

Annual report

2021



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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



“The strength, steadfastness, determination that you have demonstrated during the honorable defiance of this difficult phase, and your full cooperation with relevant government agencies, are the most important contributing factors and pillars of the success of the state’s efforts, which has prioritized safeguarding health and made it the state’s top concern.”

A part of The Custodian of the Two Holy Mosques Speech  
in March 19th, 2020



- HRH Crown Prince -

**Mohammed Bin Salman Al Saud**  
**Crown Prince**

Deputy Prime Minister, and Minister of Defense



We are more optimistic that the pace of growth will accelerate with the ending of the coronavirus pandemic and the return to full normalcy, to become one of the fastest G7 nations to witness growth in non-oil GDP in the upcoming years.

HRH Crown Prince G20 summit Speech  
in Riyadh 2020

# Contents

1.	Introduction	11
2.	BOD Chairman Speech	12
3.	Group Chief Executive Officer of (SCCH) Speech	14
4.	An Overview of SCCH	18
5.	The Annual Report Executive Summary	24
6.	Company and its Subsidiaries' Activities	26
7.	Saudi Chemical Holding Company's Percentage of Ownerships in its Subsidiaries	28
8.	Strategic Plans, Expansion of Activities, and Investments in Other Companies	29
9.	Board members, Board Committees, and Senior Executives:	34
10.	Contribution of Each Activity to the Company's Business Volume and the Consolidated Sales	52
11.	Geographical Distribution of the Consolidated Sales	54
12.	Explanation of any Significant Differences in Operating Results as Compared to Previous Year's Results	55
13.	Summary of the Consolidated Financial Results	56
14.	Earnings per Share	60
15.	Company's Dividends Distribution Policy	60
16.	Islamic Financing	61

17.	Saudi Industrial Development Fund's Financing	64
18.	Transactions with Related Parties	64
19.	Statement of Statutory Payments	65
20.	Auditor	65
21.	Results of the Annual Review of the effectiveness of the Internal Control	66
22.	Expected Risks	70
23.	Shareholders' Rights and General Assembly	72
24.	Corporate Governance and Related Applications	76
25.	Communication with Shareholders and Investors	78
26.	Social Responsibility Program	78
27.	Manpower and Training	78
28.	Quality and Environmental Management	79
29.	Safety Record and Industrial Security	79
30.	Distribution of dividends	80
31.	Internal and Other Controls' Representations	80
32.	Conclusion	81



The company's financial performance through the final budget, income statement, cash flow and a list of changes in shareholders' equity.

## 2. Introduction

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Distinguished Shareholders

Peace and mercy of Allah and his blessings may be upon you

SCCH Board of Directors is pleased to present the annual report of 2021, which reviews the Company's financial performance through the final budget, income statement, cash flow, and a list of changes in shareholders' equity. This report also highlights the company's status and achievements, as well as, reviews its decision through the past year. In addition, the report includes a summary of corporate governance procedures and Saudi financial market compliance. The BOD with all its members is endeavoring to adopt the principle of disclosure and transparency with regard to the Council, its subsidiary committees, and senior executives, in all transactions with related parties. We hope that the coming year will bring us more achievements and major success, in order to enhance the financial strength and pioneering presence of our company and maximize the rewarding returns for both shareholders and partners alike.



- Chairman of Board of Directors -  
**Eng. Fahd bin Saleh  
Al-Jarbou**

## BOD Chairman Speech

Dear shareholders and partners,

Peace, mercy and blessings of God,

We are pleased to present you with the annual report of the Saudi Chemical Holding Company for the year ٢٠٢١, in which we review the most important achievements of the company in all its fields of operation, praying to God Almighty to have accomplished this year what strengthens the company's progression and position to advance and rise to your aspirations and hopes.

The company, praise be to God, has continued to implement its ambitious strategy to develop and expand the company's business and its subsidiaries, with its various channels, based on its strong financial and operational performance, and its solid ability to maintain supply chains, transportation, and integrated logistical support during ٢٠٢١, which enabled it to significantly enhance its position and leading presence in the local and regional markets. We can refer to the key performance indicators that this report presents for guidance, to be able to clearly identify the course of our business, which reflects the validity of our strategic orientation for long-term development and growth, in God's will.

Finally, I would like to extend my thanks and gratitude to all investors, shareholders and partners, whose great confidence and continuous support had a great impact on our determination to achieve its promising plans, and thanks to all members of the Board of Directors and employees of the company for their massive efforts, which played the most important role in the implementation of all of the company's strategic objectives with full efficiency and might.

May God grant us success.

**Eng. Fahd bin Saleh Al-Jarbou**  
Chairman of Board of Directors

## Group Chief Executive Officer of (SCCH) Speech

The Saudi Chemical Holding Company has taken confident steps in terms of implementing its long-term development strategy, aiming to develop and expand its investment base that provides sustainable value to all shareholders, investors and partners.

٢٠٢١ was a year full of success at all levels of work and production in the company and its subsidiaries, which strengthened its leading position in the local and regional markets. This clearly reflects the importance of continuous focus on implementing the objectives in accordance with the strategic transformation and development plan to achieve greater harmony in the company's operational model, develop the range of products and solutions provided, and strengthen the company's competitive ability, to accelerate growth in the company's operations in general.

The company has also succeeded in combining sustainability and innovation values, in order to satisfy its customers' evolving needs, and to help find innovative solutions, by building an advanced digital operational and production infrastructure, leading to the development of a digital work environment that provides automated solutions capable of enhancing productivity, manufacturing, procurement and supply chains, and raising commercial capabilities, alongside improving performance and quality of products and services in all of the fields of operation of the company and its subsidiaries.

The company's strategy of transformation and sustainable growth is based on developing its human capital and creating an attractive work environment to attract distinguished talents, skills and expertise, support them with all the elements of career growth and social stability, retain them and empower them to achieve the company's strategic goals skillfully and efficiently.

Finally, I must also praise the efforts of all shareholders, partners and members of the Board of Directors, for their trust and great support in all our work, in addition to the loyalty, trust and commitment of our employees to all their diverse roles in various work environments in the company and its subsidiaries, who greatly contributed to our success in achieving promising achievements with more excellence, giving and sustainable growth.

And I would like to remind everyone that we are still in the beginnings of the transformation and development project, which will take the Saudi Chemical Holding Company to a whole new level to rank by international companies.

**Eng. Thamer bin Mohammed Al Muhaid**  
Group CEO



- Group CEO -

**Eng. Thamer bin  
Mohammed Al Muhaid**

- Group CEO -  
Eng. Thamer bin Mohammed Al Muhaid

## Board of Directors

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**Fahd bin Saleh Al-Jarbou'**  
Chairman of Board of Directors



**Obaid bin Abdullah Al-Rasheed**  
Deputy Chairman of the Board



**Abdul Rahman bin Abdulaziz Al-Yamani**  
Member



**Mohammed bin Saud Al-Badr**  
Member



Fawaz bin Muhammad Al-Fawaz  
Member



Mohammed bin Saad bin Dawood  
Member



Abdullah bin Zamil Al-Drees  
Member



Abdulwahab bin Ahmed Abed  
Member



Khalid bin Mohammed Al-Tawee  
Member

## 4. An overview of SCCH

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SCCH was established in 1972 as the first investment company especially in industrial and commercial sectors to produce civil and military explosives in the Kingdom of Saudi Arabia, through its various factories in Riyadh, Jeddah, and Northern Borders Area. It also owns advanced supply and distribution chains and logistical support that fulfill local, regional and global market needs and requirements. The company is listed in the Saudi Financial Market since 2001 with a capital of SR 843.2 million.

The company was able to make a powerful presence in local and regional markets due to different factors which are, depending on long term strategic planning principles, implementing business plans according to the best practices, following the highest standards of quality, efficiency, and safety in all business environments and adopting compliance to the



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comprehensive environmental management system which enabled the company to obtain Several ISO certificates in Total Quality Management. This helped the company to assert its leadership position in the market, enabled it to expand its business base and projects, and managed to diversify its investments permanently which increase its financial growth sustainably, through different specialized companies in medicine manufacture and distribution and various medical materials and equipment such as the Saudi International Trade Company Ltd. (SITCO Pharma), AJA Pharmaceutical Industries Ltd. (AJA Pharma) and Saudi Chemical Commercial Investment Company Ltd. (CCCI).

In an effort to ensure the logistic support for secure supplies for the company's production lines in the explosives sector and secure strategic distribution channels, where the company made a promising step through establishing Suez International Nitrate Company in Egypt. Suez International Nitrate Company produces Ammonium Nitrates with a production capacity of 85,000 metric tons per year.

### **Vision**

Saudi Chemical Company Holding (SCCH) aspires to become the leading national company in the non-oil multi-activity sector, while maintaining strategic integration between all subsidiaries to enhance economic and investment diversification in Saudi Arabia.

### **Mission**

Saudi Chemical Company Holding (SCCH) seeks to maintain integration between all its sectors to achieve sustainability and growth and maximize revenue for stakeholders, through offering a set of crucial enablers and attracting qualified talents and expertise to develop its business activities aimed at developing the non-oil economy in line with the Kingdom Vision 2030 objectives.

## **SCCH Success benchmarks (it is expressed through a time line designed in a creative manner)**

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In line with the kingdom 2030 vision that seeks to impalement various initiatives to diversify investment opportunities to turn Saudi Arabia into an industrial force and a huge international platform, the Saudi Chemical Company Holding continuously developed its business strategies in order to enhance its unique services that guarantee its strong financial position with profitable returns to all shareholders. It also focused on strengthening its presence and effective role in supporting the vital commercial industrial sector which is considered to be one of the main pillars of economic growth in Saudi Arabia with a pioneering advanced national commercial industrial platform.

**1972**

Establishing Saudi Chemical Company Limited

**2000**

Acquisition of the Saudi International Trading Company Ltd. (SITCO Pharma)

**2001**

The Company entered Tadaweul

**2006**

Establishing Suez International Nitrate Company in Egypt (SINCO)

Saudi Chemical Company Holding strategy is based on implementing best international professional practices with a local vision in order to expand its projects investments platform and diversifying its production lines in different fields to include explosives production, medicine and pharmaceuticals manufacturing. Its strategy also focuses on improving its logistic infrastructure permanently which insures the continuity of smooth work safely and professionally in all supply chains and distribution channels safely and professionally in all civil, military and medical sectors in Saudi Arabia, and GCC countries with improving all aspects of strategic integration between its subsidiaries, in manners of efficiency and competence.

**2008** — **2011** — **2012** — **2019**

Establishing  
Chemical  
Commercial  
Investment  
Company Ltd. (CCCI)

Establishing  
Saudi Chemical  
Company  
Limited

Establishing AJA  
pharmaceutical  
industries company  
(AJA)

Turning into  
a Holding  
Company

# 2015 — 2015 — 2018

9001 ISO certificate

2015 14001 ISO certificate

2018 45001 ISO certificate



The company's strategy is based on achieving sustainable growth in all of its diverse fields of operation, with the aim of increasing production power and capability in its manufacturing, distribution, transportation, and logistical support facilities, alongside promoting product innovation, renovation and development capabilities in accordance with the needs and demands of customers with the highest efficiency and quality standards, in a way that guarantees business continuity and development in all supply chains and distribution channels for all civil, military and health sectors in the Kingdom of Saudi Arabia and the GCC countries, in addition to developing all aspects of strategic integration with its subsidiaries. The company benefits from the keen governmental efforts to develop non-oil industrial and production work environments in the Kingdom of Saudi Arabia, to directly contribute to the national income, as a main objective of the Kingdom's Vision 2030.

## Sustainability

The company continues to work on developing and building work environments that set an example for giving, and socially and commercially responsible work, that is environmentally sustainable, fair and safe. Our approach involves sustainability values in all operations and activities, and clearly prioritizes necessities, goals, and areas in a way that satisfies the legislative requirements of work, and the management of work-related risks. It also takes into consideration social, environmental, and economic aspects, which include ethical, health and occupational safety values, alongside work best practices, employee and society rights, and environment protection.

## Research and Development

The Saudi Chemical Company Holding is committed to conducting research and advanced market studies, analysing market directions and the customers' orientation and evolving needs, and studying the competitors' performance in local and regional markets to develop its applied administrative and operational practices in all work channels, in line with its strategy of sustainable development, in accordance with the latest international quality and efficiency standards, which guarantee the provision of the best advanced technical and manufacturing options and solutions that satisfy the needs and demands of customers and partners.

## Values

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### Integration

Integration is a key value adopted by (SCCH); a value that gives it the competitive edge of business integration between all its subsidiaries across different sectors.

### Diversity

(SCCH) is featured with its diverse investment base in the non-oil sector across the most vital areas that Vision 2030 is focused on developing.

### Excellence

(SCCH) is committed to doing what's best for customers, shareholders, employees and suppliers in its dealings and services in line with the highest quality and integrity standards.

### Innovation

Innovation is a key pillar in (SCCH)'s business success at all levels, starting from its innovative strategy, administrative principles and policies to operations.

### Agility

(SCCH) is committed to agility and efficiency in delivering business to keep pace with all variables through developing solutions and performance in a way that creates value for all stakeholders.

### Credibility

Compliance with the highest professionalism and credibility standards in interacting with employees and stakeholders is a key value that (SCCH) is committed to implement and reinforce.

## 5. The Annual Report Executive Summary

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The company has witnessed a development in all of its administrative, operational and manufacturing sectors, with its continuous success in implementing its development strategy, with the aim of enhancing the company's financial capabilities in a manner that achieves benefit and profit for all shareholders and partners, and consolidates the company's position and leading presence in the Saudi and regional markets. This is evident in the performance development and successes achieved by the company this year, which are reflected in the numbers and facts according to the key performance indicators that the company generally adopts. This year is expected to add more promising achievements with more prosperity and growth to the company's successful strategic path aimed at developing its business sectors over the next five years.



## 6. Company and its Subsidiaries' Activities



### 1. Saudi Chemical Holding Company Holding (Saudi Joint Stock Company):

Saudi Chemical Holding Company was established in 1972 as a pioneering Company in Saudi Arabia, in the field of manufacturing explosives for civil purposes. The Company became a major local and regional provider of civil explosives in various applications such as, rock removal, road paving, tunnels, mines, plus mining, and oil exploration. The company's capital is 843.2 million SR and it was listed in the Saudi Capital Market in 2001. The Company's General Assembly approved on 17/12/2018 to transfer the activity of the explosives sector to Saudi Chemical Company Limited (subsidiary) effective by 01/01/2019.

## **2. Saudi International Trading Company Ltd. (SITCO Pharma):**

SITCO Pharma was established in 1982 with a capital of five million SR. The activity of the Company is concentrated in the distribution of Pharmaceutical products in Saudi Arabia. SITCO Pharma is one of the major pharmaceutical distributors in the Kingdom and has the leading position in this area. It is the appointed agent for a number of major global companies in the pharmaceutical industry. It provides all health sectors in Saudi Arabia with a large proportion of their needs for international pharmaceutical products through its distribution network deployed in all areas of Saudi Arabia. It is also one of the largest national distributors of vaccines and refrigerated medications (such as insulin and hormones), which require special transportation and storage conditions.

## **3. Suez International Nitrate Company (SINCO):**

SINCO was established in 2006 in Egypt. The activity of the Company is the production of ammonium nitrate, which is the main raw material used by the factories of Saudi Chemical Company in Saudi Arabia for the production of explosives. The annual production capacity is 80,000 tons of low-density porous ammonium nitrate.

During 2009, SINCO completed the construction of its factory, passed the primary operational tests, and received the license necessary for production. The commercial production of SINCO commenced during the first quarter of 2010. SINCO's authorized capital is fifty million U.S. Dollars, of which the issued and paid capital is five million U.S. Dollars, divided into 50,000 shares with a par value of US\$ 100 per share. SINCO is a closed joint-stock company and is not listed in the Egyptian Stock Market.

## **4. Chemical Commercial Company Investment Ltd. (CCCIL):**

Chemical Commercial Investment Company Ltd. (CCCIL) was established in 2008 with a capital of twenty-six million SR. The activities of the company include wholesale and retail trade in medicines and medical materials and machinery, medical equipment, management and operation of community and governmental pharmacies in the Kingdom of Saudi Arabia. CCCIL began its business activities in 2013.

## **5. Saudi Chemical Company Ltd. (SCCL):**

Saudi Chemical Company Ltd. (SCCL) was established at the end of 2011 with a capital of fifty million SR, for manufacturing, selling, and purchasing of explosives and their related products for civil and military uses, in addition to importing industrialization materials and equipment. The company also plans to study and develop some projects related to energy materials production for military use.

The Company owns three major factories and warehouses in the central, northern, and western regions, as well as central distribution warehouses in the southern, western, and eastern regions. The Company was able to supply the local market with all basic materials and accessories of explosives for civilian use necessary for infrastructure works and construction projects.

It should be noted that the Company's business is not limited to the production of explosives for civilian purposes only but extends to military purposes.

## **6. AJA Pharmaceutical Industries Company Ltd. (AJA Pharma):**

AJA Pharmaceutical Industries Company Ltd. (AJA Pharma) was established in 2012, as a limited liability company in the Kingdom of Saudi Arabia, with a capital of three hundred million Saudi Riyals. The principal activities of the Company include the establishment and ownership of medical factories, medical preparations, vaccines and serums, pharmaceuticals and radioactive reagents, laboratory and diagnostic tools and medical supplies, and the undertaking, managing, and owning of medicinal research and development, and import, export, wholesale and retail trade in industrial equipment.

## 7. Saudi Chemical Holding Company's Percentage of Ownerships in its Subsidiaries

Saudi Chemical Company's direct and indirect percentage of ownerships in its subsidiaries are summarized as of December 31, 2020, in the following table:

Company Name	Paid Capital	OwnerShip %	Main Activity	Operational Headquarters	Country of Incorporation
Saudi International Trading Company Ltd. (SITCO Pharma)	Five Million Saudi Riyals	%99	Distribution of Medicines	K. S. A.	K. S. A.
Suez International Nitrate Company (SINCO)	Five Million US Dollars	%100	Production of Ammonium Nitrate	Egypt	Egypt
Chemical Company for Commercial Investment Ltd.	Twenty-six Million Saudi Riyals	%100	Includes wholesale and retail trade in medicines and medical equipment	K. S. A.	K. S. A.
AJA Pharmaceutical Industries Company Ltd.	Three Hundred Million Saudi Riyals	%100	Establishment & Ownership of medical factories	K. S. A.	K. S. A.
Saudi Chemical Company Ltd.	Fifty Million Saudi Riyals	%100	Manufacturing, & Selling of Civil & Military explosives	K. S. A.	K. S. A.

### SAUDI CHEMICAL COMPANY HOLDING



Saudi International Chemical Trading Company Ltd  
Kingdom of Saudi Arabia



AJA Pharmaceutical Industries Company Ltd.  
Kingdom of Saudi Arabia



Chemical Commercial for Investment Company Ltd.  
Kingdom of Saudi Arabia



Suez International Nitrate Company  
Arab Republic of Egypt



chemical company Saudi Arabia Ltd.  
Kingdom of Saudi Arabia

## 8. Strategic Plans, Expansion of Activities, and Investments in Other Companies

### A well-developed strategic investment environment

In pursuance of the strategic plans formulated by the Board of Directors with the aim of expanding the activity and the diversification of the sources of income of the Company, the year 2021 marked the achievement of various practical steps including:

#### First: Civil Explosives Unit

1. The company was thankfully able to achieve a sales growth of more than 5% compared to last year, and compared to the approved plan for the sector, despite all the challenges that the global economy is facing.
2. The company has trained more than 160 trainees from government security sectors, as well as from employees of the private sector, inside and outside the Kingdom of Saudi Arabia, on the use of explosives and methods of handling them.
3. The sector has been restructured, in its civil and military aspects in accordance with the requirements of the new phase, emanating from the existing transformation program in the group.
4. The company continued to adapt and prepare its sites and maintain the validity of their permits, in line with the requirements of the Implementing Regulations of the Explosives and Fireworks Law, and the technical and security specifications, and according to the requirements of the High Commission for Industrial Security.
5. The company launched a number of new expansions in some of its sites, to benefit from them in increasing storage capacity, after being approved by the competent authorities in the Kingdom of Saudi Arabia.
6. The company's supply chains succeeded in providing raw materials from different sources despite the challenges in shipping and the increase in global energy prices to secure products for the company's customers.
7. The company joined the "Made in Saudi" program, and all its civil products were registered in the program.

#### Commitment and Permits

1. In order to maintain the permits issued to the company's factories and warehouses, the company is strictly committed to fulfilling the technical and security requirements in accordance with the requirements of the Implementing Regulations of the Explosives and Fireworks Law, and the technical and security requirements according to the specifications of the High Commission for Industrial Security, where the company constantly follows up with the relevant security authorities on the development of regulations and instructions issued by the Ministry of Interior.

#### Second: Military Explosives Unit

1. The company has successfully completed the necessary constructions for its military projects, despite the accompanying challenges, and the Saudi Chemical Company has reached advanced stages in the installation of production lines for the manufacturing of military explosives in preparation for the trial run in mid-2022.
2. The company has completed importing the production lines necessary for the manufacturing of military explosives, and the equipment needed to manufacture RDX was shipped from the Republic of Brazil after the approval of the relevant government agencies.
3. The comprehensive security project for the Military Industries Complex was completed after obtaining the approval of the High Commission for Industrial Security, where the company met all the security and safety requirements for the military industrial complex.
4. The company has completed the necessary visits and all requirements and documents in order to obtain the final permit from the General Authority for Military Industries.
5. The company was able to obtain new permits for the production of explosive materials in addition to a license to load munitions from the General Authority for Military Industries, which supports the company's competitiveness and expansion in this strategic area.
6. The company has completed the updating of the central firefighting systems, prevention and fire protection in the Military Industries Complex, according to the specifications of the High Commission for Industrial Security for fire safety and protection.
7. The company joined the "Made in Saudi" program, and all its military products were registered in the program.



## Third: Pharmaceutical Companies

In 2021 we continued the transformation journey in the pharma sector and its subsidiaries, capitalizing on our 5 years stated vision to be a leading Saudi pharmaceutical distributor, producer, and logistical services segments with a global footprint, by expanding our services beyond the region through penetrating the international markets.

Also, it was important that all plans and tactics executed were supporting our strategy and strategic drivers that have been identified which powerfully address the people, company, and business needs. Below an overview on the actions taken to support the different strategic drivers.

- **Leveraging Capabilities:** We always believe that people are the most important asset in any business and building a strong team is a key must win. Key talents were acquired from leading organizations to build a competitive promotional and selling team and to develop local talents which will help in driving the company differentiation in the pharmaceutical filed. Beyond people capabilities it was also important to transform the infrastructure by introducing new digital solutions and enhancing our processes to cope with the new market dynamics and needs.

- **Expanding Current Business:** Being in such a highly competitive and dynamic market it is always important to drive business growth by capitalizing on our expertise in expanding the current business which was reflected in signing new developmental agreements and MAH transfers as well as Launching new products under our licensing focusing on key therapy areas (Diabetes, CVS, Oncology and Vaccines)

- **Exploring new Business Opportunities:** To grow our business, it was critical to penetrate new market segments and launch new offerings to our customers.
  - o In the manufacturing segment we are offering new manufacturing facility capitalizing on the sterile suite capability to drive new alliances in specialized segment (Injectables, cold chain, insulins, vaccines...) and few MOUs were signed with multinational companies as Lilly & Sanofi to locally manufacture their specialized products.

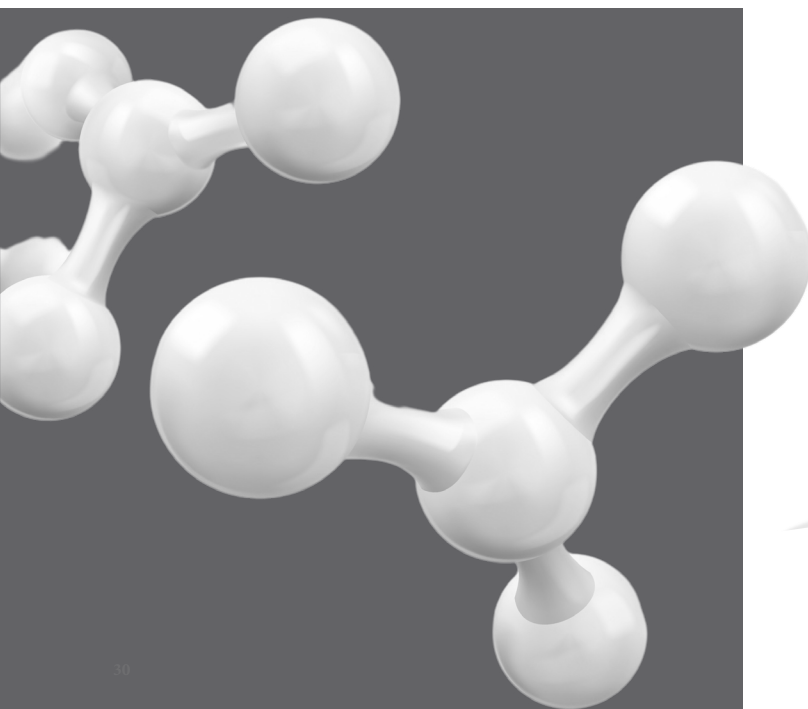
In distribution and warehousing, increasing the size of the warehousing facilities to improve the services and offerings to our customers took place in some SITCO warehouses. Also, MOU for establishing a JV with a leading worldwide logistics company was signed which will support the company competitive penetration in the third party logistics (3PL) services. All strategic drivers and strategies mentioned supports the company's growth and profitability with a strong recognition within the pharmaceutical sector in Saudi and the region.

While transforming the new pharma sector through driving the new strategies, it was important to keep the progress of the current business towards the pre-set goals and objectives. Below are the key achievements for the 3 pharma companies, despite of all the internal and external challenges faced during 2021 but still the team was capable to deliver key successes.

## SITCO

Great efforts were done from the cross functional teams to review and renew current contracts with key principals and for the first-time long-term contracts were signed with multinational companies e.g 3 years with Lilly and 2 years with AstraZeneca. Also, renewed the agreements with GSK, Bayer Pharma and Lifescan In line with the transformation plan that Saudi Chemical Holding Company and its subsidiaries implemented and to support the current business expansion, the storage capacity of the public warehouse in Jeddah have been doubled from 1,100 pallets to 2,200 pallets to accommodate tender business growth.

MOU was signed with Hellmann Worldwide Logistics to establish a JV for Healthcare logistics



## AJA Pharma

### Projects and product lines:

The pandemic has cast a heavy shadow over the progress of some new projects, especially those related to the installation and qualification of the sterile production line, both liquid and dry. Nevertheless, the engineering and projects department in the factory was able to accelerate the installation of the machines in the sterile line with the support from the multinational suppliers (Bosch/Syntegon, GEA, FLACTWOOD, CLESTRA, and others).

We aim to continue the work on installing the equipment, systems and support services necessary for the project, which will be followed by the operations, inspection and verification in accordance with the global requirements for this specialized type of machines to ensure the production of high-quality and safe preparations. These procedures are expected to be completed by the end 2022.

Productive operations

For production operations, and despite the impact and the precautionary measures to confront the epidemic, the level of production for the previous year was maintained, with the number of pieces produced approximately 17 million units in 2021.

Taking into consideration that nearly ten products for CMO's (Abbott and Servier) completed the transition from either secondary packaging to primary packaging or from secondary packaging to full manufacturing. This transition improved the utilization of primary packing.

The number of units going into this model of business composed approximately 30% of overall units produced in 2021 compared to 15% in 2020.

### Business Development:

The Year 2021 witnessed AJA Pharma signing some high value deals for both CMO business as well as for AJA own products. On the CMO front, AJA Pharma signed with GSK Consumer healthcare for the Transfer and Full manufacturing of its Flagship Panadol range. There are total 7 SKUs in the scope, out which 5 are in tablets and 2 in Syrup forms. The CMO business further expanded by increasing the scope of the business with our current partners Servier, by signing a new contract moving from Secondary packaging to Full Packaging being done in AJA plant.

Some key MoUs were also penned with Global companies like Lilly and Sanofi to explore opportunities of Technology Transfer of their Products in Saudi Arabia from the platform of AJA Pharma. In terms of New Products, bringing quality and effective medicines from AJA Pharma is important for the company. With this view, AJA Pharma signed Licensing with Technology Transfer and Co-development deals with companies specialized in these fields for 7 new molecules (in Diabetes, Cardiovascular and General Healthcare categories). AJA Pharma has also entered the oncology and biosimilar space by signing a Licensing Agreement for 10 products with Bio Venture, a YAS Holding company based in UAE. The deal also includes 4 biosimilar candidates as well.

### Exports:

In 2021, AJA Pharma won the GCC tender for its product Linid. The 1st consignment is expected to be in Q1 2022. Also, AJA Pharma Enrolled in the Saudi Made Program, encouraging local consumers to buy more locally made products, and helping businesses increase their exports to priority markets.

### Regulatory

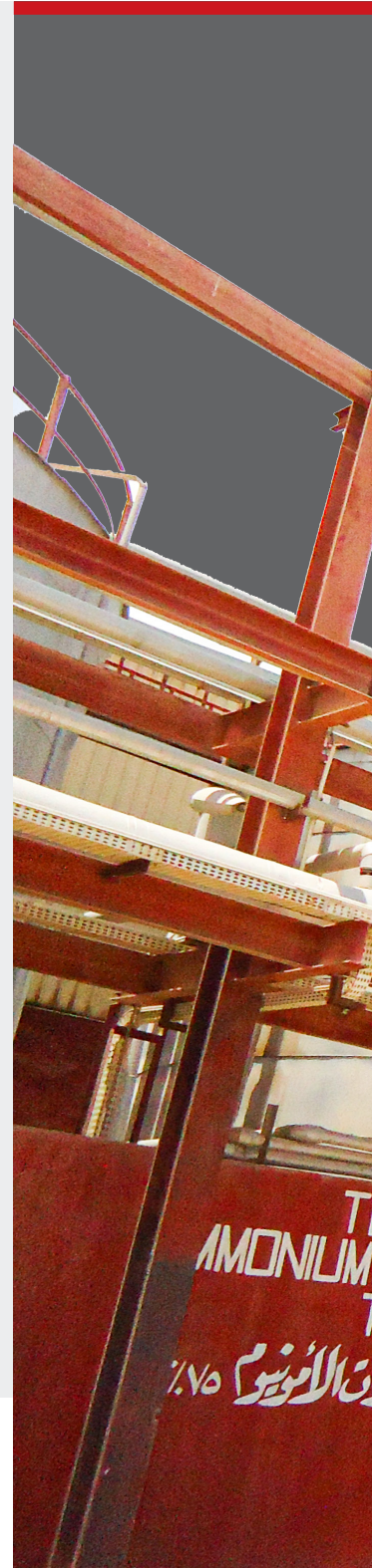
Registration of 5 New Molecules totaling 10 SKUs was completed in 2021.

## Chemical Commercial Investment Co., Ltd. CCCIL

The year 2021 witnessed a decrease in sales compared to 2020, and this was driven by the termination of unprofitable agreements, and the company is now moving towards establishing new partnerships in the field of distribution and on better terms.

#### Fourth: **Suez International Nitrate Company (SINCO)**

The company launched its business with the aim of producing ammonium nitrate, which is the basic material needed to produce civil explosives, instead of importing it from European countries, as was the case in the past. This project has strengthened the ability of the Saudi Chemical Company to secure most of its needs of the main raw materials for the production of civil explosives, the demand for which is expected to increase in the upcoming years, in order to complete the infrastructure projects in the Saudi Arabia, such as railway and mining projects, which are expected to need increasing quantities of civil explosives in the upcoming years.





## 9. Board Members, Board Committees, and Senior Executives

### BOD Members Positions, Qualifications and Experience

Name	Qualifications	Current and Previous Positions and Experiences
<b>Eng. Fahad Saleh Al-Jarbou</b>	<b>Bachelor of Electrical Engineering, KFUPM – 1974.</b>	<ol style="list-style-type: none"> <li>2010-Present – Board Member and Chairman of the Board of Directors of the Saudi Chemical Holding Co.</li> <li>2002-2010: General Manager and member of the Board of Directors (SITCO Pharma).</li> <li>1995-2010: General Manager and Managing Director and Member of the Executive Committee of the Saudi Chemical Company.</li> <li>1992-1995: CEO of NAFTA Company Limited.</li> <li>1989-1992: General Manager - Qassim Cement Company.</li> <li>1983-1989 General Manager &amp; Board Member in METSCO Steel Construction Co. Ltd.</li> <li>1976-1981: Saudi Industrial Development Fund - Electrical Loans Section.</li> <li>1974-1976 Graduate Assistant at the College of Petroleum and Minerals</li> </ol>
<b>Mr. Obaid Abdulah AlRasheed</b>	<b>Bachelor of Business Administration, San Jose, United States of America, 1983</b>	<ol style="list-style-type: none"> <li>Feb. 2021-Present MD and CEO Arab National</li> <li>2011-Feb. 2021- VP Arab National Bank</li> <li>38 Years in Banking</li> </ol>
<b>Mr. Abdulrahman Abdulaziz Alyemni</b>	<b>Doctorate in Computer Education – 1993.</b>	<ol style="list-style-type: none"> <li>2008-2018 Member of a number of Board of Directors of listed joint stock companies.</li> <li>1414 - 1425 SPIMACO department Director.</li> <li>1404-1414 Ministry of Higher Education - Cultural Mission in Cairo and the Ministry's office</li> </ol>
<b>Mr. Fawaz Mohammed Al-Fawaz</b>	<b>Bachelor of Arts Geography KSU- 1403</b>	<ol style="list-style-type: none"> <li>From 1/4/2015-Present, Executive Vice President of Finance - National Industrialization Company.</li> <li>From 1/1/2010 to 31/03/2015 Vice President of Finance - SABIC Head office.</li> <li>From 1/1/2005 to 31/12/2009, General Manager of Finance - SABIC Head office.</li> <li>From 1/1/2000 to 31/12/2004, General Manager of Financial and Accounting Services - SABIC Head office.</li> <li>From 1/9/1996 to 13/12/1999, Assistant Vice President of Finance, SABIC Marketing (one of SABIC's subsidiaries).</li> </ol>



Name	Qualifications	Current and Previous Positions and Experiences
<b>Dr. Khaled Mohammed Al Taweel*</b>	Bachelor's Finance and Accounting KSU- 1983	<ol style="list-style-type: none"> <li>2002 – Owner of Idea and Founder of Al-Elm Company in Saudi Arabia.</li> <li>2009-2010 Director of the Technical Cooperation Program with the United States of America OPM-MOI.</li> <li>2000-2008 General Manager of National Information Centre.</li> <li>1998-2000 Dean of Faculty of Computer Science and Engineering.</li> </ol>
<b>Mr. Mohammed Saad Bin Daoud</b>	Doctor of Computer, Texas I&M 1994.	<ol style="list-style-type: none"> <li>August 2014 to March 2018, CEO of Mohammed Abdulaziz Al Rajhi &amp; Sons for Investment Company.</li> <li>July 2013 to August 2014, General Manager of Corporate Banking at Saudi British Bank.</li> <li>February 2004 to July 2013, Deputy General Manager of Corporate Banking at Arab National Bank.</li> </ol>
<b>Mr. Abdallah Bin Zamil Al-Dress</b>	Bachelor's Accounting, KSU- 1996.	<ol style="list-style-type: none"> <li>1430 Member of the Shura Council 5th Session + Chairman of the Environmental Health Affairs Committee of the Council.</li> <li>1419 – 1430 Undersecretary of the Ministry of Health for Laboratories and Blood Banks.</li> <li>2005- 2010 President of the Arab Blood Transfusion Services Authority – Arab League.</li> </ol>
<b>Mr. Abdulwahab Ahmed Abed</b>	MBA, Bentley University- 2006	<ol style="list-style-type: none"> <li>14 years of investment and wealth management in public shares and private equity funds.</li> </ol>
<b>Dr. Mohammed Saud Al-Badr</b>	Doctorate in Computer Education –1993.	<ol style="list-style-type: none"> <li>2010-1/2/2020 General Manager of the Saudi Chemical Holding Company.</li> <li>2008-2010: CEO of Saudi Integrated Telecom Co.</li> <li>1997-2007: General Manager of International Company for Education and Training.</li> <li>1993-1997 General Manager of IT at Shura Council</li> </ol>

\*His membership ended on 25/1/2021



## Senior Executives Positions, Qualifications and Experiences

Name	Current Position	Previous Position	Qualifications	Years of Experience
<b>Thamer Mohammed Al-Muhaid</b>	GCEO	<ol style="list-style-type: none"> <li>1. Feb. 2020- Present: Group CEO of Saudi Chemical Holding Co.</li> <li>2. Deputy General Manager of the Saudi Chemical Company Ltd., General Manager and Managing Director of Suez International Company (SINCO) from 3/2018 until 2/2020</li> <li>3. General Manager of Food Sector - Almarai Company from 2016 until February 2018</li> <li>4. 2015 – General Manager of Policies, Research and Planning, Ministry of Commerce.</li> <li>5. SABIC Jubail and Riyadh -2009. Global Manager of Planning and Control - GE SABIC, USA 1995 – 2015</li> <li>6. Royal Commission for Jubail and Yanbu -1993-1995</li> </ol>	<ul style="list-style-type: none"> <li>• Bachelor of CivilEngineering from King Saud University.</li> <li>• Master – Austria</li> <li>• Master - USA</li> </ul>	28 years
<b>Sameh Fathi Ahmed Hasan</b>	GCFO	<ol style="list-style-type: none"> <li>1. Financial and Planning Manager for Al Faisaliah Group</li> <li>2. Head of the financial sector of Aujan Holding Group</li> <li>3. Regional Financial Manager for Colgate Palmolive Arabia Limited in the Kingdom of Saudi Arabia</li> <li>4. Regional Financial Manager for Novartis International, North Africa</li> <li>5. Regional Chief Financial Officer of Johnson &amp; Johnson Med Yekal, North Africa</li> </ol>	<ul style="list-style-type: none"> <li>• Master's degree in Business Administration - from the Dutch Maastricht Business School.</li> </ul>	25 years
<b>Ismail Mohammed Ismail Shehadeh</b>	CEO Pharma Sector	<ol style="list-style-type: none"> <li>1. President of the Gulf Cooperation Council (GCC) for the British Company AstraZenca from 1/2019 to 6/2020.</li> <li>2. General Manager of the British company AstraZenca in Saudi Arabia from 1/2017 to 12/2018.</li> <li>3. General Manager of the British Glasgow Smith Klein Company in Saudi Arabia from 1/2016 to 12/2016.</li> </ol>	<ul style="list-style-type: none"> <li>• Bachelor of Pharmacy from the University of Applied Sciences - Jordan.</li> <li>• MA Graduate Leadership - Hult International College - USA.</li> <li>• Advanced Program - Sales Execution</li> <li>• Paris Business School</li> </ul>	23 years

Name	Current Position	Previous Position	Qualifications	Years of Experience
<b>Khaled Mohammed Al-Bawardi</b>	Secretary of the Board of Directors And CEO of Holding Affairs	1. CMA - Director of the Follow-up Unit - Investigation Department	• Bachelor of Business Administration from King Saud University	25 years
<b>Musharraf Gherman Al Amari</b>	General Manager- SINO	1. Assistant General Manager for Support Services, Saudi Chemical Co.	• Master's degree in accounting	26 years
<b>Abdullah Al Zenaidi</b>	CEO Explosive Sector	1. CEO and BOD Member of SABI Africa- 2017-2020 2. General Manager for Specialized Chemical Sector – SABI -2016 3. General for MTBE – SABIC – 2015 4. Global Director for Chemical Catalysts Factory – SABIC – 2011-2015 5. Technology Licensing Specialist-SAB-IC-2000-2002 6. Project Manager – SABIC – 1996-1999 7. Production Engineer -SPIMACO -1993-1996	• Master's degree in international management	29 years
<b>Mohammed Mustafa Dimiyati</b>	CEO for Shared Services	1. Director of Support Services -Abdullatif Jameel Holding Co. 2. General Manager – Al Nahdi Medical Group	• Bachelor of HR King Abdulaziz University	20 Years



## Emerging Committees from BOD

The General Assembly agreed in 2009 on approved the Saudi Chemical Company Holding governance system and governance bylaws. The following rules and regulations had been set by forming main BOD committees and setting their functions as follows:

### First: The Executive Committee

#### 1. Executive Committee Functions:

- Discussing and making decisions in matters that require urgent decisions in emergency events.
- Decision making that are required by the company's routine business.
- Ensuring that the company's strategic plans have been translated into actual actions and actions aimed at achieving the company's interest.
- Reviewing and preparing recommendations for the Board of Directors on the strategic and operational issues of the company.
- Exercising all the powers approved by the supervisory and regulatory authorities or the company's BOD cooperates with the general manager within the limits of the powers assigned to it.

#### 2. Executive Committee Term:

The Executive Committee began its work on 1/1/2019 and ends with the end of the current session of the Board on 12/31/2021.

#### 3- Executive Committee Members:

The Executive Committee consists of the distinguished board members enlisted in the table below:

Name	Position	Qualifications and experience
<b>Eng. Fahad Saleh Al-Jarbou</b>	<b>Chairman</b>	
<b>Mr. Obaid Abdulah AIRasheed</b>	<b>Member</b>	
<b>Dr. Mohammed Saud Al-Badr</b>	<b>Member</b>	As explained in the Board membership
<b>Mr. Fawaz Mohammed Al-Fawaz</b>	<b>Member</b>	
<b>MR. Mohammed Saad Bin Daoud</b>	<b>Member</b>	

## Second: Audit Committee

### 1- Audit Committee Competencies

- The main function of the Audit Committee is to assist the Board in performing its oversight functions efficiently and effectively. In particular, the Committee is responsible for the integrity and completeness of the annual and quarterly financial statements, the submission of periodic reports to the Board of Directors on the efficiency of internal control policies and procedures and recommending the appointment of external auditors. In addition, it shall study the internal control system and provide relevant opinion and recommendations as well as prepare an annual evaluation and review of the activities performed by the Committee and its members, including the degree of the Committee's compliance of with its own regulation.

### 2- Audit Committee Tenure:

- The Audit Committee has commenced working on 1/1/2019, and it shall finish by the end of the current tenure of the Board on 31/12/2021

### 3- Audit Committee Members

- The Audit Committee consists of the distinguished members enlisted in the table below:

Name	Position	Qualifications	Experience
<b>Mr. Fawaz Mohammed Al-Fawaz</b>	Chairman	As explained in the Board membership	As explained in the Board membership
<b>Mr. Abdulwahab Ahmad Abed</b>	Member	As explained in the Board membership	As explained in the Board membership
<b>Mr. Saleh Abdulrahman al-Ismail</b>	Member	Master of Business Management, St. Edward's University, Austin, Texas, USA, 16/08/1980	<ol style="list-style-type: none"><li>1963-1981: Institute of Public Administration (accountant position, Director of Staff Finance Department, Head of Admission and Registration, General Manager of Special Programs, General Manager of Planning and Development, Assistant General Manager of Training).</li><li>1981-2002: General Secretariat of the Gulf Cooperation Council (General Manager of Finance and Administrative Affairs (Minister Delegate).</li></ol>
<b>Mr. Abdullah Hamad Al-Menthil</b>	Member	Master of Accounting and Information Systems (MACC), Kansas University, 2004; and a Bachelor's in accounting and (Financial) Business Administration from the same university in 2003 Fellowship of Saudi Organization of Certified Public Accountants (SOCPA) - 2016 Fellowship of Certified Public Accountants (CPA), USA - 2008 CFA1 in 2012 Several leadership courses from INSEAD University	<ul style="list-style-type: none"><li>Assistant Deputy Designate for Governance and Policies at the Ministry of Finance's Accounting and Financial Affairs Department</li><li>Head of the Accrual Accounting Center at the Ministry of Finance to date</li><li>Industrialization &amp; Energy Services Company</li><li>latest position: Chief Financial Officer</li><li>Finance Manager and Director of Financial Planning at Abdullatif Alissa Group</li><li>Head of Accounting Department at the General Organization for Social Insurance</li></ul>

## Third: Nomination and Remuneration Committee

### 1- Nomination and Remuneration Committee Competencies

- The Nomination and Remuneration Committee is considered one of the committees that lay the foundations for the future of the Company. It is concerned with the development and retention of human resources as well as the preparation of strategic plans to enhance the Company's performance and enable it to possess the keys to success. This committee is also concerned with the administrative development, the financial return of employees and career succession programs, especially for human resources which is given special attention. This committee is the main authority on studying and analyzing the market and the level of the Company's performance as compared to similar companies. The committee also helps in attracting talents and individuals with distinguished skills, and it may seek the assistance of expertise and consultation offices that are specialized in questionnaires and strategic studies in this area. It also works on developing valid frameworks for the implementation of significant development programs for the company's current performance and lay robust foundations for building a successful future.

### 2- Nomination and Remuneration Committee Tenure:

- The Nomination and Remuneration Committee has commenced working on 1/1/2019, and it shall finish by the end of the current tenure of the Board on 31/12/2021

### 3- Nomination and Remuneration Committee Members:

- The Nomination and Remuneration Committee consists of the distinguished board members enlisted in the table below:

Name	Position	Qualifications and experience
<b>Mr. Abdulrahman Abdulaziz Alyemni*</b>	Current Chairman	
<b>Dr. Khaled Mohammed Al Taweel**</b>	Previous Chairman	As explained in the Board membership
<b>Mr. Abdallah bin Zamil Al-Dress</b>	Member	
<b>Mr. Abdulwahab bin Ahmed Abed</b>	Member	

\*Appointed Chairman of the Committee on 25/01/2021

\*\* His membership expired on 01/25/2021

## Membership of BOD in the Board of other Joint-Stock Companies as of 31/12/2021

Name	Listed Company	Non-Listed Company
<b>Eng. Fahad Saleh Al-Jarbou</b>	None	None
<b>Mr. Obaid Abdullah Alrasheed</b>	<ul style="list-style-type: none"> <li>Dr. Sulaiman Al Habib Medical Services Group Holding Company (HMG)</li> </ul>	<ul style="list-style-type: none"> <li>Saudi Home Loans</li> </ul>
<b>Mr. Abdulrahman Abdulaziz Alyemni</b>	Al-Jouf Agriculture Development Co.	None
<b>Mr. Fawaz bin Mohammed Al-Fawaz</b>	None	<ul style="list-style-type: none"> <li>The Industrialization and Energy Services Co.</li> <li>Tasnee and Sahara Olefins Co.</li> <li>Rua Almadinah Holding Co.</li> <li>Saudi Acrylic Acid Company</li> <li>SAL Saudi Company for Logistics Services</li> </ul>
<b>Dr. Mohammed Saud Al-Badr</b>	<ul style="list-style-type: none"> <li>The Saudi Arabian Amiantit Co.</li> </ul>	None
<b>Dr. Khaled bin Mohammed Al Taweel</b>	None	<ul style="list-style-type: none"> <li>Naqel Express Co.</li> <li>Tasheel International Co.</li> <li>Saudi Experts Co.</li> <li>For Training and Development (LEORON)</li> </ul>
<b>Mr. Mohammed bin Saad Bin Daoud</b>	<ul style="list-style-type: none"> <li>Medgulf Insurance and Cooperative Reinsurance Company (MedGulf Insurance)</li> <li>Saudi Real Estate Company</li> <li>Saudi Ground Services</li> </ul>	<ul style="list-style-type: none"> <li>Dar Al-Tamlik Co.</li> <li>THIQAH Co.</li> <li>Abdullah Al Othaim Investment</li> <li>Alfa Financial Co.</li> <li>Mohammed Abdulaziz Al Rajhi &amp; Sons Investment Co.</li> <li>Manafe Investment Co</li> <li>Abdullatif Al Issa Group Holding Co.</li> <li>Investment Committee Real Estate Development Fund.</li> <li>Aqalat Co. Ltd.</li> </ul>
<b>Mr. Abdallah bin Zamil Al-Dress</b>	None	None
<b>Mr. Abdulwahab bin Ahmed Abed</b>	<ul style="list-style-type: none"> <li>Wafa Insurance Co.</li> <li>Jouf Cement</li> </ul>	<ul style="list-style-type: none"> <li>SEDCO Capital</li> <li>Ahmad Abdulwahab Abed Trading Co.</li> </ul>

## BOD Members and Classification

Name	Position	Executive / Non-Executive / Independent
<b>Eng. Fahad Saleh Al-Jarbou</b>	Board Chairman	Independent
<b>Mr. Obaid Abdullah Alrasheed</b>	Deputy Chairman	Independent
<b>Mr. Abdulrahman Abdulaziz Alyemni</b>	Board Member	Non-Executive
<b>Mr. Fawaz bin Mohammed bin Fawaz Al-Fawaz</b>	Board Member	Independent
<b>Dr. Mohammed Saud Al-Badr</b>	Board Member	Non-Executive
<b>Dr. Khaled bin Mohammed bin Suliman Al Taweel</b>	Board Member	Independent
<b>Mr. Mohammed bin Saad bin Abdulaziz Bin Daoud</b>	Board Member	Independent
<b>Mr. Abdallah bin Zamil bin Abdulrahman Al-Dress</b>	Board Member	Non-Executive
<b>Mr. Abdulwahab bin Ahmed bin Abdulwahab Abed</b>	Board Member	Independent



## BOD Meetings During 2021

The Board of Directors held (6) meetings during 2020. The following table shows the attendance details of each member:

Name	(1) 24/01/21	(2) 04/08/21	(3) 14/06/21	(4) 31/08/21	(5) 13/10/21	(6) 22/12/21	Total	% of attendance
<b>Eng. Fahad Saleh Al-Jarbou</b>	✓	✓	✓	✓	✓	✓	6	100%
<b>Mr. Obaid Abdullah Alrasheed</b>	✓	✓	✓	✓	✗	✓	5	83%
<b>Mr. Abdulrahman Abdulaziz Alyemni</b>	✓	✓	✓	✓	✓	✓	6	100%
<b>Mr. Fawaz bin Mohammed bin Fawaz Al-Fawaz</b>	✓	✓	✓	✓	✓	✓	6	100%
<b>Dr. Mohammed Saud Al-Badr</b>	✓	✓	✓	✓	✓	✓	6	100%
<b>Mr. Mohammed bin Saad bin Abdulaziz Bin Daoud</b>	✓	✓	✓	✓	✓	✓	6	100%
<b>Mr. Abdallah bin Zamil bin Abdulrahman Al-Dress</b>	✓	✓	✓	✓	✓	✓	6	100%
<b>Mr. Abdulwahab bin Ahmed bin Abdulwahab Abed</b>	✓	✓	✓	✓	✓	✓	6	100%
<b>Dr. Khaled bin Mohammed bin Suliman Al Taweel*</b>	✓	✗	✗	✗	✗	✗	1	17%

\*His membership expired on 01/25/2021

## BOD Committees Meetings During 2021

### Executive Committee

#### Executive Committee

The Nomination and Remuneration Committee held (6) meetings during 2021 as detailed below:

Name	Position	(1) 17/01/2021	(2) 31/03/2021	(3) 09/06/2021	(4) 15/08/2021	(5) 16/11/2020	(6) 14/12/2021	Total
<b>Eng. Fahad Saleh Al-Jarbou</b>	Chairman	✓	✓	✓	✓	✓	✓	6
<b>Mr. Obaid Abdullah Alrasheed</b>	Member	✓	✓	✓	✓	✗	✓	5
<b>Dr. Mohammed Saud Al-Badr</b>	Member	✓	✓	✓	✓	✓	✓	6
<b>Mr. Fawaz bin Mohammed AlFawaz</b>	Member	✓	✓	✓	✓	✓	✓	6
<b>Mr. Mohammed bin Saad Bin Daoud</b>	Member	✓	✓	✓	✓	✓	✓	6

#### Audit Committee

The Audit Committee held (4) meetings during 2021 as detailed below:

Name	Position	(1) 24/3/2021	(2) 03/05/2021	(3) 12/08/2021	(4) 03/11/2021	Total
<b>Mr. Fawaz Mohammed Al-Fawaz</b>	Chairman	✓	✓	✓	✓	4
<b>Mr. Abdulwahab Ahmad Abed</b>	Member	✓	✓	✓	✓	4
<b>Mr. Saleh bin Abdulrahman Al-Ismaïl</b>	Member	✓	✓	✓	✓	4
<b>Mr. Abdullah Hamad Al-Mehthil</b>	Member	✓	✓	✓	✓	4

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee held (5) meetings during 2021 as detailed below:

Name	Position	(1) 20/01/2021	(2) 18/04/2021	(3) 08/08/2021	(4) 18/08/2021	(5) 29/12/2021	Total
<b>Mr. Abdulrahman Abdulaziz Alyemni*</b>	Current Chairman	✓	✓	✓	✓	✓	5
<b>Dr. Khaled Mohamed Al Taweel**</b>	Former Chairman	✓	✗	✗	✗	✗	1
<b>Mr. Abdallah bin Zamil Al-Dress</b>	Member	✓	✓	✓	✓	✓	5
<b>Mr. Abdulwahab bin Ahmed Abed</b>	Member	✓	✓	✓	✓	✓	5

\*Appointed Chairman of the Committee on 25/01/2021 \*\* His membership expired on 01/25/2021

## Description of any interest of the BOD members, their spouses and minor children in the Company's shares or debt instruments, or in any of its subsidiaries:

The Name of the Person who has Interest	Beginning of the year 2021		End of the year 2021		Net Change	Change Ratio
	No. of Shares	Debt Instruments	No. of Shares	Debt Instruments		
<b>Eng. Fahad Saleh Al-Jarbou</b>	1,333	---	1,333	---	---	---
<b>Mr. Obaid Abdullah Alrasheed</b>	1,333	---	1,333	---	---	---
<b>Mr. Abdulrahman Abdulaziz Alyemni</b>	1,333	---	1,333	---	---	---
<b>Mr. Fawaz bin Mohammed bin Fawaz Al-Fawaz</b>	--	---	--	---	---	---
<b>Dr. Khaled bin Mohammed bin Suliman Al Taweel</b>	--	---	--	---	---	---
<b>Mr. Mohammed bin Saad bin Abdulaziz Bin Daoud</b>	--	---	--	---	---	---
<b>Mr. Abdallah bin Zamil bin Abdulrahman Al-Dress</b>	--	---	--	---	---	---
<b>Mr. Abdulwahab bin Ahmed bin Abdulwahab Abed</b>	666	---	666	---	---	---
<b>Dr. Mohammed Saud Al-Badr</b>	103	---	103	---	---	---

## Compensation and Remuneration for Board Members and Senior Executives

Below are the details of expenses and remuneration paid for or due to the members of BOD and its committees as well as the salaries and remuneration paid to the company's top five senior executives for the fiscal year 2021:

BOD Members Remuneration (in thousand SAR)							
Name	Fixed Rewards						Total
	BOD Remuneration	BOD meetings allowance	Committee Meetings Attendance Allowance Total	In-kind benefits	Remuneration of Technical, Administrative and	Remuneration of BOD Chairman and Managing Director	
Independent members	Eng. Fahad Saleh Al-Jarbou	250	18	18	--	--	286
	Mr. Obaid Abdullah Alrasheed	250	15	15	--	--	280
	Mr.Fawaz Mohammed Al-Fawaz	250	18	30	--	--	298
	Dr. Khaled Mohamed Al Taweel	20.8	3	3	--	--	26.8
	Mr. Mohammed Saad Bin Daoud	250	18	18	--	--	286
	Mr. Abdulwahab Ahmed Abed	250	18	27	--	--	295
<b>Total</b>	1270.8	90	111	--	--	1471.8	
Non-Executive members	Mr. Abdulrahman Abdulaziz Alyemni	250	18	15	--	--	283
	Mr. Abdallah Bin Zamil Al-Dress	250	18	18	--	--	286
	Dr. Mohammed S. Al-Bader	250	18	15	--	--	283
	<b>Total</b>	750	54	48	--	--	852
<b>Grand Total</b>	2.020.8	144	159	--	--	2,323.8	

The BOD's remuneration consists of a certain amount, a meeting attendance allowance (a lump sum of SR 3,000 per meeting), in-kind benefits or a certain percentage of net profit. Two or more of these benefits can be combined within the limits as provided for in the Companies Law with a maximum of (SR 500,000) Five hundred thousand Saudi Riyals per member in accordance with the controls established by the related authority. The mechanism for determining such remuneration shall be developed based on a recommendation by, which shall be approved by the General Assembly. There is no deviation between the remuneration awarded to BOD members and the applicable remuneration policy or any financial or in-kind benefits in exchange for any tasks or executive.

Variable Rewards									
Percentage of profits	Periodic Remuneration	Short - term incentive plans	Long - term incentive plans	Shares granted	Total	End of Service Gratuity	Grand Total	Expense Reimbursement	
--	--	--	--	--	--	--	286	--	
--	--	--	--	--	--	--	280	--	
--	--	--	--	--	--	--	298	--	
--	--	--	--	--	--	--	26.8	--	
--	--	--	--	--	--	--	286	--	
--	--	--	--	--	--	--	295	--	
--	--	--	--	--	--	--	1,709	--	
--	--	--	--	--	--	--	283	--	
--	--	--	--	--	--	--	286	--	
--	--	--	--	--	--	--	283	--	
--	--	--	--	--	--	--	852	--	
--	--	--	--	--	--	--	2,323.8	--	

## BOD Committee Members Remuneration (in thousand SAR)

Executive Committee members:				
Name	Fixed Remuneration (excluding attendance allowance)	Meetings Attendance Allowance	Total	Expense Reimbursement
<b>Total</b>				
<b>Eng. Fahad Saleh Al-Jarbou</b>	100	18	118	--
<b>Mr. Obaid Abdulah AlRasheed</b>	100	15	115	--
<b>Dr. Mohammed Saud Al-Badr</b>	100	18	118	--
<b>Mr. Fawaz bin Mohammed Al-Fawaz</b>	100	18	118	--
<b>MR. Mohammed bin Saad Bin Daoud</b>	100	18	118	--
<b>Total</b>	500	87	587	--
<b>Audit Committee members:</b>				
<b>Mr. Fawaz Mohammed Al-Fawaz</b>	100	12	112	--
<b>Mr. Abdulwahab Ahmad Abed</b>	100	12	112	--
<b>Mr. Saleh Abdulrahman al-Ismail</b>	100	12	112	--
<b>Mr. Abdullah Hamad Al-Mehthil</b>	100	12	112	--
<b>Total</b>	400	48	448	--
<b>Nomination and Remuneration Com- mittee members:</b>				
<b>Dr. Khaled Mohammed Al Taweel</b>	8.3	3	11.3	--
<b>Mr. Abdulrahman Abdulaziz Alyemni</b>	100	15	115	--
<b>Mr. Abdallah bin Zamil Al-Dress</b>	100	15	115	--
<b>Mr. Abdulwahab Ahmed Abed</b>	100	15	115	--
<b>Total</b>	308.3	48	356.3	--

## Compensation and Remuneration for Senior Executives

### Fixed Remuneration:

The Nomination and Remuneration Committee shall be responsible for determining the remuneration and privileges of the company's Managing Director/General Manager and Directors of Departments. The fixed remuneration shall also include salaries under labor contracts in accordance with the provisions of the Saudi Labor Law, its implementing regulations and relevant laws. The salary and compensation scale for the company's employees shall include the basic salary, main allowances (housing and transportation), medical insurance, end of service gratuity, several in-kind benefits, and performance-based compensation / incentive schemes.

### Variable Remuneration:

It may include the granted shares, long-term incentive plans, short-term incentive plans, dividends and periodic remuneration.

### Expense Reimbursement:

Travel and accommodation expenses and expenditures - related to fulfilling responsibilities and training - shall be reimbursed to senior executives in accordance with the company's established travelling policy.





## Remunerations of five senior executives for the fiscal year ending in 31 Dec 2021, including the CEO and the CFO: (in thousand SAR)

Description	Salaries and Compensation	Allowances	Periodic and Annual Remuneration	Dividends	Incentive Schemes	Any other compensations or in-kind benefits payable on a monthly or yearly basis	End of Service Gratuity	Paid End of Service Gratuity
<b>Total</b>	5,504	2,458	2,535	0	0	219	(Unpaid)	0
							460	

\* Clarification: The Saudi Chemical Holding Company is committed to disclosing the elements of the remuneration of senior executives in total in accordance with the statutory requirements contained in subparagraph (B) of paragraph (4) of Article (93) of the Corporate Governance Regulations, but to protect the interests of the company, its shareholders and its employees and to avoid causing any harm resulting from the detailed disclosure according to the position, the details are not presented as contained in Appendix (1) of the senior executives of the Corporate Governance Regulations.

## Description of any interest of the senior executives, their spouses, and minor children in the company's shares, debt instruments, or in any of its subsidiaries

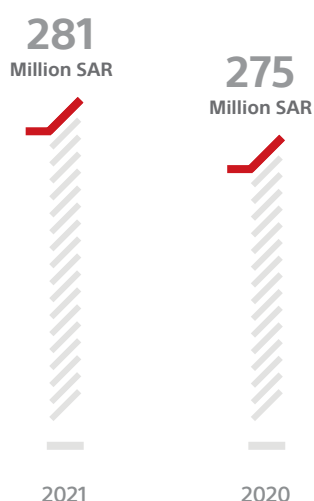
Interest Holder Name	Beginning of the year 2021		End of the year 2021		Net Change	Change Ratio
	Number of Shares	Debt Instruments	Number of Shares	Debt Instruments		
<b>Thamer Mohammed Al-Muhaid: Group CEO</b>	---	---	---	---	---	---
<b>Sameh Fathi Ahmed Hasan: Group CFO</b>	---	---	---	---	---	---
<b>Ismail Mohammad Ismail Shehada: Pharmaceutical Sector CEO</b>	---	---	---	---	---	---
<b>Khalid Mohammed Saad Albawardi: BOD Secretary, and Chief Holding Affairs Officer</b>	---	---	---	---	---	---
<b>Mushrif Gharman Alamiri: General Manager – SINCO</b>	---	---	---	---	---	---
<b>Abdullah Abdulaziz Alznaedi:</b>	---	---	---	---	---	---
<b>Explosives Sector CEO</b>	---	---	---	---	---	---
<b>Mohammed Moustafa Domyati:</b>						
<b>Chief Support Services Officer</b>						

## 10. Contribution of Each Activity to the Company's Business Volume and the Consolidated Sales

### First: Explosives for Civil Uses

The sales of explosives for civil uses amounted to 281 million SAR during 2021, compared to 275 million in 2020, with an increase of 2.1%. The company has all the capabilities to meet all the Kingdom's needs in terms of explosives for civil uses in infrastructure projects, road construction, the mining sector, quarries, and explosives needed oil and gas exploration. The Saudi Chemical Company Holding is unique in terms of its capability to produce all types of explosives for civil uses required for these various fields. It also ensures the highest international quality standards, as it is supported by strategic technical agreements with major international companies leading in this industry.

#### Civil Explosives Sales



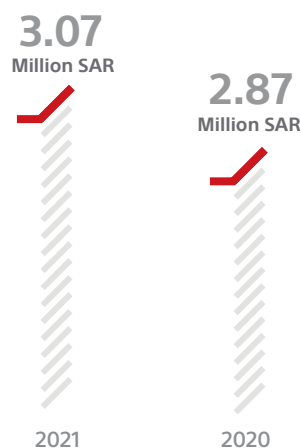
### Second: Pharmaceutical and Medical Supplies

SITCO Pharma's annual sales of pharmaceuticals during 2021 amounted to 3.07 billion SAR, compared to 2.87 billion SAR in 2020, with an increase of 6.9%. The levels of SITCO Pharma's sales during the past five years highlight its ability to maintain a record market share in the distribution of pharmaceuticals by virtue of its ability to cater for all the local requirements of pharmaceuticals and making them available in the Kingdom's market in fulfillment of its obligation as the agent for the largest international pharmaceutical companies. The Company runs the best well organized and well equipped and unrivalled state of the art pharmaceutical storage and distribution network in all the regions of the Kingdom for the storage and distribution of all types of medicines around the clock. SITCO Pharma has also captured a sizeable share of the vaccines and refrigerated pharmaceuticals' market which requires special conditions for transportation and storage. Thus, SITCO Pharma has become the top supplier of this type of medicines to the local market which affirms SITCO Pharma's leading position as the largest distributor of pharmaceuticals in the Kingdom.

The revenues of AJA Pharmaceutical Industries in 2021 amounted to 77,6 million SAR, compared to 58,4 million SAR in 2020, with an increase of 32.9%. AJA's sales to SITCO Pharma reached 58 million SAR in 2021 (2020 - SAR 38 million), which were eliminated when preparing consolidated financial statements.

Sales of medical supplies and other products amounted to 20.6 million SAR in 2021 compared to 123 million SAR in 2020, with a decrease of 83%.

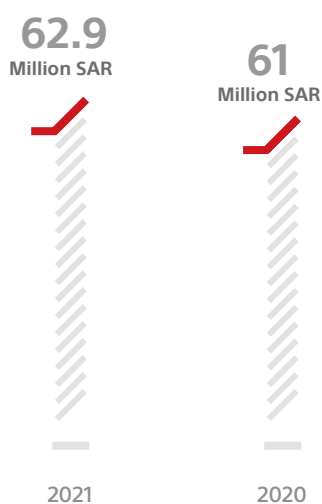
#### Sitco Pharma sales



### Third: Ammonium Nitrate Activities

The sales of ammonium nitrate of Suez International Nitrate Company (SINCO) during 2021 amounted to SAR 62.9 million compared to 61 million SAR in 2020, with an increase of 3.1%. The sales of SINCO to Saudi Chemical Company Limited during 2021 amounted to an approximate of SAR 44.7 million (2020-SAR 48.6 million), which was eliminated when preparing the consolidated financial statements.

### Sales of Suez International Nitrate Company (SINCO)

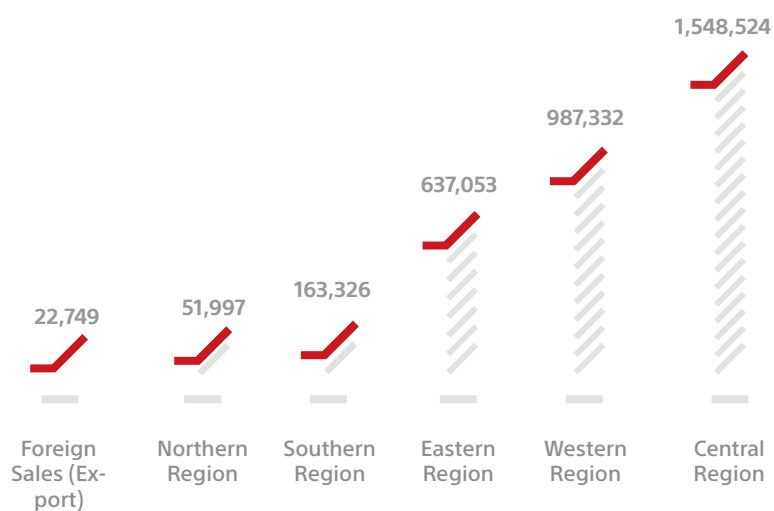


## 11. Geographical Distribution of the Consolidated Sales

The sales of the company and its subsidiaries are mainly realized through their respective activities inside the Kingdom of Saudi Arabia as follows:

Region	Sales (in Thousand SAR)			
	2021		2020	
	Amount	Percentage	Amount	Percentage
Central Region	1,548,524	45.40%	1,680,267	50.82%
Western Region	987,332	28.95%	902,990	27.31%
Eastern Region	637,053	18.68%	565,347	17.10%
Southern Region	163,326	4.79%	105,667	3.20%
Northern Region	51,997	1.52%	48,465	1.47%
Foreign Sales (Export)	22,749	0.67%	3,424	0.10%
<b>Total</b>	<b>3,410,980</b>	<b>100%</b>	<b>3,306,160</b>	<b>100%</b>

The following graph illustrates the geographical distribution of the consolidated sales achieved within Saudi Arabia and abroad for the year 2021:



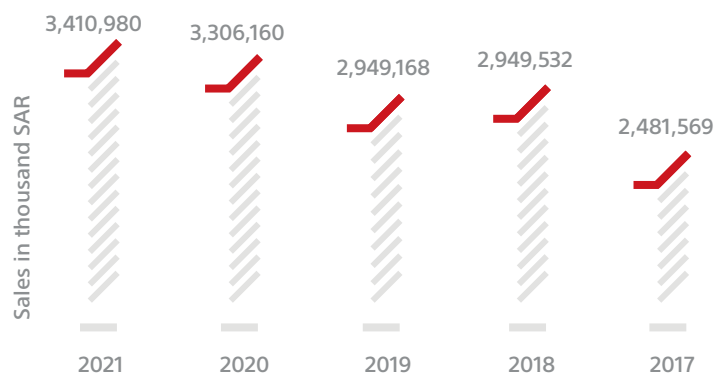
## 12. Explanation of any Significant Differences in Operating Results as Compared to Previous Year's Results

Description	2021	2020	Variations	change percentage
	(Thousand SAR)			
<b>Sales</b>	3,410,980	3,306,160	104,820	3.17%
<b>Cost of sales</b>	(2,979,079)	(2,869,752)	(109,327)	3.81%
<b>Gross profit</b>	431,901	436,408	(4,507)	-1.03%
<b>Selling and marketing expenses</b>	(154,099)	(157,525)	3,425	-2.17%
<b>General and administrative expenses</b>	(106,435)	(115,969)	9,534	-8.22%
<b>Expected credit loss on trade receivables</b>	(28,454)	(13,289)	(15,164)	114.11%
<b>Income from main operations</b>	142,913	149,625	(6,712)	-4.49%
<b>Finance costs</b>	(42,354)	(41,703)	(651)	1.56%
<b>Other income (expenses), net</b>	6,278	326	5,952	1824.79%
<b>Zakat and income tax expense</b>	(36,374)	(33,201)	(3,173)	9.56%
<b>Non-controlling interests</b>	(893)	(1,020)	128	-12.54%
<b>Net profit of shareholders</b>	69,570	74,026	(4,456)	-6.02%
<b>Other comprehensive income of shareholders</b>	2,024	2,365	(341)	-14.43%
<b>Total comprehensive income of shareholders</b>	71,594	76,391	(4,798)	143%

## 13. Summary of the Consolidated Financial Results

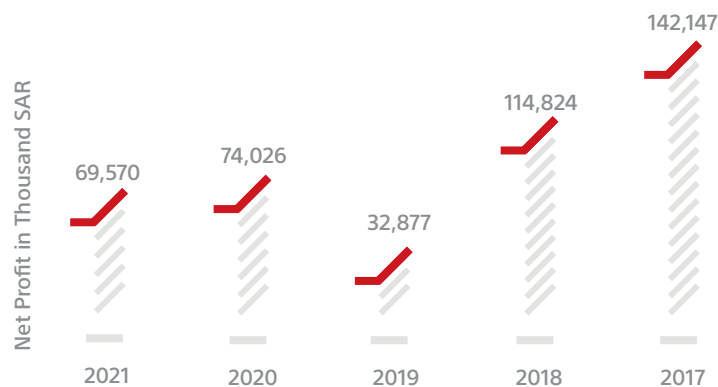
### First: Consolidated Sales

The consolidated net sales of the Saudi Chemical Company Holding and its subsidiaries amounted to 3,411 million SAR during the fiscal year ended on 31 December 2021, compared to the sales in 2020 that reached 3,306 million SAR, with an increase of 3.17%. The following table shows the increase of consolidated sales over the past five years:



### Second: Consolidated Net Profit

The consolidated net profit of 2021 amounted to (70 million SAR) compared to (SR 74 million) in 2020, reflecting a decrease of 6%. The decrease in net profit is mainly due to an increase in the Cost of Revenue and Expected Credit Loss on Trade Receivable provision along with the Zakat provision despite the increase in the sales of pharmaceuticals and explosives for civil uses as well as the company's sustainable initiatives to improve productivity. Besides the increase in the other revenue along with the reduction in general and administration expenses.



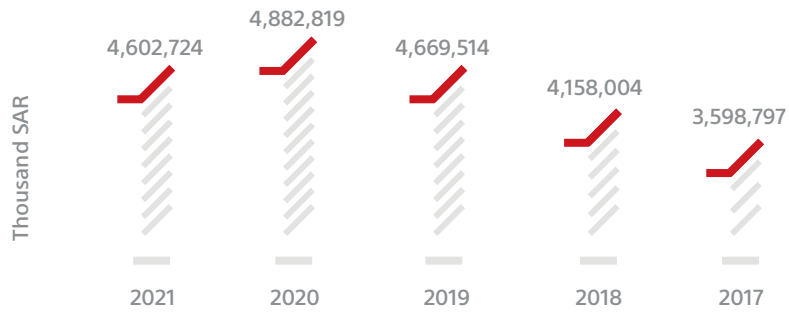
### Third: Consolidated Income Statement in Thousand SAR

Description	2021	2020	2019	2018	2017
<b>Sales</b>	3,410,980	3,306,160	2,949,168	2,948,532	2,481,569
<b>Cost of sales</b>	(2,979,079)	(2,847,001)	(2,491,206)	(2,519,988)	(2,086,064)
<b>Gross profit</b>	431,901	459,159	457,962	428,544	395,505
<b>Selling and marketing expenses</b>	(154,099)	(155,334)	(152,849)	(117,944)	(98,991)
<b>General and administrative expenses</b>	(106,435)	(140,767)	(136,148)	(120,165)	(101,302)
<b>Expected credit loss on trade receivables</b>	(28,454)	(13,289)	(44,478)	(6,500)	(6,160)
<b>Income from main operations</b>	142,913	149,769	124,487	183,935	189,052
<b>Finance costs</b>	(42,354)	(41,703)	(57,055)	(41,319)	(24,302)
<b>Other income (expenses), net</b>	6,278	182	(1,196)	270	2,159
<b>Zakat and income tax expense</b>	(36,374)	(33,201)	(32,803)	(26,893)	(23,811)
<b>Non-controlling interests</b>	(893)	(1,021)	(556)	(1,169)	(951)
<b>Net profit of shareholders</b>	69,570	74,026	32,877	114,824	142,147
<b>Other comprehensive income of shareholders</b>	2,023	2,365	(1,436)	3,283	266
<b>Total comprehensive income of shareholders</b>	71,594	76,391	31,441	118,107	142,413

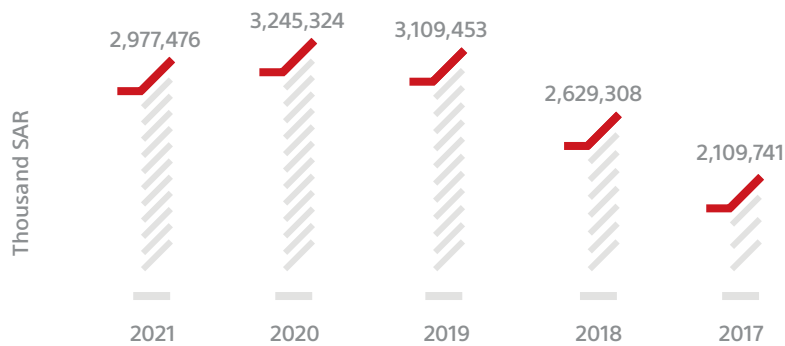
## Fourth: Consolidated Financial Position

Description:	2021	2020	2019	2018	2017
<b>Assets:</b>					
<b>Non-current liabilities</b>	1,554,668	1,391,027	1,156,022	1,029,309	969,222
<b>Current liabilities</b>	3,048,056	3,496,366	3,513,492	3,128,695	2,629,575
<b>Total assets</b>	4,602,724	4,882,819	4,669,514	4,158,004	3,598,797
<b>Liabilities and equity:</b>					
<b>Non-current liabilities</b>	419,968	370,984	175,859	170,638	139,890
<b>Current liabilities</b>	2,557,508	2,878,914	2,933,594	2,458,670	1,969,851
<b>Total liabilities</b>	2,977,476	3,245,324	3,109,453	2,629,308	2,109,741
<b>Shareholders' equity:</b>					
<b>Capital</b>	843,200	843,200	843,200	632,400	632,400
<b>Statutory reserve</b>	333,846	326,890	319,488	316,200	316,200
<b>General reserve</b>	340,000	340,000	340,000	340,000	340,000
<b>Retained earnings</b>	100,585	120,267	51,278	233,925	194,868
<b>Total shareholders' equity</b>	1,617,631	1,630,357	1,553,966	1,522,525	1,483,468
<b>Non-controlling interests</b>	7,617	7,138	6,095	6,171	5,588
<b>Total equity</b>	1,625,248	1,637,495	1,560,061	1,528,696	1,489,056
<b>Total liabilities and equity</b>	4,602,724	4,882,819	4,669,514	4,158,004	3,598,797

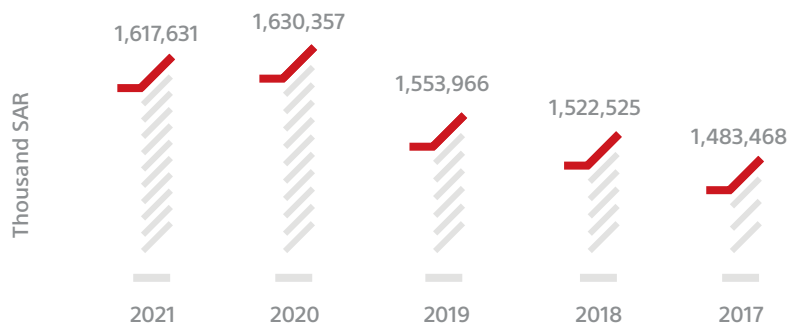
### Fifth: Total Assets (In Thousands SAR)



### Sixth: Total Liabilities (In Thousands SAR)



### Seventh: Total Shareholders' Equity (In Thousands SR)



## 14. Earnings per Share

The earning per share, compared to last year, is as follows:

2020	2021
0.88 SAR/Share	0.83 SAR/Share

## 15. Company's Dividends Distribution Policy

The Company's annual net profits shall be distributed as follows:

- 10% of the net profits to be set aside to form a statutory reserve. The General Assembly may cease such transfer when the said reserve reaches 30% of the paid-up capital.
- The Ordinary General Assembly may, on the proposal of Board of Directors, transfer an amount of net profit to form a general or an agreed reserve to face any future adverse effects on the Company.
- The Ordinary General Assembly may decide to create other reserves to the extent that serves the interests of the Company or ensures the distribution of fixed dividends as much as possible to the shareholders. The said Assembly also may deduct from the net profits amounts for establishing social organizations for the Company's employees or to help the existing ones.
- Part of the remaining net profits shall be distributed to the shareholders dividends equivalent to 5% of the paid-up capital.
- Subject to the provisions stipulated in Article (20) of the Company's By-Laws and Article (76) of the Companies' Regulations, the following shall be allotted by a percentage not to exceed 10% to reward the Board of Directors, provided that the entitlement to such remuneration is commensurate with the number of meetings attended by the member.
- The Company may distribute interim dividends to its shareholders semi-annually or quarterly provided that the Ordinary General Assembly authorizes the Board to distribute interim dividends by virtue of a resolution renewed annually, in accordance with the regulations established by the Regulatory Authority.

## 16. Islamic Financing

The Company and its subsidiaries obtained banking facilities from local banks in accordance with the formulas accepted in the Islamic financing process, including short-term Islamic cost-plus financing (Murabaha), sharing contracts, and deferred sale. These Murabaha bear financial charges as agreed upon in the Islamic Murabaha agreements. These short-term Islamic Murabaha are summarized as follows:

Description (in thousand SAR)	2021	2020
<b>Opening Balance</b>	1,399,658	1,311,644
<b>Variation during the year</b>	134,767	88,014
<b>Closing Balance</b>	1,534,425	1,399,658

The outstanding Islamic financing contracts of each company as of December 31, 2021 are summarized as follows:

### 1) Islamic Financing Contracts of Saudi Chemical Company Holding

Islamic financing contracts from local commercial banks in thousand SAR

Description	Lending entity	Murabaha Principal Amount	Repaid Amount	Remaining Balance	Murabaha Term
(1)	<b>Gulf International Bank</b>	35,000	---	35,000	Three months
(2)	<b>Saudi British Bank</b>	7,500	---	7,500	Three months
	<b>Total</b>	42,500		42,500	

## 2) Islamic Financing Contracts

Islamic financing contracts from local commercial banks in thousand SAR

Desc ription	Lending entity	Murabaha Principal Amount	Repaid Amount	Remaining Balance	Murabaha Term
1	<b>Arab National Bank</b>	35,740	---	35,740	6 Months
2	<b>Banque Saudi Fransi</b>	389,089	---	389,089	6 Months
3	<b>First Abu Dhabi Bank</b>	124,562	---	124,562	3 Months
4	<b>Gulf International Bank</b>	252,457	---	252,457	3 Months
5	<b>Saudi British Bank</b>	267,504	---	267,504	3 Months
6	<b>Saudi Investment Bank</b>	4,936	---	4,936	3 Months
7	<b>Saudi National Bank</b>	156,625	---	156,625	3 Months
<b>Total</b>		1,230,913		1,230,912	

## 3) Islamic Financing Contracts of Chemical Company for Commercial Investment Limited:

Islamic financing contracts from local commercial banks in thousand SAR

Desc ription	Lending entity	Murabaha Principal Amount	Repaid Amount	Remaining Balance	Murabaha Term
1	<b>Saudi British Bank</b>	4,500	---	4,500	3 Months
2	<b>Saudi Investment Bank</b>	11,887	---	11,887	3 Months
<b>Total</b>		16,387	-	16,387	

**4) Islamic Financing Contracts of AJA Islamic financing contracts from local:**  
commercial banks in thousand SAR

Description	Lending entity	Murabaha Principal Amount	Repaid Amount	Remaining Balance	Murabaha Term
1	<b>Gulf International Bank</b>	14,856	---	14,856	3 Months
2	<b>Saudi British Bank</b>	15,040	---	15,040	3 Months
<b>Total</b>		29,896	---	29,896	

**5) Islamic Financing Contracts of Saudi Chemical Company Limited:**  
banks in thousand Islamic financing contracts from local commercial banks in thousand SAR

Description	Lending entity	Murabaha Principal Amount	Repaid Amount	Remaining Balance	Murabaha Term
1	<b>Alinma Bank</b>	43,132	---	43,132	3 Months
2	<b>Saudi Investment Bank</b>	28,011	---	28,011	3 Months
3	<b>Saudi National Bank</b>	143,587	---	143,587	3 Months
<b>Total</b>		214,730	---	214,730	

## 17. Saudi Industrial Development Fund's Financing

AJA Pharma Company - signed a long-term financing agreement with the Saudi Industrial Development Fund on 23/04/1437H corresponding to 02/02/2016G for financing the capital expenditures of the company's factory in Hail for 157.5 million SAR. The received amount reached SAR 157.5 million by 31 December 2021 (31 December 2020: SAR 157.5 million). The amounts received from the Fund were originally reduced by administrative fees amounting to SAR 11.8 million. The financing repayment shall be repaid semi-annual payments starting from 15/10/1444H corresponding to 05/05/2023, and the last payment would be on 15/04/1452H corresponding to 15/08/2030. The agreement secured by a promissory note, and a pledge of AJA's property, factory, and equipment. The agreement also includes some financial covenants.

One of the Group's companies - Saudi Chemical Company, Ltd - also signed a long-term financing agreement with the Saudi Industrial Development Fund on 22/03/1441H corresponding to 19/11/2019G for financing the capital expenditures of a new factory in Riyadh for 229 million SAR. The received amount reached SAR 229 million by 31 December 2021 (31 December 2020: SAR 183.2 million). The amounts received from the Fund were originally reduced by administrative fees amounting to SAR 18.3 million. The financing repayment shall be repaid semi-annual payments starting from 15/4/1444H corresponding to 9/11/2022, and the last payment would be on 15/10/1450H corresponding to 28/2/2029. The agreement secured by a promissory note, and a pledge of the company's property, factory, and equipment. The agreement also includes some financial covenants.

## 18. Transactions with Related Parties

The Company and some of its subsidiaries had, during the year 2021, transactions with related parties involving insignificant payments and expenses.

### Conflict of Interests of BOD Members and Senior Executives

1. The Company does not have any contracts or any substantial interest with any of the company's BOD members, Managing Director, Finance Manager, senior executives or with any person related to any of them.
2. None of the BOD members has engaged in any work that would in any form compete with the Company's business or traded in the Company's activities.
3. The Company has not offered cash loan of any kind to the BOD members or guaranteed any loan taken by one of them from others.

### Remunerations and Compensations:

1. None of the company's BOD members or any of the senior executives has waived their right for any salary or compensation.
2. There are no arrangements or agreements pursuant to which any shareholder of the Company has waived his rights to receive dividends.
3. There are no investments or other reserves that have been made in favor of the employees of the Company.

## 19. Statement of Statutory Payments

The followings are certain statutory payments made by Saudi Chemical Company Holding and its subsidiaries during 2021: (in Thousand SAR)

Description	2021		Brief Description	Reasons for the accruals
	Paid	Due		
<b>Zakat, Tax and Customs Authority</b>	27,879	48,686	Zakat payable by the Company and its subsidiaries	Payable after submitting the annual Zakat declaration
<b>General Organization for Social Insurance ("GOSI")</b>	14,517	1,175	The amount payable to GOSI which represents the shares of the employees and the Company	Payable at the beginning of the following month
<b>Costs of visas and passports</b>		51	Visa fees, renewal of residency and transfer of sponsorship of employees	---
<b>Labor Office fees</b>	2,525	0	Work permit fees	---
<b>Value Added Tax (VAT)</b>	38,764	4,428	Net Value Added Tax	To be paid before end of following month

## Penalties and Sanctions and Reserve Restriction

No penalty, sanction, or reserve restriction by any supervisory, regulatory or other jurisdictions, were imposed on the Company during the year 2021.

## 20. Auditor

The General Assembly that was convened on 27/5/2021 approved the appointment of Ernst & Young. as an external auditor for the Company for reviewing and auditing the financial statements of the third quarter, the annual statements for the fiscal year 2021, and the first and second quarters of 2022.



## 21. Results of the Annual Review of the effectiveness of the Internal Control

Accuracy, efficiency and power

The company has an internal audit department that is technically affiliated with the audit committee. The internal audit department, based on the plan approved by the audit committee for the years 2019, 2020, and 2021 are as follows:

1. Saudi International Trading Co. Ltd. (SITCO Pharma) - Finance Department.
2. Saudi Chemical Company Ltd. – Finance Department.
3. Saudi Chemical Holding Company – Information Technology Department.
4. Chemical Company for Commercial Investment Co., Ltd. with all its departments.
5. AJA Pharma - factory and all its departments.
6. Saudi Chemical Company, Ltd – Supply Chain Logistics Management.
7. AJA Pharma - factory and all its departments (Reports Follow-up).
8. Saudi Chemical Company, Ltd – Supply Chain Logistics Management (Reports Follow-up).

1. Redesign the organizational structure of the Internal Audit Department in accordance with the company's transformation plan, and its vision and activities, and send a questionnaire to the main departments of the company to receive feedback that contributes to improving and developing the department's performance.
2. The Internal Audit Department also contributed to the risk assessment by verifying the efficiency and effectiveness of the controls, in addition to following-up and providing updates on the ERP software and the project of implementing policies and procedures of the company and its subsidiaries.
3. The Internal Audit Department annually contributes to raising the awareness and consciousness of all employees of the company and its subsidiaries on the risks surrounding business through awareness campaigns (in both Arabic and English) for all system users in order to motivate them to fully comply with the regulations and control procedures to achieve the lowest risk levels on individuals and companies. The Internal Audit Department did not face any reservations or restrictions to access any information, documents, records, or assets of the company, and there are no substantive observations that affected the internal audit operations and activities.

The Internal Audit Department annually contributes to raising awareness and consciousness of all employees of the company and its subsidiaries of the risks surrounding the business through awareness campaigns (in Both Arabic and English) for all users of the systems in order to urge them to fully comply with the regulations and control procedures to reach the lowest level of risk to individuals and companies.

The Internal Auditor has not faced any reservations or restrictions to access any information, documents, records, or assets of the Company and there are no substantive observations of the internal audit process.

In 2021, the Audit Committee of Saudi Chemical Holding company held 4 meetings to carry out the tasks assigned to it, in accordance with the Charter approved by the General Assembly, in line with the Corporate Governance Regulations, the most important of which are the following:

1. Studying and discussing the preliminary consolidated quarterly financial statements for the year 2021, and the audited consolidated annual financial statements for the year 2020, to ensure their validity, fairness and consistency with the approved accounting policies and approving them, and to recommend adoption of the audited consolidated financial statements to the Board of Directors, and submit them to the General Assembly for approval.
2. Approval of the 2021 internal audit plan based on risk assessment after discussion.
3. Follow-up the implementation of the internal audit plan for 2021 that is approved by the Committee and discuss the periodic reports submitted by the Department of Internal Audit and follow up on the implementation of corrective actions.
4. Studying and discussing the external auditor's report and meeting with him to verify his independence and the effectiveness of the audit process, answer his inquiries and ensure there are no obstacles that might affect the progress of his work.
5. Review the evaluation of the proposals submitted by the auditors' offices, who were invited with the approval of the Committee, and recommend to the Board to submit them to the General Assembly, to select an external auditor to audit the company from among the candidates.
6. Follow-up with executive management to promote risk and governance business and activities.







## Independence, Authorities, and Responsibilities

The internal audit provides independent objective services to help the Board of Directors, the Audit Committee, and executive management in performing their responsibilities with a high degree of efficiency and effectiveness. The internal audit is not subject to any influence by the executive management and has full authority to have unrestricted access to any records (manual or electronic), of the company's properties and personnel of the company, as required to perform its tasks. The Internal Audit Department, in carrying out its work, adopts a systematic approach to evaluate and improve the effectiveness of internal oversight, so that the company's objectives and asset protection can be achieved. The internal audit scope of work includes checking the adequacy and effectiveness of the company's internal control system and the quality of management, for the purpose of verifying whether the company's internal systems provide reasonable assurance to achieve the company's objectives.

## The Committee's Opinion on the Adequacy of the Internal Control System:

Based on the abovementioned, the Audit Committee reviewed the internal control procedures with the plan and duties adopted and tested by the Internal Audit Committee, and after discussing with the external auditor and the executive management on the quarterly and annual business results and studying the observations submitted to it, the Committee can confirm reasonable internal control procedures in the company, and did not observe anything worth highlighting or believe there is a fundamental weakness in the internal control measures and policy, taking into consideration that the effectiveness of any internal control system cannot be fully confirmed. The Committee recommends that the company continues updating internal control procedures and policies that promote internal control.

And there are no recommendations from the Audit Committee that conflict with the decisions of the Board of Directors, or that the Board rejected any of the recommendations made to it by the Committee during the year 2021.

## 22. Expected Risks

### Strategic planning with safe professional performance

The company makes its best efforts to identify the risks of operation, marketing and other risks that it may face. The company identifies such risks by using questionnaires prepared by specialists as well as observations and recommendations of internal and external auditors.

The company operates in accordance with the strategic plans planned by the Board of Directors. These plans cover the company's operations in the factories and distribution and sales offices. The company also evaluates and studies investment opportunities and future expansions that would raise the return on investments and shareholders' equity. The company is currently studying the formation of a Risk Committee next year, in God's will.

### Risk management objectives and policies

The Group is exposed to various financial risks due to its activities, including market risk (including commission rate risk and foreign currency risk), credit risk, and liquidity risk. The risk management program generally focuses on the unpredictability of financial markets and seeks to minimize the negative potential impacts on the financial performance of the Group.

Senior management is responsible for risk management. Financial instruments included in the consolidated statement of financial position include trade receivables and other current assets, cash and cash equivalents, Saudi Industrial Development Fund financing, short-term Islamic lease and financing obligations, trade payables, unpaid dividends, and other current liabilities.

### Risks of financial instruments

Here are the group's most important financial risks:

#### Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, foreign currency risk, and other price risks such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and financings.

#### Commission rate risk:

Commission rate risk is the exposure to the risk associated with the effect of fluctuations in the prevailing commission rates on the Group's financial position and cash flows. The Group is not exposed to a significant commission rate risk. Management of the Group does not enter into future agreements to hedge its commission rate risk. However, this is monitored on a regular basis and corrective measures initiated wherever required. All of the financings are on Saudi Interbank Offered Rate ("SIBOR") and fixed commission rates. Because the changes in SIBOR are not significant, commission rate sensitivity analysis has not been disclosed.

#### Foreign Currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Group operates locally and internationally and has some transactions that are in US Dollars and Euros. However, the Group has a limited exposure to foreign currency risk since the Group signs most of its contracts with foreign companies in Saudi Riyals. The Group's management monitors the foreign currency exchange rates fluctuations and believes that the Group's exposure to currency risk is not significant.

Management of the Group does not enter into future agreements to hedge its foreign currency risk. However, this is monitored on a regular basis and corrective measures are initiated wherever required.

## Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to a significant price risk.

## Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit risk results mainly from its transactions with the Ministry of Health and other ministries and other government medical institutions, and certain high-profile Saudi Arabian companies. The ministries and other government medical institutions are part of the Government of the Kingdom of Saudi Arabia, which has a strong credit rating in the Saudi market. The high-profile Saudi Arabian companies also have a high credit rating in the Saudi market. The maximum exposure to credit risk associated with the Group's financial instruments is limited to the book values included in the consolidated statement of financial position of those respective financial instruments.

The Group's management follows up outstanding balances, and where appropriate, trade receivables are carried net of an allowance for credit loss. Cash is placed at banks with sound credit ratings.

## Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

## Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group assessed the risk concentration for refinancing its debt, concluding that it was low. Access to sources of funding is sufficiently available, and there is the possibility of replenishing debt due within 12 months with existing lenders.



## Shareholders' Rights and General Assembly

### Safe investment environment

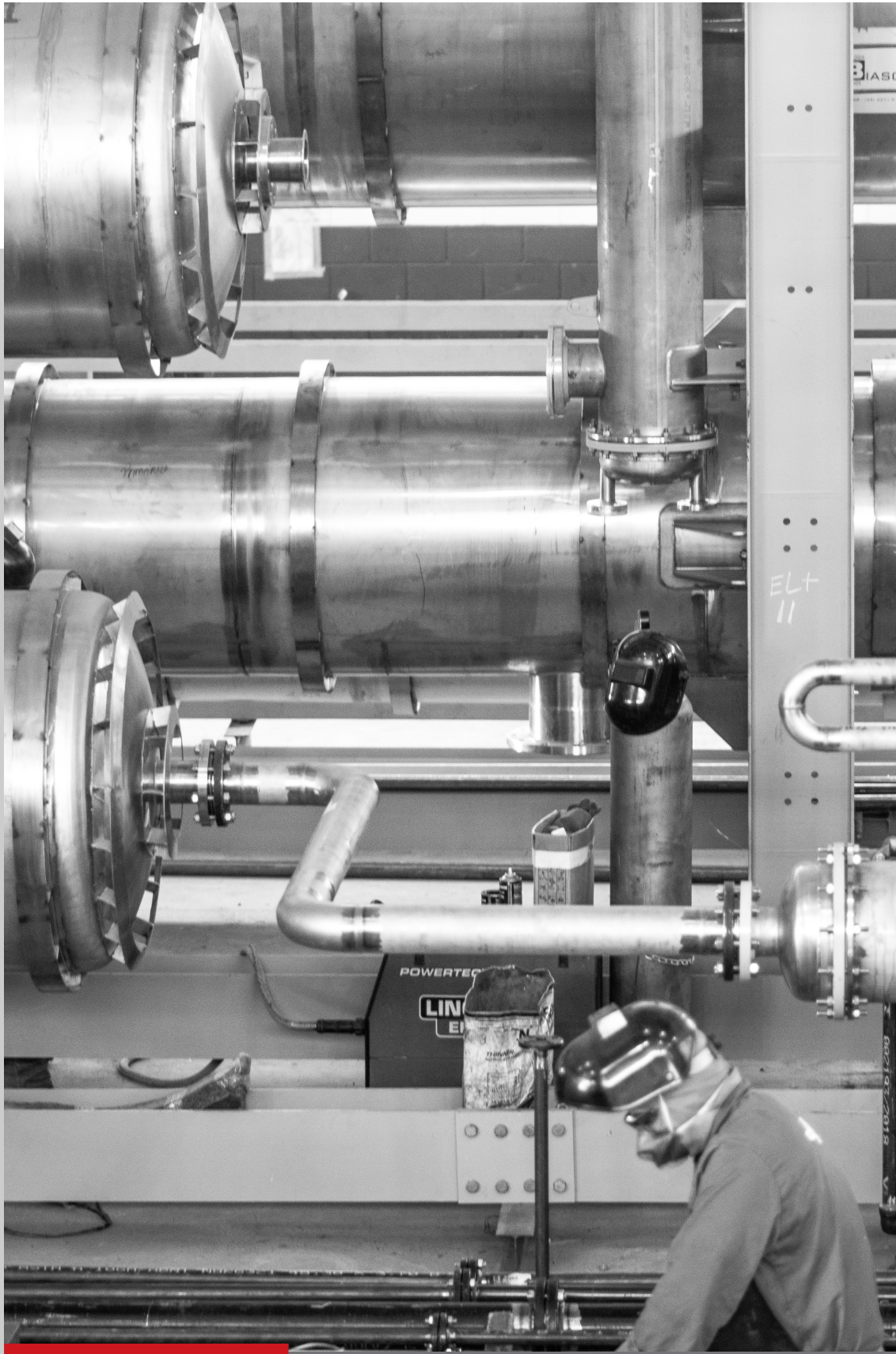
The Company's By-Laws and Regulations guarantee the general rights of the shareholders, including all the rights relevant to the share, particularly the right to receive an appropriate share of the dividends distributed, the right to get a share of the Company's assets in case of liquidation, the right to attend the shareholders' assemblies and to participate in the deliberations, and vote on its resolutions, the right to monitor the works of the BOD and to file liability cases against the BOD's members, as well as the right to inquire and request information in a manner that does not harm the Company's interests and not contradictory to the Capital Market Regulation and its Implementing Rules.

### Facilitating the Exercising of Shareholders' Rights and Obtaining Information:

- The Company's Internal Regulations guarantee the procedures and the necessary measures to enable all shareholders to exercise their statutory rights.
- All information is fully provided to all shareholders to enable them to fully exercise their rights in a manner that the information provided is sufficient, accurate, regularly updated, and timely.
- The Company is keen to provide the information to the shareholders without any discrimination between them.

## Members of the Board of Directors attended the General Assembly Meetings

Name	Position	Meeting 26/05/2021 Attendance Record	Meeting 08/09/2021 Attendance Record
<b>Eng. Fahad Saleh Al-Jarbou</b>	Board Chairman	✓	✓
<b>Mr. Obaid Abdullah Alrasheed</b>	Deputy Board Chairman	✓	✗
<b>Mr. Abdulrahman Abdulaziz Alyemni</b>	Board Member	✓	✓
<b>Mr. Fawaz Mohammed Al-Fawaz</b>	Board Member	✓	✓
<b>Mr. Mohammed Saad Bin Daoud</b>	Board Member	✓	✓
<b>Mr. Abdallah Bin Zamil Al-Dress</b>	Board Member	✓	✓
<b>Mr. Abdulwahab Ahmed Abed</b>	Board Member	✓	✓
<b>Dr. Mohammed Saud Al-Badr (General Manager and Managing Director)</b>	Board Member	✓	✓



## Meetings:

### First:

#### 1. (Extraordinary General Assembly) held on 26/05/2021

##### The reason and result of the meeting

- 1- Vote on the report of the Board of Directors for the fiscal year ended 31/12/ 2020.
- 2- Vote on the company's financial statements for the fiscal year ended 31/12/ 2020.
- 3- Vote on the auditor's report for the fiscal year ended 31/12/ 2020.
- 4- Vote on the discharge of the members of the Board of Directors for the fiscal year ended 31/12/ 2020.
- 5- Agree to spend 2,250,000 riyals, as a bonus to the members of the Board of Directors, at 250,000 riyals per member for the fiscal year ended 31/12/ 2020.
- 6- Approval of the appointment of Ernst & Young & Co., chartered accountants, auditing the company's accounts, from among the candidates, based on the recommendation of the Audit Committee, to examine and audit the third quarter and annual financial statements of the fiscal year 2021, and those of the first and second quarters of 2022, and to determine their fees.
- 7- Approval of the Board of Directors' recommendation to distribute cash dividends for the fiscal year 2020 at a rate of (0.50 Riyals) per share, with a total amount of (42,160,000 Riyals), that is, 5% of the nominal value of the share, provided that the eligibility is for the shareholders who own shares at the end of trading on the day of the assembly meeting and who are registered in the company's register of shareholders at the deposit center by the end of the second trading day following the maturity date. The distribution of dividends shall begin on Monday 14/06/2021 corresponding to 04/11/1442 AH
- 8- Approval of authorizing the Board of Directors to distribute interim dividends on a quarterly or semi-annual basis for the fiscal year 2021, specifying the maturity date and distribution in accordance with the regulatory controls and procedures issued in implementation of the Companies Law, in line with the company's financial status, cash flows, and expansion and investment plans.
- 9- Approval of the amendment of the Corporate Governance Regulation of the Saudi Chemical Holding Company.
- 10- Approval of the amendment of the Audit Committee Regulation.
- 11- Approval of the amendment of the Nomination and Remuneration Committee Regulation.
- 12 - Approval of the amendment of the remuneration policy of the Board of Directors.
- 13- Approval of the amendment of the policy and criteria for membership in the Board of Directors.

### Second:

#### 2. (Ordinary General Assembly) held on 08/09/2021

##### In this meeting, the General Assembly discussed and approved the following agenda items by a majority vote of the members present:

- 1- Approval of the election of members of the Board of Directors from among the candidates for the next session, which begins on 01/01/2022 and lasts for three years, ending on 31/12/2024, which are:
  - 1- Engineer/ Thamer bin Mohammed Al-Muhaid
  - 2- Engineer/ Fahad bin Saleh Al-Jarbou
  - 3- Dr. Mohammed bin Saud Al-Badr
  - 4- Mr./ Sultan bin Abdulaziz Al-Hamidi - representative of the Social Development Bank
  - 5- Mr./ Mohammed bin Omair Al-Otaibi
  - 6- Mr./ Abdulrahman bin Abdulaziz Al-Yemni
  - 7- Mr./ Obaid bin Abdullah Al-Rasheed
  - 8- Mr./ Mohammed bin Saad bin Daoud
  - 9- Mr./ Fawaz bin Mohammed Al-Fawaz
- 2- Approval of the formation of the Audit Committee, defining its tasks, work controls and the remuneration of its members, for the new session starting 01/01/2022 and lasting for three years, ending on 31/12/2024, noting that the candidates are:
  - 1- Mr./ Fawaz bin Mohammed Al-Fawaz. Chairman of the Audit Committee (membership type - independent)
  - 2- Mr./ Abdulwahab bin Ahmed Abed. Member of the Audit Committee (a member from outside the board)
  - 3- Mr. Abdullah Hamad Al Mahthel. Member of the Audit Committee (a member from outside the Board)
  - 4- Mr. Khaled Abdulaziz Al-Hoshan, Member of the Audit Committee (a member from outside the Board)

## Number of the Company's requests of shareholders' records during 2021 and reasons


Reason of Request	Date of Request	Number of requests for the registered shareholders
Company Procedures	04/05/2021	1
General Assembly	26/05/2021	2
Profit File	30/05/2021	3
Company Procedures	15/08/2021	4
General Assembly	08/09/2021	5
Company Procedures	09/12/2021	6



## Corporate Governance and Related Applications

The company operates under its statute, and internal corporate governance regulations, policies and manuals, which are constantly updated. These include all the rules and standards regulating the company's performance, the most important of which are transparency, equality and the shareholders' exercise of their rights to obtain information that affects their investment decisions. Some of these regulations and policies (the company's Corporate Governance Regulation, the Audit Committee Regulation, the Nomination and Remuneration Committee Regulation, the Remuneration Policy and the Board Membership Criteria Policy) have been recently updated and approved by the company's General Assembly on 14/10/1442 AH corresponding to 26/05/2021. The company implements all provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority - based on the Companies Law issued by Royal Decree M/3 dated 28/1/1437 AH, and amended by Decision No. 1- 7- 2021 of the Board of the Capital Market Authority, dated 01/06/1442 AH corresponding to 14/01/2021, with the exception of the provisions listed below:

### Article 39

 Paragraph 2

 Article/  
Paragraph  
Content

Establishing the necessary mechanisms for the members of the Board of Directors and the executive management to obtain continuous training programs and courses for the purpose of developing their skills and knowledge in areas related to the company's activities.

 Reasons for  
Non-  
application


Indicative paragraph, taking into consideration that the company is implementing training programs and working on developing the skills and knowledge of the executive management and all employees across the company.

### Article 70

 Paragraph -

 Article/  
Paragraph  
Content

By a decision of the company's Board of Directors, a committee named (Risk Management Committee) shall be formed. Its chairman and the majority of its members shall be non-executive members of the Board of Directors, and its members are required to have an appropriate level of knowledge of risk management and financial affairs.

 Reasons for  
Non-  
application


Indicative article, taking into consideration that the company is studying the possibility of forming a risk committee in the next session.

### Article 71

 Paragraph From 1 to 12

 Article/  
Paragraph  
Content


The Risk Management Committee shall be responsible for the following: Paragraphs (1) to (12) as stipulated in the article.

 Reasons for  
Non-  
application


Indicative article, it will be implemented if a risk management committee is formed.

### المادة 72

 Paragraph -




 Article/  
Paragraph  
Content

The Risk Management Committee shall meet periodically, at least once every six months and whenever necessary.

 Reasons for  
Non-  
application

Indicative article, it will be implemented if a risk management committee is formed.




## Article 76

	<b>Paragraph</b> 3
	<b>Article/ Paragraph Content</b> The remuneration of the director of the Internal Audit Department or the Audit Department shall be determined based on the proposal of the Audit Committee in accordance with the company's policies.
	<b>Reasons for Non-application</b> Indicative paragraph.




## Article 78

	<b>Paragraph</b> (C) Number (3)
	<b>Article/ Paragraph Content</b> The Board of Directors shall determine the scope of the internal audit unit or department report based on the recommendation of the Internal Audit Committee, provided that the report particularly includes the following: (3) – Evaluation of the performance of the Board of Directors and senior management in implementing the internal control system, including determining the number of times the Board was notified of control issues (including risk management) and the way in which it handled these issues.
	<b>Reasons for Non-application</b> Indicative paragraph.




## Article 85

	<b>Paragraph</b> 2 & 3
	<b>Article/ Paragraph Content</b> The company shall set programs to develop and motivate the participation and performance of the company's employees, provided that they include - in particular - the following: (2): Programs for granting employees shares in the company or a share of the profits it earns, retirement programs, and establishing an independent fund to finance these programs. (3): Establishing social institutions for the company employees.
	<b>Reasons for Non-application</b> Indicative paragraphs.




## Article 87

	<b>Paragraph</b> -
	<b>Article/ Paragraph Content</b> The Ordinary General Assembly, based on the proposal of the Board of Directors, shall set a policy that ensures balance between its objectives and the objectives that the society aspires to achieve for the purpose of developing the social and economic conditions of the society.
	<b>Reasons for Non-application</b> Indicative article, taking into consideration that the company is working continuously on participating in various community activities and implementing some initiatives aimed at improving the social, educational and economic conditions of the community during the year 2021.

## Article 88

	<b>Paragraph</b> -
	<b>Article/ Paragraph Content</b> The Board of Directors shall set the programs and determine the necessary means to establish the company's initiatives in the area of social work, including the following: 1- Setting performance indicators that connect the company's performance with its social work initiatives, and comparing them with those of other companies of similar activity.
	<b>Reasons for Non-application</b> Indicative article, taking into consideration that the company is working continuously on participating in various community activities and implementing some initiatives aimed at improving the social, educational and economic conditions of the community during the year 2021.

## Article 95

	<b>Paragraph</b> -
	<b>Article/ Paragraph Content</b> In case the Board of Directors forms a committee that specializes in corporate governance, it must delegate to it the specialties stipulated in Article Ninety-four of these Regulations, and this committee must follow up on any issues related to corporate governance applications and provide the Board of Directors, at least annually, with the reports and recommendations it concludes.
	<b>Reasons for Non-application</b> Indicative article, taking into consideration that the company is studying the possibility of forming a governance committee for the next session

## Communication with Shareholders and Investors

### Briefing with transparency and integrity

The company applies the highest degree of transparency and credibility, to build the best relations with all shareholders and gain their highest satisfaction; Through the promotion and development of communication and communication relationships with them by publishing annual reports and distributing profits, and providing them with the latest information and data about the company's performance. The Company also informs the members of the Board of Directors of shareholders' proposals and observations regarding the Company and its performance. The Investor Relations Department provides senior management reports containing a report on shareholders and the movement of shares and observations about the Company and its performance. Executive Management presents to the Board of Directors a report containing information on investor activity and the Company's shares. The company discloses all the questions of the supervisory authorities and shareholders contained in the General Assembly, and there are no observations of the shareholders regarding the company, except as recorded in the General Assembly record.

## Manpower and Training

### sustainable support and empowerment

The management of the Saudi Chemical Holding Company focuses its interest in investing in human capital by attracting and retaining talents by developing strategic plans that serve the employee, work and the right environment, and communicating with direct education institutions with the aim of cooperative training or employment.

The company's management is concerned with on-the-job training, qualification of employees, setting up its own training departments, and motivating employees to encourage performance enhancement, raise efficiency and strengthen loyalty. This is done through the annual performance evaluation of employees and realizing the need of each employee for training and development, as many of the company's employees have completed their postgraduate studies while they are on-the-job.

## Social Responsibility Program

### Active community participation

Saudi Chemical Holding company works to build strategic relationships with local communities, and commitment to community giving through innovative programs that meet their needs, in accordance with clear and specific objectives through which we make a real positive impact, by working on three main pillars:

- **Institutions:** Work to build and develop strategic relationships with non-profit community organizations.
- **Volunteering:** Working to spread the concept of volunteering and charitable work to all employees of the company, and motivate them to donate their time, efforts and expertise to participate in many initiatives and programs designed to serve the local community.
- **Environment:** The application of special techniques for recycling waste from all its manufacturing and production processes.

The Saudi Chemical Holding Company realizes that building an ambitious and fully developed society is done through effective partnerships with the civil society, and this is reflected in the quality of life, and maximizing the social impact in building a stable, balanced and united homeland. Therefore, the management of the Saudi Chemical Holding Company seeks to continue examining the needs of the relevant markets, and to work on building and developing strategic relationships with non-profit community institutions. During 2021, the company's management continues to develop plans to enhance the initiatives and support cooperation with the relevant authorities, through official channels and humanitarian associations.

## Quality and Environmental Management

### Quality and Environmental Management

During 2021, the company worked to maintain the ISO 9001 certificate for quality and operations management, the ISO 14001 environmental management certificate, and the ISO 45001 occupational safety and health certificate. In addition, the company updated all the documents, policies and models of the total quality program in its 2021 version.

In the keen interest of the company for the safety of practical procedures and business continuity under any circumstances, the company started analyzing the possibility of obtaining the ISO 22301 certificate, which will enable it, in God's will, to maintain the level of performance and production through crisis management and addressing risks.

### Commitment and Permits

In order to maintain the permits issued to the company's factories and warehouses, the company is strictly committed to fulfilling the technical and security requirements in accordance with the requirements of the Implementing Regulations of the Explosives and Fireworks Law, and the technical and security requirements according to the specifications of the High Commission for Industrial Security, where the company constantly follows up with the relevant security authorities on the development of regulations and instructions issued by the Ministry of Interior.

## Safety Record and Industrial Security

During 2021, there was no incident that threatened the integrity of the company's property, employees, and surrounding environment, despite the seriousness and sensitivity of the products manufactured and traded by the company, thanks to Allah and then the continuous review of security and safety procedures and regulations at the company's facilities.

In the interest of the company to promote occupational safety and health performance and the environment in all the company's sites, the company has updated the plans to address crises and emergency situations in buildings, and implemented a number of hypothetical evacuation plans to improve preparedness to respond to emergency situations, alongside updating signboards, instructions and warning signs.

In order to deepen the knowledge of occupational safety and health, and improve the sense of security among employees in the work environment, the company conducted several courses on environmental health and safety for its employees working in the company's sites.



## Dividend Distribution

1. The Ordinary General Assembly, in its annual meeting held on 26/05/2021, approved the Board of Directors recommendation to distribute interim cash dividends to shareholders for the fiscal year 2020, amounting to 42,160,000 Riyals, at half a Riyal per share, at a rate of 5% of the capital for shareholders registered in the company's register with (Tadawul) at the end of trading on 26/05/2021, and the amounts were deposited into the shareholders' accounts on 14/06/2021.
2. On 22/12/2021, the Board of Directors approved the distribution of interim cash dividends to shareholders for the fiscal term ending September 30, 2021 (9 months), amounting to 42,160,000 Riyals, at half a Riyal per share, at 5% of the company's capital, and the eligibility for these dividends was for shareholders registered in the company's register with (Tadawul) at the end of trading on 23/01/2022, and the amounts were deposited into the shareholders' accounts on 03/02/2022. The approval of the General Assembly is to be obtained for this distribution at the beginning of its next meeting.

	Dividends distributed in 2021	Proposed dividends to be distributed on year end	Total dividends
Percentage	5%	0%	5%
Total	42.160.000 Riyals	-	42.160.000 Riyals

## Internal and Other Controls' Representations

The Board of Directors and the company's management acknowledge the following:

1. The account records have been correctly prepared.
2. The internal control system was established on sound bases and implemented effectively.
3. There is no doubt about the company's ability to continue its activity.
4. There is no deviation from the accounting standards approved by the Saudi Organization for Certified Public Accountants.
5. There are no shares or debt instruments issued to the subsidiaries.
6. There is no interest in the category of shares with voting rights belonging to persons (other than members of the Board of Directors and senior executives and their wives and minor children), who have informed the company of these rights under Article 30 of the registration and listing rules, or any change in those rights during the last fiscal year.
7. There is no interest, choice or subscription rights belonging to the members of the company's Board of Directors, senior executives, their wives and minor children in the shares or instruments of the company, or any of its subsidiaries, or any change in that interest or those rights during the last fiscal year.
8. The company has no debt instruments convertible to shares, rights of choice, or memoranda of rights of subscription, or similar rights that were issued or granted by the company. The company did not receive any compensation for these during the fiscal year.
9. There are no rights to transfer or register, under debt instruments convertible to shares, rights of choice, memoranda of rights of subscription, or similar rights that were issued or granted by the company.
10. There is no refund, purchase or cancellation, from the company's side, of any refundable debt instruments, or any securities purchased by the company or its subsidiaries.



## Conclusion

We hope that the clear development in the company's performance and achievements, reflected in the facts and figures in this year's annual report, will be a step forward in the strategic development of all of its business sectors, in line with its ambitious five-year plan, in an effort to strengthen the company's position and leadership and to increase its financial capacity, in which all clients, suppliers and other partners in both the public and private sectors have played a significant role through their continued cooperation and support.







الكيميائية السعودية  
Saudi Chemical  
Saudi Joint Stock Co. شركة مساهمة سعودية

الكيميائية السعودية  
Saudi Chemical  
الشركة الكيميائية السعودية المحدودة  
Saudi Chemical Company Limited

شركة أسبى انترناشيونال للنتراز  
Suez International Nitrate Co.  
SINCO

أجا فارما  
AJA pharma

SITLO  
PHARMA



Financial  
Statements

+966 11 451 5700  
shareholders.affairs@saudichemical.com  
SaudiChemical.com  
Saudi\_Chemical  
Saudi Chemical Company Holding