TOWARDS SUSTAINING EXCELLENCE

—

Sustainability Report 2021

بسم الله الرحمن الرحيم

**IN THE NAME OF ALLAH THE MOST
GRACIOUS THE MOST MERCIFUL**

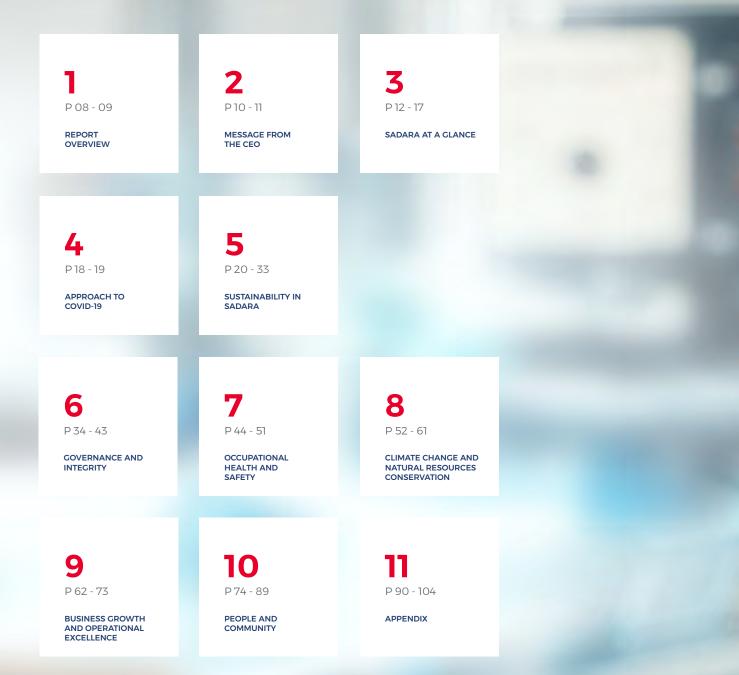King

Salman bin Abdulaziz Al Saud

Custodian of the Two Holy Mosques

HRH Prince

Mohammed bin Salman bin Abdulaziz Al Saud

Crown Prince, Deputy Prime Minister
and Minister of Defense

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ABOUT THIS REPORT

(102-32, 102-46, 102-50, 102-53, 102-54)

Welcome to Sadara's fourth Sustainability Report, covering our environmental, social, and economic performance for 2021.

This report will cover all of Sadara's facilities, including the chemical complex in Jubail Industrial City II and the Sadara Business Complex (SBC), located in Jubail's First Industrial Support Area.

This report has been prepared in accordance with the GRI Standards: Core Option and has been aligned with the Sustainability Accounting Standards Board (SASB) as well as the Saudi stock exchange, Tadawul. It is also equipped with mapping indexes for the United Nations Sustainable Development Goals (SDGs), Global Compact (UNGC), Saudi Arabia's Vision 2030, Tadawul ESG Disclosures and Saudi National Sustainability Reporting Standards. Sadara's Sustainability Committee has developed and reviewed this report to ensure that all the data and information supplied are an accurate reflection of Sadara's performance. This report is issued as a transparent practice to share our sustainability performance and reflect our commitment to developing a sustainable future for our company and our community. Any feedback, comments, or suggestions for improving future editions of this report are welcome. Feel free to reach us through the following email address: sustainability@sadara.com

Alternatively, scan the following QR code and fill out our questionnaires; it will take just a few minutes.

MESSAGE FROM THE CEO

(102-14)

Sustainability has become as business icon across the globe and among every industry where corporates and governments working hand to hand contributing to place positive impact on number of sustainability concerns. Saudi green initiative which was announced by HRH Prince Mohammed bin Salman and net zero carbon commitment which was released in COP26 placed sustainability on the top of business agenda locally, globally and for Sadara as well.

Despite the local and global challenges posed by the COVID-19 coronavirus pandemic and in the midst of an incredibly dynamic and volatile business environment, Sadara has managed to safely and reliably operate its facilities and maintain financial discipline and controls. Sadara announced its 2021 financial performance noting that its sales reached SR 17.6 billion — 67.7 percent higher than in 2020 and reflecting an important milestone of more than SR 3.1 billion in Net Profits – the first ever in the company's history.

2021 has been an exceptional year for Sadara even regarding to sustainability. Earlier in the year, we affirmed our support for the Ten Principles of the U.N as we became a member in UNCG Saudi Arabia chapter. Soon later, Sadara received Princess Seetah bint Abdulaziz Award for Excellence in Social Work. In June 2021, the Royal Commission for Jubail and Yanbu recognized Sadara as the 1st winner for Environmental Performance Award for the best environmental performance in the

Primary Industry category for the year 2020. In November 2021, Sadara was honored to receive the 1st place of King Khalid Award for Sustainability, which recognizes private-sector organizations that pursue sustainability and social responsibility and integrate them into their core business strategies. Additionally, Sadara achieved the best safety record since inception.

As we all are proud of Sadara sustainability achievements, we assure that our sustainability journey will not stop at this level and we will go far beyond. Circular economy, net zero carbon strategy and many more will be within our focus in upcoming five years of our sustainability strategy.

As a major industrial company, we are keenly aware of the importance of protecting our environment, growing the economy, and supporting the communities in which we operate. Our Sustainability Committee will continue developing long-term sustainability goals aligned with corporate strategy, the Kingdom's Vision 2030, and the United Nations Sustainable Development Goals (or SDGs). At the same time, it will keep monitoring our sustainability performance and transparently share it with Sadara stakeholders on annual bases through this report.

Dr. Faisal al Faqeer

Sadara Chief Executive Officer
Chairman of Sustainability Committee

SADARA AT A GLANCE

(102-1, 102-2, 102-3, 102-4, 102-5, 102-7, 102-16)

Established in 2011, the Sadara Chemical Company is a joint venture between Saudi Aramco and the Dow Chemical Company. We develop new technologies and innovative processes for the region from one integrated manufacturing complex.

Our Jubail Industrial City II site is the world's largest chemical complex built in a single phase. It has 26 integrated world-scale manufacturing plants with capacity to produce more than three million tonnes of chemicals per year. Total investment in the complex is USD20 billion.

VISION, MISSION AND VALUES

Sadara's Mission:

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

Sadara's Vision:

Producing chemicals through innovative technologies and operational excellence to create value, improve the quality of life in Saudi Arabia and diversify its economy.

Sadara's Values:

01 SAFETY   **02** INTEGRITY   **03** TEAMWORK

04 EFFICIENCY & EFFECTIVENESS

05 LEARNING & GROWTH

2021 HIGHLIGHTS

Achievements Timeline

01 January

Operation Clean Sweep: Retained Operation Clean Sweep® Partner status from the Gulf Petrochemicals and Chemicals Association (GPCA).

Waste Recovery: Sadara develops products made from polyols waste through creative solutions.

02 February

Digitalization Milestone: Four new digital processes unveiled as part of Sadara Automation Program.

03 March

Marketing Transfer: Sadara reaches agreement with shareholders Saudi Aramco and Dow Chemical Company to transition the marketing rights of Sadara's finished products to SABIC, a second marketer, the chemicals arm of Aramco.

04 April

Princess Seetah Award Ceremony: Sadara honored with the Princess Seetah Award for Excellence in Social Work for Corporate Social Responsibility for our efforts in combating the COVID-19 virus in 2020.

Sadara EHS&S CEO Award: Three Sadara organizations receive awards for their 2020 EHS & Sperformance.

05 May

Quarterly Financial Results: Sadara announces positive Q1 2021 financial results, including the first net profit in the company's history.

06 June

Lifelong Learning Award: Sadara is honored for its contribution to Lifelong Learning by the Royal Commission for Jubail and Yanbu.

RC Environmental Performance Award: Sadara wins first place in the Royal Commission's Environmental Performance Awards for best environmental record in the primary industry category.

07 July

Marketing Transition: From 1 July, SABIC begins marketing Sadara's polyurethanes and other products in the Middle East, expansion to other regions is planned.

08 August

UN Global Compact: Sadara announces its support of The Ten Principles of the UN Global Compact on Human Rights, Labor, Environment and Anti-Corruption, via a message to the UN Secretary General, Antonio Guterres.

09 September

EO/PO Pipeline Project Completion: Sadara leaders witness the completion of EO/PO Pipeline and Distribution center Project.

10 October

King Khalid Award 2021: Sadara achieved first place in the King Khalid Award for Sustainability.

11 November

Sadara Sustainability Week: This week included the Third Sustainability Forum (held virtually), the Sustainability Personal Index and Sustainability Webinar for Suppliers.

Local Content Certification: Sadara obtains Local Content Certification for the third time from Kingdom's Local Content & Government Procurement Authority (LCGPA).

Occupational Health & Safety: External health & safety audit successfully completed, obtaining ISO 45000 certification in Occupational Safety & Health Management System.

12 December

Turnaround Completion: Sadara announces the successful completion of Isocyanates Turnaround with no reportable environment, health and safety (EHS) incidents.

APPROACH TO COVID-19

At Sadara, we prioritize the health, safety and wellbeing of our employees above all else. Amid the global COVID-19 pandemic, Sadara ensured the continuity of the business and its operations all while implementing policies to protect the health and safety of our employees, contractors and suppliers.

We strictly adhered to guidance from the Kingdom's Ministry of Health, as well as international best practice protocols, to limit the effect of coronavirus on the Sadara community. In 2021, Sadara successfully completed an employee COVID-19 vaccination campaign, administering vaccines to almost 800 individuals.

Our security team took a range of precautionary measures to lessen the impact of COVID-19. These included placing hand sanitizers at all gates and entryways, taking employee, contractor and visitor temperatures upon arrival and asking employees who tested positive for the virus not to come to work.

In order to protect onsite operations, work rotation schedules for day and night shifts were adapted to require the lowest possible number of personnel onsite. There was strict adherence to health and safety protocols such as wearing face masks, social distancing and regular cleaning of workspaces and equipment.

Whenever possible, employees were encouraged to work from home. A virtual personal network was developed for Sadara business users and supported platforms such as Microsoft Teams to support virtual collaborations and meetings. The use of cloud-based solutions enhanced IT capabilities.

Working hours and managed office spaces were adapted in compliance with governmental and international virus mitigation advice. Common areas such as canteens and meeting rooms were closed, and food and water were supplied to office and on-site employees to limit the spread of the virus.

SUSTAINABILITY IN SADARA

Sadara's Sustainability Journey in 5 years

2017

Sadara commenced its sustainability journey in 2017, whereby Sadara's concept of sustainability was aligned with the company's vision, mission, values and strategic goals. Stand-alone sustainability division was established

2018

In 2018, Sadara conducted 31 sustainability awareness workshops, attended by 487 employees, to raise awareness on the topic and how it is applicable within the company operations. Sadara also established a sustainability webpage and conducted its first Sustainability Forum.

2019

Sadara voluntarily launched its inaugural Sustainability Report in 2019, demonstrating to all its shareholders, Sadara's commitment to contributing to a more sustainable future. In the same year, Sadara developed the Sadara Footprint and greenhouse gas (GHG) calculation protocol in addition to launching the Sadara Energy Policy, to ensure conservation of natural resources. A three-day training program was also held for Sadara's sustainability champions.

2020

The Sadara Sustainability Committee was formed in 2020, accountable for the sustainability strategy and performance of the company. The Committee's role is to integrate business and sustainability priorities to ensure that Sadara can thrive. The Committee allowed Sadara to achieve great things in its first year of formation, including the development of the Sustainability Manual - included in employee training programs - conducting stakeholder engagement sessions to identify key material topics, mapping the Sadara sustainability scope in alignment with the United Nations Sustainable Development Goals and the Saudi Vision 2030, and becoming a member of the Operation Clean Sweep program.

Additionally, following the previous year's success, Sadara held the company's second annual Sustainability Forum.

2021

Sadara proudly set out our sustainability strategy for the next five years, consolidating a set of priority actions with an agreed framework to drive sustainability performance. Furthermore, the first GHG inventory report was developed to transparently monitor and disclose the company's carbon footprint.

Through a letter of commitment by the CEO, Sadara became a member of the United Nations Global Compact (UNGC), contributing to the mobilization of sustainable companies.

Sadara was honored with the King Khalid Award for Sustainability 2021, having obtained first place for the company's ability to adopt sustainability and social responsibility practices and initiatives and incorporate these into Sadara's business strategy.

DEEPER DIVE IN 2021 SUSTAINABILITY HIGHLIGHTS

Our commitment to sustainability lies at the core of Sadara's operations. Sadara's Sustainability Committee develops long-term sustainability goals aligned with the company's corporate strategy, the Saudi Vision 2030 and the United Nations Sustainable Development Goals (SDGs). The Committee assesses Sadara's sustainability performance, works to raise employee awareness and promotes best practice for the environment and communities in which the company operates.

In 2021, Sadara affirmed its support for the Ten Principles of the UN Global Compact on Human Rights, Labor, Environment and Anti-Corruption by submitting an official message to the UN Secretary General, Antonio Guterres. As a member of the Compact, Sadara strives to do business responsibly in alignment with the Principles and take strategic actions to support the achievement of the SDGs.

Sadara is proud of its efforts to raise awareness of sustainability issues within the company and among stakeholders. The Sadara Sustainability Week brings together industry professionals to share best practice and new thinking on the subject. As part of the Sadara Sustainability Week, Sustainability Personal Index employee surveys were held to promote workforce awareness of the environment and sustainability issues, as well as a Sustainability Webinar for Suppliers, which focused on sustainability within the supply chain.

Sadara held the annual Sadara Sustainability Forum for the third time to showcase new technologies and achievements in the field and share best practices. The company also participated in Saudi Aramco's Sustainability Forum, providing insights on Sadara's accomplishments in the field of waste recovery, particularly the plastic waste-to-energy initiative.

Moreover, the company uses its Sustainability Monthly Messages to showcase Sadara's sustainability achievements in alignment with the SDGs and present Saudi Arabia's effort to achieve SDGs. Sadara aims to build a sustainability culture that is aware, accountable and minimizes any detrimental impact on the environment.

SUSTAINABILITY STRATEGY

2021 was the first year of Sadara's updated five-year sustainability strategy with its new set of five (5) pillars, Ten (10) strategic goals and twenty four (24) key performance indicators (KPIs). The five pillars of the strategy are: Governance and Integrity, Occupational Health & Safety, Climate Change and Natural Resources Conservation, Business Growth and Operational Excellence, and People and Community. These pillars encompass the topics material to our organization and our stakeholders and guide the structure of this report. The Sustainability Committee evaluated the company's sustainability performance against these goals and KPIs in comparison to its baselines.

Governance and Integrity

Occupational Health and Safety

People and Community

Business Growth and Operational Excellence

Climate Change and Natural Conservation

STAKEHOLDER ENGAGEMENT

(102-21, 102-29, 102-33, 102-42, 102-43)

Despite the pandemic, Sadara continued to engage with Sadara key stakeholders, creating value and ensuring all interactions were in line with COVID-19 mitigation protocols.

We have worked hard to develop transparent and informative reports and workshops. The quarterly reports for the Board of Directors, the annual report for the GPCA, the Achievement Report for the Saudi Ministry of Energy, the annual Sadara Sustainability Forum and the monthly Sustainability Messages all helped to keep stakeholders aware of and up to date with the company's projects and performance.

MATERIAL TOPICS

(102-44, 102-47)

In 2020, Sadara conducted a materiality assessment to identify priority areas for the organization and its stakeholders. Sadara carried out industry research, benchmarking assessments and canvassed the opinions of its stakeholders to consolidate a list of 35 topics that if not managed could have an adverse impact on the organization or its stakeholders.

Sadara updated its list of material topics this year, in accordance with industry and global trends. The result is the list of 20 topics outlined in this report. These topics are ranked in order of importance to Sadara and the stakeholders we engage with, and forms the updated 2021 materiality matrix.

Health and safety remained the top priority for Sadara and its stakeholders, followed by governance and compliance, risk and crisis management, development of local content, as well as climate change and GHG emissions.

The 20 material topics are aligned with Sadara's Sustainability Strategy, which ensures they are assigned to the company's responsible officer and that there is accountability for actions taken to support our goals. The findings of our materiality assessment are presented in our materiality matrix.

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OUR MATERIALITY MATRIX

(102-29, 102-44, 102-47)

Significance to Stakeholders

Significance to Sadara

Most Important

1. Health and Safety
2. Governance and Compliance
3. Risk and Crisis Manalgement
4. Development of Local Content
5. Climate Change & GHG Emissions
6. Information & Cybersecurity
7. Employee Development & Wellbeing

More Important

8. Economic Performance
9. Circular Economy
10. CSR & Community Engagement
11. Supply Chain Management
12. Waste Management
13. Energy Management
14. Product Risk and Stewardship

Important

15. Inclusion & Diversity
16. Customer Relations
17. Product & Technology Innovation
18. Water Management
19. Human Rights Management
20. Biodiversity

MATERIAL TOPICS & SADARA SUSTAINABILITY STRATEGY

20
Material Topics

- Ethics, Governance and Compliance
- Risk and Crisis Management
- Information and Cybersecurity
- Human Rights Management

- Health and Safety
- Product Risk and Stewardship

- Climate Change and GHG Emissions
- Energy Management
- Water Management
- Waste Management
- Circular Economy
- Biodiversity

5
Pillars

Governance and Integrity

Occupational Health and Safety

Climate Change and Natural Resources Conservation

10
Goals

Strengthen corporate governance

Ensure business ethics and integrity

Achieve world – class health and safety performance.

Promote product stewardship practices

Minimize environmental impact

Support circular economy

2025
Targets

Maintain level of implementation for corporate

Ensure validity of all company certificates

Achieve 100% supplier acknowledgment for Code of Conduct

Maintain number of grievances at less than 75

Achieve total recordable injury (TRIR) rate at 0.08

Minimize process safety and reduce containment event-L1 rate to 0.05

Achieve 98% coverage for employee's medical check-ups

Reduce transportation incident L1 rate to 0.02

Ensure implementation of Global Harmonization System

Reduce energy intensity by 2.5%

Reduce GHG intensity by 5%

Reduce water intensity by 5%

Reduce material effectiveness intensity by 2.5%

Achieve zero plastic pellet losses

20 Material Topics	**5** Pillars	**10** Goals	**2025** Targets
• Economic Performance • Supply Chain Management and Responsible Procurement • Customer Relations	Business Growth and Operational Excellence	Ensure operational excellence	Increase product supply reliability – PSR to 94.9%
			Decrease defects per million opportunities to 9000
		Support downstream industry and local content	Increase numbers of PlasChem tenants to eight
			Increase % of local procurement spend to 80%
• Employee Satisfaction and Wellbeing • CSR and Community Engagement • Human Capital Development and Retention • Inclusion and Diversity	People & Community	Strengthen the value of employee proposition	Increase employee engagement by 0.5%
			Increase job nationalization "Saudization" to 82%
			Increase female inclusion and employment to 5%
			Increase training hours and development programs by 5%
		Creating value for Saudi Arabia's communities through social impact.	Increase community engagement by 2.5%
			Achieve 10,000 volunteering hours

ALIGNMENT WITH FRAMEWORKS, INITIATIVES AND SDGs

Sadara aligns its sustainability strategy and five pillars to national and global ESG ambitions. The pillars of our strategy guide and support the success of our business and create value for our stakeholders.
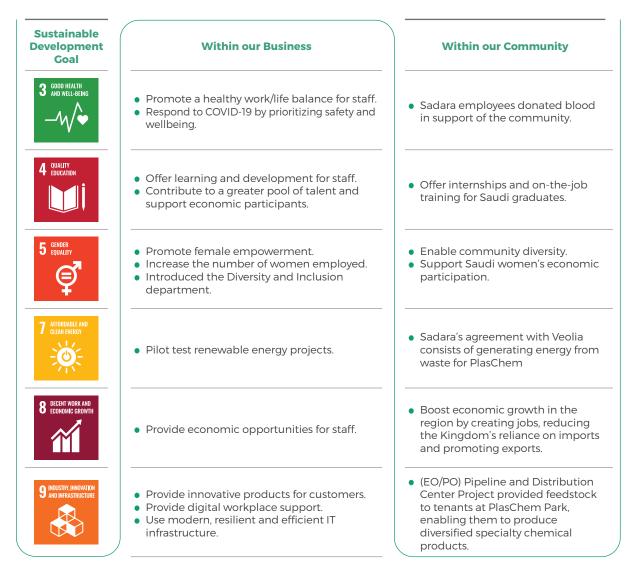
Alignment with the SDGs

(102-12)

The SDGs are the foundation for developing a more sustainable future for all, addressing global challenges such as poverty, climate change and inequality. The 17 goals were designed to protect the planet and its people, ensuring everyone enjoys peace and prosperity by 2030.

Sadara recognizes that meeting the 17 SDGs requires collective action and the organization is committed to playing its part. Sadara's contribution to the diversification of the Saudi economy demonstrates its commitment to transitioning toward a more sustainable future and to supporting the SDGs, aiming to ensure the business is in line with the goals and not operating in a way that could be detrimental to society or the environment.

The 17 SDGs are incorporated into our strategy to ensure that our operations not only achieve business success, but they also benefit society and the environment. This report highlights our contribution to the SDGs in line with the pillars of our sustainability strategy.

Sustainable Development Goal	Within our Business	Within our Community
3 GOOD HEALTH AND WELL-BEING	• Promote a healthy work/life balance for staff. • Respond to COVID-19 by prioritizing safety and wellbeing.	• Sadara employees donated blood in support of the community.
4 QUALITY EDUCATION	• Offer learning and development for staff. • Contribute to a greater pool of talent and support economic participants.	• Offer internships and on-the-job training for Saudi graduates.
5 GENDER EQUALITY	• Promote female empowerment. • Increase the number of women employed. • Introduced the Diversity and Inclusion department.	• Enable community diversity. • Support Saudi women's economic participation.
7 AFFORDABLE AND CLEAN ENERGY	• Pilot test renewable energy projects.	• Sadara's agreement with Veolia consists of generating energy from waste for PlasChem
8 DECENT WORK AND ECONOMIC GROWTH	• Provide economic opportunities for staff.	• Boost economic growth in the region by creating jobs, reducing the Kingdom's reliance on imports and promoting exports.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Provide innovative products for customers. • Provide digital workplace support. • Use modern, resilient and efficient IT infrastructure.	• (EO/PO) Pipeline and Distribution Center Project provided feedstock to tenants at PlasChem Park, enabling them to produce diversified specialty chemical products.

Sustainable Development Goal	Within our Business	Within our Community
10 REDUCED INEQUALITIES	• Promote female empowerment. • Increase the number of women employed. • Introduced the Diversity and Inclusion department.	• Enable community diversity. • Support Saudi women's economic participation.
11 SUSTAINABLE CITIES AND COMMUNITIES	• Introduced a Supplier Code of Conduct that includes human rights, labor and environmental assessments.	• Boost economic growth in the region by creating jobs, reducing the Kingdom's reliance on imports and promoting exports.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Established a Data Protection and Privacy department. • Find innovative methods to reduce negative environmental impacts from products and services. Reduce Energy & water consumption.	• Promote the circular economy through waste management processes. And life cycle analysis
13 CLIMATE ACTION	• Minimize and manage our carbon impact, including waste. • Encourage positive behavior to reduce any negative environmental impact.	• Targets for reducing GHG emissions and contribute to national decarbonization mission
14 LIFE BELOW WATER	• Operation Clean Sweep certified for reducing accidental losses of pellets into the environment, including water streams.	• Reduce reliance on freshwater supplies by recycling wastewater.
15 LIFE ON LAND	• Integrate ecosystem and biodiversity values into development processes.	• Waste Free Environment (WFE) campaign initiatives
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Access to transparent information for employees and stakeholders at all levels.	• Public access to the supplier Code of Conduct.
17 PARTNERSHIPS FOR THE GOALS	• Partnerships held with various institutions to encourage industry innovations.	• Promoted the SDGs through the "Our Green Future" Children's Environmental Drawing Contest and environmental solution contest

ALIGNMENT WITH NATIONAL PRIORITIES

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

VISION رؤيـــة
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

VIBRANT SOCIETY

- Providing access to transparent information for employees and stakeholders at all levels

- Promoting employee training and development

- Developing career enhancement programs

- Enriching non-employees with On-Job Training Program

- Conducting regular Risk Assessments

- Achieving 99.83% coverage of employees' Medical Check-up

- Successfully completed the COVID-19 vaccination campaign

- Sadara employees donated blood in support of the community

- Promoting a circular economy through waste management processes

- Setting targets for reducing emissions, energy, and water intensity

- Responding to COVID-19 by prioritizing safety and wellbeing

- Increasing the ratio of Saudi nationals in the workforce to 74%

THRIVING ECONOMY

- Expanding market through a second marketer agreement with SABIC

- Attracting USD 20 billion in investments for the Jubail Industrial Complex

- Developing of plastic waste-to-energy initiatives

- Enabling the Downstream Industries in the Kingdom by attracting investments to PlasChem Park

- Exporting almost 3 million tonnes of products

- Increasing the number of international tenants at PlasChem Park

- Producing chemicals that are used for numerous applications in various industries

- Offering youth training programs targeting Saudi nationals

- Offering extensive training programs to employees aimed at career development

- Increasing the amount of female new hires to 16.2%

- Employing expatriates in 26% of the workforce

AMBITIOUS NATION

- Implementing numerous community initiatives aimed at promoting education, wellbeing, and environmental awareness

- Ensuring minimal loss of plastic pollutants into the environment

- Setting targets to increase material effectiveness

- Encouraging Sadara employees to volunteer in various community initiatives

- Hosting 100 children for "Our Green Future" Kids' Drawing Contest

- Making charitable donations to families in need in the Jubail area

GOVERNANCE AND INTEGRITY

(406-1)

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

Performance against Sustainability Strategy KPIs

Sustainability Strategy KPIs	2020 Baseline	2021 Performance	2025 Target
Maintain level of implementation for corporate ODMS	90%	90%	90%
Ensure validity of all company certificates	100%	95%	100%
Increase Supplier Code of Conduct Acknowledgment	57%	68%	100%
Reduce Number of Grievances	19	17	75

CORPORATE GOVERNANCE

(102-18, 102-23)

At Sadara, We have a robust corporate governance system with effective leadership.

This defines expectations and standards throughout the company and ensures that our operations meet the highest standards of corporate integrity, ethics and compliance.
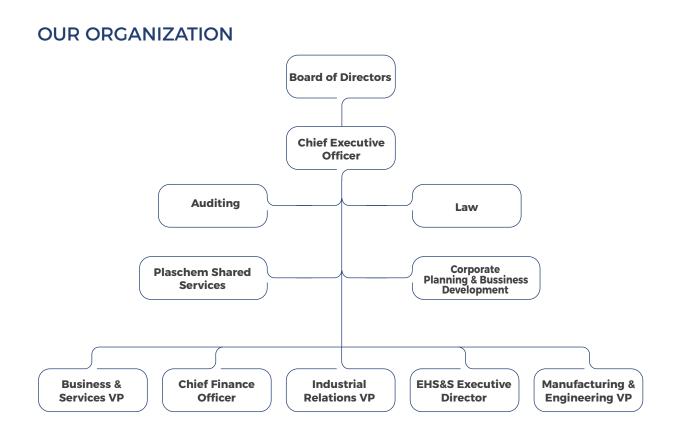
OUR BOARD OF DIRECTORS

(102-19, 102-22, 102-27, 102-28, 102-31, 102-32, 102-33)

Saudi Aramco (65% ownership of Sadara)		Dow Chemical Company (35% ownership of Sadara)	
Ahmad A. Al-Sa'adi	Chairman	John Sampson	Co-Chairman
Ashraf A. Al-Ghazzawi	Director	Diego Donoso	Director
Abdulkarim A. Al-Ghamdi	Director	Jane Palmieri	Director
Fayez Al-Sharef	Director	Charles Swartz	Director

Sadara's Internal Audit Department (IAD), under the direction of the General Auditor, is responsible for the annual audit plan, which objectively evaluates how well the company is performing in relation to its goals and suggests areas where improvements and efficiencies can be made. The Board Audit Committee approves the annual audit document and, when necessary, suggests further reviews of specific business operations.

The IAD follows the International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors (IIA).

Despite the challenges that IAD faced as a result of the COVID-19 pandemic, the 2021 audit plan and special reviews requested by the management team were all successfully completed.

OUR ORGANIZATION

SUSTAINABILITY COMMITTEE

(102-26, 102-31,102-32)

The Sadara Sustainability Committee, established in 2019, works directly with the Management Committee and was headed by the Business and services VP.

Sadara Sustainability Committee is responsible for developing long-term sustainability goals aligned with Sadara's corporate strategy, the Saudi Vision 2030 and the SDGs. Last year, Sadara's Sustainability Committee evaluated the company's sustainability performance and reviewed its sustainability vision and goals within the context of local, regional and global challenges, particularly the COVID-19 pandemic. As a result, Sadara reshaped its sustainability strategy to be founded on five pillars with 10 associated strategic goals and 25 KPIs. In addition, the committee was upgraded to be chaired by Sadara CEO

Sadara set 2020 as its baseline for measuring sustainability performance and improvements for the following five years (2021-2025). Following this Sadara has made significant strides in its sustainability performance, as detailed in this report.

In line with the strategy, in 2021, the company launched the Sadara Transformation Project, in collaboration with Saudi Aramco, to increase efficiency, adopt new technologies, and optimize costs among Sadara's numerous processes. Waste minimization and the recycling of waste materials are key components of the strategy. Success is reflected in the substantial cost savings and revenues generated from recycling.

RISK AND CRISIS MANAGEMENT

(102-11, 102-15, 102-30)

Sadara's Enterprise Risk Management (ERM) unit, along with senior management, ensures that the organization complies with regulations, agreements and the highest standards of operations. The unit investigates threats to safety, security, health, environment, operations, finance, strategy, reputation and business continuity to limit exposure to potential threats.

Areas of Focus for ERM

EHS&S	The way Sadara has set security strategies against potential threats and the adequacy of the process safety and occupational safety framework.
Finance	Compliance with regulatory bodies and the ability to meet obligations.
Operations	Business continuity, technical knowledge, experience and the ability to maintain strong supply chains and operations.
Human Capital	The ability to support personal and technical growth, job security and talent acquisition to ensure the readiness of fit-for-purpose staff.
Reputation	Controls and governance of communication channels and disseminated messages

MEMBERSHIPS AND ASSOCIATIONS

(102-13)

Sadara is proud to be member of the following associations:

1	Gulf Petrochemical and Chemical Association – GPCA (www.gpca.org.ae)		5	European Chemical Industry Council – Cefic (www.cefic.org)
2	Center for Chemical Process Safety – CCPS (www.aiche.org/ccps)		6	Operational Clean Sweep (OCS) (www.opcleansweep.org)
3	Jubail Area Mutual Aid Association – JAMAA (www.jamaa.org.sa)		7	United Nations Global Compact – Saudi Arabia network (UNGC) (https://www.unglobalcompact.org)
4	ASIS International (www.asisonline.org)		8	American Governmental Conference of Industrial Hygienists (AGCIH) (www.acgih.org)

CERTIFICATES AND AWARDS

Certificates

Sadara completes external certification audits to ensure compliance with all the standards it has received certification for. The company has maintained certification for:

- Quality management systems (ISO9001:2015) .
- Responsible Care Management System (RC14001)
- Environmental Management System (ISO14001:2015)
- Occupational Safety and Health Management System (ISO45001:2018) certificates.
- Local Content Certification from the Local Content & Government Procurement Authority

Awards

Sadara's efforts have been recognized with number of wards during the year 2021 in Environmental Performance, Sustainability, community support and the Local Content. Below is the list of 2021 awards:

- First Place in the King Khalid Sustainability Award for Sadara Sustainability Performance

- Princess Seetah Award for Social Responsibility from the Princess Seetah bin Abdulaziz Award for Excellence in Social Work

- Environmental Performance Award from the Royal Commission for Jubail and Yanbu

Sadara's CEO accepted on behalf of Sadara the King Khalid Award for Sustainability.

BUSINESS ETHICS AND INTEGRITY

Ethics and Compliance

(102-17, 102-25, 103-1, 103-2, 103-3, 206-1)

Sadara's Code of Ethics and Business Conduct builds upon the company's core values of integrity, respect, equality and the protection of our planet. This Code of Conduct encourages both company employees and outside entities to report potential violations of the Code.

Sadara provides online ethics and compliance training to all new employees upon joining the company to ensure they understand the company values and what is expected of them.

We stand by the following commitments to ensure high ethical standards throughout the business:

LIVING OUR VALUES:

Sadara's Code of Conduct applies to all employees, contractors and vendors, as well as to our joint ventures, affiliates and subsidiaries, which adopt the Code.

COLLECTIVE RESPONSIBILITY:

We must abide by all applicable laws and uphold the morals and values of our society.

MANAGEMENT RESPONSIBILITY:

Managers should always demonstrate ethical behavior.

SPEAKING UP:

Employees should promptly report any conduct inconsistent with our Code of Conduct, values, or the law. All reports of misconduct will be taken seriously, treated confidentially and receive a full and fair investigation.

NO RETALIATION:

Those who raise concerns about suspected improper conduct will be respected. We will not tolerate retaliation against anyone who reports a potential violation in good faith. To encourage reporting, concerns can be made anonymously.

THE LAW, THE CODE AND COMPANY POLICY:

As a global company, we follow the laws of many countries and jurisdictions. If a section of the Code of Conduct conflicts with an applicable local law, the local law will take precedence.

HUMAN RIGHTS MANAGEMENT

(103-1, 103-2, 103-3, 410-1, 412-1, 412-2, 412-3)

Our Human Rights Policy is an expression of the company's commitment to respect internationally recognized human rights standards, including equal opportunity in the workplace regardless of colour, gender, language, birth or other status, and the right to adequate working standards. The policy covers not only Sadara's employees but also companies within our supply chain. It is aligned with the National Standards for Sustainability, which includes guidance and disclosures on human rights practices, including child labor, in support of the Saudi Vision 2030.

Sadara holds training sessions to explain employees' rights and obligations within the workplace. Employees have access to all relevant materials, including the list of penalties associated with employee non-compliance, through the company portal, as required by the Ministry of Human Resource and Social Development (HRSD). Sadara also supports and promotes awareness and respect for human rights throughout its supply chain. It supports international best practice and announced its support for The Ten Principles of the UN Global Compact, which include human and labor rights.

Sadara has a formal grievance mechanism in place to allow employees, contractors, and individuals to voice any concern they may have. The company's Human Resources Policy Manual explains in detail the formal grievance mechanism for internal and external stakeholders.

Employee Grievances	2019	2020	2021
Number of employee grievances filed in the reporting period	25	19	17
Number of these employee grievances addressed or resolved	25	19	17

SUPPLIER CODE OF CONDUCT

Sadara's Supplier Code of Conduct, published on the Sadara Ethics and Compliance website page, is a testament to the value-adding partnerships Sadara wishes to develop and foster with organizations in its value chain. The code defines the expectations Sadara has of its suppliers and states that all applicable laws and regulations must be complied with, in addition to following best practice in terms of good governance.

ANTI-CORRUPTION

(103-1, 103-2, 103-3, 205-2)

Sadara's Supplier Code of Conduct provides suppliers with guidelines on what the company defines as appropriate ethical conduct when dealing with business entities and government agencies. Sadara has zero tolerance for corruption and compliance with the Suppliers' Code is a contractual obligation.

INFORMATION AND CYBERSECURITY

(103-1, 103-2, 103-3, 418-1)

Communications technology, connectivity and information exchange are essential to make business operations and manufacturing processes more efficient. However, these technologies can be vulnerable to cybersecurity threats. Minimizing the potential impact to the business, the economy and the wider society is our top priority.

Sadara's Information Security (IS) division is a reliable and effective center for managing information security and protecting organizational assets from internal and external threats. Its mission is to deliver balanced, industry-standard information security capabilities to effectively mitigate risks and enable Sadara to function in a security-conscious manner. Sadara's Information Security objectives are listed below:

Establish defence-in-depth, across people, processes and technology

Embed holistic security concepts of confidentiality, integrity and availability

Respond to the cyber security threat landscape in an intelligence-led, proactive manner

Protect critical assets by deploying the appropriate security controls and measures

Support the deployment of technology and tools and the required processes

Manage information security risks and support enterprise-wide activities

Develop best-in-class people via recruitment, training and development

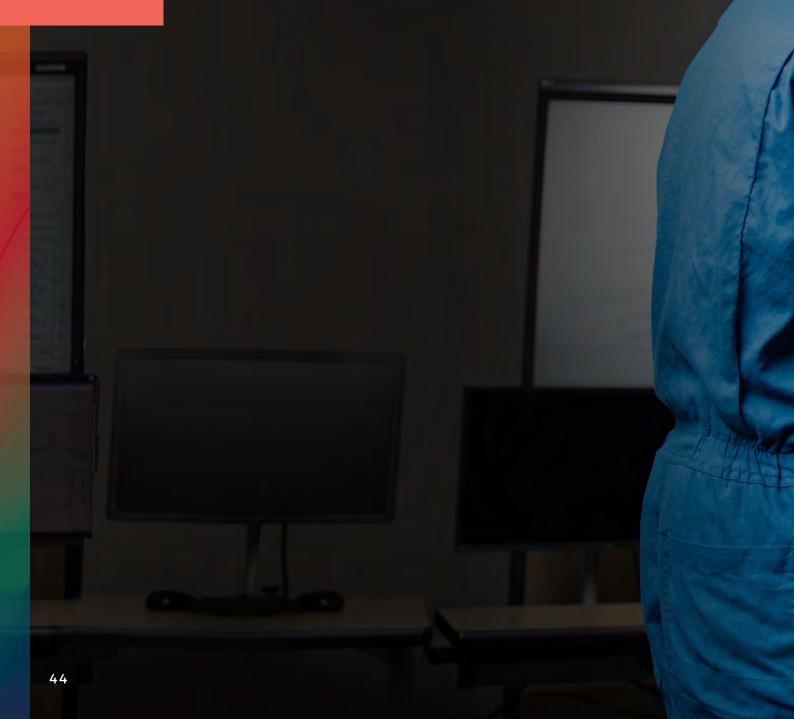Promote an information security-aware culture through education and training

The Sadara Information Security Risk Management Methodology and its related processes that address IT and OT security issues are based on the NCA and High Commission for Industrial Security (HCIS) standards.

Additional controls were implemented to protect Sadara's operations from cybersecurity attacks and data leaks. No security breaches on non-compliance with systems were recorded in 2021.

OCCUPATIONAL HEALTH AND SAFETY

(103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10)

Health and safety at Sadara is a priority. Our occupational health and safety record shows the efforts we put into ensuring the company and its employees operate responsibly and safely.

We are committed to caring for our employees, contractors and community and aim to have zero injuries.

Performance Against Sustainability Strategy KPIs

Sustainability Strategy KPIs	2020 Baseline	2021 Performance	2025 Targets
Improve Total Recordable Injury (TRIR) rate	0.07	0.02	0.08
Maximize Process Safety & Containment Event-L1 Rate	0.07	0	0.02
Maximise employee's Medical Check-up Program (%)	70%	99%	98%
Control Transportation Incident L1 Rate	1	0	0
Maintain Global Harmonization System Implementation	45%	85%	100%

HIGHLIGHTS

Isocyanates Turnaround: Sadara successfully completed the 66-day Isocyanates Turnaround that took place in 14 plants with a peak manpower of 5,900 workers. A massive undertaking and the first of its kind at Sadara, the turnaround was carried out with strict adherence to COVID-19 safety protocols and with no reportable EHS incidents.

Shortcut Safety Campaign: supported Solids Handling Operations in the Site Logistics Shortcut Safety Campaign. PA developed and posted an article on Catalyst's Forefront News about the campaign, which seeks to alert site logistics employees to the potential safety hazards of taking shortcuts. The campaign began in the last week of September 2021.

Riyadh Industrial Safety Conference: Sadara participated in the Saudi International Conference for Industrial Safety (SICIS), which brought together safety leaders and experts from industry, professional and academic institutions, and government.

EHS&S CEO Award: an award's competition was held between 26 Sadara plants to enhance EHS&S performance.

HEALTH AND SAFETY PERFORMANCE

(102-30)

Sadara's Environment, Health, Safety and Sustainability (EHS&S) Department follows international health and safety standards such as RC 14001, ISO 14001, and ISO 45001, but Sadara's processes go beyond these requirements. This year, we launched the Injury Prevention Program (IPP) to promote employee health and safety as a core company value. The IPP aims to prevent injuries, achieve a zero-injury record at work and ensuring all personnel understand their responsibilities in maintaining a zero-injury workplace.

Furthermore, Sadara's senior management established the EHS&S Central Committee, in addition to the Sadara Health and Safety Board Committee to lead all EHS&S matters. The committees coordinate, manage and track the implementation of site level EHS&S plans. Additionally, they are responsible for addressing, tracking and providing a prompt resolution to EHS&S issues or concerns raised.

The committees strive to continuously improve EHS&S performance across all Sadara sites through careful data review and analysis. This fosters a culture of trust across Sadara, helping people develop confidence, improving understanding of our processes and ultimately optimizing our performance.

In 2021, Sadara developed and implemented an EHS&S assessment and assurance program to verify the implementation of our EHS&S standards and tools. The program promotes a common approach, content and methodology for EHS&S audits. During the year, 11 internal safety assessments were conducted. These highlighted areas of concern such as EHS&S training, the implementation of an ergonomics program, the conduct of risk assessments and the management of records.

To ensure our EHS&S systems are best-in-class and compliant with international standards, Sadara has engaged in audits by third parties and obtained certifications for ISO45001, ISO 14001 and RC14001.

The health and wellness of our employees extends further than our company operations. Sadara has implemented office ergonomic campaigns, set up a new, informative website and held training sessions relevant to specific jobs and responsibilities. These initiatives champion high health, wellbeing and safety standards across the organization. Sadara also offers all employees an annual health check-up, discount gym memberships

Health and Safety Performance	Unit	2019	2020	2021
Work hours (employees)	Hours	7,597,122	7,356,133	7,307,459
Work hours (contractors)	Hours	6,527,290	7,313,423	12,477,989
Employee fatalities	#	0	0	0
Contractor fatalities	#	0	1	0
Employee lost-time injuries	#	0	1	0
Contractor lost-time injuries	#	0	3	1
Employee total recordable injuries	#	2	2	0
Contractor total recordable injuries	#	3	3	2
Employee occupational illnesses	#	0	0	0
Total number of emergency response drills conducted	#	88	62	45
Safety incident investigations initiated	#	465	518	701
Safety incident investigations completed	#	465	518	672
Employee lost-day rate	%	0.0	0.03	0.0
Contractor lost-day rate	%	0.0	0.08	0.02

Despite the significant increase in contractor working hours in 2021 compared with previous years, there were only two recorded injuries for contractors. There was a detailed investigation into the incidents, which found that, in both cases, procedures were not followed properly and there was a lack of hazard recognition. To prevent the recurrence of such cases, we shared our findings with all contractors and followed up with awareness sessions.

The low number of injuries is a testament to the rigorous and comprehensive safety measures Sadara's EHS&S Department has in place, all of which undergo regular audits and are communicated to employees and contractors through various health and safety training sessions.

EHS&S Training	Unit	2019	2020	2021
Total hours of HSE training provided to employees (hours)	hours	55,589	51,928	69,355
Average hours of HSE training per employee (hours)	hours	4.8	5.0	5.6
Number of workers covered by an occupational health and safety management system	#	8,521	5,945	4,394

Every contractor and employee at Sadara receive training pertaining to their line of work. EHS&S training sessions encompass a range of topics including process safety, personal safety, chemical spill management and the proper handling of chemicals..

EMPLOYEE WELLBEING

Sadara's Health Services promote optimal employee physical and mental wellbeing by providing on-site treatment for minor illnesses and injuries (work-related and non-work-related), annual check-ups to ensure employees are fit to work, health surveillance to check that employees' health is not adversely affected by workplace hazards, as well as case management for employees with health issues.

Looking ahead, Sadara has set a five-year plan targeting the improvement of the total recordable injury rate (TRIR).

HSE Targets	2021 Perfor-mance	Target for 2021	Target for 2022	Target for 2023	Target for 2024	Target for 2025
Total recordable injury rate (TRIR)	0.02	0.12	0.11	0.1	0.09	0.08
Annual medical check-up	99%	95%	95%	96%	97%	98%
On job severe motor vehicle accident	0	0	0	0	0	0

PROCESS SAFETY

(102-30)

From a process safety perspective, any risk involving acute hazards is identified and controlled through the Sadara Process Risk Management Standard and the Loss Prevention Principle (LPP). The primary objective of this document is to define a comprehensive risk management process that reflects Sadara's minimum requirements for process safety in terms of risk management for Sadara's fixed facilities (chemical manufacturing facilities, pipelines, warehouses and loading/unloading facilities).

Sadara's Reactive Chemicals Standard defines the requirements and responsibilities for handling risks stemming from reactive chemicals at all facilities, operations and businesses of the Sadara Chemical Company, as well as the facilities, operations and businesses of its subsidiaries and joint ventures over which Sadara has management or shareholder control.

As Process Safety is vital in ensuring smooth operations, all Loss of Primary Containment (LOPC) events are comprehensively reported and addressed to prevent them from worsening. Level 1 and Level 2 events are defined as LOPCs with consequences   . A Level 1 Process Safety event may involve significant actual or potential impacts while Level 2 events are roughly an order of magnitude lower impact than Level 1 Events.

Process Safety and Containment Events	Unit	2019	2020	2021	Target for 2025
Process safety and containment event level 1 rate	#	0.03	0.07	0	0.05
Process safety and containment event level 2 rate	#	0.04	0.03	0	0.05

PRODUCT STEWARDSHIP PRACTICES

(103-1, 103-2, 103-3, 416-1, 416-2, 417-1, 417-2)

We are determined to manage operations and activities that have the potential to compromise product safety or customer health. We continuously engage with stakeholders in activities such as quarterly site walkthroughs and risk assessments, and use behavior-based performances to ensure product stewardship.

In many sectors, buyers demand certifications of standards that provide rules, guidelines and characteristics for products, related processes and production methods, making it necessary for Sadara to adopt them. Sadara complies with local regulatory requirements on product labelling and is seeking to adopt international best practice.

For example, we pledge to fully implement the UN's Globally Harmonized System (GHS) of Classification and Labelling by 2025. To date, our rate is 35%. Working toward a 100% adoption will bring Sadara into line with an internationally agreed-upon standard of classification.

To maintain product safety and protect customer health, Sadara complies with all applicable international standards, including the RC 14001, ISO 14001, ISO 45001 and ISO 9001. In 2021 there were zero incidents of non-compliance with regulations, voluntary codes, or supplier standards, concerning health and safety of products, services, handling, transport or storage.

Health and safety - customers

Indicator	Unit	2019	2020	2021	Target for 2025
Number of incidents of non-compliance with regulations, voluntary codes, or supplier standards, concerning health and safety of products, services, or handling/transport/storage of product	#	0	1	0	0.02

PRODUCT TRANSPORTATION

(102-30)

Sadara evaluates new contractors' abilities in EHS&S in areas such as the reduction of personnel and/or environmental impacts on the warehousing, transportation, storage and handling of chemicals.

We monitor transportation incidents monthly. We conduct incident investigations and engage with drivers to promote transportation safety awareness in line with the Sadara Distribution Risk Review Work Process, which covers the management of bulk transportation. The number of recordable transportation incidents was cut by 77% last year, to three cases from 13 cases in 2020. The reduction in distance travelled from 50 million kilometres (km) in 2020 to 32 million km in 2021, resulting from the second marketer agreement that limited transportation of Sadara products to the Dammam warehouse, also contributed to the reduction of transportation incidents.

In 2021, the outcomes of managing human health and product safety resulted in zero fatalities from transportation operations

Year; Quarter; Year-to-Date (YTD)	2020					2021				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
Recordable Transportation Incidents (Cases)	4	1	6	2	13	1	2	0	0	3
KM Travel (Million)	13	13	13	11	50	11	9	6	0	32
Transportation Incident Rate (case per Million KM Travel)	0.31	0.08	0.46	0.18	0.26	0.09	0.22	0	0	0.09

CLIMATE CHANGE AND NATURAL RESOURCES CONSERVATION

53

Sadara recognizes the profound effects of climate change and the equally profound opportunity to take a leading role in the path toward decarbonization. Sadara is committed to protecting the environment and is proud of its contributions to global actions aimed at mitigating climate change.

Performance against Sustainability Strategy KPIs

Sustainability Strategy KPIs	2020 Baseline	2021 Performance	2025 Target
Reduce Energy Intensity	28.377	28.097	27.668
Reduce GHG Intensity	2.087	1.888	1.983
Reduce Water Intensity	9.803	9.981	9.313
Reduce Material Effectiveness Intensity	0.136	0.148	0.132
Reduce Plastic Pellet losses	3 %	0.38 %	0

HIGHLIGHTS

- The Community Office Services and Logistics (COSL) department launched an energy-saving initiative in Sadara Business Complex (SBC).
- Sadara participated in Saudi Aramco's Sustainability Forum to provide insight on the plastic waste-to-energy initiative.
- In 2021, Sadara launched internal energy audit program and conducted two energy audits during 2021.
- Creative solutions have paved the way for polyols waste recovery.

ENVIRONMENTAL MANAGEMENT

The nature of Sadara's business is energy and emissions intensive. That is why we have implemented systems and protocols to increase energy efficiency and minimize the consumption of resources and generation of GHG emissions. Further, as Saudi Arabia is vulnerable to the impacts of climate change – which poses increasing risks to water security – we are committed to optimizing our operations to minimize our environmental impact.

In 2019, Sadara increased its climate efforts by proactively setting five-year sustainability targets to reduce GHG emissions, energy, and water intensity, as well as increase material effectiveness.

Our climate governance is strengthened by an environmental policy and environmental management system that is certified by ISO 14001:2015 and Responsible Care (RC 14001). The policy covers regulatory and stakeholder requirements regarding the environment. To maintain accountability and assess performance and progress, Sadara conducts regular audits on energy, water, waste and our environmental management system.

Furthermore, we seek to improve the measurement and reporting of our footprint through plans to automate the consolidation of environmental data.

GHG EMISSIONS

(103-1, 103-2, 103-3, 305-1, 305-2, 305-4, 305-5, 305-7)

Sadara's Energy and natural resource Sub-Committee, also known as the Footprint Team, contains members from all related departments and is led by an appointed Operations Director. The team monitors and reports GHG and non-GHG emissions, tracking environmental footprint improvement initiatives across the company.

Sadara uses a web-based environmental monitoring software and reporting system configured to address all emissions monitoring and reporting. The system assures the accuracy of data and allows for instant access by internal and external stakeholders to the company's air emissions information. The system is designed to provide a continuous real-time flow of information, alerts and reports on potential issues.

This year, our direct GHG emissions (Scope 1) fell from 4.264 million metric tons of carbon dioxide equivalent (M tCO2eq) to 4.031 MtCO2eq. This marks a 5.46% reduction from 2020. Partially switching the boiler fuel from liquid to gas was the main contributor to this reduction. Also, in (Scope 2) emissions, Sadara achieved a 29.45% reduction as a result of reducing grid electricity consumption. Updating emissions factor has also contributed to this reduction, as Sadara used 568g/kWh in 2021 calculations, according to the CDM DNA latest declaration. Moreover, a part of these emissions reductions is attributable to the planned isocyanates turnaround, which involved 14 plants over a period of 66 days, and the MFC emergency shutdown.

Sadara has been working hard to reduce GHG emission intensity, measured in tonnes of CO2 equivalent per tonne of product sales. This year, emission intensity stood at 1.888 tCO2e/tonnes of product. Sadara uses a standard GHG calculation and reporting methodology embedded in the company's Footprint Protocol and deployed across its plant site to guarantee data validity.

Looking ahead, Sadara has set five-year reduction targets that tie in with the energy improvement plan. For non-GHG emissions, Sadara emphasizes compliance with regulatory requirements. KPIs have also been set by the Environmental Protection and Operations division to monitor performance of emissions sources. We aim to reduce GHG intensity by 5% from the 2020 baseline over the next five years and increase our operational boundary to monitor and report other indirect emissions (Scope 3). This target has been designed considering focusing only on performance optimization efforts. However, we are in the process of reviewing this target to comply with the net zero carbon plan which has been set by the Saudi government and Saudi Aramco.

Production data	Unit	2019	2020	2021
Total products sold	million tonnes	3.048	3.116	2.972

Emissions	Unit	2019	2020	2021
Direct GHG emissions (Scope 1)	Million tonnes of CO2eq	4.300	4.264	4.031
Indirect GHG emissions (Scope 2)	Million tonnes of CO2eq	2.190	2.238	1.579
Total GHG emissions (sum of Scope 1 and 2)	Million tonnes of CO2eq	6.429	6.502	5.610
Emission intensity (total GHG emissions/tonnes product sold)	Tonnes of CO2eq/ tonnes of product	2.129	2.087	1.888

Non-GHG Emissions	Unit	2019	2020	2021
NOx emissions (excluding N2O)	Thousand tonnes	1.423	1.606	1.722
SOx emissions	Thousand tonnes	0.538	0.389	0.570
Volatile organic compounds emissions (VOCs)	Tonnes	46.800	20.383	10.618
Hazardous air pollutants	Tonnes	Not measured	5.858	3.234

ENERGY CONSUMPTION

(102-12, 103-1, 103-2, 103-3, 302-1, 302-3, 302-4, 302-5, 303-2, 303-4)

Improving the energy efficiency of our operations is a crucial mission, which will support the organization in achieving our sustainability targets and contribute to the fight against climate change.

The Footprint Team established a pool of energy auditors in 2021, trained by the Saudi Energy Efficiency Center (SEEC), in partnership with the Association of Energy Engineers (AEE®). As a result, Sadara conducted two energy audits during 2021, whereby relevant energy saving modules (ESMs) were identified. These included optimization of significant energy users within the facility such as pumps and steam consumption control. Regarding the buildings, replacing fluorescent lights with LED solutions and optimizing HVAC operations was the major recommendations. Sadara is currently evaluating these initiatives for deployment.

As reflected in the reduction of our GHG emissions, energy consumption decreased in Sadara in 2019.

Sadara is targeting a reduction in its energy intensity, measured in energy consumption in gigajoules (GJ) per products sold to 28.097 GJ/product sold and aims to reduce this indicator by 2.5% over the next Five years.

Energy Consumption	Unit	2019	2020	2021
Direct energy consumption				
Petrol consumption from vehicles	Litres	696,705	632,818	624,144
Diesel consumption from operations	Litres	2,372,860	2,383,460	2,074,754
Diesel consumption from vehicles	Litres	25,000	25,324	18,021
Indirect energy consumption				
Electricity consumption (branches, offices, etc.)	GJ	10,079,274	10,212,391	9,503,437
Renewable energy consumption (branches, offices, etc.)	GJ	0	0	0.11
Total energy consumption (direct + indirect)	Million GJ	87.896	88.414	83.499
Energy intensity (total energy consumption/total products sold)	GJ/Tonne	28.838	28.377	28.097

WATER AND EFFLUENTS

(103-1, 103-2, 103-3, 301-1, 301-2,303-1, 303-2,303-3, 303-4 303-5)

Sadara recognizes the importance of its role in minimizing water consumption and increasing water efficiency, as water is essential to our business. It is often the case that water efficiency and energy efficiency are closely interlinked, resulting in savings in water and emissions, supporting our environmental strategy. For this reason, Sadara aims to capitalize on these benefits to increase cost savings and environmental protection.

Sadara sources its necessary industrial water required to sustain the manufacturing process form the Marafiq Seawater Reverse Osmosis (SWRO) facility, which is located within our chemical complex.

We strive to conserve water through a series of initiatives across the plant site, including the optimization of cooling tower operations and the recycling of condensate to be used further and reducing the reliance on new water supplies. Through these programs, Sadara has recycled 2,258 m^3 of wastewater in 2021. Sadara is committed to reducing the company's water intensity metric by 5% over the next five years.

There have not been any incidents of non-compliance associated with water quality permits, standards and regulations.

Water	Unit	2019	2020	2021
Water intensity (water consumption/total products sold)	M^3/products sold	10.914	9.803	9.981
Total water consumption	Million M^3	32.956	30.542	29.662
Recycled wastewater	M^3	0	452.31	2,258.21
Wastewater TOC discharged	Thousand Tonnes	1.086	1.565	1.646

MATERIAL EFFECTIVENESS

(103-1, 103-2, 103-3, 301-1, 301-2, 306-1, 306-2, 306-3, 306-4, 306-5)

Highlights:

- Diverted organic waste and scrap polyol from waste to be recycled.

- Recycled off spec wastewater during turnaround period.

- Generated 9.3% less waste than in 2020.

Sadara strives to continuously apply and improve material effectiveness and management practices within the plant and to comply with relevant regulatory environmental requirements.

Material effectiveness mainly encompasses material losses in the manufacturing plants. This includes industrial waste disposed and recycled offsite, incinerable wastes on-site that lack waste heat recovery, flaring losses, vent losses, fugitive emissions, spills to land and organic losses in wastewater.

A dedicated team is responsible for serving all waste management programs and activities, in addition to collaborating with other support functions to support their ability to meet site requirements.

As demonstrated in our Transformation Strategy, which is committed to minimizing waste and increasing cost savings, Sadara is committed to minimizing waste generation from operations. This commitment is also detailed in the company's Waste Management Policy, embedded in the Environmental Protection Requirements. Sadara manages and reports waste minimization through material effectiveness intensity calculations. We assess the environmental impact of the waste generated as a component of the Aspect-Impact Assessment, as per the ISO 14001 requirement.

A paper recycling program was introduced in 2017 and still ongoing as one of the first initiatives commencing our sustainability journey. Paper collection bins are located across the site to encourage recycling. Furthermore, a policy has been devised to recycle confidential and non-confidential papers.

In Sadara, we ensure proper management of all hazardous and non-hazardous waste through the Sadara Waste Management Standard and the Sadara Waste Handling Work Process. The Footprint Team, in collaboration with the Off-Site Material Management Unit (OSMMU) within the Environmental Protection and Operations Department, brings awareness to, and encourages the prevention of, waste generation across the company. We conduct regular audit programs, referred to as the Waste Disposal and Recycling Company EHS&S Assessment, which ensures our waste disposal and recycling processes comply with all applicable legal requirements.

As per the five-year sustainability targets set, Sadara aims to increase material effectiveness by 2.5%. in other way, we aim to reduce our waste generation by 2.5%.

Waste Management	Unit	2019	2020	2021
Total waste generated	Thousand Tonnes	20.235	11.387	11.146
Hazardous waste sent to disposal	Thousand Tonnes	14.634	4.169	3.152
Non-hazardous waste sent to disposal	Thousand Tonnes	5.474	7.217	7.993
Flaring loss [1]	Thousand Tonnes	273.945	271.074	307.314
Total paper recycled	Thousand Tonnes	15.224	6.126	5.400
Total electronic waste products recycled	Thousand Tonnes	8.505	15.207	41.892

1) Includes all types of waste gases to the flares.

CIRCULAR ECONOMY

(301-2, 306-1, 306-2, 306-3, 306-4, 306-5)

Highlight:

- Recycled 53% of total waste generated
- Achieved cost savings of SAR 23 million as a result of recycling programs
- Generated revenues of SAR 890,000 through the recycling of 1,525 million tonnes of mixed material

The importance of the circular economy (CE) concept continues to grow in many industries around the world, creating opportunities to unlock sustainable growth and substantial economic gains within the industrial value chain. For Sadara, there is a prominent business case for CE. Sadara monitors case studies, new business models and projects to identify best practices and we continue to develop goals and programs that reflect our responsibilities to close the material and waste loop, in addition to preserving the Kingdom's natural resources to protect the environment.

Sadara has set targets for site waste recycling and continues to recycle significant amounts of waste each year.

Sadara's various recycling programs have resulted in a substantial reduction of waste sent to landfill or incinerators, which in turn have generated considerable revenues. The main waste streams that were recycled in 2021 are toluene diisocyanate (TDI) tar, off-spec wastewater, slop oil, liquid organic waste, lube oil and other hydrocarbons.

In 2021, Sadara saved almost SAR 23 million in disposal costs and generated more than SAR 890,000 in revenue from recycling.

Sadara continues to engage with the Kingdom's governmental GHG programs, such as the Circular Carbon Economy (CCE) – a national framework data collection initiative – that is led by the Ministry of Energy through the King Abdullah Petroleum Studies and Research Center (KAPSARC).

Cost Savings	Unit	2019	2020	2021
Total revenue from recycling	SAR	712,413	855,666	891,764
Total saved disposal cost	SAR	10,616,506	25,248,201	22,990,888
Wooden pallets re-used	#	4,850	10,545	13,930
Hazardous and non-hazardous waste safely disposed	kg	10,763,301	20,689,630	17,763,209
Recycled input materials used: recycled fuels (pyoil, tail gas, PSA recycle, off gas)	Tonnes	533,812	541,072	495,056
Percentage of recycled input material used	%	15.28%	15.16%	13.90%

Cost Reductions	Unit	2019	2020	2021
Circular Economy				
Total waste recycled	kg	10,748,207	20,689,630	17,763,209
Portion of waste generated that was recycled	%		55.89%	53%
Percentage waste diverted from landfill (total recycled/total generated)	%	9.94%	28.11%	37.22%

Recycled Materials	Unit	2019	2020	2021
Recycled hydrocarbons /oil	M tonnes	4,940	5,381	6,033
Recycled mixed materials (Plastic, paper, metal, etc)	M tonnes	1,040	1,243	1,281
Recycled TDI tar	M tonnes	2,913	13,034	7,559
Recycled off-spec wastewater	M tonnes	0	452	2,258
Wooden pallets re-used	#	4,850	10,545	13,930
Total paper recycled	kg	15,224	6,126	5,400
Total electronic waste products recycled	kg	8,505	15,207	41,892

SUSTAINABLE PRODUCTS

Sadara has commissioned a third-party consultant to develop the circular economy framework, including the life cycle assessment (LCA), of specific products from the following plants: low linear density polyethylene, polyols, mixed feed cracker and the polymeric methylene diphenyl diisocyanate (PMDI) chain. Sadara's climate related activities concern the reduction of GHG emissions and intensity.

OPERATION CLEAN SWEEP

(102-12)

Sadara is proud to have been the first company in the Gulf Cooperation Council (GCC) to obtain Operation Clean Sweep (OCS) certification from the Gulf Petrochemical & Chemical Association (GPCA) in 2021. The program was designed to support the plastics industry operations in reducing the accidental loss of pellets, flakes and powder into the environment across the entire supply chain.

Sadara has adopted several best practice processes to prevent the loss of pellets, which include the use of supersacks within scrap bins, green mesh to avoid the contamination of water flows by pellets and the periodic cleaning of conveyor baskets to ensure the effectiveness of wastewater recovery units. Sadara has achieved an overall 0.38% escape of pellets from the systems to the environment, which were subsequently collected. This achievement is way exceeding our target for the following year which is to maintain below 2%.

To ensure compliance and continued performance in the OCS program, Sadara has included OCS as part of the Sadara ODMS. This allows for the standard of compliance to be followed in our facilities by our teams and contractors. Furthermore, all hardware modifications generated from OCS walkthroughs are implemented to maximize performance.

BIODIVERSITY

(103-1, 103-2, 103-3, 304-1, 304-2, 304-3)

Sadara has always promoted biodiversity since the company's inception, affirmed by the Environmental Impact Assessment conducted in 2012. The assessment considered Sadara's potential impacts on biodiversity receptors at the production complex and the shipping and receiving areas, including the King Fahd Industrial Port and the Jubail Commercial Port. The Report concluded that the impacts on biodiversity from its operations are low. Sadara does not operate or manage operational sites located within or near to areas of high biodiversity value.

To continue minimizing the potential impact of the production activities on biodiversity, Sadara has regulatory environmental permits and associated management systems, which include air and wastewater emission limits in addition to compliant processes. Furthermore, Sadara follows the RC14001 standard that includes biodiversity considerations.

We aim to further contribute to biodiversity by engaging in tree planting initiatives as well as a greenhouse project in Dammam in Saudi Arabia.

BUSINESS GROWTH AND OPERATIONAL EXCELLENCE

(103-1, 103-2, 103-3, 203-1, 203-2)

Sadara's performance across all departments is aimed toward creating value for our shareholders and customers. The sustainability of our business and its growth are achieved by ensuring our operations run smoothly, tending to our customers' needs, and supporting local procurement.

Performance against Sustainability Strategy KPIs

Sustainability Strategy KPIs	2020 Baseline	2021 Performance	2025 Target
Increase Product Supply Reliability - PSR	90%	85%	94.9%
Decrease Defects Per Million Opportunities	7,176	4152	<9000
Increase Number of New PlasChem Tenants	0	1	8
Increase % of Local Procurement Spends	0	76%	80%

FINANCIAL PERFORMANCE

(102-45, 103-1, 103-2, 103-3, 201-1, 201-4)

Strong financial performance, backed by a robust business strategy, lies at the core of our viability as a company and enables us to create value for all our stakeholders.

During 2021, we successfully completed a debt reprofiling exercise that resulted in strong gains on our balance sheet. In addition, through effective cost optimization measures, we achieved an overall reduction in primary cost expenditure that was below the 2021 budget allocation.

In 2021, Sadara's total revenue from sales reached SAR 17.7 billion, a 68% increase compared with 2020. After two consecutive years of net losses, we achieved a substantial net profit of SAR 3.9 billion. These achievements can be attributed to financial discipline and improved market conditions, along with Sadara's commitment to manufacturing high-quality products.

Financial Performance	2019	2020	2021
	xSAR 1000	xSAR 1000	xSAR 1000
Sales/revenue	10,108,354	10,503,379	17,617,404
Total profit (loss)	(11,474,895)	(360,045)	5,146,799
Profit (loss) operational	(11,962,463)	(826,042)	4,428,020
Net profit (loss) after Zakat and tax	(14,486,100)	(3,220,230)	3,105,582
Total comprehensive income	(15,226,931)	(4,091,408)	3,922,009

In January 2021, Sadara began repaying government support it received in 2020 in the form of deferrals on three-month payments on certain feedstocks and utilities totalling USD65 million. The total deferral was paid back over a period of six months.

MARKETING OVERVIEW

(102-6, 102-10)

Sadara is leading the transformation outlined in the Saudi 2030 Vision to diversify the Kingdom's economy and increase the contribution of the non-oil sector to overall growth.

By using the latest technologies in our production processes, we are developing new and innovative products that are contributing to the expansion of the chemical industry within Saudi Arabia and the region.

Sadara is the first facility in the Kingdom to produce specialty items such as high alpha olefin polyethylene resins, elastomer resins, polyols, co-polymer polyols, isocyanate and glycol products. As the leading manufacturer of high-quality, high-value polymers and chemicals, we are enabling customers to diversify production and expand their portfolio to include higher value applications.

Sadara also recently commissioned a state-of-the-art foaming laboratory in the Central Analytical Lab facility to support the Kingdom's ambitions to become a global player in the PU (polyurethane) production industry. This new laboratory enables pre-qualification of PU raw materials, optimization of finished product processes and customer support. By providing this level of technical support and expertise locally, Sadara is offering customers significant time and cost savings. Furthermore, the new facility will help to reduce the adverse environmental impact of the industry by eliminating the formation of large volumes of undesired products, reducing logistic requirements and minimizing chemical waste produced during trial runs.

Another achievement in 2021 was the agreement between Saudi Aramco and the Dow Chemical Company, Sadara's shareholders, to begin transitioning marketing rights of Sadara's finished products to SABIC as the second marketer. The transition began in July, with SABIC marketing Sadara's polyurethanes and other products in the Middle East. As the marketing transition continues over the next five years, additional regions will be targeted to expand Sadara's market presence.

OPERATIONAL PERFORMANCE

Sadara operates 26 integrated plants and works with a number of raw material suppliers, while maintaining full compliance with international and local standards and regulations.

Since full commercial operations began in the second half of 2017, Sadara has maintained the highest standards of health and safety, environmental management and operational excellence, despite the challenges posed by the COVID-19 pandemic.

The site successfully and safely managed several planned and unplanned events, below are example of these events:

- Isocyanate safely executed its first ever mega turnaround. This entailed the planned stoppage of 14 plants so maintenance and upgrades could be carried out. During the turnaround more than 2,200 jobs were completed involving more than 2.7 million safe working hours.
- MFC emergency shutdowns. The required inspections, hazard assessments and associated works to bring the facilities back online safely were achieved with minimal interruption to productivity.
- Also, Toluene Di-Isocyanate (TDI) reboiler underwent an innovative modification in 20201 which allowed the achievement of an additional   7.5 KT of TDI production, prior to Isocyanate.

MEASURING OPERATIONAL PERFORMANCE

Sadara used the Asset Utilization (AU) method to determine how effectively we are using our assets. This method enables us to identify areas of improvement and guides decisions regarding the allocation and prioritization of resources. AU enables Sadara to identify the types, quantities and categories of production losses, understand the reasons behind them and take remedial action.

Sadara has also adopted the Product Supply Reliability (PSR) measure which allows us to track our ability to consistently supply the same quality product, at a reasonable cost and within a reasonable timeframe.

The primary KPIs we track to evaluate our overall operational performance are:

- EH&S – Key environmental, health and safety indicators (please refer to the relevant sections of this report for more details).
- Sales volume "shipped production" – this indicator also gives insight into operational performance including asset management and productivity.
- EBITDA - Earnings before interest, tax, depreciation and amortization.

PROCUREMENT AND LOCAL CONTENT

(102-9, 103-1, 103-2, 103-3)

Sadara is committed to building a world-class Procurement that adds value to the Kingdom. Our sourcing activity serves the needs of the company and its partners, while facilitating the development of a diverse, sustainable and competitive chemicals industry. We want to accelerate the growth of the local economy by supporting local content and prioritizing local procurement. By doing so, we are helping to create new opportunities for business development and growth and encouraging investment in Saudi Arabia's non-oil sector.

We believe that our ability to deliver high-value products is directly linked to the strong partnerships we build with our suppliers that are based on trust, shared principles and mutual value creation. We also aim to ensure we have effective and robust measures in place to ensure that our suppliers meet our strict ESG criteria and support our vision for a sustainable supply chain.

SUPPLIER QUALIFICATION AND AUDITING

(102-48, 308-1, 308-2, 414-1, 414-2)

To conduct business with Sadara, suppliers must meet our strict ESG criteria. Our supplier registration, pre-qualification and assessment processes cover a comprehensive list of requirements that potential suppliers must address or meet. This assessment process is carried out by our pre-qualification committee, which consists of a cross functional team that holistically assesses each potential supplier.

As part of our strong commitment to health and safety and environmental management, an EHS assessment is one of the main evaluation tools used by the pre-qualification committee. This assessment focuses on the HSE policy statement, the HSE SMART objectives, the HSE training matrix, the HSE audit procedure and copies of ISO 9001, ISO 14001 or OHSAS 18001 relevant to the supplier.

Our suppliers are audited on a regular basis to evaluate their performance and adherence to key ESG criteria as set out in our contracts, suppliers' code and other relevant policies and procedures.

Supplier Audits	2020 Baseline	2021 Performance	2025 Target
Suppliers that are subject to audits	#	612	640
Suppliers with which improvements were agreed upon as a result of audits	#	34	27
Suppliers with which relationships were terminated as a result of audits	#	1	1

ENVIRONMENTAL IMPACT

Sadara suppliers and their subcontractors are required to comply with laws and regulations issued by international environmental conventions and regulatory bodies adopted in Saudi Arabia. Our 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 from them or their subcontractors' activities.

SUPPLIERS' WORKFORCE RIGHTS

In line with this Sadara supports the rights of those who work for the company's suppliers. It asks that suppliers pay their employees' salaries and benefits in a timely manner. As a further protection, suppliers' invoices must be accompanied by a letter that certifies that all the suppliers' personnel have been paid their full salaries and benefits under the terms of their agreements with the suppliers for the preceding month.

SUPPLIER SATISFACTION

We believe that supplier satisfaction is a key indicator of our ability to develop and maintain strong relationships with our suppliers which ultimately benefits our business and the industry. Therefore, as part of Sadara's continuous improvement process, our Procurement Department conducts an annual supplier satisfaction survey.

By providing suppliers with an avenue to actively participate in our overall improvement journey, we can achieve greater results across all areas of our business. One example is the sustainability webinar we run for suppliers, which promotes sustainability within the supply chain and is run as part of Sadara's Sustainability Week. In the 2021 supplier survey, Sadara achieved a 98% satisfaction rate.

SUPPORTING LOCAL SUPPLIERS

(204-1)

In 2021, Sadara was certified, for the third time, by the Local Content & Government Procurement Authority (LCGPA) for its support for Local Content. This certification is a testament to Sadara's commitment to supporting local content throughout its operations, from supporting local suppliers favoring local goods and services, to hiring and training Saudi nationals.
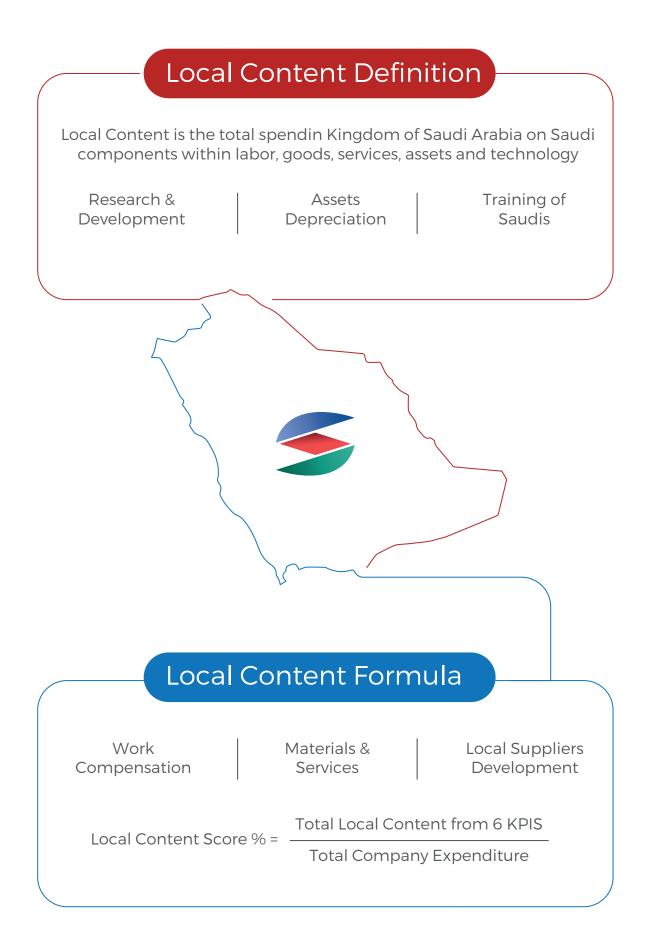
Sadara's local content team continues to drive the implementation of local content in the company's procurement process. to encourage local suppliers to tender for company contracts and guarantee that fair opportunities are given to local suppliers.

In 2021, we increased local procurement spending to 75% compared with 65% in 2020. A different percentage was reported in the 2020 Sustainability Report due to a change in the reporting mechanism. In addition, 42% of the materials we procured were "Made in Saudi."

We are committed to support local manufacturers and we prioritize suppliers that offer "Made in Saudi" products. Sadara audited 64 suppliers and approved more than 30 local manufacturers last year. Sadara has set a target of spending 80% on local suppliers by 2025.

Local Procurement	Unit	2019	2020	2021
Total number of suppliers engaged	#	803	782	802
Total number of local suppliers engaged	#	469	468	503
Total procurement spending	SAR million	3,334	3,754	3,990
Procurement spending on local suppliers	SAR million	2,378	2,426	2,993
Percentage of spending on local suppliers	SAR million	71%	65%	75%

Procurement Practices	Unit	2019	2020	2021
Sourced raw materials	SAR million	1,399	1,324	1,718
Percentage of raw materials sourced locally	%	51%	56%	53%
Sourced spares and equipment	SAR million	506	1,076	409
Percentage of spares and equipment sourced locally	%	66%	40%	81%
Services sourced	SAR million	1,429	1,271	1,620
Percentage of services sourced locally	%	93%	95%	97%
Total Sourced Materials (raw materials & spares and equipment)	SAR million	1,905	2,400	2,127
Percentage of "Made in Saudi" materials sourced	%	38%	31%	42%

*Above percentages are local spending by procurement categories and exclude feedstock.

Local Content Definition

Local Content is the total spendin Kingdom of Saudi Arabia on Saudi components within labor, goods, services, assets and technology

| Research & Development | Assets Depreciation | Training of Saudis |

Local Content Formula

| Work Compensation | Materials & Services | Local Suppliers Development |

$$\text{Local Content Score \%} = \frac{\text{Total Local Content from 6 KPIS}}{\text{Total Company Expenditure}}$$

SUPPLY CHAIN

Sadara's Supply Chain ensures that raw materials are available for manufacturing to enable production according to plan. In addition, the supply chain guarantees marketers and customers on-time delivery and customer satisfaction with regard to product safety, cost and quality.

Supply Chain	Unit	2019	2020	2021	Target 2021
Volume of products exported	M tonnes	3,039,308	3,115,567	2,975,754	3,022,000
Train 1 LLDPE (Bagging & Bulk)	KMT	376	365	354	378
Train 2 LLDPE (Bagging & Bulk)	KMT	412	396	362	380
Train 3 LLDPE (Bagging & Bulk)	KMT	298	292	275	286
Train 4 Elastomer (25 KT, 20 KT, FIBC)	KMT	313	320	301	312
Line 1-PG	KMT	3.6	5	6	9
Line 2-EOD/POD	KMT	37.9	41	41	45
Line 3-Poloys	KMT	46.9	46	56	52
Line 4-PGE	KMT	13.2	17	18	16
Line 5&6-PMDI & TDI	KMT	160	202	126	152
Number of customer shipments	#	DNs=75,415	DNs=75,847	DNs=71,145	NA

CUSTOMER RELATIONS

As a vital partner to the Kingdom's manufacturing industry, the delivery of high-quality products and services to our customers is at the heart of our business. At Sadara, we strive for excellence in customer service and support.

Our network of qualified, experienced personnel, coupled with Sadara's sophisticated production technologies, enables us to adjust our product offerings to meet customer expectations in a timely manner without compromising on quality. This is further supported through our corporate-wide extended sales and operations planning (ES&OP) process which enables accurate planning and scheduling of orders.

Sadara conducts annual customer satisfaction surveys for direct customers as well as regional distributors. This provides us with important feedback and helps us improve operations. In addition, we employ the Six Sigma methodology of tracking defects per million opportunity (DPMO).

DPMO	Unit	2019	2020	2021
DPMO target	#	4,542	4152	11,000

In 2021, Sadara achieved a 51% improvement in its DPMO result with a score of 3,537. This is considered an outstanding achievement in the petrochemical industry.

PRODUCT QUALITY

Sadara follows a meticulous process to certify product quality including identifying, measuring and monitoring product characteristics to verify that requirements have been met in compliance with ISO 9001:2015 for quality management systems.

Sadara ensures product quality by using a minimum analytical sample plan (MASP) which conducts measurements at appropriate stages of the product realization process and:

Ensures the availability and use of suitable monitoring and measurement resources;

Measures and monitors product characteristics to verify that product requirements have been met;

Maintains & retains records of personnel authorizing the release of the product

Maintains evidence of conformity with acceptance criteria

Verifies and confirms that products have their specifications implemented, documented, and maintained for the facility;

Identifies and verifies records of the monitoring and measurement results, including in-process and/or in-line test results are implemented, maintained, and documented for the products under their responsibility.

CUSTOMER SERVICE SURVEY

In 2021, we achieved a 100% response rate to the surveys delivered to our customers.

Area	Excellent	Good	Average	Fair	Poor
Customer service	75.00%	0.00%	25.00%	0.00%	0.00%
On time delivery	14.29%	28.57%	28.57%	0.00%	28.57%
Overall service	28.57%	28.57%	14.29%	28.57%	0.00%
Total	38.71%	16.13%	22.58%	6.45%	16.13%

Sadara has a well-established complaints system that supports customers who wish to raise complaints. These are made to our marketing and sales channel that investigates any product quality or service failure.

Customer complaints are managed through the corrective action management process (CAMP). Our dedicated CAMP team investigates all issues raised, carrying out a root cause analysis and implementing corrective and preventive measures.

Customer Complaints	Unit	2019	2020	2021
Customer Complaints				
Number of customer complaints received	#	880	817	512
Number of customer complaints resolved	#	880	817	512
Number of first call resolution (FCR)	#	817	779	501

PRODUCT AND TECHNOLOGY INNOVATION

Sadara believes product and technological innovation is at the heart of sustainability and a main driver of operational excellence, both of which support long-term profitability.

In 2021, the Quality Department successfully publicized 31 new methods to monitor and verify products or services to better meet customers' expectations and correspond with specifications from the Sadara Intellectual Property (IP) office.

Sadara is working on finalizing Sadara trade secrets. To date, registered trade secrets include one method associated with the determination of the composition of Diethylenetriamine (DETA) column tails and Ethyl aminoethanol (EAE) Crude (heavies) via gas chromatography.

Sadara has also developed in-house analytical software to help smooth operational processes.

Sadara New Future & Innovate@ Program

Sadara's Innovate@ Program — the newest addition to the Sadara New Future Program — aims to promote innovation across the enterprise to improve operations, pioneer novel ideas and supporting long-term profitability.

Innovate@ aims to automate the idea management and innovation system, encompassing areas including operational improvement (TICA), general ideation (open ended and campaign driven) and IP innovation (IP generation and commercialization).

SADARA INVESTMENT OPPORTUNITIES AT PLASCHEM PARK

(203-1, 203-2)

PlasChem Park is a world-class industrial park located next to Sadara's in a 12 square kilometer site in Jubail Industrial City II. PlasChem Park is a collaboration between Sadara and the Royal Commission for Jubail and Yanbu to boost economic growth in the region by creating jobs, reducing the Kingdom's reliance on imports and enhancing its export potential. PlasChem Park is dedicated exclusively to chemical and conversion industries that make direct or indirect use of Sadara's products and raw materials from other suppliers.

In 2021, Sadara and SADIG Industries and ILCO Chemicals (SADIG-ILCO), a Saudi-German joint venture focused on the manufacture of a wide range of specialty chemicals, have signed long-term agreements through which Sadara will supply feedstock chemicals to SADIG-ILCO's future chemical manufacturing facility in Jubail's PlasChem Park. Under the terms of the supply agreements, SADIG-ILCO's new PlasChem Park facility will offtake Ethylene Oxide (EO) and Propylene Oxide (PO) from Sadara through the new EO and PO pipelines that are being built by Sadara. Using these products as feedstock, SADIG-ILCO will manufacture a range of specialty chemicals which will further enable the production of market-ready products in several areas, including cleaners, mining floatation, metal working fluids, industrial lubricants, plastic additives and many other industrial applications.

In addition, companies across various industries worked at PlasChem Park, including Halliburton (ECSC), Rufayah Chemical Company (RCC), Baker Hughes and Veolia.

Veolia has made significant progress toward the completion of its new hazardous waste to energy facility. Construction is expected to be completed by the end of 2022, with start-up anticipated in the first quarter of 2023.

EO/PO Feedstock Pipeline

In 2021, Sadara achieved the mechanical completion of its Ethylene Oxide/Propylene Oxide (EO/PO) pipeline and distribution center project. The parallel pipelines will provide feedstock to tenants at PlasChem Park, enabling them to produce diversified specialty chemical products.

The first of its kind in the region, the EO/PO pipeline is another catalyst for growth in downstream manufacturing in the Kingdom and is expected to drive new business opportunities and create thousands of new jobs.

PEOPLE AND COMMUNITY

Sadara is committed to supporting and empowering employees and the communities in which it operates. Through a wide range of programs and initiatives launched by Sadara, we demonstrate our commitment to the Kingdom.

Performance against Sustainability Strategy KPIs

Sustainability Strategy KPIs	2020 Baseline	2021 Performance	2025 Targets
Employee Engagement (rate over 10)	7.3	6.8	7.66
Job nationalization "Saudization"	71%	74%	82%
Women inclusion and employment (%)	2.2%	2.5%	5%
Training hours and Development Programs (hours)	46,236.25	48,547.5	83,060.17
Community Engagement Initiatives	17	19	25
Volunteering initiatives (hours)	300	139	10,000*

*this figure will be the accumulative volunteering hours for the 5 years

OUR PEOPLE

(102-8, 103-1, 103-2, 103-3, 401-1)

We recognize the value of our people in actualizing our vision and mission. We are always harvesting and nurturing the brightest regional and international talent and providing them with the resources they need to excel in their careers.

Highlights

In 2021, our Human Resources departments achieved a plethora of milestones, including:

- More than 40 announcements related to HR policies and procedure awareness made to employees.

- More than 10 awareness sessions were conducted, including sessions on medical insurance awareness, thrift plan awareness and quarterly time management awareness.

- In excess of 25,000 services were provided in 2021 through which we achieved 100% high-leverage practices (HLP) utilization with 14% improvement in service closing time and 98% satisfaction feedback.

Sadara's overall Business and HR Strategy revolves around attracting, motivating, engaging and retaining the best talent that will contribute to the success of the organization. To this effect, Sadara continuously pursues initiatives to hire talented individuals and enhance the wellbeing of all staff.

Sadara's Human Resources Policy and Organizational Development Department has launched various programs including the Sadara Talent Assessment Program for leaders and those with high potential, that aim to develop the technical and leadership skills of Sadara employees. Additionally, to enhance the wellbeing of our people onsite, Sadara offers a variety of services including housing, recreational, transportation, travel, mail, printing, concession and office facilities and maintenance services.

Our workforce comprises 3,092 employees. Numbers have been declining slightly over the past two years as a result of the COVID-19 pandemic and the resulting movement restrictions.

Workforce	2019	2020	2021
Workforce size			
Total number of employees	3,272	3,166	3,092
Full-time employees	3,272	3,166	3,092
Part-time employees	0	0	0
By employment level			
Full-time employees in senior management	27	31	32
Full-time employees in middle management	358	449	444
Full-time staff (not senior or middle management)	2,887	2,686	2,616
Workforce age profile			
Workforce by age 18-30	1,257	1,154	1,085
Workforce by age 31-50	1,806	1,826	1,831
Workforce by age 51+	209	186	176
Workforce by gender profile			
Female full-time employees	61	69	76
Male full-time employees	3,211	3,097	3,016

Hiring and Turnover	2019	2020	2021
New employee hires by employment level			
New employee hires in senior management	1	0	2
New employee hires in middle management	6	3	4
New staff hires (not senior or middle management)	110	88	62
Employee turnover			
Total number of employees who left the organization	237	201	183
Turnover rate	7.1%	6.2%	5.8%
Turnover by gender			
Female	8	6	4
Male	229	195	179

Industrial Relations (IR) business office is crucial to the management of Sadara employees as the unit contributes to top-level strategic planning and decision-making. This ensures our HR strategy is aligned with tested industry practices and strategies as well as company objectives.

Absenteeism	2019	2020	2021
Total number of missed workdays	19,501	23,850	21,201
Total workdays (full time employees)	6,179,654	6,026,485	6,504,487
Employee absentee rate	0.32%	0.40%	0.33%

Sadara is proud of our employees for demonstrating their commitment to the organization by having achieved an employee absentee rate almost equal to that of 2019, despite the ongoing COVID-19 pandemic.

SAUDIZATION

(202-2)

As a commitment to the Kingdom and the Vision 2030 program, Sadara strives to support, educate and hire talented local talent. We established a national employee recruitment strategy from which the following initiatives were developed:

Apprenticeship Program (APNE): High school and vocational college graduates have the opportunity to receive paid training to improve their technical and/or clerical skills per Sadara's standards. After training, they have the chance to be hired as employees.

Internship or Co-op Program: This structured program enables students from accredited universities and institutions to gain practical and challenging on-the-job work experience as part of their degree requirements.

Student Sponsorship Program: Educational support is offered to talented students in colleges, universities and institutions with the purpose of offering them employment after graduation.

The proportion of Saudi nationals in Sadara's workforce continues to increase, now constituting 74% of the full-time workforce. This demonstrates our position as an excellent employer and a supporter of the Vision 2030.

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

Nationalization	2019	2020	2021
Nationals in senior management	23	27	30
Percentage of nationals in senior management positions	85.2%	87.1%	93.4%
Nationals among total full-time workforce	2,272	2,274	2,288
Expatriate employees (full-time)	1,000	892	804
Percentage of nationals among the full-time workforce	69.4%	71.8%	74.0%
Nationalization by gender			
Female national full-time employees	61	69	76
Male national full-time employees	2211	2205	2212

INCLUSION AND DIVERSITY
(103-1, 103-2, 103-3, 405-1, 405-2)

Sadara strives to create an environment that empowers the workforce and enable career development. We believe in equal opportunity hiring and skills development. Also, we promote a comfortable and convenient working environment for all, regardless of gender, nationality, age or religion. Our hiring strategy has been continuously optimized to attract and retain more female employees.

The number of female employees at Sadara has risen steadily since 2019.

To demonstrate our appreciation for our female employees, on 8 March Sadara celebrated International Women's Day. Each female employee received gifts and a card from the CEO.

Sadara aims to progressively continue increasing the number of female employees to maintain a comfortable, diverse and inclusive working environment.

Female Employment	2019	2020	2021
Number of female employees in the workforce	61	69	76
Percentage of female employees in the workforce	1.86%	2.20%	2.50%
Females in senior management	0	0	0

New hires	2019	2020	2021
Female	23	12	11
Male	94	79	57
Percentage of new female hires	19.7%	13.2%	16.2%

TRAINING AND DEVELOPMENT

(103-1, 103-2, 103-3, 404-1, 404-2, 404-3)

Sadara is committed to cultivating the capacity and capability of its employees by developing their industrial, professional and leadership skills. This enables us to collectively operate our Chemical Complex in a safe, efficient and profitable manner.

Last year brought a multitude of progress to Sadara's human resources. Initiatives included development of the new Sadara Leadership Development Program (SLDP), centralizing training coordination activities under the Training HelpDesk, uploading a company-wide training matrix in the Learning Management System, establishing strategic partnerships with safety and qualification training providers, developing e-learning courses and automating most of the department processes.

These programs provide frequent and thorough training sessions, constantly replenish employee skills and ensure that operations run smoothly. Training modules included EHS&S Training, Leadership Training, Professional Skill Development, Technical Skill Development and e-learning solutions.

Despite delays to training programs caused by the COVID-19 pandemic, we achieved a 7% net increase in training hours last year compared with 2020. This was made possible by converting most training programs to virtual classrooms and developing e-learning courses.

Employees receive semi-annual performance evaluations and career development reviews to ensure our workforce receives proper career and skills development support.

Training Hours	2019	2020	2021
Total hours of training for employees	233,167	46,236.25	48,547.5
Average hours of training per employee	61.51	27.86	31.27
Average hours of training per female employee	31.39	25.93	27.57
Average hours of training per male employee	62.06	27.90	31.34
Training hours per employee on sustainability aspects	22.37	16.53	22.37
Number of safety training hours	55,589	51,928	69,355
Number of participants in Safety training	3,510	3,666	3,318
Percentage of employees receiving regular performance and career development reviews	100%	100%	100%

Training Participation by Gender	2019	2020	2021
Female employees participating in training	69	75	63
Male employees participating in training	3,722	3,682	3,515

Sadara aims to certify 90% of employees who are employed in their job role in the past 3 years. The certification process is through the Sadara Program for Operators and Technicians (SPOT). Furthermore, Sadara also supports the development of Leaders and Professionals in partnership with distinguished institutes (i.e., ICF, CIPD). Sadara is currently integrating competency-based learning solutions and mapping it on employees' career paths. Likewise, Sadara continues to build a culture of learning by promoting e-learning platforms where employees can access on-demand without Instructor-led training. Internally, this supports Sadara's strategic goal of certifying 90% of its staff on relevant skills. To ensure that programs are run without delay, Sadara has contracted with multiple training providers/vendors.

WAGES AND BENEFITS

(102-38, 102-39, 401-2, 401-3)

In line with our strategy to attract and retain the best talent, all established policies, compensation, benefits, work-life balance as well as training and development are designed to contribute to reducing overall employee attrition and improving employee engagement.

Employees are eligible for a Performance Based Bonus (Variable Pay) if they meet or exceed expectations. It's linked to both individual and company performance. Most compensation and benefit programs are tied to employee tenure and employment service.

Wages and Benefits	Unit	2019	2020	2021
Salaries paid (includes standard elements basic pay, consolidated allowances, etc.)	SAR thousands	806,054	797,980	774,920
Benefits paid (includes elements such as pension, gratuity, medical insurance, annual passage, education, etc.)	SAR thousands	220,055	233,255	215,435

Under our Parental Leave Policy, female employees are entitled to 10-weeks paid maternity leave, which may begin four weeks before the expected delivery date. That must include at least six weeks post-delivery to enable full recuperation. Maternity leave may be extended by applying for one-month of unpaid leave.

Parental Leave	2019	2020	2021
Number of female employees that took parental leave	7	5	5
Number of female employees who returned to work after parental leave ended (return to work)	6	4	5
Return to work rate (%)	86%	80%	100%

EMPLOYEE SATISFACTION

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

Sadara's employees are at the heart of our success and establishing a workplace in which they feel comfortable and empowered is a necessity. Sadara provides advice, consultation and a channel to raise concerns through grievances. Sadara also assists managers in following company policies and Internal Work Rules and also applies disciplinary actions where necessary.

We strive to engage with employees through various channels and initiatives, in addition to listening to their feedback. Sadara annually holds the Peakon Employee Engagement Survey for this purpose. The fifth cycle of this survey was launched at the Sadara Virtual Town Hall Meeting this year. It tracks and evaluates employee engagement and provides an opportunity to highlight any areas of development needed.

Employee Engagement and Satisfaction	Unit	2019	2020	2021	Target 2025
Employee engagement	out of 10	6.9	7.3	6.8	7.7
Employee satisfaction	out of 10	6.7	7.5	7.1	7.7

EMPLOYEE ACTIVITIES

Sports

Sadara is passionate about encouraging its community to stay active and fit. It hosts a number of sports events, which also contribute to building a culture of community. This year, the Polyethylene Steam Generation Unit (PE-SGU) team won the Sadara Basketball Championship (SBC) title.

Furthermore, during the month of Ramadan, sports tournaments were held to boost employee fitness. Tournament winners were honored at a dedicated ceremony.

OUR COMMUNITY

Sadara is strongly committed to being a responsible corporate citizen and serving the Kingdom and the local communities by being accountable for the impact of its operations, while substantially contributing to the wellbeing of the community as a whole. That is why Community Outreach is one of the core pillars of the Sadara Sustainability Strategy.

We reach out to communities in Jubail, the Eastern Province and the Kingdom at large. We engage with the community with an aim to help the needy, support the younger generation's development & education, create social awareness, and partner with non-profit organizations (NGOs), as well as educate the community on the environment and health and safety challenges. In addition, the company and its many employee volunteers are active in addressing society's needs.

Sadara's Community Outreach Strategy is designed primarily to align the company's goals and brand values with Social impact results. It builds a commitment and a foundation for decision making and enables better planning, project management and measurement.

In essence, it is the roadmap to boost shareholder trust and increase profit in a sustainable and ethical way by taking ownership of corporate decisions and improving them with a clear medium to long term vision.

Sadara Community Outreach Strategy focuses on 5 main pillars::

Education: Support local education, innovation, development and knowledge driven programs & activities.

EHS: Create awareness and support Environmental, Health & Safety initiatives and programs.

Philanthropy: Support the needy people and charity initiatives/organizations.

Culture: Promote Saudi cultural activities.

Volunteerism: Sponsor Sadara Volunteering Clubs and initiatives as well as encourage the volunteering culture in the community.

EDUCATION

Sadara supports education across the Kingdom by providing dynamic programs and activities. The company has extensive involvement in local communities and strives to educate and provide professional opportunities to young individuals through number of educational programs as listed in below table:

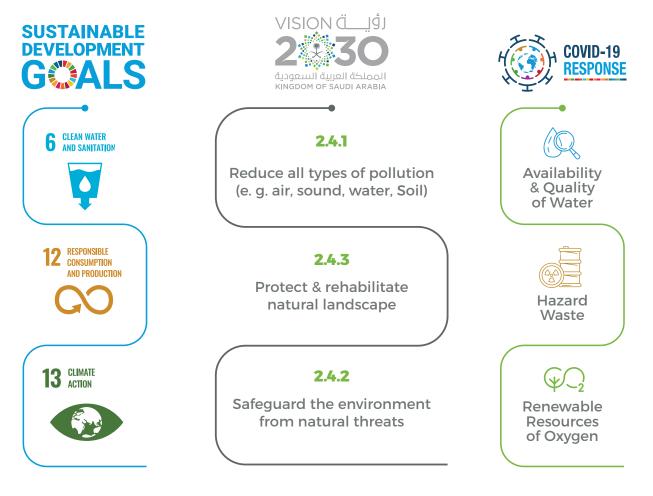| Sadara Community Educational Programs	2019	2020	2021
Internships			
Interns graduated from the Sadara program	57	55	53
Female interns participating in training	12	44	17
Male interns participating in training	45	41	36
On-Job Training (OJT)			
Trainees onboarded	12	40	31
Male trainees participating in training	12	40	30
Female trainees participating in training	0	0	1

ENVIRONMENT

Protecting the environment is a key priority for us. Our efforts to promote environmental awareness is not limited to our own operations; we engage in programs that seek to safeguard the environment and natural resources for future generations.

This year, we held:

2021 Innovative Environmental Solutions Competition

Sadara held this competition for the fourth consecutive year in collaboration with. The initiative is supports our community outreach strategy and serves to contribute to the achievement of the UN SDGs.

The 2021 competition focused on the COVID-19 response, three SDGs and the Saudi Vision 2030.

SUSTAINABLE DEVELOPMENT GOALS

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

VISION 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

2.4.1
Reduce all types of pollution (e. g. air, sound, water, Soil)

2.4.3
Protect & rehabilitate natural landscape

2.4.2
Safeguard the environment from natural threats

COVID-19 RESPONSE

Availability & Quality of Water

Hazard Waste

Renewable Resources of Oxygen

In 2021, the National Center of Environmental Compliance participated as sponsor for this competition and encouraged participants to find environmental solutions to a variety of challenges. Winners were announced and honored during a ceremony attended by Sadara's CEO and Management Committee as well as the organizing and judging committee members.

Sadara Employees Clean Up Campaign

Sadara employees demonstrated their commitment to safeguarding the environment by participating in a cleanup campaign conducted off-site in the vicinity of the plant. The initiative aimed to promote proper disposal of waste as well as to improve community spirit among employees.

The campaign was deliveredthree times in 2021, totalling 76 volunteer hours and 330 kg of plastic removed from the environment and disposed of correctly.

Volunteers from Sadara teamed to conduct a cleanup outside the Sadara fence, in the latest stage of an ongoing campaign under the Waste Free Environment (WFE) initiative.

Sadara Kids Drawing Contest "Our Green Future"

The Sustainability and EHS&S Corporate teams developed an environmental drawing contest for employees' children, entitled "Our Green Future." The competition serves to raise awareness among current and future generations about environmental protection and related causes as well as the UN SDGs. This year's contest focused on Sadara's five pillars of the sustainability strategy.

Saudi Environmental week:

Sadara supported the Saudi Environment Week through a series of activities to promote awareness:

1- Holding an online lecture about the environmental protection and achieving SDGs and 2030 Vision for Al Rowad School;

2- Collaborating with Saudi Daz Recycling, an e-waste recycling company, and the Royal Commission, by providing bins for e-waste in Jubail City to be collected by Daz for recycling;

3- Holding a cleanup campaign with Sadara employees;

4- Participating in Earth Hour with Sadara employees and their families.

SAFETY

As part of the company's safety awareness efforts, Sadara has held a live virtual event on Fire Home Safety for employees and their families.

The online event was staged on Apr. 7 to explain the basic steps we all need to follow at home to assure a safe environment.

More than 160 Sadara families attended the short virtual presentation..

HEALTH

Blood Donation Campaign

Each year, Sadara holds an employee blood donation campaign through partnership with local hospitals, including Saad Specialist Hospital and King Fahd Specialist Hospital.

Sadara launched a blood donation campaign with Al-Mana General Hospital (Jubail). A large number of Sadara employees participated in the campaign and it was repeated several times.

PHILANTHROPY

Sadara's Sponsorships and Donations Committee is responsible for managing company donations and sponsorships. The Committee governs the administration of all sponsorships and donations provided by Sadara, in line with the company's Code of Ethics, CSR strategy, core values and corporate branding initiatives. Overall, the donations and sponsorships serve to help build the Kingdom and the communities Sadara serves. The Committee abides by the Committee Charter, Guidelines and Process documents. All endorsements undergo an approval process via vote by the Committee members, then concurred by the Industrial Relations Vice President, and then the CEO.

Sadara was honored for our winter clothing program for families in need in the Jubail area. Sadara volunteers helped pack blankets and winter clothes donated by the company.

We also donated electric heaters to support families in need during the winter months.
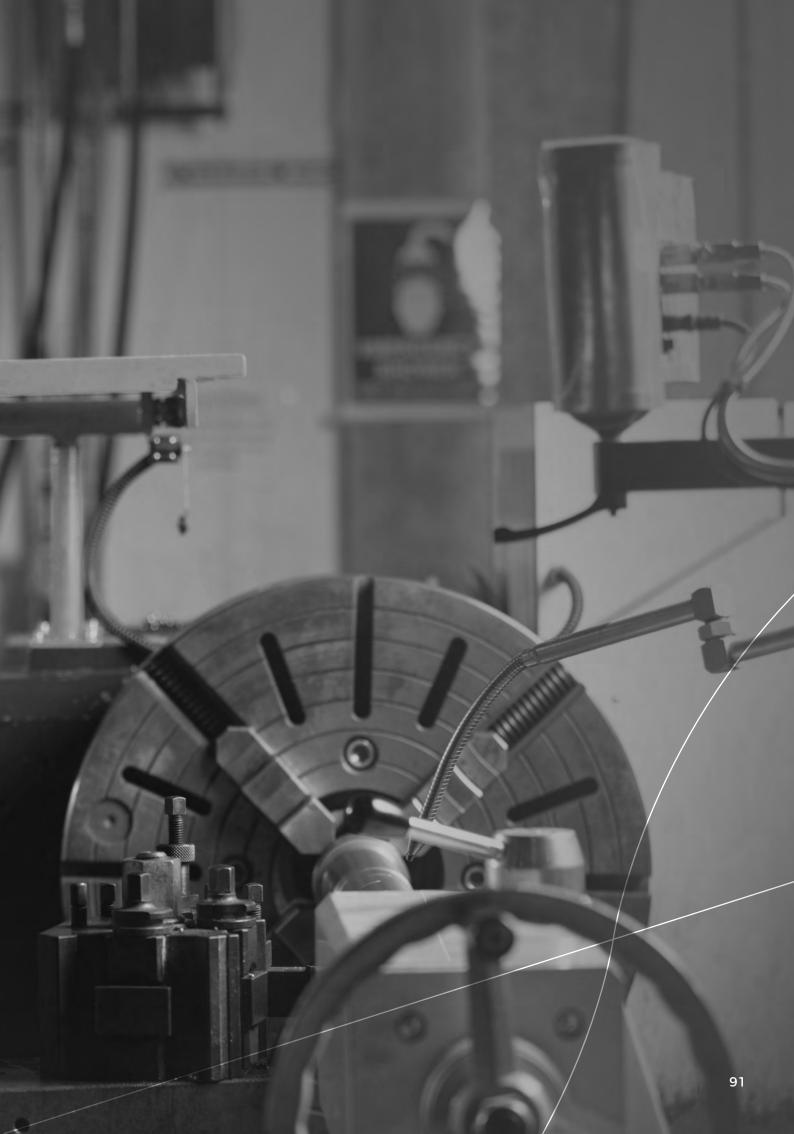
CULTURE

As part of its support for the Kingdom, Sadara enjoyed grand celebrations of the Saudi National Day on September 23.

APPENDIX
(102-55)

GRI CONTENT INDEX

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 | **MATERIALITY DISCLOSURES SERVICE** | **2022**

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
	Organizational profile			
GRI 102: General Disclosures 2016	102-1 Name of the organization	13	Sadara at a Glance	
	102-2 Activities, brands, products, and services	13	Sadara at a Glance	
	102-3 Location of headquarters	13	Sadara at a Glance	
	102-4 Location of operations	13	Sadara at a Glance	
	102-5 Ownership and legal form	13	Sadara at a Glance	
	102-6 Markets served	65	Marketing Overview	
	102-7 Scale of the organization	13	Sadara at a Glance	
	102-8 Information on employees and other workers	76	Our People	
	102-9 Supply chain	66	Procurement & Local Content	
	102-10 Significant changes to the organization and its supply chain	65	Marketing Overview	
	102-11 Precautionary Principle or approach	38	Risk and Crisis Management	
	102-12 External initiatives	30, 56, 61	Alignment with Frameworks, Initiatives and SDGs; Energy Consumption; Operation Clean Sweep	
	102-13 Membership of associations	38	Memberships and Associations	
	Strategy			
	102-14 Statement from senior decision-maker	10, 11	Message from the CEO	
	102-15 Key impacts, risks, and opportunities	38	Risk and Crisis Management	

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
	Ethics and integrity			
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	13	Sadara at a Glance	
	102-17 Mechanisms for advice and concerns about ethics	40	Ethics & Compliance	Business Ethics
	Governance			
	102-18 Governance structure	36	Corporate Governance	
	102-19 Delegating authority	36	Our Board of Directors	Board
	102-21 Consulting stakeholders on economic, environmental, and social topics	26	Stakeholder Engagement	Controversial Sourcing
	102-22 Composition of the highest governance body and its committees	36	Our Board of Directors	Board
	102-23 Chair of the highest governance body	36	Corporate Governance	
	102-25 Conflicts of interest	40	Ethics & Compliance	Business Ethics
	102-26 Role of highest governance body in setting purpose, values, and strategy	37	Sustainability Committee	Board
	102-27 Collective knowledge of highest governance body	36	Our Board of Directors	
	102-28 Evaluating the highest governance body's performance	36	Our Board of Directors	
	102-29 Identifying and managing economic, environmental, and social impacts	26, 27	Stakeholder Engagement Our Materiality Matrix	
	102-30 Effectiveness of risk management processes	38, 47, 50, 51	Risk and Crisis Management	
	102-31 Review of economic, environmental, and social topics	36, 37	Our Board of Directors	
	102-32 Highest governance body's role in sustainability reporting	9, 36, 37	About this Report; Our Board of Directors	Board
	102-33 Communicating critical concerns	26, 36	Stakeholder Engagement; Our Board of Directors	
	102-38 Annual total compensation ratio	82	Wages and Benefits	Accounting; Pay
	102-39 Percentage increase in annual total compensation ratio	82	Wages and Benefits	

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
GRI 102: General Disclosures 2016	*Stakeholder engagement*			
	102-40 List of stakeholder groups	Refer to 2020 sustainability report page 24 https://sadara.com/-/media/Files/Sadara_2020_SR_Eng_Final2.ashx?la=en		
	102-41 Collective bargaining agreements	Collective bargaining agreements are illegal in the Kingdom of Saudi Arabia		
	102-42 Identifying and selecting stakeholders	26	Stakeholder Engagement	
	102-43 Approach to stakeholder engagement	26	Stakeholder Engagement	
	102-44 Key topics and concerns raised	26, 27	Material Topics; Our Materiality Matrix	
	Reporting practice			
	102-45 Entities included in the consolidated financial statements	64	Financial Performance	Accounting
	102-46 Defining report content and topic boundaries	9	About this Report	
	102-47 List of material topics	26, 27	Material Topics; Our Materiality Matrix	
	102-48 Restatements of information	66	Supplier Qualification and Auditing	
	102-49 Changes in reporting	There were no changes made to the reporting process.		
	102-50 Reporting period	9	About this Report	
	102-51 Date of most recent report	2020		
	102-52 Reporting cycle	January 1, 2021 to December 31, 2021		
	102-53 Contact point for questions regarding the report	9	About this Report	
	102-54 Claims of reporting in accordance with the GRI Standards	9	About this Report	
	102-55 GRI content index	90	Appendix	
	102-56 External assurance	104	External Assurance	

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
Material Topics				
GRI 200 Economic Standard Series				
Economic Performance				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	64	Financial Performance	
	103-2 The management approach and its components	64	Financial Performance	
	103-3 Evaluation of the management approach	64	Financial Performance	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	64	Financial Performance	Accounting
	201-4 Financial assistance received from government	64	Financial Performance	
Market Presence				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	76	Our People	
	103-2 The management approach and its components	76	Our People	
	103-3 Evaluation of the management approach	76	Our People	
GRI 204: Procurement Practices 2016	202-2 Proportion of senior management hired from the local community	79	Saudization	Human Capital Development
Indirect Economic Impacts				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	64	Business Growth and Operational Excellence	
	103-2 The management approach and its components	64	Business Growth and Operational Excellence	
	103-3 Evaluation of the management approach	64	Business Growth and Operational Excellence	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	62, 73	Business Growth and Operational Excellence Sadara Investment Opportunities at PlasChem Park	
	203-2 Significant indirect economic impacts	62, 73	Business Growth and Operational Excellence Sadara Investment Opportunities at PlasChem Park	

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
Material Topics				
GRI 200 Economic Standard Series				
Procurement Practices				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	66	Procurement and Local Content	
	103-2 The management approach and its components	66	Procurement and Local Content	
	103-3 Evaluation of the management approach	66	Procurement and Local Content	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	68	Supporting Local Suppliers	
Anti-corruption				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42	Anti-Corruption	
	103-2 The management approach and its components	42	Anti-Corruption	
	103-3 Evaluation of the management approach	42	Anti-Corruption	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	42	Anti-Corruption	Business Ethics
Anti-competitive Behavior				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40	Ethics & Compliance	
	103-2 The management approach and its components	40	Ethics & Compliance	
	103-3 Evaluation of the management approach	40	Ethics & Compliance	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	40	Ethics & Compliance	Business Ethics

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
Material Topics				
GRI 300 Environmental Standards Series				
Materials				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	58	Material Effectiveness	
	103-2 The management approach and its components	58	Material Effectiveness	
	103-3 Evaluation of the management approach	58	Material Effectiveness	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	57, 59	Material Effectiveness Water and Effluents	Raw Material Sourcing
	301-2 Recycled input materials used	57, 59, 60	Material Effectiveness Water and Effluents	
Energy				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	56	Energy Consumption	
	103-2 The management approach and its components	56	Energy Consumption	
	103-3 Evaluation of the management approach	56	Energy Consumption	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	56, 57	Energy Consumption	
	302-3 Energy intensity	56, 57	Energy Consumption	
	302-4 Reduction of energy consumption	56, 57	Energy Consumption	
	302-5 Reductions in energy requirements of products and services	56, 57	Energy Consumption	
Water and Effluents				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	57	Water & Effluents	
	103-2 The management approach and its components	57	Water & Effluents	
	103-3 Evaluation of the management approach	57	Water & Effluents	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	57	Water & Effluents	Water Stress
	303-2 Management of water discharge-related impacts	57	Water & Effluents	
	303-3 Water withdrawal	57	Water & Effluents	
	303-4 Water discharge	57	Water & Effluents	
	303-5 Water consumption	57	Water & Effluents	

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GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
Material Topics				
GRI 300 Environmental Standards Series				
Biodiversity				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	61	Biodiversity	Biodiversity
	103-2 The management approach and its components	61	Biodiversity	
	103-3 Evaluation of the management approach	61	Biodiversity	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	61	Biodiversity	
	304-2 Significant impacts of activities, products, and services on biodiversity	61	Biodiversity	
	304-3 Habitats protected or restored	61	Biodiversity	
Emissions				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	55	GHG Emissions	GHG Emissions
	103-2 The management approach and its components	55	GHG Emissions	
	103-3 Evaluation of the management approach	55	GHG Emissions	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	55	GHG Emissions	
	305-2 Energy indirect (Scope 2) GHG emissions	55	GHG Emissions	
	305-3 Other indirect (Scope 3) GHG emissions	Not measured, not reported		
	305-4 GHG emissions intensity	55	GHG Emissions	
	305-5 Reduction of GHG emissions	55	GHG Emissions	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	55	GHG Emissions	

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
Material Topics				
GRI 300 Environmental Standards Series				
Waste				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	58	Material Effectiveness	
	103-2 The management approach and its components	58	Material Effectiveness	
	103-3 Evaluation of the management approach	58	Material Effectiveness	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	59	Material Effectiveness; Circular Economy	Packaging Material and Waste
	306-2 Management of significant waste-related impacts	58-60	Material Effectiveness; Circular Economy	
	306-3 Waste generated	58-60	Material Effectiveness; Circular Economy	
	306-4 Waste diverted from disposal	58-60	Material Effectiveness; Circular Economy	
	306-5 Waste directed to disposal	58-60	Material Effectiveness; Circular Economy	
Supplier Environmental Assessment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	66	Procurement and Local Content	
	103-2 The management approach and its components	66	Procurement and Local Content	
	103-3 Evaluation of the management approach	66	Procurement and Local Content	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	66	Supplier Qualification and Auditing	
	308-2 Negative environmental impacts in the supply chain and actions taken	66	Supplier Qualification and Auditing	

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
Material Topics				
GRI 400 Social Standards				
Employment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	76	Our People	
	103-2 The management approach and its components	76	Our People	
	103-3 Evaluation of the management approach	76	Our People	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	76	Our People	Labor Management
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	82	Wages and Benefits	
	401-3 Parental leave	82	Wages and Benefits	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	44	Occupational Health and Safety	
	103-2 The management approach and its components	44	Occupational Health and Safety	
	103-3 Evaluation of the management approach	44	Occupational Health and Safety	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	47	Occupational Health and Safety	
	403-2 Hazard identification, risk assessment, and incident investigation	47-51	Occupational Health and Safety	
	403-3 Occupational health services	49	Occupational Health and Safety	
	403-4 Worker participation, consultation, and communication on occupational health and safety	47-51	Occupational Health and Safety	
	403-5 Worker training on occupational health and safety	49	Occupational Health and Safety	
	403-6 Promotion of worker health	46-49	Occupational Health and Safety	Health & Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	47-49	Occupational Health and Safety	
	403-8 Workers covered by an occupational health and safety management system	49	Occupational Health and Safety	
	403-9 Work-related injuries	48	Occupational Health and Safety	
	403-10 Work-related ill health	48	Occupational Health and Safety	

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
Material Topics				
GRI 400 Social Standards				
Training and Education				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	81	Training & Development	
	103-2 The management approach and its components	81	Training & Development	
	103-3 Evaluation of the management approach	81	Training & Development	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	81	Training & Development	
	404-2 Programs for upgrading employee skills and transition assistance programs	81	Training & Development	Human Capital Development
	404-3 Percentage of employees receiving regular performance and career development reviews	81	Training & Development	
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	80	Inclusion and Diversity	
	103-2 The management approach and its components	80	Inclusion and Diversity	
	103-3 Evaluation of the management approach	80	Inclusion and Diversity	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	80	Inclusion and Diversity	
	405-2 Ratio of basic salary and remuneration of women to men	80	Inclusion and Diversity	
Non-discrimination				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	83	Employee Satisfaction and Wellbeing	
	103-2 The management approach and its components	83	Employee Satisfaction and Wellbeing	
	103-3 Evaluation of the management approach	83	Employee Satisfaction and Wellbeing	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	34	Employee Satisfaction and Wellbeing	

RIGHTS OF INDIGENOUS PEOPLES

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
Material Topics				
GRI 400 Social Standards				
Security Practices				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	41	Human Rights Management	
	103-2 The management approach and its components	41	Human Rights Management	
	103-3 Evaluation of the management approach	41	Human Rights Management	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	41	Human Rights Management	Human Capital Development
Rights of Indigenous Peoples				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	41	Human Rights Management	
	103-2 The management approach and its components	41	Human Rights Management	
	103-3 Evaluation of the management approach	41	Human Rights Management	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	N/A	Human Rights Management	
Human Rights Assessment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	41	Human Rights Management	
	103-2 The management approach and its components	41	Human Rights Management	
	103-3 Evaluation of the management approach	41	Human Rights Management	
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	41	Human Rights Management	
	412-2 Employee training on human rights policies or procedures	41	Human Rights Management	
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	41	Human Rights Management	

RIGHTS OF INDIGENOUS PEOPLES

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Chapters	Alignment with Tadawul ESG Disclosures
Material Topics				
GRI 400 Social Standards				
Supplier Social Assessment				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	66	Procurement & Local Content	
	103-2 The management approach and its components	66	Procurement & Local Content	
	103-3 Evaluation of the management approach	66	Procurement & Local Content	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	66, 67	Supplier Qualification and Auditing	Supply Chain Labor Standard
	414-2 Negative social impacts in the supply chain and actions taken	66, 67	Supplier Qualification and Auditing	
Customer Health and Safety				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	50	Product Stewardship Practices	
	103-2 The management approach and its components	50	Product Stewardship Practices	
	103-3 Evaluation of the management approach	50	Product Stewardship Practices	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	50	Product Stewardship Practices	Product Safety & Quality
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	50	Product Stewardship Practices	
Marketing and Labeling				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	50	Product Risk & Stewardship	
	103-2 The management approach and its components	50	Product Risk & Stewardship	
	103-3 Evaluation of the management approach	50	Product Risk & Stewardship	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	50	Product Risk & Stewardship	Product Safety & Quality; Chemical Safety
	417-2 Incidents of non-compliance concerning product and service information and labeling	50	Product Risk & Stewardship	
Customer Privacy				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42	Information & Cybersecurity	
	103-2 The management approach and its components	42	Information & Cybersecurity	
	103-3 Evaluation of the management approach	42	Information & Cybersecurity	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	42	Information & Cybersecurity	Privacy & Data Security

EXTERNAL ASSURANCE

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Independent Assurance Statement

To the Management, Shareholders, Stakeholders and Readers
Sadara Chemical Company (hereafter, Sadara) commissioned Sustainable Square Consultancy & Think Tank (hereafter, Sustainable Square) to provide an independent assurance on the Sustainability Report and a set of key sustainability performance indicators disclosed in the Sustainability Report and GHG Inventory Report for the reporting period of January 2021 to December 2021.

The information and all data presented in the Sustainability Report and GHG Inventory Report 2021 is the responsibility of Sadara. This statement is the responsibility of Sustainable Square, as a result of the independent assurance process conducted in May 2022.

Scope of Work

This Independent Assurance Statement is developed by Sustainable Square to provide third-party assurance for the Sustainability Report and a set of key sustainability performance indicators mentioned in the GHG Inventory Report and Sustainability Report 2021 in accordance with the AA1000 Assurance Standard (AA1000 AS). We provided Type 2 Moderate Assurance to evaluate adherence to the AccountAbility Principles of AA1000AS v3 and reliability and quality of the key sustainability performance indicators.

A: Evaluation of Sadara's' Adherence to the AA1000 Accountability Principles (AA1000 AS v3)

1. **Inclusivity:** The process of identifying and engaging with stakeholders to gain a full understanding of issues
2. **Materiality:** The process of assessing the relative importance of each issue
3. **Responsiveness:** How Sadara has responded to stakeholder issues and how this is reflected in the sustainability report
4. **Impact:** How the organisation monitors, measures and ensures accountability for how its actions affect their broader ecosystems

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

The set of key sustainability performance indicators included,

1. Total Petrochemicals production
2. GHG Intensity
3. GHG emission Scope 1
4. GHG emission Scope 2
5. SOx emissions
6. NOx emissions
7. Energy Intensity
8. Flaring
9. Water Intensity
10. Material Effectiveness Intensity

Reporting Criteria

The Sustainability Report needs to be read and understood together with the reporting criteria. Sadara is solely responsible for selecting and applying these reporting criteria, taking into account applicable standards, frameworks and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability metrics are the applied internally developed reporting criteria, in accordance with the GRI Standards: Core option and in alignment with Sustainability Accounting Standards Board (SASB). Other national and global reporting criteria are available in the 'About this Report' section of the Sustainability Report.

Assurance Methodology

To achieve optimum transparency in the assurance process, Sustainable Square carried out a strict review exercise on the basis of evidence, the processes and management practices. The approach was in acherence to the AA1000 AccountAbility Principles and the process included the following,

- Reviewed and analysed the processes related to stakeholder identification, categorisation and engagement, including understanding what engagement methods were used for each category, what the feedback of stakeholders was and how it was reflected and addressed in the report.
- Reviewed the process of identifying material topics from the stakeholders' perspective, and the business perspective, culminating in the materiality matrix.
- Interviewed Sadara's sustainability division, responsible for the overarching sustainability management, stakeholder engagement, implementation of the approach, creation of plans and monitoring and evaluation of the results. The sustainability division was also responsible for coordinating the reporting requirements within Sadara.
- Conducted engagements via videoconferencing to interview members of the key departments, responsible for the reporting and performance indicators listed under 'Scope of Work'.
- Reviewed processes and methods for the analysis and reporting of the disclosed data.
- Reviewed internal documents related to the select set of performance metrics including Sadara footprint data, GHG inventory protocol, conversion factors and calculations in alignment with global as well as sector-specific standards. These include GHG Protocol, API Compendium and Aspen.
- Obtained understanding of the reporting processes and Sadara's internal control, which was limited only to the requirement of this assurance process. We did not engage on this matter to scrutinise or present any conclusion on Sadara's internal control and management.
- Evaluated all the qualitative evidence received in the form of documents.

A: Evaluation Of Sadara's' Adherence To The AA1000 Accountability Principles (AA1000 AS v3) Of Inclusivity, Materiality, Responsiveness and Impact

Our observations and findings provide key highlights based on the transparency delivered by Sadara in its reporting process. In context to the engagements we held and the evidence we obtained, nothing has come to our attention to express that Sadara did not adhere to the majority of the criteria under the principles of inclusivity, materiality, responsiveness and impact for 2021.

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Principles	Observations & Findings
Inclusivity: actively identifying stakeholders and enabling their participation in establishing an organisation's material sustainability topics and developing a strategic response to them. An inclusive organisation accepts its accountability to those on whom it has an impact and to those who have an impact on it.	Sadara conducts engagements with their stakeholders throughout the year, as part of operational due diligence of each department. However, for the ranking of the material sustainability topics, Sadara has focused internally at the director-level of each department via a company-wide survey. More than twenty departments / functions participated, wherein the stakeholders' concerns and perspectives were taken into account. Sadara has identified regulators & governmental entities, employees & families, community, media, lenders & insurance, auditors, customers, suppliers, neighbouring industry, associations, third-party contractors and competitors as key stakeholders.
Materiality: identifying and prioritising the most relevant sustainability topics, considering the effect each topic has on an organisation and its stakeholders. A material topic is a topic that will substantively influence and impact the assessments, decisions, actions, and performance of an organisation and/or its stakeholders in the short, medium and/or long term.	We have validated the identification and narrative on the material topics in the report with clear targets set for the selective topics. Sadara's materiality assessment was revisited and was narrowed down to twenty (20) material topics in the reporting cycle to embed national and global sustainability-related priorities in their corporate strategy. The strategy is clear in the goals and targets that Sadara aims at achieving in the near future. The materiality assessment included the view of stakeholders as understood by the departments of most relevance. Additionally, Sadara is consistent in disclosing its contribution to the SDGs and Saudi Vision 2030 within its business operations and towards community welfare.
Responsiveness: an organisation's timely and relevant reaction to material sustainability topics and their related impacts. Responsiveness is realised through decisions, actions, and performance, as well as communication with stakeholders.	The Sustainability Report highlights Sadara's responses to its identified material topics using GRI Standards and through its policies, management systems and strategies. It has also been observed that Sadara integrates sustainability in its employee's engagement, customer relations and supply chain relations to create impact through its value chain. The feedback and concerns raised by the stakeholders as such, was holistically included in the materiality assessment.
Impact: the effect of behaviour, performance and/or outcomes, on the part of individuals or an organisation, on the economy, the environment, society, stakeholders, or the organisation itself. Material topics have potential direct and indirect impacts – which may be positive or negative, intended, or unintended, expected or realised, and short, medium, or long term.	Sadara has demonstrated that there is a management process to address the risk heat map, in accordance with the impact and perceived likelihood. To maintain accountability and assess performance and progress, Sadara conducts regular audits on energy, water, waste and environmental management systems. Sadara has set 2020 as its baseline for measuring sustainability performance and improvements for the five years (2021-2025). The Sustainability Report highlights the efforts that Sadara is delivering towards sustainability performance to achieve the targets for 2025.

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

Based on the scope of work and complete review of the comprehensive footprint calculation tool along with the footprint protocol, nothing has come to our attention that the disclosed data in the Sustainability Report and GHG Inventory Report are not fairly stated by Sadara.

Area	Assurance Parameter (Performance Indicators)	Specifications Validated
Production*	Total Petrochemicals Production	2.972 million tonnes of products sold
GHG**	GHG Intensity	1.888 tonnes of CO_2 equivalent per tonnes of products sold
GHG**	GHG emission Scope 1	4.031 million tonnes of CO_2 equivalent
GHG**	GHG emission Scope 2	1.579 million tonnes of CO_2 equivalent
Non-GHG*	SOx emissions	0.570 thousand tonnes of SOx emissions
	NOx emissions	1.722 thousand tonnes of NOx emissions
Energy*	Energy Intensity	28.097 GJ per tonnes of products sold
Flaring*	Flaring	307.314 thousand tonnes of flaring loss
Water*	Water Intensity	9.981 m^3 per tonnes of products sold
Material Effectiveness*	Material Effectiveness Intensity	0.148 tonnes of material loss per tonnes of products sold

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

Conclusion:

Sustainable Square believes that the evidence obtained as part of the process is sufficient and appropriate to provide a basis for the assurance statement. Based on all the engagements with Sadara personnel, evidences provided for the disclosed information and relevant desk research, the following have been concluded,

- Sadara has applied processes and procedures that adhere to the principles of inclusivity, materiality, responsiveness and impact. However, a robust strategy and a deliberate process to further enhance engagements with the external stakeholders is strongly recommended. This will strengthen the future materiality assessment and reporting requirements.
- The set of key sustainability performance indicators did not show any form of discrepancy or misstatements. All the data were backed by credible sources of references and suitable emission factors. The quality of the data is observed to be accurate, reliable and traceable.
- The 'Management Recommendations Report' submitted separately to Sadara is highly recommended to solidify the reporting process and criteria in-line with the AA1000

Accountability Principles in the future reports. The report also includes some of the gaps that were identified and resolved during the assurance process.

Statement of independence, impartiality and competence:

Sustainable Square, an AccountAbility-licensed assurance provider, is an independent advisory firm with expertise in the field of corporate sustainability, social impact and responsible investment.

We do not hold any business or personal relationship with any member of Sadara including its directors and management that may have compromised the authenticity of the assurance process. Thereby, there has been no conflict of interest of any nature.
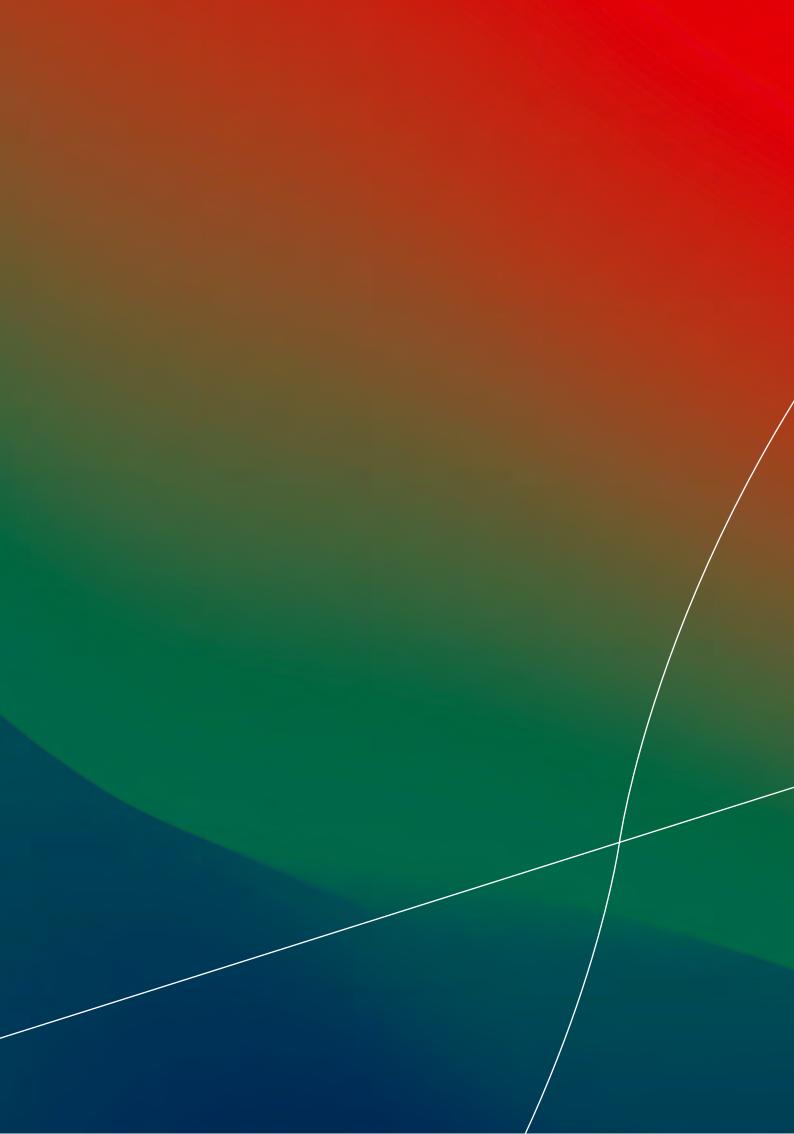
This statement has been prepared solely on the basis of an array of engagements with Sadara's responsible departments, the evidence obtained and our professional judgement. We confirm that all the requisites of the assurance process have been achieved with a high level of independence, impartiality and competency of Sustainable Square.

Monaem Ben Lellahom
Group CEO
Sustainable Square Consultancy & Think Tank
4th July, 2022

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