

# Board of Directors Report SABIC Agri-Nutrients Company

Performance and Activities of the Company for the Fiscal Year 2022





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



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

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# Board of Directors' report

Dear SABIC Agri-Nutrients shareholders,  
Greetings,

The Board of Directors (Board) of SABIC AN is pleased to present the Board Annual Report for the fiscal year ended on December 31, 2022.

This report has been prepared in accordance with the requirements of the Companies Law of the Kingdom of Saudi Arabia, SABIC AN's bylaw, Corporate Governance Regulations, Rules on the Offer of Securities and Continuing Obligations, and Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies issued by the Capital Market Authority (CMA).

The Board Annual Report provides information on SABIC AN's activities, performance, achievements, and future plans, as well as efforts made to enhance the company's performance in maximizing the equity of its shareholders and to support the national and global food industry.

The report also highlights the company's contributions to the areas of environment, society, and corporate governance, according to its final accounts and financial position for the fiscal year ending December 31, 2022.

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

It also appreciates the efforts exerted by SABIC AN's employees and the support provided by all stakeholders including shareholders, customers, suppliers and our work community.





# STRATEGY, FUTURE EXPECTATIONS AND RISKS





# Overview

## Vision

Becoming the preferred global leader Company in Agri-Nutrients by 2025

## Mission

- Contribute to global food security in order to improve the quality of life by providing sustainable Agri-Nutrient solutions to our customers and communities
- Engage innovative minds to develop a unique and integrated range of sustainable Agri-Nutrient solutions using advanced and developed technologies to deliver leading-edge nutrients, towards higher yields of high-quality crops to feed an ever-growing global population
- Encouraging and enhancing value for shareholders, customers and employees.
- Attracting, developing and maintaining our greatest assets (our employees)

## Establishment and Activities

SABIC AN is a Saudi joint stock company (listed) established under Royal Decree No. M/13 dated 11 Jumada Al-Awal 1385, and was registered in the Dammam under commercial registration No. 2050001841, dated 1 Dhu al-Hijjah 1385, corresponding to March 24, 1966, and the head office was later transferred to Jubail Industrial City, where it was registered under the commercial registration No. 2055002359, dated 29 Shawwal, 1411, corresponding to May 14, 1991. Then the company relocated its head office from Jubail industrial City to Riyadh in April 2022, after completing all regulatory requirements. The main activity of SABIC Agri-Nutrients is represented in the manufacture and marketing of chemical fertilizers. The company's capital is SAR (4,760,354,040), divided into (476,035,404) shares, with a nominal value of (10) riyals per share by the end of the fiscal year of 2022.



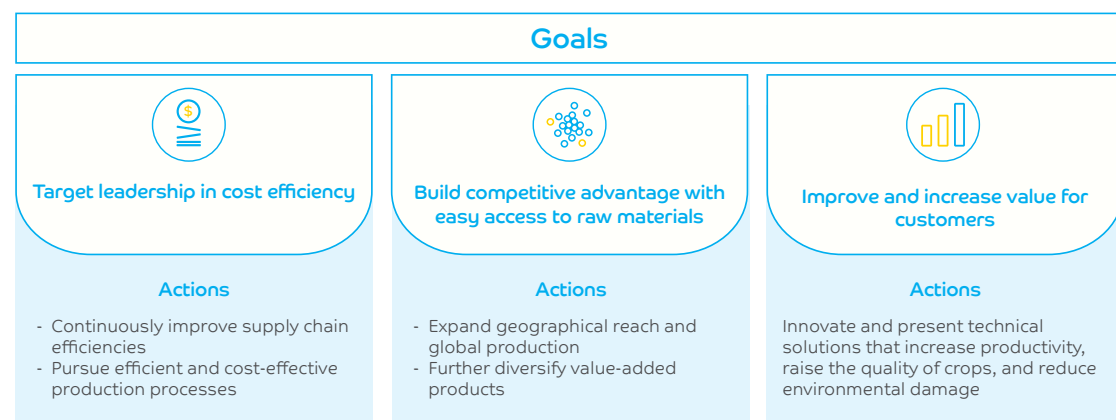
SABIC Agri-Nutrients Company also owns a number of shares in the companies as follows:

	Company	Share
1	SABIC Agri-Nutrients Investments Co.	100%
2	National Chemical Fertilizer Company (Ibn Al Baytar)	50%
3	Arabian Industrial Fibers Company (Ibn Rushd)	3.87%
4	Yanbu National Petrochemical Company (YANSAB)	1.69%
SABIC Agri-Nutrients Investments Company owns stakes in the companies as follows:		
1	National Chemical Fertilizer Company (Ibn Al Baytar)	50%
2	Al Jubail Fertilizer Company (Al Bayroni)	50%
3	Gulf Petrochemical Industries Company (GPIC) Bahrain	33.33%

## Pacts and partnerships

- Active member of the International Fertilizer Association (IFA); engages with global agricultural community and industry to address key challenges towards a more sustainable future, Arab Fertilizers Association (AFA), and The International Fertilizer Development Center (IFDC).
- Endorses global strategy proposed by Mission Possible Partnership (MPP) to ramp up production of zero-emission ammonia
- Signed new Joint Development Agreement (JDA) with US biotechnology solutions firm, BiOWiSH Technologies, to develop bio-enhanced mineral fertilizers
- Espouses JDA with agriculture technology company, NewLeaf Symbiotics, for microbial products that enhance nutrient uptake
- Upholds Memorandum of Understanding (MoU) with Saudi Agricultural and Livestock Investment Company (SALIC), to jointly explore global commercial opportunities to ensure food security and address growing environmental concerns
- Remains firmly committed to UN Sustainable Development Goals (UN SDGs), Nos 2,3, 4, 6,7,9,13,14 and 17 under key focus areas:
  - Water and sustainable agriculture
  - Environmental protection
  - Health and wellness
  - Science and technology education
  - Community living

# Strategy



## Highlights of 2022



**Global first: Blue ammonia certification**  
37,800 tons of blue ammonia produced in Jubail wins world's first independent certification.

**Africa focus: Acquired 49% of equity in ETG Inputs Holdco Limited (EIHL)**  
Presence in African markets strengthened with greater growth prospects across the value chain.

**Strong partnership: BiOWiSH Technologies Inc**  
Product commercialization of SABIC AN Bio-Enhanced Urea.

**Steady progress: Carbon neutrality**  
Roadmap, quantification and mitigation plans set to spur carbon neutrality by 2050.

**Industry outreach: IFA, AFA and GPCA participation**  
Presence and participation at the events organized by International Fertilizer Association (IFA), Arab Fertilizers Association (AFA), The Gulf Petrochemicals and Chemicals Association (GPCA) reiterates global role as reliable and sustainable solution provider.

**Advanced research: Teralytic sensor**  
Combination of digitization and precision farming expected to detect and measure carbon sequestration and Greenhouse Gases (GHG) emissions.

# Outlook for 2023

SABIC AN's continuous and concentrated efforts in multiple realms have been visible at a global level since its establishment as a standalone fertilizer company in early 2022 – from the agreement to acquire a stake in African distributor EIHL to new market trials for biodegradable controlled-release urea and other high efficiency fertilizers, and from winning the world's first third-party certification for blue ammonia to the large-volume commercialization of low carbon ammonia.

Product marketing activity has increased and evolved to serve new destinations and customers in direct response to regional shortfalls and global food crisis, highlighting the company's flexibility and reliability that sets it apart as a leading producer.

## Geopolitical factors

The market outlook for 2023 remains positive, with robust agricultural and energy sector fundamentals supporting end user fertilizer demand. Furthermore, the global push to replenish grain stocks, safeguard crop yield against adverse weather conditions, and control escalating food prices necessitates sustained fertilizer applications.

Nitrogen, whose production is dependent on upgrading natural gas feedstock, is exposed to considerable supply pressures from shutdowns induced by escalating energy costs and protectionist export policies. Trade flows will have to continue to adjust in response to this pressure, as well as the impact of discretionary private party procurement policies and the ability and willingness of countries to trans-ship Russian fertilizers. These factors are expected to remain in place well into 2023 with a tangible inflationary effect across markets, despite seasonal downturns in agricultural demand and more sustained declines in industrial sector offtake.

## Global markets

SABIC AN's position as a global dependable producer of agri-nutrients presents multiple opportunities as import-dependent regions search for reliable supplies. However, affordability is a concern for end-users in these markets, as global crop prices level out while the value of agri-nutrients continues to rise. Demand destruction and changes in application rates, especially for smallholder farmers in developing markets, presents a forward risk.

In more developed markets, growing public consciousness of the environmental impact of agriculture may result in a longer-term shift in demand patterns for inputs like agri-nutrients. Governments in these countries are proactively evaluating excess use and environmental impact of fertilizers; tighter regulations are likely to be put in place. Likewise, customers demand greater transparency in terms of climate impact from the production of agri-nutrients, and more innovative solutions to mitigate issues stemming from in-field applications by farmers. SABIC AN's initiatives to develop solutions that address these concerns are a cornerstone of the company's strategy towards building its position as a global industry leader.

## Growth areas

SABIC AN has earned recognition and respect as a top producer and marketer of nitrogen, phosphates and compounded fertilizers, which will continue to form core pillars of its strategic focus. The company's robust financials, led by cost position and operational excellence, enables the study and development of growth opportunities beyond commodity nitrogen fertilizers, and across the value chain.



## Plans, Resolutions, Expansions and Future Expectation

The company also remains focused on growing the key markets like Asia, Latin America, and the Africa continent where the EIHL transaction and participation in distribution assets boosts efforts in value chain integration.

### Planned projects

The company's current market position remains well placed to address the world's existing and emerging fertilizer challenges. A diverse suite of strategic new initiatives aim to introduce innovative products, mitigate the environmental impact of upstream production together with downstream product applications, and develop emerging applications for nitrogen products. Two focus areas are the creation of high-tech enhanced fertilizers and anticipating the constantly evolving needs of end users.

SABIC AN intends building a green ammonia plant and is currently evaluating electrified steam methane reformers (e-SMR) and auto thermal reformer technologies (ATR) to decarbonize assets and reduce CO<sub>2</sub> emissions.

Other future investments are centered around the establishment of a more varied and diversified portfolio – both to expand the company's global production footprint and to reduce the carbon footprint of existing products.

### On the anvil: 2023 and beyond

With growing pressure and new regulations from governments to improve nutrient use efficiency (NUE), SABIC AN expects the environmental footprint of fertilizers to come under increasing scrutiny. This is already being witnessed in developed countries and several developing countries and may accelerate further in line with initiatives coming from the United Nations. Efforts by the fertilizer value chain players and other stakeholders to help farmers improve their nutrient management

performance are anticipated to produce a steady enhancement of the average global NUE.

Although it is hard to generalize, demand in terms of nutrient tons may slow down in some regions where fertilizers may be over applied, as farmers become more efficient at using fertilizers. On the other hand, the need for more balanced nutrition, which includes all major and secondary nutrients along with micronutrients, promises tremendous growth opportunities.

There is also great scope for using micronutrient fertilizers to address micronutrient deficiencies not just in soils, but also in humans and animals. Applying micronutrients to soils is considered to be one of the most promising ways to fight malnutrition and alleviate nutrient deficiencies worldwide, especially for zinc, selenium and iodine. This method has been shown to be particularly effective for increasing the concentration of zinc in grains.

The fertilizer industry will have to increase focus on value over volume and look to offer a range of products and services to improve not only agricultural yields, but also plant, soil, and human health. Industry is also called upon to provide dedicated agri-advisory services and a common understanding of the 4Rs concept (right fertilizer at the right time, in the right amount and at the right place), which is intrinsic to improving the balanced use of fertilizers.

With all these facts and factors in mind, SABIC AN is on target to innovate and increase the portfolio of a truly sustainable range of fertilizers that will not only improve efficiency of nutrient usage but also remain environmentally friendly.

SABIC Agri-Nutrients Company aims to develop the rights of its shareholders through optimal utilization of its assets and human and financial resources, and to study any opportunities available to increase income in accordance with the company's strategy of expansion and growth. The company transferred the marketing rights for its products in various local, regional and international markets from SABIC as of the beginning of 2022, which contributed to reducing costs. SABIC Agri-Nutrients works constantly to follow up the requirements of the safe operation of its plants, and to expand its customer base in order to achieve the largest possible return. SABIC Agri-Nutrients Company notes to its shareholders that according to its plan for 2023, there will be a scheduled shutdown of its plants during the first and second half of 2023 as follows:

1. **Agri Nutrients Plant 4:** For periodic maintenance of the ammonia plant for a period of 42 days and the urea plant for a period of 41 days in the first half of 2023.
2. **Agri Nutrients Plant 3:** For periodic maintenance of the ammonia plant for 41 days and the urea plant for 40 days in the first half of 2023.
3. **Ibn Al-Baytar Plant:** a scheduled shutdown of the ammonia plant for a period of 15 days in the first half of 2023.

The company also signed a binding agreement to acquire (49%) of the capital of ETG Inputs Holdco Limited on 21/06/1443 corresponding to 24/01/2022, for a total value of (320) million US Dollar, equivalent to (1.2) billion Saudi riyals on the basis of excluding cash and debt balances and the change in the value of working capital, which will be determined upon completion of the transaction. Whereas, ETG Inputs Holdco Limited is a limited liability company that works in the field of mixing and distributing Agricultural fertilizers "Agri-nutrients", as its sales are concentrated to farmers and the final customer in a number of African countries, and this step comes within the company's strategic directions in the integration of its operations to include distribution and blending of Agri-nutrients in global markets and access to farmers and the end customer, thus expanding its activities and taking advantage of growth opportunities to cope with the expected developments and place it in a leading position on the map of the global Agri-nutrients industry.





# Risks Related to the Company's Business

## Risk Assessment

SABIC AN has an integrated risk management system that operates with a consistent and comprehensive approach to ensure the continuity of the company's business, while complying with requirements and regulations, and ensuring the application of the latest systems and methods in all fields.

## Roles and Responsibilities

The company's management team develops and updates risk management and business continuity procedures and policies to provide an effective control system which is comprehensive, independent, and transparent. Management responsibilities include reviewing such operations, assessing associated risks, and developing plans to face or mitigate such risks. The team also supervises the building of suitable electronic systems and implementing professional and ethical standards.

## Audit Mechanisms

All external auditors appointed by the General Assembly, the General Court of Audit (GCA) in the Kingdom of Saudi Arabia, SABIC AN Internal Audit and SABIC Internal Audit all perform various types of audits based on their scope and covering areas related to the company's accounts and operations on a regular basis and independently issues their reports to the Company's Executive Management, Board Audit Committee and Board of Directors. Board Audit Committee is responsible for oversight on these audit mechanisms and ensure employees compliance with company's existing policies and procedures.

## Financial risks

- Credit risks: Credit risks are the risks of financial loss sustained by the company if a customer or party to a financial instrument fails to meet its contractual obligations, mainly arising from receivables owed to the company and investment securities. SABIC AN has no fundamental concentrations of credit risk related to its customers. In addition, the cash and cash equivalents are usually deposited with banks in the Kingdom of Saudi Arabia with good credit ratings.
- Liquidity risks: Liquidity risks arise when the company cannot meet its obligations associated with financial requirements, which are paid by handing over cash or other financial assets. SABIC AN follows a practice to manage liquidity to ensure, to the extent possible, that it has sufficient liquidity to meet all its obligations when they fall due, under normal or difficult circumstances, and without incurring unacceptable losses or risks that cause damage to reputation.
- Market risks: Changes in market prices such as foreign exchange rates, interest rates, and stock prices can affect the company's income or the value of its financial instruments. The purpose of market risk management is to manage and control exposure to market risks in the light of acceptable inputs while improving returns. Worth to mention that SABIC AN currently does not have material exposure to market risks, or in the way that these risks are being managed and measured. The Company's capital structure and its investments' profiles supports its financial position and mitigate any possible market risk.
- Price risks: The Company's securities price risk exposure arises from investments that are classified as financial assets that are listed at fair value through other comprehensive income. Related risks include those associated with product price drops. In both these regards, SABIC AN has taken necessary actions to deal with price risks and its long term high profile investments limit any unforeseen possible price risks.

- Currency risks: Currency risks stem from fluctuations in the value of financial instruments due to changes in foreign exchange rates. The Company is not significantly exposed to fluctuations in foreign exchange rates in the course of normal business, and in 2022, did not conduct significant transactions in currencies other than the US Dollar, or the Saudi riyal which has a fixed exchange rate against the US Dollar.
- Commodities risks: The Company remains exposed to the influence of market fluctuations in the prices of various production inputs including natural gas, sulfuric acid, and phosphoric acid. The company occasionally manages certain elements of commodity price risk by using fixed-price contracts.
- Capital management risks: Capital is the equity of the company's shareholders, and the main purpose of managing it well is to support business and maximize returns for shareholders. SABIC AN manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Neither the company nor any of its associated companies are subject to externally imposed capital requirements.

The Board's policy is to maintain a strong capital base to retain the confidence of investors, creditors, and the market, and ensure that future business developments are sustained. The Board monitors the returns on capital as determined by the company, resulting from operational activities divided by the total equity of shareholders. The Board also monitors the level of common dividends' distribution to shareholders.

SABIC AN remains committed to the requirements of Global Quality Certificate ISO 22301:2019 in Business Continuity Management Systems (BCMS), which helps in quick recovery of production, in case of any business interruption, and better service to SABIC AN customers.

## Operational Risks

- Insurance risks: The operations of SABIC Agri-Nutrients are subject to hazards and risks inherent in petrochemicals operations, which include fires, explosions, pipeline ruptures and spills, storage tank leaks, chemical spills, discharges or releases of hazardous substances or gases, environmental risks, mechanical failure of equipment, war, terrorism, sabotage, and natural disasters. In addition, many of these risks may cause personal injury and loss of life, severe damage to or destruction of the company's properties and the properties of others, including environmental pollution which can result in the suspension of operations and the imposition of civil or criminal penalties.

The company maintains insurance coverage in amounts that are consistent with relevant industry practices, including coverage for the risk of property damage, business interruption resulting from, among other things, fire or machinery breakdown and third-party liability. However, there can be no assurance that such insurance coverage will be adequate to cover all losses that may be incurred in the future, or that the liability imposed on the company will not exceed its total assets.

The company's insurance policies may not cover all the risks that may occur in the future, including but not limited to:

- Fluctuations in oil and gas prices
- Intense competitiveness
- The cyclical nature of the agricultural nutrients sector, which may cause fundamental and negative impact
- Risks related to projects under development
- Conditions affecting the transportation of products
- Risks associated with information technology use

The Company could be subject to material loss to the extent that a claim is made against the company which is not covered in whole or in part by insurance, and for which third party indemnification is not available. In addition, there can be no assurance that the company's insurance coverage will continue to be available in the market, or available at an acceptable cost.



If the company suffers large uninsured losses, or if any insured loss significantly exceeds insurance coverage, the business may be materially and adversely affected. This will in turn affect the ability of the company to pay dividends and could have a material and adverse effect on the results of its operations or financial condition.

- Oil and gas price fluctuations: The results of the company's operations can be greatly affected by fluctuations in the prices of many commodities, especially gas, and oil and its derivatives. The company's main feedstock in Saudi Arabia is methane that is priced by the Ministry of Energy.
- Transportation risks: SABIC AN's operations depend heavily on the transfer of materials, particularly the exports of finished products by sea and road. Although the company seeks to optimize the cost of distributing final products, it cannot ensure that transportation costs will not increase significantly in the future, which may reduce its competitive advantage over regional producers. Any problem that impacts the transportation of goods by sea, such as special taxes, risky conditions, and natural disasters, may adversely affect the outcome of the company's processes or financial situation.

Some of the products transported by the company are also classified as risky, and geopolitical problems, wars and conflicts, commercial blockades, and piracy, which affect transportation, can also adversely affect the company's outcome of processes.

- Risks related to projects under development: The Company has many significant capital projects under development, or in planning stages, such as the expansion and modernization of existing plants. It may also implement additional capital projects during a particular reporting period. Each of these projects involve a number of risks during construction such as investment cost overrun, delayed or incomplete project start, and default by any contractor or subcontractor or their ability to comply with contractual obligations. Other risks include shortfall in costs, equipment overloads or failure, damage to processes or technology, difficulties in connecting stage facilities, start-up or uptime problems with effective integration of processes, increased operating costs, unforeseen liabilities, and changes in taxes or fees.

Any of these risks can cause difficulties in achieving expected efficiency and cost savings, and the overall profits of the project may be negatively affected if it does not achieve expected levels of performance or profitability. This in turn may have a fundamental and negative impact on the company's operations, or financial position.

#### Business Risks

- Intense competitiveness: The markets in which SABIC AN's products are sold and used are very competitive, and thereby, the company faces competitive characteristics in several different markets and geographic sectors.

The company's competitors vary between major international companies and small regional companies. Larger competitors may have better vertical integration in the initial, final or both stages of production and are thus able to manufacture more economical products. Other competitors may have greater technical, research, and marketing resources.

Products manufactured by the company may be at risk of being abandoned, as a result of technical progress or changes in consumer preferences. The competitive landscape may also change in unanticipated ways, such as when existing competitors devote more resources to the markets in which the company operates. All these events may trigger short or long-term downward pressure on prices.

- Technology licenses: Many of the company's operations depend on licenses for technologies from licensed third parties, and while these licensors provide improvements in business processes and technologies, there is no guaranteed future access to the latest developments, or appropriate and competitive technologies. The termination of any substantial technical license, or a dispute related to its use, may require stopping the use of that technology.

SABIC AN's strategy primarily targets the development of new products that provide outstanding value to customers, and the company intends to continue allocating resources to develop more advanced products and processes, with a budget for spending on research and development activities. However, success cannot be guaranteed in developing new products or processes or launching them in timely manner. Similarly, there is no guarantee that products developed by competitors will not render the company's product offerings outdated or uncompetitive, that competitors will not produce similar products at a lower cost, or that the market will accept the company's own new products and innovations.

- Intellectual property (IP): SABIC AN relies on a wide range of IP titles to support its business, and the company's financial position may be adversely affected if competitors develop or acquire IP rights in specific technologies, if the company's innovation suddenly lags behind industry, or if the company does not innovate or launch successful new products. Strategies to combat these risks could be expensive and ineffective.
- Risks from defective products: Many of the company's products are developed through complex manufacturing and technical processes and are therefore subject to risks that may arise from defects in any of these products. These risks increase when customers integrate the company's products into other products, which are then sold to consumers.



Although SABIC AN determines its responsibility to customers for product defects in accordance with sales and purchase agreements, legal regulations in a number of countries impose strict liability on the manufacturer or importer of products, which cannot be limited. Moreover, the company conducts a large part of its business without fixed term contracts, which enables sellers to limit their liability.

Any defects in the company's manufactured products can result in significant costs, including expenses related to the recall of end-use products by manufacturing customers or their clients, the replacement of defective materials, the write-off of defective inventory and the loss of potential sales. In addition, occurrence of such defects may give rise to claims for product and warranty liabilities, including liability for damages arising from such defects. Any or all these events may have a material adverse effect on the company's business, financial condition, or reputation.

- Sectoral risks: The Agri-nutrients sector is exposed to cycles of expansion and contraction according to movements in the global economy, which leads to fluctuations in supply and demand. Responsive expansion of production capacity can lead to increased supply, lower prices, or reduced profit margins, but the company cannot accurately predict these trends and economic cycles, or their duration and dates of occurrence, all of which can significantly affect business, results of operations, or financial position.

- Risks associated with Information Technology (IT): The company depends on a number of IT systems to operate its day-to-day operations, and as a result of the increasing complexity of IT and electronic communication technologies, is exposed to a variety of risks, from data loss or theft, cyberattacks, business stoppages and interruptions, to systems disruption and the technical obsolescence of systems.

- Global threats in information security and an increase in online crimes also pose risks to the confidentiality of data, and the processes and infrastructure of IT systems, networks, installations, and products. Breach of confidentiality or manipulation of important IT systems and applications may lead to uncontrolled leaks of data and knowledge and have a direct impact on the company's business.

While the company maintains data backup systems, there are no assurances that it will operate as efficiently or as quickly as expected. If these threats overcome the security measures implemented by the company, they may lead to hacking of confidential information, improper use of systems and networks, tampering and destruction of data, production disruptions, and operational disruptions, which in turn can have a material negative impact on business and financial position.

- Risks arising from disputes and litigation: The Company is exposed to risks related to legal and regulatory actions to which it is a party, and those that may arise in the future. These risks may include those related to product liability, competition laws, antitrust, export control, data protection, patent and procurement law, tax legislation, and environmental protection. The company's involvement in lawsuits and regulatory actions may result in fines or penalties, or negatively affect its reputation.

Since litigation and regulatory actions are unpredictable, any legal, regulatory or settlement proceedings in which the company is involved or a party therein, may result in penalties that can lead to significant costs, losses, and expenses. Moreover, these may not be covered or in whole or in part through insurance benefits. Investigations of potential legal or regulatory violations may also result in civil or criminal penalties and other financial consequences, and it may constitute a material adverse effect on the company's financial condition and its reputation.

- Hiring and retention of personnel: SABIC AN depends on its executives and key staff to enhance performance, and its future success depends in part on continuing to attract, integrate, and retain highly skilled employees even as demand for experienced and qualified employees continues to rise. The company may not be successful in its endeavor to recruit, train or retain necessary qualified personnel in the future. This is compounded by the need to provide higher compensation and other competitive benefits, or the unexpected loss of executive officers or key personnel to competitors. These factors could have a substantial and adverse effect on the company's business or financial position.
- Compliance risks: The risk register includes risks related to human resources retention, and an emphasis on improving the work environment, both of which reflect positively on upgrading performance. The company did not lose sight of these risks in relation to compliance with relevant legal requirements. The Company has a robust internal control system and training requirements on code of ethics and compliance as part of its strong governance and compliance culture.

### Sustainability Risks

- National and regional regulations: SABIC AN is committed to complying with all applicable laws and regulations relating to environment, health, safety, and security. These laws and regulations set different standards, govern specific aspects, and provide civil and criminal penalties and other responsibilities for violations. In certain circumstances, they have obligations to repair existing and former facilities and sites in which operations are conducted. In addition, special provisions may be applied in environmentally sensitive areas of operations.

The company cannot predict what future regulations will be enacted or how they will be managed or enforced. Compliance with more stringent laws or regulations – or more stringent enforcement policies from any regulatory authority – may in the future, require material expenses to cover installation and commissioning of systems and the equipment required for necessary measures. Any, or all of these may have a material and adverse effect on the company's business, results of its processes, financial position or reputation.

- Risks related to responsibilities towards environment, health, safety, and security
- Risks related to increased tariffs on Greenhouse Gas (GHG) emissions
- Risks from defective products
- Risks related to incidents in which SABIC Agri-Nutrients products play a part





- International compliance: Carbon dioxide (CO<sub>2</sub>) is a by-product of burning various types of fuels, including oil and gas, and is considered a Greenhouse Gas (GHG). Because, Saudi Arabia is a signatory of the Paris Agreement, compliance requires the reduction of CO<sub>2</sub>, in and across the country. The responsibilities of Saudi companies may change significantly after implementing related regulations. For example, these regulations can increase the costs of operating and maintaining the company is manufacturing facilities and/or the costs of installing new emissions control devices and managing any potential emissions of GHG. These increased operational costs and compliance may have a significant and negative impact on the business, results of processes, and financial position.
- Product-related incidents: As a hazardous materials company, SABIC AN's business is inherently exposed to the risk of spills, discharges, or other forms of release of hazardous materials into the environment. The company uses volatile and explosive chemical products as raw materials and manufactures, stores and transports them. These materials, when released into the environment, can have a negative impact including but not limited to explosions or fires in production or logistics facilities, discharge of toxic gases and pollutants into the atmosphere, and discharge of hazardous chemicals on land or into waterways. Accidents involving these or other substances may result in fire, explosion, severe pollution, or other catastrophic conditions, which may cause significant damage or injury to persons, property, or the environment, as well as disruptions in work.

Such events can lead to equipment failure or facilities closures, civil lawsuits, criminal investigations, and regulatory enforcement actions, all of which may result in significant liability to the company. Any damage to persons or property, or other impairment in the ability to produce or distribute products will result in a significant reduction in revenue and profit. It may also cause significant additional costs to replace or repair assets, depending on the nature of the accident. The company may also become liable to third parties for damages, including personal injury and property damage which result from the disposal or release of hazardous materials into the environment. The company may not be fully insured, or not insured at all, for these events, all of which may lead to material negative effects.

In addition, some environmental laws can impose strict liability, regardless of fault, for charging clean-up costs to those who disposed of or released hazardous materials into the environment. As a result, and due to the nature of the business, the company may have environmental clean-up responsibilities in relation to its existing or former facilities, next or nearby third-party facilities, or remote disposal sites. It is often impossible to assess pollution risks and their associated cleaning costs, and these may be significant.

### Political and Social Risks

- Changes in climatic conditions: The agricultural sector is highly influenced by local climatic conditions and observed changes in usual weather patterns in a particular region – differences in local climate or a major weather-related disaster – may reduce demand for agri-nutrient products, especially in the short term. If agricultural products, or the land on which they are grown, are damaged or if such changes, differences, or disasters reduce farmers' income, it will reduce their ability to purchase the company's products.

In particular, the impact of adverse weather conditions can be very significant and result in intermittent delays or disruptions during the growing seasons of crops, which in turn contributes to farmers' use of different forms of fertilizers which are applied at specific times. Likewise, adverse weather conditions after harvest may delay the chances of using fertilizers in the autumn, which is typically the season for using fertilizers in certain geographical areas. The weather can also have a negative impact on the size of crops, which reduces farmers' income and can weaken their ability to purchase fertilizers.

- Governmental agriculture policies: In several markets, the company benefits from government policies that support the agricultural sector. These include goods support programs that provide subsidies to farmers for the purchase of agri-nutrient products, export fees on agri-nutrient products, policies affecting the prices of raw materials used in the production of agri-nutrients, and others such restricting acreage of crop growth, cultivation of specific crops, and limited usage of agri-nutrient products in certain areas. As a result of these policies, which often include direct or indirect subsidies, farmers are often able to spend more on agri-nutrients than they would in the absence of such policies.

Government policies may also regulate lands that can be used to grow crops, or the types and prices of crops grown, which may negatively affect the demand for products. Any change in government policies, due to these or other factors, will lead to a decrease in demand and prices of agri-nutrient products, which may have a material negative impact on the company's business and financial position.



- International legislation: International treaties and agreements, such as those issued by the World Trade Organization (WTO), may reduce subsidies to agricultural producers or lead to other adverse changes in government support for the agricultural sector, which can undermine demand growth or cause a decrease in the prices of agri-nutrient products.

In addition, many jurisdictions including the European region considers and may adopt restrictions on the use and application of certain agri-nutrient products, due to concerns about environmental impact, and/or may impose restrictions on the content of cadmium and other heavy metals due to health concerns. If this is done, these restrictions may affect demand and prices of agri-nutrient products negatively.

- International trade controls: SABIC AN exports many products to countries which have adopted trade defense instruments such as anti-dumping, and anti-subsidy laws and regulations. Non-compliance with these may result in the imposition of anti-dumping or anti-subsidy duties. The company believes that some countries' trade defense measures and other forms of trade controls are likely to increase in the future, and any of these imposed on the exports or imports of SABIC AN, its suppliers, or its customers could have a substantial and adverse effect on business.

- Regulatory compliance: The Company is subjected to various laws and regulations that relate to licensing requirements, EHS obligations, asset and investment controls, marketing guidelines, climate change pressures and trends, and other requirements. Compliance with these laws and regulations can be costly, and the company bears and will continue to incur costs, including capital expenditures, to comply with these requirements. Moreover, failure to comply with these laws and regulations or any changes thereto, including the enactment of additional regulations, could have a material and negative impact on Company's business.

The company uses and manufactures hazardous chemicals that are subject to specific laws and regulations imposed by local and national government authorities in all the countries in which it operates. In addition, the company has to demonstrate to relevant authorities that the product is safe for its intended uses, and that it is manufactured in accordance with applicable regulations, to obtain regulatory approval for new products and production processes. The process of seeking such regulatory approvals is time-consuming and may be subject to unexpected and significant delays. Further, regulatory approvals may not be granted in a timely manner, or at all, which will negatively affect ability to provide new products or continue to distribute existing products and generate revenues from it, which will have tangible negative impact on business.

Laws and regulations, and their interpretation and application, may change from time to time. Any change, or a difference of views by any authority from the company's point of view, may have a material and negative impact. In addition, new laws and regulations may be enacted in the future, resulting in additional costs related to compliance with regulations, the confiscation and/or recalling of products, or financial fines. Any of these may impede or prohibit the development, distribution, and sale of products. Moreover, subjecting any of the company's raw materials or products to a process of regulation or re-classification may adversely affect its availability or marketability; result in a ban on their import, purchase or sale; or require the company to incur increased costs to comply with notice, labeling or handling requirements, all of which may adversely affect financial position.

- Political and social instability: SABIC AN is located in a central site in a region of strategic importance, and parts of this region were subject to political and security instability in recent years. Any new or negative political developments may significantly affect the company's operational results such as a reduction in the demand for products, if agricultural products or the land on which they are grown are damaged, or if these changes reduce farmers' income and thereby, their ability to purchase products.

Many countries in the region are currently subject to armed conflicts and/or social and political turmoil, and instability in other regions also continues to be a major concern. In addition, important shipping lines routes, a major corridor for the import and export of products to and from Saudi Arabia, are sensitive, and any closure or negative incidents will greatly impede ability to transport products.

All these factors lead to continued uncertainty in forecasting business performance in the short to medium term.





# BUSINESS PERFORMANCE

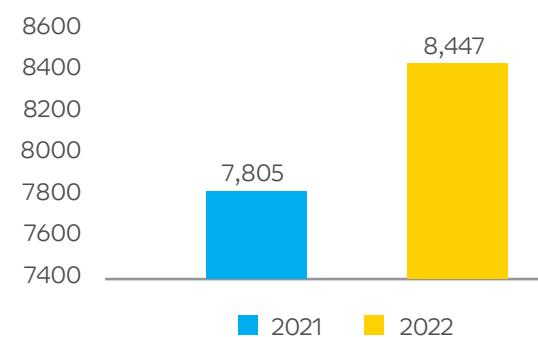
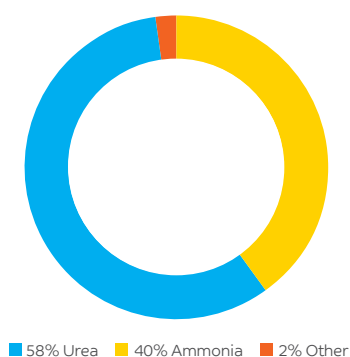




# Financial capital review

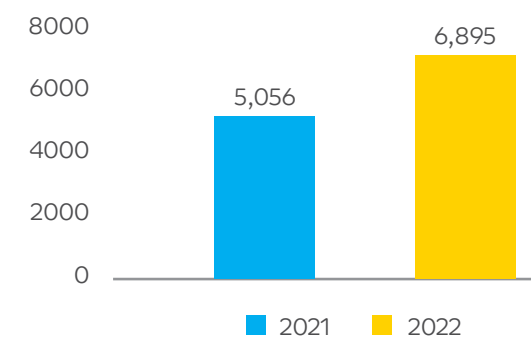
## Operation and Production

The actual production for the year 2022 is (8,447) thousand metric tons, compared to (7,805) thousand metric tons for the year 2021, with an increase of (8%) in 2022. The reason for the increase in the quantities produced is due to effective management of plants in the current year. The following charts show the quantities produced during the year 2022 compared to the production of the year 2021.



## Marketing and Sales

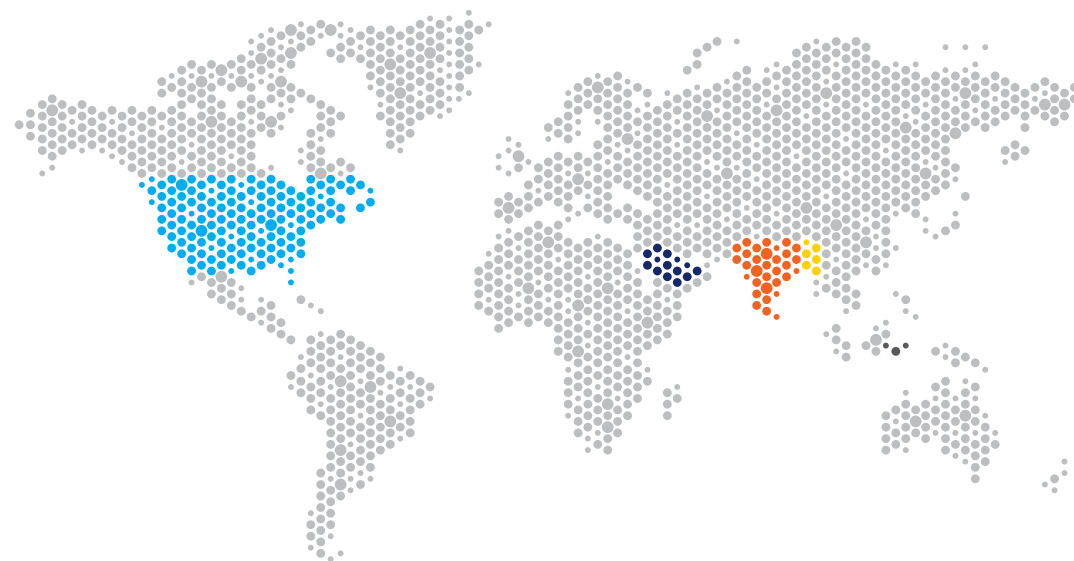
The total quantities sold during the year 2022 amounted to 6,895 thousand metric tons, compared to 5,056 thousand metric tons in 2021, an increase of 36%. Higher sales are on account of being the direct marketers for subsidiaries and associate companies in beginning in 2022 and also due to the general upward trend of the market.



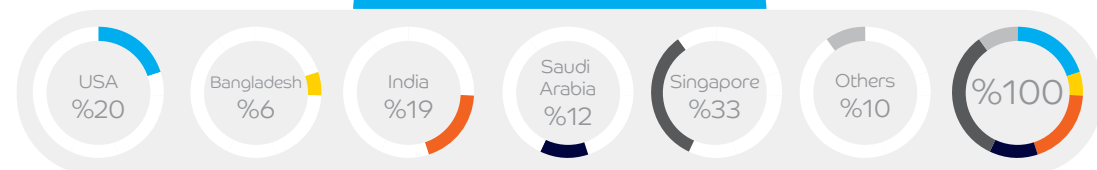


# Financial capital review

## Geographical Analysis of the Company's Revenue and Subsidiaries



Percentage of Revenue



	ALB	IBB	SABIC AN	TOTAL
America	1.28	0.00	18.72	20
Bangladesh	0.86	0.00	5.14	6
India	1.44	1.66	15.90	19
Saudi Arabia *	6.21	1.46	4.32	12
Singapore	1.22	6.42	25.36	33
Others	1.06	0.91	8.03	10
<b>TOTAL</b>	<b>12.07</b>	<b>10.46</b>	<b>77.47</b>	<b>100</b>

## Assets, Liabilities and Business Results

The net profit amounting to SAR 10,037 million Saudi riyals, during the current fiscal year 2022, an increase of approximately (92%), compared to the net profit for the fiscal year 2021, which amounts to SAR 5,228 million Saudi riyals.

### Business Results (Thousands of Saudi Riyals)

Statements	2022	*2021	2020	2019	2018
Revenues	18,980,830	9,591,975	3,327,542	3,287,582	3,859,836
Revenue Costs	(7,793,978)	(3,085,385)	(1,662,354)	(1,593,557)	(1,728,590)
Gross profit	11,186,852	6,506,590	1,665,188	1,694,025	2,131,246
Net profit to the equity holders of parent	10,036,764	5,228,016	1,294,401	1,473,919	1,738,438

### Balance Sheet (Thousands of Saudi Riyals)

Statements	2022	*2021	2020	2019	2018
Current Assets	16,747,682	9,344,615	2,713,559	2,167,998	2,249,981
Non-current assets	10,309,003	10,508,533	7,281,218	7,494,544	7,254,486
<b>Total assets</b>	<b>27,056,685</b>	<b>19,853,148</b>	<b>9,994,777</b>	<b>9,662,542</b>	<b>9,504,467</b>
Current liabilities	2,448,908	1,565,652	639,107	681,385	855,264
Non-current liabilities	3,637,800	1,260,236	1,195,061	984,866	743,154
<b>Total liabilities</b>	<b>6,087,708</b>	<b>2,825,888</b>	<b>1,834,168</b>	<b>1,666,251</b>	<b>1,598,418</b>

\*Note: The company's financial statements for the years 2022, 2021, 2020, 2019 and 2018 are in accordance with International Financial Reporting Standards (IFRS). Reclassifications have been carried on based on the last financial statements.

# Financial capital review

## Cash Flows

**Net cash from operating activities** for the year 2022 amounted to 11,606 million Saudi riyals, an increase of 6,487 million Saudi riyals, or 127% on annual basis , primarily due to the increase in profit before zakat and income tax by 83%. This had an impact on the rest of the cash flow components from operating activities.

**The net cash used in investment activities** for the year 2022 amounted to 4,288 million Saudi riyals, an increase of 3,981 million Saudi riyals or 1,228% compared to the year 2021. This change was mainly due to investment in short-term investments net, amounting to 3,798 million Saudi riyals.

**The net cash used in financing activities** for the year 2022 amounted to 3,995 million Saudi riyals, an increase of 2,623 million Saudi riyals or 191% compared to the year 2021, mainly due to the increase in dividends by 220%.

**Cash and cash equivalents** at the end of 2022 amounted to 8,618 million Saudi riyals, an increase of 3,323 million Saudi riyals, or 63%, compared to 2021, mainly due to the increase in net cash flows from operating activities.

**The free cash flow** for the year 2022 amounted to 11,012 million Saudi riyals, i.e. an increase of 6,203 million Saudi riyals, or 150% compared to 2021.

## The material differences in operating results

Item	(Amounts in thousands, SAR)		Changes (+) or (-)	Percentage of change
	2022	*2021		
Sales	18,981	9,592	9,389	98%
Cost of sales	7,794	3,085	4,681	152%
Gross profit	11,187	6,507	4,708	72%
Selling, distribution, research, general and administrative expenses, expected credit loss allowance (ECL), and Other operating income (expense)	848	753	95	13%
Income from operations	10,339	5,754	4,585	80%

\*Note: Reclassifications have been carried on based on the last financial statements.

\*The reasons of increase in net profit for the current year compared with the last year:

- Increase in average selling prices of company's products and quantities sold.

Despite the increase in net profit, it has been limited by:

- Increase in selling and distribution being the direct marketers.
- Increase in zakat and income expense due to higher revenue.





## Financial capital review

### Investments or reserves established for the benefit of the Company's employees

The Company is keen to secure the future of its Saudi employees and achieve job security for them by adopting a number of incentive programs such as the savings program that aims to encourage employees to save, in a way

that ensures increasing their income and contributing to secure their future, as well as a program of loans and housing ownership, which in turn enhances the provision of adequate housing for employees and their families. The following table indicates the value of the provisions and items made until the ending of the fiscal year 2022 in favor of the Company's employees.

Item	2022	2021
End of Service Gratuity	901,733	952,264
Savings program	74,075	51,607
Loans and home ownership	508,946	553,068
<b>Total</b>	<b>1,484,754</b>	<b>1,556,939</b>

### Paid and outstanding statutory payments

The following table shows the value of paid and due statutory payments to pay any zakat, taxes, fees or any other entitlements that have not been paid until the end of the annual financial period, with a brief description and reasons for them (in thousands of riyals).

Item	Paid amount	2022	Brief description	Reasons
		Outstanding payment up to fiscal year end		
Zakat	196,661	402,775	Provision of zakat for the year 2022	Higher profits
General Organization for Social Insurance	75,129	6,995	Provision for December 2022	To be paid in 2023
Passport visa costs	473	-	-	-

### Information about Company's Loans

There are no loans on SABIC Agri-Nutrients and Subsidiaries companies during the fiscal year 2022.

### Subsidiaries Companies

Subsidiary name	Capital of the subsidiary	Percentage of ownership	Subsidiary main activity	Operational headquarters country	Country of incorporation
1- National Chemical Fertilizer Co (Ibn Al Baytar)	494,700,000	50 %	Fertilizer Manufacturing	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
2- SABIC Agri-Nutrients Investments Company	25,000	100 %	Mining of chemical minerals, fertilizer minerals, manufacture of fertilizers and nitrogenous compounds	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

Also, SABIC Agri-Nutrients Investments Company owns proportions in the following companies:

1- National Chemical Fertilizer Co (Ibn Al Baytar)	494,700,000	50 %	Fertilizer Manufacturing	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
2- Al-Jubail Fertilizer Company (Al-Bayroni)	671,500,000	50 %	Fertilizer Manufacturing	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

### Shares and Debt Instruments of the Company and its Subsidiaries Companies

Company	No. of proportions	Type of the company
SABIC Agri-Nutrients Company	476,035,404	Listed Joint Stock Company

Company	No. of shares	Type of the company
National Chemical Fertilizer Co (Ibn Al Baytar)	494,700,000	
SABIC Agri-Nutrients Investments Company	25,000	Limited Liability Companies
Al-Jubail Fertilizer Company (Al-Bayroni)	671,500,000	

### Debt Instruments Details of the Company and its Subsidiaries Companies

Neither the company nor any of its subsidiaries issued any debt instruments (deeds or bonds) during the fiscal year 2022.

The company's financing policy aims to ensure adequate levels of liquidity at all times, while improving shareholder returns. The cash flows against the company's operations are one of the main sources of liquidity in addition to borrowing under bank facilities, if necessary. The primary use of this liquidity is to support the company's strategic plans and its development ambitions through financing investment operations and its capital expenditure requirements, as well as distributing profits to shareholders.

Equity related to the shareholders of the parent company for the year 2022 amounted to SAR 19,894 million, which is an increase of SAR 4,343 million, 28% compared to 2021.

# Operations

## Technology and Innovation (T&I)

As a multidisciplinary group, T&I focuses on the strategic development of product and technology related activities required to establish, grow, or maintain SABIC AN's global leadership position.

- Principal groups and key focus areas
- Nitrogen Technology: Supports manufacturing assets with technology scouting, technology development, and process support
- Fertilizer Specialties: Concentrates on the development of differentiated products for sustainable farming
- Differentiated and Disruptive Technologies: Develops long-lead projects that prepare the company to take on futuristic demands of the fertilizer industry
- ESG Implementation: With representation from all departments, develops various aspects of Environment and Social Governance (ESG), and integrating ESG reporting into the Board Annual Report
- Disruptive Technology Research: Focuses on developing a sustainable product portfolio by pursuing key areas of research
  - Nano fertilizers platform: Precision farming and enhanced usage of nutrients, based on the philosophies of 4Rs Nutrient Stewardship (right fertilizer at the right time, in the right amount and at the right place)
  - Next-Gen fertilizers platform: Harnessing the UN's Sustainable Development Goals (SDGs) for enhanced crop production, land use efficiency, and combating water scarcity
  - Urease and Nitrification inhibitors platform: Enhancing the efficacy and efficiency of urea
  - Digital farming with Teralytic sensors: Precision farming aimed at detecting and measuring C-sequestration and Greenhouse Gas (GHG) emissions

## Carbon Neutrality

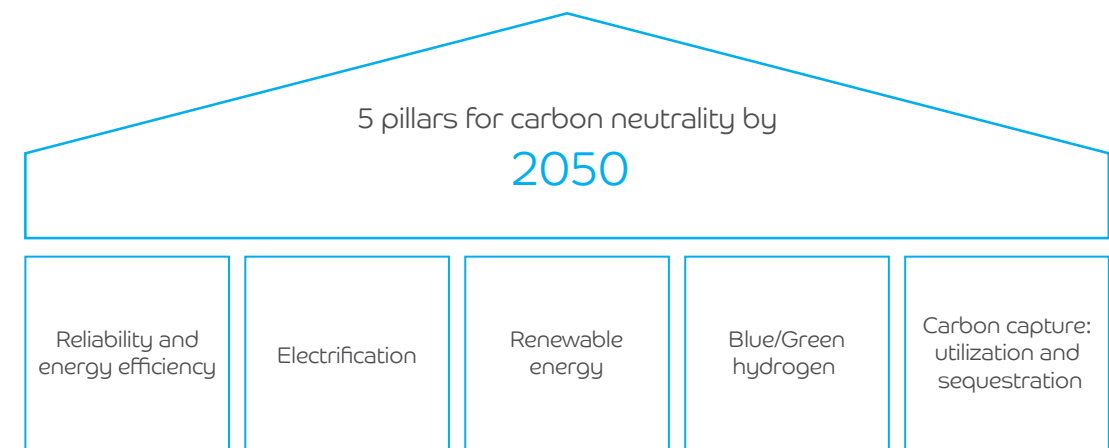
T&I has quantified the company's emissions as 3.6 mMTCO<sub>2</sub>e, 0.55 mMTCO<sub>2</sub>e, and 14.7 mMTCO<sub>2</sub>e for Scope 1, Scope 2 and Scope 3 respectively. Mitigation plans have been developed to achieve a 20 percent reduction of Scopes 1 and 2 by 2030, and to achieve carbon neutrality by 2050.

In early 2022, detailed roadmaps were created to achieve carbon neutrality, and based on them, various projects have been launched to achieve the targets in time. T&I is also looking at collaborations to boost product offerings through joint product development.

### Corporate statement on carbon neutrality

"SABIC Agri-Nutrients is focused on utilizing effective collaboration, sustainable innovation, and green technologies to achieve carbon neutrality by 2050. The company has already embarked on this journey with plans to reduce the direct and indirect emissions from all assets (Scope 1 and Scope 2) by 20 percent in 2030, in comparison to the base year of 2018. SABIC Agri-Nutrients is also cognizant of the challenges in Scope 3 implementation and will work with the entire value chain to effectively handle Scope 3 emissions. All future projects catering to growth ambitions will deploy best-in-class climate neutral technologies."

The Process Technology team currently emphasizes blue ammonia and green ammonia as the principal routes for decarbonization. In parallel, the Product Development team, in consultation with stakeholders throughout the value chain, is working to attain carbon neutrality in Scope 3. Differentiated products such as treated urea, stabilized urea and bio-enhanced urea are in the pipeline to reduce Scope 3 emissions.



### Applications and memberships

In pursuit of increased transparency, fairness, and virtuous behavior in its research operations, SABIC AN filed several applications in 2022 regarding fair and sustainable access to biological resources. These applications to The National Biodiversity Authority at the Indian Ministry of Environment, Forest and Climate Change will ensure fair access to microbes for research and commercialization, and foster benefit sharing with local farmers in India. In September 2022, the company joined The Fertilizer Institute (TFI) to support and adopt the philosophies of 4Rs Nutrient Stewardship, to ensure greater profitability and environmental responsibility. TFI is a fertilizer industry advocacy and awareness group that represents the public policy, communication, stewardship, sustainability, and market intelligence needs of fertilizer producers, wholesalers, retailers, and transporters.

### Portfolio Sustainability Assessment (PSA)

Throughout 2022, SABIC Agri Nutrients reiterated commitment to its innovation portfolio, in alignment with major sustainability trends and upcoming regulations.

Recent adoption of Portfolio Sustainability Assessment (PSA) enables and encourages the leadership team to make informed decisions, based on scores for sales with strong sustainable climate credentials. PSA is designed to achieve transparency in sustainability performance, with insights for product communications that illuminate valuable differentiations for specific markets and new business opportunities.

### In-house agronomic trials

Having built its own state-of-the-art greenhouse, and after establishing numerous open fields at SABIC AN's technology centers, T&I began running agronomic trials of all fertilizer products developed by the company. These new testing facilities are equipped with pest and disease management tools based on weather forecasts, crop health assessment tools based in satellite imagery, automation for irrigation and fertigation, and specialized sensors to measure carbon sequestration and NPK ratios (nitrogen, phosphorus, potassium).





# Operations

## Research and Development (R&D)

As the many challenges of feeding the world continues to multiply, SABIC AN continues to build capabilities to address and overcome them. The strategy includes emphasis on a customer-focused approach, broadening asset footprint in base fertilizers, downstream integration and distribution, and increasing share of differentiated products to 20 percent of the total product portfolio.

The company is committed to becoming a global front-runner in low carbon ammonia and differentiated products, through strong research and development capabilities, and by maintaining a strong pipeline of innovative products and intellectual properties (IPs).

### – Differentiated products

The R&D team is working on variations and multiple crop trials of two innovative products that have the potential to mitigate sustainability issues around fertilizers. The world's first biodegradable controlled release urea fertilizer (BCRU) is formulated to deliver synchronized nutrition at the exact time and rate the growing crop needs it. The company's Urea Calcium Sulphate (UCS) is another first of its kind, a stable fertilizer which uses by-product calcium sulphate to deliver essential nutrients like nitrogen, calcium, and sulfur to crops. The slow release of urea into the soil vastly improves overall nitrogen efficiency when compared to normal urea.

Recognizing the importance of increasing sustainability while ensuring constant availability of basic fertilizers, the company will continue to focus on the category of differentiated, to address the diverse needs of growers in key countries. The differentiated product portfolio is expected to add more enhanced efficiency fertilizers, and fertilizers with micronutrients in ensuing months.

### – Value Added Products

Another focus area of the R&D team is to make value-added products. In 2022, the company introduced several new enriched urea products to the market, which provide extra benefits and advantages to the farming community

- Zinc Coated Urea: Specifically addresses zinc deficiency across all soil types
- Humic Acid Coated Urea: Enhances the effectiveness of nutrients in soil and improves the health of the rhizosphere to support better crop growth and yield.
- Stabilized Urea: Reduces nitrogen loss through ammonia volatilization to make more nitrogen available to plants
- Slow-release fertilizer: Works in all seasons with effects that last up to eight weeks

### – Low carbon ammonia

After becoming first in industry to win certification for its blue ammonia, the company shipped its first consignment of commercial blue ammonia from Saudi Arabia to South Korea, representing a new milestone in the development of decarbonization solutions. The delivery of low carbon cradle-to-gate blue ammonia to longstanding client Lotte Fine Chemical (LFC) on the seafaring vessel Seasurfer also marked the world's first commercial shipment of its kind.

### – Collaborations

The accomplishment in blue ammonia, a remarkable milestone for a low-carbon alternative to conventional grey ammonia, is part of a collaboration between SABIC AN and Aramco, spanning the entire value chain. This development is also aligned with Saudi Vision 2030, which lays emphasis on low-carbon fuels, products, solutions, and clean energy.

SABIC AN and Aramco are collaborating in the low-carbon hydrogen space and ammonia, to develop solutions to serve various applications in the energy, fertilizer, and chemicals sectors.

## Marketing

### – Rights

At the beginning of 2022, SABIC AN obtained the rights of marketing its own products that are produced at its manufacturing assets in Jubail. In addition, the company has also begun marketing relevant products of entities which are considered SABIC associates, at fees that are typical to industry. Sales of these peripheral products represents between 18 to 22 percent of the company's total sales volume.

### – Cost leadership

SABIC AN continuously studies projects and initiatives to maintain its cost leadership position in the industry. The company is currently evaluating multiple projects across North America and West Africa to strengthen its leadership in nitrogen products and significantly increase market share. Concurrently, it is also pursuing opportunities within Saudi Arabia to leverage existing competitive advantages, and secure more advantageously priced feedstock from the domestic market.

### – Value-added services

As part of the overall strategy to gain and retain market leadership, SABIC AN always endeavors to move closer to customers, and broaden product and service offering to serve them better.

A key strategic objective is to increase existing strengths in the basic nutrients space, with emphasis on existing nitrogen and phosphate assets, both in Saudi Arabia and globally. Other efforts include exploring growth opportunities around the world, targeting new areas in disruptive technologies, strengthening the distribution network through strategic partnerships, and developing agri-advisory services.

The company's agri-advisory services will focus on sustainable solutions for farmers in key agriculture countries, by offering the right products for the right crops, promoting the most viable use of fertilizers, and improving the economic status of farmers.

### – Africa focus

The acquisition of 49 percent of ETG Inputs Holdco Limited (EIHL) in January 2022 has strengthened SABIC AN's presence in the African markets, and augurs greater growth across the value chain. EIHL has more than 350 distribution centers across Africa, and an established network of agents and agronomists, which positions SABIC AN to cater directly to both commercial and agricultural requirements, through secured outlets. Focus areas include moving closer to farmers and end-customers, and the blending and distribution of seeds, fertilizers, and crop protection products created for them. Direct contact with farmers will also help the company market agri-nutrients that are specifically designed to increase local crop yields in the continent.

## Unique Selling Propositions (USPs)

SABIC AN continues to enjoy access to cost-competitive feedstock, long-term customer relationships, strong supply chain capabilities, and reliable supplies

- The company has access to competitively priced domestic gas and is assured of continuity through long-term contracts
- Establishing and nurturing relationships with key customers in key markets fosters ongoing success, especially in new growth markets
- Time-tested manufacturing capabilities and the reliability of its assets ensures steady release of quality products while meeting the stricter energy and throughput efficiencies expected from a top producer
- Well established supply chain capabilities ensure delivery of the company's products across far-flung markets, while retaining leadership in the Saudi market

# Operations

## Smart Agri Culture

The company has established or embarked upon multiple digital initiatives that target optimal uses of agri inputs like irrigation water and fertilizer dosage, in addition to building standardized efficacy of products, cost savings, and sustainability.

Crop health assessment is currently being done through satellite image analyses and the normalized difference vegetation index (NDVI) values of each plot. Pest and disease identification and management are being conducted through real time weather data, early detection processes, and precise plant protection management. All irrigation systems are now automatically triggered and regulated using controllers based on real-time soil moisture data from the Internet of Things (IoT) network.

Teams are in the process of evaluating the superiority of digitally enabled plots within the fertilizer practice, as compared to conventional fertilizer practice. They are also exploring how use cases based on real-time field data can potentially enhance decision-making and support precision farming.



The company is also studying digital farming using the Teralytic sensor, a battery-powered, meter-long device that farmers can stick in the ground. The 26 inbuilt sensors of the device measure the surrounding soil's NPK and pH levels, soil moisture, temperature, and aeration, as well as temperature and humidity above ground and take snapshots of conditions every 15 minutes. It then deploys wireless technology to broadcast the data back to a base station and an online analytics dashboard. This method of precision farming also detects and measures carbon sequestration and GHG emissions.

## Manufacturing

Year	Volume (KMT)
2020	8,323
2021	7,820
2022	8,447

# Key achievements



## Global first: blue ammonia certification

In August 2022, SABIC AN received the world's first independent certification for blue ammonia production from Germany-based TÜV Rheinland, after the company produced 37,800 tons of blue ammonia at its Jubail complex.

For ammonia to be certified as blue, a significant part of CO2 associated with the manufacturing process needs to be captured and utilized in downstream applications. This also opens a new route to a sustainable future and multiple market opportunities for using ammonia as a clean fuel.

The first of its kind in the world, the blue ammonia certification signifies a major milestone in SABIC AN's efforts to develop clean energy solutions and decarbonize multiple sectors, while also advancing its ammonia export capabilities.

## Innovation: Captive urea plant

As with the last few years, SABIC AN has focused on securing competitive basic nutrients, especially nitrogen base, through strategic expansions. During 2022, the

company capitalized on the surplus ammonia and CO2 generated in the complex to develop SAN 5 as a standalone urea plant. This has also resulted in reducing Greenhouse Gas (GHG) emissions, removing bottlenecks, and increasing reliability at the adjoining SAN 4, SAN 3 and IBB ammonia plants.

## Success story: Urea Environment Project (UEP)

Executed in late 2022, the UEP intended to reduce the following key factors:

Fresh water consumption	7%
Ammonia emissions	7,650 metric tons
Material loss intensity	14%

## Ongoing focus: Takamol project

The company retained focus on gaining stronger global cost leadership position, through constant improvements of plant efficiencies and integrations. In 2023, the Takamol project will concentrate on getting closer to users, farmers, and customers, with a better understanding of their needs and challenges to produce higher value solutions.

## New patents

SABIC Agri-Nutrients filed 14 patent families in 2022, related to sustainable products.



# Products and markets

SABIC AN is a significant player in the global fertilizers industry, with a leading position in the Middle East, Far East, Africa, and the Americas.

The company's product portfolio extends from general to highly specific, and caters to the world's ever-increasing demand for food, and its many supply challenges. Classified under two segments, agri-nutrients and chemicals, the portfolio includes urea, ammonia, methanol, phosphate and compound fertilizers, and nitrogen-based inorganic products like DAP, MAP, 2-ethyl hexanol and dioctyl phthalate.

These products serve vital roles in optimizing nutrient uptake, preventing nutrient loss by controlling the speed of release or altering soil-fertilizer interactions, and improving yields and water quality, all of which are collectively important to growers, environmentalists, regulators and legislators, and the public.

## Pillars of growth



## Nitrogenous fertilizers and phosphates

SABIC AN has earned its place as a world-class producer and marketer of nitrogen-based inorganic products and phosphates, and these continue to form key pillars of strategic future growth. Leading cost position and operational excellence have resulted in robust financials, which in turn, enables the company to harness growth opportunities beyond commodity nitrogen fertilizers, and across the value chain.

Focus remains on growing the key markets of Africa and Latin America, and on achieving greater value chain integration through participation in distribution assets.

## NPK fertilizers

Featuring the three major nutrients that plants need – nitrogen, phosphorus, and potassium – and named for the initials of their chemical symbols, the company's NPK fertilizer portfolio continues to see global demand and growth.

NPK 10-26-26 promotes homogeneity of the primary nutrients for plants to have healthy growth during the whole season, followed by a good harvest. NPK 11-29-19+6S, primarily used for tuber crops and fruits, offers farmers with a single-stop solution to provide balanced primary and secondary nutrients to plants and promote good yields. NPS 20-20-0+13S, with its addition of secondary macronutrients, is ideal for soils deficient in sulfur.

## SABIC AN Bio-Enhanced Urea

In September 2022, SABIC Ventures US Holdings LLC, completed a capital investment deal with Cincinnati-based BiOWiSH Technologies Inc., with a joint aim to broaden and accelerate product commercialization of SABIC AN Bio-Enhanced Urea powered by BiOWiSH. Featuring proprietary HoloGene 3™ technology, the SABIC AN Bio-Enhanced Urea creates a high-performance partnership between plants and microorganisms. It is specifically designed to improve soil productivity and plant vigor, which in turn, optimizes yield potential. This unique mode of action, combined with the product's industry-leading shelf life, is proven to achieve consistent desired results across a broad range of operating conditions, climates, and environments – all at a low cost to farmers.

**12 months**

Technical evaluation

**9 crops**

Different types and varieties

**9 countries**

Covering 5 continents

## Ammonia and differentiated products

Already a front-runner in low carbon ammonia, SABIC AN is committed to gaining leadership position in differentiated products by responding to current and anticipated market demands, improving existing formulations and developing new ones – not only to increase crop yields and crop quality, but also to address other related challenges.

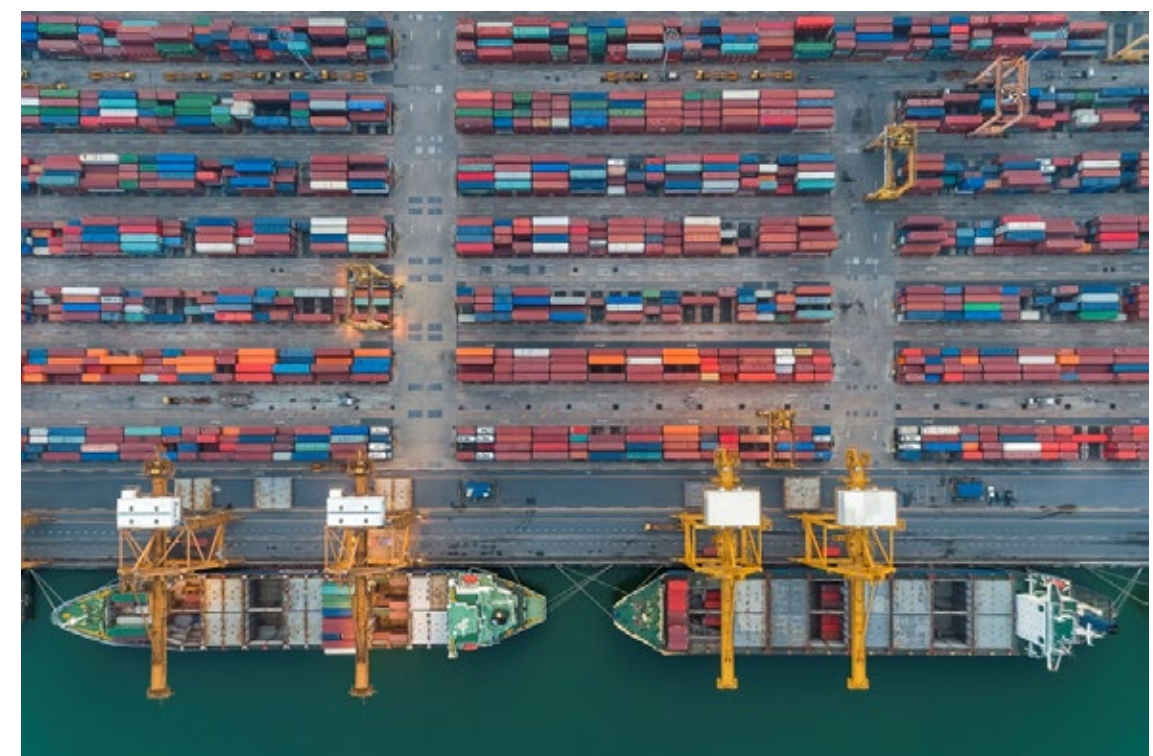
Outside of fertilizers and chemical intermediaries, emerging applications for ammonia include power generation, shipping fuel, and carriers for hydrogen. These opportunities have the potential for steep changes in demand, production and trade, and position SABIC AN for an influential role in shaping market growth. Backed by strong research and development capabilities, and an intrinsic sense of innovation, the company also continues to pursue intellectual property (IP) rights for next-generation products that are more environmentally conscious and economically sustaining.

## Low carbon ammonia

SABIC AN is an active participant in developing the global low carbon ammonia market, popularly referred to as blue and green ammonia.

The company aims to expand its presence in the ammonia market by maintaining a healthy pipeline of projects currently under evaluation – spanning the gamut from ammonia production to final marketing efforts across various end-user segments. These will comply with local regulations while helping achieve the ultimate targets of Greenhouse Gas (GHG) reduction.

After successful certification of blue ammonia in August 2022, the company has begun exploring opportunities in green ammonia production using sustainable means of usage of electricity, water, and air, and by reducing the carbon footprint of existing affiliates. Upon closer observation of cost-effectiveness of the water electrolysis process, feasibility evaluation is currently underway for the installation of a small electrolysis unit for exclusive use of green ammonia production.





# Products and markets

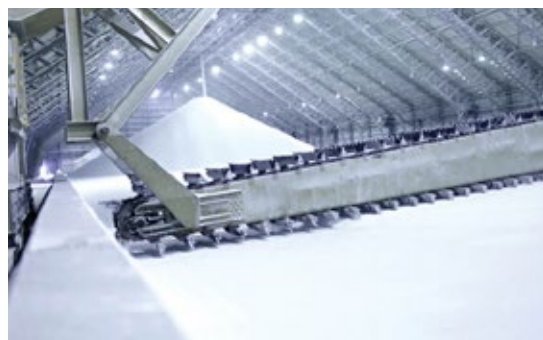
## Product performance

### Urea

- Launched SABIC AN Urea in the European market, with two shipments totaling 80 Kilo Metric Ton (KMT) to France and Romania
- Strengthened footprint in the Asian market by securing new supplier agreement of 100 KMT to South Korea
- Expanded the US market by adding East coast territories to the existing traditional markets of NOLA and the West coast.
- Capitalized on long-standing business relationship with Bangladeshi customer BCIC and renewed annual supply agreement contract with 40 percent increase on contractual volume, as compared to 2021.
- Continued to build on outstanding previous work to increase regular supply tenders to India to almost 500 KMT
- Continued to work with the Ministry of Environment, Water and Agriculture to ensure food security in Saudi Arabia, and increased urea allocation to 15 percent to accommodate any increase in demand

### Enriched urea products

- Introduced three enriched urea products to global markets, which provide greater value to farmers:



- Zinc Coated Urea is specifically designed to address zinc deficiency across all soil types
- Humic Acid Coated Urea: Granular urea coated with high performance Humic acid and bio-stimulants enhances the effectiveness of nutrients in soil and improves health of the rhizosphere to support better crop growth and yield
- Stabilized Urea: Reduces nitrogen loss through ammonia volatilization, making more nitrogen available to plants

### Technical Grade Urea

- SABIC AN continues to supply manufacturers around the world with Technical Grade Urea (TGU) used to make Aqueous Urea Solution, AUS-32. This is used in diesel vehicular systems to meet the stringent norms of new vehicle regulations, by reducing NO2 emissions by as much as 70 percent.

The superior quality and high purity of TGU made by SABIC AN also helps marketing and distributing companies deliver premium solutions to their customers without compromising on the quality of diesel exhaust fluids.

As part of an ongoing commitment to sustainability, SABIC AN has invested in several Saudi Arabia-based facilities to produce high-quality TGU that meets global benchmarks. In 2022, the company supplied TGU to leading manufacturers of AUS-32 in Europe, Asia, Asia-Pacific, the Americas, and the Middle East in accordance with specific regional standards. Market share has increased in both Europe and Latin America as a result of increased sales volumes to combat global shortages.

### Ammonia

- Dispatched the world's first commercial shipment of independently certified blue ammonia from the Jubail complex to Lotte Fine Chemicals in Ulsan, South Korea on SABIC Agri-Nutrients' vessel, Seasurfer. The full tank shipment consisted of 25 KMT of accredited 'cradle to gates' blue Ammonia
- Achieved highest ammonia price level in the Middle East region.
- Acquired a new customer in the new market of North Africa: OCP Office Cherifien des Phosphates, Morocco

### Phosphates:

- In the year 2022, we were able to increase our sales volume of phosphate fertilizers by 25% over the previous year
- SAN signed MoUs with Asian customers to cement our strong presence in the Asian market and increase our sales in that region
- We continued to expand our presence in the Americas region resulting in 7 percent year-on-year increase in sales
- Supported local markets by providing uninterrupted supply at stable prices, as against the rising prices of global phosphate markets
- Supported food security efforts in key global markets by maintaining market position and market share through contract renewals





# CORPORATE PERFORMANCE





# Environmental Capital

SABIC AN works ceaselessly to ensure a safe and sound work environment for employees at all levels, as well as all contractors, to enable them to perform their assigned tasks and duties to the fullest, and with active team participation and support. This is achieved through the practice and processes of responsible care; continuous additions and improvements to environmental, health, safety, and security programs; and adherence to local laws and international standards.

The company is an industrial leader in tax transparency, efficient governing structures and enhanced Board disclosures, and continues to add Environmental, Social, and Governance (ESG) attributes to all areas of operations and build on sustainable investments.

## Sustainability Strategy 2025

SABIC AN's Sustainability Strategy 2025 is based on clear, strategic plans and specific practical goals to achieve the company's core values and ethical commitment to the principles of sustainability.

Strategy 2025 is an essential and integral part of the company's policy, and a team of experts and engineers continue to study the best ways to develop the company's plants, raise production efficiency, enhance sustainable practices, and make them role models for industry.

## Reliability

SABIC AN continues to take multiple proactive steps towards achieving Sustainability Strategy 2025, working in coordination with SABIC Technology and Innovation Center, and global manufacturing technology licensors.

Improving reliability is one of the key elements of this strategy, and accordingly, the company has completed several projects for the SAN 3, SAN 4, and Ibn Al Baytar plants, all of which aim to improve energy efficiency and raise reliability.

## Asset Performance Index

New plans were developed under the aegis of the Asset Performance Index (Api) program launched in 2021, alongside plans from the SABIC Technology and Innovation Center. These plans measure assets and their life cycles – from design and project implementation phase, through to operation and maintenance, with rehabilitation or replacements at the end of their lifespans. While Api allows the company to raise the levels and performance of plants in line with the objectives of Strategy 2025, it also creates a more harmonious balance between its own requirements and those of stakeholders. In addition, several new programs are being implemented to improve asset reliability and availability, including development of best practices, publishing equipment strategies, conducting maturity studies, and implementing state-of-the-art technologies.

The Api indicated consistent improvement throughout 2022, with methodology underlying this index revealing alignment, engagement, and improvement at all levels.

2021 Api score 79.7%  
2022 Api score 82.5%  
(Target score 82.7%)

## Edraak

A strategic initiative for environment, health, safety, and security performance, the Edraak program aims to develop a strong corporate culture and related processes, in the pursuit of excellence. Plans are continuously designed or upgraded to reduce risks associated with equipment and systems, while workshops and technical lectures foster a culture of reliability among employees.

## Energy efficiency

Pursuant to compliance with standards established by the Saudi Energy Efficiency Center (SEEC), SABIC AN continued to achieve goals and milestones throughout 2022:

- The energy deficits for Ibn Al Baytar and Al Bayroni plants were settled for the first phase by implementing the internal energy transfer mechanism agreed upon by SABIC and its subsidiaries
- An initiative to halt operations at an evaporation unit in Ammonia SAN 3 resulted in savings of 1.1 million MMBTU (British thermal units per million metric) after achieving optimal balance
- Steps taken to reduce energy consumption in the ammonia plant at Ibn Al Baytar achieved desired goals in reducing energy efficiency according to SEEC standards
- The system to monitor and supervise daily consumption of water and energy continues to yield optimal results





# Environmental, Social, and Governance (ESG)

SABIC AN has established a dedicated team to drive ESG in all dimensions and is well placed to realize these strategies by virtue of clear vision, correct planning, prudent allocation of resources, dedicated employees, and commitment to serve growers around the globe.

## Pillars

- Clear roadmaps and heat maps for disclosures
- Robust policies and actions (such as work-from-home) that help employees while ensuring business continuity
- Tax transparency (compliance with International Financial Reporting Standards, IFRS), governing structures, and enhanced Board disclosures
- ESG attributes for all major projects
- Continuous assessment of short and long-term targets through a KPIs, scorecards which Board reviews
- Back-up of any shortfall through follow-up actions to bridge gaps
- Close monitoring of industry trends for any immediate or long-term impacts on existing strategies
- Strong emphasis on developing the capabilities and competencies of the company's workforce

## Targets and goals

The company is committed to achieving all its sustainability goals, and carbon emission targets remain in sync with both, SABIC's overall objectives in this space and national energy-specific targets defined by the Saudi Energy Efficiency Program (SEEP).

SABIC AN is keen to leverage all opportunities available in the development of upstream and downstream opportunities within the realm of Saudi Vision 2030, by developing local talent targeting growth, and contributing to the economy of Saudi Arabia.

## Environment, Health, Safety, and Security (EHSS) & Sustainability Energy and Quality Policy (EHSS-SEQ)

EHSS-SEQ Policy is the foundation of SABIC Agri-Nutrients (SABIC AN) all business activities undertaken by the company. We utilize the most advanced production technologies to ensure commitment to be a leader in manufacturing sustainable fertilizer products, product quality, consistency, customer satisfaction, and outrival in Environment, Health, Safety and Security (EHSS) performance through our vision, Mission and EHSS Sustainability, Energy, Quality (EHSS-SEQ) Policy. We strongly aim to:

- i) Ensure that our facilities are operated safely and profitably in manners that protect the environment, community and our assets,
- ii) Supply outstanding quality products,
- iii) Ensure that our human resources are competent, and operate in a positive work environment,
- iv) Ensure customer satisfaction and stakeholder interest

SABIC AN has integrated its EHSS (EHSS Management System), based on the SABIC Safety, Security, Health and Environment Standard (SHEM) which is part of SABIC Overall Operations Management Systems, incorporating requirements of RC-14001. The Company is certified to RC-14001, ISO 14001, and OHSAS 18001. Employees and stakeholders' involvements including contractors are recognized for sustainable improvement of EHSS performance towards world class Fertilizers Manufactures.

### PEOPLE AND ORGANIZATION

- Leadership and Culture
- Organization
- Capabilities



### BUSINESS PERFORMANCE AND GOVERNANCE

- Business Performance
- Enterprise Risk Management
- Governance and Communications



### EHSS MANAGEMENT

- SHEMS



### ASSET LIFE CYCLE MANAGEMENT

- Design
- Operate
- Maintain
- Retire



### CONTINUAL IMPROVEMENT AND QUALITY MANAGEMENT

- Process
- Practices
- Quality Management



The Operations Management System (OMS) is based on a set of guiding principles which establish a lasting culture of operational excellence and a platform to enable organizational agility.

The Company is actively contributing to Corporate Social Responsibility (CSR) programs, community-care programs and research & development in agriculture fields. In addition, the company has received notable national/international awards and accreditation in EHSS, Sustainability and Quality Areas in the previous performances.

- IFA Protect & Sustain Certification (Overall 95.6%)
- Industry Stewardship Champion gold medal at IFA Strategic Forum in Versailles, France.
- 2nd runner-up, 2010 International Fertilizer Association Green Leaf Award.
- 1st place winner, 2011 Arab Fertilizer Association HSE Award.
- King Khalid Award in the field of "Responsible Competitiveness" in 2015
- 3rd place, 2010 SABIC EHSS Award.
- 2013 World Quality Commitment Diamond Award.
- Level 1 system status for bulk ship-in fertilizer by Australian Quarantine and Inspection Services.
- 1st Place, Knowledge Management Initiative by SABIC Global Manufacturing in 2018.

SABIC AN has a pragmatic approach for improving EHSS performance based on its own Manufacturing Strategy and the SABIC 2025 Manufacturing Strategy, which includes EHSS & Regulatory Compliance value drivers. The company focuses to achieve and implement sustainable EHSS performance improvement among global Fertilizer Manufacturing companies through the below contributions and innovative programs.

The company EHSS and Sustainability performance is assessed by the distinguished auditing by SABIC AN Internal Auditors, SABIC Corporate Internal Auditors, DNV, Royal Commission (RC) of Al-Jubail and Yanbu, Government authorities/assigned agencies, GPCA, KPMG, MARSH etc. In addition, SABIC Agri-Nutrients benchmarks the EHSS performance with IFA, AFA and TFIs. This systematic approaches have helped the company to assess the existing EHSS programs and processes effectiveness of implementation and legal, local, regulatory requirements towards improvement of overall performance.

## Employee Health & Welfare Programs

The company continuously commits to implementing the Occupational Health and Industrial Hygienic Programs as per established management system as part of the EHSS Management system. The programs are included Chemical Exposure Sampling (Personal & Area), Hearing conservation, Heat and Cold Stress, Pandemics and Biological hazards related to all work environment and work place hazards inside the company premises. In addition, an Annual Periodical Medical Check-up is conducted by authorized and reputed medical services company / Hospital to ensure wellness of the Employees' and Contractors' on-the job and off-the-job.

### On-the-Job Awareness and Corporate Social Responsibility (CSR) Programs

The company has developed yearly EHSS awareness programs in all levels including neighboring community and employee's family as part of CSR. Awareness programs are conducted by employees and contractor through Awareness Committee directives in the company and outside with SABIC CSR and local government agencies. The awareness program topics include Safe work practices, Risk Recognition, Emergency preparedness and drills, Basic Safety Behaviors (BSB), key lessons learnt from incidents, housekeeping, waste management and disposal. In addition, awareness programs are conducted with community programs on topics such as home safety, defensive driving, fire prevention in home, obesity, and mental stress etc.

#### Training programs

Annual EHSS training programs are developed based on identified gaps and achievement of previous training levels, lessons learnt from incidents, Individual development Plan (IDP) and upcoming turnaround event challenges. The company continues to train and qualify specialists in the field of environment, safety and occupational health through the National Examination Board in Occupational Safety and Health (NEBOSH). Specialist training programs and certification programs were also held to qualify employees in industrial health, operations risk analysis, radiation protection and aspects of occupational health.

Training and development programs for industrial security personnel were conducted according to the requirements of the High Commission for Industrial Security (HCIS), to improve performance of their practical duties.

### Emergency Response

The company has detailed Emergency Planning & Response Procedures to ensure that effective Crisis Management and Emergency response plans are in place and readiness is maintained to limit the consequences of on-site and external risks relevant to SABIC Agri Nutrients sites. The company has a dedicated Emergency Response and Crises Management Committee, fully equipped Emergency Operations Centre and anticipated emergency scenarios to support the company and community during all kind of emergencies. Emergency Mock drills are conducted in association with Government Civil Defence as per scenarios developed by an Emergency Response Team to assess the readiness of the actual emergency situation. The surprise emergency evacuation and internal drills are conducted to alert the employees and contractors working in different sites. The Emergency Response Team continued to receive the required training programs as per company ERT competency model to be aware of safety handling of all hazardous materials and gases according to requirements of the National Fire Protection Organization (NFPA 472).

### Periodic Maintenance & Preventive Maintenance (PM) Strategy

The company has a developed PM strategy for the all equipment operated inside the premises. All scheduled maintenance repair programs are uploaded onto company software for ease of maintenance and repair as per plan for the SABIC AN sites. This commitment to implementation of PM strategy execution helps the company to avoid major process safety related events, lost time injury incidents and environmental non-compliance cases.

### Reporting and certification

SABIC AN EHSS Performance measurement is based on a combination of leading/lagging indicators developed as per the Manufacturing Strategy Value Drivers and are cascaded into individual department business plans and employees IDP.

The company continues to submit regular environmental reports in compliance with the standards of the Royal Commission for Jubail and Yanbu (RCJY).

Full compliance with its environment protection laws kept SABIC AN free of violations and fines in 2022, alongside a renewal of the Royal Commission Certificate of Responsible Care. The Royal Commission also renewed four Environment Permits to Operate (EPO) and operating licenses for all Al Bayroni plants.

Successful completion of the Sustain & Protect Assessment led by the International Fertilizer Association (IFA) resulted in recertification from DNV, the independent energy expert and assurance provider. The Nuclear and Radiological Regulatory Commission (NRRC) renewed all permits for safe handling of radioactive sources at site.

### Award

The Royal Commission awarded the Environment Initiative Award 2022 to SABIC AN for GHG emissions reduction at the Ibn Al Baytar plant.

### New initiatives and key achievements in 2022

- Pilot treatment completed for ammonia remediation in groundwater
- Regulatory compliance projects completed for flare flowmeter installation (score of 11 out of 20), on-line monitoring system for wastewater and seawater (score of 2 out of 6), and removal of asbestos sheets from parking area
- New weekly EHSS Dashboard tested and implemented
- New SHEM Dashboard launched with bi-weekly distribution to all employees
- IBB urea plant flare successfully commissioned with supporting environment compliance
- Major drill held on 5 October 2022 achieved 98 percent success rate
- Fence line repair projects completed at all sites

### Projects planned for 2023

- Deployment of new work permit system at all sites
- Safe execution of shutdowns at SAN2 TA 2022, SAN4 TA 2023 UFC-1 and UFC-2
- Effective control management and internal control limits for all air, wastewater, and neutralization water streams
- New projects for security improvement and fire protection
- Achievement of EHSS Maturity Target





# Intellectual Capital

SABIC AN lays strong emphasis on developing the capabilities and competencies of its workforce which is the foundation of its strong growth and success over the years.

## Training and development

### Graduate program

Conforming to a strategic plan for career localization, the company continues to develop graduates from colleges, universities, and technical institutes.

### Specialized training

Employees are trained and upskilled through professional qualifications and certification programs that are specific to their roles and responsibilities. Many of these programs are delivered through remote training and virtual communication to maximize delivery and efficiency. During 2022, a total of 1461 employees benefitted from 887 specialized Sessions.

### SABIC Scholarships

Operating at multiple levels, the SABIC Scholarship program is designed to teach, train, engage and motivate both current and potential employees. A total of 12 candidates were employed by SABIC AN after successfully completing the scholarship, while 32 employees were enrolled in the scholarship's operator training program, named TADARRUJ.

### SABIC Leadership program

The SABIC program for developing supervisory skills saw employees benefiting from more than 84 training courses held during the year. Another 137 employees were enrolled in general management and leadership courses.

## E-Learning

After introduction and widespread adoption during the pandemic, the company's e-learning platform has become an integral part of training culture, and it has grown in scope and size. During 2022, 1164 employees attended or participated in 621 courses and modules, on a variety of subjects.

## Career and talent development

SABIC AN's career and talent development programs continue to invest in efficient employees to spur their career growth and groom them into future leaders. These programs incorporate personal development and career progression plans, which also ensure availability and continuity of qualified talents in the company.

## Saudization gains strength

As with previous years, SABIC AN continued to maintain a high rate of Saudization. The number of Saudi national employees under the direct employment system rose to 1,266 employees at the end of December 2022. The company maintains priority for the hiring, training, and retraining of skilled Saudi engineers to serve strategic goals.



## Employee engagement

### Benefits and allowances

SABIC AN's plans and policies for benefits are designed to achieve better balance between the company's objectives and employees' needs, in accordance with legal requirements and while maintaining competitiveness. In addition to basic salaries and benefits, allowances are granted to eligible employees or groups of employees under specified conditions, for the demands of particular work assignments, to comply with statutory regulations, or to remain competitive with other employers.

### Continuing education

SABIC AN continues to send employees to institutions based inside or outside Saudi Arabia, on part-time or fulltime basis, to complete higher studies or obtain accredited vocational qualifications.

## Medical care

The company provides free healthcare insurance for all Saudi employees, their legal dependents, and parents. Medical care is also provided to married non-Saudi employees and their dependents who are officially registered on Iqama, at medical facilities specified by the company.

## Global employee survey

SABIC AN's Global Employee Survey is a journey of dialogue where the company listens to honest opinions and feedback from employees regarding their jobs, work environment and the company.

Now in its 12th year, Global Employee Survey 2022 was conducted in 12 languages over a 30-day period. Employees answered 37 questions in 10 areas, anonymously, through an accredited third party and results will be incorporated into future plans.





# Social and relationship capital

## Employee incentive Schemes

The company's employee incentive schemes serve multi-pronged purpose: help employees achieve career fulfilment, secure prospects for their future, and add value to their lives while retaining their loyalty

## Home loans and Home ownership

Employees who fulfil approved terms and conditions can apply for interest-free home loans during their tenure in the company, as per written agreement. Saudi national employees are provided the opportunity to own residential housing units constructed by third parties on behalf of the company. The home ownership program is designed to increase job satisfaction and stability for long-serving employees.

## Community Services

SABIC Agri-Nutrients continues to work closely with the Saudi Ministry of Human Resources and Social Development to localize environmental management, health, safety, and security measures, by building and empowering safety cadres.

Working with Civil Defense, the company supported an awareness campaign at schools in Jubail, to raise awareness of the dangers of fires in homes, and how to prevent them.

The company also continues to work in association with the Jubail Area Mutual Aid Association (JAMA'A) to provide voluntary emergency support and services throughout Jubail Industrial City.

## SABIC National Reforestation Initiative

SABIC's successful National Reforestation Initiative was developed in accordance with its social responsibility strategy in the fields of environmental protection and sustainable agriculture.

In early 2021, SABIC Agri-Nutrients adopted aspects of the program to fulfil multiple objectives as part of its outreach to stakeholders and contributions to society

- Contribute to Saudi Vision 2030 and the UN's Sustainable Development Goals (SDGs)
- Educate communities about the importance of vegetation prosperity and its effects on the future of the environment
- Reinforce the value of protecting local plants and preserving them from extinction
- Harness opportunities to produce specialized fertilizer products for local plants
- Contribute to the development of natural vegetation and reduce the effects of desertification
- Restore the biodiversity of natural environments
- Protect the environment and improve quality of life
- Reiterate the importance of social responsibility and environmental sustainability



## Public Welfare

SABIC AN continues to strengthen its position as a dependable producer of agri-nutrients for global markets as import-dependent regions search for reliable supplies. However, affordability is a key concern for end-users as global crop prices level out while the value of agri-nutrients continues to rise.

Customers also demand greater transparency in terms of climate impact from the production of fertilizers, and innovative solutions to mitigate issues stemming from in-field applications by farmers. Demand destruction and changes in application rates, especially for smaller farmers in developing markets, presents another forward risk.

Concurrently, increasing public consciousness of the environmental impacts of agriculture in developed markets are likely to cause longer-term shifts in demand patterns.

The company has, and is continuing to develop, initiatives and innovations that develop solutions. Addressing public concerns are a cornerstone of the company's strategy to strengthen its position as a trusted global industry leader.

- Well-defined strategy to expand and diversify geographical footprint, with easier access to competitively priced feedstock and proximity to growth markets
- Continuous investments in process improvement initiatives to retain cost competitiveness
- Modernization and new technologies and to develop differentiated products
- Investments in downstream distribution infrastructure to serve end-customers more effectively



## Presence and Participation at IFA Event

In October 2022, SABIC AN reiterated its global role as a reliable and sustainable solution provider with presence and participation at the International Fertilizer Association (IFA) Crossroads conference in Singapore, GPCA and AFA conferences.

Speaking at the opening session, spokespeople emphasized the company's role and responsibility in addressing food security concerns and environmental challenges, and in meeting current needs without jeopardizing the future of the planet.

Highlighting the corporate theme, 'The Way We Farm Matters to Everyone', SABIC AN used its sponsorship platform to highlight commitment to farming communities, improved farming efficiencies, and innovative Agri-Nutrient products and solutions specifically designed to get the best out of plants, in different types of soils.

The company also hosted a corporate reception on the second day of the world's flagship event for fertilizer firms.



# CORPORATE GOVERNANCE



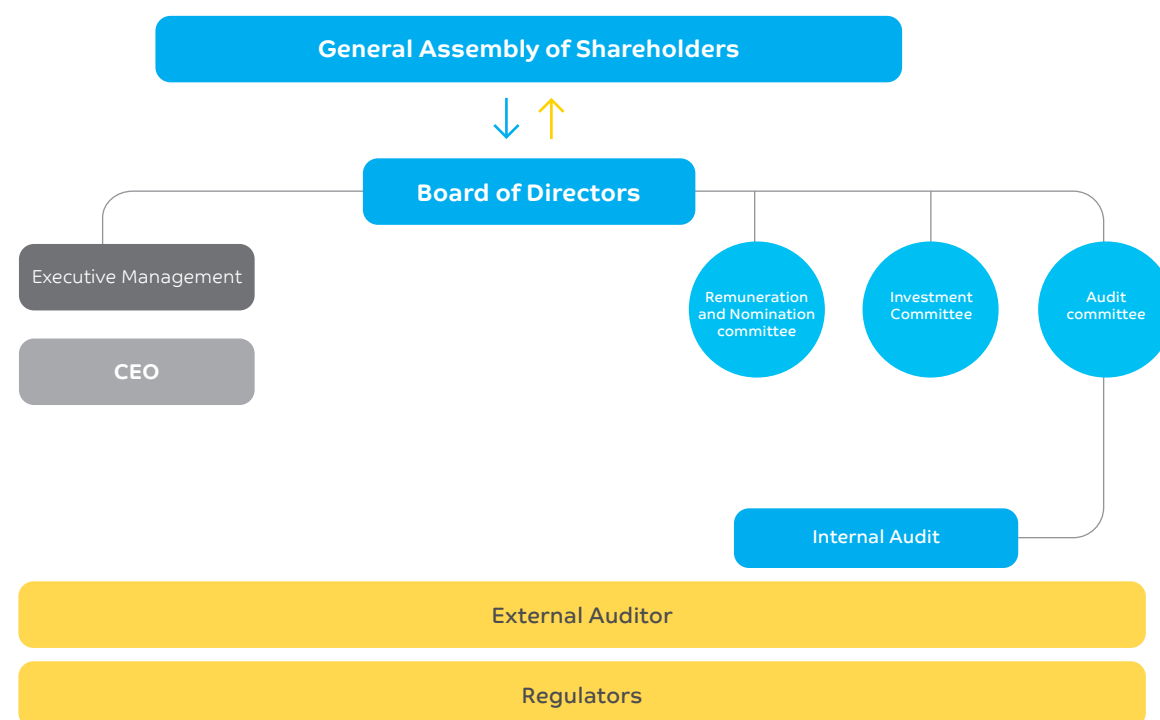


# Governance structure

SABIC AN is committed to upholding governance rules and regulations issued by relevant authorities. The company's general framework for governance, which includes a set of policies, also defines roles and responsibilities, how decisions are taken and conducted, how their implementation is monitored, and how best adequacy of performance based on relevant regulations can be monitored.

The Board of Directors is responsible for following up on all applications of governance laws to guarantee the rights of employees, shareholders, investors and other stakeholders: to verify integrity and accuracy; to ensure adherence to best practices, and to ensure adoption of the best practices for control and compliance.

## General framework for governance structure



The company applies and implements all provisions contained in the corporate governance regulations issued by the Capital Market Authority (CMA), with some exceptions:

Article /Clause No.	Provision of Article/Clause	Reason
Article 41: The Assessment	The Board shall carry out the necessary arrangements to obtain an assessment of its performance form a competent third party every three years	Guiding Article
Article 70: Composition of the Risk Management Committee	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee.". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	Guiding article * Board Audit Committee is currently carrying out the roles and responsibilities of Risk Committee as provided for in its charter approved by the General Assembly
Article 71: Competencies of the Risk Management Committee	The competencies of the risk management committee shall include the following: (as provided for in Article 71 of the Regulations)	Guiding article * Board Audit Committee is currently carrying out the roles and responsibilities of Risk Committee as provided for in its charter approved by the General Assembly
Article 72: Meetings of the Risk Management Committee	The risk management committee shall convene periodically at least once every six months, an as may be necessary	Guiding Article
Article 95: Formation of a Corporate Governance Committee	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Guiding Article



# Shareholders

## Updates and communications

SABIC AN is committed to achieving the principles of fairness by providing appropriate information at the right time.

The company informs shareholders of its performance and activities during the fiscal year through the Board Annual Report, and similarly informs investors with earnings calls. It also informs both groups on a continuous basis of any important developments that may occur and impact financial position through the Tadawul website, the company's own website, and other means of communication, in a way that does not affect competitiveness. These actions are done with the purpose of assisting them to make investment decisions based on correct and adequate information, and to ensure that all parties have equal opportunities to obtain information.

SABIC AN is also committed to implementing policies and procedures for disclosing important developments, financial statements, and performance reports in accordance with legal requirements, applicable regulations, and instructions received from relevant authorities.

The company is keen to disburse shareholders' due profits by reminding them of the need to update their data and to ensure that their bank account numbers are linked to trading portfolios so that payments do not face any delay.

Item	Name	Total ownership percentage in the last trading day (%)
1	Saudi Basic Industries Corporation (SABIC)	50.1

## Disclosures and announcements

The company continues to make regular announcements and disclosures through notices on the Tadawul website about specific events, material developments and financial statements, in accordance with provisions regulating disclosure and transparency, and also, to make them easily available to shareholders, investors and other concerned parties.

During the fiscal year ended on December 31, 2022, a total of 16 announcements were listed, as dated and detailed below.

No.	Notice date	Subject of announcement
1	January 24, 2022	The SABIC Agri-Nutrients Co. announces the signing of a binding agreement to acquire 49% in share capital of ETG Inputs Holdco LTD
2	January 27, 2022	The SABIC Agri-Nutrients Co. announces its Interim Financial Results for the Period Ending on 2021-12-31 (Twelve Months)
3	February 28, 2022	The SABIC Agri-Nutrients announces its annual financial results ending on 31-12-2021
4	March 21, 2022	The SABIC Agri-Nutrients Company invites its shareholders to attend the Extraordinary General Meeting (first meeting) through modern technology means.
5	April 14, 2022	The SABIC Agri-Nutrients Company announces the results of the Extraordinary General Assembly meeting (first meeting) through modern technology means
6	May 10, 2022	The SABIC Agri-Nutrients Co. announces its interim financial results for the period ending on 31-03-2022 (Three Months)
7	June 29, 2022	The SABIC Agri-Nutrients Company announces Board decision to distribute cash dividends to shareholders for the first half of 2022
8	July 19, 2022	The SABIC Agri-Nutrients Co. announcement of the relocation of the company's head office
9	July 27, 2022	The SABIC Agri-Nutrients Co. announces signing a Memorandum of Understanding with The Saudi Agricultural and Livestock Investment Company (SALIC)
10	August 04, 2022	The SABIC Agri-Nutrients Co. announces its Interim Financial Results for the Period Ending on 2022-06-30 (Six Months)
11	September 28, 2022	The SABIC Agri-Nutrients Co. Announces Resignation and Appointment of Board Member
12	October 26, 2022	The SABIC Agri-Nutrients Co. announces its Interim Financial Results for the Period Ending on 2022-09-30 (Nine Months)
13	October 26, 2022	SABIC Agri-Nutrients Company announces the expected announcement date for its 2022 annual consolidated financial results.
14	December 06, 2022	The SABIC Agri-Nutrients Co. announces the opening of the Board of Directors nomination for the next term
15	December 20, 2022	The SABIC Agri-Nutrients Company announces the distribution of cash dividends for second half of 2022
16	December 29, 2022	The SABIC Agri-Nutrients Co. announces the latest developments on its binding agreement to acquire 49% in share capital of ETG Inputs Holdco LTD.

# Dividends

### Dividend policy

SABIC AN’s dividend distribution policy, whether the distribution is in cash or in kind, or an increase of the company’s capital by granting shares, is based on several controls which take into account net Profits realized, cash flows, and policies in the company’s bylaw.

With regards to distributions in cash or in kind, the distribution is made according to the Board’s recommendations to the General Assembly, and in accordance with all relevant regulations.

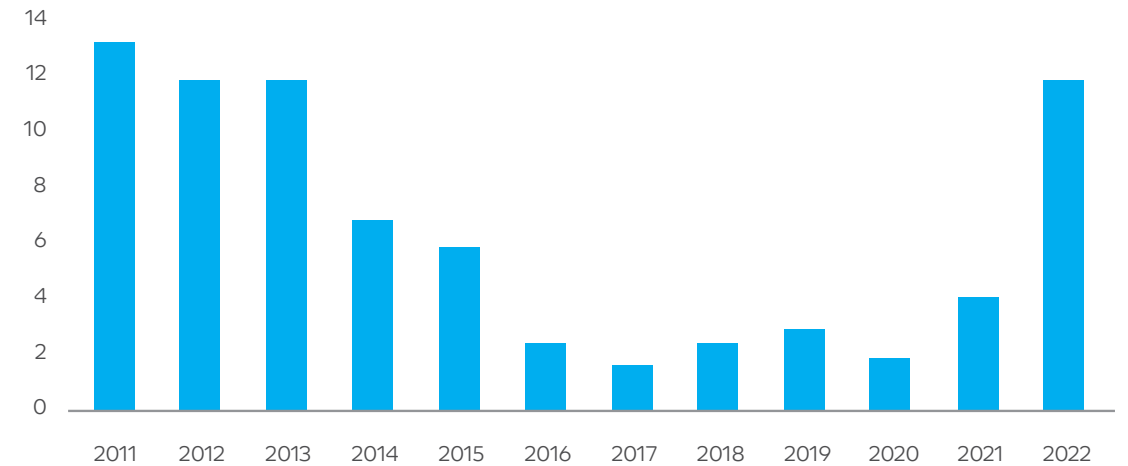
### Dividend distribution

The General Assembly approved the distribution of dividends to shareholders for the second half of 2021, to the amount of SAR 3 per share, which was disbursed in the first half of 2022. The Board also recommended disbursing SAR 4 for the first half of 2022. The company would like to clarify to the shareholders that the Board of Directors recommend to distribution (4) riyals per share for the second half of the year 2022 and in view of the company outstanding performance, the Board of Directors recommend to distribution of an additional (4) riyals per share, so that the total amount of distribution for the second half of 2022 is (8) riyals per share.

### Dividend per share

The table shows the ratios of dividends distributed to shareholders for the fiscal year ended on December 31, 2022, the ratios of dividends proposed to be distributed at the end of the year, and total dividends.

	Dividends distributed during the year		Proposed profits to be distributed at the	
	Second half of 2021	First half of 2022	endof the year	Total
Percentage	10%	40%	80%	150%
Total	1,428,106	1,904,141,404	3,808,283	7,140,531
Due date	April 13, 2022	August 1, 2022	On the maturity date, the cash dividend entitlement will be for shareholders who own shares registered in the Shareholders Register at the Deposit Center, by the end of the second trading day following the day of SABIC AN General Assembly, which will be announced later	





## Board of Directors

### A statement of the dates of the General Assemblies of shareholders held during the last fiscal year and the names of the members of the board of directors attending these assemblies

One General Assembly was held during the fiscal year ending on December 31, 2022 with Board Members' attendance detailed below.

Name	Position	April 13, 2022 (Ordinary General Assembly)
Mr. Yousef A. Al-Benyan	Chairman of Board of Directors	Attended
Eng. Samir A. Al Abdrabbuh	Deputy Chairman of Board of Directors	Attended
Dr. Walid Mohammed Alissa	Board Member	Attended
Mr. AbdulAziz Habdan Al-Habdan	Board Member	Attended
Mr. Soliman Abdulaziz Alhosain	Board Member	Attended
Mr. Mohammed Abdullah Al-Bahussain	Board Member	Attended
Mr. Yousef Mohammed Al-Suhaibani	Board Member	Attended
Eng. Mohammed Ali Al-Hassany	Board Member	Attended

### Shareholders' Register

During the fiscal year ended on December 31, 2022, the company requested the shareholders' register 11 times, as dated and detailed below

No.	Date	Reason
1	January 13, 2022	Preparing internal company reports
2	January 19, 2022	Preparing internal company reports
3	February 17, 2022	Preparing internal company reports
4	February 20, 2022	Preparing internal company reports
5	March 07, 2022	Preparing internal company reports
6	April 07, 2022	Preparing internal company reports
7	April 11, 2022	Preparing internal company reports
8	April 13, 2022	The Company General Assembly
9	April 17, 2022	Dividends file
10	July 19, 2022	Dividends file
11	November 28, 2022	Preparing internal company reports

### Names of the members of the Board of Directors and their memberships classification

SABIC AN's Board of Directors consists of eight members, who were appointed during the Extraordinary General Assembly meeting held on March 29, 2020, for a period of three years.

No.	Member	Classification	Title
1	Eng. Abdulrahman Al-Fageeh *	Non-executive	Chairman of Board of Directors
	Mr. Yousef A. Al-Benyan **	Non-executive	Chairman of Board of Directors
2	Eng. Samir Ali Al Abdrabbuh	Non-executive	Deputy Chairman of Board of Directors
3	Dr. Walid Mohammed Alissa	Non-executive	Member of the Board of Directors
4	Mr. AbdulAziz Habdan Al-Habdan	Independent	Member of the Board of Directors
5	Mr. Soliman Abdulaziz Alhosain	Independent	Member of the Board of Directors
6	Mr. Mohammed Abdullah Al-Bahussain	Non-executive	Member of the Board of Directors
7	Mr. Yousef Mohammed Al-Suhaibani	Independent	Member of the Board of Directors
8	Eng. Mohammed Ali Al-Hassany	Non-executive	Member of the Board of Directors

\*Appointed as a Non-executive chairman of the Board of directors starting from date of the Board approval on 28, September 2022.

\*\* The resignation was approved after Board of Directors approval on 27 September 2022.

# Board of Directors

## CV of Members of the Board of Directors and Committees



### ENG. ABDULRAHMAN AL-FAGEEH

Chairman of Board of Directors  
Chairman of the Investment Committee

#### CURRENT POSITION

- SABIC CEO (Acting)

#### WORK EXPERIENCE AND PREVIOUS POSITIONS

- Senior Executive with more than 30 years of experience, Project Management, Plant Operations and Corporate & Business management.

#### BOARD MEMBERSHIPS

##### CURRENT BOARD MEMBERSHIP

SABIC Agri-Nutrients (Chairman)
Royal Commission for Jubail and Yanbu
GPCA Chairman
Petrochemical Manufactures Committee (PMC) Chairman

#### EDUCATIONAL QUALIFICATIONS

- Master of Business Administration (MBA) Bradford University, UK
- B.Sc. Chemical Engineering, King Saud University, Riyadh

##### PREVIOUS BOARD MEMBERSHIP

World Plastics Council, WPC
Arabian Petrochemical Company (PETROKEMYA)
National Methanol Company (IBN SINA)
Saudi Petrochemical Company (SADAF)
The Saudi Japanese for Acrylonitrile Company (SHROUQ)
SSNC
Saudi Yanbu Petrochemical Company (YANPET)
Jubail Petrochemical Company (KEMYA)
GCGV
SABIC Fujian
SABIC Capital B.V.
Saudi Methacrylates Company (SAMAC)



### ENG. SAMIR ALI AL ABDRABBUH

Vice-Chairman of the Board of Directors  
Investment committee member

#### CURRENT POSITION

- Effective 1-Jan-2022 - Executive Vice President, Strategic Growth (SABIC)

#### WORK EXPERIENCE AND PREVIOUS POSITIONS

- Feb 1, 2018 – Dec 31, 2021 – Executive Vice President, Agri-Nutrients (SABIC)
- Jan 1, 2017 – Jan 31, 2018 - Vice President, Global Supply Chain (SABIC)
- July 1, 2015 - Dec 31, 2016 - Vice President of SABIC's Oxygenates Business (SABIC)

#### BOARD MEMBERSHIPS

##### CURRENT BOARD MEMBERSHIP

SABIC Agri-Nutrients Company
Al-Jubail Fertilizer Company (Al-Bayroni)

- Nov 1, 2009 - Jun 30, 2015 - Vice President, Corporate Communications (SABIC)
- Sep 1, 2005 - October 31, 2009 - Executive General Manager of SABIC affiliate (TAYF) Company

#### EDUCATIONAL QUALIFICATIONS

- BSc. Degree in Computer Science & Engineering.

##### PREVIOUS BOARD MEMBERSHIP

SABIC Terminal Services Limited Company (SABTANK)
Al-Jubail Chemical Products Storage and Services Company (CHEMTANK)
National Methanol Company (IBN SINA)
The Saudi Japanese Company for Acrylonitrile "Shurooq"
Saudi Organometallic Chemicals Company "Alkylat"
Asian Clean Fuels Association (ACFA)
The National Center for Research and Development of Sustainable Agriculture (Estidama)
Gulf Petrochemical Industries Co. (GPIC)
Arab Fertilizers Association (AFA)
International Fertilizers Association (IFA)
Gulf Petrochemicals and Chemicals Association GPCA – (Agri-Nutrients Committee)
SABIC Supply Chain Services Company



# Board of Directors



**DR. WALID MOHAMMED ALISSA**

Board Member  
Board Audit Committee Member

## CURRENT POSITION

- Managing Director (Assila Investments)

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- 2016 – 2019: CIO at Assila Investments Company (Riyadh, Saudi Arabia).
- 2014-2016: Associate Professor at HEC Paris (Paris, France).
- 2009-2014: Assistant Professor at HEC Paris (Paris, France)

- 2004-2009: Scientific Research Assistant at Pennsylvania State University (University Park, USA).

- 1997-2000: Electrical engineer at the Saudi Petrochemical Company (Jubail, Saudi Arabia).

## EDUCATIONAL QUALIFICATIONS

- Dr. Walid holds a PhD degree in Accounting, a Master of Business Administration (MBA), a postgraduate diploma in Business Administration, a postgraduate diploma in Finance and a Bachelor's degree in Electrical Engineering.

## BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

SABIC Agri-Nutrients Company
Al Aqeeq Real Estate Development Company (Al Aqeeq)
Taiba Holding Company
Assila Holding Company
Economic Knowledge City Company
Al Gharra International for Real Estate Development Company
Makarem Al Maarifa for Hospitality Company

### PREVIOUS BOARD MEMBERSHIP

Herfy Food Services Company
Arab Resort Areas Company ARAC
Fiber Glass Oasis Plant Co.
The Saudi Heritage Hospitality Co. (NUZUL)



**MR. ABDULAZIZ HABDAN AL-HABDAN**

Board Member  
Board Audit Committee Chairman  
Investment committee member

## CURRENT POSITION

- General Manager of Health Oasis Company

## WORK EXPERIENCE AND PREVIOUS POSITIONS

- Assistant Governor of Insurance Affairs at the General Organization for Social Insurance. He had a work experience of more than 30 years at the General Organization for Social Insurance, and a member of several boards of directors and committees in joint stock companies.

## EDUCATIONAL QUALIFICATIONS

- Abdulaziz holds a Master's degree in Management, a Bachelor's degree in Business Administration, and a diploma in Finance and Economics.

## BOARD MEMBERSHIPS

### CURRENT BOARD MEMBERSHIP

SABIC Agri-Nutrients Company
Bin Ladin International Holding Company (unlisted company)

### PREVIOUS BOARD MEMBERSHIP

Saudi Basic Industries Corporation (SABIC)
Makkah Medical Center Hospital
Bank AlJazira
Banque Saudi Fransi
Allianz Saudi Fransi Cooperative Insurance Company
Saudi Telecom Company
Saudi Fransi Financial Company

**MR. MOHAMMED ABDULLAH AL-BAHUSSAIN**

Board Member  
Remuneration and Nominations Committee Member

**CURRENT POSITION**

- General Director of Financial Control (GOSI)

**WORK EXPERIENCE AND PREVIOUS POSITIONS**

- During the fiscal year 2015, he worked as HR Operations Director in GOSI. He also worked from January 2013 to February 2015 in GOSI's financial affairs.

**BOARD MEMBERSHIPS****CURRENT BOARD MEMBERSHIP**

SABIC Agri-Nutrients Company

**EDUCATIONAL QUALIFICATIONS**

- Mr. Mohamed holds a Master's degree in banking, Finance and Risk Management and a bachelor's degree in accounting.

**PREVIOUS BOARD MEMBERSHIP**

Dar Al Tamleek

**MR. YOUSEF MOHAMMED AL-SUHAIBANI**

Board Member  
Board Audit Committee Member  
Remuneration and Nominations Committee Member  
Investment committee member

**CURRENT POSITION**

- Director of Internal Audit Department (Saudi Agricultural and Livestock Investment Company)

**WORK EXPERIENCE AND PREVIOUS POSITIONS**

- April 2018 – November 2022, Director of Internal Audit Department (Al Radah Investment Company)
- June 2022, October 2022, Osool Integrated Company
- July 2016 - March 2018, Director of Internal Audit Department (Malath Insurance Company).

- February 2015 - June 2016, Operational Risk Manager- The Mediterranean and Gulf Insurance Company (MedGulf)
- December 2010 - February 2015 AD: Senior Consultant (Ernst & Young).

**EDUCATIONAL QUALIFICATIONS**

- Mr. Yousef holds a Master's degree in Finance Management and a Bachelor's degree in Accounting.

**BOARD MEMBERSHIPS****CURRENT BOARD MEMBERSHIP**

SABIC Agri-Nutrients Company  
Azad Properties

**MR. SOLIMAN ABDULAZIZ ALHOSAIN**

Board Member  
Remuneration and Nominations Committee Chairman  
Investment committee member

**CURRENT POSITION**

- Retired

**WORK EXPERIENCE AND PREVIOUS POSITIONS**

- 2005 - 2011: President of Saudi Yanbu Petrochemical Company (Yanpet).
- 1997 - March 2005: General Director of Finance and Materials at (Yanpet).
- 1992 - 1997: Financial Controller at Yanbu Saudi Petrochemical Company (Yanpet).

**BOARD MEMBERSHIPS****CURRENT BOARD MEMBERSHIP**

SABIC Agri-Nutrients Company  
Power and Water Utility Company for Jubail and Yanbu ( Marafiq)  
Polymer Plus Technologies.

- 1988 – 1992 : Director of Materials Department, Saudi Yanbu Petrochemical Company (Yanpet).
- In addition to various consultancy roles in large corporation and member of various committees

**EDUCATIONAL QUALIFICATIONS**

- Mr. Soliman holds a Bachelor's degree in Business Administration and Marketing.

**PREVIOUS BOARD MEMBERSHIP**

Rabigh Refining and Petrochemical Company - Petro Rabigh  
Arabian Industrial Fibers Company (Ibn Rushd)  
Eastern Petrochemical Company (Sharq)

**ENG. MOHAMMED ALI AL-HASSANY**

Board Member

**CURRENT POSITION**

- CEO, Dammam Airports Company (DACO)

**WORK EXPERIENCE AND PREVIOUS POSITIONS**

- From Nov 2017-Sep 2022, he has worked as General Manager in the Manufacturing Sector at (SABIC)
- From March 2015 to October 2017, he has worked as a Chairman of the Saudi Methanol Company

**BOARD MEMBERSHIPS****CURRENT BOARD MEMBERSHIP**

SABIC Agri-Nutrients Company  
Al-Sharqia Chamber- Logistic Committee

- From August 2014 to February 2015, he has worked as a General Manager of Maintenance and Technical Support - Eastern Petrochemical Company (Sharq).
- From January 2010 to July 2014, he has worked as a General Manager of Polymers - Eastern Petrochemical Company (Sharq).

**EDUCATIONAL QUALIFICATIONS**

- Eng. Mohamed has awarded a master's degree in Executive Business Administration and a bachelor's degree in Chemical Engineering.

**PREVIOUS BOARD MEMBERSHIP**

Al-Jubail Petrochemical Company (Kemya)  
Saudi Yanbu Petrochemical Company (YANPET)  
Saudi Iron and Steel Company (Hadeed)




**ENG. KHALED SULEMAN AL- MUHAISEN**

Remuneration and Nominations Committee Member

**CURRENT POSITION**

- Vice President of People and Organization at SABIC

**WORK EXPERIENCE AND PREVIOUS POSITIONS**

- General Manager of Talent, Organization and Human Resources – SABIC
- General Director of Human Resources - SABIC America. General Director of Global Talent Management – SABIC.

- Director of Global Human Resources – SABIC.
- Director of Global Talent Exchange – SABIC.
- Human Resources, Director of Human Resources Department.

**EDUCATIONAL QUALIFICATIONS**

- Eng. Khaled holds a Bachelor's degree in Computer Engineering from King Fahd University of Petroleum and Minerals.


**MR. BADR IBRAHIM AL-BADR**

Board Audit Committee Member

**CURRENT POSITION**

- General Manager of Risk and Data Management (SABIC)

**WORK EXPERIENCE AND PREVIOUS POSITIONS**

- General Manager of Risk Management (SABIC).
- Internal Audit Manager (SABIC).
- Extensive experiences in BAE Systems and Saudi Industrial Development Fund.
- Certified Information Systems Auditor (CISA)
- Certified SAP system consultant.

- Member of the Global Institute of Internal Auditors.
- Member of Information Systems Audit and Control Association (ISACA),

**EDUCATIONAL QUALIFICATIONS**

- Master's degree in Management, Bachelor's degree in Computer Science, completed numerous management courses and leadership programs.

**BOARD MEMBERSHIPS**
**CURRENT BOARD MEMBERSHIP**

 SABIC Agri-Nutrients Company  
 Azad Properties

**Board meetings and attendance record**

The Board of Directors held six meetings during the fiscal year 2022, as dated and detailed.

Member name	First meeting 28-2-2022	Second meeting 11-04-2022	Third meeting 28-06-2022	Fourth meeting 26-09-2022	Fifth meeting 02-10-2022	Sixth meeting 19-12-2022	Total
Eng. Abdulrahman Al-Fageeh *	-	-	-	-	Attended	Attended	2
Mr. Yousef A. Al-Benyan **	Attended	Attended	Attended	Attended	-	-	4
Eng. Samir Ali Al Abdrabbuh	Attended	Attended	Attended	Attended	Attended	Attended	6
Dr. Walid Mohammed Alissa	Attended	Attended	Attended	Attended	Attended	Attended	6
Mr. AbdulAziz Habdan Al-Habdan	Attended	Attended	Attended	Attended	Attended	Attended	6
Mr. Soliman Abdulaziz Alhosain	Attended	Attended	Attended	Attended	Attended	Attended	6
Mr. Mohammed Abdullah Al-Bahussain	Attended	Attended	Attended	Attended	Attended	Attended	6
Mr. Yousef Mohammed Al-Suhaibani	Attended	Attended	Attended	Attended	Attended	Attended	6
Eng. Mohammed Ali Al-Hassany	Attended	Attended	Attended	Attended	Attended	Attended	6

\*Appointed as a Non-executive chairman of the Board of Directors starting from date of the Board approval on 28, September 2022.

\*\* Resignation was approved after Board of Directors approval on 27 September 2022.

### Board Members' interests

Statement of interests, contractual securities and subscription rights of Board Members and their relatives, with regards to shares or debt instruments of the company, and changes during the last fiscal year.

Name	Beginning of year			End of year			Net Change	Change Ratio
	Shares	Debt instruments	Ownership Ratio	Shares	Debt instruments	Ownership Ratio		
Eng. Abdulrahman Al-Fageeh *	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
Mr. Yousef A. Al-Benyan **	7,000	0.0	0.0	10,000	0.0	0.0	3,000	43%
Eng. Samir Ali Al Abdrabbuh	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
Dr. Walid Mohammed Alissa	4,000	0.0	0.0	4,000	0.0	0.0	0.0	0%
Mr. AbdulAziz Habdan Al-Habdan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
Mr. Soliman Abdulaziz Alhosain	100	0.0	0.0	100	0.0	0.0	0.0	0%
Mr. Mohammed Abdullah Al-Bahussain	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
Mr. Yousef Mohammed Al-Suhaibani	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%
Eng. Mohammed Ali Al-Hassany	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%

\*Appointed as a Non-executive chairman of the Board of directors starting from date of the Board approval on 28, September 2022.

\*\* It was approved the resignation after Board of Directors approval on 27 September 2022.

### Actions taken by the Board to inform its members of shareholders' inquiries and comments about the company and its performance:

The Board Charter stipulates, "A Board member must attend meetings of the General Assembly." This action aims to answer shareholders' inquiries and receive their suggestions and comments about the Company and its performance. On the other hand, the Company's bylaw guarantees the right of shareholders to participate in deliberations and discussions at General Assembly meetings.

To promote engagement of Company's shareholders, the Board has adopted a disclosure policy and procedures including processes to ensure that shareholders have the right to inquire, request information and answer their inquiries in a manner that does not harm the Company's interests.

Based on the recommendation of the Nominations and Remunerations Committee, the Board has also approved the use of evaluation forms to be completed by all Board Members and Board Committee Members for review by the Nominations And Remunerations Committee.

### Business and contracts in which the company is a party, and which there is an interest for board of directors members, or senior executives, or for any person related to any of them

The company has not entered into any contracts with any member of the Board of Directors, or one of its senior executives, and there is no personal interest for any of them or any person related to them.

### The means adopted by the Board of Directors in evaluating its performance, the performance of its committees and members, the external entity that carried out the evaluation and its relationship with the company, if any.

The Board of Directors has defined criteria and procedures and established necessary mechanisms to periodically evaluate its own performance, and the performance of all Board Committees, in order to ensure continuity of development, and efficiency of performance.



# Board Committees

## First: Board Audit Committee

According to charter of Audit Committee, the Committee is formed based on a resolution from the Ordinary General Assembly based on a proposal from Board of Directors. The Committee's members range between three and five non-executive Board Members, whether they are shareholders or not. The General Assembly sets the Board Audit Committee's duties, controls, and remunerations.

### Responsibilities and duties

1. Monitor and supervise the performance and activities of Company's Internal Audit Department in order to ensure that it receives the necessary resources and verify its effectiveness in carrying out the tasks and duties assigned thereto.
2. Study and approve the annual internal audit plan with the Internal Audit Department.
3. Study and review the Company's internal and financial control and risk management systems and controls and prepare the necessary reports about its opinion regarding adequacy of these systems.
4. Consider the Internal Audit Department's reports and follow-up on implementation of corrective actions for the observations contained therein.
5. Study the accounting policies followed by the Company or any change thereto, and express opinion and recommendation to the Board of Directors regarding such policies with regard to the regulatory aspects.
6. Study the Company's initial – quarterly- and annual financial statements, financial data, and its announcements related to its financial performance before being presented and approved by the Board and express opinions and recommendations regarding the same to ensure their integrity, fairness and transparency.
7. Make recommendation to the Board regarding nomination of external auditors, their dismissal, and determine their fees, evaluate their performance after ensuring their independence, and review scope of their work and their contract terms and express opinions on the same.
8. Evaluate external auditors' performance, review their work plan, and answer their inquiries, as well as to study their reports and comments on the financial statements and follow-up with the Executive Management on what has been done in this regard.
9. Review results of the regulatory bodies' reports and ensure that the Company has taken the necessary action regarding such reports.
10. Ensure Company's compliance with the relevant laws, regulations, policies and instructions.
11. Investigate any issues raised by Company's CFO or his/her deputy or Company's Compliance Officer or external auditor.
12. Examine and review the material changes and accounting estimates that may occur on the financial statements and any important or unfamiliar issues contained in the financial reports and discuss the same with the Executive Management and external auditors and express its opinion regarding the same.

13. Raise the issues that require an action as it deems necessary to the Board and make recommendations on the actions to be taken.
14. Examine the issues referred thereto by the Board and submit its recommendations to the Board to take the necessary decision.
15. Board Audit Committee shall assume the duties of Risk Management Committee stipulated in the Corporate Governance Regulations issued by the Capital Market Authority (CMA).
16. Make recommendation to the Board regarding appointment or dismissal of the Head of Internal Audit Department and propose his remuneration and evaluate his performance annually.
17. Review the contracts that the Company propose to conduct with related parties and submit opinions on the same to the Board.

## Meetings

The Board Audit Committee held ten meetings during the fiscal year 2022, as dated and detailed below.

Member name	Meeting No. (1) 27/01/2022	Meeting No. (2) 20/02/2022	Meeting No. (3) 15/03/2022	Meeting No. (4) 24/03/2022	Meeting No. (5) 08/05/2022	Meeting No. (6) 12/06/2022	Meeting No. (7) 22/06/2022	Meeting No. (8) 04/08/2022	Meeting No. (9) 25/10/2022	Meeting No. (10) 17/11/2022	Total
Mr. AbdulAziz Habdan Al-Habdan (Committee Chairman)	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	10
Dr. Walid Mohammed Alissa (Committee Member)	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	10
Mr. Yousef Mohammed Al-Suhaibani (Committee Member)	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	10
Mr. Badr Ibrahim Al-Badr (Committee Member)	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	10

### Audit Committee recommendations that are contradicting with Board's resolutions or rejected by the Board on appointing and dismissing the Company's auditor, determining fees and assessing performance or appointing the internal auditor and reasons for recommendations

There are no recommendations made by the Board Audit Committee on appointing and dismissing the company's external auditor, determining his fees and assessing his performance, on appointing the internal auditor, or any other that contradict with the Board's resolutions or were rejected by the Board in 2022.

# Board Committees

## Second: Nominations and Remunerations Committee

According to its charter, the Nominations and Remunerations Committee is comprised of non-executive Board Members, whether they are shareholders or not. The Committee's members range between three to five members, provided that an independent Board Member is included among them.

### Responsibilities and duties

1. Prepare the Remuneration Policy for Board Members, Board Committee Members and Executive Management and make required recommendations to the Board for approval by the Ordinary General Assembly.
2. Review the Remuneration Policy periodically to ensure adaptation to any changes in relevant laws and regulations; review the company's strategic objectives, and the skills and qualifications required to achieve these objectives and make recommendations to the Board on any changes to be made to the Remunerations Policy.
3. Recommend to the Board the remunerations of Board Members, Board Committee Members and Executive Management according to the Remuneration Policy and after approved by the Ordinary General Assembly.
4. Prepare an Annual Board Report on the remunerations granted to the Board Members, Board Committee Members and Executive Management.
5. Determine the types of remuneration granted to employees of the company and make recommendations in this regard.
6. Set policies and standards for Board Membership, and make recommendations to the Board thereon, to be approved by the Ordinary General Assembly.
7. Make recommendations to the Board on nominations for Board Membership in accordance with approved policies.
8. Annually review the skills required for Board Membership and prepare a description of required capabilities and qualifications.
9. Periodically review Board Membership policies and standards to ensure suitability to any changes that may occur to relevant laws and regulations, as well as the company's strategic objectives and the skills and qualifications required to achieve such objectives and recommend proposed changes to the Board.
10. Study conflict-of-interest cases for those wishing to join the Board and make required recommendations.
11. Study the structure of the Board of Directors and make recommendations on any changes that may be needed.
12. Determine the Board's strengths and weaknesses and propose solutions that are consistent with the company's interests.
13. Set procedures in the event of vacancy of any position related to a Board Member or Board Committee Member and make required recommendations.
14. Make recommendations to the Board on performance standards to evaluate the activities of the Board, Board Committees, and all its members.
15. Determine the time that members should allocate for the Board's activities.
16. Annually verify the independence of independent members and the absence of any conflict of interest if a member joins another company's Board.
17. Recommend to the Board the re-nomination or dismissal of Board Members or Board Committee Members.
18. Set job descriptions for executive members, non-executive members and independent members of the Board

19. Make recommendations to the Board to set an induction program for new Board Members, covering the company's activities, business, and financial and legal aspects.
20. Make recommendations to the Board on appropriate policies and standards for appointing members of Executive Management; determine their skills and capabilities, and periodically review them to ensure adaptation to the company's strategic goals.
21. Set job descriptions for Executive Management and periodically review them against the company's organizational structure.

22. Set procedures in the event of vacancy of any position related to a member of Executive Management and make required recommendations.

### Meetings

The Nominations and Remunerations Committee held six meetings during the fiscal year 2022, as dated and detailed below.

Member name	First meeting 06/02/2022	Second meeting 07/03/2022	Third meeting 05/04/2022	Fourth meeting 23/06/2022	Fifth meeting 28/07/2022	Sixth meeting 24/11/2022	Total
Mr. Soliman Abdulaziz Alhosain (Committee Chairman)	Attended	Attended	Attended	Attended	Attended	Attended	6
Mr. Yousef Mohammed Al-Suhaibani (Committee Member)	Attended	Attended	Attended	Attended	Attended	Attended	6
Mr. Mohammed Abdullah Al-Bahussain (Committee Member)	Attended	Attended	Attended	Attended	Attended	Attended	6
Eng. Khaled Suleman Al- Muhaisen (Committee Member)	Attended	Attended	Attended	Attended	Attended	Attended	6



## Board Committees

### Third: Investment Committee

According to its charter, the Investment Committee shall be appointed by the Board. The Committee's members range between three to five members.

#### Responsibilities and duties

1. Work with Executive Management to develop the company's investment strategies and policies.
2. Recommend to the Board of Directors the investment policy of the company and review the investment strategy and policy periodically to ensure their suitability to changes that may occur in the external environment in which the company operates, or the legislation regulating its business, objectives, or others, and recommend to the Board of Directors regarding the proposed changes to the policy.
3. Reviewing the company's investment activities and setting appropriate procedures for measuring and evaluating investment performance.
4. Studying periodic reports from the company's management on the progress of approved investment opportunities.
5. Studying and evaluating investment opportunities and recommending them to the Board of Directors and the committee to approve or decline investment opportunities whose value is equal to or less than 250 million US dollars.
6. Studying the financing options for the mentioned transactions, which may include self-financing from cash flows, external financing, or capital increase.
7. Ensuring that the proposed investment opportunities comply with the relevant laws, regulations and instructions.
8. Determining and prioritizing the proposed investment offers.
9. Any other functions assigned to the Committee by the Board of Directors.

#### Meetings

The Investment Committee held five meetings during the fiscal year 2022, as dated and detailed below.

Member name	First Meeting 23/02/2022	Second Meeting 03/04/2022	Third Meeting 15/06/2022	Fourth Meeting 09/10/2022	Fifth Meeting 20/11/2022	Total
Eng. Abdulrahman Al-Fageeh * (Committee Chairman)	-	-	-	Attended	Attended	2
Mr. Yousef A. Al-Benyan ** (Committee Chairman)	Attended	Attended	Attended	-	-	3
Eng. Samir Ali Al Abdrabbuh (Committee Member)	Attended	Attended	Attended	Attended	Attended	5
Mr. AbdulAziz Habdan Al-Habdan (Committee Member)	Attended	Attended	Attended	Attended	Attended	5
Mr. Soliman Abdulaziz Alhosain (Committee Member)	Attended	Attended	Attended	Attended	Attended	5
Mr. Yousef Mohammed Al-Suhaibani (Committee Member)	Attended	Attended	Attended	Attended	Attended	5

\* Appointed as a Non-executive committee chairman of the Investment Committee's starting from Board approval on 28, September 2022.

\*\* Resignation was approved after Board of Directors approval on 27 September 2022.

## Executive Management

Executive	Position
Eng. Abdulrahman Ahmed Shamsaddin	Chief Executive Officer (CEO)
Mr. Fahad Misfer Al-Battar	Chief Operating Officer (COO)
Eng. Yazeed Abdulaziz Al-Angari	Vice President, Business
Mr. Ayed Habib Al Haider	General Manager, Finance



**ENG. ABDULRAHMAN AHMED SHAMSADDIN**  
CHIEF EXECUTIVE OFFICER, SABIC AGRI-NUTRIENTS CO

#### PREVIOUS POSITIONS AND EXPERIENCE:

- Abdulrahman Ahmed Shamsaddin assumed his present position as Chief Executive Officer, SABIC Agri-Nutrients Co. on 1st January 2022. Prior to this he served as Executive Vice President, SABIC Shared Services before he was appointed as Chief Executive Office for SABIC Agri-Nutrients Company.
- He also held the position of Vice President of Internal Audit at SABIC prior to his appointment as Shared Services EVP.
- During his career, Abdulrahman covered several operational and management capacities covering Process Safety Management, Reliability, Engineering/ Project Management, Maintenance and Operations functions in refinery and petrochemical plants.
- He also took up the responsibility of the company's Enterprise Risk Management as General Manager, which encompassed Risk Management, Internal Controls, Business Continuity Management, Global Insurance and Credit Management.
- He was also a member of SABIC Risk Management's Executive Committee and the secretary of the SABIC Board Risk & Compliance Committee. He was part of the Corporate Finance Leadership Team and

led several projects and global initiatives. As the Company's Chief Audit Executive, he was accountable to the Board Audit Committee for the Corporate Internal Audit.

- In his early professional career, Abdulrahman served at Saudi Aramco-Exxon Mobil Refinery (SAMREF) with global secondment experiences at refinery/chemical sites. He then joined SABIC as Manufacturing Turnaround Sr. Manager at SABIC Manufacturing and was promoted as Manufacturing Services/Planning GM. He also served as Operations GM at Ibn Rushd and Continuous Improvement GM at SABIC Manufacturing Center of Excellence.
- He was part of several high-profile leadership assignments, 2025 strategy formulation teams and governance structures. He was also among the first SABIC CEO Leadership Challenge Program Graduates.
- He is currently serving as Chairman of YANSAB, a SABIC affiliate, as well as sitting on other Boards/Committees.

#### EDUCATION:

- Abdulrahman has a B.Sc. degree in Applied Mechanical Engineering (Hons) from King Fahd University of Petroleum & Minerals (KFUPM), KSA.

# Executive Management



**MR. FAHAD MISFER AL-BATTAR**  
CHIEF OPERATIONS OFFICER

## PREVIOUS POSITIONS AND EXPERIENCE:

- Practical experience spanning over (24) years in Saudi Basic Industries Corporation (SABIC) covering several fields. In his career, he held several positions, including the position of Chairman in both of Al Sharqiyah Petrochemicals Co. (Sharq) and Al-Jubail Fertilizer Company (Al-Bayroni). He was also the Chairman of Saudi Petrochemical Company (SADAF).

## EDUCATION:

- Mr. Fahd holds an Executive Master's degree in Business Administration and a Bachelor's degree in Chemistry from King Fahd University of Petroleum and Minerals.



**ENG. YAZEED ABDULAZIZ AL-ANGARI**  
Vice President, Business

## PREVIOUS POSITIONS AND EXPERIENCE:

- Yazeed Alangari joined SABIC in 1997 after graduating from King Saud University as a Chemical engineer starting with the polymers sales and marketing team. In 2004 he moved to Europe as sales manager responsible for various Polymer products. After spending 3 years in the Netherlands Yazeed took the role of PVC Business Manager in Riyadh and later moved to become LLDPE/LDPE Business Director. In 2014 he was assigned as a commercial GM and a regional head for the

Innovative Plastic SBU in the ME/Africa. In 2015 Yazeed joined SABIC Agri-Nutrients Company as GM for P&K with the main responsibility of managing the phosphate business and developing a new Potash business.

In January 2022, Yazeed was appointed as VP for Business at SABIC AN.

## EDUCATION:

- Bachelor of Chemical Engineering from King Saud University, Riyadh KSA - 1996



**MR. AYED HABIB AL-HAIDER**  
GENERAL MANAGER, FINANCE

## PREVIOUS POSITIONS AND EXPERIENCE:

- Joined SABIC Agri-Nutrients as a General Manager of Finance in 1.1.2022. Ayed has 24 years of experience gained in various fields including finance, accounting and auditing. Prior to his current role, Ayed held various leadership roles including the role of Director of Global Financial Accounting and Reporting in SABIC and Director of Finance and Business Planning in Saudi Kayan. He started his career in Jan 1999 in PriceWaterhouseCoopers (PwC).

## EDUCATION:

- Ayed holds a Bachelor degree in Accounting from King Fahd University of Petroleum and Minerals. He is also a Certified Public Accountant (CPA) and Certified Management Accountant (CMA) from USA.

Statement of any interest, contractual securities and subscription rights of Company's senior executives and their relatives with regard to the shares or debt instruments of the Company or any of its subsidiaries, and any change in that interest or those rights during the last fiscal year.

## Senior Executives

- Statement of any interest, contractual securities and subscription rights of Company's senior executives and their relatives with regard to the shares or debt instruments of the Company.

Name	Beginning of year			End of year			Net Change	Change Ratio
	Shares	Debt instruments	Ownership Ratio	Shares	Debt instruments	Ownership Ratio		
Eng. Abdulrahman Ahmed Shamsaddin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Mr. Fahad Misfer Al-Battar	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Eng. Yazeed Abdulaziz Al-Angari	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Mr. Ayed Habib Al-Haider	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%



## Remunerations of Board and Committees Members and Executive Management

### Remuneration Policy

In light of the provisions regulating the remunerations of Board Members and Board Committee Members as set forth in the Companies Law, corporate governance regulations, and regulatory rules and procedures issued pursuant to the Companies Law relating to Listed Shareholding Companies, as well as SABIC AN bylaw, remunerations of the Board Members, Board Committee Members and Executive Management follow these rules and principles.

### First: Disclosure of the Remuneration Policy and How Remuneration of the Company's Board Members and Executive Management Is Determined.

The Remunerations Policy approved by the General Assembly sets forth the following principles and rules:

#### Board and committees' members

- The Board shall, based on the recommendation of Remuneration and Nomination Committee, determine the remunerations of Board's Members\ Committees' members based on the following principles:
  - Remunerations shall be consistent with the company's strategic objectives and incentive for the members to achieve those objectives and enhance the company's ability to develop and sustain its business.
  - Remunerations shall be commensurate with the nature of the company's business, activities and size as well as the skills and experience required.
  - Remunerations shall be a means to attract Board members with the required expertise and qualifications to enhance the company's ability to achieve its objectives.

- Board member shall be paid an annual remuneration of SAR 200,000 for membership of the Board.
- Board member who participates in Board's committees (including Board Audit Committee) shall be paid an annual remuneration of SAR 150,000, whether the member participate in one or several committees.
- The company is entitled to claim compensation for damage to its reputation and should take any compensation, or other costs incurred by the company, in the event:
  - A member is convicted of committing an act of disgrace, dishonesty or forgery, or violating the laws and regulations of the Kingdom of Saudi Arabia or any other country.
  - A member fails to carry out responsibilities and duties resulting in damage to the interest of the company, or
  - Membership is terminated, by a decision of the General Assembly, because a member's absence for three consecutive meetings within one year without a legitimate excuse acceptable to the Board.

#### Senior Executives:

- The Board shall, based on the recommendation of Remuneration and Nomination Committee, determines the remunerations of the Senior Executives, provided that these remunerations:
  - Are commensurate with the company's strategic objectives and incentive for the Senior Executives to achieve these objectives and enhance the company's ability, business development and sustainability.
  - Are commensurate with the nature of SABIC Agri-Nutrients business and size as well as with the skills and experience required.
  - Enable the company to attract senior executives with capabilities, skills and qualifications required to enable the company to achieve its objectives.
  - Don't cause conflict of interest which might adversely impact the company's interest and ability to achieve its objectives.

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

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

the Remuneration Policy for Board's Members\Committees' Members and Senior Executives approved by the General Assembly of the company. Accordingly, the member shall be entitled to the remuneration granted thereto. Accordingly, there is no fundamental deviation from the applicable policy.

### Third: The following table shows the remunerations and compensations paid to Board Members and Senior Executives, including CEO and CFO, during the fiscal year ended December 31, 2022:

	Fixed Remunerations						Variable Remunerations									
	Specific amount <sup>(1)</sup>	attendance allowance for Board meetings	Total attendance allowance for Board meetings	In-kind benefit	Remuneration of technical, administrative and consultancy works	Remuneration of the Chairman of Board, Managing Director or Secretary of Board	Total	Profit Rate	Periodic Bonus	Short-term incentive plans	Long-term Incentive Plans	Shares awarded (a value is entered)	Total	End of Service Benefit	Grand Total	Expenditure Allowance
<b>First: Independent Members</b>																
Mr. AbdulAziz Habdan Al-Habdan	350,000	18,000	45,000	--	--	--	413,000	--	--	--	--	--	--	--	413,000	--
Mr. Yousef Mohammed Al-Suhaibani	350,000	18,000	63,000	--	--	--	431,000	--	--	--	--	--	--	--	431,000	--
Mr. Soliman Abdulaziz Alhosain	350,000	18,000	33,000	--	--	--	401,000	--	--	--	--	--	--	--	461,353	60,353
<b>Total</b>	<b>1,050,000</b>	<b>54,000</b>	<b>141,000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,245,000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,305,353</b>	<b>60,353</b>
<b>Second: Non-Executive Members</b>																
Eng. Abdulrahman Al-Fageeh (1)	0,000	6,000	6,000	--	--	--	12,000	--	--	--	--	--	--	--	12,000	--
Mr. Yousef A. Al-Benyan (2)	200,000	12,000	9,000	--	--	--	221,000	--	--	--	--	--	--	--	221,000	--
Eng. Samir Ali Al Abdrabbuh	200,000	18,000	15,000	--	--	--	233,000	--	--	--	--	--	--	--	233,000	--
Dr. Walid Mohammed Alissa	350,000	18,000	30,000	--	--	--	398,000	--	--	--	--	--	--	--	398,000	--
Eng. Mohammed Ali Al-Hassany	145,205	18,000	0,000	--	--	--	163,205	--	--	--	--	--	--	--	181,064	17,859
Mr. Mohammed Abdullah Al-Bahussain	350,000	18,000	18,000	--	--	--	386,000	--	--	--	--	--	--	--	386,000	--
<b>Total</b>	<b>1,245,205</b>	<b>90,000</b>	<b>78,000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,413,205</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,431,064</b>	<b>17,859</b>

\* The amount specified in the above table represents the annual remunerations based on the member's period on the membership of the Board of Directors for the fiscal year ending on December 31, 2021, and was paid after the approval of the General Assembly held in April 2022

(1) Membership began on September 28, 2022.

(2) Membership ended on September 27, 2022.

### Remunerations Due to Board Members for the Fiscal Year 2021 Recommended by Board According to the Recommendation of Remuneration and Nominations Committee to the General Assembly at its next meeting for Approval

Member Name	Amount of Due Remuneration	Notes
Eng. Abdulrahman Al-Fageeh (1)	52,055	To be paid to SABIC, upon member's request
Mr. Yousef A. Al-Benyan (2)	147,945	
Eng. Samir Ali Al Abdrabbuh	200,000	
Eng. Mohammed Ali Al-Hassany (3)	149,589	Paid for the member's account
	50,411	
Dr. Walid Mohammed Alissa	200,000	
Mr. AbdulAziz Habdan Al-Habdan	200,000	
Mr. Soliman Abdulaziz Alhosain	200,000	
Mr. Yousef Mohammed Al-Suhaibani	200,000	
Mr. Mohammed Abdullah Al-Bahussain	200,000	

(1) Membership began on September 28, 2022.  
(2) Membership ended on September 27, 2022.  
(3) The member has resigned from SABIC on September 30, 2022 and based on the statement provided by SABIC and the member notification, the remuneration was divided according to the entitlement period.

### b. Senior Executives Remunerations

Four senior executives who received the highest remunerations from the company, included the CEO and CFO.

	Fixed Remunerations				Variable Remunerations						End-of-service benefits	Total Remunerations for Board	Total Aggregate Amount
	Salaries	Allowances	In-kind benefits	TOTAL	Periodic bonuses	Profits	Short-term incentive plans*	Long-term incentive plans*	Granted shares	Total			
<b>Total</b>	5,393,670	2,564,510.70	240,000	8,198,180.70	--	--	755,303	233,878	--	989,181	0	0	<b>9,187,361.70</b>

\* The amounts shown in the short and long-term incentive plans represent the amounts owed to a senior executive for the fiscal year ending on December 31, 2021, which were disbursed after being approved by the Board of Directors during the year 2022.

### c. Committee Members' Remunerations

Board Audit Committee Members	The Due Fixed Remuneration of 2021, which was paid in 2022 (Excluding The Allowance For Attending meetings)	Allowance for attending meetings in 2022	Total
Mr. AbdulAziz Habdan Al-Habdan (Committee Chairman)	150,000	30,000	180,000
Dr. Walid Mohammed Alissa (Committee member)	150,000	30,000	180,000
Mr. Yousef Mohammed Al-Suhaibani (Committee member)	150,000	30,000	180,000
Mr. Badr Ibrahim Al-Badr (Committee member)	150,000	30,000	180,000
<b>Total</b>	<b>600,000</b>	<b>120,000</b>	<b>720,000</b>

The fixed remuneration in the above table represents the annual remuneration based on the member's period on the membership of the Committee for the fiscal year ending on December 31, 2021, which was paid after being approved by the Board of Directors during 2022.

Members of the Remuneration and Nominations Committee	The Due Fixed Remuneration of 2021, which was paid in 2022 (Excluding The Allowance For Attending meetings)	Allowance for attending meetings in 2022	Total
Mr. Soliman Abdulaziz Alhosain (Committee Chairman)	150,000	18,000	168,000
Mr. Yousef Mohammed Al-Suhaibani (1) (Committee member)	0,000	18,000	18,000
Mr. Mohammed Abdullah Al-Bahussain (Committee member)	150,000	18,000	168,000
Eng. Khaled Suleman Al- Muhaisen (Committee member)	150,000	18,000	168,000
<b>Total</b>	<b>450,000</b>	<b>72,000</b>	<b>522,000</b>

(1) Based on the remuneration policy approved by the General Assembly, members of permanent committees are entitled to one committee remuneration in the event that he is a member of more than one committee (including the Audit Committee). The fixed remuneration in the above table represents the annual remuneration based on the member's period on the membership of the Committee for the fiscal year ending on December 31, 2021, which was paid after being approved by the Board of Directors during 2022.

Investment Committee Members	The Due Fixed Remuneration of 2021, which was paid in 2022 (Excluding The Allowance For Attending meetings)	Allowance for attending meetings in 2022	Total
Eng. Abdulrahman Al-Fageeh (1) (Committee Chairman)	The committee was formed by the Board of Directors at the end of the year 2021, moreover there are no rewards due for the year 2021 that were paid during the year 2022	6,000	6,000
Mr. Yousef A. Al-Benyan (2) (Committee Chairman)		9,000	9,000
Eng. Samir Ali Al Abdrabbuh (Committee member)		15,000	15,000
Mr. AbdulAziz Habdan Al-Habdan (Committee member)		15,000	15,000
Mr. Soliman Abdulaziz Alhosain (Committee member)		15,000	15,000
Mr. Yousef Mohammed Al-Suhaibani (Committee member)		15,000	15,000
<b>Total</b>		<b>75,000</b>	<b>75,000</b>

(1) Membership began on September 28, 2022.  
(2) Membership ended on September 27, 2022.



## Declarations

### Declaration by the Board of Directors of SABIC Agri-Nutrients Company

#### The Board of SABIC AN Company acknowledges that:

1. The accounting records were properly prepared.
2. The internal control systems was developed and implemented effectively.
3. There are almost no doubts on Company's capability to continue its activity.

#### Penalties, sanctions or restrictions Imposed on the company by CMA or by any other supervisory, regulatory or judicial authority

There is no penalty, retribution, precautionary measure or precautionary restriction imposed on the company by the Capital Markets Authority (CMA) or any other supervisory body, or other regulatory authority or judicial body, during the fiscal year ended on December 31, 2022.

#### Board's recommendations to change the auditor before the end of the period for which he/she is appointed

No recommendation was made by the Board of Directors to change the auditor approved by the company's General Assembly.

#### Auditor of financial statements

The auditor's report for the fiscal year ended on December, 2022 shows that the financial statements are free of any material reservations against the company.

#### Waiver of remunerations

There are no arrangements or agreements under which a Board Member or Executive Management has waived any remunerations for the fiscal year ended on December 31, 2022.

#### Waiver of dividends

There are no arrangements or agreements under which a shareholder has waived any rights to dividends for the fiscal year ended on December 31, 2022.

#### Clarification of Differences from the Accounting Standards Approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA)

The company's financial statements were prepared during the fiscal year ended on December 31, 2022, in accordance with the accounting standards requirements approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA)

#### Description of Debt Instrument Activities

There are no convertible debt instruments, contractually based securities, subscription rights or conversion rights under convertible debt instruments, nor any contractually based securities or convertible warrants, warrants or similar rights issued or granted by the issuer. In addition, there is no refund, purchase or cancellation by the issuer of any redeemable debt instruments, during the fiscal year ended on December 31, 2022.

#### Description of Any Interest in the Category of Entitled-to-Vote Shares Belonging to Persons (Other than the Board's members, Senior Executives and their Relatives) Who Informed the Company of these Rights

No shareholder, other than Board Members, Executive Management and their relatives, notified the company of any change in the ownership of shares during the fiscal year ended on December 31, 2022.

#### Disclosure of the details of treasury shares held by the company and details of the uses of these shares

There are no treasury shares held by the company and thereby, there are no details of the uses of these shares.

#### Description of Transactions between the company and a Related Party

Saudi Basic Industries Corporation (SABIC) and some of its companies supply raw materials, and provide support with technical licenses, joint services, and administrative, technical and legal expertise as needed. They also provide the company with materials, raw materials, handling services, and other services and contracts, all of which are considered to be intra-group activities.

#### Results of the Annual Review of Effectiveness and Procedures of Internal Control System

In light of conducted activities by SABIC AN's Internal Audit Department during 2022, which included its specific tasks in executing audits, and in accordance with plan approved by the Board Audit Committee for the fiscal year 2022, under which it provides objective and independent assessments for adding

value and achieving objectives, Board Audit Committee reviews periodic reports prepared by the Internal Audit Department, as well as comments of the external auditor on the evaluation of the company's internal control procedures in terms of design and implementation.

Board Audit Committee also follow up on recommendations of the Internal Audit Department and external auditor to execute and follow-up on corrective actions, and to generally consider the effectiveness of internal control procedures through internal audit reports, and with regard to the fairness of financial statements specifically, while considering the fact that any internal control system, regardless of its proper design and implementation, cannot provide absolute assurance of its effectiveness of applied systems of internal controls.

Based on what was provided by the company's management, Internal Audit Department, external auditor, and after reviewing the General Court of Audit (GCA) reports, and Committee's oversight of risk management, no fundamental weakness was found in the company's internal control systems.

### Closing Statement

The Board of Directors conveys its full gratitude and thanks to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, may Allah protect him, His Royal Highness Prince Mohammad bin Salman bin Abdulaziz Al Saud, Crown Prince and Prime Minister, Governor of the Eastern Province, His Royal Highness Prince Saud bin Nayef bin Abdulaziz Al Saud, Deputy Governor of Eastern Province his Highness Prince Fahd bin Salman bin Abdulaziz Al Saud, for their support to drive the industrial development of our Precious Kingdom.

The Board of Directors is also pleased to thank all Company's personnel for their effective efforts throughout the year, together with prays to Allah to protect our country and our capabilities, and to bring progress and prosperity to this National Company.

Board of Directors,

### TRP and Talk 5

As an ongoing SABIC-led program, Talent Review Process (TRP) recognizes people's annual contributions toward achieving the company's purpose, by highlighting the results of their efforts and celebrating the behaviors that bring corporate values to life.

Created in response to enthusiastic TRP participation, Talk 5 is named after the goal of holding five conversations of five minutes each, at least five times a year – to promote better listening, and the sharing of ideas and opinions between employees and leaders.

The initiative, which aims to explore what matters to each individual and the company in its entirety, has become a key driver of performance and career growth.

