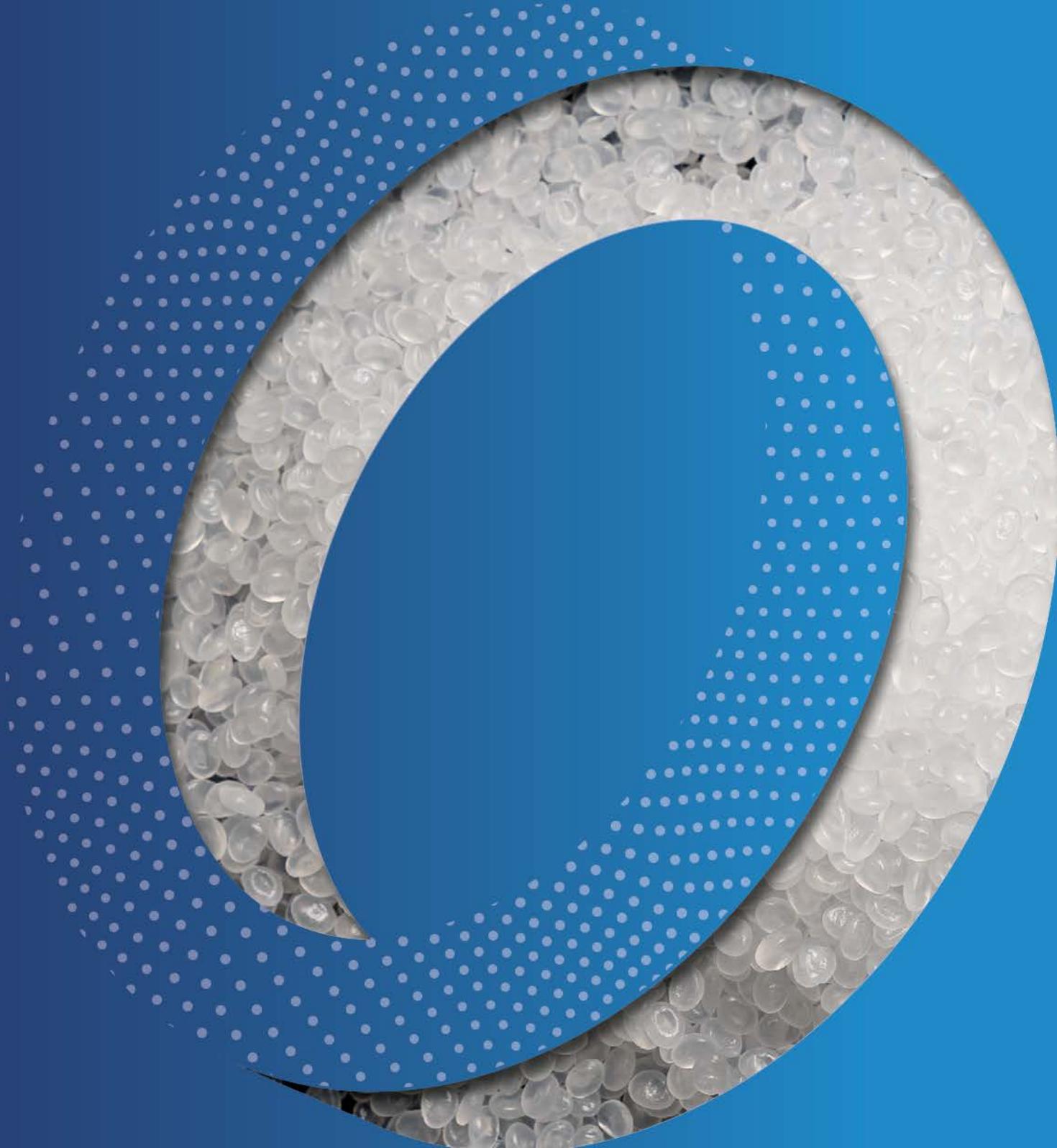




المتقدمة
Advanced

ثقافة التميز
Culture Of Excellence

ANNUAL REPORT 2022





Advanced Petrochemical Company

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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



**His Royal Highness Prince
Mohammed bin Salman bin
Abdulaziz Al Saud**

Crown Prince, Prime Minister

CHAIRMAN'S MESSAGE

“ At Advanced, we are proactively pursuing our strategies by strengthening all areas of the business ”



Mr. Khalifa bin Abdullatif Al Mulhem

Chairman of the Board

Advanced is committed to execute its growth strategies and to proactively overcome the global economic challenges to contribute to the Kingdom's Vision 2030

During 2022, Advanced focused on growth projects and transformation initiatives in the areas of human capital, Digitalization, ESG & Sustainability and Business strategies. As we are all aware, the war between Russia & Ukraine has led to several disruptions in terms of increased energy costs and inflation in several countries and trade flow patterns. Further, the lock downs in China due to the “zero covid policy” have created a lot of challenges.

In spite of these challenges, Advanced has steadily maintained its production and sales levels throughout, by adopting proactive approach to strengthen

all areas of the business including ESG, human capital, plant reliability and profitability.

With regards to growth strategy, the new PDH-PP project execution is proceeding as per schedule and we successfully completed the financial closure.

I am confident that we will be successfully able to achieve the Company's strategies through the commitment of Advanced's employees towards culture of excellence to contribute to the Kingdom's Vision 2030.

Finally, on behalf of the Board and Advanced's employees, I would like to express my

most sincere gratitude and appreciation to the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud and his royal highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince and Prime Minister of the Kingdom of Saudi Arabia, and wish all stakeholders of Advanced a very successful year for 2023.

PRESIDENT AND CEO'S MESSAGE

Advanced has achieved major milestones and recognitions and will continue focusing on its growth and transformation initiatives

Advanced's focus on Responsible Care, Human Capital, Customers, Plant Reliability, profitability and growth has led to achieve 22 Million safe man hours, the highest ever Polypropylene production and sales levels in 2022. In addition, Advanced 2021 ESG Report was published in 2022 reflecting the forward plan toward ESG excellence.

We are proud to have achieved the first rank environmental performance award among the primary industry, awarded by the

Royal Commission of Jubail on 2022 as well as achieving the Occupational Safety and Health Pioneer Award and the Best training programs for students and graduates among ten thousand companies across the Kingdom, which was issued by the Ministry of Human Resources and Social Development.

In spite of the market challenges, we have implemented several profitability enhancement initiatives in all areas of the business including

production, consumption & costs, marketing, finance & cash management.

Several transformation initiatives in the areas of human capital, Digitalization, ESG & Sustainability and Business strategies were defined and implemented and we will be continue pursuing them during 2023 as well as focusing on the preparation and readiness of the PDH-PP project and Advanced's growth plan.

Finally, I would like to thank the Board of Directors for

their excellent support in all aspects of the business as well as all employees and look forward to continually improve and innovate to achieve and further sustain the "Culture of Excellence".

Wish all the very best and a successful 2023.



“ At Advanced, we focus on responsible care, human capital, customers, production and reliability, profitability and growth as pillars for sustainable future ”

Eng. Fahad bin Salem Al Matrifi

President & CEO

FINANCE & ACCOUNTING MANAGER'S MESSAGE

“ Advanced increased its capital to empower and support achieving its growth and expansion strategy; and also to maximize shareholders' return ”



Mr. Abdulaziz S. Al-Ardhi

Finance & Accounting Manager

Advanced has implemented variety of optimization and efficiency programs to overcome challenges of the evolving market for 2022

In spite of achieving the highest sales volume since the company inception during 2022, Advanced net income was SAR 295 Million, down 64% from SAR 815 Million in the previous year, due to the very low market spreads as well as share of losses in SK Advanced of SAR 109 Million.

In order to meet the challenges of the evolving market conditions, Advanced implemented optimization and efficiency programs to reduce its capital and operating expenditures in 2022 resulted in a fixed cost reduction by more than SAR 70 Million.

Despite the challenges faced on the profitability front,

Advanced distributed cash dividends of SAR 429 Million for 2022, and increased the company's capital by way of granted bonus shares to the shareholders in the amount of one share for every 5 shares held, by capitalizing SAR 261 Million of Statutory Reserve and SAR 174 Million of retained earnings to support the company's capital base to match the size of company assets and future expansion.

In a year marked by uncertainty, Advanced achieved a number of milestones, including the successful completion of signing the loan agreement with SIDF for SAR 3 billion facility and financing documents with a consortium of 9 banks for commercial

loan facilities of SR 6.1 billion to support APOC project activities and adopting the shared service concept in the group to distribute the costs among Advanced subsidiaries.

Technology continues to play a key role in the company as a whole and finance function in particular by making the best use of human intelligence and artificial intelligence through the digital transformation is our commitment to the future.



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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

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



Name plate capacities

455,000
tons of propylene
per year

450,000
tons of polypropylene
per year

Established in
2005

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, it has 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 also it 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 reliable.

From a marketing strategy perspective, the products are marketed locally and globally through well-renowned off-takers. The Company's products are used in plastic applications such as cast film, BOPP films, fibers, filaments, woven tapes, non woven fabrics, and injection molding.



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.

Advanced's Journey

Advanced Site Construction

2005

2006

Initial Public Offering in December 2006 and listed in the Saudi Exchange in January 2007 with a capital of 1,413,750,000

2008

Commissioning of PDH and Polypropylene plant

2012

First Paid Capital increased by 16% to (SAR 1,639,950,000) through issuing bonus shares

2013

Signed agreement with SATORP to purchase 80 KTA Propylene to enhance PP production utilizing the same assets (currently extended to 120 KTA up to Dec 2025)

2014

MOU with SK Gas to establish state-of-the-art Propane Dehydrogenation (PDH) plant in South Korea to produce Propylene with Name Plate Capacity of 600,000 KTA

2016

Started commercial production of SK Advanced PDH Plant in South Korea

Second Paid Capital increased by 20% to (SAR 1,967,940,000) through issuing bonus shares

2018

Awarded EPC contract for 400 KTA PP plant to be set up in South Korea ("UPP"), which is 50% owned by SK Advanced

2019

Third Paid Capital increased by 10% to (SAR 2,164,730,000) through issuing bonus shares

Redemption of SAR 1 billion for Advanced Petrochemical Company from SUKUK

Obtained feedstock allocation from the Ministry of Energy to set up a new PDH-PP complex in Jubail industrial City

2020

Signed Joint Venture agreement for new PDH-PP project in Jubail industrial with SK Gas (to form Advanced Polyolefins Company "APOC")

2021

Awarded EPC for the new PDH-PP project by APOC, planned for commissioning in 2024

Received additional feedstock allocation to establish a new Petrochemical Complex in Jubail-2

UPP (PP plant in South Korea 50% owned by SK Advanced) started commercial operation

2022

Achieving 22 Million safe man-hours without lost workday injuries in 2022 by the blessing of the Almighty and the dedication of all our employees and contractors

Awarded the 1st Rank in Environmental Performance among Jubail Primary industries by the Royal Commission of Jubail & Yanbu.

Achieved highest ever PP production and sales.

Forth Paid Capital increased by 20.11% to (SAR 2,600,000,000) through issuing bonus shares

02

2022

Performance and
Achievements



We proactively strive
for excellence.



Responsible Care

As a result of the Proactive approach embedded in Advanced occupational health, safety culture and robust environment control, Advanced has achieved the following recognition during 2022:

Achieving **22 Million safe man-hours** without lost workday injuries in 2022.

Recognized as the Pioneer Company in the **Occupational Health and Safety category** among small and medium Saudi Companies by the Ministry of Human Resource and Social Development.

Awarded the **1st Rank in Environmental Performance** among Jubail Primary industries by the Royal Commission of Jubail & Yanbu.

Advanced has an Integrated Management System covering Quality, Environment, Occupational Health & Safety, Process Safety, Responsible Care & Cybersecurity. Advanced'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)
- Information Security Management System (ISMS) (ISO 27001)

Building a better future: CSR Programs for creating lasting change

At Advanced, we've proactively focused on improving and expanding our innovative CSR programs, which have enabled us to make a positive impact across the Health, Education & Charitable sectors over time.

As social responsibility continues to be our company's pillar of success, we look forward to continuing our efforts that align with our values and principles, and create lasting impact and help contribute towards the community.



Programs have been conducted during 2022 under CSR in different cities across KSA





Memberships

Advanced is a member of the following organizations:



The Gulf Petrochemical and Chemical Association (full member).



Jubail Area Mutual Aid Association (JAMA'A).



Royal Society for the Prevention of Accidents



Middle East Investor Relations Association

Certifications

Advanced is committed to the highest standards possible and has worked hard to align its business and operations to international standards, bodies, and certifications. These include:



Awards



HRH Princess Seetah award for CSR
Awarded by: HRH Seetah Est. 2020



Occupational Safety and Health Pioneer Award (2022)



Best training programs for students and graduates (2022)



1st Cycle Energy Saving Credits Certified
Awarded by: Saudi Energy Efficiency Center (SEEC) 2021



1st Rank Environmental Performance Award
Awarded by: Royal Commission in 2022



Best company in Environmental Program Sponsorship
Awarded by: Royal Commission 2021



RoSPA Gold Award
Awarded by: Royal Society for the Prevention of Accidents 7 consecutive times, 2020, 2021, 2015, 2016, 2017, 2018, 2019

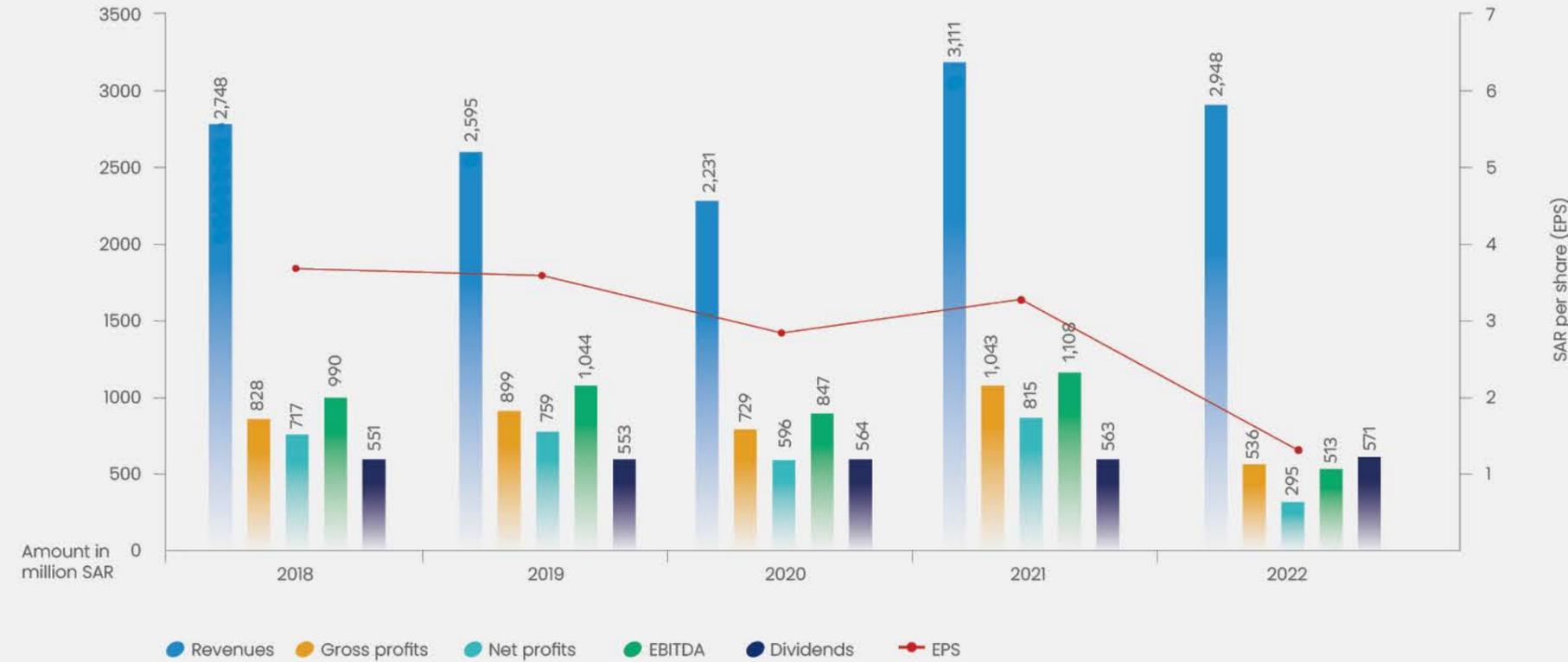


International Quality Star – Diamond
Awarded by: International Core Quality 2017

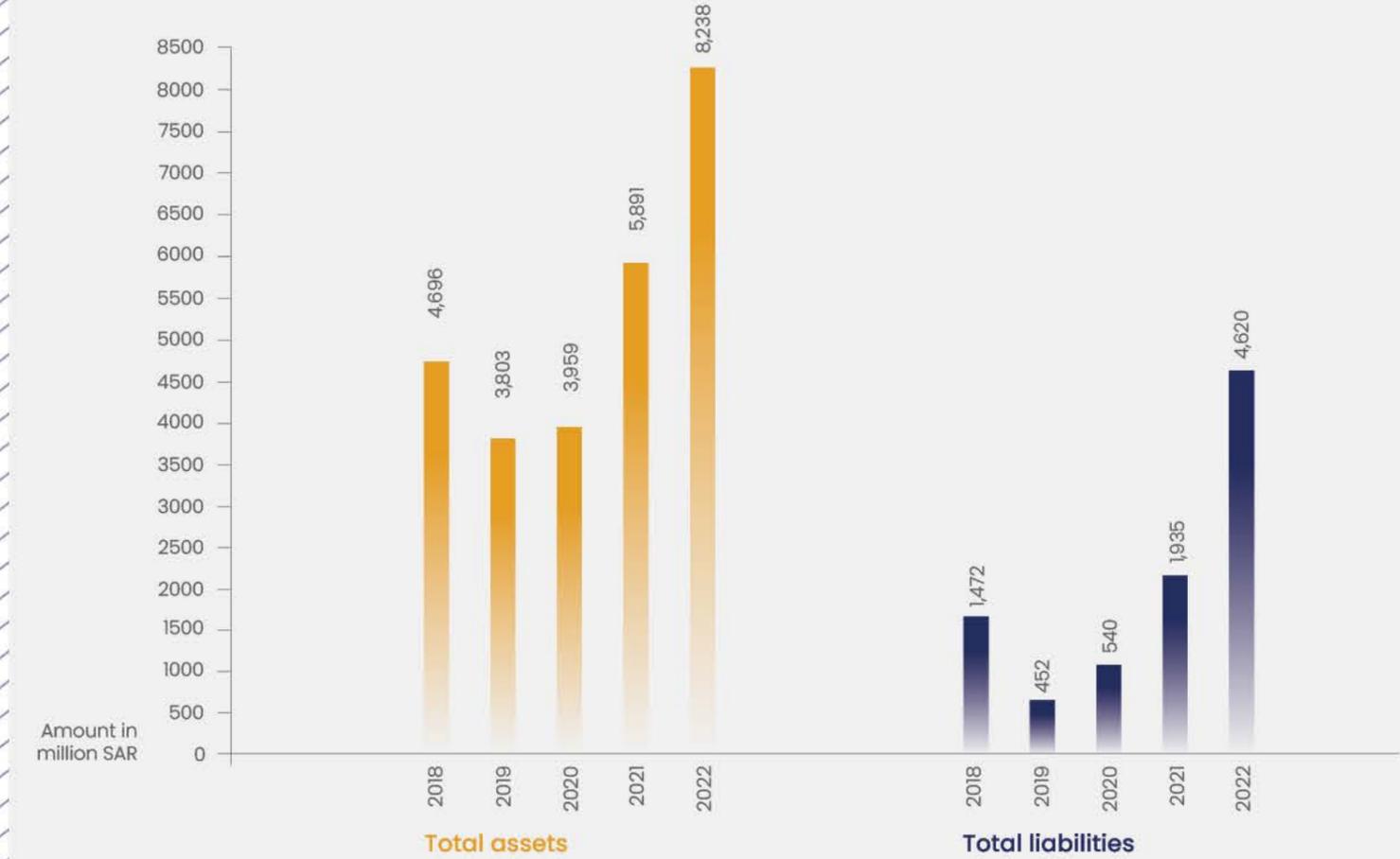
Business Performance

Advanced has achieved a net profit for of 295 Million SAR in 2022. In spite of the market challenges in terms of price deterioration and low spreads during second half of 2022 in addition to share of losses from SK Advanced by 109 Million, Advanced achievement in 2022 has been realized due to several cost optimization efforts and record PP sales levels as well.

Business results for the last five years:



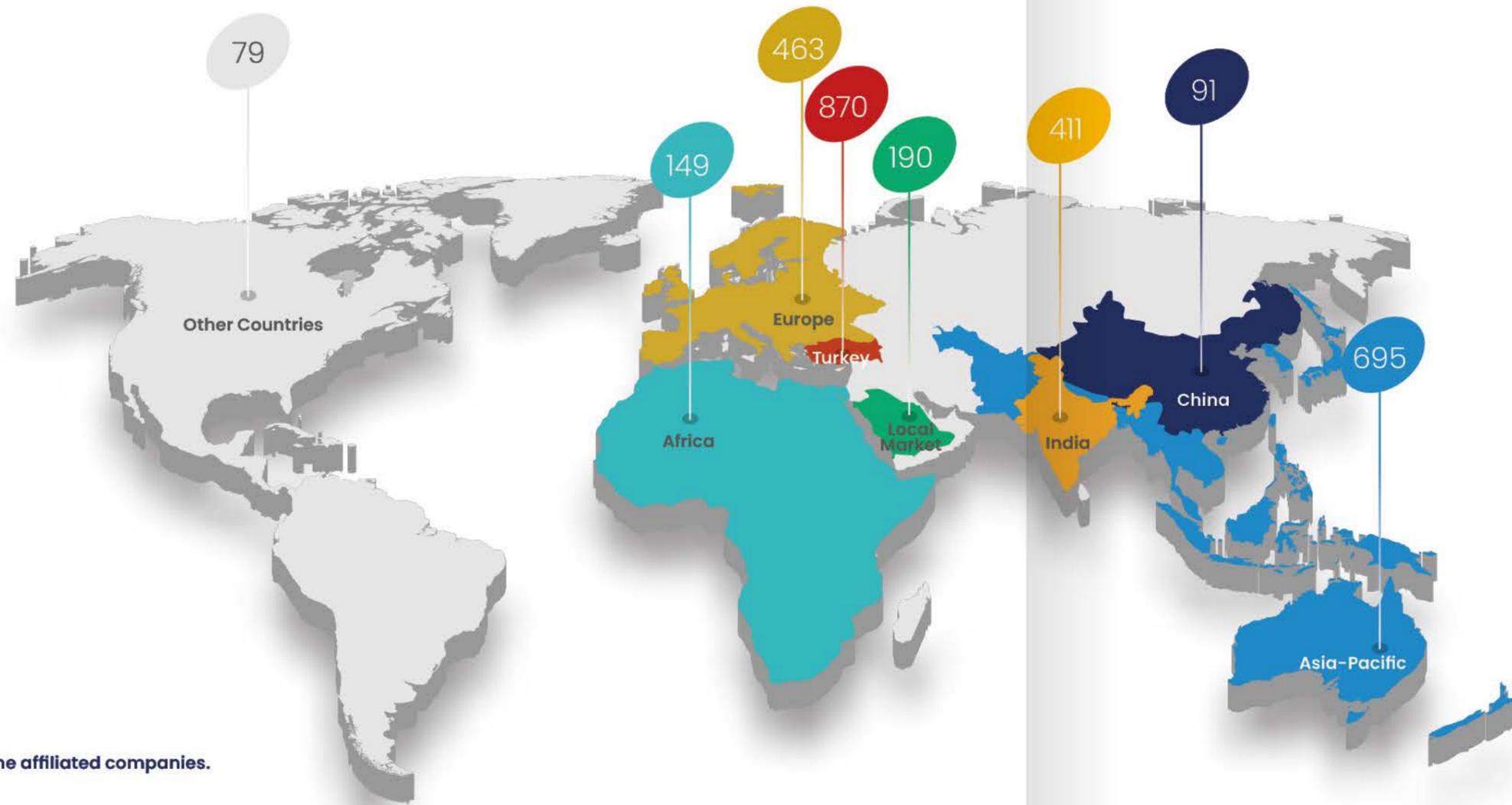
Assets and Liabilities for the Last Five Years:



Geographical distribution of sales:

2022

Geographical Analysis of the Total Revenues of Advanced Petrochemical Company and Affiliated Companies (in Millions SAR)*



*There was no revenue recognized during 2022 by all the affiliated companies.



03

**FINANCIAL
RESULTS**



Investing in today, to
enable tomorrow.

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 2022, and its consolidated financial performance and its consolidated cash flows for the year ended.

Financial performance for the last five years

Amount in Million SAR					
Statement	2018	2019	2020	2021	2022
Revenues	2,748	2,595	2,231	3,111	2,948
Cost of Revenues	1,921	1,695	1,502	2,068	2,412
Gross Profits	828	899	729	1,043	536
Net Profits	717	759	596	815	295

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 2022 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	2018	2019	2020	2021	2022
Current Assets	1,343	530	653	1,056	1,706
Non-Current Assets	3,354	3,273	3,305	4,835	6,532
Total Assets	4,696	3,803	3,959	5,891	8,238
Current Liabilities	1,369	328	397	1,603	2,158
Non-Current Liabilities	103	124	142	332	2,462
Total Liabilities	1,472	452	540	1,935	4,620

Amount in Thousands SAR				
Statement	2022	2021	Changes +/-	Change Percentage
Revenues	2,948,471	3,111,319	(162,848)	(5%)
Cost of Revenues	(2,412,176)	(2,068,703)	(343,473)	17%
Gross Profit	536,295	1,042,616	(506,321)	(49%)
Other Operating Revenues	(103,228)	6,023	(109,251)	(100%)
Other Operating Expenses	(137,327)	(177,944)	40,617	(23%)
Operating Profit	398,968	864,672	(465,704)	(54%)
Net Profit	294,501	815,395	(520,894)	(64%)

Total Debts of the Company and its Subsidiaries:

Total Debts were disclosed in the audited financial statements for the year 2022, and the following are the details of the total facilities and information related to Advanced Petrochemical Company during the fiscal year 2022:

a) As for Advanced Petrochemical Company

Amount in Million SAR

No.	Statement	Lender	Loan Amount	Duration	Paid Amount during 2022	Remaining Amount	Total Debts
1.	Islamic Credit Facilities	Saudi National Bank	250	5 years	-----	9,6	240,4
2.	Islamic Credit Facilities	1. Al Rajhi Bank 2. Riyadh Bank 3. The Saudi National Bank	1,500	5.5 years	-----	-----	1,500

b) As for Advanced Polyolefins Industry Company

No.	Statement	Lender	Loan Amount	Duration	Paid Amount during 2022	Remaining Amount	Total Debts
1.	Various Islamic Facilities	1. Alinma Bank 2. Al Rajhi Bank 3. Arab National Bank 4. Arab Petroleum Investments Corporation 5. Bank Albilad 6. Banque Saudi Fransi 7. Riyadh Bank 8. The Saudi British Bank 9. The Saudi National Bank	6,100	10 Years for Base and Standby facilities 4 Years for Bridge and VAT Murabaha facilities	-----	6,100	-----
2.	SIDF loan	SIDF	3,000	8 Years	-----	780	2,220

As for the other subsidiaries, there is no liabilities or loans obtained from any financing entity during the year 2022.

Government Payments Due:

Amount in SAR				
Statement	2022 Paid	Due at Year-end and not Paid	Description in Brief	Reasons
Zakat	24,987,407	14,983,449	Company 's Zakat	Mandatory
Tax	1,135,233	340,783	Company 's Tax	Mandatory
GOSI	20,919,028	-	Payment of GOSI subscriptions	Mandatory
Passports & Visas Costs	408,760	-	Payment of Visas & Passports fees for employees	Mandatory
Fees for Issuing Labor permits	18,108	-	Payments of Iqamas' fees for employees	Mandatory

04

ESG



Advanced is committed to
achieve ESG excellence.



Advanced commitment to achieving ESG excellence is firmly anchored in Advanced values. The balance among, environmental protection, social responsibility and economic performance is an integral part of Advanced culture and an embedded part of Advanced business strategies.

At Advanced, we strive to create more value for our stakeholders, including our commitment and contribution to the initiatives related to Environment, Social, and Governance. We aim to innovate new initiatives for sustainable development while shaping our business responsibly and increasing

our economic success. Our ESG strategy provides a clear framework and reflects our plans and performance to meet and exceed stakeholders' expectations.

Advanced ESG Report for 2021 marks the beginning of our move toward ESG excellence. The report was published in

2022, reflecting Advanced forward plan toward the positive contribution in ESG investment as well as Advanced stand against the globally identified ESG Risks.



Long Term ESG Objectives



“ BY 2030, THE COMPANY AIMS TO REDUCE GHG EMISSIONS AND ENERGY INTENSITY BY 13%; REDUCE WATER INTENSITY BY 26%; AND IMPROVE MATERIAL EFFECTIVENESS BY 26% ”

Using 2017 as the baseline year for sustainability improvements, in 2018 Advanced launched its Sustainability Program. This marked the start of a journey towards lowering environmental impacts and enhancing efficiency. Advanced appreciates that it will take time to develop and execute various elements of this program. Therefore, the company set 2030 as its target measurement year. 2030 is also a critical milestone for reducing CO₂ emissions for signatories of the Paris Agreement and the KSA Vision. By 2030, the company aims to reduce GHG emissions and energy intensity by 13%; reduce water intensity by 26%; and improve material effectiveness by 26%.

The company also deepened its efforts in Corporate Social Responsibility (CSR) and joined a number of initiatives. These have laid important foundations for the 5-year CSR Strategy which is expected to be launched in 2022.

Advanced's long-term strategy is one of continued growth in the chemicals sector and it is aiming for multiples of our current size. The company also

wants to be recognized as a leader in operational and manufacturing excellence in the petrochemical sector, while complying with, and improving performance across, all aspects of ESG.

In support of its growth strategy, Advanced is currently executing its multi-billion-dollar 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 2024. This project aims to produce various specialized PP product grades which will provide an edge for Advanced to penetrate value added PP segments.

Further to this, Advanced also obtained feedstock allocation from the Ministry of Energy in 2021 to set up an integrated world scale cracker complex. This project will also focus on producing various downstream products for conversion and for local industry. It will serve to enhance and boost local consumption and employment.

Indicators	Baseline 2017	2021	2030 Plan
 SHE Index*	0	0	0
 Incident rate direct hire*	0	0	0
 Incident rate contractors*	0	0	0
 GHG tCO ₂ e/t product	1.37	1.35	1.19
 Energy GJ/t product	23.95	23.32	20.84
 Water tH ₂ O/t product	1.18	1.18	0.87
 Material effectiveness KG/t product	11.55	19.87	8.55

* Refer to Appendix A: Glossary & Formula Published in 2021 ESG Report

ESG Framework

Advanced Petrochemical's ESG and Sustainability Framework summarizes what sustainability means for the company by identifying the key areas that need to be addressed and balanced. The Framework revolves around Advanced Petrochemicals values:

Advanced ESG framework is aligned with many national and international frameworks such as the UNGC, UNSDGs, and the Saudi Vision 2030. The framework has been developed based on ESG materiality assessment with the engagement of Stakeholders. The materiality assessment covered environmental, social, governance, and economic issues that range from broad global and national issues and initiatives such as climate change and commitment to carbon footprint reduction, supporting the Sustainable Development Goals (SDGs) of the United Nations, moving to contribute and support national 2030 Saudi Vision initiatives and programs.

Advanced is moving toward exploring further initiatives and projects to contribute to enhancing the maturity level of ESG performance in the years to come.

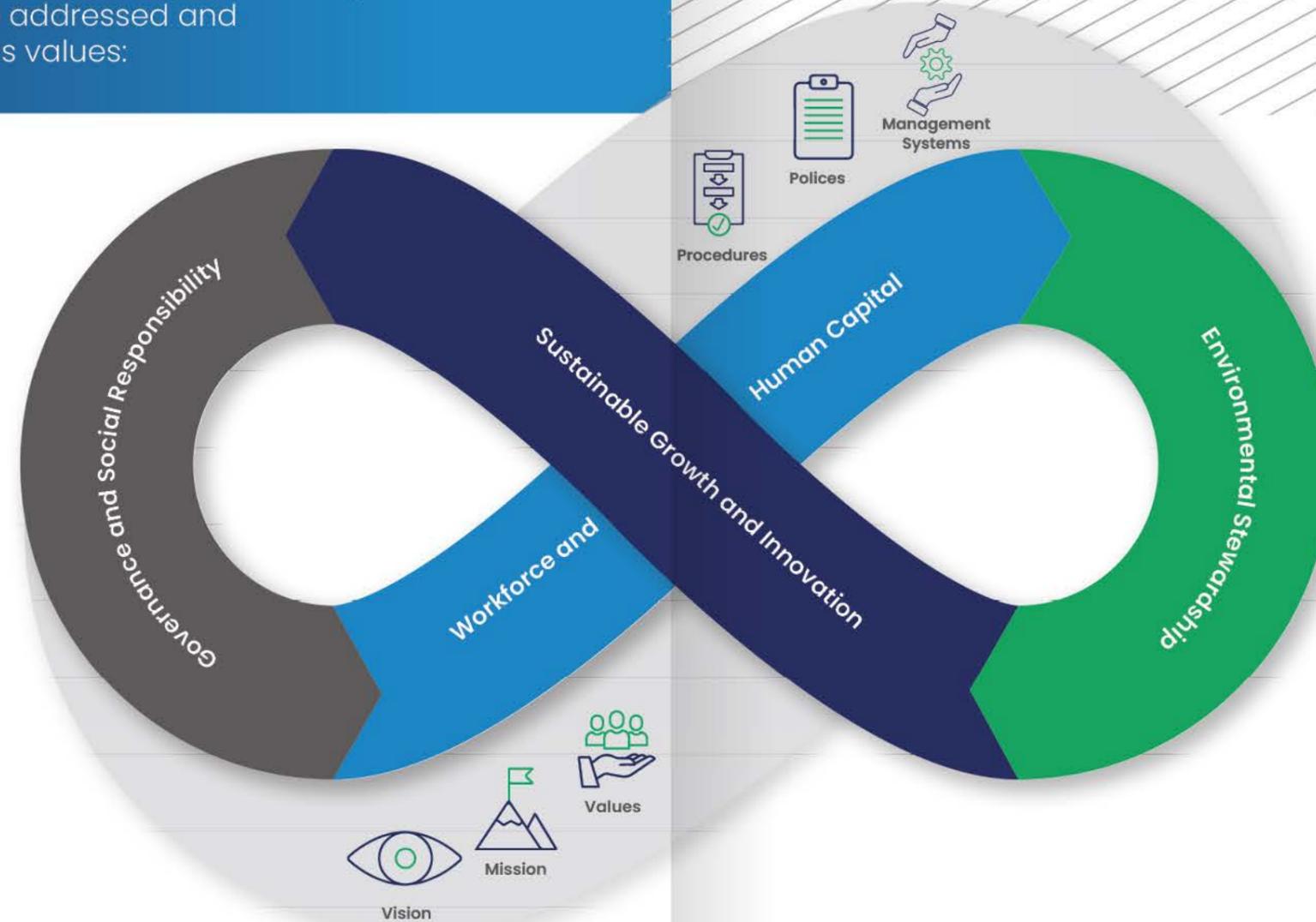
01 Governance and Social Responsibility

- Governance, ethics and compliance
- Community investment and CSR
- Customer Satisfaction
- Data Security




02 Workforce and Human Capital

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

03 Environmental Stewardship

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




04 Sustainable Growth and Innovation

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




05

**BUSINESS
STRATEGIES**



Advanced is focused on building for the Company's strategies and pursuing its vision proactively.

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. ”

2022

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

As already announced in the Saudi Exchange's website, 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 Q2 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, 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.



PDH-PP Project



Advanced Polyolefins is executing the development of a new greenfield propane dehydrogenation ("PDH"), polypropylene ("PP") and isopropanol ("IPA") complex with all required offsite and utilities in Jubail Industrial City, Saudi Arabia (the "Project"). The complex (currently undergoing construction) will be operated by Advanced Polyolefins.

The Project will consist of:

- A single train PDH with a total nameplate capacity of 843 000 tons per year of Propylene using CATOFIN Technology
- Two PP trains, each with a nameplate capacity of 400 000 tons per year of Polypropylene using Spheripol and Spherizon technologies from LyondellBasell
- An IPA plant with a nameplate capacity of 70 000 tons per year of Isopropanol

Commissioning is currently planned for Q2 2024.

The scope of work for the Project has been divided into three different packages as follows:

- PDH/UTOS: the PDH plant as well as utilities and offsites associated with the plant, performed by Samsung Engineering Co.
- PP: both polypropylene plants, the

warehouse and associated works performed by Tecnimont.

- OSBL: The scope includes pipelines to bring feedstock and utilities to the site as well as all non-process buildings. Separate local contractors are employed per discipline.
- IPA: The Front End Engineering Design (FEED) is currently ongoing by Samsung with the completion date set for Q2 2023.

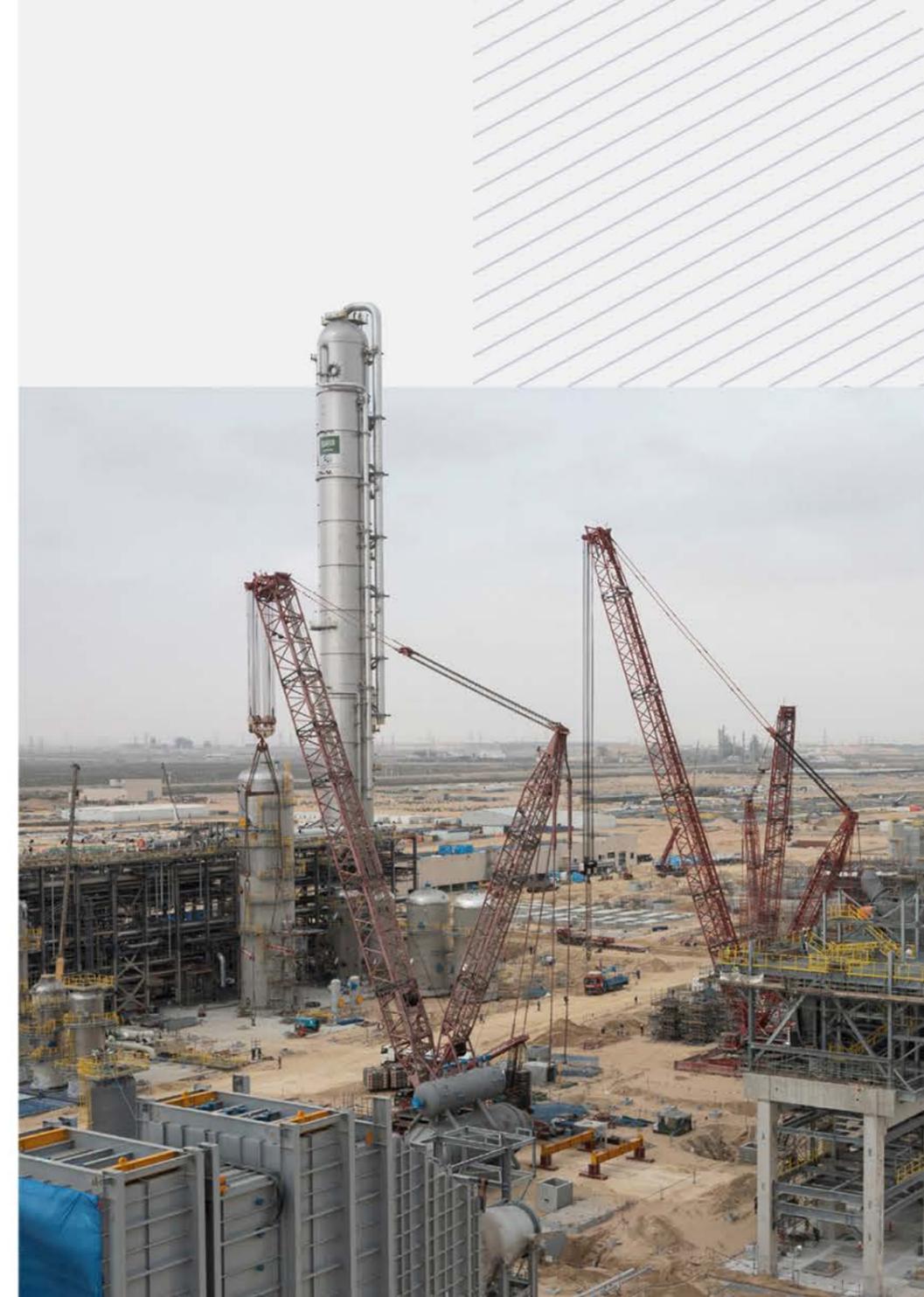
Fluor is retained as PMC to the Project.

Overall Project Progress Status

The overall project has completed more than 14 million safe man-hours.

The overall Project Execution Phase has achieved an Actual Progress above 53%.

There is currently significant construction activity on site, with peak manpower expected in the first half of 2023. Progress has been largely in line with expectations, with actual execution curves closely aligned with planned.



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

Future Plans and Forecasts:

Advanced has managed to sustain and improve upon its performance in spite of the several business risks posed by geo-political situations.

Considering the market dynamics as an outcome of the Russia Ukraine War, inflation, capacity additions in Asia etc, the recovery, in terms of product prices and product to raw material price spreads, is expected to be gradual during 2023. However, with cost optimization measures and close coordination with the market and our off takers, we are confident to tide over this situation as well.

For Advanced affiliate SK Advanced, several actions have been stipulated

to closely monitor and implement in order to minimize the financial impact during difficult market conditions. However, the situation in 2023 is expected to gradually improve as mentioned.

Another important activity to be successfully completed is the execution of our new PDH-PP 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

2024. Further, in 2023, efforts will be maximized towards operational & maintenance readiness including recruitment of required manpower to support the start up in 2024.

In line with the Company's growth strategy, the implementation of corporate restructuring, shared services and Digital transformation concepts have started in 2022 and the required implementation will be continued in 2023 as per the requirement.



06

**RISK
MANAGEMENT**



Risk assessment process is carried out continuously at the strategic and operational level.



Advanced has its own risk management platform wherein key business risks already identified since the past several years were 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, as 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 2022, 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.

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

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.

With regards to the risks identified in 2021 & 2022, based on a risk revalidation done in 2022, the following risks have been reclassified:

Pandemic risk: Considering the current easing of the situation globally and in line with Ministry of Health's guidelines, Covid-19 pandemic risk has been reclassified from "high" to "medium". However, the situation will be closely monitored along with any protocols from the Ministry and the risk category will be re-validated on a regular basis.

High Logistics cost: Logistics cost and container availability was a concern until the first half of 2022 due to trade flow patterns. However, currently the situation has eased and is gradually returning back to normal. Hence, logistics cost has been re-classified from "high" to "medium" risk.

Market price fluctuation: Price fluctuation has been reclassified from "medium" to "high" risk considering the current market behavior. Mitigations and close monitoring in the areas of cost optimization and sales efficiency improvement are already in place.

Equity investments: Considering the high share of losses from Advanced affiliate in South Korea (SK Advanced) mainly due to drop in product prices and spreads, drop in share price of investment shares of Tasnee, this risk has been

reclassified from "medium" to "high". Mitigations and close monitoring with regards to actions to be taken to minimize the impact, are already in place.

Financing cost: Due to the current increasing trend in the financing cost (SIBOR and LIBOR), and considering Advanced current growth requirements etc, "financing cost" has been included as a new "high" risk. Mitigations and actions are being put in place for efficient cash management.

All of the above re-classified, new and existing risks will be monitored on a regular basis to ensure mitigations and actions are in place as well as to review the requirement of further re-classification, if required.

07

GOVERNANCE



At Advanced, corporate governance is at the heart of what we do

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 off-takers. The company's main product, which is polypropylene, generated a revenue of 2,948 Million SAR in 2022.

The Activity: Manufacturing of
Propylene & Polypropylene

The Activity Revenues
(in Millions SAR)
2,948

Advanced Global Investment Company (AGIC):

It is a Saudi company, Single Shareholder limited liability Company wholly owned by Advanced, established in August 2012, 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 did not have any revenues achieved during the year 2022. 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 losses by the

end of 2022 amounted to a total of 109 Million Saudi riyals, and (ii) Advanced Polyolefins Industry Company (APOC) with ownership of 85% by Advanced Global Investment Company and 15% is owned by SK Gas Petrochemical Pte. Ltd. The total equity injection for APOC from AGIC is SAR 2.18 Billion which has been partly funded by its own cash as well as by borrowing through Revolving Credit Facility (RCF).

Advanced Global Marketing Company:

It is a Saudi company, Single Shareholder limited liability Company wholly owned by Advanced, established in March 2012 (formerly named Advanced Renewable Energy Company). The

principal objective of the Company are to market products of petrochemical, chemical, basic and downstream industries as well as the provision of marketing services on behalf of Advanced, APOC and Advanced's future growth projects, within and outside of the Kingdom of Saudi Arabia. It has not recorded any assets, liabilities or any operations including any potential liabilities for the period ending on December 31, 2022. Consequently, there is no impact on the Company's business volume during the fiscal year 2022.

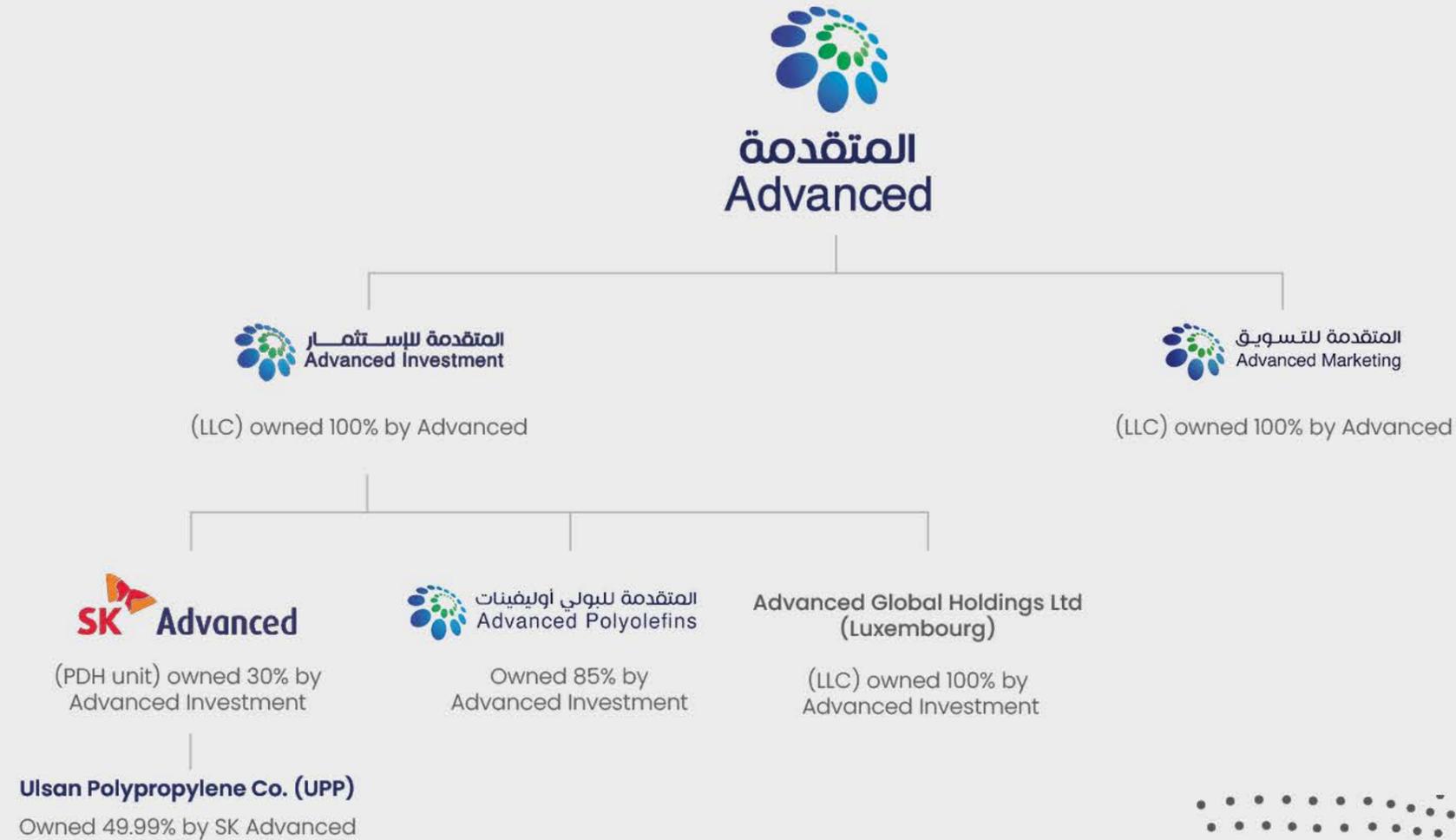
Advanced International Holding Company Ltd.:

It is a limited liability company whose activity is to invest in the production and marketing of petrochemical and chemical products, and 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 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, 2022. Consequently, there is no impact on the volume of the Company's business during the fiscal year 2022.

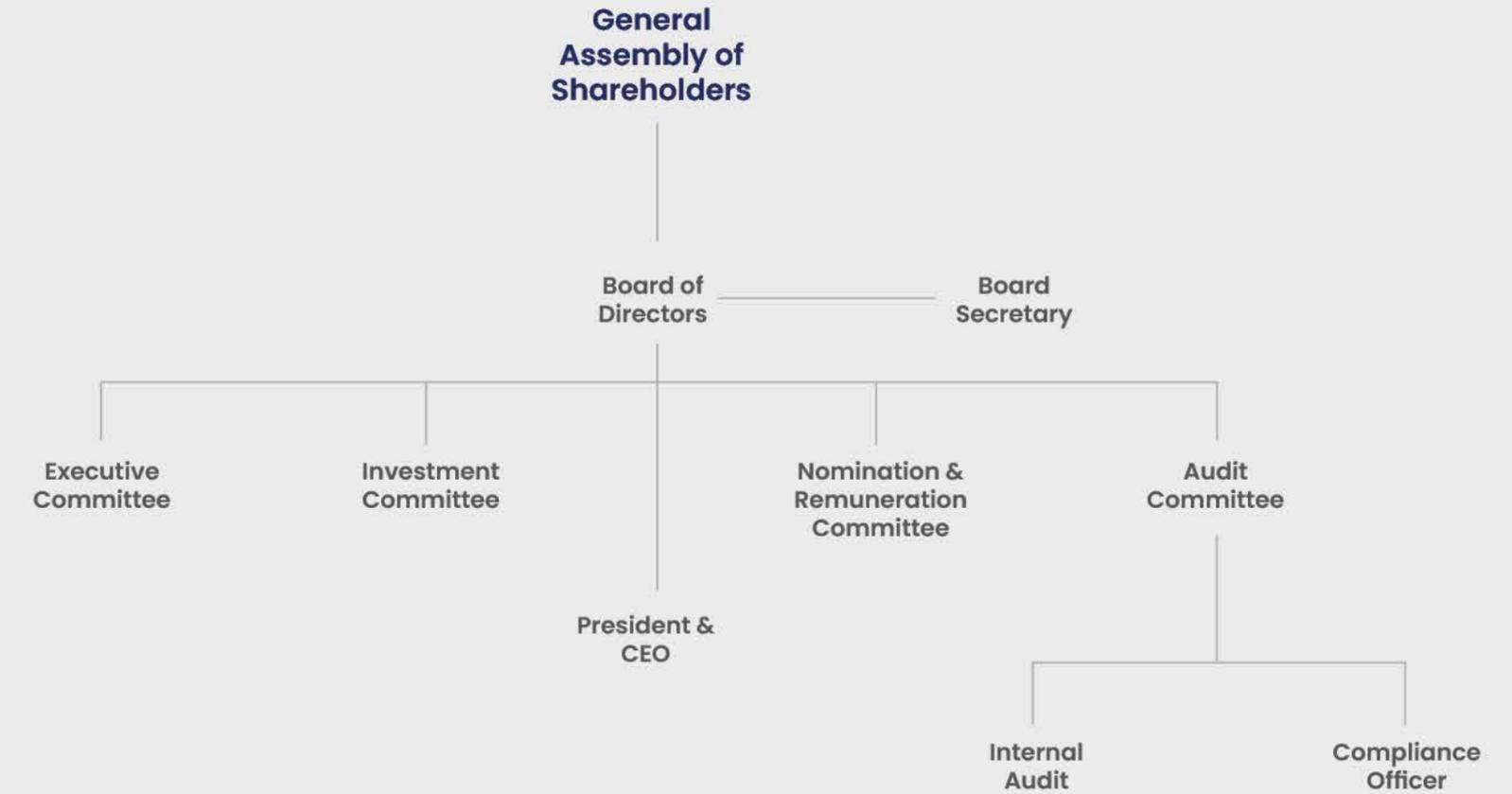
Advanced Polyolefins Industry Company (APOC):

Advanced Polyolefins Industry Company is a Saudi mixed closed joint stock company registered in Jubail, Kingdom of Saudi Arabia and 85% 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 Q2 2024.

Group Structure



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 (9) 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) was elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.

The election of the Board was conducted in accordance with the provisions of the Companies Laws, 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 vacancy; and
- ### 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 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".

Qualification: Bachelor in Business Administration

*Mr. Khalifa A. Al Mulhem served for the previous Board term started on October 1, 2019 and ended on September 30, 2022 and he was re-elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.

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
Canadian Medical Center 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 Chairman	Saudi Arabia	Current
Al Jazeera Support Services Company.	LLC	Board Chairman	Saudi Arabia	Current
Advanced Polyolefins Industry Company	Closed Joint Stock Company	Board Chairman	Saudi Arabia	Current
Advanced Global Investment Company	LLC	Board Chairman	Saudi Arabia	Current
Advanced Global Marketing Company	LLC	Board Chairman	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 Saudi Arabia	Previous
AL Ittefaq Steel Co.	Closed Joint Stock Company	Board Member	Saudi Arabia	Previous
Aljazira bank.	Listed Company	Board Member	Saudi Arabia	Previous
Saudi White Cement Co.	Listed Company	Board Member	Saudi Arabia	Previous



Mr. Waleed M. Al-Jaafari*

Vice Chairman, Non-Executive Director

Qualification & Work Experience:

Mr. Waleed Mohammed Abdullah Al-Jaafari has experience in Medical services contracting and investment 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.

Qualification: Bachelor in economy.

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 Company.	Board Chairman	Saudi Arabia	Current
Siyaha International Company.	Closed Joint Stock Company.	Board Vice Chairman	Saudi Arabia	Current
al-dawaa medical services co. ltd	Listed Company	Board member	Saudi Arabia	Current
Industrialization & Energy Services Company - TAQA	Closed Joint Stock Company.	Board member	Saudi Arabia	Current

*Mr. Waleed M. Al-Jaafari served for the previous Board term started on October 1, 2019 and ended on September 30, 2022 and he was re-elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.



H.E. Eng. Abdallah I. Al Saadan*

Board Director, Non-Executive Director

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company.	Listed Company	Board Member	Saudi Arabia	Current
Hassana Investment Co.	Closed Joint Stock Company	Board Member	Saudi Arabia	Current
Al Raidah Investment Co.	Closed Joint Stock Company	Board Member	Saudi Arabia	Current
Saudi Arabian Mining Co.	Listed Company	Board Member	Saudi Arabia	Previous

* H. E. Eng. Abdallah I. Al Saadan was elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.

Qualification & Work Experience:

H. E. Eng. Abdallah Ibrahim Abdallah Al Saadan has vast experience in several leadership roles, including the chairman of the Royal Commission for Jubail and Yanbu. He has also served as senior vice president of finance, strategy and development at Saudi Aramco and held various other key positions such as vice president of planning between 2011 and 2014, vice president of engineering services between 2010 and 2011, vice president of information technology, and executive director of information technology, and director of business analysis between 2005 and 2007. Al-Saadon also worked at the Saudi Aramco Mobil Refinery Co. Ltd. (SAMREF) and served as its president and chief executive officer between 2002 and 2005.

Qualifications: Bachelor of Chemical Engineering, King Fahd University of Petroleum and Minerals, KSA. Masters in Chemical Engineering, University of Lausiana, USA. MBA from the Massachusetts Institute of Technology (MIT), USA



Mr. Sami A. Al Suwaigh*

Board Director, Non-Executive Director

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Co.	Listed Company	Board Member	Saudi Arabia	Till September 30, 2022
Chemanol Company.	Listed Company	Board Member	Saudi Arabia	Previous
Saudi Iron & Steel Co. (Hadeed)	LLC	President	Saudi Arabia	Previous
Saudi European Petrochemical Company (IBN ZAHR)	LLC	President	Saudi Arabia	Previous
Arabian Petrochemical Company (PETROKEMYA).	LLC	President	Saudi Arabia	Previous
Saudi Petrochemical Company (SADAF).	LLC	President	Saudi Arabia	Previous

*Mr. Sami A. Al-Suwaigh served for the pervious Board term started on October 1, 2019 and ended on September 30, 2022.

Qualification & Work Experience:

Mr. Sami Abdulaziz Mohammed Al-Suwaigh 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.

He holds a Bachelor's degree of Science in Industrial Management.



Eng. Abdulaziz A. Al Habardi*

Board Director, Non-Executive Director

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

Qualification & Work Experience:

Eng. Abdulaziz Abdullah Megbel Al-Habardi has vast experience in the Petrochemical sector. He is currently Retired. Before retirement, he was the President of several affiliates of SABIC

Qualification: Bachelor in Mechanical engineering.

*Eng. Abdulaziz A. Al-Habardi served for the previous Board term started on October 1, 2019 and ended on September 30, 2022 and he was re-elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.



Eng. Abdulsalam M. Al-Mazro*

Board Director, Independent Director

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company.	Listed Company	Board Member	Saudi Arabia	Current
Maz Holding Company	Limited Liability Company	Board Chairman	Saudi Arabia	Current
Gulf Cryo Gas Industries Company	Limited Liability Company	Board Member	Saudi Arabia	Current
Methanol Chemicals Co.	Listed Company	Board Member	Saudi Arabia	Previous
Rabigh Refining and Petrochemical Company (Petro Rabigh)	Listed Company	Board Member	Saudi Arabia	Previous

Qualification & Work Experience:

Eng. Abdulsalam Mazro Abdullah Al-Mazro has vast experience in manufacturing, and Consultancy in private sector. Eng. Al-Mazro held various leadership positions as Vice President Polymers Strategic Business Unit at SABIC.

Qualifications: Eng. Al Mazro holds a Bachelor's degree in Chemical Engineering from King Saud University, KSA, and MBA from the University of Bradford, West Yorkshire UK.

*Eng. Abdulsalam M. Al-Mazro was elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.



Mr. Abdulaziz A. Al-Molhem*

Board Director, Non-Executive Director

Qualification & Work Experience:

Mr. Abdulaziz Abdullah Abdulaziz Al-Molhem 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 Regional manager of the Saudi Hollandi Bank.

Qualification: Bachelor in Business Administration

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

*Mr. Abdulaziz A. Al-Molhem served for the previous Board term started on October 1, 2019 and ended on September 30, 2022 and he was re-elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.



Dr. Ali S. Al Hakami*

Board Director, Independent Director

Qualification & Work Experience:

Dr. Ali Siddiq Ali Al-Hakami has experience in the field of education, training and development. He is currently working as Secretary-General of the King Abdullah Foundation for Humanitarian works. He was previously the CEO of Tatweer for Educational Services.

Qualification: Bachelor degree in Psychology, MSc in Industrial and Organizational Psychology and PhD in Psychology in Decision Making and Management.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company.	Listed Company	Board Member	Saudi Arabia	Till September 30, 2022
Knowledge Economic City.	Listed Company	Board Member	Saudi Arabia	Current
Al-Tanmiah Company For Education And Training.	LLC	Board Member	Saudi Arabia	Current
Rehab Al Maarfa private schools Company.	LLC	Board Member	Saudi Arabia	Previous
Na'am for Investment Co., Single Shareholder Co.	LLC	Board Member	Saudi Arabia	Current
Obeikan Riverdeep Company	LLC	Board Member	Saudi Arabia	Previous
Cambridge Obeikan Company Ltd	LLC	Board Member	Saudi Arabia	Previous
Adhwa Alriyadh Educational Co.	LLC	Board Member	Saudi Arabia	Previous

*Dr. Ali S. Al-Hakami served for the previous Board term started on October 1, 2019 and ended on September 30, 2022.



Dr. Badr O. Johar*

Board Director, Independent Director

Qualification & Work Experience:

Dr. Badr Osama H. Johar 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.

Qualifications: Bachelor of Industrial Engineering, Master of Engineering Management and PhD in Industrial Engineering.

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

*Dr. Badr O. Johar served for the previous Board term started on October 1, 2019 and ended on September 30, 2022 and he was re-elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.



Eng. Nader S. Al-Dakheel*

Board Director, Independent Director

Qualification & Work Experience:

Eng. Nader Saleh Abdullah Al-Dakheel has vast experience. He served in many engineering roles at SABIC and then as Projects Manager at Procter & Gamble, General Manager of Manufacturing – Farabi Petrochemical Company, and currently as CEO of the Saudi Holding Company for Conversion Industries (Tahweel Holding).

Qualifications: Bachelor Mechanical Engineering (KFUPM), Masters of Construction Engineering Management (KFUPM) and Master's Business Administration Management (LBS).

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company	Listed Company	Board Member	Saudi Arabia	Current
Interior and Exterior Flooring Textile Solutions Holding Company	Closed Joint Stock Company	Board Member	Saudi Arabia	Current
Building Construction Company	Closed Joint Stock Company	Board Member	Saudi Arabia	Current
Al-Tawfiq Company for Plastic Industries and Woven Bags	Closed Joint Stock Company	Board Member	Saudi Arabia	Current
The First Address Mineral Water Factory	Closed Joint Stock Company	Board Member	Saudi Arabia	Current
Makana for Industry and Service Co., Ltd.	Closed Joint Stock Company	Board Member	Saudi Arabia	Current

*Eng. Nader S. Al-Dakheel was elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.



Mr. Bander S. Al Ghafees*

Board Director, Independent Director

Qualification & Work Experience:

Mr. Bander Sulaiman Alghafees 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 general manager of IT governance at GOSI.

Qualification: Bachelor in Computer Science (USA) and Master in Computer Science (KSA)

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Co.	Listed Company	Board Member	Saudi Arabia	Till September 30, 2022
Fawaz Alhokhair Co	Listed Company	Board Member	Saudi Arabia	Previous

*Mr. Bander S. Alghafees served for the previous Board term in which he was appointed by the Board started from the date of his appointment on July 27, 2021 to continue the term of the previous Board until the end of its term on September 30, 2022 in succession to the previous Board member Dr. Sultan Mohammad Ahmed Al-Sulaiman. The appointment of Mr. Bander S. Alghafees was presented to the Ordinary General Assembly Meeting held on February 28, 2022 and approved accordingly.



Eng. Mohammed K. Al Mulhem*

Board Director, Non-Executive Director

Qualification & Work Experience:

Eng. Mohammed Khalifah Abdullatif Al-Mulhem 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 Civil engineer at the Saudi Arabian Oil Company (Aramco).

Qualification: Bachelor in Civil engineering.

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

*Eng. Mohammed K. Al Mulhem served for the previous Board term started on October 1, 2019 and ended on September 30, 2022 and he was re-elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.

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 six (6) meetings during 2022, as the following table illustrates the Board's meetings and the attendance of the previous and current directors during 2022:

✓ Attended * Not Attended

Board Meetings During 2022								
No	Names	1 st Meeting 25/01/2022	2 nd Meeting 28/03/2022	3 rd Meeting 05/07/2022	4 th Meeting 27/09/2022	5 th Meeting 04/10/2022	6 th Meeting 29/12/2022	Total Attendance
1	Mr. Khalifa Abdullatif Abdul-lah Al-Mulhem*	✓	✓	✓	✓	✓	✓	6
2	Mr. Waleed Mohammed Abdullah Al-Jaafari*	✓	✓	✓	✓	✓	✓	6
3	Mr. Abdulaziz Abdullah Abdulaziz Al-Molhem*	✓	✓	✓	✓	✓	✓	6
4	Mr. Sami Abdulaziz Mohamed Al-Suwaigh**	✓	✓	✓	✓	NA	NA	4
5	Eng. Mohammed Khalifah Abdullatif Al-Mulhem*	✓	✓	✓	✓	✓	✓	6
6	Eng. Abdulaziz Abdullah Megbel Al-Habardi*	✓	✓	✓	✓	✓	✓	6
7	Dr. Badr Osama H. Johar*	✓	✓	✓	✓	✓	✓	6
8	Dr. Ali Siddiq Ali Al-Hakami**	✓	✓	✓	✓	NA	NA	4
9	Mr. Bander S. Al Ghafees**	✓	✓	✓	✓	NA	NA	4
10	Eng. Abdallah Ibrahim Abdallah Al Saadan***					✓	✓	2
11	Eng. Abdulsalam Mazro Abdullah Al-Mazro***					✓	✓	2
12	Eng. Nader Saleh Abdullah Al-Dakheel***					✓	✓	2

* served for the previous Board term started on October 1, 2019 and ended on September 30, 2022 and re-elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.

** served only for the previous Board term started on October 1, 2019 and ended on September 30, 2022.

*** elected by the Ordinary General Assembly Meeting held on August 31, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.

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

The Nominations and Remuneration Committee decided to conduct an evaluation for the Board Directors, its Committees and Directors' performance in order to uphold the highest standards of corporate governance and board under the direction of an independent external company, the GCC Board Directors Institute (GCC BDI).

GCC BDI has extensive experience in delivering top quality board evaluations for organizations across the GCC and has developed a proprietary tool to assist in the process. With over 15 years of experience in conducting board evaluations across the GCC, as well as an unrivalled knowledge of best practice in board effectiveness both internationally and locally, GCC BDI is the leading regional entity when it comes to the delivery of simultaneously customized and exhaustive board evaluations.

The Company ensures all recommendations of the evaluation are implemented in order to maintain the adoption of high standards in corporate governance.

Shareholders Engagement

The Board has approved the Shareholders Rights Policy whereby the rights of a shareholders stated in 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 provides various channels for investors to reach out the company, such as, the company's website, emails, direct line telephone, AGM Q&A, social media platforms, conference calls and media.

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

1 2 3 4
Percentage of Dividends Distributed During 2022 (SAR Million)

Total Dividends (Distributions)



*The Company announced the resolution of the Board of Directors to distribute dividend for the fourth quarter of 2022 on the website of the Saudi Tadawul Group (Tadawul) in 21/02/2023, which included the distribution date as of 28/05/2023

Changes of Statutory and Consensual Reserves

- On 30/03/2021, the 9TH Extraordinary General Assembly Meeting has resolved to discontinue setting aside (10%) of the net profits to the statutory reserve, as it has reached (30%) percent of the company's capital.
- On 30/03/2021, the 9TH Extraordinary General Assembly Meeting has resolved to set aside (10%) of the net profits to the consensual reserve.
- On 20/03/2022, the 10TH Extraordinary General Assembly Meeting has resolved to discontinue setting aside (10%) of the net profits to the consensual reserve.
- As a result of increasing the capital to 2,600,000,000 Saudi Riyals, the Company will continue to set aside (10%) of the net profits to the statutory reserve.

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 2022.

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 2022.

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 2022.

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

During 2022, the shareholders approved the purchase of Company's own shares, with a maximum of 1,500,000 shares, for the purpose of allocating them to the Company's employees within the Employees Incentive Shares Program. The company has purchased portion of the total approved treasury shares with a total number of shares 849,345 during the same year.





Board of Directors Committees

Audit Committee

a. Audit Committee Formation

Advanced's Bylaws provides that the Audit Committee shall be formed 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. 4 Members (three Members from the Board and one member from outside of the Board) were selected for Audit Committee in the General Assembly held on 27th September 2022.

b. Audit Committee Functions

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: | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• Review of Internal Audit Reports and implementation of recommendations• Internal Audit Function activities & performance• Availability and adequacy of Internal Audit resources | <p>Audit Reports, queries and implementation of recommendations</p> |
| 2. INTERNAL AUDIT: | <ul style="list-style-type: none">• Review of Internal and Financial Control Systems• Review of Risk Management Systems | 3. EXTERNAL AUDITOR: <ul style="list-style-type: none">• Recommendation on the appointment, Renewal and Termination of services• Independence of external auditors• Assessment of activities and Performance• Review of External | 4. ENSURING COMPLIANCE: <ul style="list-style-type: none">• Review the results of the supervisory authorities reports• Ensure the Company is in compliance with Laws, Regulations, Policies• Review of Related Party Transactions , including conflict interests situations, and recommendations |



Audit Committee Members

Mr. Abdullah A. Buali*

Chairman, Member from outside the Board of Directors

Qualification & Work Experience:

Mr. Abdullah A. Buali has more than 30 years' experience in the field of finance and business in the Petrochemicals and Utilities business.

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

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company	Listed Company	Chairman of the Audit Committee	Saudi Arabia	Current
Advanced Polyolefins Industry Company.	Closed Joint Stock Company	Audit Committee Member	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. Abdullah A. Buali served for the previous Committee term started on October 1, 2019 and ended on September 30, 2022 and he was re-appointed by the Ordinary General Assembly Meeting held on September 27, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.



Mr. Waleed M. Al-Jaafari*

Committee Member
Non-Executive Director

Please see the biography of Mr. Waleed M. Al-Jaafari on page No. (73)

*Mr. Waleed M. Al-Jaafari served for the previous Committee term started on October 1, 2019 and ended on September 30, 2022 and he was re-appointed by the Ordinary General Assembly Meeting held on September 27, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.



Mr. Abdulaziz A. Al Molhem*

Committee Member
Non-Executive Director

Please see the biography of Mr. Abdulaziz A. Al Molhem on page No. (78)

*Mr. Abdulaziz A. Al Molhem served for the previous Committee term started on October 1, 2019 and ended on September 30, 2022 and he was re-appointed by the Ordinary General Assembly Meeting held on September 27, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.



Mr. Bander S. Al Ghafees*

Board Director
Independent Director

Please see the biography of Mr. Bander S. Al Ghafees on page No. (82)

*Mr. Bander S. Al Ghafees served only for the previous Committee from July 27, 2021 until September 30, 2022.



Eng. Abdulsalam Mazro Abdullah Al-Mazro*

Board Director
Independent Director

Please see the biography of Mr. Abdulsalam Mazro Abdullah Al-Mazro on page No. (77)

*Eng. Abdulsalam Mazro Abdullah Al-Mazro was appointed by the Ordinary General Assembly Meeting held on September 27, 2022 for the current Committee term that started October 1, 2022 for three years and ending on September 30, 2025.

Audit Committee Meetings & Attendance

The committee held (8) meetings during the year 2022:

✓ Attended ✗ Not Attended

Name	Type of Membership	No. of Meetings							
		1 st Meeting 06/01/2022	2 nd Meeting 02/02/2022	3 rd Meeting 07/04/2022	4 th Meeting 05/07/2022	5 th Meeting 04/08/2022	6 th Meeting 04/10/2022	7 th Meeting 25/10/2022	8 th Meeting 21/12/2022
Mr. Abdullah Buali*	Chairman	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Abdulaziz Al-Molhem*	Member	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Waleed Al-Jaafari*	Member	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Bander S. Al Ghafees**	Member	✓	✓	✓	✓	✓	N/A	N/A	N/A
Eng. Abdulsalam Al-Mazro***	Member	N/A	N/A	N/A	N/A	N/A	✓	✓	✓

*served for the pervious Committee term started on October 1, 2019 and ended on September 30, 2022 and appointed by the Ordinary General Assembly Meeting held on September 27, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.

**served only for the pervious Committee from July 27, 2021 until September 30, 2022.

***appointed by the Ordinary General Assembly Meeting held on September 27, 2022 for the current term that started October 1, 2022 for three years and ending on September 30, 2025.



Audit Committee Report

- The Internal Audit 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 with an expert external consulting firm for health check of access control audit of existing ERP. The detailed reports and recommendations has provided a sound basis for SAP ERP S4 HANA implementation to set up

a truly global standard Shared Services.

- The Committee has, within 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 Audit Committee meetings in 2022 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 annual General Assembly meeting.

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 and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA").
- Review of annual audited financial statements of year 2022 was 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 misstatement. 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 Board for approval and presenting it to the General Assembly for review and discussion.

Clarification of any Difference from Accounting Standards:

The financial statements of the Company during the fiscal year ending on 31 December 2022 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 Extraordinary General Assembly, held on February 28, 2022, approved the appointment of Ernst and Young "EY" as the external auditor, among other nominees based on the recommendation of the Board of Directors in line with the recommendation of the Audit committee, to review and audit the second, third, annual financial statements of fiscal year 2022 and first quarter of fiscal year 2023, and determined its remuneration.

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 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:

There were no recommendation 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; and

- Determining the strengths and weaknesses of the Board and recommending remedial solutions in line with the Company's interest.

Nomination & Remuneration Committee Members



Dr. Badr O. Johar

Committee Chairman
Independent Director

Please see the biography of Dr. Badr O. Johar on page No. (80).



Dr. Ali S. Al Hakami

Board Director
Independent Director

Please see the biography of Dr. Ali S. Al Hakami on page No. (79).



Mr. Khalifa A. Al Mulhem

Committee Member
Non-Executive Director

Please see the biography of Mr. Khalifa A. Al Mulhem on page No. (72).



Mr. Waleed M. Al Jaafari

Committee Member
Non-Executive Director

Please see the biography of Mr. Waleed M. Al Jaafari on page No. (73).



Mr. Abdulaziz A. Al-Molhem

Committee Member
Non-Executive Director

Please see the biography of Mr. Abdulaziz A. Al-Molhem on page No. (78).

Meetings & Attendance of the Nomination & Remuneration Committee

The Board of Directors has formed Nomination & Remuneration Committee consisting of four members. The committee held (7) meetings during the year 2022:

✓ Attended * Not Attended

Name	Type of Membership	No. of Meetings						
		1 st Meeting 05/01/2022	2 nd Meeting 17/01/2022	3 rd Meeting 25/02/2022	4 th Meeting 24/03/2022	5 th Meeting 13/06/2022	6 th Meeting 17/10/2022	7 th Meeting 25/12/2022
Dr. Ali Siddiq Ali Al-Hakami	Chairman*	✓	✓	✓	✓	✓	✓	N/A
Dr. Badr O. Johar	Chairman***	N/A	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**	✓	✓	✓	✓	✓	✓	✓

* served only for the previous Board term started on October 1, 2019 and ended on September 30, 2022.

** served for the previous Committee term started on October 1, 2019 and ended on September 30, 2022 and re-appointed by the Board for the current term that started October 1, 2022 for three years and ending on September 30, 2025.

*** Dr. Badr Johar was appointed as Chairman and Member of the N&R Committee for its current term from 1st October 2022 for three years and ending on September 30, 2025.

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. (72)



H.E. Eng. Abdallah I. Al Saadan

Committee Member
Non-Executive Director

Please see the biography of H.E. Eng. Abdallah I. Al Saadan on page No. (74)



Eng. Abdulaziz A. Al Habardi

Committee Member
Non-Executive Director

Please see the biography of Eng. Abdulaziz A. Al Habardi on page No. (76)



Mr. Abdulaziz A. Al-Molhem

Committee Member
Non-Executive Director

Please see the biography of Mr. Abdulaziz A. Al Molhem on page No. (78)



Eng. Mohammed K. Al Mulhem

Committee Member
Non-Executive Director

Please see the biography of Eng. Mohammed K. Al Mulhem on page No. (83)



Mr. Sami A. Al Suwaigh

Board Director
Non-Executive Director

Please see the biography of Mr. Sami A. Al Suwaigh on page No. (75)

Executive Committee Meetings & Attendance

The Board of Directors has formed the Executive Committee consisting of five members. The committee held (1) meeting during the year 2022:

✓ Attended ✗ Not Attended

Name	Type of Membership	1st Meeting 15/12/2022
Mr. Khalifa Al-Mulhem*	Chairman	✓
Mr. Abdulaziz Al-Molhem*	Member	✓
Mr. Mohammed Al-Mulhem*	Member	✓
Eng. Abdulaziz Al-Habardi*	Member	✓
Mr. Sami A. Al Suwaigh**	Member	N/A
H.E. Eng. Abdallah I. Al Saadan***	Member	✓

* served for the previous Committee term started on October 1, 2019 and ended on September 30, 2022 and re-appointed by the Board for the current term that started October 1, 2022 for three years and ending on September 30, 2025.
 ** served only for the previous Committee term started on October 1, 2019 and ended on September 30, 2022.
 *** appointed by the Board for the current term that started October 1, 2022 for three years and ending on September 30, 2025.

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. (80)



Mr. Waleed M. Al Jaafari

Committee Member
Non-Executive Director

Please see the biography of Mr. Waleed M. Al Jaafari on page No. (73)



Mr. Abdulaziz A. Al-Molhem

Committee Chairman
Non-Executive Director

Please see the biography of Mr. Abdulaziz A. Al Molhem on page No. (78)



Eng. Mohammed K. Al Mulhem

Committee Member
Non-Executive Director

Please see the biography of Eng. Mohammed K. Al Mulhem on page No. (83)

The Investment Committee Meetings & Attendance

The Board of Directors has formed Investment Committee consisting of three members. The committee has held two (2) meetings during the year 2022, as follows:

Name	Type of Membership	No. of Meetings	
		1st Meeting 24/03/2022	2nd Meeting 26/07/2022
Dr. Badr O. Johar*	Chairman	✓	✓
Mr. Abdulaziz Al-Molhem**	Chairman	✓	✓
Mr. Waleed Al-Jaafari***	Member	✓	✓
Eng. Mohammed K. Al Mulhem****	Member	N/A	N/A

✓ Attended * Not Attended

* served for the previous Committee term as a Committee Chairman which started on October 1, 2019 and ended on September 30.

** served for the previous Committee term as a Committee member which started on October 1, 2019 and ended on September 30, 2022 and re-appointed by the Board for the current term as a Committee Chairman that started October 1, 2022 for three years and ending on September 30, 2025.

*** served for the previous Committee term as a Committee member which started on October 1, 2019 and ended on September 30, 2022 and re-appointed by the Board for the current term as a Committee member that started October 1, 2022 for three years and ending on September 30, 2025.

**** appointed as a for the current Committee term as a Committee member which started October 1, 2022 for three years and ending on September 30, 2025.



Executive Management



Eng. Fahad S. Al Matrifi

President & CEO

Qualification & Work Experience:

Mr. Fahad Al Matrifi completed Chemical Engineering in 1995 and Executive MBA program in 2006 from KFUPM. Mr. Al Matrifi 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	Previous
Advanced Global Investment 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
Ulsan Polypropylene Company	LLC	Board Member	South Korea	Current
Advanced Global Holding Company	LLC	Board Member	Luxembourg	Current



Eng. Ahmed Bu Hazza

Manufacturing Excellence GM

Qualification & Work Experience:

Mr. Ahmed is a Mechanical Engineer with 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 GM of the Supply Chain, and currently he is the Manufacturing Excellence GM.

Company Name	Legal Entity	Position	Location	Membership
Advanced Petrochemical Company	Listed Company	Manufacturing Excellence GM	Saudi Arabia	Current
Advanced Global Marketing Company	LLC	Board Member	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

Shared Services 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	Shared Services GM	Saudi Arabia	Current
TASNEE Petrochemical Company	Listed Company	Human Resources GM	Saudi Arabia	Previous



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



Mr. Abdulaziz Al Ardhi

Finance & Accounting Manager

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.

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



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 2022*:

Names	Capacity	At the Beginning of the Year		At the End of the Year		Net Change	Percentage Change
		No. of Shares	Debt Instruments	No. of Shares	Debt Instruments		
Board Members							
Mr. Khalifa Abdullatif Abdullah Al-Mulhem	Chairman of the Board	9,305,228	-	10,645,080	-	1,339,852	14.40%
Mr. Waleed Mohammed Abdullah Al-Jaafari	Vice Chairman of the Board	1,039,019	-	1,247,471	-	208,452	20.06%
Mr. Abdulaziz Abdullah Abdulaziz Al-Molhem	Board Member	1,531	-	4,897	-	3,366	100%
Mr. Abdallah Ibrahim Abdallah Al Saadan	Board Member	0	-	0	-	0	0%
Mr. Abdulsalam Mazro Abdullah Al-Mazro	Board Member	0	-	0	-	0	0%
Eng. Abdulaziz Abdullah Megbel Al-Habardi	Board Member	0	-	10,188	-	10,188	100%
Dr. Badr Osama H. Johar	Board Member	1	-	1	-	0	0%
Eng. Mohammed Khalifah Abdullatif Al-Mulhem	Board Member	68,202	-	58,737	-	(9,465)	13.88%
Mr. Nader Saleh Abdullah Al-Dakheel	Board Member	0	-	0	-	0	0%
Mr. Sami Abdulaziz Mohammed Al-Suwaigh	Board Member	5,491	-	1,320	-	(4,171)	75%
Dr. Ali Siddiq Ali Al-Hakami	Board Member	0	-	0	-	0	0%

Names	Capacity	At the Beginning of the Year		At the End of the Year		Net Change	Percentage Change
		No. of Shares	Debt Instruments	No. of Shares	Debt Instruments		
Board Members							
Mr. Bander S. Al Ghafees	Board Member	6,135	-	162	-	(5,973)	97%
Committee Member							
Mr. Abdullah A. Buali	Audit Committee Chairman	0	-	0	-	0	0%
Executive Management							
Fahad Salem Al Matrafi	President & CEO	0	-	0	-	0	0%
Mamdouh H Al Amri	VP Projects	0	-	0	-	0	0%
Ahmed Bu Hazza	Manufacturing Excellence GM	9	-	10	-	1	11%
Ali M. Al-Shahrani	Operations GM	0	-	0	-	0	0%
Mohammed S. Al Otaibi	Shared Services GM	11,010	-	15,012	-	4,002	36%
Abdullah A. Boaysha	Technical GM	0	-	0	-	0	0%
Omar A. Al Suwaiyan	Cracker Project GM	1,500	-	4,000	-	2,500	100%
Abdulaziz M. Al-Zahrani	Commercial GM	0	-	0	-	0	0%
Abdulaziz S. Al Ardhi	Finance & Accounting Manager	0	-	0	-	0	0%

* There is no interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the affiliates of the Company.

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						End-of-service award	Aggregate Amount	Expenses Allowance
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
First : Independent Members																
Badr Osama Johar	3,000	36,000	15,000	-	-	-	54,000	-	300,000	-	-	-	300,000	-	354,000	10,800
Abdulsalam Mazro Al-Mazro*	7,500	12,000	15,000	-	-	-	34,500	-	-	-	-	-	-	-	34,500	5,239
Nader Saleh Al-Dakheel*	3,000	12,000	-	-	-	-	15,000	-	-	-	-	-	-	-	15,000	-
Bander Sulaiman Al-Ghafees**	8,000	24,000	25,000	-	-	-	57,000	-	-	-	-	-	173,151	-	230,151	4,770
Ali Siddiq Al-Hakami**	3,000	24,000	30,000	-	-	-	57,000	-	300,000	-	-	-	300,000	-	357,000	5,655
Sultan Mohammad Al-Sulaiman***	-	-	-	-	-	-	-	-	226,849	-	-	-	226,849	-	226,849	-
Total	24,500	108,000	85,000	-	-	-	217,500	-	826,849	-	-	-	1,000,000	-	1,217,500	26,464
Second: Non Executive Members																
Khalifa Abdullatif Al-Mulhem	1,500	36,000	40,000	-	-	-	77,500	-	300,000	-	-	-	300,000	-	377,500	-
Waleed Mohammed Al-Jaafari	6,500	36,000	85,000	-	-	-	127,500	-	400,000	-	-	-	400,000	-	527,500	-
Mohammed Khalifah Al-Mulhem	1,500	36,000	5,000	-	-	-	42,500	-	300,000	-	-	-	300,000	-	342,500	-
Abdulaziz Abdullah Al-Mulhem	1,500	36,000	95,000	-	-	-	132,500	-	400,000	-	-	-	400,000	-	532,500	-
Abdulaziz Abdullah Al-Habardi	12,500	36,000	5,000	-	-	-	53,500	-	300,000	-	-	-	300,000	-	353,500	-
Sami Abdulaziz Al-Suwaigh**	3,000	24,000	-	-	-	-	27,000	-	300,000	-	-	-	300,000	-	327,000	-
Abdallah Ibrahim Al Saadan*	4,500	12,000	5,000	-	-	-	21,500	-	-	-	-	-	-	-	21,500	9,560
Total	31,000	216,000	235,000	-	-	-	482,000	-	2,000,000	-	-	-	2,000,000	-	24,82,000	9,560
Third: Executive Members																
None	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*He was elected to the current Board term starting on 01 Oct 2022. ** His membership in the Board ended on September 30, 2022. ***He resigned from the Board on 24 July 2021 and received his Board remuneration in 2022.

Remunerations and compensations for Senior Executives:

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

Item	Nine Senior Executives including the CEO & CFO
Salaries & Compensation	10,961,534
Allowances	4,800,933
Annual Periodic Remunerations	11,603,639
Incentive Plans	3,043,868
Compensation & In-Kind Benefits	None
Total	30,409,974

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

The updated Remuneration Policy was disclosed in the announcement published on the Saudi Exchange website on March 20, 2022 when publishing the invitation to the 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 evaluates 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.

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			
Abdullah Abdulrahman Buali	100,000	52,500	152,500
Abdulaziz Abdullah Al-Mulhem	100,000	40,000	140,000
Waleed Mohammed Al-Jaafari	100,000	40,000	140,000
Bander Sulaiman Al-Ghafees **	-	42,900	42,900
Abdulsalam Mazro Al-Mazro*	-	15,000	15,000
Total	300,000	190,400	490,400
Nomination and Remuneration Committee Members			
Ali Siddiq Al-Hakami **	-	33,975	33,975
Khalifa Abdullatif Al-Mulhem	-	35,000	35,000
Waleed Mohammed Al-Jaafari	-	35,000	35,000
Abdulaziz Abdullah Al-Mulhem	-	35,000	35,000
Badr Osama Johar*	-	5,000	5,000
Total	-	143,975	143,975
Executive Committee Members			
Khalifa Abdullatif Al-Mulhem	-	5,000	5,000
Abdulaziz Abdullah Al-Mulhem	-	5,000	5,000
Sami Abdulaziz Al-Suwaigh**	-	-	-
Mohammed Khalifah Al-Mulhem	-	5,000	5,000
Abdulaziz Abdullah Al-Habardi	-	6,500	6,500
Abdallah Ibrahim Al Saadan*	-	9,700	9,700
Total	-	31,200	31,200
Investment Committee Members			
Badr Osama Johar**	-	10,000	10,000
Waleed Mohammed Al-Jaafari	-	10,000	10,000
Abdulaziz Abdullah Al-Mulhem	-	10,000	10,000
Total	-	30,000	30,000

*He was appointed in the committee on 01 Oct 2022.

**His membership in the committee ended on September 30, 2022

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			
	Meeting on 28/02/2022	Meeting on 20/03/2022	Meeting on 31/08/2022	Meeting on 27/09/2022
Mr. Khalifa Abdullatif Abdullah Al-Mulhem	✓	✓	✓	✓
Mr. Waleed Mohammed Abdullah Al-Jaafari	✓	✓	✓	✓
Mr. Abdulaziz Abdullah Abdulaziz Al-Molhem	✓	✓	✓	✓
Mr. Sami Abdulaziz Mohammed Al-Suwaigh	✓	✓	✓	✓
Eng. Bander Sulaiman Abdulaziz Alghafees	✓	✓	✓	✓
Eng. Mohammed Khalifah Abdullatif Al-Mulhem	✓	✓	✓	✓
Eng. Abdulaziz Abdullah Megbel Al-Habardi	✓	✓	✓	✓
Dr. Badr Osama H. Johar	✓	✓	✓	✓
Dr. Ali Siddiq Ali Al-Hakami	✓	✓	✓	✓
Also Mr. Abdullah A. Buail (Chairman of the Audit Committee attended all the meetings)				

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.

A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to the Rules on the Offer of Securities and Continuing Obligations, together with any change to such interests during 2022:

There was no interest in a class of voting shares held by persons who have notified the Company of such interests during 2022

Related Party Transactions

There is no related party transactions as per the definition of the Corporate Governance Regulations Amended by Resolution of the Board of the Capital Market Authority Number 8-5-2023 Dated 25/6/1444H Corresponding to 18/1/2023 G Based on the Companies Law Issued by Royal Decree No. M/132 dated 1/12/1443H

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.

Competing businesses with the Company:

There is no any competing business with the Company or any of its activities by any member of the Board.

Conflicts of Interest

The contracting party	The Conflicts of Interest situation	Nature of the contract	Contract period	Total Value SAR
Allied Arabian Maintenance & Trade Co.	Mr. Sami Abdulaziz Mohammed Al-Suwaigh (member of Board of Directors of Advanced Petrochemical Company till 30 September 2022) owns 14% of the capital of contracting party.	Providing Industrial Services	From January 1, 2022 until December 31, 2022	7,008,601
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 car insurance coverages	From January 1, 2022 until December 31, 2022	128,245

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.



Incentive Programs for the Company's Employees:

People and Workplace Environment:

Advanced Human Capital is a key asset for success for which Human Capital strategy have been set to retain, attract and engage talent through capitalizing on effectiveness of HR processes and digitalization solutions to maintain its competitive edge to sustain our culture of excellence.

During year 2022, Advanced has kept the flow of talents by attracting new joiners to support our company growth, where the Saudization reached 81% and Saudi nationals are provided the best opportunities for career growth within people-centric work environment.

Toward digitalization, Advanced proactively adopted latest technologies to improve and accelerate the transformation into up-to-date digitalization services. Human Resources function successfully inaugurated the new platform of HR processes digitalization called (HR-Gate) throughout best-in-class SAP cloud solution.



Diversity and inclusion:

In order to strengthen our workforce diversity and inclusion, in 2022 Advanced have successfully attracted number of graduate's ladies trainees in several functions under TAMHEER program in collaboration with Ministry of Human Resources and Social Development with structured development plan that enable them to be part of Advanced workforce upon successful completion.

Winner of Two Labor Awards by Ministry of Human Resources and Social Development

In recognition of our commitment to sustain culture of excellence and continually adopting best in-class practices, Advanced Petrochemicals have won two Labor Awards recognized by Ministry of Human Resources and Social Developments among 10,000 participating companies in 2 categories Work Environment and Learning & Competence.

2022 Learning Journey:

In order to drive for organization excellence and promote Advanced as learning organization, Learning initiatives have been designed and deployed in order to accelerate our workforce development in several areas including:

1. Engineers Development Program:

Advanced Petrochemicals have collaborated with SWCC Academy in Jubail to train 13 fresh Saudi engineers to further strengthen their technical knowledge, experience and exposure to best in class learning institutes curriculum within the region.

2. Knowledge Sharing Program:

Advanced Train Advanced Program is a platform for knowledge exchange where subject matter experts share their accumulated knowledge with young generation and cross functional employees. Part of Advanced Train Advanced we successfully

3. In-house Training Program:

Toward continually fostering

learning environment and upskilling our workforce competence, in 2022 total of 26 classroom In-House training programs conducted in various learning fields including EHSS, technical, professional and leadership learning programs with more than 500 participants attended.

4. Advanced e-learning Academy:

As part of our culture to encourage self-development for employees to own their development, Advanced e-learning Academy provided employees with access to latest learning resources anywhere anytime where throughout 2022 more than 341 employees completed online courses.

5. Cooperative and Summer Training Program:

As part of developing new generation's skills and competence in 2022, Advanced enrolled more than 38 Saudi fresh graduates' talents from Universities and colleges through robust on-the-job training programs encompass Corporate Social Responsibility and commitment toward our community.

Advanced new Performance Management System:

In order to sustain Advanced performance excellence journey and realize Advanced growth, new performance management system designed to enable Advanced talent to excel and outperform as we at Advanced we consider it our foremost responsibility to offer our people all the tools to create a competitive environment of excellence. Therefore, we designed a new performance management system based on best practices to link company performance to individual performance goals to drive a pay for performance culture

With ambitious aim of realizing Advanced growth, The new PMS focuses on Achieving annual business objectives, While holding to the company's values and in parallel developing core competencies along with gaining leadership competencies and going beyond expected contributions.

Advanced Retention Program:

In order to recognize best performance within Advanced, new scheme of retention program designed and implemented to retain our talents, attract competent candidates to join our organization toward realizing our growth journey and continue to be one of top preferred employers among Petrochemical industry.

The news retention program is robustly linked with performance management system in order to drive pay for performance culture and includes the following components:

1. Employees Incentive Shares Program:

The Company designed incentive share program to retain and engage the Company's key talents to achieve quantum leap performance, drive culture for excellence and promote sense of belonging and loyalty according to clear criteria and forceful process.

2. Home Loan 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 where eligible Saudi employee get fund from commercial banks and company support to fund the loan interest.

3. 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.

4. 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.

5. Master Degree Program

To provide opportunity for talented Saudi employees to upskill and diverse their knowledge and qualification by obtaining master degree in specialized field, which eventually reflects on work performance and business priorities.

6. Personal Loan Program

The program aims to provide employees option of personal loan from the company with zero interest with flexible repayment methods to enable

employees fulfill their short term financial commitment.

Above and beyond at Advanced, Human Capital Strategy designed to continually embrace sustenance of performance-focused, value-creating people excellence and competitiveness through our Human Capital as most valuable assets with clear roadmap ahead.

The Company's requests for the Shareholders Register

Number of Requests	Date of Request	Reasons for the Request
1	04/01/2022	Corporates Procedures
2	02/02/2022	Corporates Procedures
3	28/02/2022	General Assembly
4	17/03/2022	General Assembly
5	06/04/2022	Corporates Procedures
6	02/06/2022	Corporates Procedures
7	07/07/2022	Corporates Procedures
8	03/08/2022	Corporates Procedures
9	30/08/2022	Corporates Procedures
10	31/08/2022	General Assembly
11	26/09/2022	General Assembly
12	12/10/2022	Corporates Procedures
13	06/11/2022	Corporates Procedures
14	12/12/2022	Corporates Procedures
15	25/12/2022	Corporates Procedures

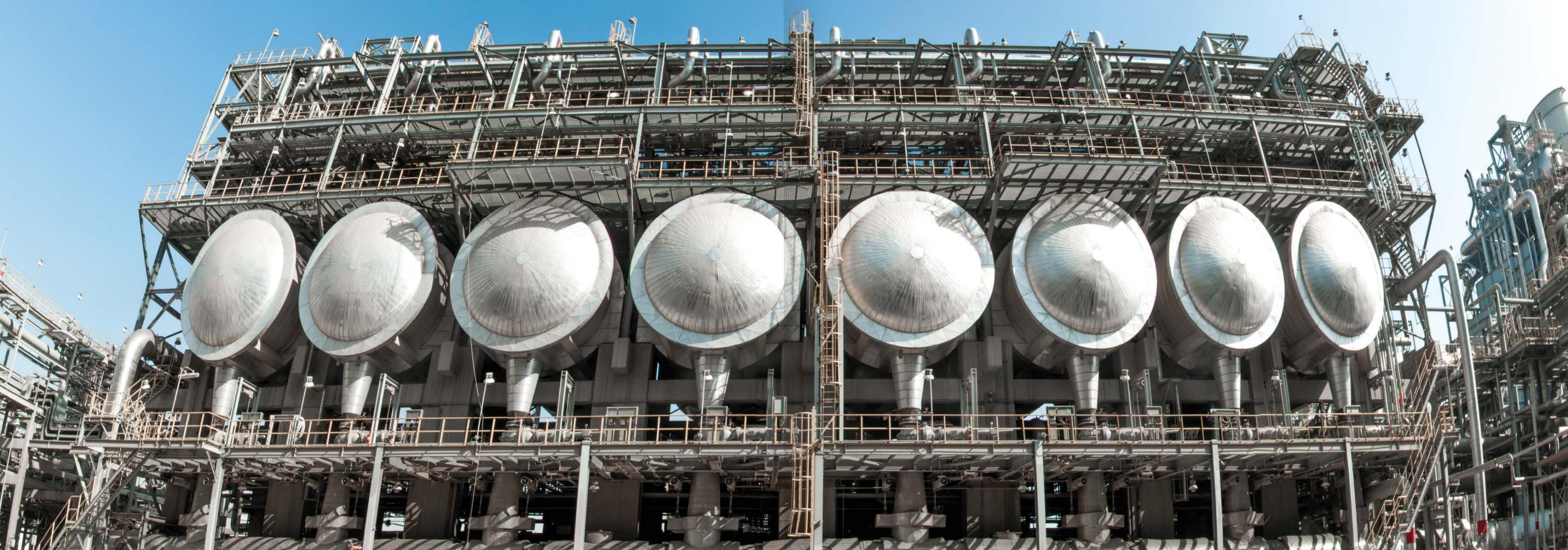
Implementation of the Corporate Governance Regulations

Article/ Paragraph No.	Text of the Article/Paragraph	Reasons for Non-Compliance
39	Assessment of the Board members	This is a guiding provision. However, the Nominations and Remuneration Committee decided during 2022 to conduct an evaluation for the Board Directors, its Committees and Directors' performance in order to uphold the highest standards of corporate governance and board under the direction of an independent external company, the GCC Board Directors Institute (GCC BDI).
51/c	The chairman of the audit committee shall be an Independent Director	This is a guiding provision. However, the chairman of the Audit Committee is outside the Board of Directors and has none of the issues affecting independence applies to the chairman.
51/d	Half of the audit committee's members must be Independent Directors or from those on whom the issues affecting independence in Article (19) of this Regulation do not apply.	This is a guiding provision. However, the Committee consists of two members three from the Board (two non-executive members and one is independent) and one member (chairman) is a member from outside the Board of Directors.
67	Composition of the Risk Management Committee	These are guiding provisions. However, the risk management is frequently reviewed during the meetings of the Audit Committee and Board of Directors.
68	Competencies of the Risk Management Committee	
69	Meetings of the Risk Management Committee	
80	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.
92	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.

The Announcements of the Company during 2022:

No.	Date	Subject of the Announcement
1.	01/01/2022	Advanced Petrochemical Company Announces The Latest Developments Regarding The Extension Of Agreement For The Supply Of Propylene
2.	09/01/2022	Advanced Petrochemical Company Announces The Estimated Annual Financial Results For The Period Ended On 31-12-2021
3.	26/01/2022	Advanced Petrochemical Company Announces The Board Recommendation To Increase The Capital By Way Of Issuing Bonus Shares
4.	26/01/2022	Advanced Petrochemical Company Announces Its Determination To Buy-Back A Number Of Its Own Shares
5.	26/01/2022	Addendum Announcement From Advanced Petrochemical Company In Regards To The Board Recommendation To Increase The Capital By Way Of Issuing Bonus Shares
6.	27/01/2022	Addendum Announcement From Advanced Petrochemical Company In Regards To Its Determination To Buy-Back A Number Of Its Own Shares
7.	03/02/2022	Advanced Petrochemical Company Announces The Annual Financial Results For The Period Ended On 31-12-2021
8.	03/02/2022	Advanced Petrochemical Company Invites Its Shareholders To Attend The 15th Ordinary General Assembly Meeting (First Meeting) Via Modern Technology Means (Remotely)
9.	28/02/2022	Advanced Petrochemical Company Invites Its Shareholders To Attend The 10th Extraordinary General Assembly Meeting Which Include The Increase Of The Company's Capital (First Meeting) Via Modern Technology Means (Remotely)
10.	01/03/2022	Advanced Petrochemical Company Announces The Results Of 15th Ordinary General Assembly Meeting (First Meeting) Through Modern Technology Means
11.	02/03/2022	Correction Announcement From Advanced Petrochemical Company In Regards To The Invitation Of Its Shareholders To Attend The 10th Extraordinary General Assembly Meeting Which Include The Increase Of The Company's Capital (First Meeting) Via Modern Technology Means (Remotely)
12.	09/03/2022	Advanced Petrochemical Company Announces The Signing Of A Loan Agreement By Advanced Polyolefins Industry Company (A Subsidiary Company) With The Saudi Industrial Development Fund
13.	21/03/2022	Advanced Petrochemical Company Announces The Results Of 10th Extraordinary General Assembly Meeting Which Included The Increase Of The Company's Capital (Second Meeting) Through Modern Technology Means
14.	29/03/2022	Advanced Petrochemical Company Announces The Distribution Of Dividend For The First Quarter Of 2022
15.	10/04/2022	Advanced Petrochemical Company Announces The Estimated Financial Results For The Period Ended On 31 March 2022 (Three Months)
16.	10/04/2022	Correction Announcement From Advanced Petrochemical Co. In Regards To The Estimated Financial Results For The Period Ended On 31 March 2022 (Three Months)

No.	Date	Subject of the Announcement
17.	17/04/2022	Advanced Petrochemical Company Announces The Deposit Of The Amounts From Selling The Shares Fractions Resulted From The Company's Capital Increase In The Accounts Of Eligible Shareholders
18.	28/04/2022	Advanced Petrochemical Company Announces The Interim Financial Results For The Period Ended On 31 March 2022 (Three Months)
19.	19/05/2022	Advanced Petrochemical Company (Advanced) Announces The Opening Of The Nomination Period For Membership To The Board Of Directors
20.	06/07/2022	Advanced Petrochemical Company Announces The Estimated Financial Results For The Period Ended On 30 June 2022 (Six Months)
21.	06/07/2022	Advanced Petrochemical Company Announces The Signing Of Various Islamic Facility Agreements By Advanced Polyolefins Industry Company (A Subsidiary Company) With A Consortium Of Financial Institutions
22.	06/07/2022	Advanced Petrochemical Company Announces The Distribution Of Dividend For The Second Quarter Of 2022
23.	07/08/2022	Advanced Petrochemical Company Announces Interim Financial Results For The Period Ended On 30 June 2022 (Six Months)
24.	09/08/2022	Advanced Petrochemical Company Invites Its Shareholders To Attend The 16th Ordinary General Assembly Meeting (First Meeting) Via Modern Technology Means
25.	28/08/2022	ADVANCED PETROCHEMICAL COMPANY ANNOUNCES THE START OF THE ELECTRONIC VOTING ON THE AGENDA ITEMS OF THE 16TH ORDINARY GENERAL ASSEMBLY MEETING (FIRST MEETING)
26.	01/09/2022	Advanced Petrochemical Company Announces The Results Of 16th Ordinary General Assembly Meeting (First Meeting) Through Modern Technology Means
27.	05/09/2022	Advanced Petrochemical Company Invites Its Shareholders To Attend The 17th Ordinary General Assembly Meeting (First Meeting) Via Modern Technology Means
28.	28/09/2022	Advanced Petrochemical Company Announces The Results Of 17th Ordinary General Assembly Meeting (First Meeting) Through Modern Technology Means
29.	28/09/2022	Advanced Petrochemical Company Announces The Distribution Of Dividend For The Third Quarter Of 2022
30.	05/10/2022	Advanced Petrochemical Company Announces Resolution Of The Board Of Directors To Appoint The Chairman, Vice Chairman, The Formation Of The Board Committees, The Appointment Of The Company's Representatives To The Capital Market Authority, The Saudi Stock Exchange (Tadawul) And The Securities Depository Center Company (Edaa), And The Appointment Of The Board's Secretary
31.	26.10.2022	Advanced Petrochemical Company Announces Interim Financial Results For The Period Ended On 30 September 2022 (Nine Months)
32.	04/12/2022	Advanced Petrochemical Company Announces The Approval Of The Ministry Of Energy For The Advanced Global Investment Company To Construct, Own And Operate Pipelines For Propane Gas Transport
33.	05/12/2022	Advanced Petrochemical Company Announces The Financial Close For The Construction Of Propane Dehydrogenation, Polypropylene And Isopropanol Plants



Jubail Industrial City
P.O.Box 11022
Jubail 3196
Kingdom of Saudi Arabia
Tel: +966 13 3566000
Fax: +966 13 3566096

www.advancedpetrochem.com

