شركة رابغ للتكرير و البتروكيماويات
Rabigh Refining & Petrochemical Co.

2022
BOARD OF DIRECTOR'S REPORT

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1. AT A GLANCE

A. CORE VALUES

Vision

"Best-in-Class Integrated Refining and Petrochemical Company, Operating in a Sustainable Manner"

Petro Rabigh is one of the world's largest integrated refining and petrochemical complexes. The company houses one of the world's largest high olefins fluid catalytic cracker (HOFCC) units and a world-scale ethane cracker. We are one of the Kingdom's largest producers of polypropylene, polyethylene and mono ethylene glycol and are the first producer of propylene oxide in the Middle East. Our products have markets throughout Europe, the Middle East, North Africa and East Asia.

We believe in our Vision. It inspires us to strive for excellence to be best-in-class, and make a positive and sustainable impact on the world. That is who we are!

Mission

Our mission gives us a sense of purpose. It is a guiding principle that motivates us to be at our best, and work together towards one goal.

We are here to:

Maximize shareholder value, utilizing our integrated resources in a world-class manner.

We believe that we are all shareholders; investors and employees, and we have a collective obligation to maximize return on investment for all of us together

To achieve this goal, we have to maintain a reliable, sustainable level of productivity and optimum performance to drive growth and profitability.

Not only must our facilities and equipment be world-class, our people must be world-class too.

Petro Rabigh's engineers, operators, technicians, specialists, and administrators, are among the most capable in the industry.

All of this empowers our company with the tools of world leadership, and we will continue to strive and pursue our continuous mission in the future.

Values

Our corporate values form the guiding principles by which Petro Rabigh and its employees conduct their daily business dealings and relationships. These values are the elements which constitute our character and identity as a company.

Integrity

In Petro Rabigh, when we make a commitment, we keep it. We are fair and ethical. Our conduct in business is beyond reproach, and we stand up against misconduct.

Excellence

We benchmark, innovate, challenge ourselves and continually improve.

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Discipline

It means that our business activities are characterized by focus and discipline, and we organize and

focus our people and resources for maximum efficiency and effectiveness.

Teamwork

We work together, solve problems together, and get results in a collaborative manner to succeed together and celebrate together, and become best-in-class.

Accountability

We take our work with high professionalism. We take full responsibility for everything we do and the outcomes.

Citizenship

We act with full social responsibility, fueling economic growth for our communities, and creating trustful and lasting relations with our partners, for our precious Kingdom.

B. MAIN SCOPE

Company's Activities:

Petro Rabigh has two main activities, Refining and Petrochemicals 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 Paraxylene, Benzene, Phenol, Acetone by upgrading Naphtha produced from crude.

The following table includes the two activities contribution to Petro Rabigh business during the year 2022:

Activity	2022 Sales (SAR Thousands)	Contribution to Sales (%)
Refining	40,576,066	73%
Petrochemicals	15,376,415	27%
Total	**55,952,481**	**100%**

Rabigh PlusTech Park

Moreover, the Company's activities include owning, developing and operating industrial complexes for conversion industries. In that respect, the Company has completed the Rabigh PlusTech Park (RPTP)

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handover from Saudi Aramco and Rabigh Conversion Industry Management Services Company in October 2021. Petro Rabigh has updated its bylaws to cover the activities of operating, maintaining, and leasing plots in RPTP.

Rabigh PlusTech Park is committed to building a sustainable future for all. As the leading private industrial park in Saudi Arabia, RPTP provides world-class support services, including power supply, water, telecommunication lines, logistic partners, competitive utility cost, plug & play infrastructure, facility management, and high-security zone. We strive to provide substantial investment opportunities to local and foreign investors in conversion and petrochemical-related industries. Our goal is to create a platform for broad downstream and petrochemical related industries in Saudi Arabia, boosting the local economy with various industries and services, creating job opportunities and attracting local and foreign investments for high-value-added and export industries which serve the Saudi VISION 2030. Rabigh PlusTech Park joins hands with all who support promising sectors and foster their success so that they become new pillars of the Saudi economy.

2. BUSINESS PERFORMANCE

1. Assets, Liabilities and Results of Business for the Last Five Years

Statement of Profit or loss:

	In SAR Thousands				
	December 31, 2022	**December 31, 2021**	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**
Sales	**55,952,481**	**45,638,066**	**21,870,198**	**34,061,975**	**40,998,191**
Refined Products	40,576,066	27,925,978	13,213,695	25,876,797	31,447,298
Petrochemical Products	15,376,415	17,712,088	8,656,503	8,185,178	9,550,893
Cost of sales	(54,268,748)	(40,881,573)	(22,772,807)	(32,344,064)	(38,683,150)
Gross profit (loss)	1,683,733	4,756,493	(902,609)	1,717,911	2,315,041
Selling, General and Administrative Expenses	(1,772,669)	(1,716,064)	(1,588,839)	(1,366,724)	(1,387,618)
Other (expense) income - net	(1,025,945)	(1,003,768)	(1,289,680)	(895,338)	(258,863)
Net profit (loss) after Zakat and tax	**(1,114,881)**	**2,036,661**	**(3,781,128)**	**(544,151)**	**668,560**

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Statement of Comprehensive Income:

	In SAR Thousands				
	December 31, 2022	**December 31, 2021**	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**
Net profit (loss) after Zakat and tax	**(1,114,881)**	**2,036,661**	**(3,781,128)**	**(544,151)**	**668,560**
Remeasurement gain (loss) on defined benefit plan	154,406	43,122	(61,619)	(69,187)	(13,367)
Tax effect	(11,580)	(3,234)	4,621	10,378	2,005
Items that will not be reclassified to statement of profit or loss in subsequent periods	**142,826**	**39,888**	**(56,998)**	**(58,809)**	**(11,362)**
Total comprehensive income (loss) for the year	**(972,055)**	**2,076,549**	**(3,838,126)**	**(602,960)**	**657,198**

Statement of Financial Position:

	In SAR Thousands				
	December 31, 2022	**December 31, 2021**	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**
Current assets	12,260,809	17,895,462	9,506,504	11,520,263	14,636,393
Non-current assets	53,317,923	55,466,561	61,187,505	62,509,385	49,457,574
Total assets	**65,578,732**	**73,362,023**	**70,694,009**	**74,029,648**	**64,093,967**
Current liabilities	26,931,280	33,801,080	20,185,156	27,946,114	24,889,853
Non-current liabilities	23,392,591	31,255,032	44,305,370	36,042,127	28,662,094
Equity	15,254,861	8,305,911	6,203,483	10,041,407	10,542,020
Total equity and liabilities	**65,578,732**	**73,362,023**	**70,694,009**	**74,029,648**	**64,093,967**

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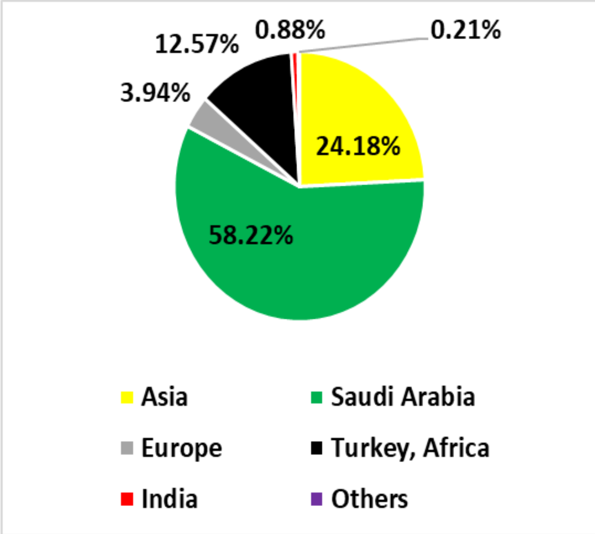
2. Geographical analysis of the Company's revenues

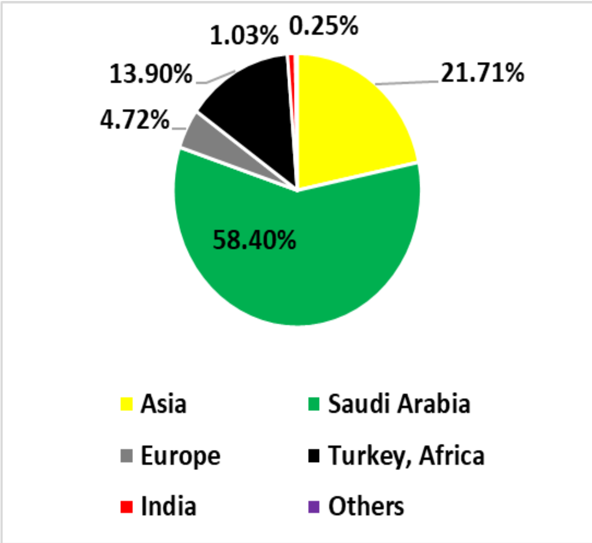
Sales

Refined Products		
Destinations	**Volume (BBL)**	**%**
Asia	23,546,852	24.18%
Saudi Arabia	56,697,710	58.22%
Europe	3,834,917	3.94%
Turkey, Africa	12,244,429	12.57%
India	852,809	0.88%
Others	203,493	0.21%
Total	**97,380,210**	**100%**



Gross Revenues

Refined Products		
Destinations	**Sales (SAR)**	**%**
Asia	8,807,350,946	21.71%
Saudi Arabia	23,698,018,435	58.40%
Europe	1,913,188,477	4.72%
Turkey, Africa	5,640,488,012	13.90%
India	416,792,817	1.03%
Others	100,227,800	0.25%
Total	**40,576,066,486**	**100%**



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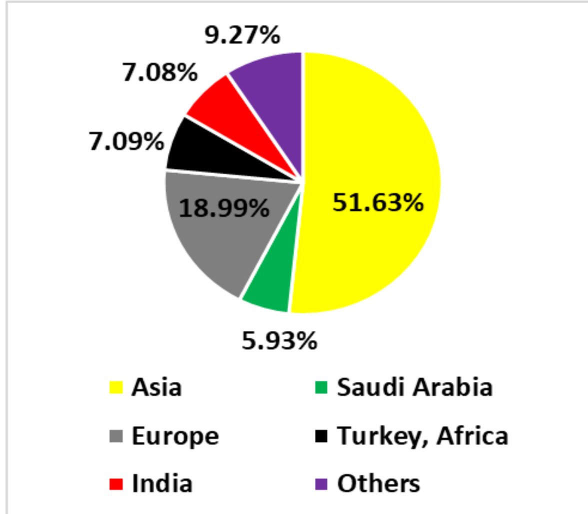
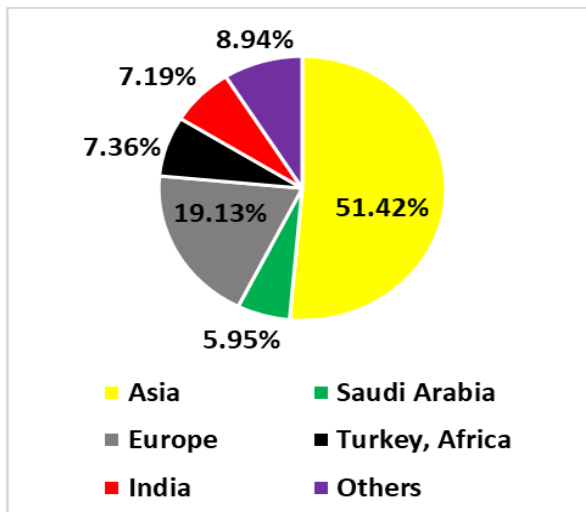
Sales

Petrochemical		
Destinations	**Volume (MT)**	**%**
Asia	1,907,420	51.63%
Saudi Arabia	219,245	5.93%
Europe	701,647	18.99%
Turkey, Africa	261,994	7.09%
India	261,602	7.08%
Others	342,365	9.27%
Total	**3,694,274**	**100%**



Gross Revenues

Petrochemical		
Destinations	**Sales (SAR)**	**%**
Asia	7,906,827,677	51.42%
Saudi Arabia	915,198,895	5.95%
Europe	2,940,917,182	19.13%
Turkey, Africa	1,131,895,101	7.36%
India	1,106,282,626	7.19%
Others	1,375,293,452	8.94%
Total	**15,376,414,932**	**100%**



3. 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 2022 financial outcome in comparison to the previous year:

- Net loss after Zakat and Tax for the year ended December 31, 2022 is SAR 1,115 million (December 31, 2021: net profit SAR 2,037 million).
- Loss per share for the year ended December 31, 2022 is SAR 0.79 per share (December 31, 2021: earnings per share SAR 1.77).
- The gross profit for the year ended December 31, 2022 is SAR 1,684 million (December 31, 2021: SAR 4,756 million).
- Operating profit for the year ended December 31, 2022 is SAR 12 million (December 31, 2021: SAR 3,192 million).

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The reason for the net loss during the current year compared to the net profit of the last year was mainly due to unfavorable market conditions adversely affecting product volumes and margins for the petrochemical products. Also a significant negative margin on certain refined products in particular High Sulphur Fuel Oil and Naphtha during second half of 2022. Furthermore, Petro Rabigh complex was partially shutdown for scheduled turnaround of its Phase II units starting from December 1, 2022 to January 23, 2023. In addition, the year witnessed a sharp increase in interest rates which resulted in higher financial costs for the current year compared to last year.

4. Compliance with the standards approved by the Saudi Organization for Certified Public Accountant (SOCPA)

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 SOCPA. There is no inconsistency with the standards approved by SOCPA.

5. 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

6. Shares and debt instruments issued for each Affiliate Company

N/A

7. 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 (Phase I Project) and for the Expansion Project (Phase II Project). During December 2021, the Company repaid in full its loan related to Phase I. The following table shows loans from commercial banks and financial institutions relating to the Expansion Project (Phase II Project).

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Lender	In SAR Thousands					
	Loan Availed up to December 31, 2022	Loan Tenor (Years)	Balance on December 31, 2021	Additions during 2022	Repayments during 2022	Balance December 31, 2022
Japan Bank For International Cooperation	7,492,500	12.5 - 13	5,782,606	-	(600,104)	5,182,502
Commercial Banks	3,506,250	12.5 - 13	1,878,856	-	(194,983)	1,683,873
Public Investment Fund	4,875,000	12.5 - 13	3,762,526	-	(390,489)	3,372,037
Islamic Financial Institutions	3,506,250	12.5 - 13	496,296	-	(51,504)	444,792
Sumitomo Mitsui Banking Corporation - Equity Bridge Loans	11,250,000	5	11,250,000	-	(1,940,486)	9,309,514
Accrued Interest on loans	-	-	8,970	601,619	(565,327)	45,262
Total	**30,630,000**	**-**	**23,179,254**	**601,619**	**(3,742,893)**	**20,037,980**

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 SAR 3,600 million and is fully utilized as at December 31, 2022. The loan is repayable in unequal semi-annual instalments commencing from Rabi Aakhir 1443H corresponding to November 2021 to Shawwal 1453H corresponding to January 2032. Upfront fee amounting to SAR 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 among 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 SAR 7,200 million.

C) Loans and Facilities from Founding Shareholders and their Affiliates

(i) Loans from the founding shareholders were availed as part of the Credit Facility Agreement and bear financial charges. The Company had drawn down SAR 2,287.5 million from each of its founding shareholders (totaling to SAR 4,575 million). As part of the Company’s equity restructuring transaction (Note 20 to the audited financial statement for 2022), the loans from founding shareholders (amounting to SAR 4,575 million) and related accumulated interest (SAR 1,387.5 million) was settled through the net offering proceeds of the Rights Issue by capitalizing the principal and accrued interest amounting to SAR 5,962.5 million due to the founding shareholders under the Credit Facility Agreement. The remaining accumulated interest as at December 31, 2022 amounting to SAR 45.1 million has been transferred to other payables.

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(ii) The Company also entered into the following agreements in 2020:

- 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 SAR 2,812.5 million (collectively SAR 5,625 million) and are utilized to the extent of SAR 2,175 million as at December 31, 2022. These facilities are secured by promissory notes issued by the Company in favor of each lender.

- Corporate facility agreement with Saudi Aramco. The facility available under this agreement amounts to SAR 1,875 million and is unutilized as at December 31, 2022. The facility bears financial charges based on prevailing market rates. The facility is secured by promissory note issued by the Company in favor of Saudi Aramco to the extent of drawdown made.

D) Other Facilities

- The Company has working capital facilities of SAR 1,875 million with local commercial banks on prevailing market rates. During the year ended December 31, 2022, drawdowns and repayments amounting to SAR 3,989.5 million and SAR 3,342.5 million, respectively have been made by the Company with a closing balance of SAR 647 as at December 31, 2022.

- The Company has a credit facility of SAR 375 million with a local commercial bank on prevailing market rates. As at December 31, 2022, the facility has been unutilized by the Company.

8. 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

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

N/A

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

N/A

11. Transactions between the Company and any Related Party

Agreement Nature, Condition and Duration ***(Amounts in SAR'000)***
1) <u>**Purchase of Goods**</u> **(Amount: 48,714,149)** **(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.

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(b) **Ethane Feedstock Supply Agreements** 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 respective effective dates stated in the Agreements.

(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-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

2) Purchase of Goods (Amount: 71,771)

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: 48,121,386)

(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.

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(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 (also see d below).

(d) Phase II Light Naphtha Offtake Agreement with Saudi Aramco as "Buyer" of Light Naphtha produced by the Complex effective from September 1, 2021. **Duration**: Valid up to November 30, 2028, and further extendable for an additional 5 year period.

(e) 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, Aramco Trading Company (ATC). Further, pursuant to Assignment and Assumption Agreements dated February 11, 2020, ATC assigned its rights and obligations under: (i) the Propylene Oxide PPMA, to Aramco Trading Singapore PTE. Ltd (ATS) and (ii) remaining respective PPMAs, to Aramco Chemicals Company (ACC). During the year ended December 31, 2021, both ATS and ACC transferred their rights and obligations under their respective PPMAs to Saudi Basic Industries Corporation (SABIC) pursuant to Transfer Agreements effective from October 5, 2021. **Duration**: 10 years commencing from April 1, 2014, and further extendable for another two consecutive 5 year periods.

(f) Phase II Petrochemical Products Marketing Agreements with Saudi Aramco as global "Marketer" of Phase II petrochemical products. Pursuant to Assignment and Assumption Agreements dated February 11, 2020, Saudi Aramco assigned its rights and obligations under its PPMAs to its affiliates; Aramco Chemicals Company (ACC) and Aramco Trading Singapore PTE Ltd. (ATS). During the year ended December 31, 2021, ACC transferred its rights and obligations under its PPMAs to Saudi Basic Industries Corporation (SABIC), Aramco Trading Company (ATC) and Arlanxeo Netherlands B.V and ATS transferred its rights and obligations under its respective PPMAs to Saudi Basic Industries Corporation (SABIC) pursuant to Transfer Agreements effective from October 5, 2021. **Duration**: 10 years commencing from the accumulated production date and further extendable for another 5 years.

(g) Domestic Distribution Agreement (DDA) with Aramco Trading Company (ATC) as local "Distributor" of certain petrochemical products for onward sale and distribution within the Kingdom. Pursuant to an Assignment and Assumption Agreement dated February 11, 2020 ATC transferred its rights and obligations under the DDA to ACC. During the year ended December 31, 2021, ACC transferred its rights and obligations under the DDA to SABIC pursuant to a Transfer Agreement effective from October 5, 2021. **Duration:** The supply and distribution obligations of each party with respect to a given product will terminate upon the expiration or termination of the global product lifting and marketing agreement corresponding to the same product.

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-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

ATC, ACC, ATS, SABIC and ARLANXEO are Saudi Aramco affiliates.

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4) **<u>Sale of Petrochemical Products</u> (Amount: 6,405,992)**

(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.

<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

5) **<u>Financial Charges</u> (Amount: 134,790)**

(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) Rabigh PlusTech Park Land Lease Agreement with Saudi Aramco pursuant to which, Saudi Aramco leases approximately 2.4 million square meters of land at PlusTech Park Site to the

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Company. **Duration:** 35 years effective from October 1, 2021 and subject to extension for additional consecutive periods as may be 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-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan

6) Financial Charges (Amount: 75,294)

(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.

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: 23,372)

(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.

(e) Rabigh PlusTech Park Land Lease Agreement with Saudi Aramco pursuant to which, Saudi Aramco leases approximately 2.4 million square meters of land at PlusTech Park Site to the Company. **Duration:** 35 years effective from October 1, 2021 and subject to extension for additional consecutive periods as may be 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:

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	Ibrahim Q. Al-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan
8)	<u>**Secondees' Costs**</u> **(Amount: 14,149)** **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-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan
9)	<u>**Secondees' Costs**</u> **(Amount: 6,144)** **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
10)	<u>**Services and Other Cost Charges, Net**</u> **(Amount: 20,841)** **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-Buainain / Othman A. Al Ghamdi / Suleman A. Al-Bargan
11)	<u>**Services and Other Cost Charges, Net**</u> **(Amount: 108)** **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

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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

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

12. 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 declared that except for the information mentioned in Item 11 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**.**

13. 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 Zakat, Tax and Customs Authority (ZATCA) and General Organization for Social Insurance (GOSI) are as follows:

	2022		Brief description	Reasons
	Paid SAR ('000s)	Charges that have not been paid until the end of the annual financial period SAR ('000s)		
Zakat	51,574	31,411	During the year 2022, the Company filed its Zakat and Tax Return relating to year ended December 31, 2021, with ZATCA and the Zakat payable for the year 2021 as per the filed Return was SAR 40,089 thousands. In addition, the Company paid Zakat amounting to SAR 11,485 thousands to ZATCA during	Zakat for the year 2022 was Nil due to negative Zakat base. Zakat payable as at December 31, 2022 amounting to SAR 31,411 thousands represents the provision in relation to years 2009 and 2010 against which the Company has filed a reconsideration with the Tax Violations and Disputes Appellate Committee (TVDAC) in

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			the year 2022 pursuant to revised assessment received for years 2019 and 2020.	respect of the years 2009 and 2010.
Tax	1,725	0	During the year 2022, the Company filed its Zakat and Tax Return relating to year ended December 31, 2021, with ZATCA and the tax payable for the year 2021 as per the filed Return was SAR 1,725 thousands.	Income Tax payable as at December 31, 2022 was Nil due to negative tax base for year 2022.
General Organization for Social Insurance	112,968	8,538	During the year 2022, the Company paid SAR 112,968 thousands to GOSI.	Balance GOSI payable as at December 31, 2022 is paid to GOSI Authority in the subsequent month of January 2023.
Costs of visas and passports	781	0	Paid to Ministry of Interior (MOI).	Renewal of Iqamas, Passports and Visas.
Labor Office Fees	552	0	Paid to Ministry Labor Office (MOL).	Renewal of the work permits.

14. Investments made or any reserves set up for the benefit of the employees of the Company

A. 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.

B. Home Ownership Incentive Program

The Board of Directors of Petro Rabigh approved implementing an incentive program for the Saudi employees 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 2022, a total of 1,023 employees have already joined the program.

C. 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.

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D. 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 the Company Performance as measured by a set of specific KPIs, and 30% to Employee Performance. Detailed KPIs covering the Company's Corporate Objectives are established to measure the Company performance, reflect quantified results, and drive employee positive behavior, with special emphasis on Safety and Compliance.

E. 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, 2022 for the above mentioned Programs and Funds is as follows:

Description	Balance In SAR Thousands
Shares Ownership Incentive Program for Employees	5,339
Employee Housing Loan- Home Ownership Program (10% Fund)	11,229
Employee Lot Allowance (Home Ownership Program)	75,510
Employer's contribution to Employee Savings Plan	131,438

15. 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

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

N/A

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

Petro Rabigh is currently undergoing Design Scoping and feasibility for 3 major projects that will have a considerable business improvement in terms of economics as well as placing Petro Rabigh in a competitiveness position amongst market peers. Those projects are:

Bottom-of-the-Barrel Project (BOTB)
The main objective of this project is to design and build a Residue Desulfurization Unit to produce very low Sulfur fuel oil (VLSFO) 0.5wt% S. in addition, upon the completion of this project, Petro Rabigh Complex will have the capability to meet the future High-Severity FCC feed properties allowing for further expansion in the Petrochemical (polyolefins) sector. This project will add further economic value to support the Company's business improvement and growth. Additionally, the project will support Vision 2030 and accelerate the Kingdom's strategy to transition to cleaner energy sources in power generation and reduce sulfur Emissions through Upgrading High Sulphur Fuel Oil to Clean Fuels, Enable Petro Rabigh to meet global fuel quality standards and IMO 2020 regulation, Position Petro Rabigh to be one

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of the most competitive, highest conversion and sophisticated refineries in the world, and Transfer state of the art technology and know-how to the Kingdom.

The Diesel Hydrotreater Unit (DHT)
The main objective of this project is to design and build a new Diesel Hydrotreating (DHT) unit to produce Ultra-Low Sulfur Diesel. In addition, this unit will have the capability to accommodate the additional Diesel production from High-Severity FCC configuration as part of future BOTB expansions.

This project currently at Front End Engineering Design Phase will add further economic value support the Company business improvement and growth. Additionally, the project will support Vision 2030 and accelerate the Kingdom’s strategy to transition to cleaner energy sources and reduce sulfur Emissions, Enable Petro Rabigh to meet global fuel quality standards as well as Saudi requirements for Clean Diesel.

ECR and HOFCC Debottlenecking Project
The main objective of this project is to remove the existing capacity constraints for both money makers technologies aiming to maximize the Company’s profit margin and financial growth. The project will result in expanding petrochemical production capacity to 127% and to 115% of current capacity for ethylene and propylene products respectively enabling further expansion opportunities for the local downstream demand.

These projects are at initial design stage and as the Company advances in detail design a final decision will be made on the investments.

3. RISK MANAGEMENT

The business of Petro Rabigh relies on Oil Refining and Petrochemical Production which is exposed to the following potential risks:

A. Financial Risk

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 99.4% (December 31, 2021: 99.3%) 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, 2022, there were overdue debts equivalent to 3% (December 31, 2021: 2%) of the trade receivables of Company’s allowed credit periods. The loans are receivable from employees and are secured by mortgages on the related housing units. 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

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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

The Company is exposed to the risk 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 and their affiliates, 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, 2022, 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 profit (loss) for the year by approximately SAR 114.1 million (December 31, 2021: SAR 170.2 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.

B. 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. There are number of influential factors; Crude & Naphtha price volatility in response to COVID-19 lockdowns, economics slow down led by high cost of living and higher inflation, & political tensions (e.g. Russian & Ukraine war). The downturn of both international and local economic conditions will likely set off a decline in demand for both refined and petrochemical products that would impact Petro Rabigh's planned sales and targeted revenues. Upward inflationary risks and risks associated with government actions can further put pressure on the demand of company's products. Therefore, the Company continuously and closely monitors market condition, supply and demand condition, interest and exchange rates to forecast and plan for any potential downturns.

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C. Risks Related to Operations

The Company's sources of revenue heavily rely on the smooth operation of plants and facilities that are dependent on the risk factors including but not limited to the plant performance & capacity utilization, Crisis management, protection of the HSSE essentials, strong engineering support, reliable operational technology infrastructure, dependable supply chain, adherence to the applicable legal and regulatory requirements etc.

In order to maintain steady operations, Petro Rabigh Management has reviewed all operations related risks and developed mitigation plans.

D. Risks Related to Governance

The Board of Directors, among its other responsibilities, performs the role of setting the Company's strategic direction. In doing so the Board relies on management's reports and representations regarding the Company's operations and activities. Accordingly, there is a potential risk in exercising this role if inaccurate or incomplete information is delivered to the Board of Directors, which could lead to ineffective direction and possibly result in an impact on profitability. To manage and to mitigate against this risk, the Company's Board of Directors continuously reviews the Company's compliance to Corporate Governance Rules and Regulations by exercising control mechanisms including but not limited to:

i. Establishing Board committees which meet regularly, prior to Board meetings, to monitor, evaluate, review and report, or make recommendations, to the Board on various matters including but not limited to Safety, Corporate Planning, Sales, Marketing, Company Compensation Clans, Audit Reviews, etc.

ii. Ensuring that Key Performance Indicators (KPI's) are directly aligned to key strategic objectives and targets set by the Board.

iii. Effective governance is a critical aspect of a success business; it supports management in delivery of the strategy, managing costs, attracting investment, making better decisions and responding effectively to the risks. The Board of Directors assumes responsibility for the risk governance, including strategic guidance and risk oversight of the Company. Petro Rabigh has developed a Corporate Governance Framework, which includes policies and procedures that promote effective governance principles and best practices. Petro Rabigh Corporate Governance Framework sets out roles, responsibilities, and methods of decision-making. To build good management capabilities, enhance performance and achieve Company's objectives; the Company's executive management led to establish the risk infrastructure and management including the designing, implementing, maintaining and improving an effective risk program. Petro Rabigh has also established Management Steering Committees including the Risk Management Steering Committee (RMSC). The purpose of the RMSC is to assist the BAC in fulfilling its responsibilities related to risk and compliance. The RMSC Charter includes the Committee's' related Duties, Responsibilities, Authorities and Risk Management Policy. An exclusive department (Governance & Risk Management Department) is also established with the defined roles and responsibilities to facilitate, coordinate, monitor and improve corporate governance and risk management performance to help and support the RMSC.

Strategic success of any organization begins with effective and efficient Enterprise Risk Management (ERM), as an effective ERM program can help organizations to manage their risks

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and maximize opportunities. ERM is a broader area, which involves a set of processes and methods used by the organization to manage not just risks associated with accidental losses, but also financial, strategic, technological, operational, and other business risks.

Petro Rabigh apprehended and implemented Enterprise Risk Management (ERM); ERM includes the methods and processes used by the Company to manage risks and seize opportunities related to the achievement of its objectives.

ERM is established in line with the BAC approved Risk Management Policy and 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 addresses the enterprise risk from a holistic perspective, considering six (6) risk descriptors (Health & Safety, Environment, Legal & Regulatory Compliance, Project Delivery, Reputation and Financial Impact) and a 5 x 5 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 BAC as part of "Risk Appetite Statement Guidelines". The BAC formally endorsed nine (09) risks as corporate risks and the status of these corporate risks along with other ERM important activities are periodically reported to BAC. 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 BAC on bi-annual basis. IAO is also auditing Risk Management activities on a regular basis, as per the audit schedule to ensure the effectiveness of the Risk Management System. Under the supervision of RMSC, Governance & Risk Management Department is building and fostering a risk aware - culture within the Company that emphasizes and demonstrates the benefits of risk management including the risk based thinking and risk based decision-making practices.

E. 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 Governance & Risk Management (GRM) Department 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, Ministry of Industry and Mineral Resources, Ministry of Commerce, the CMA, in addition to International regulations such as trade and anti-dumping laws and environmental regulations, etc. The information regarding current and future changes comes through the Corporate Affairs & Investor Relations Department, that is responsible for assuring such surveillance of the regulatory environment and is used

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by the Governance & Risk Management (GRM) Department to monitor and promote compliance. Governance & Risk Management (GRM) Department 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 Governance & Risk Management (GRM) Department periodically reports on compliance management to the RMSC.

F. 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, in 2022, Petro Rabigh had a successful Capital Increase through Rights Issue of nearly 91% of the company’s share capital, in which both founding shareholders have demonstrated their support. In addition, as has been previously announced to the public, the founding shareholders have entered into a number of commercial agreements that ultimately benefits Petro Rabigh. Furthermore, there are several ways that the Company ensures protection of minority shareholders, including the following:

i. 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.

ii. The Chairman positions of the BAC, NRC and the MSC are currently occupied by independent Directors.

iii. 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.

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

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4. SOCIAL RESPONSIBILITY

A. Company's Social Contributions (CSR)

Corporate Social Responsibility (CSR) in Petro Rabigh works to unite all efforts towards the benefit of our community by operating in a socially, environmentally, and economically sustainable manner, to connect with people, reach out to the community, and ensure that we are making a difference.

In 2022, our dedicated CSR team has significantly increased efforts to make a difference in the community and the environment. Under the banner of Our Priorities: Supporting Sustainability, Environment Protection and Awareness, Training and Education Development, and Socio-Economic Development, Petro Rabigh launched several programs and initiatives aimed at making a positive impact on the local community.

Petro Rabigh recognizes that being a responsible corporate community requires a strong commitment to following environmental practices. The Mangrove Initiative is an effort to plant 10,000 mangrove saplings in conjunction with HRH MBS' Green Saudi Initiative. The first phase targeted the planting of 1,000 saplings along the coast of Khor Al-Kharar in Rabigh Governorate.

As part of CSR Socio-Economic Development initiatives over the last year, Petro Rabigh donated SAR 1,000,000 to the National Campaign for Charitable Work on its National Platform for Charitable Work (Ehsan) and contributed to the Prince Khaled Al-Faisal Institute of Moderation. The Food Baskets project, aimed at providing food assistance to needy families during the holy month of Ramadan, which was another initiative aimed at making a positive impact on the local community. The Company has also taken significant steps to ensure the health and wellbeing of its employees and the local community. A Blood Donation Campaign was organized in collaboration with Rabigh General Hospital, and many employees and community members participated in the campaign.

Petro Rabigh has been actively involved in Training and Education Development initiatives, offering a range of programs for both high school and university students. The COOP Program for university graduates provides participants with opportunities to apply their academic knowledge and improve their practical skills in the workplace. Similarly, the special Saudi Development Program for talented high-school students, in coordination with King Abdul Aziz University Rabigh Branch in Rabigh and Rabigh Education Office, is a four-week program that aims to introduce students to essential knowledge and skills required in Petro Rabigh work environment.

The Company will continue to strive to make a positive impact on the local community and to contribute to its sustainable development.

B. Environmental, Social, and Governance (ESG)

Sustainable growth is the core of the Saudi Arabia Vision 2030, and Petro Rabigh's Sustainability (Environmental, Social, and Governance -ESG) strategy and practices continue to contribute to the goals of Saudi Vision 2030. Organizations face an evolving landscape of environmental, social, and governance (ESG) related risks that can affect their profitability, success, and even survival. Globalization has already changed the competitive environment of companies, and a more globalized economy is compelling companies to change the ESG practices in emerging markets and challenging environments. Nowadays, more than ever, corporate leadership recognizes measurable Environmental, Social, and Governance performance.

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Petro Rabigh has adopted the management system approach and establishing an ESG – Sustainability Management System, which integrates Environment, Social and Governance components of the business into coherent systems to enable the achievement of Company's Vision, Mission and objectives. Petro Rabigh believes sustainability is a balance of society, economy and environment for long-term resilience. Sustainability is based on a simple principle: Everything that we need for our survival and well-being depends, either directly or indirectly, on our natural environment. Sustainability creates and maintains the conditions under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic and other requirements of present and future generations. Sustainability is important to making sure that we have and will continue to have, the water, materials, and resources to protect human health and our environment.

5. CORPORATE GOVERNANCE

1. Compliance with the CMA's Corporate Governance Regulations

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-Buainain	Chairman (Non-Executive Director)	Chairman (Non-Executive Director)	- BS Mechanical Engineering - MBA Global Management - Master's Degree - Innovation & Global Leadership	33 years
Noriaki Takeshita	Deputy Chairman (Non-Executive Director)	Deputy Chairman (Non-Executive Director)	- BS Law	40 years
Othman A. Al-Ghamdi	President & Chief Executive Officer (Executive Director)	President & CEO (Executive Director)	- MS Chemical Engineering - MBA	33 years
Seiji Takeuchi	Non-Executive Director	Non-Executive Director	- BS Chemical Engineering - MS Applied Chemistry	36 years
Takashi Shigemori	Non-Executive Director	Non-Executive Director	- Bachelor of Liberal Arts - MBA	37 years
Suleman A. Al-Bargan	Non-Executive Director	Non-Executive Director	- BS Chemical Engineering - MBA	41 years
Abdullah J. Al-Faifi	Independent Director	Independent Director	- BS Accounting	38 years
Saleh F. Al-Nazha	Independent Director	Independent Director	- BS Chemical Engineering	39 years
Mohammed A. Al-Omair	Independent Director	Independent Director	- BS Civil Engineering	40 years

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Committees Members:

Name	Current Position	Previous Position	Qualifications	Experience
Ibrahim Q. Al-Buainain	Chairman of Executive Committee	Chairman of Executive Committee	- BS Mechanical Engineering - MBA Global Management - Master's Degree - Innovation & Global Leadership	33 years
Noriaki Takeshita	Member of Audit Committee	Member of Audit Committee	- BS Law	40 years
Othman A. Al-Ghamdi	Member of Marketing Steering Committee	Member of Marketing Steering Committee	- MS Chemical Engineering - MBA	33 years
Takashi Shigemori	Member of - Nomination & Remuneration Committee - Marketing Steering Committee - Executive Committee	Member of - Nomination & Remuneration Committee - Marketing Steering Committee - Executive Committee	- Bachelor of Liberal Arts - MBA	37 years
Suleman A. Al-Bargan	Member of - Audit Committee - Nomination & Remuneration Committee	Member of - Audit Committee - Nomination & Remuneration Committee	- BS Chemical Engineering - MBA	41 years
Seiji Takeuchi	-	-	- BS Chemical Engineering - MS Applied Chemistry	36 years
Abdullah J. Al-Faifi	Chairman of - Audit Committee Member of - Nomination & Remuneration Committee	Chairman of - Audit Committee Member of - Nomination & Remuneration Committee	- BS Accounting	38 years
Saleh F. Al-Nazha	Chairman of - Marketing Steering Committee Member of - Executive Committee	Chairman of - Marketing Steering Committee Member of - Executive Committee	- BS Chemical Engineering	39 years
Mohammed A. Al-Omair	Chairman of - Nomination & Remuneration Committee Member of - Audit Committee	Member of - Audit Committee	- BS Civil Engineering	40 years

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Executive Management:

Name	Current Position	Previous Position	Qualifications	Experience
Othman A. Al-Ghamdi	President & Chief Executive Officer	President & Chief Executive Officer	- BS Chemical Engineering - MBA	33 years
Akihiko Hiraoka[1]	Chief Financial Officer, Finance & Accounting	Sr. Advisor to CFO	- BS Law	32 years
Naoyuki Inoue[1]	Chief Financial Officer, Finance & Accounting	Chief Financial Officer, Finance & Accounting	- BS Law	37 years
Noriaki Oku	Sr. Vice President, Manufacturing	Sr. Vice President (A), Manufacturing	- BS Chemical Engineering - MS Chemical Engineering	30 years
Bander S. Al-Juaid	Vice President (A), Industrial Relations	Vice President (A), Industrial Relations	- BS Computer Science	20 years
Mohammed M. Farsi	Vice President, Engineering & Support	Vice President (A), Engineering & Support	- BS Chemical Engineering - MS Chemical Engineering	20 years
Yasser D. Al-Ghamdi	Vice President (A), Market Development	Vice President (A), Engineering & Support	- BS Chemical Engineering	20 Years
Sami S. Al-Dossary	Vice President , Industrial Security	Vice President (A), Industrial Security	- BS Computer Science	36 Years

[1]Akihiko Hiraoka was appointed CFO replacing Naoyuki Inoue effective March 1, 2022.

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	Current	Inside / Outside the Kingdom	Previous	Inside / Outside the Kingdom
Ibrahim Q. Al-Buainain	Petredec *	Outside the Kingdom	Hyundai Oil Bank**	Outside Kingdom
	Bahri *	Inside the Kingdom	S-Oil*	Outside Kingdom
	Bahri Chemicals **	Inside the Kingdom	SATORP**	Inside Kingdom
	Aramco Trading Company **	Inside the Kingdom	-	-
	Aramco Trading Singapore **	Outside the Kingdom	-	-
	Aramco Trading Fujairah **	Outside the Kingdom	-	-

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	Aramco Trading Limited (London) **	Outside the Kingdom	-	-
	Aramco Chemical Company **	Inside the Kingdom	-	-
	Hyundai Oil Bank Co. Ltd.**	Outside the Kingdom	-	-
	S-Oil *	Outside the Kingdom	-	-
	SATORP **	Inside the Kingdom	-	-
	Aramco Overseas Company B.V**	Outside the Kingdom	-	-
	Aramco Services Company**	Outside the Kingdom	-	-
	Saudi Aramco Asia Company Ltd**	Outside the Kingdom	-	-
	Saudi Petroleum Int'l Inc***	Outside the Kingdom	-	-
	Saudi Petroleum Overseas Ltd**	Outside the Kingdom	-	-
	Saudi Aramco Base Oil Company**	Inside the Kingdom	-	-
	Aramco Digital Company***	Inside the Kingdom	-	-
Noriaki Takeshita	Sumitomo Chemical Company *	Outside the Kingdom	-	-
Othman A. Al-Ghamdi	-	-	S-Oil*	Outside Kingdom
	-	-	SAMREF**	Inside Kingdom
Suleman A. Al-Bargan	SATORP **	Inside the Kingdom	John Hopkins Aramco Healthcare (JHAH)***	Inside Kingdom
	YASREF **	Inside the Kingdom	-	-
	MOTIVA **	Outside the Kingdom	-	-
	JIGPC***	Inside the Kingdom	-	-
	Royal Commission of Jubail and Yanbu***	Inside the Kingdom	-	-
	Amiral***	Inside the Kingdom	-	-
	Axens***	Outside the Kingdom	-	-
	GDA***	Outside the Kingdom	-	-
	SASREF***	Inside the Kingdom	-	-
Seiji Takeuchi	Sumitomo Chemical Company *	Outside the Kingdom	-	-
Takashi Shigemori	Sumitomo Chemical Company *	Outside the Kingdom	-	-
	Sumitomo Seika Chemicals Company *	Outside the Kingdom	-	-

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Saleh F. Al-Nazha	Saudi Plastic Factory***	Inside the Kingdom	-	-
Mohammed A. Al-Omair	-	-	SAMREF**	Inside Kingdom
			SATORP**	Inside Kingdom
			SASREF**	Inside Kingdom
			Motor Oil Hellas*	Outside Kingdom
			Avin*	Outside Kingdom
			MARAFEQ**	Inside Kingdom
Abdullah J. Al-Faifi	Nama Petrochemical Co.*	Inside the Kingdom	AlOthaim Investment Co.**	Inside the Kingdom
	AlOthaim Market Co.*	Inside the Kingdom	-	-
	Tanami Arabia Co.**	Inside the Kingdom	-	-
	Saudi British Bank*	Inside the Kingdom	-	-

* Listed
** Limited Liability
*** Unlisted

4. Composition of the Board and classification of its members as follows

No.	Name	Membership Classifications
1	Ibrahim Q. Al-Buainain	Non-Executive Director
2	Noriaki Takeshita	Non-Executive Director
3	Othman A. Al-Ghamdi	Executive Director
4	Seiji Takeuchi	Non-Executive Director
5	Suleman A. Al-Bargan	Non-Executive Director
6	Takashi Shigemori	Non-Executive Director
7	Abdullah J. Al-Faifi	Independent Director
9	Saleh F. Al-Nazha	Independent Director
10	Mohammed A. Al-Omair	Independent Director

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 & Investor Relations Department, compiles shareholders’ suggestions, comments and questions about the company’s performance into a quarterly report for the Board of Directors.

6. A brief description of the competencies and duties of the committees

Board Audit Committee:

The BAC consists of four members who are fully experienced in Accounting Standards, Audit and Business Laws, which enables them to fulfill their duties smoothly. The responsibilities and duties of this Committee include, but not limited to, the following:

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a. Reviewing; Management’s high-level summary of the top existing and emerging risks facing the Company, and Management’s mitigation plan for the most significant enterprise-wide risks.

b. Overseeing and supervising the Internal Audit Department to ensure that the Internal Audit Office had the appropriate standing and independent to effectively fulfill its responsibilities.

c. Ensuring that the General Auditor had the authority to report significant observations to the Committee without interference or censorship and that the issues are appropriately acted by Management.

d. Reviewing the effectiveness of the Internal Audit Office including its compliance with the applicable standards for the professional practices of internal auditing

e. Approving the annual audit plan and all changes to the plan.

f. Submitting recommendations to the Board regarding the appointment, dismissal, and remuneration of the External Auditors after reviewing their scope of work, terms of engagement and qualifications, with such recommendation having regard to the independence of the External Auditors.

g. Reviewing the performance and supervising the activities of the External Auditors and approving any activity beyond the scope of the audit work assigned to them during the performance of their duties.

h. Reviewing the External Auditors’ reports, and comments in relation to the Company’s financial statements, and following up on the actions taken in relation to the same.

i. Reviewing significant accounting and reporting issues, including recent professional and regulatory pronouncements and understanding their impact on financial reports

j. Reviewing, expressing opinions on, and make recommendations to the Board regarding the interim and annual financial statements of the Company prior to their presentation to the Board to ensure integrity, fairness and consistency.

k. Reviewing the overall system of internal controls implemented by Management and consider its effectiveness, including financial reporting controls and information technology security and controls

l. Reviewing the contracts and transactions to be entered into by the Company with any related party and making recommendations to the Board in relation to the same.

The Audit Committee consists of the following members:

Name	Title	Audit Committee Meeting Attendance in 2022				
		1st Meeting dated Feb 16	2nd Meeting dated May 12	3rd Meeting dated Aug 11	4th Meeting dated Oct 31	Number of Attendance
Abdullah J. Al-Faifi	Chairman	√	√	√	√	4
Noriaki Takeshita	Member	√	√	√	√	4
Suleman A. Al-Bargan	Member	√	√	√	√	4
Mohammed A. Al-Omair	Member	√	√	√	√	4

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Nomination and Remuneration Committee (NRC):

The NRC consists of four members. The responsibilities and duties of this committee include, but are not limited to, the following:

a. Preparing, recommending to the Board, and overseeing policies and criteria in relation to the appointment of Directors and members of the Company's executive management;

b. Ensuring that all necessary and appropriate inquiries are made into the backgrounds and qualifications of Board candidates before recommending them to the Board for nomination;

c. At least annually, reviewing, assessing, and recommending to the Board the skills, qualifications, and credentials required for membership in the Board and the Company's executive management, including setting the time commitment required for such membership and the job specifications for executive, non-executive, and independent Directors and members of the Company's Executive Management;

d. Reviewing, regularly, the structure, size, composition, strengths, and weaknesses of the Board (including the skills, knowledge, and experience) and the Company's Executive Management; endorsing appropriate recommendations to the Board that are compatible with the interests of the Company;

e. Preparing, recommending to the Board, and overseeing the implementation and disclosure of a policy for the remuneration of Directors, Executives of the Company, and members of the Committees of the Board, which shall be presented before the General Assembly for approval;

f. Determining the points of strengths and weakness in the Board, and recommending remedies that are compatible with the Company's interest;

g. Regularly reviewing and assessing the effectiveness and appropriateness of the remuneration policy and make recommendations to the Board in relation to the same;

The following table shows the names of the NRC members and the number of its meetings and the dates of the meeting and the number of attendance for each meeting:

Name	Title	NRC Meeting Attendance in 2022				
		1st Mar 21	2nd Jun 14	3rd Sep 6*	4th Dec 1	Number of Attendance
Mohammed A. Al-Omair	Chairman	√	√	Circulated document for Signature	√	4
Takashi Shigemori	Member	√	√		√	4
Suleman A. Al-Bargan	Member	√	√		√	4
Abdullah J. Al-Faifi	Member	√	√		√	4

* No meeting was conducted during the 3rd quarter, however, in lieu the NRC chairman and members have agreed to circulate the Annual Declaration of 3 Independent Directors (Only for Independent members signature), to verify and receive the Confirmation of 2022 independence of each independent Director in accordance with applicable laws, regulations, and rules and the absence of any conflict of interests in case a Director also serves as a member of the board of directors of another company. In addition, to the Independent Directors Annual Remuneration (For NRC members signature), both has been circulated for the required signature.

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Marketing Steering Committee (MSC):

The MSC consists of three members. The tasks and responsibilities of this committee include, but are not limited to, the following:

a. Reviewing the Company's annual and quarterly production and supply plan for the Company's Products for the following period, which the Company will provide to the Marketers;

b. Working with each of the Marketers (separately) in developing their respective Annual Marketing Plan for the Products, which plan will be submitted to the Board for approval;

c. Reviewing and making recommendations regarding the Company's and the Marketers' strategies and actions related to legal compliance (e.g. with regard to anti-trust laws and export regulations);

d. Monitoring the Company's compliance with the marketing and lifting agreements. Reviewing and approving any amendment with necessary consideration of any related agreements;

e. Developing, endorsing and recommending to the Board of Directors for its approval; (a) a Refined Products Annual Marketing Plan, and (b) a Petrochemical Products Annual Marketing Plan for the Company;

f. Ensuring that all such Marketing Plans are developed with the Company's operating and production plans to be prepared by the Company;

g. Ensuring that Marketers' pricing methodologies do not expose the Company to any anti-dumping risks anywhere in the world where the Company's products are being sold.

The following table shows the names of the MSC members and the number of its meetings and the dates of the meeting and the number of attendance for each meeting:

Name	Title	MSC Meeting Attendance in 2022				
		1st March 24th	2nd June 19th	3rd Sep 11th	4th Nov 17th	Number of Attendance
Saleh F. Al-Nazha	Chairman	√	√	√	√	4
Othman A. Al-Ghamdi	Member	√	√	√	√	4
Takashi Shigemori	Member	√	√	√	√	4

Executive Committee (EXCOM):

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 Board and to each Member.

The EXCOM shall have the authority to undertake the following:

a. 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;

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b. Review the business plan and recommend such plan to the Board for approval;

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

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

e. Receive informational reports on miscellaneous subjects and advise the Company's Management thereon;

f. 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;

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

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

The following table shows the names of the EXCOM members and the number of its meetings and the dates of the meeting and the number of attendance for each meeting:

Name	Title	EXCOM Meeting Attendance in 2022				
		1st Feb 16	2nd May 18	3rd Aug 17	4th Nov 10	Number of Attendance
Ibrahim Q. Al-Buainain	Chairman	√	√	Proxy to Takashi Shigemori	√	4
Saleh F. Al-Nazha	Member	√	√	√	√	4
Takashi Shigemori	Member	√	√	√	√	4

During 2022, 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 findings; 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 P&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 NRC presides over the evaluation process, hence, the NRC Secretary will be in charge of conducting the analysis and reporting of the results.

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8. Remuneration of the Board members and Executive Management

Directors Remuneration

Rules of Remuneration Determination

a. 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 NRC. The recommendations of the NRC and the Board shall be in compliance with applicable laws, regulations, and policies (including this Policy). Moreover, there is no notable deviation from the said policy.

b. 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.

c. 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.

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

e. Notwithstanding Paragraphs b and c 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.

f. 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

A. 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 NRC and approved by the Board on an annual basis.

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

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

D. If the Secretary of the Board is one of the Board 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 (based on the recommendation of the NRC) on an annual basis.

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Board: (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: Independent Board Directors																
1- Saleh F. Nazha	350	0	0	0	0	0	**350**	0	0	0	0	0	**0**	0	**350**	0
2- Mohammed A. Al-Omair	350	0	0	0	0	0	**350**	0	0	0	0	0	**0**	0	**350**	0
3- Abdullah J. Al-Faifi	58	0	0	0	0	0	**58**	0	0	0	0	0	**0**	0	**58**	0
4- Saud A. Al-Ashgar[1]	292	0	0	0	0	0	**292**	0	0	0	0	0	**0**	0	**292**	
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	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
5-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**
Third: Exec. Directors																
1-Othman A. Al-Ghamdi	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**

[1]Abdullah J. Al-Faifi replaced Saud A. Al-Ashgar as an Independent Director effective November 3, 2021.

Senior Executives Remuneration

Rules of Remuneration Determination

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

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b. The NRC 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

a. Senior Executives are 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 NRC and approved by the Board.

b. 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 NRC and the approval of the Board.

c. 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 NRC and the approval of the Board and shall be in accordance with applicable laws, regulations, and instructions.

Senior Executives: (In SAR Thousands)

The following table sets out the aggregated remuneration paid to the Company's five highest paid Senior Executives, inclusive of the CEO and CFO positions.

	Fixed remunerations				Variable remunerations								
	Salaries	Allowances	In-kind benefits	**Total**	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	**Total**	End-of- service award	Total remunerations for Board executives, if any	**Aggregate Amount**
Total	**4,154**	**2,312**	**0**	**6,466**	**0**	**0**	**0**	**0**	**0**	**0**	**466**	**0**	**6,932**

Committee Members Remuneration

Rules of Remuneration Determination

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

b. Notwithstanding Paragraph above, the NRC shall review and recommend to the Board the remuneration of the members of the Committees.

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Committee members: (In SAR Thousands)

	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending meetings	Total
Audit Committee Members			
1- Abdullah J. Al-Faifi	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- Mohammed A. Al-Omair	0	0	**0**
2- Takashi Shigemori	0	0	**0**
3- Suleman A. Al-Bargan	0	0	**0**
4- Abdullah J. Al-Faifi	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- Othman A. Al-Ghamdi	0	0	**0**
Total	**0**	**0**	**0**
Executive Committee Members			
1- Ibrahim Q. Al-Buainain	0	0	**0**
2- Saleh F. Al-Nazha	0	0	**0**
3- Takashi Shigemori	0	0	**0**
Total	**0**	**0**	**0**

9. Punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the CMA or any other supervisory, regulatory or judiciary authority

Sanction/ Penalty/ Precautionary Procedure / Preventive Measure	Reasons for violation	Imposing Authority	Measures undertaken to remedy and avoid such non-compliance in the future
A financial penalty of 10,000 SAR	The National Center for Environmental Compliance employees were not granted access to the PlusTech Park because they did not coordinate their visit with the related parties.	The National Center for Environmental Compliance	Develop a coordination mechanism with the relevant authorities

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10. Results of the annual review of the effectiveness of the internal control procedures and practices of the Company and the opinion of the BAC 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 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 2022 annual audit plan approved by the Board 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 Board 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 Board Audit Committee that the 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. Further, there were no critical or major observations found during the 2022 audits that can impair the effectiveness of the Company’s internal control systems.

11. The BAC’s recommendation on the need for appointing an internal auditor for the Company

Petro Rabigh has an established IAO headed by General Auditor and consists of a team of experienced Internal Auditors.

12. The BAC 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 BAC recommendations and the Board resolutions.

13. The General Assembly meetings held during the last fiscal year

There were two General Assembly Meetings held in Rabigh on June 8, 2022 and on December 13, 2022. Ibrahim Q. Al-Buainain, Chairman of the Board of Directors, chaired the General Assembly in both occasions.

Names of the Board Members who attended:

<u>June 8, 2022</u>

1. Eng. Ibrahim Qassim Al-Buainain
2. Eng. Othman Ali Al-Ghamdi
3. Eng. Suleman Amer Al-Bargan
4. Mr. Abdullah Jaber Al-Faifi
5. Eng. Mohammed Abdullatif Al-Omair
6. Eng. Saleh Fahad Al-Nazha

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December 13, 2022

1. Eng. Ibrahim Qassim Al-Buainain
2. Eng. Othman Ali Al-Ghamdi
3. Eng. Suleman Amer Al-Bargan
4. Eng. Seiji Takeuchi
5. Mr. Abdullah Jaber Al-Faifi
6. Eng. Mohammed Abdullatif Al-Omair
7. Eng. Saleh Fahad Al-Nazha

14. 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 thirty percent (30%) 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.

15. 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

16. 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	Chairman (Non-Executive Director)	-	-	-	-	-	-

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Noriaki Takeshita	Deputy Chairman (Non-Executive Director)	-	-	-	-	-	-
Othman A. Al-Ghamdi	President & Chief Executive Officer (Executive Director)	4,400	-	-	-	-	-
Suleman A. Al-Bargan	Non-Executive Director	-	-	-	-	-	-
Seiji Takeuchi	Non-Executive Director	-	-	-	-	-	-
Takashi Shigemori	Non-Executive Director	-	-	-	-	-	-
Abdullah J. Al-Faifi [1]	Independent Director	100	-	100	-	-	-
Saleh F. Al-Nazha	Independent Director	1,000	-	-	-	-	-
Mohammed A. Al-Omair	Independent Director	12	-	12	-	-	-

Senior Executives:

Name	Position	Year Start		Year End		Net Change	Change %
		Stocks	Debt Instruments	Stocks	Debt Instruments		
Naoyuki Inoue[1]	Chief Financial Officer	-	-	-	-	-	-
Akihiko Hiraoka[1]	Chief Financial Officer, Finance & Accounting						
Noriaki Oku	Senior Vice President, Manufacturing	-	-	-	-	-	-
Mohammed M. Farsi	Vice President, Engineering & Support	-	-	-	-	-	-
Yasser D. Al-Ghamdi	Vice President (A), Market Development	-	-	-	-	-	-
Bander S. Al-Juaid	Vice President (A), Industrial Relation	800	-	800	-	-	-
Sami S. Al-Dossary	Vice President, Industrial Security	7,000		13,352			

[1]Akihiko Hiraoka was appointed CFO replacing Naoyuki Inoue effective March 1, 2022.

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17. Board meetings held during the last financial year

Name	Title	1st Meeting March 21, 2022	2nd Meeting June 28, 2022	3rd Meeting Sept. 16, 2022	4th Meeting Dec. 13, 2022	Total Meetings Attended
Ibrahim Q. Al-Buainain	Chairman (Non-Executive Director)	√	√	√	√	4
Noriaki Takeshita	Deputy Chairman (Non-Executive Director)	√	√	√	√	4
Othman A. Al-Ghamdi	President & Chief Executive Officer (Executive Director)	√	√	√	√	4
Seiji Takeuchi	Non-Executive Director	√	√	√	√	4
Takashi Shigemori	Non-Executive Director	√	√	√	√	4
Suleman A. Al-Bargan	Non-Executive Director	√	Proxy to Ibrahim Q. Al-Buainain	√	√	4
Mohammed A. Al-Omair	Independent Director	√	√	√	√	4
Abdullah J. Al-Faifi	Independent Director	√	√	√	√	4
Saleh F. Al-Nazha	Independent Director	√	√	√	√	4

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

Eleven records were requested for the shareholders of the Company during the year 2022 as shown in the following table:

No.	Reason	Date
1	Annual General Assembly	13/12/2022
2	Corporate Action	31/10/2022
3	Corporate Action	17/08/2022
4	Corporate Action	17/07/2022
5	Corporate Action	12/06/2022
6	Annual General Assembly	08/06/2022
7	Corporate Action	29/05/2022
8	Corporate Action	27/03/2022
9	Corporate Action	24/02/2022
10	Corporate Action	04/01/2022
11	Corporate Action	06/01/2022

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19. Arrangements or agreements under which a director or a Senior Executive of the Company has waived any remuneration

N/A

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

N/A

21. 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 activities

22. 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

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