



# SUSTAINABILITY REPORT 2018

Caring for  
Sustainable Growth



**King Salman bin Abdulaziz Al Saud**

Custodian of the Two Holy Mosques



**Mohammad bin Salman Bin  
Abdulaziz Al-Saud**

Crown Prince of Saudi Arabia  
First Deputy Prime Minister of Saudi Arabia

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# SADARA OVERVIEW

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## CEO MESSAGE (102-14)

In this dynamic and ever-changing world, sustainability has proved itself to be a critical integration to overcome global challenges and difficult business conditions. At Sadara, sustainability is the principal foundation upon which our commercial practices operate. Hence, growth, environmental protection and social engagement serve as the main pillars of Sadara's sustainability strategy.

Our agenda focuses on addressing our emissions, energy consumption, water consumption and materials metrics, in order to generate creative solutions that reduce our ecological footprint, as part of our responsibility toward society and the world.

This agenda shall also foster effective engagement with our employees, stakeholders and community in a way that reflects our commitment towards creating positive value for society.

Sadara is delighted to offer its first Sustainability Report, following completion of our first year of full operations and after successfully passing the Creditors Reliability Test (CRT). We do not consider this report to be premature, but rather a documented testament of our commitment to environmental accountability and social benefit.

At Sadara, we believe that sustainability is a lifestyle and a pathway that must be shared by all. Our sustainability targets cannot be achieved without each of us seriously working in favor of change,

and this annual Sustainability Report will track our progress going forward.

**Dr. Faisal Al-Faqeer**  
Sadara CEO

# ABOUT THIS REPORT (102-53, 102-54)

This is Sadara's first sustainability report covering the performance of the calendar year 2018, and sharing some highlights from previous years to provide comparative data. This report has been prepared in accordance with the GRI Standards: Core option.

The report's boundaries have been set to include the full facilities of Sadara, including the Jubail site in Industrial City II and the Sadara Business Complex (SBC), located in Jubail's First Industrial Support Area. Sadara has no other facility that falls under its control and is excluded from the scope of this report.

This report went through a thorough internal review to make certain that all data and information are as accurate as possible. The information presented in this report has not been audited and is

subject to change whenever required.

As a transparent practice sharing the efforts and challenges related to Sadara's sustainability performance, we are committed to generating the Sustainability Report on an annual basis in order to track our improvements or setbacks, if any, related to agreed KPI's. Sadara would be happy to receive your feedback and comments regarding this report, and we would like to hear suggestions for improving future editions.

For any comments or suggestions, please communicate with us through the following email:

[badr.aljohani@sadara.com](mailto:badr.aljohani@sadara.com)

# ABOUT SADARA (102-2, 102-5, 102-6, 102-16)

Sadara Chemical Company (Sadara) is a joint venture developed by Saudi Aramco and The Dow Chemical Company (Dow) located in Jubail Industrial City II, Saudi Arabia. Sadara brings new technologies and other first-time processes to the region with the assistance of a highly-integrated manufacturing complex that is the largest one to be built in a single phase. The multi-billion-dollar complex consists of 26 world-scale manufacturing plants; 14 of which are completely new to the Kingdom; which produces more than 3 million metric tons of value-added chemicals and plastics annually.

Sadara is the only chemical company in the Middle East to employ refinery liquids, such as naphtha, as feedstock. By using best-in-class technologies to crack liquid feedstock, Sadara will enable many industries that either currently do not exist in Saudi Arabia or only exist through imports of raw materials. Its high-performance plastics and chemicals will

be used to make products that serve the growing middle class in the Kingdom, as well as in emerging economies around the world.

By bringing in innovative and, state-of-art machinery to develop new products, Sadara will be updating conventional value chains to transform the Kingdom's existing chemical landscape.

Sadara is proud to have won Best Oil & Gas Project of the Year for Saudi Arabia in the Middle East Economic Digest (MEED) Quality Awards for Projects competition. The MEED Quality Awards for Projects, according to MEED, "not only recognize the construction element of project delivery but also consider the value and quality of a project throughout its entire life cycle, from the design concept through to engineering and construction, and its wider contribution to society and to the environment."



## SADARA MISSION

Producing chemicals through innovative technologies and operational excellence to provide value-added products, improved quality of life, and a diversified Saudi economy.



## SADARA VISION

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

## SADARA VALUES



### SAFETY

**Focus:**  
Safety is an utmost priority in every decision and action we take.

**Communicate:**  
Set safety expectations with all stakeholders, especially direct reports.

**Take Action:**  
Intervene quickly when required.



### INTEGRITY

**Lead by Example:**  
Be consistent in your decision-making.

**Be Fair:**  
Set clear goals and expectations and then Follow.

**Be Worth of Trust:**  
Show honesty; deliver on your promises and commitments.



### TEAMWORK

**Share Goals:**  
To achieve common goals, encourage the exchange of ideas and opinions.

**Trust Others:**  
Assume good intentions, integrity, character and abilities.

**Be Inclusive:**  
Welcome and respect diverse values, backgrounds, appearances and talents.



### EFFICIENCY & EFFECTIVENESS

**Be Goal-Oriented:**  
Plan and execute with a purpose; change course when needed.

**Be Decisive:**  
Make timely decisions based on reliable facts and data.  
**Empower Yourself:** Take ownership of your actions and be accountable.



### LEARNING & GROWTH

**Show the Way:**  
Provide a clear, productive career path for all employees.

**Foster Creativity:**  
Unleash potential talent by engaging, developing your team.

**Lead Self-Development:**  
Encourage exploration of opportunities, coaching, mentoring.



# SADARA PROJECT TIMELINE

**2007**

Project feasibility study and front-end engineering and design effort begin.

**2011**

Saudi Aramco, Dow announce new Sadara joint venture.

**2012**

Chairman of Sadara Board and CEO of Sadara announced.

**2013**

Sadara's Jubail construction site manpower reaches 14,700.

**2014**

Sadara site construction reaches 2/3 completion with best-in-class safety record.

**2015**

Sadara successfully, safely starts up 1st production plant, PE Train 1.

**2018**

Sadara passes the Creditors Reliability Test (CRT).

**2017**

Jubail site construction is 100% complete. Rail construction begins at Packaging Center.

**2016**

Mixed Feed Cracker (MFC) officially goes live.

# SADARA PRODUCTS (102-2)

Sadara uses advanced technologies to create pioneering products, enabling several downstream applications transforming Saudi Arabia's existing chemicals industry landscape. Our differentiated product slate functions as the building blocks used in high performance flexible packaging, hygiene and medical applications, chemicals and additives for the oil and gas industry, chemicals for water treatment, soaps, detergents, cosmetics and other personal care products,

as well as adhesives, brake fluids and car seats for the automotive industry.

14 of the 26 world-scale manufacturing plants built by Sadara in Jubail are new to Saudi Arabia. Sadara has introduced, for example, the first Polyurethane (Isocyanates and Polyols) plants to the Kingdom. Other first-time plants produce Propylene Glycol, Butyl Glycol Ether and Solution Polyethylene, amongst other chemicals.



## Amines

Possess a broad range of properties and are used in various applications from wood treatment and pharmaceutical processing to coatings and consumer products.



## Glycol Ethers

Feature a wide range of properties and are used in many applications from electronics to coatings to surface and industrial cleaners.



## Isocyanates

The key ingredients used in the production of polyurethane rigid foams, flexible foams, polyurethane systems formulations, and many other specialty applications.



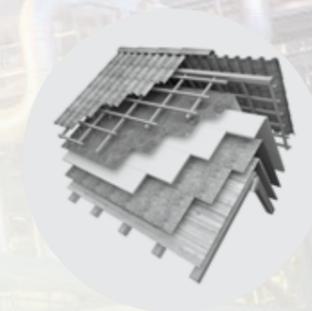
## Polyether Polyols

These chemicals are used in the production of polyurethane to develop flexible foams, coatings, adhesives, sealants and elastomers for a variety of markets and applications.



## Polyethylene

The most widely used of all plastics. Sadara's four plastic plants have world-class capacity and flexible capabilities to produce various types of polyethylene. The four plants produce Linear Low-Density Polyethylene (LLDPE), High Density Polyethylene (HDPE), Low Density Polyethylene (LDPE) and a very low-density Polyethylene (Elastomers), which are produced for the first time in the Kingdom thanks to advanced Solution Technology.



## Polyolefin Elastomers

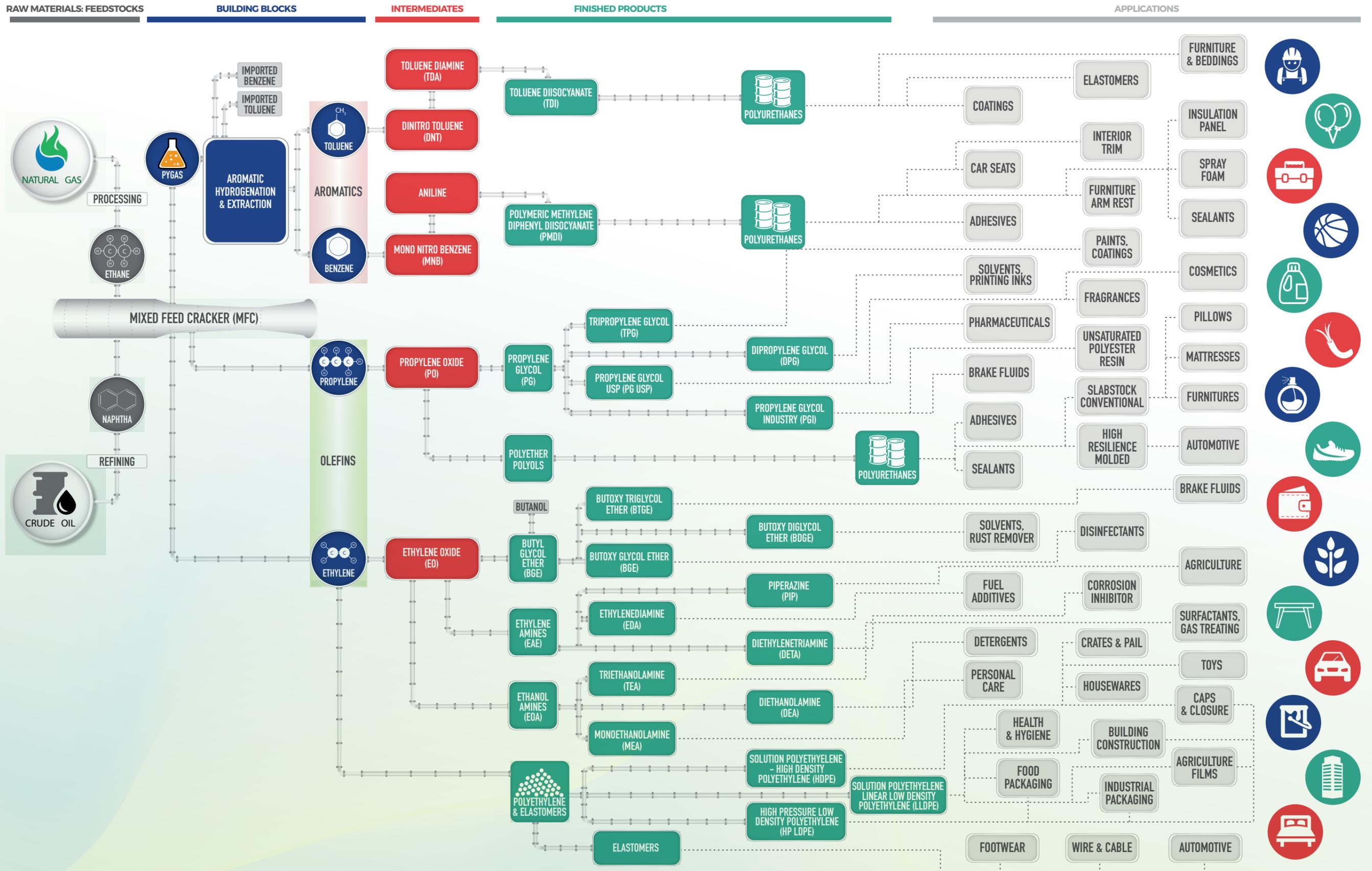
Applied in consumer goods, membranes, transportation and building & construction applications.



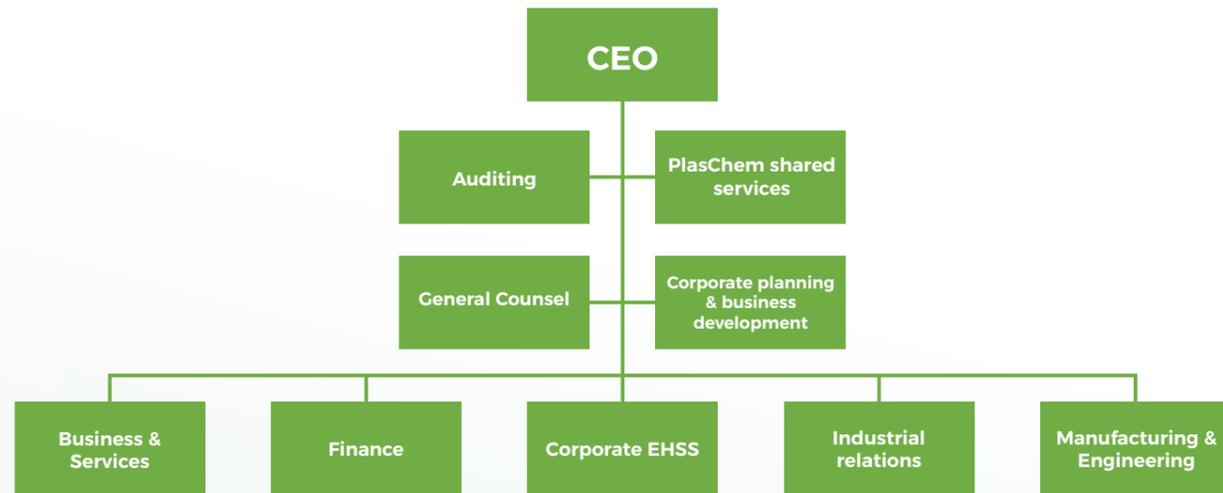
## Propylene Glycol

Found in industrial applications such as aircraft deicing fluids and in high-purity form for pharmaceutical, food, flavoring and personal care applications.

# SADARA PRODUCTS FROM RAW MATERIALS TO EVERYDAY USE



# SADARA ORGANIZATION (102-7)



## MARKETING OVERVIEW

As the company transitioned from construction to operations, Sadara developed its marketing strategy to enable readiness and visibility in order to position and promote the brand name throughout the Middle East. In a business environment defined by low oil prices and evolving markets, Sadara makes sure that guarantees the delivery of goods and services of the utmost quality, while engaging highest regard for safety contributions to optimal costs, and collaboration to make Sadara’s provisions true game changers.

Sadara is the first facility in the Kingdom to produce specialty items such as High Olefin Polyethylene resin, Polyol, Isocyanate, and Glycol Products. These high value chemicals enable to serve higher value application and allow customers to diversify their production. Providing dedicated service to each client, Sadara established with a commercial team and technical support for their current production and for new development on products and/or market application.

## FINANCIAL PERFORMANCE SUMMARY (102-45, 103-1, 103-2, 103-3, 201-1)

The company’s sales in 2018 topped SR 13.1 billion, compared with SR 7.4 billion in 2017. This was due primarily to the company completing its first full year of operations with all facilities running at full rates. Additionally, Sadara focused its efforts throughout 2018 on cost reduction, which resulted in a decrease in operational expenses compared to the previous year.

Sadara managed to achieve a decrease in Net Loss after Zakat and Tax of 20%, down from approximately SR 4.9 billion in 2017 to approximately SR 3.9 billion in 2018. The figures for the year ending Dec. 31, 2018, were posted on Tadawul by Sadara subsidiary Sadara Basic Services Company.

Financial Performance Summary			
Metric	2017(SAR)	2018(SAR)	% Change
Sales / Revenue	7,484,880	13,115,351	75.224
Total profit (Loss)	(1,039,609)	(909,874)	(12.479)
Profit (Loss) Operational	(2,829,285)	(1,478,326)	(47.749)
Net Profit (Loss) after Zakat & Tax	(4,873,466)	(3,860,030)	(20.794)
Total Comprehensive Income	(4,878,848)	(3,765,815)	(22.813)

## OPERATIONAL PERFORMANCE

Sadara, the largest and most complex integrated chemical complex built in one phase, started its construction phase in 2013. In Sep 2015, it commissioned its first utility units. The first Solution Polyethylene products were produced in Dec 2015, while the Mixed Feed Cracker began operating in Aug 2016 as the first mixed feed unit in the Gulf region and the largest of its kind in the world at the time. By end of 2017, all units were operational and the complex was running at almost over 90% of design rate.

Through 2018, the Sadara complex ramped up assets and it fully established the supply chain through Jubail Commercial Port (JCP) and King Fahd Industrial Port (KFIP), starting with 250 KT and finishing the year with over 2,600 KT lifted.

As part of its commitment to the lenders that supported the project, Sadara began preparation for its CRT in early 2018. In the fourth quarter of 2018, the company began its first official CRT run and on Dec. 17, 2018, Sadara successfully passed the qualification. The completion of the CRT signaled a milestone for Sadara, as it demonstrated that Sadara will run as it was purposed and could meet/exceed all environmental requirements set out in its operating permits. In this test, the company produced and shipped more than 460 KT of products in a 60-day period. This very complex and rigorous test showed Sadara's ability to sustainably and responsibly produce, ship, and market its chemical products globally.

## SADARA'S ASSOCIATIONS (102-13)

1. Gulf Petrochemicals and Chemicals Association - GPCA ([www.gpca.org.ae](http://www.gpca.org.ae))
2. Jubail Area Mutual Aid Association - JAMAA ([www.jamaa.org.sa](http://www.jamaa.org.sa))
3. ASIS International - ([www.asisonline.org](http://www.asisonline.org))
4. Center for Chemical Process Safety - CCPS ([www.aiche.org/ccps](http://www.aiche.org/ccps))

## RISK MANAGEMENT (102-11)

Sadara has a corporate governance function that oversees the Risk Management practices within the company, it has within its scope the identification of internal and external risks, coordinating with all functions a proper response strategy and plan and overseeing the implementation of the plans related to risks' mitigation. The objectives of the Enterprise Risk Management (ERM) are:

- 1 Safe working: a safe working environment with minimized LTIs and adherence to safety standards from all visitors and contractors.**  
ERM support: focus preventing serious industrial accidents or security incidents.
- 2 Technical: optimized technical performance with minimized number of outages.**  
ERM support: focus on avoiding disruptions due to equipment failure, loss of data systems, interruption to feedstock, product contamination or disruption in the supply chain.
- 3 Financial: optimized financial performance and ability to meet financial obligations.**  
ERM support: focus on avoiding the adverse effects resulting from strategic drivers (such as fluctuations in commodity prices, interest rates, exchange rates; additional or unforeseen costs or taxes; loss of freedom of movement; or the threat of emerging technologies).
- 4 Compliance: compliance with all legal and regulatory requirements.**  
ERM support: focus on avoiding sanctions over compliance failure by addressing possible workforce issues, the loss of intellectual property or the compromise of environmental permits.

# SUSTAINABILITY IN SADARA

## SADARA STAKEHOLDERS (102-40, 102-42, 102-43, 102-44)

The needs and interests of Sadara Stakeholders are the main drivers of setting our strategies. In order to accommodate their priorities, Sadara developed a dynamic tool to identify stakeholder engagement criterion. The following table shows the main stakeholders along with their key areas of concern, which will be frequently reviewed for better satisfaction.

STAKEHOLDERS' GROUP	STAKEHOLDERS' CONCERNS	ENGAGEMENT MECHANISM
<b>Owners</b>	<ul style="list-style-type: none"> <li>Financial Performance</li> <li>Business growth</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly meeting</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Risk Management</li> <li>Process safety</li> <li>Cyber security</li> </ul>	<ul style="list-style-type: none"> <li>Weekly/Monthly/Yearly meetings</li> <li>Official communications</li> </ul>
<b>Employees &amp; Families</b>	<ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Human capital improvement</li> <li>Job opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Town hall meetings</li> <li>Engagement surveys</li> <li>Employee's family social programs</li> </ul>
<b>Lenders and lender's consultant</b>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Business growth</li> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly meetings</li> <li>Quarterly updates</li> </ul>
<b>Insurers</b>	<ul style="list-style-type: none"> <li>Cyber security</li> <li>Regulatory compliance</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly meetings</li> <li>Quarterly updates</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Environmental responsibility</li> <li>Community Engagement</li> <li>Social responsibility</li> <li>Waste management</li> <li>Renewable resources (energy &amp; water)</li> </ul>	<ul style="list-style-type: none"> <li>Market disclosures</li> <li>Quarterly and yearly updates</li> <li>Community Social programs</li> <li>Community events sponsorships</li> <li>Social campaigns</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>High quality products</li> <li>Customer services</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly and yearly presentations</li> <li>Marketing campaigns</li> <li>Business need analysis &amp; surveys</li> </ul>
<b>Partners &amp; Suppliers</b>	<ul style="list-style-type: none"> <li>Stable supply chain</li> <li>Process safety</li> <li>On-time payment</li> <li>Cooperation and development</li> </ul>	<ul style="list-style-type: none"> <li>Daily/Weekly/Monthly/Yearly meetings</li> <li>Business development meetings</li> <li>Constant Support</li> </ul>
<b>Neighbours</b>	<ul style="list-style-type: none"> <li>Process safety</li> <li>Environmental responsibility</li> <li>Community engagement</li> </ul>	<ul style="list-style-type: none"> <li>Periodical meetings</li> <li>Exchange knowledge</li> <li>Social &amp; technical engagement</li> <li>Emergency response support</li> </ul>
<b>Industry's peers</b>	<ul style="list-style-type: none"> <li>Market share</li> <li>Business growth</li> </ul>	<ul style="list-style-type: none"> <li>Periodical meetings</li> <li>Share best practices</li> <li>Social &amp; technical engagement</li> <li>Emergency response support</li> </ul>
<b>Associations</b>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Membership</li> <li>Business development meetings</li> <li>Annual survey</li> </ul>

## MATERIALITY ANALYSIS (102-46, 102-47, 103-1, 103-2, 103-3)

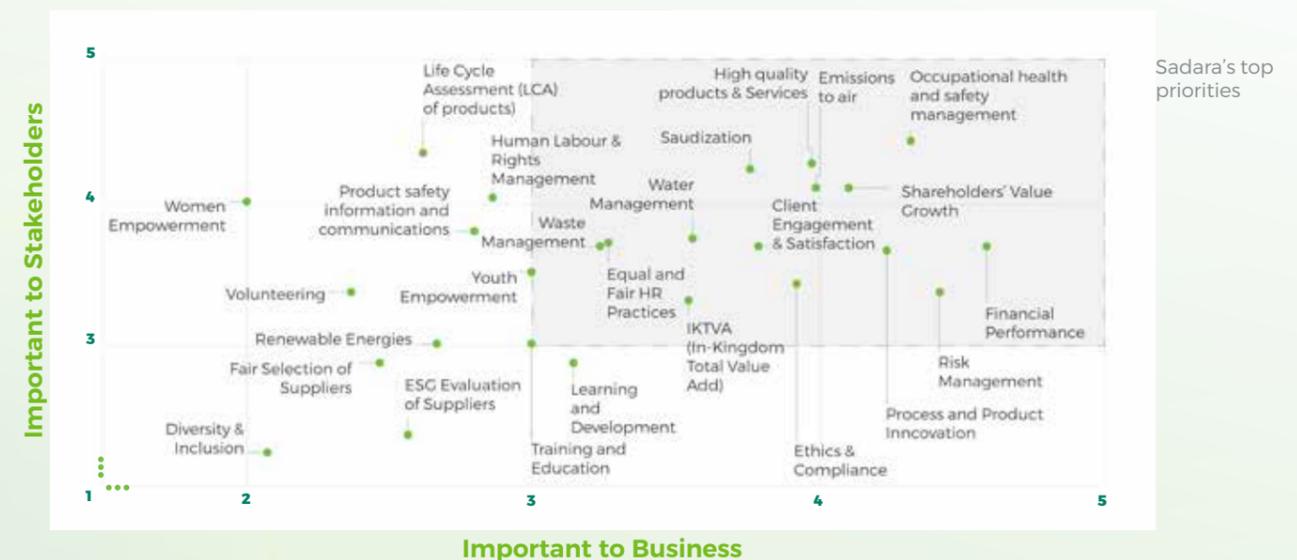
After mapping our stakeholders, we were able to build a list of material topics based on the background research of the industry, benchmarking and the concerns raised during the stakeholder's engagements. The development of the following list of material topics represent the first step for Sadara into the journey of sustainability reporting and the first milestone to improve our business.

LIST OF MATERIAL TOPICS		
Client Satisfaction	Diversity & Inclusion	Emissions to air
Equal and fair HR practices	ESG evaluation of suppliers	Ethics & Compliance
Fair selection of suppliers	Financial Performance	High quality products & services
Human labour & rights management	IKTVA (In-Kingdom Total Value Add)	Learning & Development
Life Cycle Assessment (LCA) of products	Occupational Health and Safety	Process and product innovation
Product safety information and communications	Renewable Energies	Saudization
Shareholders' Value Growth	Training & Education	Volunteering
Waste management	Water management	Women Empowerment
Youth Empowerment		

With the help of an external sustainability consulting firm, to avoid possible bias, Sadara conducted an assessment of the above material topics to understand which are the areas where the company needs to focus the most in the years to come.

The result of this exercise is represented in the following materiality matrix, whereas, the topics closer to the top-right corner are the one of most importance both for Sadara and its stakeholders.

## SADARA MATERIALITY MATRIX



## PROMOTING SUSTAINABILITY CULTURE IN SADARA

Sadara considers sustainability a fundamental principle of running of its operations and business activities, evidenced by having sustainability programs operating in parallel with commissioning and as soon as units started up.

Our sustainability strategy guides the improvement of all our processes in such a way that we can maximize our profits by applying optimum utilization of limited natural resources. This will help us to be a significant player in achieving Saudi Arabia's Vision 2030 and the United Nations' Sustainable Development Goals as well.

We envision sustainability as a tool that sharpens our growth, optimizes our resources, and advances positive engagement with the community. And to achieve these goals, Sadara developed a comprehensive program to raise the level of knowledge and responsibility at every level in the company to achieve the objectives of sustainability.

## SUSTAINABILITY AWARENESS PROGRAM



A companywide program conducted during the year 2018, it was designed to highlight the importance of sustainability in our day-to-day life. The program aimed to promote a culture of responsibility amongst all Sadara employees and encourage them to adopt a viable practices in their daily activities. A total of 23 awareness sessions were conducted and more than 350 Sadara employees attended the sessions.

## SADARA'S SUSTAINABILITY WEB PAGE

In 2018, Sadara launched an internal sustainability web page on the Catalyst intranet portal. The goal of this web page, which was designed by Sadara's IT team, is to provide employees with more information about sustainability. The web page was part of a wider sustainability awareness promotion program and allows employees to browse relevant content such as introduction to sustainability, footprint calculation, best practices and more.

## SUSTAINABILITY WORKSHOP: THE WAY TO EXCELLENCE



Sadara held a technical workshop on sustainability. Where expert companies were invited to share actual success stories in energy conservation, water-saving, and waste management programs. More than 80 internal and external participants attended the interactive and technical discussion.

## SUSTAINABILITY CORNER AT GPCA ANNUAL



Sadara took part in the 13th Annual Forum of the Gulf Petrochemicals and Chemicals Association (GPCA), held in Dubai from Nov. 26-28, 2018. Exemplifying Sadara's vision of leading the evolution of the chemical industry by creating value. The company took advantage of the Dubai forum to speak with industry partners, peers, and stakeholders in the forum's Sustainability Zone about Sadara's sustainability strategy.



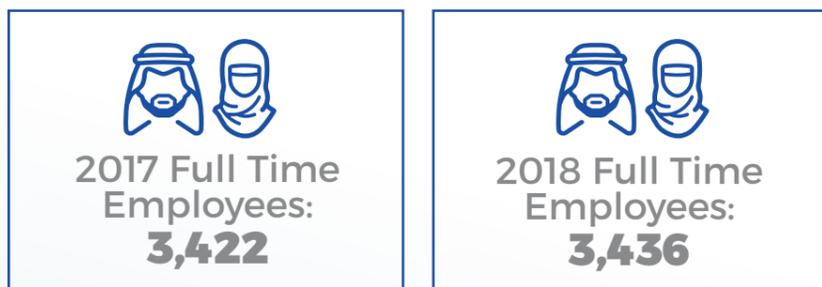
# CARING FOR OUR PEOPLE

Human Capital  
Occupational Health and Safety  
Promotion of Worker's Health  
Process Safety  
Product Stewardship  
Sadara New Future Program

# HUMAN CAPITAL (102-8, 103-1, 103-2, 103-3, 405-1)

## SADARA WORKFORCE

Sadara's workforce comprises of seasoned and qualified professionals, technical and skilled staff, from at least 38 top global labor markets.



Diversity is one of the cornerstones of Sadara's human resources management, as it provides rich and diverse knowledge and experience that foster creativity and productivity. The company has a robust recruitment strategy to attract and retain key talent with the right mix of expertise and behavior to support its business objectives. The national workforce, however, is given priority, consistent with the Government's Saudization program.

## WORKFORCE SEGMENTATION (2014-2018)

(Full-Time Employees Only)

By Nationality	Workforce Level (2014-2018)				
	2014	2015	2016	2017	2018
Saudi	57%	61%	61%	64%	67%
Non- Saudi	43%	39%	39%	36%	33%

Female Percentage (2017 - 2018)	2017	2018
	Number	54
%	1.6%	1.3%

## EMPOWERMENT OF WOMEN IN SADARA'S WORKFORCE

Sadara provides equal opportunities for both men and women as enshrined in the Saudi Labor Law. The company has put in place a female employment strategy to increase the participation of women in its dynamic workforce. Sadara believes that women have a critical role to play in the economic diversification of the Kingdom. At present, female employees comprise 1.3% of the total workforce. One of these women holds a chief position, as the company sets high standards for selecting candidates who have the potential to become future leaders of Sadara. The company aims to increase its female workforce in the long term, as it identifies more gender-based roles while ensuring the rights and protection of women in the workplace.

## TRAINING & DEVELOPMENT (103-1, 103-2, 103-3, 404-1, 404-2)

Sadara invests heavily on training and developing its employees to sustain its human capital requirements and to provide a stream of talent to maintain its critical operations. Sadara considers human capital as its partner for growth. Hence, it creates a conducive environment that promotes learning to unleash the employees' potentials to come up with innovative ideas in line with its core business and values.

Average Training Hours			
Year	Ave./Employee	Ave./Male	Ave./Female
2014	38 Hrs	38 Hrs	8 Hrs
2015	38 Hrs	38 Hrs	8 Hrs
2016	22 Hrs	22 Hrs	9 Hrs
2017	8 Hrs	8 Hrs	9 Hrs
2018	17 Hrs	17 Hrs	9 Hrs

Average Training Hours By Category			
Year	Ave. per Leader	Ave. per Professional	Ave. per Non-Professional
2014	3 Hrs	12 Hrs	64 Hrs
2015	34 Hrs	37 Hrs	43 Hrs
2016	14 Hrs	16 Hrs	43 Hrs
2017	17 Hrs	6 Hrs	4 Hrs
2018	37 Hrs	8 Hrs	5 Hrs

Average Training Cost Per Employee			
Year	Total Training Cost (US\$)	No. of Employees	Training Cost / Employee (US\$)
2014	66,185,900	3,600	18,385
2015	30,266,904	3,600	8,407
2016	15,777,524	3,500	4,508
2017	9,354,794	3,147	2,973
2018	3,466,683	3,402	1,019

Safety Training Hours*		
Year	No. of Training Hours	No. of Participants
2014	289,006	102,545
2015	246,052	58,097
2016	141,104	36,043
2017	46,391	7,922
2018	32,881	8,992

\*Safety Training Hours Includes Sadara Regulars, Employees, SMPs and Contractors.

Apprenticeship Program		
Year	No. of APNEs	No. of delivered Hrs
2011	452	81,360
2012	444	758,880
2013	894	1,026,600
2014	544	267,600
2015	275	44,550
2016	271	349,800
2017	258	265,920
2018	87	20,880

In support of the government's mandate to generate jobs for young Saudis, Sadara offers apprenticeship programs for high schoolers and vocational graduates who are trained on various disciplines in line with its business requirements.

The Company's non-employee development programs have been a top source of fresh talent who can be groomed to develop into future leaders. On the technical side, it also offers competency-based training for its operators and technicians. Sadara also invests on developing professionals with high-potentials to gain leadership skills and strong competencies. Programs for career enhancements are also available, including financial assistance for those who want to further their education in line with the company's strategic objectives.

### Non-Employee Development Programs

<p><b>Apprenticeship Program:</b> A training program that offers eligible Saudi Arab graduates of high school and vocational colleges (2-3 years) the opportunity to receive training as non-employees. Upon successful completion of the program, the participants may be offered employment by the company, depending on their performance.</p>	<p><b>Internship Program:</b> The Internship Program is a structured method of combining classroom-based education with practical work experience. This program seeks to enhance the relationship between Sadara and the universities or colleges in terms of mutual development programs as part of its social responsibility.</p>	<p><b>Sponsorship Program:</b> Sadara Student Sponsorship program aims to sponsor Saudi students who push their academic capacities to harness professional and leadership capabilities aligned with the companies' strategic goals.</p>
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### Technical Development Programs

**Technical Training Program:** This program aims to develop a qualified technical workforce to meet the company's business requirements.

**Sadara Program for Operators and Technicians:** A competency-based development program that enables the business to establish a clear career progression and job qualification requirements for operators and technicians across the company.

### Professional Development Programs

**Sadara Professional Development Program:**

This program provides opportunities for participants to develop themselves into fully qualified employees, enabling them to productively perform in their current roles while preparing them for future career path.

**Mentorship Development Program:** This program seeks to create a cohesive learning relationship among employees that allows less-experienced employees to receive guidance from experienced employees who volunteer to act as mentors.

### Leadership Development Programs

**High Potential:** A focused development approach to identify, assess, develop, monitor and reward the accomplishments of TOP 5%, which represents the organizations Hi-Po population.

**Sadara Leadership Development Program:** This development program aims to develop a pipeline of future leaders across the organization by enhancing their competencies, skillsets and associated behaviors aligned with the company's business goals.

### Career Enhancement Programs

**English Training Program:** This program is designed to equip the employees with communicable English language skills to effectively perform their jobs.

**Educational Support and Professional Certification:** Sadara provides financial assistance to valued employees for continuing educational opportunities by reimbursing the cost incurred for certification, undergraduate, graduate and diploma degrees.

**Digital Learning:** Provides a quality online learning resources covering a wide range of training needs.

**Out of Company Courses (OOC):** A sourced training program provided by Sadara's accredited training vendors.

# OCCUPATIONAL HEALTH AND SAFETY

(103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10)

## OPERATING DISCIPLINE MANAGEMENT SYSTEM (ODMS)

Operating discipline is a concept broadly applied across Sadara's Manufacturing & Engineering, Quality, and EH&S organizations. The ODMS contains policies, requirements, processes, best practices, and procedures associated with EH&S, Quality, Operations, and related external standards. The usage of this system ensures compliance, achieves objectives and targets, and improves performance results. Every employee of Sadara is responsible for knowing and complying with the policies and requirements of the company.

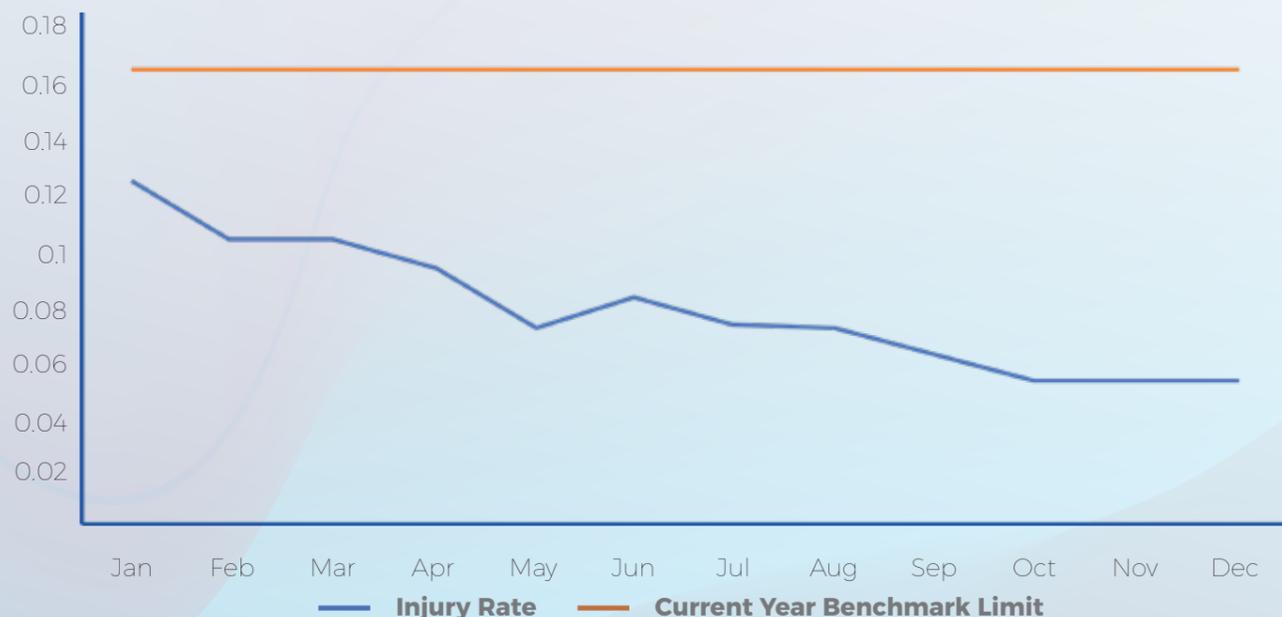
Sadara's ODMS is currently organized into 8 sections. Sections 6.0 through 8.0 contain the operating discipline for 4 key areas of work activity within Sadara (Responsible Care (EH&S), Quality, Policies & Facilities Operations).

## PROMOTION OF OCCUPATIONAL HEALTH AND SAFETY

Sadara's Life Critical Standards (LCS) Program is designed to maintain, manage and operate the highest level of safety for Sadara employees, contractors and equipment at Sadara facilities. The LCS Program is offered to both Sadara employees and contractors.

Below chart shows the Total Recordable Injury Rate (TRIR) for Sadara for the year 2018

Rolling Average	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	0.12	0.1	0.1	0.09	0.07	0.08	0.07	0.07	0.06	0.05	0.05	0.05
(2018)	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16



Sadara Occupational Health and Safety Metrics		
Metrics	2017	2018
Employee Fatalities	0	0
Total Recordable Injury Rate	0.14	0.05
Contractor Employee Fatalities	0	0
PSCE Level 1 Rate	NA	0.04
PSCE Level 2 Rate	NA	0.05
SEVERE Motor Vehicle Accident On Job	0	0
SEVERE Motor Vehicle Accident Off Job	7	8

## ROSPA OCCUPATIONAL HEALTH AND SAFETY AWARD

Sadara in October 2018 captured the Silver Medal in the Occupational Health and Safety Awards of Great Britain's Royal Society for the Prevention of Accidents (RoSPA). This was the third year in a row that Sadara won a RoSPA award. "This demonstrates Sadara's serious commitment to occupational health and safety," said Salamah Aldhafiri, director of EHS Corporate. "Our teams have displayed the highest level of focus and continuing pursuit of excellence." In the competition, open to international businesses and organizations, judges assess entrants' occupational health and safety management systems, including practices such as leadership and workforce involvement.



# PROMOTION OF WORKER'S HEALTH

Keen on promoting workers' health, Sadara offers employee health services ranging from mandatory medical check up to heat stress programs during the summer season, Sadara also built fitness centers and recreation multipurpose arenas for use within the company premises. Moreover, Sadara provides healthy food options in the canteens .

No. of Employees Participating in Health Surveillance Program		
Health Surveillance	Year	
	2017	2018
Annual Medical Checkup	3129	3344
Influenza Vaccination	1347	600
Blood Donation Campaign	-	109
Diabetes Campaign	-	250

## HEALTH SERVICES



Sadara's Health Services Department key aims are to play a role in corporate social responsibility and to assure employee health & wellbeing. To achieve these goals, Health Services has initiated and maintained a health program and participates in health education campaigns. In 2018, Health Services undertook the following:

- 3,349 annual Medical Checkups for Sadara employees.
- Provided primary health care, wellbeing health and medical consultation for 2,163 Sadara employees.
- Organized an Influenza Vaccination Campaign (600 employees vaccinated).
- Held a three-day Blood Donation Campaign (109 employees donated).
- Organized a Diabetes Awareness Campaign (250 employees participated).

# PROCESS SAFETY

Process Safety is embedded in the EHS&S organization and EH&S management systems in two main sections of our ODMS: The first is EH&S Engineering Design and Control, and the second is Process Safety Policy & Requirements.

EH&S Engineering Design and Control contains policies and requirements pertaining to the construction of projects and the operation of processes to confirm inherently safer designs. Loss Prevention Principles (LPPs) are a collection of requirements sourced from the latest international standards, legislation, and learning experience reports. By applying the relevant LPPs, the facilities are designed and operated as best in class in the field of Process Safety.

Process Safety Policy and Requirements establish and ensure implementation of Process Safety programs by having facilities designed and built based on sound engineering practices. The facilities must be operated and maintained properly, and periodically reviewed for compliance. Process Technology information in all facilities must be documented, reviewed, maintained (via MOC process), accessible, and utilized by personnel who need the information and other people whose access has been approved. The policy focuses on Risk Evaluation Requirements, Risk Management Requirements and Process Safety Documentation

During Risk Evaluation, Layer of Protection Analysis (LOPA) is a primary tool used within Sadara to identify how likely is the risk may become reality based on implemented protections to prevent and/or mitigate the potential consequences (frequency estimation).

## GPCA RESPONSIBLE CARE AWARD FOR PROCESS SAFETY

Sadara was honored with the 2018 Process Safety Award at the Gulf Petrochemicals and Chemicals Association (GPCA) Responsible Care® Conference in Dubai. The award recognized “the best process or management effort to significantly reduce the risk of highest severity process safety events which ensures a thorough review by new Plant Manufacturing Leaders and the Process Owner within 90 days of assuming the job. This Program has proven to be an excellent example of competency related management of change in the process industry.”



# PRODUCT STEWARDSHIP

(103-1, 103-2, 103-3, 416-1)

At Sadara, senior leadership has demonstrated clear Product Stewardship and commitment to EHS through their words, policies and actions throughout their organization and in external communication.

Product Stewardship covers the whole life cycle of products and checks the sales orders of Sadara customers. Sadara is committed to making sure that its products can be designed, manufactured, transported, stored, used, disposed, and recycled with an appropriate regard for safety, health, and environmental protection.

Information is given to customers and others to assist in the safe handling of the company's products through the Safety Data Sheet (SDS), Emergency Response Guide (ERG), and Product Labeling System. In addition, Product Stewardship evaluates customers, especially with regard to hazardous materials, and supplies training, to make sure they are fully aware of environment, health, and safety concerns. This approach clarifies the safe use and proper disposal of products, develops positive relationships with customers, and identifies their needs. Our responsibility does not end after the sale and transfer of products.

Sadara also participates in relevant trade and industry associations, including the Gulf Petrochemicals and Chemicals Association (GPCA), member of the Product Stewardship Task Force.

At Sadara, we have a unique system, offering comprehensive EHS information on our products, which is stored in SAP and is always kept up to date. When a customer purchases a product from Sadara or the EHS information is updated, the corresponding Safety Data Sheet (SDS) will be automatically distributed to that customer via our corporate distribution system.

## PRODUCT STEWARDSHIP PROCESS IN SADARA



## 4 HATS OF PRODUCT STEWARDSHIP IN SADARA

<p><b>HAZARD COMMUNICATION</b></p> <p>Promote the improvement of chemical hazard for all EHS documents (SDS, Label, Emergency Response Guide) communication and product stewardship</p> <p>Educate Sadara members on chemical hazard communication and stewardship of chemicals</p> <p>Enhance the awareness of members and the general public of new developments in chemical hazard communications and the stewardship of chemicals</p> <p>Provide guidance or technical expertise to a private group legislative body or government entity</p>	<p><b>SUPPORT SUPPLY CHAIN</b></p> <p>Ensuring safe and Secure product delivery (logistics) by completing the dangerous goods classification assessment for all products</p> <p>Recognize a customer's handling and storage capabilities</p>
<p><b>MARKETING, SALES AND CUSTOMER SERVICE</b></p> <p>Primary contact for downstream receivers of sadara product.</p> <p>Influence customers to implement safe handling practices</p> <p>Recognize the need for improvements in customer EH&amp;S practices</p> <p>Evaluate and Educate Sadara customers pre-sale and after service</p>	<p><b>REGULATORY &amp; COMPLIANCE</b></p> <p>Sadara product stewards team had the overall responsibility to manage product stewardship reviews, existing and emerging regulations, material registrations, manufacturing, distribution, packing, and other requirements.</p>

## SADARA NEW FUTURE PROGRAM

The Sadara New Future Program was initiated by the CEO to unite capabilities from various departments with a joint objective of elevating Sadara's business and ensuring that we continue to create and realize value.

This initiative has multiple streams that focus on encouraging the culture of collaboration to boost efficiency and effectiveness, tapping into employees' talent and intelligence through idea-generation tools, optimizing performance and spending, increasing revenue, improving local content and, most importantly, developing, retaining and motivating employees.

All eight workstreams focus on future possibilities through planning for better alternatives, challenging ourselves to increase our own capabilities and capacities, or creating an opportunistic environment for sharing, learning, and encouraging. The Sadara New Future PMO Office, the lead team overseeing the Workstreams, consists of young, talented, and motivated employees committed to paving the way for changes as we advance and contribute to the Kingdom's move downstream, its industrial diversification, and its economic transformation. Through embracing the challenges and possibilities that lie ahead, the Sadara New Future Program provides impacts as minor as discarding steps from a process and as big as enhancing the strategy or outlook of departments.



# CARING FOR OUR ENVIRONMENT

Air Emissions and Greenhouse gases  
Energy Consumption  
Water Usage  
Effluent & Waste  
Sadara Footprint  
Biodiversity Conservation  
Environmental Awareness Programs

# AIR EMISSIONS AND GREENHOUSE GASES

(103-1, 103-2, 103-3)

Sadara implements a comprehensive and robust Air Quality Management Standard to ensure full compliance with regulatory requirements (Royal Commission Environmental Regulations, General Authority for Meteorology & Environmental Protection, International Finance Corporation). Associated monitoring and mitigation measures have been set to minimize potential offsite air quality impacts. As per the impact assessment conducted using air dispersion modeling, the predicted emissions impacts from Sadara at a ground-level, fence line, and beyond were shown to comply satisfactorily with ambient air quality standards and regulations.

Sadara uses a web-based environmental monitoring historian and reporting system that is configured to address the immediate and long-term needs of the company for environmental monitoring and reporting of air emissions. The system assures the accuracy of the data and makes all required air emissions information immediately ready to all internal and external stakeholders. The system is designed to provide a continuous real-time flow of information and alerts of potential issues, in addition to the standard periodic reports. The system works with all type of sources and emissions including NOx, SOx, VOC, CO, PM and GHG.

# ENERGY CONSUMPTION

(103-1, 103-2, 103-3)

Energy is a key requirement and therefore energy management has become one of the leading topics and a high-level priority for company leaders. Due to the need for energy reduction, Sadara launched an Energy Committee soon after completing the commissioning of its plants. Duly, the committee had set up a strong plan for energy saving within operations. Sadara's energy strategy is focused on building a company wide energy policy and developing the required competencies by certifying energy auditors and enacting an energy manager who can help the organization to improve energy performance. Also, the strategy seeks to establish the company's energy baseline from which energy savings can be measured.

As an early action and part of the implementation of the Sadara Energy Management Program, we celebrated the successful completion of energy conservation initiatives

at the Mixed Feed Cracker (MFC) and the Aromatics/Feed Stock Tank Farm (FSTF) facilities. Both initiatives resulted in the annual savings of about \$232,000 by converting back 43 MMBTU per hour of MFC overhead stripping tower product to the fuel gas system. Another joint effort saved \$153,000 on an annual basis by rerouting 25 MMBTU per hour of assist fuel gas from the FSTF to the Thermal Treatment Unit (TTU).



Sadara's employees during an energy awareness session

# WATER USAGE

(103-1, 103-2, 103-3, 303-1, 303-2, 303-3, 303-4)

Sadara realizes that water is perhaps the most vital natural resource on the planet. In Saudi Arabia, there are only two significant sources of water: groundwater and water from desalination plants. Groundwater is limited and procuring water from desalination plants is expensive and heavily energy consume..

Having these facts in mind, Sadara extends all efforts to make water consumption one of the major Key Performance Indicators (KPIs) - and one that will be closely monitored and further challenged to be reduced.

Baseline water intensity for Sadara is 11.07 m<sup>3</sup> per ton of production. Sadara established a Water Savings Committee in order to reduce water intensity and bring consumption down to the optimum level.

# EFFLUENT & WASTE (103-1, 103-2, 103-3, 306-2, 306-4)

## SADARA WASTE MANAGEMENT HIERARCHY

Sadara believes in the following hierarchy for its hazardous and non-hazardous waste management:

Sadara implements a strong Waste Management Program that uses cutting-edge technology to avoid and reduce waste. Awareness and training programs have been provided for employees covering waste reduction plans and waste management standards across all units. We pursue all possibilities for reusing and/or recycling materials internally and with collaboration with our external partners.



## UNIQUE WASTE CHARACTERIZATION WORK PROCESS OF SADARA

Sadara recruited a team for Waste Management and acquired waste characterization technicians to identify and characterize its waste. Prior to disposing waste, the company follows a detailed waste characterization work process. This ensures that every item of waste has a profile sheet similar to the Safety Data Sheet (SDS) which contains U.N. standard for Haz communication, Dangerous Goods data and Hazardous waste transport requirements.

Once the waste is characterized, Sadara has the option of carrying out an on-site disposal in the Waste Water Treatment (WWT) unit or Thermal Treatment Unit (TTU) with heat recovery, or an offsite disposal under qualified recycling and disposal contracts. A total of 536 hazardous and non-hazardous waste streams have been identified and profiled.

## RECYCLE AND REUSE ACHIEVEMENTS

In 2018, the very first year of full operations, Sadara's Environmental Services unit managed to save more than SAR 24.88 million through sustainability measures built around recycling and reuse of materials. Sadara introduced various recycling programs (plastics, metals, paper, e-waste, etc.) throughout the chemical complex, which resulted in the above cost savings.

Waste quantities were saved from going to a landfill or other disposal, and instead some of the waste generated revenue thanks to finding a better way of use. REVENUE FROM RECYCLING PAPER/PLASTIC, METAL ETC.



## WASTE WATER TREATMENT UNIT

The Waste Water Treatment unit consists of a collection and conveyance system and a centralized equalization/diversion tank for adjustment and stream monitoring. WWT is designed to receive all production plant waste water streams from 20 units through 32 streams. The unit has the capability to monitor individual waste water stream disposal online parameters, as sender units' data are on the WWT unit's DCS.

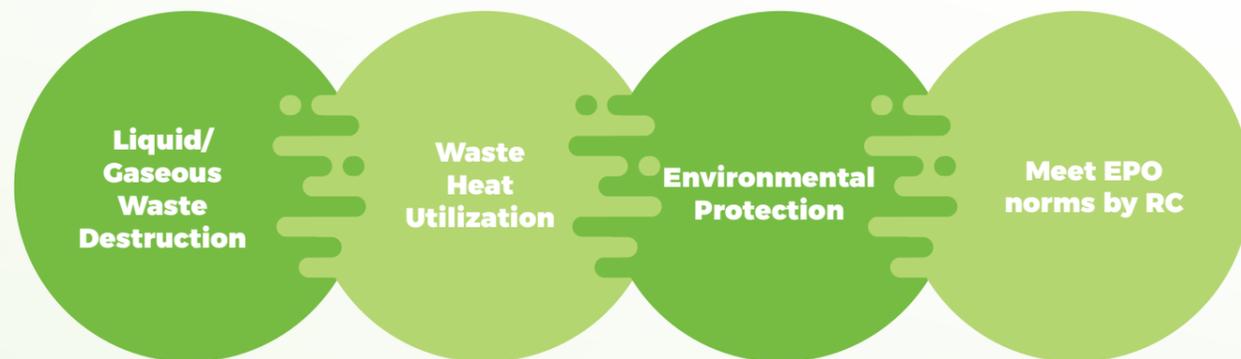
Sadara's WWT also has a state-of-the-art storm water drainage collection system that captures and retains storm water. Once captured in dedicated storm water basins

## SADARA THERMAL TREATMENT UNITS

Sadara operates two world-scale Thermal Treatment Units (TTUs) to incinerate a variety of process wastes, including hazardous, toxic and halogenated hydrocarbons generated within the complex by the Thermal Oxidation process. These are the biggest incinerators ever built by the technology supplier. Heat generated in the combustion chambers is recovered by generating 100 MT/hr of medium-pressure (MP) steam. This steam is hooked up to the main steam header in the plant.



## DESIGN PHILOSOPHY OF TWO TTUS



## DOW TECHNOLOGY CENTER AWARD FOR THERMAL TREATMENT FACILITIES

The Dow Chemical Company honored Sadara in September 2018 with a Technology Center Award for its “state-of-the-art and industry-leading” thermal treatment facilities. The award was presented to the Waste Treatment and its Thermal Treatment Unit (part of Hydrocarbons & Energy)

# SADARA FOOTPRINT (302-3, 303-5, 305-4)

Metric	Per 1 Ton of Production	Intensity
<b>GHG</b>	Tons of CO <sub>2</sub> equivalent emission	2.12
<b>Energy</b>	Giga joules (GJ)	28.47
<b>Water</b>	Cubic meters (m <sup>3</sup> )	11.07
<b>Waste &amp; material loss</b>	Metric tons (MT)	0.095

The above intensity matrix considered 2018 as the base year of operation. As it is the first year of full operation, figures are subject to change in the coming years. Sadara might review the base year if that is required in years to come.

# BIODIVERSITY CONSERVATION (103-1, 103-2, 103-3, 304-1, 304-2)

During construction of its facilities, Sadara paid attention to potential impacts on biodiversity at both our production complex and at receiving/shipping areas, including King Fahd Industrial Port in Jubail. Biodiversity was an integral part of the thorough Environmental Impact Assessment (EIA) conducted prior to project construction, and was included in all project stages, from construction to commissioning/start-up to operations through to decommissioning.

The EIA concluded that the project would have minimal impacts on biodiversity receptors. The EIA considered a wide range of biodiversity receptors, ranging from vegetation and flora to mammals, birds, reptiles, amphibians and invertebrates.

Additional project biodiversity conservation efforts included operational disciplines and controls to actively monitor environmental impacts such as air emissions, boundary noise levels and water effluent characteristics. All results to date are compliant with project standards, local regulatory limits, and International Finance Corporation Performance Standard levels.

As Sadara utilizes existing port facilities and requires no port site preparation, the potential cumulative impact on marine biodiversity was considered to be low.

## TERRESTRIAL ECOLOGY

Activities that could potentially affect biological resources during the operations of the Sadara chemical complex, such as lighting, noise, air pollution and the like, are carefully monitored to have minimal impact and remain within acceptable limits.

## MARINE ECOLOGY

As Sadara employs port facilities and requires no port site preparation, the potential cumulative impact on biodiversity is considered to be of low significance.

# ENVIRONMENTAL AWARENESS PROGRAMS

Sadara continues to stand out as a leader in environmental and sustainability awareness initiatives. In 2018, the company successfully implemented several projects and programs in schools and in collaboration with other organizations. These activities were aimed at promoting environmental awareness as well as encouraging members of society, especially the younger generations, to participate and share their views on the environment.

Our vision is to achieve a clean and sustainable environment by committing to making a positive impact, through outstanding environmental and sustainability performance. To achieve that goal, Sadara has organized various environmental activities. Below are some examples of 2018 initiatives and projects.

## ENVIRONMENTAL EXHIBITION IN JUBAIL

Sadara, in collaboration with the Royal Commission (RC) in Jubail, sponsored and built a permanent exhibition showcasing Sadara's environmental programs as well as the RC's programs in the RC Knowledge and Creative Center in Jubail. The aim of the project was to reach the public and raise awareness of the environmental programs hosted by Sadara and the RC, and highlighting the role of the RC and surrounding companies in the industrial city. The project was launched in the first quarter of 2018 and was inaugurated on Arab Environment Day 2018.



## 'OUR GREEN FUTURE' ENVIRONMENTAL DRAWING CONTEST

Children of Sadara employees were invited to participate in the company's first Environmental Drawing Contest, under the name "Our Green Future." The competition's objective was to show how important protection of our environment is for current and future generations. Children were encouraged to come up with creative ideas about different ways of keeping our environment safe.



Employees voted for their top three favorites among the 12 best drawings selected by a committee. The winners were honored at the Drawing Contest's closing ceremony. The ceremony was led by EHS&S Executive Director Wael Osailan and Royal Commission Representative Nasser Al Mosbah, director of Strategic Environmental Studies. During the event, all 12 drawings were reviewed, and leaders spoke with the children as they shared their ideas and goals on environmental protection. Besides

the top three winners, the remaining nine finalist drawings were placed in a single frame and hung in the main lobby of the Manufacturing & Engineering Building.

## SADARA INNOVATIVE ENVIRONMENTAL SOLUTIONS COMPETITION

Sadara sponsored the largest ever environmental competition in Jubail Industrial City, focusing on the field of innovative environmental solutions. The aim of this competition was provide a platform for the people of the Jubail community to share their ideas in the field of environmental protection through innovative environmental studies and research. A SR 10,000 prize was presented to the winner of the Innovative Environmental Solution competition during World Environment Day ceremonies organized by the Royal Commission for Jubail and Yanbu (RCJY).

## ENVIRONMENTAL AWARENESS LECTURES AT AL ROWAD SCHOOL

Sadara, in coordination with Al Rowad Secondary School in Jubail, organized an environmental awareness lecture entitled ((plastic recycling)). The lecture was a success, hosting over 150 students.



## EDUCATIONAL VISIT TO DAZ E-WASTE RECYCLING COMPANY

Sadara arranged a field visit to Saudi Daz, a company that recycles electrical and electronic waste in Jubail, for students of Al Rowad Secondary School ,to view the latest systems in the field of electronic waste treatment and recycling. The students

were briefed on the positive effects of such recycling on the environment through treatment and disposal in accordance with international standards and regulations.



## EDUCATIONAL VISIT TO AL QARYAN WASTE RECYCLING GROUP

Sadara organized a field visit to Al Qaryan Metal Recycling Group for students of Al Rowad Secondary School to learn about the processes and stages of recycling mineral waste. Over 60 students participated in this visit .



## SADARA GREENHOUSE PROJECT DAMMAM

As part of the company's efforts to enhance community awareness of the importance of protecting the environment, Sadara cooperated with the Kingdom's environmental

authorities to launch the Greenhouse Initiative in Dammam in conjunction with Earth Day 2018.



The Greenhouse Initiative seeks to highlight the positive impact of trees on the environment and to encourage planting campaigns to improve air quality. A 300-square-meter greenhouse facility was set up to promote indoor and outdoor growth of tree seedlings that are highly efficient in refreshing the air and removing pollutants. The project was launched at the Eastern Province headquarters of GAMEP, the General Authority of Meteorology and Environmental Protection, during Earth Day 2018, and the opening ceremony was attended by Sadara's CEO and the GAMEP president.

To assure continuation of the Greenhouse Initiative and to meet its objectives, a Memorandum of Cooperation was signed between Sadara's Sustainability & Environmental Protection Director Salamah Aldhafiri and GAMEP General Manager Mohammed Al-Shehri.



## WASTE SEGREGATION CAMPAIGN

A Waste Segregation Campaign was conducted to enhance the awareness of all waste generators across the Jubail site and to prevent any regulatory non-compliance with regard to waste characterization.

The campaign involved educating stakeholders by distributing posters and roll-ups across the site, and conducting awareness sessions.

The campaign was sponsored by the Environmental Protection Division, in collaboration with the Environmental Operations Department via its Offsite Materials Management Unit (OSMMU). Color coding of designated bulk containers – specifically, skips – was developed and implemented across the site. The skips were painted according to the type of waste they should contain and were distributed in all units, utilizing OSMMU services.

## ROYAL COMMISSION AWARD FOR ENVIRONMENTAL SPONSORSHIP

For the second consecutive year, Sadara was recognized as the Best Environmental Events Sponsor of 2017. Sadara's CEO Dr. Faisal Al-Faqeer accepted a trophy for the achievement on behalf of the company.



Sadara CEO accepts a trophy for the achievement on behalf of the company



# CARING FOR OUR COMMUNITY

Social Engagement Programs  
Sadara Volunteer Club

# SOCIAL ENGAGEMENT PROGRAMS

(103-1, 103-2, 103-3, 413-1)

The Corporate Communication Department enables and supports Sadara's success by building a wholesome and positive reputation, by developing outstanding stakeholder relationships, providing world-class communication expertise and solutions, maintaining Sadara's corporate reputation, all the while issuing government-related support and professional representation for governmental agencies. Company employees are regarded as key to this effort, since they represent Sadara as its ambassadors to outside communities. Sadara seeks to be a responsible corporate citizen by:

- Facilitating corporate communications through digital and traditional channels.
- Involving employees in different programs including volunteering and "Sadara Ambassador" activities at events.
- Enabling communication between employees and management at a corporate level through CEO lunches, CEO dialogs, etc.
- Developing and managing internal social media including ; Yammer and the Catalyst Intranet Portal and developing and managing external social media platforms and the corporate website.
- Planning and implementing corporate social responsibility (CSR) activities.
- Exploring and developing CSR partnerships with other companies and associations.

Among Sadara's corporate social responsibility activities are: the donation of numerous furniture items to nonprofit organizations such as the Prince Sultan Center for Rehabilitation in Dammam, along with renovating the gym through an investment of SR 307,000.

Sadara also sponsored celebrations of Eid and Saudi National Day with the Jubail Municipality, with the input of more than a quarter million Saudi riyals. Sadara worked to develop future generations through the Jubail Innovators Festival, with an endowment of SR 20,000.

The group also supports social activities for the local community, including its participation and sponsorship of the Nations Heritage Festival in Jubail with a generous sponsorship of SR 150,000.

Preserving the environment is one of the company's sustainability goals and part of its social responsibility objectives. We demonstrated commitment to this goal by donating about SR 207,000 in support of Arab Environment Day 2017.

## THE SCHOOL BAGS EDUCATIONAL SUPPORT PROJECT

One of Sadara's CSR initiatives is giving back to the community, especially to needy children. Sadara introduced an educational support project by giving out School Bags, packed with school supplies, during the years of 2013, 2015 and 2018, reaching almost 4,000 students through six charities in the greater Jubail area. The school bags were packed by about 100 volunteers from Sadara. The total cost of the project reached about SR 1 million.



## WINTER CLOTHING PROJECT

Before winter arrives, Sadara holds a Winter Clothing Project, serving about 700 needy families in Jubail and small towns in the surrounding areas. Nearly 100 Sadara employees volunteered in 2014 and 2015 to help pack blankets and winter clothes for needy families, with a total amount spent of SR 440,000.



## RAMADAN FOOD BASKET

The Holy Month of Ramadan energizes efforts for corporate social responsibility. In 2013, 2014 and 2015, we held the Ramadan Food Basket Project, providing food



items for nearly 3,000 needy Jubail families. About 260 employees and members of the Jubail Volunteers Club (JVC) handled more than 250,000 food items donated by Sadara, which were packed into 3000 “food baskets” and distributed to needy families, reaching a total budget of SR 1,300,000.

## GIFT OF GIVING CAMPAIGN



The Gift of Giving Campaign, launched jointly by Sadara and the Royal Commission for Jubail and Yanbu, consisted of four main initiatives (Iftar Feast, Day of Joy, Home Renovation and Joy of Eid). The campaign lasted for around 40 days, starting from the beginning of Ramadan; the initiatives focused on supporting needy people, which is one of the principles of the holy month of Ramadan in Islam and the local culture.

The campaign was organized in partnership with the Jubail Volunteer Club, which is part of the Royal Commission for Jubail Social Services Department. The total budget for the campaign was SR 350,000.

## GIFT OF KNOWLEDGE

In 2016, Saudi Aramco organized the Gift of Knowledge for Needy Children initiative, which was held in Dhahran, benefiting more than 30,000 children in the greater Jubail area. Volunteers from Sadara and Saudi Aramco packed and distributed about 30,000 digital tablets loaded with educational apps, with a total budget spent of SR 500,000.



## ITA'AM SAUDI FOOD BANK

In the effort to increase awareness on social matters, on the 88th Saudi National Day, Sadara took part in the Ita'am initiative, collecting food for the Saudi Food Bank. Started in 2010, this initiative help feed the underprivileged by distributing excess food from hotels, banquets and wedding parties to the poor and needy.

## SADARA CSR PARTNERSHIPS

In 2018, Sadara's various CSR activities included promoting entrepreneurship, through hosting the first, second and third Jubail Lean Startup Meetups held in March, September and October, with a total budget of SAR 14,000.

Over the past few years, Sadara's overall CSR activities have contributed a total of approximately SR 5,461,000 to the local and regional community. As a result of some of these CSR activities, Sadara was recognized by the Eastern Province Governor, HRH Prince Saud bin Naif bin Abdulaziz Al Saud, in March 2015 at the Royal Commission in Jubail City for being the best CSR partner in Jubail, with a spent budget at that time of SR 1,300,000.

Together with the above-mentioned initiatives, Sadara engages in educational efforts related to preserving the environment. An example of this is the Sadara Environment Expo at the Jubail Science and Creativity Center with a total budget of nearly SAR 450,000.

# SADARA VOLUNTEERING CLUB

As part of Sadara's actions in the area of corporate social responsibility, the company approved the creation of the Sadara Volunteer Club (SVC), a self-directed group consisting of the firm's employees. The launch of this club took place in December 2016, when over 500 volunteers joined, including 20 women members.

Sadara CEO Dr. Faisal Al-Faqeer, is the honorary president of the SVC during the celebration of the International Volunteer Day Dec. 5, 2018. 15 of the company's most experienced volunteers organized the club. They recently named its first officers. The officers and directors are tasked with handling all issues related to the group's establishment and registering the SVC with local, regional and international volunteering NGOs (non-governmental organizations).



All interested Sadara employees are encouraged to join the SVC and participate in its activities. Many corporate social responsibility events were held, such as Ramadan CSR, with a budget of \$79,000 = SAR 296,250. Additionally, there was a collaboration with Ertiqa for the "Recycling of old technology equipment" and the donating of them to the needy people. Also, a Memorandum of Understanding (MOU) agreement was done during the World Environment Day.

The Sadara Volunteer Club also worked with the Eradah Down Syndrome Center, a non-profit association, during the graduation day of the children with special needs. SVC members shared the joy of gift giving, fun activities, and putting magical smiles on the faces of the little graduates.



# CARING FOR OUR VALUE AND SUPPLY CHAIN

Procurement  
Plaschem Park  
Supply Chain  
Customer Relationship

# PROCUREMENT

## THE APPROACH

Sadara recognizes the influence of Procurement on its stakeholders and the fact that responsible spending positively impacts not only our shareholders, suppliers, and customers but also extends beyond to benefit our local community.

It is essential that all parties involved with Sadara's business activities feel confident about the fairness and transparency of the company's business practices and understand Sadara's commitment to its stakeholders.

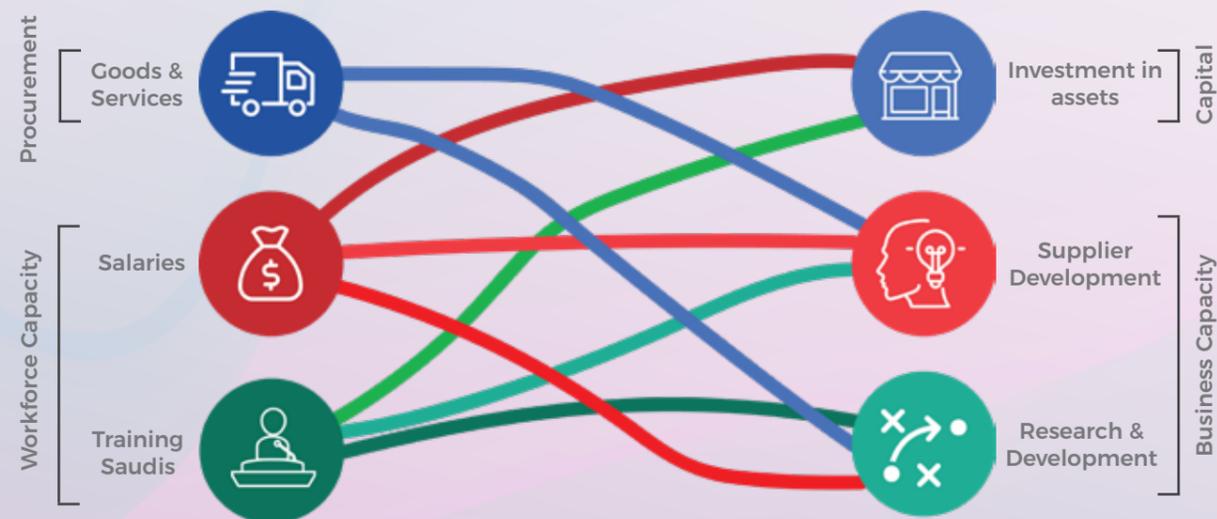
## LOCAL CONTENT (103-1, 103-2, 103-3, 204-1)

Sadara is committed to supporting Saudi Arabia's Vision 2030 and enabling a thriving economy by employing and training local people, buying from local markets, developing local suppliers, and investing in first-of-its-kind technology in the Kingdom. Therefore, beginning of 2018, Sadara initiated early engagement with the Local Content and Government Procurement Authority (previously known as Namaa) and adopted the National Local Content definition: "Total spend in the Kingdom of Saudi Arabia that benefits the National Economy through participation of Saudi components within Labor, Assets, Goods & Services and Technology."

Because Sadara is committed to sustainability, the company established a separate unit for Local Content Development, to integrate Local Content practices across its business strategies and decisions. This unit has been tasked with setting Local Content objectives, measuring baselines and setting targets, identifying localization opportunities and embedding Local Content in Procurement processes.

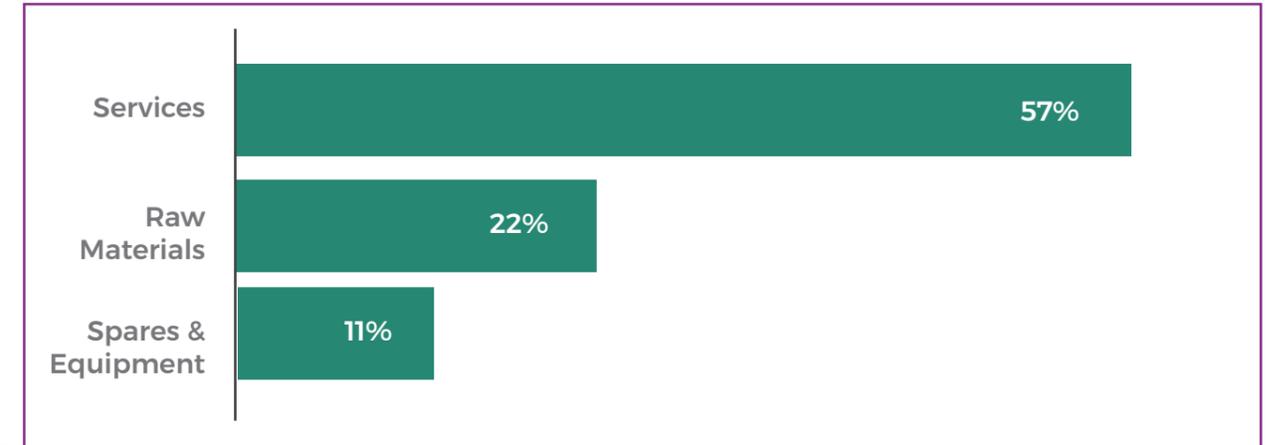
## SADARA'S LOCAL CONTENT BASELINE

Procurement analyzed Sadara's spending and then applied Namaa metrics to measure current Local Content levels in company operations, in order to set targets for the next five years. Six metrics are used to measure Local Content on the company level through spending on:



## SADARA PURCHASED 80% OF ITS REQUIREMENTS LOCALLY

With 80% of Sadara's requirements purchased locally in 2017, the company achieved a 40% Local Content score in Procurement, as per Namaa metrics. This Local Content level is a result of localization levels in following commodities:



## PROCUREMENT POLICIES TO SUPPORT SAUDI BUSINESSES

Sadara plans to embed Local Content in all Procurement phases from registration to contract monitoring to ensure higher levels of Local Content in its contracts and projects.

Sadara's Local Content Program will call for additional measures in evaluating bids to ensure contract awards goes to suppliers who commit to maximizing Local Content through sourcing goods and services locally, hiring, developing and retaining Saudis, and investing in fixed assets and technology in Saudi Arabia.

## LOCAL CONTENT INITIATIVES

Procurement identified more than 40 commodities from its purchases as opportunities for localization which will be supported by strong value propositions to incentivize interested small and medium-sized enterprises (SMEs) and investors. It also conducted training for its local suppliers in line with Sadara's Local Content strategy to develop their capacity and capability to create a stronger Saudi supply chain. Procurement also conducted events for local investors and presented Sadara's spending history and forecasts to them, commodity-wise, to develop their interest as well as guide them on how to register to be a Sadara-approved supplier.

## ENVIRONMENTAL IMPACT

One of Sadara's main conditions in its standard contracting template is to have suppliers agree to use their best efforts to prevent, and take all reasonable precautions to avoid, pollution or contamination of the land, air or water arising out of the suppliers' or their subcontractors' performance. Sadara makes it clear that should there be a discharge or escape of any appreciable quantity of pollutants or contaminants, suppliers shall immediately notify Sadara so that it may take the necessary action to contain, control, recover, or disperse the substance. Sadara also makes sure that suppliers lend every reasonable assistance to Sadara in handling, controlling, or cleaning up such pollutants or contaminants and remove all suppliers' equipment including incapacitated or sunken vessels, hauled material, temporary structures, rubbish, unusual materials, or other such items. In the event of a supplier's failure to discharge the foregoing obligation, Sadara may act to do so on its own or have the obligation fulfilled by another capable supplier. Procurement also makes it a condition that suppliers comply with regulations issued under or by international environmental conventions and regulatory bodies which the Saudi Arabia has adopted.

## SUPPLIERS' OBLIGATIONS TO COMPENSATE THEIR PERSONNEL

Another condition in Sadara's standard contracting template is that suppliers must promptly pay their personnel their salaries and benefits and that suppliers shall submit a letter with each invoice to our representative in a form acceptable to us certifying that all of the suppliers' personnel have been paid their full salaries and benefits under the terms of their agreements with the suppliers for the preceding month.

In case a supplier fails to submit the completed certification letter referenced above, Sadara will notify the supplier and upon receipt of the notice the supplier must promptly perform or arrange for the performance of the corrective action required within ten (10) days from the receipt of the notice. In the event that a supplier fails to submit the letter or fails to meet its obligations to its personnel, Sadara will consider this a substantial breach of the contract with the supplier and, in addition to other contractual remedies, Sadara shall retain all amounts that are due and owing to the supplier until the breach of Contract has been remedied.

## ANTI-CORRUPTION (103-1, 103-2, 103-3, 205-2)

Sadara believes it is critical to the company's success and the success of its suppliers to be aware of and adhere to all applicable laws and regulations in pursuit of a joint and continuous effort to improve business integrity and to achieve highest ethical standards.

The Sadara Supplier's Code is intended and designed to provide the company's suppliers with guidelines on what the company requires as appropriate ethical conduct in the marketplace and in dealing with other business entities and government agencies. The Supplier's Code does not replace the supplier's contractual agreements with Sadara, or company policies or applicable laws, but rather augments those obligations and provides suppliers with a focus on key areas where Sadara requires full compliance.

More than 70% of Sadara's Procurement staff were provided with needed training and have been certified in ethical procurement practices; the same training was provided by Sadara to 34 major contractors who have a business relationship with the company, to ensure consistent understanding and approach on both sides of the trade.

# PLASCHEM PARK (103-1, 103-2, 103-3, 203-1, 203-2)

PlasChem Park is envisioned as a world-class industrial park that attracts global and local investors to enhance the diversification and value of the Saudi economy by encouraging downstream manufacturing and job creation. Its main mission is to attract investors by creating a value-added platform that offers a range of services and augments PlasChem Park's competitiveness. PlasChem Park benefits from its location adjacent to Sadara and is completely aligned with the goals of the Vision 2030 economic transformation. This will enable the creation of downstream industries and chemical manufacturing across Jubail and throughout the Kingdom



Recently Sadara and Veolia agreed on an industrial-waste-to-energy facility for PlasChem Park. Veolia will invest \$85 million under a Design-Build-Own-Operate model, to develop the waste-to-energy and central utilities facility at the heart of PlasChem Park. This sustainable waste-to-energy project will provide long-term waste energy-recovery solutions through managing Sadara's incinerable industrial waste streams. Veolia will also build cooling and compressed air facilities that will be made available to PlasChem Park's downstream manufacturing tenants.



In addition, Sadara entered into a supply agreement with Surfactants' Detergent Company (SDC), a joint venture being developed by a Saudi/South Korean consortium which plans to build a chemical production facility in PlasChem Park. Sadara will supply Ethylene Oxide (EO) and Propylene Oxide (PO) to SDC via pipeline. SDC will

specialize in supplying the domestic market's demand for detergents. This is an excellent model of collaboration to build a sustainable business that has a reliable supply of products.



Sadara won Petroleum Economist magazine's "Downstream Initiative of the Year" award for the PlasChem Park project. The award was presented at a ceremony in London.

PlasChem Park stakeholders are working on securing more Shared Services offerings that will be availed to Plaschem Park tenants.

# SUPPLY CHAIN

## SADARA RAIL PROJECT

The Sadara Rail project is a major sustainable project taking place in Sadara. This mega-project will link Sadara's chemical complex with Jubail's two major ports, King Fahd Industrial Port (KFIP) and Jubail Commercial Port (JCP). Saudi Railway Company (SAR) began initial construction of the earthworks for the rail line in the Packaging Center area in February 2017, and regular rail freight operations are expected to be fully operational in early second half of 2019.



The infrastructure will improve safety and security by reducing truck traffic on busy roads and highways and will also cut emissions of greenhouse gases. By switching from trucks, road traffic will be reduced by some 350 loaded trucks per day. The company will lower its operating costs and thereby improve competitiveness since as one loaded rail car replaces three loaded trucks. Rail offers a great benefit in terms of efficiency and reliability because rail is not negatively impacted by road congestion and because rail works on fix time schedules.



The Memorandum of Understanding (MOU) signed between Sadara and Saudi

Railway in October 2011 stipulated that Sadara will invest in loading and unloading systems for the Sadara Packaging Center and King Fahd Industrial Port, in order to transport by rail to KFIP the main bulk liquids manufactured by Sadara, equaling about 900,000 metric tons per year and will invest in a loading system at the Sadara Packaging Center to transport by rail to the Jubail Commercial Port all container traffic consisting of big and small plastic bags, drums and Isotanks manufactured by Sadara, equal to about 1,700,000 metric tons per year.

## PRODUCT SHIPMENT & TRANSFER

### (MARKETING AND LABELING)

SOLID HANDLING PERFORMANCE		
<b>Solids Packaging Through-put for 2018</b>	Bagging	1,073 KT
	Sea Bulk	100 KT
LIQUID HANDLING PERFORMANCE		
<b>Total Liquid Packaging Throughput for 2018</b>	Drumming	219 KT
	JCP-ISO Tanks	58 KT
	KFIP Shuttling	975 KT
	Raw Materials	92 KT

Highest record of Isocyanates drumming 17,258 MT during December 2018

PORT PERFORMANCE		
<b>Total KFIP Shipments during 2018</b>	Quantity	1081 KT
	Vessels	81 outbound vessels

2018 TOTAL SHIPPED QUANTITY		
<b>3,036 KT</b>	PMLA product shipment	2,482 KT
	MEZ Product shipment	554 KT

# CUSTOMER RELATIONSHIP

It is important for Sadara to provide high quality products to customers at a competitive cost. This requires a detailed understanding of customers' needs and expectations.

Sadara shares key market information related to customers' requirements through regular cross-functional workshops with Finance and Commercial leaders to align the company's resources and future planning to customers' expectations to support their current needs and future potential growth.

Key competitors are identified through regional and global market intelligence consultants and through our customers and distributors.

Sadara is committed to meeting customer demand proactively and adjusting its product service offering on a timely basis, to assure competitive service standards based on acquired market and customer information. The company ensure timely delivery with the required quality through all the above activities and through proper planning and a scheduling process that utilizes a corporate-wide extended sales and operations planning (ES&OP) structure.

Our Commercial and Technical teams are dedicated to fulfilling customer needs by developing a close partnership with the customers through regular, well planned and focused visits to the customers HQ and plants. The full understanding and commitment to the customers' requirements are key to mutual business success. Joint development projects are being initiated for new grades and applications.

After a successful start technical support was provided to qualify all the new grades to the customers. The commercial team, ensured the timely involvement of all Sadara functions through customer workshops to achieve service excellence.





# APPENDIX

## GRI Content Index

# GRI CONTENT INDEX (102-55)

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.



GRI Content Index			
GRI Standard	Disclosure Number	Disclosure Title	Page number(s) or URL references or notes
<b>GRI 101: Foundation 2016</b>			
<b>General Disclosures</b>			
<b>GRI 102: General Disclosures 2016</b>	102-1	Name of the organization	Sadara
	102-2	Activities, brands, products, and services	13, 18
	102-3	Location of headquarters	Jubail (KSA)
	102-4	Location of operations	Jubail Industrial City (KSA)
	102-5	Ownership and legal form	13
	102-6	Markets served	13
	102-7	Scale of the organization	22
	102-8	Information on employees and other workers	32
	102-9	Supply chain	66
	102-10	Significant changes to the organization and its supply chain	No Changes in 2018
	102-11	Precautionary Principle or approach	25
	102-12	External initiatives	64
	102-13	Membership of associations	14
	102-14	Statement from senior decision-maker	11
	102-15	Key impacts, risks, and opportunities	22, 23
	102-16	Values, principles, standards, and norms of behavior	13
	102-17	Mechanisms for advice and concerns about ethics	<a href="https://www.sadara.com/en/About/Ethics_and_Compliance">https://www.sadara.com/en/About/Ethics_and_Compliance</a>
	102-18	Governance structure	22
	102-40	List of stakeholder groups	26
	102-41	Collective bargaining agreements	No collective bargaining agreements were formally in place in 2018
	102-42	Identifying and selecting stakeholders	26
	102-43	Approach to stakeholder engagement	26
	102-44	Key topics and concerns raised	26
	102-45	Entities included in the consolidated financial statements	23
	102-46	Defining report content and topic boundaries	27
	102-47	List of material topics	27
	102-48	Restatements of information	This Sadara's First GRI Sustainability Report
	102-49	Changes in reporting	This Sadara's First GRI Sustainability Report
	102-50	Reporting period	01/01/2018 -31/12/2018
	102-51	List of material topics Date of most recent report	This Sadara's First GRI Sustainability Report
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	12	
102-54	Claims of reporting in accordance with the GRI Standards	12	

<b>GRI 102: General Disclosure 2016</b>	102-55	GRI Content index	78
	102-56	External assurance	This report was not externally assured
<b>GRI 200: Economic Standard Series</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	23, 27
	103-2	The management approach and its components	23
	103-3	Evaluation of the management approach	23
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	23
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 70
	103-2	The management approach and its components	70
	103-3	Evaluation of the management approach	70
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1	Infrastructure investments and services supported	70
	203-2	Significant indirect economic impacts	70
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 66
	103-2	The management approach and its components	66
	103-3	Evaluation of the management approach	66
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	66
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 68
	103-2	The management approach and its components	68
	103-3	Evaluation of the management approach	68
<b>GRI 205: Anti-corruption 2016</b>	205-2	Communication and training about anti-corruption policies and procedures	68
<b>GRI 300: Environmental Standards Series</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 44
	103-2	The management approach and its components	44
	103-3	Evaluation of the management approach	44
<b>GRI 302: Energy 2016</b>	302-3	Energy intensity	49
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 45
	103-2	The management approach and its components	45
	103-3	Evaluation of the management approach	45
<b>GRI 303: Water and Effluents 2018</b>	303-1	Interactions with water as a shared resource	45
	303-2	Management of water discharge-related impacts	45
	303-3	Water withdrawal	45
	303-4	Water discharge	45
	303-5	Water Consumption	49
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 49
	103-2	The management approach and its components	49
	103-3	Evaluation of the management approach	49
<b>GRI 304: Biodiversity 2016</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	49
	304-2	Significant impacts of activities, products, and services on biodiversity	49
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 44
	103-2	The management approach and its components	44
	103-3	Evaluation of the management approach	44
<b>GRI 305: Emissions 2016</b>	305-4	GHG emissions intensity	49
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 46

<b>GRI 103: Management Approach 2016</b>	103-2	The management approach and its components	46
	103-3	Evaluation of the management approach	46
<b>GRI 306: Effluents and Waste 2016</b>	306-2	Waste by type and disposal method	46
	306-4	Transport of hazardous waste	46
<b>GRI 400: Social Standards Series</b>			
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	<b>27, 36</b>
	103-2	The management approach and its components	36
	103-3	Evaluation of the management approach	36
<b>GRI 403: Occupational Health &amp; Safety 2018</b>	403-1	Occupational health and safety management system	36
	403-2	Hazard identification, risk assessment, and incident investigation	36
	403-3	Occupational health services	36
	403-4	Worker participation, consultation, and communication on occupational health and safety	36
	403-5	Worker training on occupational health and safety	36
	403-6	Promotion of worker health	36
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	36
	403-9	Work-related injuries	36
	403-10	Work-related ill health	36
	<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary
103-2		The management approach and its components	33
103-3		Evaluation of the management approach	33
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	33
	404-2	Programs for upgrading employee skills and transition assistance programs	38
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 32
	103-2	The management approach and its components	32
	103-3	Evaluation of the management approach	32
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	32
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 58
	103-2	The management approach and its components	58
	103-3	Evaluation of the management approach	58
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs	58
<b>GRI 103: Management Approach 2016</b>	103-1	Explanation of the material topic and its Boundary	27, 40
	103-2	The management approach and its components	40
	103-3	Evaluation of the management approach	40
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories	40





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