



POWERING SUSTAINABILITY WITH CHEMISTRY

السلامة
والصحة



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REPORT OVERVIEW

ABOUT THIS REPORT

We are pleased to present Sadara's second annual Environmental, Social, and Governance (ESG) Executive Summary for the year 2022, highlighting Sadara's major accomplishments for the reporting year in line with Sadara's refreshed list of material topics for 2022. This report presents a summary of Sadara's 2022 Sustainability Report, detailing Sadara's strategy, targets, and ESG performance. For more detailed information on Sadara's sustainability performance, please see our 2022 Sustainability Report.

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

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.

SUSTAINABILITY AT SADARA

SUSTAINABILITY STRATEGY AND FRAMEWORK

Sadara launched an updated five-year sustainability strategy in 2020, featuring 10 strategic goals, 24 key performance indicators (KPIs), and five pillars. The Sustainability Council oversees implementation and evaluates performance, ensuring alignment with organizational and stakeholder priorities.

Sustainability Strategy Pillars	Strategic Goals	2025 KPIs
Governance & Integrity	1. Strengthen Corporate Governance	1. Ensure validity of all company certificates at 100%
	2. Ensure Business Ethics and Integrity	2. Maintain level of implementation for Corporate Operating Discipline Management System (ODMS) to >90%
Occupational Health & Safety	3. Achieve World-Class Health and Safety Performance	3. Increase Supplier Code of Conduct acknowledgment to 100%
	4. Promote Product Stewardship Practices	4. Reduce number of grievances to 14
		5. Maximize employees' Medical Check-up Program to 98%
		6. Improve Total Recordable Injury Rate (TRIR) to 0.08
Climate Change & Natural Resources Conservation		7. Minimize Process Safety & Containment Event-L1 Rate to 0.02
	5. Minimize Environmental Impact	8. Maintain Global Harmonization System implementation to 100%
		9. Control Transportation Incident L1 Rate to 0
	6. Support Circular Economy	10. Reduce energy intensity to 27,668 GJ/metric ton products
		11. Reduce Greenhouse gas (GHG) intensity to 1.983 metric ton CO2e/metric ton products
Business Growth & Operational Excellence	7. Ensure Operational Excellence	12. Reduce water intensity to 9.313 m3/metric ton products
	8. Support Downstream Industry Local Content	13. Reduce plastic pellet losses to 0%
		14. Reduce material effectiveness intensity to 0.132 metric ton material loss/metric ton products
People & Community		15. Increase Product Supply Reliability (PSR) to 94.9%
	9. Strengthen the Value of Employee Proposition	16. Decrease Defects per Million Opportunities (DPMO) to 9,000 DPMO
		17. Increase number of PlasChem Park tenants to 10
		18. Increase percentage of local procurement spending to 80%
		19. Increase employee engagement score to 7.7 out of 10
		20. Increase Saudization to 82%
	10. Support the Local Community	21. Increase employee training hours and development programs to 183,060 hours
	22. Increase the reach of women's inclusion and employment to 5%	
	23. Increase community engagement initiatives to 25	
	24. Increase employee volunteering hours to 10,000 hours	

STAKEHOLDER ENGAGEMENT

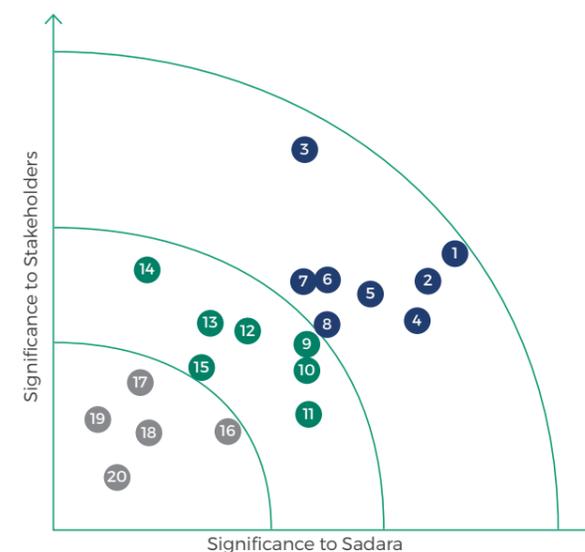
At Sadara, we value our stakeholders' influence in shaping our business and driving sustainability. We actively engage with various stakeholder groups to understand their expectations and needs, fostering trust and collaboration. Through this engagement, we can build trust and establish collaborative partnerships that support our sustainability goals, further reinforcing our commitment to aligning with the United Nations Sustainable Development Goals (SDGs).

SADARA'S MATERIALITY MATRIX

In 2020, Sadara conducted a comprehensive materiality assessment to identify priority areas for the organization and stakeholders. The assessment resulted in a shortlist of 20 material topics aligned with Sadara's Sustainability Strategy goals.

A materiality survey was conducted in 2022, involving key stakeholders, and the refreshed list was created based on their ratings. Digital Transformation and Business Continuity were included as new key topics, reflecting the growing significance of digitalization and company readiness. Sadara remains committed to addressing all issues with effectiveness and efficiency.

Properly managing these material issues enhances Sadara's sustainability performance, reputation, and stakeholder relationships. It also helps mitigate risks and unlock opportunities for growth and innovation, establishing Sadara as a prominent leader in the chemical industry.



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		

PERFORMANCE SUMMARY (ESG HIGHLIGHTS)



Environment

- **2.8%** decrease of GHG emissions intensity from 2021
- **3%** decrease in energy intensity compared to 2021
- **1.5%** increase in recycled input materials used compared to 2021
- **0.4%** plastic pellets escape to the environment maintained for **two** consecutive years
- **50%** of waste recycled
- **SAR 21.8 million** in cost savings as a result of recycling
- Sustaining **zero** environmental violation in 2022



Social

- **Zero** Transportation Incident L1 Rate for **two** consecutive years
- **Zero** incidents of non-compliance regarding product safety for **two** consecutive years
- **17%** increase in the number of female employees compared to 2021
- **2.8x** increase in total employee training hours compared to 2021
- **3.9x** increase in total community investments compared to 2021
- Sadara's Non-Employees Training Program: **60** students in OJT, **27** in apprenticeships, and **58** in internships
- **2,762** total volunteering hours in 2022
- **79%** local procurement spending in 2022
- **47%** of procured materials are made in Saudi Arabia



Governance

- Renewed our membership with the UN Global Compact-Saudi Arabia network.
- **100%** employee grievance resolution in 2022
- **18%** increase in Supplier Code of Conduct acknowledgement compared to 2021
- **100%** overall customer satisfaction rating
- **Zero** cybersecurity breaches in 2022
- **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%** decrease in the number of defects per million opportunities (DPMO) compared to 2021

ENVIRONMENT

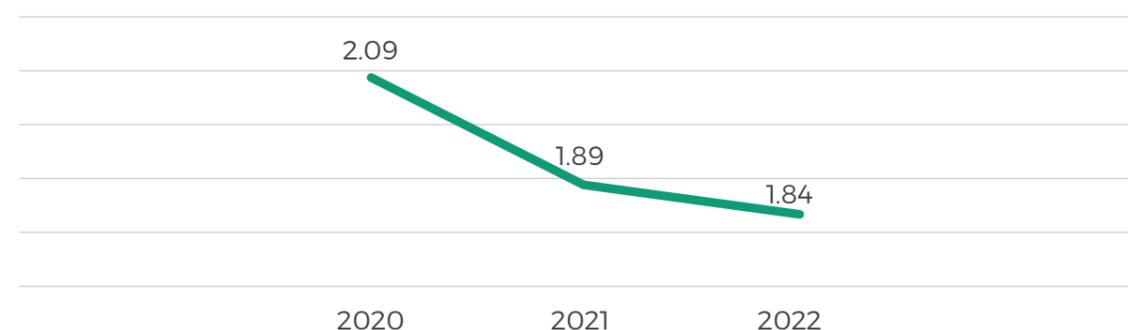
SUSTAINABILITY STRATEGY KPIS:

Pillars	Strategic Goals	KPIs	Unit	2022 Performance	2022 Target	2025 Target
Climate Change and Natural Resources Conservation	Minimize Environmental Impact	Reduce energy intensity	GJ/metric ton products sold	27.265	28.094	27.668
		Reduce water intensity	m ³ /metric ton products sold	11.314	9.607	9.313
		Reduce GHG intensity	Metric ton CO ₂ e/metric ton products sold	1.835	2.045	1.983
	Support Circular Economy	Reduce plastic pellet losses	%	0.4	1.5	0
		Reduce material effectiveness intensity	Metric ton material loss/metric ton products sold	0.131	0.134	0.132

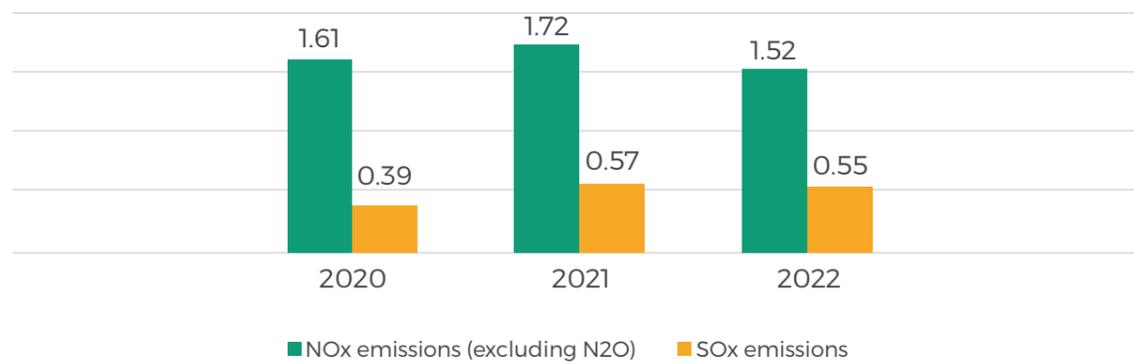
CLIMATE CHANGE AND GHG EMISSIONS

Sadara monitors and manages emissions to meet stakeholder requirements. In 2022, we achieved a 2.8% reduction in GHG emission intensity and have set a five-year target for a further decrease of 5% from the 2020 baseline. Additionally, Sadara successfully decreased Nitrogen Oxides (NOx) and Sulfur Oxides (SOx) emissions compared to 2021, along with a decrease in flaring loss compared to the previous year.

GHG intensity (Metric ton CO₂e/metric ton products sold)



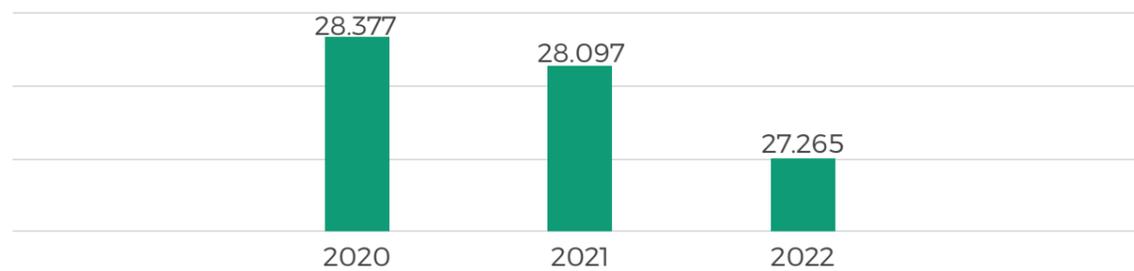
Non-GHG Emissions (Thousand metric ton)



ENERGY MANAGEMENT

Sadara prioritizes energy efficiency as a crucial aspect of its sustainability efforts. Through regular assessments and audits, including internal energy audits, we ensure compliance with the ISO 50001:2018 EnMS standard. In 2022, we launched an updated Energy Policy and implemented energy-saving initiatives, leading to a 1,833,208 GJ reduction in total energy consumption.

Energy Intensity (GJ/metric ton products sold)



WATER MANAGEMENT

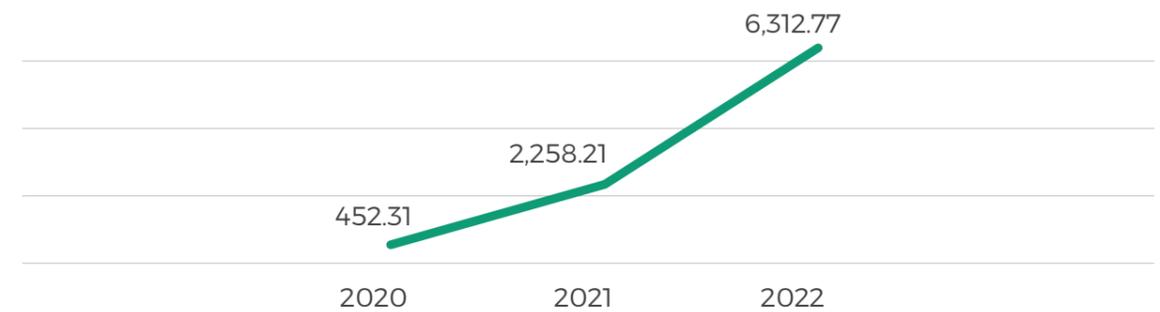
Sadara aims to reduce water consumption for resource optimization, cost savings and environmental protection. Despite a 14% increase in total water consumption in 2022 due to plant turnarounds, the company is committed to achieving a 5% water intensity reduction by

2025.

Total Water Consumption (Million m3)



Recycled Wastewater (m3)



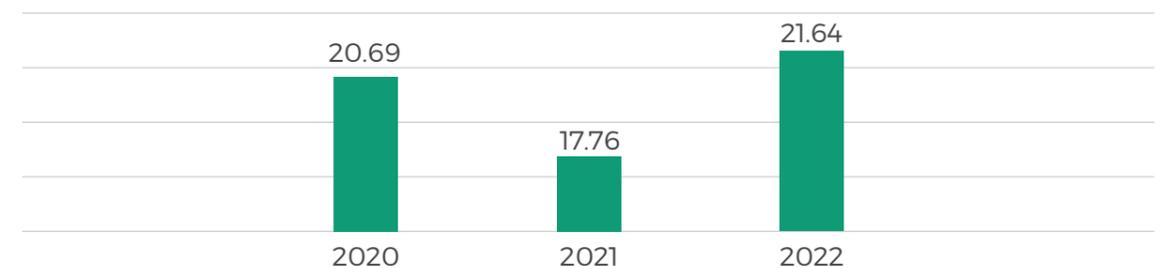
WASTE MANAGEMENT

Sadara manages waste disposal from collection to third-party disposal and recycling facilities. Audits ensure legal compliance, identify improvements, and share best practices. In 2022, Sadara met the material effectiveness and flaring reduction targets, with no major spills.

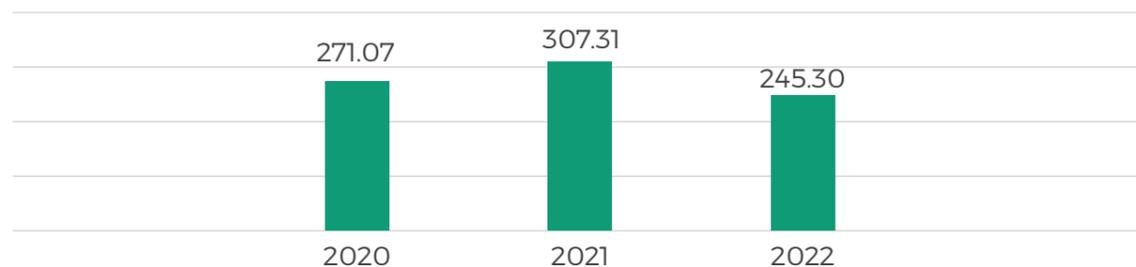
Sustainable Resource Management

At Sadara, we prioritize material effectiveness and follow environmentally sound practices in our manufacturing plant. We aim to minimize waste generation through prevention, reduction, re-use, recycling, treatment, and disposal. In 2022, Sadara's total recycled waste increased by 22% compared to 2021.

Total Waste Recycled (Thousand metric ton)



Flaring Loss (Thousand metric ton)



CIRCULAR ECONOMY

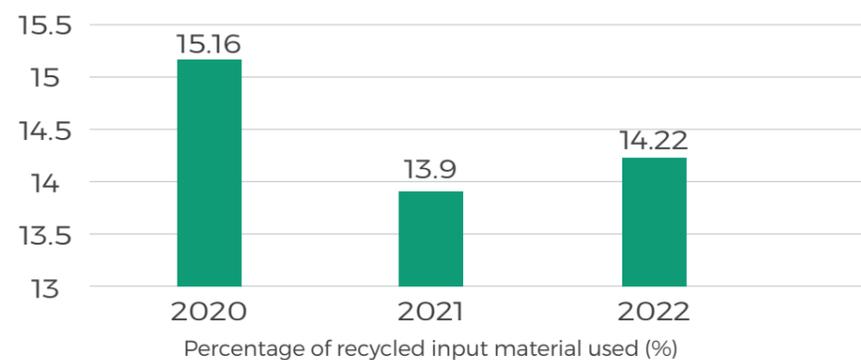
Sadara is dedicated to preserving natural resources and the environment by focusing on closing material and waste loops and extending product life cycle. Sadara has set ambitious goals for achieving circularity, Initiatives include diverting high-pressure caustic residue and recycling Propylene Oxide (PO) wastewater.

In 2022, Sadara saved approximately SAR 22 million in disposal costs and generated over SAR 930,000 in revenue from recycling activities.

Cost Savings



Percentage of Recycled Input Material Used



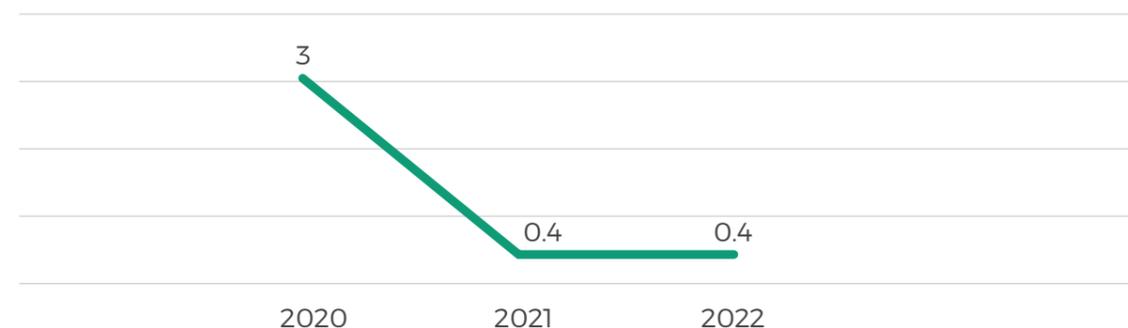
BIODIVERSITY

Sadara is dedicated to preserving biodiversity and minimizing operational impact, in adherence to the RC14001 standard. As a result, throughout 2022, there were zero incidents of spills into the environment as a result of Sadara's excellent operational activities.

Operation Clean Sweep

In 2021, Sadara made history as 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). Sadara prevents pellet loss through measures like supersacks, green mesh, and regular cleaning. Due to these efforts, Sadara maintained a 0.4% pellet loss rate in 2022.

Pellet Loss (%)



SOCIAL

SUSTAINABILITY STRATEGY KPIS:

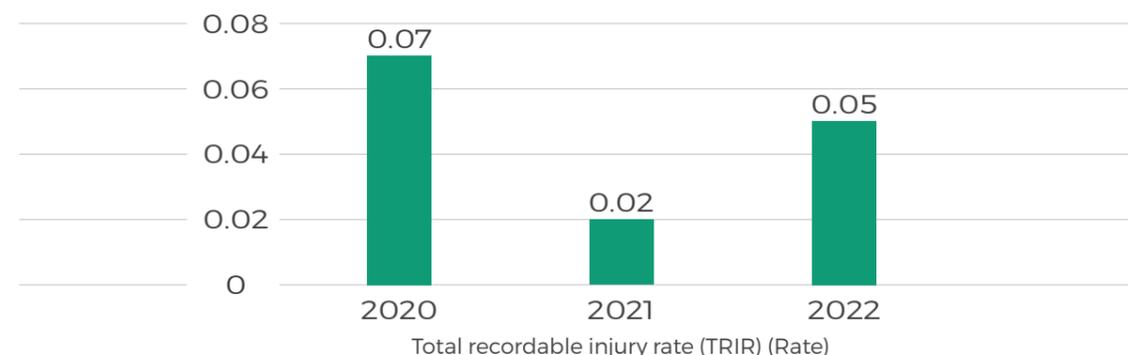
Pillars	Strategic Goals	KPIs	Unit	2022 Performance	2022 Target	2025 Target
Occupational Health & Safety	Achieve World-Class Health and Safety Performance	Maximize employees' Medical Check-up Program	%	100	95	98
		Improve Total Recordable Injury Rate (TRIR)	Rate	0.05	0.11	0.08
		Minimize Process Safety & Containment Event L1 Rate	Rate	0	0.05	0.02
	Promote Product Stewardship Practices	Maintain Global Harmonization System Implementation	%	87	90	100
		Control Transportation Incident L1 Rate	#	0	0	0
		Increase number of PlasChem tenants	#	8	8	10
Business Growth & Operational Excellence	Support Downstream Industry Local Content	Increase percentage of local procurement spending	%	79	77	80
		Employee Engagement Score	Out of 10	6.7	6.9	7.7
People & Community	Strengthen the Value of Employee Proposition	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	%	2.9	4	5
		Increase Community Engagement Initiatives	#	19	12	15
	Strengthen the Value of Employee Proposition	Increase Employee Volunteering Hours	Hours	2,762	2,000	10,000

OCCUPATIONAL HEALTH AND SAFETY

Sadara prioritizes employee health and safety with a zero-injury goal. We uphold high Environment, Health and Safety (EHS) standards, conduct annual reviews, and have an Injury Prevention Program. Our EHS systems are validated through audits and certifications, and we provide training to contractors and employees.

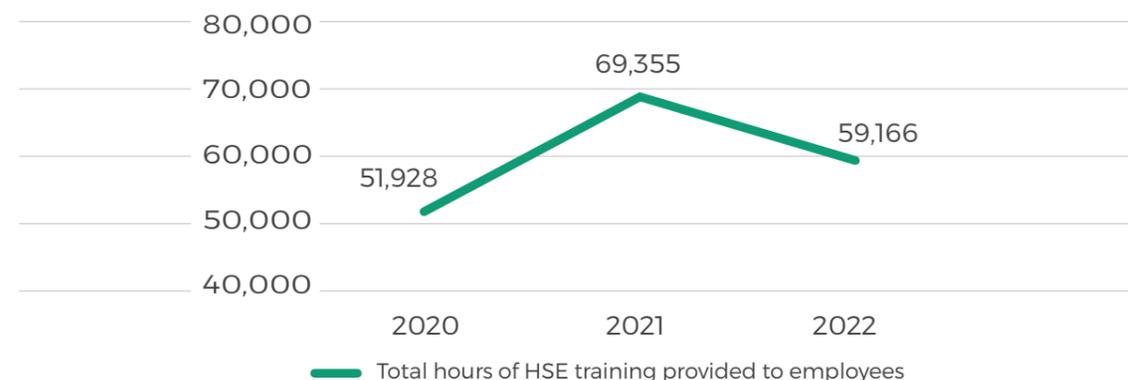
In 2022, our total recordable injury rate (TRIR) was 0.05, exceeding the target set for 2025.

Total Recordable Injury Rate (TRIR)



Sadara's contractors and employees receive specialized training, including Environment, Health, Safety and Security (EHS&S) sessions on process and personal safety, chemical management, and spills.

HSE Training



During 2022, Sadara successfully completed a major turnaround of its Basic Chemicals' plants without any major recordable environment, health or safety incidents or delays. The Sadara team remained resilient and committed to ensuring the safety and well-being of everyone involved.

Process Safety

Sadara follows the Process Risk Management Standard and Loss Prevention Principle to identify and manage risks associated with process safety. The company also has a Reactive Chemicals Standard in place. Sadara promptly addresses any Loss of Primary Containment (LOPC) events to prevent complications. The company has maintained 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

Product Risk and Stewardship

Sadara is fully committed to the well-being of individuals and the environment in product production, distribution, and usage. Our stewardship approach involves evaluating safety, health, and environmental data and taking actions to ensure protection for employees, the public, and the environment. Transportation events have resulted in zero incidents since 2021. Employee well-being is prioritized through various initiatives, including ergonomic campaigns, training, medical check-ups, and support for a healthy lifestyle.

In 2022, Sadara initiated a Chemical Safety Awareness Campaign for all employees, focusing on safety data sheets, chemical labeling, hazard pictograms, and supporting the Hazard Communication Program.

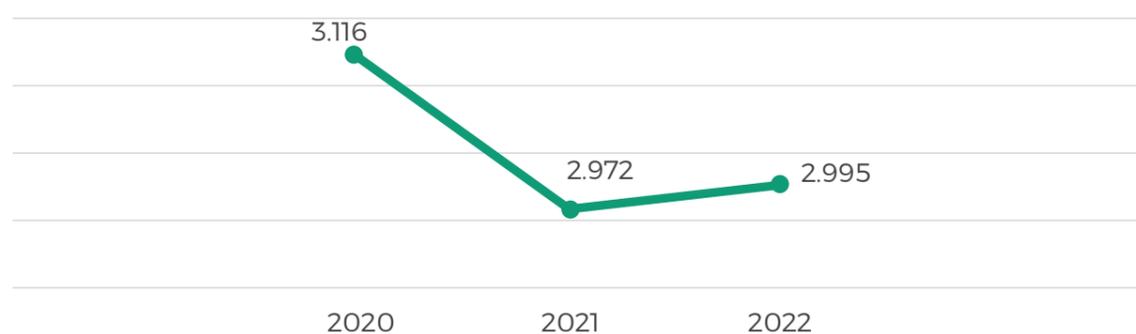
Sadara adheres to global standards like the UN’s Globally Harmonized System of Classification and Labeling of Chemicals (GHS) for classification and labeling, and works towards full adoption. Additionally, compliance with RC 14001, ISO 14001, ISO 45001, and ISO 9001 ensures product safety and customer health protection.

ECONOMIC IMPACT

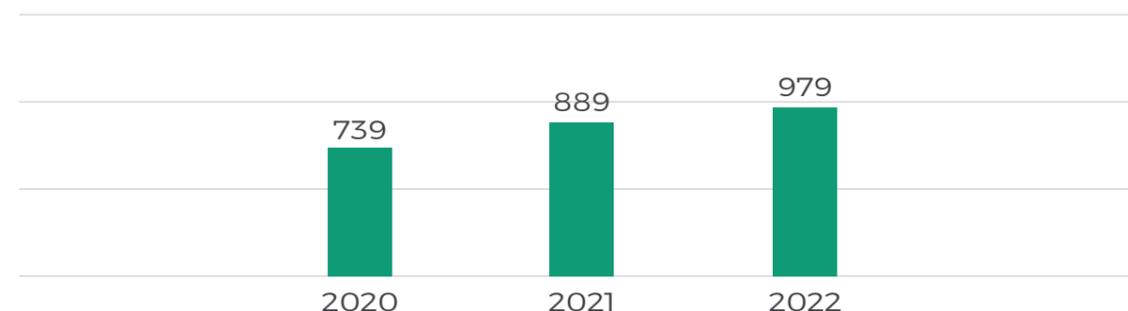
Sadara prioritizes operational efficiency, customer satisfaction, and local procurement. Our financial performance is guided by a solid strategy and transparent reporting. Sadara drives industry evolution through innovation, diversification, and expanding market opportunities. The successful introduction of Crude MDI (CMDI) in European and South Asian markets further strengthens our leadership position.

In 2022, we achieved significant milestones, prioritizing employee safety and adhering to international and local standards across our 26 integrated plants.

Total Products Sold (Million metric ton)



Amount Spent on Saudi Made Materials (Million SAR)



Downstream Investment Opportunities in PlasChem Park

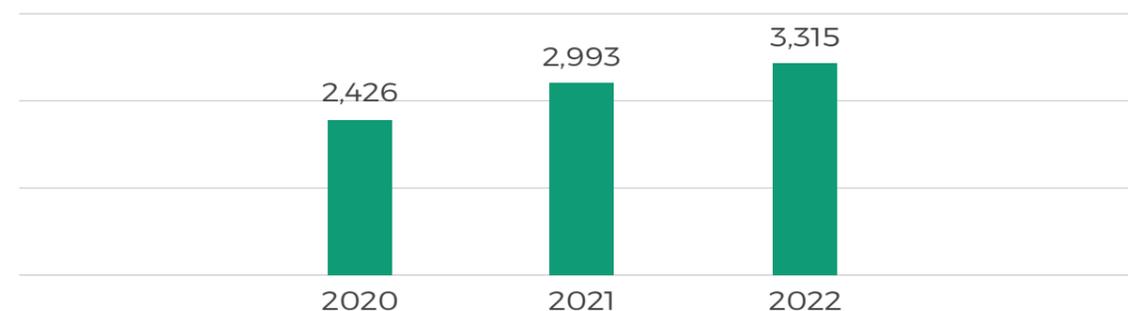
PlasChem Park is a dedicated industrial park for chemical and conversion industries that employ Sadara’s goods and raw materials from other suppliers, either directly or indirectly. As part of Sadara’s sustainability strategy, the target number of tenants for PlasChem Park has been exceeded, by reaching five tenants in operation in 2022 out of total eight accumulative tenants achieved.

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

Supply Chain Management

Sadara prioritizes local procurement and strong supplier partnerships for a sustainable supply chain. We achieved 98% of our operational plan in 2022, supporting Saudi Arabia’s economic development goals.

Procurement Spending on Local Suppliers Million SAR



Sadara assesses and monitors suppliers based on ESG criteria. A Sustainability Assessment for Key Suppliers was launched in 2022 to evaluate sustainability impact and foster collaboration. Supplier satisfaction was valued with a 99% satisfaction rate and no complaints in 2022.

EMPLOYEE ENGAGEMENT & SATISFACTION

Employee Engagement

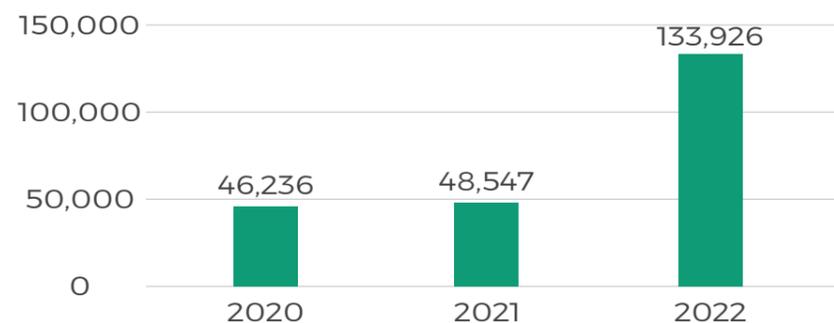
Sadara presents diverse resources and platforms aimed at addressing employees' inquiries, offering guidance and consultations, and aiding managers in upholding company policies and adhering to work rules. In 2022, Sadara achieved a 6.7 out of 10 Employee Engagement Score, covering factors such as employee satisfaction, professional growth, safety, working environment, diversity and inclusion.

PlasChem Park	Unit	2020	2021	2022
Employee Engagement Score	out of 10	7.3	6.8	6.7

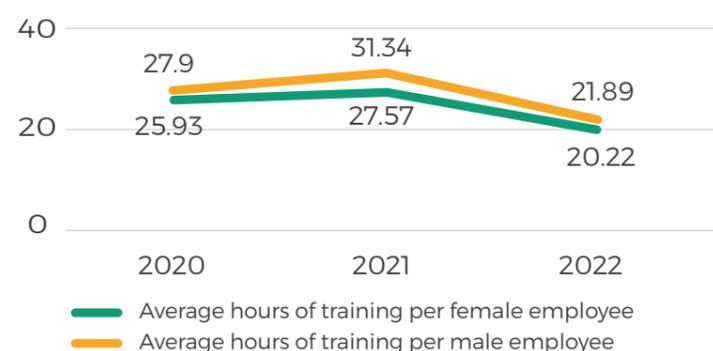
Employee Development

Sadara prioritizes employee growth, development, and engagement. Sadara invests in training programs, conducts regular performance evaluations, and has a comprehensive performance management program. In 2022, employee training hours increased by 176%.

Total Hours of Training for Employees

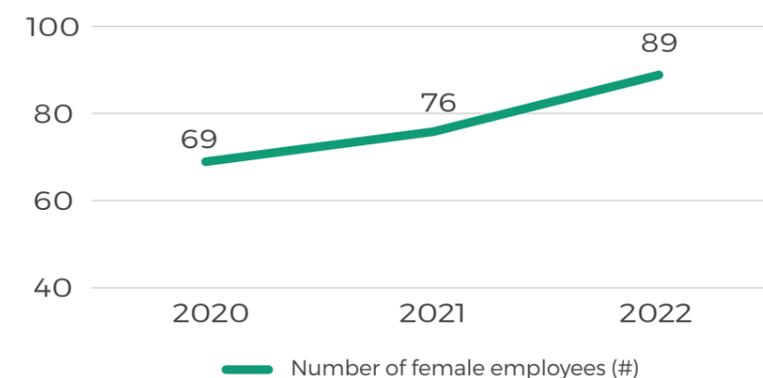


Average Hours of Training Per Employee



Diversity and Inclusion

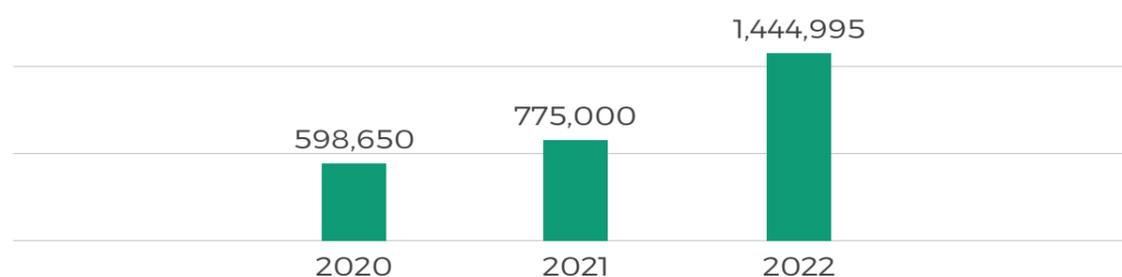
Sadara prioritizes an inclusive work environment that supports career advancement. The company values diversity, providing equal opportunities for individuals regardless of gender, nationality, age, or religion. Sadara has achieved a 17% increase in female employees in 2022 and has implemented a comprehensive female employment strategy.



CSR AND COMMUNITY ENGAGEMENT

Sadara has a strong Corporate Social Responsibility (CSR) strategy and its community development initiatives prioritize education, particularly through training programs for Saudi students at Sadara facilities. Through partnerships with educational institutions, Sadara encourages regional collaboration and supports local innovation and knowledge-based activities, aligning with the goals of the Kingdom's Vision 2030. In 2022, Sadara saw an 86.45% increase in donations and sponsorships.

Donations and Sponsorships (SAR)



Volunteerism

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

GOVERNANCE

SUSTAINABILITY STRATEGY KPIS:

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

ETHICS, GOVERNANCE, AND COMPLIANCE

Sadara’s corporate culture emphasizes integrity, respect, equality, and environmental protection. Our Code of Ethics & Business Conduct guides employee behavior and encourages reporting of potential breaches. We uphold these values in all aspects of our lives, demonstrating good corporate citizenship and driving positive change.

For our organizational structure, please refer to Sadara’s 2022 Sustainability Report.

HUMAN RIGHTS MANAGEMENT

Sadara respects human rights, providing equal opportunities and appropriate working conditions. Our Human Rights Policy covers the supply chain and aligns with national standards and Vision 2030. In 2022, all grievances filed were resolved.

Employee Grievances

	2020	2021	2022
Number employee grievances filed in the reporting period (#)	19	17	20
Number employee grievances addressed or resolved (#)	19	17	20

RISK MANAGEMENT AND BUSINESS CONTINUITY

Sadara’s Enterprise Risk Management (ERM) unit ensures responsible and sustainable operations through compliance and high standards. It proactively identifies and mitigates risks across various areas, while the Business Continuity Management (BCM) process focuses on prevention, crisis management, and recovery. The Sadara Management Committee (MC) approved a comprehensive Business Continuity (BC) Policy, supported by tools, templates, and training. In 2022, Sadara successfully implemented its BC program, appointing leaders, meeting training targets, and conducting scenarios and drills.

DATA PRIVACY AND CYBERSECURITY

Effective communication technology, connectivity, and information exchange are vital for optimizing business operations. Sadara prioritizes safeguarding against cybersecurity threats to protect stability and society. The Information Security (IS) division manages and protects organizational assets, while the Industrial Security division ensures the safety of people, assets, and neighboring communities. Ongoing security projects and initiatives have led to a significant reduction in breaches, with only one incident of non-compliance in 2022.

PRODUCT AND TECHNOLOGY INNOVATION

Sadara places great importance on innovation in maintaining its industry leadership and aligning with Vision 2030. The company’s technology center focuses on process improvement, troubleshooting, research, technology licensing, risk assessments, training, and knowledge documentation. The technology center actively participates in technical programs and has introduced new products, such as MDI product grade Crude MDI (CMDI), in 2022.

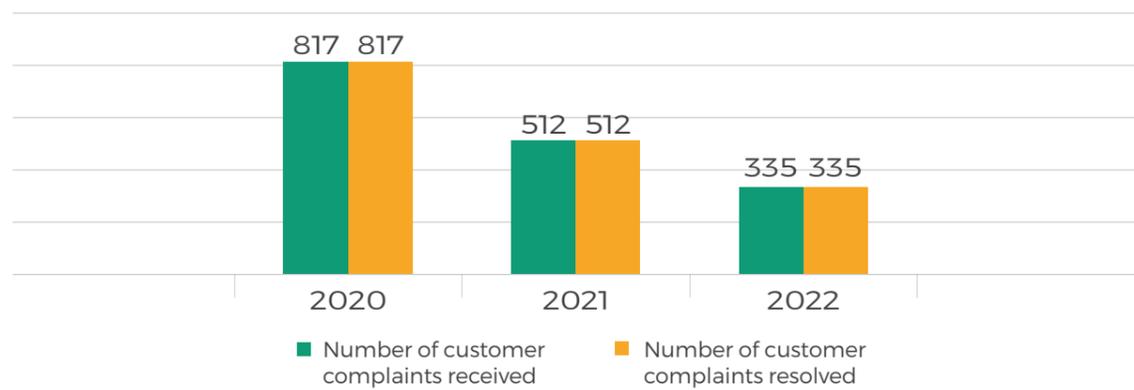
DIGITAL TRANSFORMATION

Sadara began its Digital Transformation journey in 2019 with the IR 4.0 program, leading to the establishment of the Digital Transformation Office in 2022. A third-party assessment in 2022 gave Sadara an overall digital maturity score of 2.2/5, close to the industry average, with notable strengths in energy and environmental sustainability, as well as product management.

CUSTOMER RELATIONS

Sadara provides excellent customer service by meeting customer needs and delivering high-quality products in a timely manner. Sadara values customer feedback and uses surveys to identify areas for improvement. In 2022, 77% of customers were very satisfied and 23% were satisfied, resulting in an overall customer satisfaction rating of 100%. For the past three years, customer complaints have been decreasing substantially, with a 100% resolution rate.

Customer Satisfaction



ACRONYMS

Acronym	Definition
BC	Business Continuity
BCM	Business Continuity Management
CMDI	Crude Methylene diphenyl Diisocyanate
EnMS	Energy Management System
EHS&S	Environment, Health, Safety and Security
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IS	Information Security
ISO	International Organization for Standardization
IT	Information Technology
LCA	Life Cycle Assessment
KPI	Key Performance Indicator
OCS	Operational Clean Sweep
ODMS	Operating Discipline Management System
PO	Propylene Oxide
PSR	Product Supply Reliability
SAR	Saudi Arabian Riyal

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