



Petro Rabigh

Social Responsibility Policy

Proposed: November 27, 2017

PETRO RABIGH SOCIAL RESPONSIBILITY POLICY¹

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1. Purpose

Rabigh Refining and Petrochemical Company (Petro Rabigh) (the “**Company**”) aims to contribute to socially responsible activities and socially worthy causes. The purpose of this corporate social responsibility policy (this “**Policy**”) is to set out the following:

- (a) the Company’s philosophy for delineating its responsibility as a good corporate citizen; and
- (b) the guidelines and mechanisms for the Company’s social responsibility activities and contributions with the aim of striking a balance between the Company’s objectives and those of the local community for developing the social and economic conditions of the local community.

The Company’s Corporate Social Responsibility Committee (the “**CSRC**”) oversees the implementation of the measures required to ensure the Company’s compliance with this Policy.

The terms and expressions used in this Policy have the meanings assigned to them in the Company’s Corporate Governance Manual, unless otherwise defined in this Policy.

2. Objectives

The Company is committed to have a significant positive impact on society’s well-being, culture and livelihood by working responsibly with the local community whilst maintaining the unique national heritage and culture. Local community service is a key value for the Company to integrate with its business objectives. The Company recognizes ISO 26000 as a reference document that provides guidance only on social responsibility matters. In case of conflict between this Policy and ISO 26000, this Policy shall prevail.

The Company aims to achieve the following objectives:

- (a) providing an opportunity for the Company and its staff to engage actively in the community in which it operates and with the people it serves through volunteering to build on local cultural and social traditions to facilitate greater economic opportunities;
- (b) protecting and preserving natural environment for future generations by focusing on environmental protection and sustainability through the efficient use of resources and a proper waste management system based on environment friendly technologies.
- (c) generating commercial opportunities for local businesses and employment prospects for Saudi Arabian citizens;
- (d) consistently with the Vision 2030, enabling Saudi Arabian citizens, particularly Saudi youth, to fulfill their ambitions, ensuring a brighter future for themselves, their community, and the Kingdom of Saudi Arabia as a whole;
- (e) raising safety awareness to further advance the value and practice of safety in the workplace and homes of the Company’s employees and their families;
- (f) supporting the educational sector by way of sponsoring universities, schools and students; and

¹ **NTD**: Requirements for this Policy are set out in Articles 87 and 88 of the Corporate Governance Regulations (the “**CGR**”), both being guiding principles. See also Part 9(2.12) of the Corporate Governance Manual (the “**CGM**”).

- (g) improving the health and well-being of the Company's employees and their families.

3. Corporate Social Responsibility Activities

The Company consistently undertakes supports and explores Corporate Social Responsibility ("CSR") activities, including adopting, sponsoring and supporting programs and projects ("CSR Projects") which are in line with the Company's objectives and interests and which at all times comply with rules and regulations in the Kingdom of Saudi Arabia. The Company's guiding principles in creating CSR campaigns are outreach, accountability and transparency and the CSR Projects focus on the following areas:

(a) Communities

- To build relationships with the Company's products and service users as well as the local communities (e.g. educational and social visits of the Company).
- To support local businesses and service providers who share the Company's social objectives and values (e.g. Suppliers Day, Entrepreneurship Forum, etc.)
- To encourage the Company's staff and those acting on its behalf, to consider the needs of others in their day-to-day business.
- To encourage feedback from the community on the CSR Projects and programs.
- To strive to support the community charitable and humanitarian causes by actively supporting and promoting volunteering (e.g. outreach programs, such as Care Baskets, Children Healthcare, Rabigh Al-Bir Housing, etc.).

(b) Relationships

- To develop strong relationships and honor the Company's commitments with its stakeholders.
- To work with the Company's contractors and suppliers to implement socially and environmentally sensitive procurement.
- To punctually develop a partnership approach with government and or civil society organizations for the delivery of the Company's strategies and services.

(c) Environment

- To recognize the need to develop the Company's business and the Saudi society in an environmentally sustainable way and to include concerns for the environment in all of the Company's activities.
- To address impacts arising from the Company's energy, water and resource use, transport needs and waste generation of its services and activities through awareness campaigns involving citizens and society (e.g., Recycling Program, Above & Below, etc.).

4. Corporate Principles

While the Company implements CSR activities to serve the community within which it operates, it continues to safeguard all the stakeholders' rights by ensuring the following:

- (a) implementation of the CSR Projects ethically and with great interest to the local community while considering social, economic and environmental aspects;
- (b) implementation of the CSR Projects in full consideration all regulatory laws and regulations related to such projects;

- (c) implementation of the CSR Projects within the aim of achieving sustainable development;
- (d) ensuring that there is no conflict of interest with any related party including major shareholders; the Board of Directors and senior executives;
- (e) ensuring transparency regarding CSR Projects by disclosing information relating to such projects in its annual Board of Directors Report; and
- (f) ensuring that the Board of Directors of the Company evaluates and approves annual CSR programs.

5. Organization

The CSRC is appointed, organized, and has powers and authorities as per the separate CSRC Charter, as may be amended from time to time.²

The CSRC appoints adequate personnel for each CSR Project after approval of each such CSR Project by the Board and issues instructions (as may be amended and/or supplemented from time-to-time) to such personnel in respect of each assigned CSR Project. The appointed personnel are responsible for:

- (a) ensuring the progress and implementation of each CSR Project for which they were appointed;
- (b) ensuring compliance of the CSR Project with the instructions of the CSRC (as amended and/or supplemented from time-to-time); and
- (c) preparing periodic status reports for the CSRC indicating the progress of each CSR Project.

In consultation with the relevant personnel appointed for each CSR Project, the CSRC also recommends to the Board for its approval the period over which each such CSR Project must be implemented, including any relevant milestones, depending on its nature, extent of coverage and the intended impact of such CSR Project.

A “Volunteering Team” consisting of Company employees supports the appointed personnel in carrying out CSR activities and programs. The Corporate Affairs Department is responsible for CSR management in a support role as further requested by the CSRC.

The CSRC monitors the progress and compliance of the CSR activities and periodically conducts review of the outstanding CSR Projects. The CSRC sends a quarterly compliance report to the Board in respect of each approved CSR Project specifying the progress of each such CSR Project and any issues in connection with its implementation.

6. Funding

At the beginning of each financial year, the CSRC recommends for approval by the Board the proposed CSR Projects within the framework of the CSR areas mentioned in Section 2 above and recommends for approval by the Board the proposed overall annual budget for the CSR Projects and the specific allocations from such budget to each CSR Project.

The Board shall include within its annual report to the General Assembly details of the Company’s social contributions, including a description of the CSR Projects approved by the Board as recommended by the CSRC with the Board approved expenditures for each proposed CSR Project.

² **NTD:** The CSRC Charter to be reviewed in the light of this policy and the requirements of the CGR.

Any surplus arising out of a CSR Project shall be deposited in an account monitored by the CSRC and solely designated for future expenditures on CSR activities of the Company.

7. Closing Provisions

7.1 Implementation

The CSR Projects may be implemented as follows:

- (a) internally by the Company and its personnel;
- (b) through institutions and organizations, groups and/or trusts registered with relevant authorities in the Kingdom of Saudi Arabia for purposes of undertaking socially responsible activities;
- (c) through Government and semi/government organizations; and/or
- (d) from time-to-time by the Company in cooperation with other companies duly registered in the Kingdom of Saudi Arabia.

7.2 Awareness and Knowledge of the Company's CSR initiatives

The CSRC should establish internal development programs designed to raise the Company employees' awareness and knowledge of the Company's CSR initiatives.

7.3 Disclosure and Engagement with Shareholders

Disclosure obligations and requirements under the Disclosure Policy and the applicable laws and regulations in respect of this Policy must be complied with. Among other things, the contents of this Policy and the annual report on CSR activities must be included in the report of the Board and shall also be placed on the Company's website ([https://www.petrorabigh.com/en/AboutPRC/Pages/Vision_Mission_corporate_Objectives.aspx]).

To align with shareholder interests and take into account shareholder views, the Company engages with its shareholders on CSR activities. Where shareholder approval is required by law or regulation in respect of any aspect of the CSR matters, the Company follows such processes and procedures, subject to the Company's Bylaws.

8. Entry into Effect and Review

This Policy and any amendments thereto shall be adopted by a resolution of the General Assembly, following a recommendation by the Board, and shall enter into effect from the date on which it is approved by the General Assembly.

The CSRC conducts an annual evaluation of the performance of its duties under this Policy, as well as of the effectiveness of this Policy, in a manner it deems appropriate, and presents the results to the Board.

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