



لبريف
luberef

Building resilience while creating value for our shareholders



Annual report 2023

**In The Name of Allah
The Most Merciful, The Most Gracious**



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



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

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About Luberef

History

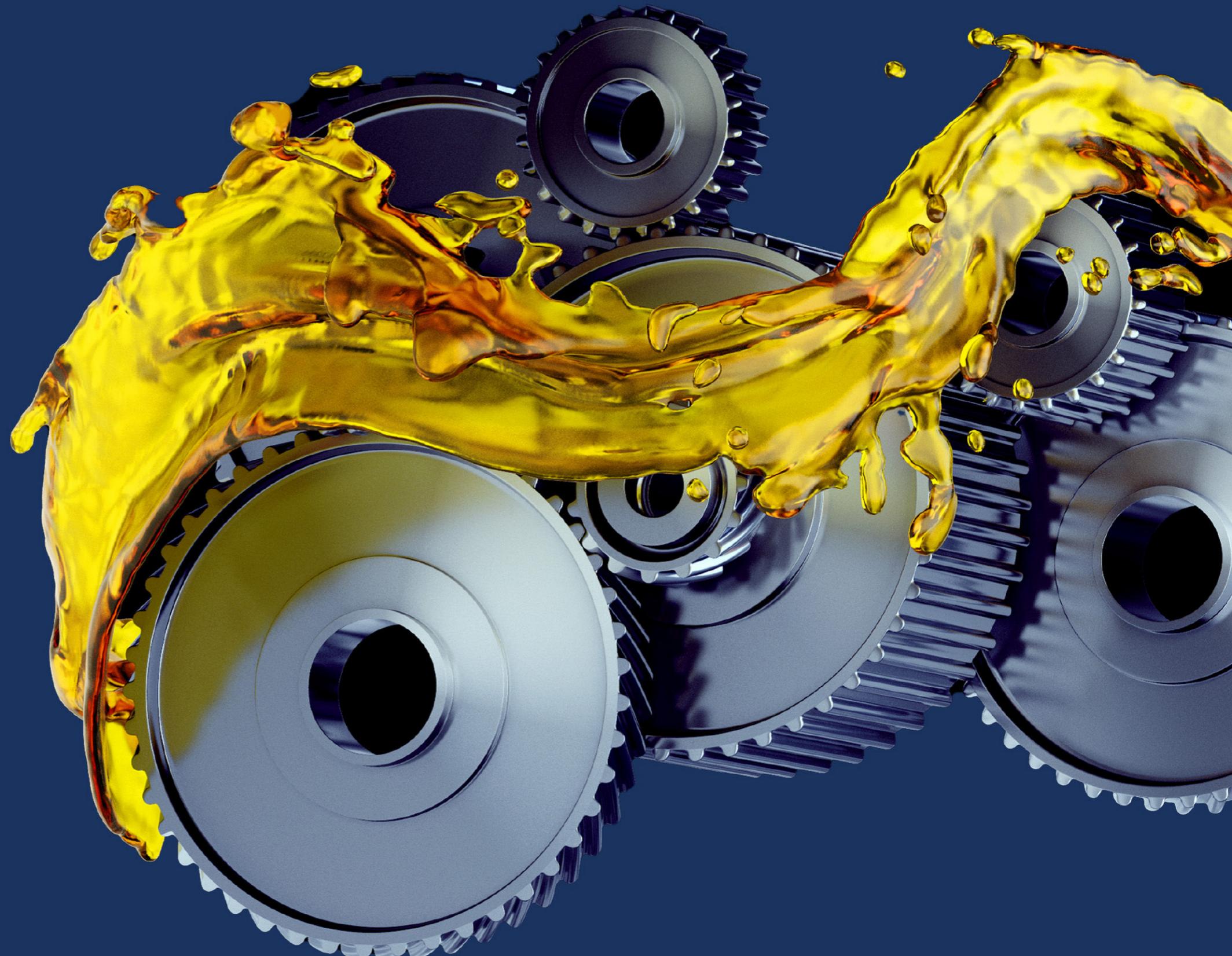
Chairman's Message

CEO's Message

Highlights of 2023

Luberef's Operations

Vision, Mission and Values



History

1976

Luberef was incorporated as a limited liability company (under the name of Petromin Lubricating Oil Refining Company) between Petromin (70%) and Mobil (30%).

1983

The production capacity at the Jeddah Facility increased to approximately 220 thousand MT.

1996

Petromin's stake in the Company (70%) was transferred to Saudi Aramco.

1977

The Jeddah Facility was commissioned with a production capacity of approximately 180 thousand MT of Group I Base Oils.

1991

The production capacity at the Jeddah Facility increased to approximately 240 thousand MT.

1997

The Yanbu Facility was commissioned with a production capacity of approximately 300 thousand MT, and the facility was also used to synergise the Jeddah Facility increasing its production capacity to approximately 260 thousand MT. This increased Luberef's total production capacity to approximately 560 thousand MT of Group I Base Oils.

2007

Jadwa bought Mobil's 30% stake into Luberef.

2017

The Yanbu Growth I Expansion was completed, and added an additional 710 thousand MT to the production capacity.

2019

Formation of the Aramco Base Oil Alliance and adoption of the Saudi Aramco trademarks.

2013

Luberef further improved synergy between its Yanbu and Jeddah facilities, increasing Jeddah's production capacity to approximately 275 thousand MT of Group I Base Oils, bringing Luberef's total capacity to approximately 575 thousand MT.

2021

Luberef signed an agreement with Saudi Aramco for additional RCO, which along with transformation project initiatives increased Luberef's production capacity by approximately 90 thousand MT of Base Oil.

2023

Luberef amended its Supplemental Feedstock Supply agreement with Saudi Aramco, boosting RCO supply in Yanbu by 5 thousand barrels per day which is expected to lead to an approximate annual Base Oil production increase of 90 thousand MT.

2022

Luberef was successfully listed on the Saudi Stock Exchange, the IPO was one of the biggest in 2022 and was oversubscribed by 29.5 times.

Chairman's Message



Dear Shareholders,

It is my pleasure to share with you our 2023 annual report, reflecting Luberef's resilient performance and significant value creation for our shareholders. Luberef's share price climbed nearly 50%, demonstrating the confidence investors have placed in the company's future. We also returned value directly through dividend distributions, aligned with our recently approved dividend policy targeting 60% to 80% of the company's free cash flow. This resulted in a distribution of 10 SR per share. Our commitment to balancing long-term growth with rewarding shareholders through consistent distributions is core to Luberef's value proposition.

It is important to acknowledge that we navigated lower base oil margins throughout the year as prices began to normalize. Despite this challenge, Luberef was able to record its second-highest income and its highest-ever free cash flow in its 46-year history. This achievement is a testament to our strong foundation and strategic focus, as we continue to position Luberef for continued success.

Our unique focus on base oil production, coupled with financial strength, strategic location, an efficient value chain, and a competitive cost structure, positions us well to thrive in the evolving base oil market. We have prudently navigated changing dynamics, anticipating the shift in de-

mand from Group I to Group II and III base oils. The Yanbu Growth II project will provide Luberef with the flexibility to adjust its Group II and III offerings based on the most favorable netback economics. In collaboration with our majority shareholder, Saudi Aramco, we continue to identify opportunities to participate in the growing demand for Group III base oils.

By leveraging the Saudi Aramco business transformation program, we successfully extracted additional value from our assets. This involved securing new feedstocks, enabling increased production of Group II base oil. The program, focused on synergizing operations across Saudi Aramco's assets, facilitated

Luberef was able to record its second-highest income and its highest-ever free cash flow in its 46-year history. This achievement is a testament to our strong foundation and strategic focus, as we continue to position Luberef for continued success

Luberef's partnerships with other facilities, unlocking further value creation opportunities.

At Luberef, we are committed to operating responsibly and sustainably, actively seeking opportunities to minimize our environmental impact and contribute to a more sustainable future. In 2023, we took a significant step towards our 2050 net-zero journey by participating in the largest voluntary carbon credit auction held in Nairobi, Kenya. Carbon credits, along with energy efficiency and sustainable energy initiatives, are the pillars of Luberef's strategy to achieve net-zero emissions. By integrating sustainability into our core business practices, we aim to create long-term

value for our stakeholders while contributing to a more sustainable future for all.

It is important to highlight that our success is built on a strong foundation of safe and reliable operations, without this foundation we would not have realized our current successes. Luberef has now completed more than 4 years 0.0 Total Recordable Incident Rate (TRIR) and we maintain a top quartile operational availability performance of 98.3%, this is a remarkable achievement by the team in the field, however we must remain focused to maintain such a record and continue to celebrate future success.

As we look to the future, we the board of directors and

the executive management remain committed to positioning the company for a generation of success and value creation. Also, I would like to sincerely thank all our customers, valued partners and Luberef's employees who without their professionalism and dedication we would not be celebrating such a strong performance.

**Mr. Ibrahim
Q. Al Buainain
Chairman**

CEO's Message



In year where inflation impacted many industries, we continued to be disciplined with our costs and have successfully reduced our unit cost of Base Oil production to SAR 392/MT from SAR 439/MT

Total Recordable Incident

Zero Incidents

Highest Base Oil Sales

1.3 million MT

Dear Shareholders,

It is my honor to present to you Luberef's achievements for 2023. In a year which was marked by political strife, uncertain economic conditions and volatility markets, our focus was on operational excellence and building on the elements which makes Luberef an agile and a unique opportunity in the sector.

We have delivered record numbers in terms of Base Oil production volumes, as well as sales volumes. We have reduced our unit costs for Base Oil production and debottlenecked our GII train. We have also completed our Jeddah facility turnaround safely, within schedule and within budget during the 1st quarter of 2023.

These were all achieved while maintaining safe and reliable operations across both of our

sites. We continue to record a total Total Recordable Incident Rate (TRIR) of 0.0 for more than 4 years and we have accumulated more than 35 million manhours without Loss Time Injury (LTI). These are industry leading numbers which we take pride in.

Safety is an important factor in our business as it drives reliability and supports low production costs. Safety is paramount in our business, as it ensures we enjoy the full benefit of high margin environments, and be the lowest cost producer during tough environments.

Our higher sales and production volumes were supported by our business transformation execution. In 2023 we secured additional feedstock volumes from Saudi Aramco which resulted in a higher capacity utilization for the year, despite conducting a turnaround in

our Jeddah facility during the first quarter of 2023. These additional feedstocks have allowed us to debottleneck our GII train and increase its capacity to 910 KTA from 800 KTA considering our current operating slate. In year where inflation impacted many industries, we continued to be disciplined with our costs and have successfully reduced our unit cost of Base Oil production to SAR 392/MT from SAR 439/MT.

We continue to monitor the ongoing shift in Base Oil demand, as demand for GI demand declines and GII and GIII continue to grow. We aim to position ourselves to be in an advantaged position over our competitors. The growth II project will make Luberef the only Base Oil producer in the region that can produce the full slate of mineral Base Oil required by our customers. The project

is currently going through the EPC phase and is planned to be commissioned by the 2nd half of 2025. However, growth II is not the end of our growth journey, we are also exploring opportunities beyond growth II to put Luberef in a path of value creation for generations to come.

We are committed to our ambition 2050 carbon neutrality target and we are currently establishing the framework which will set the foundation for developing our plan to reach our carbon neutral objective. In the meantime, we continue to launch sustainability initiatives to help achieve more sustainable operations, these initiatives are targeting energy efficiency and water recycling among others. We have also participated in the largest voluntary carbon credit auction which was held in Nairobi, Kenya, and purchased 20 thousand credits. Carbon

credits will be an important tool for Luberef to achieve our 2050 objective.

Before I conclude, I would like to thank the chairman and members of the board of directors for their support and guidance, I also would like to thank the shareholders along with our executive management and all of Luberef's employees, it is their commitment and dedication to their work and to the safety of our operations which has led to these results.

Finally, I would like to thank our customers for their continued trust and support in Luberef.

Samer A. Hokail
President and CEO

Highlights of 2023



First
Quarter



Luberef signed an Engineering, Procurement and Construction contract with Petrojet Company for the Yanbu Facility expansion (Growth II). This project aims to expand existing units at the Yanbu Facility to their maximum potential production capacity of 1.3 million MT by 2025. This expansion will provide flexibility for the production of additional Group II and Group III Base Oil based on market demand.

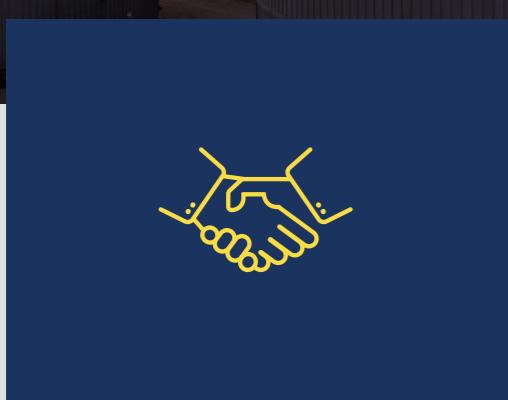
Luberef completed Jeddah refinery turnaround successfully and safely with zero health, safety, and environmental (HSE) incidents or injuries. Comprehensive testing, inspection, and improvement for the refinery were successfully performed to achieve competitiveness, reliability, and sustainability of the refinery.



Luberef signed memorandums of understanding (MOU) at LEAP, the premier tech event in Saudi Arabia, with Insilico leveraging their AI expertise to develop new Base Oil and lubricant formulations. Also, Luberef, signed an agreement with Nournet, to secure next generation IT infrastructure and cloud management services. Finally, the "Rise with SAP" agreement, signed with SAP, aims to enhance Luberef's enterprise resource planning (ERP) capabilities.

As part of the ongoing transformation program, Luberef optimized its operational expenses at Jeddah Facility by switching to a third-party water and power provider. This strategic move is projected to yield annual cost savings of up to SAR 28 million.

Highlights of 2023



Luberef signed an amendment to the Supplemental Feedstock Supply Agreement to receive an additional supply of 5 thousand barrels per day of Reduced Crude Oil (RCO) from Saudi Aramco, which will increase the total quantity of RCO received in Luberef's Yanbu Facility to 50 thousand barrels per day.



Luberef signed an agreement to receive an additional supply up to 2,000 barrels per day of Vacuum Gas Oil (VGO) from Saudi Aramco which will be used as feedstock to produce Base Oil and by-products at the Yanbu facility.



Luberef participated in the largest-ever voluntary carbon credit auction held by the Regional Voluntary Carbon Market Company (RVCMC) in Nairobi, Kenya. 20 thousand carbon credits were acquired at the auction, demonstrating Luberef's commitment to achieve net-zero emissions by 2050.

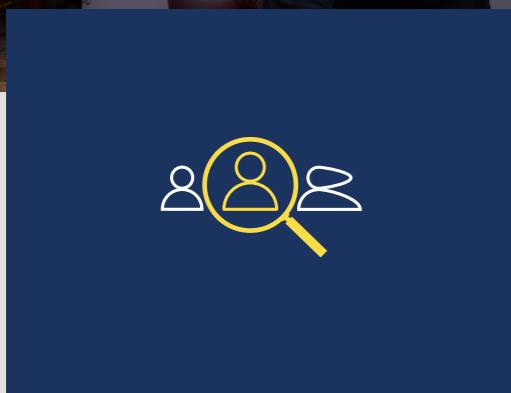


Luberef and the Royal Commission for Jubail and Yanbu signed a MOU aimed at unlocking investment opportunities in Yanbu which synergize with Base Oil manufacturing facilities.

Highlights of 2023



Third
Quarter



Luberef appointed Eng. Samer A. Hokail as the new President & CEO. A leader with over 25 years of experience in the energy sector, Eng. Samer brings a wealth of expertise in leadership, planning, and strategic management. Throughout his career, Eng. Samer has held prominent positions at Saudi Aramco and its subsidiaries. Notably, he established and led an organization overseeing 12 international affiliates with a combined asset value exceeding USD 35 billion. He also served as President & CEO of Saudi Petroleum International in New York, managing Saudi Aramco's crude sales to North America.



Luberef and Idemitsu Lubricants Company signed an MOU to discuss potential business opportunities related to Base Oil specialty products.



Samer Al Hokail

President & CEO
Luberef

Fourth
Quarter



Luberef cemented its position as a key industry player at the 2023 ICIS Middle East Conference in Jeddah, the region's premier event for the Base Oils and lubricants sector. This leadership role was further solidified by President & CEO, Eng. Samer, who offered valuable insights into the current landscape. Highlighting both opportunities and challenges, he emphasized the crucial role of collaboration between various entities within the industry.

Luberef's Operations



A Global Leader in Base Oil Production and Distribution:

Luberef is one of the largest Base Oils producers in the world and the only virgin Base Oils producer in the Kingdom. Luberef's products are sold in the Kingdom and other countries across the MENA region, the Americas and Europe. Luberef produces various Group I and Group II Base Oils and Byproducts, including asphalt, Marine Heavy Fuel Oil (MHFO) and Sulfur, as well as white products such as Ultra-Low Sulfur Diesel (ULSD), Naphtha and Drilling Fluid.

Luberef's primary business is the production and distribution of high-quality Base Oils and other petroleum derivatives. Luberef operates two facilities in Yanbu and Jeddah to produce Group I and Group II Base Oils. The Jeddah Facility has an annual production capacity of approximately 275 thousand MT

of Group I Base Oils. After the Yanbu Facility ramped up to maximum capacity in 2023, Luberef's total production capacity has increased to 1.5 million MT of Group I and Group II Base Oils annually.

Aramco Base Oil Alliance

As part of Aramco Base Oil Alliance, Luberef procures Group III Base Oils from other Alliance members and resells them in the domestic and Middle East Market. These are used in a wide range of industrial and automotive lubricants by a range of customers. Luberef is a member of the Aramco Base Oil Alliance, along with S-Oil and Motiva, with a marketing zone in the Middle East (including Pakistan) and Africa.

Alliance members market their products under trademarks

licensed by Saudi Aramco. The Group I Base Oils products are branded as «aramcoDURA». Group II Base Oils products are branded as «aramcoPRIMA», and Group III Base Oils products are branded as «aramcoULTRA». Luberef has a strong reputation for its quality and reliability in the global lubricants market. It continues to explore newer market opportunities for future growth and expansion in this sector.

Luberef is actively pursuing new market opportunities, constantly seeking avenues for further growth and expansion within the Base Oil sector, with a focus on innovation that paves the way for a future of sustained success and industry leadership.

Global Marketing Asset Footprint – Key Logistical Hubs in the Middle East and Africa



Vision, Mission and Values:

Vision

Luberef's vision is to be a leading supplier of premium Base Oils and specialty products in key end-markets.

Mission

Luberef strives to achieve excellence in the production of Base Oils and specialty products.

Core Values:

Luberef is conducting its business with the following core values:



Safety

Luberef continuously protects and secures its resources and community with safe operations and a safe workplace.



Excellence

Luberef delivers what it promises and strives to go beyond what it is expected to achieve.



Integrity

Luberef conducts its business ethically and respectfully.



Accountability

Luberef is accountable to its customers, stakeholders and community and takes responsibility for what it does.



Citizenship

Luberef impacts society in a positive way with its presence and demonstrates social responsibility.



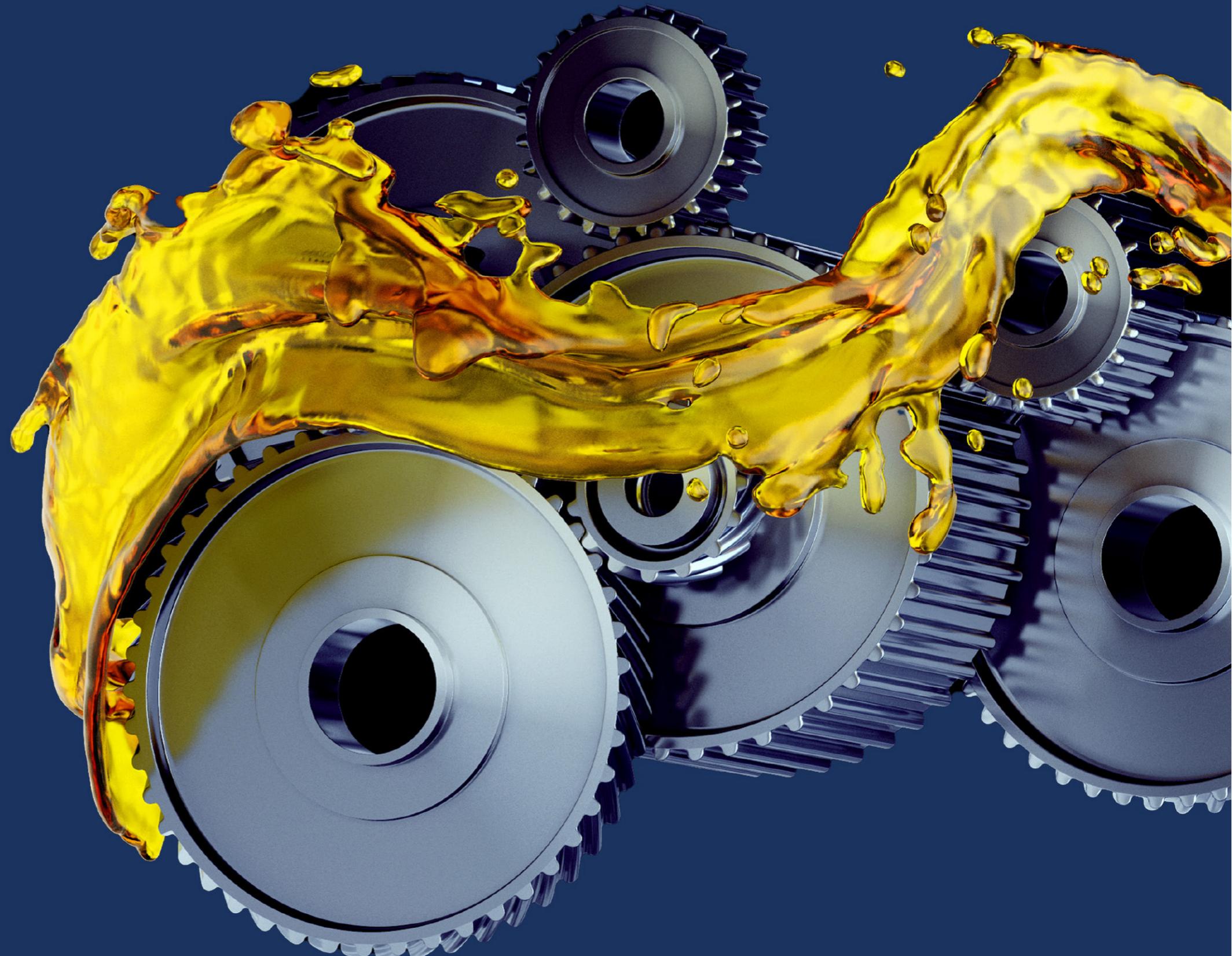
Business Overview and Strategy

Business Overview

Market Overview

Strategy

Future Projects



Business Overview

Luberef draws on its rich experience in the Base Oil business to bring quality products that offer reliability and consistency on a global scale. Luberef's products are used by a broad range of critical and core industries to make offerings that positively impact the lives of millions of people around the world.

Products Overview

Luberef is one of the largest pure-play producers of high-quality Group I and II Base Oils globally. It also produces various Byproducts such as asphalt, marine heavy fuel oil (MHFO), slack wax, extract and sulfur and white products like ultra-low sulfur diesel (ULSD), naphtha and drilling fluid. Luberef draws on its rich experience in the Base Oil business to bring quality products that offer reliability and consistency on a global scale. Luberef's products are used by a broad range of critical and core industries to make offerings that positively impact the lives of millions of people around the world.

Base Oils

Base Oil products typically have two specific identifiers in their name to help identify the product's grade and group. The grade is defined by the number stated in the product name, which is a reference to the product's viscosity. The Base Oil groups are based on the technical specification of the Base Oils and where they fall within the American Petroleum Institute (API) definition.

Product Categories

As a member of the Base Oil Alliance, Luberef, like other alliance members, market its products under a global Aramco brand. Group I, II and III are branded as aramcoDURA™, aramcoPRIMA™, and aramcoULTRA™ respectively.

Products Overview and Properties

Group	Trademark	Key Properties	Products
Group I	aramcoDURA™	Good viscosity index	aramcoDURA 150 aramcoDURA 500 aramcoDURA BS 150
Group II	aramcoPRIMA™	Good viscosity index, low sulfur	aramcoPRIMA 70 aramcoPRIMA 110 aramcoPRIMA 230 aramcoPRIMA 500
Group III*	aramcoULTRA™	Excellent viscosity index, low sulfur	aramcoULTRA 2 aramcoULTRA 4 aramcoULTRA 6 aramcoULTRA 8

*Not currently produced by Luberef.



Group I and Group II Base Oils

Group I Base Oils	Luberef produces three grades of Group I Base Oils: aramcoDURA™ 150, aramcoDURA™ 500 and aramcoDURA BST™ 150. AramcoDURA 150 and aramcoDURA™ 500 are produced at the Jeddah Facility. The Yanbu Facility produces aramcoDURA BST™ 150. These products are primarily sold in end markets in the Kingdom, the UAE, India, Singapore and Africa.
398,222 MT	
Production in 2023	

Group II Base Oils	Luberef produces four grades of Group II Base Oils, namely aramcoPRIMA™ 70, aramcoPRIMA™ 110, aramcoPRIMA™ 230 and aramcoPRIMA™ 500, at the Yanbu Facility. These products are mainly sold in end markets in the Kingdom, India, the UAE and Africa.
824,600 MT	
Production in 2023	

Base Oil Alliance Sales	Luberef Production of Group I and Group II Base Oils ('000 MT)
Product	
Group I Base Oils	2023 ('000 MT)
	398
Group II Base Oils	2022 ('000 MT)
	408
	% Change yoy
	(2.5%)
	825
	787
	4.8%

Base Oil Alliance Sales

As Luberef does not produce Group III Base Oils, KSA demand requirements are secured through the Base Oil alliance by importing from S-Oil.

In addition, Aramco Base Oil Alliance members (S-Oil and Motiva) also sell its products, mainly Group III, in Luberef's zone referred to as Alliance trade sales.

Base Oil Alliance Sales

Product	2023 ('000 MT)	2022 ('000 MT)	% Change yoy
Base Oil Alliance Sales	121	81	49.4%

Byproducts

The Byproducts produced by Luberef include asphalt, Marine Heavy Fuel Oil (MHFO), slack wax, bright stock extract and sulfur, as well as white products such as Ultra-Low Sulfur Diesel (ULSD), naphtha and drilling fluid.

Byproducts Production

Product	2023 ('000 MT)		% Change yoy
	White Products	Other Byproducts	
White Products	338	397	(15%)
Other Byproducts	2,203	2,181	1%

Production Facilities

Luberef currently operates two Base Oil production facilities, the Yanbu Facility and the Jeddah Facility, both strategically located on the west coast of the Kingdom.

Company Facilities, Details and Production Capacity

Facility	Start Up Year	Capacity (MT/year)		Production 2023 (MT)		Production* 2022 (MT)	
		Base Oil	Byproducts**	Base Oil	Byproducts**	Base Oil	Byproducts**
Yanbu	1997	1,180,000	1,780,000	994,019	1,657,175	952,729	1,588,325
Jeddah	1977	275,000	1,050,000	228,804	883,615	241,850	990,257

* Based on current operating products slate.

** Byproducts volumes include White Products.





The Yanbu Facility

The Yanbu Facility currently produces Group I (aramcoDURA BST™ 150) and Group II Base Oils, as main products, and ULSD, naphtha, drilling fluids, MHFO, asphalt bright stock extract and sulfur as Byproducts.

The Yanbu Facility was commissioned in 1997 to produce high quality Group I Base Oils at a production capacity of approximately 300 thousand MT per year. The site was producing aramcoDURA™ 150, aramcoDURA™ 500 and aramcoDURA BST™ 150 until November 2017.

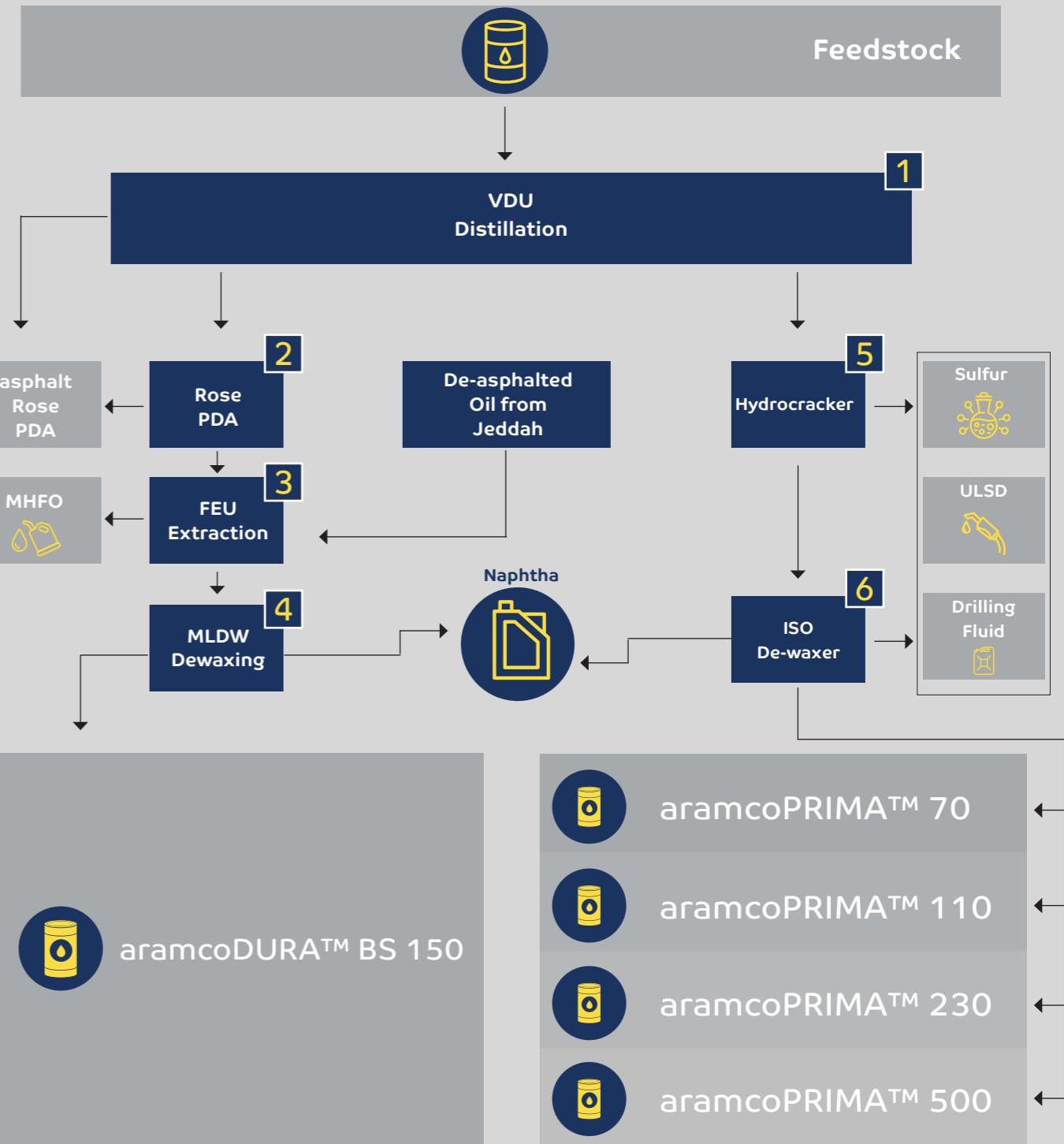
The Yanbu Growth I Expansion was completed at the end of 2017 and enabled the site to produce Group II Base Oils including aramcoPRIMA™ 70, aramcoPRIMA™ 110, aramcoPRIMA™ 230 and aramcoPRIMA™ 500 as well as aramcoDURA™ BS 150 as main products, and ULSD, Naphtha, Drilling Fluids, MHFO, asphalt bright stock extract and sulfur as Byproducts. After the commissioning of the Yanbu Growth I Expansion, the Yanbu

Facility production capacity reached approximately 1 million MT, including the introduction of 710 thousand MT Group II Base Oils production capacity.

This brought Luberef's total Base Oils production capacity (in both facilities) to approximately 1.255 million MT per year by the end of 2017.

In 2021, the Yanbu Facility production capacity reached approximately 1.07 million MT after the increase of the capacity of certain units through transformation initiatives, and Luberef's total base oils production capacity in both the Yanbu and Jeddah facilities reached approximately 1.345 million MT per year.

And in 2023 additional debottlenecking was achieved resulting in a 110k MT GII capacity increase, pushing Luberef total capacity to 1.455 Million MT per year of base oil. Luberef plans to undergo the Yanbu Growth II Expansion project, which is planned to be completed in 2025.



1 Vacuum Distillation Unit (VDU): feedstock heated to a high temperature using fired heater

2 Propane De-asphalting Unit (PDA): process has 2 stages: (1) extraction and (2) solvent recovery

3 Furfural Extracting Unit (FEU): uses solvent extraction process to remove undesirable components

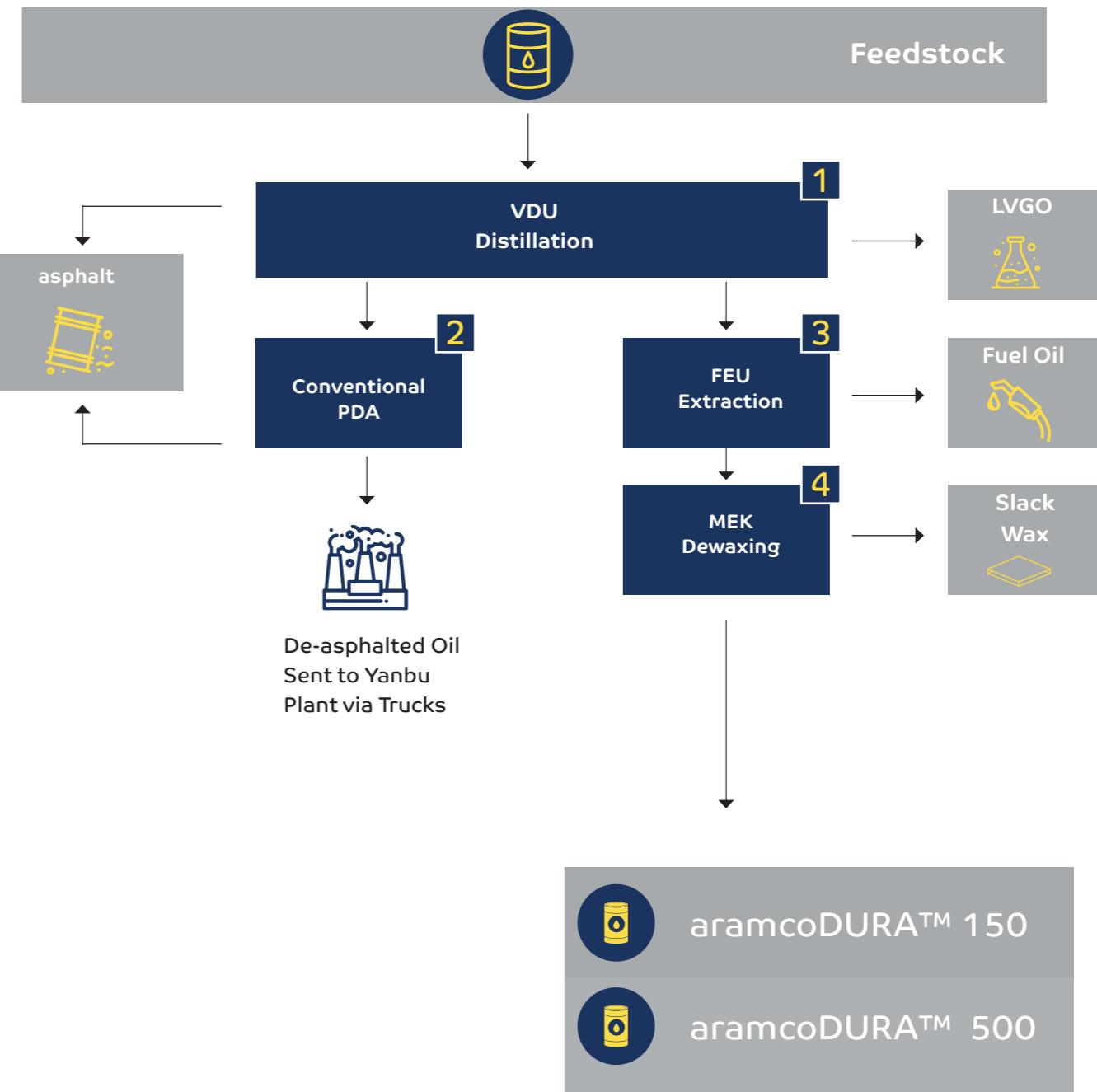
4 Mobile Lube Dewaxing Unit (MLDW): separation section for Group I Base Oils

5 Hydrocracker: distillates produced by VDU are fed to the hydrocracking reactor

6 ISO De-waxer: convert wax into Base Oils through isomerization process using catalyst

The Jeddah Facility

The Jeddah Facility was originally commissioned in 1977 to produce aramcoDURA™ 150 and aramcoDURA™ 500 Group I Base Oils. The Jeddah Facility has undergone a number of de-bottlenecking projects and has synergized its operations with the Yanbu Facility which led to an increase in its annual production capacity from approximately 180 thousand MT to the current 275 thousand MT.

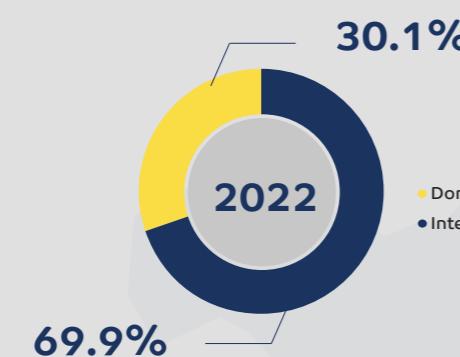
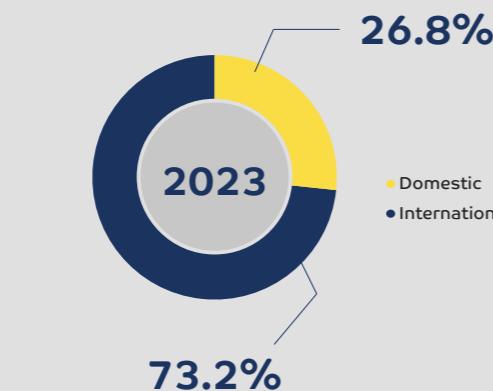


GROUP I Base Oils

- 1** Vacuum Distillation Unit (VDU): feedstock heated to a high temperature using fired heater
- 2** Propane De-asphalting Unit (PDA): process has 2 stages: (1) extraction and (2) solvent recovery
- 3** Furfural Extraction Unit (FEU): uses solvent extraction process to remove undesirable components
- 4** MEK Dewaxing Unit: uses mixture of MEK and toluene to crystallize waxes to be removed, producing Group I Base Oils

Base Oils Sales

Luberef's Base Oils are sold mostly in the Kingdom, the MENA region, India, and the remaining volumes are sold globally. Luberef manages the sales of Base Oils sold in its Base Oil alliance marketing zone, which is the Middle East, the African continent and Pakistan. Luberef Base Oil sales outside the marketing zone are managed through the Base Oil Alliance members, where Motiva is responsible for sales in the Americas, and S-Oil is responsible for sales in Asia and Europe. As part of its Africa penetration strategy, Luberef has started utilizing distributors to sell Base Oil in South Africa and Sudan.



Domestic
338,189 MT

Base Oil Volume

International
925,374 MT

Base Oil Volume

Domestic
376,053 MT

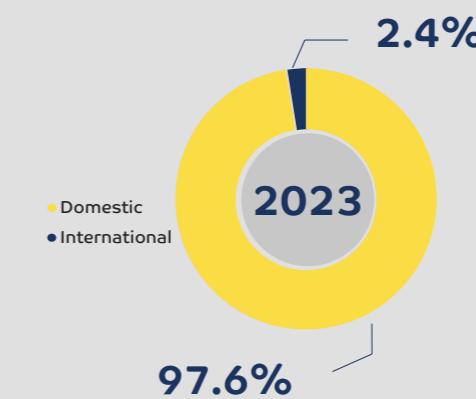
Base Oil Volume

International
871,879 MT

Base Oil Volume

Byproducts Sales

Luberef produces and sells Byproducts such as asphalt, Marine Heavy Fuel Oil (MHFO), slack wax, bright stock extract and sulfur and White Products such as ultra-low sulfur diesel (ULSD), naphtha and drilling fluid. Luberef sells the majority of its Byproducts to Saudi Aramco and its Affiliates.



Domestic
2,489,548 MT

Byproducts Volume

International
60,741 MT

Byproducts Volume

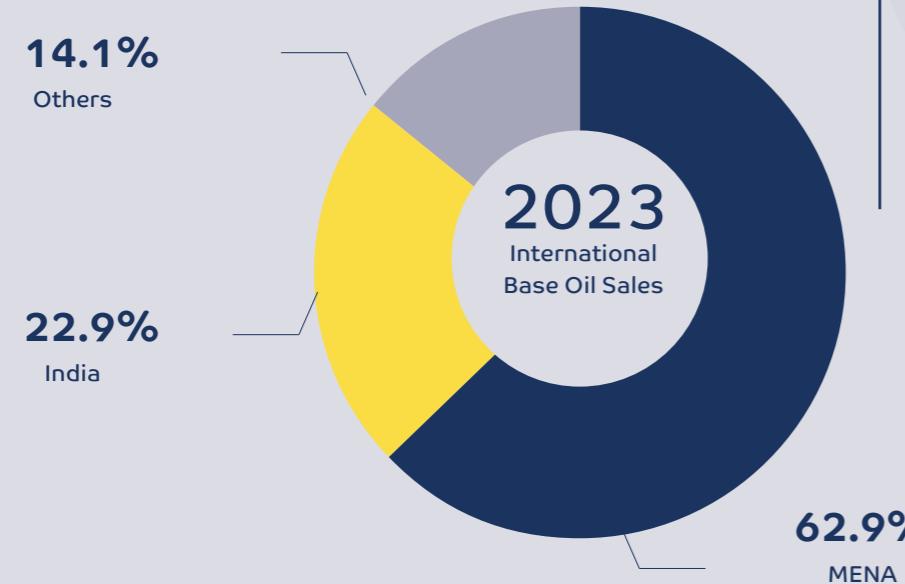


Domestic
2,540,818 MT

Byproducts Volume

International
22,885 MT

Byproducts Volume

International Base Oil Sales

MENA Volume
582,461 MT

India Volume
212,241 MT

Other Volume
130,672 MT

14%
Other

29.5%
India

56.6%
MENA

MENA Volume
493,086 MT

India Volume
257,005 MT

Other Volume
121,788 MT

Market Overview

«The Middle East and KSA demand for Group II and III Base Oils is expected to grow higher than the rest of the regional markets, thus presenting a very positive outlook. Based on the demand and supply outlook along with core patch of sales in KSA, the Middle East and Africa, the company is set for growth in years to come».

Global Economic Headwinds, Continued Growth for Base Oils.

The global economic outlook is uncertain, with both risks and opportunities on the horizon. While 2023 has observed easing inflation, however it remains above target in many regions, driven by geopolitical tensions, supply chain disruptions, and tight labor markets. With disinflation and steady growth, the likelihood of a hard landing has receded, and the potential of global growth is broadly balanced. These factors are collectively impacting the outlook for various industries, including Base Oil.

Despite anticipated demand growth for Base Oils, particularly in higher-performance Group II and III grades, pricing pressures are expected to materialize over the medium term. While the momentum witnessed in 2023 may offer some near-term reprieve, with prices potentially remaining flat or experiencing slight declines, several factors, including planned refinery maintenance and rising borrowing costs, could further stress Base Oil prices in the near future.

Overall, the global Base Oil market anticipates a gradual reduction in oversupply, ensuring adequate availability across all regions. This, coupled with projected demand growth, projects a cautiously optimistic picture for the Industry's long-term trajectory. However, the near-term landscape remains intricate, with price stability hinging on a delicate balance between demand dynamics and evolving supply-side factors.

Global GDP growth

2.9%

in 2024 and 3.1% over the medium term

Global lubricant demand

0.9%

Between 2023 and 2028

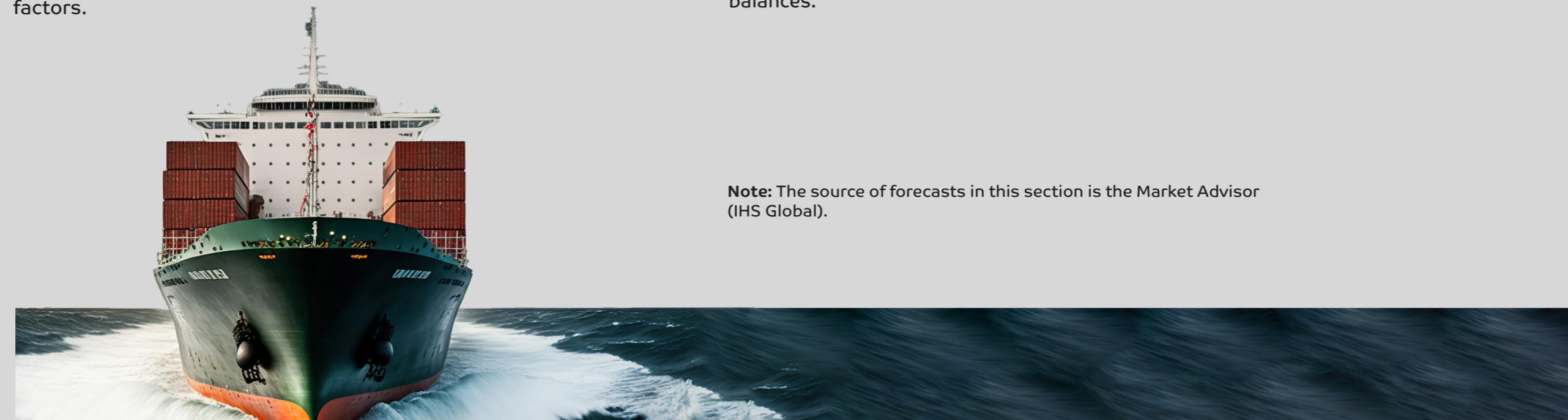
Global Base Oil demand
Between 2023 and 2028

Group II

5.0%

Group III

4.3%



Regional Markets Outlook: Growth Engines and Challenges

The demand for Lubricants and Base Oils in the US and Europe are expected to witness some contraction due to strict regulations and drive towards increasing efficiency. Whereas the markets like China, Asia Pacific, and the Middle East are projected to be the main growth engines going forward. Africa presents an interesting picture, with promising growth potential, but different trends across countries.

These regional trends will impact global lubricant and Base Oil demand and supply dynamics significantly. Asia Pacific, The Middle East, and Africa present a more favorable picture for positive price positioning. Efficient logistics and long-term product availability can influence both short- and long-term market shares across regions. Key blenders will likely play a major role in maintaining regional demand-supply balances.

The Middle East & KSA: A thriving Hub

The Middle East & KSA supported by robust infrastructure investments, healthy population growth, and Vision 2030, present a promising outlook for 2024 and beyond. The IMF predicts the region to achieve a strong 4% growth in 2024. KSA's strategic location and the intent to be a central logistic hub for the region, position it well to meet potential supply-demand challenges, mitigating similar disruptions witnessed during the pandemic.

The Middle East and KSA region is anticipated to experience higher demand for Group II and III Base Oils compared to other regional markets, ensuring a positive outlook. Combined with sustainable demand and supply projections with a strong sales base in KSA, the Middle East, and Africa, the company is well positioned to deliver healthy growth in the years ahead.

Note: The source of forecasts in this section is the Market Advisor (IHS Global).

Strategy

Growth in Key Markets With High Demand

Luberef is committed to strategic expansion in key end markets with promising demand outlooks. Luberef's Base Oil portfolio serves critical applications across automotive, marine, and industrial sectors. In 2023, Luberef sold approximately 1.3 million MT of Base Oils (including Group III), with 27% in Saudi Arabia, 40% across the Middle East, 6% in Africa, 17% in India, and 10% in other markets. Market research forecasts robust growth for Group II and III Base Oils, with global CAGR projections of 5% and 4.3%,

respectively, from 2023 to 2028. Notably, the Middle East and Saudi Arabia exhibit even stronger growth potential, exceeding global averages. Luberef has consistently outperformed market trends even amidst stagnant global demand for paraffinic base oil. This success is underpinned by the Aramco Base Oil Alliance's extensive distribution network, and efficient access to key markets.

Africa

Africa is the fastest growing region globally. It is the world's second largest and populous

continent after Asia, with a growing population of more than 1.37 billion people and a GDP of 320 billion US\$. Luberef's strategic location and Africa's current market dynamics present a unique opportunity for Luberef to be the market leader of base oil supply to Africa.

Africa's base oil demand is poised for sustained growth, presenting significant opportunities for strategic players like Luberef. This anticipated surge aligns with a trend of European suppliers reducing their African presence, creating a potential void for Luberef to capitalize on.

Additionally, the Kingdom's "Enabling Africa" program also provides valuable support for the continent's market development, further enhancing the region's attractiveness. This confluence of factors creates a favorable landscape for Luberef to leverage its expertise and expand its African footprint. By proactively addressing the evolving needs of the region, Luberef can establish itself as a key partner in Africa's base oil growth story.

Valvoline

Valvoline is a finished lubricants brand which was recently acquired by Saudi Aramco in March 2023. The brand was acquired as part of the Saudi Aramco acquisition of Valvoline Global Products from Valvoline inc for SAR 10.34 billion, including customary adjustments.

Valvoline Global Products is a worldwide leader in automotive and industrial solutions, creating future-ready products and best in-class services for partners around the globe. Partnering

with Valvoline Global Products will create various opportunities to Luberef in accessing new markets and potentially create new products targeting new base application.

Note: The source of forecasts is IHS Global.





Utilize Advantaged Cost and Value Chain Positions

Luberef benefits from long-term agreements for Arab light based Reduced Crude Oil (RCO) feedstock, offering significant advantages for Base Oil production, due to its high paraffinic content. RCO is similarly priced as high sulphur fuel oil, which historically has been priced at a discount to Brent. This secure supply enables high facility utilization rates, driving down production costs and providing a crucial edge over competitors reliance on internal refinery operations

for feedstock supply. With Luberef's asset scale, high utilization of 91% in 2023, reliable operations with a top quartile operation availability of 98%, low energy cost and a focus on operational excellence, unit production costs have been reduced to SAR 392/MT in 2023 compared to SAR 439/MT in 2022.

Additionally, with Luberef's facilities being located in the Kingdom, a key Base Oils market, and in proximity to other key Base Oil markets including the UAE and India, the strategically advantaged location in Yanbu and Jeddah

leads to lower shipping costs and faster access to customers in key markets.

Furthermore, Luberef enjoys long-standing partnerships with leading local and regional lubricant customers, including Petro Lube, APSCO, Shell Lubricating Oil Company Limited, and others. These partnerships solidify our market presence and facilitate continued growth.

Maintaining Operational Excellence and Financial Discipline

Operational excellence and financial discipline are core strategic tenets of Luberef. We foster a culture of zero harm through international safety standards and regular employee training programs, as evidenced by our 0.0 Total Recordable Incident Rate (TRIR) in 2023. Additionally, we maintain a prudent financial approach with low gearing, controlled capital expenditures, and rigorous resource allocation processes

for growth projects.

Focus on High-Margin and Specialty Products

Luberef transforms low-value Reduced Crude Oil (RCO) into high-margin, high-value Base Oils. We consistently generate premium crack margins both domestically and on exports, exceeding industry benchmarks with a range of SAR 375 to SAR 750 per metric ton for domestic sales. Over the past ten years, our average base oil crack margin has been around SAR 1,856 per metric

ton, solidifying our focus on value creation. Luberef also produces specialty products like extracts, wax, and drilling fluids which strategically help Luberef to meet our customer's specific needs and draw in more sales. Luberef is looking into producing white oil in house and marketing it globally. In this regard, Luberef is currently working with key industrial players to make the overall proposition compelling.

Future Projects

Yanbu Growth II Expansion

The Yanbu Growth II Expansion marks a transformative chapter for Luberef, aiming to unlock more potential from the Yanbu facility and redefine product portfolio. By optimizing existing units, Luberef will maximize production capacity, solidifying its position as the pre-eminent Base Oil supplier. With the introduction of Group III Base Oils to the company's product portfolio, Luberef will

be well positioned to cater to the growing demand for high quality GIII Base Oils and further strengthen its competitive edge. The project targets to increase the Yanbu Facility Base Oil production capacity to approximately 1.3 million MT per annum in 2025 (270 thousand for Group I, 815 thousand for Group II and 175 thousand for Group III). The expansion will allow flexibility for additional

Group II and Group III Base Oils based on market demand by the expected ability to switch between Group II and Group III Base Oils production, and the Yanbu Facility is expected to have the capability to produce up to 670 thousand MT of Group III Base Oils with no Group II production or 1,120 thousand MT of Group II Base Oils with no Group III Base Oils production.

Engineering, Procurement, and Constructions (EPC) contract with Petrojet

In 2023, Luberef has awarded a 555-million Saudi riyals (\$148.55 million) Engineering, Procurement and Construction (EPC) contract to Egypt's Petrojet for Yanbu growth II expansion project, which aims to expand the Yanbu facility's Base Oils (Group II and Group

III) production capacity to 1.3 million MT per annum by 2025. Petrojet will carry out the execution for the Yanbu growth II expansion project. The project will further enable Luberef to flexibly produce Group-II and Group-III Base Oils based on market demands.

As of 2023 end, 61% detailed engineering design had been completed with other EPC activities already commenced for the project.

Main Project Package

Expansion and optimization of existing ISO de-waxing unit:

19MBD



29MBD

Expansion and upgrade of existing HCU:

26MBD



35MBD

Expansion of existing VDU:

50MBD



65MBD



Business Transformation Initiative

Luberef's business transformation program was initiated in 2021 as part of Saudi Aramco's transformation initiative for its joint ventures.

Under the program, Luberef aims to realize the maximum potential of its world class facility in Yanbu, by focusing on the following initiatives:

• Increase

Capacity of Base Oils production.

• Generate

Value through synergies within Saudi Aramco's system.

• Reduce operational

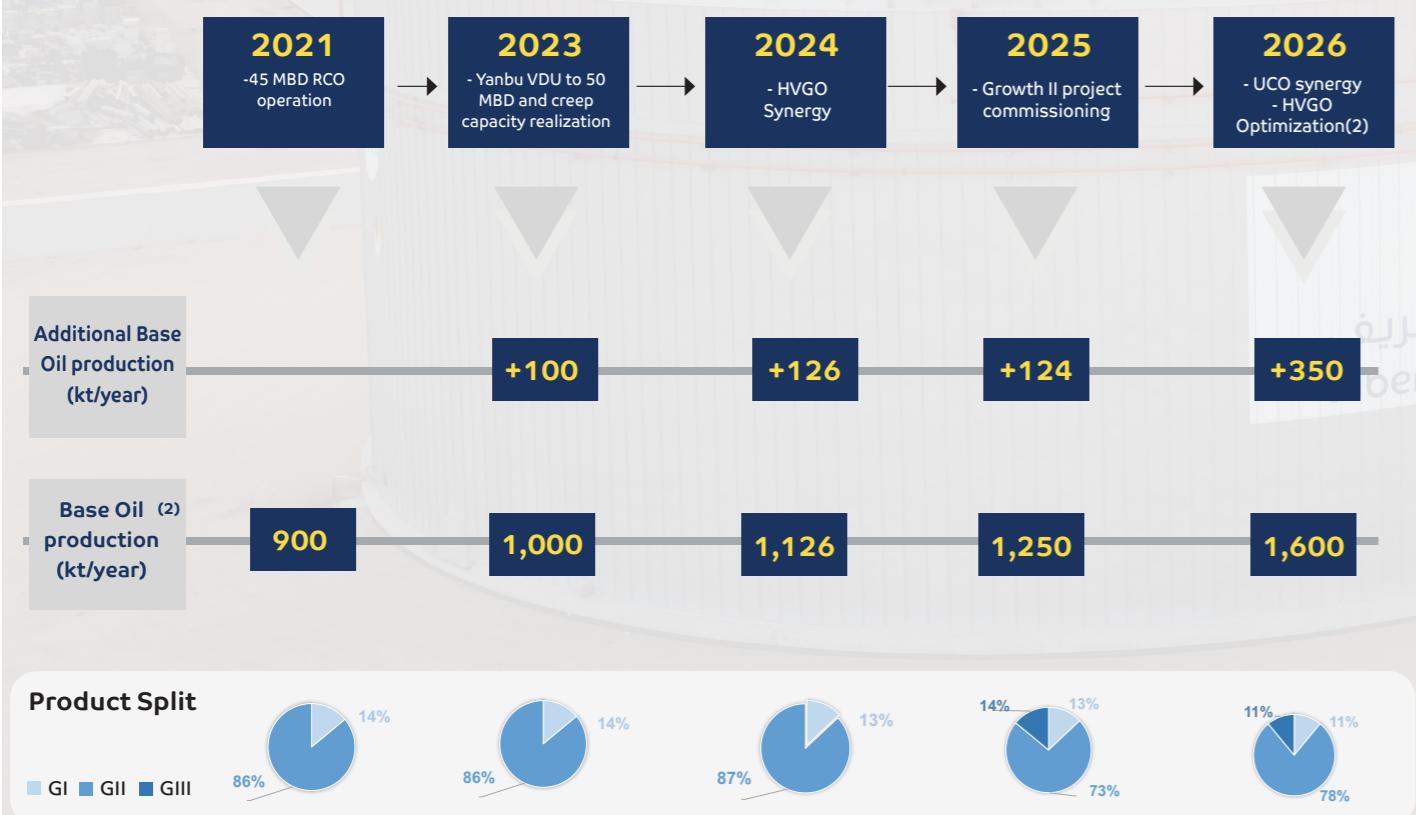
Expenditure by targeting operational efficiencies.

As part of the program, Luberef continues to seek additional feedstocks that have the highest upgrade potential to be processed at its process units which have spare capacity. In 2023, with the additional RCO agreement, the vacuum distillation unit was set to operate at its maximum potential capacity of 50 MBD before the commissioning of the Yanbu growth II project. In 2023, Luberef has also started securing additional feedstock for the second unit in the GII Base Oil production process with the additional VGO

agreement announced in April 2023. Furthermore, the company is exploring additional feedstock similar to VGO with different properties such as heavy VGO from nearby facilities. This will allow Luberef to adjust its GII Base Oil offerings to meet the desired demand from the highest netback markets. By successfully securing additional VGO, Luberef will be able to operate the Hydrocracker unit at its maximum potential capacity until the commissioning of the Yanbu growth II project.

Luberef's business transformation journey will not end by the commissioning of the growth II project, the company has identified potential synergies to explore once the project is completed. These initiatives will aim to ensure all units in the Base Oil production process are operating at full capacity, which can be achieved by securing additional VGO streams to the hydrocracker and UCO to the iso de-waxing unit, which in turn will increase the production of GII and GIII Base Oils.

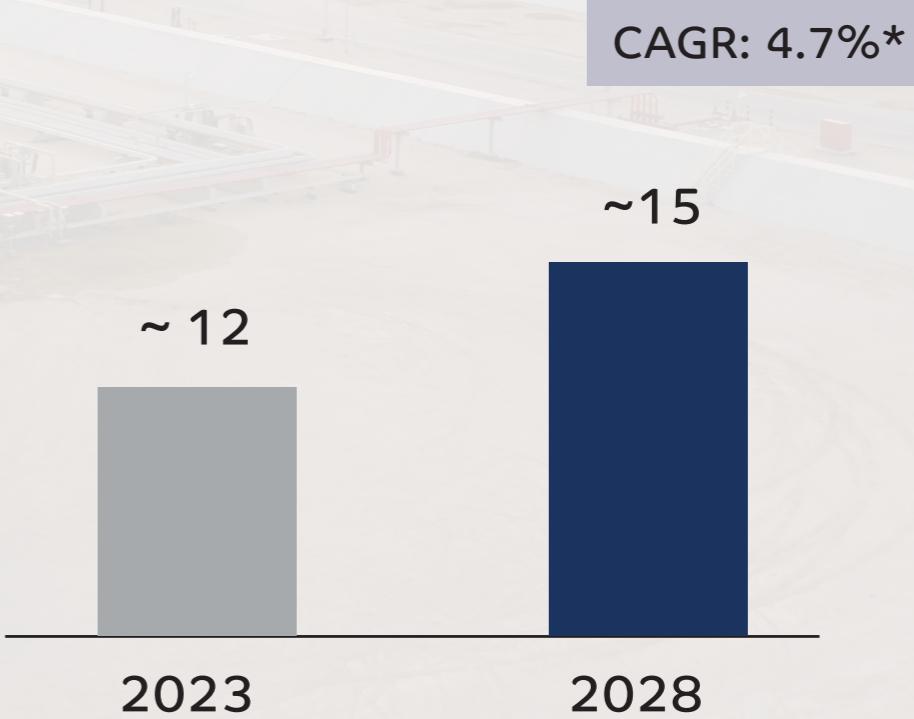
Transformation Potential of Yanbu Facility ⁽¹⁾



(1) Production is based on potential availed feedstock and is excluding synergies with Jeddah Facility.

(2) Optimization step switches Hydrocracker operation GII operation and GIII is produced utilizing UCO feed.

Group II & III Demand Globally (Mn MT)



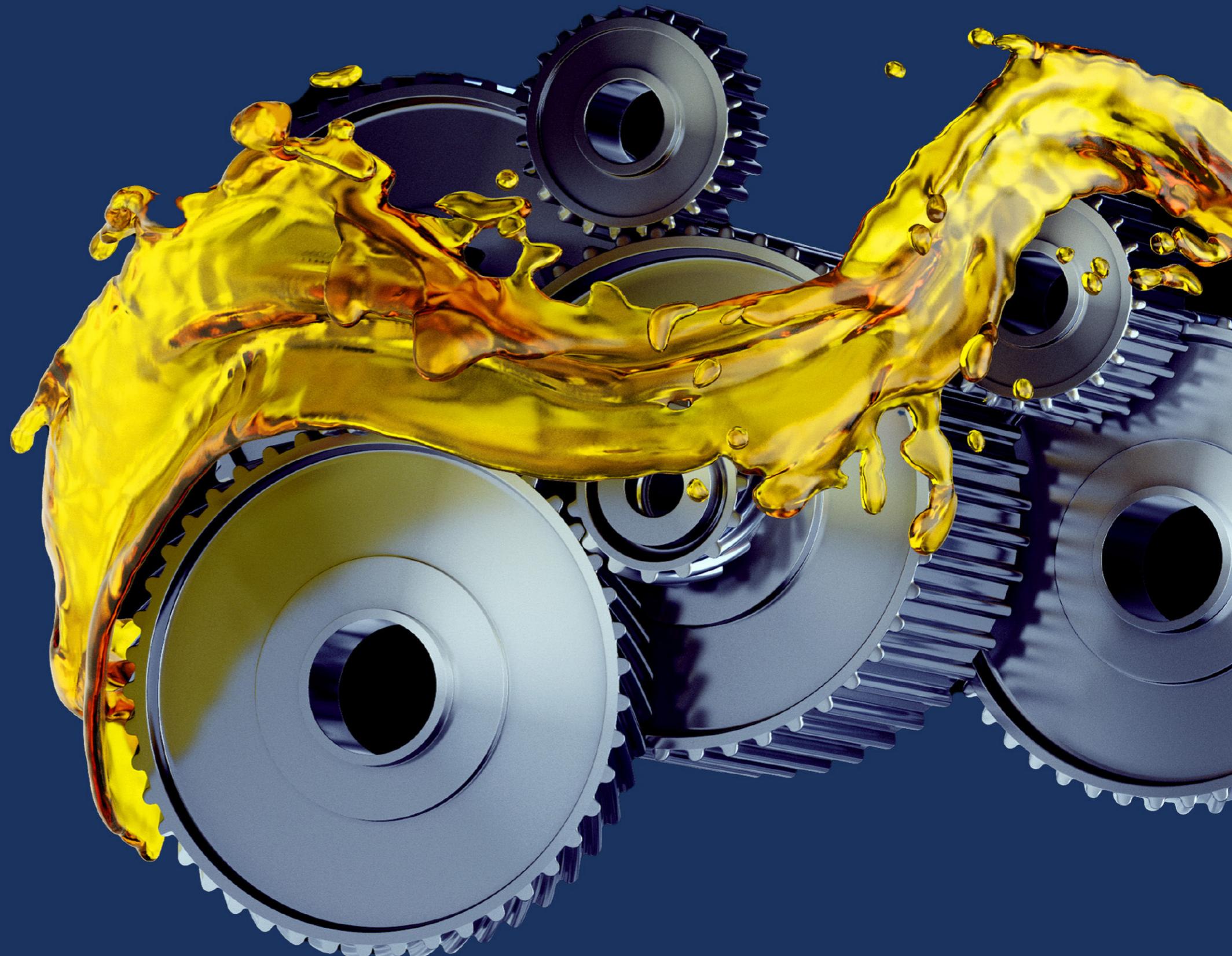
* The source for CAGR is IHS global

Results and Performance

Key 2023 Metrics

CFO's Message

Financial Performance



Key 2023 Metrics

Operations



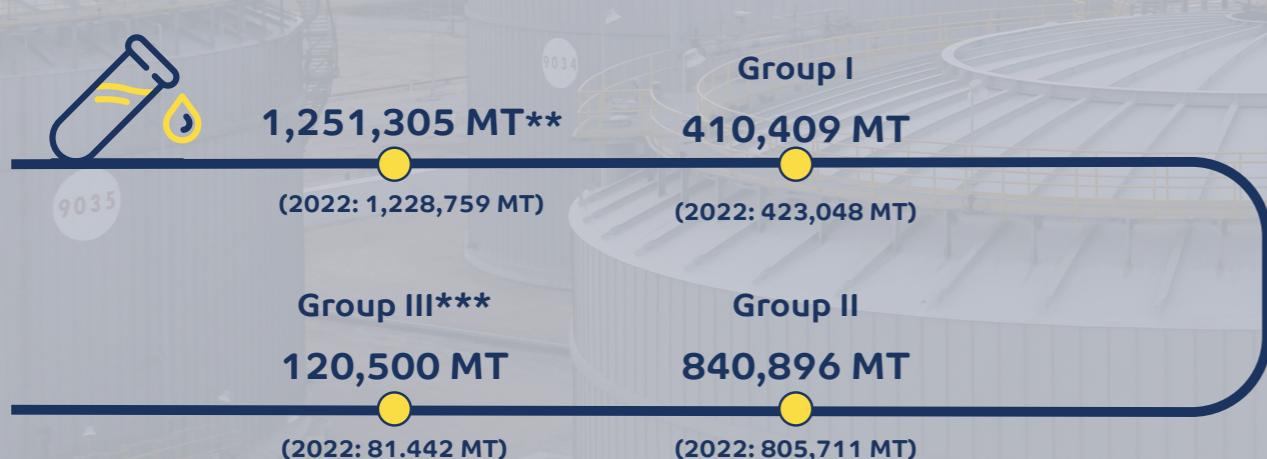
Operating Capacity



Base Oil Production



Sales Volumes for Base Oil



* Capacity utilization based on production capacity of 1,345,000 MT since the capacity enhancement was done later during the year.

** Luberef own products only

*** It refers to the sales made by aramco Base Oil Alliance members (S-Oil and Motiva) in the Company's zone and Base Oil imported and sold in the local market by the Company. It includes minimal alliance Group I base oil



Sales Volumes for Byproducts

2,550,289 MT
(2022: 2,563,703 MT)



Crack Margins

2,068 SAR/MT
(2022: 2,484 SAR/MT)

Margins from Byproducts

22 SAR/MT
(2022: 96 SAR/MT)

Financial



Revenue	Profit for the year		Total Equity	
2023	9,489 Mn	2023	1,510 Mn	2023 4,869 Mn
2022	10,614 Mn	2022	1,978 Mn	2022 5,083 Mn

Gross Profit	Total Comprehensive income	Gearing
2023 1,858 Mn	2023 1,460 Mn	2023 -1%
2022 2,434 Mn **	2022 2,021 Mn	2022 3 %

** Reinstated

Operating Profit	Earnings per share	Cash Dividends
2023 1,590 Mn	2023 8.98 SAR	2023 1,683 Mn
2022 2,171 Mn	2022 11.72 SAR	2022 1,125 Mn



Total Recordable Incident Rate (TRIR)

Zero Incidents

Flaring Reduction

4%

vs. last year





CFO's Message

Net income:

SAR 1,510 Mn

Highest free cash flow in company history of:

SAR 2,108 Mn

Dear Shareholders,

It gives me great honor to share with you Luberef's financial performance in 2023, a year which highlighted Luberef's unique business model which excels at cash generation. With normalizing margins and mixed economic outlooks, it was set to be a challenging year. Yet we have delivered Luberef's second highest net income in its 46-year history, highest free cash flow and built a strong

balance sheet after. This is a true testament to Luberef's uniqueness.

Base oil crack margins were healthy in the first half of 2023 as they were still above historical averages, but were lower than values recorded at the end of 2022. In the third quarter Base Oil margins were pressured due to a global shortage in high sulfur fuel oil which impacted our feedstock price, this shortage was

Yet we have delivered Luberef's second highest net income in its 46-year history, highest free cash flow and built a strong balance sheet after. This is a true testament to Luberef's uniqueness

stemming from the OPEC oil cut which was focused on the type of oils which produce high sulfur fuel oil. Fuel oil prices normalized in the 4th Quarter which resulted in a healthier crack margin environment for Base Oils.

Our Base Oil sales and production volumes have grown year on year to record levels as we continue to execute on our transformation initiatives, this has translated

in a net income of SAR 1,510 Mn which is the second highest in our company's history. Our 2023 performance has resulted in a ROACE of 30% which is remarkable for the industry, and a gearing ratio of (-1%) after dividend distributions. We have also generated our highest free cash flow in our company's history of SAR 2,108 Mn, which supported the board of directors' recommendation to declare a second half dividend of 5.0 SR for 2023 in

line with the approved dividend policy.

As we continue to execute within our financial framework, maintain our low cost of production leadership and continue to operate our high cash conversion units safely and reliably, we will continue to create value for our shareholders.

Mohammed Al Nafea
Chief Financial Officer

Financial Performance:

Luberef's financial results reflect the underlying fundamental strengths of its business model and the rich experience and expertise of the management team that is steering Luberef

ahead. In 2020, Luberef's performance was deeply impacted because of the pandemic-induced economic slowdown. However, Luberef's performance has shown

significant improvement in the last three years, driven by the post-pandemic recovery, healthy crack margins and high capacity utilization.

Business Results (SAR Mn)

Description	2019	2020	2021
Sales	5,620.4	4,393.5	8,846.7
Cost of sales	(5,414.1)	(3,978.6)	(6,804.9)
Gross Profit	206.3	414.9	2,041.8
Operating Profit	(57.6)	149.0	1,755.6
Net Profit of the year	(140.6)	81.1	1,502.5
Total Comprehensive income for the year	(106.6)	114.7	1,470.5

* Reinstated

2022	2023	% Change
10,613.9	9,488.7	(11%)
(8,180.2) *	(7,630.3)	(7%)
2,433.7 *	1,858.4	(24%)
2,171.1	1,590.3	(27%)
1,978.1	1,509.6	(24%)
2,020.7	1,460.4	(28%)

Comparison of Assets and Liabilities (SAR Mn)

Description	2019	2020	2021
Current Assets	1,491.6	1,793.7	3,108.4
Non-current assets	5,663.4	5,518.7	5,255.9
Total assets	7,155.1	7,312.4	8,364.3
Total equity	3,596.9	3,711.6	4,244.5
Current Liabilities	1,775.1	2,050.6	1,493.8
Non-Current liabilities	1,783.1	1,550.2	2,626.0
Total Liabilities	3,558.2	3,600.8	4,119.8
Total equity and liabilities	7,155.1	7,312.4	8,364.3

2022	2023	% Change
3,694.9	3,885.4	5%
4,950.0	4,971.1	0.4%
8,644.8	8,856.5	2%
5,082.8	4,868.8	(4%)
1,216.4	1,701.3	38%
2,345.6	2,286.4	(3%)
3,562.0	3,987.7	12%
8,644.8	8,856.5	2%

Statement of Cash Flows (SAR Mn)

Description	2019	2020	2021	2022	2023	% Change
(Loss)/profit before zakat and income tax	(137.9)	81.9	1,691.4	2,131.6	1,579.0	(26%)
Cash generated from operating activities	128.4	334.3	1,844.7	2,254.7	2,334.5	4%
Net cash inflow from operating activities	21.5	311.3	1,814.6	2,016.9	2,321.6	15%
Net cash generated (outflow)/inflow from investing activities	(314.0)	11.3	(221.6)	(48.8)	(1,691.0)	3,363%
Net cash (outflow)/inflow from financing activities	(447.3)	171.2	(916.4)	(1,405.4)	(1,996.8)	42%
Net (decrease)/increase in cash and cash equivalents	739.8	493.8	676.6	562.6	(1,366.1)	(343%)
Cash and cash equivalents at the beginning of the year	918.9	179.0	672.9	1,349.5	1,912.1	42%
Cash and cash equivalents as at reporting date	179.0	672.9	1,349.5	1,912.1	546.0	(71%)

Dividends Declared and Distributed (SAR Mn)

Description	2019	2020	2021	2022	2023	% Change
Net profit/Loss before other comprehensive income	(140.6)	81.1	1,502.5	1978.1	1,509.6	(24%)
Dividends declared	0	0.0	1,023.4	1263.7	1682.6	33%
Dividends paid after zakat and tax deduction	0	0.0	937.5	1125.0	1682.6	50%

REVENUE

In 2023, Luberef generated SAR 9,488.7 Mn in revenues as compared to SAR 10,613.9 Mn in 2022, lower by 11% y-o-y. Compared to 2022, Base Oil sales, including alliance sales, volume increased by 61,604 MT 5% and price decreased by 13% Byproducts and white-products combined sales volume decreased by 0.5% and the price decreased by 12%.

OPERATING PROFIT

In 2023, Luberef had operating profit of SAR 1,590.3 Mn as compared to SAR 2,171.1 Mn in 2022, lower by 27% y-o-y. This was due to decreased product prices partially offset by increased base oil sales volume and lower feedstock prices.

ROACE

In 2023, Luberef's ROACE was 30% as compared to 39% in 2022. While the numerator NOPAT (Net Operating Profit After Tax) decreased by SAR 497 Mn (25%) due to lower operating profit, the average capital employed was also reduced by SAR 148 Mn 3% due to higher cash balance and repayment of long-term loan.

Gearing

Luberef's gearing ratio stood at -1% as on December 31, 2023, compared to 3% during the same period in 2022. The decrease in gearing resulted from repayment of loans and increased cash balance.

Overview of total debt portfolio as of December 31, 2023 (SAR 000)

SAR	Original loan amount	Beginning balance	Additions during the year	Repayments during the year	Non-cash additions during the year	Ending balance	Period of the loans (years)
Long term	2,250,000	2,104,860	0	(163,125)	369	1,942,104	9
Finance lease		107,791	88,554	(17,106)	7,031	186,270	
Total	2,250,000	2,212,651	88,554	(180,231)	7,400	2,128,374	

Total debt portfolio as of December 31, 2023 broken down by lenders

Lending Party	Amounts in (SAR 000)	%
Banks	1,942,104	91%
Financial leases	186,270	9%
Total	2,128,374	100%



Below is a statement that shows the amount for statutory levies both paid and outstanding until the end of the financial year 2023.

	2023		2022	
	Paid	Outstanding	Paid	Outstanding
item (SAR 000)				
Zakat	21,044	69,346	12,525	28,730
Income taxes	99,195	9,981	221,453	101,476
Others*	93,467	2,608	91,634	1,756
Total	213,706	81,936	325,612	131,962

Note: * including but not limited to GOSI, VAT, Custom duty, withholding tax, labor office fees and visa and passport costs

Reflecting Luberef's commitment to its employees, below is a statement as to the value of any investments made or any revenues set up for the benefit of the employees of Luberef.

Item (SAR 000)	2022	2023	Change
End of service benefit	135,079	136,610	1,532
Post-retirement medical benefits	128,048	192,569	64,521
Long-term service awards	903	610	(292)
Early retirement program	12,538	-	(12,538)
Savings Plan	57,165	64,264	7,099
Total	333,732	394,053	60,321

Current Assets:

Increased from SAR 3,694.9 Mn to SAR 3,885.4 Mn 5% mainly due to increased cash balance and product inventories.

Non-current assets:

Non-current assets decreased slightly from SAR 4,950 Mn to 4,971.1 Mn (0.4%) basically due to depreciation and amortization offset by additions of capital projects work-in-progress and Right of Use assets.

Current Liabilities:

Increased from SAR 1,216.4 Mn to SAR 1,701.3 Mn 40% due to increase in payables and accruals, reclassification of long-term loans to current portion offset by reduced Zakat & Income Tax payables.

Non-Current Liabilities:

Reduced from SAR 2,345.6 Mn to SAR 2,286.37 Mn -3% mainly due to repayment of long-term loans and reclassification of long-term loans from long-term to current liabilities that is due in 2024.

Free Cash Flow (FCF)

Increased by SAR 139.4 Mn (from 1,968.9 Mn to 2,108.3 Mn) due to improvement in cash from operations by SAR 304.8 Mn that was partially offset by SAR 165.4 Mn being higher Capex for Yanbu Growth-II project and Jeddah turnaround.

Net Cash Out Flow for financing activities

Was higher than 2022 by SAR 591.3 Mn mainly due to higher dividend payment by SAR 557.6 Mn and repayment of long-term loans and increased finance cost.

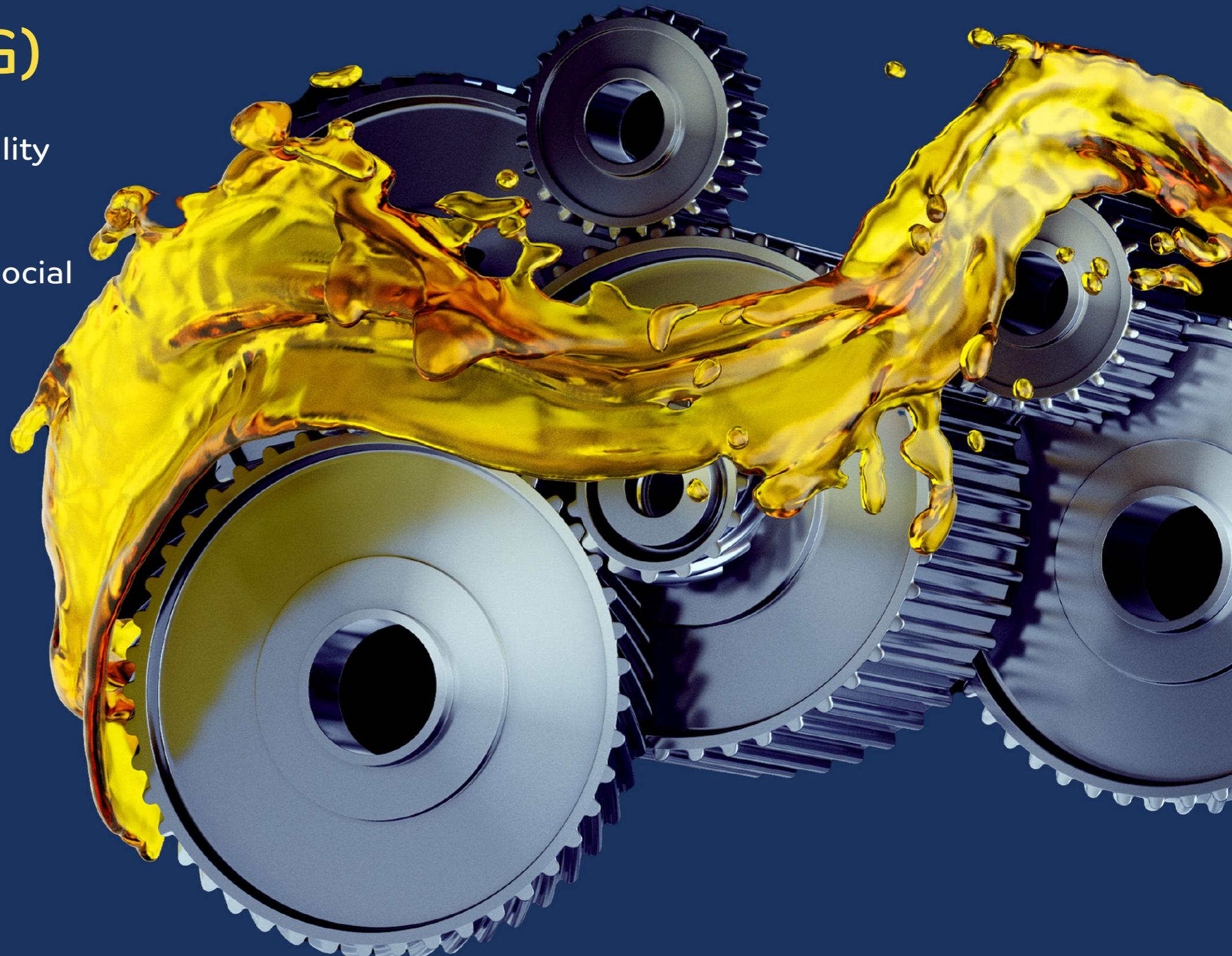
Environmental, Social and Governance (ESG)

Luberef's Approach to Sustainability

Environmental Stewardship

Safety, Talent management and Social initiatives

Governance



Luberef's Approach to Sustainability

Positively Impacting People and the Planet

Luberef harnesses its leadership in downstream businesses and its unparalleled competitive advantage to fuel sustainable growth and create enduring value for its stakeholders. This dedication to a better future is woven into our strategic framework, where Environmental, Social, and Governance (ESG) considerations are core drivers of operational excellence.

By seamlessly integrating sustainability principles and practices across every facet of our business and value chain, Luberef ensures responsible operations, enhanced accountability, and maximized value creation for our stakeholders. This commitment fuels our journey towards a cleaner and more equitable future, while simultaneously strengthening our competitive edge.

Sustainability is a pillar of the kingdom's Vision 2030, and Luberef prides itself on working towards making this vision a reality and is committed to

make a meaningful difference to the Kingdom of Saudi Arabia and its people as a business and a responsible corporate citizen, through driving the industry forward, ensuring that sustainability is central to its purpose, fostering its talented and diverse workforce and by linking its actions to the holistic and sustainable wellbeing of people and the planet.

Luberef is building for the future by proactively linking its actions to the holistic and sustainable wellbeing of people and the planet. This commitment strengthens the foundations of our long-term success and reinforces our reputation as a responsible business. We take accountability for our decisions and rigorously evaluate their long-term implications. To further solidify this commitment, we are developing a robust environmental, social,

and governance (ESG) framework. This framework will systematically integrate sustainability principles and practices into every aspect of our business, ensuring long-term value creation for our stakeholders, employees, and the communities we serve.



Luberef's Philosophy on Environment, Health, and Safety

Luberef prioritizes environmental, health, and safety (EHS) across its operations, aiming to protect its workforce, prevent property losses, and ensure business continuity while adapting to evolving market and operating environments. This commitment is reflected in comprehensive company standards that embrace a continuous improvement approach, a common industry best practice.

Stringent operational safety procedures, underpinned by rigorous enforcement, characterize Luberef's robust EHS standards. These rigorous procedures are complemented by established crisis management and business continuity plans designed to bolster operational resilience, enabling a swift and orderly response to internal or external incidents.

A sustainability framework encompassing environmental responsibility and employee/community well-being is actively under development at Luberef.

Luberef initiatives include tracking performance to minimize emissions and flaring. Total Flaring and energy efficiency form a key components of Luberef's environmental index KPI (Key performance indicator), which is part of Luberef's broader corporate KPIs.

Total flaring targets are reviewed and set annually, considering both technical feasibility and the historical performance of each facility. We are proud to have achieved a 4% reduction, building on last year's 70% reduction in flaring through enhanced monitoring and troubleshooting programs. Additionally, we are actively exploring opportunities and collaborations for advancements in green hydrogen and other

environmentally sustainable technologies.

Luberef's environmental policy outlines ambitious goals, concrete actions, and a robust performance monitoring and measurement framework. Our environmental stance is further strengthened by our collaborative relationship with Saudi Aramco. Moreover, we are actively developing a long-term strategy to achieve net-zero emissions by 2050.

This year Luberef has taken concrete steps in its net-zero journey by participating in the largest-ever voluntary carbon credit auction that was arranged by the Regional Voluntary Carbon Market Company (RVCMC). The event has successfully auctioned over 2.2 million tonnes of carbon credits.

Overall, Luberef is deeply committed to EHS principles, actively implementing robust policies and procedures to foster a safe, environmentally conscious, and sustainable future for the company, its employees, and the broader community.



Environmental Stewardship

As part of Luberef's sustainability efforts, Luberef strives to meet industry standards and is certified for the ISO 14001:2015 Environmental Management Systems and ISO 50001:2018 Standard for Energy Management Systems. The testing laboratories

at both Yanbu and Jeddah facilities are accredited by the American Association for Laboratory Accreditation (A2LA) for technical compliance in chemical testing (ISO/IEC 17025:2017). Luberef recognizes its role in shaping a sustainable future and acknowledges the urgency

of addressing climate change. The company is committed to playing its part in addressing climate change. Luberef will continue to monitor and report on its progress going forward to reduce its impact on the environment.



Safety, talent management and social initiatives

Luberef's Safety Management System (SMS) has been established since 2011 based on the Dupont Sustainable Solutions program and is focused on safe operations.

The systems "Safety First" approach covers all aspects of Luberef's business activities, which help establish a safety culture that has resulted in a TRIR (Total Recordable Incident

Rate) of 0.0 for the fourth successive year in 2023 and an LTI (Lost Time Injury) of more than 35 Million-Man Hours across our facilities.

Talent engagement and development

Luberef cultivates a highly engaged and empowered workforce through comprehensive talent management initiatives. A competitive incentive structure and robust training programs motivate employees and foster a diverse and inclusive workplace. We prioritize employee well-being with programs like the home ownership initiative for Saudi employees and financial planning assistance. Continuous safety education programs, including E-Learning, Safety Orientation, and Training Plans, ensure a proactive approach

to risk prevention. We invest in employee development through regular training and development initiatives and encourage continuous learning by offering financial support for certifications and exam leave. Luberef has a comprehensive incentive structure and training programs to attract and retain talent, motivate its employees, and create an empowered workplace that respects diversity of experiences, and capabilities. Luberef has a home ownership program for its Saudi employees enabling them to own suitable housing units and

another initiative that assists employees in financial savings and investments.

The other key highlights are as follows:

- Programs on workers' safety such as E-Learning, Safety Orientation and Training Plan
- Regular investment in employee training and development related initiatives
- Other monetary and nonmonetary support for educational activities such as Certification fee reimbursement and Exam leave.



Saudization Requirements and Nitaqat

Like all companies in the Kingdom, Luberef is subject to Saudization requirements. Saudization is a government policy of the KSA that encourages companies to preferentially hire Saudi nationals, and the percentage of Saudi nationals employed is calculated for each Company

under the Nitaqat system. The Nitaqat system places Luberef, based on its Saudization level, in different zones/classifications, the highest of which is Platinum. The following data illustrates the compliance level of Luberef with the Saudization requirements and its classification in the Nitaqat

program as of 31 December 2023.

Classification: Basic Materials
Nationalization rate : 84.36%
As of 31 Dec 2023
Current Nitaqat level: Platinum

Luberef's Corporate Social Responsibility Initiatives for 2023

1 Green Home Land

In alignment with Saudi Arabia's Vision 2030 and in partnership with the Social Responsibility Association of Makkah, Luberef proudly sponsored the planting of 1 thousand neem trees in the eastern forest as part of the «Green Homeland» and Saudi Green initiatives. Over 35 employee volunteers and their families participated in this environmental project.



4 My Store Initiative

Aligned with Luberef's commitment to Corporate Social Responsibility, we collaborated with the Majid Society for Development and Social Services to launch the «My Store» initiative. This program specifically supports existing small businesses in the handcrafts and creative industries, empowering entrepreneurs to develop and build an online presence. The initiative's activation during Entrepreneurship Week highlights our dedication to fostering a thriving entrepreneurial ecosystem.



2 Kaswa Alsaida Aisha Initiative

For the second consecutive year, Luberef was honored to participate as a silver sponsor of Kaswa Alsaida Aisha, a program dedicated to providing Eid clothing for families in need. This initiative operates through community contributions of new and used clothing. We extend our gratitude to our employee volunteers who contributed their time and effort to the initiative. Luberef's total sponsorship amounted to 75 thousand SAR.



5 Let's Walk the Walk Together 2023

For the fourth consecutive year, we are proud to participate as a gold sponsor in the «Let's Walk the Walk Together» initiative held at the Jeddah Corniche Waterfront. This program, organized in collaboration with the Help Center, celebrates the skills and athletic abilities of people with disabilities and promotes awareness within our society. Our total sponsorship amounted to 63 thousand SAR.

3 Back to School Initiative

In partnership with Waqf Ma'an, Luberef proudly renewed our support for the Back-to-School Initiative for a second year in a row. Our employee volunteers organized and equipped 400 school bags with essential supplies for children from low-income families, ensuring they have a successful school year. Our total sponsorship amounted to 64 thousand SAR.



6 Support the Education in MADAK Academy Initiative

Luberef is committed to supporting educational initiatives that empower future generations. Through a generous contribution of SAR 2.4 Mn (SAR 600 thousand a year starting from 2022), Luberef sponsored

the MADAK Academy Education Endowment Project in the Medina Province, enabling the establishment of a high-tech smart lab equipped with the latest technologies which was opened in 2023.



7 Ramadan Food Basket

In collaboration with Waqf Maan for Society Development, Luberef and its employees have been actively contributing to the distribution of Ramadan Food Basket for five consecutive years. This initiative provides essential food supplies to over 2,500 low-income families, orphan families, and people with disabilities in the Makkah Region. Luberef's total contribution amounted to 75 thousand SAR.



8 The Destination Program Initiative

Together with Waqf Maan for Community Development, Luberef sponsored the "Destination Program" initiative. This program aims to train and empower young women for the labor market through an integrated training application journey. Our sponsorship of 219 thousand SAR demonstrates our commitment to fostering female empowerment and career development.



9 Launching the Corporate Volunteering Program "World of Giving"

In celebration of International Day of Social Responsibility Corporate Volunteering, Luberef proudly launched the internal volunteer program, "World of Giving." This initiative aligns with our Social Responsibility Program and Vision 2030's emphasis on volunteer work, promoting the spirit of giving back to our communities.



10 Luberef Tournament 2023

Recognizing the importance of health and well-being, Luberef sponsored our employees' participation in our 2023 Football Tournament. Our support extended to awarding the first-place winners, fostering a sense of camaraderie and sportsmanship among our team.



Governance

Luberef upholds the highest global standards of corporate governance, fostering a culture of transparency, accountability, and stakeholder value creation. Our diverse and experienced Board of Directors, composed of six members with varying backgrounds and perspectives, including two independent members – one female director, plays a pivotal role in ensuring sound decision-making and robust oversight. This diversity cultivates a dynamic boardroom environment, where various viewpoints are embraced and considered, leading to enhanced outcomes.

Luberef strives to operate its business adhering to the highest ethical standards and practices. Luberef's Professional Conduct Policy guides its business, providing a framework for ethical conduct and integrity throughout the operation of the business. Luberef encourages and expects employees to directly report suspected violations of Luberef's Code of Conduct through appropriate channels.

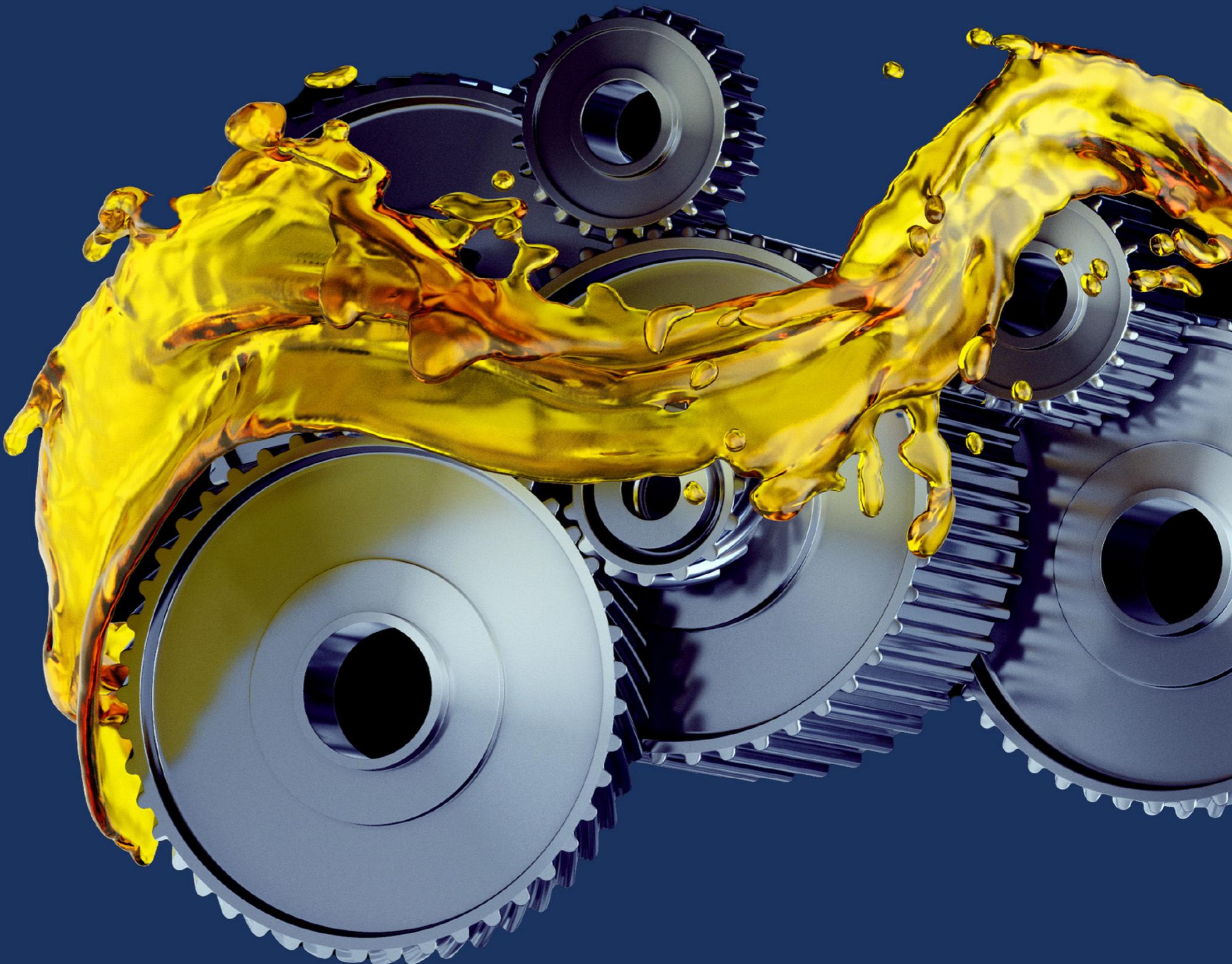
By embracing these principles, Luberef fosters a governance framework that promotes long-term success and inspires trust among our stakeholders.



Risk:

Risk Management

Risk Factors



Risk Management

Risk Management Systems and Approach

Luberef navigates a dynamic lubricants landscape marked by fluctuating market prices, evolving regulations, and competitive pressures. Informed risk-taking is crucial for success. We proactively manage strategic, operational, and financial risks through continuous assessment and strategic

mitigation measures. Every decision balances potential rewards against associated risks, ensuring sustainable growth and value creation for our stakeholders.

Risk Assessment, Measurement and Management



Process and Framework of Risk Management at Luberef:

Luberef's risk management policies are established to identify and analyze the risks faced by Luberef, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Luberef's activities.

The Board of Directors provides risk oversight as a component of its strategic leadership. The Board Audit Committee oversees the risk management framework

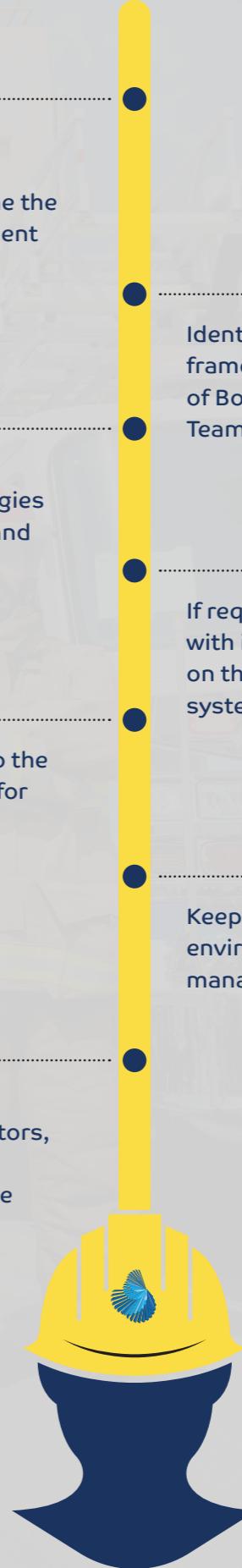
and monitors specific risks. The primary role of the Board Audit Committee is to monitor overall management of risk to assist the Board of Directors with establishing risk tolerance, guiding strategy, overseeing ESG & operational risks, and fostering a risk-aware culture supported by an independent audit.

Luberef Enterprise Risk management (ERM) framework follows the Three Lines of Defence. Business units and support teams actively identify and address risks within their areas as the first line. Dedicated

risk management is the Second Line to monitor and report overall risk. As the third line, an independent Internal Audit ensures the effectiveness of risk controls.

Through training and established standards, Luberef empowers employees to fulfil their roles in risk management. Luberef is continuously monitoring the evolving scenario and any change in the risk management policies will be reflected in the future reporting periods.

- 1 On the basis of consultation and discussion, the Board with the help of Management Team need to define the scope and context of Risk Assessment and Management exercise.
- 2 Identify Risks using internal and external frameworks and on the basis of expertise of Board of Directors and Management Team.
- 3 Monitor and Assess Risk using transparent and robust methodologies without influencing the outcomes and inferences.
- 4 If required and as a best practice, engage with independent assurance providers on the effectiveness of internal control systems.
- 5 Report risk and provide guidance to the teams and evaluate the processes for robustness and effectiveness.
- 6 Keep track of industry evolution and macro environment, tweak risk assessment and management frameworks proactively.
- 7 Ongoing discussion on changes in controllable and uncontrollable factors, the implementation of risk related systems and process, with objective measurement and assessment of outcomes.



Risk Factors

Risks Related to Luberef's Operations

Luberef's business success, financial performance and profitability are impacted by several factors which are related to the operations of Luberef.

Risks relating to the changes in crack margins – Luberef is impacted by the difference between the prices of Base Oil or Byproducts and the prices of feedstock, known as the Base Oil crack margin or Byproducts crack margin respectively. The feedstock prices are affected by many factors such as global supply and demand, oil prices, market expectations of future supply and demand, global political conditions, geopolitical conditions and variables including availability and overall economic conditions.

Risks relating to the Jeddah Facility closure and reliance on one facility in the future - As per Luberef's business plan, the Jeddah Facility will close in 2026. The Jeddah Facility's closure may include a full shutdown of its operations and its demolition or mothballing. The demolition of a facility such as the Jeddah Facility might cause an environmental impact and damage to the environment of the site. If that occurs, Luberef could be liable to rectify such impact or damage.

Risks relating to revenue concentration in certain geographies - Luberef has a significant proportion of its operations in, and derive significant amount of its revenue from, the Kingdom and MENA. Luberef sells directly in five countries, being the UAE, Egypt, Jordan, Oman and Pakistan, and sells indirectly through distributors, in South Africa, Tanzania and Sudan. Luberef sells in four countries through S-Oil, being: France, India, Singapore and Turkey, and sells in the Americas through Motiva. Luberef's financial performance will be affected by the conditions in these markets.

Other Non-Operational Risks

- Risks related to macroeconomic environment and Base Oils industry which could impact demand and pricing of Luberef's products.

- Risks related to external factors which are broadly uncontrollable in nature such as geopolitical environment, factors related to global economic growth.

- Risks such as Legal and regulatory risks, Risks related to the Kingdom and MENA region, and Risks related to abrupt and unexpected changes in rules and policies .



Corporate Governance

Board of Directors

Senior Executives

Board Structure

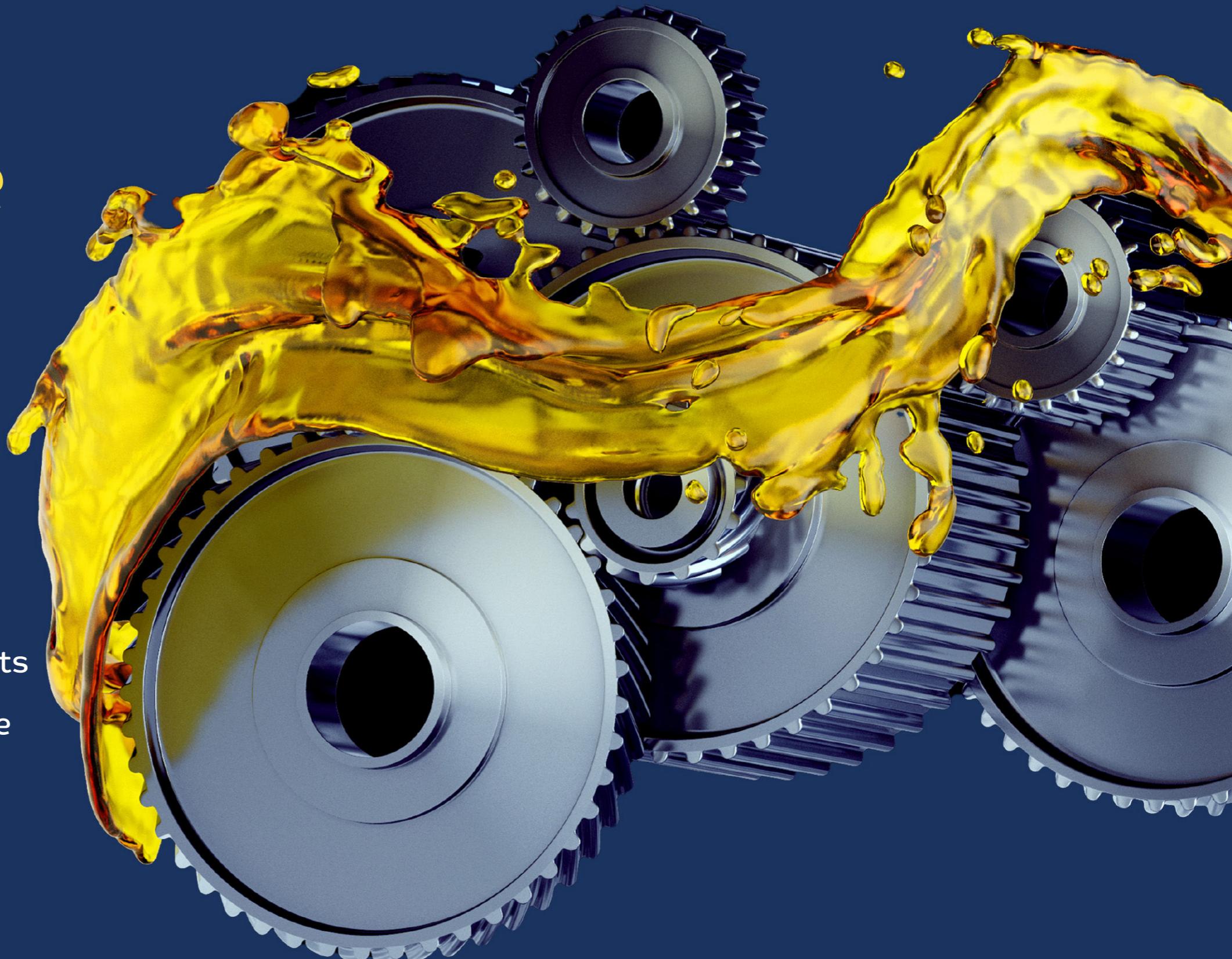
Audit Committee Report

Remuneration and Nomination

Committee

Compensation and Other Interests

Governance, Risk and Compliance



Board of Directors

Luberef is currently managed by a Board consisting of six Directors who were appointed by the Conversion Assembly of shareholders on August 14, 2022, for a period of five years.

The Board has the broadest powers to manage Luberef to achieve its objectives.

The Board of Directors of Luberef provides leadership guidance and support to the senior management and helps with inputs on strategic leadership and guidance, along with a continuous assessment of market environment, opportunities and risk management framework of Luberef. The Board also oversees Luberef's governance, risk and compliance functions.



**Ibrahim
Q. Al Buainain**
Chairperson
(Non-executive Director)

Ibrahim Q. Al Buainain, 56, is Saudi Aramco's Executive Vice President of Global Manufacturing. He was the Senior Vice President of Sales, Trading & Supply Planning, overseeing Saudi Aramco's global trading and sales of crude oil and LPG, its hydrocarbon supply planning network which includes the company's domestic sales of refined products and feedstock. Al Buainain is an oil & gas veteran with a track record of 34 years in leadership and management experience.

Al Buainain was appointed Chairperson of Luberef in August, 2022. With over 34 years of diversified experience in the oil and gas industry, Al Buainain

also serves as Chairman of the Board of PetroRabigh. He is also a board member of ADC, Regional Voluntary Carbon Market Company (RVCMD) and at several of Aramco's subsidiaries.

Education:

- B.S. degree in Mechanical Engineering
- MBA in Global Management
- M.S. degree in Innovation and Global Leadership from Massachusetts Institute of Technology.

Other Current Positions:

- Chairman of Rabigh Refining & Petrochemical Company (Petro Rabigh), a listed joint stock company operating in
- petrochemicals.
- Chairman of Aramco Services Company, private stock corporation, operating in oil and gas services in the United States of America
- Chairman of Aramco Overseas Company, Ltd., a private limited company operating in oil and gas services in The Hague.
- Chairman of Saudi Aramco Asia Company, Ltd., a limited liability company operating in oil and gas services.
- A board member at Aramco Trading Company, a limited liability company, operating in oil and gas.
- A board member at Regional Voluntary Carbon Market Company.
- A board member of Aramco Digital Company, Aramco's in-house digital

and technology subsidiary of Saudi Aramco

Selected Previous Positions :

- at Saudi Aramco Energy Venture Company, a limited liability company operating in oil and gas
- Chief executive officer at Aramco Trading Company, a limited liability company operating in oil and gas.
- Chief executive officer at Saudi Aramco Asia Company, Ltd., a limited liability company operating in oil and gas.
- Board member at Petredec, a private limited liability company operating in oil and gas services.
- Director at Hyundai Oil, a closed joint stock company operating in oil and gas.
- Director at National Chemicals Carriers Company of Saudi Arabia, a limited liability company operating in marine transport.
- A director at National

Shipping Company of Saudi Arabia, a listed joint stock company operating in marine transport.



Abdulatif Saleh A. Al Shami

Vice Chairperson

(Non-executive Director)

Abdulatif Saleh A. Al Shami, 61, was appointed Vice Chairperson at Luberef in August, 2022. He was a Yanbu refinery manager at Saudi Aramco, a position he has held from 2017 until December 31, 2022. Prior to taking on this role, Al Shami held a number of other roles at Saudi Aramco, including heading major projects and holding a number of positions at various Saudi Aramco gas plants.

Education:

- B.S. degree in electrical engineering from the University of North Carolina
- Master's degree in human resource development from the University of Minnesota.

Selected Previous Positions:

- From 2017 to 2022, a Yanbu refinery Manager at Saudi Aramco.
- From 2017 to 2021, a member of the board of directors at Saudi Aramco Mobil Refinery Company, a limited liability company operating in the refinery sector.
- 2016, Yanbu NGL Fractionation Plant manager at Saudi Aramco.
- From 2014 to 2015, technical support and planning manager at Saudi Aramco.
- From 2014 to 2015, Hawiyah NGL plant manager at Saudi Aramco.
- From 2011 to 2013, Uthmaniayah gas plant at Saudi Aramco.
- From 2009 to 2010, Berri gas plant at Jubail at Saudi

Aramco.

- From 2007 to 2008, heading grass root karan gas mega projects head, at Saudi Aramco.



Andrew S. Katz

(Non-executive Director)

Andrew S. Katz, 54, was appointed Director at Luberef in August, 2022. Katz is currently the Vice President, Downstream Growth & Development at Saudi Aramco. He joined Saudi Aramco in 2015 and previously was Managing Director and Global Head of Refining and Chemicals at Standard Chartered Bank in Singapore for nine years. He was previously a chemicals industry investment banker with other notable firms based in London and New York. Katz began his career as a refinery process engineer in the US in 1991.

Education:

- B.S. degree in chemical engineering from the Stevens Institute of Technology
- MBA in finance and

operations research from the New York University Stern School of Business.

Other Current Positions:

- Since 2023, Vice President, Downstream Growth & Development at Saudi Aramco.
- Since 2022, member of the supervisory board of Air BP Aramco in Poland.

Selected Previous Positions:

- From 2019 to 2021, Director of the Capital Markets and Relations Department at Saudi Aramco.
- From 2018 to 2019, Director of the Transaction Execution Department for the acquisition of SABIC at Saudi Aramco.
- In 2018, Director of the Transaction and Portfolio



Khalid D. Al-Faddagh
PhD, DIC, MSC, Mech. Eng.
(Independent Non-Executive Director)

Khalid D. Al-Faddagh, 68, was appointed Director at Luberef in August, 2022. He is an Ex-Aramco Executive who retired in June 2015 after 32 years of diverse career experience that included duties such as; Aramco General Auditor (Chief Audit Executive) and BAC Secretary, President & CEO of a major JV in the Philippines, Board Member in key Domestic and Overseas Joint Ventures, Engineering and Field Operations & Maintenance, Project Management, Quality Control, Safety Compliance and Strategy Development.

Education:

- Executive Program (PMD) in Leadership & Strategy from Harvard Business School
- PhD, DIC, in Mechanical Eng., Applied Mechanics from Imperial College
- Master of Science in Mechanical Eng., Applied Mechanics from the University of Manchester (UMIST).

Post retirement from Aramco in 2015, activities included assignments at several boards and sub-committees listed below.

Other Current Boards:

- Since September 2022, Audit Committee Chairman.

- Public Investment Fund (PIF), since October, 2019: Board Risk Committee Member
- Roshn (A PIF Company), since December, 2023: Board Audit Committee Member
- Master of Science in Mechanical Eng., Applied Mechanics from the University of Manchester (UMIST).
- Post retirement from Aramco in 2015, activities included assignments at several boards and sub-committees listed below.
- Other Current Boards:**
- Since September 2022, Audit Committee Chairman.

Member

- SPIMACO (Pharmaceutical), since May, 2019: Board Audit Committee Member
- Vision Invest, since March, 2018: Board Member and Chairman of the Audit & Risk Committee

Selected Previous Positions:

- From 2009 to 2015 – General Auditor (Chief Audit Executive) at Saudi Aramco
- From 2007 to 2009 – Corporate Planning at Saudi Aramco
- From 2003 to 2007 – President & CEO, Petron Corporation

- From 1983 to 2003 – Engineering, Operation & Maintenance at Aramco
- From 2018 to 2023 - Eastern Health Cluster: Member of the Board of Advisors and Chairman of the Audit & Risk Committee
- From 2019 to 2022 - BUPA Arabia, Chairman of the Risk Committee
- From 2016 – 2022 - ACWA Power, Risk & Compliance Committee Chairman
- From 2017 – 2022 - SABIC, Board Audit Committee Member
- From 2016 to 2019 - STC (Saudi Telecom), Independent Audit Committee Member
- From 2017 to 2019 -

Saudi Tabreed, Chairman of the Audit & Risk Committee

- From 2015 to 2019 - King Fahad University (KFUPM), Vice-Chairman of the Audit Oversight Committee
- From 2008 to 2011: SHAWA Shell, Japan, Shareholders Board Representative
- From 2007 to 2010 - LUBEREF, KSA, Board Member
- From 2001 - 2007 - PETRON Corporation, Philippines, Board Member and CEO



Nabelah Al Tunisi

(Independent Non-Executive Director)

Nabelah AlTunisi, 64, was appointed Director at Luberef in August, 2022. She is currently the President of Viridi MENA, and Viridi is a US based company that designs and manufactures fail-safe Lithium-ion battery energy storage systems to make zero carbon energy revolution. She has more than 35 years of experience with Saudi Aramco, NEOM and others, where she has held various technical and managerial positions for multiple organizations, including central engineering, project management, and supply chain management.

She is currently a board member at Saudi Arabian Mining Company (Ma'aden) and Dar AlHekma University, a private university in Jeddah.

She was previously the Executive Director of Programs at a government entity operating in project management. Prior to this position, she was the

Energy and Water Managing Director at NEOM. She was the Chief Engineer for Saudi Aramco, responsible for engineering for all above surface oil and gas facilities.

Education:

- B.S. degree in electrical engineering from the University of Portland
- Master of Science degree in electrical engineering from Oregon State University.

Other Current Positions:

- Since September 2022, Renumeration and Nomination Committee Chairperson.
- Since 2020, an independent Board Member at Saudi Arabian Mining Company (Maaden), a listed joint stock company operating in the mining sector.
- Since 2019, a trustee at Dar Al Hekma University a private university operating in the education sector.

Selected Previous Positions:

- From 2019-2023, an Executive Director of Programs at a government entity operating in project management, responsible for the establishment of Programs Business Unit managing critical management functions including Project Management office, Project Planning and Scheduling, Cost estimation and cost control management, Procurement and Contracting, central engineering services, health, safety, and environment, sustainability, risk management, and quality control and performance excellence.
- From 2018 to 2021, a Board Member at the Saudi Council of Engineers, a scientific professional body that aims to promote the engineering profession and do whatever may be necessary to develop and upgrade its standards and those

practicing it.

- From 2018 to 2019, a Managing Director at NEOM, a closed joint stock company operating in the development sector, responsible to build a Renewable-based Energy System at least cost and establish a sustainable and cost-effective water supply with zero discharge.
- From 2015 to 2018, a Chief Engineer at Saudi Aramco, primarily responsible for Engineering for all above surface oil and gas facilities and the corporate resource and representative on Engineering matters
- From 2012 to 2016, a Board Member at Saudi Aramco Total Refining and Petrochemical Company (SATORP), a limited liability company operating in refining and petrochemicals.
- From 2012 to 2015, a General Manager responsible for oil and gas projects at Saudi Aramco, responsible for execution of capital program worth \$ 41

Billion, to develop mega oil and gas projects such as Manifa, Karan, Shaybah, Wasit, Hasbah and Arabiyah, RT Clean Fuels, and all other Northern area onshore and offshore facilities.

- From 2010 to 2012, a Manager of Materials Planning and System Department at Saudi Aramco, responsible for part of the Supply Chain Organization at Saudi Aramco responsible for the administration area, Operating Plan, Business Plan, and the coordination of several strategic initiatives to optimize the supply chain functions for all Saudi Aramco operations and enhance key performance indicators.
- From 2009 to 2010, a Technology Service Department head at Saudi Aramco, is a U.S.-based subsidiary, Aramco Services Company (ASC) in Houston, Texas, which oversee the company's engineering, information technology, quality services and environmental activities in the Western

Hemisphere.

- From 2006 to 2009, a Director of FEED for SADARA project at Saudi Aramco based in Houston, Texas. SADARA is a joint venture between Saudi Aramco and DOW Chemicals to build the largest integrated hydrocarbon and petrochemical facility in a single phase, involving 26 plants at a cost of over \$20 Billion dollars.
- From 2006 to 2008, a Board Member at the Petron Corporation a closed joint stock company located in the Philippines operating in the petroleum sector.



Mohammed Faiz S. AlAhmari

(Non-Executive Director)

Mohammed Faiz S. AlAhmari, 57, was appointed Director at Luberef in August, 2022. He currently serves as the Chief Financial Officer of Aramco Overseas Company. AlAhmari previously held a number of other roles at Saudi Aramco, including as Director of affiliates support, the head of financial reporting and tax compliance and as the leader of the finance team in Aramco's acquisition of SABIC in 2020.

Education:

- Bachelor's degree in Accounting from King Fahd University of Petroleum and Minerals
- Master's degree in accounting from the University of Denver.
- Post bachelor program in Accounting & Finance at Texas A&M.

Other Current Positions:

- Since 2023, Chief Financial Officer, Aramco Overseas Company BV.

Selected Previous Positions:

- From 2021 to 2023, manager of downstream finance and planning at Saudi Aramco
- From 2011 to 2016, a non-executive board member at Saudi Aramco Jubail Refinery (SASREF), a limited liability company operating in the oil and gas sector.
- From 2017 to 2021, a manager of affiliates support and financial consulting at Saudi Aramco.
- From 2017 to 2021, a board member at Saudi Aramco Entrepreneurship Investment Ltd (Wa'ed), a limited liability company operating in the investment sector.
- From 2017 to 2021, the vice president of finance at Vela Company, a limited liability company operating in maritime sector.
- From 2019 to 2020, a leader of the finance team of SABIC's acquisition at Saudi Aramco.
- From 2015 to 2020, a board member at Saudi Aramco Power Company, a limited liability company operating in the power sector.
- From 2015 to 2017, an administrator of financial reporting and tax compliance at Saudi Aramco.
- From 2005 to 2015, an administrator of planning and budgeting at Saudi Aramco.
- From 2008 to 2009, an administrator of cash management – treasury at Saudi Aramco.
- From 2004 to 2008, an administrator of projects division at Saudi Aramco



Senior Executives

Luberef's management team has a remarkable track record with a combined experience of over 170 years in the oil and gas sectors as well as Base Oil value chain. The management is committed to implementing the strategic orientations defined by the Board of Directors, achieving innovation and operational excellence, and creating value for shareholders.



Samer A. Hokail

President & CEO



Mohammed AlNafea

CFO

Samer A. Hokail, 49, joined Luberef in September, 2023 as President & CEO. Prior to joining Luberef, he was appointed in 2022 to establish and lead a new organization managing more than 12 of Saudi Aramco's international affiliate businesses with a combined asset value exceeding \$35 billion. Prior to that, Hokail was the President and CEO of the Saudi Petroleum International, based in New York. His responsibilities included managing the development and implementation of Saudi

Aramco's crude sales in North America.

Education:

- B.S. degree in chemical engineering from Arizona State University,
- Fellowship and a MBA degree innovation and global leadership from the Massachusetts Institute of Technology (MIT).

Selected Previous Positions:

- 2016, President and Chief Executive of Saudi Petroleum International Inc., a New-York based Saudi Aramco subsidiary

operating in the oil sector.

- From 2015 to 2016, Director of corporate and strategic planning at Saudi Aramco.
- From 2012 to 2013, Director of Saudi Aramco Hawiyah NGL gas plant.
- From 2011 to 2012, Director of Saudi Aramco terminal operations then manager of Jeddah Refinery at Saudi Aramco.

Mohammed AlNafea, 42, has been CFO of Luberef since 2021. AlNafea has previously held senior finance roles at Saudi Aramco, in the accounting, planning and forecasting divisions.

Education:

- Bachelor's degree in accounting from Imam Mohammad bin Saud

Islamic University
• MBA from Missouri State University

Other Current Positions:

- Since July 2023, Board Member of Mecca Construction and Development Company.
- Since July 2023, Audit Committee Chairman of Mecca Construction and Development Company.

Selected Previous Positions:

- From 2020 to 2021, head of the general ledger accounting division at Saudi Aramco.
- From 2019 to 2020, head of the planning and forecasting division at Saudi Aramco

**Ibrahim Al Faqeeh**

Vice President of Manufacturing

Ibrahim Al Faqeeh, 57, has been the Vice President of Manufacturing at Luberef since 2011. Prior to this, Al Faqeeh held a number of roles at the Yanbu refinery from 1996, including technical manager, production planning manager and manager of the refinery.

Education:

- B.S. degree in chemical engineering from King Abdulaziz University
- Master's in mechanical engineering from King Abdulaziz University.

Other Current Positions:

- Since 2018, a partner at Safety Dimensions Engineering Consultant, operating in engineering consultancy and safety consultancy.
- Since 2021, a partner at Aman & Asas Contracting Company, a limited liability company, Gas Network installations

Selected Previous Positions:

- From 2012 to 2019, vice president of manufacturing,

engineering, and projects at Luberef.

- From 2013 to 2018, expansion project asset executive at Luberef.
- From 2008 to 2012, project manager for expansion project scope definition Pre-FEED Phase.
- From 2003 to 2008, manager of the Yanbu refinery at Luberef
- From 2001 to 2002, production planning manager at Luberef.
- From 1996 to 1999, technical manager of the Yanbu refinery at Luberef

**Fahad A. Al Therwi,**

Vice President of Engineering and Projects

Fahad A. Al Therwi, 55, has been the Vice President of Engineering and Projects at Luberef since 2019, prior to assuming his current position, Al Therwi was operations manager of the Gasification Plants in Jazan Refinery at Saudi Aramco. Al Therwi joined Saudi Aramco in 1993. Throughout his career, Al Therwi has gained extensive experience in operations, project management, and leadership roles, particularly in the Downstream sector. He has played a key

role in the successful commissioning and operation of various complex projects. With his background, Al Therwi brings a strong managerial and technical expertise to his current position.

Education:

- Bachelor's degree in chemical Engineering from King Fahad university

Selected Previous Positions:

- From 2016 to 2019, Gasification Plants Operations Division

Manager

- From 2011 to 2016, Jazan Refinery Complex Projects at Saudi Aramco
- From 2006 to 2011, Yanbu Refinery Engineering Division-Projects Section
- From 2002 to 2006, Yanbu Refinery DHT Complex Project



Waleed M. Murad

Director of Sales & Marketing

Waleed M. Murad, 53, has been the Director of Sales & Marketing at Luberef since 2020. Prior to taking on his current role, Murad was the head of the Aramco Base Oil Alliance at Saudi Aramco and has previously served as head of the Aramco Base Oils strategy execution team. He currently serves as a national Base Oils and lubricants committee member in the council for Saudi chambers of commerce and industry.

Education:

- Bachelor's degree in mechanical engineering from King Fahad University of Petroleum and Minerals.
- Master's degree in construction engineering management from King Fahad University of Petroleum and Minerals.

Other Current Positions:

- Since 2021, a national Base Oil and lubricants committee member at the council for Saudi chambers of commerce and industry
- Since 2020, a Saudi Aramco Base Oils steering committee member at Saudi Aramco.

Selected Previous Positions:

- From 2019 to 2020, head of the Aramco Base Oil Alliance at Saudi Aramco.
- From 2015 to 2019, head of Aramco Base Oils strategy execution team at Saudi Aramco.
- From 2013 to 2015, head of Aramco Affiliate division at Saudi Aramco.
- From 2012 to 2013, Aramco trading affiliate manager at Saudi Aramco.

- From 2011 to 2012, Luberef affiliate manager at Saudi Aramco.
- From 2009 to 2011, Rabigh project II development project at Saudi Aramco.
- From 2008 to 2009, Petro Rabigh affiliate manager at Saudi Aramco.
- In 2007, Riyadh refinery facility coordinator at Saudi Aramco.
- From 2003 to 2006, business development coordinator at Saudi Aramco.
- From 2001 to 2003, strategy and balanced score card execution coordinator at Saudi Aramco.
- From 1999 to 2001, quality coordinator at Saudi Aramco.
- From 1993 to 1999, fleet manager at Saudi Aramco



Jalal Abdul Razak Saad

Acting Head of Administration

Jalal Abdul Razak Saad, 57, has been acting Head of Administration at Luberef since October, 2023. Prior to this, Saad held a number of roles at Luberef, including Central Engineering Manager, Projects Manager, Industrial Safety and Security Manager and Yanbu Refinery Manager.

Education:

- Bachelor's degree in chemical engineering from King Abdulaziz University, Jeddah, Saudi Arabia.

Selected Previous Positions:

- From 2021 to 2023, Industrial safety and security manager.

- From 2019 to 2021, central engineering manager.
- From 2018 to 2019, project management department manager.
- From 2018 to 2018, program director for Expansion Program.
- From 2015 to 2018, commissioning and start-up manager for Expansion Program.
- From 2013 to 2015, operations interface manager for Expansion Program.
- From 2011 to 2012, operation representative for Expansion Program.
- From 2008 to 2011, refinery manager (A) for Yanbu Plant.
- From 2004 to 2008, operations manager for Yanbu Plant.
- From 1998 to 2004,

- operations superintendent at Yanbu Plant.
- From 1997 to 1998, process engineering supervisor (A).
- From 1995 to 1997, commissioning engineer at Yanbu construction office
- From 1994 to 1995, transferred to Luberef-II Project as a project engineer and assigned to Project Task Force office in Taipei, Taiwan.
- January 1993, senior process engineer at Jeddah plant.
- March 1990, process engineer at Jeddah plant



Aasem S. Jamjoom

Board Secretary and Business Transformation and Risk Manager

Aasem S. Jamjoom, 57, has been the Manager of Business Transformation & Risk since 2020. In addition to this role, he is also the Board Secretary. Jamjoom joined Luberef in 1991, initially as a process engineer and has served as a planning supervisor in a number of roles.

Education:

- Bachelor's degree in chemical engineering from King Fahad University of Petroleum and Minerals
- MBA from the University of Business and Technology.

Other Current Positions:

- Since August 2022, Board Secretary at Luberef
- Since 2020, manager of corporate planning ERM at Luberef.
- Since 2020, a company secretary at Luberef.
- Since 2020, board audit committee secretary at Luberef.
- Since 2020, board compensation committee secretary at Luberef.

Selected Previous Positions:

- From 2008 to 2020, a business planning supervisor – corporate planning department at Luberef.
- From 2007 to 2007, a turnaround planning superintendent at Yanbu – maintenance department at Luberef.
- From 2005 to 2007, a turnaround planning superintendent at Jeddah – maintenance department at Luberef.
- From 2004 to 2005, an operations superintendent – operations department at Luberef.
- From 1996 to 2004, maintenance planning supervisor – maintenance department at Luberef.
- From 1991 to 1996, process engineer – central at Luberef.
- From 1990 to 1991, production engineer in Petrokemya Arabian Petrochemical Company, a limited liability company



Abdulrahman H. Alaseeri

General Auditor

Abdulrahman H. Alaseeri, 38, has been the General Auditor since April 2021.

Certifications and Education:

- Certified Fraud Examiner
- B.S. in accounting from King Fahd University of Petroleum and Minerals.

Selected Previous Positions:

- From 2020 to 2021, a supervisor of revenue account receivables section at Luberef.
- From 2018 to 2019, assistant supervisor for general ledger at Luberef.
- From 2017 to 2019, a member of the claim review committee at Luberef.
- From 2017 to 2018, a senior accountant – treasury section at Luberef.
- In 2015, 2014 and 2018, a member of the bid review committee at Luberef.

- From 2013 to 2016, accounting and finance representative – Luberef expansion program at Luberef.
- From 2013 to 2016, a business administrator for Luberef expansion program control function at Luberef.
- From 2010 to 2012, Accounting and finance representative – Luberef expansion project feed phase at Luberef.
- From 2009 to 2010, an auditor at Deloitte Touche Tohmatsu, a partnership, operating in auditing.
- In 2008, an Associate Auditor at PwC, a partnership, operating in auditing.



Hassan Z. Khan

Corporate Legal Counsel, and acting
Chief Compliance Officer

Hassan Z. Khan, 36, has been the Company's Corporate Legal Counsel since December, 2020. He is also currently holding the position of Chief Compliance Officer, on an acting basis, since September, 2022.

Education:

- Bar Admission from Khyber Pakhtunkhwa Bar Council, Pakistan.
- Postgraduate Diploma in Law from University of Oxford and Oxford Brookes University, United Kingdom.

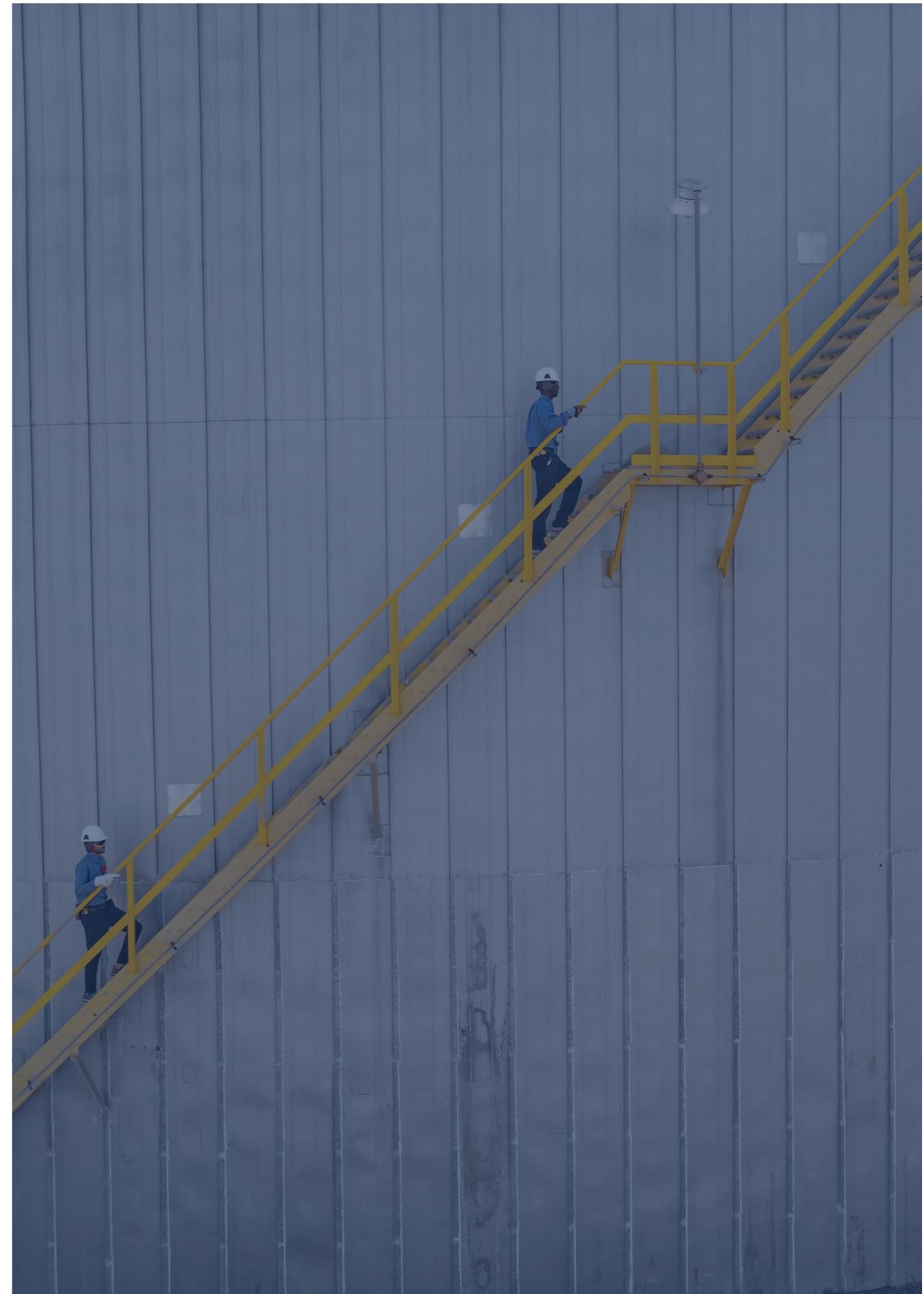
- Bachelor's degree in law (Hons) from University of Wales, United Kingdom.

Other Current Positions:

- Since 2020, a member of Luberef's Credit Committee.
- Since 2017, a member of several claim review teams at Luberef.

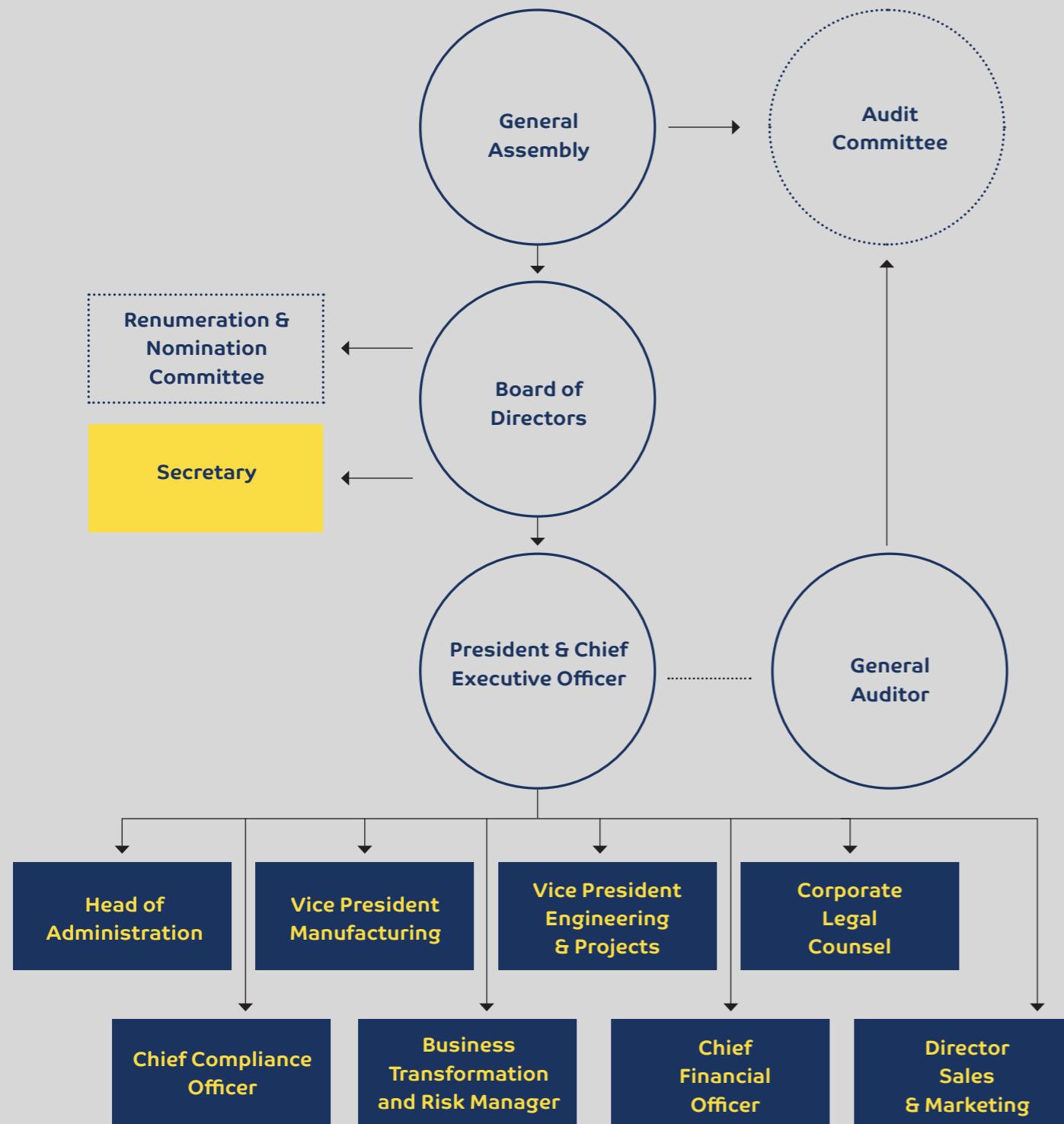
Selected Previous Positions:

- From 2015 to 2020, a Legal Advisor at Luberef.
- From 2017 to 2018, a member of the Special Audit Committee at Luberef.
- From 2012 to 2015, a Joint Venture and Regulatory Affairs Officer at Oil and Gas Development Company Ltd (OGDCL), Pakistan, a listed public company operating in the oil and gas sector.



Board Structure

The following chart shows Luberef's organizational structure, including the Board, committees and the functions of the Senior Executives.



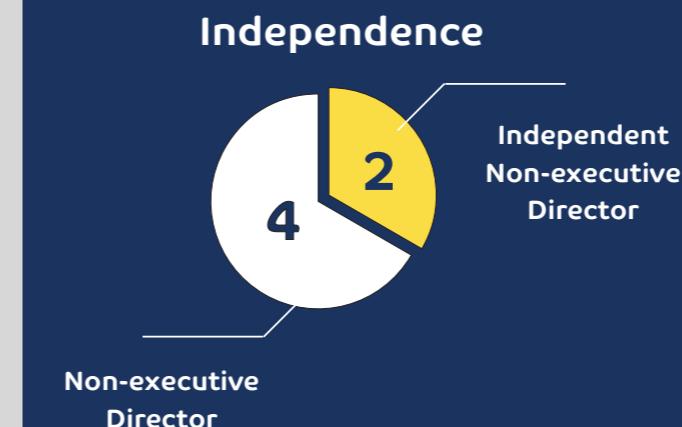
Board of Directors

The Board of Directors has the broadest powers and authorities to manage Luberef and its affairs and carry out all actions and deeds to achieve Luberef's objectives, subject to any restrictions imposed by the provisions of the Companies Law or the Bylaws. The Board may delegate any of the Board's powers - within the limits of its authorities - to one or more of the Board members, managers, officers, employees, or third parties to take any action or conduct or perform specific work or actions on behalf of Luberef, and revoke such delegation in part or in whole, as well as grant the delegate the right to delegate others.

Board Committees

Luberef has an Audit Committee, which was formed by the General Assembly and a Remuneration and Nomination Committee established by the Board of Directors. Each Committee meets regularly, reports its actions and recommendations to the Board and receives reports from management. The responsibilities of each Committee are summarized in the next sections.

Overview of the Board



Country of nationality



Board Evaluations

The Board including its Committees conducts an annual self-assessment, alternating between conducting its own assessment with the Remuneration and Nomination Committee overseeing the process or/and engaging with a third-party consultant to conduct the assessment at least once during the term of the Board. Board Directors' and Committee Members' responses and feedback are reviewed and tracked over time to identify trends and determine appropriate items of focus to enhance the Board and its Committees' performance. In 2023, the Board including its Committees assessed its performance with the assistance of a third-party consultant, the results of which were shared with the Board and its Committees respectively.

Independence

The Board has the authority to interpret and implement the independence provisions stipulated in CMA's rules including the definition and negating factors, such as specifying any materiality threshold for dealings that would trigger negating factors. However, it is the Remuneration and Nomination Committee's duty and responsibility to verify, annually, the independence of the independent directors and absence of conflict of interest in case the member is also a member of the Board of another company and where such member is a nominee of Saudi Aramco, upon consultation with Saudi Aramco in accordance with the Management Agreement.

Applying these standards, the Board has determined that the following Board members Khalid Faddagh & Nabelah Al Tunisi are independent.

Annual General Meeting of Shareholders

Luberef accords high priority to have a world-class engagement with all the shareholders, with continuous and open communication. This ensures a healthy environment for sharing updates and discussions to chart future course of action, which is aligned with Luberef's strategic priorities and business objectives.

This engagement plays a key role in understanding shareholders' perspective on key issues and helps the Board of Directors and Executive Management in their business actions. Luberef's shareholders play an important and integral role in Luberef's overall governance framework. These meetings are opportunities for the shareholders to provide their suggestions and remarks to the members of the Board.

Annual General Meeting of Shareholders on April 30, 2023

Luberef held its Annual General Meeting on April 30, 2023, at the company's head office in Jeddah city via modern technology. The following attendees participated in this meeting as company representatives.

Luberef Board meeting dates and attendees for 2023

#S	Name	Position	Capacity	BOD Meeting				
				Feb 16, 2023	June 6, 2023	July 27, 2023	Sept. 27, 2023	Dec. 20, 2023
1	Ibrahim Q. Al Buainain	Chairperson	Non-independent	✓	✓	✓	✓	✓
2	Abdulatif Saleh A. Al Shami	Vice Chairperson	Non-independent	✓	✓	✓	✓	✓
3	Mohammed Faiz S. AlAhmari	Director	Non-independent	✓	✓	✓	✓	✓
4	Andrew S. Katz	Director	Non-independent	✓	✓	✓	✓	*
5	Khalid D. Al-Faddagh	Director	Independent	✓	✓	✓	✓	✓
6	Nabelah Al Tunisi	Director	Independent	✓	✓	✓	✓	✓

* Mr. Andrew Steven Katz attended via proxy

Company Representatives at the Annual General Meeting of Shareholders on April 30, 2023

Participant	Designation
Ibrahim Q. Al Buainain	Chairperson
Abdulatif Saleh A. Al Shami	Vice Chairperson
Khalid D. Al-Faddagh	Independent Director and Chairperson of The Audit Committee
Nabelah Al Tunisi	Independent Director and Chairperson of The Remuneration and Nomination Committee
Mohammed Faiz S. AlAhmari	Non-executive Director
Andrew S. Katz	Non-executive Director
Tareq A. AlNuaim	President and CEO
Mohammed AlNafea	CFO
Aasem Jamjoom	Company Secretary

The meeting approved board's recommendation to distribute cash dividend for the second half of 2022, totaling SAR 841,285,750 and representing SAR 5 per share (50% of the share's nominal value). Shareholders also approved exonerating board members from liability for the financial year ending December 31, 2022 and authorized the board to distribute interim quarterly or semi-annual dividends for the 2023 financial year. Approve the appointment of PricewaterhouseCoopers (PwC) as the External Auditor for the company from amongst the candidates based on the board's and audit committee's recommendation, and setting its remuneration for review and audit financial statements of the First, second, third quarter, and the annual of the fiscal year 2023. PwCs' fees for the year related to the audit and the review of the Company's financial statements were SAR 787,500 (2022: SAR 787,500). Other fees for the year comprise of SAR 95,000 (2022: SAR 80,000) for compliance services.

Luberef's applications for shareholders' records

During the fiscal year ended on December 31, 2023, Luberef's requests for shareholders' records are as follows:

Luberef's applications for the shareholders' records

Number	Request Date	Request Reason
1	1/1/2023	Business Analysis
2	2/2/2023	Business Analysis
3	4/3/2023	Business Analysis
4	4/4/2023	Business Analysis
5	2/5/2023	Dividends Distribution
6	3/5/2023	Business Analysis
7	4/6/2023	Business Analysis
8	25/6/2023	Business Analysis
9	2/8/2023	Business Analysis
10	4/9/2023	Business Analysis
11	3/10/2023	Business Analysis
12	3/10/2023	Dividends Distribution
13	6/11/2023	Business Analysis
14	3/12/2023	Business Analysis

Board Audit Committee



Chairman's Message

Dear Shareholders,

I am pleased to present my report for the year ending in December 31, 2023. This report highlights the Committee's dedicated efforts, focusing on ensuring the integrity and transparency of our financial reporting.

Throughout the year, we scrutinized financial statements, internal controls, and compliance matters. Additionally, the Committee collaborated with the Board to assess emerging risks and provided guidance on risk management strategies.

The committee oversees internal audit activities ensuring objectivity, independence and effectiveness. It prioritizes the enhancement of internal audit strategy and procedures to strengthen governance and control processes.

In response to the dynamic cybersecurity landscape, we closely collaborated with management to evaluate and strengthen the cybersecurity framework, mitigate risks, and enhance resilience against potential threats.

The committee maintained a watchful eye on the external auditor relationship, overseeing matters related to their appointment, remuneration, performance, and independence.

Looking ahead to 2024, our key priorities include:

- Maintaining oversight over internal audit, external auditor, risk management and internal control processes.
- Advance the maturity level of compliance and cybersecurity functions.
- Overseeing the implementation of Internal Audit continues improvement program.

I trust that this report offers valuable insights into the committee's operations and activities throughout the year.

Khalid D. Al-Faddagh

Chairman of the Audit Committee

Audit Committee Report

Committee Membership

Saudi Aramco Base Oil Company (“Luberef” or the “Company”) has an Audit Committee, which was formed by the General Assembly. The Audit Committee is composed of three members, who were appointed on 09/02/1444 H (corresponding to September 5, 2022).

The Audit Committee consists of the following serving members:

Khalid D. Al-Faddagh – Chairman
Abdulatif Saleh A. Al-Shami – Member
Mohammed Faiz S. AlAhmari – Member

Oversight Responsibilities

The Audit Committee is an independent committee appointed by the General Assembly. The Audit Committee exercises oversight and monitors Company's activities to ensure the integrity and effectiveness of the reports, financial statements and internal control systems. The Audit Committee carries out its duties in accordance with its charter and the applicable regulatory requirements, which including by way of example the following duties which the committee carried out during the fiscal year 2023:

- Endorsed interim financials on behalf of the Board of Directors.
- Reviewed annual financial statements to ensure their integrity, fairness and transparency.

- Examined the accounting estimates in respect of significant matters that are contained in the financial reports.
- Examining the financial and accounting policies adopted by the Company.
- Supervised and monitored the performance of the internal audit function, to ensure the availability of the necessary resources and verifying its effectiveness in carrying out its duties and responsibilities.
- Recommended to the Board regarding the appointment or dismissal of external auditors and determining their fees, after assessing their performance, independence, scope of work, and terms of engagement.

- Reviewed the external auditor's plan and work to ensure that they do not provide any technical or administrative work that are beyond its scope of work.
- Studied the external auditor's reports and its observations on the financial statements and following up on the actions taken in this respect.
- Reviewed major risks identified by management, and associated response plans.

Committee Meetings

The Committee met six times during the year and attendance at these meetings below:

The President & Chief Executive Officer, the Chief Financial Officer, the General Auditor and Committee Secretary, as well as representatives of the external auditor are invited to attend meetings of the Committee. When required, other key executives and senior management are invited to attend to present and provide

deeper insight on various topics as are required by the Committee to discharge its duties.

The General Auditor and the external auditor had direct access to the Committee Chairman and met with the Committee, without other Executive Management being present, in order to provide additional opportunity for open dialogue and feedback. After each Committee meeting,

Audit Committee meeting dates and attendees

Name	Position	Capacity	Feb. 15, 2023	May 4, 2023	June 5, 2023	July 27, 2023	Nov. 5, 2023	Dec. 19, 2023
Khalid D. Al-Faddagh	Committee Chairperson and delegated board member	Independent	✓	✓	✓	✓	✓	✓
Abdulatif Saleh A. Al Shami	Member	Non-independent	✓	✓	✓	✓	✓	✓
Mohammed Faiz S. AlAhmari	Member	Non-independent	✓	✓	✓	✓	✓	✓

Risk Management

In 2023, significant progress was made to redefine the risk management program to align with industry best practices. Furthermore, this refinement was empowered by the Operational Excellence program, which provided a detailed review and subsequent improvements to risk management process.

Internal Audit

- The Audit Committee is responsible for monitoring and reviewing the operation and effectiveness of Internal Audit function including its focus, plans, activities and resources. To fulfil these duties the Committee:
- Analyzed and reviewed internal audit's regular reports and the results of special investigations, and following up on the implementation of corrective actions.
 - Examined and reviewed internal and financial control systems and risk management system.

- Endorsed the revised Internal Audit strategy to ensure internal audit function remains effective and adds value to the organization.
- Endorsed audit follow-ups and escalation procedures to ensure timely attendance of audit recommendations.
- Overseen the Internal Audit Department quality assurance and improvement programs.
- Approved the annual audit plan for 2024, internal audit budget and resource plan.

Compliance

During the year, the Audit Committee oversaw the progress made towards the compliance framework and ongoing efforts to adopt the parent company's global compliance program. In addition, the services

of an external compliance advisor were obtained to enhance the current compliance program.

Cybersecurity

The Audit Committee has been actively engaged in overseeing the cybersecurity landscape ensuring robust measures to safeguard digital assets and maintain operational integrity. Below is a summary of cybersecurity activities:

- Conducted a comprehensive risk assessment, prioritizing and addressing cybersecurity risk in collaboration with management.
- Conducted several awareness and training sessions for employees to foster a cyber-resilience culture.
- Strengthen the security posture of Cloud, achieving multi-cloud environment security.
- Enhanced incident response plan to ensure swift and effective responses to operational cyber incidents.
- Expanded Security Scorecards to include other stakeholders, ensuring the same high standards across our workforce.
- Enhanced security toolset in the areas of endpoint protection, access management, patch management, vulnerability scanning, sand boxing, threat Intelligent feeds, email security and security monitoring.
- Architected a Global Network Security, which establishes a standardized network security design and enables faster application onboarding for critical cloud applications.

External Auditors

Our collaboration with the external auditor remains steadfast in promoting transparency and accountability. The committee ensured external auditor independency and overseen for implementing appropriate safeguards. Prior to the finalization of the 2023 Financial Statements, the Audit Committee received a detailed presentation and final report from PwC. In assessing the effectiveness of the external auditor, the Audit Committee also considered the following:

- Quality of presentations to the Board and Audit Committee;

- Key audit findings, including their robustness and perceptiveness in handling of key accounting and audit judgements; and

- Their understanding of Luberef's business and key risks.

On the basis of the above the Committee is satisfied with the effectiveness of the external auditors.

Audit committee opinion:

The internal control procedures and policies were prepared on sound basis by Luberef. In addition, Luberef has ensured that sound financial and operational systems and appropriate control systems for the management of potential risks are in place.

Based on the reports of the Executive Management and the external auditor, as well as the Internal Audit's; and considering the matters discussed with the external

auditor, General Auditor and the Executive Management in relation to the adequacy and effectiveness of the internal control systems; the Committee hasn't identified any matters of significant impact to be stated in this report.

The Audit Committee is of the opinion that Luberef's Executive Management has maintained an effective internal control, financial and risk management systems capable

of providing reasonable assurances; and that the audits outcome together with the Audit Committee meeting discussions, have all provided reasonable grounds for formulating this opinion.



Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee is composed of three members, who were appointed pursuant to a resolution of the Board of Directors on September 7, 2022

- 1- Nabelah Al Tunisi, Chairperson
(Independent, Non-Executive Director)**
- 2- Abdulatif Al Shami, Member
(Non-Independent, Non-Executive Director)**
- 3- Andrew S. Katz, Member
(Non-Independent, Non-Executive Director)**

The Remuneration and Nomination Committee's responsibilities include the following:

Remuneration

A- Developing Luberef's remunerations policy of Board members, Board committee members and senior executives and providing recommendations thereon to the Board for approval by the general assembly.

B- Reviewing the remuneration policy periodically to, among other items, ensure consistency with any changes in relevant legislation and regulations, Luberef's strategic objectives, and the skills and qualifications required; and recommending proposed changes to the Board.

C- Recommending to the Board the remuneration of the members of the Board, Board committees and senior executives in accordance with the approved remuneration policy.

D- Specifying and clarifying the relation between the paid remuneration and the adopted remuneration policy, and highlighting any material deviation from that policy.

Board of Directors

- A- Developing the board membership policy, and recommending the policy to the Board for approval by the general assembly.**
- B- Recommending to the Board nominees for Board membership according to the approved Board membership policy. Elevating the names of nominees put forward by Saudi Aramco, immediately, for so long as Saudi Aramco remains a shareholder (directly or through an affiliate) except if the nomination materially violates the approved Board membership policy**
- C- Conducting an annual review of the required skills and expertise for the Board membership and updating, if needed, a description of the required capabilities and qualifications.**
- D- Examining the size and composition of the Board and recommending, if deemed appropriate, possible changes.**
- E- Establishing, if not addressed in existing policies or charters, procedures to address vacancies of the Board and Board committees and making recommendations to the Board thereon.**
- F- Providing recommendations to the Board on performance measures to evaluate the Board's activities, members, and Board committees.**
- G- Evaluating the Board and the Board's committees against the performance measures and reporting to the Board on the results of the evaluation and, where deemed appropriate by the Committee, proposing improvements in line with Luberef's interest.**

Remuneration and Nomination Committee Meeting Dates and Attendees:

Name	Position	Capacity	June 6, 2023	Sept. 6, 2023	Sept. 27, 2023	Dec. 19, 2023
Nabelah Al Tunisi	Chairperson	Independent	✓	✓	✓	✓
Abdulatif Saleh A. Al Shami	Member	Non-independent	✓	✓	✓	✓
Andrew S. Katz	Member	Non-independent	✓	✗	✗	*

* Andrew S. Katz attended via proxy

Board Members**Orientation Program to
New Board Members**

A- Determining the amount of time that the Board member shall allocate for performing Board duties.

B- Verifying, annually, the independence of the independent directors and absence of conflict of interest in case the member is also a member of the Board of another company; upon consultation with Saudi Aramco in accordance with the Management Agreement.

C- Developing job descriptions of executive, non-executive, and independent directors.

D- Recommending to the Board the re-nomination or dismissal of Board and committee members.

A- Recommending to the Board an orientation program for new Board members, addressing, among other items, Luberef's activity, nature of its business, and its financial and legal aspects.

Senior Executives

A- Recommending to the Board appropriate policies and standards for the appointment of senior executives and identifying the required capabilities and skills; and reviewing such policies and standards regularly to ensure their consistency with changes in Luberef's strategic objectives and the required skills and qualifications to achieve them.

B- Developing job descriptions for senior executives, reviewing Luberef's organizational structure, and making recommendations to the Board on possible changes.

C- Developing succession planning processes for senior executive positions and making recommendations to the Board thereon.

D- Conducting an annual review of the skills and expertise required from the Senior Executives.

E- Oversight of management's implementation, compliance with and facilitation of the implementation of the Management Agreement with Saudi Aramco.

Compensation and Other Interests**Remuneration of Directors**

Luberef has a policy which aims to ensure that its Directors and Executives are paid in a fair, justified and competitive manner. This approach is

integral to promote a conducive environment for business performance and our long-term objectives. This policy is aligned with

interest of Luberef and its shareholders, while attracting, retaining, and motivating the talent.

Amount in SAR	Specific Amount	Fixed Remuneration				Variable Remuneration				End-of-service Award	Aggregate amount	Expenses Allowance		
		Allowance for attending Board of Directors meeting	Total allowance for attending committee meetings	In-kind Benefits	Remuneration for technical, managerial and consultative work	Remuneration of the Chairman, Managing Director, or Secretary, if member	Total	Percentage of profits	Periodic Remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares (value)		
Independent Directors														
Khalid D. Al-Faddagh	-	281,250	215,625	-	-	-	496,875	-	-	-	-	-	496,875	-
Nabelah Al Tunisi	-	281,250	196,875	-	-	-	478,125	-	-	-	-	-	478,125	-
Subtotal	-	562,500	412,500	-	-	-	975,000	-	-	-	-	-	975,000	-
Non-executive Directors													-	-
Ibrahim Q. Al Buainain	-	421,875	-	-	-	-	421,875	-	-	-	-	-	421,875	-
Abdulatif Saleh A. Al Shami	421,875						421,875						421,875	
Andrew S. Katz	-	421,875	-	-	-	-	421,875	-	-	-	-	-	421,875	-
Mohammed Faiz S. AlAhmari	-	421,875	-	-	-	-	421,875	-	-	-	-	-	421,875	-
Subtotal	-	1,687,500	-	-	-	-	1,687,500	-	-	-	-	-	1,687,500	-
Total	-	2,250,000	412,500	-	-	-	2,662,500	-	-	-	-	-	2,662,500	-

Remuneration of Senior Management Team

Luberef's senior executives' remuneration for the financial year 2023 versus 2022 is as follows:

	2022	2023	% change
*Senior Executives (including the CEO and CFO)	9,457,274	10,983,680	16.1%

* The remuneration of the Senior Executives seconded from Saudi Aramco was calculated based on the amount paid by the Company to Saudi Aramco for the secondment arrangement, and the Company does not pay any other remuneration for the seconded Senior Executives.

Shareholding of Directors

	Beginning of the year	End of the year	Net change
	Number of Shares	Number of Shares	Number of Shares
Ibrahim Q. Al Buainain	-	-	-
Abdulatif Saleh A. Al Shami	-	500	500
Andrew S Katz	-	-	-
Khalid D. Al-Faddagh	-	10,000	10,000
Nabelah Al Tunisi	-	-	-
Mohammed Faiz S. AlAhmari	-	-	-

Shareholding of Senior Management Team

	Beginning of the year	End of the year	Net change
	Number of Shares	Number of Shares	Number of Shares
Samer A. Hokail	-	-	-
Mohammed Nafea	-	8,250	8,250
Ibrahim Al Faqeeh	150 *	6,000	5,850
Fahad A. Al Therwi	-	-	-
Waleed M. Murad	-	-	-
Jalal Abdul Razak Saad	150 *	2,150	2,000
Aasem S. Jamjoom	150 *	150	-
Abdulrahman H. Alaseeri	150 *	150	-
Hassan Z. Khan	150 *	150	-

* The granted IPO celebratory shares completed the 1-year vesting period and was transferred to all eligible employees (including employed executives) on 28/12/2023 according to the grant's conditions.



Governance, Risk and Compliance

Corporate Governance

Luberef has developed a governance system in accordance with the Corporate Governance Regulations (CGRs) issued by the CMA. The CGRs prescribe the rules and standards for the management of Luberef, and ensures that Luberef's governance standards are in line with best practices.

The CGRs also regulate the various relationships between the Board, Senior Executives, Shareholders and other stakeholders, by establishing clear rules and procedures to facilitate decision making processes, with the objective of protecting the rights of Shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness and transparency. Furthermore,

Key Corporate Governance Requirements

The key corporate governance requirements that Luberef complies with are set out in the Corporate Governance Regulations. These cover the following broad areas:

- 1-General shareholder rights (Articles 4 to 9).
- 2- Rights relating to General Assembly Meetings (Articles 10 to 15).
- 3- The Board of Directors: formation,

Luberef has adopted corporate governance policies and procedures in accordance with the Corporate Governance Regulations and regularly evaluates additional policies and procedures that are suitable. Additionally, Luberef has implemented a Code

the CGRs ensure that the Board acts in the best interest of the Shareholders and that it presents a clear and fair view of the financial condition of Luberef and the results of its operations at all times. The provisions of the CGRs are mandatory, except for those provisions referred to as guiding provisions.

In addition to the CGRs issued by the CMA, the Board has also approved the adoption of Saudi Aramco's global compliance and ethics program, and implementation of the same on a gradual basis. These Saudi Aramco policies, which are subject to modification as they are implemented, impose additional requirements on Luberef which are not required under Saudi law but meet international investors' expectations.

responsibilities, competencies, procedures, and training (Articles 16 to 41)

4- Conflicts of interest (Articles 42 to 49).

5- Company committees (Articles 50 to 72).

6- Internal controls, external auditors, company reports and policies, and various other matters (Articles 73 to 98).

Corporate Governance Manual and Internal Policies

Luberef's governance system comprises of the following charters and internal policies related to Luberef's governance:

1- Audit Committee Charter, which was approved by a resolution of Luberef's general assembly on 05/09/2022.

2- Remuneration and Nomination Committee Charter, which was approved by a resolution of Luberef's general assembly on 05/09/2022.

3- Competition Standards, which were approved by a resolution of Luberef's general assembly on 05/09/2022.

4- Remuneration Policy, which was approved by a resolution of Luberef's general assembly on 05/09/2022.

5- Board Membership Policy, which was approved by a resolution of Luberef's general assembly on 05/09/2022.

6- Professional Conduct Policy, which was approved by a resolution of the Board on

31/08/2022.

7- Disclosure Policy and Procedures, which was approved by a resolution of the Board on 31/08/2022.

8- Dividend Policy, which was approved by a resolution of the Board on 31/08/2022.

9- Board Policy Procedures, which was approved by a resolution of the Board on 31/08/2022.

10- Conflict of Interest Policy, which was approved by a resolution of the Board on 31/08/2022.

11- General Assembly Procedures, which was approved by a resolution of the Board on 31/08/2022.

12- Reporting Violations/ Whistleblowing Policy, which was approved by a resolution of the Board on 31/08/2022.

13- Stakeholder Management Policy, which was approved by a resolution of the Board on 31/08/2022.

Risk Assessment and Management

The Board regularly assesses potential risks that could impact Luberef's business model and future performance. Luberef's risk management

framework and risk factors are detailed in the previous section of this Annual Report.



Corporate Governance Compliance

As at the date of this Annual Report, the Board of Directors declares that Luberef is compliant in all material respects with the mandatory provisions of the Corporate Governance Regulations. Furthermore, the Board of Directors declare that Luberef complies with the mandatory provisions of

Article (14)(c) which provides that the shareholders shall be allowed through Luberef's website and the Saudi Exchange's website to obtain the information related to the items of the General Assembly's agenda, and to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board of Directors and the external auditor, the financial statements and the Audit Committee's report.

the Corporate Governance Regulations in relation to disclosures, notifications, and filings to the CMA, the Saudi Exchange, and/or the public on a continual basis, including but not limited to:

Article (15)(d) in relation to providing the CMA with a copy of the minutes of the General Assembly meeting.

Article (15)(e) which provides that Luberef shall announce to the public and inform the CMA and the Saudi Exchange of the results of a General Assembly meeting immediately following its conclusion.

Article (19)(b) which provides that upon the termination of the membership of a Board member, Luberef shall promptly notify the CMA and the Saudi Exchange and shall specify the reasons for such termination.

Article 90 in relation to the items to be covered under the Board report.

Article 91(b) in relation to publishing the Audit Committee's report on the Saudi Exchange's website.

Dividend Distribution Policy:

Luberef Board of Directors approved on July 27, 2023, the revision of the Dividend Distribution Policy. Accordingly, the company shall distribute any annual net profits, after deducting all general expenses and other costs, as follows:

1. Set aside part of the net profit to form or support other types of reserves decided by the general assembly (including for the establishment of social organizations for the Company's employees, or to supporting such organizations as may already be in existence);
2. Not distribute amounts that exceed the realized profit per share for the fiscal year unless there is a balance available from previous years in the accounts of the retained earnings, in which case the amount to be distributed at the end of the fiscal year should not exceed such balance;
3. The Company may distribute to the shareholders performance linked dividends based on free cash flows, in accordance with

the following considerations:
a) The company's financial position, market condition and general economic climate, and the Company's ability to fund its commitments which includes funding growth capital plans.

- b) Targeting 60%-80% of annual free cash flows, after accounting for capital expenditure or other considerations at the discretion of Board of Directors.
c) Sufficient available cash balance to cover the proposed dividend distribution.
d) Maintenance of a commercially reasonable level of gearing and compliance with lenders covenants (if any).
e) Other legal and regulatory considerations and any restrictions on distribution under any financing or loan arrangement or any other contract the Company is party to.
f) The Company's board of directors' (the Board) assessment of the need for capital increase through the distribution of bonus shares based on the balance in the retained earnings account, taking into account the future expansions of the Company so

that the capital of the Company is appropriate with the expansion plans, and recommendation to the extraordinary general assembly thereto.
g) The need to create other reserves for any purpose.

4. Dividends distributions must be recorded to the cumulative retained earnings account of preceding years, or to the distributable reserves formed out of profits, or both. The Company must take a sequential and consistent approach in determining the manner and percentage of dividend distributions in light of the Company's capabilities and available liquidity. The Board must disclose and announce the portion of regular interim dividends approved for distribution to the shareholders on the specified dates.

5. The Company must, upon resolving to distribute interim dividends, disclose and announce such resolution immediately.

Dividend Distribution Policy

Luberef aims to generate value for shareholders by providing sustainable distributions through its dividend policy, which is

subject to change from time to time. Interim dividends are declared by the Board and paid on a quarterly or semi-annual basis, after

obtaining the authorization from the annual Ordinary General Assembly.

Luberef is under no obligation to declare and distribute any dividends and any decision in this regard will depend on a number of factors including Luberef's historic and anticipated profitability and cash flows, financing and capital requirements,

general economic and market conditions, Luberef's Zakat and tax position, as well as other legal and regulatory considerations including any undertakings based on the financing agreements to which Luberef is subject. The company can make a decision not to

distribute dividends based on these factors, and therefore, there is no guarantee to actual distribution of dividends, nor to the amounts to be paid in any year or period.

Dividends declared and distributed (SAR Mn)

Description	2023	2022
Free cash flow	2,108	1,969
Dividends paid after zakat and tax deduction	1,682.57	1,125.00

Financial Statements - Note 15.2

Related Party Transactions

Luberef is deeply integrated within the Saudi Aramco's system and as part of its normal course of business, Luberef enters into various related party contracts and transactions. These principally include sales and purchases, and providing and receiving services. Such transactions are made on specific terms within the relevant regulatory framework in the Kingdom. There are no transactions in which any of Luberef's Directors or Senior Executives or an immediate family member thereof had or will have a direct or indirect interest or were not entered into on an arm's length basis. For compensation-related transactions with Luberef's Directors and Senior Executives, the details are provided separately in this Annual Report. For more information on Luberef's related party transactions, see Financial Statements — Note 24.



Declarations based on Corporate Governance Regulations

Board of Directors Declarations

The Board of Directors confirm the following:

- a) Records of accounts have been properly prepared.
- b) Internal control system is built on sound basis and is effectively implemented.
- c) There are no significant doubts concerning Luberef's ability to continue carrying out its activity.

Luberef applies the provisions of the Corporate Governance Regulations issued by the Capital Market Authority except for the following:

Article/Paragraph No.	Article/Paragraph Text	Reason for Non-Implementation
Article 67: Composition of the Risk Management Committee	Luberef's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee".	Guiding article * Audit Committee is currently carrying out the competencies of Risk Committee as provided for in its Regulations adopted by the General Assembly
Article 68: Competencies of the Risk Management Committee	The competencies of the risk management committee shall include the following: (as provided for in Article 71 of the Regulations).	Guiding article * Audit Committee is currently carrying out the competencies of Risk Committee as provided for in its Regulations adopted by the General Assembly
Article 69: Meetings of the Risk Management Committee	The risk management committee shall convene periodically at least once every six months, as may be necessary.	Guiding Article
Article 92: Formation of a Corporate Governance Committee	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (92) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.	Guiding Article

- No penalty, punishment, precautionary measure, or preventive restriction has been imposed on Luberef by the Capital Market Authority or any supervisory, regulatory, or judicial body.

- No convertible debt instruments, contractual securities, preemptive right, or similar rights were issued or granted by Luberef during the fiscal year 2023.

- Luberef has not made any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights issued or granted by Luberef during the fiscal year 2023.
- Luberef has not made any recovery, purchase or cancellation of any redeemable debt instruments during the fiscal year 2023.

- No member of the Board of Directors or senior executives of Luberef has made any waiver of any remuneration.

- No shareholder of Luberef has waived any rights to dividends.

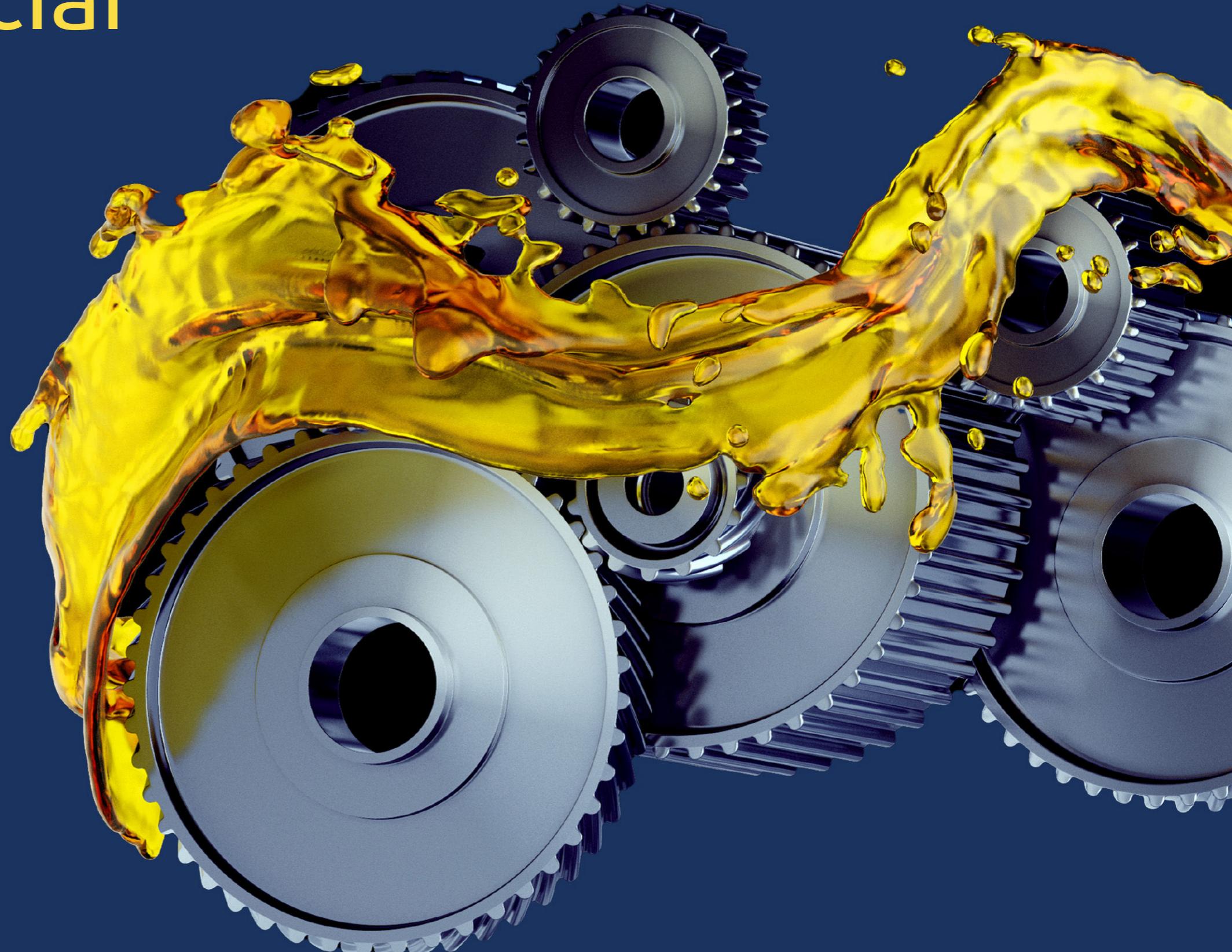
- Luberef did not receive notification of any interests belonging to persons other than Board Members and Senior Executives in regards of shares eligible to vote, or a change in those rights during the year 2023.

- The annual financial statements of Luberef have been prepared in accordance with the International Financial Reporting Standards (IFRS) and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), as endorsed in the Kingdom of Saudi Arabia for financial reporting.

- Luberef has treasury shares of 497,350 by the end of 2023, with a value of SAR 49,237,650 .Financial Statements - Note 15.3.

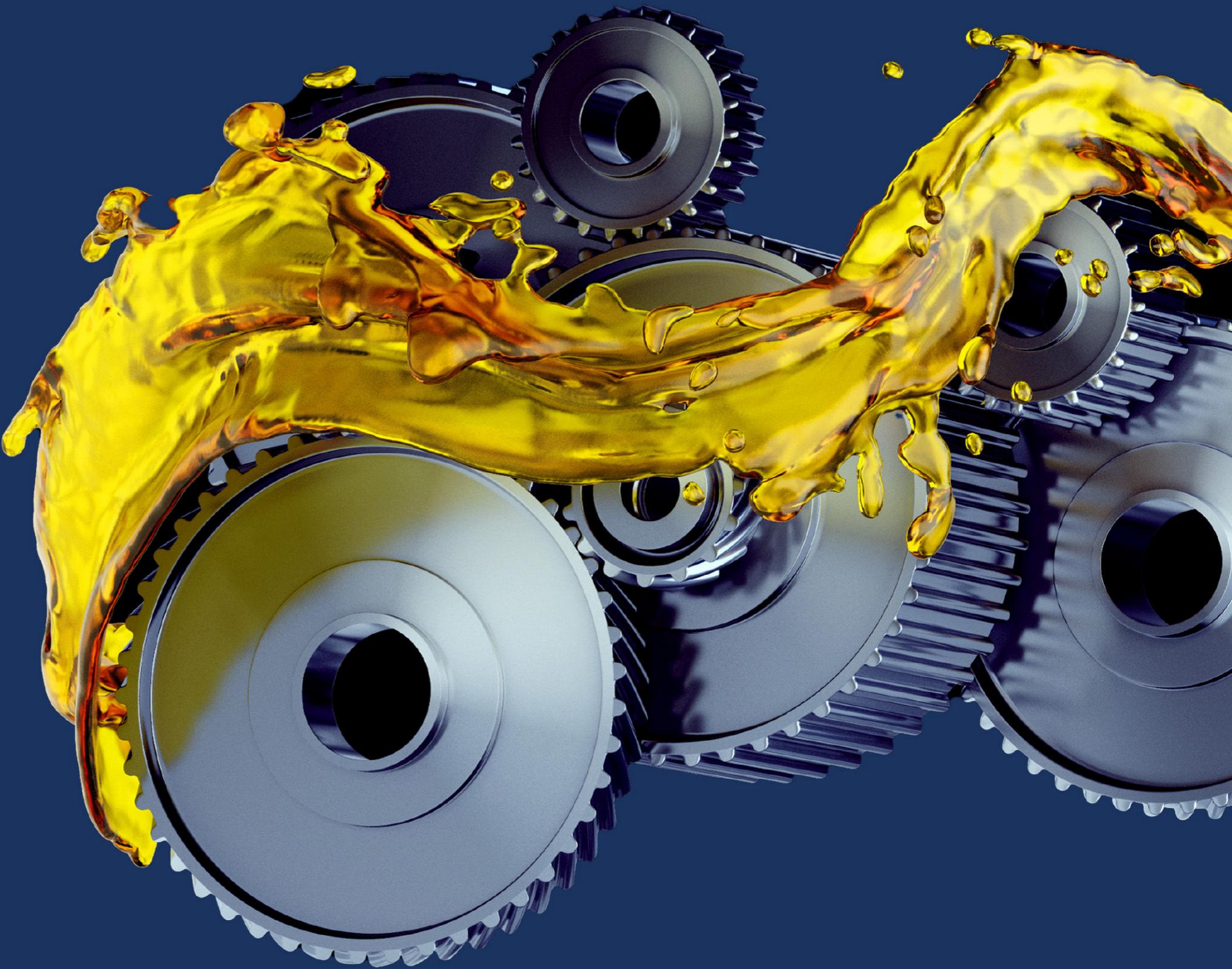
- Luberef presents shareholders' suggestions and comments about the company's performance annually to the board of directors.

2023 Financial Statements



Appendix

Abbreviations



Abbreviations

MENA	The Middle East and North Africa.
NOPAT	Net Operating Profit After Tax
company	registered under commercial registration no. (4700001240) in Yanbu.
SOCPA	Saudi Organization for Chartered and Professional Accountants.
ZATCA	The Saudi Arabian Zakat, Tax and Customs Authority.
BS	Bright stock.
FEU	Furfural solvent extraction unit.
HCU	Hydrocracker unit.
LTI	Lost Time Injury
LVGO	Light vacuum gas oil.
MBD	Thousand barrels per day.
MHFO	Marine heavy fuel oil.
MLDW	Mobil lube de-waxing unit.
MT	Metric ton.
PDA	Propane de-asphalting unit.
RCO	Reduced crude oil, the main feedstock used by Luberef.
TRIR	Total Recordable Incident Rate.
ULSD	Ultra-low sulfur diesel.





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