

## BOARD OF DIRECTORS REPORT

Yanbu National Petrochemical Company (Yansab)  
Annual Report 2023



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Custodian of the Two Holy Mosques  
King Salman bin Abdulaziz Al Saud



His Royal Highness  
Prince Mohammed bin Salman bin Abdulaziz Al Saud  
Crown Prince, Prime Minister of Saudi Arabia



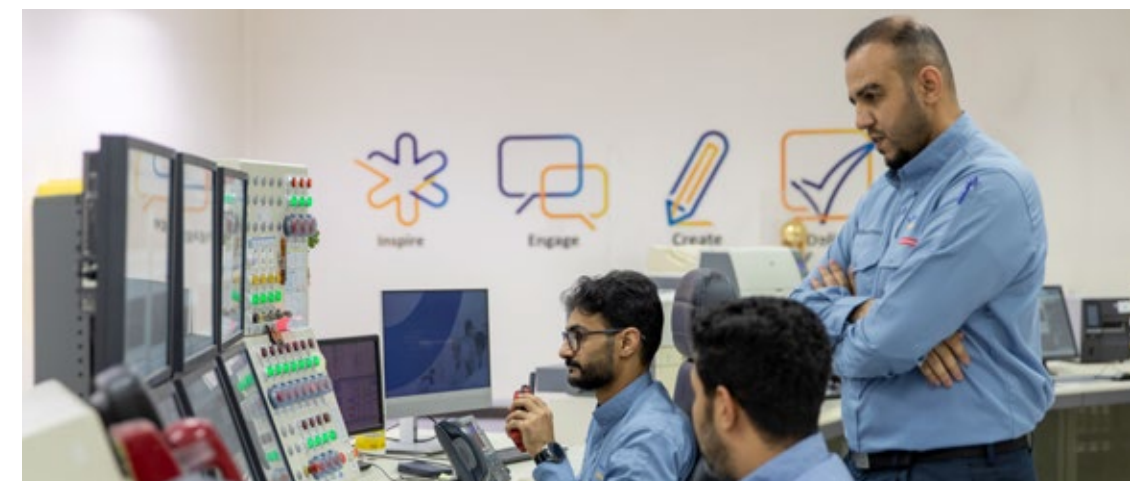
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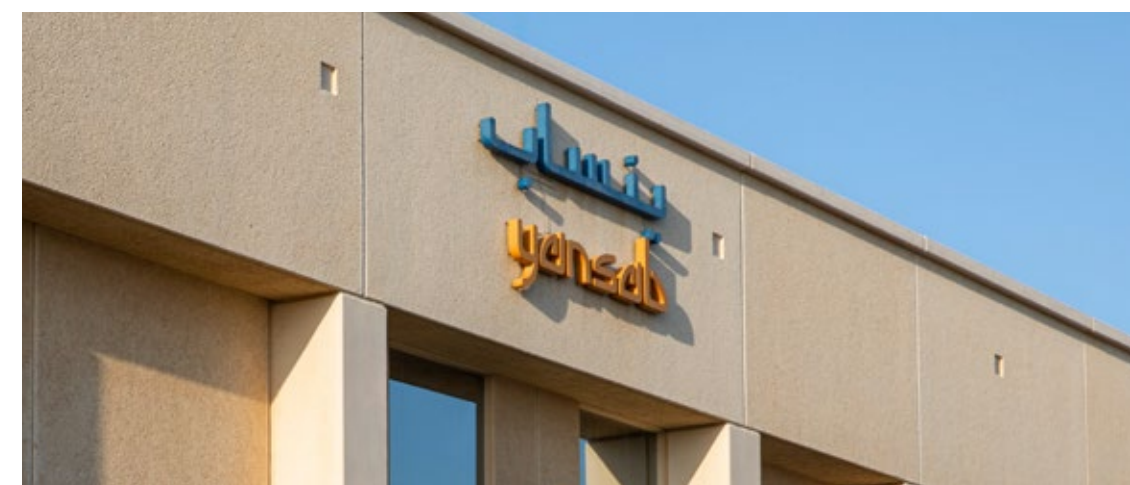
STRATEGY, FUTURE  
EXPECTATIONS, AND RISKS



BUSINESS PERFORMANCE



ENVIRONMENTAL, SOCIAL, AND  
GOVERNANCE (ESG)



CORPORATE GOVERNANCE

# BOARD OF DIRECTORS REPORT



**ENG. ABDULRAHMAN A. SHAMSADDIN**  
Chairman of the Board of Directors



**ENG. SAMEEH S. AL-SAHAFI**  
Vice Chairman of the Board



**MR. KHALID I. AL-RABIAH**  
Board Member



**MR. IBRAHIM M. AL-SAIF**  
Board Member



**ENG. ABDULLAH S. AL-ARIFI**  
Member of the Remuneration and  
Compensation Committee



**MR. ABDULLAH A. AL-SINAN**  
Board Member



**ENG. AWAD M. AL-MAKER**  
Board Member



# BOARD OF DIRECTORS REPORT

The Board of Directors (Board) of YANSAB is pleased to present the Annual Report for the fiscal year ended on December 31, 2023, prepared in accordance with the requirements of the Companies Law of the Kingdom of Saudi Arabia, YANSAB's By Law, Corporate Governance regulations, rules on the Offer of Securities and Continuing Obligations, and regulatory rules and Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by the Capital Market Authority (CMA).

The Annual Report contains information on YANSAB's activities, performance, achievements, and future plans, along with efforts taken to enhance the company's performance and develop the equity of its shareholders, alongside supporting the development of the national petrochemical industry.

Additionally, the report highlights the company's contributions to the areas of environment, society, and corporate governance (ESG), as recorded in its closing accounts and financial position for the fiscal year concluding on December 31, 2023.

The Board is honored to extend sincere gratitude to the Custodian of the Two Holy Mosques, His Royal Highness the Crown Prince, and the Government for their support to economic sectors in realizing Saudi Vision 2030 (Thriving Economy), particularly through their unending support for the industrial sector.

The Board also acknowledges its appreciation of YANSAB's workforce and their efforts, along with the support shown by all stakeholders including shareholders, customers, suppliers, and the entire work community.



## Vision

To be the best petrochemical complex in the world.

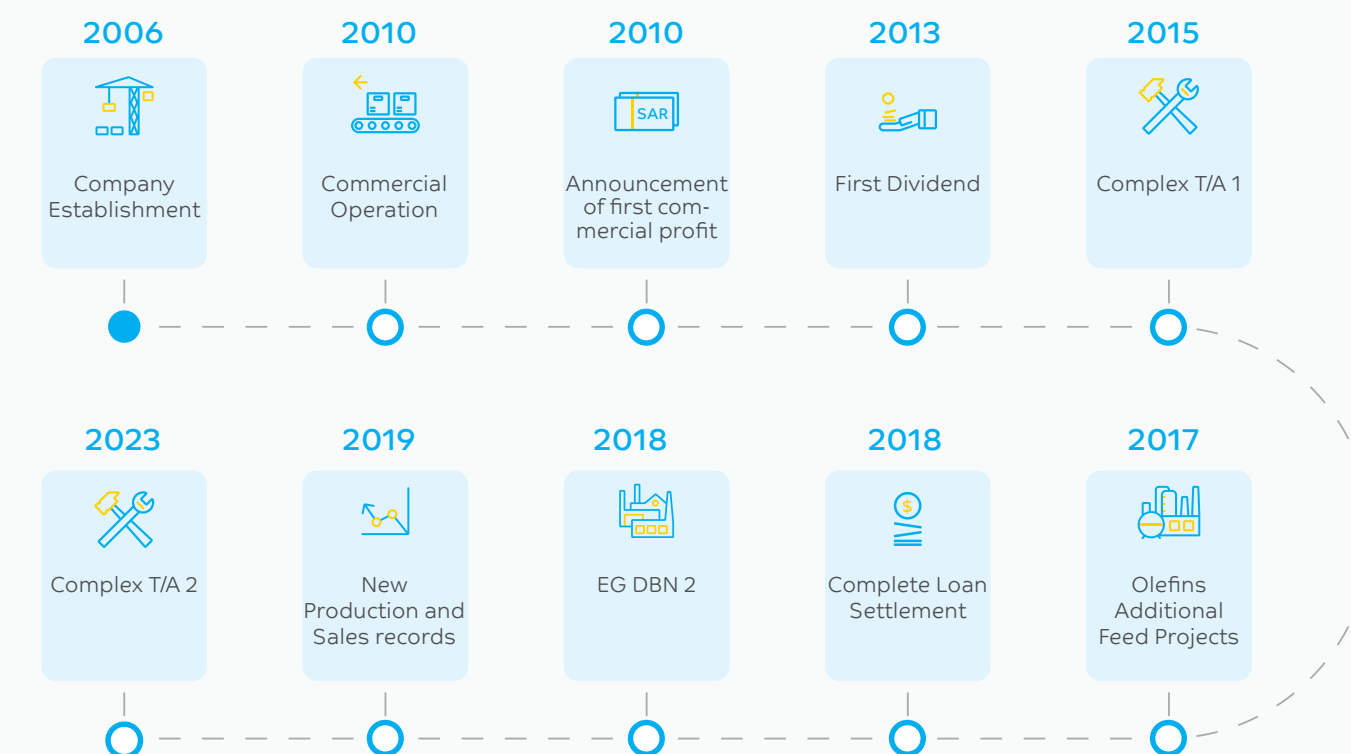


## Mission

Providing high-quality products in a responsible manner through innovation, learning, and operational excellence, and maintaining high performance in the fields of environment and safety, while creating maximum value for all beneficiaries.



## YANSAB's Journey



## CHAIRMAN'S MESSAGE

**Eng. Abdulrahman A. Shamsaddin**

Chairman of the Board of Directors

“Paying great attention to developing and improving the reliability of its plants, maintaining the strength of its financial position, and achieving outstanding performance in accordance with industrial standardss. ”

YANSAB implements its strategy by improving efficiency, enhancing competitiveness, and continuing growth. As part of our endeavor to move forward in improving the efficiency of energy use, we are implementing comprehensive programs that focus on enhancing reliability, sustainability, and improving performance. We are fully aware of the importance of taking advantage of technical progress in enhancing our competitiveness, thereby working to harness artificial intelligence (AI) in the field of “asset care” and provide innovative digital solutions that enhance our capabilities.

A strong strategy provides the direction and guidance necessary to set goals, prepare milestones, and implement strategies. The strategy depends on proactively identifying and understanding the risks that the company faces or may face; this is to assess the extent of the risk impact on performance. By taking preventive measures to limit or control risks, YANSAB is better positioned to seize the available opportunities to achieve its strategic goals.

YANSAB is also keen to improve the full performance of its assets and establish the principle of high production rates, while adopting plans and mechanisms that support these goals, working to achieve them diligently in accordance with the company's vision and strategy.

YANSAB, in cooperation with SABIC, is committed to the goals of the Paris Agreement and the implementation of Saudi Vision 2060 (Saudi Green Initiative). The company is working to reduce greenhouse gas (GHG) emissions by 20% by 2030, compared to 2018, in terms of direct and indirect emissions resulting from its various production processes.

Moreover, YANSAB will continue to make efforts and explore solutions to achieve carbon neutrality in all operations by 2050, taking into account various global, regional, and national ambitions, commitments, and initiatives.

At YANSAB, our employees are our greatest assets and the most important factor in maintaining our success and continuing our growth. The company works to invest in its human resources, qualify them administratively and technically, develop their skills, and provide continuous development and training opportunities as a contribution to achieving sustainability.

As one of the companies operating in the petrochemical sector, YANSAB works with diligence and commitment in the implementation and continuous monitoring of environmental, health, safety, security (EHSS); energy; information security; and quality management systems that are designed to provide better performance, enhance trust and transparency with all stakeholders, and adhere to international standards. YANSAB is also keen to enhance the capabilities of the company and protect its business from risks related to cybersecurity.

Paying great attention to developing and improving the reliability of its plants, maintaining the strength of its financial position, and achieving outstanding performance in accordance with industrial standards, YANSAB seeks to adopt innovative solutions and digital transformation to strengthen long-term success in the coming decades.



## CEO'S MESSAGE



Eng. Mohammed A. Bazaid

President of YANSAB

“YANSAB will continue to implement its growth strategy in the petrochemical sector, which adds value to the company's assets and shareholders' rights, while maintaining the highest levels of safety, security, quality, and sustainability.”

We witnessed a year full of great challenges, both at the level of the challenges we faced with the demand for the company's products and the low prices of all products that led to lower profit margins or the level of operations and in our commitment to preventive maintenance standards. In 2023, YANSAB succeeded in conducting the largest periodic maintenance operation since its establishment, in line with international best practices and the company's strict health, safety, and reliability policy.

The major maintenance operations continued for 52 days, during which YANSAB carried out the necessary inspections and repairs for the safety of assets to ensure the safety of its factories and the safety of its operations.

Working hours reached more than 5 million working hours, and the number of workers during peak time exceeded more than 10,000 workers. All maintenance work was completed safely and successfully as planned, reinforcing the company's commitment to its principles related to the environment, health, and safety.

The complex turnaround also contributed to reducing risks and improving the reliability of the factories' performance and operational efficiency, and ensuring the long-term viability of its assets. As such, YANSAB will be able to enhance efforts in the areas of sustainability and reducing carbon dioxide (CO2) emissions by at least 20% by 2030, in line with Saudi Green Initiatives. However, during the third quarter, the company's factories were stopped to carry out emergency repairs resulting from a technical malfunction, which affected YANSAB's performance in operational and production processes.

Despite this, YANSAB performed strongly in the field of safety and health, receiving the 2023 International Safety Award (Merit) from the British Safety Council. This award was given for YANSAB's high commitment to standards related to occupational security, safety, and health management; its measures to prevent, reduce or control risks; and robust safety policies, plans and commitments enacted at the highest level.

YANSAB also achieved an advanced level in evaluating the Smart Industry Readiness Index (SIRI), by evaluating its performance in 16 broad dimensions of the manufacturing sector. The company was among the best in its class in all dimensions and indicators. The SIRI assessment is part of the Ministry of Industry and Metallurgical Factories of the Future program to keep pace with global industry trends and the Fourth Industrial Revolution. Paying special attention to developing its human capital, YANSAB strove to reduce the risks associated with it through continuous education and competency development programs aiming at creating a safe, efficient, and effective work environment.

Within the framework of the company's improvement projects, YANSAB succeeded in achieving an advanced evaluation in the second phase of enhancing the cybersecurity of the distribution control system. Moreover, the Company enhanced the cybersecurity of the emergency firefighting system, which increased the physical security of the process control network, and achieved the second phase of the cybersecurity project for information and operational technology.

YANSAB will continue to improve its procedures to protect the company and its customers from sources of cyber threats.

Macroeconomic fluctuations have created challenges that have affected the sales volume and demand for YANSAB products. Production and sales volumes witnessed a sharp decline this year due to regular preventive maintenance work and the temporary suspension on August 21, 2023, as well as the global stagnation in demand for petrochemical products, which led to a decrease in the average selling prices of all products.

However, we are confident that YANSAB will overcome these challenges and emerge stronger thanks to our efforts and the competencies available to us, along with the reliability of our factories and provision of digital solutions that improve our capabilities in manufacturing, supply chain, and innovation and sustainability.

YANSAB has a strong financial position that enables it to distribute sustainable profits to its shareholders. This year, the company distributed to its shareholders dividends for the first half of 2023 at 10% of the nominal value of the share, for a total of SAR 562,500,000. The company also announced distributing dividends to its shareholders for the second half of 2023 at the rate of 7.5% of the nominal value of the share, for a total amount of SAR 421,875,000.

YANSAB is keen to disseminate its main strategies and objectives to which it is committed to at the level of the company's departments and ensure that they are understood and assimilated, with the aim of directing its operations and implementing its plans effectively. It also operates through a unified performance management system that converts goals into action plans, allowing to measure the percentage of achievement and evaluate performance with periodic effectiveness.

YANSAB will continue to implement its growth strategy in the petrochemical sector, which adds value to the company's assets and shareholders' rights, while maintaining the highest levels of safety, security, quality, and sustainability.



# Strategy, Future Expectations, and Risks

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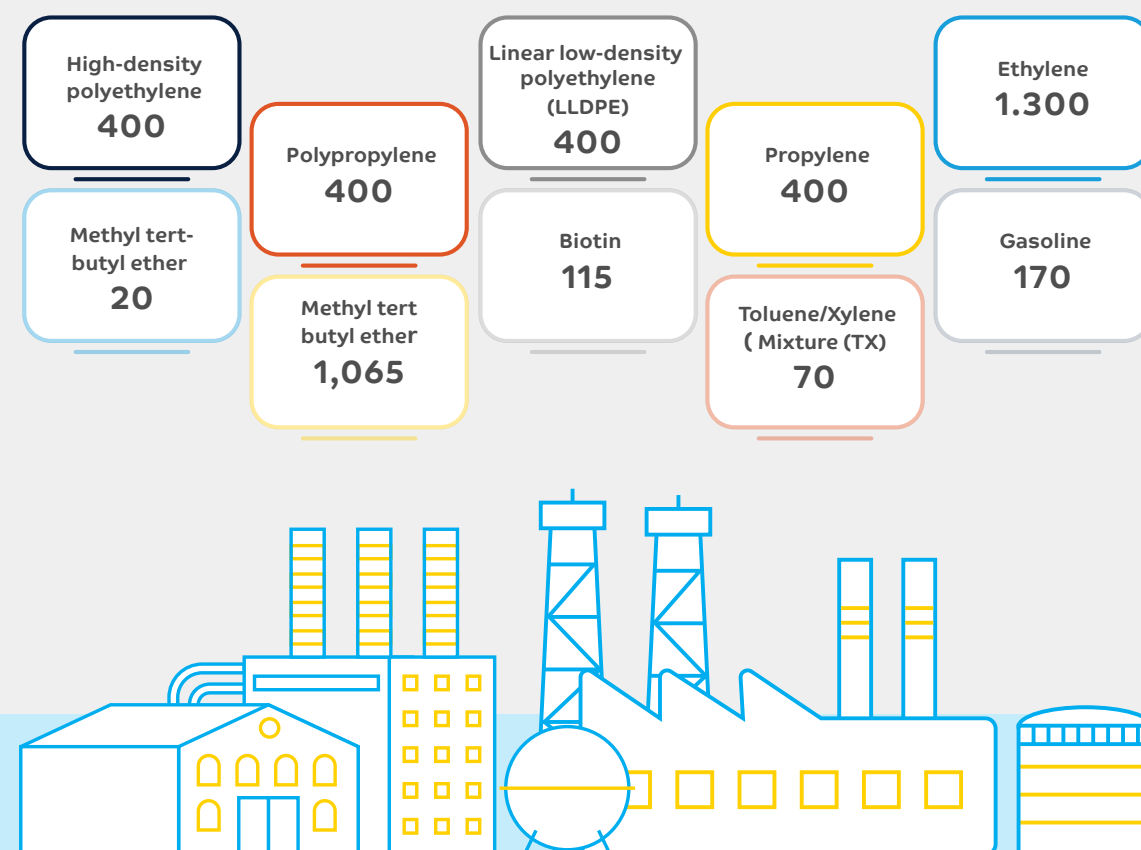


## Establishment and Activity

Yanbu National Petrochemical Company (YANSAB) was incorporated in February 2006 as a Saudi joint-stock company, YANSAB's authorized and fully paid-up capital is SAR 5,625 million, distributed over 562.5 million shares at a nominal value of SAR 10 per share. It is a subsidiary of the Saudi Basic Industries Corporation (SABIC), which owns 51% of the company, while the remaining 49% is owned by private sector entities and individuals.

The company is headquartered in Yanbu, industrial city in the Madinah Province of Western Saudi Arabia.

YANSAB adopts the latest technologies across various manufacturing and production processes in its industrial complex in Yanbu Industrial City to fulfill its production capacity of over four million tons (t) of various products annually, as listed below:



These products are used by an assortment of global industries, ranging from packaging to textiles, and water and gas transportation to various injection molding applications, cast film applications, and electronic and medical devices packaging.

YANSAB has also managed and operated plants of Arabian Industrial Fibers Company (Ibn Rushd) since 2021, allowing the company to optimize the use of assets, achieve better spending efficiency, attract national talents, and handle services for materials and raw materials, which are among the business within the group.

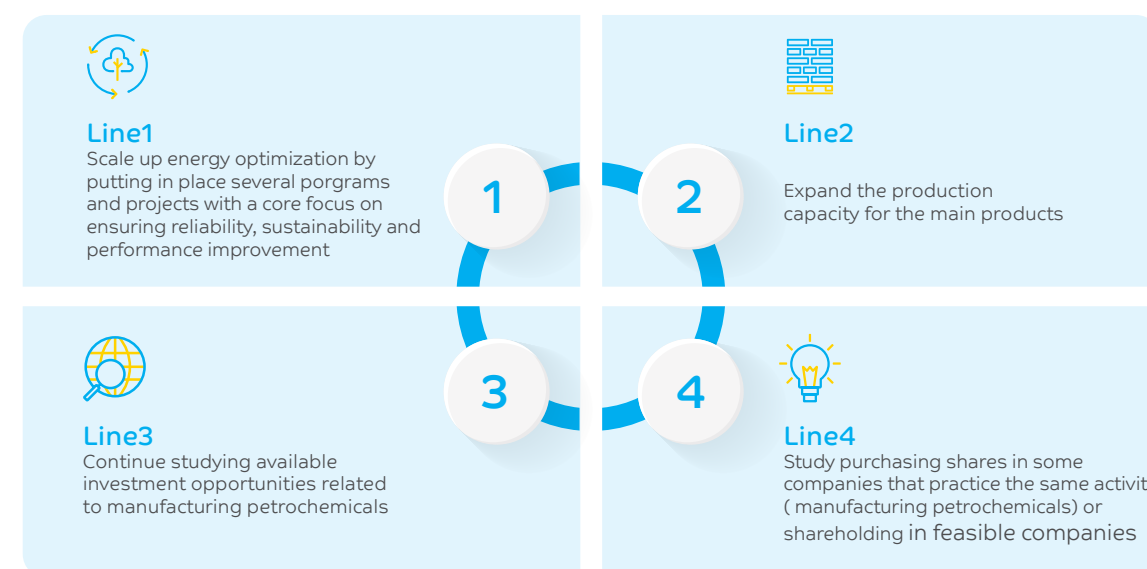




# STRATEGY

YANSAB has a clear future strategy to ensure growth in the petrochemical industry that adds value to its assets; adheres to the highest levels of safety, quality, sustainability, and all relevant industry standards and laws;

fosters partnerships between local and global entities; and grows shareholders' equity while implementing social responsibility. The strategy will be implemented through the following lines:



YANSAB is keen to enhance its competitiveness, benefit from technological progress, and provide digital solutions that contribute to improving capabilities in various fields, such as manufacturing, supply chain, innovation, and sustainability.

The company intends to launch a series of similar initiatives that enable compliance to future targets, including utilizing artificial intelligence technology across all sectors of the company, improving the efficiency of energy use, and achieving facility efficiency.

## Performance Management

YANSAB disseminates the company's corporate strategies and business-committed targets to execute its plans and actions, establishing a unified company performance management system that translates targets into action plans, whilst reflecting the achievements in terms of performance metrics. Targets may be established against measures, performance indicators (PIs) or key performance indicators (KPIs) in consideration of the following key success factors:

- Disseminate, understand and internalize the company's strategies
- Focus on strategic objectives prioritization
- Clear accountabilities and responsibilities
- Clear and concise reporting operating rhythms and mechanisms

The YANSAB strategy developer shall place emphasis on risk discovery, building a proactive culture by setting plans and targets that identify risks in the Sources (People, Equipment, and Processes) and ways to mitigate them. External factors and changes exerting pressures on the petrochemicals business will also be factored into its strategic development.

YANSAB continued to focus its efforts to increase revenue by setting targets for:

- Asset Life Cycle Management
- Capital Expenditure (CAPEX) discipline
- Optimize cost of operation (including Variable and Fixed Cash Cost)

The company also paid special attention to developing its human capital to reducing associated risks through continuous education and competency development programs that aim at creating a safe, efficient, and effective work environment.





## FUTURE PLANS

### Digital transformation

An increasingly interconnected and digital world will transform capabilities in various fields such as manufacturing, supply chain, innovation, and sustainability. YANSAB is keen to benefit from technological progress and provide digital solutions, adopting and implementing aspects of our company's Digital Transformation Program:

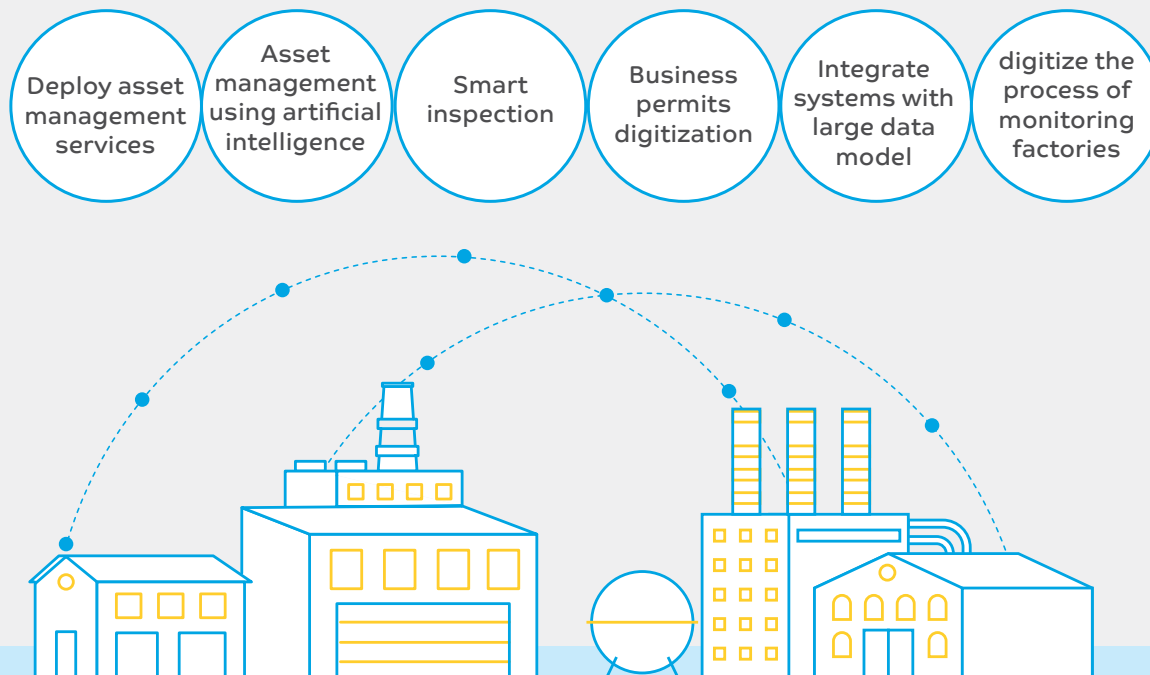
YANSAB is also studying similar initiatives to enable it to comply with future goals, including fuller coverage of the company for AI, energy optimization, and plant efficiency.

### Environmental Obligations

YANSAB, in cooperation with SABIC, is committed to the goals of the Paris Agreement and the implementation of Saudi Vision 2060.

The company is working to reduce GHG emissions by 20% by 2030, compared to 2018, in terms of direct and indirect emissions resulting from its various production processes.

Moreover, YANSAB will continue to make efforts and explore solutions to achieve carbon neutrality in all operations by 2050, taking into account the various global, regional, and national ambitions, commitments, and initiatives.





# RISK MANAGEMENT AND BUSINESS CONTINUITY

## Risk mitigation strategy

YANSAB is proactive in identifying and understanding risks that are facing, or likely to face, the company; evaluating the extent of impact on performance; taking preventive measures to prevent or minimize or control them; and capitalizing on opportunities to achieve strategic goals. This risk management strategy is applied to all operations.

## Risk management policy

YANSAB's policy for risk management and business continuity management has been developed in accordance with an integrated governance system that works to identify, understand, and effectively manage risks facing the company.

Responsibility begins with employees and members of management, through the preparation of detailed risk reports. These reports are submitted periodically to the Risk Committee.

In turn, the Risk Committee submits recommendations to the Board on the adequacy of measures taken to reduce the impact of any reported risk. Additionally, it also recommends either continuing with the same measures or taking additional measures to control the reported risk.

## Risk and business continuity systems

YANSAB's Risk Management System was developed to accommodate several dimensions that include control and governance, integration of risk operations, risk management infrastructure, and enabling a culture of risk among employees. YANSAB continually works to improve its risk systems.

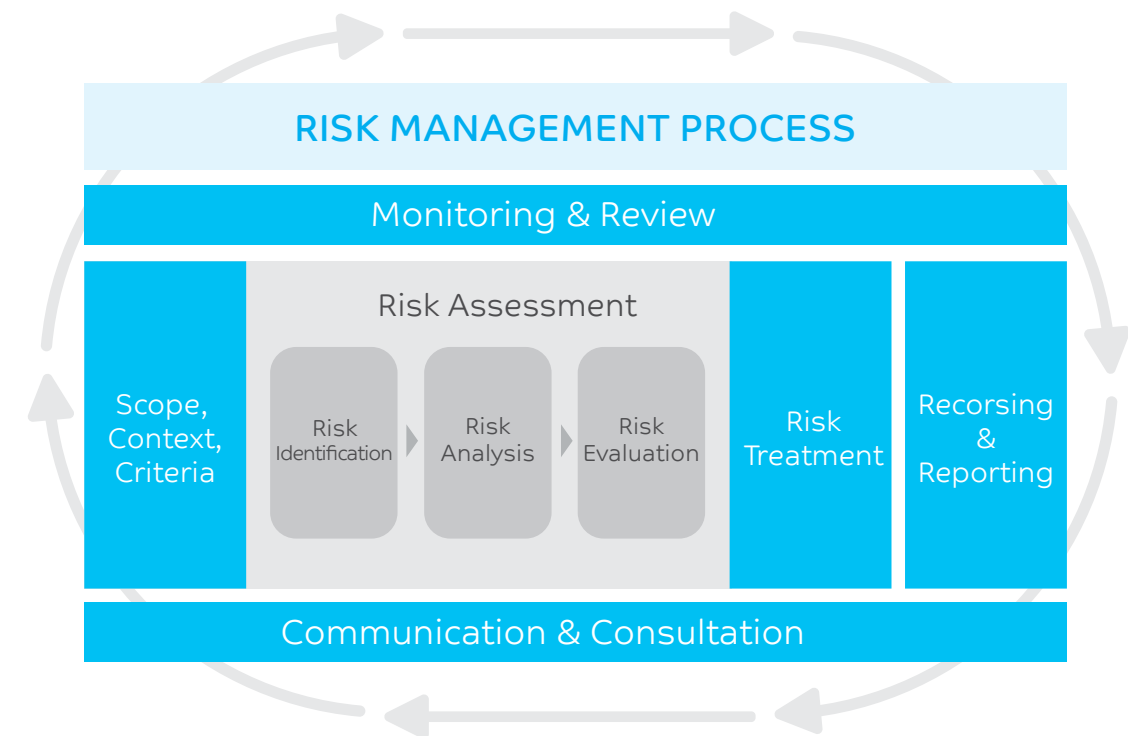
YANSAB has also developed a Risk Management and Business Continuity System, both to enhance the value of the company and protect its interests, and as part of a continuing commitment to achieving the interests of the company's customers, employees, and related parties.

In addition, YANSAB applies its Business Continuity Management System to understand and prioritize threats facing the company and requirements to reduce the possibility of incidents or reduce their negative effects.

The company regularly hosts workshops for all departments to review business continuity strategies and to study how best to develop them further.

## Strategy and policy implementation

The responsibility of implementing the risk mitigation strategy and related risk management policies rests with YANSAB's Executive Management, while the responsibility for monitoring its implementation rests with the Board, with the support of the Risk Committee.





# RISKS



Every investor, current or potential, should study the identified risk factors, bearing in mind that these do not include all the risks that YANSAB may encounter, as there may be additional risks presently unknown to YANSAB or risks that may be considered insubstantial risks but actually hinder its operations.

Consequently, YANSAB's activities, financial position, operating results, and cash flows may be substantially or adversely affected due to the occurrence of any risks seen as presently substantial, or any other hidden risks unidentified or insubstantial risks that could become substantial.

In principle, the company is exposed to strategic risks that impact the ability to achieve strategic goals, operational risks resulting from the nature of the business, and financial risks which affect profitability.

## Strategic risks

### Main Risks Relating to Business

YANSAB needs to maintain capacity utilization rates in manufacturing facilities in order to maintain profit margins. In the petrochemicals business, profits are tied to global demand, industry inventory levels, and plant capacity utilization due to higher production rates enabling the sector to allocate fixed costs across larger production volumes. Consequently, a key factor to the profitability of the company's petrochemicals operations lies in maximizing

production rates; thereby, YANSAB's ability to maintain profitability depends, to a significant degree, on its ability to maintain high-capacity utilization rates in its plants.

However, excess industrywide capacity, especially when demand is weak, may lead to lower production rates and cause a reduction in margins, income, and cash flow. YANSAB is exposed to a number of operational risks, including reduced utilization rates due to scheduled activities such as:

- Maintenance and unscheduled outages (due to either equipment or human failure)
- Unavailability of skilled human resources
- Decline of recovery rates lower than the expected
- Poor performance of contractors
- Corrosion problems impacting plants and pipelines
- Health and safety incidents that may be caused by third-party contractors
- Exposure to natural hazards such as adverse weather events.

The failure to maintain high-capacity utilization rates could have a substantial and adverse effect on YANSAB's business, operating results, or financial position. We strive to reduce such effects by reducing costs and improving the reliability of the company's plants to ensure the continuity of production and sale within clear business plans and practices.

## Risks Related to EHS

YANSAB is compliant with laws and regulations related to EHSS within operations that set various standards to regulate aspects of EHSS quality, provide for civil and criminal penalties, and other liabilities for violating such standards. In certain circumstances, the regulations establish obligations to remediate facilities and locations where operations were conducted. In addition, special provisions are applicable in environmentally sensitive areas of operation.

YANSAB cannot predict EHSS legislation or regulations that will be enacted in the future, nor how existing or future EHSS laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, or more vigorous enforcement policies imposed by regulatory authorities could result in large expenditures in future (such as installing and operating systems and equipment for remedial measures), adversely affecting YANSAB's business, operating results or financial position. Incidents related to the company's products may involve severe damage to property, environment and human health, and have an adverse impact on business, operating results and financial position. As a commercial company working with chemicals and hazardous substances, YANSAB is inherently subject to the risk of spills, discharges, or other releases into the environment. In addition, YANSAB uses feedstock, and manufactures, stores, and transports volatile and explosive chemical products that could have an adverse impact on the environment. The environmental risks include:

- Explosions at SABIC's production or logistics facilities.
- Release of toxic gases into the atmosphere.
- Release of hazardous chemicals on land or in waterways.

Such risks or others could result in fires, explosions, severe pollution or other catastrophic circumstances, disrupting operations at YANSAB. Such incidents may result in great liabilities through equipment failures or shutdowns, civil lawsuits, criminal investigations, and regulatory enforcement proceedings. Any damage to persons, equipment or property could result in a significant decrease in YANSAB's revenues and profits due to enormous additional costs to replace or repair YANSAB's assets. YANSAB may not be fully insured, or not insured at all, which could further result in substantial and adverse effects.

## Risks Resulting from the Outbreak of Global Pandemics or Epidemics

activity disruption, leading to risks arising from governmental orders to deal with such events. These could have a fundamental and negative impact.

## Insufficient Insurance Policies to Cover All Risks

YANSAB's operations involve hazards and risks inherent in petrochemicals operations and other operations, including fires, explosions, pipeline ruptures and spills, storage tank leaks, chemical spills, discharges or releases of hazardous substances or gases and other environmental risks, mechanical failure of equipment at YANSAB's facilities, war, terrorism, sabotage, and natural disasters. In addition, many of these risks may cause personal injury and loss of life, severe damage to or destruction of YANSAB's and others' properties, and environmental pollution. These could result in the suspension of operations and imposition of civil or criminal penalties. We believe that YANSAB must maintain an insurance coverage in amounts consistent with the relevant industry practices, including covering the risks of property damage, business interruption resulting from various factors, and third-party liability.

However, this insurance coverage cannot include all losses, which YANSAB may incur in the future, or guarantee that the liability imposed on YANSAB will not exceed its total assets. YANSAB may be exposed to a material loss to the extent that a claim is made against YANSAB that is not covered in whole or in part by the insurance and for which third party indemnification is not available. In addition, there can be no assurance that YANSAB's insurance coverage will continue to be available in the market or available at an acceptable cost. If YANSAB suffered large uninsured losses or if any insured loss significantly exceeds such insurance coverage, then business, operating results or financial position might be adversely affected substantially.



### Risks Relating to Projects Under Development

YANSAB operates a number of projects under development, or that are in their early planning stages (such as investing in new production plants, or expanding and modernizing existing plants). Additionally, it may also be executing additional capital projects within the reporting period. Each of these projects are susceptible to a number of risks during development, including exceeding investment budgets, delaying project launch or non-completion, contractor or subcontractor shortcomings or failure to meet contractual obligations, excessive equipment budgets or deficits, malfunction or damage of equipment or technical resources, operational disruptions, difficulties with connecting relevant initial or final project facilities, untimely shortages of essential raw materials when commencing commercial operations, issues related to operational launches, problems with readiness, issues with effective operational integration, operational cost increases, unpredicted liabilities, changes in taxes or fees, difficulties achieving expected efficiencies, cooperation and savings in costs, and changes to market conditions. In the event that any of these risks occurs, gross profits for the given project may be adversely and materially affected. If no new project achieves expected levels of performance or profitability, this can potentially adversely and materially affect YANSAB's business, operating results, or financial position.

### Oil, Gas, and Facilities Price Fluctuations

YANSAB's financial results are significantly impacted by the margin between the prices at which YANSAB sells products and the prices at which YANSAB purchases feedstock for use. However, the price of YANSAB's feedstock and the price of the products sold to customers depend on the type of product and the location of the customer. Thus, YANSAB's operating results can be significantly impacted by fluctuations in the prices of several commodities, particularly oil, oil derivatives, gas, and facilities. That is because YANSAB's feedstock prices in Saudi Arabia are set by the Ministry of Energy.

YANSAB's sales depend on petrochemical products and changes in sales prices for petrochemical products coincide with changes in oil prices (however, sometimes with the delayed timescale, including a paradigm shift in dynamics across different regions). Thus, manufacturers are unable to impose all such increases on their customers when oil prices are soaring. Consequently, margins in YANSAB's operations significantly improve when oil prices (petrochemical prices) go up and decline when prices fall.

### Risks Associated with Controlling Interests

SABIC owns 51% of YANSAB's shares, which gives SABIC a majority in voting and management and the ability to control most major decisions related to YANSAB as well as effective control over YANSAB. Any change in SABIC's business strategy or policies for YANSAB may result in unpredictable consequences for the business, which in turn could have a substantial and adverse effect on its operating results and financial position.

### Operational Risks

#### Global Market and Economic Conditions

Changes in the global economic environment put YANSAB at risk. Its performance is particularly affected by economic cycles affecting end-user industries, since YANSAB-manufactured products are used as intermediates in manufacturing products utilized by such companies. In the last decade, the global economy has continued to experience periods of slowdown, high volatility, reduced business activity, unemployment, decline in interest rates, and erosion of consumer confidence. These factors have impacted the downstream demand for chemical and plastic products in certain industry sectors and regions.

YANSAB cannot predict adverse trends in the global economy or their effect on the market demand for the company's products and its profitability. Any downturn in regional or worldwide economies, market crisis or prolonged periods of instability could result in decreased industrial output and decreased demand for consumer products including consumer goods, packaging products, and industrial goods, all of which include YANSAB's products globally.



### Competitive Industries

YANSAB faces aspects of competitiveness in several markets and different geographic industries. Though key competitors vary, some of YANSAB's larger competitors are more vertically integrated in terms of their upstream and downstream productions, giving them a competitive edge over us.

### The Cyclical Nature of the Petrochemicals Industry

The petrochemicals industry is subject to the cycles of expansion and contraction in line with movements in the global economy, leading to supply and demand fluctuations and volatility in the feedstock prices as well as final petrochemical products. As a result, the global petrochemical markets alternate between periods of limited supply (resulting in increased prices and profit margins), followed by production capacity expansion (resulting in oversupply, lower prices, and reduced margins).

YANSAB cannot predict these economic trends and cycles or the duration and dates of such trends. Moreover, conditions affecting transportation of products may adversely affect the company, especially exports of the final products by sea and overland trucks. Although YANSAB seeks cost-effectiveness in the distribution of its final products, there can be no assurance that these transportation costs will not significantly increase in the future, which may reduce YANSAB's competitive advantage compared to regional producers. Any issue affecting cargo transportation by sea, such as special taxes, dangerous conditions or natural disasters, could also impact the company, along with geopolitical issues, acts of war, trade blockades, and piracy along transportation routes. Additionally, some transported products are classified as hazardous.

### Risks Arising from International Trade Controls

YANSAB exports products to countries that have adopted trade defense instruments such as anti-dumping and anti-subsidy laws and regulations. Non-compliance may result in the imposition of anti-dumping or anti-subsidy duties on imports of products. Moreover, import duties may be imposed by some governments at their own discretion. YANSAB believes that some countries' application of trade defense measures and other forms of trade controls is likely to be increased in the future, which will have a negative impact on YANSAB.

### Supply Chains Risk

YANSAB's operations rely on the transportation of materials by sea and overland; through SABIC, in accordance with the Marketing Agreement, and seeks cost efficiencies in the distribution of its finished products. Any issue affecting cargo transportation (e.g., dangerous conditions, natural disasters, labor market, or insurance etc.) could reduce YANSAB's competitive advantage compared to regional producers. Supply chain uncertainty—including the viability of key suppliers, scarcity of supplies, energy sources, unpredictable shipping and distribution logistical issues and/or the lack of price stability in the supply chain ecosystem—may make it difficult to deliver products or services at acceptable margins.

### Risks Arising from Defective Products

Several products are developed through highly complex technical and manufacturing processes. Therefore, there are potential risks that some products may be defective. These risks are increased when customers incorporate YANSAB products into consumer products, which are then sold to consumers. Although YANSAB defines its liability to its customers for product defects under the purchase and sale agreements, through coordination with SABIC as per the marketing agreement, laws in a number of countries impose a strict liability on the manufacturer or importer of the products, which cannot be limited.

Moreover, YANSAB performs a part of its business without fixed-term contracts, which enables the seller to reduce its liability. Defects in products manufactured by YANSAB may give rise to significant costs, including expenses related to the recovery of end-use products by end-stage customers or their own customers, replacing defective items, write-offs of defective stocks, and loss of potential sales. In addition, such defects are likely to give rise to claims related to product liability and warranty, including liability for damages caused by such defects.



### Changes to Laws or Regulations or Non-Compliance with Any Laws and Regulations May Substantially Affect Our Business in an Adverse Manner

YANSAB's petrochemicals products are subject to a variety of laws and government regulations relating to the use, discharge, release, and disposal of toxic or hazardous materials used by such businesses. Both compliance and non-compliance with such laws and regulations can be costly. New laws may be enacted and new regulations may be issued in the future. As a result, additional costs may arise related to compliance with the regulations, confiscation or recall of products, or financial fines, any of which may result in either obstruction or prohibition of the development, distribution, and sale of YANSAB's products. The regulation or reclassification of any of YANSAB's raw materials or products could adversely affect the availability or marketability of such products.

Any bans on import, purchase or sale of materials or products will only increase costs to the company.

### Risks Arising from YANSAB's Non-Compliance with the Standards of the Saudi Energy Efficiency Center (SEEC)

Any instance of non-compliance with the requirement of providing energy consumption data or an action plan to scale up the energy efficiency for any of its plants on the dates set by the center could lead to a suspension of industrial services by the Ministry of Commerce and Investment, until violations and consequences are eliminated and addressed.

This includes the risk of YANSAB's industrial license for any plant being cancelled or not renewed if it fails to meet energy-efficiency requirements and standards approved by the SEEC. Failure to disclose the consequences of its non-compliance could force the CMA to impose fines and penalties prescribed under the Capital Market Law and Implementing Regulations. Furthermore, the Saudi Standards, Metrology and Quality Organization (SASO) will refuse to renew the license using the quality mark, and the Royal Commission for Jubail and Yanbu (RCJY) will apply the penalties and sanctions prescribed in the laws and regulations applicable.

### Risks Resulting from Disputes and/or Litigation

YANSAB is subject to risks related to legal and regulatory procedures to which it is a party or that may arise in the future, including risks related to product liability, competition, and antitrust. Export control and data protection laws, patent law, procurement law, tax legislation, and environmental protection laws could also leave YANSAB open to lawsuits and regulatory actions resulting in imposing fines or penalties. Moreover, litigation and regulatory actions are unpredictable, and legal or regulatory actions in which YANSAB is or becomes involved (or settlements thereof) could result in substantial penalties that may lead to significant losses, costs, and expenses that may not be covered or fully covered by insurance. In addition, investigations of possible legal or regulatory violations may result in imposing civil or criminal penalties that entail other adverse financial consequences.

### Risks Associated with the Use of Intellectual Property and Technology Licenses

YANSAB depends on a wide range of intellectual property to support its businesses and has obtained licenses for certain technologies used in its manufacturing facilities. YANSAB's operations are primarily based on technology licenses from SABIC and other parties, and any termination of a substantial technology license or dispute related to its use could require the relevant entity of YANSAB to cease using the relevant technology. Therefore, this may adversely affect YANSAB's ability to produce the relevant products. In addition, YANSAB's inability to maintain any license could require the company to cease using the technology and license such rights from other parties on less favorable commercial terms or obtain lower-quality substitute technology that entails a greater cost.

### Risks Associated with the Use of Information Technology

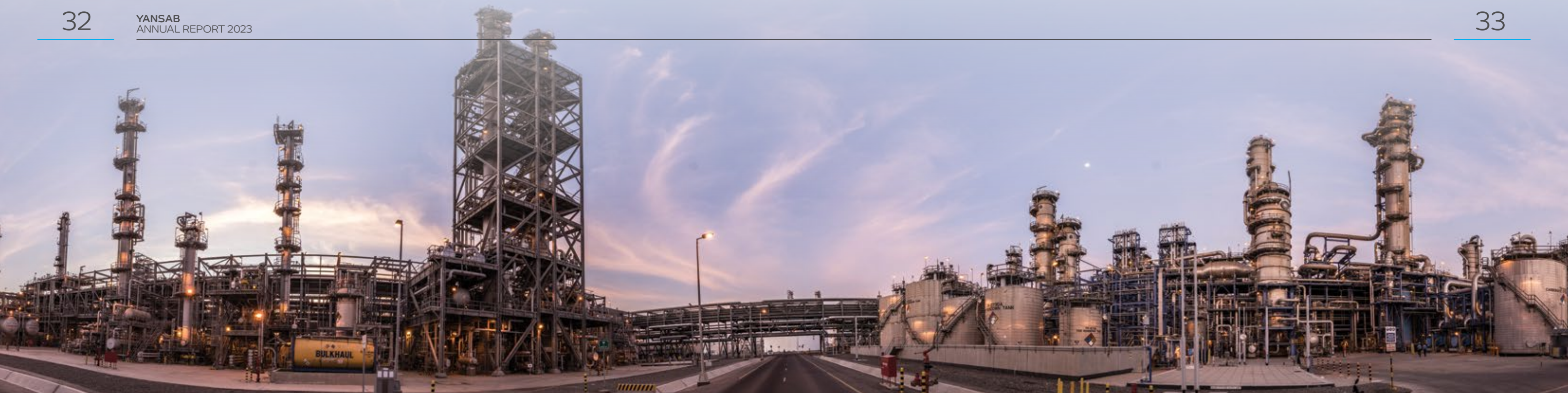
YANSAB relies on some information technology (IT) systems for day-to-day operations, thus leaving the company exposed to various risks, ranging from the loss or theft of data, cyber-attacks, stoppage, and interruptions to the business, through to systems failure and technical obsolescence of IT systems. Breaches of confidentiality, careless leaking of data through AI programs, or the manipulation of data in critical IT systems and applications could have a direct impact on YANSAB's business operations. Although YANSAB maintains backup systems, there is no assurance that these systems will work as efficiently or quickly as expected, or will work at all. In the event that any of these risks overcome the IT security measures taken by YANSAB – through the mutual service agreement with SABIC – it is possible that it leads to breaches in information confidentiality, improper use of systems and networks, data manipulation and destruction, and disruptions in production and operations, which all in turn can adversely and materially affect YANSAB's business, operating results, and financial position.

### High Dependence on Personnel and Management Teams

YANSAB's future success partially depends on its continued ability to hire, integrate and retain highly skilled employees. Although there is a high demand for experts and highly qualified personnel in the industries in which YANSAB works, YANSAB may not be able to successfully recruit, train or retain the necessary qualified personnel in the future. YANSAB also relies on its executive officers and key personnel, and may need to offer competitive compensation and other benefits in order to attract and retain key personnel. The unexpected loss of the services of executive officers or key personnel at YANSAB can adversely and materially affect YANSAB's business, operating results, or financial position. YANSAB might need to offer other competitive compensation and benefits to attract key personnel and retain them in the future. If the company is unable to recruit new qualified individuals to support its business, that might adversely and materially affect YANSAB's business, operating results, or financial position.







### Risks Arising from Pension Obligations

YANSAB has defined benefit pension plans and retirement plan programs, funding, and other obligations in accordance with the applicable rules. The calculations of these plans require the Management to make certain assumptions related to the long-term rate of return on assets, discount rates used to measure future obligations and expenses, inflation rates of salary scale, healthcare cost trend rates, mortality, and other assumptions. The selection of assumptions is based on historical trends and economic and market conditions at the time of evaluation that could be unusable in the event of adverse changes in estimates, together with results substantially differing from the estimates, which might cause a significant increase in YANSAB's obligations or future funding requirements.

### Financial Risks

#### Potential Financing Agreements

The company may be impacted by additional or more restrictive agreements and ratios, or its assets held as collateral by the lenders. Any debt that requires a large portion of the operating cash flow must be set aside to pay the principal and interest (to the extent the due payment is made), reducing YANSAB's ability to take advantage of the cash flow to finance its operations and future business opportunities. This may also limit the ability to increase the capital to finance any future capital expenditures or operations, exposing YANSAB to the risks of increasing interest rates or increasing costs, or both, to cover interest rates, and the risks of refinancing to the extent that YANSAB fails to repay its loans from the cash flows generated from its internal activities. If the company becomes unable to obtain appropriate financing or other capital contributions to finance the capital and investment expenditures in the future, this may require changing such projects, reducing their scope, postponing or canceling them, which may, in turn, affect the profitability and operational competitiveness of YANSAB.

### Customers' Credit Risks

According to the marketing agreement, YANSAB sells its products to SABIC that, in turn, provides these products to a variety of customers. In doing so, this exposes the company to the risk of non-payment for supplied products, especially on trade receivables. These risks are heightened when conditions in the industries where customers operate deteriorate or general economic conditions decline. The risks of non-payment (whether by customers or SABIC) could affect YANSAB's business, the results of its operations, or its financial position. The terms of the marketing agreement and the credit sales policy serves to reduce the incidence of customers defaulting payments.

### Foreign Exchange Risks

YANSAB is vulnerable to foreign exchange risks arising from various currency exposures, especially with respect to fluctuations of other currencies against the Saudi Arabian Riyal (SAR). These risks are primarily in accounts receivable, trade payables, and certain non-SAR denominated bank accounts. While the Saudi Riyal is pegged to the US dollar and YANSAB's business is primarily conducted in US dollars, YANSAB is not significantly exposed to US dollar risks. To a lesser extent, the company also deals with the Euro, British Pound, and Japanese Yen. Our policies require periodic reviewing for currency exchange risk, though there is no guarantee that any adequate precautionary procedures will be sufficient to protect YANSAB, or that any future fluctuations in the currency exchange rates will not adversely affect YANSAB's business, operating results or financial position.

### Financial Instrument Risks

The annual financial statements include clarifications about YANSAB's exposure to the types of financial instrument risks to which the company may be exposed, and the policy and procedures to measure and manage these risks, as such risks can have material adverse effects on operational results or financial position. However, the company has no outstanding loans or any hedging contracts for the fiscal year ending on 31 December 2023.

### Risks Associated with Dividends

YANSAB has no guarantee concerning dividend or total dividend amount. YANSAB may adopt a change in its dividend policy from time to time without prior notice. Making any resolution related to dividend and total dividend amount is also subject to the discretion of the Board. Making any recommendation or resolution by the Board to distribute future dividends depends on several factors, including YANSAB's profits and its previous and expected cash flows, YANSAB's financial obligations, requirements of growth plans and future expansions, analysis of investment opportunity and needs for reinvestment, requirements, cash and capital flows, and solvency ratios, in order to develop its revenues and finance investment spending program, and to verify balance between providing funds by self-financing sources or from external financing sources. The dividend depends on the market situation, the general economic climate, and other factors that the Board deems important.



# BUSINESS PERFORMANCE

Financial Performance 36

Operations and Production 40

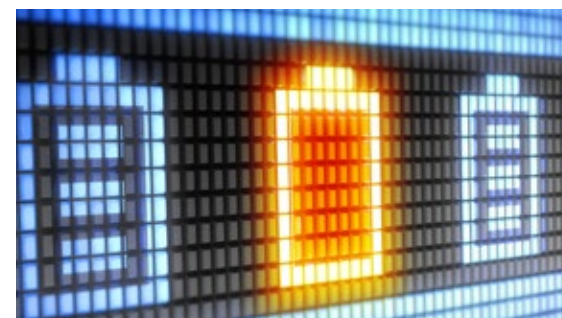
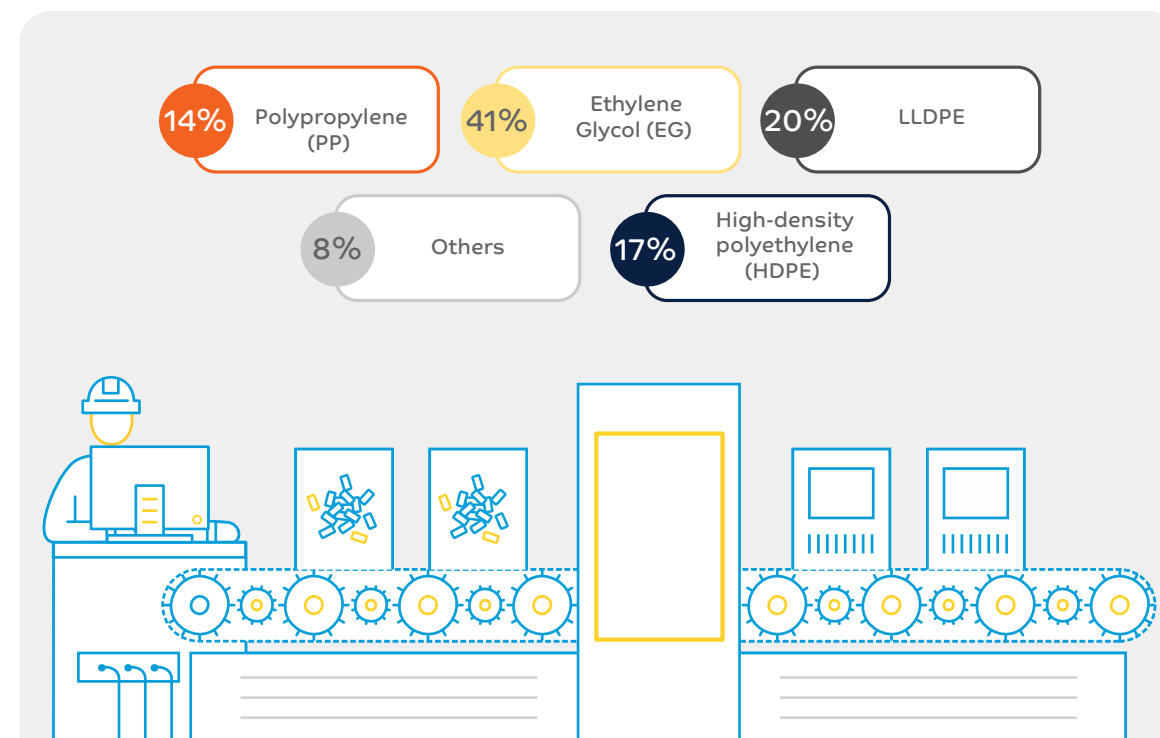




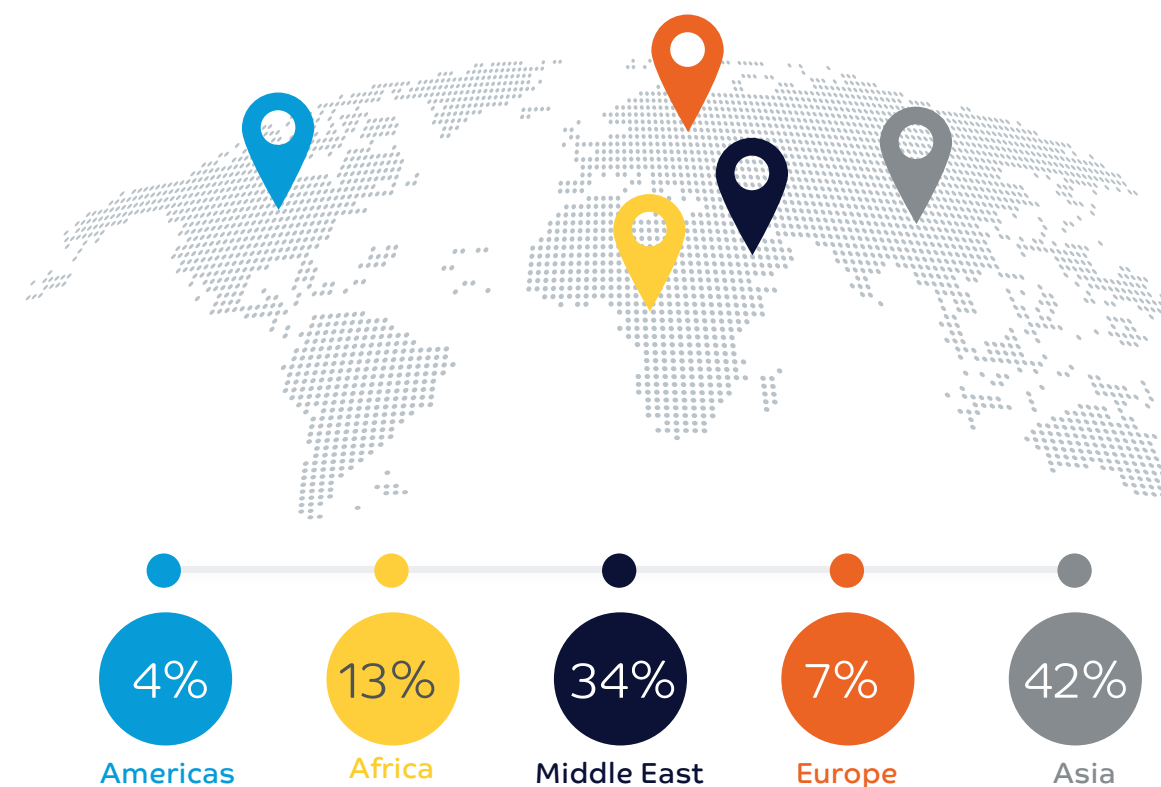
# FINANCIAL PERFORMANCE

## Sales and Marketing

In 2023, sales volume reached 1,725 mt in comparison to 2022 sales volume of 2,243 mt, an decrease of 23%.



## Geographical analysis of sales



## Supply Chains

YANSAB markets all its products through SABIC, in accordance with the Marketing Agreement, which in turn markets and ships these products to all local, regional, and global markets, through a committee reviewing market trends, future price expectations, and product costs, and approves an acceptable minimum price of net products.

All supply chain policies are handled by SABIC, ensuring that the SAP-Ariba (SLP) program vets supplier qualifications to verify that they meet standards for procurement and supply chain needs. Supply chain disruptions continue to affect logistics in the wake of the COVID-19 pandemic and the geopolitical tensions that can lead to raw material and component shortages and higher costs. In some regions, the petrochemicals industry is dealing with overcapacity, which is putting downward

pressure on prices, whether due to increased investment in new capacity or a slowdown in demand growth. Moreover, navigating global markets remains challenging as new disruptions take place in a post-COVID-19 world, as high inflation, rapid supply/demand fluctuations, and geopolitical tensions impact global supply chains and limit the ability of global sourcing managers to secure their supply. In addition, the availability of raw materials, capacity issues, container availability, logistics challenges, supply shortages, and price shocks will continue to pose challenges.



### Income Statement (amounts in thousands, SAR)

Statements	2023	2022	2021	2020	2019
Sales	4,532,731	7,024,050	7,499,273	5,034,940	6,064,834
Cost of sales	(4,586,096)	(6,053,628)	(5,253,405)	(3,946,224)	(4,566,563)
Gross profit	(53,365)	970,422	2,245,868	1,088,716	1,498,271
Net profit	(485,144)	414,145	1,531,299	677,574	1,089,772

### Balance Sheet (amounts in thousands, SAR)

Statements	2023	2022	2021	2020	2019
Current assets	5,393,903	6,958,810	7,666,605	5,938,074	5,842,703
Non-current assets	9,387,983	9,720,781	10,494,305	11,401,684	12,227,704
<b>Total assets</b>	<b>14,781,886</b>	<b>16,679,591</b>	<b>18,160,910</b>	<b>17,339,758</b>	<b>18,070,407</b>
Current liabilities	1,859,455	1,649,008	1,886,025	1,339,390	1,152,758
Non-current liabilities	1,021,438	979,730	1,232,494	1,014,911	774,837
Shareholders' equity	11,900,993	14,050,853	15,042,391	14,985,457	16,142,812
<b>Total liabilities and shareholders' equity</b>	<b>14,781,886</b>	<b>16,679,591</b>	<b>18,160,910</b>	<b>17,339,758</b>	<b>18,070,407</b>

### Clarification of Substantial Differences in Operating Results

Item	(Amounts in thousands, SAR)		Changes (+) or (-)	Percentage of change
	2023	2022		
Sales	4,532,731	7,024,050	(2,491,319)	(35)%
Cost of sales	(4,586,096)	(6,053,628)	(1,467,532)	(24)%
Gross profit	(53,365)	970,422	(1,023,787)	(106)%
Other operating incomes	-	-	-	-
Other operating expenses	(446,028)	(548,314)	(102,286)	(19)%
<b>Operating profit</b>	<b>(486,296)</b>	<b>514,766</b>	<b>(1,001,062)</b>	<b>%(194)</b>

### Investments or Reserves for YANSAB Employees

The following table shows the investments or reserves created by YANSAB for the benefit of its employees as of December 31, 2023, compared to the previous year (amounts in thousands, SAR):

Item	2023	2022
End-of-service benefits	842,222	776,343
Savings Program	129,034	110,906
Loans and home ownership	377,017	280,843
Retirement program and other benefits	76,499	68,629
<b>Total</b>	<b>1,424,772</b>	<b>1,236,721</b>

### Paid and outstanding statutory payment

The following table shows the values of paid and outstanding statutory payment with details and reasons (amounts in thousands, SAR).

Item	2023		Brief description	Reasons
	Paid amount	Outstanding payment up to fiscal year end		
Zakat	141,084	148,633	What is paid or charged to the fiscal year pursuant to the regulatory provisions of Saudi Arabia's Zakat, Tax and Customs Authority (ZATCA).	The sums due during 2023 will be paid according to the statutory time limit.
General Organization for Social Insurance	64,801	5,412	What is paid or charged to the fiscal year pursuant to the regulatory provisions of the General Organization for Social Insurance (GOSI) in Saudi Arabia.	The sums due during 2024 have been paid within the statutory time limit.
<b>Total</b>	<b>205,885</b>	<b>154,045</b>		



# OPERATIONS AND PRODUCTION

## Operations and Production

In line with the best international practices, and in compliance with the preventive maintenance standards, YANSAB succeeded in 2023 in conducting the largest periodic maintenance operation since its establishment, in line with its strict health, safety, and dependency policy.

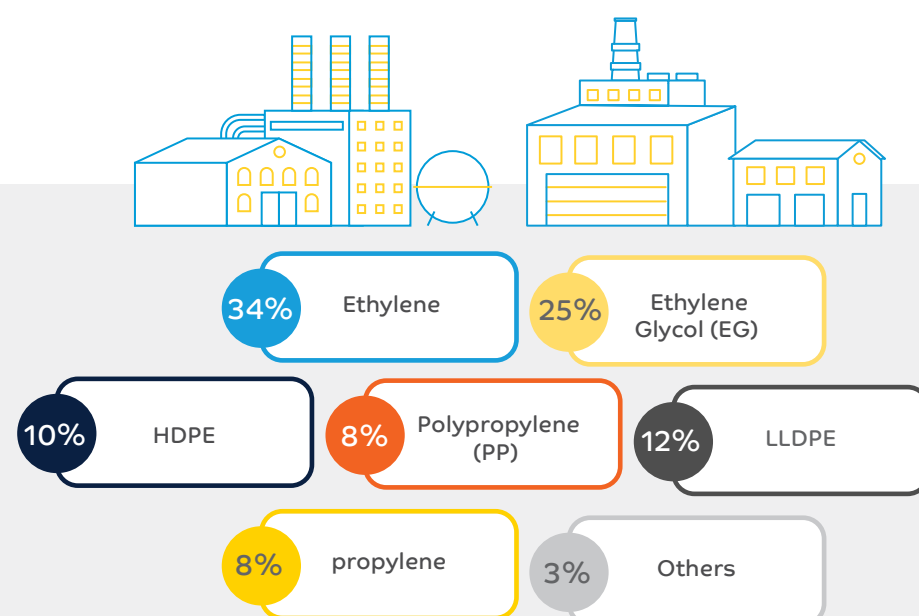
The major maintenance operations continued for 52 days, during which YANSAB carried out the necessary inspections and repairs for the assets' safety to ensure the safety of its factories and operations. Working hours reached more than 5 million hours, and the staff exceeded 10,000 workers during peak time, which is a large number of workers and local contractors. All maintenance work was completed safely and successfully and as planned. This maintenance will reinforce the YANSAB commitment to its principles related to

the environment, health, and safety, and contribute to reducing risks and improving reliability of YANSAB factories' performance and operational efficiency, in addition to ensuring the long-term viability of its assets. It will contribute to enhancing YANSAB efforts in the areas of sustainability and reducing CO<sub>2</sub> emissions by at least 20% by 2030, in line with Saudi Green Initiatives.

During Q3 2023, YANSAB also temporarily suspended its factories for around 20 days for urgent repairs due to a technical malfunction, as announced on Tadawul website on August 21, 2023.

In 2023, the production quantities reached 2,976 mt with an decrease of 28% compared to the quantities of 2022 that reached 4,126 mt.

The following table indicates the percentages of product quantities in YANSAB factories:



Note: Other products include biotin, methyl tert-butyl ether, and toluene/xylene mixture.

YANSAB continued to introduce new initiatives and programs to enhance operational excellence, which showed effectiveness of crisis management and emergency response strategies in the company.

The company also created and implemented innovative solutions to maintain the sustainability of operational processes and the reliability of its factories.

In a related context, YANSAB continues to focus on achieving targets of reducing carbon by 20% by 2030 and by 100% by 2050. A working group

has been formed to consider all options, innovations, and proposals to achieve carbon neutrality goals.

YANSAB also has two committees supervising operations. The "Awal" committee handles various aspects of environment, human health, safety, and security based on procedures created to improve the overall performance of this area throughout the company, while the "Selah" committee works to align individuals with the company's goals and achievements to realize maximum impact through combined efforts.

## Manufacturing

YANSAB has smart monitoring systems for chemicals and additives that give the company flexibility in controlling and modifying production according to market requirements and trends.

YANSAB achieved an advanced level in the (SIRI) assessment. As a Manufacturing Sector Wide Comparison and out of 16 dimensions, YANSAB was recognized as one of the Best in Class.

The (SIRI) assessment is part of the Ministry of Industry and Mineral Future Factories Program to keep up with global industry directions and the Fourth Industrial Revolution. Accredited by the International Centre for Industrial Transformation (INCIT), (SIRI) comprises a suite of frameworks and tools to help manufacturers start, scale, and sustain their manufacturing transformation journeys. SIRI assessment criteria include the three fundamental elements of manufacturing; operational processes, technology, and organization, in addition to 16 dimensions



# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Environmental Capital	44
Human Capital	52
Social Capital	54





# ENVIRONMENTAL CAPITAL

## Sustainability

### Principles

YANSAB has adopted, in cooperation with SABIC, numerous sustainability principles as part of an overarching strategy to develop operational efficiency of plants; rationalize the consumption of natural resources such as water, electricity and natural gas; and reduce GHG emissions. These are also symbiotic with existing safety, security, environment, and quality policies.

The company has defined strategic goals for preserving natural resources and the existing natural environment, and for repairing any damages if they occur. These goals include complying with regulatory authorities, controlling harmful emissions, reducing waste produced through recycling solutions, and improving the quality of industrial wastewater.

### Protocols

YANSAB's goals are in line with Saudi Vision 2030, and focus on maintaining Energy Intensity (EI) for each plant and feed utilization and material losses of Olefins plant, according to the 2nd cycle target (2020–2025) that is regulated by the SEEC. YANSAB successfully completed auditing and review processes for 2023, and succeeded in renewing accreditation for its energy management system (ISO: 500001).

YANSAB Energy Management System (EMS) YMS-OMS-P-423.001 is in line with the requirements of the International Organization for Standardization (ISO 50001).

YANSAB is committed to reducing CO<sub>2</sub> emissions by 20% by 2030, in comparison with 2018, targeting both direct and indirect emissions from different production processes and as aligned with Saudi Green Initiatives programs.

Meanwhile, the company's protocols and planned mechanisms to boost energy efficiency are in line with the United Nations' Clean Development Mechanism (CDM), according to the Kyoto Protocol signed by Saudi Arabia.

### Operations

New digital monitoring dashboards for each operating unit, featuring performance indicators for sustainability and energy consumption, are directly linked to the Distributed Control Systems (DCS) and Plant Information (PI) Systems. These indicators are also constantly monitored to enable appropriate actions in a timely manner.

Continuous analysis equipment is used to measure nitrogen oxide emissions and particle emissions, maintain the discharge of artificial wastewater through a monitoring system (PI VISION), maintain the quality of air emissions, and discharge industrial wastewater under specifications of the RCJY.

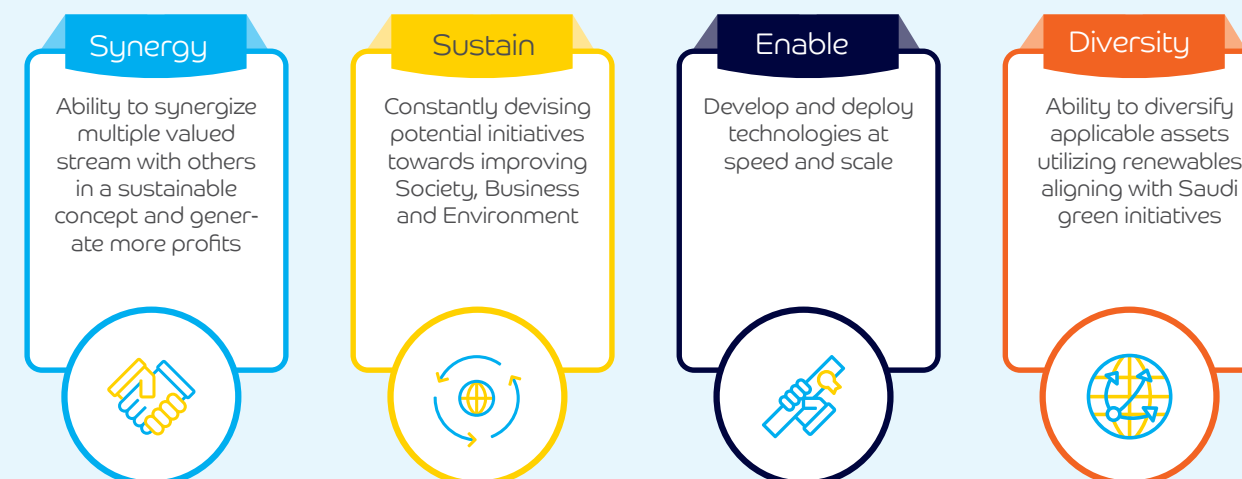
### Education

YANSAB's local information network features dedicated electronic pages through which all employees have easy access to information, indicators, and courses of action with regard to sustainability and energy conservation.

### Climate Change and Resource Efficiency

In 2023, YANSAB was able to dispose of additional amounts of low-pressure steam amounting to 447,000 t, equivalent to 1.378 MJ, thus saving USD 1.8 million in the process and 1.43 million British thermal units in avoided emissions. The company also succeeded in passing the Audit of the SEEC for 2023, and it succeeded in re-accrediting its audit to the ISO 50001 standard (energy management system).

## YANSAB's Climate Change and Energy Transition Framework revolves around four strategic pillars:



## Reliability

### Assets

Since establishment, the company has worked towards fuller adoption of SABIC's Comprehensive Reliability Program, which is based on improving the full performance of assets and fixing the principle of high production rates, making reliability one of the cornerstones of company management to optimize quality and performance. For this reason, YANSAB places a pivotal role for reliability – adopting plans and mechanisms to support these goals, and striving diligently to achieve them in line with the company's vision and strategy.

The Company uses approved tools and methodologies such as Reliability Centered Maintenance (RCM), Risk Based Inspection (RBI), Reliability Instrumented System (RIS), and Root Cause Analysis (RCA). These methodologies work to increase the reliability and efficiency of plants to prevent any failure or disruption of production. Through a comprehensive system for managing the life of assets and their lifespan through a systematic process for operating, maintaining, and effectively promoting the assets, YANSAB plans to reduce costs to achieve the largest revenue return, while studying challenges and managing to overcome them in scientific ways.

### Asset Performance Index (API)

API is the global manufacturing KPI under SABIC's strategic initiative, Asset Life Cycle Management. API contains four dimensions: Asset Performance, ERM Manufacturing Asset Major Risk, Best Practice Implementation, and Asset Programs Maturity. In 2023, YANSAB achieved a target score of 85.5% in the Api, compared to 85.3% in 2022.

### Assessments

Reliability continues to be one of the main pillars of YANSAB's management of quality and performance assessments. This pivotal role is strengthened through plans and mechanisms that support overarching objectives and secure them permanently in line with the company's vision and strategy.

### Corporate culture

With the premise that distinguished capabilities and competencies help achieve goals quicker, YANSAB works systematically to develop employee skills in different technical fields and strengthen the principles of reliability.

The company has established a strong culture of reliability among employees, and regularly reinforces its importance through ongoing events and programs, awareness-raising messages, and continuous monitoring of performance indicators.



## Communication

YANSAB participates actively and regularly in various SABIC forums such as Technical Exchange meetings, Manufacturing Service Requests, and reviews and implements all initiatives originating from and aligning with the company, including SABIC's 2025 Manufacturing Strategy, by setting a chain of comprehensive implementation plans. This includes digitization and improving energy use, plant, and sustainability efficiency.

Employees communicate regularly and share their experiences with other SABIC affiliates. Concurrently, YANSAB benefits from the experience and expertise of these affiliates in the field of reliability and its applications.

YANSAB is also engaged in reinforcing its competitive capacity and leveraging technological advancements and digital solutions that contribute in upgrading its capabilities across various sectors, such as manufacturing, supply chains, innovation, and sustainability, continuing to implement a number of initiatives within SABIC's corporate digitization program, expanding its scope to include new fields and sectors. Among these initiatives are:

- Assets management using AI
- Smart inspection
- Digitizing business permits
- Digitizing the process of monitoring factories

YANSAB is working on launching similar initiatives that will enable it to comply with future goals, improve energy consumption, and raise factory efficiency, among others.

## Digital Transformation

Digital transformation programs and ongoing operations have contributed to tangible business gains in many operations.

The "Asset Care" program for early detection of potential faults contributed to correcting the situation before any impact took place. Most importantly, the use of intelligent hazard detection has prevented a potential Level 1 process safety incident that could damage property.

## Cybersecurity

YANSAB is keen to enhance the company's capabilities and protect its business from risks related to cybersecurity through compliance with government regulations such as the National Cybersecurity Authority (NCA), the High Commission for Industrial Security (HCIS), and Operational Technology Cybersecurity Controls (OTCC), with best practices and procedures followed, and continuous training and development of its employees through online training programs.

YANSAB monitors its systems around the clock. No cybersecurity incidents targeting its assets have been identified. Within the framework of the company's improvement projects, YANSAB succeeded in achieving an advanced evaluation in the second phase of enhancing the cybersecurity of the distribution control system, enhancing the cybersecurity of the emergency firefighting system, the physical security of the process control network, and the second phase of the cybersecurity project for technology. YANSAB will continue to improve its procedures to protect the company and its customers from sources of cyber threats.

## Safety, Environment, Industrial Security, and Occupational Health

YANSAB recognizes the importance of safety, environment, industrial security and occupational health among its top priorities. YANSAB believes that company success necessitates protecting its staff, assets, and surrounding communities, and through that commitment, YANSAB implements the highest standards for safety, environment, industrial security and occupational health, ensuring their integration throughout corporate business strategies, operations, and performance metrics, building a robust culture of safety.

YANSAB considers safety culture an integral part of the standards committed by the company and a lifestyle for its employees inside and outside the company, as well as during or after working hours. The company always strives to be a leader in safety.

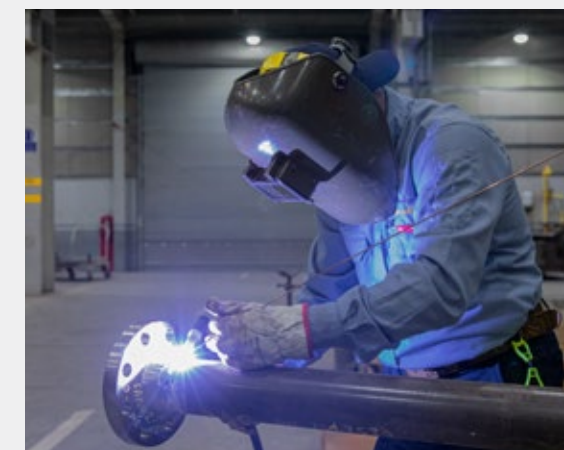
YANSAB employs a workforce that is ready and trained to deal with all emergencies, in addition to owning a complete fire extinguisher unit to deal with fires and other emergencies. The company also offers and organizes continuous lectures and awareness campaigns on safety and security, occupational health, and environmental protection to raise awareness among our staff, helping to make YANSAB a safe work environment.



## Safety, Health, and Environmental Management (SHEM)

The principle of Safety, Health, and Environmental Management (SHEM) was introduced by YANSAB, with the company finalizing the data upload process of all its previous IMEA results, along with the corrective and preventive measures it undertook, into the electronic Safety, Health and Environmental Management review system (eSHEM).

The incorporation of this new permanent review measure for risk assessment is being conducted at a company-wide level, which will reinforce the company's integrated review operations that assess its Safety, Health, and Environmental Management system and its efficacy.



## Commitment to EHSSQ

YANSAB policy for Environment, Health, Safety, Security, Energy, Information Security and Quality (EHSSQ)

As a company working in the petrochemicals industry, YANSAB is emphatically committed to implement and monitor effective management systems for EHSSQ, in accordance with international standards. These are designed to lead to better performance, and to ensure the highest degrees of trust and transparency with all stakeholders.

- Provide quality products, while ensuring reliable operations in a safe and secure environment that prevent health hazards and injuries
- Comply with all applicable legal requirements, and other regulatory requirements that meet Responsible Care Guiding Principles
- Continually review and improve objectives, systems, processes, and energy efficiency, at and across all plants
- Comply with sustainability requirements that aim to prevent pollution, reduce waste, and conserve natural resources
- Develop programs that enhance the competence of employees and raise awareness levels of external audiences



## Occupational health and industrial safety

### Approach

The methodology includes multiple paths followed by YANSAB in dealing with health and safety issues, developing and updating the necessary procedures to create appropriate working conditions, protect employees, preserve assets, protect the environment, adhere to responsible care, and ensure business continuity.

- Drives performance and enhances visibility
- Ensures focus on key Safety, Health & Environment Management (SHEM) priorities
- Provides accountability
- Allows for internal and global EHSS benchmarking
- Identifies and brings insight to address chronic issues
- Provides inputs for site SHEM audits and a mechanism to identify them
- Additionally, advancements and digitalization solutions were rolled out as part of EHSS Risks Discovery & Control, contributing significantly in risk elimination and effective controls. These included:
  - Confined Space Monitoring 24/7 CCTV
  - Specialized PPE, Special infrared LEL Meter, and Localized Camera for Confined Space
  - Digitized Centralized System for EHSS observation reporting
  - Digital Solution in EHSS Assessment
  - 3D Modeling for job forecasting and sequence to address EHSS overlapping risks
- Deployment and operation of YANSAB's confined spaces simulation unit as the main hub in the Kingdom's Western region for training company staff, alongside SABIC and other associate companies, on adherence to EHSS requirements in confined spaces
- Support internal waste management through the operation of a waste storage area
- Security zoning strategy for vehicle & crowd management
- Rescue operations management through a dedicated qualified team
- Furthermore, we fostered Incident learning and prevention across YANSAB through systemic steps:
  - Incident Applicability and Communication
  - Listening to the voices of all the employees on EHSS
  - Effective Leadership Engagement
  - Preventive Plan Development and Enforcement
- This year, YANSAB published the Process Safety Hub in the company portal to make it accessible to all interested parties, thus reinforcing our commitment to making EHSS a permanent fixture in our culture.

The British Safety Council bestowed the (Merit) Winner of International Safety Award 2023 on YANSAB in recognition of excellent standards of safety, health, and wellbeing management at YANSAB. The award is globally recognized and given to companies with good safety policies,

plans, and commitments to safety and health at the highest level, reflecting YANSAB's EHSS compliance, including EHSS KPI monitoring, risk discovery, and RCA to understand risks to the company, evaluating the extent of their impact on performance, and taking measures to prevent or minimize and control them.



### Training

Staff are trained in all aspects of EHSS to prepare and develop their skills to operate and maintain plants in a safe and secure environment. The company has made sure to train its workforce to deal with emergency situations, in addition to owning a complete fire extinguisher unit to handle fires and other emergencies.

### Reporting

The company's electronic system allows every employee to report any security incident, safety breach, occupational health violation, or non-compliance with environmental procedures.

The system also assists in determining case category and degree, and enables management to follow up with relevant parties to take necessary corrective action. Every case is studied and analyzed to avoid its future recurrence.

### Education

YANSAB organizes continuous and regular lectures, workshops, and awareness campaigns for employees on safety, security, occupational health, and environmental protection. The company has also adopted various health initiatives to raise awareness on occupational fatigue, and to combat seasonal flu through vaccination drives.

## Initiatives and Programs

### Be Well, Work Well

This program highlights healthy nutritional choices, and promotes physical, mental, and social wellbeing for employees and their families, with the participation of capable experts in their fields in cooperation with a number of universities and health and social institutions.

### Protective Shield

This wide-reaching platform offers programs intended to promote a culture of safety, security, efficiency, good health, and continuous learning at a company-wide level.

### Safety Training (Ilmam)

This unique program aims to offer safety training by identifying safety systems and their procedures and updates, using innovative methods that help ingrain a culture of safety.

### Health

YANSAB ensures employee safety and welfare through implementing all occupational health regulations and relevant measures to achieve compliance. The company makes all necessary employee safety needs available at work, and educates them on different approaches and appropriate tools to perform their duties safely.

It also regularly monitors their health depending on the nature of their jobs through pre-made plans.

### Emergency response simulation drills

YANSAB is in cooperation with Yanbu Area Mutual Aid (YAMA) to conduct simulations inside the company to assess emergency response aptitude among staff, the effectiveness of the communication system during emergencies, and the readiness of personnel and equipment.

This contributes in establishing the principles of facility and worker safety, and complete readiness to handle emergency situations.

### Contractor's Performance Development

Designed to evaluate and improve performance in the fields of quality, safety, security, health, and the environment, the program aspires to raise contractors' performance towards achieving excellence at all levels.

- The Contractor Partnership Program, which aligns with YANSAB's policies for EHSSQ, aims to leverage and develop current awareness and compliance of third-party contractors.
- Implementation of various safety programs, such as the Leadership Training on EHSS Culture program, and the Training on Failures Attributed to Human Error program.
- Effective company-wide engagement and dialogue fostered through the Attention, Notification, Participate, Awareness, Learn, Realization, and Behavior program.
- Training of security personnel on defense and protection hardware

## Quality

### External audits

Annual reviews are conducted on quality systems to confirm that the company does all its work, at various levels, in accordance with approved international standards., YANSAB completed and passed all external audits of its administrative systems:

- Energy Management System Certification (ISO: 50001)
- Quality Systems (ISO: 9001-2015)
- Business Continuity (ISO:22301)
- Information Security Management Systems (ISO 27001)

### Internal audits

YANSAB conducted a comprehensive review of the Operations Management System (OMS), and conducts regular self-audits to review all updated procedures. These audits ascertain the implementation and effectiveness of OMS with a view to address deficiencies, if any, and to make improvements as needed.

Holding specific certifications and accreditations enables the company to sell its products on the global market, and as such, an external review process for High Density Polyethylene (HDPE) was concluded for product P6006, and was thus adopted by clients from the United States under criterion NSF-14, Italy under IIR, France under LNE, and Malaysia under SIRIM.

YANSAB completed the compliance assessment regarding the Montreal Protocol for Ozone-depleting substances, while site assessments have been underway to comply with the Global initiative for Operation Clean Sweep® (OCS). All Process Industry Practices (PIP) were completed and uploaded to the YANSAB ECM Portal.

Throughout 2023, the committee conducted a number of workshops on quality assurance tools like S5, which is considered one of the fundamentals of quality assurance. In addition, training courses on the Go to Gemba principles were conducted, which are concerned with the efficacy of the availability of effective management staff under specified criteria.

### TAHSEEN Committee

As a vital component of the company's continuous improvement program, TAHSEEN Committee supervises the application of quality principles across all operations in accordance with the Business Management System (BMS) standards and works to identify ways to enhance YANSAB's competencies.





# HUMAN CAPITAL

Employees are a valuable part of YANSAB and the company takes extensive steps to retain its workforce, offering opportunities to develop careers and attract new skilled labor. Annually, site leaders along with the workforce development department collaborate on creating a development plan for all YANSAB employees.

All employees are required to complete a competency assessment that will be assessed by their direct superiors. This is carried out to identify specific competency gaps and create an annual growth plan (AGP) for addressing them, based on YANSAB's Learning & Development Strategy, which follows the 10-20-70 methodology (10 actual learning class rooms for both physical and virtual instructor-led classes; 20 presenting, coaching, and mentoring sessions; and 70 on-the-job training presentations).

YANSAB offered more than 3,200 programs and training courses, benefitting all staff during 2023. Some of which were:

## Training and Development (JADEER)

Operators and technicians make up the largest segment of our workforce, and YANSAB is committed to their continuous development and improvement in their respective work fields. The development program, JADEER, complements vocational qualification programs they have completed earlier, with the aim of refining skills and raising levels of professional knowledge for safe and smooth operations at plants and factories.

## Early Development Program

Newly-graduated staff at YANSAB are enrolled in the Early Development Program, which reinforces and develops their practical expertise through on-the-job training prepared to suit their specializations. This investment in their skills and abilities aims to help achieve the highest levels of competency.

## Occupational Merit Program

YANSAB has fully integrated its occupational merit program to include all available job descriptions, in addition to required competencies and work experience needed to adequately perform relevant duties. This significantly contributes in identifying and reinforcing employee strengths at every position, while minimizing and overcoming any shortcomings and weaknesses observed through a comprehensive training system.

## Leadership for the future of the organization

- Creating a culture of manufacturing leadership that is not only driven by the system but also with operation disciplines supported by critical organization behavior to ultimately achieve operation excellence.
- Developing a workplace coaching culture and implementing it across the leadership level.
- Accelerating intervention and supporting activities by improving EHSS and reliability.

## Plant Management Team Operational Oversight Model

Frontline workers have been engaged to contribute in daily business management.

The Plant Management Team project, comprised of frontline managers with additional responsibilities, aims to establish or reestablish an operational management system through project-based learning processes, whereas:

- An ideal prototype for plant management teams is designed, in cooperation with specialized experts.
- An assessment of the plant teams' management is conducted at each site, in accordance with the new prototype.
- The new prototype is linked to existing procedures.
- Assessed gaps in current project-based operations are highlighted and limited.

## Rapid Qualification

This program aims to increase and improve resolute leadership qualities in manufacturing managers. It is designed specifically for manufacturing management staff, and is based upon the adoption of resolute leadership qualities in their daily activities to achieve strategic impact.



## E-Learning

The company's training and workforce development leadership diligently and continuously ensures the availability of e-learning opportunities for staff. For instance, during COVID-19, many programs were converted to e-learning platforms.

The e-learning experience enables a vast collection of virtual classes, and it allows staff to access learning opportunities online. In addition to this, the Knowledge Club initiative provides staff ample opportunities to virtually trade experience, technical expertise, and occupational know-how with their colleagues.

## Employee-Led Innovation

YANSAB adopted a development and innovation policy that promotes employees to propose innovative ideas and methods that can potentially improve operational and production process, prolong the productive lifecycle for assets and equipment, contribute to energy and time efficiency, contribute in protecting the environment, or improve safety levels.

The company also places significant importance on employee incentivization, and offers bonuses for all ideas and suggestions that help achieve innovative development.

## Annual Employee Meeting

YANSAB conducts an annual meeting with staff to review goals and performance, and discuss a wide array of topics that concern staff such as safety, development, remuneration, benefits, and work environment, among other topics.

## U Matter 2023

U MATTER 23 events target SABIC employees and subsidiaries, including YANSAB, through which the company aims to make efforts to be the workplace where employees find attention and care, as well as to highlight the company's community efforts in issues consistent with its policy of social responsibility, such as services provided to the community through the SABIC

Employees Charity Fund (Ber), or its efforts in matters related to climate protection, carbon neutrality, and other topics that were addressed through the various pillars. All these activities were held at the YANSAB Recreation Center in Yanbu in November 2023.

## Nationalization

As a national employer, YANSAB pays due attention to human resources and the nationalization of jobs and conforms to plans developed by the Board to employ and develop national cadres. As a result, the percentage of Saudi nationals employed in all positions across the company has reached 93%, and 100% for leadership positions.

Meanwhile, YANSAB continued to cooperate with SABIC and the RCJY, in partnership with the Human Resources and Development Fund (HRDF), to develop a project for the Saudization of contractors' jobs.

The company continues to open its doors to Saudi university and college students, and provides training opportunities to help them fulfill their academic requirements for graduation.

## Employee welfare

YANSAB remains keen on seeing all employees achieve higher levels of job security and job satisfaction and in helping them secure better futures for themselves and their families through the adoption of several incentive programs, such as:

### Savings Program

The company's savings program is designed to motivate its Saudi employees to save in a manner that enhances their earnings and aids in safeguarding their future, as outlined in the program's objectives.

### Home Loans Program

In line with approved terms and conditions, YANSAB offers its Saudi employees the opportunity to obtain a one-time, interest-free, soft loan for home ownership during their tenure at the company. The company has provided 147 loans in the past, and remains in support of its Home Loans Program.

### Housing Unit Ownership Program

Understanding the need for a safe, secure house for employees to live in and raise a family, YANSAB offers an opportunity for Saudi employees who fulfill the criteria for housing unit ownership to secure accommodation.



# SOCIAL CAPITAL

## Social Responsibility

YANSAB is keen to establish strong and lasting relationships with communities, and takes a greater role in implementing its social responsibilities to ensure that the programs it designs or promotes have tangible and positive economic or social benefits, aligning with the company's ambitions and resources, global causes, and social needs, in compliance with the company's corporate social responsibility policy endorsed by the General Assembly.

## Key Focus Areas

The multitude of efforts and aims undertaken by YANSAB in the field of CSR focuses on four key aspects that complement the company's ambitions and resources, and deal with global causes and social needs:



## Corporate Social Responsibility Programs for 2023

Many planned programs were implemented successfully, covering a wide array of events, activities, campaigns, and initiatives, and centering around the four key aspects defined in YANSAB's corporate social responsibility policy.

One such program was the YANSAB Social Season, which featured a large number of diverse sports, social, and cultural activities, alongside safety, health, and e-learning programs for staff and their families.

The company also hosted several student delegations. During their visits, the students learned about the company, the petrochemical industry, operational and production process, and the company's efforts and contributions in the fields of safety, environment, corporate social responsibility, and governance.

The company also celebrated Saudi Founding Day and Saudi National Day, through several programs and activities that reinforce civic principles and loyalty to our nation.

## Support Madinah Autism Centre

Through its social responsibility policy, the company seeks to establish strong and lasting relationships with the community in which it operates by focusing on the areas of community development, education, training, and health. The company continued its contribution and support to the "Tamkeen Comprehensive Center for Autism" in Madinah, one of the initiatives of the Madinah Autism Association (Tamakkon) to enhance its role in serving people with disabilities and people with autism, helping them integrate into education and society, and increasing their opportunities in the labor market.

This step comes within the framework of our commitment to human health as one of the pillars of our social responsibility strategy, one of the objectives of Saudi Vision 2030, and a continuation of our programs that focused on supporting and developing institutional initiatives aimed at achieving a positive and sustainable impact in terms of increasing the efficiency of ways to deal with autism.

This will contribute to the development of the center's programs and capabilities in diagnosis, early intervention, treatment plans, and vocational rehabilitation, enhancing its role in providing advisory services and in spreading awareness about autism among members of This contribution will also help in expanding research and studies as well as hiring and training specialized cadres, according to the best and latest international practices.

The Tamkeen Comprehensive Autism Center is one of the initiatives of the Madinah Association for Autism (Tamakkon) aimed at providing specialized programs in its field, which include physical and occupational therapy, sensory integration, speech and language therapy, improvement of daily and social skills, and general behavior of the patient in the surrounding environment, as well as accommodation services, no to mention the health and physical care services provided for the beneficiaries.





# CORPORATE GOVERNANCE

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# CORPORATE GOVERNANCE

YANSAB has set the general framework for its governance that includes a set of regulations and policies through which the roles and responsibilities are defined, and advises on how to make and undertake decisions and control over their implementation, in light of the transparency rules that achieve accountability and enhance adequacy of performance, based on the relevant laws and regulations. The Board of Directors monitor the implementation of governance laws to ensure adequate and accurate implementation, commitment to governance best practices, and adoption and implementation of the best international regulations in terms of control and compliance that maintain the rights of staff, shareholders, investors, and stakeholders alike.

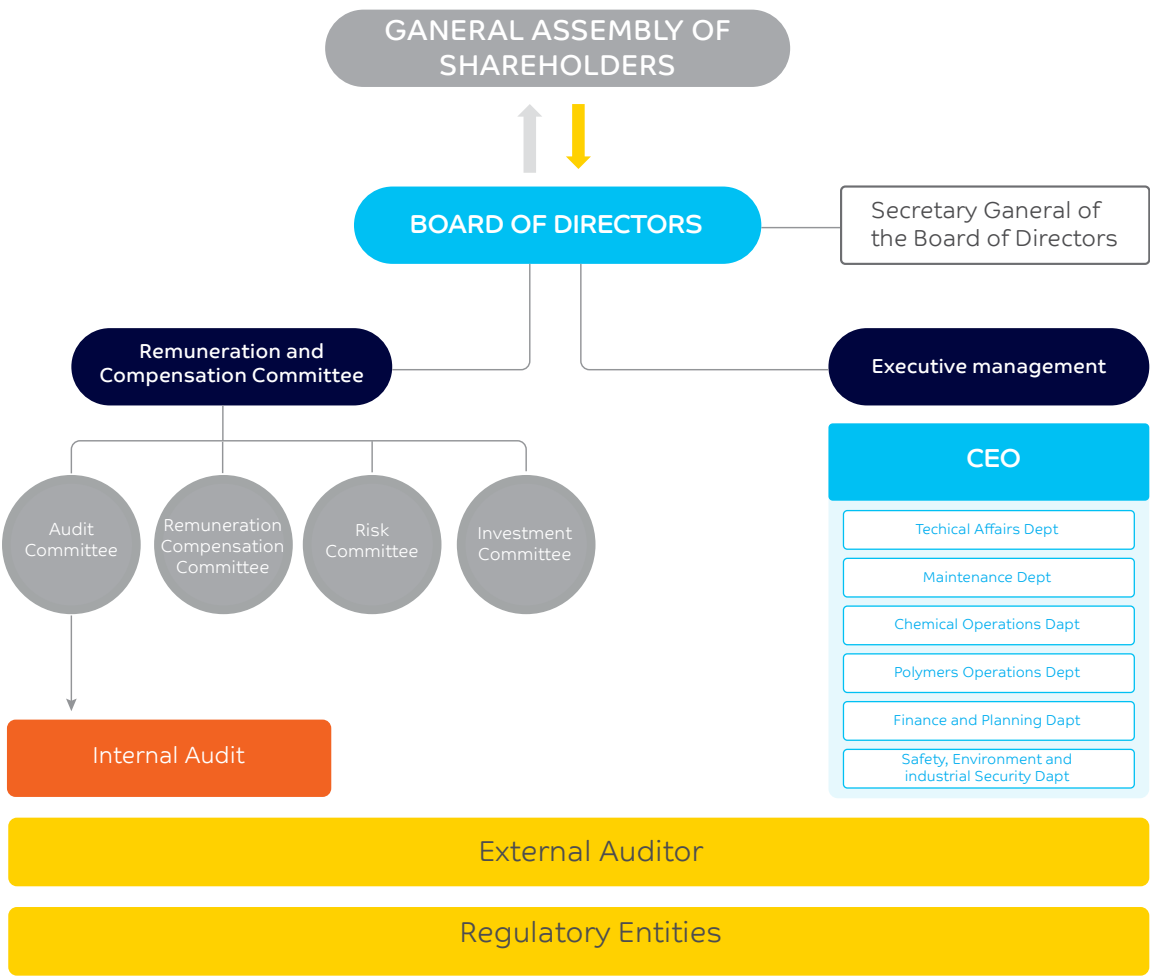
With reference to Royal Decree No. (M/132) dated 1/12/1443AH corresponding to 30/6/2022AD amending the Companies Law issued by the Royal Decree No. (M/3) dated 10/11/2015AD, YANSAB management conducted a comprehensive study of the changes on the Companies Law and other relevant amended regulations and laws based on the Companies Law issued by the Royal Decree No. (M/132) dated 1/12/1443AH issued by the Capital Market Authority (CMA) and its impact on YANSAB bylaws, regulations, policies and procedures. These changes were presented to the Board of Directors and the Board Committees.

YANSAB implemented the requirements of the Corporate Governance Regulation issued by the Capital Market Authority (CMA), excluding the following paragraphs:

Article	Paragraph	Stipulation	Reasons for not applying
Article 51: Formation of the Audit Committee	D	Half of the audit committee's members must be Independent Directors or from those on whom the issues affecting independence in Article (19) of this Regulation do not apply.	The Article is indicative, as the Audit Committee members were elected by YANSAB ordinary general assembly in accordance with its Articles of Association and the Audit Committee regulations approved by YANSAB general assembly. YANSAB confirms its keenness to follow the best governance practices and comply with all relevant laws and regulations.
Article 92: Formation of a Corporate Governance Committee	-	If the Board forms a corporate governance committee, it shall assign to it the competencies set under Article (91) of these Regulations. Such committee shall follow up on any matters relating to the application of governance, and shall provide the Board with its reports and recommendations at least annually.	In accordance with Article (47) of the Corporate Governance Regulations stipulating that the Board of Directors shall form specialized committees based on YANSAB's need, circumstances, and situations, enabling it to effectively perform its mandates, the Board deems the formation of a committee specialized in Corporate Governance infeasible, as the mandates of the Board and its committees are integral components of governance, each of which contributes to achieving its goals. therefore, restricting governance implementation to a committee constitutes malpractice in the implementation of Governance Principles.

Accordingly, the Board directed YANSAB management to coordinate with the Remuneration and Nominations Committee to develop a plan for amendment of YANSAB bylaws, regulations and policies in alignment with the Companies Law and related regulations, in addition to proposing amendments intended to enhance YANSAB position, developing its activity and growing its investments in light of its disclosed strategy, taking into account proposals intended to apply the best governance practices.

Therefore, YANSAB management formed a team of specialists from the relevant departments, where a comprehensive review of all YANSAB governance documents, regulations and policies was conducted and they were amended to comply with the requirements of the relevant laws and regulations and the application of the best governance practices. They were reviewed with the relevant departments to ensure their compatibility. The Remuneration and Nominations Committee then reviewed YANSAB management's proposals on amending YANSAB bylaws. Accordingly, the Remuneration and Nominations Committee recommended presenting YANSAB amended Articles of Association, regulations and policies the Board of Directors for approval and recommendations to the General Assembly for approving.





# SHAREHOLDERS

## Ownership Structure

Yanbu National Petrochemical Company (YANSAB) is a Saudi joint stock company listed on the Saudi Stock Exchange (Tadawul) since February 2006. YANSAB is 51% owned by the Saudi Basic Industries Corporation (SABIC) and 49% owned by the private sector and

individuals. YANSAB is owned by more than 280,000 shareholders. Foreign shareholders' ownership in YANSAB amounted to approximately 9.7%.

The table below shows the percentage of ownership based on the investor type; whether individuals, institutions or companies.

Investor Type	Ownership (%)
Institutions and Companies	79.3%
Individuals	20.7%

## Communication with Shareholders and the Company's Disclosures

YANSAB shall comply with the principles governing and protecting shareholders' rights to ensure equality among them in providing appropriate information in a timely manner.

YANSAB provides details on its performance and activities throughout the year via the Annual Report and Annual General Assembly meeting. It shall also update shareholders and investors on any other significant developments that may occur and affect the financial position thereof. This shall take place through Tadawul website, the company's website, and other means of communication.

Such measures shall ensure that all beneficiaries have equal opportunities to access such information and help them make investment decisions based on correct and timely information.

Moreover, YANSAB implements all policies and processes related to disclosure of financial statements and performance reports in accordance with the legal requirements and all applicable regulations and instructions approved by relevant authorities.

YANSAB also regularly discloses particular events, core developments, and financial statements on Tadawul's website, following transparency and disclosure regulations, so that the same is easily accessible to shareholders, investors, and stakeholders.

During the fiscal year ending on 31st December 2023, YANSAB has made 11 announcements, listed in the dates and details below:

No.	Publishing date	Announcement Theme
1.	5 February 2023	Yanbu National Petrochemical Company announces its Annual Financial Results for the Period Ending on 31/12/2022
2.	14 February 2023	Yanbu National Petrochemical Company (YANSAB) invites Shareholders to attend the Ordinary General Assembly Meeting (First Meeting) through modern technology means
3.	2 March 2023	Yanbu National Petrochemical Co. Announces an update on Yanbu National Petrochemical Company (YANSAB) announce an update on its scheduled complex Turnaround to conduct preventive maintenance
4.	8 March 2023	Yanbu National Petrochemical Co. Announces the Results of the Ordinary General Assembly Meeting (First Meeting)
5.	1 May 2023	Yanbu National Petrochemical Company (YANSAB) announces Interim Financial Results for the Period Ending on 31/3/2023 (Three Months)
6.	4 June 2023	Yanbu National Petrochemical Company announces the distribution of cash dividends for the First Half of 2023
7.	20 July 2023	Yanbu National Petrochemical Company (YANSAB) announces Interim Financial Results for the Period Ending on 30/6/2023 (Six Months)
8.	21 August 2023	Yanbu National Petrochemical Company (YANSAB) announces a temporary shutdown for Company Plants to perform emergency repairs
9.	4 September 2023	Yanbu National Petrochemical Co. Announces an update on Yanbu National Petrochemical Company (YANSAB) announces a temporary shutdown for Company Plants to perform emergency repairs
10.	23 October 2023	Yanbu National Petrochemical Company announces Interim Financial Results for the Period Ending on 30/9/2023 (Nine Months)
11.	25 December 2023	Yanbu National Petrochemical Company (YANSAB) announces the Board decision to distribute interim cash dividends among Shareholders for the Second Half of 2023

## DIVIDEND POLICY

YANSAB's Dividend Policy falls within the jurisdiction of its Ordinary General Assembly, based on recommendations from the Board of Directors. YANSAB's Dividend Policy provides for setting the standards governing YANSAB's dividends, in a way that contributes to striking a balance between sustainable dividends to investors and enhancing YANSAB's ability to achieve its goals, and developing its business in the long run by investing in the proposed investment opportunities; taking into account the provisions mentioned in YANSAB's Articles of Association, Companies Law, Capital Market Law and their implementing regulations.

In the light of the provisions regulating dividends stipulated in the Companies Law, the Corporate Governance Regulations, YANSAB's Articles of Association, and the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies, dividends shall be in accordance with the following principles and rules:

**A.** The General Assembly of YANSAB, based on the recommendation of the Board of Directors, shall take the charge of distributing dividends.

**B.** YANSAB may distribute interim dividends to its shareholders either on a semi-annual or quarterly basis, according to a resolution issued by the Board of Directors after obtaining an annually renewed authorization from the Ordinary General Assembly of the Board.

**C.** YANSAB's annual net profits are distributed, after deducting all general expenses and other costs, as follows:

1. Ten percent (10%) of the net profits shall be set aside to form the statutory reserve. The Ordinary General Assembly may decide to stop setting aside any profits whenever the said reserve amounts to thirty percent (30%) of the paid-up capital.
2. The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a percentage from the net profits deemed to be appropriate by the Ordinary General Assembly in order to create a contingency reserve allocated for a specific purpose(s).
3. The Ordinary General Assembly has the authority to decide to create other kinds of reserves, to the extent that it achieves the interest of YANSAB or ensures that fixed dividends, as much as possible, are distributed to shareholders.

The Ordinary General Assembly may also deduct from the net profits sums to establish social associations for YANSAB's employees or to support the existing ones.

4. From the remainder, five percent (5%) of YANSAB's paid-up capital shall be distributed to shareholders.

**D.** The restrictions set in the applicable regulations, internal regulations and agreements concluded with holders of debt instruments, financing instruments, creditors and other lenders shall be observed in addition to other legal and regulatory considerations, and any restrictions imposed on dividends under loan agreements with government or commercial funds and institutions, and other matters deemed significant by YANSAB's Board of Directors when announcing dividends.

**E.** The requirements of growth plans and future expansions, analysis of investment opportunities, YANSAB's needs for reinvestment, cash and capital requirements and flows, solvency ratios, etc. (whichever is larger) shall be observed in order to grow YANSAB's revenues, finance its investment spending program, and to verify balance between providing funds by self-financing sources or from external funding sources. Accordingly, the Board of Directors makes a proposal filed to the Ordinary General Assembly to set aside a percentage of the profits for these purposes.

**F.** Dividends depend on the net profits achieved, the availability and adequacy of cash flows, YANSAB's financial position, market situation, general economic climate and other factors.

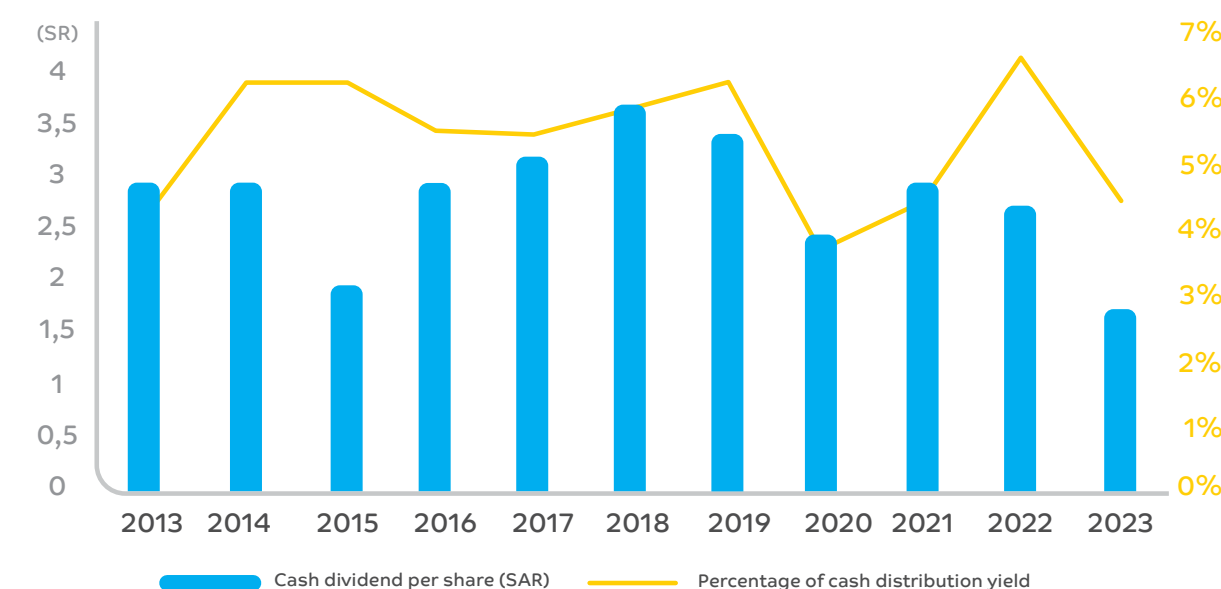
**G.** If the statutory reserve exceeds thirty percent (30%) of the capital, the Ordinary General Assembly may decide to distribute the increment to shareholders in the years in which YANSAB does not achieve net profits sufficient to distribute the share set for them in its Articles of Association, and the contingency reserve may only be used under a decision from the Extraordinary General Assembly. If this reserve is not allocated for a specific purpose, the Ordinary General Assembly may decide to spend it for the benefit of YANSAB or shareholders, based on the proposal of the Board of Directors.

The following table demonstrates the percentages of dividends as well as the total value of dividends distributed to shareholders for the fiscal year ending on 31 December 2023 (in addition to the ratios of dividends and amounts proposed to be distributed at the end of the year, and the total dividends (all amounts in thousands, SAR)):

	Dividends distributed for the year	Dividends proposed to be distributed at the end of the year	Due date	Distribution date
<b>First half From the year 2023</b>	10%	562,500	18 July 2023	06 August 2023
<b>the other half From the year 2023</b>	7.5%	421,875	25 February 2024	14 March 2024
<b>Total</b>	17.5%	984,375		

In addition, YANSAB is keen to hand over to shareholders the due dividends thereof in a timely manner and regularly reminds them to update their personal data and to link their bank accounts to Tadawul's portfolios to avoid delays in delivery of their dividends.

The following chart shows YANSAB distributions over the last 11 years:



### Actions taken by the Board to inform its members, especially non-executives, of shareholders' suggestions and comments regarding YANSAB and its performance

YANSAB bylaws shall guarantee the preservation of all shareholders' rights, and YANSAB Board regulations stipulate that the Board members should attend the General Assembly meetings to listen to and discuss shareholders' suggestions and comments.

### Investors Relationships

YANSAB is keen to communicate and cooperate with all participants in the capital markets through continuous and open communications, including institutional and individual investors and analysts through virtual meetings, which include presentations from YANSAB management about its strategy, growth ambitions, financial performance, sustainability and carbon neutrality, as well as attending workshops and conferences dealing with emerging markets, chemical industry, environmental, social and corporate governance practices, sustainability and carbon neutrality initiatives.

YANSAB has a specialized investor relationship department reporting to the executive director of finance and production planning and the board secretary general. Most of the team are CRO-certified with expertise in various fields.



Shareholders' Registers

During the fiscal year ended on 31 December 2023, YANSAB requested the Shareholders' Registers six times in the year. The relevant dates and details are as follows:

No.	Register Date	Request Reason
1	02/01/2023	Corporate processes
2	07/03/2023	The 15th Ordinary General Assembly
3	09/03/2023	Profits filed
4	20/07/2023	Profits filed
5	21/08/2023	Corporate action
6	30/08/2023	Corporate action

General Assemblies

The following table demonstrates the dates of the General Assemblies of Shareholders held during the fiscal year ending on 31 December 2023 and the names of the Board members who attended each Assembly.

Board Member	The Ordinary General Assembly, 07 March 2023
Eng. Abdulrahman A. Shamsaddin	
Eng. Majed A. Nouraddin	
Mr. Ibrahim M. Al-Saif	
Dr. Ahmad A. Al-Meghames	
Mr. Khalid I. Al-Rabiah	
Eng. Sameeh S. Al-Sahafi	
Eng. Faisal M. Albahair	
not Attend	Attended

BOARD OF DIRECTORS

YANSAB's Board of Directors defines and reviews its key policies and processes, including its main objectives, strategic plans, and performance indicators. The Board approves YANSAB's annual business plans and budgets and ensures the availability of financial and human resources required to implement such plans. In addition, the Board is fully responsible for determining YANSAB's optimal capital structure, key capital expenditures, and asset ownership and disposal decisions. The Board also oversees the implementation and monitoring of internal control systems.

The Board of Directors shall consist of seven members possessing the expertise required for managing YANSAB's business. During the 15th Ordinary General Assembly meeting held on 7 March 2023, Board Members were appointed

for a term of three years, for the sixth session from (2023 to 2026), starting on 16 March 2023.

This is pursuant to Article 17 of YANSAB's Articles of Association stipulating that YANSAB is managed by a Board of Directors consisting of seven (7) members elected by the Ordinary General Assembly for a term of three years. The Saudi Basic Industries Corporation (SABIC) shall have the right to appoint or nominate four (4) members including the Chairman of the Board and the Vice Chairman of the Board.

Accordingly, SABIC has nominated four members, and the Board Members were elected by cumulative voting. The following table illustrates current Board Members names and their membership category:

Name	Membership Category	Member Position
Eng. Abdulrahman A. Shamsaddin	Non-Executive	Chairman
Eng. Sameeh S. Al-Sahafi	Non-Executive	Vice Chairman
Mr. Ibrahim M. Al-Saif	Independent	Board Member
Mr. Khalid I. Al-Rabiah	Independent	Board Member
Eng. Abdullah S. Al-Arifi	Non-Executive	Board Member
Mr. Abdullah A. Al-Sinan	Non-Executive	Board Member
Eng. Awad M. Al-Maker	Independent	Board Member



## Board Members Training

When appointed, Board Members received an orientation that included an introduction to YANSAB's activities, business, strategy and future objectives, organizational structure, financial and operational aspects; the Board's commitments, duties, responsibilities, and rights; and the mandates of the Board Committees.

Board members and the Board's Committees members were also provided with regular updates on legal developments, governance, and accounting, as well as circulars issued by competent authorities.

YANSAB pays attention to the continuous development and training of the Board members, based on the annual review of the required needs of skills and capabilities, and identifies the weaknesses and strengths of the Board and proposes to address them in accordance with the required changes in the external market environment, contemporary issues, and economic changes, in a manner consistent with YANSAB interest. The Remuneration and Nomination Committee presented its recommendation on the Board training program, which includes enhancing environmental, social and corporate governance (ESG) practices, strategy and risks, the latest developments in the market and an outlook on the future of the petrochemical industries. The training program will be held in the first quarter of 2024.

## Methods used by the Board to evaluate its performance and the committees' performance

Upon the recommendation of Remuneration and Nomination Committee, the Board developed a model to evaluate its performance and the committee's performance. The evaluation process for 2023 was carried out under the supervision of the Remuneration and Nominations Committee, which included the Board and Committee's tasks and responsibilities, identification of strengths and weaknesses, and proposing to address them in a way that is consistent with YANSAB interest.

## Board of Directors' Acknowledgments

YANSAB's Board of Directors acknowledges the following:

1. Proper books of account have been maintained.

2. The system of internal controls is sound in design and has been effectively implemented.
3. There are no significant doubts concerning the company's ability to continue its activity.
4. There are no debt instruments, conversion rights or subscription rights under convertible debt instruments, nor any contractually based securities, convertible warrants, contractually based securities, warrants or similar rights issued or granted by the company.
5. There is no refund, purchase, or cancellation of any redeemable debt instruments by YANSAB.
6. None of the Board Members or Senior Executives waived any remuneration during the fiscal year ending on 31 December 2023.
7. None of YANSAB's shareholders waived dividends for the fiscal year ending on 31 December 2023.
8. YANSAB has not concluded any contracts with any Board Member, or Senior Executive, and there is no personal interest for any of them or any person related to any of them.
9. There is no penalty, retribution, precautionary measure, or precautionary restriction imposed on YANSAB by the Capital Market Authority (CMA), or from any other supervisory or regulatory authority, or judicial body, during the fiscal year ending on 31 December 2023.
10. There is no difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).
11. The independent auditor's report shows that the financial statements are presented with no material errors and in a fair manner, in all material respects and shows YANSAB financial position as at 31 December 2023, and there are no reservations about them.
12. No shareholders notified YANSAB of any changes in the ownership of shares during the fiscal year ending on 31 December 2023.
13. YANSAB acknowledges that it currently has no loans

Current and Former Positions, Academic Qualifications and Experiences of Board and Committees Members



**Eng. Abdulrahman A. Shamsaddin**  
Chairman  
Chairman of Investment Committee

### Current position

CEO of SABIC Agri-Nutrients.

### Former Positions and Work Experience-

Executive Vice President, Shared Services at SABIC

- Vice President of Internal Audit at SABIC
- General Manager of Risk Management at SABIC
- General Manager of Continuous Improvement at SABIC
- General Manager of Manufacturing Services at SABIC
- Manager of Maintenance Projects Management at SABIC
- Operations General Manager at IBN RUSHD
- Engineering Processing Manager at SAMREF
- Manager of Project Management at SAMREF
- Manager of Maintenance Management at SAMREF
- Supervisor of Inspection Department at SAMREF
- Materials Technical Engineer at SAMREF

Eng. Abdulrahman was a Member of SABIC Risk Management Executive Committee, Secretary of SABIC Risk and Compliance Committee, Member of their Finance Leadership team, and leader of many global projects and initiatives. He was also responsible to the Audit Committee of the Board of Directors for the internal audit management of the company. Eng. Abdulrahman Ahmed Shamsaddin is experienced in operations and administration, safety of work procedures, efficiency of performance, reliability, engineering, project management, maintenance, and operations at refineries and petrochemical plants. He has participated in several leadership missions. He was a member of strategy and governance framework teams and was one of the first graduates of SABIC Leadership Challenge program. He has a B.Sc. in Applied Mechanical Engineering.





**Eng. Sameeh S. Al-Sahafi**  
Vice Chairman of the Board  
Member of Investment Committee

#### Current position

President of Saudi Kayan Petrochemical Company (SAUDI KAYAN)

#### Former Positions and Work

ExperienceHe worked at SAMREF in the Department of Electrical and Technical Engineering, where he was responsible for electrical maintenance and project planning. Then, he moved to YANSAB where he held several positions including Senior Manager of Reliability, General Manager of Technical Affairs, and Executive Manager - Chemical Operations.

He was appointed as the CEO of YANSAB as well as the CEO of IBN RUSHD Company and President of Saudi Yanbu Petrochemical Company (YANPET). He also managed the strategic transformation sector. He is well experienced in project planning, technical affairs, maintenance, technology, and operations in petrochemical companies. Eng. Sameeh holds a Bachelor's Degree in Power Engineering and Electric motors.



**Mr. Khalid I. Al-Rabiah**  
Board Member  
Chairman of Risk Committee  
Member of Investment Committee

#### Current position

- Founder and Chairman of KIR Financial Advisory
- Chairman of the Board Audit Committee at Acwapower
- Chairman of the Board at The Arab Company for Drug Industry & Medical Appliances (ACDIMA)
- Member of the Board at the Tunisian Saudi Bank
- Member of the Board at Abdullah Al Othaim Investment Co.
- Member of the Board at East Pipes Integrated Co. for Industry
- Member of the Board at Al Dowyan Real Estate Group
- Member of the Board at Tarabot Charitable organization

#### Former Positions and Work

ExperienceChairman of the Board of Directors of the Saudi Stock Exchange (Tadawul)

- CEO of Methanol Chemicals Company (Chemanol)
- Vice President for Finance, Saudi Arabian Amiantit
- Consultant at the Ministry of Industry and Mineral Resources

– Mr. Khalid has extensive experience in the fields of strategic and financial planning and business development.

– He holds a Bachelor's Degree in Accounting from Ohio's University of Toledo, USA.



**Mr. Ibrahim M. Al-Saif**  
Board Member  
Chairman of Audit Committee

#### Current position

Board Member of Al BARRAK Industrial Group

#### Former Positions and Work Experience

- Assistant Governor for Investment, General Organization for Social Insurance (GOSI).
- General Manager of Financial Investments, GOSI.

Mr. Ibrahim is experienced in the fields of investment, economy, establishment of companies, and membership of company boards and committees. He is a member of many international associations and groups in the fields of investment and economy.

He has a Master's and Bachelor's Degree in Economics.



**Eng. Abdullah S. Al-Arifi**  
Member of the Remuneration and Compensation Committee

#### Current position

Vice President of SABIC Sector Affairs, Board member in NUSANED Fund 2, Board member in NUSANED investment company and Board member in Green community company

#### Former Positions and Work Experience

- VP Local Content at SABIC
- Specialty Chemicals Department Manager - SABIC
- Commercial Manager of SABIC-ExxonMobil Project in the Gulf of Mexico in Houston - SABIC. Several Leadership positions in Polymers Marketing as well as Development of Petrochemical Product Applications.

He possesses vast experience in polymer marketing, development of applications of polyethylene, polypropylene and other plastic products worldwide, development of product and marketing plans and strategies, driving localization programs, and supporting SABIC's local content. He holds a Bachelor's degree in Chemical Engineering.





**Mr. Abdullah A. Al-Sinan**  
Board Member  
Member of Audit Committee  
Member of Investment Committee

#### Current position

General Manager of Investment Planning and Business Intelligence at SABIC

#### Former Positions and Work Experience

- General Manager of Investment Planning and Business Intelligence - SABIC
- Vice President of Finance at Gulf Coast Project in the USA (Joint Project with ExxonMobil)
- Executive Director of the Expansion Projects in China

- Executive Director, Global Investment Planning and Business Development
- Senior Manager, Planning, Supply, and Economy Dept.

Mr. Abdullah is highly experienced in supply chains, investment planning, and expansion projects in petrochemical companies. He has a Master's degree in Business Administration and a Bachelor's degree in Quantitative Methods.



**ENG. Awad M. Al-Maker**  
Board Member, Chairman of the Remuneration and Compensation Committee  
Risk Committee Member

#### Current position

Retired

#### Former Positions and Work Experience

- Executive Vice President, Shared Services - SABIC
- Executive Vice President, Technology and Innovation - SABIC
- Executive Vice President, Global Manufacturing - SABIC
- Vice President of Yanbu Manufacturing Sector - SABIC
- President of IBN RUSHD Company
- General Manager of Manufacturing - KEMYA

Eng. Awad possesses expansive experience in petrochemical companies' boards, operations, processes, projects, manufacturing, innovation, planning, and strategies. He holds a Bachelor's Degree in Chemical Engineering. He successfully completed several leadership programs like the Executive Management Program at TUCK Business School.



**Dr. Ahmad A. Al-Meghames**  
Member of Audit Committee

#### Current position

CEO of Saudi Organization for Certified Public Accountants

#### Former Positions and Work Experience

- Board Member and Chairman of Audit Committee, National Shipping Company of Saudi Arabia (Bahri)
- Member of Audit Committee, Saudi Telecom Company
- Member of Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)

- Vice Chairman, Committee for Development of Accounting Remote Bodies, International Federation of Accountants

- Associate Professor, King Saud University

- Lecturer, King Saud University

Dr. Ahmad has a PhD in accounting, and Master's and Bachelor's Degrees in Accounting. He holds a Fellowship from the Saudi Organization for Chartered and Professional Accountants (SOCPA).



**Mr. Al-Waleed F. Al-Senani**  
Member of the Remuneration and Compensation Committee

#### Current positions

- General Manager of Corporate Governance, SABIC
- Board Member and Chairman of Audit and Risk Committee, Gas National Industrial Gases Co.

#### Former Positions and Work Experience

- Executive Director of Corporate Governance at SABIC
- Various positions at CMA, including Corporate Governance Director and Risk Management Director

Mr. Al-Waleed has extensive experience in corporate governance and risk management. He holds a Master's and Bachelor's Degree in Accounting and has completed several leadership programs at Harvard Business School, MIT Sloan, IMD, and INSEAD.





**Mr. Abdulrahman N. Muammar**  
Risk Committee Member

#### Current position

Executive Director- Risk Department – SABIC

#### Former Positions and Work Experience

- Senior Manager, Risk Department, SABIC
- Business Continuity Management Specialist - SABIC
- Global Insurance Management - SABIC

Mr. Abdulrahman has extensive experience in risk management, business continuity, insurance, and finance. He has a Bachelor's Degree in Finance. He has completed several specialized programs in audit, risk management, and business continuity.



**Eng. Mohammed A. Bazaid**  
Member of Investment Committee  
Secretary-General of Remuneration and Nomination Committee

#### Current position

President of Yanbu National Petrochemical Company (YANSAB)

#### Former Positions and Work Experience

He worked at Saudi Yanbu Petrochemical Company (YANPET), and advanced quickly through several technical and leadership positions, the most recent of which was General Manager of Maintenance. He then moved to Arabian Industrial Fiber Company (Ibn Rushd), first as General Manager of Technical Affairs, then General Manager of Operation, and finally President, before becoming CEO of YANSAB.

He is experienced in operations and maintenance, project planning and management, and technical and reliability affairs in the petrochemical sector.

He has a Bachelor's Degree in Mechanical Engineering and numerous certificates in specialized courses in finance, management and executive leadership from major business and management institutes.

## MEMBERSHIPS OF DIRECTORS IN AND OUTSIDE SAUDI ARABIA

Name	Current Memberships	Former Memberships
Eng. Abdulrahman A. Shamsaddin	YANSAB's Chairman of the Board, CEO of SABIC Agri-Nutrients, Gulf Petrochemical Industries Company (GPIC)	Marafiq Company and Maaden Phosphate Company
Eng. Sameeh S. Al-Sahafi	YANSAB and President of Saudi Kayan Petrochemical Company (Kayan).	N/A
Mr. Ibrahim M. Al-Saif	YANSAB, Al Barrak Industrial Group	Safco company, Bank Al Jazira, Samba Financial Group, Mobily, Dur Hospitality, Gulf Tourism Company and Rajhi Steel
Mr. Khalid I. Al-Rabiah	YANSAB, Al Dowaihan Holding Company, International Water and Energy Company (ACWAPOWER), of Al Sharq integrated pipes company for industry, Tunisian Saudi Bank, the Arab Company for Drug Industry & Medical Appliances (ACDIMA)	Saudi Stock Exchange (Tadawul), Al Jazeera Support Services Company,
Eng. Abdullah S. Al-Arifi	YANSAB, NUSANED Fund 2, Board member in NUSANED investment company and Board member in Green community company	N/A
Mr. Abdullah A. Al-Sinan	YANSAB, SABIC FUJIAN	N/A
Eng. Awad M. Al-Maker	YANSAB	Saudi Kayan, Chairman of the Board of Al-Jubail Petrochemical Company - KEMYA, Chairman of the Board of Saudi Yanbu Petrochemical Company - Yanpet, Chairman of the Board of National Methanol Company-Ibn Sina, Chairman of the Board of Saudi Methacrylates Company - SAMAC, and Chairman of the Board of Scientific Design.



## BOARD MEETINGS AND ATTENDANCE

The Board of Directors held seven meetings during the fiscal year ending on December 31, 2023, in the dates and details listed below:

Member Name	Attendance Record for 2023							Total
	1st Meeting 5 February	2nd Meeting 7 March	3rd Meeting 16 March	4th Meeting 2 April	5th Meeting 4 June	6th Meeting 14 September	7th Meeting 24 December	
Eng. Abdulrahman A. Shamsaddin								7
Eng. Sameeh S. Al Sahafi								7
Eng. Abdullah S. Al-Arifi <sup>(1)</sup>								5
Mr. Abdullah A. Al-Sinan <sup>(1)</sup>								4
Mr. Ibrahim M. Al-Saif								7
Mr. Khalid I. Al-Rabiah								7
Eng. Awad M. Al-Maker <sup>(1)</sup>								5
Eng. Majed A. Nouraddin <sup>(2)</sup>								2
Dr. Ahmad A. Al-Meghames <sup>(2)</sup>								2
Eng. Faisal M. Albahair <sup>(2)</sup>								2

<sup>(1)</sup> Board membership started on 16 March 2023

<sup>(2)</sup> Board membership ended on 15 March 2023

## BOARD COMMITTEES

YANSAB Board of Directors has formed and continued to manage several committees that serve as a dynamic driver for policy setting, decision making and program development. The Board also provides recommendations to the General Assembly for the formation of the Audit Committee which can benefit from the diverse experiences of Board Members as it plays an essential and significant role in achieving optimal performance.

### First: Audit Committee

In light of the relevant provisions contained in the rules governing audit committees as set forth in the corporate governance regulations issued by the Capital Market Authority, YANSAB's Audit Committee reviews the company's financial statements and announcements related to its financial performance. It provides opinions on whether the Annual Report and other financial statements are prepared in accordance with regulatory requirements, as well as studies the financial and accounting policies used and defines the best way to prepare and present them.

The Audit Committee studies and reviews all internal and financial control and risk management systems and ensures their effectiveness through periodic reporting to the Internal Audit Department (or to external auditors) on its adequacy, follow-ups on the implementation of recommendations, and corrective actions to observations contained in

any audit report. The Audit Committee also prepares a report for the Board of Directors with opinions on the adequacy of systems, recommendations to redress substantial issues, and any other recommendations for developing systems and other works that fall within the scope of its competence. The Audit Committee supervises and oversees the performance of YANSAB's Internal Audit Department and verifies its effectiveness in carrying out assigned duties and responsibilities. It provides recommendations to the Board to appoint or dismiss external auditors, and determine their fees after assessing their performance, independence, scope of work, and terms of employment. The Committee reviews the external auditor's plans and works and verifies compliance with all statutory standards governing its activities. It studies any report issued by a regulator on compliance and ensures that the company undertakes necessary measures.

Further, the Audit Committee ensures that YANSAB abides by all relevant laws, regulations, policies, and regulatory instructions. It also reviews proposed contracts and transactions with relevant parties and provides informed opinions regarding them, to the Board.

The Audit Committee consists of three members, and they held five meetings during the fiscal year ending on 31 December 2023, on the dates and details listed below:

### YANSAB Audit Committee Attendance Record for 2023

Audit Committee Members	Membership	1st Meeting 19 January	2nd Meeting 2 February	3rd Meeting 1 May	4th Meeting 22 July	5th Meeting 22 October
Mr. Ibrahim M. Al-Saif	Chairman					
Mr. Abdullah A. Al-Sinan <sup>(1)</sup>	Member					
Dr. Ahmad A. Al-Meghames <sup>(1)</sup>	Member					
Eng. Majed A. Nouraddin <sup>(2)</sup>	Member					
Mr. Khalid A. AlGarni <sup>(2)</sup>	Member					
Eng. Mohammed R. Al-Harbi	Secretary General					

<sup>(1)</sup> Audit Committee membership started on 16 March 2023

<sup>(2)</sup> Audit Committee membership ended on 15 March 2023

Below are some of the major topics the committee has discussed in their meetings held during the fiscal year ended on 31 December 2023:

1. Reviewed the preliminary quarterly and annual financial statements for the year 2022 and the preliminary quarterly financial statements for 2023.
2. Provided recommendations to the Board of Directors on appointing external auditors after considering proposals submitted by external auditors and determining their fees for the fiscal year ending on 31 December 2023 and the first quarter of 2024.
3. Examined the audit plans of the external auditor and provided comments to enhance the efficiency and effectiveness of the audit.
4. Examined and verified the independence of the external auditor.
5. Studied the external auditor's observations on YANSAB's financial statements and reviewed implementation of recommended actions with Executive Management.
6. Reviewed the works of YANSAB's Internal Audit Department to ensure its effectiveness in carrying out assignments and tasks set out by the Board.
7. Issued a report on the works of YANSAB's Internal Audit Department.
8. Examined periodic internal audit reports and reviewed the implementation of corrective actions to observations contained therein.
9. Examined the reports of external regulators and reviewed the implementation of corrective actions to observations raised therein.
10. Reviewed and approved the internal audit plan of 2023.
11. Submitted periodic reports on the results of the Committee's deliberations to the Board.
12. Examined and approved the Audit Committee's 2023 report, activities, and opinions on the internal control system.
13. Reviewed the annual report on the Audit Committee's performance.
14. Reviewed the Board of Directors' 2022 report.
15. Reviewed various reports submitted by Risk Committee and Executive Management
16. Reviewed and discussed the status of internal control gaps closure.
17. Reviewed and approved the Internal Audit Management Charter as well as the updated processes.
18. Reviewed important circulars issued by the relevant authorities.
19. Reviewed the works of the Internal Audit Department, and the results of the work of the external auditor and found no substantial observations.

#### **The Audit Committee's recommendations contradicting the Board's resolutions or rejected by the Board on appointing and dismissing YANSAB's auditor, determining relevant fees, and assessing the performance thereof**

The Audit Committee has no recommendation that contradicts the Board's resolutions or has been rejected by the Board – on the appointing and dismissing YANSAB's external auditor, determining their fees and assessing their performance, appointing the internal auditor, or any other matter.

#### **External Auditor**

Company (PWC) as External Auditor for the Company based on the recommendation of Audit Committee to review and audit financial statements of the second quarter, third quarter and the annual of the fiscal year 2023, in addition to first quarter 2024 financial statements. Price Waterhouse Coopers International Limited Company (PWC) fees for year 2023 related to the audit and review of (YANSAB) financial statements were SAR 520,000 (2022: SAR 455,000). Other fees and the compliance services for the year comprise of SAR 45,000 (2022: Nil).

#### **Annual review of Internal Control System**

During 2023, YANSAB's Internal Audit Department conducted regular reviews to verify the efficiency of the Internal Control System. These reviews included maintenance of ownership houses granted to employees, office supplies, core company agreements, quality control and quality assurance services, environment management, event management, polymers plants operations, project management, urban engineering management, and Digital Transformation Program Management. The Internal Audit department also reviewed petty cash on a semi-annual basis. Concurrently, the external auditor also evaluated the effectiveness of the Internal Control System during the audit of YANSAB's final financial statements. The aforementioned audits did not show any substantial weaknesses in YANSAB's Internal Control System. The Audit Committee verifies that the Internal Audit Department has implemented the approved audit plan with full independence, and that the external auditor completed the work professionally in a proper manner and in full independence, with access to all the data and documents required to perform these duties. The Committee also reviewed actions taken by the Internal Audit Department and YANSAB's Executive Management to consider observations and correct them, in coordination with relevant departments. The Audit Committee continues to regularly inform the Board of Directors of its assignments and the results of its work.

## **Second: Remuneration and Nomination Committee**

In light of the relevant provisions contained in the rules governing remuneration and nomination committees as set forth in the corporate governance regulations issued by the Capital Market Authority, YANSAB's Remuneration and Nomination Committee prepares the remuneration policy for Board Members, Board Committee Members, and other senior executives, and submits required recommendations to the Board of Directors as approved by the Ordinary General Assembly of YANSAB. The Committee periodically reviews the remuneration policy to ensure adaptation to any changes in relevant laws and regulations. It also reviews YANSAB's strategic objectives as well as the skills and qualifications required to achieve them and makes recommendations about suitable remunerations to the Board. The Committee prepares an annual report on all these remunerations. In addition, the Committee prepares an annual report on all these remunerations. The Remuneration and Nomination Committee sets the policy and standards pertaining to Board membership and makes recommendations to the Board thereon for approval by YANSAB's Ordinary General Assembly, on nominations for membership. The Committee prepares a description of required capabilities and qualifications, studies any cases featuring conflict of interest, and makes required recommendations.

It annually reviews the skills required for Board membership, and periodically studies the structure of the Board of Directors and sets procedures in the event of vacancy of the position of any member. The Committee also annually verifies the independence of independent members and any conflict of interest if a member wishes to join another company's Board.

The Committee makes recommendations to the Board on appropriate policies and standards for appointing Senior Executives, determining the capabilities and skills required of them, and reviewing them periodically to ensure adaptation to changes. Further, it sets job descriptions for senior executives and the procedures for succession in the event of a vacancy of any position and reviews them periodically. It also provides regular updates to the Board and Board Committees on legal developments, governance, accounting, and circulars issued by the competent authorities. The Remuneration and Nomination Committee makes recommendations to the Board for new Board Members to receive an orientation or induction program covering YANSAB's activities, business, and financial and legal aspects. It also provides recommendations on various training programs for the Board of Directors, including macro developments in the petrochemicals market. The Remuneration and Nomination Committee consists of three members, and it held three meetings during the fiscal year ended on 31 December 2023, with dates and details listed below:

**YANSAB Remuneration and Nomination Committee Attendance Record for 2023**

REMUNERATION AND NOMINATIONS COMMITTEE MEMBERS	Membership	1st Meeting 12 January	2nd Meeting 11 May	3rd Meeting 28 November
Eng. Awad M. Al-Maker <sup>(1)</sup>	Chairman			
Eng. Abdullah S. Al-Arifi <sup>(1)</sup>	Member			
Mr. AlWaleed F. Al-Senani	Member			
Dr. Ahmad A. Al-Meghames <sup>(2)</sup>	Chairman			
Eng. Faisal M. Albahair <sup>(2)</sup>	Member			
Eng. Mohammed A. Bazaid	Secretary General			

Not Attend

Attended

(1) Remuneration and Nomination Committee membership started on 16 March 2023

(2) Remuneration and Nomination Committee membership ended on 15 March 2023.



Below are some of the major topics the committee has discussed in their meetings held during the fiscal year ended on 31 December 2023:

1. Reviewed the independence and competition model for Board Members.
2. Assessed the performance of the Board and its committees during 2022.
3. Provided the Board with recommendations regarding board memberships, as per the approved membership policy, for the next session which takes place from 16 March 2023 to 15 March 2026.
4. Reviewed the annual report on remunerations awarded to members of the Board of Directors, its affiliated committees, and Senior Executives for the fiscal year ending 31 December 2022.
5. Reviewed the structure of the Board and the Executive Management.
6. Reviewed remuneration policy.
7. Reviewed Board membership policy.
8. Organized a training program for the Board members for the year 2023.
9. Recommended annual bonuses for the members of the committees affiliated with the Board for the fiscal year ended 31 December 2022.
10. Defined the Board's strategy.
11. Reviewed Executives Performance Indicators of 2023.
12. Recommended to the Board of Directors to make the suggested amendments in line with the company's conditions with the Corporate regulation as well as relevant laws and regulations.
13. Reviewed the training program of Board members for 2023.
14. Recommended annual remunerations for Board members for the fiscal year ended 31 December 2023.
15. Recommended annual bonuses for the members of the committees affiliated with the Board for the fiscal year ended 31 December 2023.
16. Reviewed the Board's 2023 evaluation form and provided recommendations thereon.

17. Reviewed the independence and competition form and provided recommendations thereon.
18. Reviewed Executives Performance Indicators of 2023.
19. Scheduled committee's meetings for 2024.

### Third: Risk Committee

In light of the relevant provisions contained in the rules governing risk committees as set forth in the corporate governance regulations issued by the Capital Market Authority and in YANSAB's Risk Committee Bylaws, the Risk Committee works with the company's Executive Management to develop and uphold comprehensive policies for risk management. These policies are commensurate with the nature of YANSAB's business and activities, as well as the company's goals and strategies, and recommendations for any changes in these policies are sent to the Board of Directors for approval.

The Risk Committee provides recommendations to the Board to determine acceptable levels of the risks to which YANSAB may be exposed, and how to maintain it. After Board approval, the Committee verifies that YANSAB does not go beyond it, verifies the feasibility and success of business continuity, and identifies any risks that threaten this continuity. It also oversees the performance of YANSAB's risk management systems and assesses the effectiveness of these systems and other mechanisms for identifying, measuring, and monitoring risks that the company may be exposed to.

The Risk Committee prepares detailed reports for the Board about any perceived risk exposure, proposed steps to manage or mitigate them, and the availability of adequate resources and systems for managing them.

These measures are aimed at determining any deficiencies, and regularly re-evaluating the company's ability to take or be exposed to risks. The Committee periodically reviews the organizational structure of YANSAB's Risk Management department, verifies the activities of risk management personnel, considers any issues raised by the Audit Committee, and submits all recommendations to the Board of Directors.

The Risk Committee consists of three members, and they held four meetings during the fiscal year that ended on 31 December 2023, with dates and details listed below.

		Attendance Record for 2023			
COMMITTEE MEMBERS	Membership	1st Meeting 01 February	2nd Meeting 21 May	3rd Meeting 03 September	4th Meeting 08 November
Mr. Khalid I. Al-Rabiah	Chairman				
Eng. Awad M. Al-Maker <sup>(1)</sup>	Member				
Mr. Abdulrahman N. Muammar <sup>(1)</sup>	Member				
Eng. Sameeh S. Al Sahafi <sup>(2)</sup>	Member				
Mr. Thamer A. Al Hamoud <sup>(2)</sup>	Member				
Eng. Maher A. Hussein	Secretary General				

Not Attend

Attended

(1) Risk Committee membership started on 16 March 2023

(2) Risk Committee membership ended on 15 March 2023

Below are some of the major topics the committee has discussed in their meetings held during the fiscal year ended on 31 December 2023:

1. Company Risk Committee policy review
2. Risk Committee regulations review
3. Business continuity management plan and testing for 2023
4. Sustainability & energy efficiency program review

5. Comprehensive technical assessment report review and proposed solutions to mitigate some operational risks
6. Key Risk indicators (KRI) update review
7. Risk Register update review

Fourth: Investment Committee

In light of the rules stipulated in YANSAB's Investment Committee Charter and as approved by the Board of Directors, the Investment Committee regularly reviews the company's investment strategy and policies to ensure adaptation to any changes that may occur in the external environment in which YANSAB works; new legislations regulating business; changes in strategic objectives, or otherwise. The Investment Committee oversees YANSAB's investment activities, establishes appropriate processes for measuring and assessing investment performance, evaluates new investment opportunities proposed by the

company's Executive Management, ensures that proposed investment opportunities comply with relevant laws, regulations, and instructions, ensures the availability of sufficient resources for investments, and studies the Executive Management's progress reports in respect of approved investment opportunities as well as any other competences assigned by the Board of Directors.

The Investment Committee consists of five members. It held one meeting during the fiscal year ending on 31 December 2023, with dates and details listed below:

Attendance Record for 2023		
Investment Committee Members	Membership	1st Meeting 14 September
Eng. Abdulrahman A. Shamsaddin	Chairman	
Eng. Sameeh S. Al Sahafi	Member	
Mr. Khalid I. Al-Rabiah	Member	
Mr. Abdullah A. Al-Sinan	Member	
Eng. Mohammed A. Bazaid	Member	
Eng. Faisal S. Al-Dwairi	Secretary General	
<div>Not Attend</div> <div>Attended</div>		

- Below are some of the major topics the committee has discussed in their meetings held during the fiscal year ended on 31 December 2023:
1. Reviewed the investment committee regulations
  2. Reviewed the investment expansion phases in the Company.
  3. Reviewed suggested project developments.
  4. The medium-term investment plan.
  5. Studied expansion and partnership opportunities in Yanbu.

EXECUTIVE MANAGEMENT

The current and former positions, educational qualifications, and experience of YANSAB's senior executives:



Eng. Mohammed A. Bazaid  
President of YANSAB

Former Positions and Work Experience

He worked at Saudi Yanbu Petrochemical Company (YANPET), and held several technical and leadership positions, the most recent of which was General Manager of Maintenance. He moved to work in the Arabian Industrial Fiber Company (IBN RUSHD) as the General Manager of Technical Affairs, then the General Manager of Operations, and then the President of (IBN RUSHD). After that, he moved to YANSAB to serve as its President.

Eng. Mohammed is experienced in operations and maintenance, project planning and management, and technical and reliability affairs in the petrochemical companies.

He holds a Bachelor's Degree in Mechanical Engineering in addition to certificates in several specialized courses in finance, management, and executive leadership from major business and management institutes.



Eng. Mohammed H. Qandeel  
Executive Director - Finance & Production Planning,  
Board of Directors Secretary

Former Positions and Work Experience

- Former Positions and Work Experience
- Senior Manager of Finance & Production Planning at Yanpet
- Senior Manager of Production Planning & Costing at Yanpet
- Senior Manager of Central Maintenance at Yanpet
- Maintenance Planning Manager at GAS
- Senior Project & Costing Engineer at GAS

During his career with couple of SABIC subsidiaries & JV, Eng. Mohammed held several positions and gained extensive experience in the field of business planning, central maintenance in addition of risk management, business continuity, and project management.

He holds a Master's degree in project management with a Bachelor's degree in industrial engineering and has completed several specialized programs in finance, strategic planning and project management.



**Jehad H. Shami**

Executive Director - Polymer Operation

**Former Positions and Work Experience**

- Executive Director - Chemicals Operation, YANSAB
- Senior Manager Olefins Operation YANSAB
- Senior Manager Polypropylene Operation, YANSAB
- Senior Manager Olefins Operation- (Saudi Kayan)
- Senior Manager - Phenolics Operation (Saudi Kayan)

He worked as a Process Engineer, Kemya, then he joined the establishment of the Saudi Kayan project. Excelled in the hierarchy through several positions, before working for YANSAB.

Eng. Jehad has experience in process engineering, operations, and project management in petrochemicals companies. He holds a bachelor's degree in applied chemical engineering supplemented by courses from top universities and management institutes in leadership and management

**Eng. Majed H. Alahmadi**

Executive Director - Chemical Operation

**Former Positions and Work Experience**

- Executive Manager of Operations, (IBN RUSHD)
- Sr. Manager of HES, YANSAB
- Sr. Manager of HDPE Department, YANSAB
- Chemicals Operations Manager, YANSAB
- Operations Engineer, YANSAB

Eng. Majed has experience in Operations and Process Engineering in petrochemical companies.

He holds a Bachelor's Degree in Chemical Engineering.

**Eng. Tariq S. Aldhahri**

Executive Director - Maintenance

**Former Positions and Work Experience**

- Senior Manager of Central Maintenance & Planning - YANPET Company
- Senior Manager of Polymers Maintenance- YANPET Company
- Manager of Utility Maintenance - YANPET Company
- Manager of the Instrumentation - YANPET Company
- Reliability Engineer- SABIC Innovative Plastics
- Reliability Engineer - YANPET Company

Eng. Tariq has experience in maintenance, reliability and operations in petrochemical companies.

He holds a Bachelor's degree in Electrical Engineering

**Eng. Hosam S. Alhujaili**

Executive Director - Technical Affairs

**Former Positions and Work Experience**

- Senior Manager of Assets Engineering, YANSAB
- Senior Manager of Inspection, YANSAB
- Senior Manager of Periodic Maintenance, YANSAB
- Maintenance Manager, Olefins plant, YANSAB
- Maintenance Manager, HDPE plant, YANSAB
- Fixed Equipment Inspection Engineer, YANSAB
- Fixed Equipment Inspection Engineer, Saudi Aramco

Eng. Hosam is experienced in maintenance and technical affairs in petrochemical companies.

He holds a Bachelor's Degree in Mechanical Engineering.

**First: Board Members**

Description of interests, contractually based securities, and subscription rights of the issuer's directors, and their relatives in the shares or debt instruments of the issuer

Name	Beginning of year			End of year			Net Change	Change Ratio
	No. of Shares	Debt	Ownership	No. of Shares	Debt instruments	Ownership Ratio		
Eng. Abdulrahman A. Shamsaddin	-	-	-	-	-	-	-	-
Eng. Sameeh S. Al Sahafi	-	-	-	-	-	-	-	-
Mr. Ibrahim M. Al-Saif	10,000	-	-	10,000	-	-	-	-
Mr. Khalid I. Al-Rabiah	1	-	-	1	-	-	-	-
Eng. Abdullah S. Al-Arifi	Member joined the Board on 16 March 2023			-	-	-	-	-
Mr. Abdullah A. Al-Sinan				-	-	-	-	-
ENG. Awad M. Al-Maker				4,000	-	-	-	-
Eng. Majed A. Nouraddin	35,000	-	-	His membership in the Board of Directors has expired On March 15, 2023				
Dr. Ahmed A. Al-Maghames	10	-	-					
Eng. Faisal M. Albahair	-	-	-					

**Second: Senior Executives**

Description of interests, contractually based securities, and subscription rights of the issuer's directors, and their relatives in the shares or debt instruments of the issuer

Name	Beginning of year			End of year			Net Change	Change Ratio
	No. of Shares	Debt instruments	Ownership Ratio	No. of Shares	Debt instruments	Ownership Ratio		
Eng. Mohammed A. Bazaid	2,553	-	-	2,553	-	-	-	-
Eng. Jihad H. Shami	-	-	-	-	-	-	-	-
Eng. Majed H. Alahmadi	25	-	-	25	-	-	-	-
Eng. Tariq S. Aldhahri	3,333	-	-	4,030	-	-	697	21%
Eng. Hosam S. Alhujaili	-	-	-	-	-	-	-	-
Eng. Mohammed H. Qandeel	650	-	-	650	-	-	-	-
Eng. Maher A. Hussain	-	-	-	-	-	-	-	-

## REMUNERATIONS OF BOARD MEMBERS AND EXECUTIVE MANAGEMENT

The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations for Board Members, Board Committee Members, and Committee Members who are not members of the Board, and Senior Executives. The remunerations shall be determined in accordance with regulatory controls approved by the Board of Directors, the Remuneration Policy for Board Members and Board Committee Members and Senior Executives as approved by the General Assembly of YANSAB. The Member shall therefore be entitled to the remuneration granted thereto accordingly.

**Remuneration Policy**

In light of the provisions regulating the remuneration of board members and its committees stipulated in the Companies Law, the Corporate Governance Regulations, the regulatory controls and procedures issued in implementation of the Companies Law for listed joint-stock companies, and the Company's Bylaws, the remuneration of board members, its committees and senior executives shall be in accordance with the following principles and rules:

**First: Board Members and Board Committee Members**

- The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations of Board Members and Board Committee Members, based on the following principles:
- Remunerations shall be consistent with the company's strategic objectives and incentives for members to achieve those objectives and enhance the company's ability to develop and sustain its business.
- Remunerations shall be commensurate with the nature of the company's business and size as well as required skills and experience.
- Remunerations shall be a means to attract Board Members with the required expertise and qualifications to enhance the company's ability to achieve its objectives.
- Board Members shall be paid an annual remuneration of SAR 200,000 for Membership of the Board
- Board Members who participate in Board Committees (including the Audit Committee) shall be paid an annual

remuneration of SAR 150,000, whether the member participates in one or several committees.

- Members from outside the Board of Directors who participate in a Board Committee (including the Audit Committee) shall be paid an annual remuneration of SAR 150,000, whether the member participates in one or several committees.
- The company is entitled to claim compensation for damage to its reputation and should take any compensation, or other costs incurred by the company, in the event:
  - o A member is convicted of committing an act of disgrace, dishonesty, or forgery, or violating the laws and regulations of Saudi Arabia or any other country.
  - o A member fails to carry out responsibilities and duties resulting in damage to the interest of the company.
  - o Membership is terminated, by a decision of the General Assembly, for a member's absence for three consecutive meetings within one year, without a legitimate excuse acceptable to the Board.

**Second: Senior Executives**

- The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine remunerations of Senior Executives, provided that these remunerations shall be:
  - Commensurate with YANSAB's strategic objectives and incentives for the Senior Executives to achieve such objectives and enhance the company's ability, business development, and sustainability.
  - Appropriate for the nature, activity and size of YANSAB's business, as well as the required skills and expertise.
  - Enabling YANSAB to attract senior executives with capabilities, skills, and qualifications required to enable the company to achieve its objectives.
  - Causing no conflict of interest which might adversely impact YANSAB's interest and ability to achieve its objectives.



### Clarification of the relationship between granted remunerations and applicable Remuneration Policy, and statement of any significant deviation from this Policy.

The Board shall, based on the recommendation of the Remuneration and Nomination Committee, determine the remunerations for Board Members, Board Committee Members, and Committee Members who are not members of the Board, and Senior Executives. The remunerations shall be determined in accordance with regulatory controls approved

by the Board of Directors, the Remuneration Policy for Board Members, and Board Committee Members and Senior Executives as approved by the General Assembly of YANSAB. The Member shall therefore be entitled to the remuneration granted thereto accordingly.

The following tables demonstrate the remunerations of board members, committee members, and senior executives:

#### A.Board members remunerations

Board member remuneration paid during the fiscal year ending 12/31/2023 AD (in thousands of Saudi riyals):

	Fixed remuneration							Variable remuneration									
	Specific amount (1)	Session attendance allowance	Total attendance allowance for Board meetings	In-kind benefits	Remuneration for technical, administrative, and consultancy works	Remuneration of the Chairman of Board, Managing Director or Secretary of Board (in case the secretary is a member)	Total	Share of profits	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Shares awarded (value is entered)	Total	End of service benefits	Grand Total	Expenditure Allowance	
First: Independent Members																	
Mr. Ibrahim M. Al-Saif	200	21	15	--	--	--	236	--	--	--	--	--	--	--	236		
Mr. Khalid I. Al-Rabiah	200	21	12	--	--	--	233	--	--	--	--	--	--	--	233		
Eng. Awad M. Al-Maker <sup>(2)</sup>	-	15	12	--	--	--	27	--	--	--	--	--	--	--	27		
Dr. Ahmad A. Al-Meghames <sup>(3)</sup>	200	6	12	-	-	-	218	--	--	--	--	--	--	--	218		
Total	600	63	51	--	--	--	714	--	--	--	--	--	--	--	714		
Second: Non-Executive Members																	
Eng. Abdulrahman A. Shamsaddin <sup>(4)</sup>	200	21	3	--	--	--	224	--	--	--	--	--	--	--	224		
Eng. Sameeh S. Al Sahafi <sup>(4)</sup>	200	21	6	--	--	--	227	--	--	--	--	--	--	--	227		
Eng. Abdullah S. Al-Arifi <sup>(2)</sup>	-	15	6	--	--	--	21	--	--	--	--	--	--	--	21		
Mr. Abdullah A. Al-Sinan <sup>(2)</sup>	-	12	9	--	--	--	21	--	--	--	--	--	--	--	21		
Eng. Majed A. Nouraddin <sup>(3)-(4)</sup>	200	6	6	--	--	--	212	--	--	--	--	--	--	--	212		
Eng. Faisal M. Albahair <sup>(3)-(4)</sup>	200	6	3	--	--	--	209	--	--	--	--	--	--	--	209		
Total	800	81	33	--	--	--	914	--	--	--	--	--	--	--	914		

Remunerations paid to YANSAB Board Committee Members during the fiscal year ending on 31 December 2023 (amounts in thousands, SAR)

(1) The amount provided in the above table represents the annual bonus based on the duration of board membership for the fiscal year ending on 31 December 2022. It has been disbursed after approval by the Board and was disbursed in January 2023.

(2) Committee membership started on 16 March 2023.

(3) Committee membership ended on 15 March 2023.

(4) The remuneration due in the table above was paid to SABIC's account based on the member's request.

#### B.Remunerations of Committee Members

Remunerations paid to YANSAB Board Committee Members during the fiscal year ending on 31 December 2023 (amounts in thousands, SAR):

Member Name	Fixed remuneration (excluding session attendance allowance) <sup>(1)</sup>	Session attendance allowance	Total
<b>Audit Committee Members</b>			
Mr. Ibrahim M. Al-Saif	150	15	165
Eng. Majed A. Nouraddin (3)-(4)	150	6	156
Mr. Khalid A. AlGarni (3)-(4)	150	6	156
Mr. Abdullah A. Al-Sinan (2)	-	9	9
Dr. Ahmad A. Al-Meghames (1)	-	9	9
<b>Members of Remuneration and Nomination Committee</b>			
Mr. Awad M. Al-Maker <sup>(2)</sup>	-	6	6
Eng. Abdullah S. Al-Arifi <sup>(2)</sup>	-	6	6
Mr. Al-Waleed F. Al-Senani <sup>(4)</sup>	150	9	159
Dr. Ahmad A. Al-Meghames <sup>(3)</sup>	150	3	153
Eng. Faisal M. Albahair <sup>(3)-(4)</sup>	150	3	153
<b>Risk Committee Members</b>			
Mr. Khalid I. Al-Rabiah	150	9	159
Eng. Awad M. Al-Maker <sup>(2)</sup>	-	6	6
Mr. Abdulrahman N. Muammar <sup>(2)</sup>	-	6	6
Eng. Sameeh S. Al-Sahafi <sup>(3)-(4)</sup>	150	3	153
Mr. Thamer A. AlHamoud <sup>(3)</sup>	150	3	153
<b>Investment Committee Members</b>			
Eng. Abdulrahman A. Shamsaddin <sup>(4)</sup>	150	3	153
Eng. Sameeh S. Al-Sahafi <sup>(2)</sup>	-	3	3
Mr. Abdullah A. Al-Sinan <sup>(2)</sup>	-	-	-
Mr. Khalid I. Al-Rabiah	included in the Risk Committee	3	3
Eng. Mohammed A. Bazaid <sup>(4)</sup>	150	3	153
Eng. Faisal M. Albahair <sup>(3)</sup>	Included in Remuneration and Nomination Committee	-	-
Mr. Ibrahim M. Al-Saif <sup>(3)</sup>	included in the Audit Committee	-	-

(1) The fixed remunerations in the table above represent the annual amount based on the period spent in the committee for the fiscal year ending on 31 December 2022. This amount has been paid after board approval in January 2023.

(2) Committee membership began on 16 March 2023.

(3) Committee membership ended on 15 March 2023.

(4) Fixed remuneration (specified amount) in the table above was paid to SABIC's account based on member's request.

## C.Senior Executives Remunerations

Remunerations paid to YANSAB's Senior Executives, including the CEO and CFO, for the year ended 31 December 2023 (amounts in thousands, SAR)

	Fixed remuneration				Variable remuneration								Grand Total
	Salaries	Allowances	In-kind benefits	Total	Periodic	Total	Short-term incentive plans	Long-term incentive plans	Shares Awarded	Total	End of service benefits	Total remuneration of Board executives remuneration of Board executives	
Five Senior Executives	3,909	1,174	248	5,331	--	--	462	1,276	--	1,738	--	33	7,102
Total	3,909	1,174	248	5,331	--	--	462	1,276	--	1,738	--	33	7,102

Given the efforts made by the Board of Directors, the Remuneration and Nomination Committee provided a recommendation to the Board of Directors to approve Board Members' remuneration for the fiscal year ending on 31 December 2023, as follows<sup>(1)</sup>:

No.	Name	Membership Start Date	Membership End Date	No. of Membership Days	Due Remuneration
1	Eng. Abdulrahman A. Shamsaddin <sup>(4)</sup> Chairman of the Board of Directors	01/01/2023	31/12/2023	365	200,000
2	Eng. Sameeh S. Al-Sahafi <sup>(4)</sup> Vice Chairman of the Board	01/01/2023	31/12/2023	365	200,000
3	Mr. Ibrahim M. Al-Saif Board Member	01/01/2023	31/12/2023	365	200,000
4	Mr. Khalid I. Al-Rabiah Board Member	01/01/2023	31/12/2023	365	200,000
5	Eng. Abdullah S. Al-Arifi <sup>(2)</sup> Board Member	16/03/2023	31/12/2023	291	159,452
6	Mr. Abdullah A. Al-Sinan <sup>(2)</sup> Board Member	16/03/2023	31/12/2023	291	159,452
7	Mr. Awad M. Al-Maker <sup>(2)</sup> Board Member	16/03/2023	31/12/2023	291	159,452
8	Eng. Majed A. Nouraddin <sup>(3)-(5)</sup> Vice Chairman of the Board	01/01/2023	15/03/2023	74	40,548
9	Dr. Ahmad A. Al-Meghames <sup>(3)</sup> Board Member	01/01/2023	15/03/2023	74	40,548
10	Eng. Faisal M. Albahair <sup>(3)-(5)</sup> Board Member	01/01/2023	15/03/2023	74	40,548
Total					1,400,000

(1) Annual remuneration was paid during January 2024.

(2) Joined the board on 16 March 2023.

(3) Board membership ended on 15 March 2023.

(4) Remuneration due from 1 January 2023 to 15 March 2023 (40,548 SAR) in the table above was paid to SABIK's account based on the member's request. The remaining amount for the period between 16 March 2023 to 31 December 2023 (159,452 SAR) was paid directly to the member's account

(5) The remuneration due in the table above was paid to SABIC's account based on the member's request.

## Description of Transactions between YABSAB and a Related Party

SABIC and some of its companies market and sell YANSAB's products, supply raw materials and obtain its technical licenses, shared services, and administrative, technological, technical, and legal expertise, provide services relating to handling materials and raw materials as well as other services and contracts that are considered to be intra-group activities.





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