



Board Annual Report of Sahara International Petrochemical Company (Sipchem)

For fiscal year 2020



Dear Shareholders of Sahara International Petrochemical Company

May Peace, Mercy and Blessings of Allah be upon you,

In 2020, global markets experienced economic volatility caused by the Coronavirus pandemic, which ultimately overshadowed supply-chain disruptions and a slowdown in global trade that directly affected the global economy's contraction by nearly -5%, according to the World Bank.

The petrochemical sector in KSA was not immune to these challenges, which made it necessary for Sipchem to adopt a special strategy to deal with these unprecedented circumstances, placing the safety of all of our employees as a top priority, while ensuring business progress through more flexible management methods to deal with these emergency situations. These efforts and accumulated experience contributed to the continuation of operations and production with the utmost efficiency to achieve Sipchem's vision and objectives.

In spite of the aforementioned economic challenges and circumstances, the Board of Directors recommends the distribution of interim cash profits of 5% of Sipchem's capital for 2020, in order to preserve the aspirations of investors, and based on the great interest that Sipchem gives to its shareholders.

On behalf of my fellow Board Members, I am pleased to report to you on the performance and efforts of Sahara International Petrochemical Company for the year ended December 31, 2020.

I would like to take this opportunity to express on my own behalf and on behalf of the Board of Directors deepest thanks and gratitude to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz and HRH Crown Prince Mohammad Bin Salman, for harnessing the potential for the benefit of this blessed country and its people.

The Board of Directors also would like to express deepest thanks to all shareholders for their trust and continued keenness on Sipchem's continued success. We also commend the sincere efforts of the Executive Management and all employees at all levels who worked as a team despite all the circumstances and challenges to achieve outstanding achievements and performance.

Khalid A. Al-Zamil

Chairman

1. Applied and Not-Applied Provisions of Corporate Governance Regulations

In implementation of the Corporate Governance Regulations issued by the Saudi Capital Market Authority, Sahara International Petrochemical Company "Sipchem" has adopted all regulations, policies and procedures that fall within the powers of the Board of Directors and the General Assembly, as follows:

S	Regulations / Policy
1	Audit Committee Regulations (General Assembly)
2	Company's Main Plans, Policies, Strategies and Goals (Board of Directors)
3	Nomination and Remuneration Committee Regulations (General Assembly)
4	Executive Committee Regulations (Board of Directors)
5	Governance Committee Regulations (Board of Directors)
6	Policies and Standards for Membership Procedures in the Board of Directors (General Assembly)
7	Remuneration policy for Members of the Board of Directors, Board Committees and Executive Management (General Assembly)
8	Corporate Governance Rules (Board of Directors)
9	Dividend Distribution Policy (General Assembly)
10	Risk Management Policies and Procedures (Board of Directors)
11	Conflict of Interest Management Policy for Members of the Board of Directors, Executive Management and Shareholders (Board of Directors)
12	Policy of Organizing the Relationship with Stakeholders (Board of Directors)
13	Sipchem's Administrative and Financial Policies and Powers Delegated to the Executive Management (Board of Directors)
14	Investment and Financing Policies and Mechanisms (Board of Directors)
15	Employee Remuneration Policy (Board of Directors)
16	Work Procedures Policies in the Board of Directors (Board of Directors)
17	Professional Conduct and Ethical Values Policy (Board of Directors)
18	Policies and Procedures to ensure that Sipchem abides by the rules, regulations and disclosure to shareholders and stakeholders (Board of Directors)

Sipchem applies all the provisions mentioned in the Corporate Governance Regulations issued by the Capital Market Authority (CMA) except for the provisions listed below:

Article No.	Article Text	Clarifications
87	Social Responsibility (Guiding Article)	Sipchem implements programs aimed at sustaining social responsibility, which have been focused in areas of concern to society. Sipchem is running its social activities based on a specific strategy in social responsibility.
70	Risk Management Committee Formation (Guiding Article)	In 2020, the Board of Directors directed the Board's Audit Committee to include in its terms of reference, risk management, which shall define the risks facing Sipchem, study all issues related to managing Sipchem's risks, and take appropriate decisions.
71	Functions of the Risk Management Committee (Guiding Article)	Risk management is also an integral part of Sipchem strategy. The Audit Committee and Company management shall continuously review Sipchem's risk management policies to ensure that approved policies and programs are implemented to reduce the risks that may face the Company and ensure that risk management processes and regulations are operating efficiently across the Company.
72	Meetings of the Risk Management Committee (Guiding Article)	
Article 46 paragraph 3	Corporate Competitiveness Controls	During the year 2020, the Board was not notified of any competitive business, and regarding the competition criteria, they will be presented to the General Assembly for approval.

2. Names, Current Positions, Former Positions, Qualifications and Experience of Board Members, Committees Members and Executive Management.

A. Board Members:

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Eng. Khalid A. Al-Zamil (Zamil Group Holding Co. Representative)	Chairman – International Petrochemical Company (Sipchem) Chairman – Zamil Group Holding Co. Chairman – Zamil Industrial Investment Co. Chairman – Middle East Battery Co. Chairman – International Methanol Company Chairman – Sahara Petrochemical Company Chairman – Al WAHA Petrochemical Company	Board Member – Zamil Industrial Investment Co.	Bachelor of Civil Engineering	Board Member – Prince Mohammad Bin Fahd University and Board Member – Luberef Company
2	Mr. Fahad S. Al-Rajhi	Vice Chairman Chairman – Yanbu Cement Co. Chairman – Alrajhi Ekhwan Co. Vice Chairman – Al Watania for Industries Board Member – Musharaka Capital Co. Chairman - Saudi German Company for Non-woven Products (SGN) Board Member – International Methanol Co. Board Member – Al Watania Poultry Co. Chairman - Bischof + Klein Middle East Company Board Member - National Aquaculture Company	Vice Chairman – Yanbu Cement Co. Board Member – Saudi Cement Company	Bachelor of Industrial Management	Chairman – Alrajhi Ekhwan Co. Board Member – Saudi Cement Company
3	Eng. Yousef A. Al-Zamil	Board Member – Alinma Investment	Vice Chairman – Gulf Petrochemical Industries Co. Chairman - Saudi Petrochemical Company (SADAF) Board Member – Saudi Arabian Fertilizers Company (Safco).	Bachelor of Chemical Engineering	He worked as Counsellor of H.E the Minister of Energy, Industry and Mineral Resources, and worked as the CEO of the National Industrial Strategy Program in the Ministry of Energy, Industry and Mineral Resources. He also worked as EVP of SABIC and held several positions in SABIC.

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
4	Eng. Reyadh S. Ahmed (Ikarus Petrochemical Co. Representative)	Chairman – Meezan Bank Chairman - Privatization Holding Company Board Member – Noor Financial Investment Co. (NOOR) Board Chairman and CEO of Ikarus Petroleum Industries Chairman - Middle East Complex for Engineering, Electronics & Heavy Industries Co. Chairman – IT Partners Co.	Board Member – Karachi Electric Supply Corp. Vice Chairman – Gas & Oil Fields Services Company Board Member - Saja'a Gas Private Ltd, (SajGas) Board Member – United Gas Supply Company Board Member – Kuwait Rocks Company Vice Chairman - Eastern United Petroleum Services (EUPS)	Bachelor of Chemical Engineering MA of Chemical Engineering	Businessman
5	Mr. Saeed A. Basamah	Chairman – Khair Inorganic Chemical Industries Co. Board Member – International Medical Center Co. Board Member – Saudia Dairy & Foodstuff Co. (SADAFCO) Board Member – Jeddah Development and Urban Regeneration Co.	-	Bachelor of Business Administration	Businessman
6	Dr. Abdulrahman A. Al-Zamil	Chairman – Saudi Advanced Technologies Co.	Chairman – Zamil Group Holding Co. Chairman – Zamil Industrial Investment Co. Board Member – Sahara Petrochemicals Co. Chairman – National Power Co. Chairman – National Chemical Carriers Co.	Bachelor of Law PhD – International Relations	He worked as Deputy Governor of the General Electricity Corporation, then as Deputy Minister of Commerce, then as Member of Saudi Shura Council for three sessions
7	Mr. Ayidh M. Al-Qarni (Public Pension Agency Representative)	Internal Audit Department – Public Pension Agency	Financial Investment Department – Public Pension Agency	Master's Degree in Business Administration Bachelor of Accounting	Financial sector and financial institutions
8	Mr. Saeed O. Al-Esaiy	Chairman – Alesayi Trading Corporation	Board Member – Yanbu Cement Co. Board Member – Al Rajhi Bank Board Member – Sahara Petrochemical Co.	Bachelor of Industrial Engineering	Businessman
9	Mr. Ziad A. Al-Turki	Chairman – Sons of A. A. Turki Co. for Trading & Contracting	Vice chairman – A. A. Turki Co. for Trading & Contracting	Diploma of Social Sciences	Businessman

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
10	Mr. Bandr A. Masoudi (GOSI Representative)	Director of Digital Systems – GOSI	-	B.A. Science & Statistics B.A. Computer Science M.A. Computer Science	He worked in several positions in GOSI
11	Mr. Abdulaziz A. bin Dayel	Adviser and Board Secretary-General of the Public Pension Agency Board Member – Tabuk Agricultural Development Co Audit Committee Member – Tabuk Agricultural Development Co Nomination and Remuneration Committee Chairman – Tabuk Agricultural Development Co	Executive Director – Munajem Group Executive Director of Sales & Marketing in Mawaridh Holding Group Managing Director – Tihama Advertising, Public Relations and Marketing Co.	Bachelor of Business Administration	He worked in Samba Financial Group and held several positions. Then, he moved to Riyad Bank as Director of the Central Region, then a Board Member of Tihama Company, then he worked as the Executive Director of Mawaridh Holding Group then Munajem Group.

**B. Committees members:
Executive Committee**

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Eng. Yousef A. Al-Zamil	Board Member – Alinma Investment	Vice Chairman – Gulf Petrochemical Industries Co. Chairman - Saudi Petrochemical Company (SADAF) Board Member – Saudi Arabian Fertilizers Company (Safco).	Bachelor of Chemical Engineering	He worked as Counsellor of H.E the Minister of Energy, Industry and Mineral Resources, and worked as the CEO of the National Industrial Strategy Program in the Ministry of Energy, Industry and Mineral Resources. He also worked as EVP of SABIC and held several positions in SABIC.
2	Mr. Fahad S. Al-Rajhi	Vice Chairman Chairman – Yanbu Cement Co. Chairman – Alrajhi Ekhwan Co. Vice Chairman – Al Watania for Industries Board Member – Musharaka Capital Co. Chairman - Saudi German Company for Non-woven Products (SGN) Board Member – International Methanol Co. Board Member – Al Watania Poultry Co. Chairman - Bischof + Klein Middle East Company Board Member - National Aquaculture Company	Vice Chairman – Yanbu Cement Co. Board Member – Saudi Cement Company	Bachelor of Industrial Management	Chairman – Alrajhi Ekhwan Co. Board Member – Saudi Cement Company
3	Eng. Reyadh S. Ahmed	Chairman – Meezan Bank Chairman - Privatization Holding Company	Board Member – Karachi Electric Supply Corp.	Bachelor of Chemical Engineering	Businessman

		Board Member – Noor Financial Investment Co. (NOOR) Board Chairman and CEO of Ikarus Petroleum Industries Chairman - Middle East Complex for Engineering, Electronics & Heavy Industries Co. Chairman – IT Partners Co.	Vice Chairman – Gas & Oil Fields Services Company Board Member - Saja'a Gas Private Ltd, (SajGas) Board Member – United Gas Supply Company Board Member – Kuwait Rocks Company Vice Chairman - Eastern United Petroleum Services (EUPS)	MA of Chemical Engineering	
4	Mr. Ayidh M. Al-Qarni	Internal Audit Department – Public Pension Agency	Financial Investment Department – Public Pension Agency	Master's Degree in Business Administration Bachelor of Accounting	Financial sector and financial institutions
5	Mr. Saeed O. Al-Esayi	Chairman – Alesayi Trading Corporation	Board Member – Yanbu Cement Co. Board Member – Al Rajhi Bank Board Member – Sahara Petrochemical Co.	Bachelor of Industrial Engineering	Businessman

AUDIT COMMITTEE

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Mr. Ayidh M. Al-Qarni	Internal Audit Department – Public Pension Agency	Financial Investment Department – Public Pension Agency	Master's Degree in Business Administration Bachelor of Accounting	Financial sector and financial institutions
2	Mr. Mohammad Farhan Al-Nader	Managing Partner - RSM International Allied Accountants	Executive Director of Finance – Awqaf Sulaiman Al-Rajhi Holding Co.	Bachelor of Accounting	Managing Partner - RSM International Allied Accountants
3	Dr. Mohammed Faraj Al Kanani	Founder and CEO of Holfaa El Tanmya Company	Dean of the College of Industrial Management, King Fahd University of Petroleum and Minerals. Head of Finance and Economics Department at the King Fahd University of Petroleum and Minerals. General Investment Supervisor of the Fund for Supporting Research and Educational Programs at the King Fahd University of Petroleum and Minerals.	Bachelor's Degree in Financial Management from King Fahd University of Petroleum and Minerals. Master's Degree in Financial Management from the University of Colorado Denver in the United States. Ph.D. in Finance Management, University of Oklahoma, United States. Accredited Financial analyst	Chairman – Dhahran Valley Business Services Company Board Member – (Arab National Bank, Dhahran Techno Valley Holding Company, Saudi Real Estate Refinance Co., National Bonds Corporation, AlAhli Takaful Company, Leejam Sports Company, Environmental Fund, Oasis Business Company, Governance Center Co. owned by Public Investment Fund)

Nomination and Remuneration Committee

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Mr. Ziad A. Al-Turki	Chairman – Sons of A. A. Turki Co. for Trading & Contracting	Vice chairman – A. A. Turki Co. for Trading & Contracting	Diploma of Social Sciences	Businessman
2	Mr. Fahad S. Al-Rajhi	Chairman – Yanbu Cement Co. Chairman – Alrajhi Ekhwan Co. Vice Chairman – Al Watania for Industries Chairman - Saudi German Company for Non-woven Products (SGN) Chairman - Bischof + Klein Middle East Company	Vice Chairman – Yanbu Cement Co. Board Member – Saudi Cement Company	Bachelor of Industrial Management	Chairman – Alrajhi Ekhwan Co. Board Member – Saudi Cement Company
3	Mr. Bandr A. Masoudi	Director of Digital Systems	-	B.A. Science & Statistics B.A. Computer Science M.A. Computer Science	He worked in several positions in GOSI
4	Eng. Saeed A. Basamah	Chairman – Khair Inorganic Chemical Industries Co.	-	Bachelor of Business Administration	Businessman
5	Mr. Abdulaziz A. bin Dayel	Adviser and Board Secretary-General of the Public Pension Agency Board Member – Tabuk Agricultural Development Co Nomination and Remuneration Committee Chairman – Tabuk Agricultural Development Co Audit Committee Member – Tabuk Agricultural Development Co	Executive Director – Munajem Group Executive Director of Sales & Marketing in Mawaridh Holding Group Managing Director – Tihama Advertising, Public Relations and Marketing Co.	Bachelor of Business Administration	He worked in Samba Financial Group and held several positions. Then, he moved to Riyadh Bank as Director of the Central Region, then a Board Member of Tihama Company, then he worked as the Executive Director of Mawaridh Holding Group then Munajem Group.

Governance Committee

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Mr. Abdulaziz A. bin Dayel	<p>Adviser and Board Secretary-General of the Public Pension Agency</p> <p>Board Member – Tabuk Agricultural Development Co</p> <p>Nomination and Remuneration Committee Chairman – Tabuk Agricultural Development Co Audit Committee Member – Tabuk Agricultural Development Co</p>	<p>Executive Director – Munajem Group</p> <p>Executive Director of Sales & Marketing in Mawaridh Holding Group</p> <p>Managing Director – Tihama Advertising, Public Relations and Marketing Co.</p>	Bachelor of Business Administration	He worked in Samba Financial Group and held several positions. Then, he moved to Riyad Bank as Director of the Central Region, then a Board Member of Tihama Company, then he worked as the Executive Director of Mawaridh Holding Group then Munajem Group.
2	Dr. Najem bin Abdulla Al Zaid	<p>Vice-Chairman – Saudi Electricity Company</p> <p>The founding and executive partner of ZS&R Law Firm</p>	<p>Board Member – CMA</p> <p>General Manager of Legal Affairs of CMA</p>	<p>PhD in Law</p> <p>Master's Degree in law</p> <p>Bachelor of Laws and Regulations</p>	He held several positions in various sectors in CMA, until he worked as a Board Member of CMA
3	Mr. Turki M. AlMarzouq	<p>Corporate Governance Manager – Public Pension Agency</p>	<p>Financial Management of Arriyadh Development Company</p>	Bachelor of Accounting	He has more than 20 years of practical experience in management, finance, investment and accounting, as well as in boards of directors and their committees in industrial, real estate and agricultural sectors.

Executive Management

S	Name	Current positions	Former Positions	Educational Qualifications	Experiences
1	Eng. Saleh M. Bahamdan	CEO	CEO – Sahara Petrochemical Company	Bachelor's Degree in Electrical Engineering MA of Electrical Engineering	Thirty-eight years of experience in petrochemical industry
2	Eng. Abdullah S. Al-Saadoon	COO	Sipchem CEO	Bachelor of chemical engineering	He held several positions in SABIC in the petrochemical industry. He moved to Sipchem and progressed to become Sipchem's CEO and then COO after merger with Sahara Petrochemicals Company
3	Mr. Rushdi K. Al-Dulijan	Vice-President of Finance	Executive Vice-President of Finance and Information Technology at Sahara Petrochemicals Company	Bachelor of Accounting	Twenty-six years in financial management
4	Mr. Faisal M. Al-Modlij	General Manager of Corporate Affairs and Governance Board Secretary	Manager of Corporate Affairs and Compliance	Bachelor of Management Systems	22 years in corporate affairs and governance and board of directors affairs

3) Names of companies inside or outside KSA whose current and former Board Members or directors are Board Members of Sipchem

Member Name	Names of companies whose current Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)	Names of companies whose former Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)
Eng. Khalid A. Al-Zamil	Zamil Group Holding Co. Zamil Industrial Investment Co. Middle East Battery Co. International Methanol Company Sahara Petrochemicals Company Al WAHA Petrochemicals Company Luberef Company	Inside KSA	Closed Joint Stock Company Publicly Listed Joint Stock Company Limited Liability Company Limited Liability Company Unlisted Joint Stock Company Limited Liability Company Limited Liability Company	-	-	-
Mr. Fahad S. Al-Rajhi	Yanbu Cement Co. Alrajhi Ekhwan Co. Al Watania for Industries Musharaka Capital Co. Saudi German Company for Non-woven Products (SGN) International Methanol Company Watania Poultry Co. Bischof + Klein Middle East Company National Aquaculture Company	Inside KSA	Publicly Listed Joint Stock Company Unlisted Joint Stock Company Unlisted Joint Stock Company Unlisted Joint Stock Company Limited Liability Company Limited Liability Company Unlisted Joint Stock Company Limited Liability Company	Saudi Cement Company	Inside KSA	Publicly Listed Joint Stock Company
Mr. Saeed A. Basamah	International Medical Center Co. Saudia Dairy & Foodstuff Co. (SADAFCO) Jeddah Development and Urban Regeneration Co. Khair Inorganic Chemical Industries	Inside KSA	Closed Joint Stock Company Publicly Listed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company	-	-	-
Mr. Ayidh M. Al-Qarni	-	-	-	-	-	-

Member Name	Names of companies whose current Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)	Names of companies whose former Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)
Eng. Reyadh S. Ahmed	Meezan Bank Privatization Holding Company Noor Financial Investment Co. (NOOR) Ikarus Petroleum Industries Middle East Complex for Engineering, Electronics & Heavy Industries Co. IT Partners Co.	Outside KS	Publicly Listed Joint Stock Company Publicly Listed Joint Stock Company Publicly Listed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company	Karachi Electric Supply Corp. Gas & Oil Fields Services Company Saja'a Gas Private Ltd, (SajGas) United Gas Supply Company Kuwait Rocks Company Eastern United Petroleum Services (EUPS)	Outside KS	Publicly Listed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company
Dr. Abdulrahman A. Al-Zamil	Saudi Advanced Technologies Company	Inside KSA	Limited Liability Company	Zamil Group Holding Co. Zamil Industrial Investment Co. Sahara Petrochemicals Company National Power Company National Chemical Carriers Ltd Company (NCC)	Inside KSA	Closed Joint Stock Company Publicly Listed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company
Mr. Ziad A. Al-Turki	Sons of A. A. Turki Co. for Trading & Contracting A. A. Turki Co. for Trading & Contracting Keller Turki Ltd Redland Industrial Services (Arabia) Ltd. The Finance Company For Construction Ltd Honeywell Turki Arabia	Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA Inside KSA	Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company Limited Liability Company	Samba Capital Saudi United Construction Company	Outside KSA Inside KSA	Limited Liability Company Limited Liability Company

Member Name	Names of companies whose current Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)	Names of companies whose former Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)
	Tamam Intergraded Trading Ltd. Dhahran International Exhibitions Company Ramky-Al-Turki Environmental Services ATCO Marine Services Investcorp Bank	Outside KSA Outside KSA	Joint-Stock Company			
Eng. Yousef A. Al-Zamil	Alinma Investment Co.	Inside KSA	Limited Liability Company	Gulf Petrochemical Industries Co. (GPIC) Saudi Petrochemicals Company (SADAF)	Inside KSA	Limited Liability Company Limited Liability Company
Mr. Saeed O. Al-Esayi	Alesayi Trading Corporation Omar Kassem Al Esayi & Partners Marketing Company Ltd Omar Kassem Alesayi Group Co. Ltd Omar Kassem Al-Esayi & Partners Co. Ltd United Carton Industries Company	Inside KSA	Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company	Sahara Petrochemicals Company Yanbu Cement Co. AL Rajhi Bank	Inside KSA	Closed Joint Stock Company Publicly Listed Joint Stock Company Publicly Listed Joint Stock Company
Mr. Bandr A. Masoudi	-	-	-	-	-	-
Mr. Abdulaziz A. bin Dayel	Tabuk Agricultural Development Company	Inside KSA	Listed joint stock company	Tihama Advertising, Public Relations and Marketing Co. Adart Medyan Company Ogel V Co. Intermarkets Co. Mawarid Food Company Ltd	Inside KSA	Publicly Listed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company Closed Joint Stock Company

Member Name	Names of companies whose current Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)	Names of companies whose former Board Members or directors are Board Members of Sipchem	Inside or outside KSA	Legal entity (joint stock company/ listed joint stock company/ unlisted joint stock company/ limited liability company)
						Closed Joint Stock Company

4) Composition of the Board of Directors and Classification of Directors:

Sipchem has the privilege of having a highly experienced Board of Directors with full relevant knowledge and efficiency in petrochemicals. The Board is composed of eleven members elected by the Ordinary General Assembly Meeting on 08/12/2019 for three years, extending to 09/12/2022.

Members are classified as follows:

S	Name	Commission	Membership Status
1	Eng. Khalid A. Al-Zamil (Representative of Zamil Group Holding Company)	Chairman	Non-executive
2	Mr. Fahad S. Al-Rajhi	Vice Chairman	Non-executive
3	Dr. Abdulrahman A. Al-Zamil	Member	Non-executive
4	Eng. Reyadh S. Ahmed (Representative of Ikarus Petrochemical Holding Company)	Member	Non-executive
5	Eng. Saeed A. Basamah	Member	Non-executive
6	Eng. Yousef A. Al-Zamil	Member	Non-executive
7	Mr. Saeed O. Al-Esayi	Member	Independent
8	Mr. Ayidh M. Al-Qarni (Representative of the Public Pension Agency)	Member	Independent
9	Mr. Ziad A. Al-Turki	Member	Independent
10	Mr. Bandr A. Masoudi (Representative of GOSI)	Member	Independent
11	Mr. Abdulaziz A. bin Dayel	Member	Independent

5) Actions taken by the Board of Directors to inform its members, especially non-executives, of the shareholders' proposals and remarks about Sipchem and its performance

Except for the queries in the Extraordinary General Assembly, dated April 2020, no further inquiries or observations regarding the Company and its performance have been received by the Company. The Investor Relations Department meets with shareholders and investors throughout the year to review the latest developments of Sipchem. The CEO and Chairman of the Board of Directors shall inform the Board of Directors of the proposals, observations and opinions of shareholders and investors through the Board periodic meetings without the presence of any Executive Member if necessary. Article 37 of the Articles of Association of the Company provides procedures to ensure that all shareholders have the right to discuss matters, request information and ask questions to the members of the Board of Directors and Auditors. The Chairman and members of the Board of Directors shall respond to all inquiries concerning the Company business.

6) Brief Description of Committees' Terms of Reference

A. AUDIT COMMITTEE

The main purpose of the Audit Committee is to assist the Board in overseeing financial reporting operations, monitoring the adequacy and effectiveness of the internal control system, supervising internal audits and verifying its effectiveness in carrying out tasks and functions entrusted thereto.

The Committee is composed of three members, one of whom is an independent member of the Board of Directors. The other two members are nominated from outside the Board of Directors with the expertise that qualifies them to participate actively in the work of the Audit Committee. Terms of reference of the Committee include, in particular:

First: Financial Reports and Statements:

- Analyze Sipchem's quarterly and annual financial statements before being presented to the Board and provide opinions and recommendations on their integrity, clarity and transparency.
- Provide the technical opinion, at the request of the Board of Directors, whether the Board's report and financial statements of the Company are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the financial position of Sipchem and its performance, business model and strategy.
- Examine any important or unusual issues contained in the financial reports and statements.
- Closely investigate into any matters raised by Sipchem's CFO, or who perform his duties or Sipchem's Auditor.
- Examine accounting estimates in relation to important matters stated in financial reports and statements.
- Study the accounting policies adopted by Sipchem and provide an opinion and recommendation to the Board of Directors in this regard.

Second: Internal Audit:

- Study and review the internal control, financial and risk management systems of the Company.
- Analyze and study the internal audit reports and follow up implementation of the corrective actions of the observations contained therein.

- Supervise and monitor the performance and activities of the Internal Audit Department of Sipchem, to verify the availability of human and material resources necessary for its effectiveness.
- Make a recommendation to the Board on the need for appointment of the head of internal audit, and propose his remunerations.

Third: Auditor:

- Recommend to the Board of Directors to appoint auditors, remove them, determine their fees and evaluate their performance, after ascertaining their independence, reviewing the scope of their work and the terms of their contract.
- Verify independence, objectivity and honesty of the external auditor and effectiveness of external audit works and activities, taking into account the relevant rules and standards.
- Review Sipchem's external auditor plan and its activities, and ensure that the external auditor does not conduct any technical or administrative activities beyond the scope of external audit activities.
- Respond to all inquiries of Sipchem's external auditor.
- Study and review the external auditor's reports and observations on the financial reports and statements and follow up actions taken.

Fourth: Compliance Verification:

Review the results of the reports of the regulatory bodies (if any) and verify that Sipchem takes the necessary procedures.

Check Sipchem's compliance with relevant laws, regulations, rules, policies and instructions.

Review the contracts and transactions to be concluded by Sipchem with the related parties and submit relevant recommendations to the Board of Directors.

Inform the Board of Directors of the issues it deems necessary to take actions and make recommendations on the steps/actions that are required to be taken.

❖ **Members of the Audit Committee and Attendance Record of Audit Committee Meetings:**

S	Name	Nature of Membership	Number of meetings during 2020: six meetings						Total Attendance
			First 15/01/2020	Second 22/03/2020	Third 17/05/2020	Fourth 23/07/2020	Fifth 26/10/2020	Sixth 09/12/2020	
1	Mr. Ayidh M. Al-Qarni	Chairman	✓	✓	✓	✓	✓	✓	6
2	Mr. Mohammad Farhan Al-Nader	Member	✓	✓	✓	✓	✓	✓	6
3	Dr. Mohammed Faraj Al Kanani	Member	✓	✓	✓	✓	✓	✓	6

✓ Present × Absent

B. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee shall consist of five members of the Board of Directors of the Company.

❖ Terms of Reference of the Committee

First: With regard to remunerations:

- Prepare a clear policy for remuneration of members of the Board of Directors and the Board Committees and the Executive Management to enhance motivation of the administrative staff and maintain distinguished key-staff and present it to the Board of Directors for consideration in preparation for adoption by the General Assembly, taking into account that such policy shall follow and disclose criteria related to performance, and ensure implementation thereof.
- Clarify the relationship between the remunerations awarded and the applicable remuneration policy and indicate any material deviation from this policy.
- Periodically review the remuneration policy and assess its effectiveness in achieving objectives thereof.
- Provide recommendations to the Board in respect of remunerations of Board members, committees members and Senior Executives, in accordance with the approved policy.

Second: With regard to Nominations:

- Propose clear policies and standards for membership in the Board and Executive Management.
- Recommend to the Board of Directors the nomination and re-nomination of members in accordance with the approved policies and standards, taking into account the non-nomination of any person who has already been convicted of breach of trust.
- Prepare a description of capabilities and qualifications required for membership of the Board of Directors and functions of the Executive Management.
- Determine the time a member should allocate to the work of the Board of Directors.
- Annual review of the required skills or experience requirements for Board Membership and Executive Management functions.
- Review the structure of the Board of Directors, Board Committees and the Executive Management and make recommendations on possible changes.
- Annually verify the independence of independent members and check that there is no conflict of interest if the member is on the board of another company.
- Develop a job description of executive members, non-executive members, independent members and senior executives.
- Establish special procedures in the event of a vacancy in the membership of the Board of Directors or senior executives.
- Identify weaknesses and strengths in the board of directors, and propose solutions to address them in line with Sipchem interests.
- The Committee shall study the topics that are assigned to it or referred to it by the Board of Directors and submit its recommendations to the Board for decision-taking.

❖ Members of the Nomination and Remuneration Committee and Attendance Record of Committee Meetings:

S	Name	Nature of Membership	Number of meetings during 2020: four meetings				Total Attendance
			First 06/04/2020	Second 21/04/2020	Third 25/08/2020	Fourth 02/12/2020	
1	Mr. Ziad A. Al-Turki	Chairman	✓	✓	✓	✓	4
2	Mr. Fahad S. Al-Rajhi	Member	✓	✓	✓	✓	4
3	Mr. Bandr A. Masoudi	Member	✓	✓	✓	✓	4
4	Eng. Saeed A. Basamah	Member	✓	✓	✓	✓	4
5	Mr. Abdulaziz A. bin Dayel	Member	✓	✓	✓	✓	4

✓ Present × Absent

C. Executive Committee:

❖ Terms of reference, functions and responsibilities of the Committee:

- Study the issues referred to the Committee by the Board of Directors and take appropriate decisions regarding them as delegated by the board.
- The Committee exercises the powers of the Board with regard to managing and directing the activities and work affairs of Sipchem, except for those matters that stipulate its delegation to other committees of the Board and matters that cannot be delegated by the Board in accordance with the provisions of applicable laws and regulations or under the provisions of the Bylaws and the Articles of Associations of the Company.
- Supervise the development of Sipchem's short, medium and long-term strategic plans and submit the same to the Board for approval.
- Follow-up on and ensure implementation of Sipchem's overall strategy and its effectiveness in achieving the desired objectives, as well as review and update the same from time to time.
- Supervise the annual budgeting of Sipchem, review the proposals submitted by the Executive Management and submit recommendations to the Board for approval.
- Follow up on actual performance and submit the necessary recommendations to the Board.
- Study investment opportunities, whether in the area of buying shares or stakes in existing companies, or the acquisition of companies operating in the same field as Sipchem, and provide the necessary recommendations thereon to the Board.
- Provide the Board with periodic reports on the Committee's work results.
- The Committee periodically reviews and reassesses the suitability of these regulations, makes the proposed amendments and submits them to the Board.

❖ Members of the Executive Committee and Attendance Record of Committee Meetings:

S	Name	Nature of Membership	Number of meetings during 2020: Seven meetings							Total Attendance
			First 10/02/2020	Second 19/02/2020	Third 02/04/2020	Fourth 13/05/2020	Fifth 16/09/2020	Sixth 25/11//2020	Seventh 10/12/2020	
1	Eng. Yousef A. Al-Zamil	Chairman	✓	✓	✓	✓	✓	✓	✓	7
2	Mr. Fahad S. Al-Rajhi	Member	✓	✓	✓	✓	✓	✓	✓	7
3	Eng. Reyadh S. Ahmed	Member	×	✓	✓	×	✓	✓	✓	5
4	Mr. Ayidh M. Al-Qarni	Member	✓	✓	✓	✓	✓	✓	✓	7
5	Mr. Saeed O. Al-Esayi	Member	×	✓	✓	✓	✓	✓	✓	6

✓ Present × Absent

D. Governance Committee:

Terms of reference, functions and responsibilities of the Committee:

During 2020, the Board of Sahara International Petrochemical Company (Sipchem) established the Governance Committee. The terms of reference, functions and responsibilities of the Committee are as follows:

The Committee shall ensure that the provisions of regulations and laws issued by CMA and the Ministry of Commerce relating to the work and functions of the Committee are applied by Sipchem. In this regard, the Committee shall:

- Review and update Sipchem's Governance Regulations and its annexes in accordance with the regulatory requirements and best practices.
- Review and develop Professional Code of Conduct that reflects the values of Sipchem and other internal policies and procedures in a manner that meets the needs of the Company and is in line with best practices and submit the same to the Board for approval.
- Keep the Board Members always informed of developments of corporate governance and best practices.
- Annually review the Board report to ensure that Sipchem's obligations are in accordance with the relevant laws and regulations and submit a recommendation to the Board for approval to be presented to the Ordinary General Assembly for approval.
- Recommend to the Board everything that would enhance Sipchem's corporate governance practices.

❖ Members of the Governance Committee and Attendance Record of Committee Meetings:

Number of meetings during 2020: Two meetings					
S	Name	Nature of Membership	First 22/07/2020	Second 11/11/2020	Total Attendance
1	Mr. Abdulaziz A. bin Dayel	Chairman	✓	✓	2
2	Dr. Najem bin Abdulla Al Zaid	Member	✓	✓	2
3	Mr. Turki M. AlMarzouq	Member	✓	✓	2

✓ Present × Absent

7) Methods Adopted By The Board Of Directors To Assess The Board Performance

During 2020, Sipchem, in order to significantly improve the performance of the Board in decision-making, internally assessed the work of the Board through questionnaires to assess the performance and effectiveness of the Board's work.

8) Disclosure of Remunerations of Members of Board, Board Committees and Executive Management

Controls of Membership Remunerations in the Board and the Committees

The Nomination and Remuneration Committee shall recommend to the Board of Directors the remunerations of the members of the Board and the members of the committees, as follows:

- ❖ Taking into consideration the harmony of remunerations with Sipchem's strategy and objectives.
- ❖ Taking into account the practices of other companies and prevailing practice of the labor market in determining the remunerations, while avoiding the resulting unjustified increase of remunerations and compensations and within the limits stipulated by the Companies Law and its Implementing Regulations.
- ❖ The remuneration shall be reasonably sufficient to attract the members of the Board of Directors with the appropriate competence and experience.
- ❖ The remuneration should be fair and commensurate with the terms of reference of the member and the duties and responsibilities of the members of the Board of Directors or committees, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
- ❖ Remuneration of the Board members may vary based on different responsibilities assigned to each member in addition to other considerations.
- ❖ Board members may not vote on Board members remuneration item at the General Assembly Meeting of shareholders.
- ❖ The Company shall disclose remunerations of Board, committees members and senior executives in the Board Annual Report in accordance with the relevant regulations. The Board Report submitted to the Ordinary General Assembly must include a comprehensive statement of all remuneration, allowances and other benefits granted to Board members during a fiscal year. The Report must include a statement of all amounts received by the Board members in their capacity as employees or managers, or in return for technical or administrative duties or consultations. The Report must also include a statement of the number of Board meetings and number of meetings attended by each member as from the last General Assembly Meeting.

Mechanism of Remuneration of Board and Committees Members

- ❖ The Company's Articles of Association and the policy of remuneration and compensation of the Board and Executive Management shall determine the annual remuneration of the Board members while the committees regulations shall specify remuneration and allowances of their members to be consistent with the Company's business, provided that amounts given to each member does not exceed the limits stipulated in Companies Law and Regulations thereof.
- ❖ Remuneration must be based on recommendations of the Company's Nomination and Remuneration Committee.
- ❖ Remuneration of Board and committees members shall be granted against their participation in meetings and number of meetings they attend.

- ❖ Attendance allowance and other benefits related to Board and related committee meetings shall be paid immediately after each meeting. The board annual remuneration shall be paid in full after being approved by the General Assembly.

Details of Remuneration of Board and Committees Members

A. Remuneration of Board Members

- The Board shall determine, based on recommendations of Nomination and Remuneration Committee, the annual remuneration of the Board and committees members.
 - Remuneration of the Board members shall be a certain amount, meeting attendance allowance, in-kind benefits, or a certain percentage of net profits, noting that two or more of such benefits may be combined. In all cases, remuneration, allowances and other financial or in-kind benefits granted to a Board member may not exceed an amount of SAR 500,000 pursuant to the provisions of Companies Law and Regulations thereof, and in line with controls of the competent authorities. In case remuneration of the Board members is a percentage of profits, such percentage should not exceed 10%.
 - Board members who reside outside the Company headquarters, whether inside or outside the Kingdom, are entitled to compensation for travel costs to attend Board meetings. These costs include a round trip ticket from the place of residence to the venue of the meeting as well as the costs associated with accommodation, transportation and attendance allowance.
 - Upon recommendation of the Nomination and Remuneration Committee and after approval of the Board, the Board member shall be entitled to an annual remuneration of not more than SAR 300,000 in return for his membership in the Board in accordance with the eligibility mechanism set forth in Article (4) of this Policy.
 - Upon recommendation of the Nomination and Remuneration Committee and after approval of the Board, the Board member participating in the Board committees shall be entitled to an annual remuneration not exceeding SAR 100,000 in return for his membership in the Board committees whether the member is a participant in one or more committees, including remuneration granted against membership in the Audit Committee” in accordance with the eligibility mechanism described in Article (4) of this Policy.
 - Upon recommendation of the Nomination and Remuneration Committee, the Chairman of the Board shall determine the remuneration of membership in the committees in which the member is appointed from outside the Board, so that such remuneration does not exceed SAR 100,000.
- 1- The Board may, upon recommendation of the Nomination and Remuneration Committee, from time to time review the annual remuneration of the Board member referred to above in the light of the variables related to performance, provided that remuneration, allowances and other financial or in-kind benefits granted to the Board member shall not exceed the amount of SAR 500,000 in accordance with the provisions of the Companies Law and its regulations and in accordance with the regulations set by the competent authorities.

Remuneration of Board Members

	Fixed Remunerations						Variable Remunerations					End-of-Service gratuity	Gross total	Expenses allowances (transportation, accommodation)	
	Certain amount	Attendance allowance for meetings	Sum of attendance allowance for committees' meetings	In-kind benefits	Remuneration of technical, administrative and consultancy works	Remuneration of the Chairman of Board, Managing Director or Secretary of Board, if a Board Member	Total	Percentage of Profits	Periodic Remunerations	Short-term incentive plans	Long-term Incentive Plans				Granted shares
Eng. Khalid A. Al-Zamil		12,000				12,000		100,000				100,000		112,000	
Dr. Abdulrahman A. Al-Zamil		12,000				12,000		300,000				300,000		312,000	3,110
Eng. Yusef A. Al-Zamil		12,000	21,000			33,000		50,000				50,000		83,000	5,420
Mr. Fahad S. Al-Rajhi		12,000	33,000			45,000		400,000				400,000		445,000	
Mr. Saeed O. Al-Esayi		12,000	18,000			30,000		150,000				150,000		180,000	
Eng. Reyadh S. Ahmed		12,000	15,000			27,000		350,000				350,000		377,000	
Mr. Abdulaziz A. bin Dayel		12,000	18,000			30,000		50,000				50,000		80,000	5,820
Eng. Saeed A. Basamah		12,000	12,000			24,000		50,000				50,000		74,000	9,190
Mr. Ziad A. Al-Turki		12,000	12,000			24,000		350,000				350,000		374,000	
Mr. Ayidh M. Al-Qarni		12,000	39,000			51,000		400,000				400,000		451,000	6,220
Mr. Bandr A. Masoudi		12,000	12,000			24,000		400,000				400,000		424,000	
Total		132,000	180,000			312,000		2,600,000				2,600,000		2,912,000	29,760

- Board Members do not receive any in-kind benefits or remunerations for any technical, administrative or consulting works.
- Each member in the Audit Committee shall receive an amount of SAR 100,000. This is not included in the maximum amount of remuneration of 500,000 according to the provisions of the Companies Law.

Remunerations of Committees Members:

	Fixed Remunerations* (Except attendance allowance)	Attendance allowance	Total
AUDIT Committee Members			
Mr. Ayidh M. Al-Qarni	100,000	18,000	118,000
Mohammad F. Al-Nader	100,000	18,000	118,000
Mohammed F. Al-Zahrani	16,667	18,000	34,667
Total	216,667	54,000	270,667
Executive Committee Members			
Yusef A. Al-Zamil	0	21,000	21,000
Fahad S. Al-Rajhi	0	21,000	21,000
Reyadh S. Ahmed	100,000	15,000	115,000
Mr. Ayidh M. Al-Qarni	0	21,000	21,000
Saeed O. Al-Esayi	0	18,000	18,000
Total	100,000	96,000	196,000
Members of Nomination & Remuneration Committee			
Ziyad A. Al-Turk	100,000	12,000	112,000
Fahad S. Al-Rajhi	100,000	12,000	112,000
Bandr A. Masoudi	100,000	12,000	112,000
Saeed A. Basamah	0	12,000	12,000
Abdulaziz A. bin Dayel	0	12,000	12,000
Total	300,000	60,000	360,000
Members of Governance Committee			
Abdulaziz A. bin Dayel	0	6,000	6,000
Turki M. AlMarzouq	0	6,000	6,000
Najem A. Al Zaid	0	6,000	6,000
Total	0	18,000	18,000

Mechanism of Remuneration of Senior Executives (Executive Management)

- The Board shall determine types of remuneration granted to the Company’s senior executives - based on recommendations of Nomination and Remuneration Committee - such as fixed remuneration, performance-based remuneration, and incentives.
- Remuneration is intended to promote competitiveness required to attract and retain qualified and competent employees and to maintain the highest level of skills that the Company needs.

Remunerations of Senior Executives - Five of Senior Executives who have received the highest remunerations from Sipchem, including CEO and CFO as detailed in the below table:

	Fixed Remunerations			Variable Remunerations					End-of-Service gratuity	Total remunerations of Board Executives, if any	Gross total		
	Salaries	Allowances	In-kind benefits	Total	Periodic Remunerations	Profits	Short-term incentive plans	Long-term Incentive Plans				Granted shares (Insert the value)	Total
Remunerations of Senior Executives including CEO and CFO	8,668,472	3,657,055		12,325,527	734,550			4,444,851		5,179,401	1,983,339		19,488,267

9) Any Penalty, Sanction or Precautionary Measure

There are no penalties, sanctions, precautionary measure or precautionary attachment imposed on Sipchem by CMA or any other supervisory, regulatory or judicial authority.

10) Results of Annual Review of Internal Audit Procedures

The Internal Audit Department of Sipchem provides assurance and consulting services independently and objectively in order to add value, improve operations and achieve the strategic goals of Sipchem.

The Internal Audit Department assists Sipchem in achieving its goals through evaluating and improving the effectiveness of the internal control system, risk management and governance processes.

The Internal Audit Department follows the risk based audit methodology, through which the audit work is directed towards the most risky and important activities and works of Sipchem. In accordance with the best professional practices, Sipchem annual audit plan is prepared on the basis of risks.

The scope of work of the Internal Audit Department in Sipchem includes the review of activities, operations, risk management procedures, internal control systems, information systems, governance processes, and assistance in discovery and protection against fraud, deceit, and embezzlement. All activities, functions, departments and branches of Sipchem and subsidiaries fall within the scope of the Internal Audit Department.

During 2020, the Internal Audit Department carried out several periodic and special audits according to the annual audit plan approved by the Audit Committee with the aim of giving the necessary assurances regarding the effectiveness and efficiency of internal control and risk management in Sipchem, with a focus on activities and functions with high risks. The Internal Audit Department also provides consulting services for the purpose of contributing with the Executive Management to improving the efficiency and effectiveness of Sipchem's various operations, in addition to contributing to the audit of the interim and annual financial statements.

Audit Committee's opinion on the adequacy of Sipchem's internal control system

The internal audit activities and processes referred to above did not show the existence of substantial observations during 2020, and the internal audit activities and processes demonstrated the adequacy and effectiveness of the internal control system, the existence of good risk management and the efficiency of governance processes.

11) Recommendation made by the Audit Committee on the need for the appointment of an internal auditor in Sipchem

There was no recommendation made by the Committee as Sipchem already has an Internal Audit Department performing internal auditor functions.

12) Audit Committee's recommendations contradicting with the Board's resolutions or rejected by the Board on appointing and dismissing Sipchem's auditor, determining relevant fees and assessing the performance thereof

There is no contradiction between the Audit Committee's recommendations and the Board's decisions.

13) Details of Social Contributions

Sipchem seeks to develop relationships based on the principle of sustainability between the Company and society by creating and promoting a culture of social responsibility in all of Sipchem's business. Sipchem has, since its inception, contributed to the advancement of society, based on our belief that social empowerment is an integral part of our heritage.

We strive hard to inspire people and empower society to invest therein. Year after year, we are working to improve, develop and activate our approach and way of dealing with society to achieve high returns and benefits at all levels of projects.

Our Areas of Concern in Social Responsibility:

- Health and safety
- Entrepreneurship
- Support of local economies
- Sport and culture
- Environment and sustainability
- Education

Because of our strong belief in Social Responsibility, we allocated 1% of our net profit to the implementation of social initiatives. Our programs covered more than 76% of Saudi Arabia and reached more than 1 million beneficiaries.

In previous years, Sipchem has been committed to its duties towards society, despite the difficult conditions experienced by the global economy, especially the petrochemical sector. In 2020, Sipchem allocated a total of about SAR 7 million for community service activities, as the contributions and initiatives varied according to Sipchem's policy in community service. Sipchem focused on implementing sustainable programs aimed at keeping pace with social change, and has focused on areas of concern.

More recently, during the Coronavirus outbreak, Sipchem has continued to implement many social responsibility programs that deems appropriate with community service programs and sustainable charity programs. Sipchem has adopted a number of initiatives in partnership with competent authorities through which it has stood side by side with the government's efforts to combat Covid-19.

14) Statement of the dates of shareholders' general assemblies held during 2020 and the names of Attended Board Members

The Extraordinary General Assembly was held on **April 29, 2020**. The Attendance Record of Board Members is as follows:

S	Name	April 29, 2020	Attendance
1	Eng. Khalid A. Al-Zamil	✓	1
2	Mr. Fahad S. Al-Rajhi	✓	1
3	Dr. Abdulrahman A. Al-Zamil	✓	1
4	Eng. Reyadh S. Ahmed	✓	1
5	Eng. Saeed A. Basamah	✓	1
6	Eng. Yousef A. Al-Zamil	✓	1
7	Eng. Saeed O. Al-Esayi	✓	1
8	Mr. Ayidh M. Al-Qarni	✓	1
9	Mr. Ziad A. Al-Turki	✓	1
10	Mr. Bandr A. Masoudi	✓	1
11	Mr. Abdulaziz A. bin Dayel	✓	1

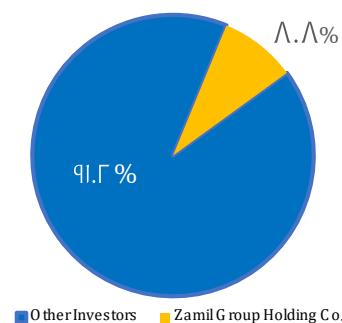
15) DESCRIPTION OF SIPCHEM ACTIVITIES:

(Sipchem) is a Saudi public joint stock company listed on the Tadawul (Saudi Capital Market). Sipchem is actively investing in basic and intermediary petrochemical and chemical materials that can be utilized as feedstock for manufacturing of a vast array of products that provide prosperity and welfare for humans. Sipchem is committed to implementing its activities in compliance with the highest quality standards whether in its products or maintaining the integrity of the surrounding environment or the safety of its employees and communities.

Sipchem selected Jubail Industrial City, located in the Eastern Province of Saudi Arabia, to establish its industrial complex on an area of 1,766,959 square meters, because of the availability of all required basic infrastructure, the abundance of raw materials and necessary petrochemical products in the Eastern Province and the ease of export operations via King Fahd Industrial Port and Jubail Commercial Port.

In 2020, Sipchem's existing manufacturing facilities produced 4.013 million metric tons. Net income amounted to SAR 175.9 Million in 2020 compared with SAR 299.5 Million in 2019 with a decrease of 41.3. Reason of declining profits of the Company during this year compared to the previous year is attributed to decline of sales revenues as a result of the low prices of most of Sipchem's products, and the decrease in production at the polypropylene plant due to unplanned shutdown and regular maintenance as previously announced. This decrease comes despite the relatively drop of average prices of some raw materials, and despite the contribution of Sipchem to profits for 12 months this year, as the contribution of Sipchem to profits was for only 7 months compared with the corresponding period of the last year.

Sipchem's strategy, planned to be implemented in gradual stages, aims at achieving integration of the current and future chemical products to create a chain of valuable final products. Such strategy will contribute to increasing the GDP and support the industrial development in light of the comprehensive development plans implemented by the kingdom, which at the end help maximizing the shareholders' profitability.



Establishment Date	1999
Company Type	Joint-Stock Company
Headquarters	Riyadh – Saudi Arabia
Capital	SAR 7,333,333,320
Company Activity	Petrochemical & Chemical Industries, Basic and Intermediate
Number of shares	733,333,332 shares

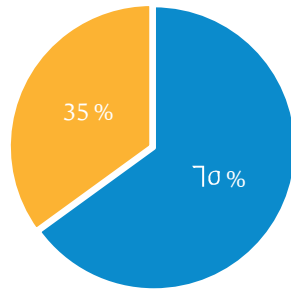
A description of the subsidiaries' activities and its impact on the size of Sipchem's business and its contribution to the results for 2020

Million Riyals

Activity	Revenues	Percentage
International Methanol Company	703.1	13.2%
International Diol Company	216.4	4.1%
International Acetyl Company Limited	179.2	3.4%
International Vinyl Acetate Company	789.9	14.8%
International Gases Company	101.1	1.9%
Sipchem Marketing Company	488.6	9.2%
International Polymers Company	921.7	17.3%
Sipchem Chemicals Company	476.5	9.0%
Gulf Advanced Cable Insulation Company	105.2	2%
Saudi Specialized Products Company	13.8	0.3%
Sipchem Advanced Technologies Company	35.7	0.7%
Sahara International Petrochemical Company	201.5	3.8%
Sahara Marketing Company	-	0.0%
Al WAHA Petrochemicals Company	1,090.3	20.5%
Total	5,323	100.0%

DESCRIPTION OF ACTIVITIES OF SIPCHEM'S AFFILIATES

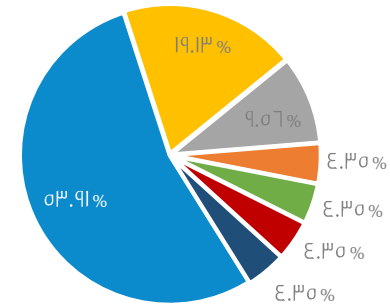
International Methanol Company



■ Sipchem

Establishment Date	2002
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 360,97
Company Activity	Production of Methanol (methyl alcohol)
Capacity	970 thousand mtpa

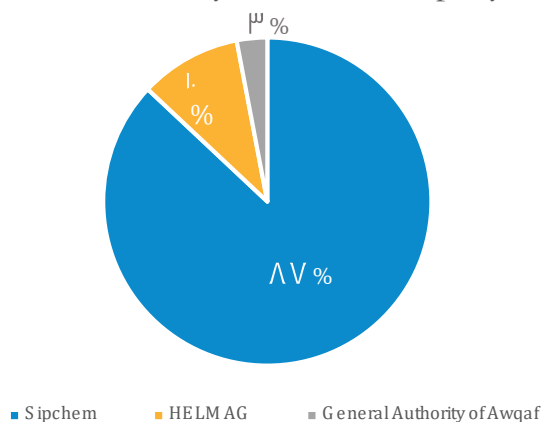
International Diol Company



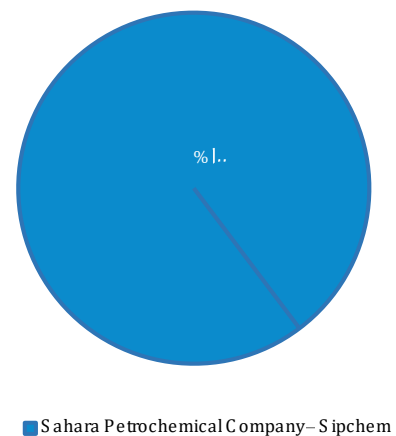
■ Sipchem
 ■ Public Pension Agency
 ■ GOSI
 ■ Abdullatif AlBabtain & Partners
 ■ Arab S Supply & Trading Company (AS TRA)
 ■ Devi Proess Technology

Establishment Date	2002
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 431,25
Company Activity	Production of Butanediol (BDO), Maleic Anhydride (MAN), Tetrahydrofuran (THF) and gamma-Butyrolactone (GBL)
Capacity	40 thousand mtpa of Maleic Anhydride (MAN) 5 thousand mtpa of gamma-Butyrolactone (GBL) 7,65 thousand mtpa of Tetrahydrofuran (THF) 50 thousand mtpa of Butanediol (BDO)

International Vinyl Acetate Company Ltd.



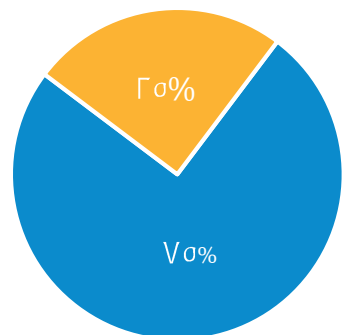
Sahara Petrochemicals Company



Establishment Date	2006
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 676,000,000
Company Activity	Production of Vinyl Acetate Monomer
Capacity	330 thousand mtpa

Establishment Date	2004
Company Type	Closed Joint Stock Company
Headquarters	AL-Khobar – Saudi Arabia
Capital	SAR 2,378,95
Company Activity	Petrochemical & Chemical Industries, Basic and Intermediate

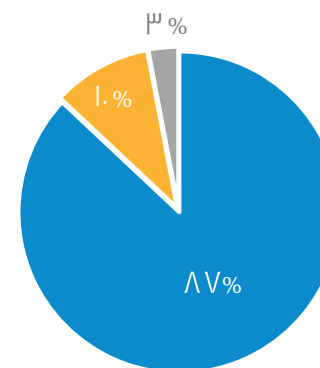
Al WAHA Petrochemical Company- AL WAHA



- Sahara Petrochemicals Company - Sahara
- Basell Arabie Investissements S.A.S

Establishment Date	2006
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 1,660,000,000
Company Activity	Production of Propylene and Polypropylene
Capacity	450,000 mtpa of Propylene 450,000 mtpa of Polypropylene 1,080 mtpa of caustic soda 150 mtpa of mixed liquid hydrocarbons

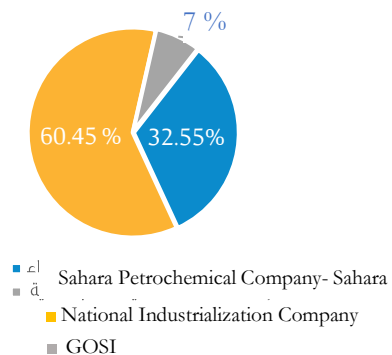
International Acetyl Company Limited



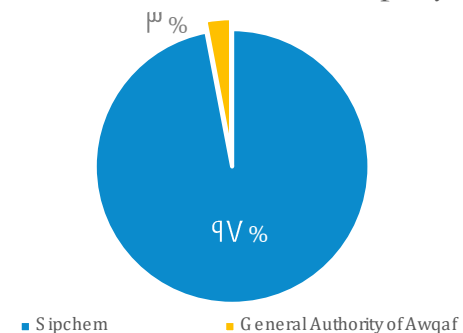
- Sipchem
- HELM AG
- General Authority of Awqaf

Establishment Date	2006
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 1,003,000,000
Company Activity	Production of Acetic Acid (AA) and Acetic Anhydride (AAAn)
Capacity	460,000 mtpa of Acetic Acid 50,000 mtpa of Acetic Anhydride

Tasnee & Sahara Olefins Company (TSOC)



International Gases Company

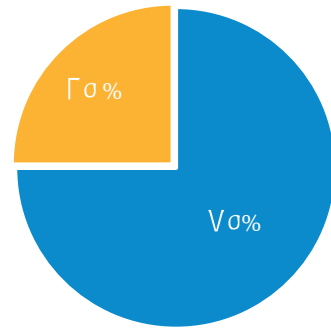


Establishment Date	2006
Company Type	Closed Joint Stock Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 2,830 million
Company Activity	Establishment, management, operation, ownership and investment in industrial projects, particularly petrochemical and chemical industries in addition to marketing their products and performing all related activities.

Establishment Date	2006
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 425,4 million
Company Activity	Production of Carbon Monoxide and Hydrogen
Capacity	345,000 mtpa of Carbon Monoxide 65,000 mtpa of Hydrogen

Sahara Petrochemical Company indirectly owns 24.41 of Saudi Ethylene & Polyethylene Company

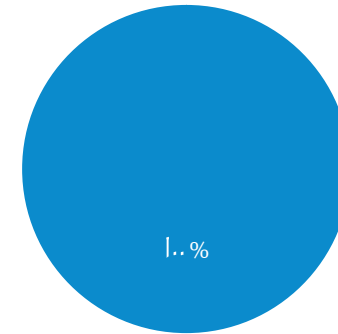
Saudi Ethylene and Polyethylene Company (SEPC)



- Tasnee & Sahara Olefins Company (TSOC)
- BasellMoyen Orient Investissements SAS

Establishment Date	2006
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 2,737,500,000
Company Activity	Production of propylene, ethylene, high density polyethylene and low density polyethylene.
Capacity	284.8 thousand mtpa of Propylene 1,008 thousand mtpa of Ethylene 800 thousand mtpa of polyethylene

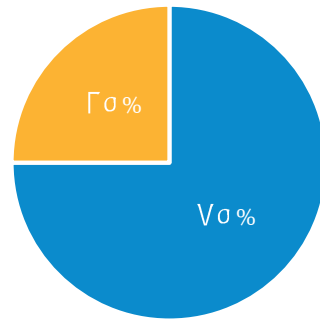
Sipchem Marketing Company



- Sipchem

Establishment Date	2007
Company Type	Limited Liability Company
Headquarters	Al-Khobar – Saudi Arabia
Capital	SAR 2,000,000
Company Activity	Marketing and sales of petrochemicals and plastics.

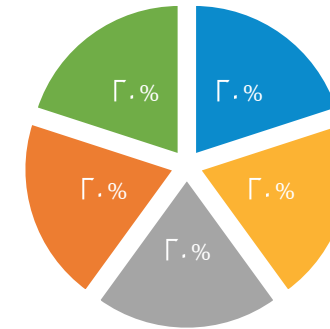
International Polymers Company



■ Sipchem ■ Korea's Hanwha Chemical Corp

Establishment Date	2009
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 703,2 million
Company Activity	Production of Polyvinyl acetate, Polyvinyl alcohol, polyethylene wax, Low Density Polyethylene and ethylene and vinyl acetate copolymers.
Capacity	200,000 mtpa of ethylene and vinyl acetate copolymers. 125,000 mtpa of Polyvinyl acetate 4,000 mtpa of Low Density Polyethylene 4,000 mtpa of Polyvinyl alcohol 200 mtpa of polyethylene wax

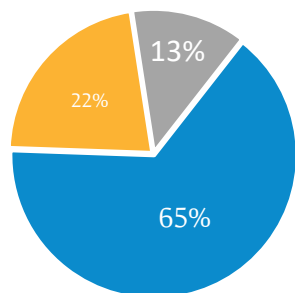
International Utilities Company (IUC)



■ International Methanol Company
■ International Diol Company
■ International Acetyl Company Limited
■ International Vinyl Acetate Company

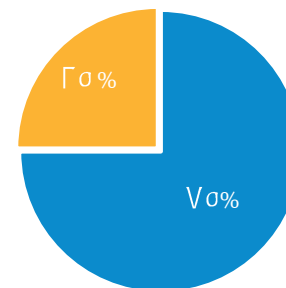
Establishment Date	2009
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 2,000,000
Company Activity	Management, operation and maintenance of utilities and facilities for Sipchem's subsidiaries.

Saudi Acrylic Acid Company (SAAC)



- Tasnee & Sahara Olefins Company (TSOC)
- Sahara Petrochemicals Company

Saudi Acrylic Monomer Co. Ltd. (SAMCO)



- Saudi Acrylic Acid Company (SAAC)
- Rohm and Haas Nederland B.V

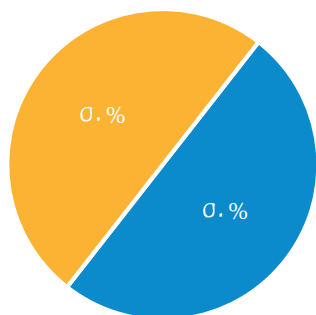
Establishment Date	2009
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 1,777 million
Company Activity	Establishment, management, operation and ownership of acrylic acid and its derivatives production projects, and petrochemical and chemical industrial projects.

Establishment Date	2009
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 1,084,5 million
Company Activity	Acrylic Acid, Butyl Acrylic, Diethylhexyl Acrylic, Glacial Acrylic Acid
Capacity	160 thousand mtpa of Butyl Acrylic 64 thousand mtpa of Glacial Acrylic Acid

Based on Sahara Petrochemical Company's ownership percentage in TSOC which is 32.55 %, Sahara holds indirectly additional ownership percentage of 21.16 in Saudi Acrylic Acid Company (SAAC), thus is reflected in Sahara's total equity to be 43.16%.

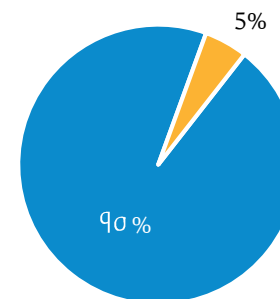
Based on Sahara Petrochemical Company's ownership percentage in Saudi Acrylic Acid Company (SAAC), which is 43.16 %, Sahara holds indirectly additional ownership percentage of 32.37%, in Saudi Acrylic Monomer Co. Ltd. (SAMCO).

Sahara & Ma'aden Petrochemicals Company (SAMAPCO)



■ Sahara Petrochemicals Company-Sahara

Sipchem Chemicals Company

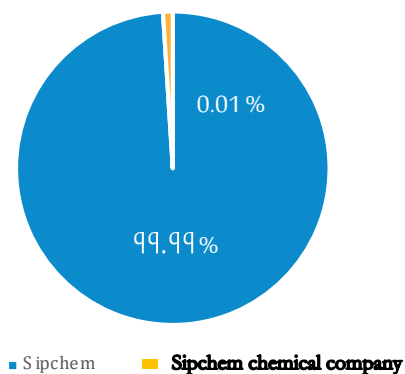


■ Sipchem
■ Sipchem Marketing Company

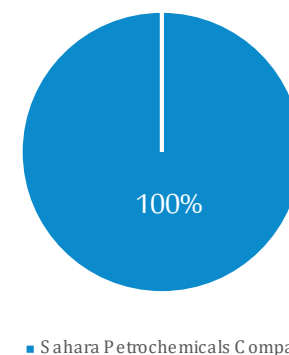
Establishment Date	2011
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 900,000,000
Company Activity	Production of caustic soda, chlorine, and Ethylene Dichloride (EDC)
Capacity	300,000 mtpa of Ethylene Dichloride (EDC) 250,000 mtpa of caustic soda

Establishment Date	2011
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 266,000,000
Company Activity	Production of ethyl acetate / butyl acetate, polybutylene terephthalate and tetrahydrofuran
Capacity	100,000 mtpa of ethyl acetate 50,000 mtpa of n-Butyl Acetate 68,000 mtpa of polybutylene terephthalate 3,568 mtpa of tetrahydrofuran

Sipchem Europe Cooperative UA and its Subsidiaries



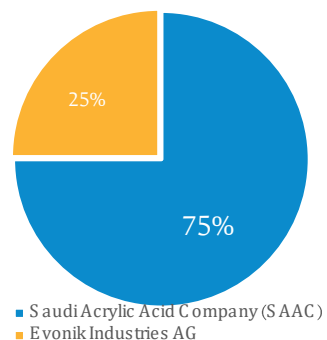
Promising Business Company



Establishment Date	2011
Company Type	Limited Liability Company
Headquarters	Lottery - Switzerland
Capital	SF 1,000,000
Company Activity	Providing administrative support in marketing and logistics activities

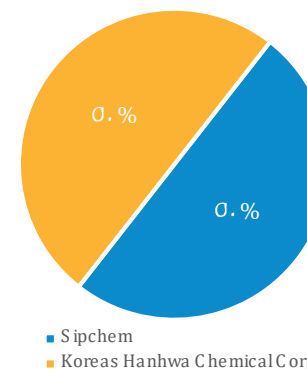
Establishment Date	2011
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 700,000
Company Activity	Wholesale of chemical fertilizers

Saudi Acrylic Polymer Company (SAPCO)



Establishment Date	2012
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 416,400,000
Company Activity	Ownership, management and operation of super absorbent polymers plant within the integrated acrylics complex project
Capacity	80 thousand mtpa of super absorbent polymers

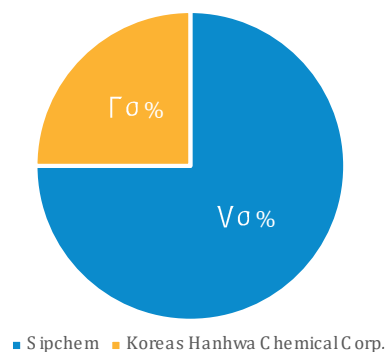
Gulf Advanced Cable Insulation Company



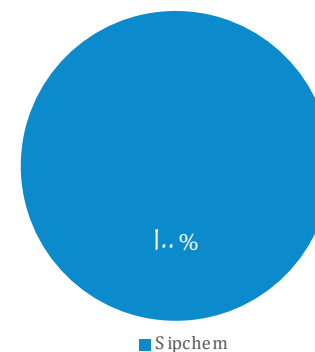
Establishment Date	2012
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 57,240,000
Company Activity	Cable insulation polymers products
Capacity	25 thousand mtpa

By virtue of Sahara’s aggregate 43.16% equity stake in SAAC, Sahara owns an indirect equity stake of 32.37% in SAPCO.

Saudi Specialized Products Company (Wahaj)



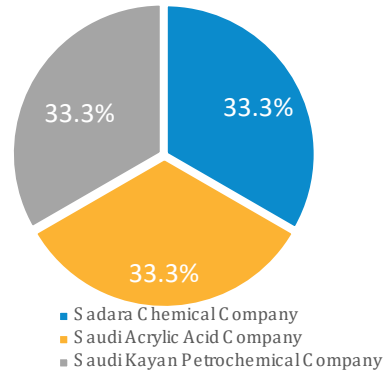
Sipchem Asia Pte Ltd



Establishment Date	2013
Company Type	Limited Liability Company
Headquarters	Riyadh – Saudi Arabia
Capital	SAR 56,320,000
Company Activity	Production of metal molds used for plastics industries and maintenance of metal molds in addition to producing transparent films.
Capacity	5000 mtpa

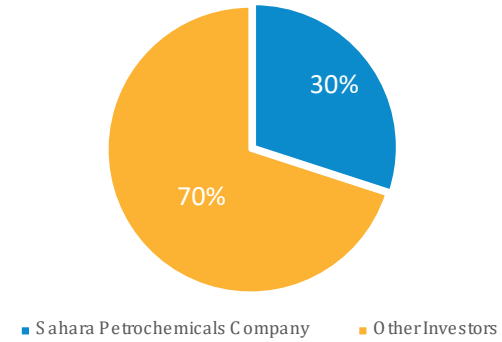
Establishment Date	2013
Company Type	Limited Liability Company
Headquarters	Singapore
Capital	SAR 752,970
Company Activity	Marketing Sipchem's products in Asia

Saudi Butanol Company (SABUCO)



Establishment Date	2013
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 486,000,000
Company Activity	Production of n-butanol and isobutanol
Capacity	330 thousand mtpa of n-butanol 11 thousand mtpa of iso-butanol

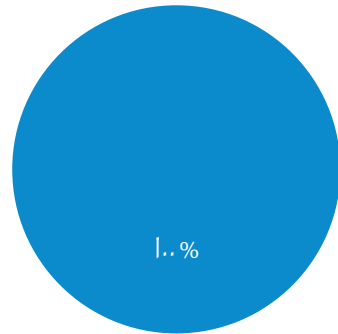
Khair Inorganic Chemical Industries



Establishment Date	2016
Company Type	Closed Joint Stock Company
Headquarters	Ras Al-Khair – Saudi Arabia
Capital	SAR 800,000,000
Company Activity	Production of soda and sodium chloride
Capacity	300,000 mtpa of Soda Ash 384,000 mtpa of sodium chloride

By virtue of Sahara’s aggregate 43.16% equity stake in SAAC, Sahara owns an indirect equity stake of 14.38% in SABUCO.

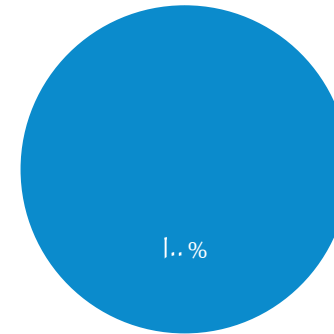
Sahara Marketing Company



■ Sahara Petrochemicals Company– Sahara

Establishment Date	2016
Company Type	Limited Liability Company
Headquarters	Jubail Industrial City – Saudi Arabia
Capital	SAR 500,000
Company Activity	Marketing and sales of petrochemicals and plastics.

Saudi Advanced Technologies Company



■ Sahara Petrochemicals Company– Sahara

Establishment Date	2018
Company Type	Limited Liability Company
Headquarters	Riyadh – Saudi Arabia
Capital	SAR 5,000,000
Company Activity	Metal formation by hammering, pistons, casting, rolling, making structures for motor vehicles, making parts, accessories and engines for motor vehicles.

16) A Description of Sipchem's Significant Plans and Decisions

The Company continues to explore various investment opportunities by taking advantage of the synergies created by the merger by increasing the capacity of existing plants, reducing costs through the digital transformation across supply chains, value chains and others, and by developing new projects that may involve other acquisitions and mergers inside and outside KSA that increase Sipchem's various products, boost profitability and create new business opportunities.

2020 was an exceptional year for the extent of challenges that have befallen the global economy as a result of the Coronavirus (Covid-19) pandemic. Thankfully, Sipchem formed a committee to follow up on the implementation of the crisis management to ensure that preventive and precautionary health measures are followed to maintain safety of employees and continuation of production. With the support of the Board, Sipchem played a major and leading role during COVID-19 pandemic. Sipchem, in collaboration with the Ministry of Industry and Mineral Resources and Sadara Chemical Company, converted industrial ethanol into a product suitable for medical uses. Through this contribution, Sipchem provided 150,000 liters of ethanol to produce and donate hand sanitizers to the Ministry of Health.

17) Information on Any Risks Faced by Sipchem

Risk management is an integral part of Sipchem's strategy in order to achieve long- and short-term objectives. The objective of risk management is to ensure that Sipchem can effectively implement its strategies and realize its objectives, identify risks that limit Sipchem's ability to reach its objectives, and determine whether these risks are at a low and manageable level.

The Board, as part of its role in providing strategic oversight and supervision of the Company, is responsible for protecting investors' interests by maintaining an effective risk management and internal control system. The Executive Risk Management Committee is fostering a culture of risk management using leading standards through risk management. Accordingly, the concerned department shall implement, identify, evaluate and develop appropriate procedures for dealing with risk management practices in related activities or risks that may affect the organizational strategy.

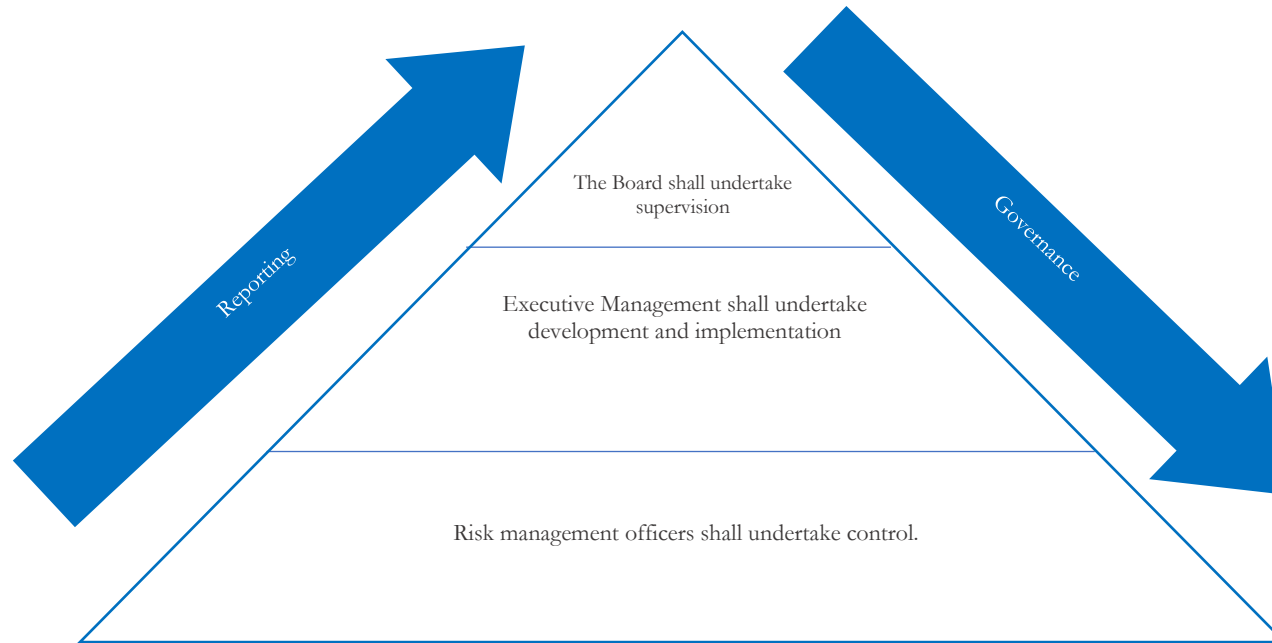
Sipchem has developed a broad risk management framework in line with the leading practices and has widely informed the Board about related risks.

The main activity of risk management is to educate the Company as a whole about the agreed level of risks; including:

- Understand the risk environment, assess the qualitative risks and the likelihood that the Company will be exposed to such risks.
- Determine how best to deal with such risks.
- Manage identified risks in appropriate ways.
- Emphasize the effectiveness of managing such risks and, where necessary, rapid intervention to improve such effectiveness.

- Periodically inform Management and the Board of the seriousness with which risks are managed, controlled and improved.

Based on the leading practices and regulations of CMA, Sipchem's governance structure of the risk management system is as follow:



1. Implementation of the Risk Management System and Organizational Structure:

Sipchem's Board of Directors has assigned the responsibility of Sipchem's risk management systems and processes to the Board Audit Committee. The Audit Committee shall be responsible for developing and implementing risk management systems and processes as a framework for the Company. The Internal Risk Management Executive Committee is chaired by the CEO, while the key roles of senior management are assigned to the Committee members. Sipchem's risk management functionally reports to the Risk Management Audit Committee and shall be responsible for:

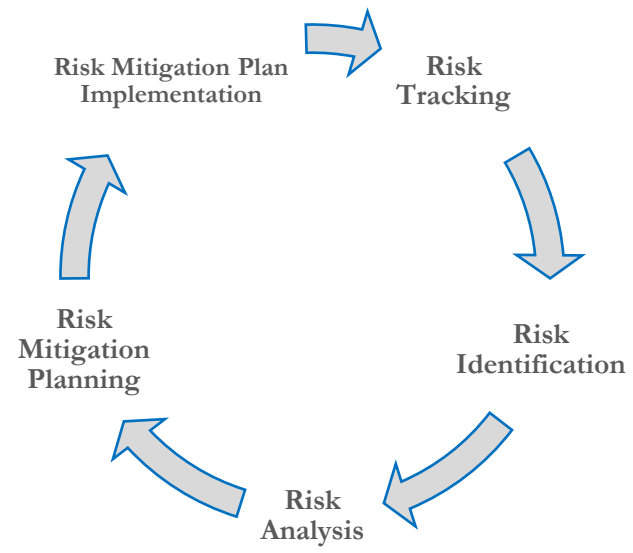
- Risk reporting.
- Conducting periodic risk assessments with business entities and subsidiaries.
- Coordinating all risk management activities within the Company.
- Reviewing risks faced by subsidiaries.
- Coordinating with subsidiaries on the implementation of risk management practices.
- Maintaining risk management policy and describing how to report risks.

2. Sipchem's Risk Management Policies and Practices:

Sipchem relies on a company-wide risk management policy approved by the Board, which identifies and formalizes risk management guidelines and practices, reporting procedures, and preparation of related reports.

Subsidiaries are responsible for risks as much as they are responsible for the revenues, and therefore the responsibility for managing risks shall be assumed by the management teams of subsidiaries as well as the managers. The risk management process controls exposures through using risk surveys, assessments, remedies, reporting and monitoring, including reporting of associated risks. Sipchem's risk management framework has been developed and implemented based on continuous practices and improvements through various ongoing initiatives.

Below is a diagram showing the continuously implemented risk management system:



3. Risk factors of Sipchem and its subsidiaries:

Sipchem incurs a number of risks that may affect operational and financial performance thereof. There is no certainty that risk management activities will prevent emergence of such risks. However, the management shall closely monitor such risks while taking preventive measures and controls to address the same. The following are some of the main risk factors that are being addressed:

A. Manpower Risks

Due to the large petrochemical projects in Saudi Arabia and GCC, Sipchem or its subsidiaries may not be able to retain key employees or may not continue to attract key personnel with skills and experience, which could result in a shortage of skilled labour or constitutes an obstacle to Sipchem's ability to maintain the necessary human resources.

B. Products Prices Risks

Sipchem works in international products markets in which it sells or intends to sell its products, and the prices of these products move mainly by global supply and demand factors. They are affected by fluctuations in world prices for oil and gas. Therefore, any significant change in the market conditions and oil and gas prices might affect Sipchem's future prospects. The oil and gas markets are historically volatile, and is currently less than historical levels.

C. Funding Risks

Sipchem relies essentially on its ability to secure loans at favorable conditions as the Board believes from commercial banks and non-commercial bodies to finance current and future projects that require large capital investments or contribution to the financing of these projects. However, if Sipchem or its subsidiaries in the future fail to get funding or become unable to meet the current funding obligations (including compliance with commitments and the ratios), the financial performance of Sipchem or its ability to expand business may be affected negatively.

D. Feedstock Supply Risks

Sipchem got from Saudi Aramco commitments for supply and delivery of natural gas and some other raw materials to its subsidiaries based on the procedures applicable by the Saudi Aramco for the purchasing companies for those products in the Kingdom. There are limits of Saudi Aramco's commitment to control the supply of natural gas and other raw materials. If either Sipchem's subsidiary does not receive the agreed quantity of natural gas or other raw materials, by Saudi Aramco or other parties or the parties raise the price value of raw materials, it is likely to negatively affect the subsidiary. If the parties are unable to provide the raw materials required to fulfill their obligations, Sipchem's subsidiary will not be able to produce planned quantities of petrochemical products and cannot fulfill its obligations relating to sales, which would adversely affect the performance of Sipchem.

E. Technology Risks

Petrochemical industry technologies and processes are evolving continuously worldwide. Hence, any substantial technological development may make the techniques and processes currently used by any of Sipchem's subsidiary non-competitive and may negatively affect Sipchem's competitiveness position. Sipchem has worked to try to reduce this risk through proven techniques acquired from leading global companies in the petrochemical industry.

F. Operational Risks

Uninterrupted operation of plants depends largely on the performance, the validity and reliability of machinery and equipment used in manufacturing products. Therefore, any sudden or unexpected malfunction or interruption in such machinery, equipment or ineffective operation, shutdown or disruption of any part of the production process may lead to a reduced level of efficiency of the plant and delayed production. Sipchem's subsidiaries implement periodic maintenance programs and training courses for their employees, in addition to providing the appropriate insurance coverage to reduce these risks and their consequences.

G. Projects Integrity Risks

Due to implementation of product integration strategy, and resulting interdependence and complementarity between the activities of subsidiaries, current and future projects, that are interrelated, are at risk of shortages in the supply of raw materials in the event that any of the subsidiaries fails to fulfill its obligations towards other subsidiaries, which in turn could adversely and substantially affect the operational performance of the concerned subsidiary or Sipchem's performance.

H. Construction & Completion Risks

When developing new projects, Sipchem hires contractors and vendors that believes they are known and have a high reputation for building plants and manufacturing facilities, but the risk of exceeding the estimated cost and delay in completion due to the reliance on third parties to build and accomplish projects could negatively affect Sipchem's operations and financial position.

I. Off-take Agreements Risks

Sipchem's subsidiaries concluded a number of long-term off-take agreements with various parties regarding the sale of their products. Accordingly, as long as the subsidiaries are required meet their obligations under these agreements, the subsidiaries remain vulnerable to the risk of shortage of long-term supplies for these agreements. In addition, in the event of offtaker's default or failure to fulfill its obligations, the financial performance of subsidiary may be affected negatively as a result.

J. Insurance Risks

Sipchem and its subsidiaries maintain what they believe is sufficient insurance to cover the various stages of the projects being implemented as well as their operations. However, there is no confirmation that the insurance cover would be sufficient in all cases. For example, future events may not have sufficient insurance coverage, or may not be covered by insurance, thus affecting Sipchem and its subsidiaries.

K. Exchange Rate Risks

Any negative change of any of the USD Dollar, Euro or other currencies shall have detrimental effect on Sipchem's results. As the payment of the products value or the EPC contracts with foreign suppliers is made in US Dollar or Euro according to various purchasing agreements, any exchange rate fluctuation of these currencies versus the Saudi Riyal could have a material adverse effect on Sipchem's results. Accordingly, Sipchem adopted some preventative measures to reduce the impact of exchange rate fluctuation risks.

L. Environmental Risks:

Sipchem and its subsidiaries are subject to environmental protection laws and regulations applicable in Saudi Arabia including General Environmental Regulations and Rules for Implementation, and the environment regulations of the Royal Commission for Jubail and Yanbu. General Environmental Regulations require reporting on the environmental effects of projects under the requirements of licensing and approval procedures by the General Presidency of Meteorology and Environment Protection and Ministry of Commerce and Investment. General Environmental Regulations also allow for imposition of fines and penalties due to the emission of dangerous or toxic materials and imposition of fine and damages arising from any environmental violations.

Sipchem and its subsidiaries' projects were designed, built, and operated in accordance with the General Environmental Regulations and Rules for Implementation, and the environment regulations of the Royal Commission for Jubail and Yanbu. Sipchem and its subsidiaries obtained required approvals and are applying appropriate waste treatment systems and prevention of accidents procedures. However, the discovery of environmental conditions that were previously unknown, or the issuance of stricter environmental standards than the General Presidency of Meteorology and Environment Protection or the Royal Commission for Jubail and Yanbu or imposition of new regulations or changes in the interpretation of laws and regulations could lead to Sipchem's decision to apply additional actions, which may lead to increased costs and obligations of Sipchem.

M. Competition Risks

The markets in which Sipchem sells its products are highly competitive in general and subject to the forces of supply and demand on a global level. These markets are characterized by a high degree of volatility, in addition to the fact that many new companies entered the market while other companies undertook significant expansions in production capacities in order to benefit from the opportunities of quantitative economy and cost savings through the intensification of production, thereby leading to rising levels of supply and competition in the market.

Accordingly, the higher levels of competition and volatility may lead to excess global production capacity, which may expose Sipchem to face substantial accumulation of stocks or lower sales and prices in some cases.

N. Laws and Regulations Risks

Sipchem works in an organized environment, which is subject to specific regulations. So far, in principle, these regulations include the requirement to obtain a license to operate and therefore, in the event of any change in these regulations (including issuance and imposition of new regulations), Sipchem may be adversely affected and may have to incur significant capital expenditures to comply with these statutory changes.

O. Production and Transportation of Hazardous Materials Risks

Sipchem's production processes include the processing of natural gas and other gases, raw materials (including chemical raw materials) to produce petrochemicals. Petrochemicals, waste gas and resulting materials are by nature inherently highly inflammable hazardous materials. The nature of production processes of Sipchem expose it to high risks of incidents involving explosions and fires. Also, Sipchem's operations are vulnerable to operational risks which are common in the petrochemical sector, including interruption of voltage feed, or technical malfunctions or other accidents.

P. Investments Related Factors

As the economic and legal environment in Saudi Arabia remains subject to constant change, investors face uncertainty with regard to guaranteeing their investments. Sipchem's operations in Saudi Arabia are exposed to common risks, including supervisory control development, inflation, changes in disposable income or GDP, changes in commission rates, levels of economic growth, and other similar factors, noting that many of these factors are beyond the control of Sipchem. Social or economic developments in the Kingdom or neighboring countries or other countries in the region may lead to a substantial negative impact on business, financial position, results of operations and cash flows of Sipchem.

Q. Credit risks:

Credit risk is the inability of one party to fulfill its obligations causing financial losses to the other party. Sipchem seeks to manage credit risk related to customers by monitoring outstanding receivables. Besides, Adequate provisions are also made against doubtful debts. Sipchem holds the cash in high credit rated local banks.

R. Liquidity Risks

Liquidity risk is the risk where Sipchem will encounter difficulty in raising funds to meet obligations associated with financial instruments. Liquidity risk may arise from the Group's inability to sell a financial asset quickly at an amount close to its fair value. Sipchem works to reduce liquidity risk by managing working capital by ensuring the availability of bank facilities.

S. Interest Rate Risk

Interest rate risk is represented in fluctuations in the value of financial instruments as a result of changes in interest rates in the market. The Group is exposed to interest rate risk on its interest bearing liabilities represented in assets, including bank deposits, liabilities that include short-term and long-term loans, sukuk and obligations under capital lease contracts. Management monitors changes in interest rates and considers that interest rate risk is not material to the Company.

18) Summary in form of a table regarding Sipchem's assets, liabilities, and results of its operations during the last five fiscal years

The key financial indicators for the year 2020 compared to the previous year are as follows:

- Revenues reached SAR 5,323.0 million during the year 2020 compared to SAR 5,439.7 million for the previous year with a reduction of 2.1%.
- Total profit reached SAR 1,172.9 million during the year 2020 compared to SAR 1,635.2 million for the previous year, with a reduction of 28%.
- Profit from operations amounted to SAR 359.6 million during the year 2020 compared to SAR 906.3 million for the previous year , with a reduction of 60%.
- Net profit reached SAR 175.8 million during the year 2020 compared to SAR 299.5 million for the previous year, with a reduction of 41%.
- Earnings per share reached SAR 0.24 during the year 2020 compared to SAR 0.52 for the previous year.

Assets, liabilities and operating results for the last five financial years

Consolidated statement of financial position (Million Riyal)					
	2020	2019	2018	2017	2016
Non-current assets	18,792	19,863	12,380	12,342	12,494
Current assets	4,973	4,128	3,000	3,638	3,309
Total assets	23,765	23,991	15,380	15,980	15,803

Equity and non-controlling interests	13,836	14,338	7,125	7,211	6,685
Non-current liabilities	6,464	7,722	6,330	6,928	7,023
Current liabilities	3,465	1,931	1,925	1,841	2,095
Total liabilities and equity	23,765	23,991	15,380	15,980	15,803

A description of the impact of each activity on the size of Sipchem business and its contribution to the results:

Sectorial Analysis: The Company operates in the following sectors:

- **Basic chemicals:** They include Methanol, Butane products and Carbon Monoxide.
- **Intermediate chemicals:** They include Acetyl Acid, Vinyl Acetate Monomers, Ethyl Acetate, Butyl Acetate and related materials.
- **Polymers:** These include low density Polyethylene, Polyvinyl acetate, Polyvinyl Alcohol, and Polybutylene Terephthalate, electrical wire products plant including polypropylene sector.
- **Marketing:** It includes Sipchem Marketing Co. and its foreign subsidiaries as shown in figure No. 1 It also includes the sales of petrochemical products, mainly polypropylene, of Sahara Petrochemical Company.
- **Companies and others:** This include Sipchem, Ethylene Vinyl Acetate Films Plant and Tool Manufacturing Plant. This sector also constitutes empowerment and support activities departments in Sahara.

Million Riyals	Basic chemicals	Intermediate chemicals	Polymers	Marketing	Companies and others	Exclusion upon merger	Total
	For the year ended 31 Dec. 2020						
Revenues	1,692	2,232	2,334	3,664	49	(4,648)	5,323
Total profit	618	(72)	455	154	(6)	25	1,172
Operating profit	349	(307)	237	101	(72)	51	360
Dividend in joint ventures and associate companies	-	-	-	-	(34)	-	(34)
Profit before Zakat and income tax	208	(59)	143	100	(137)	(71)	185
Total assets	3,772	5,374	7,245	1,227	25,249	(19,101)	23,765
Total liabilities	2,275	2,423	3,235	824	5,248	(4,075)	9,929
Capital expenses	115	134	122	340	144	-	515.4
	For the year ended 31 Dec. 2019						

Revenues	1,840	2,326	2,586	2,905	144	(4,361)	5,440
Total profit	789	78	629	121	(18)	36	1,635
Operating profit	506	(52)	397	70	(80)	66	906
Dividend in joint ventures and associate companies	-	-	-	-	(27)	-	(27)
Profit before Zakat and income tax	189	(244)	188	70	191	(4)	390
Total assets	3,976	5,557	7,408	935	25,565	(19,450)	23,991
Total liabilities	1,951	2,417	3,363	578	5,130	(3,787)	9,653
Capital expenses	302	266	32	0.5	72	-	673

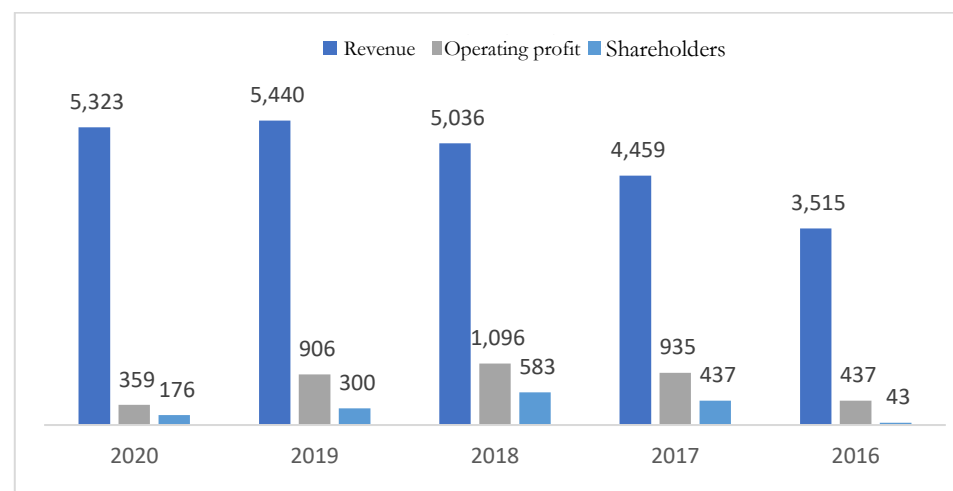
Consolidated statement of profit and/or loss (Million Riyal)

	2020	2019	2018	2017	2016
Income	5,323	5,440	5,036	4,459	3,515
Cost of sales	(4,150)	(3,805)	(3,401)	(3,033)	(2,645)
Total profit	1,173	1,635	1,635	1,426	861
Selling and distribution costs	(395)	(315)	(197)	(200)	(205)
General and administrative expenses	(419)	(414)	(342)	(291)	(219)
Operating profit	360	906	1,096	935	437
Finance income	26	60	28	22	38
Finance costs	(294)	(370)	(263)	(298)	(288)
Other (Expenses)/ income, net	126	(179)	6	12	(22)
Dividend in joint ventures and associate companies	(33)	(27)	-	-	-
Profit before Zakat and income tax	185	390	867	671	165
Cost of Zakat and income tax	(128)	(145)	(116)	(84)	(73)
Profit for the year	57	245	751	587	92

Profit yields to:

Equity	176	300	583	437	43
Non- controlling interests	(119)	(55)	168	150	49
Earnings per share from net profit yields to shareholders	0.24	0.52	1.59	1.19	0.12

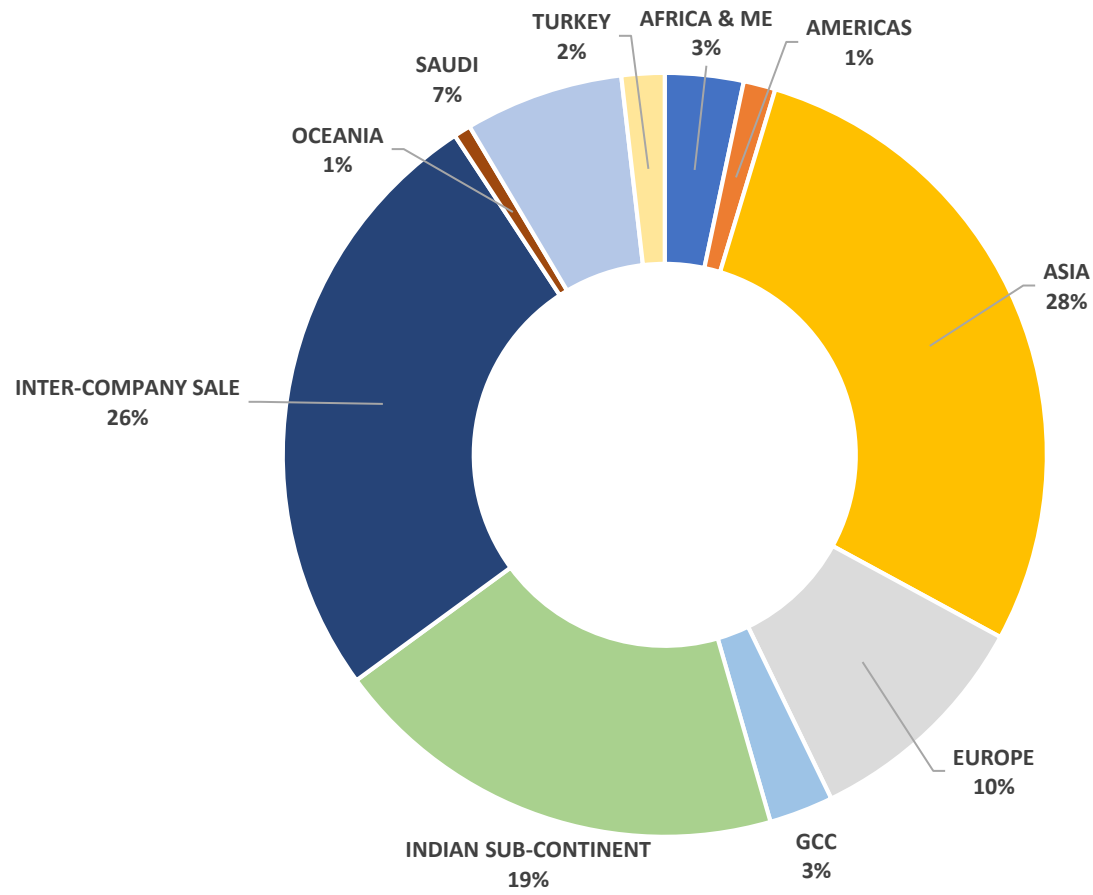
Evolution of sales, operating profit and net profit for the last five years (Million Riyals)



Profit for this year of Sahara International Petrochemical Co. includes contribution of profit for twelve months from Sahara Petrochemical Co. after merger compared to seven months for the last year.

19) Geographical Analysis of Sales of Sipchem and its subsidiaries

Sipchem's products are marketed and sold in all local markets, Middle East markets and international markets. The following chart shows the geographical distribution of Sipchem's sales during 2020:



20) Significant differences in operating results from previous year results:

STATEMENTS	2020	2019	Change +/-	% of change
Sales/ Revenue	5,232	5,440	(117)	(2.1)%
Total profit	1,173	1,635	(462)	(28)%
Operating profit	360	906	(546)	(60)%
Net profit yields to shareholders	176	300	(124)	(41)%

In 2020, Sipchem achieved a net profit of SAR 176 million compared to SAR 300 million in 2019. The main reason for the decline in net profit is the decline in sales revenues during this year compared to the previous year as a result of lower sales prices for most of Sipchem's products in addition to the decrease in production in the polypropylene Plant, due to the unplanned closure and scheduled maintenance as previously announced.

Moreover, an impairment of two cash generating units amounted to SAR 280 million was recorded in 2020's financial results related to the International Diol Company's Plant (amounted to SAR 100 million) and the Ethylene Vinyl Acetate Film Plant of Saudi Specialized Products Company (amounted to SAR 180 million).

This decrease comes despite the relatively drop of average prices of some raw materials, and despite the contribution of Sipchem to profits for 12 months this year, as the contribution of Sipchem to profits was for only 7 months compared with the corresponding period of the last year.

21) Clarification of any difference for the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA)

There is no difference from the approved accounting standards.

22) Each subsidiary's name, share capital, percentage of Sipchem's shareholding therein, main activity, country of operations, and country of incorporation.

Subsidiary's name	Capital SAR Million	Percentage of Sipchem's shareholding therein	Main activity	Country of operations	Country of incorporation
International Methanol Company	361	65%	Production of Methanol (methyl alcohol)	KSA	KSA
International Diol Company	431	53.91%	Production of Butanediol (BDO), Maleic Anhydride (MAn), Tetrahydrofuran (THF) and gamma-Butyrolactone (GBL)	KSA	KSA
Sahara Petrochemicals Company	2,388	100%	It operates as a holding company whose main activity is concentrated in the petrochemical sector	KSA	KSA
International Vinyl Acetate Company Ltd.	676	87%	Production of Vinyl Acetate Monomer	KSA	KSA
Al WAHA Petrochemicals Company	1,660	75%	Production of propylene and polypropylene	KSA	KSA
International Acetyl Company Limited	1,003	87%	Production of Acetic Acid (AA) and Acetic Anhydride (AAn)	KSA	KSA
Tasnee & Sahara Olefins Company (TSOC)	2,830	32.55%	Establishment, management, operation, ownership and investment in industrial projects, particularly petrochemical and chemical industries in addition to marketing their products and performing all related activities.	KSA	KSA

Subsidiary's name	Capital SAR Million	Percentage of Sipchem's shareholding therein	Main activity	Country of operations	Country of incorporation
International Gases Company	425	% 97	Production of carbon monoxide and hydrogen	KSA	KSA
Saudi Ethylene and Polyethylene Company (SEPC)	2,737.5	24.41%	Production of propylene, ethylene, high density polyethylene and low density polyethylene.	KSA	KSA
Sipchem Marketing Company	2	% 100	Marketing and sales of petrochemicals and plastics	KSA	KSA
Saudi Acrylic Acid Company (SAAC)	1,777	43.16%	Establishment, management, operation and ownership of acrylic acid and its derivatives production projects, and petrochemical and chemical industrial projects.	KSA	KSA
Saudi Acrylic Monomer Co. Ltd. (SAMCO)	1,084.5	32.37%	Production of acrylic acid derivatives: Acrylic Acid, Butyl Acrylic, Diethylhexyl Acrylic, Glacial Acrylic Acid	KSA	KSA
International Utilities Company (IUC)	2	% 100	Management, operation and maintenance of utilities and facilities for Sipchem's subsidiaries.	KSA	KSA
International Polymers Company	703	75%	Production of Polyvinyl acetate, Polyvinyl alcohol, polyethylene wax, Low Density Polyethylene and ethylene and vinyl acetate copolymers.	KSA	KSA
Subsidiary's name	Capital SAR Million	Percentage of Sipchem's shareholding therein	Main activity	Country of operations	Country of incorporation

Saudi Acrylic Polymer Company (SAPCO)	416.4	32.37%	Ownership, management and operation of super absorbent polymers plant within the integrated acrylics complex project	KSA	KSA
Sahara & Ma'aden Petrochemicals Company (SAMAPCO)	900	50%	Design, construction, ownership and operation of an integrated plant for production of chlorine, caustic soda, and ethylene dichloride	KSA	KSA
Sipchem Chemicals Company	266	% 95	Production of ethyl acetate / butyl acetate, polybutylene terephthalate and tetrahydrofuran	KSA	KSA
Sipchem Europe Cooperative UA and its Subsidiaries	SF 1,000,000	% 99.99	Providing administrative support in marketing and logistics activities	Netherlands	Netherlands
Saudi Butanol Company (SABUCO)	486	14.38%	Production of n-butanol and isobutanol	KSA	KSA
Sahara Marketing Company	0.5	100%	Marketing and wholesale of petrochemical products	KSA	KSA
Promising Business Company	0.7	100%	Wholesale of chemical fertilizers	KSA	KSA
Gulf Advanced Cable Insulation Company	57	% 50	Cable insulation polymers products	KSA	KSA
Khair Inorganic Chemical Industries	800	30%	Production of sodium carbonate, dense vs light soda ash, calcium chloride and calcium carbonate	KSA	KSA
Subsidiary's name	Capital SAR Million	Percentage of Sipchem's	Main activity	Country of operations	Country of incorporation

		shareholding therein			
Saudi Specialized Products Company (Wahaj)	56	% 75	Production of metal molds used for plastics industries and maintenance of metal molds in addition to producing transparent films.	KSA	KSA
Sipchem Asia Pte Ltd	0.752	100%	Marketing Sipchem's products in Asia	Singapore	Singapore
Saudi Advanced Technologies Company	5	100%	Metal formation by hammering, pistons, casting, rolling, making structures for motor vehicles, making parts, accessories and engines for motor vehicles.	KSA	KSA

23) Details of shares and debt instruments issued for each subsidiary

There are no debt instruments convertible into shares or any subscription notes or similar rights issued or granted by the Company during 2020. There are also no rights of transfer or subscription under debt instruments convertible into shares, option rights, warrants or similar rights issued or granted by the Company during the year 2019. There is also no purchase or cancellation by the Company for any redeemable debt instruments.

24) A Description of Sipchem's Policy in Distributing Dividends

The annual net profits of the Company are distributed according to Article (48) of Sipchem's articles of association, after deducting all general expenses and other costs as follows:

- A percentage representing (10%) of the net profits shall be set aside to form a statutory reserve for the Company, and the Ordinary General Assembly may cease such practice whenever the mentioned reserve reaches 30% of the paid share capital.
- The Ordinary General Assembly, based on the proposal of the Board of Directors may retain a certain percentage of the net profits to form a consensual reserve and allocate such reserve for purposes beneficial to the Company.

- The Ordinary General Assembly may decide to create other reserves, to the extent that serves the interest of the Company or guarantees the distribution of fixed profits as possible to the shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to incorporate social institutions for Sipchem's employees or to assist the institutions that may exist.
- The remaining amount thereafter shall be distributed among shareholders, with a proportion not less than (5%) five percent of the paid share capital.
- Subject to the provisions of Article (22) twenty-second of this law, and Article (76) seventy-six of the Companies Law, which after the above allocates a percentage not exceeding (10%) ten percent of the remaining amount for remuneration of the Board of Directors, provided that entitlement to such remuneration shall be prorata to the number of sessions attended by each member.

The Company may also distribute profits to its shareholders periodically, quarterly or semi-annually, if its financial capabilities permit, provided that the Company, when doing so, adheres to the conditions, controls and instructions issued about the same by the competent authorities

The dividends to be distributed according to Article (49) of the Articles of Association shall be paid to the shareholders at the place and dates specified by the Board in accordance with the instructions issued by the Ministry of Commerce and Investment and the Capital Market Authority.

Sipchem's Board of Directors has made its recommendations on 15 September 2020 to distribute cash dividends for the fiscal year 2020 to the shareholders as follows:

The announced profits for the first half of 2020		
1	Total amount distributed	SAR 366,666,666
2	Dividend per share	SAR 0,50
3	Distribution ratio to the nominal value of share	5%
4	Number of shares eligible for dividends	733,333,332 shares
5	Distribution date	06 JAN 2021

Eligibility of the dividends shall be to the shareholders who hold shares at the end of trading on Thursday 24 DEC 2020 and are registered in the Company register at the Depository Center, at the end of the second trading day following the maturity date.

25) Description of any interest in the voting shares category held by persons (save the members of Sipchem's Board of Directors, senior executives and their relatives) who informed the Company of such rights under Article forty-five of the Registration and Listing Rules and any change in such rights during the fiscal year 2020

The Company did not receive notice of any interests belonging to persons in the voting shares or a change in such rights.

26) Description of Any Interests, Contractually Based Securities and Subscription Rights of Sipchem's Board Members, Senior Executives and Their Relatives in Shares or Debt Instruments of the Company or Any of Its Subsidiaries, Together With Any Change in These Interests or Rights During 2020

A description of any interests held by the Board Members, their wives and adolescent children in the shares or debt instruments of the Issuer:

S	Name	Shares as at 1 JAN 2020		Shares as at Dec. 31, 2020		Net Change	% of change	Ownership of first- degree relatives and its change
		Number	Ownership %	Number	Ownership %			
1	Eng. Khalid A. Al-Zamil	334,240	0.04558%	334,240	0.04558%	0	0	-
2	Dr. Abdulrahman A. Al-Zamil	1,036,852	0.14139%	1,036,852	0.14139%	0	0	-
3	Eng. Yousef A. Al-Zamil	42,973	0.00586%	21,500	0.0029%	-21473	50%	-
4	Mr. Fahad S. Al-Rajhi	6,500,000	0.8864%	6,500,000	0.8864%	0	0	-
5	Mr. Saeed O. Al-Esayi	7,269,212	0.9913%	6,478,071	0.8833%	-791,141	% 11	-
6	Eng. Reyadh S. Ahmed	0	0%	0	0%	-	-	-
7	Mr. Abdulaziz A. bin Dayel	0	0%	0	0%	-	-	-
8	Mr. Saeed A. Basamah	0	0%	0	0%	-	-	-
9	Mr. Ziad A. Al-Turki	1000	0%	1000	0%	0	0	-
10	Mr. Ayidh M. Al-Qarni	0	0%	0	0%	-	-	-
11	Mr. Bandr A. Masoudi	0	0%	0	0%	-	-	-

A description of any interests held by the Senior Executives, their wives and adolescent children in the shares or debt instruments of the Issuer:

S	Name	Shares as at 1 JAN 2020		Shares as at Dec. 31, 2020		Net Change	% of change	Ownership of first- degree relatives and its change
		Number	Ownership %	Number	Ownership %			
1	Eng. Saleh M. Bahamdan	67,273.00	0.0092%	94,000	0.012%	26,727	39%	-
2	Eng. Abdullah S. Al-Saadoon	40,000	0.0055%	0	0%	40,000	100%	-
3	Mr. Rushdi K. Al-Dulijan	0	0%	0	0%	-	-	-
4	Mr. Faisal M. Al-Modlij	-	0%	-	0%	-	-	-

27) Information Related to Any Loans owed by the Company (Million Riyals)

Sahara International Petrochemical Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Islamic Sukuk	5	1,000	1,000	-	-	-	1,000
Long-term loans	5-7	5,050	2,635	-	1,275	(1,102)	2,808

International Methanol Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Islamic facilities	10	525	273	-	-	(59.5)	213.5

Information Related to Any Loans owed by the Company (Million Riyals)

International Diol Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Long-term loans from Partners	unspecified	64	1,052	-	10	-	1,062

International Acetyl Company Limited							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	10	618	590	-	-	(70)	520
Public Investment Fund	11	769	38	-	-	(38)	-

Long-term loans from Partners	unspecified	260	250	129	90	(107)	233
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International Vinyl Acetate Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	12	356	380	-	-	(56)	324
Public Investment Fund	11	439	22	-	-	(22)	-
Long-term loans from Partners	unspecified	88	82	-	120	(82)	120

International Gases Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	6	300	-	-	-	-	300

Information Related to Any Loans owed by the Company (Million Riyals)

International Polymers Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Commercial banks	15	704	453	-	-	(54)	399
Saudi Industrial Development Fund	10	600	260	-	-	(25)	235
Public Investment Fund	14	704	406	-	-	(54)	352

Sipchem Chemicals Company							
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance
Saudi Industrial Development Fund	8-9	396	193	-	-	-	193
Long-term loans from Partners	unspecified	263	502	-	155	(146)	511

Gulf Advanced Cable Insulation Company								
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance	
Saudi Industrial Development Fund	6	99	38	-	-	-	38	
Long-term loans from Partners	Unspecified	103	112	-	1	-	113	

Saudi Specialized Products Company								
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance	
Saudi Industrial Development Fund	10	65	65	-	-	(65)	-	
Short-term loans from partners	1	11	-	11	-	-	11	
Long-term loans from Partners	unspecified	211	105	(11)	-	(6)	99	

Information Related to Any Loans owed by the Company (Million Riyals)

Sahara Petrochemicals Company								
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance	
Commercial banks	13	500	253	-	-	(39)	214	

SAMAPCO Petrochemical Plant								
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance	
Commercial banks	12	2,250	2,230	-	-	(52)	2,178	

Al Waha Petrochemical Plant								
Loan lender	Loan Tenor	Principal amount of loan	Beginning of the year balance	Reclassification	Withdrawals made during the year	Payments made during the year	End of the year balance	
Commercial banks	12	1,964	1,316	-	-	(168)	1,148	

28) Description of Categories and Numbers of Any Convertible Debt Instruments and Any Contractually Based Securities, Subscription Right Notes, or Similar Rights Issued or Granted by the Company During the Fiscal Year, Along With an Explanation of Any Compensation Obtained by the Company in Return.

N.A.

29) Description of Any Transfer or Subscription Rights Under Convertible Debt Instruments, Contractually Based Securities, or Similar Subscription Right Notes Issued or Granted by the Company

N.A.

30) Description of Any Redemption, Purchase or Cancellation by the Company of Any Redeemable Debt Instruments and the Value of the Remaining Securities With a Distinction Between the Listed Securities Purchased by the Company and Securities Purchased by Subsidiaries of the Company

N.A.

31) The Number of Board Meetings Held During the Fiscal Year 2020, Dates of Such Meetings, and Attendance Record for Each Meeting, Indicating the Names of Attendances.

The Board of Directors of Sipchem held four meetings during 2020. The table below shows the attendance record and date for each meeting:

S	Name	06/04/2020	07/06/2020	29/09/2020	15/12/2020	Total Attendance
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1	Eng. Khalid A. Al-Zamil	✓	✓	✓	✓	4
2	Mr. Fahad S. Al-Rajhi	✓	✓	✓	✓	4
3	Dr. Abdulrahman A. Al-Zamil	✓	✓	✓	✓	4
4	Mr. Bandr A. Masoudi	✓	✓	✓	✓	4
5	Mr. Ayidh M. Al-Qarni	✓	✓	✓	✓	4
6	Mr. Ziad A. Al-Turki	✓	✓	✓	✓	4
7	Eng. Reyadh S. Ahmed	✓	✓	✓	✓	4
8	Eng. Saeed O. Al-Esayi	✓	✓	✓	✓	4
9	Eng. Yousef A. Al-Zamil	✓	✓	✓	✓	4
10	Mr. Saeed A. Basamah	✓	✓	✓	✓	4
11	Mr. Abdulaziz A. bin Dayel	✓	✓	✓	✓	4

✓ Attendance

32) Number of requests for the shareholders' record, dates and justifications

S	Request Date	Request Justification
1	23 JAN 2020	Company's procedures
2	03 March 2020	Company's procedures
3	18 April 2020	Company's procedures
4	28 April 2020	General Assembly
5	30 June 2020	Company's procedures
6	06 July 2020	Company's procedures
7	09 December 2020	Company's procedures
8	22 December 2020	Profit profile
9	31 December 2020	Company's procedures

* Sipchem uses the records in the preparation of detailed monthly reports which are submitted to the Executive Management to follow up and communicate with shareholders through interviews or meetings. Sipchem also explores the latest developments of its business and reply to the shareholders' suggestions and inquiries.

33) Description of any Transactions between Sipchem and Related Parties

Transactions with the related parties represent transactions with the shareholders, the sister companies, associate companies, partners, the Board of Directors and the entities wholly or jointly controlled or materially influenced by the related parties. The Group conducted the following transactions with the related parties during 2020:

Name	Nature of the transaction	Relationship
Japan- Arabia Methanol Company Limited	Sales	Partner in a subsidiary
Helm Arabia GmbH & Co. KG. (Helm Arabia)	Sales	Partner in a subsidiary
HANWHA CHEMICAL MALAYSIA SDN. BHD.	Sales	Partner in a subsidiary
Sahara & Ma'aden Petrochemical Company (SAMAPCO)	Expenses	A joint-venture of a subsidiary
LyondellBasell Industries NV	Sales	Shareholder in joint operations of a subsidiary
Saudi Acrylic Acid Company Limited (SAAC)	Sales	Associate Company
Saudi Ethylene & Polyethylene Company (SEPC)	Sales	Associate Company

Sipchem and non-controlling shareholders have provided loans to the Group's companies to support their operations and comply with debt requirements. Long-term loans carry financing charges at market rates and have specific maturity dates according to agreed payment schedules.

The prices and terms of the above transactions are approved by the Board of Directors of Group's subsidiaries. The above transactions resulted in the following balances with the related parties as at December 31:

- **Trade receivables**

(Million Riyals)

Name	2020	2019
Japan- Arabia Methanol Company Limited (JAMC)	44	10
Helm Arabia GmbH & Co. KG. (Helm Arabia)	-	80
HANWHA CHEMICAL MALAYSIA SDN. BHD.	100	85

LyondellBasell Industries NV	195	178
Total	339	353

- **Prepayments and other current assets**

Million Riyals

Name	2020	2019
SAMAPCO	34	25
LyondellBasell Industries NV	4	6
Total	38	31

- **Trade and other payables**

Million Riyals

Name	2020	2019
LyondellBasell Industries NV	-	30
Saudi Ethylene & Polyethylene Company (SEPC)	-	5
SAMAPCO	4	4
Total	4	39

- **Accrued expenses and other current liabilities**

Million Riyals

Name	2020	2019
SAMAPCO	36	21
LyondellBasell Industries NV	41	7
HANWHA CHEMICAL MALAYSIA SDN. BHD.	5	-
HANWHA CHEMICAL MALAYSIA SDN. BHD.	5	-
Total	87	28

- **Transactions Pricing**

On January 31, 2019, corresponding to 25 Jumada I 1440 AH, the General Authority of Zakat and Income in the Kingdom of Saudi Arabia issued Transfer Pricing Regulations (the Regulations). These regulations were enacted on February 15, 2019, as part of the Tax Law and became binding on taxpayers for the periods that end on or after December 31, 2018. The Group submitted the documents necessary to comply with the relevant Tax Law during the statutory period.

- **Terms and conditions of transactions with related parties**

Sales and purchases transactions with the related parties shall be conducted according to the same terms of transactions between independent parties. Outstanding balances at the end of the year are neither collateralized, nor bearing any interest, and shall be paid in cash. No guarantees provided or received for any receivables or payables to related parties. For the year ended December 31, 2020, the Group evaluated and recorded an impairment related to the amounts due from a related party. This evaluation is carried out every fiscal year by examining the financial position of the related party and the market in which the related party operates.

34) Information Related to Any Business or Contracts, in Which the Company is a Party, or in Which There Was an Interest for a Board Member or for its Senior Executives or for Any Person Related to Any of Them, Including the Names of Those Involved in the Business or Contracts, the Nature of Such Business or Contracts, Terms, Duration and Amount of the Same. In Case of Lack of Such Business or Contracts, the Company shall Provide a Declaration in This Regard.

N.A.

35) Statement of Any Arrangements or Agreement, Under Which a Board Member or a Senior Executive Has Waived Any Remunerations.

There is no arrangement or agreement, under which a Board Member or a senior executive has waived any remuneration.

36) Statement of Any Arrangements or Agreement, Under Which a Shareholder of the Company Has Waived Any Rights to Profits.

There is no arrangement or agreement, under which a shareholder of the Company has waived any rights to profits.

37) Statement of Regular Paid and Payable Payments of Any Zakat, Taxes, Fees or Any Other Payables that Were Not Paid Until the End of the Annual Fiscal Period with a Brief Description of the Same and Description of the Reasons.

Regulatory due payments:

Million Riyals					
STATEMENT	Payments made during the year 2020	Outstanding and unpaid up to the end of annual fiscal year	Brief description	Reasons	
GAZT	47	223,3	Zakat	Obligatory	
GAZT	11	(3,4)	Tax	Obligatory	
GOSI	41.6	4.4	Subscriptions	Obligatory	
Labor Office Fees	2.4	-	Fees	Obligatory	

38) Statement of Any Investments Or Reserves Established For the Interest of Employees of the Company

Sipchem's success is mainly attributed to its distinguished ability and constant endeavors to attract qualified personnel. Sipchem has been successful in creating an environment in which employees are proud to work in; a very professional transparent one, which encourages high performance and effective engagement at all levels of management in all Sipchem's subsidiaries. Sipchem cares about ensuring its personnel's job satisfaction to help them achieve their career ambition; Sipchem pays attention to the job development and training programs, both technical and administrative, to raise levels of efficiency, loyalty and create a fair and competitive environment inside the Company.

The table below shows the number and percentage of employees in Sipchem and its subsidiaries as at the end of 2020 compared to 2019:

Employees	2019		2020	
	Number	Percentage	Number	Percentage
Saudis	1258	%75.7	1249	%80.17
Non-Saudis	404	%24.3	309	%19.83
	1662		1,558	

The following are some of the achievements of the Human Resources Department during 2020:

1. Human Resources Policy:

1. Development of Human Resources Policy:

Human Resources Team has made many improvements and developments for majority of the Human Resources programs one year after merger as follows:

- Update Human Resources Policy to be in line with Sipchem strategy.
- Review and update job description for the majority of Sipchem's jobs.

2. Consolidate, organize and merge both companies:

- A. Human Resources Team has improved and added services to e-portal in order to render better services for employees and save their time. Merger adopted transformation of Human Resources Department by using Cloud SAP (Success Factors):

- **Main Human Resources Operations System:** Merge the employees' system under the umbrella of a unified system based on the policies set after the merger. This system includes the career ladder, job titles, salary scale, organizational structure, shifts system, and other unified policies.
- **Employment and Onboarding System:** Apply employment and onboarding system through new e-portal.
- **Performance and Compensation System:** Consolidate compensation, job performance assessment and promotions system.
- **Professional Development System:** Unify and develop a cloud system for professional development in line with career path and capacity development.
- **Learning Management System:** Create a training and learning system through class learning and e-learning commensurate with the job needs

3. Talent Management and Development:

A. E-learning Program:

Sipchem has implemented an online training system that included more than 7,000 training courses in the areas of management, leadership, work skills, safety and security, and computer program courses attended by nearly 800 employees. It is worth mentioning that content of these training materials was prepared by international universities and educational institutions.

B. Virtual Learning Program:

In line with the updates to the global learning methods, Sipchem has delivered more than (70) virtual awareness-raising sessions in several areas such as: safety, security, administration, and others that were attended by more than 700 employees from Sipchem's departments.

C. Development of Employee Performance Assessment:

Human Resources Team has developed the annual employee assessment program by launching an addition, which is the semi-annual review phase that takes place in July and August and aims to review the employee's progress towards achieving the targets set since the beginning of the year and to provide the appropriate directions for development and improvement purposes.

D. Career Progression Program:

Ten (10) Saudi employees graduated during 2020 from Sipchem's development program to determine the career path for universities' fresh graduates. The program lasted for two years, during which the participants received on-the-job training and they also received around (30) training courses on team work, time management, creative thinking and emotional intelligence.

E. Professional Development Plan Program:

Applying the individual professional development plan for employees, which is a plan implemented through the human resources system. This Plan describes the competencies required from the employee in line with the employee's career path and promotes development of the employee's capabilities and skills and how to invest the same.

F. Qualification Program for Technicians and Technical Staff:

Sipchem provides training and development opportunities for employees in the field of manufacturing and operation, including training courses and on-the-job training. Sipchem issues certificates and grants rewards related to the successful completion of each stage of the program.

4. Employees' Incentive Programs

A. Home Ownership Program for Saudi Employees:

The program aims at giving a chance to Sipchem's Saudi employees, who meet the program conditions, to own housing units in light of Sipchem policy of assuring comfort and stability for its employees and motivating them to continue their services with Sipchem.

B. Employees Shares Ownership Incentive Program:

Sipchem implemented an Employee Incentive Program aimed at encouraging Sipchem's and subsidiaries' employees to maintain and improve their work performance and put up their utmost efforts to serve Sipchem's interests and achieve its objectives. The program also contributes in attracting highly qualified personnel in the field of petrochemicals.

The program is currently managed by Al Bilad Securities and Investment Co., through a special portfolio opened for the program in 2010. A total of 369,616 shares have been transferred from the program portfolio to the eligible employees. Total number of the program shares reached 827,813 as of December 31, 2020.

C. Savings Program:

Sipchem initiated to put an Islamic Shariah-compliant savings program to motivate its employees and enhance their loyalty to Sipchem hence improving the work performance, and attracting well-qualified Saudi employees and motivating them to continue their services. The program is aimed at helping Saudi employees to accumulate their savings to be utilized upon retirement or end of services. Sipchem takes a part of the subscribed employee's salary and may invest these savings according to his desire. Sipchem has the right to manage this investment in the way

which it believes to be beneficial for the program subscriber in accordance with the best available Islamic Shariah-compliant investment portfolio. Also, Sipchem has the right to invest the subscriber's savings in investment activities in cooperation with specialized companies and banks in accordance with the criteria of Islamic investment in a manner that can attain benefits for the subscribers provided that such investments are in low-risk Islamic portfolios.

The saving program was activated in 2011. It is managed by Bank AlJazira and it was reviewed, audited and approved by the Sharia Committee of Bank AlJazira.

39) Acknowledgments:

The Board of Directors is keen to ensure the professional performance of (Sipchem) during the year 2020. Accordingly, the Board of Directors confirms the following:

- 1) That the accounting records had been prepared correctly.
- 2) That the internal control system has been properly prepared and implemented effectively.
- 3) That there is no little doubt in Sipchem's ability to continue its activity.
- 4) The consolidated financial statements have been prepared in accordance with the accounting standards and regulations issued by the Saudi Organization for Certified Public Accountants and in accordance with the relevant requirements of the Companies Law and the Company's Articles of Association regarding the preparation and publication of financial statements.
- 5) There is no contract to which the Company is a party and where there is or there was a fundamental interest of a member of the Board of Directors, CEO or CFO or any person related to any of them.
- 6) There is no arrangement or agreement whereby a Board Member or a senior executive waives any salary or compensation.
- 7) There is no arrangement or agreement whereby a shareholder of the Company waives any rights in profits.

40) If the Auditor's Report Includes Reservations on the Annual Financial Statements, the Board Report Must Clarify Those Reservations, Their Reasons, and Any Information Related Thereto.

Auditor's report does not include any reservations on the annual financial statements.

41) If the Board Recommends Changing the Auditor Before the End of the Auditor's Term of Service, the Report Must Contain this Matter, Along With the Recommendation for the Change.

The Board did not recommend to change the auditor.

42) Disclosure of details of Treasury shares held by the Company and details of the uses of these shares:

Number of treasury shares held by the Company	Value (SAR per share)	Date of retention	Use details
5,171,150	SAR 89,564,318 * Value of shares as at 31/12/2020	Based on approval by the shareholders during the Extraordinary General Assembly meeting, which was held on 29/04/2020 and which results were published by Sipchem on Tadawul website on 30/04/2020, purchase transaction was made in two phases during 2020: The first phase was during the period from 01/07/2020 until 03/09/2020 The second phase was during the period from 01/10/2020 until 31/12/2020	Sipchem's shares were bought back as treasury shares, because the Board considers that the share price in the market is less than its fair value.

Conclusion:

At the end of our report for the year 2020, the Board of Directors would like to express its gratitude and thanks to the Custodian of the Two Holy Mosques and HRH Crown Prince, for their sponsorship and support of Sipchem's activities and petrochemical sector in Saudi Arabia. Also, the Board appreciates the sincere efforts of the governmental bodies for their continuous support. Of course, the Board extends its appreciations and thanks to the shareholders and all personnel for their sincere efforts exerted to develop and enhance the work performance so as to support Sipchem's efforts to attain its goals, promote its competitiveness and preserve its gains and interests. The Board shall save no efforts to make Sipchem participate effectively in the prosperity of our beloved kingdom and support economic and social development system, asking Allah the Al-Mighty to help us attain our objectives.

The Board

