Al Garni has Bachelor’s degree in accounting and Certified Public Accountant (CPA) and Professional Accountants. SOCPA; and leadership and operational development programs.

Current director or board member of other companies

- Saudi Kayan Petrochemical Company (Saudi Kayan), a subsidiary of SABIC
- Arabian Industrial Fibers Company (Ibn Rushd)
- Arabian Petrochemical Company (Petrokemya), a subsidiary of SABIC
- Gulf On Capital (Bahrain)
- SABIC Capital (The Netherlands)

Former director or board member of other companies

- Manufacturing Company and Energy Services
- Aluminum Bahrain CM (Bahrain)
- Sinopec SABIC Tianjin Petrochemical Co., Ltd. (China)



Mr. Yahya Al Ansari
Member of Audit Committee

Current Position/s
Member of Audit Committee at Saudi Kayan

Previous positions and education

- Chief Executive Officer, Future Ceramics Company
- Chairman of the Board of Directors, Al-Kayan Petrochemical (Al-Kayan)
- Director General of Compensation and Benefits, Saudi Basic Industries Corporation (SABIC)

- President of Tayf, a subsidiary of SABIC
- Director General of Administrative and Financial Affairs, Eastern Petrochemical Company (Sharq)
- General Manager of Northern Business District, Saudi Electric Company

Mr. Al Ansari has a bachelor’s degree in industrial management and a master’s degree in business administration.



Mr. Nasser Al Nawisr
Member of Nomination and Remunerations Committee

Current Position/s
General Manager of Human Resources for the Shared Services Sector and the Projects and Engineering Sector at SABIC

Previous positions and education

- Executive Director of Human Resources for Manufacturing Sector, SABIC
- Senior Director, Talent Polarization, SABIC
- Senior Director, Talent Management, SABIC

Mr. Al Nawisr has a bachelor’s degree in human resources management.

BOARD COMMITTEES

Frist : Audit Committee

The Audit Committee is formed with non-executive Board Members, either shareholders or others, and according to the Audit Committee regulations, the number of Committee members shall not be less than three or more than five, provided that one of them is an independent Board Member. These members are nominated by the Board and appointed after a decision of the company's general assembly.

In light of the provisions of the rules governing review or audit committees in the corporate governance regulations issued by the Capital Market Authority (CMA), the Audit Committee undertakes roles and responsibilities as detailed below.

Financial reports

- Reviewing the company's financial statements and announcements related to its financial performance and making recommendations to the Board in this regard.
- Providing a technical opinion on whether the report of the Board and the company's financial statements have been prepared in accordance with the specific legal requirements governing their preparation and presentation.
- Studying unusual issues included in the financial statements and making recommendations regarding them, when needed.
- Researching any issues raised by the company's Financial Manager or whoever else undertakes his duties, and also by the company's compliance officer, or the auditor.
- Verifying accounting estimates in essential issues contained in financial reports.
- Studying the financial and accounting policies used by the company and providing an opinion and recommendation to the Board in this regard.

Study internal control systems

- Studying and reviewing internal and financial control systems and risk management to ensure their effectiveness, through periodic reports of the Internal Review Department or others, on the adequacies and effectiveness of internal and financial control systems and risk management systems, and following up on the realization of recommendations and corrective actions regarding the observations contained therein.
- Preparing a report for the Board of Directors that includes opinions on the adequacy of these systems, recommendations to address essential issues and to develop these systems, as well as any other work it has carried out within the scope of its competence.

Internal Review Department

- Supervising and controlling the work of Saudi kayan Internal Review Department and verifying its effectiveness in performing its duties and responsibilities.
- Studying and reviewing periodic reports of the Internal Audit Department and following up on the implementation of corrective actions regarding the observations contained therein.
- Submitting recommendations to the Board regarding the appointment or dismissal of the Director of Internal Review Department and evaluating his performance on an annual basis.

Auditor

- Submitting recommendations to the Board regarding the appointment or dismissal of auditors and determining their fees after evaluating their performance
- Verifying the independence of the auditor, the suitability of their work and terms of contract in the scope of the rules and standards regulating it.
- Reviewing the auditor's plan and works, verifying compliance with the statutory standards regulating the work.
- Answering the auditor's inquiries and providing necessary support to allow the performance of duties.
- Studying the auditor's reports and notes on financial statements and following up on the measures taken about them.

Commitment guarantee

- Studying the reports of regulatory authorities regarding the company's compliance with laws and instructions and ensuring that the company takes necessary measures in this regard.
- Ensuring the company's commitment to relevant laws, regulations, policies and instructions.
- Reviewing contracts and transactions proposed with related parties and expressing an opinion to the Board regarding them.
- Submitting and recommending to the Board of Directors necessary measures to be taken for any issues deemed necessary for the Board to handle.

Submission arrangements

- Establishing appropriate mechanisms through which employees can submit comments regarding any violation of the company's internal regulations, including those related to the preparation of financial statements and ensuring that the rights of the person making the submission are not violated as a result.
- Establishing appropriate procedures for directing and following up on observations made by employees and ensuring the independence of these procedures.

Audit Committee members and meetings

Saudi Kayan's Audit Committee consists of four members, with 4 meetings held in 2023 dated and detailed below.

Numbers, dates, and attendance records of the committee's meetings

Audit Committee	Membership Status	2nd			
		1st Meeting 20/02/2023	Meeting 02/05/2023	3rd Meeting 30/07/2023	4th Meeting 23/10/2023
Mr. Khalid Al Garni	Chairman	Attended	Attended	Attended	Attended
Dr. Waleed Al-Shalfan	Member	Attended	Attended	Attended	Attended
Mr. Bashar Kayali	Member	Attended	Attended	Attended	Attended
Mr. Yahya Ansari	Member	Attended	Attended	Attended	Attended

Second : Remuneration and Nominations Committee

Saudi Kayan's Remuneration and Nominations Committee is appointed by the Board and consists of non-executive Board Members (whether shareholders or others). The number of members cannot be less than three or exceed five, provided that one of them is an independent Board Member. As per the rules governing such committees outlined in the corporate governance regulations issued by the Capital Market Authority (CMA), the Remuneration and Nominations Committee carries out the following responsibilities:

Remunerations

- Preparing remuneration policies for the Board, Board Committees, and Executive Management, and submitting recommendations to the Board of Directors for approval by the Ordinary General Assembly.
- Reviewing remuneration policies periodically to ensure suitability to changes that may occur in relevant legislation and regulations, and assessing the company's strategic objectives, skills and qualifications necessary to achieve them while recommending any proposed changes to the Board of Directors.
- Submitting recommendations to the Board regarding remunerations of Board and Board Committee Members and the Executive Management in accordance with the policy approved by the Ordinary General Assembly.
- Preparing an annual report on the remunerations granted to members of the Board, Board Committees and Executive Management.
- Determining the types of remunerations granted to employees and submitting recommendations regarding them.

Board of Directors and Board Committees

- Preparing policies and criteria for membership of the Board of Directors and submitting recommendations to the Board for approval by the Ordinary General Assembly.
- Submitting recommendations to the Board regarding new nominations for Board membership in accordance with approved membership policy.
- Annually reviewing appropriate skills for membership to the Board and preparing a description of required capabilities and qualifications.
- Periodically reviewing the Board of Directors' membership policy to ensure suitability to changes that may occur in relevant legislation and regulations, the company's strategic objectives and the skills and qualifications necessary to achieve them and recommending any proposed changes to the Board.
- Examining any case of conflict of interest or those wishing to run for membership in the Board and submitting recommendations regarding them.
- Studying the structure of the Board of Directors and making recommendations on any required changes.
- Determining strengths and weaknesses in the Board to suggest how to address them in line with the company's interests.
- Establishing procedures in the event of a vacancy in the position of a member of the Board or any Board Committee and making recommendations in this regard.
- Recommending performance standards to evaluate the work of the Board of Directors, Board Committees and all its members.

Board and Board Committee Members

- Determining the time that members should allocate for the work of the Board of Directors.
- Ensuring the independence of independent Board Members on an annual basis, and the absence of any conflicts of interest if the member serves on the Board of Directors of any another company.
- Developing job descriptions for executive, non-executive members, and independent Board Members.
- Making recommendations to the Board of Directors regarding re-nomination or dismissal of a Board or Board Committee Member.
- Recommending to the Board of Directors to run an induction program for new Board Members covering the company's activity, the nature of its business, and its financial and legal aspects.

Executive Management

- Making recommendations to the Board regarding appropriate policies and standards for appointing members of Executive Management, identifying required capabilities and skills, and reviewing them periodically to ensure suitability for changes that may occur in the company's strategic objectives, along with the necessary skills and qualifications to achieve them.
- Developing job descriptions for members of Executive Management and a review of the company's organizational structure, and recommending any changes required.
- Establishing job succession procedures in the event of a vacancy of a senior executive and making recommendations to this effect.

Remuneration and Nominations Committee members and meetings

The Remuneration and Nominations Committee consists of three members, with 5 meetings held in 2023 dated and detailed below:

Numbers, dates, and attendance records of the committee's meetings

Remuneration and Nominations Committee	Membership Status	1st Meeting 23/05/2023	2nd Meeting 18/08/2023	3rd Meeting 15/11/2023	4th Meeting 30/11/2023	5th Meeting 22/12/2023
Mr. Ahmed Abu Talaf	Chairman	Attended	Attended	Attended	Attended	Attended
Eng. Mohammed Al Zahrani	Member	Attended	Attended	Attended	Attended	Attended
Mr. Nasser Al Nawisr	Member	Attended	Attended	Attended	Attended	Attended

EXECUTIVE MANAGEMENT

Third: Risk Management Committee

The Risk Management Committee comprises of three to five members of the Board selected by the Board, undertaking the following roles and responsibilities:

- Working with Executive Management to develop a comprehensive policy for risk management, in line with the nature of the company's business and activities and its objectives and strategy, making recommendations to the Board regarding its adoption.
- Periodically reviewing the comprehensive risk management policy to ensure suitability to changes that may occur in the internal or external environments, or the legislation regulating its business, or strategic objectives, or others, and recommending proposed changes to the Board.
- Making recommendations to the Board regarding acceptable level of risks that the company may be exposed to and how to maintain it, and after Board approval, verifying that the company does not exceed it.
- Verify the feasibility of the company's continuity and its successful continuation, while identifying the risks that threaten its continuity on an annual basis.
- Supervising the company's risk management system and evaluating its effectiveness and following up on any risks that the company may be exposed to.
- Periodically reassessing the company's ability to take risks or be exposed to them by conducting stress tests and through other measures.
- Preparing detailed reports on exposure to risks and proposed steps to manage them and submitting them to the Board.
- Making recommendations to the Board on all issues related to risk management.
- Verifying the availability of sufficient resources and systems to manage risks and making recommendations to the Board of Directors in this regard.
- Reviewing the organizational structure of risk management and making recommendations in this regard for approval by the Board of Directors.
- Verifying the independence of risk management personnel from any activity that may expose the company to risks.
- Verifying that risk management staff understand all the risks surrounding the company, and work to enhance risk awareness.
- Reviewing issues raised by the Audit Committee that may affect risk management.

Risk Management Committee members and meetings

Saudi Kayan's Risk Management Committee consists of five members, with 5 meetings held in 2023 dated and detailed below:

Numbers, dates, and attendance records of the committee's meetings

Risk Management Committee	Membership Status	1st Meeting 01/02/2023	2nd Meeting 07/05/2023	3rd Meeting 25/07/2023	4th Meeting 03/08/2023	5th Meeting 30/11/2023
Eng. Mohammed A. Al-Zahrani	Chairman	Attended	Attended	Attended	Attended	Attended
Dr. Waleed A. Al-Shalfan	Member	Attended	Attended	Attended	Attended	Attended
Mr. Bashar T. Kayyali	Member	Attended	Attended	Attended	Attended	Attended
Dr. Fahad Al-Sherehy	Member	Attended	Attended	Attended	Attended	Not Attended
Eng. Ahad A. Awaidha	Member	Attended	Attended	Not Attended	Attended	Attended

Executive Management Profiles



Eng. Metab Al Shahrani

Current Position/s

- President of the Company
- Chairman of the Board of Directors of the Saudi Butanol Company Limited "Sabuco"
- Member of the Board of Directors of the National Methanol Company "Ibn Sina" - a subsidiary of SABIC
- Member of the Board of Directors of the Saudi Methacrylate Company "SAMAC" - a subsidiary of SABIC

Previous positions and education

- President of the Saudi Methanol Company "Al-Razi" - a subsidiary of SABIC
- Director of Operations at Petrokemya, a subsidiary of SABIC
- Director of Operations at Kemya, a subsidiary of SABIC
- Senior manager of Inspection and Asset Management at Kemya, a subsidiary of SABIC
- Senior manager of olefins operations at Kemya, a subsidiary of SABIC

Eng. Al Shahrani has an executive master's degree in business administration and a bachelor's degree in chemical engineering.



Mr. Aiman Khayat

Current Position/s

- Executive Director of Finance and Planning
- Saudi Organization For Certified Public Accountants (SOCPA)
- Member of the Saudi Accounting Association
- Member of the Saudi Institute of Internal Auditors
- Member of the Accounting Services Users Council at SABIC for Shared Services

Previous positions and education

- Senior manager for Financial Services, Eastern Petrochemical Company (Sharq), a subsidiary of SABIC
- Accounting Team Leader, United Commercial Development Company
- Member of Audit Team, Hashem Omar Khayat Chartered Accountants
- Member of the SABIC Financial Talent Community
- Member of the American Institute of Internal Auditors

Mr.khayat has a bachelors degree in accounting

EXECUTIVE MANAGEMENT



Eng. Abdulrahman Hakami

Current Position/s

Executive Director of Maintenance

Previous positions and education

- Executive Director of the Technical Affairs Sector, Ibn Zahr Company (a subsidiary of SABIC)
- Executive Director of the Maintenance Sector, Ibn Zahr Company (a subsidiary of SABIC)

- Senior Director of Maintenance, United Company (a subsidiary of SABIC)
- Senior Director of Engineering Support, United Company

Eng. Hakami has a bachelor’s degree in electrical engineering.



Eng. Majed Al Thomali

Current Position/s

- Executive Director of Chemical Product Operations
- Member of the Board of Directors of Butanol Company Limited

Previous positions and education

- Executive Director of Technical Affairs (Eastern Petrochemical Company)
- Senior Director, Asset Engineering Department

Eng. Al Thomali has a bachelor’s degree in mechanical engineering.



Mr. Faisal Al Hawas

Current Position/s

- Executive Director of Operational Support Specialized Products
- A member of general service users council
- Secretary of the Board of Directors
- Secretary of the Remuneration and Nominations Committee

Previous positions and education

- Member of the Board of Directors, Saudi Butanol Company Ltd.
- Senior Director of Business Planning Department, Saudi Kayan
- Senior Director of Project Development and Controls, Saudi Kayan
- Senior Manager of Aminos Operations, Saudi Kayan

Mr. Al Hawas has a master’s degree in business administration, and executive certification in operations and value chain management and a bachelor’s degree in computing sciences.



Eng. Khamis Al Dossary

Current Position/s

- Executive Director of Technical Support
- Secretary of the Risk Management Committee

Previous positions and education

- Senior Director of Engineering Asset Management
- Senior Director of Aminos Factories Operations Department
- Senior Director of Chemical Products Maintenance Department

Eng. Al Dossary has a Certificate from MIT Global Executive academy in Management and Leadership



Eng. Ali Al-Logmani

Current Position/s

Executive Operation Director, Polymer Division

Previous positions and education

- Senior Manager, Business Planning and Economics
- Senior Manager, PHENOLICS Operation Department

- Senior Manager, Polycarbonate Operation Department
- Senior Manager, Polypropylene Operation Department
- Superintendent Process Engineering (Polymer Section)

Eng. Al-logmani has an Executive Master of Business Administration and Bachelor of Chemical Engineering

Executive Management’s interests in 2023

Some members of Saudi Kayan’s Executive Management and their relatives had certain interests in the company’s shares during 2023 as detailed.

Name	Start of year			End of year			Net Change	Change Ratio
	No. of Shares	Instrument of Debt	Quota	No. of Shares	Instrument of Debt	Quota		
Eng. Metab Al Shahrani								
Mr. Aiman Khayat	300		0,000002	300		0,000002	-	
Eng. Abdulrahman Hakami								
Eng. Majed Al Thomali								
Mr. Faisal Al Hawas								
Eng. Khamis Al Dossary								
Eng. Ali Al-Logmani								

REMUNERATIONS

Remunerations of Board Members, Board Committee Members and Executive Management follow the provisions as set forth in the Companies Law, corporate governance regulations, and regulatory rules and procedures issued pursuant to the Companies Law relating to Listed Shareholding Companies, as well as Saudi Kayan’s Articles of Association.

Board Members and Board Committee Members

- The Board, based on the recommendation of the Remuneration and Nomination Committee, determines the remunerations of Board Members and Board Committee Members:
 - In accordance with the company’s strategic goals, any factor that motivates Board Members and Board Committee Members to achieve these goals and enhance the company’s ability to develop and sustain its business.
 - Appropriate to the nature of the company’s business, its size and activities, and required skills and experience from Members.
 - By attracting Members with the expertise and qualifications required to enhance the company’s ability to achieve its goals.
 - A Board Member is entitled to an annual remuneration of SAR 200,000 for membership of the Board.
 - A Board Member participating in committees emanating from it (including the Audit Committee) is entitled to an annual remuneration of SAR 150,000, whether the member participates in one or several committees.
 - A member other than a Board Member participating in a Board Committee (including the Audit Committee) is entitled to an annual bonus of SAR 150,000, whether the member participates in one or several committees.

- The company has the right to claim compensation for damage to its reputation and recover remuneration, compensation, and any other costs incurred by the company, in the event:
 - A Member commits an act that violates honor and honesty, or forgery, or violation of the laws and regulations in Saudi Arabia or in any other country.
 - When a member fails to carry out entrusted responsibilities, tasks and duties, which results in harm to the company’s interest.
 - A Member is absent for three consecutive meetings within one financial year, without a legitimate reason accepted by the Board, which results in membership termination by a decision of the General Assembly.

Executive Management

- The Board of Directors, based on the recommendation of the Remuneration and Nomination Committee, determines the remunerations of Executive Management in accordance with the following principles:
 - That it is in accordance with the company’s strategic goals, and a factor in motivating members of Executive Management to achieve these goals and enhance the company’s ability to develop and sustain its business.
 - That it is appropriate to the nature of the company’s business and its size and activities and required skills and experience.
 - That it enables the company to attract senior executives with the capabilities, skills and qualifications required to enhance its ability to achieve its goals.
 - That it does not cause any conflict of interest that will negatively affect the company’s interests and its ability to achieve its objectives.

Board Members' Remunerations

Board members' remunerations paid during the fiscal year ended December 31, 2023.

	Fixed remuneration			Variable remuneration**
	Lump sum (1)	Allowance for attending board meetings	Total allowances for attending committee meetings	Total
Independent members				
Mr. Ahmed Abu Talaf	200,000.00	15,000	15,000	230,000
Mr. Bashar Kayyali	200,000.00	15,000	27,000	242,000
Eng. Ahad Awaidha	200,000.00	15,000	12,000	217,000
Total	600,000.00	45,000	54,000	689,000
Non-executive members (***)				
Eng. Ahmed Al Shaikh	200,000.00	15,000		215,000
Eng. Mohammed Al Zahrani	200,000.00	12,000	30,000	242,000
Dr. Waleed Al Shalfan	200,000.00	15,000	27,000	242,000
Mr. Khalid Al Garni (2)	32,329.00		12,000	44,329
Dr. Fahd Al Sherehy (3)	167,671.00	15,000	12,000	194,671
Total	800,000.00	57,000	81,000	938,000

(*) The lump sum represents the annual remuneration for membership in the Board of Directors for the year 2022, and which was disbursed after the approval of the General Assembly in April 2023.

(**) There is no variable remuneration.

(1) The lump sum for non-executive members was paid to SABIC's account at the request of the member.

(2) His membership in the Board of Directors ended on February 28, 2022.

(3) He was appointed as a member of the Board of Directors on March 1, 2022, and he was also appointed as a member of the Risk Management Committee on October 11, 2022.

Board Committee Members Remunerations in 2023

Board committee members remunerations paid during the fiscal year ended December 31, 2023.

Member	Fixed remuneration	Meeting attendance allowances	Total
Review Committee Members			
Mr. Khalid Al-Garni (**)	150,000	12,000	162,000
Dr. Waleed Al Shalfan (**)	150,000	12,000	162,000
Mr. Bashar Kayyali	150,000	12,000	162,000
Mr. Yahya Al Ansari	150,000	12,000	162,000
Remuneration and Nominations Committee Members			
Mr. Ahmed Abu Talaf	150,000	15,000	165,000
Eng. Mohammed Al Zahrani	-	15,000	15,000
Mr. Nasser Al Nawisr (**)	150,000	15,000	165,000
Risk Management Committee Members			
Eng. Mohammed Al Zahrani (**)	150,000	15,000	165,000
Dr. Waleed Al Shalfan	-	15,000	15,000
Mr. Bashar Kayyali	-	15,000	15,000
Eng. Ahad Awaidha	150,000	12,000	162,000
Dr. Fahd Al Sherehy (1) (**)	150,000	12,000	45,699

(1) His membership in the committee began on October 11, 2022.

(**) The lumpsum was paid into SABIC account at the member's request.

Executive Management' Remunerations

Remuneration of senior executives, including the company's president and chief financial officer, paid during the fiscal year ended December 31, 2023.

Name	Fixed remuneration			Variable remuneration							Short-term motivational plans	Long-term motivational plans	Granted Shares	Total	End of service	Total executive remuneration for the board (if any)	Grand total
	Salaries	Allowances	In-kind benefits	Total	Instrument of Debt	Quota	Net Change	Change Ratio	Periodic remuneration	Profits							
Five senior executives	3,64,553.00	4,735,120.50	240,000.00	8,622,673.50					-	-	625,559.00	1,095,147.00	-	1,720,706.00		-	10,343,379.50

DECLARATIONS AND
ACKNOWLEDGEMENTS

Assessment of Board and Board
Committees performance

On the recommendation of the Remuneration and Nominations Committee, the Board of Directors has adopted performance criteria and necessary mechanisms to evaluate its own performance along with those of the Board Committees.

Under the supervision of the Remuneration and Nominations Committee, the evaluation process for the year 2023 included the tasks and responsibilities of the Board and Board Committees, identifying strengths and weaknesses, and suggesting actions to be taken in line with the company’s interests.

The results of the evaluation showed that the Board of Directors operated efficiently in all fundamental respects.

Review of internal controls system

System Saudi Kayan’s Internal Review Department has carried out periodic reviews throughout the year to verify the effectiveness of the internal control system, with a focus on two major risks that could affect the company’s business

- Using risk-based audit methodology.
- The Internal Review Department implementing review plans that are approved by the Review Committee

The Reviewer performs an evaluation process for the effectiveness of the internal control system, as part of his review of the company’s final financial statements. Further, the Review Committee has ensured that the Internal Review Department implemented the agreed review plans for the year 2023 with complete independence, and that the auditor completed his work in an appropriate professional manner with complete independence and has audited all the data and documents necessary to perform his duties.

The Review Committee also made sure of the procedures undertaken by the Internal Review Department and the company’s management to study the observations and correct them in coordination with relevant departments, as the aforementioned reviews did not show any fundamental weakness in the company’s internal control system.

The Review Committee periodically updated the Board of Directors about the Review Committee’s tasks during the year.

External Auditor

2023, Approved the appointment of Price Waterhouse Coopers International Limited Company (PWC) as the External Auditor for the Company from among the candidates nominated based on the recommendation of Audit Committee to review and audit financial statements of the second quarter, third quarter and the annual of the fiscal year 2023, in addition to first quarter 2024 financial statements, the fees amount SAR 1,100,000.

Relationship between remunerations
and applicable policies

The Board of Directors, based on the recommendation of the Remuneration and Nomination Committee, and as approved by the General Assembly of Saudi Kayan, determines the remunerations for Board Members, Board Committee Members and Committee Members who are not members of the Board, and members of Executive Management.

Thereby, they deserve the remunerations granted to them, and accordingly there is no fundamental deviation from the applicable policies.

Transactions with related parties

SABIC and some of its companies market and sell Saudi Kayan’s products, supplying raw materials and supporting with technical licenses, joint services, administrative, technical, and legal expertise as and when needed, all business transactions within the group.

Board of Directors’
acknowledgements

The Board of Directors of Saudi Kayan acknowledge:

1. That the accounts have been prepared in accordance with the standards and regulations prepared correctly.
2. That the internal control system was prepared on sound foundations and implemented effectively.
3. That there is no doubt about the company’s ability to continue its activities.

Management acknowledgments

The management of Saudi Kayan acknowledges the following:

1. That the company has adopted and incorporated rational applications in corporate governance, in accordance with the rules and regulations of corporate governance issued by regulatory authorities, and in accordance with international principles of governance and its best practices. The company has set the general framework for its governance, which includes a set of regulations and policies through which it defines roles and responsibilities and how decisions are taken and conducted, and control over their implementation, in light of the rules of transparency that achieve

accountability and enhance the adequacy of performance, based on relevant laws and regulations. The Board of Directors follows up on implementation of these governance systems to verify its integrity and accuracy, to ensure adherence to the best governance practices, and to ensure the adoption and application of the best international systems for control and compliance, which guarantee the rights of employees, shareholders, investors and stakeholders alike. That the company implements all provisions contained in the corporate governance regulations issued by the Capital Market Authority (CMA), with the exception of the provisions listed below:

Article/Paragraph	Description	Reason for not applying
Article 51: Formation of the Revision Committee,	The Chairman of the Revision Committee shall be an independent member	Indicative paragraph
Paragraph C	In the event that the Board of Directors forms a committee specialized in corporate governance, it must delegate to it the competencies stipulated in Article 91 of these Regulations. This committee must follow up on any issues related to corporate governance applications, and provide the Board of Directors, at least annually, with the reports and recommendations it reaches. follow up on any issues related to corporate governance applications, and provide the Board of Directors, at least annually, with the reports and recommendations it reaches.	Indicative paragraph
Article 92: Formation of the Corporate Governance Committee		
2. There is no penalty, precautionary measure, or precautionary restriction imposed on the company by any supervisory, regulatory or judicial authority.	8. The company has not entered into any contracts in which there is a material interest for a member of the Board of Directors, Executive Management, or any person related to any of them.	
3. The company has an internal auditor, and there is no recommendation about this auditor from the Audit Committee.	9. There are no arrangements or agreements under which a member of the Board of Directors or Executive Management has waived any salaries or bonuses.	
4. There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, which includes appointing the company’s auditor and determining the fees for the fiscal year 2023.	10. There are no arrangements or agreements under which any of the company’s shareholders has waived rights to profits.	
5. The consolidated financial statements of the company were prepared during the fiscal year 2023 in accordance with the standards approved by the Saudi Organization for Certified Public Accountants.	11. The auditors’ report shows that the consolidated financial statements are free from any material errors, and there are no reservations about them.	
6. The company has not issued or granted any transfer or subscription rights under any convertible debt instruments, contractual securities, guarantees or similar rights.	12. 12) The Board of Directors did not issue any recommendation to change the auditor before the end of the appointed term.	
7. There are no refunds, purchases or cancellations by the company of any redeemable debt instruments.	13. None of the shareholders notified the company of any change in share ownership during the fiscal year ending on December 31, 2023.	
	14. There is no competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses.	

ETHICS

Strategy/Approach

Saudi Kayan conducts business ethically, honestly, and in full compliance with the law. We believe that our conduct is critical to our success in supporting our stakeholders. At Saudi Kayan, compliance and ethics are integrated in ongoing processes that seek to engage our workforce, customers, suppliers, investors, community members, and other stakeholders with a framework for conducting business in an ethical manner, addressing risk and mitigating issues and concerns.

Saudi Kayan adheres to the Code of Ethics drawn up by SABIC, holding ourselves to the highest standards of integrity and seeking to comply fully with the laws and regulations of the countries in which we operate. Our leaders embrace the Code and incorporate it into the daily activities of their teams.

To build the right foundation for our integrity culture and avoid violations, all employees are required to complete compliance training on specific topics based on work duties, such as antitrust regulations, fair employment practices, and trade controls. This training takes various forms, including face-to-face or online training, with training materials and formats being updated regularly.

We encourage employees to report any compliance concerns, and we encourage them to inquire and ask for guidance if there is any doubt. We also make our reporting channels available to external stakeholders such as customers, suppliers, and community members. The company responds quickly to potential risks of any such concerns or possible breaches.

In order to stay abreast of the latest regulatory developments, to have a broader perspective, to learn best practices and, in some cases, to act collectively to impact change, we partner with external organizations that lead on important integrity issues.

HUMAN RIGHTS

Strategy/Approach

At Saudi Kayan, we are committed to upholding and promoting human rights across all aspects of our operations as set out by SABIC. To achieve this, we adhere to the principles outlined in the following frameworks:

- UN Guiding Principles on Business and Human Rights
- International Labour Organization Declaration on Fundamental Principles and Rights at Work
- Principles of the UN Global Compact

Our Fair Employment Practices Policy in our Code of Ethics fosters a culture of respect and fair employment practices, prohibiting illegal discrimination and ensuring all employees receive training on this policy every two years. Our EHSS Policy reflects our dedication to safe and responsible facility operations, with continuous improvement programs to prioritize safety and minimize employee and contractor injuries and illnesses.

We respect freedom of expression, association, and peaceful assembly, refraining from interfering or inhibiting these rights even if these should be related to business matters. We will not contribute to or support retaliation, threats, intimidation, or attacks against those exercising their rights or raising human rights-related concerns regarding our operations.

The Code of Ethics as written by SABIC also applies to its temporary workers, and as such, all temporary and contract workers must acknowledge and comply with our Temporary Worker Code of Conduct, which covers Compliance, EHSS, and Ethical Requirements—Conflicts of Interest, Anti-Corruption, Competition Laws (Antitrust), Privacy/Data Protection, and Intellectual Property, Good Conduct, and Reporting Compliance Concerns. This is to ensure that the Company's standards are adhered to at every level, including those with whom we work outside of the organization.



CLOSING STATEMENT

After praising Allah the Almighty, the Board of Directors extends its utmost gratitude to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, may Allah protect him; the Crown Prince and Prime Minister, His Royal Highness Prince Muhammad bin Salman bin Abdulaziz Al Saud; the Emir of the Eastern Province, His Royal Highness Prince Saud bin Nayef bin Abdulaziz; and the Deputy Governor of the Eastern Region, His Royal Highness Prince Ahmed bin Fahd bin Salman bin Abdulaziz, for the support they graciously offered to the company to drive the industrial renaissance in our beloved country. The Board of Directors is also honored to thank all the company's employees for their hard work throughout the year and express its appreciation for the engagement of the company's shareholders and all relevant governmental and private sectors. We pray Allah the Almighty to protect our country and resources and grant our national company further progress and prosperity.

Allah is the Arbiter of Success

Board of Directors

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