



# POWERING SUSTAINABILITY WITH CHEMISTRY

SUSTAINABILITY  
REPORT 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



KING  
**Salman bin Abdulaziz  
Al Saud**

Custodian of the  
Two Holy Mosques



HRH CROWN PRINCE  
**Mohammed bin Salman  
bin Abdulaziz Al Saud**

Prime Minister, and Chairman of  
the Council of Economic and Development Affairs

# TABLE OF CONTENTS

**01**  
Report  
Overview  
  
08-9

**02**  
CEO and  
Chairman's  
Message  
  
10-11

**03**  
Sadara  
Overview  
  
12-17

**04**  
Sustainability  
at Sadara  
  
18-31

**05**  
Governance  
and Integrity  
  
32-43

**06**  
Occupational  
Health and Safety  
  
44-51

**07**  
Climate Change  
and Natural  
Resource  
Conservation  
  
52-65

**08**  
Business  
Growth and  
Operational  
Excellence  
  
66-79

**09**  
People and  
Community  
  
80-93

**10**  
Appendix  
  
94-107

**11**  
External  
Assurance  
  
108-111

# REPORT OVERVIEW

## ABOUT THIS REPORT

GRI 2-2, 2-3

Welcome to Sadara Chemical Company's Sustainability Report for 2022. This fifth annual report outlines our sustainability performance in alignment with the Environmental, Social, and Governance (ESG) framework and affirms Sadara's commitment to track, monitor, manage, and disclose our sustainability performance, with the aim of ensuring a sustainable future for both our organization and the Kingdom. To safeguard the accuracy of Sadara's performance information, a Reporting and Disclosure Committee has developed and reviewed this report, guaranteeing that all data and information presented is in accordance with the standard accounting and reporting principles.

### REPORT BOUNDARY

The scope of this report includes all Sadara's facilities, comprising the chemical complex situated in Jubail Industrial City, as well as the Sadara Business Complex (SBC) located in Jubail's First Industrial Support Area.

### REPORTING PERIOD

The 2022 Sustainability Report covers Sadara's sustainability performance from January 1, 2022, to December 31, 2022.

### REPORTING STANDARDS AND GUIDANCE

This report has been written in accordance with the GRI standards and has been aligned with the Saudi National Sustainability Reporting Standards as well as the Saudi Exchange's (Tadawul) ESG Disclosure guidelines. Our 2022 Sustainability Report is aligned with the United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB), the United Nations Global Compact (UNGC), and Saudi Arabia's Vision 2030.



### RESTATEMENTS OF INFORMATION

Certain data has been restated and is presented in the footnotes beneath the corresponding data tables.

### EXTERNAL ASSURANCE

The environmental footprint data in this report has been verified by Sustainable Square, a third-party assurance provider. Details on the assurance methodology can be found in the Appendix.

### FEEDBACK

To improve future editions of this report, we appreciate any comments, suggestions, or feedback. Please do not hesitate to contact us at the following email address:

[sustainability@sadara.com](mailto:sustainability@sadara.com)

We would appreciate you taking a few minutes to answer our questions by scanning the QR code below:



### CAUTIONARY MESSAGE

When used herein, the words "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and similar expressions, as they relate to Sadara Chemical Company's management, are intended to identify forward-looking statements. These forward-looking statements reflect the Company's views at the time such statements were made with respect to future events, by their nature involve both known and known risks and uncertainties and are not a guarantee of future performance or developments. Subject to the requirements of the applicable laws and regulations, Sadara Chemical Company does not intend and disclaims any obligation to update or otherwise revise such forward-looking statements, whether as a result of new information, future events or otherwise.

# MESSAGE FROM THE CEO AND CHAIRMAN

GRI 2-22

Sustainability Reporting is increasingly becoming the norm in global business practice, with stakeholders and investors expecting transparency and accountability and corporations eager to disclose their efforts.

Here in Saudi Arabia, with Sustainability a key pillar of Vision 2030, Sustainability Reporting for government entities and corporations has especially become a priority.

With the intention of providing greater clarity and more transparency around our commercial strategic planning, roles, responsibilities and in the capacity of our role in supporting the Kingdom's Downstream strategy, Sadara, is proud to present its fifth annual Sustainability Report.

Our sustainability efforts, mapped out and implemented through Sadara's 2021-2025 Sustainability Strategy, prioritize sustainable practices and innovation while meeting customer demands, supporting local procurement and creating value for our shareholders through a solid business strategy.

To help achieve and oversee this positive change, and to foster sustainable practices throughout our Company, the Sadara Sustainability Council was established. The Council comprises various committees who are dedicated to implementing company-wide sustainability best practices.

Our sustainability efforts are reflected through our projections, operational awareness, and business intelligence and are employed throughout every corner of the organization. The success of such progressive and collaborative efforts has been reflected through many milestones, including Sadara becoming the proud recipient of the King Abdulaziz Quality Award and Aramco's 2022 Downstream Technology and Digital Excellence Award in the Chemical Sector.



In 2022, we updated Sadara's Energy policy, obtaining the ISO 50001 Energy Management system certificate in addition to our existing ISO certifications. We are proud of the progress we have made so far, but we recognize that there is always more to be done.

At Sadara, we prioritize the health and safety of our employees above all else. Our unwavering commitment is reflected in the extensive measures we take to ensure that Sadara operates responsibly, safely and securely. This commitment helped us achieve the Gold Medal in the Occupational Health and Safety Award from Great Britain's Royal Society for Prevention of Accidents (RoSPA).

We are committed to our Corporate Social Responsibility (CSR) strategy through which we seek to help the needy, support the younger generations' development and education, and create social awareness with special focus on the environment and health and safety initiatives.

As we move forward, we remain steadfast in our resolve to uphold the Sadara values that have made us successful in driving positive change for the Kingdom and the globe. We believe that by working together, we can create a better future for all.

**Yahya A. Abushal**

Chief Executive Officer  
Chairman of Sustainability Council

# SADARA OVERVIEW

GRI 2-1, 2-6

The Sadara Chemical Company was founded in 2011 as a joint venture (JV) between Saudi Aramco and the Dow Chemical Company. The company operates across multiple domains:

- Hydrocarbons, including the Mixed Feed Cracker (MFC) and Aromatics
- Utilities and environmental operations, such as steam generation units, thermal treatment units, and waste management units
- Plastics that comprise Solution Polyethylene (SPE), High-Pressure Low Density (LDPE), and Elastomers PE
- Basic Chemicals such as Amines, Butyl Glycol Ethers (BGE), Ethylene Oxide (EO), Propylene Oxide (PO), Propylene Glycol (PG), Polyols
- Polymeric Methylene Diphenyl Diisocyanate Isocyanates (PMDI), Toluene Diisocyanate (TDI), and Chlorine

Sadara plays a crucial role in enabling Saudi Arabia's industrial, economic and social diversity by extending significant downstream value chains and creating thousands of job opportunities. This is made possible through the complex itself, as well as the adjacent industrial value park dedicated to downstream manufacturing, PlasChem Park.

Sadara's Jubail Industrial City location is the world's most extensive chemical complex constructed in a single phase. Home to 26 integrated world-scale manufacturing plants, the facility has the potential to yield over three million metric tons of chemicals annually. The initial investment in the complex amounted to over USD 20 billion.

## VISION, MISSION AND VALUES

### Our Vision:

Lead the evolution of the chemical industry by creating value for Sadara, Saudi Arabia and the world.

### Our Mission:

Producing chemicals via innovative technologies and operational excellence to enable value-adding products, improved quality of life and a diversified Saudi economy.

### Sadara's Values:

- 01 SAFETY**
- 02 INTEGRITY**
- 03 TEAMWORK**
- 04 EFFICIENCY & EFFECTIVENESS**
- 05 LEARNING & GROWTH**

# SADARA'S 2022 TIMELINE

## Achievements Timeline

### 01 January

- Sadara, SABIC launch online marketing system
- Basic Chemicals announces 2021 production records

### 02 February

- Completion of Sadara Resort at Jubail Industrial City

### 03 March

- Halliburton opens its PlasChem Park plant
- Sadara announces first net profits in 2021
- Basic Chemicals celebrates safe, successful Turnaround

### 05 May

- Sadara signs Memorandum of Understanding (MoU) with government's Tabadul
- Sadara wins U.K.'s RoSPA Gold Medal
- Sadara wins Aramco President's Excellence Award for safety performance
- Sadara EO/PO pipeline and transportation system fully operational

### 06 June

- Royal Commission for Jubail Environmental Award for Best Company in Environmental Initiatives

### 10 October

- Sadara produces new product grade: Crude MDI
- Company obtains fourth Local Content Certification
- Sadara achieves Valve Repair (VR) recertification by the US National Board of Boiler and Pressure Vessel Inspectors
- Sadara achieves ISO 50001:2018 Energy Management System Certificate

### 11 November

- Sadara wins Aramco's 2022 Downstream Technology & Digital Excellence Award in Chemical Sector
- Sadara welcomes new CEO Yahya A. Abushal

### 12 December

- Sadara signs MoU with Ministry of Investment to support downstream investment opportunities
- Sadara wins King Abdulaziz Quality Award for large production facilities in the private sector

# SADARA'S 2022 HIGHLIGHTS

## Governance & Integrity

- 100% employee grievance resolution in 2022
- 18% increase in Supplier Code of Conduct acknowledgement compared to 2021
- Maintained 90% implementation for corporate ODMS for three consecutive years
- Zero cybersecurity breaches in 2022

## Occupational Health & Safety

- 2% increase in Global Harmonization System implementation since 2021
- Zero Transportation Incident L1 Rate for two consecutive years
- 100% of employees underwent annual medical checkup
- Zero incidents of non-compliance regarding product safety for two consecutive years

## Climate Change & Natural Resources Conservation

- 2.8% decrease of GHG emissions intensity from 2021
- 3% drop in energy intensity compared to 2021
- 1.5% increase in recycled input materials used compared to 2021
- Maintained 0.4% plastic pellet escape from our systems to the environment for two consecutive years

## Business Growth & Operational Excellence

- 34.6% decrease in customer complaints compared to 2021
- 4% increase in the percentage of spending on local suppliers compared to 2021
- 16.3% increase in the number of suppliers subject to audits
- 79.4% drop in the number of defects per million opportunities (DPMO) compared to 2021

## People & Community

- 17% growth in the number of female employees compared to 2021
- 2.8x rise in total employee training hours compared to 2021
- 4.6% increase in the ratio of remuneration of female to male employees compared to 2021
- 3.9x increment in total community investments compared to 2021



# SUSTAINABILITY IN SADARA

## SADARA SUSTAINABILITY DRIVERS



### Saudi Vision 2030

Our business practices and strategy are aligned with Saudi Vision 2030, a key pillar of which is dedicated to the Kingdom's sustainable future. Our mission is to contribute to social and environmental efforts, bringing about (or driving) a positive change for the Kingdom and its people.



### Saudi Green Initiative

The Saudi Green Initiative (SGI) is a comprehensive environmental plan launched in 2021. It is a key part of the country's efforts to transition towards a more sustainable future and support global initiatives to tackle climate change. SGI outlines initiatives that aim to reduce carbon emissions, increase the proportion of renewable energy sources in the country's energy mix, and protect the environment and natural resources.

Sadara, in alignment with SGI, is dedicated to reducing its environmental impact and promoting environmentally-sound operations. We strive towards a more sustainable future by optimizing our energy usage, minimizing our carbon footprint, conserving water, reducing waste, and exploring further recycling methods. Our efforts to achieve this involve adopting and obtaining certifications in Environmental Management System (ISO 14001), Responsible Care (RC 14001), and Energy Management System (ISO 50001).

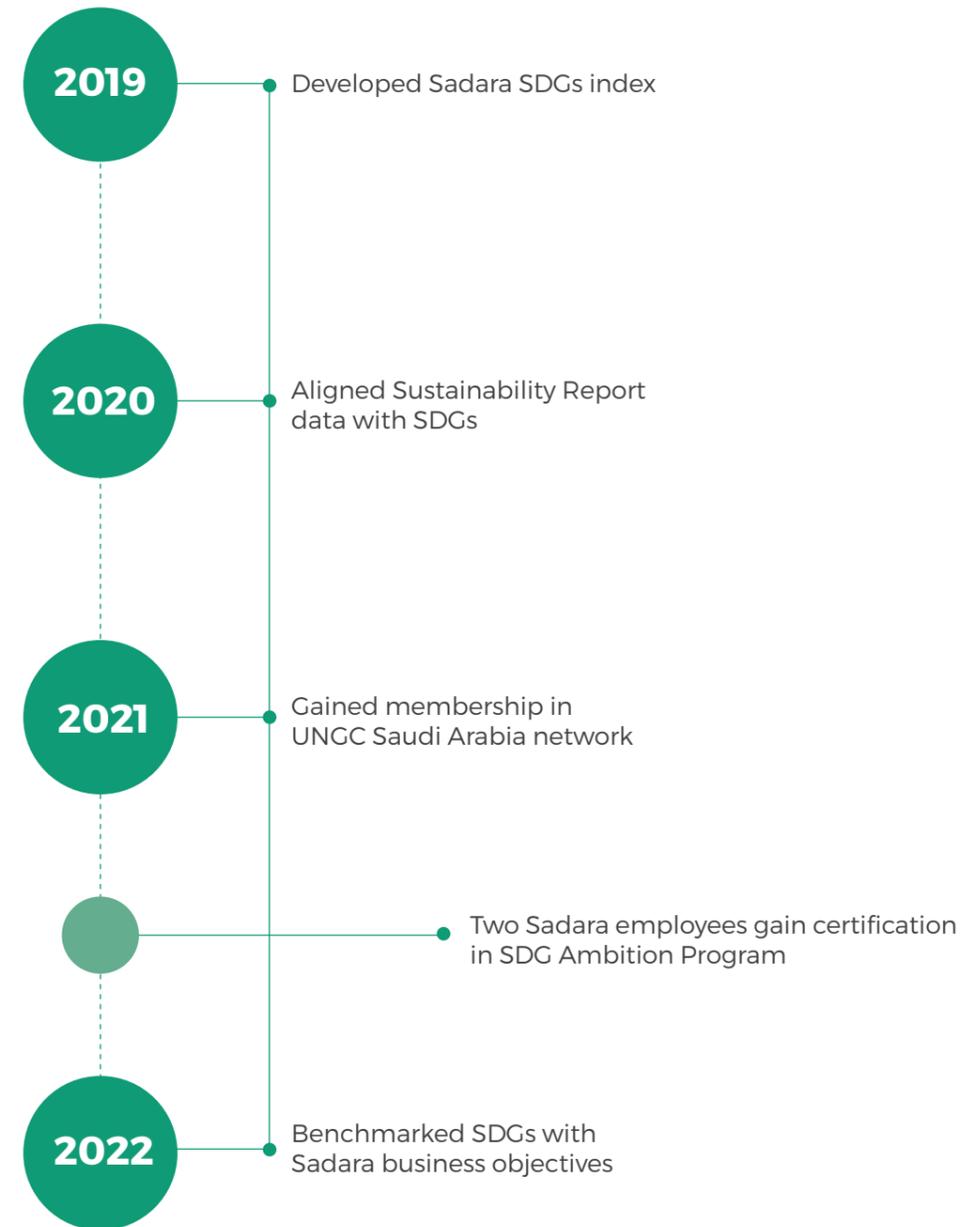


### United Nations' Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) are 17 interconnected objectives designed to address major global issues. By 2030 the SDGs aim to improve five critical areas of importance: people, planet, prosperity, peace, and partnership.

At Sadara, we acknowledge that achieving the SDGs requires collective action, and we are dedicated to playing a role in pushing the SDG agenda forward. Sadara supports the diversification of the Saudi economy and transitioning to a sustainable future as part of its commitment to supporting the SDGs.

## SADARA'S SDG JOURNEY



## SADARA'S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS AND SAUDI VISION 2030

Our Sustainability Strategy incorporates the SDGs to ensure that our operations serve society and the environment in addition to achieving business success.

Sustainability Strategy Pillars	Sustainable Development Goals	Contributions
Governance & Integrity	    	<ul style="list-style-type: none"> <li>Ensure that a comprehensive grievance mechanism is in place.</li> <li>Utilize contemporary, durable, and effective IT infrastructure.</li> <li>Ensure all levels of employees and stakeholders have access to transparent information.</li> <li>Provide public accessibility to the employee and supplier Code of Conduct.</li> <li>Collaborate with different institutions to promote industry innovations.</li> <li>Demonstrate continued commitment to UNGC's principles with renewal of UNGC Saudi Arabia network membership.</li> <li>Operate a dedicated Business Unit (Operational Excellence Department) to govern its Operation Discipline Management System (ODMS).</li> <li>Get Sadara's EHS&amp;S system certified by third-party auditors, earning ISO EHS&amp;S systems, granting us ISO 45001, ISO 14001, RC 14001 and ISO 50001 certifications.</li> <li>Transform Sustainability Committee to Sustainability Council.</li> <li>Incorporate Sustainability Dashboard that is updated on a quarterly basis.</li> <li>Benchmark SDGs with Sadara's business objectives.</li> <li>Certify Sadara employees in SDG Ambition.</li> </ul>
Occupational Health & Safety	  	<ul style="list-style-type: none"> <li>Encourage a healthy balance between work and personal life for employees.</li> <li>Promote sustainability and EHS activities by actively involving the staff.</li> <li>Complete Basic Chemicals Turnaround safely.</li> <li>Ensure no incidents of non-compliance as they could impact the health and safety of our products, services, handling, transport, or storage.</li> <li>Target zero transportation incidents and increase in Global Harmonization System implementation.</li> <li>Conduct yearly health related campaigns for Sadara employees.</li> </ul>

Sustainability Strategy Pillars	Sustainable Development Goals	Contributions
Climate Change & Natural Resources Conservation	    	<ul style="list-style-type: none"> <li>Update Sadara's Energy Policy.</li> <li>Obtain ISO 50001 Energy Management System Certificate.</li> <li>Develop and execute recycling programs.</li> <li>Explore inventive approaches to minimize adverse environmental effects resulting from products and services, while also decreasing energy and water consumption and Greenhouse Gas (GHG) emissions reduction.</li> <li>Encourage circularity by implementing waste management procedures and conducting life cycle analyses.</li> <li>Enroll in Operation Clean Sweep® (OCS) Program, achieving zero plastic resin loss and protecting the marine environment.</li> </ul>
Business Growth & Operational Excellence	  	<ul style="list-style-type: none"> <li>Launch rigid polyols and CDMI.</li> <li>Promote innovation within Sadara and incorporate it in our offerings to customers.</li> <li>Launch Sadara Local Content Program.</li> <li>Create avenues for economic advancement, establish employment opportunities, increase local procurement, and encourage exports.</li> <li>Support enabling downstream industries in PlasChem Park and the Kingdom.</li> <li>Launch Sadara Digital Transformation Flagship Program.</li> </ul>
People & Community	   	<ul style="list-style-type: none"> <li>Provide opportunities for learning and development to employees.</li> <li>Bolster economic participants and expand the talent pool.</li> <li>Promote female empowerment.</li> <li>Increase the number of female employees.</li> <li>Promote diversity in the community.</li> <li>Encourage the economic engagement of Saudi women.</li> <li>Engage with local communities to support education, people in need, Saudi culture, volunteerism and environmental, health, and safety issues. This includes creating public awareness especially by marking related International Days on Sadara social media.</li> </ul>

## ALIGNMENT WITH NATIONAL PRIORITIES

Our strategy and operations are aligned with Saudi Vision 2030, which sets out a sustainable future for the Kingdom. Our goal is to help drive positive change in/for society and the environment.



### VIBRANT SOCIETY

- Ensure all levels of employees and stakeholders have access to transparent information.
- Encourage employee development and training.
- Create career-development programs.
- Provide On-the-Job Training (OJT) to non-employees.
- Carry out risk assessments regularly.
- Achieve 100% coverage of employee medical checkups by 2025.
- Encourage circularity by implementing waste management procedures and conducting life cycle analyses.
- Explore inventive approaches to minimize adverse environmental effects resulting from products and services, while also decreasing energy and water consumption.
- Increase the ratio of Saudi nationals in the workforce to 82% by 2025.
- Engage with local communities to support education, people in need, Saudi culture, volunteerism and environmental, health, and safety issues. This includes creating public awareness especially by marking the related International Days on Sadara social media.



### THRIVING ECONOMY

- Expanding market through exporting to Dow and Sabic, who market the products in various geographic locations.
- Sadara established ambitious circularity objectives.
- Several waste streams were successfully recycled.
- Attract investments to PlasChem Park and facilitate the expansion of the downstream sector within the Kingdom.
- Five PlasChem Park tenants with further business cases under assessment.
- Launch of Sadara Local Content Program.
- The production of chemicals that find utility in diverse applications across multiple industries.
- Providing training programs aimed at young Saudi nationals.
- Launch Sadara Digital Transformation Flagship Program.
- Promote innovation with Sadara and incorporate it in offerings to customers.
- Women inclusion and employment to reach 5% by 2025.



### AMBITIOUS NATION

- Limiting the environmental impact of plastic pollution.
- Setting goals and targets to improve material effectiveness.
- Launch Sadara Digital Transformation Flagship Program.
- Promote innovation within Sadara and incorporate it in our offerings to stakeholders.
- Maintain the number of employee volunteering hours per year to 2,000.

## SUSTAINABILITY STRATEGY AND FRAMEWORK

Sadara launched an updated five-year sustainability strategy in 2020, featuring a comprehensive set of 10 strategic goals and 24 key performance indicators (KPIs), underpinned by five pillars. The Sustainability Council oversees the implementation of these pillars and evaluates the company's performance against goals and KPIs in comparison to baselines. This approach ensures that Sadara's sustainability strategy is structured around the topics that matter most to the organization and its stakeholders.

Sustainability Strategy Pillars	Strategic Goals	KPIs
Governance & Integrity	Strengthen Corporate Governance	Ensure validity of all company certificates
	Ensure Business Ethics and Integrity	Maintain level of implementation for Corporate Operating Discipline Management System (ODMS)
		Increase Supplier Code of Conduct acknowledgment
Occupational Health & Safety	Achieve World-Class Health and Safety Performance	Reduce number of grievances
		Maximize employees' Medical Check-up Program
	Promote Product Stewardship Practices	Improve Total Recordable Injury Rate (TRIR)
		Minimize Process Safety & Containment Event-L1 Rate
Climate Change & Natural Resources Conservation	Minimize Environmental Impact	Maintain Global Harmonization System implementation
		Control Transportation Incident L1 Rate
		Reduce energy intensity
	Support Circular Economy	Reduce water intensity
		Reduce GHG intensity
	Reduce plastic pellet losses	
		Reduce material effectiveness intensity

Sustainability Strategy Pillars	Strategic Goals	KPIs
Business Growth & Operational Excellence	Ensure Operational Excellence	Enhance Product Supply Reliability (PSR)
	Support Downstream Industry Local Content	Decrease Defects Per Million Opportunities (DPMO)
		Increase number of PlasChem Park tenants
People & Community	Strengthen the Value of Employee Proposition	Raise percentage of local procurement spending
		Increase employee engagement score
		Accelerate Saudization
	Support the Local Community	Increase employee training hours and development programs
		Increase the rate of women's inclusion and employment
		Increase community engagement initiatives
		Raise employee volunteering hours

## STAKEHOLDER ENGAGEMENT

GRI 2-16, 2-29

At Sadara, we understand the significant influence that our stakeholders hold in shaping our business and helping us move towards a sustainable future. Our company values the input and support of various stakeholder groups.

We recognize the importance of actively engaging with our stakeholders to gain insight into their expectations, concerns, and needs. Through this engagement, we can build trust and establish collaborative partnerships that align with our sustainability goals. Our Company strongly believes that by working hand-in-hand with our stakeholders, we can generate long-term value for both our business and society as a whole. Our diligent efforts in creating transparent and informative reports and workshops have resulted in stakeholders being kept informed and updated on the company's projects and performance.

Our Stakeholders	How we engage them
The community in which we operate	Sadara's social media platforms
	Sadara's website
	Press releases
	Participation in events and conferences
	Conducting community outreach campaigns
	Collaboration with educational institutions and schools
Lenders	Collaboration with non-profit organizations
	Publishing annual Sustainability and Financial reports
	Providing a semi-annual Independent Environmental Monitoring Report
	Conducting external and internal audits and audit reports on an annual basis
Employees and their families	Conducting materiality surveys
	Conducting departmental reports
	Conducting bi-annual satisfaction surveys
	Offering training sessions and skills development
	Organizing employee activities
	Sharing sustainability messages and quizzes
	Maintaining grievance mechanisms
	Conducting internal and external audits and audit reports on an annual basis
	Holding an annual Town Hall meeting
	Organizing the Sadara Sustainability Forum
	Organizing conferences on an annual basis
	Obtaining management system certifications
	Conducting materiality surveys

Our Stakeholders	How we engage them
Customers	Establishing marketing agreements
	Operating a customer complaints center
	Publishing annual Sustainability/Financial reports
	Conducting frequent meetings with PlasChem Park tenants
	Conducting annual customer surveys
	Conducting materiality surveys
Suppliers	Conducting supplier screenings when signing up with new suppliers
	Awarding certifications to suppliers
	Conducting annual supplier surveys
	Establishing a Supplier Code of Conduct
	Providing access to a Supplier Portal on the website
	Conducting annual Sustainability Training for suppliers
Regulators and governmental entities	Conducting materiality surveys
	Holding daily or weekly meetings with third-party partners
	Providing frequent reports to regulatory bodies
	Maintaining official communications and publicly available reports on a constant basis through the website (Achievement Report for the Ministry of Energy)
	Conducting external and internal audits and producing audit reports on an annual basis
	Aligning with national and international visions and priorities
Associations	Conducting quarterly site walkthroughs
	Obtaining certifications to ensure compliance with industry standards
	Conducting materiality surveys
	Providing annual reports to Gulf Petrochemicals and Chemicals Association (GPCA)
	Obtaining certifications
	Conducting materiality surveys
Shareholders	Holding quarterly general meetings
	Providing quarterly Financial Reports
	Communicating updates on the Sadara Transformation Project, which is part of the National Transformation Program (NTP)
	Issuing a yearly Sustainability/Financial Report
	Hosting yearly company visits by shareholders/investors, which include technical assessments (audits)
Conducting materiality surveys	

Sadara's most significant collaboration is related to the development of PlasChem Park, where we are cooperating with ministries to establish strategic directions and with the Royal Commission for Jubail to promote the Park. This collaboration aims to attract investors and support the growth of the downstream industry in the Kingdom. More information about PlasChem Park can be found on our [website](#).

## SADARA SUSTAINABILITY WORKSHOP

To engage with stakeholders and exchange knowledge, Sadara organized a Sustainability workshop in Jubail. The three-day workshop, which focused on sustainability in industrial organizations, was held in collaboration with members of the Ministry of Industry and Mineral Resources Sustainability Council (MIMSC). It brought together experts from various industrial organizations, including government, private entities, and associations. During the workshop, the CEO of Sadara highlighted the crucial role of sustainability practices in driving the industrial progress of the Kingdom. The workshop covered a wide range of interactive sessions, including international best practices, sustainability reporting, and the implementation of a comprehensive sustainability strategy.



## MATERIAL TOPICS

GRI 2-25, 3-1

In 2020, Sadara conducted a full-fledged materiality assessment with the aim of identifying priority areas that were of significance to both the organization and its stakeholders. This involved conducting industry research, peer benchmarking assessments, and gathering feedback from stakeholders. As a result, Sadara compiled a list of 35 topics that, if not properly managed, could potentially have a negative impact on the organization and its stakeholders.

In subsequent years, this material topics list has been refined and updated, and in 2022, a materiality refreshment exercise was undertaken, resulting in a shortlist of 20 material topics. These material topics are aligned with Sadara's Sustainability Strategy goals, and each topic has been assigned to a responsible officer to ensure accountability for the actions taken to support our goals.

In 2022, all key internal and external stakeholders were sent a materiality survey requesting them to rate each topic based on its relevance and importance to the organization, as well as its impact on society and the environment. Following the survey results, a refreshed list of 20 material topics was created and presented in the materiality matrix depicted below.

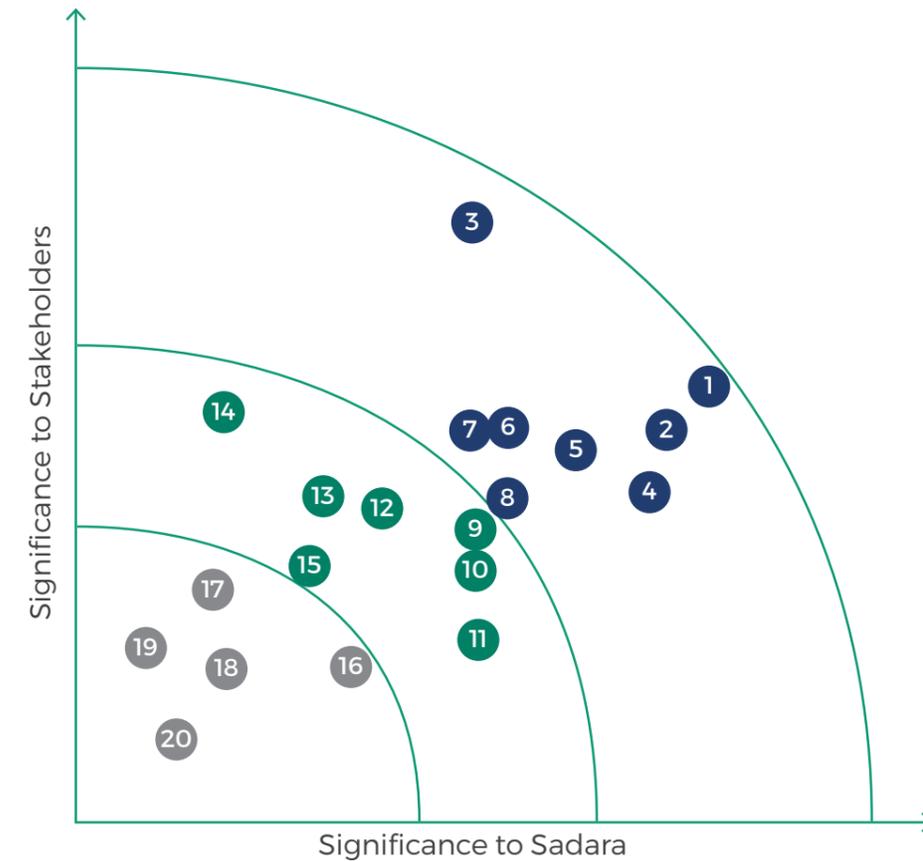
Sadara's revised list of material issues now highlights the increasing significance of digitalization, in line with our commitment to incorporating digital technologies into our operations. As a result, we have included Digital Transformation as a key topic. While the other material issues have not undergone any modifications, their order has been adjusted to reflect market trends and stakeholder inputs.

In this year's report, Sadara has acknowledged the significance of Human Rights Management and Biodiversity, recognizing their critical importance. These topics are to be given high priority in our future efforts to ensure that our operations are conducted responsibly and sustainably.

Although some topics have been ranked lower in comparison to the previous year, it does not imply that their significance has diminished. Instead, Sadara has adopted a more robust approach in managing these topics, underscoring our commitment to addressing them with greater effectiveness and efficiency. We believe that every issue outlined in our report requires careful consideration and attention, and our prioritization simply reflects our current approach to managing them.

## SADARA'S MATERIALITY MATRIX

GRI 3-1, 3-2



Most Important	More Important	Important
1 Occupational Health & Safety	9 Biodiversity	16 Diversity & Inclusion
2 Employee Engagement & Satisfaction	10 CSR & Community Engagement	17 Product Risk & Stewardship
3 Climate Change & GHG Emissions	11 Circular Economy	18 Product & Technology Innovation
4 Ethics, Governance, & Compliance	12 Data Privacy & Cybersecurity	19 Digital Transformation
5 Energy Management	13 Customer Relations	20 Supply Chain Management
6 Water Management	14 Economic Impact	
7 Waste Management	15 Risk Management and Business	
8 Human Rights Management		

The effective management of these material issues improves Sadara's sustainability performance, reputation, and relationships with stakeholders, and mitigates risks while creating opportunities for growth and innovation, positioning Sadara as a leader in the chemical industry.



# GOVERNANCE & INTEGRITY

## GOVERNANCE AND INTEGRITY

GRI 3-3

Strong and effective corporate governance is at the heart of Sadara’s corporate culture and conforms to national and international regulations and guidelines. We aim to maintain the highest standards of ethics, compliance, and responsibility throughout the business.

### PERFORMANCE AGAINST SUSTAINABILITY STRATEGY KPIS

Sustainability Strategy Pillars	Strategic Goals	KPIs	Unit	2022 Performance	2022 Target	2025 Target
Governance & Integrity	1. Strengthen Corporate Governance	Ensure validity of all company certificates	%	100	100	100
		Maintain level of implementation for Corporate ODMS	%	90	90	>90
	2. Ensure Business Ethics and Integrity	Increase Supplier Code of Conduct acknowledgment	%	86	84	100
		Reduce number of grievances	#	20	17	14

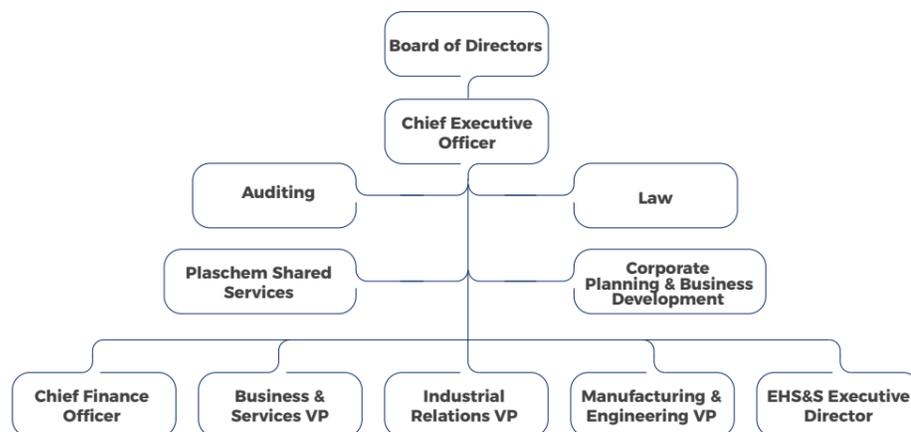
Maintaining high standards of responsibility across our business is a top priority for Sadara. Our corporate governance practices align with both national and international regulations and guidelines.

## ORGANIZATIONAL STRUCTURE

GRI 2-9

Sadara has implemented a robust corporate governance system, with effective leadership that sets expectations and standards throughout the organization. This system ensures that all our operations comply with the highest standards of corporate integrity, ethics, and compliance.

Sadara’s ownership is divided between two shareholders, with Saudi Aramco owning 65% and the Dow Chemical Company owning the remaining 35%.



## BOARD OF DIRECTORS

GRI 2-10, 2-11, 2-12, 2-14, 2-17, 2-18, 405-1

Sadara’s members of the Board of Directors are appointed by the company’s founding shareholders. The Board meets at least four times a year to provide guidance and monitor Sadara’s performance.

At every quarterly board meeting, Sadara reports on its sustainability performance, including major ESG topics.

	<b>Ahmad A. Al Sa'adi</b> Chairman Saudi Arabian Oil Company (Saudi Aramco)		<b>John Sampson</b> Co-Chairman Dow Chemical Company
	<b>Ashraf A. Al-Ghazzawi</b> Board Member Saudi Arabian Oil Company (Saudi Aramco)		<b>Jane Palmieri</b> Board Member Dow Chemical Company
	<b>Khalid Al Qahtani</b> Board Member Saudi Arabian Oil Company (Saudi Aramco)		<b>Diego Donoso</b> Board Member Dow Chemical Company
	<b>Fayez Al Sharef</b> Board Member Saudi Arabian Oil Company (Saudi Aramco)		<b>Charles Swartz</b> Board Member Dow Chemical Company

Board of Directors	Unit	2020	2021	2022
Percentage of Board seats occupied by independent directors	%	0	0	0
Executive members of the Board of Directors	#	0	0	0
Non-executive members of the Board of Directors	#	8	8	8
Female members of the Board of Directors	#	1	1	1
Percentage of Board seats occupied by women	%	12.5	12.5	12.5
Male members of the Board of Directors	#	7	7	7

### SADARA'S COMMITTEES

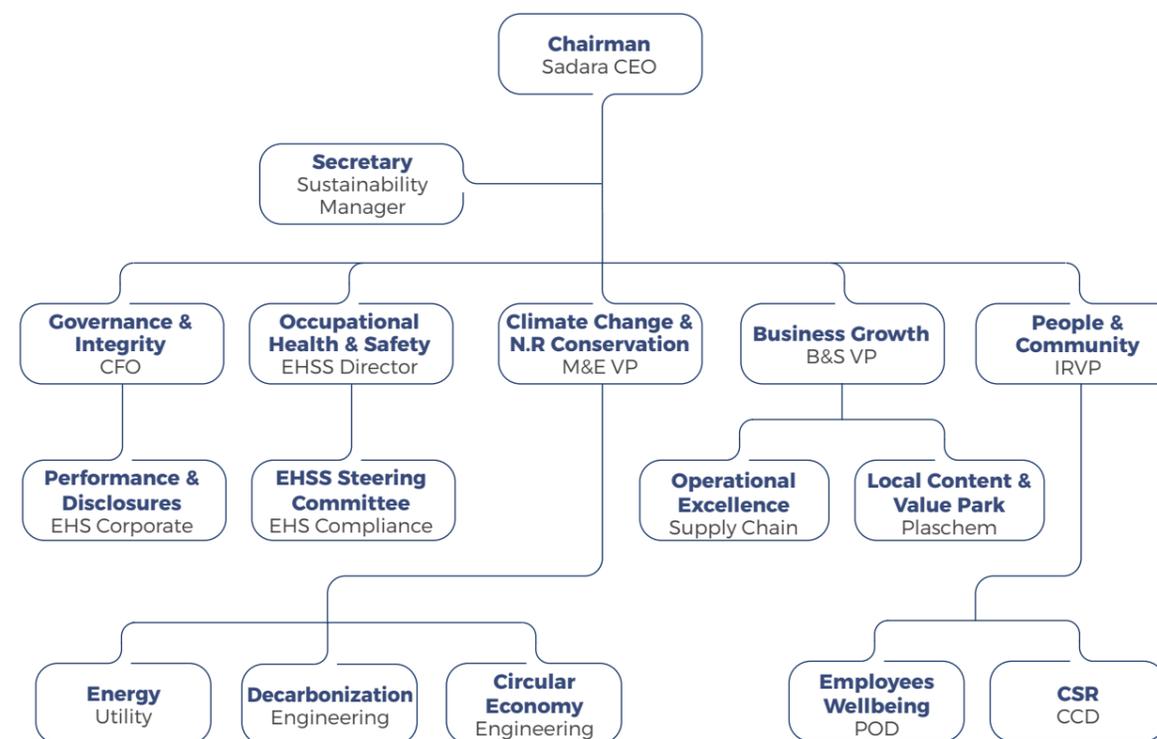
GRI 2-9, 2-12, 2-13, 2-17

Sadara has established various committees, including Finance, Environment, Health, Safety, and Sustainability (EHS&S); Ethics and Compliance; and Internal Audit. This helps ensure that the company's executive leadership conducts business in a sustainable manner, providing shareholders with the necessary assurance.

### SADARA'S SUSTAINABILITY COUNCIL

Sadara has established a Sustainability Council, an upgraded version of the previously established Sustainability Committee, to align all existing efforts related to the company's five pillars of sustainability with Sadara's vision, mission, and values. The Council enhances engagement with employees, customers, suppliers, regulators, and other stakeholders to achieve company objectives.

The Sadara Sustainability Council is divided into several committees, each focusing on a different aspect of sustainability. These committees include Governance and Integrity, Occupational Health and Safety, Climate Change and Natural Resource Conservation, Business Growth and Operational Excellence, and People and Community. Each committee is led by a chairperson, who oversees the development and implementation of initiatives related to their focus area.



### MEMBERSHIPS AND ASSOCIATIONS

GRI 2-28

1	Gulf Petrochemical and Chemical Association - GPCA (www.gpca.org.ae)		5	United Nations Global Compact - Saudi Arabia network (UNGC) (www.unglobalcompact.org)	
2	Center for Chemical Process Safety - CCPS (www.aiche.org/ccps)		6	ASIS International (www.asisonline.org)	
3	European Chemical Industry Council - Cefic (www.cefic.org)		7	American Governmental Conference of Industrial Hygienists (ACGIH) (www.acgih.org)	
4	Jubail Area Mutual Aid Association - JAMAA (www.jamaa.org.sa)				

## CERTIFICATES



- ISO 50001:2018 Energy Management System
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health and Safety Management System
- ISO 9001:2015—Quality Management System
- Local Content Certification from the Local Content & Government Procurement Authority
- VR Certification by the United States National Board of Boiler and Pressure Vessel Inspectors
- RC 14001—Responsible Care Management System



### 2022 Royal Commission for Jubail Environmental Award:

Sadara won the Royal Commission for Jubail Environmental Award for Best Company in Environmental Initiatives for 2022.



### 2022 RoSPA Award:

For the third time, Sadara won the Gold Award for Occupational Health and Safety of Great Britain's Royal Society for Prevention of Accidents (RoSPA) for its 2021 performance.

## AWARDS



### King Abdulaziz Quality Award:

Sadara won the Silver Level of King Abdulaziz Quality Award for large production facilities in the private sector. This award demonstrates the company's excellence at all levels of performance and how it uses the best standards and scientific methods in management and productivity.



### 2022 Saudi Aramco President's Excellence Award:

Sadara was recognized for its enhanced safety performance in the Saudi Aramco President's Excellence Awards and was awarded the Silver Award for Most Improved Safety Performance.



### Aramco's Downstream Technology & Digital Excellence Award:

Sadara won Aramco's 2022 Downstream Technology & Digital Excellence Award in Chemical Sector for its Business Process Automation Platform that served more than 4,000 employees, resulting in savings of around USD 1 million.

## INTERNAL AUDIT

The Internal Audit Department (IAD), led by the general auditor, provides independent assurance and consulting services to support Sadara's objectives. The IAD conducts reviews and evaluations of controls to improve operations and add value. It offers objective analyses and constructive recommendations.

The General Auditor leads the IAD and oversees the implementation of the annual audit plan, including any special reviews or projects requested by the Board Audit Committee or Management. The department's primary function is to evaluate the effectiveness of the company's risk management and control processes as presented by management.

The IAD adheres to the International Standards for the Professional Practice of Internal Auditing (Standards) established by the Institute of Internal Auditors (IIA). The IAD performs three types of engagements: Regular Audits, Special Audits (Investigations), and Consulting/Advisory services.

The 2022 audit plan and other special reviews were successfully completed without significant changes to the department's responsibilities or scope of work.

## BUSINESS ETHICS, COMPLIANCE, AND ANTI-CORRUPTION

### OPERATING DISCIPLINE MANAGEMENT SYSTEM

GRI 2-25, 2-27, 3-3, 205-1, 205-2

Sadara has a comprehensive management system known as the Operating Discipline Management System (ODMS) that is implemented across all departments, particularly in Manufacturing, Engineering, Quality (Products and Technology Innovation), and Environmental Health, Safety, and Security (EHS&S) and Sustainability. The ODMS comprises policies, processes, requirements, best practices, and procedures aligned with external standards.

To ensure the full compliance and effective utilization of the system, a dedicated business unit (the Operational Excellence Department), governs Sadara's ODMS. This unit supervises the implementation, self-assessment, and completion of actions related to the ODMS. Sadara recognizes the certification process as a robust tool for sustaining high-quality products, services, and performance through a robust operation and administration system.

## SADARA'S CODE OF ETHICS & BUSINESS CONDUCT

GRI 2-15, 2-16, 2-23, 2-24, 2-25, 2-26, 2-27, 3-3, 205-1, 205-2, 205-3, 206-1, 408-1, 409-1

Integrity, respect, equality, and environmental protection are core values in Sadara's corporate culture, outlined in the Code of Ethics & Business Conduct. This code guides the conduct of employees and external parties, enabling the reporting of potential breaches. We uphold these values in all interactions, fostering good corporate citizenship and driving positive change.

 <p><b>LIVING OUR VALUES</b> Sadara's Code of Conduct applies to all employees, contractors and vendors, as well as to our joint ventures, affiliates and subsidiaries, which adopt the Code.</p>	 <p><b>THE LAW, THE CODE AND COMPANY POLICY</b> As a global company, we follow the laws of many countries and jurisdictions. If a section of the Code of Conduct conflicts with an applicable local law, the local law will take precedence.</p>
 <p><b>MANAGEMENT RESPONSIBILITY</b> Managers should always demonstrate ethical behavior.</p>	 <p><b>COLLECTIVE RESPONSIBILITY</b> We must abide by all applicable laws and uphold the morals and values of our society.</p>
 <p><b>NO RETALIATION</b> Those who raise concerns about suspected improper conduct will be respected. We will not tolerate retaliation against anyone who reports a potential violation in good faith. To encourage reporting, concerns can be made anonymously.</p>	 <p><b>SPEAK UP</b> Employees should promptly report any conduct inconsistent with our Code of Conduct, values, or the law. All reports of misconduct will be taken seriously, treated confidentially and receive a full and fair investigation.</p>

For more information on our Code of Ethics, please visit our [2021 Sustainability Report](#).

Employees must report any behavior that contradicts our Code of Conduct, values, or the law. Reports are treated with the utmost seriousness, confidentiality, and undergo a thorough investigation. Anonymously, reports can be submitted via the Sadara website's Anonymous Report form or by emailing [EthicsHotline@sadara.com](mailto:EthicsHotline@sadara.com).

Owing to these efforts, there were no incidents of non-compliance with laws and regulations in 2022.

## SUPPLIER CODE OF CONDUCT

At Sadara, we extend our sustainability responsibility to suppliers and the wider community. We have a robust Supplier Code of Conduct covering human rights, labor practices, environmental protection, and business integrity. Suppliers must adhere to these standards and integrate them into their operations. Furthermore, we work collaboratively with our suppliers to ensure responsible and sustainable practices while delivering quality goods and services. We prioritize timely payment of

salaries and benefits, requiring suppliers to include a letter certifying full payments to all personnel, along with their invoices, safeguarding worker rights.

Supplier Code of Conduct	Unit	2020	2021	2022
Supplier Code of Conduct Acknowledgment	%	57	68	86

## HUMAN RIGHTS MANAGEMENT

GRI 2-15, 2-16, 2-23, 2-24, 2-26, 3-3, 408-1, 409-1, 410-1

Sadara upholds internationally recognized human rights standards for equal opportunity and conducive working conditions. Our Human Rights Policy extends to the supply chain, aligning with relevant national standards and Saudi Vision 2030. Training of employees on their rights and obligations with accessibility to relevant materials and a grievance mechanism ensures compliance and promotes awareness of human rights.

Employee Grievances	Unit	2020	2021	2022
Number of employee grievances filed in the reporting period	#	19	17	20
Number of these employee grievances addressed or resolved	#	19	17	20

For more information on how Sadara manages Human Rights, please visit our [2021 Sustainability Report](#).

## RISK MANAGEMENT AND BUSINESS CONTINUITY

GRI 2-25, 201-2, 3-3

Sadara's Enterprise Risk Management (ERM) unit ensures responsible and sustainable operations through compliance and high operational standards. It proactively identifies and analyzes risks across multiple aspects like safety, security, health, environment, operations, finance, strategy, reputation, and business continuity. Collaborating closely with senior management, it mitigates risks before significant harm occurs. The ERM unit continuously monitors the internal and external environment, implementing measures to minimize risk exposure across several focus areas. For more information on Sadara's risk management, please visit our [2021 Sustainability Report](#).

In 2022, Sadara completed its Enterprise Risk matrix for all its business lines. Created using a bottom-up approach, the matrix provides a comprehensive and detailed analysis of the risks and threats that the company may face, enabling the development of mitigation strategies to minimize their impact.

The next phase of Sadara's risk management strategy is to conduct a thorough review of the registers and ensure that all potential risks and vulnerabilities are identified and addressed. This includes integrating risk management activities across all departments and business lines within the organization to create a cohesive and comprehensive risk management plan.

## BUSINESS CONTINUITY

GRI 2-23

Sadara's Business Continuity (BC) Management process involves prevention, crisis management, and recovery to address potential threats. It provides a systematic approach that focuses on recovery efforts for key business areas after unplanned disruption, safeguarding stakeholders, assets, and reputation while improving organizational resilience.

The Sadara BC program ensures optimal preparedness to sustain critical functions, work processes, products, and deliverables in the event of an emergency. It is aligned with Saudi Aramco's Business Continuity Management Lifecycle, following the Plan-Do-Check-Act improvement cycle to implement the BC Policy effectively.

The Sadara Management Committee, led by the CEO, has approved the comprehensive Sadara BC Policy and standard document, which covers all departments, functions, and workgroups. The policy's implementation is supported by leverageable tools, templates, and training to ensure its optimal execution.

In 2022, Sadara successfully implemented its BC program, appointing a BC leader and team for each business line, meeting training targets, and conducting a minimum of two scenarios and one drill per line. BC is now included in Sadara's Corporate Management System Review (MSR) and progress is tracked quarterly by business lines and assessed internally by EHS&S. Moving forward, Sadara aims to enhance its BC program and secure international certification.

## INFORMATION AND CYBERSECURITY

GRI 3-3, 418-1

Cybersecurity threats pose risks to Sadara's stability and broader society. To mitigate these risks, Sadara's Information Security (IS) division safeguards organizational assets against internal and external threats. Their goal is to provide industry-standard information security capabilities, ensuring a security-conscious environment. The IS division manages governance activities, risk, compliance, and aligns with relevant cybersecurity standards. For more information on Sadara's information and cybersecurity, please refer to our [2021 Sustainability Report](#).

Sadara has implemented various measures to ensure the safety and security of its digital infrastructure. IS has enhanced the policy framework documents to include all following National Cybersecurity Authority mandatory standards:

- Essential Cybersecurity Controls (ECC - 1: 2018)
- Operational Technology Cybersecurity Controls (OTCC -1: 2022)
- Critical Systems Cybersecurity Controls (CSCC - 1: 2019)
- Cloud Cybersecurity Controls (CCC - 1: 2020)
- Organizations' Social Media Accounts Cybersecurity Controls (OSMACC -1:2021)
- Data Cybersecurity Controls (DCC -1:2021)
- Telework Cybersecurity Controls (TCC -1:2021)

Sadara has completed over 28 cybersecurity risk assessments. To monitor risks and ensure compliance, Sadara frequently communicates risk reports to management and stakeholders. The company has also implemented an IS awareness campaign, bi-weekly simulation exercises, and conducts Clear Desk Assessments to ensure physical documents and devices are secured. The IT department has implemented a Security Uplift Program to strengthen the company's overall security position by implementing various cybersecurity controls across its IT infrastructure.



### Case Study

#### IS Awareness Campaign

Sadara places great importance on raising awareness and educating employees on the critical role they play in maintaining a secure information system. Sadara's IS awareness campaign is a comprehensive program that includes bi-weekly simulation exercises to help employees recognize potential cybersecurity threats and mitigate them effectively.

## SADARA'S INDUSTRIAL SECURITY SYSTEM

GRI 418-1

Sadara's IS is committed to safeguarding the company's people and assets while also contributing to the preservation of neighboring industries and communities' safety and security. This is achieved using qualified and experienced personnel, the latest technologies, and compliance with up-to-date procedures. The department operates with high technical efficiency and serves as a role model for other organizations in the region.

In 2022, Sadara successfully updated the company's ID and Vehicle Sticker Guidelines and completed a Sadara ID replacement program. To support smooth access to a large turnaround in manpower, portable handheld devices known as "ID readers" have been provided. Additionally, we are working on several ongoing security projects, including the upgrade of CCTV, Security Control Center, and Automatic License Plate Readers, as well as the implementation of a Computer Aided Dispatch (CAD) system for security, health, and emergency teams.



## OCCUPATIONAL HEALTH & SAFETY

PERFORMANCE AGAINST SUSTAINABILITY STRATEGY KPIS

Sustainability Strategy Pillars	Strategic Goals	KPIs	Unit	2022 Performance	2022 Target	2025 Target
Occupational Health & Safety	3. Achieve World-Class Health and Safety Performance	Maximize employee participation in Medical Check-up Program	%	100	95	98
		Improve Total Recordable Injury Rate (TRIR)	Rate	0.05	0.11	0.08
		Minimize Process Safety & Containment Event L1 Rate	Rate	0	0.05	0.02
	4. Promote Product Stewardship Practices	Maintain Global Harmonization System implementation	%	87	90	100
		Control Transportation Incident L1 Rate	#	0	0	0

HEALTH AND SAFETY

GRI 3-3, 403-4, 3-3

Sadara places the utmost importance on the health and safety of its employees. The company's occupational health and safety record is a testament to the extensive measures we take to ensure that Sadara operates responsibly and securely. Our commitment to the well-being of our employees, contractors, and communities is demonstrated through our unwavering pursuit of a zero-injury goal.

In line with this commitment, Sadara is dedicated to achieving the highest standards of environmental, health, safety, and security practices in all aspects of our performance and operations.

HEALTH AND SAFETY PERFORMANCE

GRI 2-8, 2-25, 403-9, 403-10

Sadara is dedicated to creating a positive impact by delivering exceptional Environment, Health and Safety (EHS) performance that aligns with the company's vision and mission. To achieve this goal, Sadara actively involves its employees in promoting sustainability and EHS initiatives, encouraging them to share ideas and practical solutions that support the development and continuous enhancement of our EHS performance.

Regular sustainability and EHS reports are cascaded across the company to showcase performance. Furthermore, we assess suppliers and service providers through an integrated system and tools to ensure compliance with EHS regulatory requirements and management system standards that align with the Responsible Care guiding principles.

Sadara has maintained zero employee and contractor fatalities since 2021. We have since conducted a total of 218 emergency response drills to ensure that all future safety incidents can be properly mitigated.

Health and Safety	Unit	2020	2021	2022
Work hours (employees)	Hours	7,356,133	7,307,459	6,826,393
Work hours (contractors)	Hours	7,313,423	12,477,989	11,801,449
Employee fatalities	#	0	0	0
Contractor fatalities	#	1	0	0
Employee lost time injuries <sup>1</sup>	#	1	0	1
Contractor lost time injuries	#	3	1	1
Employee total recordable injuries <sup>2</sup>	#	2	0	3
Contractor total recordable injuries	#	3	2	2
Employee occupational illnesses	#	0	0	0
Total recordable injury rate (TRIR)	Rate	0.07	0.02	0.05
Total number of emergency response drills conducted	#	62	45	218
Safety incident investigations initiated	#	518	701 <sup>3</sup>	867 <sup>3</sup>
Safety incident investigations completed	#	518	701 <sup>3</sup>	867 <sup>3</sup>
Employee lost-day rate <sup>4</sup>	Rate	0.03	0.0	0.03
Contractor lost-day rate	Rate	0.08	0.02	0.02

<sup>1</sup> Total number of occupational injuries or illnesses that render any employee to be temporarily or permanently unable to perform his/her regular job or restricts the person's ability to work on any day after that on which the injury or illness was received or diagnosed. In this case, 'any day' includes rest days, scheduled holidays, weekend days, public holidays or days subsequent to ceasing employment. A single event can give rise to several Lost Workday Cases (LWCs), depending on the number of people affected. This is a recordable case.

<sup>2</sup> The total number of fatalities, lost-time injuries, restricted work cases, or medical treatment cases for all employees.

<sup>3</sup> Some 2021 investigations were completed in 2022.

<sup>4</sup> Lost workdays rate for employees = (Total number of lost workdays by employees \* 1000000) / Total number of hours worked by employees.

## EHS MANAGEMENT SYSTEM

GRI 403-1, 403-2

Sadara regularly benchmarks sustainability and EHS practices and performance against local, regional, and international associations and companies to ensure continuous improvement.

Sadara is dedicated to upholding global EHS standards, such as RC 14001, ISO 14001, ISO 50001, and ISO 45001, while also surpassing these regulations with internal processes. The establishment of our own Environment, Health, and Safety Management System as part of Sadara's ODMS ensures safety for all.

Sadara conducts an annual review of their management system for Occupational Health and Safety and Product Stewardship. Through an Injury Prevention Program (IPP), the company strives for a zero-injury record. An established EHS Central Committee oversees EHS matters, collaborating with the Environment, Health, and Safety Board Committee.

Sadara has implemented ongoing routine Environment, Occupational Health & Safety programs, including:

- 1- EHS ODMS Integrated Assessment
- 2- Near-Miss Reporting
- 3- Safety Observation Reporting
- 4- Behavioral Based Safety Program (BBP)
- 5- Exposure Risk Assessment

### Case Study

#### Sadara Industrial Hygiene

Sadara organized an Industrial Hygiene Augmentation Workshop in 2022, bringing together occupational health and hygiene experts from prominent industries. The workshop aimed to elevate the standards of occupational health and hygiene, not only within individual companies, but also in the broader community. During the workshop, Sadara expressed its support for the recently established Saudi Occupational Health Society.

## EHS&S ASSESSMENT PROGRAM

GRI 403-2

To validate the implementation of our EHS&S standards requirements and tools, Sadara introduced an EHS Assessment and Assurance Program in 2017. This program promotes a standardized approach, content, and methodology for EHS&S audits, ensuring that our EHS&S systems comply with international standards and are of the highest quality. Third-party auditors have certified Sadara's EHS&S systems, granting us ISO 45001, ISO 14001, ISO 50001, and RC 14001 certifications, which are audited annually. This is in addition to other external audits conducted by Sadara's stakeholders.

The objective of the EHSS Integrated Assessment is to review EHSS Management Systems, evaluate compliance with international standards, and assess the facility's activities and performance for compliance with both internal (ODMS) and external requirements related to its operation.

## EHS PERFORMANCE DURING TURNAROUND

GRI 403-2, 403-8

During 2022, Sadara successfully completed a major turnaround of its Basic Chemicals' plants, which took approximately 66 days to complete. Despite the challenges posed by working during the Turnaround, the Sadara team remained resilient and committed to ensuring the safety and well-being of everyone involved. The project was completed without any major recordable environment, health or safety incidents or delays.

## PROCESS SAFETY

GRI 2-25, 403-2, 403-7

Sadara adheres to the Process Risk Management Standard and Loss Prevention Principle to identify and manage process safety risks. These standards apply to various facilities such as chemical manufacturing facilities, pipelines, warehouses, and loading/unloading facilities. They also have a Reactive Chemicals Standard to manage risks related to reactive chemicals. Sadara promptly addresses and reports Loss of Primary Containment (LOPC) events to prevent further complications. These events are categorized as Level 1 or Level 2 based on their impact, and Sadara has achieved zero Level 1 Process Safety and Containment Events for two consecutive years.

Process Safety	Unit	2020	2021	2022
Process Safety and Containment Event- L1	%	0.07	0	0
Process Safety and Containment Event- L2	%	0.03	0	0.02

## EHS TRAINING

GRI 403-5

All contractors and employees at Sadara receives job-specific training. EHS&S training sessions cover a diverse range of subjects, including process safety, personal safety, chemical spill management, and the correct handling of chemicals.

Health and Safety Training and Management	Unit	2020	2021	2022
Total hours of HSE training provided to employees	Hours	51,928	69,355	59,166
Average hours of HSE training per employee	Hours	5.0	5.6	5.1
Number of workers covered by an occupational health and safety management system	#	5,945	4,394	3,851

Looking forward, we aim to optimize our health and safety performance to ensure zero recordable injuries. To achieve this, the company is committed to implementing the latest technologies to digitize its EHS&S services, thereby streamlining work processes, and improving their efficiency.

## PRODUCT RISK AND STEWARDSHIP

GRI 2-23, 2-25, 403-2, 403-7, 416-1, 416-2, 3-3, 417-1, 417-2

Sadara is deeply committed to the wellbeing of all individuals involved in the production, distribution, and use of our products, as well as to the environment. Our product stewardship philosophy is based on assessing the safety, health, and environmental information related to our products and taking necessary measures to protect the health of employees, the public, and the environment. The company also complies with local product labeling regulations.

In 2022, Sadara launched a Chemical Safety Campaign awareness program targeting all employees to raise awareness about safety data sheets, chemical labeling, and hazard pictograms to support the current Hazard Communication Program.

### Globally Harmonized System

To ensure internationally recognized standards of classification, Sadara has fully implemented the UN's Globally Harmonized System of Classification and Labeling and is working towards its complete adoption. Sadara also complies with international standards such as RC 14001, ISO 14001, ISO 45001, and ISO 9001 to maintain product safety and protect customer health.

Additionally, Sadara complies with regulatory requirements such as the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) regulations, and Halal. In 2022, there were no incidents of non-compliance with regulations, voluntary codes, or supplier standards that could impact the health and safety of our products, services, handling, transport, or storage.

Customer Health and Safety	Unit	2020	2021	2022
Number of incidents of non-compliance with regulations, voluntary codes, or supplier standards, concerning health and safety of products, services, or handling/transport/storage of product	#	1	0	0
Percentage of products that contain Globally Harmonized System of Classification and Labelling of Chemicals Category 1 and 2 Health and Environmental Hazardous Substances	%	26.8	26.8	26.8
Percentage of such products that have undergone a hazard assessment	%	100	100	100

## PRODUCT TRANSPORTATION

Sadara evaluates the EHS&S competencies of new contractors in areas such as minimizing personnel and environmental impact on the handling, storage, transportation, and warehousing of chemicals.

To manage bulk transportation, Sadara employs the Sadara Distribution Risk Review Work Process, which tracks transportation events monthly. We investigate any incidents that occur and work with drivers to increase their awareness of transportation safety.

Sadara has seen zero transportation incidents for two consecutive years.

Transportation Safety	Unit	2020	2021	2022
Transportation Incident L1 Rate	#	1	0	0

## EMPLOYEE WELL-BEING

GRI 2-23, 2-25, 403-3, 403-6

To ensure high standards of health and well-being, Sadara conducts office ergonomic campaigns and provides job-specific training sessions. The company also offers annual medical check-ups, sports facilities, the Sadara Resort for family social engagement, and discounted gym memberships. Additionally, health initiatives such as smoking cessation campaigns promote healthy lifestyle choices. We also provide a generous personal vacation allowance and comply with all leave mandated by Saudi labor law.

Annual Employee's Medical Check-Up Program	Unit	2020	2021	2022
Employee's Medical Check-Up Program	#	70	99.58	100



# CLIMATE CHANGE & NATURAL RESOURCES CONSERVATION

### PERFORMANCE AGAINST SUSTAINABILITY STRATEGY KPIS

Sustainability Strategy Pillars	Strategic Goals	KPIs	Unit	2022 Performance	2022 Target	2025 Target
Climate Change & Natural Resources Conservation	5. Minimize Environmental Impact	Reduce energy intensity	GJ/metric ton product	27.265	28.094	27.668
		Reduce GHG intensity	Metric tons CO2e/metric ton product	1.835	2.045	1.983
		Reduce water intensity	m <sup>3</sup> /metric ton product	11.314	9.607	9.313
	6. Support Circular Economy	Reduce plastic pellet losses	%	0.40	1.5	0
		Reduce material effectiveness intensity	Metric tons material used/metric tons product	0.131	0.134	0.132

As an industry leader, Sadara recognizes the importance of reducing its ecological footprint, especially considering Saudi Arabia’s susceptibility to the adverse effects of climate change, particularly with respect to reaching net-zero by 2060 and water security, in addition to our shareholders’ (Aramco and Dow) commitment to net zero by 2050. To this end, Sadara has established a Climate Change and Natural Resource Conservation Committee as part of the Sustainability Council. This committee is responsible for setting organizational strategies that align with Sadara’s targets and Saudi national ambitions, with a focus on decarbonization, energy efficiency, and circular economy. Sadara has set five-year targets, with 2020 as the base year. The 2025 targets include reducing GHG intensity by 5%, energy intensity by 2.5%, water intensity by 5%, material effectiveness intensity by 2.5%, and achieving zero plastic pellet loss.

As a result of the ongoing environmental efforts, in 2022, Sadara was awarded by the Royal Commission for Jubail with the Environmental Award for Best Company in Environmental Initiatives for 2022.

### ENVIRONMENTAL MANAGEMENT SYSTEM

GRI 2-23, 3-3

Sadara prioritizes effective environmental governance and has established an environmental management system that is ISO 14001, ISO 50001, and RC 14001 certified. Our Sustainability policy and management system ensure compliance with environmental regulations and stakeholder requirements, while also promoting resource optimization and minimizing GHG emissions.

Regular internal assessments and third-party audits ensure accountability, compliance, and identify areas for improvement. Additionally, Sadara continually improves its environmental management system and work processes to regularly monitor air emissions, wastewater, and waste generated from its facilities through online analyzers, frequent lab samplings, and frequent physical monitoring, such as stack emissions test and Leak Detection and Repair Program (LDAR). Sadara has maintained a zero regulatory environmental violations record.

Our ongoing efforts have already yielded significant progress towards the five-year sustainability targets set in 2020, including reductions in GHG emissions, energy, water intensities, and increases in material effectiveness. In 2022, Sadara is continuing its efforts to fully automate environmental monitoring and reporting, which will highly improve the quality assurance and reporting of Sadara’s footprint.

### GHG AND OTHER AIR EMISSIONS

GRI 2-25, 3-3, 305-1, 305-2, 305-4, 305-5, 305-7

Sadara continuously monitors and tracks GHG and non-GHG emission performance to meet all stakeholder and internal requirements. As part of the company’s climate change efforts to curb GHG emissions, a dedicated team has been assigned by the Sustainability Council to ensure compliance and continual improvement. The team is sponsored by the Manufacturing and Engineering (M&E) Vice President (VP), managed by a M&E Director, and supported by a core team of engineers, advisors and specialists from various departments who consolidate the data using available operations software, including an in-house software. Sadara employs a standardized GHG calculation and reporting methodology integrated into the company’s Footprint Protocol, ensuring data validity and consistent reporting.

Absolute GHG emissions are used as indicators for the main target, which is the GHG intensity, expressed as the total scope 1 and scope 2 emissions from Sadara’s facilities divided by the total products sold to the market. In 2022, Sadara achieved a 6.63% reduction in direct GHG emissions (Scope 1) from 2021, thanks to various improvement initiatives, including the optimization of steam in specific equipment such as flares, harnessing waste heat to minimize fuel use, reducing power consumption through process optimization, and improving the quality of specific products thus reducing direct GHG emissions. Furthermore, efforts to reduce GHG emission intensity led to a 2.8% decrease in 2022.

To further align with Sadara’s environmental management plan, the Environmental Protection and Environmental Operations division developed key performance indicators to monitor emissions source performance. Notably, KPIs were achieved in 2022 due to ongoing improvements.

Sadara remains fully engaged with the Kingdom’s governmental GHG programs, including the Circular Carbon Economy initiative, which is a national data collection framework led by the Ministry of Energy through the King Abdullah Petroleum Studies and Research Center (KAPSARC) and the GHG inventory as compliance requirements of the Royal Commission for Jubail & Yanbu.

Production Data	Unit	2020	2021	2022
Total products sold	Million metric tons	3.116	2.972	2.995

GHG Emissions	Unit	2020	2021	2022
Direct GHG emissions (Scope 1)	Million metric tons of CO2-eq	4.264	4.031	3.764
Indirect GHG emissions (Scope 2)	Million metric tons of CO2-eq	2.238	1.579	1.732
Total GHG Emissions (Sum of Scope 1 and 2)	Million metric tons of CO2-eq	6.502	5.610	5.496
Emission intensity (total GHG emissions/tons product sold)	Metric tons of CO2-e/metric ton product	2.087	1.888	1.835

Non-GHG Emissions	Unit	2020	2021	2022
NOx emissions (excluding N2O)	Thousand metric tons	1.606	1.722	1.521
SOx emissions	Thousand metric tons	0.389	0.570	0.546
Volatile organic compounds emissions (VOCs)	Metric tons	20.383	10.618	13.134
Hazardous air pollutants	Metric tons	5.858	3.234	4.105

### ENERGY CONSUMPTION

GRI 2-4, 2-23, 2-25, 3-3, 302-1, 302-3, 302-4, 302-5

By enhancing energy efficiency, Sadara can contribute to environmental protection, mitigate the impact of climate change, comply with the regulatory requirements, and continually improve energy performance and the energy management system as per the ISO 50001:2018 EnMS standard.

As an ISO 50001:2018 EnMS certified company, Sadara has established the required standard EnMS documentation, implementing the programs and activities that led to this achievement. This included enhancements such as updating the existing energy policy to satisfy the ISO 50001 requirement completed and signed by the CEO. Additionally, energy improvement plans, energy audits, and selected employees were sent to external training programs, organized by the Saudi Energy Efficiency Center (SEEC) in partnership with the Association of Energy Engineers AEE®.

As a result of the continual improvement practices, a number of energy-saving initiatives have also been implemented, resulting in a significant reduction of 1,833,208 GJ in total energy consumption in 2022, a 2.2% drop compared to 2021.

Energy Saving Initiatives	Energy Reduction (GJ)
Reduction in total imported fuel	116,340
Optimize Steam to Flare	325,586
Reduction in waste gases being flared	300,520
Assess optimizing ethylene yield in Plastics	3,623
Reduce Power consumption on EO compressor	42,571
Improve Hydrogen peroxide quality	19,645
Reduce electricity consumption on hot oil system	12,465
Reduce the freshwater input to process system to reduce steam consumption in TDA/TDI	52,030
Steam optimization in Aniline plant	52,844
Reduce admin building energy consumption	552



### Case Study

#### Optimize Steam to Flare

Steam is used to assist the Plastics LDPE flare in ensuring that operational and environmental compliance requirements are met. In the original set-up, the steam to the elevated flare was manually controlled by Operator input at minimum valve opening of ~10% to achieve a smokeless flare. This strategy proved to be ineffective. The operations team in collaboration with the Technology Center and other departments changed the operation philosophy from manual adjustment to automatic mode by adding feedforward action and remote control to reduce the steam. This action led to a decrease of steam use by 4 metric tons/h, better control of chilled water temperature, and stable steam network pressure. The equivalent amount of energy saved was 325,586 GJ.

#### Optimize gas flow in EO compressor.

The Cycle Gas Compressor (CGC) is one of the biggest electricity consumers in the ethylene oxide (EO) unit. The recycle rate on this compressor is high.

Operations in collaboration with various departments optimized the CGC power by maintaining the cycle gas flow rate at the minimum flow needed to maintain acceptable levels of catalyst selectivity.

The result was a drop in the compressor’s power consumption by reducing the recycle rate and saving 42,571 GJ.

Energy Consumption	Unit	2020	2021	2022
Direct energy consumption				
Petrol consumption from vehicles	Liters	632,818	624,144	573,749
Diesel consumption from operations	Liters	2,383,460	2,074,754	1,506,337
Diesel consumption from vehicles	Liters	25,324	18,021	36,236
Indirect energy consumption				
Electricity consumption (branches, offices, etc.)	GJ	10,212,391	9,503,437	10,260,534
Renewable energy consumption (branches, offices, etc.)	GJ	0	10.41 <sup>1</sup>	31.22
Total Energy consumption (direct + indirect)	Million GJ	88.414	83.499	81.665
Energy Intensity (total energy consumption in Gigajoules/total products sold in metric tons)	GJ/Ton	28.377	28.097	27.265

<sup>1</sup> Restatement of information due to enhanced calculation methodology.

Sadara had a significant energy performance improvement in 2022 where the energy intensity (EI) target was achieved and an EI reduction of 2.96% compared with the previous year was evident.

## WATER AND EFFLUENTS

GRI 3-3, 303-2, 303-3, 303-4, 303-5, 306-1

We recognize that reducing water consumption is important for protecting the environment, energy reduction, and cost savings. Sadara's primary source of industrial water is the Marafiq Seawater Reverse Osmosis (SWRO) plant located within the chemical complex.

In 2022, the total water consumption increased by 14% and is correlated to a 0.79% increase in the total products sold and an increase in water consumption during the Turnaround.

Although overall site performance showed an increase in water consumption, Sadara has implemented a number of water conservation initiatives. In 2022, the company's optimization efforts in the Dilution Steam Generator heat exchangers in the MFC resulted in saving 440,000 m<sup>3</sup> of water. In addition, Sadara's recycling programs recycled 6,313 m<sup>3</sup> of wastewater in 2022.

Sadara's compliance status indicated no violations or non-compliance with water quality permits, standards, and applicable regulations in 2022.

Water	Unit	2020	2021	2022
Water intensity (water consumption/total products sold)	m <sup>3</sup> /products sold	9.803	9.981	11.314
Total water consumption	Million m <sup>3</sup>	30.542	29.662	33.888
Recycled wastewater	m <sup>3</sup>	452.31	2,258.21	6,312.77
Wastewater TOC discharged	Thousand metric tons	1.565	1.646	1.866

## SUSTAINABLE RESOURCE MANAGEMENT

### Material Effectiveness

Sadara prioritizes the application and improvement of material effectiveness and management practices at its manufacturing plants, while ensuring compliance with relevant environmental regulations. Our focus on increasing material effectiveness involves reducing material losses in our manufacturing processes, which encompasses a range of streams including:



To minimize waste generation, a hierarchical approach to waste management has been implemented:

- 1 Prevention
- 2 Reduction
- 3 Reuse
- 4 Recycle
- 5 Recover
- 6 Treatment
- 7 Disposal

As part of this approach, Sadara plans to find further recycling opportunities, especially on waste streams that are currently disposed.

Sadara manages the entire waste disposal process from the collection of waste generated by various units to its eventual disposal at third-party waste management facilities in Jubail. In addition, routine audit programs known as the Waste Disposal and Recycling Company EHS&S Assessment, conducted on third-party waste/recycling management facilities, ensure compliance with all relevant legal requirements for waste disposal and recycling processes, recommend opportunities for improvement, and share best practices. In 2022, four different third party facilities were assessed.

## MATERIAL EFFECTIVENESS

GRI 3-3, 306-1, 306-2, 306-3, 306-5, 301-1

Material Effectiveness	Unit	2020	2021	2022
Total waste generated	Thousand metric tons	32.077	28.909	43.376
Hazardous waste sent to disposal	Thousand metric tons	4.169	3.152	6.417
Non-hazardous waste sent to disposal	Thousand metric tons	7.217	7.993	15.317
Flaring loss <sup>2</sup>	Thousand metric tons	271.074	307.314	245.299
Total waste recycled <sup>3</sup>	Thousand metric tons	20.690	17.763	21.642
Material effectiveness intensity	Metric tons material loss/metric tons products	0.136	0.148	0.131

<sup>2</sup> Includes all types of waste gases to the flares, including purge gas such as Nitrogen.

<sup>3</sup> Unit for total waste recycled has been updated from kg to thousand metric tons.

Sadara's material losses in 2022 reduced to 10.53% compared with its 2021 performance, and the material effectiveness intensity improved by 11.23%, thereby meeting the target. The main contributing factor is the significant reduction in total flaring by 20.18%.

Furthermore, there were no reported spills directly impacting the environment during that period.

## CIRCULAR ECONOMY

GRI 2-4, 306-2, 306-4, 3-3, 301-1, 301-2

By embracing circular economy principles, Sadara not only contributes to protecting the environment, but also promotes a compelling business rationale, enabling the company to create a more sustainable future while achieving its business objectives.

Sadara has set ambitious objectives aimed at achieving circularity. Key among these objectives are:

- 1- The diversion of high-pressure caustic residue
- 2- The diversion of Propylene Oxide (PO) wastewater to recycling

In 2022, Sadara saved approximately SAR 22 million in disposal costs while generating over SAR 930,000 in revenue from recycling:

Cost Savings	Unit	2020	2021	2022
Total revenue from recycling	SAR	855,666	891,764	931,113
Total saved disposal cost	SAR	25,248,201	22,990,888	21,783,382
Wooden pallets re-used	#	10,545	13,930	8,141
Recycled input materials used: recycled fuels (pyoil, tail gas, PSA recycle, off gas) <sup>7</sup>	Thousand metric tons	541.07	495.06	502.28
Percentage of recycled input material used	%	15.16	13.90	14.22

Circular Economy	Unit	2020	2021	2022
Total waste diverted from landfill	Thousand metric tons	24.240 <sup>4</sup>	20.234 <sup>4</sup>	26.553
Percentage of waste diverted from landfill (total recycled + incinerated waste/total generated)	%	75.57 <sup>4</sup>	69.99 <sup>5</sup>	61.22
Sale of by-products <sup>6</sup> generated from operations	SAR	617,370,692	794,873,815	670,070,275
Percentage waste diverted from landfill (total recycled/total generated)	%	9.94%	28.11%	37.22%

<sup>4,5</sup> Restatement of information due to enhanced calculation methodology.

<sup>6</sup> By-products: Co-products and Hydrocarbons.

<sup>7</sup> Unit for recycled input materials used has been updated from kg to thousand metric tons.

Recycled Materials	Unit	2020	2021	2022
Recycled hydrocarbons/oil	Thousand metric tons	5.381	6.033	5.101
Recycled mixed materials (Plastic, paper, metal, etc.) <sup>7</sup>	Thousand metric tons	1.243	1.281	1.354
Recycled TDI tar <sup>7</sup>	Thousand metric tons	13.03	7.559	8.808
Recycled off-spec wastewater <sup>7</sup>	Thousand metric tons	0.452	2.258	6.312
Total paper recycled	kg	6,126	5,400	9,310
Total electronic waste products recycled	kg	15,207	41,892	25,412
Portion of waste generated that was recycled	%	34.69%	64.50%	61.44%

<sup>7</sup> Unit has been updated from metric tons to thousand metric tons.

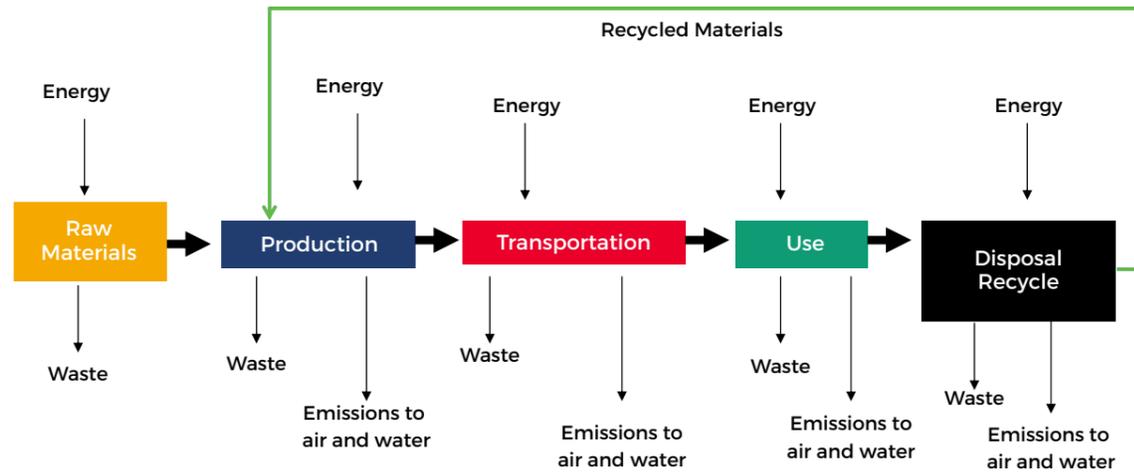
## SUSTAINABLE PRODUCTS

Sadara recognizes the importance of using rigorous methodologies to determine its carbon footprint and circularity percentage.

Investment in R&D	Unit	2020	2021	2022
Amount spent on research and development of sustainable products and services	SAR	-	-	2,082,625

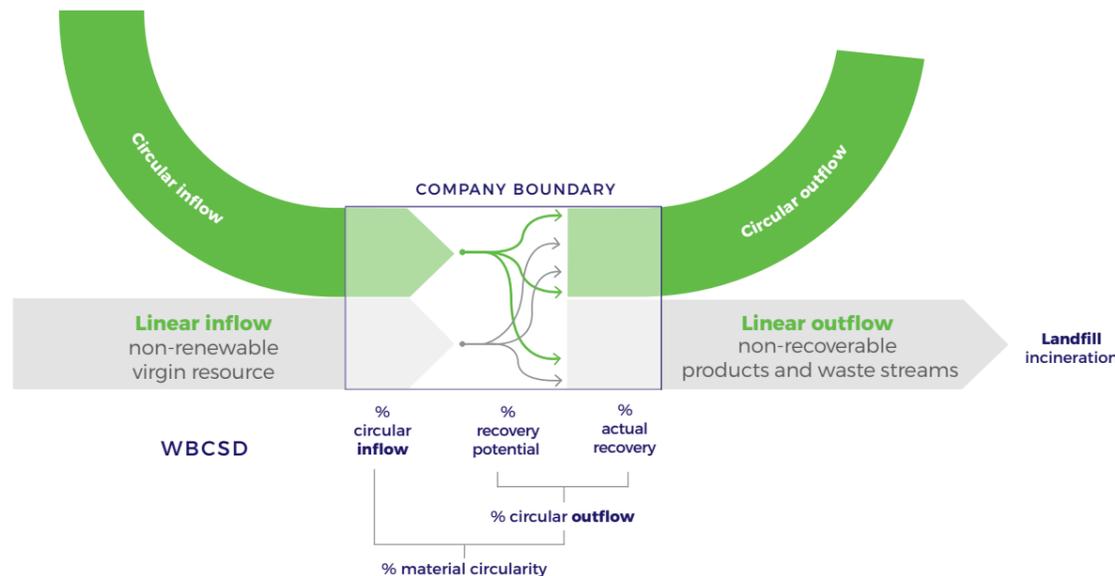
## LIFE CYCLE ASSESSMENT

In 2022 a Life Cycle Assessment (LCA) was conducted, based on ISO 14040 standards, to evaluate the inputs, outputs, and potential environmental impacts of three of our products – low linear density polyethylene (LDPE), PMDI, and polyols – and their respective feedstocks. This approach ensures that Sadara considers the entire life cycle of a product system when assessing its carbon footprint.



## CIRCULARITY

To assess its capacity and aspiration to reduce resource extraction and waste material, Sadara utilized the Circularity Transition Indicators Tool. This tool enables Sadara to analyze material flows throughout its operational processes, identifying areas where resource extraction and waste can be reduced. The analysis is carried out with the help of third-party consultants and focuses on flows that occur within Sadara’s operational boundaries.



## OPERATION CLEAN SWEEP

GRI 2-25

In 2021, Sadara became the first company in the Gulf Cooperation Council (GCC) to receive the Operation Clean Sweep (OCS) certification from the Gulf Petrochemicals and Chemicals Association (GPCA).

The OCS program is an American Chemistry Council (ACC) and Plastics Industry Association (PLASTICS) initiative involving the participation of more than 60 countries around the world. It is designed to help plastics industry operations reduce the accidental loss into the environment of pellets, flakes and powder throughout processing facilities and across the entire supply chain.

### Operation Clean Sweep® (OCS) Sadara Journey

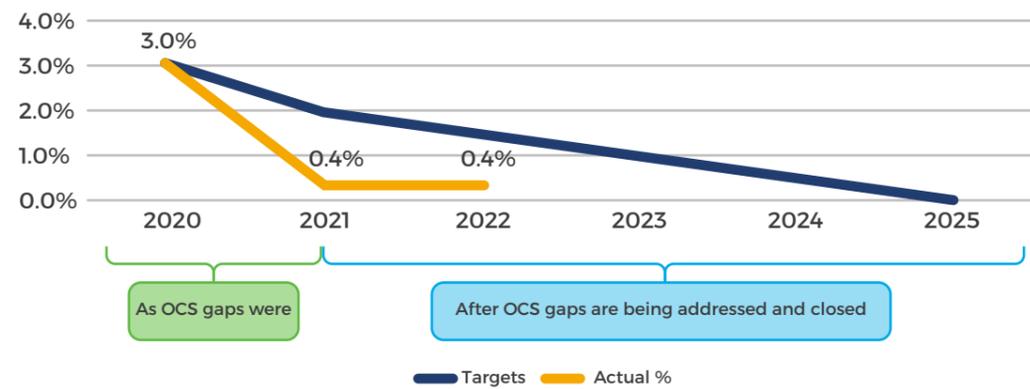


### Case Study

#### Prevention of Pellets Loss

Sadara implemented a range of effective procedures to prevent the loss of pellets, including the use of supersacks in scrap bins, green mesh to prevent pellet contamination of water flows, and periodic cleaning of conveyor baskets to ensure optimal performance of wastewater recovery units. Since the implementation of these measures in 2021, we have maintained an impressive overall 0.4% pellet escape from our systems to the environment, with all escaped pellets subsequently collected. Our goal is to achieve zero losses by 2025.

**Sadara OCS Performance**



Sadara integrated OCS into the Sadara ODMS, ensuring that our teams and contractors consistently follow compliance standards across all our facilities. To further support our initiatives, 10 OCS walkthroughs were conducted in 2022 to ensure optimum performance.

**BIODIVERSITY**

GRI 2-25, 3-3, 304-1, 304-2, 304-3

Sadara is committed to preserving biodiversity and minimizing its operational impact on it. To achieve this, the company has implemented management systems, obtained environmental permits, and adheres to the RC14001 standard, which specifically considers biodiversity.



Sadara conducts regular environmental tests to ensure that its activities do not negatively impact biodiversity. For instance, although control measures to prevent spillage from penetrating to groundwater are already implemented, the company performs annual groundwater analysis by collecting samples from monitoring wells distributed throughout the complex. This practice enables us to take appropriate measures in case the quality of groundwater is affected by our operational activities. Since Sadara’s inception, the quality of groundwater has remained normal and within the regulatory threshold. Furthermore, throughout 2022, there were no incidents of spills resulting in the release of substances into the environment as a result of Sadara’s operational activities.

To contribute further to biodiversity, Sadara initiated the Greenhouse Project in 2018, which is a 300 m<sup>2</sup> facility that produces over 3,000 indoor and outdoor tree seedlings that are highly efficient in refreshing the air and removing pollutants. The Initiative supports the positive impact of trees on the environment and to encourage community planting campaigns to increase greenery and improve air quality.

In support of SGI, Sadara made the necessary maintenance and operation plans in 2022, in collaboration with the National Center for Environmental Compliance, to operate and ensure that its Greenhouse produces 3,000 plants annually in a sustainable manner, to be distributed throughout the community as well as to Sadara’s employees and their families. During the year different batches of seedlings were planted especially to mark Environmental Week and Saudi National Day.



**BUSINESS  
GROWTH &  
OPERATIONAL  
EXCELLENCE**

Sustainability Strategy Pillars	Strategic Goals	KPIs	Unit	2022 Performance	2022 Target	2025 Target
Business Growth & Operational Excellence	7. Ensure Operational Excellence	Increase Product Supply Reliability (PSR)	%	91.5	93.7	94.9
		Decrease Defects Per Million Opportunities (DPMO)	#	856	10,500	9,000
	8. Support Downstream Industry Local Content	Increase number of PlasChem tenants	#	8	8	10
		Increase percentage of local procurement spending	%	79	77	80

## FINANCIAL PERFORMANCE

GRI 2-23, 3-3, 201-1

Our priority at Sadara is to ensure that our operations are efficient, meet the needs and demands of our customers, and support local procurement. Therefore, we focus on enhancing the performance of all departments to create the value our shareholders and customers are expecting.

Sadara achieves this through strong financial performance, drawing from the solid business strategy in place. This value creation and strategic direction are translated through financial projections, operational awareness, and business intelligence. Financial reporting in Sadara adheres to the International Financial Reporting Standards and US Generally Accepted Accounting Principles to provide stakeholders with transparent financial performance reports.

In 2022, Sadara introduced several new guidelines to improve performance. A clear Lease Policy was launched with guidelines that enable Sadara to make effective and efficient financing decisions for asset acquisitions in terms of purchasing or leasing assets. In addition, an Investment Guideline was developed to assist Sadara in maximizing its Return on Investment (ROI) by providing structure and tools for cash investments. Sadara established a Strategic Planning and Business Finance process and recruits skilled individuals to obtain detailed estimates, forecasts, and actual figures for Sadara's products/business lines throughout the organization.

Sadara's revenues in 2022 were SAR 14.5 billion. While this represents a fall from the 2021 figure, the longer-term trend shows an increase of 37.8% since 2020. The actual prime spending in 2022 was 9.6% below the approved budget. Owing to our optimization and cost control actions, the 2023 prime controllable budget is 3% lower than the 2022 budget.

The main reason for the decrease in net profit this year compared to last year is due to lower prices of products and higher costs of raw materials, (even though sales volume has increased), leading to narrower profit margins. Furthermore, last year's debt restructuring had a positive effect resulting in a gain of SAR 1.05 billion, which did not occur this year.

Financial Performance	Unit	2020	2021	2022
Sales/revenue	Million SAR	10,503	17,617	14,473
Gross profit (loss)	Million SAR	(360.045)	5,146.799	1,025.613
Total comprehensive income	Million SAR	(4,091)	3,922	(279)
Profit (loss) operational	Million SAR	(826)	4,428	485
Net profit (loss) after Zakat and tax	Million SAR	(3,220.230)	3,105.582	(1,858.791)

## PRODUCT DEVELOPMENT

GRI 3-3

Sadara's vision is to lead the evolution of the chemical industry by creating value at national and regional levels, which aligns with the Kingdom's aspirations to raise the share of gross domestic product (GDP) of non-oil exports. In this way, Sadara aims to contribute to the diversification of Saudi Arabia's economy while securing its position as a leader in the chemical industry.

Sadara puts efforts into diversifying production and expanding its portfolio. It does so by encouraging innovative thinking throughout the entire organization to enhance operations and generate new ideas that will contribute to long-term profitability.

Sadara's high-end analytical abilities enabled us to find a faster method of detecting iron low levels. However, to relieve the high demand on PMDI, Sadara successfully produced, shipped, and qualified new MDI product grade Crude MDI (CMDI) in 2022.

The targeted markets for the new product are mainly Europe and South Asia, marking a crucial step in the diversification of the company's product portfolio and expanding market potential. Sadara intends to participate in a variety of completed product applications (such as industrial, living, and sports products, as well as Spandex, shoe soles, Thermoplastic Polyurethane (TPU) elastomers, synthetic leather, paint, and adhesive products), which will lead to increased market prospects.

## OPERATIONAL PERFORMANCE

Since commencing commercial operations in 2017, we have continuously delivered a high-level EHS&S and production performance despite market challenges. Facility operation entails running 26 integrated plants while coordinating with raw material suppliers and conforming to international and local standards and regulations. We place great emphasis on maintaining employees' health and safety while guaranteeing seamless operations.

In 2022, Sadara achieved several significant milestones across its operations. We completed a safe basic chemicals Turnaround, logging over 1.2 million safe working hours. Sadara also successfully navigated a MFC plant shutdown due to cold box C2 stream fouling. Moreover, one notable accomplishment was the TDI plant's highest yearly production since the company's inception. Another success in 2022 was the 8% increase in Plastic Train 4 Production rate from the previous year.

Furthermore, Sadara successfully and safely commissioned several projects, including the Oxides Distribution Unit at PlasChem Park, where Ethylene Oxide and Propylene Oxide were transferred. The company also commissioned a new liquid feed supplier for the Wasit Natural Gas complex.

### MEASURING OPERATIONAL PERFORMANCE

Sadara is adopting the Product Supply Reliability measure, which enables us to track our ability to consistently supply the same quality product, at a reasonable cost and within a reasonable time frame.

Sadara continuously monitors its operational KPIs at each unit's control room for quick responses and decisions, prioritizing EHS as well as operational stability. The monitoring system communicates the consolidated observed KPIs along with their expected financial impacts to site management to support the management in making critical decisions.

Sadara monitors sales volume, EBITDA, environmental and sustainability KPIs, production volume and quality, asset reliability, and cost control as important indicators of operational and financial performance, as a result, control over KPIs related to spending maturity are improved.

Production Data	Unit	2020	2021	2022
Total products sold	Million metric tons	3,116	2,972	2,995

### SUPPLY CHAIN MANAGEMENT

GRI 2-6, 3-3

As part of its commitment to building a world-class procurement system, the company prioritizes local procurement and supports the growth of the local economy by fostering strong partnerships with suppliers who share its values and principles. These partnerships contribute to a sustainable supply chain and help ensure that raw materials are readily available for manufacturing to meet demand and achieve on-time delivery while maintaining high standards of safety and quality.

To reach a wider market, Sadara partnered with Dow and SABIC to market its products in various geographic locations as second marketers. By implementing a robust and efficient supply chain system, Sadara can ensure that its products reach their intended markets in a timely and cost-effective manner, contributing to customer satisfaction and overall business success.

Sadara's procurement process is crucial to attaining the company's procurement objectives. Its aim is to procure materials and services in a cost-effective and efficient manner, while ensuring an uninterrupted supply. This is accomplished by developing personnel, comprehending customer needs, building strong supplier relationships, and implementing best-in-class processes, innovations, and technology.

To promote Local Content, Sadara has enhanced its procurement process by prioritizing awards for products made in Saudi Arabia and supporting local manufacturers. The procurement process also includes introducing new alternative sources to ensure a consistent supply of materials. In 2022, the procurement process accomplished 5% in cost savings through negotiations and cost reduction despite the challenging market conditions. Sadara aims to achieve 6% cost savings in 2023, continuing to enhance its procurement process.

In 2022, Sadara successfully achieved 98% of its operation plan by the end of the year, in spite of the Basic Chemicals Turnaround, which is a testament to the company's dedication to efficiency and excellence.

Procurement	Unit	2020	2021	2022
Total number of suppliers engaged	#	782	802	756
Total number of local suppliers engaged	#	468	503	486
Total procurement spending	Million SAR	3,754	3,990	4,012
Sourced raw materials	Million SAR	1,324	1,718	2,946
Percentage of raw materials sourced locally	%	56	53	94
Sourced spares and equipment	Million SAR	1,076	409	155
Percentage of spares and equipment sourced locally	%	40	81	71
Services sourced	Million SAR	1,271	1,620	907
Percentage of services sourced locally	%	95	97	99

Supply Chain	Unit	2020	2021	2022
Volume of products exported	Metric tons	3,115,567	2,975,754	2,998,000
Number of customer shipments	#	75,847	71,145	77,965

### LOCAL CONTENT

GRI 204-1, 308-1

Local Content is a vital element of the Kingdom's economic development plans, which aim to achieve Vision 2030's objectives. Through investment in Saudi human capital, supply chain optimization, contribution to GDP growth, technology transfer, job creation, and support for local manufacturers, Local Content plays a crucial role in achieving these goals.

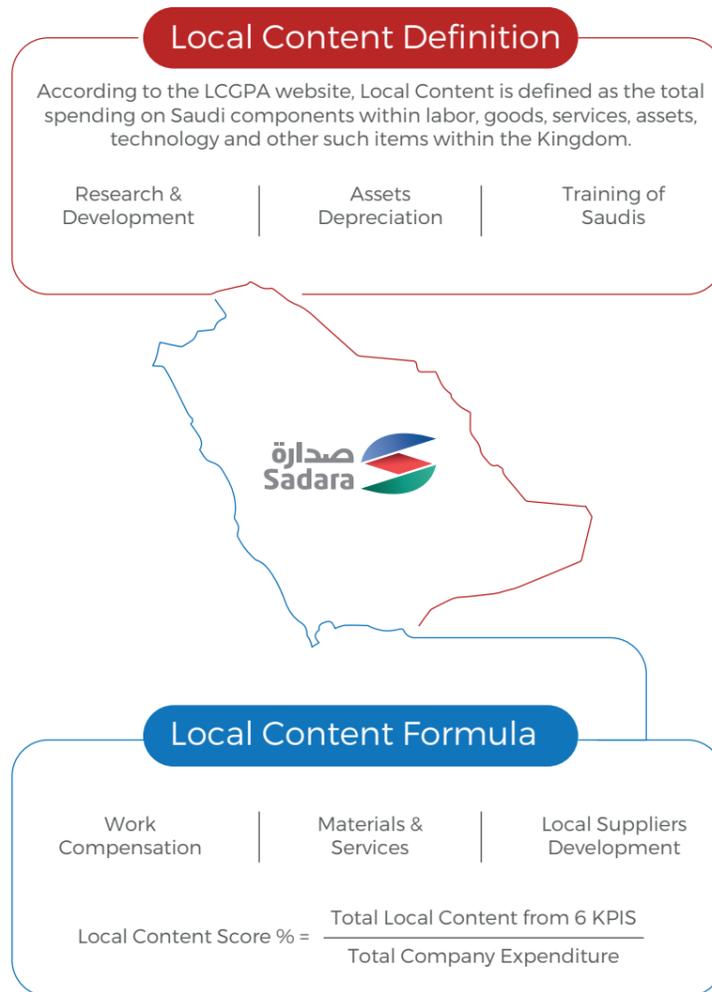
To maximize local spending and increase Local Content levels in critical commodities, Sadara's Local Content Development Division actively identifies and develops opportunities for localization. This division is working to embed Local Content into the company's procurement process, ensuring that local suppliers are given fair opportunities to participate in Sadara's tenders and win contracts. These efforts reflect our commitment to achieving the Kingdom's economic goals and securing a prosperous future for its citizens.

Sadara was certified by the Local Content and Government Procurement Authority (LCGPA) for the fourth time in 2022, recognizing the company's unwavering dedication to promoting Local Content across all its operations – from prioritizing local suppliers and goods to the recruitment and training of Saudi nationals. This certification is a clear indication of Sadara's continued efforts to uphold its pledge to support Local Content and contribute to the economic growth of Saudi Arabia. For more information on how Sadara defines and calculates Local Content, please refer to our [2021 Sustainability Report](#).

Further supporting this, in 2022 the company's procurement spending in the local market reached an impressive 79%, with 47% of the materials it procured made in Saudi Arabia. To further enhance its commitment to Local Content, Sadara has improved its procurement process by prioritizing the awarding of contracts to Saudi-made materials and supporting local manufacturers.

In line with its commitment to supporting the national economy, Sadara has also signed an MoU with the LCGPA to collaborate in creating more localization opportunities and increasing local contribution.

To raise awareness about the importance of Local Content, Sadara has launched a Local Content Awareness Campaign both internally, to its employees, and externally to local suppliers and peer companies. Moreover, Sadara was engaged in 2022 in two major events, Saudi Aramco's In-Kingdom Total Value Add (IKTVA) and LCGPA Forums and Exhibitions. The company objectives were to raise awareness about Local Content and highlight success stories in Local Content development, to showcase investment opportunities to local and international investors, and to transfer knowledge through partnerships between small and medium-sized enterprises (SMEs), as well as adopting global best practices. Sadara has offered 57 localization opportunities in upcoming years with an approximate value of SAR 3 billion.



Local Procurement	Unit	2020	2021	2022
Procurement spending on local suppliers	Million SAR	2,426	2,993	3,315
Percentage of spending on local suppliers	%	65	75	79
Total of Saudi-made materials	Million SAR	739	889	979
Percentage of Saudi-made materials	%	31	42	47
Percentage of Local Content score in Procurement (Services) *	%	95	96	97
Percentage of Local Content score in Procurement (Raw Materials) *	%	56	53	61
Percentage of Local Content score in Procurement (Spares & Equipment) *	%	40	81	74

\* The above percentages are Local Spend by Procurement categories and exclude feedstock.

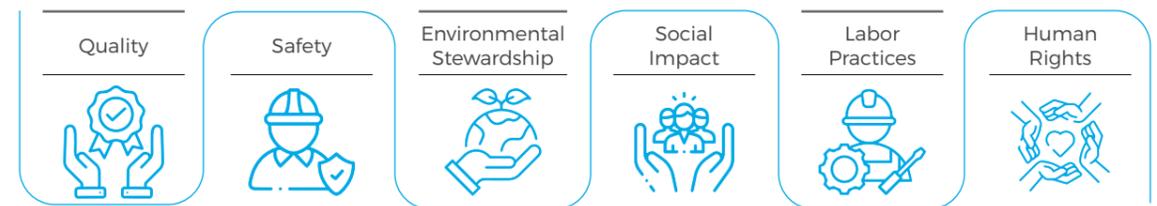
Looking forward, Sadara intends to encourage investors to localize particular commodities by providing them with required raw materials sourced from the company's specialty chemicals. Sadara will also be identifying additional localization opportunities in procurement to increase Local Content in the petrochemical industry, with the aim of achieving 80% local spend by 2025.

### SUPPLIER QUALIFICATION AND AUDITING

GRI 2-23, 408-1, 409-1, 308-2, 414-1, 414-2

Sadara has established assessment and audit programs to verify and monitor suppliers. The Prequalification Committee evaluates suppliers based on specific goods or services, using the EHS assessment program as a key tool. They consider factors such as the supplier's HSE Policy Statement, SMART Objectives, Training Matrix, Audit Procedure, and relevant ISO certifications (ISO 9001, ISO 14001, ISO 45001, and ISO 50001).

Our supplier ESG criteria includes:



Sadara mandates that best standards in environmental and social performance, labor practices, human rights, and impacts on society are enforced in purchasing terms and conditions. Contract administrators and EHS&S monitor supplier compliance, and violations may lead to contract termination.

Suppliers are audited regularly to evaluate their performance and adherence to key ESG criteria. Gaps are identified and suppliers are given a fair opportunity to make necessary corrections within an agreed corrective action plan, which is closely monitored to ensure they are back on track.

To date, Sadara has conducted 54 supplier audits and qualified over 28 local manufacturers.

Supplier Audits	Unit	2020	2021	2022
Suppliers subject to audits	#	792	612	712
Suppliers with which improvements were agreed upon as a result of audits	#	20	34	31
Suppliers with which relationships were terminated as a result of audits	#	1	1	1

### SUPPLIER SUSTAINABILITY ASSESSMENT

GRI 2-25, 308-1, 308-2, 414-1, 414-2

In 2022, Sadara launched a new initiative to conduct a Sustainability Assessment for Key Suppliers. The main objective of this assessment is to identify the impact of our suppliers from a sustainability perspective to support Sadara’s own sustainability performance, as well as to identify potential future collaboration opportunities.

To ensure comprehensive coverage, the questionnaire covers ESG topics in alignment with the GRI Standards as well as the Saudi National Sustainability Reporting Standards. By the end of this assessment, Sadara aims to identify the best performers in terms of sustainability, with the intention of sharing knowledge and collaborating further to enable sustainability across the value chain.

### SUPPLIER SATISFACTION

As part of our continuous improvement process, Sadara conducts an annual survey to gauge supplier satisfaction.

In the 2022 supplier survey, Sadara achieved a 99% satisfaction rate with no actual complaints. There were six suggestions regarding payment process improvements, which were addressed as part of the Finance Team’s improvement plans. In addition, Sadara’s Procurement department holds meetings with strategic suppliers, involving Sadara’s CEO, as part of the company’s continuous improvement process.

Looking forward, the Procurement department will strengthen supplier relationships through new initiatives, including an annual event for high-performing suppliers. Sadara also plans to introduce incentives into its contract strategy to encourage outstanding performance from suppliers, benefiting both parties.

### CUSTOMER RELATIONS AND PRODUCT QUALITY

Our success relies heavily on meeting our customers’ needs in a timely manner while delivering a high-quality product. To elevate customer experience, Sadara conducts quarterly meetings with marketers and has implemented improvements to process automation systems.

To evaluate the quality of the products, Sadara tracks defects per million opportunities (DPMO) using the Six Sigma methodology.

Product Quality	Unit	2020	2021	2022
DPMO	#	7,109	4,152	856

### CUSTOMER SURVEY

GRI 3-3

Sadara uses customer surveys to gain insights from feedback on the services provided and to capture the gaps and potential opportunities for improvement. The 2022 customer satisfaction survey showed that 77% of customers were very satisfied and 23% satisfied with their experience with Sadara, with a 100% overall customer satisfaction rating, surpassing the 95% target.

To ensure that customers receive excellent service and prime products that meet their expectations, Sadara operates a Corrective Action Management Process (CAMP) for quality and services (supply chain) complaints. Customers can contact the designated team directly via email. CAMP uses the root cause investigation method and ensures timely responses by assigning a focal point to investigate based on the type of the complaint, in a pre-determined desired timeframe depending on priority. The investigation and corrective measures taken are recorded in our Enterprise Resource Planning (ERP) system, and the results of the investigation are communicated to the client.

In 2022, the number of complaints decreased by 35% compared to 2021, and almost 99% of the complaints received were resolved during first contact with the client.

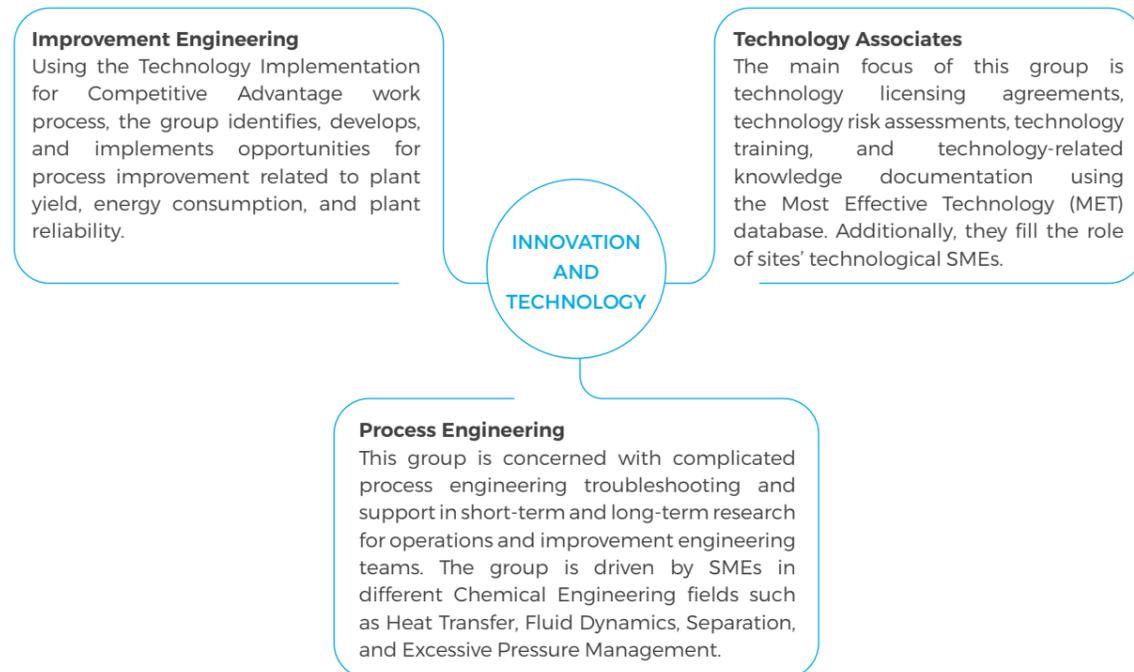
Customer Satisfaction	Unit	2020	2021	2022
Number of customer complaints received	#	817	512	335
Number of customer complaints resolved	#	817	512	335
Number of first call resolution (FCR)	#	779	501	331

## INNOVATION AND TECHNOLOGY

GRI 3-3

At Sadara, innovation is key to enabling us to maintain a leading position in the industry and goes hand in hand with Saudi Vision 2030 and the national aspirations for a thriving economy. The company encourages innovative thinking throughout the entire organization to enhance operations, improve its products portfolio and generate new ideas that will contribute to long-term profitability.

Supporting this, Sadara's Technology Center comprises three groups that support product and processes innovation from technological and engineering aspects. The groups and their roles are:



In 2022, Sadara successfully produced, shipped, and qualified new MDI product grade Crude MDI (CMDI), marking a crucial step in the diversification of the company's product portfolio and expanding market potential. In addition, the company successfully implemented 29 ideas and awarded the innovators.

The technology center is also a core member of the technical and organizing committee of the Sadara Technical Enrichment Program (STEP), as well as key contributor in the respected conference with several technical and research papers.

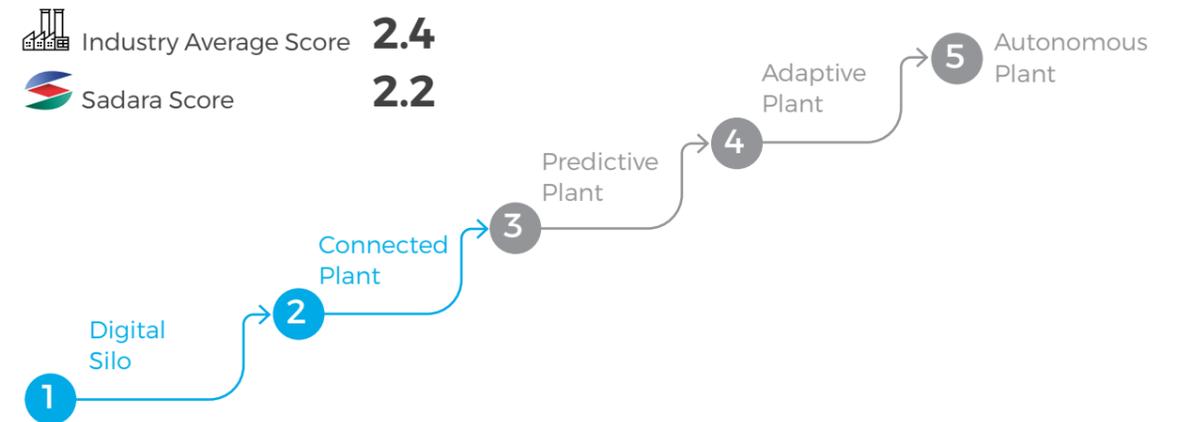
## DIGITAL TRANSFORMATION

GRI 203-1, 203-2, 3-3

Sadara started its journey of Digital Transformation in 2019 with the launch of the IR 4.0 program. The IR 4.0 program successfully delivered proof of concepts of emerging digital technologies that bring value to Sadara, and it also helped realize the need for a dedicated office in Sadara to implement the Digital Transformation Strategy and an operating model to lead its execution. Established in 2022, the Digital Transformation Office strives to fulfill the vision and mission: "To be the world's leading digitalized petrochemical company, maximizing shareholder value and spearheading digital innovation in Petrochemical globally."

A digital maturity assessment conducted in 2022 by a third-party company gave Sadara a score of 2.2 out of 5, close to the industry average score (2.4). Sadara demonstrated above average scores for the energy and environmental sustainability and product management criteria.

### Current Digital Maturity



### Target Digital Maturity



To achieve the target maturity score, we are conducting a feasibility study and developing business cases for the following digital transformation initiatives:

- 3D Printing of obsolete spare parts
- Introduction of digital business cards to replace traditional physical business cards
- Implementation of digital signature solution to replace physical signatures
- Automating Sadara business processes using Robotic Process Automation (RPA) technology across the Sadara business functions of Supply Chain, Procurement and Finance
- Predictive Maintenance of bad actors/equipment using Artificial Intelligence (AI) technology
- Optimizing Industrial Security using AI enabled Video Analytics
- Introducing a chatbot for HR and other support functions IT, Procurement, EHS&S
- Optimizing operational processes using AI technology
- Implementing AI, robotics, drones, 3D printing, augmented reality and virtual reality, digital twins, mobility, video analytics, and a chatbot

Sadara has implemented several automation initiatives across the company, which will reduce human input in systems and consequently increase accuracy, efficiency, and cost optimization. As an example, automation efforts have contributed to the timely completion of S4 Hana, Apay and financial closing.

With the support of Sadara Central Laboratory (CAL), real-time data software (Inter-Laboratory Communication) was created particularly for samples in the compliance category. The software enables one-click checks for any discrepancies between up and downstream data and alerts the CAL shift supervisor to avoid any non-compliances.

Automation is not limited to production processes; automation projects adopted by the Finance department have contributed to the enhancement of financial reporting efficiency and accuracy.

 **Case Study**

**Automation Project**

Examine and submit incoming bills methodically to optimize the Accounts Payable internal indexing process, therefore eliminating potential human mistakes, lowering internal lead-time, and staffing the workforce appropriately.

**Optimization Project to Enhance Accounts Receivable/PMLA work**

Eliminating human effort by building a dashboard and an automatic data loading process from the many interfaces provided by corporate marketers.

Sadara uses an Enterprise Resource Planning system to enable business processes across a number of functions, including manufacturing, procurement, supply chain, HR, Finance, Sales, Marketing, and EHS&S.

Sadara’s digital transformation efforts have resulted in automating 160+ corporate processes with forecasted savings of USD 1 million. As a result of this initiative, the company was awarded Aramco’s 2022 Downstream Technology & Digital Excellence Award in Chemical Sector.

Sadara aims to be the world’s leading digitalized petrochemical company, by enhancing the worth of its shareholders and promoting digital innovation within the petrochemical sector worldwide. In the upcoming years and based on the digital maturity assessment, Sadara will work on achieving its strategic objectives through implementing state-of-the-art technologies.

**DOWNSTREAM INVESTMENT OPPORTUNITIES IN PLASCHEM PARK**

PlasChem Park is a dedicated industrial park for chemical and conversion industries that employ Sadara’s goods and raw materials from other suppliers, either directly or indirectly. It is a 12-square-kilometer industrial park adjacent to the corporation in Jubail Industrial City II. The park, owned by the Royal Commission for Jubail and Yanbu, aims to enhance regional economic growth by creating jobs, reducing the Kingdom’s dependency on imports, and increasing export possibilities.

Based on Sadara’s Sustainability Strategy, the target accumulative numbers for PlasChem tenants are eight for 2022 and ten for 2025. However, it is worth mentioning that our approach to counting tenants has changed, where we started considering tenants with direct feedstock supply agreements with Sadara.

In 2022, Sadara signed an MoU with the Ministry of Investment (MISA) to support downstream investment opportunities. The MoU fields for cooperation include evaluation, promotion, business development, joint marketing of investment opportunities, and participation in global and local investment forums that can add local value to Sadara and PlasChem Park in the areas of specialty and conversion chemicals.

In addition, Sadara has successfully extended its enterprise network connectivity to include PlasChem Park.

PlasChem Park	Unit	2020	2021	2022
Number of PlasChem Park accumulative tenants who have direct contracts with Sadara	#	7	8	8

**VEOLIA IN PLASCHEM**

Veolia Middle East, which operates in PlasChem Park, will contribute to providing long-term waste management solutions for the park. The project came in alignment with Sadara’s longstanding commitment to the environment and sustainability. The new Veolia central utilities plant at PlasChem Park will treat industrial waste streams and recover energy to provide steam cooling and instrument air for the park’s manufacturing facilities.

Veolia is targeting a December 20, 2023 completion for the construction of the facility and the plan to receive the first waste batch from Sadara is planned to begin in Q4, 2023. The project was impacted by COVID-19, and the design of the facility upgraded to enhance its capacity, both of which have contributed to potential start-up delays.

**FIRST SADARA EO AND PO FEEDSTOCK FOR PLASCHEM**

In 2022, Sadara’s Ethylene Oxide and Propylene Oxide (EO/PO) pipeline transportation system and distribution center were fully operational, supplying feedstock from the company’s Jubail chemical complex to PlasChem Park tenants. The EO/PO pipeline transportation system is the first of its kind in the Middle East and North Africa (MENA) region.

These tenants will use the feedstock and other inputs to produce diversified specialty products, enabling important applications for the Kingdom in a number of key downstream industries, such as oil and gas chemicals, construction materials, detergents, home and personal care products, water treatment chemicals, and coating and paint applications.

Furthermore, the feedstock transfer has been successfully transported to Halliburton Chemical Reaction Plant located in PlasChem Park, which opened its doors in March of 2022.



# PEOPLE & COMMUNITY

Sustainability Strategy Pillars	Strategic Goals	KPIs	Unit	2022 Performance	2022 Target	2025 Target
People & Community	9. Strengthen the Value of Employee Proposition	Employee Engagement Score	Out of 10	6.7	6.9	7.7
		Increase Saudization	%	76	77	82
		Increase Employee Training Hours and Developmental Programs	Hours	133,926	89,228	183,060
		Increase the Reach of Women's Inclusion and Employment	%	3	4	5
	10. Support the Local community	Increase Community Engagement Initiatives	#	19	12	25
		Increase Employee Volunteering Hours year to date (YTD)*	Hours	3,035	2,360	10,000

\* Numbers and performance for 2022 and the last years have been corrected and revised to reflect from 2021\* toward 2025 target of 10,000 accumulative volunteering hours.

## OUR PEOPLE

GRI 2-4, 2-7, 3-3, 401-1, 405-1

Sadara is committed to fostering the growth, development, and engagement of its employees, aiming for the attainment of exceptional performance levels. The company recognizes that its workforce is its most valuable asset and therefore seeks to recruit the best talent from both regional and global labor markets while also providing distinctive benefits, including housing, training, and opportunities for swift career advancement.

To foster a collaborative work atmosphere, Sadara works to identify the individual insight, abilities, and qualities that each employee brings to the team. The company values diversity within the workplace and aims to create meaningful connections amongst its employees.

Sadara provides equal opportunities for both men and women in accordance with the Saudi Labor Law. To promote the employment of women within the workforce, the company has implemented a female employment strategy that provides ongoing professional development opportunities in all relevant fields.

Workforce	Unit	2020	2021	2022
<b>Workforce size</b>				
Total number of employees <sup>1</sup>	#	3,166	3,092	2,987
Full time employees	#	3,166	3,092	2,987
Part time employees	#	0	0	0
<b>By employment level<sup>2</sup></b>				
Full time employees in senior management	#	31	32	34
Full time employees in middle management	#	449	444	327
Full time staff (not senior or middle management)	#	2,686	2,616	2,626
<b>Workforce age profile</b>				
Workforce by age 18-30	#	1,154	1,085	866
Workforce by age 31-50	#	1,826	1,831	1,921
Workforce by age 51+	#	186	176	200
<b>Workforce by gender profile</b>				
Female full-time employees	#	69	76	89
Male full-time employees	#	3,097	3,016	2,898

<sup>1</sup> According to the GRI Standards, an employee is an Individual who is in an employment relationship with the organization, according to national law or its application.

<sup>2</sup> According to the GRI Standards, breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production) is derived from the organization's own human resources system.

Sadara has implemented different policies for recruitment based on the type of employment. These include regular employment hiring policies, which govern all external hiring, internal hiring policies, all internal recruitment, and supplemental manpower policies. By having distinct policies for each type of recruitment, Sadara ensures that the processes are transparent, fair, and aligned with the company's values and standards.

New Hires	Unit	2020	2021	2022
New employee hires in senior management	#	0	2	0
New employee hires in middle management	#	3	4	3
New staff hires (not senior or middle management)	#	88	62	70
<b>New employee hires by gender</b>				
Female	#	12	11	18
Male	#	79	57	55
<b>New employee hires by age</b>				
Workforce by age 18-30	#	65	77	34
Workforce by age 31-50	#	52	34	19
Workforce by age 51+	#	0	4	2

Turnover		Unit	2020	2021	2022
<b>Employee turnover</b>					
Total number of employees who left the organization	#		201	183	217
Turnover rate	%		6.2	5.8	7.1
<b>Turnover by gender</b>					
Female	#		6	4	6
Male	#		195	179	211

Absentee Rate		Unit	2020	2021	2022
Total number of missed workdays	#		23,850	21,201	24,122.73
Total workdays (full-time employees)	#		6,026,485	6,504,487	6,745,440
Employee absentee rate	%		0.40	0.33	0.36

## SAUDIZATION

GRI 202-2

Saudization, a central pillar of Sadara’s sustainability efforts, reflects the company’s commitment to fostering economic growth and social development within the Kingdom of Saudi Arabia. Sadara actively seeks to recruit, train, and empower local talent, providing meaningful employment opportunities and contributing to the overall well-being of Saudi society. Through targeted initiatives and partnerships, Sadara promotes the localization of the workforce, enhances skill development, and creates career advancement opportunities for Saudi nationals. By prioritizing Saudization, Sadara not only supports national objectives, but also fosters a diverse and inclusive work environment, driving innovation and long-term sustainability in the communities where it operates.

In line with the goals of the Kingdom and the Vision 2030 program, Sadara’s CSR and HR strategies have a core objective of developing and qualifying local talents to fulfill the Saudi market’s requirements and Sadara’s demand for new employees. To achieve this, the company has implemented a national employee recruitment strategy, which utilizes programs such as:

- 1- The Apprenticeship Program
- 2- Internship or Co-op Program
- 3- The Student Sponsorship Program

These programs provide opportunities for qualified high school and vocational college graduates, as well as college and university students, to gain practical on-the-job experience and acquire the necessary skills to succeed in their respective fields. Successful participants may also be offered regular employment with Sadara.

The proportion of Saudi nationals in Sadara’s workforce continues to increase, now constituting 76% of the full-time workforce. This demonstrates our position as a preferred employer and a supporter of Vision 2030.

Sadara substantially contributes to strengthening efforts to train and employ Saudi women in the industry, providing them with skills and experience that helps them compete in the local labor market and enables them to practically apply their skills in any workplace.

Saudization		Unit	2020	2021	2022
Nationals in senior management	#		27	30	30
Nationals among total full-time workforce	#		2,274	2,288	2,267
Expat employees (full time)	#		892	804	720
Female National full-time employees	#		69	76	89
Male National full-time employees	#		2,205	2,212	2,178

## DIVERSITY AND INCLUSION

GRI 3-3, 405-1

Sadara’s hiring strategy is geared towards attracting and retaining a diverse workforce. We strongly believe in fair employment opportunities and skill enhancement for all employees, regardless of gender, nationality, age, or religion. Our efforts to promote a comfortable and inclusive work environment are an essential part of our commitment to human rights at the corporate level.

In 2022, as a testament to our efforts in attracting female talent, Sadara saw a 17% increase in female employees compared to 2021.

## WOMEN’S EMPOWERMENT

To advance its commitment to gender diversity, Sadara has implemented a female employment strategy that focuses on continuous professional development and provides equitable opportunities for both genders. The company’s Women’s Empowerment Program aims to make Sadara one of the leading workplaces for women in the industry.

Sadara is proud to report that the percentage of women working at Sadara has been steadily increasing since 2019. In acknowledgment of its female employees, Sadara marks International Women’s Day on March 8 every year by commemorating their contributions to the workplace. As part of the celebration, the company highlights their efforts and conveys a special message from the CEO to express appreciation and recognition.

Female Employment		Unit	2020	2021	2022
Number of female employees	#		69	76	89
Female employment rate	%		2.15	2.30	3.00
Females in senior management	#		0	0	0

## TRAINING AND DEVELOPMENT

GRI 2-17, 404-1, 404-2, 404-3

Sadara is committed to developing employee leadership, technical, and business skills to ensure the safe, effective, and profitable operation of its Chemical Complex. To achieve this goal, Sadara has implemented several successful initiatives in recent years.

Sadara has a centralized Learning Management System (LMS) complemented by a digital platform and consolidated training coordination activities under the Training HelpDesk. It contains a company-wide training matrix, offering regular, in-depth training classes to update employee skill sets in alignment with their role competencies and ensure efficient operations. Sadara provides:

- 1- EHS&S training
- 2- Leadership training
- 3- Professional and technical skill development
- 4- E-learning solutions

Employees receive performance evaluations and career development reviews twice a year to ensure proper career and skills development support. Sadara also conducts a control performance management program with a completion rate of 100%.

In 2022, Sadara launched and introduced several training programs and initiatives:

- **LinkedIn Learning Solution:** Sadara introduced LinkedIn Learning platform and application as a new dedicated e-learning solution to enable employees to explore a variety of development sources to set learning goals as part of their development plans.
- **Sadara Digital Learning Awareness Campaign:** Sadara conducted a six-month digital learning campaign and sessions to provide awareness for employees on the company’s digital learning services and platforms as well as E-IDP process and challenges. The campaign focused on helping employees to satisfy learning needs, boost career growth and make the IDP learning process more interesting and less time-consuming. The awareness sessions were conducted by Sadara Human Capital Development Department in collaboration with our partners in development, LinkedIn Learning (specialized in soft skills and behavioral development), Gartner (specialized in human resources and leaders’ advisory services), SkillSoft (specialized in behavioral development and more) & Vector Solution (specialized in industrial courses and more).
- **Sadara Leadership Development Program (SLDP):** The program was officially launched in mid-2022. SLDP is a multi-track program that accommodates the developmental needs of different leadership groups within the company. SLDP aims to support the development of current and future leaders across the organization by enhancing their competencies, skills, abilities and associated behaviors aligned with Sadara’s business goals.
- **Sadara Program for Operators and Technicians (SPOT) Automation:** Sadara launched SPOT Automation processes through Robotic Process Automation (RPA) (using UiPath technology).
- **Sadara Professional Development Program (SPDP):** The SPDP, Talent Foundation Program

(TFP) track, officially launched in late 2022, is a foundational development-level program to develop fresh graduates into fully qualified employees, enabling them to proactively perform their current job roles while preparing them for future careers. SPDP comprises a robust, competency-based learning journey. It offers a mix of developmental and experiential learning activities which equip participants with the right skills and knowledge to meet organizational goals. SPDP consists of two major development tracks: the Foundation Program (TFP) - designed for fresh-graduate and the Advanced Level Program (ALP) - for professionals with beyond entry-level experience.



### Case Study

#### Electronic Individual Development Plan (E-IDP)

Sadara follows a management approach that ensures proper employee training and development. This approach includes a LMS that provides a framework for all aspects of the learning process, Sadara Training Standards and guidelines, and an E-IDP that includes personal motives, KPIs, and competencies. Sadara’s 70-20-10 learning pyramid model emphasizes:

1. Learning on the job (70%)
2. Learning from other people’s experiences (20%)
3. Courses and workshops (10%)

As a result of the company’s commitment to fostering a culture of learning and development, 2022 witnessed a 176% increase in employee training hours in comparison to 2021.

Training	Unit	2020	2021	2022
Total hours of training for employees	#	46,236	48,547	133,926
Average hours of training per employee	#	27.86	31.27	39.28
Average hours of training per female employee	#	25.93	27.57	20.22
Average hours of training per male employee	#	27.90	31.34	21.89
Training hours per employee on sustainability aspects	#	17	22	29
Percentage of employees receiving regular performance and career development reviews	%	100	100	100
Female employees participating in training	#	75	63	69
Male employees participating in training	#	3,682	3,515	2,728

Sadara introduced sustainability workshops and training for its employees in 2021. Ten sustainability sessions were held in 2022, up from two in 2021.

Sustainability Training	Unit	2020	2021	2022
Number of ESG/Sustainability training sessions	#	N/A	2	10
Number of attendees of Sustainability Awareness Training on the Sadara platform	#	N/A	318	60
Number of attendees of Footprint Training on the Sadara platform	#	N/A	N/A	36
Number of attendees of the Circular Economy Practitioner Course	#	N/A	13	0
UNGC Academy training				
SDGs Ambition Program	#	N/A	N/A	2
Total ESG/Sustainability training hours	hour	N/A	331	98

### WAGES AND BENEFITS

GRI 2-19, 2-20, 2-21, 401-1, 201-3, 405-1

Sadara strives to attract and retain top talent by implementing policies and providing compensation, benefits, work-life balance, and training and development opportunities that align with its objectives.

To recognize and reward exceptional performance, our compensation system is designed to go beyond regular payroll salaries. We link it to individual achievements in meeting the division's objectives and goals on the job.

Sadara matches 9.75% of basic salary and housing allowances for General Organization for Social Insurance (GOSI), as per government regulations.

As a testament to the company's efforts to maintain a culture of equal opportunity and fairness, the basic remuneration of women compared to men has increased steadily from 90% in 2020 to 97% in 2022, indicating progress towards gender pay equity.

Wages and Benefits	Unit	2020	2021	2022
Salaries paid (includes standard elements basic pay and consolidated allowances etc.)	SAR million	797,980	774,920	789,542
Benefits paid (includes elements such as Pension, Gratuity, Medical Insurance, Annual Passage, Education etc.)	SAR million	233,255	215,435	367,635

Sadara also provides various benefits, such as:

- 1- An educational support program which promotes employee career development by offering opportunities for professional certification and continuing education. We provide yearly financial assistance to reimburse tuition costs and associated fees until completion of education.
- 2- The Thrift Plan (Amaan) for all regular Saudi employees.
- 3- Long-term service awards.

- 4- End-of-service full award as per the Saudi labor law.
- 5- An over base allowance, an annual benefits supplement, and a guaranteed bonus equivalent to one month's basic salary during Ramadan.
- 6- Sadara's Home Loan Program which provides allowance vested over 10 years to assist employees to become home owners.

Sadara offers employees beneficial retirement plans:

- 1- Retirement packages and end-of-service awards are calculated as per the Ministry of Human Resources and Social Development.

### PARENTAL LEAVE

GRI 401-3

Sadara offers comprehensive parental leave benefits for male and female employees in compliance with the Saudi Labor Law in addition, female employees can work from home during their third trimester.

In addition to paid parental leave, Sadara offers female employees the opportunity to extend maternity leave by requesting an additional one month's unpaid leave.

Parental Leave	Unit	2020	2021	2022
Number of female employees that took parental leave	#	5	5	8
Number of female employees who returned to work after parental leave ended (return to work)	#	4	5	8
Number of female employees returned from parental leave who were still employed twelve months after return to work (retention)	#	4	5	8
Return to work rate (%)	%	80	100	100
Retention rate (%)	%	100	100	100

### EMPLOYEE SATISFACTION

Sadara offers various resources and platforms to address employees' concerns, provide advice and consultation, and assist managers in adhering to company policies and work rules.

### EMPLOYEE ENGAGEMENT

Sadara offers several facilities that aim at improving employee wellbeing. These include recreation and sports centers at Sadara sites in addition to a desert camp.

In 2022, the company inaugurated its new recreational facility, Sadara Resort, located at Abu Ali Island in Jubail Industrial City. Sadara Resort provides employees and their families with a place with world-class recreational facilities where they can achieve a healthy work-life balance and participate in social engagements.

Sadara also established the Self-Directed Group Program to allow employees to explore extracurricular activities. This program offers various clubs and groups to employees, including initiatives such as:

- 1- Sport Clubs: basketball, cricket, and badminton, with upcoming clubs including football, bowling, billiards, and golf.
- 2- Volunteer Clubs (more details in "Our Community" section)

These groups enable employees to develop new skills, hobbies, and interests outside of work.

To continually improve the company's workplace culture, the annual Peakon Employee Engagement Survey evaluates and tracks employee engagement. Sadara values its employees' feedback and strives to create a positive work environment that fosters personal and professional growth.

At Sadara, we measure employee engagement based on one main engagement question, three engagement outcome questions, 14 questions measuring the "drivers" of engagement, and 27 sub-driver questions. These drivers represent the key psychological requirements for human motivation at work, and include factors such as professional growth, safety, working environment, employee satisfaction, diversity and inclusion and how meaningful employees find their work at Sadara.

Employee Engagement	Unit	2020	2021	2022
Employee Engagement	Out of 10	7.3	6.8	6.7

## OUR COMMUNITY

GRI 3-3, 413-1, 413-2

Sadara's community development initiatives currently focus on education, with an emphasis on training programs for Saudi students at Sadara facilities. These programs are part of the company's community involvement and human resources, strategies and aim to develop and qualify local talent to meet the needs of both the Saudi job market and the company's ongoing recruitment needs for technical and administrative positions, in alignment with Vision 2030. Sadara fosters regional collaboration through partnerships with educational institutions and supports local innovation, development, and knowledge-based activities.

Community Engagement	Unit	2020	2021	2022
Total value of community investments	SAR	N/A	2,620,164	10,310,931
Total number of local community development programs based on local community needs	#	N/A	11	11
Donations and sponsorships	SAR	598,650	775,000	1,444,995

## CSR INITIATIVES

GRI 413-1, 413-2

Corporate Social Responsibility (CSR) stands as a foundational element within Sadara's Sustainability Strategy. Our outreach efforts extend to communities in Jubail, the Eastern Province, and throughout the Kingdom, with a core objective of helping the needy, supporting younger generations' development and education, creating social awareness, and partnering

with non-profit organizations, as well as educating the community on environmental and health and safety challenges. In addition, the company and its many employee volunteers are active in addressing society's needs.

Our CSR Strategy is designed primarily to align the company's goals and brand values with social impact results. Our CSR strategy is based on five pillars: Education, Environment, Health & Safety, Charity, Culture, and Volunteerism.

## EDUCATION

GRI 413-1, 413-2

Sadara sponsored the Royal Commission for Jubail's colleges and educational institutions' 2022 students' graduation ceremony to support local education and initiatives.

The Sadara Non-Employees Training Program provided On Job Training (OJT), apprenticeship training, and internship training to 60, 27, and 58 students, respectively, with the objective of developing and qualifying local talent to fulfill the Saudi market's requirements and Sadara's demand for new employees, in alignment with Vision 2030.

The Sustainability Workshop in Jubail Industrial City, "Sustainability in Industrial Organizations," was conducted by Sadara in partnership with the Ministry of Industry & Mineral Resources' Sustainability Council.

Sadara sponsored several technical conferences to support development, innovation, and knowledge-driven programs and activities within the chemical industry, such as: the Jubail Corrosion Conference & Exhibition (JUBCOR 2022) and the Ethylene Middle East Technology Conference (EMET) 2022.

Sadara partnered with Imam Abdulrahman Bin Faisal University and Dammam Valley Company to support the Eastern Province Innovation Program which aims to enable startup businesses in biotech and sustainable health sectors.

The Sadara Technical Enrichment (STEP) Conference & Exhibition was conducted with 670 internal and external attendees, with the objective of supporting innovation, development, and knowledge-driven programs and activities.



### Case Study

#### Sadara Technical Enrichment Program (STEP)

Sadara Chemical Company held the second edition of Sadara Technology Conference and Exhibition in Jubail Industrial City on October 11-12, 2022.

The event, conducted as a major part of Sadara Technical Enrichment Program (STEP), provided a platform for Sadara's professionals to exchange information on the latest developments, experiences, innovative ideas and success stories in industrial and technical fields.

The two-day event, which involved over 650 participants, was attended by Sadara leaders and employees, as well as specialists from leading local and international universities and industrial companies, including representatives from Aramco and its joint ventures.

## ENVIRONMENT

GRI 413-1, 413-2

In 2022, Sadara held the 2021 Innovative Environmental Solutions Competition Awarding Ceremony, recognizing the top three winning projects to motivate the community to interact positively with environmental challenges and find innovative solutions. Sadara also conducted the Sadara 2021 Kids Drawing Contest Awarding Ceremony, recognizing the top three winning drawings and encouraging children to interact positively with environmental challenges.

Sadara conducted its fifth Innovative Environmental Solutions Competition and associated campaign in 2022 to increase public awareness about environmental issues, encourage the community to take action, find innovative solutions that conserve natural resources, reduce pollution and eliminate waste. The 2022 edition was held in collaboration with the National Center for Environmental Compliance Control for the second year in a row, and for the first time, with the King Abdulaziz and his Companions Foundation for Giftedness and Creativity (Mawhiba), as well as the United Nations Global Compact - Saudi Arabia Network.

In 2022, Sadara marked Saudi Environment Week by creating awareness of and supporting environmental initiatives and programs. During the week, 47 Sadara employees dedicated 700 volunteering hours to contribute to planting 120 seedlings at Sadara Resort and distributing 100 seedlings among Sadara employees.

Sadara sponsored the Digitalization Toward Net Zero Emissions Conference and Expo to create awareness of, and support for, environmental initiatives and programs.

## SAFETY

GRI 413-1, 413-2

Sadara sponsored the 3rd International Fire Operations Conference and Exhibition (IFOC) 2022 to create awareness of, and support for, safety initiatives and programs.

Sadara sponsored the 4th Middle East Process Safety Conference (MEPSC) 2022 to create awareness of and support safety initiatives and programs.

## HEALTH

GRI 413-1, 413-2

Sadara collaborated with Naqaa non-profit association to conduct a smoke cessation campaign for its employees, creating awareness and support for health initiatives and programs. The campaign saw participation from 1,200 employees.

Sadara sponsored Resalah Charity Association's Ramadan Sports Tournament along with a Health Awareness Program in collaboration with the Drug Enforcement Administration to create awareness and support health initiatives and programs. The event had over 3,000 participants.

## PHILANTHROPY

GRI 413-1, 413-2

In collaboration with Wahaj and Resalah charity associations, Sadara sponsored a Ramadan Iftar to support those in need and promote charitable initiatives. The event benefited a total of 7,882 individuals.

Sadara also supported the Winter Closing Campaign by the Wahaj association, benefiting 350 individuals and promoting charitable causes and initiatives.

As part of its commitment to supporting those in need, Sadara donated excess food from its Iftar Gathering to the IT'AAM Food Charity Association.

## CULTURE

GRI 413-1, 413-2

Sadara sponsored the 2022-year activities of the Saudi Art Association (GSFT) in Jubail, supporting and promoting Saudi cultural activities, with 12 activities conducted and over 20,000 attendees.

Sadara organized an Employees Ramadan Iftar Gathering, promoting Saudi Islamic cultural activities and providing an opportunity for 1,000 employees to come together.

Sadara conducted Ramadan cultural activities at Sadara Resort, involving over 2,500 participants. These included traditional family gatherings at Sadara Resort and online competitions for employees and their families, promoting Saudi cultural activities.

Sadara celebrated Saudi National Day with its employees and their families at Sadara Resort, supporting and promoting Saudi cultural activities, and engaging over 2,000 people.

## VOLUNTEERISM

GRI 413-1, 413-2

Sadara Volunteers' Club (SVC) supported the company's internal and external employee and community activities, encouraging a volunteering culture within Sadara and the community. This initiative led to the successful completion of 21 activities with over 270 volunteers contributing a total of 2,762 volunteering hours during 2022 only, by which SVC was able to achieve a YTD accumulative volunteering time of 3,035 hours against the target 2,360 volunteering hours and since 2020.





# APPENDIX

## ACRONYMS

Acronym	Definition
AGCIH	American Governmental Conference of Industrial Hygienists
APNE	Apprenticeship Program
ASIS	American Society for Industrial Security
BC	Business Continuity
BCM	Business Continuity Management
BGE	Butyl Glycol Ethers
CAL	Central Analytical Lab
CAMP	Corrective Action Management Process
CCC	Cloud Cybersecurity Controls
CCPS	Center for Chemical Process Safety
CEO	Chief Executive Officer
CMDI	Crude Methylene diphenyl Diisocyanate
COSL	Community, Office Services & Logistics Department
CSCC	Critical Systems Cybersecurity Controls
DCC	Data Cybersecurity Controls
DOA	Delegation of Authority
DPMO	Defects Per Million Opportunities
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ECC	Essential Cybersecurity Controls
EH&S	Environment, Health, and Safety
EHS&S	Environment, Health, Safety, and Security
EO	Ethylene Oxide
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ESG	Environmental, social, and governance
FCR	First Call Resolutions
GCS	Gulf Cooperation Symbols
GHG	Greenhouse Gas
GHS	Globally Harmonized System
GPCA	Gulf Petrochemical and Chemical Association
GRI	Global Reporting Initiative
HCIS	High Commission for Industrial Security

Acronym	Definition
HLP	Home Loan Program
IAD	Internal Audit Department
ICF	Inter-Connecting Facilities
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IS	Information Security
ISO	International Organization for Standardization
IT	Information Technology
JAMAA	Jubail Area Mutual Aid Association
KPI	Key Performance Indicator
LCGPA	Local Content & Government Procurement Authority
LPP	Loss Prevention Principle
MET	Most Effective Technology
MFC	Mixed Feed Cracker
MoU	Memorandum of Understanding
NCA	National Cybersecurity Authority
NG	Natural Gas
NIST CSF	National Institute of Standards and Technology Cybersecurity Framework
OBA	Over base allowance
OCS	Operational Clean Sweep
ODMS	Operating Discipline Management System
OHS	Occupational Health Society
OSMACC	Organizations' Social Media Accounts Cybersecurity Controls
OSMMU	Offsite Material Management Unit
OT	Operational Technology
PE	Polyethylene
PG	Propylene Glycol
PMDI	Polymeric Methylene Diphenyl Diisocyanate
PMLA	Prevention of Money Laundering Act
PO	Propylene Oxide
PSR	Product Supply Reliability
REACH	Registration, Evaluation, Authorization, and Restriction of Chemicals

## ACRONYMS

Acronym	Definition
ROI	Return of Investment
RPA	Robotic Process Automation
SAR	Saudi Arabian Riyal
SASB	Sustainability Accounting Standards Board
SBC	Sadara Business Complex
SGI	Saudi Green Initiative
SLDP	Sadara Leadership Development Program
STEP	Sadara Technical Enrichment Program
SWAN	Sadara Women's Affinity Network
SWP	Safe Work Permit
TCC	Telework Cybersecurity Controls
TDA	Toluene Diamine
TDI	Toluene Diisocyanate
TICA	Technology Implementation for Competitive Advantage
TPU	Thermoplastic Polyurethane
TRA	Temporary Rotational Assignments
TRIR	Total Recordable Injury Rate
UN SDGs	United Nations Sustainable Development Goals
UNGC	United Nations Global Compact
US GAAP	US Generally Accepted Accounting Principles

## GRI CONTENT INDEX



For the Content Index - Essentials Service, GRI Services reviewed that the **GRI content index is clearly presented**, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report. The service was performed on the English version of the report.

<b>Statement of use</b>	Sadara has reported in accordance with the GRI Standards for the period from January 1, 2022 to December 31, 2022.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	None

GRI Standard/ Other Source	Disclosure	Location and/or Direct Answer	Omission			Gri Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>General Disclosures</b>						
GRI 2: General Disclosures 2021	2-1 Organizational details	12, 13				
	2-2 Entities included in the organization's sustainability reporting	9				
	2-3 Reporting period, frequency and contact point	9				
	2-4 Restatements of information	57, 60, 82				
	2-5 External assurance	108-111				
	2-6 Activities, value chain and other business relationships	12, 13, 70				
	2-7 Employees	83, 84				
	2-8 Workers who are not employees	47				
	2-9 Governance structure and composition	34, 37				
	2-10 Nomination and selection of the highest governance body	35				
	2-11 Chair of the highest governance body	35				
	2-12 Role of the highest governance body in overseeing the management of impacts	35, 36				
	2-13 Delegation of responsibility for managing impacts	37				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location and/or Direct Answer	Omission			Gri Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>General Disclosures</b>						
	2-14 Role of the highest governance body in sustainability reporting	35				
	2-15 Conflicts of interest	40, 41				
	2-16 Communication of critical concerns	28, 40, 41				
	2-17 Collective knowledge of the highest governance body	35, 36, 86, 87, 88				
	2-18 Evaluation of the performance of the highest governance body	35				
	2-19 Remuneration policies	88, 89				
	2-20 Process to determine remuneration	88, 89				
	2-21 Annual total compensation ratio	88				
	2-22 Statement on sustainable development strategy	10, 11				
	2-23 Policy commitments	40, 41, 42, 50, 51, 54, 56, 68, 73				
	2-24 Embedding policy commitments	40, 41, 42, 50, 51, 54, 56, 68, 73				
	2-25 Processes to remediate negative impacts	30, 39, 40, 41, 46, 49, 50, 51, 55, 56, 63, 64, 65, 74				
	2-26 Mechanisms for seeking advice and raising concerns	40, 41				
	2-27 Compliance with laws and regulations	39, 40				
	2-28 Membership associations	37				
	2-29 Approach to stakeholder engagement	28, 29				
	2-30 Collective bargaining agreements	Not applicable		Legal prohibitions	Collective bargaining agreements are not legal in KSA.	

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location and/or Direct Answer	Omission			Gri Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>Material Topics</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	30, 31				
	3-2 List of material topics	31				
<b>Occupational Health &amp; Safety</b>						
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	46				
	403-1 Occupational health and safety management system	48				
	403-2 Hazard identification, risk assessment, and incident investigation	48-50				
	403-3 Occupational health services	51				
	403-4 Worker participation, consultation, and communication on occupational health and safety	46				
	403-5 Worker training on occupational health and safety	49				
	403-6 Promotion of worker health	51				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	49, 50				
	403-8 Workers covered by an occupational health and safety management system	49				
	403-9 Work-related injuries	47				
	403-10 Work-related ill health	47				
<b>Employee Engagement &amp; Satisfaction</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	82				
	401-1 New employee hires and employee turnover	83, 84				
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	88, 89				
	401-3 Parental leave	89				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location and/or Direct Answer	Omission			Gri Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>Material Topics</b>						
<b>Employee Engagement &amp; Satisfaction</b>						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	87				
	404-2 Programs for upgrading employee skills and transition assistance programs	86, 87				
	404-3 Percentage of employees receiving regular performance and career development reviews	86				
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	85				
<b>Climate Change &amp; GHG Emissions</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	54, 55				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	55				
	305-2 Energy indirect (Scope 2) GHG emissions	55				
	305-4 GHG emissions intensity	55				
	305-5 Reduction of GHG emissions	55				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	56				
<b>Ethics, Governance &amp; Compliance</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	34, 39, 40				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	39, 40				
	205-2 Communication and training about anti-corruption policies and procedures	39, 40				
	205-3 Confirmed incidents of corruption and actions taken	40				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	40				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location and/or Direct Answer	Omission			Gri Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>Material Topics</b>						
<b>Energy Management</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	54, 56				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	57				
	302-3 Energy intensity	57				
	302-4 Reduction of energy consumption	56, 57				
	302-5 Reductions in energy requirements of products and services	56, 57				
<b>Water Management</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	58				
GRI 303: water and Effluents 2018	303-2 Management of water discharge-related impacts	58				
	303-3 Water withdrawal	58				
	303-4 Water discharge	58				
	303-5 Water consumption	58				
<b>Waste Management</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	58, 59				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	58, 59				
	306-2 Management of significant waste-related impacts	59-61				
	306-3 Waste generated	59				
	306-4 Waste diverted from disposal	60				
	306-5 Waste directed to disposal	59				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location and/or Direct Answer	Omission			Gri Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>Material Topics</b>						
<b>Human Rights Management</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	41				
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	40, 41, 73, 74				
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	40, 41, 73, 74				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	41				
<b>Biodiversity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	64, 65				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	65				
	304-2 Significant impacts of activities, products and services on biodiversity	65				
	304-3 Habitats protected or restored	65				
<b>CSR &amp; Community Engagement</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	90				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	90-93				
	413-2 Operations with significant actual and potential negative impacts on local communities	90-93				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location and/or Direct Answer	Omission			Gri Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>Material Topics</b>						
<b>Circular Economy</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	60				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	59, 60, 61				
	301-2 Recycled input materials used	60, 61				
<b>Data Privacy &amp; Cybersecurity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	42, 43				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	43				
<b>Customer Relations</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	75				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	50				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	50				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location and/or Direct Answer	Omission			Gri Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>Material Topics</b>						
<b>Economic Impact</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	68				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	69				
	201-2 Financial implications and other risks and opportunities due to climate change	41				
	201-3 Defined benefit plan obligations and other retirement plans	89				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	78, 79				
	203-2 Significant indirect economic impacts	78, 79				
<b>Diversity &amp; Inclusion</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	60				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	35, 83, 85				
	405-2 Ratio of basic salary and remuneration of women to men	88				
<b>Product Risk &amp; Stewardship</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	50				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	50				
	417-2 Incidents of non-compliance concerning product and service information and labeling	50				

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location and/or Direct Answer	Omission			Gri Sector Standard Ref. No.
			Requirement(s) Omitted	Reason	Explanation	
<b>Material Topics</b>						
<b>Supply Chain Management</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	70				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	73				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	73, 74				
	308-2 Negative environmental impacts in the supply chain and actions taken	73, 74				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	73, 74				
	414-2 Negative social impacts in the supply chain and actions taken	73, 74				
<b>Sadara also reports on topics that are not in the GRI standards</b>						
<b>Risk Management &amp; Business Continuity</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	41				
<b>Product &amp; Technology Innovation</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	69, 76				
<b>Digital Transformation</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	76, 77				

EXTERNAL ASSURANCE

GRI 2-5



## Independent Assurance Statement

### To the Management, Shareholders, Stakeholders and Readers

Sadara Chemical Company (*hereinafter referred to as 'Sadara'*) has engaged Sustainable Square Consultancy & Think Tank (*hereinafter referred to as 'Sustainable Square'*) to carry out an independent assurance of its Sustainability Report 2022. The assurance process additionally covered the audit of key sustainability performance indicators reported in the Sustainability Report 2022 and GHG Inventory Report 2022. The assurance was conducted within the timeframe spanning from 18<sup>th</sup> May 2023 to 10<sup>th</sup> June 2023.

#### Responsibility & Reporting Standard used by Sadara

The ownership of the information in the Sustainability Report 2022 and the GHG Inventory Report 2022 rests entirely with Sadara. The report is in accordance with the GRI Standards, and in alignment with Saudi Exchange's (Tadawul's) ESG Reporting guidelines, United Nations Sustainable Development Goals (SDGs), Sustainability Accounting Standards Board (SASB), United Nations Global Compact (UNGC), and Saudi Arabia's National Vision 2030.

#### Responsibility & Assurance Standard used by Sustainable Square

The responsibility of this Assurance Statement rests on Sustainable Square, a licensed provider of AccountAbility Assurance (AA1000AS v3) and certified professionals of global reporting initiative (GRI) Standards. AA1000AS v3 is the leading methodology used by sustainability professionals worldwide for sustainability-related assurance engagements, to assess the nature and extent to which an organization adheres to the AccountAbility Principles (AA1000AP).

### Scope of Work and Level of Assurance

Sustainable Square has issued an Independent Assurance Statement in accordance with Type 2 Moderate Level Assurance under AA1000AS v3 for the following two scopes:

- A: Evaluation of Sadara's Adherence to the AA1000 Accountability Principles (AA1000 AP)
- B: Evaluation of the Reliability & Quality of the Key Sustainability Performance Indicators

### Assurance Methodology

The process of independent assurance involved an evidence-based approach and stakeholder engagements, and followed the below steps:

- Detailed review of Sadara's draft Sustainability Report 2022 and materiality analysis to ensure accurate verification of the reporting principles
- Review of the processes and methods for the analysis and reporting of the disclosed data
- Interview of Sadara's sustainability division on the reporting process and level of internal verification. Sadara was provided with a list of questions to explain its alignment with the principles encompassing requirements for GRI Standards and AA1000AS v3
- Interviews of the key departments responsible for Sadara's material topics, included Climate Change & Natural Conservation Committee; Information Security, Information Technology, Digitalization; Risk Management; Internal Audit; Finance Performance; Employees Relation & Human Resources; Supply Chain (Customer relation); Procurement; Occupational Health & Safety, EHS&S Assurance & Assessment; CSR and Community, Information Security; Engineering and Quality (Products and Technology Innovation)
- Review of internal documents related to the select set of performance metrics including Sadara footprint data, Footprint protocol, conversion factors, calculations and emission factors sources
- Evaluation of all the qualitative evidence received in the form of documents

- Review of data collections sheets from all relevant departments
- Review of detailed presentation on the reporting process and sustainability governance
- Review of footprint calculation tool for key sustainability performance
- Review of Sadara's responses on the questionnaires shared by Sustainable Square

Sustainable Square has conducted a desk study to provide a moderate level of assurance and verify the scope of work, following the methodology outlined above. The assessment was conducted remotely, without the requirement of a site visit, and did not include analytical testing. The scope of assurance is limited based on the amount of interaction and evidence provided.

### Observations & Findings

#### A: Evaluation of Sadara's Adherence to the AA1000 Accountability Principles (AA1000AP) of Inclusivity, Materiality, Responsiveness and Impact

Principles	Observations & Findings
<b>Inclusivity</b> is actively identifying stakeholders and enabling their participation in establishing an organization's material sustainability topics and developing a strategic response to them. An inclusive organization accepts its accountability to those on whom it has an impact on and to those who have an impact on it.	Sadara has recognized various stakeholder groups, including shareholders, industry associations, regulators, government entities, suppliers, customers, competitors, lenders, the community, and employees. The sustainability report highlights a stakeholder engagement plan that demonstrates Sadara's tailored approach for each group, as opposed to a one-size-fits-all approach. This indicates the appropriate context and objectives for engaging with stakeholders. Furthermore, Sadara adopts a comprehensive three-level internal review process for the sustainability report, which encompasses the participation of department managers in both the preliminary and final review stages, in conjunction with the reviews done by the Sustainability Division.
<b>Materiality</b> relates to identifying and prioritizing the most relevant sustainability topics, taking into account the effect each topic has on an organization and its stakeholders. A material topic is a topic that will substantively influence and impact the assessments, decisions, actions and performance of an organization and/or its stakeholders in the short, medium and/or long term.	Sadara conducted a structured materiality survey and engaged with its internal and external stakeholder groups. However, Sadara should aim at increasing the participation to allow an extensive set of responses to strengthen the materiality assessment for more accuracy.
<b>Responsiveness</b> is an organization's timely and relevant reaction to material sustainability topics and their related impacts. Responsiveness is realized through decisions, actions and performance, as well as communication with stakeholders.	Sadara's sustainability strategy is well-established with KPIs and corresponding targets. Through sustainability reports and annual materiality reviews, Sadara ensures to communicate its sustainability performance and delivers action-oriented policies and initiatives. For instance, Sadara established a Digital Transformation Office in response to the digital maturity assessment.
<b>Impact</b> is the effect of behavior, performance and/or outcomes, on the part of individuals or an organization, on the economy, the environment, society, stakeholders or the organization itself. Material topics have potential direct and indirect impacts — which may be positive or negative, intended or unintended, expected or realized, and short, medium or long term.	Sadara's enterprise risk management department and sustainability team attempt at sharing synergies in the identification and management of the material topics. Sadara has a broad list of community initiatives with an identified need to conduct impact measurement. It is also encouraged that Sadara consider integrating financial materiality with the existing materiality process to manage risks and seize opportunities in a cohesive manner.



**B: Evaluation of the Reliability & Quality of the Key Sustainability Performance Indicators**

Area	Key Sustainability Performance Indicators	Validated Data by Sustainable Square	Observations & Findings
Production*	Total Petrochemicals Production	2.995 million tonnes of products sold	The production details are accurately reported monthly that presents the actual number of products manufactured on site and market faced in 2022. Furthermore, Sadara has undertaken a meticulous two-tier internal verification process with the responsible personnel involved.
GHG**	GHG Intensity	1.835 tonnes of CO <sub>2</sub> equivalent per tonnes of products sold	Data audited and verified against the total production does not indicate any deliberate misrepresentation of the emission data submitted for review.
GHG**	GHG Emissions Scope 1	3.764 million tonnes of CO <sub>2</sub> equivalent	Sadara considers a wide range of direct emissions sources. The evidence does not indicate any misrepresentation of the emission data submitted for review.
GHG**	GHG Emissions Scope 2	1.732 million tonnes of CO <sub>2</sub> equivalent	Sadara has obtained the electricity GHG emission factor through the National Committee for the Clean Development Mechanism (CDM), also referred to as the Designated National Authority (DNA) of Saudi Arabia for CDM. This focuses on the grid CO <sub>2</sub> emissions and has not explicitly mentioned the grid CH <sub>4</sub> and N <sub>2</sub> O emission factors. In the absence of it, Sadara has regarded these species as de minimis and will further determine the existence of such factors in the future.
Non-GHG*	SOx Emissions	0.546 thousand tonnes of SOx emissions	Monthly data recorded and no evidence found that would indicate any deliberate misrepresentation of the emission data submitted for review.
Non-GHG*	NOx Emissions	1.521 thousand tonnes of NOx emissions	Monthly data recorded and no evidence found that would indicate any deliberate misrepresentation of the emission data submitted for review.
Energy*	Energy Intensity	27.265 GJ per tonnes of products sold	Data audited and verified against the total production. No evidence was found that would indicate any deliberate misrepresentation of the emission data submitted for review.
Flaring*	Flaring Loss	245.299 thousand tonnes of flaring loss	No evidence was found that would indicate any deliberate misrepresentation of the data submitted for review.
Water*	Water Intensity	11.314 m <sup>3</sup> per tonnes of products sold	No evidence was found that would indicate any deliberate misrepresentation of the data submitted for review.
Material Effectiveness*	Material Effectiveness Intensity	0.131 tonnes of material loss per tonnes of products sold	Data audited and verified against the total production. No evidence was found that would indicate any deliberate misrepresentation of the data submitted for review.

\*KPIs reported in Sustainability Report  
 \*\* KPIs reported in Sustainability Report & GHG Inventory Report both

**Conclusion**

Sustainable Square is confident that the evidence gathered during the process is satisfactory and relevant for issuing the assurance statement. The conclusion as follows, is based on extensive interactions with Sadara personnel, examination of provided evidence, and desk research:

- The content and narrative of the sustainability report align sufficiently with the AccountAbility Principles (AA1000AP 2018) and GRI Standards.
- Sadara has a structured internal procedure to measure, monitor and report the key sustainability performance indicators identified as part of the scope of assurance. The procedure is designed to meet industry standards.
- Data provided by Sadara for its 2022 key sustainability performance indicators have been verified against the supporting evidence provided by Sadara pertaining to its activity data, emission factors, and calculation methodology. There is no evidence of an intentional misstatement in the footprint data submitted for key sustainability performance indicators.
- The GHG and non-GHG emissions figures presented by Sadara are fully representative of the emissions associated with its operation. The figures for all other key sustainability performance indicators have been recorded on a timely basis and clearly indicate the details of responsible personnel.
- Sadara is encouraged to review the separately submitted "Management Recommendations Report" to further strengthen the reporting process and enhance the sustainability context in future reports.

**Statement of independence, impartiality and competence**

Sustainable Square is a micro-multinational firm that focuses on organizational sustainability, transparency & disclosure, responsible investment, climate action and social impact with its presence in 3 continents and 15 markets of operations. As an AccountAbility-licensed assurance provider (AA1000), Sustainable Square has conducted an independent verification audit for Sadara, ensuring complete impartiality and a lack of conflict of interest. This audit was performed through stakeholder engagements and thorough validation of evidence. Sustainable Square does not have any professional or personal engagements with Sadara or its personnel.

The issuance of this Assurance Statement in accordance with AA1000AS v3 Standard and sustainability reporting principles of GRI Standards guarantees that the verification process complies with globally acknowledged standards, significantly augmenting the credibility and dependability of Sadara's sustainability reporting.

  
**Monaem Ben Lellahom**  
 Partner - Group CEO  
 Sustainable Square Consultancy & Think Tank  
 12<sup>th</sup> July 2023



**CREATING  
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THROUGH  
CHEMISTRY**



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