

**METHANOL CHEMICALS COMPANY'S
BOARD OF DIRECTORS REPORT
ON THE COMPANY'S PERFORMANCE & BUSINESS
FOR THE FINANCIAL YEAR 2022**

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BOARD MEMBERS

Chairman

Eng. Ali Abdul Aziz Ali Al-Turki

Vice Chairman

Mr. Melfi Manahi Melfi Al-Marzoqi

Members

Mr. Hani Sulaiman Al-Saleh

Eng. Abdullah Abdul Aziz Al-Znaedi

Eng. Saud Abdullah Al-Sanea

Mr. Abdullah Abdulrahman Bu-Ali

Mr. Yousif Abdullah Al-Rajhi

Eng. Waleed Abdul Aziz Al-Showair

Eng. Sabri Abdullah Al-Ghamdi

Board Secretary

Mr. Osama Saeed Abdul Fattah

Dear valued Shareholders,

The Board of Directors of Methanol Chemicals Company (Chemanol) is pleased to present to the honorable shareholders the annual report on the Company's performance and the results of its activities for the year ended December 31, 2022. The report includes information about the Company's activities, achievement and future plans as well as the efforts made to enhance the performance in developing the equity of shareholders and to support the national petrochemical industry in line with Saudi Vision 2030, in addition to its contributions to the areas of safety, sustainability, reliability and social responsibility, according to the information reflected in the year-end financial results and financial position.

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

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

1. ABOUT THE COMPANY

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

The Company operates in the field of manufacturing and marketing speciality chemical products including superplasticizers, Pentaerythritol, Hexamethylenetetramine (Hexamine), Monomethylamine, Dimethylamine, Trimethylamine, Dimethylformamide, Aq. Formaldehyde, Paraformaldehyde, Acetaldehyde, Amino Resins (Urea & Melamine based), Carbon Monoxide, Sodium Formate as well as Methanol; the main feedstock for the previously mentioned products.

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

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

*Including intermediate products which are converted into finished products.

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

During 2022, the Company continued applying the requirements of Responsible Care Certificate (RC 14001) in accordance with internal and external audit criteria and procedures.

Compliance with Environmental Standards

Chemanol did not record any incidents of non-compliance with the environmental standards during 2022, which demonstrates the Company's firm commitment to environmental requirements and standards.

EHSS Training and Awareness Sessions:

Chemanol put the rehabilitation and training of its employees and contractors at the top of its list of priorities by conducting training and awareness courses in the field of EHSS. The Company has completed 453 intensive courses, equivalent to 5,814 training hours.

Work Performed Without Injury/ Lost Time Injury:

During 2022, Chemanol achieved 10.1 MN safe-man-hours without lost time injury for its employees and contractors of which 9.8 million hours for direct employees.

Emergency Preparedness and Response:

The Company has, using in-house capabilities, carried out 51 emergency response mock drills to ensure that an effective system is in place. It has also successfully carried out the annual joint drill with Jubail Area Mutual Aid Association (JAMA'A), and the emergency response teams of the Company, for the fifth consecutive year, scored full marks as evaluated by JAMA'A.

Quality Near-Miss Reports:

The Company encourages its employees to carry out near miss incidents through the Potential Risk Report System in order to enhance the level of safety, security and environmental protection. The total reports submitted by 221 employees were 1,445 cases during the year.

Lowering the Accidents Rate:

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

3. HUMAN RESOURCES:

Chemanol is proud of its human resources, and it pays a considerable attention to them as they are the fundamental element in managing and operating its business and facilities. The Company continuously strives to develop and promote its human competencies at all professional and occupational levels. At the end of 2022, the total headcount of the Company was 469 employees. The Company continued to implement the objectives set by the Board of Directors to employ and develop the talented local employees. Accordingly, by the end of this year, the Saudization rate reached 70% posting an increase of approximately 14% over the last five years, which enabled the Company to maintain its "Platinum" ranking in the Ministry of Labor and Social Development's classification program (Nitaqat) for achieving high rates in the level of Saudization.

The Department of Human Resources carried out many initiatives, and training and stimulus programs during 2022 including:

- **Saudi Fresh Graduates Training Programs:**

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

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

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

- **Cooperative Training Program:**

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

- **Housing Loans Program:**

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

- **Female Employment:**

Based on the Kingdom's Vision 2030 and its programs, which encourages allocating one of the goals of the vision to ensure an increase in women's participation in the labor market, and in line with the Company's strategy, Saudi women's steps towards empowerment were accelerated and a significant number of them were absorbed into various departments of the Company.

- **Employment Support Program (Hadaq):**

Based on its vision to utilize the programs of the Ministry of Human Resources, the Company recruited 16 young Saudis and added them to the Employment Support Program (Hadaq). However, the Company seeks to increase the number of beneficiaries during the coming year in line with its needs and policies.

4. PRODUCTION AND SALES

First: Production:

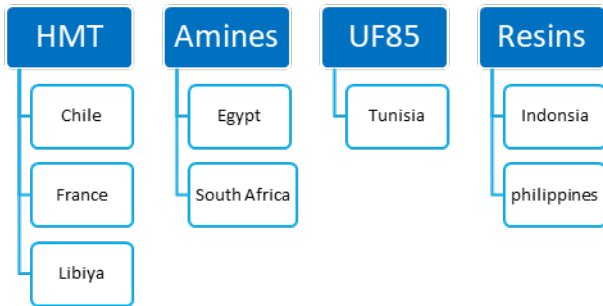
The Company produced 744.52 Thousand metric tons of various products in the year 2022 with a slight increase of 0.3% compared to the quantities of 2021 which was 742.35 Thousand metric tons. The reason for the increase in 2022 compared to the previous year is due to the improvement in the operational performance of the plants and increase in demand for some Company products.

Second: Sales:

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

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

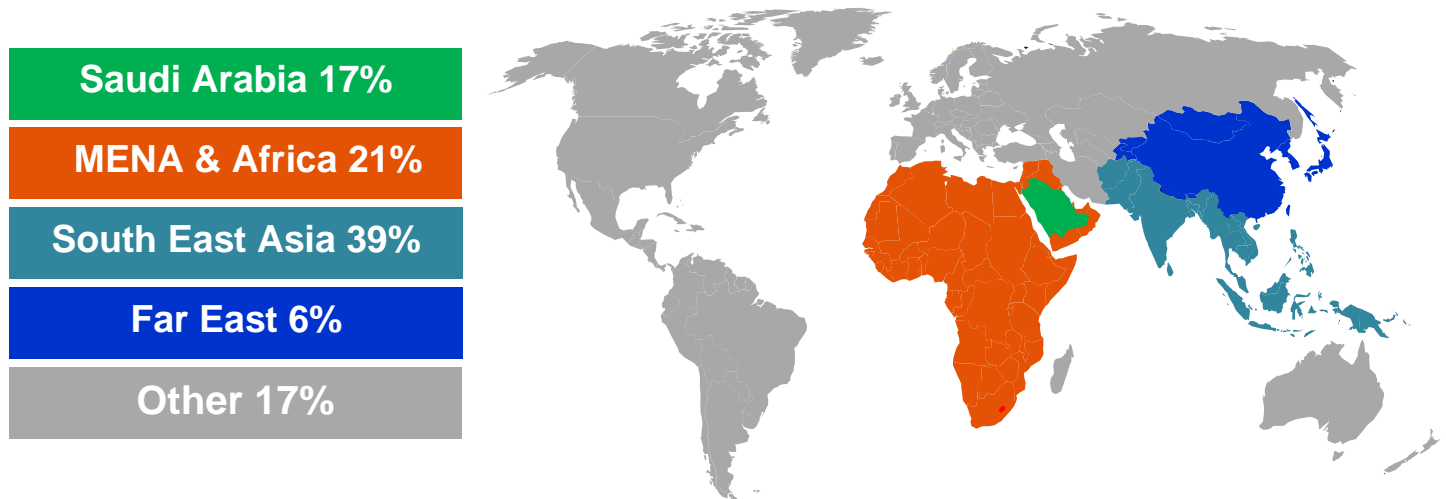
The Company has been working to increase its geographical expansion through exploring promising marketing opportunities and opening new markets for its products to widen its outreach and minimize the potential risks of market fluctuations. The Company successfully entered 4 products into 8 new markets in 2022 including Indonesia, Philippines, Tunisia, Egypt, Libya, South Africa, Chile and France as shown in the below diagram:



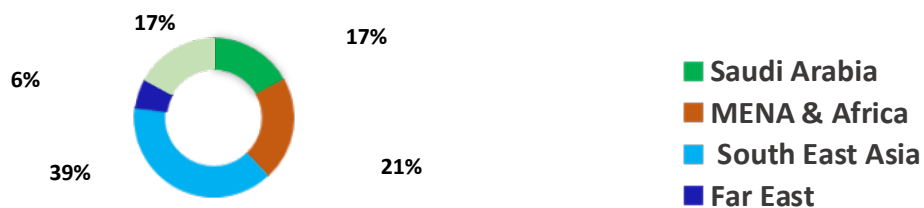
Sales revenues increased to SAR 1.08 billion in 2022, compared to SAR 1.01 billion in 2021, with an increase of about 7%. The reason for the increase in revenues is due to directing sales to regions and markets with higher returns, which resulted in an increase in the average selling prices of products by 15%, while the volume of sales decreased to 303 thousand metric tons in 2022, by 7%, affected by the global economic difficulties and challenges.

• Geographical Analysis of Revenues

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



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



5. COMPREHENSIVE QUALITY

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

6. ENERGY EFFICIENCY PROGRAM

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

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

Plants under the Supervision of SEEC Program	Second Phase (2021 -2025)	
	Energy Intensity Target 2025 (MMBtu/Tons	Energy Intensity Achieved 2022 (MMBtu/Tons
Methanol plant	33,03	37.6
Methylamine & Dimethyl Formamide Plant	45,97	20.00
Formaldehyde plant 30000	- 2,74	- 2.95
Formaldehyde plant 33000	- 2,74	- 3.95

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

The Company strives unceasingly to abide by all energy consumption efficiency requirements. A number of measures have been taken to improve energy consumption and reduce wastage as shown in the table above with a view to achieving the remaining goals according to the

requirements of the second phase by 2025 instead of 2024. A number of measures are currently being taken to help reaching the target such as increasing the production capacity of Methanol plant.

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

7. RELIABILITY

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

8. PLANS, FUTURE PROSPECTS AND RISKS

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

Chemanol's strategic plan is based on developing its existing business and exploring new and more sustainable investment opportunities by enhancing its leadership position in the field of downstream industries and speciality chemicals from methanol derivatives or derivatives from other products, as well as entering partnerships with the owners of advanced technologies inside and outside the Kingdom to produce high value speciality products. Consequently, the Management decided to develop the Company's strategy and explore new growth opportunities in speciality petrochemical materials such as Methanol Derivatives (DMDS) and Speciality Amines (MDEA) to diversify its products base and to optimize the use of methanol derivatives of the to align with the Saudi Vision 2030 whose main objective is the diversification of petrochemical products and supporting the national industries. This matter was evident in the Company's signing of a major cooperation agreement at the beginning of the year 2023 AD with the Global Company for downstream Industries. This matter was clearly articulated by the Company's signing of a major cooperation agreement at the beginning of 2023 signing of a Joint venture agreement with Global Company for Downstream Industries (GDI) for entering a strategic partnership to establish a national Company to produce specialty chemicals including Methyl Diethanolamine, Choline Chloride Dimethyl Disulfide, Dimethyl Sulfate, Chlorine Derivatives, Poly Alpha Olefins and Aromatic Solvents. However, Chemanol aims through this partnership to become one of the largest producers of speciality petrochemicals in the region.

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

will be used in oil, gas, and other manufacturing industries such as pharmaceuticals and agricultural chemicals.

With a view to achieving its strategic plans and strengthening its financial position, the Company during 2022 paid SAR 245 million to Saudi Industrial Development Fund (SIDF), and refinanced the remaining Murabaha Loan at lower margins. Such payments reflected positive impacts on the Current Ratio and Debt-to-Equity Ratio.

Chemanol is distinguished by numerous strengths and competitive advantages, as it:

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

9. RISKS

- The Company's business engages in the manufacture and marketing of chemicals including hazardous and flammable products. To reduce such risks, the Company follows the highest safety standards related to the storage and transportation of products and raw materials. The Company also continuously trains employees in the areas of safety, as well as insuring all its assets and operations.
- Due to the nature of its operations, the Company is exposed to fluctuation of chemical products prices. Therefore, it strives to develop an effective strategy that contributes to reduce the impact of the international price volatility on the Company's products.
- The Company is continuously seeking to reduce employee turnover by providing appropriate working environment, and attracting, training and retaining talented local employees to serve the Company's goals and plans.
- The Company may, from time to time, be subject to scheduled and non-scheduled shutdowns like other companies. It has sought to reduce the risk of such shutdowns by applying comprehensive reliability to all its plants to detect faults before they occur and take the appropriate measures for their maintenance.

- Although the Company views the competition positively, there emerges the problem of dumping practices. The Company takes appropriate legal measures against such practices to protect its own products.
- The Company's products are primarily based on using methanol and methanol derivatives, which means that they are directly correlated to methanol prices. The Company seeks to address this challenge through its future strategy aimed at diversification of its products base.
- The Company allocates a significant part of the cash flow from its operations to repay the principal and long-term loan service, and any fluctuation in the interest rates affects the profitability and cash flow of the Company. Furthermore, the Company assesses its financial capability for prepayment of its loan installments due during the year. The Company also manages the liquidity risk by periodically ensuring that sufficient liquidity is available to meet any future commitments as they fall due.
- There are also the risks related to the Company's transactions in foreign currencies. Currency risk is the risk that the value of a financial instrument will fluctuate because of fluctuations in foreign exchange rates. Therefore, most of the Company's transactions are made in Saudi Riyals and US Dollars and accordingly, the Company's Management believes that the currency risks are immaterial.

10. ASSETS, LIABILITIES AND BUSINESS RESULTS

▪ Statement of Financial Position (in '000 SAR)

Statement	2022	2021	2020	2019	*2018
Current Assets	620,530	655,901	322,810	344,587	463,847
Non-current Assets	1,175,545	1,246,665	1,355,093	1,598,450	1,656,881
Total Assets	1,796,075	1,902,567	1,677,903	1,943,038	2,120,728
Current Liabilities	142,685	385,789	827,555	228,456	253,235
Long-term Loans & Other Liabilities	431,775	498,929	71,816	660,769	726,445
Shareholders' Equity	1,221,616	1,018,542	778,532	1,053,813	1,141,048
Total Liabilities & Shareholders' Equity	1,796,075	1,902,567	1,677,903	1,943,038	2,120,728

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

■ Statement of Income (in '000 SAR)

Statement	2022	2021	2020	2019	2018
Sales	1,076,824	1,009,548	495,709	527,240	701,613
Cost of Sales	(664,630)	(571,478)	(477,783)	(467,781)	(506,042)
Impairment losses	-	(25,005)	(157,099)	-	-
Gross Profit	412,194	(413,065)	(139,173)	59,459	195,571
Other Revenues (Expenses)	(6,760)	(4,634)	(5,307)	(3,658)	2,296
Selling, Administrative & General Expenses	(161,045)	(122,167)	(91,937)	(96,437)	(103,648)
Financial Expenses	(30,003)	(23,285)	(32,575)	(37,532)	(38,919)
Zakat	(7,958)	(18,974)	(7,102)	(5,908)	(9,146)
Net Profit / (Loss)	(206,428)	(244,005)	(276,094)	(84,076)	46,154

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

11. CLARIFICATION ON MATERIAL DIFFERENCES IN OPERATING RESULTS

Particulars	(in '000 SAR)		Variances + or (-)	Percentage of Variance
	2022	2021		
Sales	1,076,824	1,009,548	67,276	6,66%
Cost of Sales	(664,630)	(571,478)	(93,152)	16,30%
Impairment losses	-	(25,005)	(25,005)	100%
Gross Profit	412,194	413,065	(871)	0,21%
Other Operational Revenues	(6,760)	(4,634)	(2,126)	45,88%
Other Operational Expenses	(161,045)	(122,393)	(38,878)	31,82%
Operating Profit	244,390	286,263	(41,874)	14,63%

The Company realized sales of SAR 1,076 million in 2022 compared to sales of the previous year which was SAR 1,010 million, an increase of 6.66%. The Company also recorded a gross profit of SAR 412 million against SAR 413 million in 2021. Total operating profit amounted to SAR 244 million in 2022 compared to SAR 286 million in 2021. The decrease in net profit during the current year compared to the previous year is primarily due to increase in costs of supply chain, raw materials in general and to the continuous decline in average selling prices during the third and fourth quarter of the year.

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

The Company's financial statements for FY ended December 31, 2022, have been prepared in accordance with the International Financial Reporting Standards adopted by the Kingdom of Saudi Arabia.

13. AUDITORS' REPORT AND THE FINANCIAL STATEMENTS

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

14. DIVIDEND POLICY

According to Articles 46 of the Company's Articles of Association the Dividend Distribution is as follows:

- 10% of net profits shall be set aside to form the Company statutory reserve, and the Ordinary General Assembly may decide to stop formation whenever the said reserve reaches 30% of the paid-up capital.
- The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a specific percentage of the net profit to form a consensual reserve which may be allocated to support the financial position of the Company.
- The statutory reserve shall be used to cover the losses of the Company or increase the capital, and if this reserve exceeds 30 percent of the paid capital, the General Assembly of the Company may decide to distribute the increase to the shareholders in the years in which the Company does not achieve net profits sufficient to distribute the share determined for them in this Articles of Association.
- The Ordinary General Assembly may decide to form other reserves to the extent that serves the Company interests and guarantees distribution of fixed profits to shareholders, if possible. The said Assembly may also deduct from net profits some amounts to create social schemes for the Company employees or to support the existing schemes.
- Out of the balance, a percentage of 5 % of the paid-up capital shall be paid to the shareholders.
- The Board of Directors may, based on an authorization from the Ordinary General Assembly, distribute annual, semi-annual, or quarter profits after deducting all general expenses and other costs, and this authorization shall be renewed annually.

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

None of the shareholders other than directors or Senior Executives have notified the Company of any change in the ownership of the shares during the year ended 31/12/2022.

16. INFORMATION ON COMPANY LOANS

The Company's payable loans and financing facilities at the end of 2022 amounted to SAR 356.3 million compared to SAR 672.7 million at the end of 2021. Financing facilities include bank loans in accordance with the Islamic Murabaha Regulation.

The following table shows the Company's Payable Loans at the end of 2022 (SAR in '000')

Lender	Loan Amount	Loan Period (year)	Maturity Date	Opening Balance	Additions	Payments	Restructured Amounts	Closing Balance
SIDF	385,000	6	28/03/2021	245,000	-	(245,000)	-	-
SABB (Syndicate)**	129,666	8	31/12/2028	116,699	-	(116,699)	-	-
Riyad (Syndicate)**	118,755	8	31/12/2028	106,880	-	(106,880)	-	-
SNB (Syndicate)**	58,875	8	31/12/2028	52,988	-	(52,988)	-	-
GIB (Syndicate)**	167,949	8	31/12/2028	151,154	-	(151,154)	-	-
Total commercial banks' long-term loans	860,245	-	-	672,721	-	(672,721)	-	-
Alinma** (Syndicate)	227,500	8	31/12/2030	-	227,500	(49,333)	-	178,167
Banque Saudi Fransi ** (Syndicate)	227,500	8	31/12/2030	-	227,500	(49,333)	-	178,167
Total commercial banks' new long-term loans	455,000	-	-	-	455,000	(98,666)	-	356,334

** After Loan Restructuring in 2022.

17. DESCRIPTION OF DEBT INSTRUMENTS ACTIVITIES

There are no convertible debt instruments, contractual securities, warrants, or similar rights issued or granted by the Company during FY 2022. There are also no rights of transfer or subscription under convertible debt instruments, contractual securities, warrants, or similar rights issued or granted by the Company. Also, there is no refund, purchase, or cancellation by the Company for any redeemable debt instruments.

There is no interest in voting shares class belonging to persons (other than the Company's Board of Directors, and Senior Executives and their relatives), who have notified the Company of holdings pursuant to Article Sixty-Seven of the Rules on the Offer of Securities and Continuing Obligations.

18. CORPORATE GOVERNANCE

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

Article	Article	Reasons for Non-application
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No.		
13/ c	The Board shall invite the Ordinary General Assembly to convene upon the request of the external auditor, the audit committee or a number of shareholders holding shares equal to at least (5%) of the share capital of the Company. The external auditor may invite the assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request.	The external auditor or any of the shareholders holding shares equal to 5% of the share capital of the Company did not request the Ordinary General Assembly to convene during FY 2022.
39/2	Developing the necessary programmes required for the same, taking the into account developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company	A guiding article. Although the Board members and the Executive Management have the broad and practical experience and distinctive qualifications related to the businesses of the Company, it always encourages them to attend training courses which correspond to their specializations.
41/a	The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management.	A guiding article. The Board is still in the process of preparing such mechanisms and it shall be approved later. Accordingly, members were assessed without using KPIs.
41/e	The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	A guiding article. It hasn't been implemented yet
46/3	The chairman of the Board shall inform the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board..... in accordance with the standards issued by the Ordinary General Assembly upon a proposal of the Board and published on the Company's website.....	No Board member engaged in any business competing with the business of the Company and the Chairman of the Board did not report any competing businesses in 2022.
70	The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee.". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	A guiding article. An ad hoc internal committee consisting of the Senior Executives was formed. It is to be noted that risk monitoring falls within the functions of the Audit Committee.
71	Authorities of the Risk Management Committee.	A risk register has been prepared and it will be annually updated and submitted to the Audit Committee and Board of Directors.
72	Meetings of the Risk Management Committee.	
87	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	Company's Corporate Governance Regulation includes Social Contribution, and it shall be approved by the General Assembly when it is mandatory.
95	Formation of a Corporate Governance Committee.	A guiding article. The Board formed specialized committees in accordance with the needs of the Company and its conditions to enable it to perform its functions and duties effectively, Also the work of the Board and its committees are considered key components of the Corporate Governance, where each of them contributes to the achievement of its objectives.

19. BOARD OF DIRECTORS

As stipulated in Article 17 of the Company's Articles of Association, The Company shall be managed by a Board of Directors consisting of nine (9) members appointed by the Ordinary General

Assembly using the cumulative voting system for a period not exceeding three (3) Gregorian years. Accordingly, the current Board members were elected by the Ordinary General Assembly convened on November 09, 2021, for a period of three years; from 12/11/2022 to 11/11/2024, through cumulative voting system.

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

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

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



Eng. Ali Abdul Aziz Ali Al-Turki

Chairman of the Board

Chairman of Executive Committee

Member of Project Steering Committee

Current Position:

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

Previous Positions & Experience:

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

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



Mr. Melfi Manahi Melfi Al-Marzoqi

Vice Chairman

Member of Nominations & Remuneration Committee

Current Position:

Managing Director of the National Agricultural Marketing Co. (Thimar)

Previous Positions & Experience:

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

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



Eng. Saud Abdullah Al-Sanea

Board Member

Member of Executive Committee.

Member of Marketing Committee.

Member of Nominations & Remuneration Committee.

Current Position: Retiree

Previous Positions & Experience:

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

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



Mr. Abdullah Abdulrahman Bu-Ali

Board Member

Member of Executive Committee

Current Position:

Retiree

Previous Positions & Experience:

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

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



Eng. Abdullah Abdul Aziz Nasser Al-Znaedi

Board Member

Chairman of Marketing Committee.

Current Position:

CEO of the Explosives Sector at Saudi Chemical Co.

Previous Positions & Experience:

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

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



Mr. Yousif Abdullah Abdul Aziz Al-Rajhi

Board Member

Member of Audit Committee.

Current Position:

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

Previous Positions & Experience:

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

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



Mr. Hani Sulaiman Abdul Rahman Al-Saleh

Board Member

Chairman of Nominations & Remuneration Committee

Current Position:

- CEO of Arabian Hala Group.

Previous Positions & Experience:

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

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



Eng. Waleed Abdul Aziz Abdul Rahman Al-Showair

Board Member

Current Position:

- Deputy Chief Executive Officer for Sales & Marketing at Al-Jouf Cement Co.
- Sales Department Manager at Al-Jomaih Equipment Co.

Previous Positions & Experience:

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

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



Eng. Sabri Abdullah Al-Ghamdi

Board Member & Managing Director

Member of Executive Committee

Project Steering Committee

Current Position:

- Managing Director.

Previous Positions & Experience:

- Refinery Processes Engineer Saudi at Aramco.
- Global Technology Licensing Manager at Saudi Arabia Basic Industries Corporation (SABIC).
- Executive Director of the Center of Expertise, Global Technology Licensing and Contract at SABIC.
- Chairman of Investment Committee at Global Company for Downstream Industries (GDI).
- Currently is a member of Board of Directors of Hadaf International Energy Company.
- Previously held Board memberships in various companies including GDI, Global Company for Chemical Industries (GCI); an affiliate of GDI, and Rufayah Chemicals Company (RCC) an affiliate of GDI.

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

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

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

Mr. Hani Sulaiman Al-Saleh	Inside the Kingdom - Al-Etihad Co-operative Insurance Co. - Alujain Holding Corp. - Naqel Co. -Dermabit Waterproofing Industries Co. -Hala Supply Chain Services Co. - Health Water Bottling Co. - Hala Auto For Cars. - Specialized Automotive Company	Inside the Kingdom None
Eng. Waleed Abdul Aziz AlShowair	Inside the Kingdom National Agricultural Marketing Co. (Thimar)	Inside the Kingdom None
Mr. Yousif Abdullah Al-Rajhi	Inside the Kingdom - Abdullah Abdulaziz Al Rajhi & Sons Holding Co. - Abdullah Al-Rajhi Trust Foundation - Almatar Co. for Commercial Services. - Tabuk Agricultural Development Co. - United International Transportation Co. (Budget, Saudi). - Riyadh International Hotels & Resorts. - Al Rajhi Hydraulic Center.	
Eng. Abdullah Abdul Aziz Al-Znaedi	Inside the Kingdom None	Inside the Kingdom None
Eng. Sabri Abdullah Al-Ghamdi	Inside the Kingdom Hadaf International Energy Company.	Inside the Kingdom - Global Company for Downstream Industries (GDI). - Global Company for Chemical Industries (GCI). - Rufayah Chemicals Company (RCC) an affiliate of GDI.

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



Mr. Saad Ibrahim Al-Mushawah

Member of Audit Committee.

Current Position:

- Board & Executive Committee Member, Qassim Cement Co.
- Board Member & Head of Audit Committee, Al-Jazeera Bank.
- Board Member & Head of Nomination Committee, Al-Othaim Co.
- Board Member, National food industries Co. (Luna).
- Audit Committee Member, Fawaz Al-Hokair Co. (a Joint-Stock Co.).
- Board Member, Maan Al-Jasla Closets.
- Executive Committee Member, Al Watania Agriculture Company.
- Member of Supervisory Board, Building Productive Families centre "Jana".
- Audit Committee Member, Durrah Sugar Co.
- Audit Committee Member, Thob Al Aseel Co. (a Joint-Stock Co.).

Previous Positions & Experience:

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

Mr. Saad Al-Mushawah holds Bachelor's degree in Industrial Management from King Fahd University of Petroleum & Minerals, KSA. He attended specialized courses in Financial Management & Investment at Chase Manhattan Bank, USA, and Finance & Economics at Harvard University, USA



Mr. Abdullah Abdul Rahman Al Al-Sheikh

Member of Audit Committee.

Current Position:

- Chief Financial Officer, Al-Rajhi Endowment

Previous Positions & Experience:

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

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



Mr. Khalid Abdul Aziz Al-Hoshan

Member of Audit Committee.

Current Position:

- Head of Internal Audit, National Health Laboratory

Previous Positions & Experience:

- General Manager of Al-Rajhi Industrial & Trading Co.
- Group Internal Audit Manager, Safari Holding Company.
- Head of Internal Audit, Al-Ahlia for Cooperative Insurance Company.
- Audit & Compliance Officer, General Organization for Social Insurance.
- Member of Audit Committees of a number of companies and organizations such as: Saudi Chemical Holding Company, Saudi Paper Manufacturing Co., Naseej International Trading Co, and Arab Sea Information System Company etc..

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



Mr. Khaled Asaad Khashoggi

Member of Marketing Committee.

Current Position:

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

Previous Positions & Experience:

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

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



Eng. Akram Aouni Mohamed Al-Rabayah

Chairman of Project Steering Committee

Member of Executive Committee

Nomination & Remuneration Committee Member

Current Position:

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

Previous Positions & Experience:

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

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

20. BOARD MEETINGS AND ATTENDANCE RECORD FOR EACH MEETING

The Board of Directors held four (4) meeting during 2022 as per the following:

Name of Member					Total
	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	
	April 14 th	June 5 th	December 12 th	December 12 th	
Eng. Ali Abdul Aziz Al-Turki	✓	✓	✓	✓	4
Mr. Melfi Manahi Al-Marzoqi	✓	✓	✓	✓	4
Eng. Saud Abdullah Al-Sanea	✓	✓	✓	✓	4
Mr. Abdullah Abdulrahman Bu-Ali	✓	✓	✓	✓	4
Mr. Hani Sulaiman Al-Saleh	✓	✓	✓	✓	4
Eng. Waleed Abdul Aziz Al-Showair	✓	✓	✓	✓	4
Mr. Yousif Abdullah Al-Rajhi	✓	×	✓	✓	3
Eng. Abdullah Abdul Aziz Al-Znaedi	✓	✓	✓	✓	4
Eng. Sabri Abdullah Al-Ghamdi*			✓	✓	2
Eng. Ali Mohammed Al-Asiri**	✓	✓			2

*His membership started as of 25/07/2022.

**His membership expired on 25/07/2022,

21. Executive Management

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



Eng. Sabri Abdullah Al-Ghamdi

Managing Director

Previous Positions & Experience:

- Currently is a member of Board of Directors of Hadaf International Energy Company.
- Global Technology Licensing Manager at Saudi Arabia Basic Industries Corporation (SABIC).
- Executive Director of the Center of Expertise, Global Technology Licensing and Contract at SABIC.
- Chairman of Investment Committee at Global Company for Downstream Industries (GDI).
- Previously held Board memberships in various companies including GDI, Global Company for Chemical Industries (GCI); an affiliate of GDI, and Rufayah Chemicals Company (RCC) an affiliate of GDI.



Mr. Mr. Habes Yaseen Al-Shammari

Current Position:

Chief Operation Officer

Previous Positions & Experience:

Over 38 years extensive experience in new plant detail engineering, construction, commissioning, start-up, overlooking water, power, oil refining and petrochemical plants operations, process improvement and developing operating procedures. He held several positions including:

- Managing Director, ANBA Gulf Business Services Co.
- Senior Vice President, NAMA petrochemical.
- Turnaround Manager, Saudi Aramco Total Refining and Petrochemical Company (SATORP).
- General Manager for the Military Explosives at the Saudi Chemical Company.
- Also work in several countries, including Spain, Singapore, and South Korea.



Mr. Syed Sohaib Ahsan

Current Position:

Chief Financial Officer (CFO)

Previous Positions & Experience:

Mr. Sohaib is an experienced finance professional with more than 17 years of extensive experience in Finance Operations including Financial Analysis, IFRS Financial & Accounting Reporting, Board Reporting, Audit as well as Team Management and Leadership.

Mr. Sohaib held several positions in his previous experience including:

- Senior Manager, PWC KSA
- IPO advisor, Marafiq
- Corporate accounting Manager, Marafiq
- Section Head GL, Marafiq
- Assistant manager, EY UK & UAE
- Senior Auditor, PWC Pakistan

He holds a bachelor's degree in Business Administration from University of Karachi, Pakistan and he is a Chartered Certified Accountant from the Association of Chartered Certified Accountants in the UK.



Mr. Osama Saeed Abdul Fattah

Current Position:

Legal Counsel & Board Secretary

Previous Positions & Experience:

- Over 20 years in the field of Companies Regulations, Commercial contracts, corporate governance, secretariat of Boards of Directors of joint-stock companies.

Held several leadership positions such as:

- Deputy Director of Legal Affairs, Concord International Co. (Egypt).
- Director of Legal Affairs, Al Hassan Ghazi Ibrahim Shaker Co. (SHAKER).
- Board Secretary, Al Hassan Ghazi Ibrahim Shaker Co. (SHAKER).

Mr. Osama holds a bachelor's degree in Law from Faculty of Law, English Section, Cairo University, Egypt.



Mr. Eid Abdul-Mohsen Al-Dossary

Current Position:

General Manager, EHSS

Previous Positions & Experience:

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

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



Mr. Abdulaziz Dammak Daabash

Current Position:

General Manager - Strategy, Projects, and Business Development

Previous Positions & Experience:

- Held various leadership roles in SABIC including Senior Manager, Technology Ventures and Senior Manager, Innovation & Business Development.

Mr. Daabash holds a master's degree in Chemical Engineering from the University of Houston and a bachelor's degree in Chemical Engineering from Texas A&M University, USA.



Mr. Saad Ali Al-Garni

Current Position:

Acting GM Marketing & Sales

Previous position & Experience:

- Mr. Saad Al-Garni has over 12 years of experience in Business Development, Sales, Marketing, and Customer Services, he has a broad perspective on the industry, having worked in various sectors, including Oil & Gas, FMCG, and petrochemicals.

- Before taking on his current position as Acting General Manager of Marketing & Sales at Chemanol, Mr. Saad Al-Garni served as the Marketing Manager.

- Mr. Saad Al-Garni began his career as a Sales Specialist at Jubail Energy Services Company (JESCO) in 2010 and later joined Abu Dawood-Saudi FMCG Distributor for P&G (IATCO) as a Sales Section Manager in 2013. During his nine years with IATCO, he held several positions across different departments, including Key Account Business Development Manager, before joining Chemanol.

Mr. Saad Al-Garni holds a bachelor's degree in Marketing from King Fahd University of Petroleum & Minerals (KFUPM), KSA.

22. INTERESTS OF BOARD MEMBERS AND SENIOR EXECUTIVES

There are some interests in the shares of the Company during 2022, belong to some members of the Board of Directors as shown below:

First: Members of the Board of Directors

Description of any interest, contractual papers and subscription rights attributable to the members of the Board of Directors in the Company's shares or debt instruments during FY 2022								
Name	Beginning of the year			End of the year			Net Change	Percentage of Change
	Number of shares	Debt Instruments	Percent. of Ownership	Number of shares	Debt Instruments	Percent. of Ownership		
Eng. Ali Abdul Aziz Al-Turki	100	-	-	100	-	-	-	0%
Mr. Melfi Manahi Al-Marzoqi	829	-	-	2,100	-	-	1,271	253%
Eng. Saud Abdullah Al-Sanea	1,000	-	-	1,000	-	-	-	0%
Mr. Abdullah Abdulrahman Bu-Ali	-	-	-	-	-	-	-	0%
Eng. Waleed Abdul Aziz Al-Showair	10	-	-	10	-	-	-	0%
Eng. Abdullah Abdul Aziz Al-Znaedi	20	-	-	20	-	-	-	0%
Mr. Hani Sulaiman Al-Saleh	17,620	-	-	-	-	-	17,620	100%
Mr. Yousif Abdullah Al-Rajhi	65,249	-	-	24,688	-	-	40,561	64%
Eng. Ali Mohammed Al-Asiri**	-	-	-	-	-	-	-	0%
Eng. Sabri Abdullah Al-Ghamdi*	587	-	-	587	-	-	-	-

*His membership started as of 25/07/2022.

**His membership expired on 25/07/2022,

Description of any interest attributable to the spouses and children of minors of members of the current Board in the Company's shares in 2022.

Description of any interest, contractual papers and subscription rights attributable to the spouses and children of minors of members of the Board in the Company's shares or debt instruments as from the beginning of the term of the current Board on 12/11/2021								
Name	Beginning of the year			End of the year			Net Change	Percentage of Change
	Number of shares	Debt Instruments	Percent. of Ownership	Number of shares	Debt Instruments	Percent. of Ownership		
Spouse of Mr. Hani Sulaiman Al-Saleh	7,542	-	-	9,042	-	-	1,500	20%
Mr. Sulaiman Hani Sulaiman Al-Saleh	5	-	-	5	-	-	-	0%
Spouse of Eng. Waleed Abdul Aziz Al-Showair	5,260	-	-	3,000	-	-	2,260	43%

*Except as indicated above, there is not any interest attributable to the spouses and children of minors of members of the Board in the Company's shares in 2022.

Second: Senior Executives

There is not any interest attributable to the Senior Executives in the Company's shares in 2022.

Description of any interest, contractual papers and subscription rights attributable to the Senior Executives and their relatives in the Company's shares or debt instruments								
Name	Beginning of the year			End of the year			Net Change	Percentage of Change
	Number of shares	Debt Instruments	Percent. of Ownership	Number of shares	Debt Instruments	Percent. of Ownership		
Eng. Sabri Abdullah Al-Ghamdi	587	-	-	587	-	-	-	0%
Mr. Habes Yaseen Al-Shammari	-	-	-	-	-	-	-	-
Mr. Syed Sohaib Ahsan	-	-	-	-	-	-	-	-
Mr. Eid Abdul-Mohsen Al-Dossary	-	-	-	-	-	-	-	-
Osama Saeed Abdul Fattah	-	-	-	-	-	-	-	-

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

23. REMUNERATION OF BOARD MEMBERS AND EXECUTIVE MANAGEMENT

Considering the provisions governing the remuneration of Board members, Board committees and Senior Executives, there was no significant deviation during the FY 2022 in any remuneration paid to the Board members and Senior Executives from the Remuneration Policy adopted by the Ordinary General Assembly on 16/06/2022. Hence, the remuneration of Board members, Board committees and Senior Executives was paid in accordance with the following principles and rules:

First: Board Members & Board Committees:

- Based on the Remuneration Policy for Board Members, Board Committees and Senior Executives adopted by the Ordinary General Assembly on 16/06/2022, The Board of Directors shall, on a recommendation of the Nominations & Remuneration Committee, determine the remuneration of Board members and Committee members in accordance with the following principles:
 - ✓ The organization of the remuneration should be consistent with the Company's strategic objectives and should be an incentive factor for the members of the Board and committees to achieve these objectives and enhance the Company's ability to develop and sustain its business.
 - ✓ The remuneration should be commensurate with the nature of the Company's business, activity and size, as well as the experience required.
 - ✓ The remuneration should be a means to attract Board members with experience and qualifications to enhance the Company's ability to achieve its objectives.
 - ✓ The remuneration of the members of the Board of Directors consists of a certain amount, attendance allowance for sessions, certain benefits, or a certain percentage of the net profits. It is permissible to combine two or more of these benefits, and the remunerations of the members of the Board of Directors are disbursed based on the approval of the Company's General Assembly.

- ✓ If the reward is a certain percentage of the Company's profits, this percentage may not exceed 10% of the net profits, after deducting the reserves decided by the General Assembly, and after distributing a profit to shareholders of no less than 5% of the Company's paid-up capital.
- ✓ In all cases, the remunerations - financial or in-kind benefits – received by member of the Board of Directors shall not exceed five hundred thousand (500,000) Riyals annually in accordance with the regulations set by the Ministry of Commerce and the Capital Market Authority.
- ✓ The members' remuneration may be of varying amount to reflect the member's experience, competence, tasks entrusted to him, his independence, the number of sessions he attended, and any other considerations, according to the discretion of the Board of Directors and based on a recommendation of the Nomination and Remuneration Committee.
- ✓ The report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all the bonuses, allowances, expenses and other benefits received by the members of the Board of Directors during the financial year, must include a statement of what the members of the Board received in their capacity as workers or administrators, or what they received in exchange for technical, administrative or consultative, and must also include a statement of the number of Board meetings and the number of sessions attended by each member from the date of the last meeting of the General Assembly.
- ✓ The remuneration of independent members of the Board of Directors shall not be a percentage of the profits achieved by the Company or be based directly or indirectly on the profitability of the Company as set by the competent authority.
- ✓ An annual remuneration of 200,000 (two hundred thousand Riyals) for each member of the Board, provided that the entitlement to this award is proportional to the number of meetings the member attends during the year, and a remuneration for attending meetings in the amount of 3,000 Riyals. For members outside the Company's head office airline ticket or its equivalent shall be provided, in addition to booking a suitable hotel, provided that the amount does not exceed (2,000) Riyals per night.
- ✓ A member of the Board of Directors may obtain a remuneration in exchange for its membership in the Audit Committee formed by the General Assembly, or in return for any additional executive, technical, administrative or advisory work or positions - under a professional license - assigned to him in the Company, in addition to the remuneration that he can obtain as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and the Company's Articles of Association.
- ✓ An annual remuneration of one hundred and twenty thousand (120,000) Riyals for the chairman of the committee and 100,000 for each member of the committees, provided that the entitlement to this award is proportional to the number of meetings the member attends during the year, and a remuneration for attending meetings in the amount of (3000) Riyals. For members from outside the Company's head office, a

business class airline ticket is provided, or its equivalent, in addition to booking a suitable hotel, provided that the amount does not exceed (1,500) Riyals .

- ✓ The Board of Directors may take decisions that include paying an additional work allowance to any member who is assigned additional work for the Company, provided that they are disclosed in the Company's annual report.
- ✓ The Company pays attendance allowances to members of the Board and members of the committees emanating from the Board immediately after the end of each meeting.
- ✓ The Company pays the annual remuneration prescribed for members of the Board of Directors and members of the committees - if any - according to the Company's Articles of Association and not exceeding the maximum limit in the applicable rules and regulations immediately after the end of each financial year.
- The Company shall be entitled to claim damages for its reputation and to recover all remuneration, compensation and any other costs incurred by the Company in case:
 - ✓ The member commits an act involving a breach of honour or trust, or violates the laws and regulations of the Kingdom of Saudi Arabia or any other country.
 - ✓ The member fails to carry out his responsibilities and duties, and that results in damage to the interests of the Company.
 - ✓ Of termination of membership by a decision of the General Assembly for being absent from three consecutive meetings within one year without a legitimate excuse acceptable to the Board of Directors.

Second: Senior Executives:

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

The following tables show the remuneration and compensation paid to the members of the Board of Directors during the FY ended December 31, 2022, in accordance with Article Ninety-Three of the Corporate Governance Regulation:

Board Members	Specific amount	Fixed Remuneration						Variable Remuneration								Grand Total	Expense Allowance
		Allowance for attending meetings of the Board	Total allowance for attending committee meetings	In-kind benefits	Remuneration of technical administrative and management of the Chairman, Managing Director or the Secretary, if any	Total	Percentage of profits	Periodic Remuneration	Short-term incentive plans	Long-term incentive plans	Shares granted	Total	End of service benefits				
FIRST: INDEPENDENT MEMBERS																	
Eng. Ali Abdul Aziz Al-Turki	200,000	12,000	39,000	-	-	-	251,000	-	-	-	-	-	-	-	251,000	-	
Mr. Melfi Manahi Al-Marzoqi	200,000	12,000	19,200	-	-	-	231,200	-	-	-	-	-	-	-	231,200	-	
Mr. Hani Sulaiman Al-Saleh	200,000	12,000	15,000	-	-	-	227,000	-	-	-	-	-	-	-	227,000	-	
Eng. Waleed Abdul Aziz Al-Showair	200,000	12,000	20,100	-	-	-	232,100	-	-	-	-	-	-	-	232,100	-	
Eng. Abdullah Abdul Aziz Al-Znaedi	200,000	12,000	19,505	-	-	-	231,505	-	-	-	-	-	-	-	231,505	-	
Mr. Yousif Abdullah Al-Rajhi	200,000	12,000	16,500	-	-	-	228,500	-	-	-	-	-	-	-	228,500	-	
SECOND: NON-EXECUTIVE MEMBERS																	
Eng. Saud Abdullah Al-Sanea	200,000	12,000	145,689	-	-	-	357,689	-	-	-	-	-	-	-	357,689	-	
Mr. Abdullah Abdulrahman Bu-Ali	200,000	12,000	27,000	-	-	-	239,000	-	-	-	-	-	-	-	239,000	-	
THIRD: EXECUTIVE MEMBER																	
Eng. Sabri Abdullah Al-Ghamdi	87,671	6,000	36,000				129,671	-	-	-	-	-	-	-	129,671		
Eng. Ali Mohammed Al-Asiri	112,877	6,000	--	-	-	-	118,877	-	-	-	-	-	-	-	118,877	-	
Total	1,800,000	108,000	337,994	-	-	-	2,246,542	-	-	-	-	-	-	-	2,246,542	-	

Eng. Ali Mohamed Al-Asiri resigned from Board of Directors on 25/07/2022 and replaced by Eng. Sabri Abdullah Al-Ghamdi.

Fourth: Remuneration of members of the Board Committees:

Audit Committee				
Member's Name	Capacity	Fixed Remuneration	Allowance for Attending Meetings	Total
Mr. Saad Ibrahim Al-Mushawah	Committee Chairman	120,000	15,000	135,000
Mr. Abdullah Abdul Rahman Al Al-Sheikh	Committee Member	100,000	15,000	115,000
Mr. Khalid Abdul Aziz Al-Hoshan	Committee Member	100,000	15,000	115,000
Mr. Yousif Abdullah Abdul Aziz Al-Rajhi	Committee Member	100,000	15,000	115,000
Mr. Abdullah Abdulrahman Bu-Ali <i>(His appointment is not considered final unless approved by the General Assembly)</i>	Committee Member	20,274	3,000	23,274

Nomination and Remuneration Committee				
Member's Name	Capacity	Fixed Remuneration	Allowance for Attending Meetings	Total
Mr. Hani Sulaiman Al-Saleh	Committee Chairman	120,000	15,000	135,000
Mr. Melfi Manahi Al-Marzoqi	Committee Member	100,000	15,000	115,000
Eng. Akram Aouni Al-Rabayah <i>(Joined the Committee on 19/10/2022)</i>	Committee Member	20,274	3,000	23,274
Eng. Saud Abdullah Al-Sanea <i>(Left the Committee on 18/10/2022)</i>	Committee Member	79,726	12,000	91,726

Marketing Committee				
Member's Name	Capacity	Fixed Remuneration	Allowance for Attending Meetings	Total
Eng. Abdullah Owdah Al-Enazi <i>(Left the Committee on 29/01/2023)</i>	Committee Chairman <i>(From 19/10/2022 to 29/01/ 2023)</i>	104,055	12,000	116,055
Eng. Waleed Abdul Aziz Al-Showair	Committee Member	100,000	12,000	112,000
Eng. Abdullah Abdul Aziz Al-Znaedi	Committee Member	100,000	3,000	112,000
Mr. Habes Yaseen Al-Shammari	Committee Member	20,274	12,000	23,274
Mr. Khaled Asaad Khashoggi	Committee Member	100,000	12,000	112,000

The Executive Committee

Member's Name	Capacity	Fixed Remuneration	Allowance for Attending Meetings	Total
Eng. Ali Abdul Aziz Al-Turki	Committee Chairman	120,000	24,000	144,000
Eng. Abdullah Owdah Al-Enazi <i>((Left the Committee on 29/01/2023))</i>	Committee Member	88,889	21,000	109,889
Eng. Saud Abdullah Al-Sanea	Committee Member	100,000	24,000	124,000
Eng. Sabri Abdullah Al-Ghamdi	Committee Member	20,274	-	20,274
Eng. Akram Aouni Al-Rabayah	Committee Member	100,000	24,000	124,000

Project Steering Committee

Member's Name	Capacity	Fixed Remuneration	Allowance for Attending Meetings	Total
Eng. Akram Aouni Al-Rabayah	Committee Chairman	24,329	21,000	54,329
Eng. Ali Abdul Aziz Al-Turki	Committee Member	14,481	15,000	29,481
Eng. Saud Abdullah Al-Sanea	Committee Member	20,274	21,000	41,274
Eng. Sabri Abdullah Al-Ghamdi	Committee Member	20,274	21,000	41,274
Eng. Abdullah Owdah Al-Enazi <i>((Left the Committee on 29/01/2023))</i>	Committee Member	20,274	21,000	41,274

Fifth: Senior Executives:

(SAR in '000')

Remuneration of Senior Executives including CEO & CFO	Fixed Remuneration				Variable Remuneration						End of service benefits	Total Executives remuneration for the Board, if any	Grand total
	Salaries	Allowances	In-Kind	Total	Periodic Bonus	Profits	Short-Term Motivational Bonus	Long-Term Motivational Bonus	Shares granted	Total			
	4,392	1,188			943					6,523	2,850	2,246*	11,619
Total	4,392	1,188			943					6,523	2,850	2,246*	11,619

* Remuneration of former Chief Executive Officer and current Managing Director for their membership in the Board & Committees.

*Inclusive of former Chief Executive Officer's EOSB.

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

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

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

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

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

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

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

First: The Executive Committee:

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

1. Follow up on the Company's financial situation and its operational and marketing policy.
2. Reviewing the Company's strategic planning procedures and operations in cooperation with the Company's CEO.
3. Coordination with the CEO in setting the Company's strategic plan and operational objectives.
4. Periodic review of the Company's strategic plans and operational objectives to ensure their compatibility with the Company's mission and objectives.

5. Preparing recommendations to the Board of Directors regarding strategic decisions related to investment opportunities that aim to improve the Company's performance.
6. Any other duties and tasks assigned by the Board of Directors.

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

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

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

On 19/10/2022, The Executive Committee has been restructured according to the following:

- | | |
|----------------------------------|--------------------|
| 1. Eng. Ali Abdul Aziz Al-Turki | Committee Chairman |
| 2. Eng. Saud Abdullah Al-Sanea | Committee Member |
| 3. Eng. Sabri Abdullah Al-Ghamdi | Committee Member |
| 4. Eng. Abdullah Owdah Al-Enazi | Committee Member |
| 5. Eng. Akram Aouni Al-Rabayah | Committee Member |

The following table shows the number of meetings and attendance record of the Committee members in 2022:

S.N.	Date of Meeting	Eng. Ali Al-Turki	Eng. Saud Sanea	Eng. Sabri Al-Ghamdi*	Eng. Owdah Al-Enazi*	Eng. Akram Al-Rabayah	Mr. Abdullah Bu-Ali**
1.	20/01/2022	✓	✓		✓	✓	✓
2.	28/02/2022	✓	✓		✓	✓	✓
3.	14/04/2022	✓	✓		✓	✓	✓
4.	05/06/2022	✓	✓		✓	✓	✓
5.	31/08/2022	✓	✓		✓	✓	✓
6.	06/10/2022	✓	✓		✓	✓	✓
7.	08/12/2022	✓	✓	✓	✓	✓	
8.	11/12/2022	✓	✓	✓	✓	✓	

*His membership started as of 19/10/2022.

** His membership expired on 18/10/ 2022.

Second: Audit Committee:

In the light of the Audit Committee Regulations approved by the General Assembly of the Company on 16/06/2022, and the approval of the Ordinary General Assembly to form the Audit Committee as of 12/11/2021, the Committee shall exercise its functions and responsibilities as follows:

- **Financial Reports:**
 - a. Examining and reviewing the Company's financial statements and providing opinion and recommendation to the Board thereon.
 - b. Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
 - c. Examining any important or non-familiar issues contained in the financial reports.
 - d. Investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties, or the Company's external auditor.
 - e. Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- **Internal Audit:**
 - a. Examining and reviewing the Chemanol's internal and financial control systems and risk management system.
 - b. Examining the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
 - c. Providing a recommendation to the Board on appointing the Head of the Internal Audit and suggest his/her remuneration.
 - d. Monitoring and overseeing the performance and activities of Chemanol's Internal Audit Department to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- **External Auditor:**
 - a. Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remuneration, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
 - b. Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
 - c. Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon.
 - d. Responding to queries of the Chemanol's External Auditor.
 - e. Reviewing the External Auditor's reports and its comments on the financial statements and following up the procedures taken in connection therewith.

- **Ensuring Compliance:**

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

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

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

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

- On 16/06/2022, the Ordinary General Assembly approved the appointment of Mr. Yousif Abdullah Abdul Aziz Al-Rajhi in the Audit Committee until the end of the term of the Board of Directors.
- On 19/10/2022, the Board of Directors recommended to appoint Mr. Abdullah Abdulrahman Bu-Ali (a Board Member) as a member of the Audit Committee. However, such a recommendation shall be presented to the General Assembly at its first meeting for approval.

The Audit Committee held five (5) meetings during 2022 as per the following table:

S.N.	Date of Meeting	Mr. Saad Al-Mushawah	Mr. Yousif Al-Rajhi	Mr. Abdullah Al Al-Sheikh	Mr. Khalid Al-Hoshan	Mr. Abdullah Bu-Ali
1.	27/02/2022	✓	✓	✓	✓	
2.	16/05/2022	✓	✓	✓	✓	
3.	01/06/2022	✓	✓	✓	✓	
4.	16/08/2022	✓	✓	✓	✓	
5.	01/11/2022	✓	✓	✓	✓	✓

Third: Nomination and Remuneration Committee:

The Nomination and Remuneration Committee shall exercise its functions pursuant to the regulations approved by the General Assembly on 16/06/2022 which is in conformity with the requirements of the Capital Market Authority (CMA). The following are the principal functions of the Committee:

1. Preparing a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the Executive Management and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly, provided that such policy is taken into account in following standards related to performance, its disclosure, and verification of its implementation.
2. Suggesting amendments to clear policies and standards for membership of the Board.
3. Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with the approved policies and standards.
4. Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
5. Determining the amount of time that the member shall allocate to the activities of the Board.
6. Annually reviewing the skills and expertise required of the Board members and the Executive Management.
7. Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure.
8. Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of directors of another Company.
9. Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
10. Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
11. Determining the weaknesses, strengths, and opportunities for development in the Board and its committees, and thereby recommending remedy solutions that serve the Company's interests by proposing training courses or any other means to ensure developing the skills of the Board and committee members.
12. Periodic review of the remuneration policy, and evaluation of its effectiveness in achieving the desired goals.
12. Periodically reviewing the remuneration policy and assessing its effectiveness in achieving the desired objectives.
13. Explaining the relationship between remuneration granted and applicable remuneration policy, highlighting any significant deviation from such policy.
14. Providing recommendations to the Board in respect of the remuneration of its members, the committees' members and Senior Executives, in accordance with the approved policy.

The Nomination and Remuneration Committee was formed on 14/11/2021 and has been restructured on 19/10/2022 by appointing Eng. Akram Aouni Al-Rabayah as replacement for Eng. Saud Abdullah Al-Sanea.

The following table shows the meetings of the Committee and Members attendance record

S.N.	Date of Meeting	Mr. Hani Al-Saleh	Mr. Melfi Al-Marzoqi	Eng. Saud Al-Sanea*	Eng. Akram Al-Rabayah**
1.	09/03/2022	✓	✓	✓	
2.	11/05/2022	✓	✓	✓	
3.	12/05/2022	✓	✓	✓	
4.	30/06/2022	✓	✓	✓	
5.	11/12/2022	✓	✓		✓

*His membership expired on 18/10/2022,

**His membership started as of 19/10/2022.

Fourth: Marketing Committee:

The Marketing Committee was formed by the Board of Directors' resolution dated 23/11/2021 and has been restructured to support the Company in the sale and marketing of its products. In the light of the Committee's Regulations approved by the Board of Directors on 14/04/2022, the functions and responsibilities of the Committee shall be:

- Assisting the Marketing and Sales Department in developing the annual marketing plan for the products. Such a plan shall be submitted to the Board for approval.
- Approval of the company's optimal product list based on market conditions and prices to maximize profitability and approval of a MAN (Minimum Acceptable Net Back) price for each quarter one month before the start of the quarter. The prices should also be reviewed to ensure that the company is not exposed to any anti-dumping risks anywhere in the world where these products are sold.
- Conducting a periodic review - or as needed - of the variable costs to set the pricing policy accurately.
- Reviewing the logistical work and its costs and cooperating with the executive management to develop plans for its continuous improvement.
- Reviewing all sales contracts and approving contracts that extend for more than one year.
- Reviewing all logistic contracts (shipping, packaging, warehousing, transportation, etc.) and approving contracts that extend for more than one year.
- Approving the sales and performance indicators and ensuring that they are achieved by the CEO and the Sales Department.
- Reviewing product grades and/or profitability of new grades, and making recommendations on adding and deleting products, as needed.
- Develop key performance indicators in coordination with the Marketing and Sales Department, through which the company periodically measures and reviews the department's performance in light of these indicators.
- To recommend to the Nominations and Remunerations Committee the performance allowances and incentives for the sales team.

- Presenting the necessary recommendations to the executive management to conduct research and specialized studies.
- Working with the Executive Management to search for opportunities for development, growth, partnerships and building relationships with other companies that help the company grow its sales and develop its marketing business.
- Approval of the criteria for measuring customer satisfaction periodically.
- Reviewing the plan to develop customer services and ways to communicate with them effectively.
- Reviewing the plan to develop communication with major potential clients to bring them to the company.
- Approving the public relations and publicity plan and managing the identity of the Company and submitting it to the Board of Directors.

The Marketing Committee was formed by the Board of Directors' resolution dated 23/11/2021 from the following members:

- | | |
|---------------------------------------|--------------------|
| 1. Eng. Saud Abdullah Al-Sanea | Committee Chairman |
| 2. Eng. Abdullah Owdah Al-Enazi | Committee Member |
| 3. Eng. Waleed Abdul Aziz Al-Showair | Committee Member |
| 4. Eng. Abdullah Abdul Aziz Al-Znaedi | Committee Member |
| 5. Mr. Khaled Asaad Khashoggi | Committee Member |

The Marketing Committee has been restructured on 19/10/2022 from the following members:

- | | |
|---|--------------------|
| 1. Eng. Abdullah Owdah Al-Enazi* | Committee Chairman |
| 2. Mr. Habes Yaseen Al-Shammari | Committee Member |
| 3. Eng. Waleed Abdul Aziz Al-Showair | Committee Member |
| 4. Eng. Abdullah Abdul Aziz Al-Znaedi** | Committee Member |
| 5. Mr. Khaled Asaad Khashoggi | Committee Member |

* Eng. Abdullah Owdah Al-Enazi left the Committee on 29/01/2023

**Eng. Abdullah Abdul Aziz Al-Znaedi became the Chairman of the Committee on 29/01/2023.

The following table shows the dates of meetings and attendance record of the Committee members in 2022:

S.N.	Date of Meeting	Eng. Abdullah Al-Enazi	Eng. Saud Sanea	Eng. Abdullah Al-Znaedi	Eng. Waleed Al-Showair	Mr. Khaled Khashoggi	Mr. Habes Al-Shammari
1.	23/03/2022	✓	✓	✓	✓	✓	
2.	22/06/2022	✓	✓	✓	✓	✓	
3.	15/09/2022	✓	✓	✓	✓	✓	
4.	10/11/2022	✓		✓	✓	✓	✓

Fifth: Project Steering Committee:

In line with the Company's policy in implementing its future strategy and expansion projects, the Board of Directors decided to form a project committee that includes in its membership expertise and professional competencies with extensive experience in setting up projects. The Committee's objective is to take responsibility for feasibility studies, business case, and the achievement of outcomes of the projects. It will also monitor and review the project status, as well as provide oversight of the project deliverable rollout. Consequently, the Committee which composed of the following members was formed by a Board resolution issued on 19/10/2022:

- | | |
|----------------------------------|------------------|
| 1. Eng. Akram Aouni Al-Rabayah | Committee Member |
| 2. Eng. Ali Abdul Aziz Al-Turki | Committee Member |
| 3. Eng. Saud Abdullah Al-Sanea | Committee Member |
| 4. Eng. Sabri Abdullah Al-Ghamdi | Committee Member |
| 5. Eng. Abdullah Owdah Al-Enazi* | Committee Member |

*Eng. Abdullah Owdah Al-Enazi left the Committee on 29/01/2023

The following table shows the dates of meetings and attendance record of the Committee members in 2022:

S.N.	Date of Meeting	Eng. Akram Al-Rabayah	Eng. Ali Abdul Aziz Al-Turki	Eng. Saud Al-Sanea	Eng. Sabri Al-Ghamdi	Eng. Abdullahj Owdah Al-Enzi
1.	19/10/2022	✓	✓	✓	✓	✓
2.	27/10/2022	✓	✓	✓	✓	✓
3.	06/11/2022	✓	✓	✓	✓	✓
4.	10/11/2022	✓	✓	✓	✓	✓
5.	17/11/2022	✓	✓	✓	✓	✓
6.	24/11/2022	✓	✓	✓	✓	✓
7.	22/12/2022	✓	✓	✓	✓	✓

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

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

The Company's Internal Audit Department which reports to Audit Committee, provides assurance and consulting services to add value and improve the Company's operations in conformity with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of

Internal Auditors. Such activity helps the Company promote and protect its value and accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

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

28. WAIVING OF REMUNERATION

None of the Board Members or Senior Executives has waived the annual remuneration for FY ended December 31, 2022.

29. WAIVING OF DIVIDENDS

The Company did not distribute dividends to shareholders in FY ended December 31, 2022.

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

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

31. BOARD OF DIRECTORS DECLARATIONS

The Board of Directors acknowledges that:

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

32. GENERAL ASSEMBLIES

The following table shows the dates of General Assemblies held during the FY ended December 31, 2022, and the names of members of the Board of Directors who attended them:

The Assembly	Ordinary General Assembly	Extraordinary General Assembly
Board Member/ Date of GA	16/06/2022	16/06/2022
Eng. Ali Abdul Aziz Al-Turki	✓	✓
Mr. Melfi Manahi Al-Marzoqi	✓	✓
Eng. Saud Abdullah Al-Sanea	✓	✓
Mr. Abdullah Abdulrahman Bu-Ali	✓	✓
Mr. Hani Sulaiman Al-Saleh	✓	✓
Eng. Waleed Abdul Aziz Al-Showair	✓	✓
Eng. Abdullah Abdul Aziz Al-Znaedi	✓	x
Mr. Yousif Abdullah Al-Rajhi	✓	✓
Eng. Ali Mohammed Al-Asiri*	✓	✓

*His membership expired on 25/07/2022

33. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

Towards that end, the Company organized on July 25th, 2022, a conference call with financial analysts and representatives of several investors to discuss the operational performance and financial results of Quarter 2 of 2022. During the meeting, the Company answered all questions of more than 60 participants from inside and outside the Kingdom.

The meeting aimed to promote the highest levels of transparency, and participation with the financial community, where the Management reviewed Company's performance and results during the second quarter 2022.

34. SHAREHOLDERS RECORDS

The following table shows the dates of the requests of Shareholders Records and the reasons thereof during the FY ended December 31, 2022:

Date of Request	Reason for the Request
31/12/2021	Corporate actions
13/06/2022	General Assembly
16/06/2022	Corporate actions
25/08/2022	Other

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

During the FY ended December 31, 2022, the Company announced several events and resolutions on Tadawul website through 28 announcements addressed to the Company shareholders.

S.N.	Date of Announcement	Title of Announcement
1.	January 24 th	Methanol Chemicals Company announces the Latest Developments on obtaining the approval of the Ministry of Energy for allocating the required feedstock to expand the Methanol plant.
2.	January 30 th	Methanol Chemicals Co. announces its estimated Annual Financial Results for the Period Ending on 2021-12-31.
3.	February 9 th	Methanol Chemicals Company announces an update on the Application File of Capital Increase by way of Rights Issue submitted to the Capital Market Authority.
4.	February 13 th	Methanol Chemicals Company (Chemanol) announces signing a non-binding Memorandum of Understanding with Global Company for Downstream Industries (GDI) for supplying Methanol & Exploring Future opportunities in the field of Petrochemical Products..
5.	March 6 th	Methanol Chemicals Company announces its Annual Financial Results for the Period Ending on 2021-12-31.
6.	April 17 th	Methanol Chemicals Co. announces its estimated Interim Financial Results for the Period Ending on 2022-03-31 (Three Months).
7.	May 18 th	Methanol Chemicals Co. announces its Interim Financial Results for the Period Ending on 2022-03-31 (Three Months).
8.	May 25 th	Methanol Chemicals Co. announces to Invites its Shareholders to Attend the Ordinary General Assembly Meeting through the Modern Technology Means (First Meeting).
9.	May 25 th	Methanol Chemicals Co. announces to Invites its Shareholders to Attend the Extraordinary General Assembly Meeting through the Modern Technology Means (First Meeting).
10.	June 19 th	Methanol Chemicals Co. Announces the Results of the Ordinary General Assembly Meeting, (First Meeting).
11.	June 19 th	Methanol Chemicals Co. Announces the Results of the Extraordinary General Assembly Meeting, (Second Meeting).
12.	June 26 th	Methanol Chemicals Company's Announcement Regarding the Payment of 40% of its Existing Loans.
13.	July 13 th	Methanol Chemicals Co. Announces Obtaining a Shariah-Compliant Murabaha Loans to finance the Methanol plant expansion project and settle all the existing loans.
14.	July 18 th	Methanol Chemicals Co. announces its estimated Interim Financial Results for the Period Ending on 2022-06-30 (Six Months).
15.	July 25 th	Methanol Chemicals Co. Announces Resignation and Appointment of a Board Member.
16.	July 26 th	Methanol Chemicals Company (Chemanol) announces that closes its conference call with financial analysts and representatives of several investors to discuss the operational performance and financial results of Quarter 2, 2022.
17.	August 3 rd	Methanol Chemicals Company (Chemanol) Announces Appointment of Managing Director.
18.	August 18 th	Methanol Chemicals Co. announces its Interim Financial Results for the Period Ending on 2022-06-30 (Six Months).
19.	August 31 st	Methanol Chemicals Co. announces the resignation of Chief Executive Officer (CEO).
20.	September 1 st	Methanol Chemicals Co. announces appointment of Chief Operation Officer (COO).
21.	September 1 st	Further announcement from Methanol Chemicals Co. regarding the obtaining of Shariah-compliant Murabaha Loans to finance the Methanol plant expansion project and settle all the existing loans.
22.	October 16 th	Methanol Chemicals Co. (Chemanol) announces an update on the non-binding Memorandum of Understanding signed with Global Company for Downstream Industries (GDI) for supplying Methanol & Exploring Future opportunities in the field of Petrochemical.
23.	October 19 th	Methanol Chemicals Company (Chemanol) announces the Appointment of a New Audit Committee Member.
24.	October 20 th	Methanol Chemicals Co. announces the estimated Financial Results for the Period Ending on 2022-09-30 (Nine Months).

25.	October 24 th	Correction announcement from Methanol Chemicals Co. regarding the Company announces the Appointment of a New Audit Committee Member.
26.	November 3 rd	Methanol Chemicals Co. announces its Interim Financial Results for the Period Ending on 2022-09-30 (Nine Months).
27.	November 7 th	Methanol Chemicals Co. announces signing a Memorandum of Understanding with A company owned by several industrial entities and a government fund.
28.	November 20 th	Methanol Chemicals Co. (Chemanol) announces its intention to purchase its Shares.

36. PAID AND DUE STATUTORY PAYMENTS

The following table shows the paid and due statutory payments during the FY 2022 (SAR in '000')

Particulars	Amount Paid	Payable until the end of the year	A Brief Description	Reason
Zakat	12,500	15,734	Company Zakat	Mandatory
Tax	--	--	Company Tax	Mandatory
General Organization for Social Insurance (GOSI)	11,335	1,021	GOSI Subscription Payments	Mandatory
Visa and Passport Cost	299	-	Payments against Employees visa and passports	Mandatory

37. INVESTMENTS OR RESERVES CREATED FOR THE BENEFIT OF EMPLOYEES

The following table shows the provision of Company employees as of December 31, 2022 (SAR in '000').

Item	2021	2022
Provision for End of Service Benefits	55,276	59,367

38. SANCTIONS AND PENALTIES IMPOSED ON THE COMPANY

There is no penalty, sanction, precautionary measure, or precautionary restriction imposed on the Company by CMA or by any other supervisory, regulatory or judicial authority during the FY ended December 31, 2022.

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

There are no transactions concluded between the Company and any related party during the FY ended December 31, 2022.

40. SOCIAL RESPONSIBILITY

Believing in its responsibility and duty towards developing and connecting with the community, the company reached out to the society during 2022 by undertaking many activities and social events that serve the community. These involved sponsoring the blood donation campaign under the theme "Because Your Blood is Life, participation in activities for the Saudi Society for Fine Arts

(GSFT) like “Arabic Calligraphy Exhibition”, “Kid’s Art” event, and “Al-Nokhatha Art Gallery”. The Company also had the privilege to sponsor the Scientific Creativity Award 2022 of the King Abdulaziz and His Companions Foundation for Giftedness and Creativity “Mawhiba.”

In continuation of its unwavering support various sectors of humanitarian work covering areas of health, environmental protection, and promoting education, the Company donated and provided assistance to numerous Non-profit Organizations (NPOs) such as the Charity Society for Orphan Care in the Eastern Region "Bena", Jubail Orphan Foundation, Efaa Association for Disabled Care, Charitable Society for Memorization of the Holy Quran, and Charitable Society for Special Needs in Jubail (Eradah), Whaj Women Charitable Society, and Jubail Charitable Society.

All these contributions were made only to entities having legally registered with the Saudi Authorities to receive charitable donations and were in accordance with the annual budget as approved by the company’s Board of Directors

41. CONCLUSION

On behalf of the Board of Directors and the Executive Management, I take this opportunity to express our highest gratitude to the Custodian of the Two Holy Mosques King Salman bin Abdul Aziz Al-Saud and His Royal Highness Crown Prince Mohammed bin Salman for their support and sustained patronage to the national manufacturing industry. We ask Allah, Almighty to protect them and us from any harm and bless our beloved country with peace and prosperity.

We also extend our sincere thanks to the Executive Management and all our employees and business partners who, despite the challenges being meted out on a daily basis, have shown remarkable commitment to our cause and put in relentless efforts to ensure our success. The Board also appreciates and treasures the valuable interaction it has had with the Company’s Stakeholders and relevant government and private sectors.

The Board looks forward to further achievements for the Company in the coming years and get back on the profitability track.

Ali Abdul Aziz Ali Al-Turki

Chairman of Board of Directors