



المتقدمة
Advanced

CULTURE OF EXCELLENCE



Advanced Petrochemical Company

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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



**HRH Prince
Mohammed bin Salman bin
Abdulaziz Al Saud**

Crown Prince,
Deputy Prime Minister and Minister of Defense

MESSAGE FROM THE CHAIRMAN

“Advanced has embarked on Major transformation initiatives and projects”



Mr. Khalifa bin Abdullatif Al Mulhem

Chairman of the Board

On behalf of the Board and the Executive Management Team of Advanced, I am proud to inform our stakeholders about our journey towards excellence to achieve the outstanding results.

The Management has always been on top of all safety precautions and initiatives including the excellent and timely actions taken during the COVID-19 pandemic from the beginning of 2020 till date.

The year of 2021 has been excellent with commendable results in spite of the variety of challenges that the Advanced team has overcome very professionally, thanks to its leadership, employees dedication and the proactive approach adopted in all areas of the business. Further, several transformation initiatives in the areas of Human Capital, Digitalization, ESG & Sustainability and Business Strategies have been defined and are planned to be implemented from 2022 onwards.

With regards to our growth strategy, we are very well on track. The new PDH-PP project execution is proceeding as per schedule. Another important milestone achieved is the obtaining feedstock allocation from the ministry of energy to set up a petrochemical complex project in Jubail.

We are committed to contribute and support to realize the Kingdom's Vision 2030 by aspiring to continuously work towards reaching and further improving on culture of excellence with the dedication and sincerity of our employees. I am confident that we will be successful in achieving the Company's short-term and long-term goals.

Finally, on behalf of the Advanced and all its employees, I would like to extend my sincere thanks and appreciation to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud and The Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud for the great interest they gave to the Saudi economy, which had a great impact on its development in various fields and we wish all stakeholders of Advanced a very successful year for 2022.

MESSAGE FROM THE PRESIDENT & CEO

The year of 2021 has been a very successful year for Advanced in terms of safety, health and profitability.

Advanced has had a successful year 2021. Responsible Care continues to be our top focus area where all Advanced employees and contractors have contributed through their dedication and commitment towards a Culture of Excellence and achieving 20 million safe man hours in 2021.

COVID-19 has posed one of the biggest challenges to the entire global business since the beginning of 2020. By the grace of Allah the Almighty and thence the proactive approach adopted by the organization, we have successfully managed to overcome all obstacles

and difficult times with commitment and dedication of the Safety Culture.

I would like to thank the Board of Directors for their excellent support in all aspects of the business. Several transformation initiatives will be implemented starting 2022 to fulfill Advanced's strategies and growth plans.

The focus on Responsible Care, Human Capital, Customers, Plant Reliability and Profitability has led Advanced to achieve the highest ever net income of SAR 815 million in the year of 2021 surpassing the previous record of SAR 759 million in 2019.

With regards to expected challenges that lie ahead in some key business areas, such as supply chain, the pandemic and Cyber Security, we are confident that we can sail over these challenges with our proactive approach and mitigations that have been set in place.

Finally, I would like to take this opportunity to thank all the employees and look forward to continuously improve and innovate to achieve and further sustain the "Culture of Excellence".

Wishing you all the very best and a successful 2022.



“We are implementing transformation initiatives to achieve company strategies”

Eng. Fahad bin Salem Al Matrafi

President & CEO



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01

OVERVIEW



Advanced Petrochemical Company has established itself as one of the major players in the petrochemical industry throughout the Kingdom of Saudi Arabia and beyond.

Advanced at a Glance

Established in
2005

Capital
SR **2,164,734,000**

Name plate capacities
455,000 tons
of propylene per year

& **450,000** tons
of polypropylene per year

Advanced Petrochemical Company ('Advanced ' or 'Company') was established as Saudi Closed Joint Stock Company in October 2005, and has been listed in the Saudi Exchange since 2007.

Advanced started the construction of its plants in May 2005, designed to produce 455,000 tons per year of propylene and

450,000 tons per year of polypropylene (name plate capacities) from its production facility located in Jubail Industrial City, in the Eastern Province of the Kingdom of Saudi Arabia. The Company started production from its polypropylene facility on the 3rd March, 2008.

Since its inception, Advanced been established as one

of the major players in the petrochemical industry in the Kingdom of Saudi Arabia and MENA regions in delivering high quality of products, using cutting edge technologies.

Advanced utilizes the PDH-Catofin Technology, which is licensed by Lummus, for the production of propylene and it also uses the Novolen Technology for the

production of polypropylene. The Company's products are the basic building blocks used to manufacture countless goods; such as, personal care products, fresh food packaging, lightweight plastics, construction materials, automotive components, durable textiles and medical applications. With the help of Advanced's materials, thousands of

products are made safer, stronger, more affordable and more reliable.

From a marketing strategy perspective, Advanced has signed agreements with major players in this domain, like Vinmar International, Mitsubishi Corporation, and Domo N.V.



Vision

Growing chemical company acting responsibly towards all stakeholders.

Mission

Provide quality products through professional work environment to maximize profit in a socially responsible and sustainable manner.



Our Values



Excellence

We do the right things right first time; deliver on commitments.



Continuous Improvements

We pro-actively recognize business opportunities; benchmark and implement best practices; challenge status quo.



Customer Care

We adjust business processes to best meet customer needs and to ensure customer satisfaction.



Team Spirit

We sacrifice own needs for the good of the team; Never undermine team efforts; Celebrate achievements;



Transparency

We speak up our mind; give positive and constructive feedback.

02

2021 Achievements



We proactively strive
for excellence.

Responsible Care

As a result of the Proactive approach embedded in Advanced Safety culture and the way of practicing our health and safety requirements, Advanced completed 20 million safe man-hours in 2021 by the blessing of Allah the Almighty and the dedication of all our employees and contractors.

20_M
safe man-hours
in 2021

ESG
framework has
already been
developed

SEEC
energy utilization
from 2014 to 2019

CSR
AWARD
Winner in 2021

Advanced has an Integrated Management System covering Quality, Environment, Occupational Health & Safety, Process Safety, Responsible Care & Cybersecurity. Advanced Petrochemical's Management system has embedded international requirements and best practices needed to maintain responsible operation with objectives of developing and maintaining

a safe work environment for employees and maintaining the contribution to achieve excellent environmental performance.

Advanced Management System Certified for :

- Occupational Health and Safety Management (ISO 45001:2018)
- Quality Management System (ISO 90001)

- Environment Management system (ISO 14001) & Responsible Care (RC 14001)
- Cybersecurity Management System (ISO 27001)

One of the major challenges faced was the global pandemic. Safety and Health have always been Advanced's top priority, where it took all necessary precautions in the shortest time to ensure a safe working environment.

Further, our major planned Turnaround Maintenance was completed safely and successfully during April 2021 without any significant safety and health incidents, in spite of facing several restrictions and challenges.



COVID-19 Response

The impact of the COVID - 19 outbreak forced industries to adopt new approaches through 2020 and 2021 to sustain their businesses during the pandemic. Advanced COVID-19 response focused on helping in protecting individuals, supporting the community awareness to the pandemic, and maintaining the business continuity of its operations. Advanced activated the Crisis Management Committee in 2020 to govern and monitor a health response plan that focused on four key areas:



Health and safety of employees and their family members



Continuity of business and operation



Community and charity support



Sustainability of supply chain

As part of the continuation of the response to the pandemic and the need for greater application of precautionary measures, Advanced continued the activation of its Crisis Management Committee during 2021 to monitor the applied Health and Safety programs throughout our facilities. More widely, we set about supporting COVID-19 precautions and programs, in cooperation with the Ministry of Health (MOH) and related Crisis Management Committees, by raising awareness of COVID-19 among employees and their family members and stakeholders. It is

worthwhile to mention that, as an outcome of the crisis management preparedness, Advanced managed to sustain the production and sales throughout the pandemic.

Advanced is participating as a member of the Royal Commission Crisis Management Committee, Business Continuity Committee, and related sub-committees focused on managing the pandemic impact on Jubail community and industries as well as providing all mitigations required to minimize the outbreak of the virus.

Energy Optimization achievement

Due to its sustained performance in lowering energy utilization from 2014 to 2019, Advanced was awarded a credit for the saving of 1.3 million BTU of energy consumption, from SEEC (Saudi Energy Efficiency Centre). The aim is to rationalize and increase the energy efficiency in production and consumption in order to preserve the KSA's natural resources and enhance the economic and social welfare.

Corporate Social Responsibility

Advanced has also been actively participating in "Corporate Social Responsibility" initiatives wherein 45 Programs have been conducted during Y2021 under CSR in different cities across KSA. We are very proud that Advanced has also won the award of HRH Princess Seetah Bint Abdulaziz for CSR for Y2021 which was presented to Advanced Chairman of the Board by his Excellency Minister of Human Resource & Social Development Eng. Ahmed Sulaiman Al-Rajhi.

Scan QR code for
visit CSR report online



Recognitions and Awards



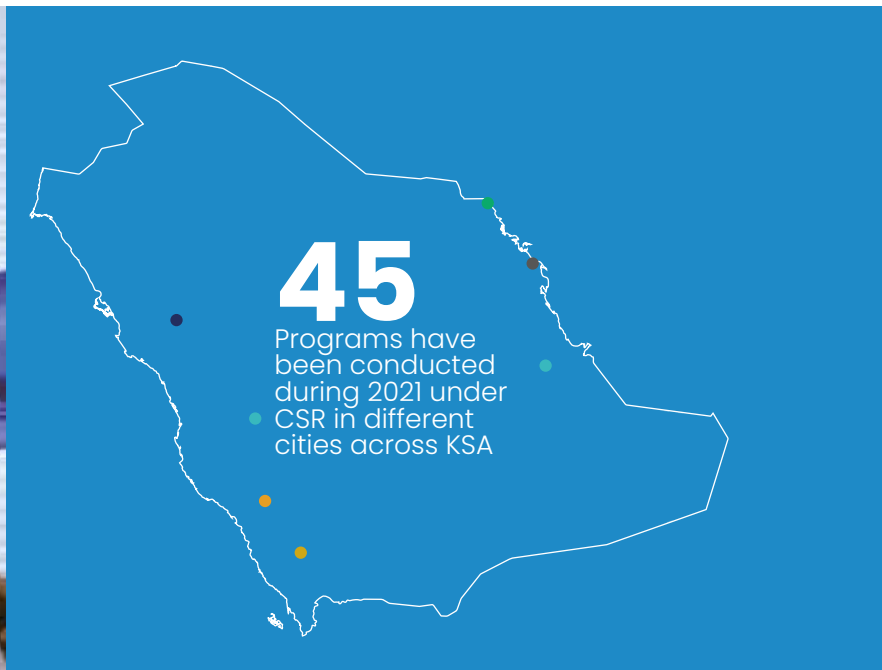
SEEC
Certificate



Environmental
performance
Award 2021



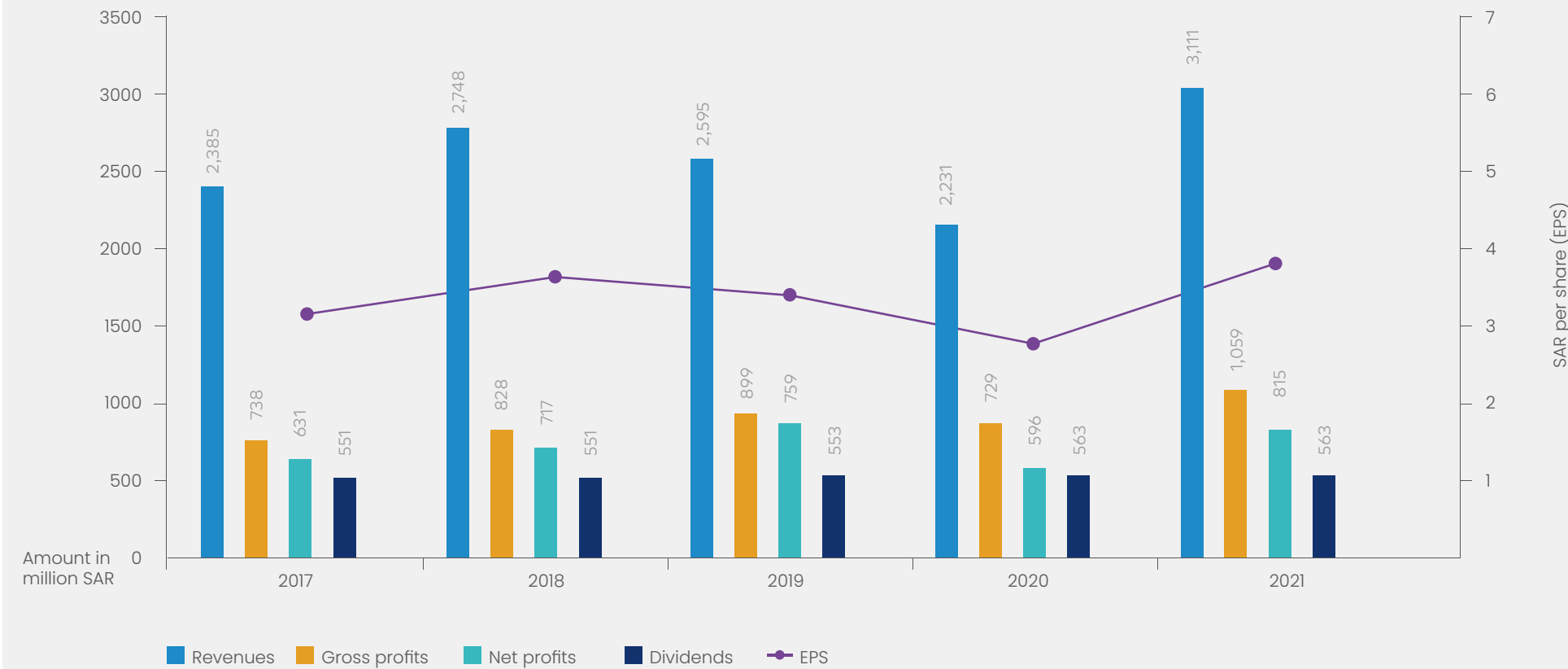
CSR Award
2021



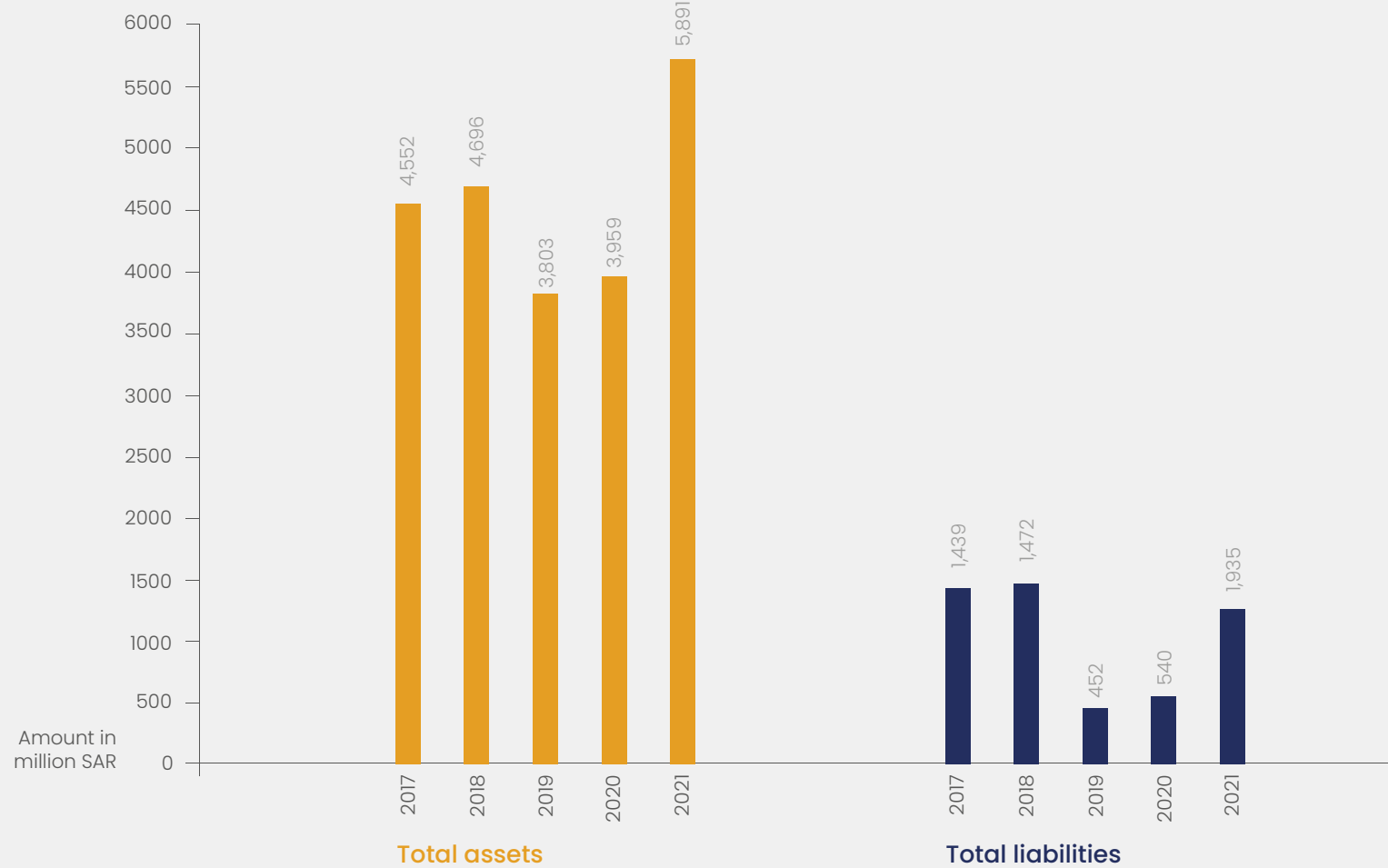
Business Performance

Advanced's yearly net profit has been in an increasing trend despite the challenges faced. We feel proud to mention that the net profit for 2021 reached 815 million SAR which is the highest we have ever achieved. . Our focus on cost optimization, operational excellence and dynamic marketing strategy have been the key pillars to contribute to this success.

Business results for the last five years:



Assets and Liabilities for the Last Five Years:



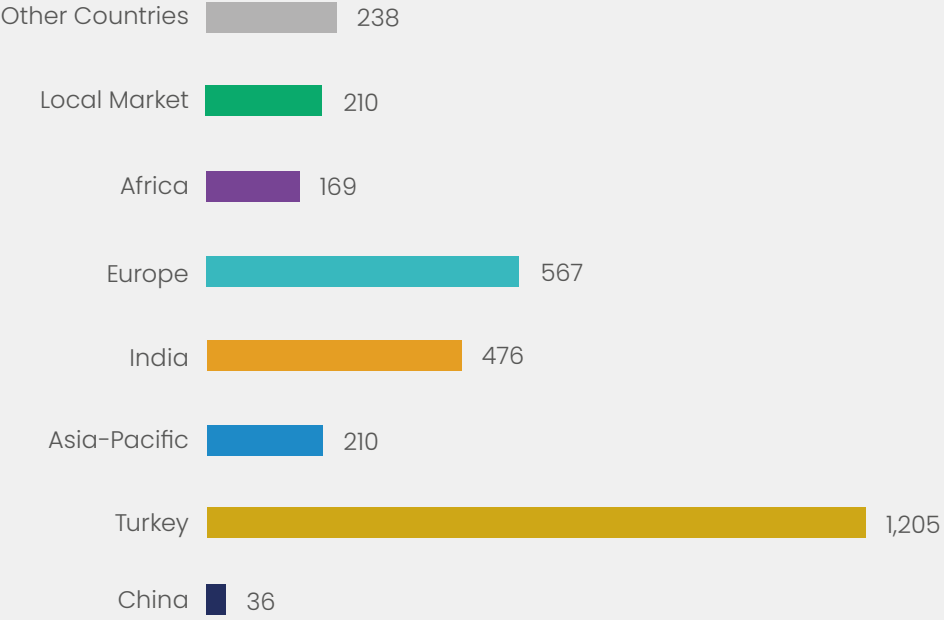
Geographical
distribution of sales



The following geographical analysis shows
the total revenue of Advanced Petrochemical
Company by geographical areas:

2021

Geographical Analysis of the Total
Revenues of Advanced Petrochemical
Company (in Millions SAR)



03

FINANCIAL RESULTS



Advanced Petrochemical Company has a strong financial position and positive financial indicators

Preparation of the Financial Statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA"), which proves that the company has a strong financial position and positive financial indicators that help in continuous growth, and strengthen its position in the local and global markets.

The following table and graph shows the business results for the last five fiscal years:

External auditors' report & annual financial statements

The external auditor's report appears the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended.

Financial performance for the last five years

Amount in Million SAR					
Statement	2017	2018	2019	2020	2021
Revenues	2,385	2,748	2,595	2,231	3,111
Cost of Revenues	1,646	1,921	1,695	1,502	2,052
Gross Profits	738	828	899	729	1,059
Net Profits	631	717	759	596	815

Clarification of the operating results compared to the results of the previous year

Clarification of any Difference from Accounting Standards:

The financial statements of the Company during the fiscal year ending on 31 December 2021 were prepared in accordance with the International Financial Reporting Standards approved in the Kingdom of Saudi Arabia.

Assets and Liabilities for the Last Five Years:

Amount in Million SAR					
Statement	2017	2018	2019	2020	2021
Current Assets	1,241	1,343	530	653	1,056
Non-Current Assets	3,311	3,354	3,273	3,305	4,835
Total Assets	4,552	4,696	3,803	3,959	5,891
Current Liabilities	337	1,369	328	397	1,603
Non-Current Liabilities	1,102	103	124	142	332
Total Liabilities	1,439	1,472	452	540	1,935

Amount in Thousands SAR				
Statement	2021	2020	Changes +/-	Change Percentage
Revenues	3,111,319	2,231,354	879,965	39%
Cost of Revenues	(2,052,404)	(1,502,135)	(550,270)	(37%)
Gross Profit	1,058,915	729,219	329,696	45%
Operating Revenues	6,023	31,904	(25,881)	(81%)
Other Operating Expenses	(190,631)	(136,765)	(53,866)	(39%)
Operating Profit	864,672	592,454	272,218	46%
Net Profit	815,395	595,589	219,806	37%

Total Debts of the Company and its Subsidiaries:

Total Debts were disclosed in the audited financial statements for the year 2021, and the following are the details of the total facilities and information related to Advanced Petrochemical Company during the fiscal year 2021:

As for Advanced Global Investment Company, Advanced Renewable Energy Company, and Advanced International Holding Company Ltd., they do not have any liabilities or loans obtained from any financing entity during the year 2021.

Statement	Lender	Loan Amount	Duration	Paid Amount during 2021	Remaining Amount	Total Debts
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01						
Islamic Credit Facilities	Saudi National Bank	250	5 years	—	—	—

02						
Islamic Credit Facilities	Several Shared Banks	1,500	5.5 years	—	878	878

Amount in Million SAR

Government Payments Due:

Amount in SAR				
Statement	2021		Description in Brief	Reasons
	Paid	Due at Year-end and not Paid		
Zakat*	51,179,755	36,962,691	Company's Zakat	Mandatory
Tax*	867,357	1,127,116	Company's Tax	Mandatory
GOSI	17,959,204	1,595,350	Payment of GOSI subscriptions	Mandatory
Passports & Visas Costs	400,137	-	Payment of Visas & Passports fees for employees	Mandatory
Fees for Issuing Labor permits	8,483	-	Payments of Iqamas' fees for employees	Mandatory

*Zakat & Tax: The Company reached an agreement with Zakat, Tax and Customs Authority to settle zakat and income tax assessments for the years 2006, 2008 through 2013 and 2018.

04

SUSTAINABILITY



Advanced is committed to achieve Sustainability and ESG excellence.



Advanced's commitment to achieve sustainability and ESG excellence is firmly anchored in our values. The balance between economic success, environmental protection, and social responsibility is an integral part of Advanced's culture and an embedded part of Advanced business strategies.

At Advanced, we strive to create more value for our stakeholders, and this includes our commitment and contribution to the initiatives related to Environment, Social, and Governance. We aim to innovate new solutions for sustainable development while shaping our business responsibly and increasing our economic success. Our sustainability strategy provides a clear framework and reflects our plans and performance to meet and exceed stakeholders' expectations.

Advanced Framework has been developed based on Sustainability / ESG materiality assessment and the engagement & assessment of Stakeholders' expectations. The materiality assessment covers environmental, social, governance, and economic issues that range from broad global and national issues and Initiatives such as climate change and commitment of carbon footprint reduction, supporting the Sustainable Development Goals (SDG's) of United Nations, moving to contribute and support national 2030 Saudi Vision initiatives and programs.



Advanced sustainability framework



Governance and Social Responsibility

- Governance, Ethics and Compliance
- Community Investment and CSR
- Customer Satisfaction
- Data Security

Workforce and Human Capital

- Health and Safety
- Human Welfare and Development
- Diversity and Equality

Environmental Stewardship

- Energy, GHG emissions and Climate Change
- Water Management
- Waste Management
- Biodiversity

Sustainable Growth and Innovation

- Economic Performance
- Product Stewardship
- Circular Economy
- Technology and Innovation
- Sustainable Supply Chain

05 BUSINESS STRATEGIES

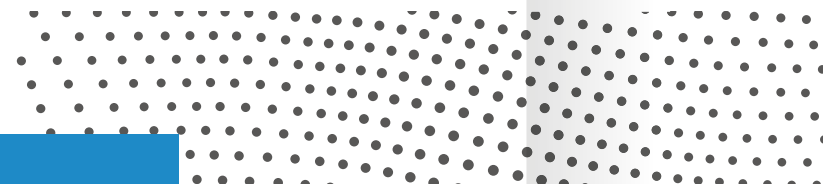


Advanced follows both short term
and long term business strategies

Advanced follows both short-term as well as long-term business strategies. The short-term strategy is normally based on yearly companywide business objectives which focuses on ResponsibleCare, Human Capital, Customers, Plant reliability and Profitability. These objectives are closely monitored on a monthly and quarterly basis by all levels in the organization, to take proactive and timely actions to ensure the KPIs and goals in the key areas are being achieved.

“

Advanced's long-term strategy is to grow in the chemical sector to multiples of its current size and to be further recognized as a leader in operational and manufacturing excellence in the petrochemical sector worldwide.”



2021

Advanced has obtained feedstock allocation from the Ministry of Energy (MOE) for Cracker complex project

As already announced earlier, Advanced is currently executing its Propane Dehydrogenation; Polypropylene & Isopropanol (PDH-PP-IPA) project in Jubail - 2, Saudi Arabia, with approximately twice its current size, which is expected to come on stream by 2nd half of 2024. This project aims to produce various specialized PP product grades which will provide an edge for Advanced to penetrate value added PP segments. We are pleased to inform that the Project activities are proceeding on schedule and to meet the startup milestone.

Further to the above, Advanced obtained feedstock allocation from the Ministry of energy in 2021, to set up an integrated world scale cracker complex, which will focus on producing various downstream products to enhance local consumption and employment.



The Main Activity of the Company and its Subsidiaries:

Advanced Petrochemical Company

The main activity of the Company is in the field of manufacturing and converting petrochemicals, which includes the production of propylene and polypropylene and the marketing and selling of the final product (polypropylene) inside the Kingdom by the Company, and outside the Kingdom through international offtakers. The company's main product, which is polypropylene, generated a revenue of 3,111 Million SAR in 2021.

The Activity: Manufacturing of
Propylene & Polypropylene

The Activity
Revenues
(in Millions SAR)
3,111

Advanced Global Investment Company:

It is a Saudi company, Single Shareholder limited liability Company wholly owned by Advanced, established in August 2012 with capital of one million SAR, and its activity is to invest in industrial projects including projects relating to petrochemical and chemical industries, basic and conversion industries, and to establish, operate and own industrial projects both within and outside of the Kingdom of Saudi Arabia. Noting that the company does not have any revenues achieved during the year 2021. The company has industrial investments in :

- (i) SK Advanced Ltd. in Ulsan City, South Korea, in which it owns 30% in equity, and the realized share of profits from it by the end of 2021 amounted to a total of (11) million Saudi riyals, and
- (ii) Advanced Polyolefins Industry Company with ownership of 85% by Advanced Global Investment Company and 15% is owned by SK Gas Petrochemical Pte. Ltd.

Advanced Renewable Energy Company:

It is a Saudi company, Single Shareholder limited liability Company wholly owned by Advanced, established in March 2012 with capital of one million SAR. Its activity is the production of polysilicon and its derivatives, which include photovoltaic cells and photovoltaic panels, and it has not recorded any assets, liabilities or any operations including any potential liabilities for the period ending on December 31, 2021. Consequently, there is no impact on the Company's business volume during the fiscal year 2021.

Advanced International Holding Company Ltd.:

It is a limited liability company whose activity is to invest in the production and marketing of petrochemical and chemical products. It was registered in Luxembourg in February 2014 with a 100% investment by Advanced Global Investment Company, and the amount of the capital contribution during the year 2014, USD 100,000 was deposited in the company's bank account and it did not register any assets, liabilities, or any operations, including any potential liabilities, for the period ending on December 31, 2021. Consequently, there is no impact on the volume of the Company's business during the fiscal year 2021.

Advanced Polyolefins Industry Company (APOC):

Advanced Polyolefins Industry Company is a Saudi mixed closed joint stock company registered in Jubail, Kingdom of Saudi Arabia, with capital of 1,762,500,000 SAR and 440,500,000 SAR paid up capital, and 85% of which is owned by Advanced Global Investment Company (remaining 15% is owned by SK Gas Petrochemical Pte. Ltd., a company organized and existing under the laws of Republic of Singapore). The Company has not commenced its commercial operations and is under construction phase which is expected to be completed by 1st half of 2024.

Description of the Company's Significant Plans, Decisions, Forecasts and Risks:

The Comprehensive Turnaround Maintenance of the Company's Complex:

The Company conducted a comprehensive turnaround maintenance for both plants (Propylene & Polypropylene plants) during the first quarter of 2021 to perform the necessary turnaround maintenance, including the replacement of the catalyst material, which will increase the reliability and efficiency of the operating units performance.

It is worth noting that such shutdowns for periodic maintenance should not be considered as an opportunity loss, since it's planned in advance in accordance with normal industrial practice for carrying out required routine

and preventive maintenance to improve the efficiency and reliability of operations and the effects have been taken into account in the preparation of the budget for 2021, both in terms of the quantity of production as well as revenues.

Approval of the Ministry of Energy for Feedstock Allocation

Advanced Global Investment Company received the approval of the Ministry of Energy for allocating the required quantities of feedstock to set up a petrochemical cracker complex in Jubail Industrial City in the Kingdom of Saudi Arabia, using cracking technology, to produce 1.15 million tons per year of ethylene, 850 thousand tons per year of propylene and 400 thousand tons per year of

aromatics and fuels, and their derivatives.

Signing of Engineering, Procurement and Construction Contracts (PDH PLANT)

On April 13, 2021, Advanced Global Investment Company signed engineering, procurement and construction contracts with Samsung Engineering Co., Ltd. and Samsung Saudi Arabia Co., Ltd. for the construction of APOC's new PDH Plant in Jubail II, Kingdom of Saudi Arabia. The contract's value is USD 1.198 Billion and with duration of 37 months from the notice to proceed.

Signing of Engineering, Procurement

and Construction Contracts (PP PLANT)

On April 13, 2021, Advanced Global Investment Company signed engineering, procurement and construction contracts (EPC) with Tecnimont S.p.A and Tecnimont Arabia Ltd. for the construction of two APOC's new PP Plants in Jubail-2, Kingdom of Saudi Arabia. EPC Contracts are for the construction of facility to build the two PP plants including product handling area with name-plate capacity of 400,000 tons per annum, combined nameplate capacity of 800,000 tons per annum by utilizing Spheripol and Spherizone technologies by Basell Poliolefine Italia S.r.l, Italy. The contract's value is USD 485 million and with duration of 37 months from the notice to proceed.

The Development of Pygas and Pyoil Downstream Project in Saudi Arabia:

The term of the Heads of Agreement signed between the Company and GDI regarding the development of Pygas and Pyoil Downstream Project in the Kingdom of Saudi Arabia has come to end without the parties reaching a final agreement regarding the project.

The Commercial Operation of the Polypropylene Plant in South Korea :

The Polypropylene Plant (the "Joint Venture"), located in South Korea and owned 49.99% by SK Advanced and 50.01% by PolyMirae

Company Ltd., commenced its commercial operation in 2nd quarter of 2021. The design capacity of the Joint Venture is to produce 400,000 metric tons per annum of specialty grade polypropylene.

It is noteworthy to mention that, currently SK Advanced is operating a PDH plant in South Korea since 2016 with design capacity to produce 600,000 metric tons per annum of Propylene, while, PolyMirae, a leading South Korean specialty Polypropylene producer, is currently operating four PP Spheripol production lines in South Korea with a total capacity of 700,000 metric tons per annum. This Joint Venture will be supplied with Propylene (main feedstock) from SK Advanced on a long term basis.

The importance of the Joint Venture for SK Advanced is not only in having 49.99% of the Joint Venture's capital,

but also in securing long term local Propylene off take for this Joint Venture.

The Extension of Agreement for the Supply of Propylene:

The Company and Saudi Aramco Total Refining and Petrochemical Company (SATORP) entered into an agreement for the supply of 100,000 metric tons per year of Polymer Grade Propylene (intermediate product) from SATORP in 2017.

The parties signed an amendment to the above agreement to extend the duration of the supply of Propylene for a further term from December 1, 2021 to December 31, 2025. It is also agreed in the said amendment to increase the quantity of Propylene from 100,000 MT per annum

to 120,000 MT effective from December 01, 2021.

It is worthwhile to note that this supply of outsourced Propylene for the extended period will contribute to increase in sales volume for the Company.

Future Plans and Forecasts:

As highlighted above, Advanced has managed to sustain and improve upon its performance in spite of the several health as well as business risks posed by the pandemic and other geo-political situations.

The Pandemic may continue to pose a risk worldwide and we are confident that we can sail over this situation with our proactive approach and mitigations in place. We do see challenging times ahead especially in the supply chain, in terms of

container traffic and higher logistics costs. However, with close coordination with the market and our very reliable off takers, we are confident to tide over this situation as well. In spite of new capacity additions, predominantly in Asia, the forecasted raw material and product prices in 2022 seem to be in acceptable levels and we do not anticipate any major disruption considering the current upstream and crude-oil dynamics.

However, for Advanced affiliate SK Advanced, the Propane to Propylene spreads are expected to be challenging during Q1, 2022.

Another important activity to be successfully completed in the next 2 years is the execution of our new PDH-PP-IPA project, both timely and within budget. With the dedicated and focused

efforts of our well experienced project team, the project is currently on-schedule and we plan to start up by Q2-Q3 2024.

In line with the Company's growth strategy, corporate restructuring, shared services and digital transformation concepts were approved to be implemented. The plan is already in place and detailed phase-wise implementation will be planned from 2022 onwards.

06 RISK MANAGEMENT



Enterprise Risk Management has always been another key area of focus for Advanced.

Advanced has its own risk management platform wherein key business risks that were already identified since the past several years are being continuously monitored with very clear action and mitigation plans.

The risk assessment process is carried out continuously at the strategic and operational level, whereby the relevant procedures are monitored periodically and continuously in order to deal with them and take the necessary preventive measures to minimize these risks. A dedicated Business Risk Management Committee and Team is involved in reviewing the business risks on a periodic basis to evaluate the residual risk and take any further preventive actions, if required.

The Board of Directors continuously reviews the Company's policies related to risk management to ensure that the approved policies and programs are implemented in order to minimize the risks that the Company may face. The Executive Management of the Company also ensures that the risk management processes and the followed systems operate efficiently at all levels of the Company.

Further, a business risk re-validation was carried out in 2021, in coordination with third party experts, wherein the current risks were re-validated and new potential risks were identified. These business risks were categorized into "high", "medium" and "low" risks, and controls as well as

mitigations, as applicable, are in place.

Controls and mitigations are already in place for all the identified risks which are being monitored on a regular basis.

Below is an insight into a few common and specific risks pertaining to the industry:

With regards to the pandemic, the Company reviewed its operating, financial and health policies and conducted an assessment of the impact on the Company's operations as a whole such as the business areas, including the supply chain, travel restrictions and sale prices of products, etc. The Company carries out continuous follow-ups to reduce this effect and takes the necessary preventive

measures. It is worthwhile to mention that, by adopting all required measures and close follow up on business requirements, the plant has been maintained at normal operational levels during the pandemic including the sales as well.

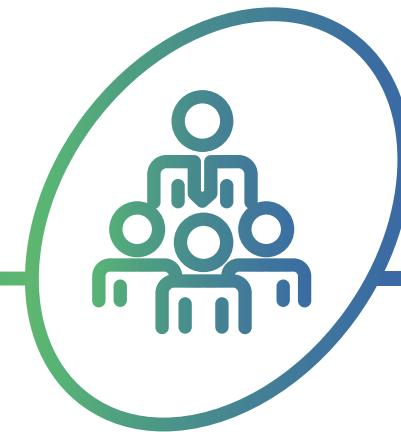
With regards to the high logistic cost observed globally, the Company is in very close coordination with the market and off-takers to take all possible proactive actions to minimize the cost impact. However, this risk is anticipated to be temporary.

Advanced, similar to the rest of the industrial companies, may be sometimes exposed to some interruptions of its operating units, and to minimize the risks of these interruptions, the Company

applies a comprehensive reliability program for all its units in addition to procuring comprehensive insurance for all its assets and business. The Company continuously monitors the management of these risks and takes preventive measures that contribute to raising awareness and limiting their impact.

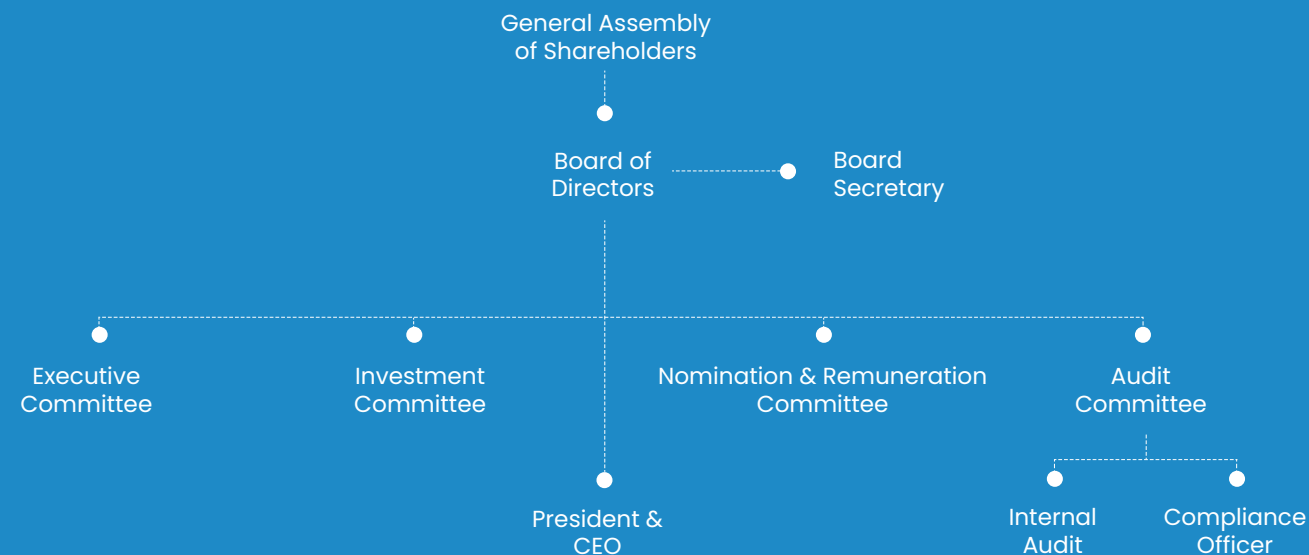


07 GOVERNANCE



Advanced adapted the best practices in the corporate governance.

Governance Framework



Board of Directors

Board Formation

Advanced's Bylaws provides that the Company shall be managed by a Board of Directors composed of nine members to be elected by the Ordinary General Assembly for a term not exceeding three years.

The current Board (three independent members

and six non-executive members) were elected by the 8th Extraordinary General Assembly Meeting held on September 17, 2019 for the current term that started October 1, 2019 for three years and ending on September 30, 2022.

The election of the Board is conducted in accordance with the provisions of the Companies Law, the Regulations of the Capital Market Authority, the Company's Bylaws as well as the Policies, Standards & Procedures for the Board Membership approved by the General Assembly of the Company's shareholders.

Board Functions

The Board has the broadest powers in managing the Company and guiding its activities to achieve its objectives, which include:

01

Approving plans, policies, strategies and main objectives of the Company, supervising their implementation and reviewing them periodically, and ensuring that the human and financial resources required to fulfill them are available.

02

Setting rules and procedures for internal control and generally overseeing them.

03

Supervising the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties.

04

Approval of significant contracts.

05

Determining succession planning and new Board and Audit Committee appointments in the event of a vacancy.

06

Overseeing Corporate Governance matters.



Members of the Board of Directors

Mr. Khalifa A. Al Mulhem

Chairman of the Board, Non-Executive Director

Qualification & Work Experience:

Mr. Khalifa Abdullatif Abdullah Al Mulhem holds a Bachelor's degree in Business Administration.

He has vast experience in Industrial & Commercial Projects, Management of banking sector and banking services. He is currently the Chairman of Khalifa Abdullatif Abdullah Al Mulhem Ltd Co. Previously he was also in SIDF and also has held membership in several Boards (SABB; Saudi Spanish bank; Walaa Cooperative Insurance Company & NSCSA "Bahri".

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company	Listed Company	Board Chairman	Saudi Arabia	Current
Walaa Cooperative Insurance Company	Listed Company	Board Vice Chairman	Saudi Arabia	Current
Aljazira bank	Listed Company	Board Member	Saudi Arabia	Current
Saudi White Cement Co.	Listed Company	Board Member	Saudi Arabia	Current
National Shipping Company of Saudi Arabia	Listed Company	Board Member	Saudi Arabia	Current
Khalifa Abdullatif Abdullah Al-Mulhem Ltd. Co.	LLC	Board Chariman	Saudi Arabia	Current
Al Jazeera Support Services Company	Closed Joint Stock Company	Board Chariman	Saudi Arabia	Current
Advanced Polyolefins Industry Company	Closed Joint Stock Company	Board Chariman	Inside Kingdom	Current
Advanced Global Investment Company.	LLC	Board Chariman	Saudi Arabia	Current
Advanced Renewable Energy Company	LLC	Board Chariman	Saudi Arabia	Current
SABB	Listed company	Board Member	Saudi Arabia	Previous
Nama Chemicals Co.	Listed company	Board Member	Saudi Arabia	Previous
Saudi Spanish Bank	Listed company	Board Member	Outside of Saudi Arabia	Previous
AL Ittefaq Steel Co.	Closed Joint Stock Company	Board Member	Saudi Arabia	Previous
International General Insurance	Listed company	Board Member	Outside of Saudi Arabia	Previous



Mr. Waleed M. Al-Jaaffari

Vice Chairman, Non-Executive Director

Qualification & Work Experience:

Mr. Waleed Mohammed Abdullah Al-Jaaffari holds a Bachelor's degree in economy.

He has experience in Medical services contracting and investment in medical and food sector. He is currently Member of the Board and Managing Director of Al-Dawaa medical services co. ltd. previously he was the General Manager and Board member of Gulf Stevedoring Contracting Co.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company.	Listed Company	Board Vice Chairman	Saudi Arabia	Current
Walaa Cooperative Insurance Company.	Listed Company	Board Member	Saudi Arabia	Current
Eastern Province Cement Co.	Listed Company	Board Member	Saudi Arabia	Current
Gulf Real Estate Development Company	Closed Joint Stock Co.	Board Chairman	Saudi Arabia	Current
Siyaha International Company.	Closed Joint Stock Co.	Board Vice Chairman	Saudi Arabia	Current
Al-Dawaa Medical Services co. ltd	Closed Joint Stock Co.	Board Member	Saudi Arabia	Current



Mr. Abdulaziz A. Al-Molhem

Board Director, Non-Executive Director

Qualification & Work Experience:

Mr. Abdulaziz Abdullah Abdulaziz Al-Molhem holds a Bachelor's degree in Business Administration.

He has experience in banking sector and banking services. He is currently the Regional General Manager of the Banque Saudi Fransi. Previously he was working as the Regional Manager of the Saudi Hollandi Bank.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Co.	Listed Company	Board Member	Inside Kingdom	Current
Global Anti Corrosion Techniques Co.	Closed Joint Stock Co.	Board Member	Inside Kingdom	Current
Sofinco Saudi Fransi Co.	Closed Joint Stock Co.	Board Member	Inside Kingdom	Current
The Mediterranean and Gulf Insurance and Reinsurance Co.	Listed Company	Board Member	Inside Kingdom	Previous
Tourism Enterprise (Shams) Co	Listed Company	Board Member	Inside Kingdom	Previous
Saudi Fransi leasing Company.	Listed Company	Board Member	Inside Kingdom	Previous



Mr. Sami A. Al Suwaigh

Board Director, Non-Executive Director

Qualification & Work Experience:

Mr. Sami Abdulaziz Mohammed Al-Suwaigh holds a Bachelor's degree of Science in Industrial Management.

He has vast experience in the Petrochemical sector through his work of 34 years in SABIC. He is currently retired. Before retirement he was the President of multiple affiliates of SABIC.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Co.	Listed Company	Board Member	Inside Kingdom	Current
Chemanol Company.	Listed Company	Board Member	Inside Kingdom	Till mid November 21
Saudi Iron & Steel Co. (Hadeed)	LLC	President	Inside Kingdom	Previous
Saudi European Petrochemical Company (IBN ZAHR)	LLC	President	Inside Kingdom	Previous
Arabian Petrochemical Company (PETROKEMYA).	LLC	President	Inside Kingdom	Previous
Saudi Petrochemical Company (SADAF).	LLC	President	Inside Kingdom	Previous



Mr. Bander S. Al Ghafees*

Board Director, Independent Director**

Qualification & Work Experience:

Mr. Bander Sulaiman Alghafees holds a Bachelor's degree in Computer Science (USA)m and a Master's degree in Computer Science (KSA).

He has vast experience in the Information Technology sector and Digital Transformation. He is currently the General Manager of Digital Transformation at HRDF. Previously he held the position of General Manager of IT governance at GOSI.

* The Board appointed Mr. Bander S. Al Ghafees on July 27, 2021.

It is worth noting that according to article (18) of Advanced's Bylaws, this appointment is considered temporally and such appointment shall be presented before the next Ordinary General Assembly for its ratification or electing another member, in which the new Director shall complete the unexpired term of his predecessor.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Co.	Listed Company	Board Member	Inside Kingdom	Current
Fawaz Alhokhair Co	Listed Company	Board Member	Inside Kingdom	Previous

** The Classification of Mr. Bander changed twice during his board membership, as following:

- An independent director at the time of his appointment.
- Changed to Non-Executive director due to the increase of ownership of the group he represents more than (5%) of the Company's capital.
- Changed to independent director due to an exemption by the Capital Market Authority.



Eng. Abdulaziz A. Al Habardi

Board Director, Non-Executive Director

Qualification & Work Experience:

Eng. Abdulaziz Abdullah Megbel Al-Habardi holds a Bachelor's degree in Mechanical engineering.

He has vast experience in the Petrochemical sector. He is currently retired. Before retirement, he was the President of several affiliates of SABIC.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Co.	Listed Company	Board Member	Inside Kingdom	Current
Advanced Polyolefins Industry Company	Closed Joint Stock Co.	Board Vice Chairman	Inside Kingdom	Current
Saudi Kayan Petrochemical.	Listed Company	Board Member	Inside Kingdom	Previous
Kemya	LLC	President	Inside Kingdom	Previous
Arabian Petrochemical Company (Petrokemya)	LLC	President & Board Member	Inside Kingdom	Previous
Saudi Petrochemical Company (Sadaf).	LLC	Board Member	Inside Kingdom	Previous
Eastern Petrochemical Company (Sharq).	LLC	Board Member	Inside Kingdom	Previous



Eng. Mohammed K. Al Mulhem

Board Director, Non-Executive Director

Qualification & Work Experience:

Eng. Mohammed Khalifah Abdullatif Al-Mulhem holds a Bachelor's degree in Civil engineering & a Master's degree in Banking and Finance.

He has experience in Industrial and commercial projects. He is currently the Business Development Manager at the Buildings System for Concrete Factory. He was previously working as a Civil engineer at the Saudi Arabian Oil Company (Aramco).

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Co.	Listed Company	Board Member	Inside Kingdom	Current
AL Ittefaq Steel Co.	Closed Joint Stock Co.	Board Member	Inside Kingdom	Current
Al Jazeera Support Services Company.	Closed Joint Stock Co.	Board Member	Inside Kingdom	Current
Advanced Polyolefins Industry Company	Closed Joint Stock Co.	Board Member	Inside Kingdom	Current



Dr. Ali S. Al Hakami

Board Director, Independent Director

Qualification & Work Experience:

Dr. Ali S. Al Hakami has a Bachelor's degree in Psychology, Master's degree in Industrial and Organizational Psychology, and Ph.D. in the Psychology of decision-making and risk perception.

He has experience in the fields of education, training, and organizational and human capabilities development. He previously held the positions of Secretary-General of the King Abdullah International Foundation for Humanitarian Works, and CEO of Tatweer Company for Educational Services.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company.	Listed Company	Board Member	Inside Kingdom	Current
Knowledge Economic City.	Listed Company	Board Member	Inside Kingdom	Current
Al-Tanmiah Company For Education And Training.	LLC	Board Member	Inside Kingdom	Current
Rehab Al Maarfa private schools Company.	LLC	Board Member	Inside Kingdom	Previous
Na'am for Investment Co., Single Shareholder Co.	LLC	Board Member	Inside Kingdom	Current
Obeikan Riverdeep Company	LLC	Board Member	Inside Kingdom	Previous
Cambridge Obeikan Company Ltd	LLC	Board Member	Inside Kingdom	Previous
Adhwa Alriyadh Educational Co.	LLC	Board Member	Inside Kingdom	Previous



Dr. Badr O. Johar

Board Director, Independent Director

Qualification & Work Experience:

Dr. Badr Osama H. Johar holds a Bachelor's degree in Industrial Engineering, a Master's degree in Engineering Management, and Ph.D. in Industrial Engineering.

He has vast experience in the Cement Industry Sector. He is currently the CEO of Arabian Cement Co. He was previously the CEO of Najran Cement Company.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Co.	Listed Company	Board Member	Inside Kingdom	Current
Cement Product Industry Ltd. Co.	LLC	Board Member	Inside Kingdom	Current
Qatrana Cement Company	Private Joint Stock Co.	Board Member	Outside Kingdom	Current



Dr. Sultan M. Al-Sulaiman*

Board Director, Independent Director

Qualification & Work Experience:

Dr. Sultan bin Muhammad Al-Sulaiman has Bachelor's degree in mechanical engineering, a Master's degree in mechanical engineering, Business Administration and PhD in Projects Management.

He has extensive experience in the field of real estate project management, and he is currently the Director of Real Estate Projects Department at the GOSI.

*Dr. Sultan Mohammad Ahmed Al-Sulaiman resigned from the Board on July 2021 ,27.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company.	Listed Company	Member of the Board	Saudi Arabia	resigned on July 27, 2021
Umm Alqura for Development and Construction "MASAR"	Closed joint company	General Manager of Real Estate Projects Department. GOSI	Saudi Arabia	Current

Board Meetings & Attendance

Advanced’s Bylaws provides that the Board of Directors shall meet at least twice a year and a Board meeting may be held in person or using modern means of communication. The Board held four (4) meetings during 2021. The following table illustrates the Board’s meetings and the attendance of the Directors:

✓ Attended ✗ Not Attended

No.	Board Meetings During 2021					Total Attendance
	Names	1 st Meeting 30/03/2021	2 nd Meeting 29/06/2021	3 rd Meeting 19/10/2021	4 th Meeting 21/12/2021	
1	Mr. Khalifa Abdullatif Abdullah Al-Mulhem	✓	✓	✓	✓	4
2	Mr. Waleed Mohammed Abdullah Al-Jaafari	✓	✓	✓	✓	4
3	Mr. Abdulaziz Abdullah Abdulaziz Al-Molhem	✓	✓	✓	✓	4
4	Mr. Sami Abdulaziz Mohammed Al-Suwaigh	✓	✓	✓	✓	4
5	Dr. Sultan Mohammad Ahmed Al-Sulaiman*	✓	✓	N/A	N/A	2
6	Eng. Mohammed Khalifah Abdullatif Al-Mulhem	✓	✓	✓	✓	4
7	Eng. Abdulaziz Abdullah Megbel Al-Habardi	✓	✓	✓	✓	4
8	Dr. Badr Osama H. Johar	✓	✓	✓	✓	4
9	Dr. Ali Siddiq Ali Al-Hakami	✓	✓	✓	✓	4
10	Mr. Bander S. Al Ghafees**	N/A	N/A	✓	✓	2

* Dr. Sultan Mohammad Ahmed Al-Sulaiman resigned from the Board on July 27, 2021.

** The Board appointed Mr. Bander S. Al Ghafees on July 27, 2021.

Assessment & Evaluation of the Board of Directors, its Committees and Directors Performance

The Company has not conducted assessment or evaluation for the Board Directors, its Committees and Directors performance during the year of 2021. However, a third party consultant will conduct the assessment and evaluation in 2022.

Shareholders Engagement

The Board has approved the Shareholders Rights Policy whereby the rights of a shareholder stated in the Companies Law and the regulations of the Capital Market Authority are protected. The Board of Directors and the Executive Management ensure that all shareholders have access to their rights with fair treatment.

The Board also ensures that the communication between the Company and the shareholders based on the common understanding of the strategic objectives and interests of the Company and all Board members are informed of the opinions of the shareholders.

The Company’s Policy on Dividend Distribution

The annual net profits of the Company are distributed in accordance with the provisions of the Company’s Bylaws and the Dividends Distribution Policy, as follows:

01

Ten percent (10%) of the net profits is set aside to the statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when the statutory reserve reaches thirty (30%) percent of the Company’s capital.

02

The Ordinary General Assembly may, upon request of the Board of Directors, set aside a certain percentage of the annual net profits to form an additional reserve to be allocated for a certain purpose or purposes as may be approved by the Ordinary General Assembly.

03

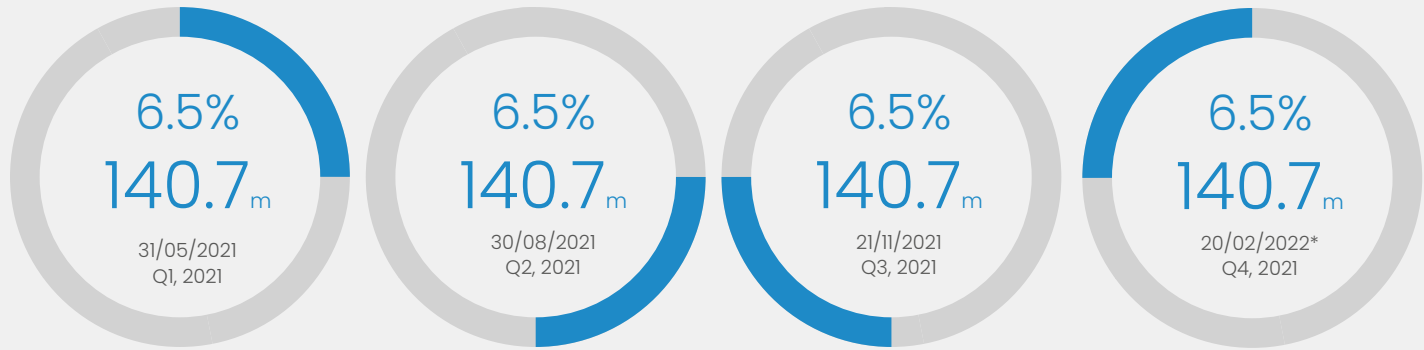
The Ordinary General Assembly may resolve to form other reserves to the extent that achieves the interests of the Company or ensures the distribution of fixed dividends to the shareholders. The said Assembly may also withhold certain amounts from the net profits for establishing social organizations for the Company’s employees, or for supporting any such existing organizations.

04

The remaining balance shall be distributed to the shareholders as a first payment of dividends equaling at least five percent (5%) of the paid-up capital.

The Company may distribute interim dividends to its shareholders on a biannual or quarterly basis in accordance with the rules set out by the competent authority

Total Dividends Distributed during the year of 2021 (SAR Million)



Total Dividends distributed during the year 2021.

*The Company announced the resolution of the Board of Directors to distribute dividend for the fourth quarter of 2021 on the website of the Saudi Tadawul Group (Tadawul), which included the distribution date as of 20/02/2022.

Total Dividends (Distributions)



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

There is no penalty imposed on Advanced from Capital Market Authority or any other supervisory, regulatory or judiciary authority during 2021.

A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company

There is no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company during 2021.

A description of the class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year

There is no convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during 2021.

A description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments

There is no redemption, purchase or cancellation by the Company of any redeemable debt instruments

Details of shares and debt instruments issued for each affiliate Company.

No affiliate has issued shares or debt instruments.

Details of the treasury shares held by the Company

The Company has no treasury shares.



Board of Directors Committees

Audit Committee

a. Audit Committee Formation

Advanced’s Bylaws provides that the formation of the Audit Committee shall be by the General Assembly consisting from other than executive Directors of the Board either from the shareholders or others, the number of the members shall not be less than three or more than five in accordance with the rules provided in the Companies Law and the related implementing regulations.

b. Audit Committee Functions

Upon the approval of the General Assembly of the Audit Committee charter, the Audit Committee is responsible for ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the Audit Committee shall particularly include the following:

1. FINANCIAL REPORTS:

 - Quarterly Interim Estimates and Financial Statements Reports Review
 - Annual Audited Financial Statements and External Auditors Report Review and Recommendations
 - Examination of significant matters & estimates and applicable accounting policies
2. INTERNAL AUDIT:

 - Review of Internal and Financial Control Systems
 - Review of Risk Management Systems
- Review of Internal Audit Reports and implementation of recommendations
 - Internal Audit Department Function activities & performance
 - Availability and adequacy of Internal Audit resources
3. EXTERNAL AUDITOR:

 - Recommendation on the appointment, Renewal and Termination of services
 - Independence of external auditors
 - Assessment of activities and Performance
- Review of External Audit Reports, queries and implementation of recommendations
4. ENSURING COMPLIANCE:

 - Report of Supervisory Authorities
 - Compliance with Laws, Regulations, Policies
 - Review of Related Party Transactions and recommendations



Qualification & Work Experience:

He has BS Degree in Industrial Management from King Fahad University of Petroleum and Minerals (KFUPM).

Mr. Bu Ali has more than 30 years experience in the field of finance and business in the Petrochemicals and Utilities business.

Audit Committee Members

Mr. Abdullah A. Buali

Chairman, Member from outside the Board of Directors

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company	Listed Company	Chairman of the Audit Committee	Saudi Arabia	Current
Methanol Chemicals Company	Listed Company	Board Member	Saudi Arabia	Current
Saudi Water Partnership Company	LLC	Board Member & Chairman of the Audit Committee	Saudi Arabia	Current



Mr. Waleed M. Al-Jaaffari

Committee Member
Non-Executive Director

Please see the biography of Mr. Waleed M. Al-Jaaffari on page No. (57)



Mr. Abdulaziz A. Al Molhem

Committee Member
Non-Executive Director

Please see the biography of Mr. Abdulaziz A. Al Molhem on page No. (58)



Mr. Bander S. Al Ghafees*

Board Director
Independent Director**

Please see the biography of Mr. Bander S. Al Ghafees on page No. (60)



Dr. Sultan M. Al-Sulaiman*

Committee Chairman
Independent Director

Please see the biography of Dr. Sultan M. Al-Sulaiman on page No. (65)

*Dr. Sultan Mohammad Ahmed Al-Sulaiman resigned from the Board on July 27, 2021.

Audit Committee Meetings & Attendance

The committee held (12) meetings during the year 2021:

✓ Attended ✗ Not Attended

Name	Type of Membership	No. of Meetings						
		1 st Meeting 10/01/2021	2 nd Meeting 23/02/2021	3 rd Meeting 11/03/2021	4 th Meeting 29/03/2021	5 th Meeting 05/04/2021	6 th Meeting 27/04/2021	7 th Meeting 26/05/2021
Mr. Abdullah Buali	Chairman	✓	✓	✓	✓	✓	✓	✓
Mr. Abdulaziz Al-Molhem	Member	✓	✓	✓	✓	✓	✓	✓
Dr. Sultan Al-Sulaiman*	Member	✓	✓	✓	✓	✓	✓	✓
Mr. Waleed Al-Jaafari	Member	✓	✓	✓	✓	✓	✓	✓
Mr. Bander S. Al Ghafees**	Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Name	Type of Membership	No. of Meetings				
		8th Meeting 13/06/2021	9th Meeting 06/07/2021	10th Meeting 10/08/2021	11th Meeting 26/10/2021	12th Meeting 01/12/2021
Mr. Abdullah Buali	Chairman	✓	✓	✓	✓	✓
Mr. Abdulaziz Al-Molhem	Member	✓	✓	✓	✓	✓
Dr. Sultan Al-Sulaiman*	Member	✓	✓	N/A	N/A	N/A
Mr. Waleed Al-Jaafari	Member	✓	✓	✓	✓	✓
Mr. Bander S. Al Ghafees**	Member	N/A	N/A	✓	✓	✓

*Dr. Sultan Mohammad Ahmed Al-Sulaiman resigned from the Board on July 27, 2021.

* **The Board appointed Mr. Bander S. Al Ghafees on July 27, 2021.

Audit Committee Report

- The Internal Audit department carried out the planned internal audit as per the schedule to evaluate objectively and independently, the adequacy and effectiveness of the internal control systems. Internal Audit Reports were regularly issued to Audit Committee, updates on controls and systems, progress of implementation of audit recommendations.
- Internal audit also participated in special projects namely risk assessment, review of policy and procedures, review and revision of delegation of authority, participation as internal auditor in Total Quality Management audit.
- Internal audit carried by an expert external consulting firm for an in-depth health check of audit of existing ERP. The detailed reports and recommendations provide a sound basis for the upcoming SAP ERP

S4 HANA implementation to set up a truly global standard of Shared Services.

- The Committee has, within the limits of its competencies as per the Audit Committee Charter, held regular meetings, reviewed the quarterly interim and audited financial statements and audit reports (internal and external).
- The Committee has examined and reviewed the Company's internal and financial control systems, risk management, governance, compliance and controls.
- Based on Executive Management representation and submissions, internal and external audit reports, compliances with law and regulations, there are no material or significant weaknesses reported during the Audit Committee meetings in 2021 and the Executive Management has maintained an effective internal control system that provided reasonable

ground to formulate this opinion.

- Audit Committee has issued its report to the Board of Directors, and will issue a report to the shareholders General Assembly meeting on March 3rd, 2022 summarizing key activities during the fiscal year of 2021.

External Auditors

- The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA")
- Annual audited financial statements of year 2021 were reviewed along with management analytical review, variance analysis and comparison with previous year(s).
- Auditor report shows that the financial statements

are true and fair and the consolidated statements are free from any material misstatements. External auditor, EY was invited to the meeting who explained the external audit, scope and coverage, findings and their unqualified audit opinion. After review with EY, the audited financial statements were recommended to the Board for their review and final approval by the General Assembly.

Clarification of any Difference from Accounting Standards:

The financial statements of the Company during the fiscal year ending on 31 December 2021 were prepared in accordance with the International Financial Reporting Standards (IFRS) approved in the Kingdom of Saudi Arabia.

Accounting records, internal audit system and the Company's ability to continue its activity:

Based on the auditor's report, current market results and data, and future indicators, the Company acknowledges the following:

- That the account records were prepared in true and fair manner.
- The internal control system is on a sound basis and is effectively implemented.
- There is no doubt about the Company's ability to continue its activities.

Company's External Auditor's Appointment:

The 9th Extraordinary General Assembly, held on March 30, 2021, approved the appointment of EY as the External Auditor for the Company's accounts for the fiscal year 2021.

Recommendation of the Board regarding the Company's External Auditor:

No recommendation has been issued by the Board of Directors to replace the External Auditor since its approval in the 9th Extraordinary General Assembly.

Recommendations of the Audit Committee Which are in Conflict with the Decisions of the Board of Directors, or Which the Board Refused to Adopt Regarding the Appointment and Dismissal of the Company's External Auditor, Determining his Fees and Evaluating his Performance or Appointing the Internal Auditor, the Justification for these Recommendations, and the Reasons for not Adopting Them:

There were no recommendations by the Audit Committee that were in conflict with the decisions of the Board of Directors regarding the appointment of the Company's External Auditor, his dismissal, determination of his fees, evaluation of his performance, or the appointment of the internal auditor.

The Results of the Annual Review of the Effectiveness of the Company's Internal Control Procedures, in Addition to the Audit Committee's Opinion on the Adequacy of the Company's Internal Control System:

- The Audit Committee reviews periodic reports on the evaluation of internal control procedures in terms of organization and application, and many periodic and special review processes have been implemented that would ensure the accuracy and effectiveness of performance and quality, in addition to contributing to the review of the initial financial statements and their approval based on the delegated powers granted to it by the Board of Directors, and coordinates the activities of the external supervisory authorities.
- The audit committee reviewed the reports, and there is no significant or fundamental weakness in the Company's internal control systems.

Recommendation of the Audit Committee Regarding the Need to Appoint an Internal Auditor in the Company:

No recommendation was issued from the Audit Committee regarding the need to appoint an internal auditor, due to the presence of the internal audit team in the Company that informs the Audit Committee periodically of its responsibilities, administrative powers and tasks assigned to it.

Nomination & Remuneration Committee

Nomination & Remuneration Committee Formation

The Charter of the Nomination & Remuneration Committee (NRC) was approved by the General Assembly and provides that NRC shall consist of number of members between three to five members, whether those members are from the Board (excluding Executive Directors) or persons other than the Board members either from shareholders or others to be appointed or reappointed by the Board.

Nomination & Remuneration Committee Functions

- The functions of NRC are provided within the Corporate Governance Regulations and the Charter of the NRC, including the following:
 - Reviewing the matters

referred to it by the Board and submitting its recommendations to the Board to issue decisions in connection therewith, or taking decisions by itself if so delegated by the Board.

- The Committee may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the Committee meeting together with the name of the expert and his relation to the Company or its Executive Management.
- Preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of

such policy.

- Clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
- Providing recommendations to the Board in respect of the remunerations of its members, the committees members and Senior Executives, in accordance with the approved policy.
- Suggesting clear policies and standards for membership of the Board and the Executive Management.
- Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies

and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.

- Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
- Determining the amount of time that the Board Director shall allocate to the activities of the Board.
- Annually reviewing the skills and expertise required of the Board members and the Executive Management.
- Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure.
- Annually ensuring the independence of

Independent Directors and the absence of any conflicts of interest if a Board member also acts as a member of the Board of Directors of another Company.

- Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executives.
- Setting up procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- Determining the strengths and weaknesses of the Board and recommending remedial solutions in line with the Company's interest.

Nomination & Remuneration Committee Members



Dr. Sultan M. Al-Sulaiman*

Committee Chairman
Independent Director

Please see the biography of Dr. Sultan M. Al-Sulaiman on page No. (65)

*Dr. Sultan Mohammad Ahmed Al-Sulaiman resigned from the Board on July 27, 2021.



Dr. Ali S. Al Hakami*

Committee Chairman
Independent Director

Please see the biography of Dr. Ali S. Al Hakami on page No. (63)

*Dr. Ali S. Al Hakami was appointed as Chairman of the Committee on 27th July 2021.



Mr. Khalifa A. Al Mulhem

Committee Member
Non-Executive Director

Please see the biography of Mr. Khalifa A. Al Mulhem on page No. (56)



Mr. Waleed M. Al Jaaffari

Committee Member
Non-Executive Director

Please see the biography of Mr. Waleed M. Al Jaaffari on page No. (57)



Mr. Abdulaziz A. Al-Molhem

Committee Member
Non-Executive Director

Please see the biography of Mr. Abdulaziz A. Al-Molhem on page No. (58)

Meetings & Attendance of the Nomination & Remuneration Committee

The Board of Directors has formed Nomination & Remuneration Committee consisting of four members. The committee held (6) meetings during the year 2021:

✓ Attended ✗ Not Attended

Name	Type of Membership	No. of Meetings					
		1st Meeting 10/01/2021	2nd Meeting 17/01/2021	3rd Meeting 25/02/2021	4th Meeting 24/03/2021	5th Meeting 13/06/2021	6th Meeting 17/10/2021
Dr. Sultan Sulaiman	Chairman*	✓	✓	✓	✓	✓	N/A
Dr. Ali Siddiq Ali Al-Hakami	Chairman**	N/A	N/A	N/A	N/A	N/A	✓
Mr. Khalifa Al-Mulhem	Member	✓	✓	✓	✓	✓	✓
Mr. Waleed Al-Jaafari	Member	✓	✓	✓	✓	✓	✓
Mr. Abdulaziz Al-Molhem	Member	✓	✓	✓	✓	✓	✓

*Dr. Sultan Mohammad Ahmed Al-Sulaiman resigned from the Board on July 27, 2021.

**Dr. Ali S. Al Hakami was appointed as Chairman of the Committee on July 27, 2021.

Executive Committee

Executive Committee Formation & Functions

The Board of Directors has formed from among its members an Executive Committee, consisting of five (5) members, with responsibilities that are summarized in making appropriate decisions about the Company's activities and the issues that the executive management does not have the authority to decide upon or approve according to the approved schedule of authority of the Company, and it also reviews the topics referred to it by the Company's Board of Directors for the purpose of examining them from all aspects and making recommendation to the Company's Board of Directors with its opinion in preparation for taking the appropriate decision by the Board.

Executive Committee Members, Meetings & Attendance

Members of the Executive Committee



Mr. Khalifa A. Al Mulhem

Committee Chairman
Non-Executive Director

Please see the biography of Mr. Khalifa A. Al Mulhem on page No. (56)



Mr. Abdulaziz A. Al-Molhem

Committee Member
Non-Executive Director

Please see the biography of Mr. Abdulaziz A. Al Molhem on page No. (58)



Mr. Sami A. Al Suwaigh

Committee Member
Non-Executive Director

Please see the biography of Mr. Sami A. Al Suwaigh on page No. (59)



Eng. Abdulaziz A. Al Habardi

Committee Member
Non-Executive Director

Please see the biography of Eng. Abdulaziz A. Al Habardi on page No. (61)



Eng. Mohammed K. Al Mulhem

Committee Member
Non-Executive Director

Please see the biography of Eng. Mohammed K. Al Mulhem on page No. (62)

Executive Committee Meetings & Attendance

The committee has held (6) meetings during the year 2021, as follows:

✓ Attended ✗ Not Attended

Name	Type of Membership	No. of Meetings					
		1st Meeting 17/02/2021	2nd Meeting 01/03/2021	3rd Meeting 24/03/2021	4th Meeting 12/04/2021	5th Meeting 27/06/2021	6th Meeting 24/11/2021
Mr. Khalifa Al-Mulhem	Chairman	✓	✓	✓	✓	✓	✓
Mr. Abdulaziz Al-Molhem	Member	✓	✓	✓	✓	✓	✓
Mr. Sami Al-Suwaigh	Member	✓	✓	✓	✓	✓	✓
Mr. Mohammed Al-Mulhem	Member	✓	✓	✓	✓	✓	✓
Mr. Abdulaziz Al-Habardi	Member	✓	✓	✓	✓	✓	✓

Investment Committee

Investment Committee Formation & Functions

The Board of Directors has formed an Investment Committee, consisting of three (3) members, with functions including the following:

- Approval of investing the total fund allocated by the Board for investments, with an objective to maximize its returns with acceptable risk.
- Approval of appointing the investment manager(s) or fund managers as appropriate based on expertise, past performance and their credit rating and recommendation of Executive Management.
- Ensure these investments are carried out in full compliance with CMA regulations for investments by listed entities in the Kingdom of Saudi Arabia.
- Ensure all investments are in full compliance with Islamic Sharia.
- Agreeing with the Board on the maximum limit of risks level for each category of the assets and for the portfolio in general.
- Receiving and reviewing the periodic investment performance reports and submitting recommendations to the Board as appropriate.

Members of the Investment Committee



Dr. Badr O. Johar

Committee Chairman
Independent Director

Please see the biography of Dr. Badr O. Johar on page No. (64)



Mr. Waleed M. Al Jaaffari

Committee Member
Non-Executive Director

Please see the biography of Mr. Waleed M. Al Jaaffari on page No. (57)



Mr. Abdulaziz A. Al-Molhem

Committee Member
Non-Executive Director

Please see the biography of Mr. Abdulaziz A. Al Molhem on page No. (58)

The Investment Committee Meetings & Attendance

The committee has held (2) meetings during the year 2021, as follows:

Name	Type of Membership	No. of Meetings	
		1st Meeting 13/10/2021	2nd Meeting 25/10/2021
Dr. Badr Osama H. Johar	Chairman	✓	✓
Mr. Abdulaziz Al-Molhem	Member	✓	✓
Mr. Waleed Al-Jaaffari	Member	✓	✓

✓ Attended ✕ Not Attended

Executive Management



Eng. Fahad S. Al Matrafi

President & CEO

Qualification & Work Experience:

Mr. Fahad Al Matrafi completed Chemical Engineering in 1995 and Executive MBA program in 2006 from KFUPM. Mr. Al Matrafi started his career with SABIC and has more than 25 years' experience in various fields of the Petrochemical business.

He joined Advanced Petrochemical Company in 2008 and held several positions viz. GM Operations, GM Supply Chain, GM Technical and VP Technical. Currently, he is the President & CEO of Advanced from August 2019 till date.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company	Listed Company	President & CEO	Saudi Arabia	Current
Advanced Polyolefins Industry Company	Closed Joint Stock Company	Board Member	Saudi Arabia	Current
SK Advanced Company	LLC	Board Member	South Korea	Current
Ulsan Polypropylene Company	LLC	Board Member	South Korea	Until October 2021
Advanced Global Investment Company	LLC	Board Member	Saudi Arabia	Current
Advanced Renewable Energy Company	LLC	Board Member	Saudi Arabia	Current
Advanced Global Holding Company	LLC	Board Member	Luxembourg	Current



Eng. Mamdouh H Al Amri

Vice President of Projects

Qualification & Work Experience:

Mr. Mamdouh Al Amri is a Chemical Engineer who graduated in 1996 from King Fahd University of Petroleum and Minerals.

At Advanced, earlier he held various positions as EHSS Manager, GM-Operations and GM-Administration handling IT, Purchasing and HR in addition to the technical activities. He has more than 25 years of experience in the Petrochemical Sector. He has also been involved in commissioning, operations of various projects also in Sabic affiliates.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company.	Listed Company	Vice President of Projects	Saudi Arabia	Current
Advanced Polyolefin Industry Company	Closed Joint Stock Company	CEO	Saudi Arabia	Current
Advanced Global Investment Company.	LLC	Board Member	Saudi Arabia	Current
Advanced Renewable Energy Company.	LLC	Board Member	Saudi Arabia	Current
Ulsan Polypropylene Company	LLC	Board Member	South Korea	Current
Advanced Global Holding Company	LLC	Board Member	Luxembourg	Current



Eng. Ahmed Bu Hazza

Supply Chain GM

Qualification & Work Experience:

Mr. Ahmed is a Mechanical Engineer. He has more than 35 years of experience in petrochemical sector. Before joining Advanced, he was the General Manager of Manufacturing and Excellence at SABIC. At Advanced, earlier he held various positions as GM-Technical and currently he is the GM of the Supply Chain.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company.	Listed Company	GM Supply Chain	Saudi Arabia	Current



Mr. Ali Al-Shahrani

Operations GM

Qualification & Work Experience:

Mr. Ali is the GM-Operations, and has held various positions at Advanced including GM-Technical. He has more than 28 years of experience in the Petrochemical and Refinery Sector. He also has been involved in commissioning, operations and engineering related activities in new projects such as Refinery / Ethylene/Linear Alpha Olefins / Propane Dehydrogenation etc.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company	Listed Company	General Manager of Operations	Saudi Arabia	Current
SK Advanced Company	LLC	Member of the Board	South Korea	Current



Eng. Abdullah A. Boaysha

Technical GM

Qualification & Work Experience:

Mr. Abdullah Boaysha is a Mechanical Engineer and has been the GM for technical division since April 2020. Before joining Advanced Petrochemical Company, he was a GM at Saudi Kayan (A Sabic Affiliate) since 2015.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company	Listed Company	General Manager of Technical Division	Saudi Arabia	Current
Saudi Kayan Company (A Sabic Affiliate)	Listed Company	General Manager of Maintenance Division	Saudi Arabia	Previous
Saudi Kayan Company (A Sabic Affiliate)	Listed Company	General Manager of Technical Division	Saudi Arabia	Previous
Saudi Butanol Company	Listed Company	Board Member	Saudi Arabia	Previous



Mr. Mohammed S. Al Otaibi

Administration GM

Qualification & Work Experience:

Mr. Mohammed S. Al-Otaibi has a Bachelor's Degree in Computer Engineering from KFUPM and Executive Master of Business Administration from KFUPM. He has completed multiple leadership and executive development programs from CCL and MIT.

He has been associated with Advanced Petrochemical Company since September 2020 and leading HR, IT and Support Services as General Manager Administration. Prior to that he served Tasnee Petrochemicals Company as General Manager, Human Resources where he played a significant role in establishing and enhancing shared services functions.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company	Listed Company	General Manager of Administration	Saudi Arabia	Current



Eng. Omar A. Al Suwaiyan

Cracker Project GM

Qualification & Work Experience:

Mr. Omar Alsuwaiyan holds BSc in Electrical Engineering from KFUPM.

He has over 20 years of experience in petrochemicals industry mega projects with diversity in chemicals, polymers, agri-nutrients, utilities and infrastructures. The range of experience extends from feasibility evaluation and business planning stage through project front end loading to engineering, procurement, construction, pre-commissioning, commissioning and startup.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company.	Listed Company	General Manager, Cracker Project	Saudi Arabia	Current
SABIC	Listed Company	Director, COTC Project	Saudi Arabia	Previous
SABIC	Listed Company	Board Member in Jubail United Petrochemical Company (United)	Saudi Arabia	Previous
SABIC	Listed Company	Director, Mega Projects	Saudi Arabia	Previous
SABIC	Listed Company	Director, Projects Value Assurance	Saudi Arabia	Previous
SABIC	Listed Company	Several Project Management Roles	Saudi Arabia	Previous



Mr. Abdulaziz Al Ardhi Finance & Accounting Manager				
Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company	Listed Company	Finance & Accounting Manager	Saudi Arabia	Current
National Metal Manufacturing and Casting Company (Maadaniyah)	Listed Company	Audit Committee Member	Saudi Arabia	Current
National Industrialization Company (Tasnee)	Listed Company	Manager Budgeting and Financial Management Reporting Consolidation	Saudi Arabia	Previous

Qualification & Work Experience:

Mr. Al Abdulaziz holds a Bachelor's in Accounting from King Faisal University, Certified Public Accounting Fellowship (SOCPA) and has participated in several workshops with International Joint Ventures. Accomplishments of more than 11 years in the field of Finance, Accounting, Auditing, Shared Service and Digitalization.

Board Members, Committees Members & Executive Management Ownership

Board Members, Committee Members & Executive Management Ownership in Advanced Petrochemical Company

The following table illustrates the percentage of ownership by members of the Board of Directors, Committee Members and Executive Management, including their relatives, in Advanced Petrochemical Company and debt instruments, and any change in that interest during the fiscal year 2021:

Names of Directors	Capacity	At the Beginning of the Year		At the End of the Year		Net Change	Percentage Change
		No. of Shares	Debt In-struments	No. of Shares	Debt Instru-ments		
Board Members							
Mr. Khalifa Abdullatif Abdullah Al-Mulhem	Chairman of the Board	9,142,249	-	9,305,228	-	162,979	1.78%
Mr. Waleed Mohammed Abdullah Al-Jaafari	Vice Chairman of the Board	1,041,494	-	1,039,019	-	(2,475)	(0.23%)
Mr. Abdulaziz Abdullah Abdulaziz Al-Molhem	Board Member	1,578	-	1,531	-	(47)	(2.98%)
Mr. Sami Abdulaziz Mohammed Al-Suwaigh	Board Member	8,761	-	5,491	-	(3,270)	(37.32%)
Dr. Sultan Mohammad Ahmed Al-Sulaiman*	Board Member	0	-	0	-	0	0%
Eng. Mohammed Khalifah Abdullatif Al-Mulhem	Board Member	40,284	-	68,202	-	27,918	69.3%
Eng. Abdulaziz Abdullah Megbel Al-Habardi	Board Member	0	-	0	-	-	0%
Dr. Badr Osama H. Johar	Board Member	11	-	1	-	(10)	(91%)
Dr. Ali Siddiq Ali Al-Hakami	Board Member	0	-	0	-	0	0%
Mr. Bander S. Al Ghafees**	Board Member	3,100	-	6,135	-	3,035	97.90%
Committee Members							
Mr. Abdullah A. Buali	Audit Committee Chairman	0	-	0	-	0	0%
Executive Management							
Eng. Fahad Salem Al Matrafi	CEO	0	-	0	-	0	0%
Eng. Mamdouh H Al Amri	VP Project	0	-	0	-	0	0%
Eng. Ahmed Bu Hazza	Supply Chain GM	53	-	9	-	(44)	(83%)
Mr. Ali Al-Shahrani	Operations GM	0	-	0	-	0	0%
Mr. Patrick Townsend***	CFO	0	-	0	-	0	0%
Mr. Mohammed S. Al Otaibi	Administration GM	10	-	11,010	-	11,000	100%
Eng. Abdullah A. Boaysha	Technical GM	0	-	0	-	0	0%
Mr. Abdulaziz Al Ardhi****	Finance & Accounting Manager	0	-	0	-	0	0%
Eng. Omar A. Al Suwaiyan	Cracker Project GM	0	-	1,500	-	1,500	100%
* Dr. Sultan Mohammad Ahmed Al-Sulaiman resigned from the Board on July 27, 2021.		*** Mr. Patrick Townsend resigned from Advanced on August 31st, 2021.					
** The Board appointed Mr. Bander S. Al Ghafees on July 27, 2021.		**** Mr. Abdulaziz Al Ardhi joined Advanced on January 3rd, 2021.					

Board Members, Committee Members & Executive Management Ownership in the Affiliates of Advanced Petrochemical Company

Neither the Board Members, Committee Members, Executive Management officers, nor their relatives, have interest, contractual securities or rights issue on shares or debt instruments of the Company's affiliates.

Board Participation in the General Assembly Meeting	
✓ Attended ✗ Not Attended	
Name	No. of Meetings
1st Meeting 30/03/2021	
Mr. Khalifa Abdullatif Abdullah Al-Mulhem	✓
Mr. Waleed Mohammed Abdullah Al-Jaafari	✓
Mr. Abdulaziz Abdullah Abdulaziz Al-Molhem	✓
Mr. Sami Abdulaziz Mohammed Al-Suwaigh	✓
Dr. Sultan Mohammad Ahmed Al-Sulaiman	✓
Eng. Mohammed Khalifah Abdullatif Al-Mulhem	✓
Eng. Abdulaziz Abdullah Megbel Al-Habardi	✓
Dr. Badr Osama H. Johar	✓
Dr. Ali Siddiq Ali Al-Hakami	✓
*Mr. Khalifa Abdullatif Abdullah Al-Mulhem (Chairman of the Board) apologized for not attending the first meeting due to his participation in the inauguration of SHAREEK Program. Mr. Khalifa Al-Mulhem attended the second meeting as the first meeting did not satisfy the required quorum. Also Mr. Abdullah A. Buali (Chairman of the Audit Committee attended the meeting).	

Procedure Taken by the Board Relating to Shareholders' Suggestions and Remarks on the Company and its Performance.

- The Chairman of the Board of Directors keeps the Board informed of any opinions, proposals or remarks raised by the shareholders about the Company and its performance.
- The Board discusses such opinions, proposals

or remarks without the presence of the executive management.

- The Board members attend shareholders general assembly meeting where any questions or suggestions raised by shareholders are addressed.
- Investor Relations team also provides the CEO with any suggestions raised by shareholders or investors on a timely basis.
- Providing effective communication channels that allow shareholders

to continuously and periodically review the various aspects of the Company's businesses as well as any material developments.

Persons Interests in the Shares of the Company:

There is no interest in the class of shares that are eligible to vote for any person during the fiscal year ending on December 2021 ,31.

Related Party Transactions

The contracting party	The related party	The nature of the contract	Contract period	Total Value
Allied Arabian Maintenance & Trade Co.	Mr. Sami Abdulaziz Mohammed Al-Suwaigh owns 14% of the capital of contracting party.	Providing Industrial services	From January 1, 2021 until December 31, 2021	SAR (7,597,013.84)
Walaa Cooperative Insurance Company	Both Mr. Khalifa Abdullatif Abdullah Al-Mulhem and Mr. Waleed Mohammed Abdullah Al-Jaafari are members of the Board of Directors of the two companies (Advanced Petrochemical Company and Walaa Cooperative Insurance Company).	Providing multiple insurance coverages (Car Insurance)	From Jun 23, 2021 until Jun 22, 2022	SAR (160,000)
Advanced Polyolefins Industry Company	An affiliate Company of Advanced Petrochemical Company	land Sub-Lease	From 02 November 2021 until 31 December 2021	SAR (1,153,125)

Conflicts of Interest

There are interests as explained in page No. (90) as following:

- Mr. Khalifa Abdullatif Abdullah Al-Mulhem and Mr. Waleed bin Mohammad Al-Jaafari in the contract entered into with Walaa Cooperative Insurance Company, as they are members of the Board of Directors of the two companies (Advanced Petrochemical Company & Walaa Cooperative Insurance Company).
- Mr. Sami Abdulaziz Mohammed Al-Suwaigh in the contract entered with Allied Arabian Maintenance & Trade Co. as he is a shareholder in the contracting Company.

Noting that all transactions do not include preferential terms, as carried out in accordance with the same terms and conditions followed by the Company with all third parties.

Waivers of Remunerations:

There are no waiver arrangements or agreements under which a member of the Company's Board of Directors or one of the Senior Executives has waived any bonuses.

Shareholders Waivers of Rights to Profits:

There were no arrangements or agreements whereby any of the shareholders waived their rights to profits during the year 2020.

Incentive Programs for the Company's Employees:

As the Company values its employees, who are considered as the most valuable resources in its continuous successes, the Company has developed the following incentive programs:

Shares Ownership Program for Company's Employees:

The Company applies the share ownership program for employees who have successfully completed the

agreed period according to the terms of the program mechanism, in cooperation with Riyadh Capital. The Company will continue to implement the incentive program for the employees to retain them and ensure the continuity and enhancement of their performance at its best levels, and make their utmost efforts to serve the Company and achieve its desired goals.

Saving Program

The Company took the initiative to create thrift and saving program (optional) in order to motivate the Company's employees and ensure a better future for them and their families, where the Company deducts a part of the salary based on the employee's desire in order to invest such contribution for the interest of the employee participating in the program. The Company chooses suitable areas to invest the program's funds in accordance with the Islamic investment requirements. The employee's entitlement to the Company's contribution is also calculated according to the principles laid down by the Company, starting from 10% upon completion of

the first year of participation and reaching 100% upon completion of the tenth year of participation, and the employee's entitlements from this contribution are calculated in the event that the subscription ends according to the applicable policy.

Home Ownership Program for Saudi Employees

The program aims to provide the opportunity for Saudi employees working for it and who meet the terms of the program to own housing units, within the framework of the approved policy to secure stability and comfort for its employees and motivate them to continue and work for the Company. The Company built 220 residential villas through two phases of the project in Jalmudah neighborhood In Jubail Industrial City, and housing units were handed over to Saudi employees.

Remunerations and compensations for members of the Board of Directors

The following are details of the remunerations and compensations paid to Board members:

Fixed remunerations								Variable remunerations								
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings committee	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
First : Independent Members																
Dr. Badr Osama Johar	3,000	24,000	10,000	-	-	-	37,000	-	300,000	-	-	-	300,000	-	337,000	10,800
Dr. Ali Siddiq Al-Hakami	4,500	24,000	5,000	-	-	-	33,500	-	300,000	-	-	-	300,000	-	333,500	6,200
Dr. Sultan Mohammad Al-Sulaiman*	7,500	12,000	70,000	-	-	-	89,500	-	400,000	-	-	-	400,000	-	489,500	11,840
Mr. Bander Sulaiman Al-Ghafees **	4,500	12,000	15,000	-	-	-	31,500	-	-	-	-	-	-	-	-	6,800
Total	19,500	72,000	100,000	-	-	-	191,500	-	1,000,000	-	-	-	1,000,000	-	1,160,000	35,640
Second: Non Executive Members																
Mr. Khalifa Abdullatif Al-Mulhem	1,500	24,000	55,000	-	-	-	80,500	-	300,000	-	-	-	300,000	-	380,500	-
Mr. Waleed Mohammed Al-Jaafari	1,500	24,000	100,000	-	-	-	125,500	-	400,000	-	-	-	400,000	-	525,500	-
Eng. Mohammed Khalifah Al-Mulhem	1,500	24,000	30,000	-	-	-	55,500	-	300,000	-	-	-	300,000	-	355,500	-
Mr. Abdulaziz Abdullah Al-Molhem	1,500	24,000	130,000	-	-	-	155,500	-	400,000	-	-	-	400,000	-	555,500	-
Eng. Abdulaziz Abdullah Al-Habardi	9,000	24,000	30,000	-	-	-	63,000	-	300,000	-	-	-	300,000	-	363,000	-
Mr. Sami Abdulaziz Al-Suwaigh	10,500	24,000	30,000	-	-	-	64,500	-	300,000	-	-	-	300,000	-	364,500	-
Total	25,500	144,000	375,000	-	-	-	544,500	-	2,000,000	-	-	-	2,000,000	-	2,544,500	-
Third: Executive Members																
None	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*He resigned from the Board on 24 July 2021

**He was appointed on 27 July 2021.

Remunerations and compensations for Senior Executives:

Below are details of the remunerations and compensations paid to the Executive Management:

Item	Seven Senior Executives including the CEO & CFO
Salaries & Compensation	9,058,434
Allowances	4,091,040
Annual Periodic Remunerations	9,819,061
Incentive Plans	3,745,711
Compensation & In-Kind Benefits	None
Total	26,714,246

Remunerations and compensations for members of the committees:

The following are details of the remunerations and compensations paid to Committees’ members:

	Fixed Remuneration (Except for the allowance for attending Committee meetings)	Allowance for attending Committee meetings	Total
Audit Committee Members			
Mr. Abdullah Abdulrahman Buali	4,500	60,000	64,500
Mr. Abdulaziz Abdullah Al-Molhem	-	60,000	60,000
Dr. Sultan Mohammad Al-Sulaiman *	1,500	45,000	46,500
Mr. Bander Sulaiman Al-Ghafees **	1,500	15,000	16,500
Mr. Waleed Mohammed Al-Jaafari	-	60,000	60,000
Total	7,500	240,000	247,500
Nomination and Remuneration Committee Members			
Dr. Sultan Mohammad Al-Sulaiman*	4,500	25,000	29,500
Dr. Ali Siddiq Al-Hakami **	1,500	5,000	6,500
Mr. Khalifa Abdullatif Al-Mulhem	-	30,000	30,000
Mr. Waleed Mohammed Al-Jaafari	-	30,000	30,000
Mr. Abdulaziz Abdullah Al-Molhem	-	30,000	30,000
Total	6,000	120,000	126,000
Executive Committee Members			
Mr. Khalifa Abdullatif Al-Mulhem	-	25,000	25,000
Mr. Abdulaziz Abdullah Al-Molhem	-	30,000	30,000
Mr. Sami Abdulaziz Al-Suwaigh	7,500	30,000	37,500
Eng. Mohammed Khalifah Al-Mulhem	-	30,000	30,000
Eng. Abdulaziz Abdullah Al-Habardi	6,000	30,000	36,000
Total	13,500	145,000	158,500
Investment Committee Members			
Dr. Badr Osama Johar	-	10,000	10,000
Mr. Waleed Mohammed Al-Jaafari	-	10,000	10,000
Mr. Abdulaziz Abdullah Al-Molhem	-	10,000	10,000
Total	-	30,000	30,000

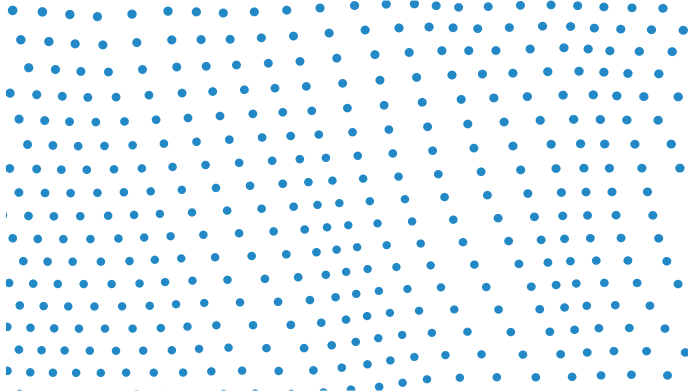
*He resigned from the Board on 24 July 2021, **He was appointed on 27 July 2021.

Remuneration Policy for board members and executive management in the company:

The updated Remuneration Policy was disclosed in the announcement published on the Tadawul website on August 2019 ,8 when publishing the invitation to the eighth extraordinary general assembly meeting, as it was approved by the general assembly.

Relationship between granted remunerations and applicable Remuneration Policy

The Nominations and Remunerations Committee submits to the Board of Directors its recommendations regarding the remuneration of members of the Board of Directors in accordance with the criteria stipulated in the Remuneration Policy approved by the General Assembly, and there is no fundamental deviation from the Remuneration Policy.



The Company's requests for the Shareholders Register

Number of Requests	Date of Request	Reasons for the Request
1	04/01/2021	Corporates Procedures
2	02/02/2021	Corporates Procedures
3	04/03/2021	Corporates Procedures
4	30/03/2021	General Assembly
5	01/04/2021	Corporates Procedures
6	02/05/2021	Corporates Procedures
7	05/07/2021	Corporates Procedures
8	03/08/2021	Corporates Procedures
9	02/09/2021	Corporates Procedures
10	04/10/2021	Corporates Procedures
11	02/11/2021	Corporates Procedures
12	02/12/2021	Corporates Procedures

Implementation of the Corporate Governance Regulations

Article/Para-graph No.	Text of the Article/Paragraph	Reasons for Non-Compliance
32/b	The Board shall convene no less than four meetings per year, and no less than one meeting every three months.	This is a guiding provision. The Board meets in accordance with the provision No. 22 of the Company's Bylaws.
38	The conditions that the secretary must meet.	This is a guiding provision. The Board secretary is appointed in accordance with the provision No. 21 of the Company's Bylaws.
39	Training the Board members and the executive management.	This is a guiding provision. Nomination and Remuneration Committee conduct some assessment means in assessing them.
41	Assessment the Board members and the executive management.	This is a guiding provision.
54	The chairman of the audit committee shall be an Independent Director.	This is a guiding provision.
70	Composition of the Risk Management Committee	These are guiding provisions. The Company's management continuously reviews the Company's policies related to risk management to ensure the imple-mentation of approved policies and programs in order to reduce the risks that the Company may face. The senior executive of the Company also ensures that the risk management processes and the followed systems operate efficiently at all levels of the Company
71	Competencies of the Risk Management Committee	
72	Meetings of the Risk Management Committee	
76	Composing An Internal Audit Unit or Department.	These are guiding provisions. The Audit Committee examine periodic reports on the evaluation of internal control procedures in terms of organization and application, and many periodic and special review processes have been implemented that would ensure the accuracy and effectiveness of performance and quality, in addition to contributing to the review of the initial financial statements and their approval based on the delegation of powers by the Board of Directors and coordinates the work of the external supervisory authorities.
77	Internal Audit Plan.	
78	Internal Audit Report.	
83	Regulating the Relationship with Stakeholders	This is a guiding provision. The Bylaws of the Company, the policies and regulations approved by the General Assembly and the Board of Directors, and the relevant laws and regulations guarantee the protection and preservation of the rights of stakeholders.
85	Employee Incentives.	This is a guiding provision. The Company adopts several programs for developing and motivating employees within its policies.
87	Social Responsibility.	This is a guiding provision. The Company makes an effective contribution to many social aspects, as explained in Item No. (40) of this report.
88	Social Initiatives.	
89/3	The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods.	This is a guiding provision. The Company publishes any information and data required to be disclosed according to the laws and regulations in the man-ner specified by the Capital Market Authority.
95	Formation of a Corporate Governance Committee	This is a guiding provision. The Company's executive management, in coordination with the audit committee, works on developing corporate governance rules, monitoring their implementation, verifying their effectiveness, and amending them when needed.
93/b	The disclosures in this article and in the Board report shall be pursuant to the appended schedule.	The Company disclosed the remuneration of Executive Management in accordance with paragraph (B) of Article (60) of the Rules on the Offer of Securities and Continuing Obligations, in which a request was submitted to CMA for exception
46/3	Rules & Criteria for Competition of a Member of the Board of Directors with the company's business	These rules and criteria are already being recommended by the Board to the upcoming shareholders general assembly for approval.

The Announcements of the Company during 2021:

No.	Date	Subject of the Announcement
1.	11/01/2021	Estimated Annual Financial Results For The Period Ended On 31-12-2020
2.	25/02/2021	Annual Financial Results For The Period Ended On 31-12-2020
3.	07/03/2021	The Shutdown Of Its Propylene & Polypropylene Plants For Periodic Scheduled Maintenance Activities
4.	07/03/2021	Invitation To Shareholders To Attend The 9th Extraordinary General Assembly Meeting (First Meeting) Via Modern Technology Means
5.	10/03/2021	Advanced Global Investment Company Obtained Feedstock Allocation From The Ministry Of Energy To Set Up A Petrochemical Complex Project In The Kingdom Of Saudi Arabia
6.	31/03/2021	The Results Of The 9th Extraordinary General Assembly Meeting (Second Meeting)
7.	31/03/2021	The Distribution Of Dividend For The First Quarter Of 2021
8.	06/04/2021	The Estimated Financial Results For The Period Ended On 31 March 2021 (Three Months)
9.	11/04/2021	The Latest Developments Regarding The Shutdown Of Its Propylene & Polypropylene Plants For Periodic Scheduled Maintenance Activities
10.	14/04/2021	The Signing Of Engineering, Procurement And Construction Contracts By Advanced Global Investment Company For The Construction Of A Propylene Plant In Jubail Industrial City, Kingdom Of Saudi Arabia
11.	14/04/2021	The Signing Of Engineering, Procurement And Construction Contracts By Advanced Global Investment Company For The Construction Of Two Polypropylene Plants In Jubail Ii, Kingdom Of Saudi Arabia
12.	14/04/2021	The Dividend Distribution Method For The 4th Quarter Of 2020
13.	18/04/2021	The Dividend Distribution Method For The 1st Quarter Of 2021
14.	26/04/2021	The Latest Developments Regarding The Signing Of Heads Of Agreement For The Development Of Pygas And Pyoil Downstream Project In Saudi Arabia
15.	28/04/2021	The Interim Financial Results For The Period Ended On 31 March 2021 (Three Months)
16.	17/05/2021	The Commencement Of Commercial Operation Of The Polypropylene Plant In South Korea
17.	30/06/2021	The Distribution Of Dividend For The Second Quarter Of 2021
18.	07/07/2021	The Estimated Financial Results For The Period Ended On 30 June 2021 (Six Months)
19.	27/07/2021	Resignation And Appointment Of A Board Member
20.	27/07/2021	Resignation And Appointment Of A Member Of The Audit Committee
21.	29/07/2021	Addendum Announcement In Regards To The Resignation And Appointment Of A Member Of The Audit Committee
22.	11/08/2021	The Interim Financial Results For The Period Ended On 30 June 2021 (Six Months)
23.	10/10/2021	The Estimated Financial Results For The Period Ended On 30 September 2021 (Nine Months)
24.	20/10/2021	The Distribution Of Dividend For The Third Quarter Of 2021
25.	27/10/2021	The Financial Results For The Period Ended On 30 September 2021 (Nine Months)
26.	22/12/2021	The Distribution Of Dividend For The Fourth Quarter Of 2021





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