Rabigh Refining & Petrochemical Company
(Petro Rabigh)

2020 Board of Directors' Report

Contents of 2020 Board of Directors' Report **Page**

1. **Implemented and non-implemented provisions of CMA's Corporate Governance Regulations, and justifications therefore**

   Petro Rabigh implements all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority.

2. **Names, qualifications, and experience of the Board and Committees members and Executive Management**

   Board Members:

Name	Current position	Previous position	Qualifications	Experience
Ibrahim Q. Al-Buainain①	Chairman (Non-Executive)	-	- BS Mechanical Engineering - MBA Global Management - Master Degree - Innovation & Global Leadership	31 years
Abdulaziz M. Al-Gudaimi ①	Chairman (Non-Executive)	Chairman (Non-Executive)	- BSc Petroleum Engineering - MBA	37 years
Noriaki Takeshita	Deputy Chairman (Non-Executive Director)	Deputy Chairman (Non-Executive Director)	BSc Law	38 years
Nasser D. Al-Mahasher ②	President & CEO (Executive Director)	President & CEO (Executive Director)	- BS Chemistry - MSc Chemical Engineering - Executive MBA	30 years
Seiji Takeuchi	Executive Director	Executive Director	- BSc Chemical Engineering; - MSc Applied Chemistry	34 years
Takashi Shigemori	Non-Executive Director	Non-Executive Director	- Bachelor of Liberal Arts; - MBA	35 years
Suleman A. Al-Bargan	Non-Executive Director	Non-Executive Director	- BSc Chemical Engineering; - MBA	39 years
Saud A. Al-Ashgar	Independent Director	Independent Director	BSc Chemical Engineering	40 years
Saleh F. Al-Nazha	Independent Director	Independent Director	BSc Chemical Engineering	37 years
Mohammed A. Al-Omair	Independent Director	Independent Director	- BSc Civil Engineering, - Executive Management Program	35 years

1 Ibrahim Q. Al-Buainain was appointed as Chairman of the Board of Directors effective February 1, 2020 replacing Abdulaziz M. Al-Gudaimi who has resigned from the Board of Petro Rabigh, where his membership ended on January 31, 2020.

2 Nasser D. Al-Mahasher has resigned from the Board and as President and CEO of Petro Rabigh and Othman A. Al-Ghamdi was appointed as the Board of Director and President and CEO effective January 1, 2021.

Committees Members:

Name	Current position	Previous position	Qualifications	Experience
Ibrahim Q. Al-Buainain①	Chairman of Executive Committee	Chairman of Executive Committee	- BS Mechanical Engineering - MBA Global Management - Master Degree - Innovation & Global Leadership	31 years
Abdulaziz M. Al-Gudaimi ①	Chairman of Executive Committee	Chairman of Executive Committee	- BSc Petroleum Engineering - MBA	37 years
Noriaki Takeshita	Member of Audit Committee	Member of Audit Committee	BSc Law	38 years
Nasser D. Al-Mahasher ②	Member of Marketing Committee	Member of the Marketing Committee	- BS Chemistry - MSc Chemical Engineering - Executive MBA	30 years
Takashi Shigemori	Member of - Nomination & Remuneration Committee - Marketing Committee - Executive Committee	Member of - Nomination & Remuneration Committee - Marketing Committee - Executive Committee	- Bachelor of Liberal Arts; - MBA	35 years
Suleman A. Al-Bargan	Member of - Audit Committee - Nomination & Remuneration Committee	Member of - Audit Committee - Nomination & Remuneration Committee	- BSc Chemical Engineering; - MBA	39 years
Seiji Takeuchi	-	-	- BSc, Chemical Engineering - MSc Applied Chemistry	34 years
Saud A. Al-Ashgar	Chairman of - Audit Committee - Nomination & Remuneration Committee	Chairman of - Audit Committee - Nomination & Remuneration Committee	BSc Chemical Engineering	40 years
Saleh F. Al-Nazha	Chairman of - Marketing Committee Member of - Executive Committee	Chairman of - Marketing Committee Member of - Executive Committee	BSc Chemical Engineering	37 years
Mohammed A. Al-Omair	Member of - Audit Committee	Member of - Audit Committee	- BSc Civil Engineering, - Executive Management Program	35 years

	- Nomination & Remuneration Committee	- Nomination & Remuneration Committee		

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Executive Management:

Name	Current position	Previous position	Qualifications	Experience
Nasser D. Al-Mahasher①	President & CEO	President & CEO	- BS Chemistry - MSc Chemical Engineering - Executive MBA	30 years
Naoyuki Inoue	Chief Financial Officer	Chief Financial Officer	BSc Law	35 years
Seiji Takeuchi②	Senior Vice President, Manufacturing	Senior Vice President, Manufacturing	- BSc, Chemical Engineering - MSc Applied Chemistry	34 years
Abdullah M. Al-Qahtani ③	Vice President, Industrial Security	Vice President, Industrial Security	BSc Electrical Engineering	37 years
Hesham H. Azzouz ④	Vice President, Industrial Relations	Vice President, Industrial Relations	BSc Industrial Management	36 years
Abdullah M. Ahmad ④	Vice President, Industrial Relation (A)	General Manager	BS Mechanical Engineering	31 years
Bandar S. Juaid ⑤	Vice President, Industrial Relation (A)	Manager	BS Computer Science	18 years
Roy De Bellefeuille⑥	Vice President, Engineering & Support (A)	Vice President, Engineering & Support (A)	- Bachelors Chemical Engineering - Diploma Collegiate Studies-Pure and Applied Science	43 years
Hassan H. Al-Yami ⑥	Vice President, Engineering & Support (A)	Managing Director	BS Mechanical Engineering	30 years
Hiroshi Shimizu	Vice President Market Development (A)	Vice President Market Development (A)	BSc. Law	33 Years

1 Nasser D. Al-Mahasher has resigned from the Board and as President and CEO of Petro Rabigh and Othman A. Al-Ghamdi was appointed as the Board of Director and President and CEO effective January 1, 2021.

2 Seiji Takeuchi has completed his assignment in Petro Rabigh and was replaced by Noriaki Oku as acting Senior VP for Manufacturing effective January 18, 2021.

3 Abdullah M. Al-Qahtani has retired from Petro Rabigh effective December 31, 2020. Sami Dossary has been appointed as acting VP for Industrial Security effective January 1, 2021.

4 Abdullah M. Ahmad was appointed acting VP for Industrial Relations effective March 30, 2020 through December 31, 2020. While Hesham H. Azzouz was appointed as COVID Task Force Chairman effective March 30, 2020.

5 Bandar S. Juaid was appointed acting VP for Industrial Relations effective December 9, 2020 up to March 31, 2021 replacing Abdullah M. Ahmad who opted for early retirement December 31, 2020.

6 Hassan H. Al-Yami has been appointed as acting VP for Engineering & Support replacing Roy A. De Bellefeuille effective September 1, 2020.

3. Name of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager

Name	Names of the companies in which a Board member is a member of their current Board or manager	Inside / outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which a Board member is a member of their previous Board or manager	Inside / Outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
Ibrahim Q. Al-Buainain ①	Petredec	Outside the Kingdom	Listed	-	-	-
	Bahri	Inside the Kingdom	Listed	-	-	-
	Bahri Chemicals	Inside the Kingdom	Limited Liability	-	-	-
	Aramco Trading Company	Inside the Kingdom	Limited Liability	-	-	-
	Aramco Trading Singapore	Outside the Kingdom	Limited Liability	-	-	-
	Aramco Trading Fujairah	Outside the Kingdom	Limited Liability	-	-	-
	Aramco Trading Limited (London)	Outside the Kingdom	Limited Liability	-	-	-
	Aramco Chemical Company	Inside the Kingdom	Limited Liability	-	-	-
	Hyundai Oilbank Co. Ltd.	Outside the Kingdom	-	-	-	-
	S-Oil	Outside the Kingdom	Listed	-	-	-
	SATORP	Inside the Kingdom	Limited Liability	-	-	-
Abdulaziz M. Al-Gudaimi ①	Arab Petroleum Pipelines Company	Outside the Kingdom	Unlisted	-	-	-
	Aramco Overseas Company BV	Outside the Kingdom	Limited liability	-	-	-
	Aramco Overseas Holding Cooperative U.A.	Outside the Kingdom	Limited liability	-	-	-
	Aramco Services Company	Outside the Kingdom	Limited liability	-	-	-
	Excellent Performance Chemicals Company	Inside the Kingdom	Limited liability	-	-	-

	Motiva Enterprises LLC	Outside the Kingdom	Limited liability	-	-	-
	Saudi Aramco Asia Company Ltd	Outside the Kingdom	Limited liability	-	-	-
	Saudi Aramco Power Holding Company	Inside the Kingdom	Limited liability	-	-	-
	Saudi Aramco Products Trading Company	Inside the Kingdom	Limited liability	-	-	-
	Saudi Aramco Total Refining and Petrochemical Company	Inside the Kingdom	Limited liability	-	-	-
	Yanbu Aramco Sinopec Refining Company Limited	Inside the Kingdom	Limited liability	-	-	-
Noriaki Takeshita	Sumitomo Chemical Company	Outside the Kingdom	Listed	-	-	-
Nasser D. Al-Mahasher ②	-	-	-	-	-	-
Suleman A. Al-Bargan	Satorp	Inside the Kingdom	Limited liability	Johns Hopkins Aramco Healthcare (JHAH)	Inside the Kingdom	Unlisted
	Yasref	Inside the Kingdom	Limited liability	-	-	-
Seiji Takeuchi	Sumitomo Chemical Company	Outside the Kingdom	Listed	-	-	-
Takashi Shigemori	Sumitomo Chemical Company	Outside the Kingdom	Listed	-	-	-
Saud A. Al-Ashgar	-	-	-	S-Oil	Outside the Kingdom (Korea)	Listed
Saleh F. Al-Nazha	-	-	-	-	-	-
Mohammed A. Al-Omair	-	-	-	Samref	Inside the Kingdom	Limited liability
	-	-	-	Satorp	Inside the Kingdom	Limited liability
	-	-	-	Sasref	Inside the Kingdom	Limited liability
	-	-	-	Motor Oil Hellas	Outside the Kingdom	Listed

	-	-	-	Avin	Outside the Kingdom	Listed
	-	-	-	Marafeq	Inside the Kingdom	Limited liability

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4. Composition of the Board and classification of its members, as follows: Executive Director, Non-Executive Director, or Independent Director

The Board of Directors consists of 9 members, and the following table shows the composition of Petro Rabigh's Board of Directors including the Directors' names and their Board membership classifications:

Name	Membership classifications (Executive Director/ Non-Executive Director/ Independent Director)
Ibrahim Q. Al-Buainain ①	Non-Executive Director
Abdulaziz M. Al-Gudaimi ①	Non-Executive Director
Noriaki Takeshita	Non-Executive Director
Nasser D. Al-Mahasher ②	Executive Director
Seiji Takeuchi	Executive Director
Suleman A. Al-Bargan	Non-Executive Director
Takashi Shigemori	Non-Executive Director
Saud A. Al-Ashgar	Independent Director
Saleh F. Al-Nazha	Independent Director
Mohammed A. Al-Omair	Independent Director

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5. Procedure taken by the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance

Petro Rabigh Corporate Affairs & Industrial Investment Department through its Investor Relations Section, compiles shareholders' suggestions, comments and questions about the company's performance into a detailed quarterly report for the Board of Directors.

6. A brief description of the competencies and duties of the committees, such as the audit committee, the nomination committee and the remuneration committee indicating their names, names of their chairmen, names of their members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting

Audit Committee:

The purpose of the Audit Committee is to assist the Board of Directors (Board) of the Company in fulfilling its oversight responsibilities and to perform the duties, responsibilities and authorities described in the Audit Committee Charter.

The primary role of the Audit Committee is to assist the Board with oversight of (i) the integrity and accuracy of the Company's financial statements and reports and internal control system; (ii) the Company's compliance with legal and regulatory requirements and code of conduct; (iii) the independent auditor's qualifications and independence; and (iv) the performance of the Company's internal audit function and independent auditors.

The following table shows the names of the Audit Committee Chairman and members, the number and date of its meetings and the number of attendance in each meeting:

Name	Title	Audit Committee Meetings in 2020				
		1st Feb. 12	2nd Apr. 27	3rd July 27	4th Oct. 26	Number of attendance
Saud A. Al-Ashgar	Chairman	√	√	√	√	4
Noriaki Takeshita	Member	√	√	√	√	4
Suleman A. Al-Bargan	Member	√	√	√	√	4
Mohammed A. Al-Omair	Member	√	√	√	√	4

Based on the review conducted by the Audit Committee, the Committee reports that the system of internal control is sound in design and has been duly implemented and that its financial practices in all material respect are in line with accepted accounting standards followed in the Kingdom of Saudi Arabia.

Nomination and Remuneration Committee:

The Committee, which has a duration of three years, decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board. The main duties of the Committee include, but are not limited to, the following:

1. Recommending nominations for membership to the Board in accordance with the approved policies and standards.

2. Ensuring that no person who has previously been convicted of any offence affecting honor or honesty is nominated for membership of the Board of Directors.

3. Annually reviewing the required skills of the Board Directors and the time that a Director should dedicate to the Board's functions.

4. Verifying annually the independence of the Independent Directors and the absence of any conflict of interests if the Directors serve as directors on the Board of any other companies.

5. Recommending to the Board clear policies for the remuneration of Directors and senior executive officers using performance criteria.

The following table shows the names of the Nomination and Remuneration Committee members, the Chairman, the number of its meetings and the dates of the meeting and the number of attendance for each meeting:

Name	Title	Meetings Attended (2020)				
		1st Meeting dated Feb. 12	2nd Meeting dated June 28	3rd Meeting dated Sept. 6	4th Meeting dated Dec. 6	Number of Attendance
Saud A. Al-Ashgar	Chairman	√	√	√	√	4
Takashi Shigemori	Member	√	√	√	√	4
Suleman A. Al-Bargan	Member	√	√	√	√	4

Mohammed A. Al-Omair	Member	√	√	√	√	4

Marketing Steering Committee:

The Marketing Steering Committee is formed to guide the Company in marketing its products and the relationship with the marketers. Its responsibilities include:

1. Monitoring the marketers' performance.

2. Reviewing and making recommendations regarding the effectiveness of the marketers' short and long-term strategies in marketing the products.

3. Reviewing the marketers' activities and making recommendations to maximize long-term revenue realization.

4. Monitoring the marketers' activities for compliance with established governance rules and agreements in marketing the products.

5. Monitoring the marketers' activities for compliance with applicable laws and regulations in marketing the products.

The following table shows the names of the Marketing Steering Committee members, the Chairman, the number of its meetings and the dates of the meeting and the number of attendance for each meeting:

Name	Title	Meetings Attended (2020)				
		1st Meeting dated March 26	2nd Meeting dated June 25	3rd Meeting dated Sept. 3	4th Meeting Dated Nov. 19	Number of Attendance
Saleh F. Al-Nazha	Chairman	√	√	√	√	4
Nasser D. Al-Mahasher ①	Member	(Proxy by Saleh Al-Nazha)	(Proxy by Saleh Al-Nazha)	(Proxy by Saleh Al-Nazha)	(Proxy by Saleh Al-Nazha)	-
Takashi Shigemori	Member	√	√	√	√	4

1 Nasser D. Al-Mahasher has resigned from the Board and as President and CEO of Petro Rabigh and Othman A. Al-Ghamdi was appointed as the Board of Director and President and CEO effective January 1, 2021.

Executive Committee:

The ExCom may adopt resolutions by circulating the proposed resolutions in writing or in electronic format to all the Members for their approval and signature. Promptly following the conclusion of each meeting of the ExCom, or the adoption of a written resolution, the Secretary shall distribute the meeting minutes and/or the resolutions of the ExCom to the BOD and to each Member.

The ExCom shall have the authority to undertake the following:

1. Review and approve contract award and expenditure requests for items covered in approved business plans, budgets and programs, provided that no individual item shall exceed SAR187.5million;

2. Review the business plan and recommend such plans to the BOD for approval;

3. Review and approve additions to the annual budgets, plans, and programs approved by the BOD, as the ExCom may deem necessary from time to time, provided that no individual addition shall exceed SAR187.5 million in value;

4. Review and approve redefinitions, cancellations and supplements of previously approved expenditure requests, provided that no individual item shall exceed SAR187.5 million;

5. Receive informational reports on miscellaneous subjects and advise the Company's management thereon;

6. To the extent permitted under the law, and without prejudice to the responsibilities of the BAC, approve the entry of the Company into transactions with any of the Shareholders or related persons, and modify the terms of any agreement in connection with the same;

7. Consider reports submitted to it in accordance with specific functions and subjects delegated by the BOD from time to time;

8. Perform such other tasks as delegated to it by the BOD from time to time.

The following table shows the composition of the Company's Board Executive Committee:

Name	Title	Meetings Attended
Ibrahim Q. Al-Buainain ①	Chairman of Executive Committee	Nil
Abdulaziz M. Al-Gudaimi ①	Chairman of Executive Committee	Nil
Saleh F. Al-Nazha	Member	Nil
Takashi Shigemori	Member	Nil

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During 2020, members of the Executive Committee had ratified a number of resolutions by circulation, in accordance with the Committee's charter.

7. The means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with the Company

The Board of Directors has established a mechanism for an annual 'Board Effectiveness Evaluation'. The mechanism elaborates on specific aspects of Board performance to ensure that the evaluation findings clarify any potential problems; identify the root cause(s) of these problems; and test the practicality of specific governance solutions. The annual Board evaluation exercise provides an assessment of the Board performance by the Board members themselves (including the CEO) as the sole sources of information for the evaluation process. This "Board-as-a-Whole" evaluation ensures that the Directors develop a shared understanding of their governance role and responsibilities. The assessment includes ten parameters covering the following premium axis: Membership Accountability; Governance; Board Operations; Legal Responsibility; Financials; Planning; and Board Member Relations. The Nomination and Remuneration Committee (NRC) presides over the evaluation process, hence, the NRC Secretary will be in charge of conducting the analysis and reporting of the results.

8. Remuneration of the Board members and Executive Management

Directors Remuneration

Rules of Remuneration Determination

1. The remuneration of all Directors shall be recommended by the Board to the General Assembly for approval on an annual basis. The recommendation of the Board to the General Assembly shall be based on the recommendation of the Nomination and Remuneration Committee. The recommendations of the Nomination and Remuneration Committee and the Board shall be in compliance with applicable laws, regulations, and policies (including this Policy).

2. The remuneration of Directors could be in the form of specific cash payments, in kind benefits, attendance allowances, a percentage of the Company's annual net profits, or a combination of any of the foregoing.

3. Where the remuneration of Directors is distributed as a percentage of the Company's net profits, the maximum total annual remuneration may not exceed 10% of the Company's net profits after deducting the relevant reserves and after distributing profits to the Company's shareholders at a minimum rate of 5% of the Company's paid-up capital.

4. In all cases, the total annual remuneration and benefits for each Director, in cash or in kind, must not exceed SAR 500,000.

5. Notwithstanding Paragraphs 2 and 3 above, the remuneration of independent Directors shall not be in the form of a percentage of the Company's net profits and shall not be, directly or indirectly, based on the profitability of the Company.

6. The remuneration of Directors may vary based on the experience, expertise, duties, independence, and attendance record of each Director as well as other relevant considerations.

Additional Remuneration

1. The Chairman of the Board may receive remuneration in addition to his remuneration as a Director. Such additional remuneration (if any) shall be recommended by the Nomination and Remuneration Committee and approved by the Board on an annual basis.

2. Directors serving in any of the Committees may receive remuneration in addition to their remuneration as Directors.

3. Directors serving as Senior Executives may receive remuneration in addition to their remuneration as Directors.

4. If the Secretary of the Board is also a Director, then he may receive remuneration in addition to his remuneration as a Director. Such additional remuneration (if any) shall be determined by the Board of Directors (based on the recommendation of the Nomination and Remuneration Committee) on an annual basis.

Board members: (In SAR Thousands)

Name	Fixed remunerations									Variable remunerations				End-of-service award	**Aggregate Amount**	Expenses Allowance
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	**Total**	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	**Total**			
First: Ind. Board Directors																
1- Saud A. Al-Ashgar	350	0	0	0	0	0	**350**	0	0	0	0	0	**0**	0	**350**	0
2- Saleh F. Nazha	350	0	0	0	0	0	**350**	0	0	0	0	0	**0**	0	**350**	0
3-Mohammed A. Al-Omair	350	0	0	0	0	0	**350**	0	0	0	0	0	**0**	0	**350**	0
Total	**1,050**	**0**	**0**	**0**	**0**	**0**	**1,050**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,050**	**0**

Second: Non-Exec. Board Directors																
1- Ibrahim Q. Al-Buainain ①	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Abdulaziz M. Al-Gudaimi ①	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2- Noriaki Takeshita	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3- Suleman A. Al-Bargan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4- Takashi Shigemori	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Third: Exec. Directors																
1-Nasser D. Al-Mahasher ②	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2-Seiji Takeuchi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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Senior Executives Remuneration

Rules of Remuneration Determination

1. The remuneration of all Senior Executives shall be recommended by the Nomination and Remuneration Committee and approved by the Board in accordance with the relevant employment contracts and internal policies and compensation plans.

2. The Nomination and Remuneration Committee shall review and approve the employment contracts with Senior Executives, including contracts with new appointments. It shall also review and approve any contract with an employee with compensation equivalent to Senior Executives.

Benefits and Incentive Plans

1. Senior Executives shall be entitled to certain benefits provided by the Company. Besides pension, benefits are primarily in the areas of medical services, access to the Company's recreational facilities, housing-related allowances (or equivalent), and transportation-related allowances (or equivalent). The nature and levels of benefits for Senior Executives shall be periodically reviewed by the Nomination and Remuneration Committee and approved by the Board.

2. The Company may offer Senior Executives variable compensation that is market-informed and subject to the fulfillment of pre-defined performance goals, whether short-term or long-term. Such variable compensation plans shall be subject to the recommendation of the Nomination and Remuneration Committee and the approval of the Board.

3. The Company may offer Senior Executives and other employees the opportunity for share ownership through an employee share plan or similar programs. Such plans and programs shall be subject to the recommendation of the Nomination and Remuneration Committee and the approval of the Board and shall be in accordance with applicable laws, regulations, and instructions.

Senior Executives: (In SAR Thousands)

	Fixed remunerations	Variable remunerations	En	Tot	Aggreg

	Salaries	Allowances	In-kind benefits	**Total**	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	**Total**			
Total	**4,977**	**3,026**	**0**	**8,003**	**0**	**0**	**0**	**0**	**0**	**0**	**923**	**0**	**8,926**

Committee Members Remuneration

Rules of Remuneration Determination

1. The members of the Committees shall be remunerated in accordance with the charter of the relevant Committee.

2. Notwithstanding Paragraph above, the Nomination and Remuneration Committee shall review and recommend to the Board the remuneration of the members of the Committees.

Committee members: (In SAR Thousands)

	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending meetings	Total
Audit Committee Members			
1- Saud A. Al-Ashgar	0	0	**0**
2- Noriaki Takeshita	0	0	**0**
3- Suleman A. Al-Bargan	0	0	**0**
4- Mohammed A. Al-Omair	0	0	**0**
Total	**0**	0	**0**
Remuneration & Nomination Committee Members			
1- Saud A. Al-Ashgar	0	0	**0**
2- Takashi Shigemori	0	0	**0**
3- Mohammed A. Al-Omair	0	0	**0**
4- Suleman A. Al-Bargan	0	0	**0**
Total	**0**	**0**	**0**
Marketing Committee Members			
1- Saleh F. Al-Nazha	0	0	**0**
2- Takashi Shigemori	0	0	**0**
3- Nasser D. Al Mahasher ①	0	0	**0**
Total	**0**	**0**	**0**
Executive Committee Members			
1- Abdulaziz M. Al-Gudaimi②	0	0	**0**
Ibrahim Q. Al-Buainain②	0	0	**0**
2- Saleh F. Al-Nazha	0	0	**0**
3- Takashi Shigemori	0	0	**0**
Total	**0**	**0**	**0**

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2 Ibrahim Q. Al-Buainain was appointed as Chairman of the Board of Directors effective February 1, 2020 replacing Abdulaziz M. Al-Gudaimi who has resigned from the Board of Petro Rabigh, where his membership ended on January 31, 2020.

9. Punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Capital Market Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future

No punishment, penalty, precautionary procedure or preventive measure was imposed on the Company by any supervisory, regulatory or judiciary authority during 2020.

10. Results of the annual review of the effectiveness of the internal control procedures and practices of the Company and the opinion of the audit committee with respect to the adequacy of the Company's internal control system

The primary role of the Internal Audit Office is to assess and monitor the implementation of Petro Rabigh’ s internal control system and verify the compliance of the Company and its employees with the applicable laws, regulations, instructions and Company policies and procedures.

In accordance with the 2020 annual audit plan approved by the Audit Committee, the Internal Audit Office audited the internal control procedures of the Company’s major activities. The General Auditor presented the results and recommendations to the Audit Committee during the Committee regular meetings. Executive management of the Company is committed to implement Internal Audit recommendations within a reasonable time frame established in conjunction with the Internal Audit Office in order to improve the internal control procedures.

It is the opinion of Audit Committee that there were no critical or major observations found during the 2020 audits that can impair the effectiveness of the Company’s internal control systems.

11. The audit committee’s recommendation on the need for appointing an internal auditor for the Company, if there is no internal auditor

Petro Rabigh already has an established Internal Audit Office headed by General Auditor and consists of a team of experienced internal auditors.

12. The audit committees recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them.

There was no conflict between the Audit Committee recommendations and the Board resolutions.

13. Company’s Social Contributions

This year was a great challenge for CSR Organization due to COVID-19 pandemic. Despite the strict COVID-19 precautionary measures, CSR managed to carry out some initiatives that complement ongoing programs and maintained to have a wide impact on society’s wellbeing, culture and health by working responsibly with the community, which it operates within.

Under HRH Prince Khalid Al-Faisal's guidance and patronage the Amarah of Makkah has set-up an official unified account for all COVID-19 CSR contributions. The committee "Lajnat al Siqaya wa al Rifada" ensures that contributions of all relief campaigns are monitored, supervised and distributed among the targeted sector under HRH guidance. Total amount is SAR766,098 consisting of SAR383,049 donated by 1,037 employees through COVID-19 Relief E-campaign in Petro Rabigh and SAR383,049 matched up from the CSR 2020 budget.

In addition to this, a Board Resolution approved a total of SAR9.75 Million in response to COVID-19 donations. SAR4.875 Million was donated to Ministry of Energy (MOE) thru Petrochemical Manufacturers' Committee and SAR4.875 Million to Ministry of Health thru Saudi Aramco JV Fund.

Ramadan programs were very successful. In addition to the Care Baskets program consisting of basic food commodities distributed to the needy families, Kiswat el EID program was continued to offers clothes to the needy women and young male in Rabigh.

More than 1,200 beneficiaries received clothes or coupons for Eid Al Fitr and 1,600 food baskets were distributed to villages and in Rabigh town. In partnership with Al-Bir Charity Association, Petro Rabigh donated eighty (80) tons of food on the quarterly distributions.

On the environment side, CSR continued its effort to maintain the gardening and irrigation system of King Salman Road.

To develop and promote Petro Rabigh CSR programs in 2021, a plan is being developed to partner with leading organizations and to launch new programs that will encourage employees' participation and volunteerism. Ensure that the implementation plan is on track and that the objectives and initiatives (programs, projects and indicators) are being implemented on schedule. Maintain Petro Rabigh commitment to social responsibility and continuously support the social and economic development of local community and the Kingdom and serves as a role model for others.

14. Dates of the General Assembly meeting held during the last fiscal year and the Board members who attended them:

The Ordinary General Assembly meeting (1st meeting) was held in Rabigh (On-Line) on April 15, 2020, Wednesday, at 7:30 PM, chaired by Ibrahim Q. Al-Buainain, Chairman of the Board of Directors.

Names of the Board members who attended:

1. Nasser D. Al-Mahasher
2. Suleman A. Al-Bargan
3. Seiji Takeuchi
4. Saud A. Al-Ashgar
5. Saleh F. Al-Nazha
6. Mohammed A. Al-Omair

15. Main scope of business of the Company

Company's Activities:

Petro Rabigh has two main activities: refining and petrochemical production. The two activities are fully integrated to maximize profit and minimize cost by recovering and converting low value products into higher margin products.

Refining

The Company has a capacity to process up to 400,000 barrels per day of Arabian light crude oil and produce 115 million barrels of gasoline, naphtha, jet fuel, diesel and fuel oil annually.

Petrochemicals

The Company has a capacity to produce up to 2.8 million tons annually of polyethylene, mono ethylene glycol, polypropylene and propylene oxide & other petrochemical derivatives, from crude oil, ethane and butane feedstock supplied by Saudi Aramco and 1.9 million tons of Para xylene, Benzene, Phenol, Acetone by upgrading Naphtha produced from crude.

The following table indicates each of the two activities contribution to Petro Rabigh business in the year 2020:

Activity	2020 Sales (SAR Thousands)	Contribution to Sales (%)
Refining	13,213,695	60%
Petrochemicals	8,656,503	40%
Total	**21,870,198**	**100%**

16. Company's significant plans and decisions (including changes to the structure, expanding the Company's operations or halting them) and the future expectations

1. Petro Rabigh will complete the Rabigh 1 (Phase 1) Loan Repayments by end of 2021.
2. Modifications are underway to process alternative Crude Oil types from Saudi Aramco that will diminish the impact of low prices associated with high volume of HSFO.

17. Risks facing the Company (operational, financial or market related) and the policy of managing and monitoring these risks

The business of Petro Rabigh relies on oil refining and petrochemical production which is exposed to the following potential risks:

1. Financial Risk Management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk principally arises from cash and cash equivalents, trade receivables, long-term loans and other receivables. Cash and cash equivalents are placed with banks with sound credit ratings. The majority of trade receivables representing 97.4% (December 31, 2019: 99.9%) is from founding shareholders and their affiliates with historically strong credit ratings, and is stated at respective realizable values. In the event of disagreement on any invoice, the marketer is required to pay the full value of the invoice prior to resolution of the disagreement. The Company does not obtain collaterals over receivables. As at December 31, 2020, there were overdue debts equivalent to 7% (December 31, 2019: 8%) of the trade receivables of Company’s allowed credit periods. The loans are receivable from utility service provider and employees and are secured by utility payments and mortgages on the related housing units, respectively. The Company is not exposed to significant credit risk on other receivables.

Commodity price risk

The Company is exposed to the risk of fluctuations in the prevailing market prices on the refined and petrochemical products it produces. The Company’s policy is to manage these risks through the use of contract-based prices with major customers, based on the agreements entered by the Company. The Company does not enter into commodity price hedging arrangements.

Fair value and cash flow interest rate risks are the exposures associated with the effect of fluctuations in the prevailing interest rates on the Company's financial positions and cash flows. The Company's interest rate risks arise mainly from its short-term deposits, loans from banks and financial institutions and loans from founding shareholders, which are at floating rate of interest and are subject to re-pricing on a regular basis.

Fair value of financial assets and liabilities carried at amortized cost approximate their carrying amounts.

Interest rate sensitivity

As at December 31, 2020, it is estimated that a general increase / decrease of 50 basis points in floating interest rates on loans and borrowings, with all other variables held constant, would increase / decrease the Company's net profit for the year by approximately Saudi Riyals 192.8 million (December 31, 2019: Saudi Riyals 196.1 million).

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due.

Liquidity requirements are monitored on regular basis and the Company ensures that sufficient liquid funds are available to meet any commitments as they arise. The Company aims to maintain sufficient level of its cash and cash equivalents to meet expected cash outflows of financial liabilities.

The Company's financial liabilities consist of trade and other payables, loans and borrowings, lease liabilities and accrued expenses and other liabilities. All financial liabilities except for loans and borrowings, lease liabilities, are non-commission bearing and expected to be settled within 12 months from the date of statement of financial position.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and US Dollars. The Company monitors the fluctuation in currency exchange rates and believes that currency risk is not significant to the Company.

2. Risks Related to the Economic Situation

The Company realizes that it operates in a competitive market and the demand of Petro Rabigh products is influenced by global as well as local economic conditions. The major influential factor on demand of Petro Rabigh products is anticipated to be a major economic recession or stagnant local economic conditions, coupled with the modifications brought by the International Maritime Organization (IMO) related to the allowed Sulphur content in the marine fuel from January 1, 2020, which affects the supply and demand balance. The downturn of both international and local economic conditions will likely initiate a decline in demand for both refined and petrochemical products and that would impact Petro Rabigh's planned sales and targeted revenues, and if coupled with upward inflationary risks and risks associated with the changes to be made by the government it can further apply pressure on the demand of the Company's products as well as anticipated feedstock cost. Therefore, the Company continuously and closely monitors market condition, supply and demand conditions, interest and exchange rates to forecast and plan for any potential downturns.

3. Risks Related to Operations

The Company's sources of revenue rely on the operation of plants and facilities that are influenced by performance and plant capacity utilization, in addition to Covid-19 impact, as well as strong engineering support and reliable process information technology infrastructure. The safe and stable operation of the plant is determined by the Operation personnel competency and skill, plant performances, capacity utilization, controlling the hazards and mitigate the risk to as low as reasonable possible. An additional (temporary) risk factor for 2021 is associated with the Covid-19 impact such as high number of infection, curfew or spare delay. The risks occurring on operation manpower during Covid-19 impact are mitigated through additional precaution, rules and close monitoring by Covid-19 established Covid-19 marshal team task team within Ministry of health (MOH) regulation, and preparing guideline plan to manage running plants with minimum manpower if required to ensure safe, reliable, operation.

4. Risks Related to Governance

The Board of Directors among its other responsibilities performs the role and responsibility of setting the Company’s strategic direction. Part of that will rely heavily on management’s reports and representation regarding the Company’s operations and activities. Thus, there is an implied potential risk in practicing this role if ineffective or wrong information is delivered to the Board of Directors, which could lead to ineffective direction and will likely result in unwanted profitability impact and/or desired return on investment. To manage and to mitigate this risk, the Company’s Board of Directors is continuously overseeing and reviewing the Company’s compliance to corporate governance rules and regulations through different approaches such as but not limited to:

a. Establishing Board committees which will meet periodically as well as prior to Board meetings with the purpose of continuous evaluation and review of various annual corporate plans such as Sales, Marketing, Compensation plans, Audit Reviews, etc.

b. The Company’s established policies are not fixed over the entire life of the organization. Therefore, policies and procedures are reviewed by the Board on “as needed” basis in order to avoid breaching of preset controls due to changing dynamics of the business that the Company operates in.

c. To ensure that the strategy plan as set by the Board is implemented effectively and to avoid the risk of management diverting from the plan, each organization takes the responsibility of setting key performance indicators (KPI’s) which are directly aligned to key strategic objectives. A Corporate Performance Group was created early 2018, and one of its sections is responsible for developing performance measures, reporting systems and KPIs to align strategic objectives and department, section and individual actions.

d. In March 2018, the Board of Directors approved Petro Rabigh’s Risk Management Policy and the Risk Management Steering Committee (RMSC) Charter. Subsequently, Petro Rabigh Risk Management Steering Committee (RMSC) was established, overseen and supervised by the Board Audit Committee as instructed by the Board of Directors. The purpose of the RMSC is to assist the Audit Committee in fulfilling its responsibilities and to perform the duties, responsibilities, and authorities described in the aforementioned Charter. Petro Rabigh Management approved the creation of a Risk Management Group part of the Corporate Performance Management Group, in order to establish and manage the Enterprise Risk Management (ERM) initiative across the Company under the oversight of Risk Management Steering Committee (RMSC). EMR includes the methods and processes used by Company to manage risks and seize opportunities related to the achievement of their objectives. In July 2019, the Board Audit Committee also approved the Risk Appetite Statement, which defined the level of risk that the organization is willing to accept in the pursuit of its objectives. The ERM framework used by the company addresses the enterprise risk from a holistic perspective, considering 7 risk descriptors (Health & Safety, Environment, Legal & Regulatory Compliance, Project Delivery, Reputation and Financial Impact) and a 5x5 Risk Assessment Matrix based on 5 risk “Severity” levels (from Insignificant to Catastrophic) with 5 levels of “likelihood” (from Rare to Almost Certain). The Risk Assessment Matrix and Risk

Thresholds were approved by the RMSC and Board Audit Committee as part of “Risk Appetite Statement Guidelines”. The Board Audit Committee formally endorsed ten (10) risks as corporate risks in April 2020 meeting and the status of these corporate risks along with other ERM important activities are periodically reported to Board audit committee. Comprehensive Risk Registers are established throughout the Company and at different levels i.e. Department, Function and Corporate level. Risk Registers are periodically reviewed and updated, as and when required to keep the risk related information up-to-date. Risk management activities are continuously monitored at different levels and risk reporting is also performed at different levels e.g. Reporting to the RMSC on quarterly basis and to the Board Audit Committee on biannual basis. Internal Audit office is also auditing Risk Management activities on a regular basis, as per the audit schedule to evaluate the effectiveness of the Risk Management System. Under the supervision of RMSC, Risk Management Group is building and fostering a risk aware - culture within the Company that emphasizes and demonstrates the benefits of risk management.

5. Risks Related to Regulations

The Company is operating in a dynamic environment and its business operation is governed by local as well as international applicable laws and regulations. In case of changes in regulations or legislation(s), the Company operations may be affected. Companies must abide by regulations set by governing bodies that oversee their industry. Therefore, any change in regulations can cause a rippling effect across an industry. Regulations can increase costs of operations, introduce legal and administrative hurdles, and sometimes even restrict a company from doing business. To mitigate such risks, Petro Rabigh has established a Corporate Compliance Section which is an organization that carries the responsibilities and is accountable for following up on the development of local and international mandatory and voluntary regulations pertaining to the petrochemical and refining industry and is in charge of taking steps necessary to report to management, within a reasonable timeframe, any changes to regulations that are deemed to have direct or implied restrain on the Company’s operations, as well as communicating the need to comply to certain regulations and suggesting the appropriate steps to do so. This includes local governmental regulations such as regulations and laws by The Ministry of Energy and Industry and Mineral Resources, Ministry of Commerce and Investment, the Capital Market Authority, in addition to International regulations such as trade and anti-dumping laws and regulations and environmental regulations, etc. The information regarding current and future changes comes through the Corporate Affairs & Ind. Investment Department, that is responsible for assuring such surveillance of the regulatory environment and is used by the Corporate Compliance Section to monitor and promote compliance. Corporate Compliance Section work closely with proponent departments e.g. Safety, Environment and Health, Office of Legal Affairs, etc. The Risk Management Steering Committee (RMSC) also oversees the Compliance Management affairs and the Corporate Compliance Section periodically reports on compliance management to the RMSC.

6. Risk Related to Effective Control by Founding Shareholders

Since the Company's IPO in 2008, the founding shareholders have maintained ownership of 75% of the Company's issued shares. This allows the founding shareholders majority voting rights and as a result, the founding shareholders may be able to influence matters requiring approval of the General Assembly. It is possible for this influence to be exercised in a manner that could have a significant effect on the Company's business, financial condition and results of operations including the election of directors, significant corporate transactions and capital adjustments. Furthermore, any change in the founding shareholders' own business strategy and/or policies toward the Company could result in consequences for the Company's business. On the other hand, the founding shareholders are considered major supporters of the Company's business and a guarantee to its continuity. Saudi Aramco for one is Saudi Arabia's economic backbone and a global catalyst in the oil and gas industry.

Likewise, Sumitomo Chemical Co., Ltd. is a highly respected international company that is deeply rooted in a history that extends for more than 300 years. The two companies are vigorously committed to their investment in Petro Rabigh. Evidence of this commitment is the establishment of the second phase of Petro Rabigh where the founding shareholders undertook development of the project, transferred ownership of the project from the founding shareholders to the company and provided financial guarantees to ensure completion of the project. Moreover, as has been previously announced to the public, the founding shareholders have entered into a number of commercial agreements that ultimately benefit of Petro Rabigh. In addition, there are several ways that the Company ensures protection of minority shareholders, including the following:

a. Consistent with CMA Corporate Governance Regulations, Petro Rabigh's bylaws require that at least one-third of the members of the Board of Directors be independent, which currently means that no less than three of nine directors are independent. And in order for a resolution of the board to be adopted it must be approved by at least seven of the nine directors with, thus ensuring that no resolution may be adopted solely without the approval of one of the independent directors.

b. The Chairman positions of the Board Audit Committee, Remuneration and Compensation Committee and the Marketing Steering Committee are currently occupied by independent directors.

c. The Company's bylaws require that the Board approves the Company's entry into or modification of terms for transactions with any of the Shareholders’ or related parties.

d. Related-party transactions are voted by non-related members in the Board Audit Committee and Board of Directors, and are disclosed in the Board Report and at General Assembly meetings.

18. Assets, Liabilities and Results of Business for the Last Five Years or since the incorporation date, whichever is shorter

Statement of Profit or loss:

	In SAR Thousands				
	December 31, 2020	**December 31, 2019**	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Sales	21,870,198	34,061,975	40,998,191	34,211,010	25,146,130
Refined Products	13,213,695	25,876,797	31,447,298	26,237,144	19,423,911
Petrochemical Products	8,656,503	8,185,178	9,550,893	7,973,866	5,722,219
Cost of sales	(22,772,807)	(32,344,064)	(38,683,150)	(31,514,986)	(24,038,699)
Gross (loss) Profit	(902,609)	1,717,911	2,315,041	2,696,024	1,107,431
Selling, General and Administrative Expenses	(1,588,839)	(1,366,724)	(1,387,618)	(1,043,071)	(984,865)
Other (expense) income - net	(1,289,680)	(895,338)	(258,863)	(229,976)	(87,784)
Net (loss) profit	**(3,781,128)**	**(544,151)**	**668,560**	**1,422,977**	**34,782**

Statement of Comprehensive income:

	In SAR Thousands				
	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Net (loss) profit after zakat and tax	**(3,781,128)**	**(544,151)**	**668,560**	**1,422,977**	**34,782**
Remeasurement loss on defined benefit plan	(61,619)	(69,187)	(13,367)	(18,040)	(56,728)
Tax effect	4,621	10,378	2,005	2,706	4,255
Items that will not be reclassified to statement of profit or loss in subsequent periods	**(56,998)**	**(58,809)**	**(11,362)**	**(15,334)**	**(52,473)**
Total comprehensive (loss) income for the year	**(3,838,126)**	**(602,960)**	**657,198**	**1,407,643**	**(17,691)**

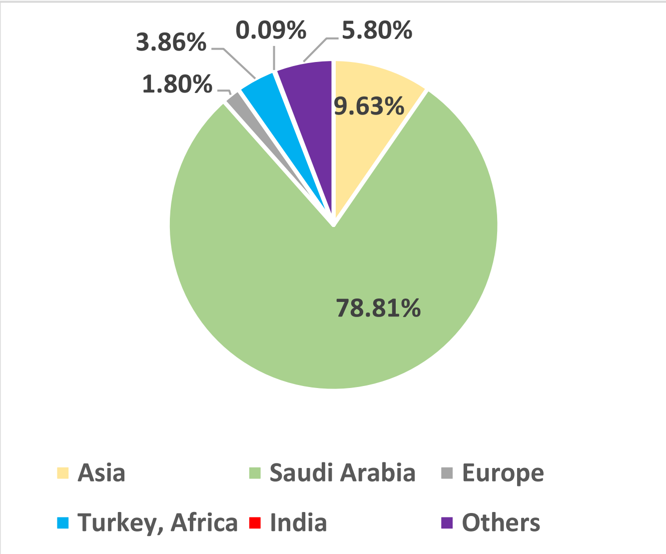
Statement of Financial Position:

	In SAR Thousands				
	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Current assets	9,506,504	11,520,263	14,636,393	12,746,784	9,594,947
Non-current assets	61,187,505	62,509,385	49,457,574	48,928,193	48,651,100
Total assets	**70,694,009**	**74,029,648**	**64,093,967**	**61,674,977**	**58,246,047**
Current liabilities	20,185,156	27,946,114	24,889,853	13,873,999	11,333,134
Non-current liabilities	44,305,370	36,042,127	28,662,094	37,715,171	38,517,397
Equity	6,203,483	10,041,407	10,542,020	10,085,807	8,395,516
Total equity and liabilities	**70,694,009**	**74,029,648**	**64,093,967**	**61,674,977**	**58,246,047**

19. Geographical analysis of the Company's revenues:

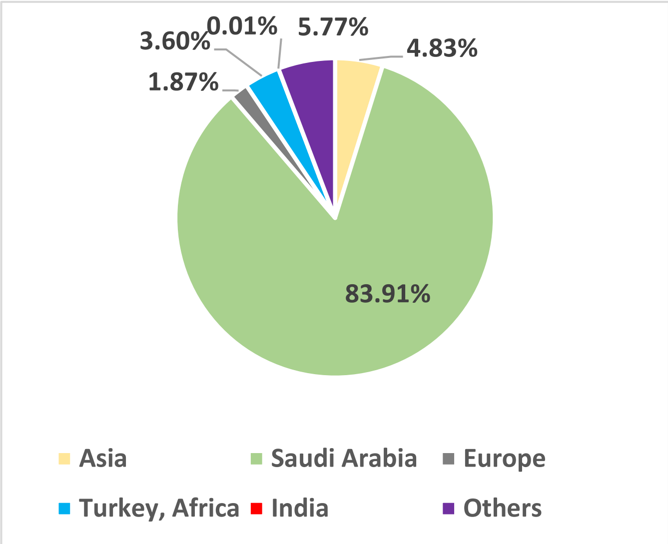
Refined Product Sales

Refined Products		
Destinations	**Volume (BBL)**	**%**
Asia	7,517,287	9.63%
Saudi Arabia	61,500,997	78.81%
Europe	1,407,904	1.80%
Turkey, Africa	3,014,789	3.86%
India	72,000	0.09%
Others	4,523,587	5.80%
Total	**78,036,564.42**	**100%**



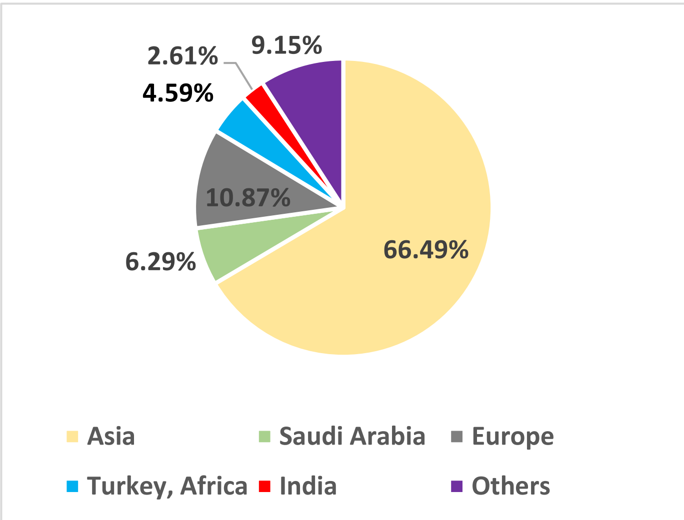
Refined Product Gross Revenues

Refined Products		
Destinations	**Sales (SAR)**	**%**
Asia	637,625,068	4.83%
Saudi Arabia	11,088,152,370	83.91%
Europe	247,274,116	1.87%
Turkey, Africa	476,149,385	3.60%
India	1,912,500	0.01%
Others	762,581,303	5.77%
Total	**13,213,694,742**	**100%**



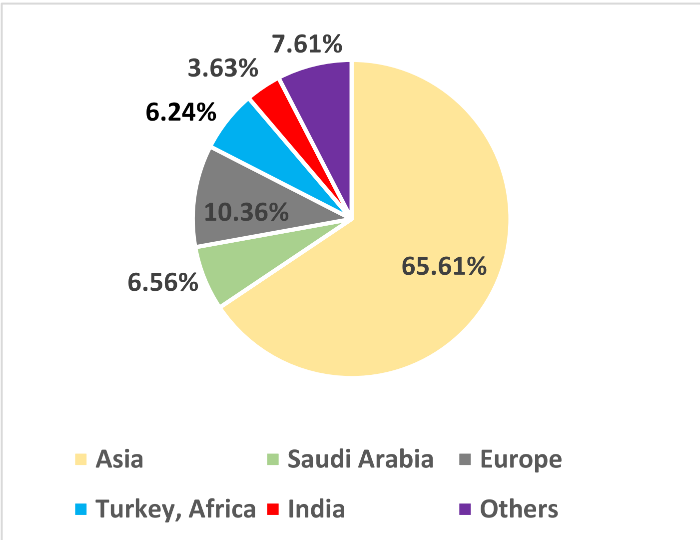
Petrochemical Product Sales

Petrochemical		
Destinations	**Volume (MT)**	**%**
Asia	2,028,312	66.49%
Saudi Arabia	191,941	6.29%
Europe	331,641	10.87%
Turkey, Africa	140,033	4.59%
India	79,747	2.61%
Others	279,046	9.15%
Total	**3,050,720**	**100%**



Petrochemical Product Gross Revenues

Petrochemical		
Destinations	**Sales (SAR)**	**%**
Asia	5,679,238,387	65.61%
Saudi Arabia	567,674,501	6.56%
Europe	897,220,053	10.36%
Turkey, Africa	539,800,963	6.24%
India	314,186,817	3.63%
Others	658,382,550	7.61%
Total	**8,656,503,271**	**100%**



20. Material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Company

Following is a brief description of the 2020 financial outcome in comparison to the previous year:

- Net loss after Zakat and Tax for the year ended December 31, 2020 is SAR 3,781 million (December 31, 2019: SAR 544 million).
- Loss per share for the year ended December 31, 2020 is SAR 4.32 per share (December 31, 2019: SAR 0.62 per share).
- The gross loss for the year ended December 31, 2020 is SAR 903 million (December 31, 2019: gross profit SAR 1,718 million).
- Operating loss for the year ended December 31, 2020 is SAR 2,436 million (December 31, 2019: operating profit SAR 439 million)

The reason for the increase in the net loss during the current year 2020 compared to the last year 2019 is due to the fact that PRC complex was under planned total shutdown for periodic test & inspection for 60 days during the current year. In addition, market conditions have been challenging due to prevailing economic uncertainties. This has been made worse by the on-going Corona pandemic, putting further downward pressure on prices.

The results of the Company for the year ended December 31, 2020 are also inclusive of the first year full operations of Company's Expansion Project (Phase II) that commenced its commercial operations effective from October 31, 2019.

Q4 2020 has witnessed improvement in products margins in view of better market conditions which together with the company's efforts to maintain stable operations and optimizing operational costs have led to positive financial results for the last quarter of financial year 2020 compared to previous year.

The accumulated losses as at December 31, 2020 according to the audited financial statements for the year ended December 31, 2020 amounted to Saudi Riyals 2,804 million representing 32.01% of the Company's share capital of Saudi Riyals 8,760 million. The main causes of these accumulated losses is due to the fact that PRC complex was under planned total shutdown for periodic test & inspection for 60 days during the current period. In addition, market conditions have been challenging due to prevailing economic uncertainties. This has been made worse by the on-going Corona pandemic, putting further downward pressure on prices. However, in view of the sustained operations of the Company, the accumulated losses as at December 31, 2020 have slightly reduced in comparison to the accumulated losses as at 30 September, 2020 because of the positive result of Q4 of the current year.

21. Inconsistency with the standards approved by the Saudi Organization for Certified Public Accountant

The financial statements of the Company have been prepared in compliance with International Financial Reporting Standards (IFRS) as well as other standards and pronouncements as endorsed by Saudi Organization for Certified Public Accountants (SOCPA) in the Kingdom of Saudi Arabia. There is no inconsistency with the standards approved by SOCPA.

22. Name of each affiliate Company, its capital, the Company's ownership percentage, the main scope of business, country of operation and country of incorporation

N/A

23. Shares and debt instruments issued for each affiliate Company

N/A

24. Dividends distribution policy

After deducting all general expenses and other costs, including taxes and zakat imposed under Shari'a, the Company's annual net profits shall be allocated as follows:

- Ten percent (10%) of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve equals one-half (1/2) of the Company's paid-up capital.
- The Ordinary General Assembly may, upon the recommendation of the Board of Directors, set aside a percentage of the annual net profits to form an additional reserve to be allocated for the purpose or purposes decided by the Ordinary General Assembly.
- The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to create social institutions for the Company's employees, or to support existing institutions of such kind.
- A percentage of no less than 1% of the remaining amounts of the annual net profits shall be distributed to the shareholders unless the Ordinary General Assembly decided otherwise.

25. Interest in a class of voting shares held by persons (other than the Company's directors, Senior Executives and their relatives) who have notified the Company of their holdings, together with any change to such interests during the last fiscal year

N/A

26. Interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Company, and any change on these interest or rights during the last fiscal year

Board Members:

Name	Position	Period Start		Period End		Net Change	Change %
		Stocks	Debt Instruments	Stocks	Debt Instruments		
Ibrahim Q. Al-Buainain ①*	Chairman (Non-Executive)	-	-	-	-	-	-
Abdulaziz M. Al-Gudaimi ①*	Chairman (Non-Executive)	-	-	-	-	-	-
Noriaki Takeshita②**	Deputy Chairman (Non-Executive Director)	-	-	-	-	-	-

Nasser D. Al Mahasher①*	President & CEO (Executive Director)	-	-	-	-	-	-
Suleman A. Al-Bargan①*	Non-Executive Director	-	-	-	-	-	-
Seiji Takeuchi②**	Executive Director	-	-	-	-	-	-
Takashi Shigemori②**	Non-Executive Director	-	-	-	-	-	-
Saud A. Al-Ashgar	Independent Director	85,400	-	85,400	-	-	-
Saleh F. Al-Nazha	Independent Director	1,000	-	1,000	-	-	-
Mohammed A. Al-Omair	Independent Director	12	-	12	-	-	-

Note: 1.) Ibrahim Q. Al-Buainain was appointed as Chairman of the Board of Directors effective February 1, 2020 replacing Abdulaziz M. Al-Gudaimi who has resigned from the Board of Petro Rabigh, where his membership ended on January 31, 2020.

2.) Nasser D. Al-Mahasher has resigned from the Board and as President and CEO of Petro Rabigh and Othman A. Al-Ghamdi was appointed as the Board of Director and President and CEO effective January 1, 2021.

* *Founding shareholder Saudi Aramco deposited 1,000 shares for Board Membership Qualification on behalf of this member.*

** *Founding shareholder Sumitomo Chemical deposited 1,000 shares for Board Membership Qualification on behalf of this member.*

Senior Executives:

Name	Position	Year Start		Year End		Net Change	Change %
		Stocks	Debt Instruments	Stocks	Debt Instruments		
Naoyuki Inoue	Chief Financial Officer	-	-	-	-	-	-
Seiji Takeuchi ①	Senior Vice President, Manufacturing	-	-	-	-	-	-
Abdullah M. Al Qahtani ②	Vice President, Industrial Security	-	-	-	-	-	-
Hesham H. Azzouz ③	Vice President, Industrial Relations	800	-	800	-	-	-
Abdullah M. Ahmad ③	Vice President, Industrial Relation (A)	-	-	-	-	-	-
Roy De Bellefeuille ④	Vice President, Engineering & Support (A)	-	-	-	-	-	-

Hassan A. Al-Yami ④	Vice President, Engineering & Support (A)	-	-	-	-	-	-
Hiroshi Shimizu	Vice President, Market Development (A)	-	-	-	-	-	-
Bandar S. Juaid ⑤	Vice President, Industrial Relation (A)	800	-	800	-	-	-

1 Seiji Takeuchi has completed his assignment in Petro Rabigh and was replaced by Noriaki Oku as acting VP for Manufacturing effective January 18, 2021.

2 Abdullah M. Al-Qahtani has retired from Petro Rabigh effective December 31, 2020. He will be replaced by Sami Dossary as acting VP for Security.

3 Abdullah M. Ahmad was appointed acting VP for Industrial Relations effective March 30, 2020 through December 31, 2020. While Hesham H. Azzouz was appointed as COVID Task Force Chairman effective March 30, 2020.

4 Hassan H. Al-Yami has been appointed as acting VP for Engineering & Support replacing Roy A. De Bellefeuille effective September 1, 2020

5 Bandar S. Juaid was appointed acting VP for Industrial Relations effective December 9, 2020 up to March 31, 2021 replacing Abdullah M. Ahmad who opted for early retirement on December 31, 2020.

27. Loans (payable upon request or not), a statement of the total indebtedness of the company, any amounts paid by the company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount

A) Loans from Banks and Financial Institutions

The Company entered into Consortium Loan Agreements with commercial banks and financial institutions for development, design, and construction of integrated refining and petrochemical complex and for Phase II Expansion Project.

The following table shows loans from commercial banks and financial institutions:

Lender	In SAR Thousands					
	Loan Availed up to December 31, 2020	**Loan Tenor (Years)**	**Balance on December 31, 2019**	**Additions during 2020**	**Repayments during 2020**	**Balance December 31, 2020**
Japan Bank For International Cooperation	16,867,500	12.5 - 13	9,035,444	-	(1,625,085)	7,410,359
Commercial Banks	10,031,250	12.5 - 13	4,162,823	-	(2,114,203)	2,048,620
Public Investment Fund	8,625,000	12.5 - 13	5,349,725	-	(805,306)	4,544,419
Islamic Financial Institutions	5,756,250	12.5 - 13	3,558,230	-	(3,017,091)	541,139
Sumitomo Mitsui Banking Corporation - Equity Bridge Loans	11,250,000	5	11,250,000	-	-	11,250,000

Accrued Interest on loans	-	-	22,912	539,434	(554,125)	8,221
Total	**52,530,000**	**-**	**33,379,134**	**539,434**	**(8,115,810)**	**25,802,758**

B) Loan from Saudi Industrial Development Fund (SIDF)

During the year ended December 31, 2019, the Company entered into a loan agreement with SIDF to replace a portion of the loans for Phase II Expansion Project. The facility available under this loan agreement amounts to Saudi Riyals 3,600 million and is utilized as at December 31, 2020. The loan is repayable in unequal semi-annual instalments commencing from November 2021 to January 2032. Upfront fee amounting to Saudi Riyals 288 million was deducted at the time of receipt of the loan and is amortised over the loan term. The loan also bears a follow up fee to be paid on semi-annual basis. The loan has certain covenants, which am ong other things requires certain financial ratios to be maintained. The loan facility is secured by a mortgage on the property, plant and equipment of the Company amounting to Saudi Riyals 7,200 million.

C) Loans from Founding Shareholders

(i) Loans from the founding shareholders are availed as part of the Credit Facility Agreement and bear financial charges. The Company has drawn down SAR 2,287.5 million from each of its founding shareholders (totaling to SAR 4,575 million). Repayment shall be made on demand on achieving the conditions set by the financial institutions under the Inter-creditor Agreement. The loans are secured by promissory note issued by the Company in favor of each shareholder equivalent to drawdowns.

The following table lists the loans from the founding shareholders:

Lender	In SAR Thousands					
	Loan Principal	**Loan Tenor (Year)**	**Balance on December 31, 2019**	**Additions during 2020**	**Repayments during 2020**	**Balance December 31, 2020**
Saudi Aramco	2,287,500	NA	2,287,500	-	-	2,287,500
Sumitomo Chemical	2,287,500	NA	2,287,500	-	-	2,287,500
Accumulated Interest	-	-	1,176,130	129,020	-	1,305,150
Total	**4,575,000**	**NA**	**5,751,130**	**129,020**	**-**	**5,880,150**

(ii) During the three-month period ended September 30, 2020, the Company entered into the following agreements:

- Revolving corporate facilities with Saudi Aramco and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical, based on prevailing market rates. The facilities available under each of these agreements amount to Saudi Riyals 2,812.5 million (collectively Saudi Riyals 5,625 million) and are fully utilized as at December 31, 2020. These facilities are secured by the promissory notes issued by the Company in favour of each lender.
- Corporate facility agreement with Saudi Aramco. The facility available under this agreement amounts to Saudi Riyals 1,875 million and is utilized to the extent of Saudi Riyals 1,125 million as at December 31, 2020. The facility bears financial charges based on prevailing market rates. The facility is secured by promissory note issued by the Company in favour of Saudi Aramco to the extent of drawdown made.

D) Other Facilities

- The Company has working capital facilities of Saudi Riyals 1,875 million with local commercial banks on prevailing market rates. During the year ended December 31, 2020, drawdowns and repayments amounting to Saudi Riyals 7,505 million and Saudi Riyals 7,667 million, respectively have been made by the Company with a closing balance of Saudi Riyals 1,131 million as at the statement of financial position date.
- The Company has a credit facility of Saudi Riyals 375 million with a local commercial bank on prevailing market rates. As at the statement of financial position date, the facility has been utilized to the extent of Saudi Riyals 312 million by the Company.

28. Convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year, as well as stating any compensation obtained by the company in this regard

N/A

29. Conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company

N/A

30. Redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding

N/A

31. The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting listing the names of the attendees

Name	Title	1st Meeting April 5, 2020	2nd Meeting June 29, 2020	3rd Meeting Sept. 7, 2020	4th Meeting Dec. 7, 2020	Total Meetings Attended
Ibrahim Q. Al-Buainain①	Chairman (Non-Executive)	√	√	√	√	4
Noriaki Takeshita	Deputy Chairman Non-Executive Director	√	√	√	√	4
Nasser D. Al Mahasher②	President & CEO (Executive Director)	√	√	√	√	4
Seiji Takeuchi	Executive Director	√	√	√	√	4
Takashi Shigemori	Non-Executive Director	√	√	√	√	4
Suleman A. Al-Bargan	Non-Executive Director	√	√	√	√	4

Mohammed A. Al-Omair	Independent Director	√	√	√	√	4
Saud A. Al-Ashgar	Independent Director	√	√	√	√	4
Saleh F. Al-Nazha	Independent Director	√	√	√	√	4

1. Ibrahim Q. Al-Buainain was appointed as Chairman of the Board of Directors effective February 1, 2020 replacing Abdulaziz M. Al-Gudaimi who has resigned from the Board of Petro Rabigh, where his membership ended on January 31, 2020.
2. Nasser D. Al-Mahasher has resigned from the Board and as President and CEO of Petro Rabigh and Othman A. Al-Ghamdi was appointed as the Board of Director and President and CEO effective January 1, 2021.

32. Numbers of Company's requests of shareholders records, dates and reasons thereof

Three records were requested for the shareholders of the Company during the year 2020 as shown in the following table:

	Reason	Date
1	Annual General Meeting	April 2, 2020
2	Annual General Meeting	April 8, 2020
3	Corporate Action	November 1, 2020

33. Transactions between the Company and any Related Party

Agreement Nature, Condition and Duration *(Amounts in SAR’000)*

1) <u>Purchase of Goods Including LPG Shortfall</u> (Amount: 17,378,945)

(a) Crude oil feedstock supply agreement (COSA) with Saudi Aramco for the supply of crude oil feedstock requirements in respect of the Complex, up to a maximum supply of 400,000 bpd. **Duration:** 30 years commencing from October 1, 2008

(b) Ethane feedstock supply agreement with Saudi Aramco for the supply of ethane feedstock requirements in respect of the Complex, up to a maximum supply of 125 million standard cubic feet per day (MMSCFD). **Duration:** 20 years commencing from December 1, 2008

(c) Butane feedstock supply agreement with Saudi Aramco for the supply of butane feedstock requirements in respect of the Complex, up to a maximum supply of 12,000 barrels per day (bpd). **Duration:** 20 years commencing from December 1, 2008

(d) Petroleum product sales agreement with Saudi Aramco for the supply of fuel oil up to a maximum of 32 MBD monthly which the Company would, in turn, supply to Rabigh Arabian Water and Electricity Company (RAWEC) for use as fuel for the provision of certain utilities to the Company. **Duration:** 25 years commencing from June 1, 2008

(e) Fuel oil supply agreement with Saudi Aramco for the supply of fuel oil up to a maximum of 20 MBD monthly, which the Company would, in turn, supply, to RAWEC for use as fuel for the provision of certain utilities to the Company. **Duration:** 25 years commencing from February 15, 2018.

(f) Allocated Sales gas supply agreement with Saudi Aramco for the supply of Sales Gas up to a maximum of 50 MMSCF per day. **Duration:** 20 years commencing from July 1, 2020.

(g) The Company also has various other agreements for materials, goods and services with Saudi Aramco and its affiliated Companies. **Duration:** Annual Charge

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:
Ibrahim Q. Al-Buainain① / Nasser D. Al-Mahasher ② / Suleman A. Al-Bargan

2) Purchase of Goods (Amount: SAR92,261)

The Company has various agreements for materials, goods and services with Sumitomo Chemical Company and its affiliated Companies. **Duration:** Annual Charge

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:
Noriaki Takeshita / Takashi Shigemori / Seiji Takeuchi

3) Sale of Refined Products & Petrochemical Products (Amount: SAR17,166,549)

(a) Phase I refined products offtake agreement (RPOA) with Saudi Aramco as a "Buyer" of certain refined products listed therein. **Duration:** 5 years commencing from May 1, 2019, and further extendable for another 5 year period.

(b) Sulphur and Refined Products lifting and marketing agreement (SRPLMA) with Saudi Aramco as a global "marketer" of certain refined products listed therein. **Duration:** 5 years commencing from May 1, 2019, and is further extendable for an additional 5 year period.

(c) Liquefied Petroleum Gas and Light Naphtha lifting and marketing agreement with Saudi Aramco as global "Marketer" of liquefied petroleum gas and light naphtha. **Duration:** 10 years commencing from November 30, 2018 and further extendable for an additional 5 year period..

(d) Phase I Petrochemical products marketing agreement (PPMA) with Saudi Aramco as global "Marketer" of Phase I petrochemical products. Pursuant to an Assignment and Assumption Agreement dated March 28, 2017, Saudi Aramco assigned its rights and obligations under its respective PPMAs to its affiliate, Saudi Aramco Products Trading Company (ATC). **Duration:** 10 years commencing from April 1, 2014, and further extendable for another two consecutive 5 year periods.

(e) Phase II Petrochemical products marketing agreements with Saudi Aramco as global "Marketer" of Phase II petrochemical products. **Duration:** 10 years commencing from the accumulated production date and further extendable for another 5 years.

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:
Ibrahim Q. Al-Buainain① / Nasser D. Al-Mahasher ② / Suleman A. Al-Bargan

ATC, ACC and ATS are Saudi Aramco affiliates

4 Sale of Petrochemical Products (Amount: SAR3,633,912)

(a) Phase I Petrochemical products marketing agreement (PPMA) with Sumitomo Chemical Asia PTE Limited (affiliate of Sumitomo Chemicals Company) as global “Marketer” of Phase I petrochemical products. **Duration:** 10 years commencing from April 1, 2014, and further extendable for another two consecutive 5 year periods.

(b) Phase II Petrochemical products marketing agreements with Sumitomo Chemical Asia PTE Limited (affiliate of Sumitomo Chemicals Company) as global “Marketer” of Phase II petrochemical products. **Duration:** 10 years commencing from the accumulated production date and further extendable for another 5 years.

(c) Liquefied Petroleum Gas and Light Naphtha lifting and marketing agreement with Sumitomo Chemical Company as global “Marketer” of liquefied petroleum gas and light naphtha. **Duration:** 10 years commencing from November 30, 2018 and further extendable for an additional 5 year period.

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:
Noriaki Takeshita / Takashi Shigemori / Seiji Takeuchi

5) Financial Charges (Amount: SAR188,553)

(a) Credit facility agreement (CFA) with Saudi Aramco pursuant to which, the founding shareholders have made a loan facility of up to a maximum aggregate amount of Saudi Riyals 6,206 million available to the Company, for the purposes of developing, designing and constructing the Complex. **Duration:** Annual Charge

(b) Revolving Corporate Facility Agreement with Saudi Aramco pursuant to which, a corporate facility of Saudi Riyals 2,812.5 million has been made available to the Company. **Duration:** Annual Charge

(c) Corporate Facility Agreement with Saudi Aramco pursuant to which, a facility of Saudi Riyals 1,875 million has been made available to the Company. **Duration:** Annual Charge

(d) Rabigh community agreement with Saudi Aramco in respect of leases of land and infrastructure facilities. **Duration:** 25 years from October 1, 2014.

(e) Terminal lease agreement with Saudi Aramco in respect of the existing Rabigh Marine Terminal. Pursuant to this agreement, Saudi Aramco grants to the Company an exclusive right to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site. **Duration:** 30 years effective from October 1, 2008.

(f) Land lease agreement with Saudi Aramco for lease of approximately 20 million square meters of land. **Duration:** 99 years, with effect from Nov 1, 2005 and subject to extension for additional consecutive periods as may be agreed between the parties.

(g) Land lease and infrastructure usage agreement (LLIUA) with Saudi Aramco pursuant to which, for an annual fee of Saudi Riyals 2.455 per square meter, the Company leases approximately 200,000 square meters of land located within the Rabigh Plus Tech Park Site and is granted the right to access and use the industrial park infrastructure. **Duration:** 30 years commencing from July 1, 2012, subject to renewal as agreed between the parties.

Related Party: Saudi Aramco and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:
Ibrahim Q. Al-Buainain① / Nasser D. Al-Mahasher ② / Suleman A. Al-Bargan

6) **Financial Charges (Amount: SAR77,762)**

(a) Credit Facility Agreement (CFA) with Sumitomo Chemical Company, pursuant to which, the founding shareholders have made a loan facility of up to a maximum aggregate amount of Saudi Riyals 6,206 million available to the Company, for the purposes of developing, designing and constructing the Complex. **Duration**: Annual Charge

(b) Revolving Corporate Facility Agreement with Sumika Finance Company Limited (wholly owned subsidiary of Sumitomo Chemical Company) pursuant to which, a corporate facility of Saudi Riyals 2,812.5 million has been made available to the Company. **Duration**: Annual Charge

(c) Land lease and infrastructure usage agreement (LLIUA) with Rabigh Conversion Industry Management Services Company (RCIMS) - an affiliate of Sumitomo Chemical Company, pursuant to which, for an annual fee of Saudi Riyals 3.545 per square meter, the Company leases approximately 200,000 square meters of land located within the Rabigh Plus Tech Park Site and is granted the right to access and use the industrial park infrastructure. **Duration**: 30 years commencing from July 1, 2012, subject to renewal as agreed between the parties.

Related Party: Sumitomo Chemical Company and its associated companies

The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:
Noriaki Takeshita / Takashi Shigemori / Seiji Takeuchi

7) **Rentals (Amount: SAR20,693)**

(a) Land lease agreement with Saudi Aramco for lease of approximately 20 million square meters of land. **Duration**: 99 years, with effect from Nov 1, 2005 and subject to extension for additional consecutive periods as may be agreed between the parties.

(b) Terminal Lease Agreement with Saudi Aramco in respect of the existing Rabigh Marine Terminal. Pursuant to this agreement, Saudi Aramco grants to the Company an exclusive right to use and operate the Rabigh Terminal Facilities and the Rabigh Terminal Site. **Duration**: 30 years effective from October 1, 2008.

(c) Rabigh community agreement with Saudi Aramco in respect of leases of land and infrastructure facilities. **Duration**: 25 years effective October 1, 2014.

(d) Land lease and infrastructure usage agreement (LLIUA) with Saudi Aramco pursuant to which, for an annual fee of Saudi Riyals 2.455 per square meter, the Company leases approximately 200,000 square meters of land located within the Rabigh Plus Tech Park Site and is granted the right to access and use the industrial park infrastructure. **Duration**: 30 years commencing from July 1, 2012, subject to renewal as agreed between the parties.

Related Party: Saudi Aramco and its associated companies

<u>The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:</u>

Ibrahim Q. Al-Buainain① / Nasser D. Al-Mahasher ② / Suleman A. Al-Bargan

8) **<u>Rentals</u> (Amount: SAR278)**

Land lease and infrastructure usage agreement (LLIUA) with Rabigh Conversion Industry Management Services Company (RCIMS) - an affiliate of Sumitomo Chemical Company, pursuant to which, for an annual fee of Saudi Riyals 3.545 per square meter, the Company leases approximately 200,000 square meters of land located within the Rabigh Plus Tech Park Site and is granted the right to access and use the industrial park infrastructure. **Duration**: 30 years commencing from July 1, 2012, subject to renewal as agreed between the parties.

<u>Related Party:</u> Sumitomo Chemical Company and its associated companies

<u>The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:</u>

Noriaki Takeshita / Takashi Shigemori / Seiji Takeuchi

9) **<u>Secondees' Costs</u> (Amount: SAR28,712)**

Secondment Agreement with Saudi Aramco dated June 12, 2006 pursuant to which, Saudi Aramco may, from time to time, second certain personnel to the Company to assist in the conduct of its business and operations. **Duration**: Continuous term to apply effective from June 12, 2006 until the date on which the shareholder ceases to be a shareholder of the Company

<u>Related Party:</u> Saudi Aramco and its associated companies

<u>The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:</u>

Ibrahim Q. Al-Buainain① / Nasser D. Al-Mahasher ② / Suleman A. Al-Bargan

10) **<u>Secondees' Costs</u> (Amount: SAR33,051)**

Secondment Agreement with Sumitomo Chemical Company dated July 1, 2006 pursuant to which, Sumitomo Chemical Company may, from time to time, second certain personnel to the Company to assist in the conduct of its business and operations. **Duration**: Continuous term to apply effective from July 1, 2006 until the date on which the shareholder ceases to be a shareholder of the Company.

<u>Related Party:</u> Sumitomo Chemical Company and its associated companies

<u>The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:</u>

Noriaki Takeshita / Takashi Shigemori / Seiji Takeuchi

11) **<u>Services and Other Cost Charges, Net</u> (Amount:SAR83,660)**

Services agreements with Saudi Aramco and its affiliates in respect of various operational and logistical support services. These agreements cover the provision of support services to and by the Company such as human resources, training and recruitment, legal, utilities, information technology, general management, technical and pre-marketing support. These agreements also cover the ongoing technical support needed for continuous operations, and the marketing technical services, engineering and safety best practices and training being provided by Saudi

	Aramco. The Company pays for these services at the mutually agreed prices specified in each agreement. **Duration**: Annual Charge **<u>Related Party:</u>** Saudi Aramco and its associated companies **<u>The 3 Board members associated with this agreement have indirect interest as employees of Saudi Aramco:</u>** Ibrahim Q. Al-Buainain① / Nasser D. Al-Mahasher ② / Suleman A. Al-Bargan
12)	**<u>Services and Other Cost Charges, Net</u> (Amount: SAR2,277)** **Services agreements** with Sumitomo Chemical Company and its affiliates in respect of various operational and logistical support services. These agreements cover the provision of support services to and by the Company such as human resources, training and recruitment, legal, utilities, information technology, general management, technical and pre-marketing support. These agreements also cover the ongoing enhancements (such as refining and petrochemical process know-how) and the marketing technical services, engineering and safety best practices and training being provided by Sumitomo Chemical Company. The Company pays for these services at the mutually agreed prices specified in each agreement. **Duration:** Annual Charge **<u>Related Party:</u>** Sumitomo Chemical Company and its associated companies **<u>The 3 Board members associated with this agreement have indirect interest as employees of Sumitomo Chemical Company:</u>** Noriaki Takeshita / Takashi Shigemori / Seiji Takeuchi

1. Ibrahim Q. Al-Buainain was appointed as Chairman of the Board of Directors effective February 1, 2020 replacing Abdulaziz M. Al-Gudaimi who has resigned from the Board of Petro Rabigh, where his membership ended on January 31, 2020.
2. Nasser D. Al-Mahasher has resigned from the Board and as President and CEO of Petro Rabigh and Othman A. Al-Ghamdi was appointed as the Board of Director and President and CEO effective January 1, 2021

34. Businesses or contracts to which the Company is a party and in which a director of the Company, a Senior Executive or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the businesses or contracts.

The Board of Directors of the Company declare that except for the information mentioned in point 33 above, there are no businesses or contracts to which the Company is a party, and in which a Director of the Company or its senior executives or any person related to any of them is or was interested**.**

35. Arrangements or agreements under which a director or a senior executive of the Company has waived any remuneration

N/A

36. Arrangements or agreements under which a shareholder of the Company has waived any rights to dividends

N/A

37. Paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefore

The Company's outstanding amounts to General Authority of Zakat & Income tax (GAZT) and General Organization for Social Insurance (GOSI) are as follows:

	2020			
	Paid SAR (‘000s)	**Charges that have not been paid until the end of the annual financial period SAR (‘000s)**	**Brief description**	**Reasons**
Zakat	18,134	Nil	During the year 2020, the Company filed its Zakat and Tax Return relating to year ended 31 December 2019, with General Authority of Zakat and Tax (GAZT) and paid Zakat amounting to SAR 18,134 thousands.	Zakat payable as at 31 December 2020 is Nil.
Tax	Nil	Nil	During the year 2020, the Company filed its Zakat and Tax Return relating to year ended 31 December 2019, with General Authority of Zakat and Tax (GAZT). Income Tax payable was Nil as per the filed Return.	Income Tax payable as at 31 December 2020 is Nil.
General Organization for Social Insurance	126,286	9,919	During the year 2020, the Company paid SAR 126,286 thousands to GOSI.	Balance GOSI payable as at 31 December 2020 is paid to GOSI Authority in the subsequent month of January 2021.
Costs of visas and passports	703	0	Paid to Ministry of Interior (MOI).	Renewal of Iqamas, Passports and Visas.
Labor Office Fees	71	0	Paid to Ministry Labor Office (MOL).	Renewal of the work permits.

38. Investments made or any reserves set up for the benefit of the employees of the company

Shares Ownership Incentive Program for Employees

In 2008, the Board of Directors approved implementation of an employee share ownership plan (ESOP) which provided 800 shares to eligible employees at the end of a 5-year maturity period. To implement this, the Company arranged with a commercial bank to subscribe for 1.5 million shares during the IPO period at the offer price of SAR21 per share. These ESOP shares are managed by Riyadh Capital under an open ended mutual fund which has offered to subscribe and hold such shares “on trust” for the employees as part of an Administrative Service Agreement. These shares, as service awards to employees, were to be amortized evenly over a period of five years and allocated to eligible employees when the vesting period was fully completed. Out of 1,894 employees who originally participated in the Program, a total of 1,650 employees completed the 5-year vesting period and became eligible for the allotted shares ownership.

Home Ownership Incentive Program

The Board of Directors of Petro Rabigh approved implementing an incentive program for the Saudi employees from both genders to own housing units. The program aims at providing stability for staff and the convenience of living near the Company's facilities, which should positively reflect on their performance and continued employment with the Company. As per this program, the employee can own or build a housing unit for a single family. As of the end of 2020, a total of 733 employees have already joined the program.

Employee Lot Allowance

Part of the Home Ownership Program (HOP) the Company provides an amount of SAR 200,000 as a land lot allowance. This amount is considered as a personal loan depreciating over 10 years of Company service. The employee will only be required to repay this loan, if he/she leaves the Company before completing 10 years of continuous service from the loan date.

Annual Variable Bonus Scheme

The Company administers an Annual Variable Bonus Scheme that is performance and profitability driven, with profitability as a bonus trigger (no profitability, no bonus) and a bonus ceiling of 3.5 monthly basic salaries. The Scheme allocates 70% weight to Company Performance as measured by a set of specific Key Performance Indicators (KPIs), and 30% to Employee Performance. Detailed Key Performance Indicators (KPIs) covering the Company's Corporate Objectives are established to measure Company performance, reflect quantified results, and drive employee positive behavior, with special emphasis on Safety and Compliance.

Supplemental Cost of Living Allowance

Following the Royal Decree issued in 2018 to offset rising costs of living, Petro Rabigh Board of Directors approved, in January 2018, the payment of a similar allowance to all Saudi Regular Employees and Apprentices with basic monthly salaries not exceeding SAR20,000. In line with the new Royal Decree issued in December 2019 ordering an extension of the monthly Cost-of-Living Allowance of SAR1,000 until end-2020, however, it was suspended by the government effective June 1, 2020 as part of measures to address the impact of the COVID-19.

Employee Savings Plan

The Company offers its employees the opportunity to enroll in a savings plan program where the employee contributes a percentage not exceeding 10% of his/her basic salary. The Company then rewards the employee at the rate of 10% for each year of continuous service, up to 100% of the monthly employee's contribution starting with the 10th year of continuous service.

The Balance as of December 31, 2020 for the above mentioned Programs and Funds is as follows:

Description	Balance In SAR Thousands
Shares Ownership Incentive Program for Employees	4,611
Employee Housing Loan- Home Ownership Program (10% Fund)	19,676
Employee Lot Allowance (Home Ownership Program)	43,839
Employer's contribution to Employee Savings Plan	84,904

39. Declarations of the Board of Directors

The Board of Directors declares the following:

- Proper books of account have been maintained
- The system of internal control is sound in design and has been effectively implemented
- There are no significant doubts concerning the company's ability to continue its activity

40. If the external auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information

N/A

41. If the Board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation

N/A

42. Treasury shares held by the Company and details of the uses of such shares

Number of treasury shares held by the Company	Treasury Shares Value (SAR Thousands)	Date of Retention	Details of Use
217,463 shares	4,611	29 March 2008	To be allotted to Employees' upon completion of vesting period

Note: This report was approved by the Board of Directors by circulation in March, 2021