

# ALIGNING SUSTAINABILITY WITH CHEMISTRY



SUSTAINABILITY  
REPORT 2023



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



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



**His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud**  
Crown Prince and Prime Minister

# TABLE OF CONTENTS

01

REPORT OVERVIEW

p 01

02

MESSAGE FROM THE CEO

p 03

03

SADARA OVERVIEW

p 05

04

SUSTAINABILITY AT SADARA

p 13

05

GOVERNANCE AND INTEGRITY

p 23

06

OCCUPATIONAL HEALTH AND SAFETY

p 37

07

CLIMATE CHANGE AND NATURAL RESOURCE CONSERVATION

p 49

08

BUSINESS GROWTH AND OPERATIONAL EXCELLENCE

p 61

09

PEOPLE AND COMMUNITY

p 75

10

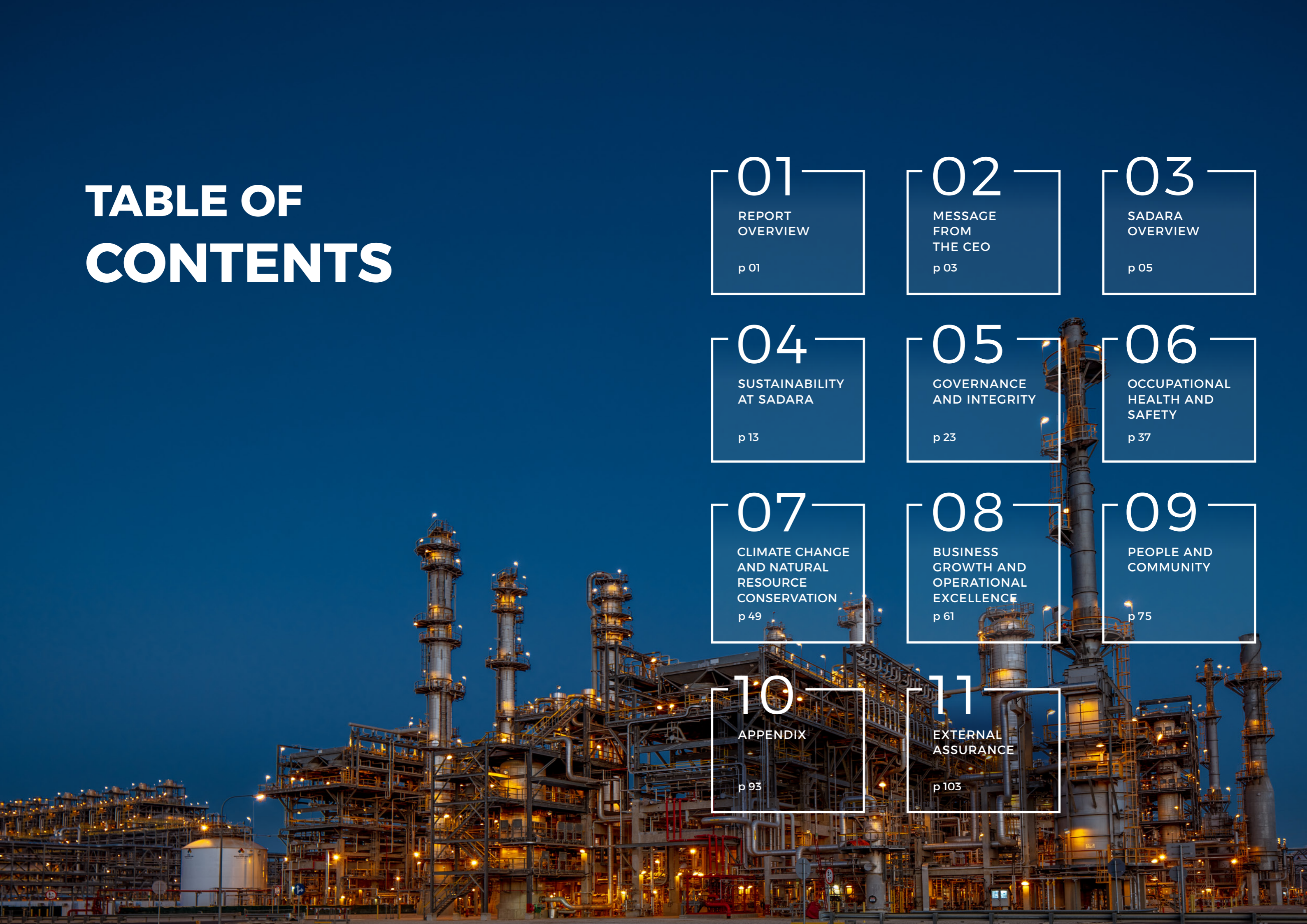
APPENDIX

p 93

11

EXTERNAL ASSURANCE

p 103



# REPORT OVERVIEW

GRI 2-2, 2-3

**Welcome to Sadara Chemical Company's Sustainability Report for 2023, our sixth annual report, summarizing our sustainability performance. At Sadara, we continue to be committed to building a sustainable future for both our organization and the Kingdom of Saudi Arabia. This report has been reviewed by Sadara's Reporting and Disclosure Committee, ensuring that all data and information presented is in accordance and alignment with the reporting standards and guidance described below.**

## REPORT BOUNDARY

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

## REPORTING PERIOD

The 2023 Sustainability Report covers Sadara's sustainability performance from Jan. 1, 2023 to Dec. 31, 2023.

## REPORTING STANDARDS AND GUIDANCE

This report has been written in accordance with GRI Sustainability Reporting Standards and has been aligned with the Saudi Exchange's (Tadawul) Environmental, Social, and Governance (ESG) Disclosure guidelines and Gulf Cooperation Council's Unified ESG Metrics for Listed Companies. The information in our 2023 Sustainability Report is also aligned with the United Nations Sustainable Development Goals (SDGs) and Saudi Vision 2030.

## RESTATEMENTS OF INFORMATION

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

## EXTERNAL ASSURANCE

Please see *Appendix C*.

## FEEDBACK

To improve future versions of this report, we appreciate any feedback. Please contact us at the following email address: [sustainability@sadara.com](mailto:sustainability@sadara.com).



We would appreciate you taking a few minutes to answer our questions by scanning the QR code on the left.

## CAUTIONARY MESSAGE

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

# FOREWORD FROM OUR CEO

## SUSTAINABILITY REPORT 2023

GRI 2-22

**Fayeze M. Alsharef**

Chief Executive Officer

**Welcome to Sadara's sixth Sustainability Report, a valuable opportunity to demonstrate the company's commitment to sustainability as an integral part of its operations and culture. This report outlines both past achievements and future priorities aimed at generating value for employees, shareholders, and society. Fostering innovation and sustainable practices goes beyond corporate responsibility; it is a commitment to fulfill our pledge to drive genuine, impactful change that will enhance the economy and benefit the communities we serve.**

In 2023 Sadara received multiple prestigious awards including the King Abdulaziz Quality Award, the Gulf Petrochemicals and Chemicals Association's (GPCA) Sustainable Environmental Protection Award, and the Ministry of Human Resources and Social Development (HRSD) Labor Award for Occupational Health and Safety, underscoring its commitment to innovation and sustainability. The company's contributions to the United Nations Sustainable Development Goals (SDGs) and Saudi Vision 2030 were recognized in an official report presented at the 2023 Sustainable Development Forum in New York. The report showcased Sadara's contributions towards the achievements of SDG 9 (Industry, Innovation, and Infrastructure) and SDG 12 (Responsible Consumption and Production) sections.

Sadara aims to significantly reduce greenhouse gas (GHG) emissions by 2035 and achieve net zero emissions by 2050, focusing on energy and water efficiency. The company boasts a commendable safety record, supported by its Injury Prevention Program (IPP) which serves as a vital platform to promote the culture of safety to all personnel, ensuring every individual understands their responsibilities in maintaining a zero-injury workplace.

As CEO, I've seen how our Sustainability and Corporate Social Responsibility initiatives can transform operations and communities. This journey is deeply personal to me, and I'm dedicated to pushing boundaries for a greener future for the next generations. Despite ongoing challenges in our industry, our commitment to progress remains steadfast.

# SADARA OVERVIEW

GRI 2-1, 2-6

**Sadara Chemical Company was founded in 2011 as a joint venture (JV) between the Saudi Arabian Oil Company (Saudi Aramco) and the Dow Chemical Company.**

The company operates across multiple manufacturing domains:

<p><b>Plastics:</b></p> <ul style="list-style-type: none"> <li>Plastics that comprise Solution Polyethylene (SPE), High-Pressure Low Density (LDPE), and Elastomers PE</li> </ul>	<p><b>Utilities including:</b></p> <ul style="list-style-type: none"> <li>Steam Generation Unit (SGU)</li> <li>Environmental Operations (EOP)</li> <li>Interconnecting Facilities (ICF)</li> </ul>	<p><b>Basic Chemicals such as:</b></p> <ul style="list-style-type: none"> <li>Amines</li> <li>Butyl Glycol Ethers (BGE)</li> <li>Ethylene Oxide (EO)</li> <li>Propylene Oxide (PO)</li> <li>Propylene Glycol (PG)</li> <li>Polyols</li> </ul>	<p><b>Isocyanates including:</b></p> <ul style="list-style-type: none"> <li>Polymeric Methylene Diphenyl Diisocyanate Isocyanates (PMDI)</li> <li>Toluene Diisocyanate (TDI)</li> <li>Chlorine</li> </ul>
	<p><b>Hydrocarbons including:</b></p> <ul style="list-style-type: none"> <li>Mixed Feed Cracker (MFC) and Aromatics</li> </ul>		


Sadara plays a significant role in enabling Saudi Arabia's industrial, economic and social diversity by extending significant downstream value chains and creating job opportunities. Sadara's chemical complex and our adjacent PlasChem Park, an industrial value facility that is dedicated to downstream manufacturing, are key to facilitating this economic growth.

Located in Jubail Industrial City, Sadara is home to the world's most extensive chemical complex developed in a single phase, reflecting its leading role in spearheading petrochemical complex innovation. Comprising 26 integrated world-scale manufacturing plants, the complex has the potential to yield over three million metric tons of chemicals a year. The investment in the complex amounted to over USD 25 billion.

## VISION, MISSION, AND VALUES

**Our Vision:**

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



**Our Mission:**

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



## SADARA'S VALUES



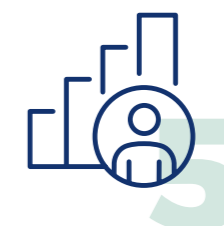
SAFETY



EFFICIENCY & EFFECTIVENESS



INTEGRITY



LEARNING & GROWTH



TEAMWORK

# SADARA'S 2023 HIGHLIGHTS

## JANUARY

- Sadara receives the King Abdulaziz Quality Award.
- Sadara participates in American Society of Safety Professionals - Middle East Chapter (ASSP-MEC)'s 14th Professional Development Conference and Exhibition of which Sadara was a Platinum sponsor.
- Sadara showcases its local content and investment opportunities at iktva Forum & Exhibition.

## FEBRUARY

- Sadara hosts Mohammed A. Al-Ibrahim, Assistant Minister for Oil and Gas of the Ministry of Energy, for achievement, cooperation, and coordination talks.
- Zakat, Tax and Customs Authority (ZATCA) honors Sadara at International Customs Day celebration for supporting its targets.

## MARCH

- Sadara receives ISO 14001, ISO 45001, and ISO 50001 renewal certifications.
- Sadara CEO joins panel discussion at Gulf Downstream Association (GDA) International Downstream Conference and Exhibition of which Sadara was a Platinum sponsor.
- Sadara features on the Forbes Middle East and the Saudi Research Development and Innovation Authority's list of top 10 Energy & Industrial Leadership Companies in Saudi Arabia.

## MAY

- Sadara participates at the Gulf Petrochemicals and Chemical Association (GPCA) 17<sup>th</sup> Annual Forum 2023 in Oman.
- Sadara honors winners of its yearly CEO EHS&S Performance Awards.
- Sadara signs an agreement with the Small and Medium Enterprises General Authority (Monsha'at) to become a Jadeer Service platform partner to support local content.

## JUNE

- Sadara's VP Business and Services Ahmed Alzahrani speaks on role of Plastic Value Parks at Gulf Petrochemicals and Chemicals Association (GPCA) Plastics Conference.
- HRH Prince Saud bin Nayef bin Abdulaziz, Governor of the Eastern Province, honors Sadara for sponsoring Imam Abdulrahman bin Faisal University's graduation ceremony.
- Sadara honors winners of its Innovative Environmental Solutions Competition 2022.
- Sadara honors its outgoing Chairman of the Board of Directors Ahmad Al-Sa'adi.
- Sadara signs academic collaboration MoU with Imam Abdulrahman bin Faisal University.



# SADARA'S 2023 MAIN HIGHLIGHTS

## JULY

- Sadara welcomes new Chairman of the Board of Directors, Ashraf Al Ghazzawi.
- Sadara localizes procurement of its Flame-Resistant Clothing (FRC).

## AUGUST

- Sadara's contribution to the achievement of United Nations' Sustainable Development Goals (SDGs) and Vision 2030 objectives highlighted in official Saudi report presented at the High-level Political Forum on Sustainable Development 2023 in New York.
- Sadara obtains the Bureau of Indian Standards (BIS) certification for its Polyethylene (PE) grades.
- Sadara bids farewell to its CEO Yahya Abushal.

## SEPTEMBER

- Sadara welcomes Fayez Al Sharef as new CEO.
- Sadara wins GPCA's Responsible Care Excellence Award for Sustainable Environmental Protection.

## OCTOBER

- Royal Commission for Jubail and Yanbu (RCYJ) honors Sadara for its efforts and contributions to supporting National Day celebrations in Jubail.
- HRH Prince Saud bin Nayef bin Abdulaziz, Governor of the Eastern Province, honors Sadara for sponsoring programs of the Charitable Society for the Memorization of the Holy Quran in Jubail.

## NOVEMBER



- CEO leads Sadara delegation at KSA AutoConnect Forum to showcase the company's automotive investment opportunities.

## DECEMBER

- Sadara wins the Ministry of Human Resources and Social Development (HRSD) Occupational Health and Safety Labor Award.
- Sadara internal campaign raises SAR 300,000 for Gaza.

# SADARA'S 2023 SUSTAINABILITY ACHIEVEMENTS

<b>GOVERNANCE AND INTEGRITY</b> 	<b>OCCUPATIONAL HEALTH AND SAFETY</b> 	<b>CLIMATE CHANGE AND NATURAL RESOURCE CONSERVATION</b> 
<p>There were <b>NO CONFIRMED</b> incidents of corruption.</p> <p>Achievement of <b>100% COMPLIANCE</b> with the Business Continuity (BC) standard and requirement for all Sadara Business Lines.</p> <p><b>18 SECURITY DRILLS</b> were conducted in 2023 and maintained an ISS performance level higher than 98% availability.</p> <p><b>THE 2023 EXTERNAL AUDIT PLAN</b> was successfully completed and three ISO and one Responsible Care Certificates were maintained.</p>	<p>Maintained a <b>TOTAL RECORDABLE INJURY RATE (TRIR) OF &lt; 0.05</b> for three consecutive years.</p> <p>Achieved <b>ZERO LEVEL 1</b> Process Safety and Containment Events for three consecutive years.</p> <p>Achieved <b>100%</b> employee medical checkup.</p> <p>Maintained <b>ZERO TRANSPORTATION INCIDENTS</b> for three consecutive years.</p>	<p>Achieved a <b>10.55% REDUCTION</b> in total GHG emissions compared to 2022.</p> <p>Overall energy consumption <b>DECREASED BY 10.12%</b> compared to the previous year.</p> <p><b>NO VIOLATIONS</b> or non-compliance with water quality regulations.</p> <p>Increased waste recycling to <b>47%</b> of all waste generated in 2023, up from 44% in 2022.</p>

<b>BUSINESS GROWTH AND OPERATIONAL EXCELLENCE</b> 	<b>PEOPLE AND COMMUNITY</b> 
<p>Increased the number of local suppliers and contracted spending by <b>86%</b>.</p> <p><b>100%</b> overall product quality rating achieved.</p> <p>Successfully increased the percentage of Saudi-made materials <b>BY 10%</b>, enhancing localization efforts.</p> <p>Improved customer service <b>BY 87%</b> as measured by defects per million opportunities (DPMO).</p>	<p>Achieved a <b>24% INCREASE</b> in female hires.</p> <p>Full-time workforce comprises <b>77.77% SAUDI NATIONALS</b>.</p> <p>Increased community investments for the third consecutive year, to <b>SAR 13,080,778</b>.</p> <p>Employee volunteer accumulated hours increased to <b>5,948</b>.</p>

# 01

## SUSTAINABILITY AT SADARA



# MATERIALITY ASSESSMENT

GRI 2-25, 3-1

Sadara is committed to regularly assessing and reviewing material issues which affect our business.

In 2020, we carried out a comprehensive materiality assessment which identified 35 priority areas of significance to both the organization and its stakeholders.

In 2022, a materiality refreshment exercise was undertaken with all key internal and external stakeholders, resulting in a shortlist of 20 material topics which were aligned with Sadara's Sustainability Strategy goals. Each topic was assigned to a responsible officer to ensure accountability for the actions taken to support goals.

Sadara prioritized the order of these topics to reflect market trends and stakeholder inputs. Digital Transformation was treated as a key area, in line with our commitment to incorporating digital technologies into our operations. The importance of Human Rights Management and Biodiversity was also acknowledged, and they were made high priority issues. Whilst we believe that every single material issue requires careful consideration and attention, our prioritization reflects our current approach to managing them. Sadara is dedicated to continuing to address these topics with greater effectiveness and efficiency.

## Stakeholder Engagement

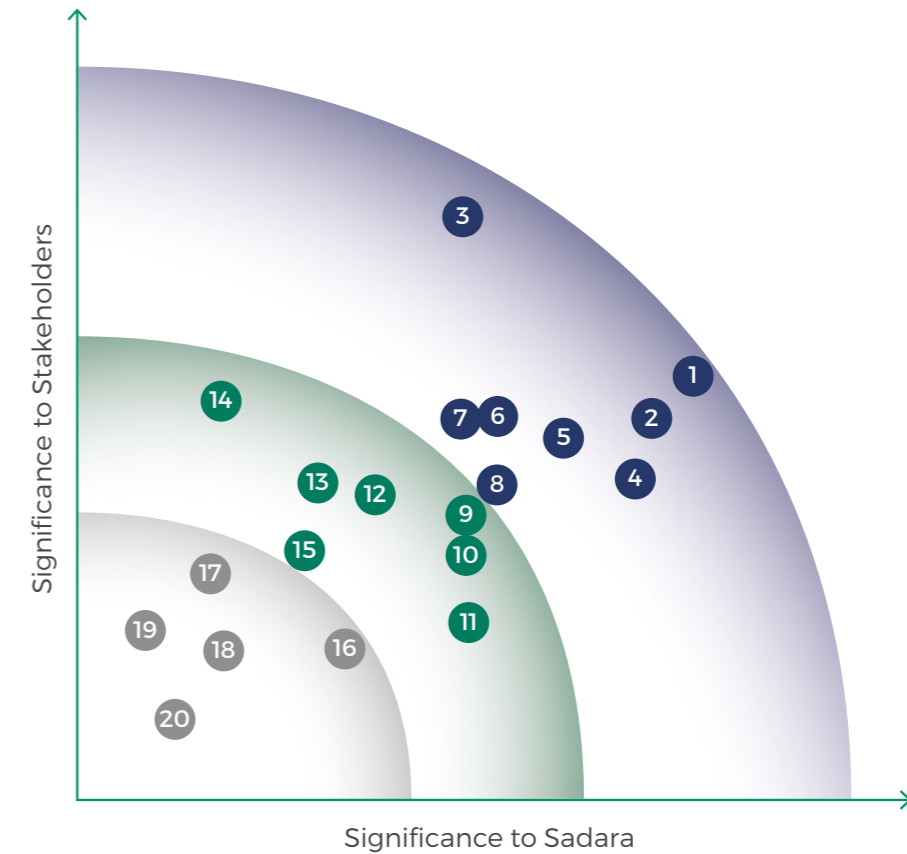
GRI 2-16, 2-29

At Sadara, we appreciate the significant value that our stakeholders have in shaping our business and helping us create a sustainable future.

We place great importance on actively engaging with our stakeholders to gain insight into their expectations, concerns and needs. This engagement enables us to build trust and establish collaborative partnerships that align with our sustainability goals. We believe that by working closely with our stakeholders, we can generate long-term value for both our business and society. We ensure that our stakeholders are kept informed and updated on Sadara's projects and performance through the provision of transparent and informative reports and collaborative stakeholder workshops.

# SADARA'S MATERIALITY MATRIX

GRI 3-1, 3-2



### MOST IMPORTANT

- 1 Occupational Health & Safety
- 2 Employee Engagement & Satisfaction
- 3 Climate Change & GHG Emissions
- 4 Ethics, Governance, & Compliance
- 5 Energy Management
- 6 Water Management
- 7 Waste Management
- 8 Human Rights Management

### MORE IMPORTANT

- 9 Biodiversity
- 10 CSR & Community Engagement
- 11 Circular Economy
- 12 Data Privacy & Cybersecurity
- 13 Customer Relations
- 14 Economic Impact
- 15 Risk Management and Business Continuity

### IMPORTANT

- 16 Diversity & Inclusion
- 17 Product Risk & Stewardship
- 18 Product & Technology Innovation
- 19 Digital Transformation
- 20 Supply Chain Management

# SUSTAINABILITY STRATEGY AND SUSTAINABILITY FRAMEWORK

Sadara's five-year sustainability strategy, launched in 2020, is underpinned by five key pillars which encompass 10 strategic goals and 24 key performance indicators (KPIs).

The Sustainability Council oversees the implementation of these pillars and evaluates the company's performance against goals and KPIs in comparison to baselines. This approach ensures that Sadara's sustainability strategy is framed around the topics that matter most to the organization and its stakeholders.

	MATERIAL ISSUES	STRATEGIC GOALS	KPIs
GOVERNANCE AND INTEGRITY	Ethics, Governance, & Compliance	Strengthen Corporate Governance	Ensure validity of all company certificates
	Data Privacy & Cybersecurity		Maintain level of implementation for Corporate Operating Discipline Management System (ODMS)
	Risk Management and Business	Ensure Business Ethics and Integrity	Increase Supplier Code of Conduct acknowledgment Reduce number of grievances
OCCUPATIONAL HEALTH AND SAFETY	All Occupational Health & Safety	Achieve World-Class Health and Safety Performance	Maximize employees' Medical Check-up Program
			Improve Total Recordable Injury Rate (TRIR)
	Promote Product Stewardship Practices	Minimize Process Safety & Containment Event-L1 Rate	
		Maintain Global Harmonization System implementation	
CLIMATE CHANGE AND NATURAL RESOURCE CONSERVATION	Climate Change & GHG Emissions	Minimize Environmental Impact	Reduce energy intensity
	Energy Management		Reduce water intensity
	Water Management		Reduce GHG intensity
	Waste Management	Support Circular Economy	Reduce plastic pellet losses
	Biodiversity		Reduce material effectiveness intensity
	Circular Economy		
			Control Transportation Incident L1 Rate

	MATERIAL ISSUES	STRATEGIC GOALS	KPIs
BUSINESS GROWTH AND OPERATIONAL EXCELLENCE	Product Risk & Stewardship	Ensure Operational Excellence	Enhance Product Supply Reliability (PSR)
	Product & Technology Innovation		Decrease DPMO
	Digital Transformation		
	Supply Chain Management		Support Downstream Industry Local Content
PEOPLE AND COMMUNITY	Economic Impact	Strengthen the Value of Employee Proposition	Raise percentage of local procurement spending
	Customer Relations		Increase employee engagement score
	Employee Engagement & Satisfaction		Accelerate Saudization
	Human Rights Management	Support the Local Community	Increase employee training hours and development programs
	Community Engagement		Increase the rate of women's inclusion and employment
	Diversity & Inclusion		Increase community engagement initiatives
			Raise employee volunteering hours

# SADARA'S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

At Sadara, we are dedicated to playing our part in the collective action needed to achieve the Sustainable Development Goals (SDGs) whilst continuing to support and promote the diversification of the Saudi economy and the transition to a sustainable future.

	SDGs	CONTRIBUTION
<b>GOVERNANCE AND INTEGRITY</b>		<ul style="list-style-type: none"> <li>Maintains a comprehensive grievance mechanism.</li> <li>Utilizes a contemporary, durable, and effective IT infrastructure.</li> <li>Ensures all levels of employees and stakeholders have access to transparent information.</li> <li>Public accessibility to the employee and supplier Code of Conduct.</li> <li>Collaborates with different institutions to promote industry innovations.</li> <li>Business Unit (Site Intergration &amp; Operational Excellence Department) dedicated to governing Sadara's Operating Discipline Management System (ODMS).</li> <li>Third-party auditors certified EHS&amp;S systems, including ISO 45001, ISO 14001, RC 14001 and ISO 50001 certifications.</li> <li>Sustainability Council oversees sustainability across Sadara.</li> <li>Sustainability dashboard is updated on a quarterly basis.</li> <li>Benchmarks Sadara's business objectives with the SDGs.</li> <li>Certifies Sadara employees in SDG Ambition Program.</li> </ul>
		<ul style="list-style-type: none"> <li>Ensures facilities, resources and management systems are available for the safe &amp; secure operation of Sadara.</li> <li>Encourages a healthy balance between work and personal life for employees.</li> <li>Promotes sustainability and EHS activities by actively involving staff.</li> <li>Completed Turnaround with no recordable Environment, Safety and Health events.</li> <li>No incidents of non-compliance impacted the health and safety of products, services, handling, transport, or storage.</li> <li>Targets zero transportation incidents and increase in Global Harmonization System implementation.</li> <li>Conducts yearly health related campaigns for Sadara employees.</li> </ul>

	SDGs	CONTRIBUTION
<b>CLIMATE CHANGE AND NATURAL RESOURCE CONSERVATION</b>		<ul style="list-style-type: none"> <li>GHG emissions management aiming towards Net Zero.</li> <li>Maintains ISO 50001:2018 Energy Management System (EnMS) to enhance energy efficiency performance.</li> <li>Develops and executes recycling programs.</li> <li>Explores inventive approaches to minimize adverse environmental effects resulting from products and services, while also decreasing energy and water consumption.</li> <li>Encourages circularity by implementing waste management procedures and conducting life cycle analyses.</li> <li>Operation Clean Sweep® (OCS) Program aims at achieving zero plastic resin loss and protecting the marine environment.</li> </ul>
		<ul style="list-style-type: none"> <li>Launched the Hydrocarbons Optimization program targeting the MFC feedstock.</li> <li>Innovate@ program to facilitate in-house innovation.</li> <li>Sadara Local Content Program.</li> <li>Creates avenues for economic advancement, establishes employment opportunities, increases local procurement, and encourages exports.</li> <li>Support enabling downstream industries in Jubail's PlasChem Park and Saudi Arabia.</li> <li>Sadara's Digital Transformation Flagship Program.</li> </ul>
<b>PEOPLE AND COMMUNITY</b>		<ul style="list-style-type: none"> <li>Provides opportunities for learning and development to employees.</li> <li>Bolsters economic participants to expand the talent pool.</li> <li>Promotes female empowerment.</li> <li>Increases the number of female employees.</li> <li>Promotes diversity in the community.</li> <li>Promotes the economic engagement of Saudi women.</li> <li>Engages with local communities to support education, people in need, Saudi culture, volunteerism and environmental, health, and safety issues. This includes creating public awareness especially by marking the related International Days on Sadara social media.</li> </ul>

# ALIGNMENT WITH NATIONAL INITIATIVES

## Saudi Green Initiative

The Saudi Green Initiative (SGI) aims to steer Saudi Arabia towards sustainability and support global climate change efforts with three goals: emissions reduction, afforestation with land regeneration, and environmental protection. Aligned with these goals, Sadara strives to minimize its environmental impact by optimizing energy, reducing emissions, conserving water, minimizing waste, and enhancing recycling. Sadara has also earned certifications in Environmental (ISO 14001), Responsible Care (RC 14001), and Energy Management System (ISO 50001).

## Saudi Vision 2030

Sadara's strategy and operations are fully aligned with Saudi Vision 2030 and our aim is to help drive positive change in society and for the environment. Outlined below are the actions and commitments Sadara has undertaken to support Saudi Vision 2030.

### SAUDI VISION 2030 PILLAR

### ALIGNMENT



**Vibrant Society** focuses on creating a vibrant society in which all citizens can thrive and pursue their passions. A strong social infrastructure is underpinned by a society that values cultural traditions, national pride, and modern amenities all while embodying the spirit of modern Islam and providing effective services.

- Ensuring all levels of employees and stakeholders have access to transparent information.
- Conducting continuous employee training and development at all levels.
- Creating career-development programs through the electronic Individual Development Program (e-IDP).
- Providing opportunities for On-the-Job Training (OJT).
- Carrying out enterprise risk assessments regularly.
- Committing to achieving 100% coverage of employee medical check-ups by 2025.
- Encouraging circularity by implementing waste management procedures and conducting life cycle analyses.
- Exploring innovative approaches to minimize adverse environmental effects resulting from products and services, while also decreasing energy and water consumption.
- Increasing the ratio of Saudi nationals in the workforce to 82% by 2025.
- Engaging with local communities to support education, people in need, Saudi culture, volunteerism and environmental, health, and safety issues. This includes increasing public awareness through Sadara's social media channels.

### SAUDI VISION 2030 PILLAR

### ALIGNMENT



**Thriving Economy** centers around creating an environment that supports economic growth and job creation for all Saudis by leveraging our unique location and potential, attracting top talent, and increasing global investment.

- Expanding markets through export via Dow and Sabic, who sell products in various geographic locations.
- Establishing ambitious circularity objectives.
- Successfully recycling several waste streams.
- Attracting investments to PlasChem Park and facilitating the expansion of the downstream sector within Saudi Arabia.
- Supporting Saudi businesses through the Sadara Local Content Program.
- Producing chemicals that find utility in diverse applications across multiple industries.
- Providing training programs aimed at young Saudi nationals.
- Enabling transformation through the Sadara Digital Transformation Flagship Program.
- Promoting innovation within Sadara and incorporating this into customer offerings.
- Committing to female inclusion and to female employment reaching 5% at Sadara by 2025.
- Completing Sadara Railway project to improve product transportation.



**An Ambitious Nation** aims to create a nation committed to efficiency and accountability at all levels, including building a government that is effective, transparent, accountable, empowering and high performing.

- Ensuring full compliance to government requirements.
- Implementing the Sadara Transformation Program.
- Limiting the environmental impact of plastic pollution.
- Establishing goals and targets to improve material effectiveness.
- Establishing the Sadara Digital Transformation Flagship Program.
- Promoting innovation within Sadara and incorporating this into our offerings to stakeholders.
- Committing to maintain the number of employee volunteering hours to 2,000 per year.

A photograph of three men in blue button-down shirts and dark trousers standing in an office. The man on the left, wearing glasses and a beard, is pointing towards a whiteboard. The other two men are looking in the same direction. The office has large windows in the background showing a cityscape. The text '02 GOVERNANCE AND INTEGRITY' is overlaid on the left side of the image.

# 02

## GOVERNANCE AND INTEGRITY



# GOVERNANCE AND INTEGRITY

GRI 3-3

We prioritize maintaining high standards of responsibility across our business with strong and effective corporate governance sitting at the core of our corporate culture. Sadara's corporate governance practices align with both national and international regulations and guidelines.

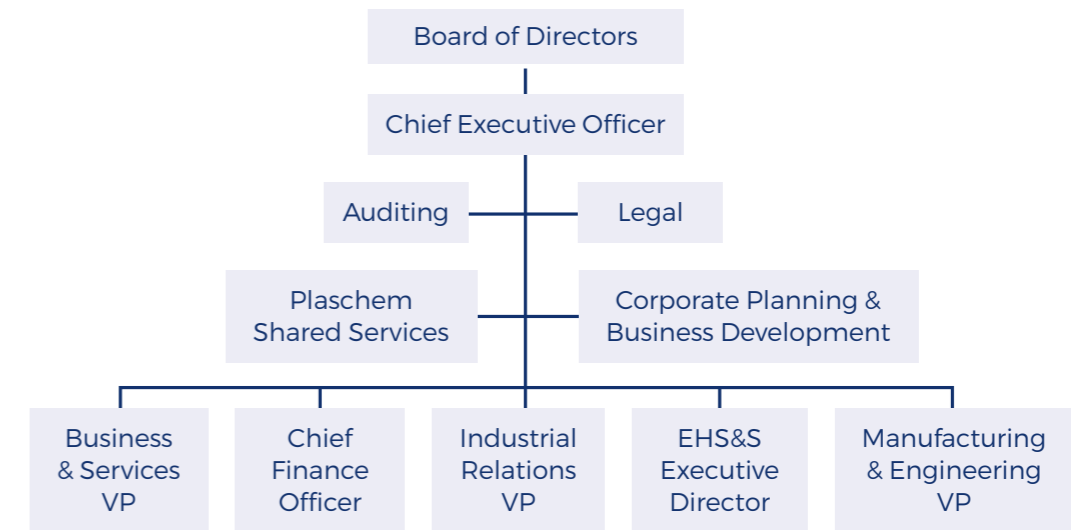
STRATEGIC GOALS	KPIs	UNIT	2023 PERFORMANCE	2023 TARGET	2025 TARGET
1. Strengthen Corporate Governance	Ensure validity of all company certificates	Percentage	100	100	100
	Maintain level of implementation for Corporate ODMS	Percentage	90	90	> 90
2. Ensure Business Ethics and Integrity	Increase Supplier Code of Conduct acknowledgment	Percentage	87	84	100
	Reduce number of grievances	Number	19	15	14

## ORGANIZATIONAL STRUCTURE

GRI 2-9

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

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



## BOARD OF DIRECTORS

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

Sadara's Board of Directors, appointed by the founding shareholders, Saudi Aramco and Dow, convenes quarterly to evaluate the company's progress and performance. These meetings also serve as a platform to review and discuss Sadara's latest sustainability initiatives, ESG achievements, and any challenges faced.

BOARD OF DIRECTORS	UNIT	2021	2022	2023
Percentage of Board seats occupied by independent Directors	Number	0	0	0
Executive members of the Board of Directors	Number	0	0	0
Non-executive members of the Board of Directors	Number	8	8	8
Female members of the Board of Directors	Number	1	1	0
Percentage of Board seats occupied by women	Percentage	12.5	12.5	0
Male members of the Board of Directors	Number	7	7	8



**Ashraf A. Al-Ghazzawi**  
Chairman  
Saudi Arabian Oil Company  
(Saudi Aramco)



**John Sampson**  
Deputy Chairman  
Dow Chemical Company



**Dr. Khalid Y. Al Qahtani**  
Board Member  
Saudi Arabian Oil Company  
(Saudi Aramco)



**Nawaf K. Al Dabal**  
Board Member  
Saudi Arabian Oil Company  
(Saudi Aramco)



**Ibrahim M. Al Nitaifi**  
Board Member  
Saudi Arabian Oil Company  
(Saudi Aramco)



**Marco ten Bruggencate**  
Board Member  
Dow Chemical Company



**Moosa Al Moosa**  
Board Member  
Dow Chemical Company



**Charles Swartz**  
Board Member  
Dow Chemical Company

### Sadara's Sustainability Council

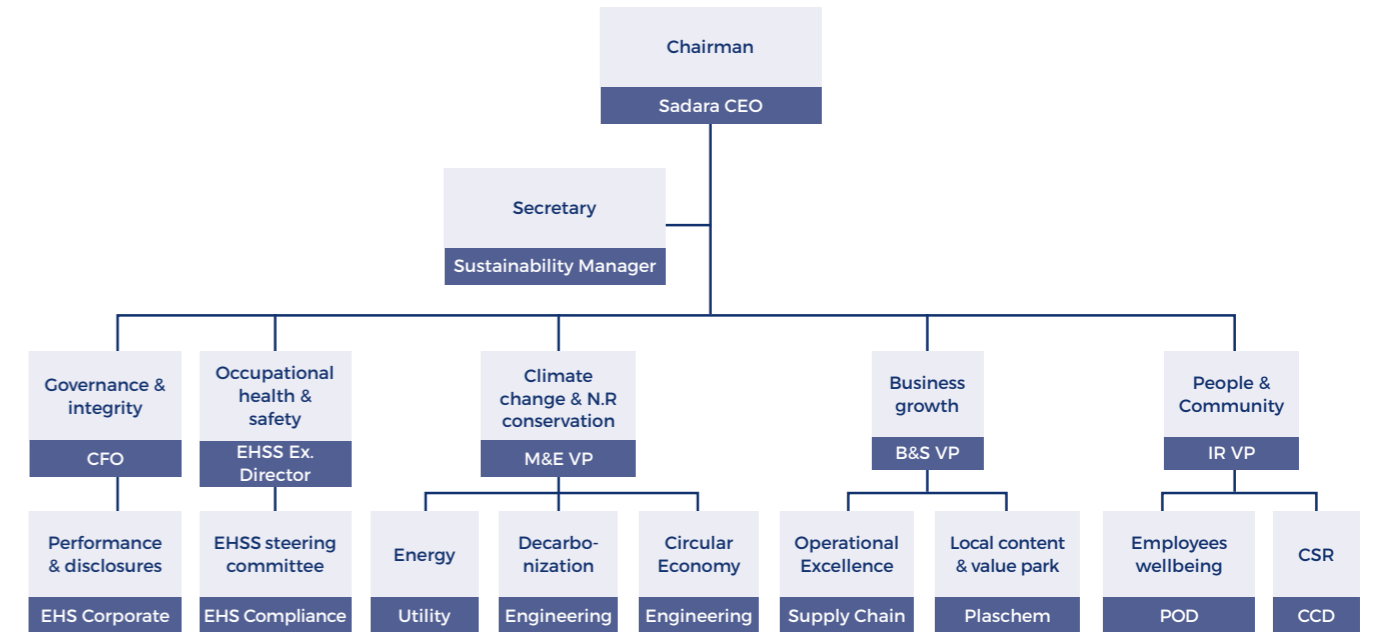
Sadara's Sustainability Council aligns all existing efforts related to the company's five pillars of sustainability with Sadara's vision, mission, and values. The Council enhances engagement with employees, customers, suppliers, regulators, and other stakeholders to achieve company objectives.

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

### Sadara's Committees

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

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



At Sadara, we are dedicated to raising capacity and fostering a culture of sustainability through targeted training initiatives. The table below illustrates our commitment by detailing the number of ESG/Sustainability training sessions conducted, participation rates in various sustainability awareness programs, and the total dedicated training hours from 2021 to 2023.

SUSTAINABILITY TRAINING	UNIT	2021	2022	2023
Number of ESG/Sustainability training sessions	Number	2	10	8
Number of attendees of Sustainability Awareness Training on Sadara platforms	Number	318	60	10
Number of attendees of Footprint Training on Sadara platforms	Number	N/A	36	161
Number of attendees of Circular Economy Practitioner Course	Number	13	0	0
SDGs Ambition Program	Number	N/A	2	0
Total ESG/Sustainability training hours	Hours	331	98	242

## Memberships and Associations

1	<b>Gulf Petrochemical and Chemical Association – GPCA</b> www.gpca.org.ae		4	<b>Jubail Area Mutual Aid Association – JAMAA</b> www.jamaa.org.sa	
2	<b>Center for Chemical Process Safety – CCPS</b> www.icheme.org/ccps		5	<b>ASIS International</b> www.asisonline.org	
3	<b>European Chemical Industry Council – Cefic</b> www.cefic.org		6	<b>American Governmental Conference of Industrial Hygienists – ACGIH</b> www.acgih.or	



## Certificates



**ISO 9001:2015**  
Quality Management System

**ISO 14001:2015**  
Environmental Management System

**ISO 45001:2018**  
Occupational Health and Safety Management System

**ISO 50001:2018**  
Energy Management System

**RC 14001**  
Responsible Care Management System

**VR Certification** by the United States National Board of Boiler and Pressure Vessel Inspectors

**Local Content Certification** from the Local Content & Government Procurement Authority

**BIS certification**  
Bureau of Indian Standards

## INTERNAL AUDIT

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

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

The IAD adheres to the International Standards for the Professional Practice of Internal Auditing (Standards) established by the Institute of Internal Auditors (IIA). The IAD performs three types of engagements: regular audits, special audits (investigations), and consulting/advisory services.

The 2023 Audit Plan was successfully completed, with 14 audits and related audit reports issued to various departments and functions within the company. The objectives are to execute and complete the 2024 approved audit plan on time, ensure each audit engagement is completed within the budgeted man-days, and enhance the auditors' knowledge and skills in modern audit techniques, specifically Governance, Risk and Compliance (GRC), and ESG.



## BUSINESS ETHICS, COMPLIANCE, AND ANTI-CORRUPTION

### Operating Discipline Management System (ODMS)

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

Sadara's Operating Discipline Management System (ODMS) is implemented across all departments, particularly in Manufacturing, Engineering, Quality (Products and Technology Innovation), EHS&S, Business & Services, Industrial Relations and Corporate business lines. The ODMS comprises policies, processes, requirements, best practices, and procedures aligned with external standards.

The Site Integration and Operational Excellence Department governs Sadara's ODMS to ensure implementation, effective utilization and full compliance of the management system. Each division or department being audited conducts a self-assessment using a checklist, which they complete periodically, before the internal audit takes place. As a key component of the Plan-Do-Check-Act cycle, the self-assessment helps determine whether the organization complies with applicable requirements.

Sadara recognizes the certification process for ISO and Responsible Care® as a robust tool for sustaining high-quality products, services, and performance through a robust operation and administration system.

### Sadara's Code of Ethics and Business Conduct

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

Sadara and its JVs are committed to ethical business practices and compliance with all regulations, recognizing our reputation as a valuable asset. Integrity, respect, equality, and environmental protection are core values in Sadara's corporate culture, as outlined in our Code of Ethics & Business Conduct.

The following commitments outline our obligation to upholding ethical standards across our business:

	Living Our Values		The Law, The Code, and Company Policy
	Management Responsibility		Collective Responsibility
	No Retaliation		Speaking Up



Employees must report any behavior that contradicts Sadara's Code of Conduct, values, or the law. Reports can be submitted via Sadara website's Anonymous Report form or by emailing [generalauditorhotline@sadara.com](mailto:generalauditorhotline@sadara.com).

Additionally, Sadara's General Auditor Hotline provides a confidential way for employees to seek assistance and report potential violations related to ethics and compliance. Hosted independently to ensure confidentiality, the hotline addresses issues such as conflicts of interest, falsification of documents, inappropriate gifts and entertainment, breaches of confidentiality, misuse of company assets, improper handling or destruction of company records, bribes and kickbacks, bid tampering, inappropriate invoicing, inaccurate reporting of timekeeping or expenses, and theft.

No action will be taken against anyone who reports a concern in good faith, and anonymity is maintained upon request. In 2023, there were no incidents of non-compliance with laws and regulations reported.

Sadara regularly conducts anti-corruption training. In 2023 out of a total 438 sessions, 198 were specifically focused on Fraud Prevention and Detection Awareness, while the remaining covered anti-corruption policies.

ANTI-CORRUPTION TRAINING	UNIT	2021	2022	2023
Total number of employees that the organization's anti-corruption policies have been communicated to	Number	76	62	438

For more information on our Code of Ethics, please visit our [2021](#) and [2022](#) Sustainability Reports on [Sadara's Sustainability webpage](#).

## HUMAN RIGHTS MANAGEMENT

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

Sadara respects internationally recognized human rights standards for equal opportunity and adequate working conditions. Our Human Rights Policy extends to the supply chain, aligning with relevant local laws, national standards and Saudi Vision 2030. We train all our employees on their rights and obligations with accessibility to relevant materials and a grievance mechanism, ensuring compliance and promoting human rights awareness.

### Employee Relations Unit

The Employee Relations Unit (ERU) takes corrective actions and provides counselling sessions and guidance where employees are found in violation of the company procedures or policies.

Employees can raise a formal or informal grievance. Employee Relations, which is involved in every step of the process, ensures that the grievance procedure is efficient, effective, and meets the needs of all employees. Accordingly, the grievance mechanism is continuously evaluated and improved, and all grievance cases are documented and tracked.

### HIGHLIGHTS

In 2023, ERU hosted six awareness sessions, engaging a total of 948 employees and chief position holders on key employee relations topics. These sessions covered employee rights and obligations, leaders' responsibilities, conflicts of interest, managing low performance, grievances and complaints, and time management.

Demonstrating our commitment to resolving workplace issues and promoting employee well-being, we successfully closed 100% of the raised cases within Sadara.

We also created and updated a number of processes, procedures, and guidelines to ensure a fair and effective approach to managing employees, including:

- Revamping Sadara's Internal Work Rules and Table of Offenses and Penalties: These updates reflect current laws and regulations, fostering a fair and inclusive workplace for all employees.
- Establishing a New Termination Process Guideline: This new guideline ensures compliance with the Labor Law, providing clear and fair termination procedures.
- Updating the Conflict-of-Interest Procedure: This procedure now requires all employees, affiliates, and associates to adhere to the highest standards of ethical conduct, defining roles and responsibilities to ensure timely resolution of potential conflicts.
- Implementing a New Sadara Corrective Action Procedure: In line with the Labor Law and Sadara policies, this procedure outlines the management of disciplinary actions for unacceptable behavior, ensuring all employees adhere to HR policies and the Saudi Labor Law.
- Revising the Grievance Procedure: This update clarifies the roles and responsibilities of the Employee Relations Unit and management, ensuring timely resolution of employee grievances.

To address areas of shortcoming, and adjust non-constructive behaviors, Sadara aims to completely overhaul the company's Performance Improvement Plan (PIP) procedure to ensure that employees' performance issues are addressed in a timely, effective, and compliant manner. We also aim to introduce a new Business and Position Practice Procedure that will address conflicts of interest when identified, ensuring that it is reviewed by the appropriate stakeholders.

For more information on how Sadara manages Human Rights, please visit our [2021](#) and [2022](#) Sustainability Reports.

EMPLOYEE GRIEVANCES	UNIT	2021	2022	2023
Number of employee grievances filed in the reporting period	Number	17	20	19
Number of these employee grievances addressed or resolved	Number	17	20	19

## RISK MANAGEMENT

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

Sadara's Enterprise Risk Management (ERM) unit ensures responsible and sustainable operations through compliance and high operational standards. ERM facilitates the identification and assessment of risks that could ultimately have an impact on Sadara's sustainable operations. It proactively identifies and analyzes risks across multiple areas such as safety, security, health, environment, operations, finance, strategy, reputation, and business continuity. Collaborating closely with senior management, the unit continually monitors the internal and external environment so that we can minimize risk exposure across several focus areas.

Sadara's Enterprise Risk matrix provides a comprehensive and detailed analysis of the risks and threats that the company may face, enabling the development of mitigation strategies to minimize their impact.

## Business Continuity

GRI 2-23

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

The BCM, approved by the Sadara Management Committee (MC), and led by the CEO, ensures optimal preparedness to sustain critical functions, work processes, products, and deliverables in the event of an emergency. It is aligned with Saudi Aramco's Business Continuity Management Lifecycle, following the Plan-Do-Check-Act improvement cycle.

The BCM program is fully implemented at Sadara with business continuity now included in Sadara's Corporate Management System Review (MSR). In 2023 we achieved 100% compliance with the BC standard and requirement for all Sadara Business Lines. Furthermore, we conducted two major BC drills across Sadara's main critical business line.

## INFORMATION AND CYBERSECURITY

GRI 3-3, 418-1

Sadara's Information Security (IS) division manages governance activities, risk, compliance, and alignment with relevant cybersecurity standards. IS safeguards organizational assets against internal and external threats along with setting the rules and defining the framework as per the government mandate and international guidelines. They provide support to Sadara's different business lines and guidance on the best practices to follow in protecting Sadara's information and digital assets and in mitigating cyber risks. The division aims to provide industry-standard information security capabilities, ensuring a security-conscious environment.

Sadara's IS has various measures to ensure the safety and security of the company's digital infrastructure. We ensure our policy framework is aligned with the applicable Saudi National Cybersecurity Authority (NCA) mandatory standards and controls.

In 2023, Sadara carried out 17 cybersecurity risk assessments along with providing professional training to all relevant SMEs across the organization. The IT department conducts a yearly cybersecurity capability maturity assessment based on NIST CMMI and C2M2 frameworks for both Information and Industrial Technologies. To support employees to maintain a secure information system, IS division continuously conducts information cybersecurity awareness campaigns along with bi-weekly simulation exercises and Clear Desk Assessments to ensure that physical documents and devices are secured.

For more information on Sadara's information and cybersecurity, please visit our [2021](#) and [2022](#) Sustainability Reports.

## Sadara's Industrial Security System

GRI 418-1

Sadara's Industrial Security is devoted to safeguarding the company's people and assets while contributing to the preservation of neighboring industries and to the safety of local communities. Our qualified and experienced personnel are complemented by the latest technologies, and compliance with up-to-date procedures. The department operates with high technical efficiency and serves as a role model for other organizations in the region.

In 2023, we performed over 18 security drills. We continue to comply with all relevant government rules and regulations.

# 03

## OCCUPATIONAL HEALTH AND SAFETY



# OCCUPATIONAL HEALTH AND SAFETY

Sadara prioritizes the health and safety of its employees and is dedicated to achieving the highest standards in all aspects of our performance and operations. Our occupational health and safety track record speaks volumes about the advanced measures we implement to guarantee responsible and secure operations. We are committed to a zero-injury goal for our employees and contractors reflecting the importance we place on health and safety.

STRATEGIC GOALS	KPIs	UNIT	2023 PERFORMANCE	2023 TARGET	2025 TARGET
3. Achieve World-Class Health and Safety Performance	Maximize employees' Medical Check-up Program	Percentage	100	98	98
	Improve Total Recordable Injury Rate (TRIR)	Rate	0.04	≤0.10	0.08
	Minimize Process Safety & Containment Event L1 Rate	Rate	0	≤0.04	0.02
4. Promote Product Stewardship Practices	Maintain Global Harmonization System implementation	Percentage	98	95	100
	Control Transportation Incident L1 Rate	Number	0	0	0

## EHS MANAGEMENT SYSTEM

GRI 403-1, 403-2

To ensure continuous improvement in sustainability and EHS practices and performance, we regularly benchmark ourselves against local, regional, and international associations and companies.

Sadara is committed to upholding global EHS standards, including RC 14001, ISO 14001, ISO 50001, and ISO 45001, while also surpassing these regulations through our own internal processes. Our Environment, Health, and Safety Management System is a major part of Sadara's ODMS ensuring the safety and well-being of everyone involved. This system includes rigorous protocols and procedures designed to protect our employees, contractors, and the communities where we operate. Our system integrates and exceeds regional and international standards through robust internal processes, risk management, and continuous improvement initiatives.

Sadara carries out an annual review of our management system for Occupational Health and Safety and Product Stewardship. We strive for a zero-injury record through the implementation of an Injury Prevention Program (IPP).

Our ongoing routine Environment, Occupational Health & Safety Programs include:

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

Sadara makes improvements to the ISO45001 Standard during periodic safety meetings, investigations and through the annual Management System Review (MSR). Evaluation of the Standard is carried out through scheduled Integrated Management System (IMS) assessments and communicated to employees through meetings, flyers and Sadara's centralized hub, The Catalyst, which serves as the intranet platform for posting revised documents following Management of Change (MOC) processes. Any actions or improvements are discussed in the Management System Review (MSR) and any significant issues are escalated and addressed as necessary.





## Risk and Opportunities Register

Sadara's Risk and Opportunities Register (ROR) is regularly reviewed and updated as it is used to cover EHS related risks and opportunities along with their severity, probability and mitigation elements in alignment with the compliance and operational standards and activities.

## Health and Safety Committee

Sadara has a formal joint management-worker health and safety committee and has developed a management system and a Maintenance, Project and Contractor (MPC) agreement. All our employees are included in our Health and Safety Management System.

HEALTH AND SAFETY MANAGEMENT	UNIT	2021	2022	2023
Workers covered by the Health and Safety Management System	Number	3,092	2,987	2,892
Total workers covered by the Health and Safety Management System	Percentage	100	100	100

ANNUAL EMPLOYEE'S MEDICAL CHECK-UP PROGRAM	UNIT	2021	2022	2023
Employee's Medical Check-Up Program	Percentage	99.58	100	100

### HIGHLIGHTS FOR THE EHS DEPARTMENT IN 2023 INCLUDE:



Full compliance of regulatory requirements of ISO 45001 through submitting 525 monitoring reports.



100% of employees covered by the Health and Safety Management System over the past three years.



Receiving the Ministry of Human Resources and Social Development (HRSD) Labor Award for being Pioneers in Occupational Health and Safety.



Being awarded a Silver Medal in the Occupational Health and Safety Award 2023 of Great Britain's Royal Society for Prevention of Accidents (RoSPA). This is the third time that we have won this prestigious award.



## HEALTH AND SAFETY PERFORMANCE

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

Sadara strives to deliver exceptional EHS performance that aligns with the company's vision and mission. To achieve this objective, Sadara encourages its employees to share ideas and practical solutions that promote sustainability and enhance EHS performance.

Sustainability and EHS reports are regularly shared across the company to showcase performance. We also evaluate suppliers and service providers to ensure compliance with EHS regulatory requirements and management system standards that align with the Responsible Care guiding principles.

We strive to continuously improve our health and safety performance to ensure zero recordable injuries. Whilst the total work hours of our employees and contractors increased in 2023 there remains zero employee or contractor fatalities since 2021.

OHS-RELATED KEY PERFORMANCE INDICATORS	UNIT	2021	2022	2023
Total employee manhours	Number	7,307,459	6,826,393	<b>7,280,816</b>
Total contractor manhours	Number	12,477,989	11,801,449	<b>13,918,180</b>
Employee fatalities as a result of work-related injury	Number	0	0	<b>0</b>
Contractor fatalities as a result of work-related injury	Number	0	0	<b>0</b>
Employee high consequence work related injury (excluding fatality)	Number	0	0	<b>0</b>
Contractor high consequence work related injury (excluding fatality)	Number	0	0	<b>0</b>
Employee work related injury (excluding fatality and high consequence work)	Number	0	3	<b>2</b>
Contractor work related injury (excluding fatality and high consequence work)	Number	2	2	<b>2</b>
Fatalities as a result of work-related ill health	Number	0	0	<b>0</b>
Cases of recordable work-related ill health	Number	0	0	<b>0</b>



## ENVIRONMENT HEALTH, SAFETY AND SECURITY (EHS&S) ASSURANCE PROGRAM

GRI 403-2

Sadara's EHS&S Assurance Program continues to be an important tool in validating the implementation of our EHS&S standards requirements and tools. This program promotes a standardized approach, content, and methodology for EHS&S audits, ensuring that our systems not only comply with international standards but are of the highest standard. In 2023 nine Integrated Management System Audits were carried out along with one Internal Management System (IMS) Assessment for one of our third-party tenants. Independent Third-party auditing firms have certified Sadara's EHS&S systems, granting us ISO 45001, ISO 14001, ISO 50001, and RC 14001 certifications, audited annually. This is in addition to other external audits conducted by Sadara's stakeholders.

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

As part of our third-party assessment program, and to comply with RC-14001 Requirements, we took part in two third-party Assessments on Waste Management Facilities at REVIVA and Suez Veolia.

### Process Safety

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

To identify and manage process safety risks, Sadara follows the Process Risk Management Standard and Loss Prevention Principle. These standards apply to various facilities such as the chemical manufacturing facilities, pipelines, warehouses, and loading/unloading facilities. This guideline also includes a Reactive Chemicals Standard to manage risks related to reactive chemicals. In addition to complying with these requirements, Sadara promptly addresses and reports Loss of Primary Containment (LOPC) events to prevent further complications. These events are categorized as Level 1 or Level 2 based on their impact. Sadara is pleased to have achieved zero Level 1 Process Safety and Containment Events for the last three years.

LOSS OF PRIMARY CONTAINMENT	UNIT	2021	2022	2023
Process Safety and Containment Event- L1	Percentage	0	0	0
Process Safety and Containment Event- L2	Percentage	0	0.02	0.01

### EHS Training

GRI 403-5

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

Reflecting Sadara's commitment to health and safety we provide a range of EHS training to all our employees. We also have a Health & Wellness center that all employees can access. In 2023, we streamlined our training programs, focusing exclusively on courses that offer the highest relevance and benefit to our employees. This refinement process has naturally led to a reduction in the number of trainings conducted.

HEALTH AND SAFETY TRAINING AND MANAGEMENT	UNIT	2021	2022	2023
Total hours of HSE training provided to employees (hours)	Hours	69,355	59,166	24,895
Average hours of HSE training per employee (hours)	Hours	5.6	5.1	3.65
Number of workers covered by an occupational health and safety management system	Number	4,394	3,851	2,734

## PRODUCT RISK AND STEWARDSHIP

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

Sadara prioritizes the well-being of everyone involved in the lifecycle of our products and the preservation of the environment. Our approach to product stewardship is based on evaluating safety, health and environmental information and taking appropriate steps to safeguard the health of our employees, the public and the environment. The company also adheres to local product labelling regulations.

Sadara's risk-based approach to prevent accidental releases of hydrocarbons/other materials to the environment are embedded in the ISO 14001 strategy as well as in the Facility LOPC requirements.

Once again in 2023 there were no recorded significant spills of chemicals. In the event of a spill case, we have an emergency response plan and dedicated unit in place to handle any incidents.

## Globally Harmonized System

Sadara has fully implemented the UN's Globally Harmonized System of Classification and Labelling to ensure internationally recognized standards of classification and is working towards complete adoption. In addition, Sadara complies with regulatory requirements such as the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) regulations, and Royal Commission Environmental Regulations. In 2023, there were no incidents of non-compliance with regulations, voluntary codes, or supplier standards that could affect the health and safety of our products, services, handling, transport, or storage.

CUSTOMER HEALTH AND SAFETY	UNIT	2021	2022	2023
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	Number	0	0	0

### Product Safety

Sadara is committed to ensuring that health, safety and environmental protection are central to the design, manufacture, transportation, storage, use, disposal, and recycling of its products. This includes the energy created and used in the manufacture of our products. Sadara conducts periodic reviews of chemicals that are used in our products to prioritize chemicals that cause less harm to health, safety, and environment whilst maintaining quality standards. We also assess health, safety and environmental hazards in relation to new and existing products.

Sadara communicates product hazards and risk controls, transportation, storage and handling to customers and the public through the Safety Data Sheet (SDS), Emergency Response Guide (ERG), and Product Labelling System and Training.

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 2023 we maintained our high standards of product stewardship in relation to health, safety and environmental hazards.

PRODUCT STEWARDSHIP	UNIT	2021	2022	2023
Percentage of products that utilize the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	Percentage	100	100	100
Percentage of such products that has undergone a hazard assessment	Percentage	100	100	100

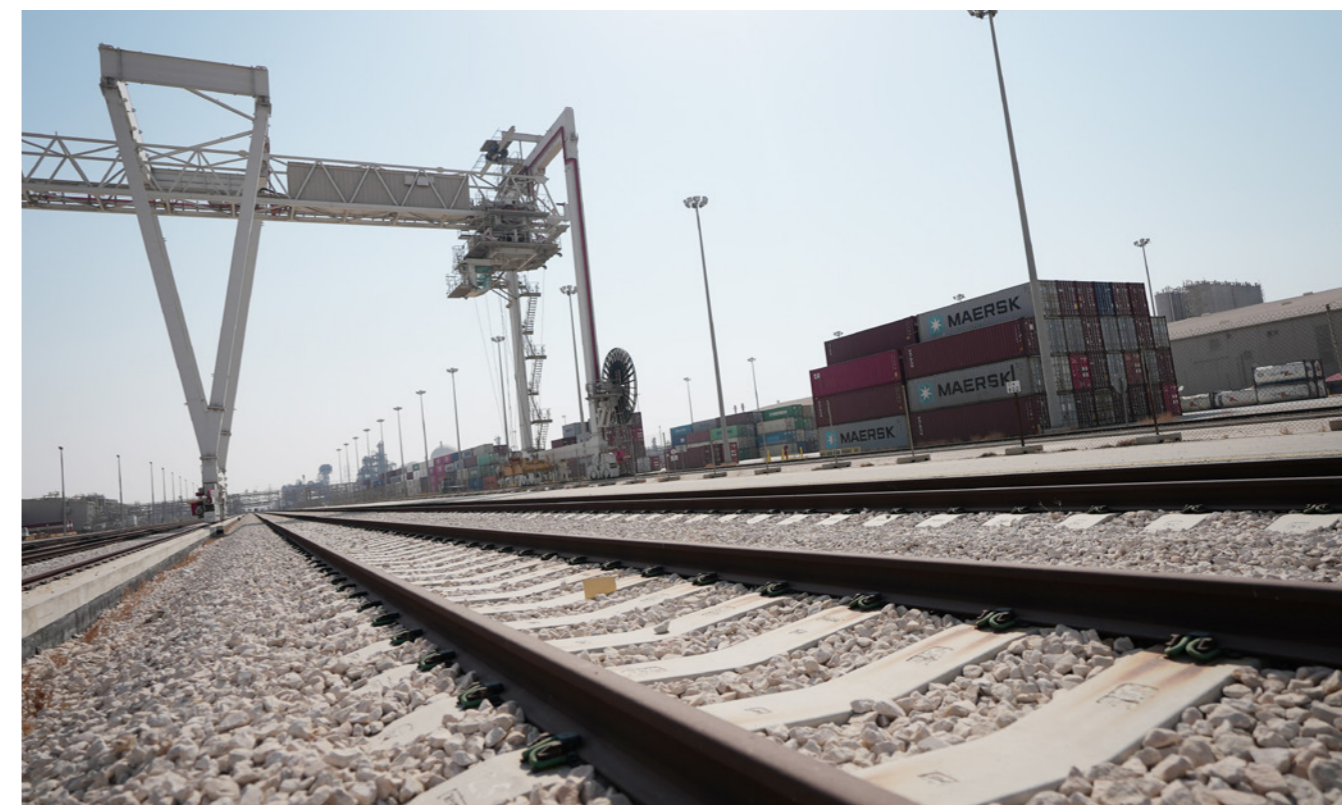
## Product Transportation

Sadara assesses the EHS&S competencies of new contractors in relation to minimizing personnel and environmental impact on the handling, storage, transportation, and warehousing of chemicals.

Sadara's Distribution Risk Review Work Process, which tracks transportation events monthly, manages bulk transportation. We investigate any incidents that take place and work closely with drivers to raise their awareness of transportation safety. In July 2020, Sadara and the Saudi Railway Company (SAR) signed a landmark 25-year railway transport services agreement, marking the first use of rail transport for liquid and solid products in Jubail Industrial City. The Sadara Railway program is set to be completed in June 2025 and expected to replace approximately 200,000 truckloads of Sadara products annually to Jubail's ports, in addition to protecting the environment as a result of reducing harmful emissions by 73%.

Sadara has seen zero transportation incidents for three consecutive years.

TRANSPORTATION SAFETY	UNIT	2021	2022	2023
Transportation Incident L1 Rate	Number	0	0	0
Number of transport incidents	Number	0	0	0



# 04

## CLIMATE CHANGE AND NATURAL RESOURCE CONSERVATION



# CLIMATE CHANGE AND NATURAL RESOURCE CONSERVATION

Sadara’s Climate Change and Natural Resource Conservation Committee is an important part of our Sustainability Council. This committee sets organizational strategies that align with Sadara’s targets and Saudi national ambitions, with a focus on decarbonization, energy efficiency, and the circular economy.

STRATEGIC GOALS	KPIs	UNIT	2023 PERFORMANCE	2023 TARGET	2025 TARGET
5. Minimize Environmental Impact	Reduce energy intensity	GJ/metric ton product <sup>1</sup>	27.220	27.952	27.668
	Reduce GHG intensity	Metric tons CO <sub>2</sub> e/ton product	1.823	2.024	1.983
	Reduce water intensity	m <sup>3</sup> /metric ton product	10.655	9.509	9.313
6. Support Circular Economy	Reduce plastic pellet losses	Percentage	0.21	1	0
	Reduce material effectiveness intensity	Metric tons material loss/tons product	0.152	0.134	0.132

<sup>1</sup> The original unit stated as ton is restated as metric ton for clarity.

## ENVIRONMENTAL MANAGEMENT SYSTEM

GRI 2-23, 3-3

Sadara places great emphasis on effective environmental governance and is ISO 14001, ISO 50001, and RC 14001 certified. Our Sustainability Policy and management system ensure compliance with environmental regulations and stakeholder requirements, while promoting resource optimization and minimizing greenhouse gas emissions.

We carry out regular internal assessments and third-party audits to guarantee accountability and compliance and identify areas for improvement.

## DECARBONIZATION

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

As part of Sadara’s ongoing commitment to reaching net zero, Sadara’s decarbonization strategy is designed to significantly reduce our carbon emissions and align with national and global efforts to mitigate climate change. We are actively implementing a range of initiatives aimed at achieving a substantial reduction in emissions by 2035, with the ultimate goal of reaching net zero emissions by 2050.

Our approach includes enhancing energy efficiency across operations, investing in renewable energy solutions, and optimizing our manufacturing processes. Moreover, we are exploring innovative abatement categories such as direct emissions reductions through advanced technological upgrades, indirect emissions reductions via renewable energy sources and potential carbon capture and storage solutions. These efforts are supported by detailed emissions analysis, which helps in identifying key areas for improvement and measuring the effectiveness of our initiatives. By 2035, we aim to implement advanced catalytic processes, improve thermal efficiencies, and invest in emerging carbon capture technologies, projecting a significant impact on our overall emissions. Sadara is committed to leveraging cutting-edge technologies and industry best practices to achieve our vision of a net zero emission operation by 2050, ensuring that our growth is sustainable and responsible.



## GHG and Other Air Emissions

Sadara continuously monitors and tracks GHG and non GHG emission performance to meet all stakeholder and internal requirements. Sadara employs a standardized GHG calculation and reporting methodology integrated into the company's Footprint Protocol, ensuring data validity and consistent reporting.

Normalized GHG emission is used as the indicator for the main target, which is the GHG intensity, expressed as the total scope 1 and scope 2 emissions from Sadara's facilities divided by the total products sold to the market. In 2023, we saw a reduction in intensity of 0.65% while our total GHG emissions were reduced by 10.55%.

Sadara is fully engaged with Saudi Arabia's governmental GHG programs, including the Circular Carbon Economy initiative and the Energy Information Center (EIC) of the Ministry of Energy, and the GHG inventory as a compliance requirement of the Royal Commission for Jubail and Yanbu.

PRODUCTION DATA	UNIT	2021	2022	2023
Total products sold	Million metric ton	2.972	2.995	<b>2.697</b>

GHG EMISSIONS	UNIT	2021	2022	2023
Direct GHG emissions (Scope 1)	Million metric tons of CO <sub>2</sub> eq	4.031	3.764	<b>3.230</b>
Indirect GHG emissions (Scope 2)	Million metric tons of CO <sub>2</sub> eq	1.579	1.732	<b>1.686</b>
Total GHG Emissions (Sum of Scope 1 and 2)	Million metric tons of CO <sub>2</sub> eq	5.610	5.496	<b>4.916</b>
Emission intensity (total GHG emissions/tons product sold)	Metric tons of CO <sub>2</sub> eq/ton product	1.888	1.835	<b>1.823</b>

NON-GHG EMISSIONS	UNIT	2021	2022	2023
NOx emissions (excluding N <sub>2</sub> O)	Thousand tons	1.722	1.521	<b>1.288</b>
SOx emissions	Thousand tons	0.570	0.546	<b>0.525</b>
Volatile organic compounds emissions (VOCs)	Tons	10.618	13.134	<b>11.092</b>
Hazardous air pollutants	Tons	3.234	4.105	<b>4.152</b>

## ENERGY CONSUMPTION

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

Sadara strives to enhance energy efficiency, and in turn contribute to environmental protection, mitigate the impact of climate change, comply with the regulatory requirements, and continually improve energy performance and the energy management system.

As an ISO 50001:2018 EnMS certified company, Sadara's technical and operational experts have achieved a significant reduction in energy consumption and costs. In 2023, our energy improvement measures included optimizing the power consumption in the Chlorine unit by determining the best operational scheme to run the cooling water pumps system, resulting in energy savings of 32,871 GJ.

Sadara is progressing in the fuel switch initiative, where the imported gas fuel is maximized until the steam generation boilers are run at 100% gas. In 2023, imported heavy fuel oil was 27% lower compared to the previous year's consumption.

In 2023, there was a notable reduction in both petrol and diesel consumption from vehicles, with petrol use decreasing by 4.81% and diesel experiencing a substantial decline of 66.5%. Moreover, Sadara saw a significant overall decrease in energy consumption, totaling 10.15% lower compared to the previous year.

ENERGY CONSUMPTION	UNIT	2021	2022	2023
<b>Direct energy consumption</b>				
Petrol consumption from vehicles	Liters	624,144	573,749	<b>546,133</b>
Diesel consumption from operations	Liters	2,074,754	1,506,337	<b>1,863,783<sup>1</sup></b>
Diesel consumption from vehicles	Liters	18,021	36,236	<b>12,135</b>
<b>Indirect energy consumption</b>				
Electricity consumption (branches, offices, etc.)	GJ	9,503,437	10,260,534	<b>9,832,645</b>
Renewable energy consumption (branches, offices, etc.)	GJ	10.41	31.22	<b>31.22</b>
Total Energy consumption (direct + indirect)	Million GJ	83.499	81.665	<b>73.400</b>
Energy Intensity (total energy consumption in Gigajoules/total products sold in tons)	GJ/ton	28.097	27.265	<b>27.220</b>

<sup>1</sup> Increase is due to the turnaround event this year.

“Sadara saw a significant overall decrease in energy consumption, totaling **10.12%** lower compared to the previous year.”

CASE STUDY

Waste Heat Recovery

In 2023 Sadara fully deployed waste heat recovery processes to reduce carbon emissions and cut energy demand, achieving a circular process in its manufacturing plants.

Sadara harnesses waste heat to produce steam using three technologies: (1) via feedstock cracking, (2) utilizing heat of exothermic chemical reaction, and (3) on-site organic liquid and waste gases thermal oxidation (THROX). For THROX, maximizing waste heat required finding the right reactor parameters and ensuring that the right proportions of the 46 liquid and gas wastes to maintain optimized thermal oxidation. Combining all of these WHRs led to savings in steam amounting to a generation rate of 12% of the overall site steam demand.

The initiative will support Sadara in avoiding the equivalent of 326,346 tons of carbon dioxide a year and forms an important part of the decarbonization strategy going forwards.



The Waste Heat Recovery Project won Sadara the Sustainable Environmental Protection Award at the 3rd **GPCA Responsible Care Excellence Awards** in September 2023.

WATER AND EFFLUENTS

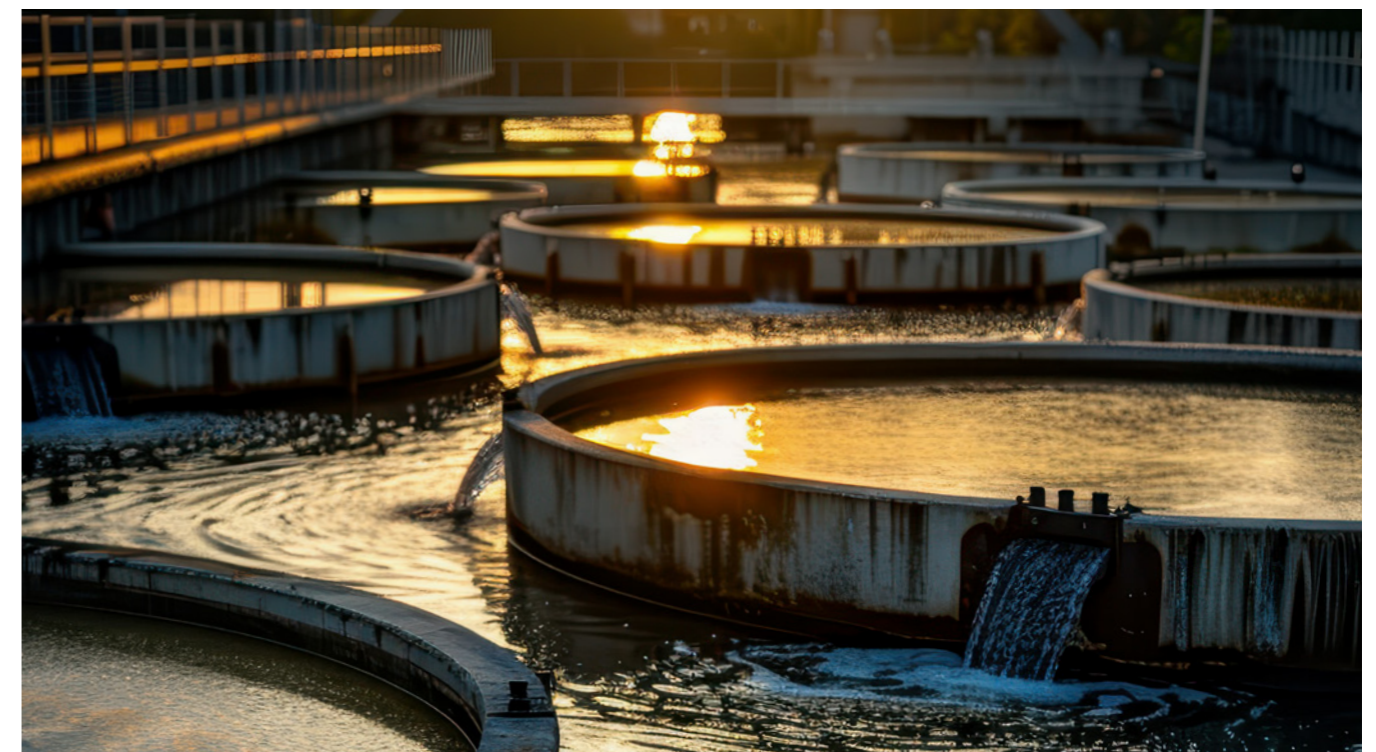
GRI 3-3, 303-2, 303-3, 303-4, 303-5, 306-1

Reducing water consumption is crucial for protecting the environment, energy reduction, and cost savings. In Sadara's operations, water is consumed by production for steam generation, water cooling, domestic use, irrigation, and washing of equipment. Sadara's primary source of industrial water is the Marafiq Seawater Reverse Osmosis (SWRO) plant located within the chemical complex.

Sadara's compliance status indicated no water violations or non-compliance, including wastewater quality permits, standards, and applicable regulations in 2023.

Sadara demonstrated notable improvements in water management. Water intensity decreased by 5.05%, indicating more efficient water use per unit of product sold. Total water consumption was reduced by 14.51%, reflecting a significant reduction in overall water usage. Recycled wastewater increased by 4.31%, showcasing enhanced recycling efforts. Additionally, the wastewater Total Organic Carbon (TOC) discharged decreased significantly by 28.30%, indicating improved wastewater treatment processes and a reduced environmental impact.

WATER	UNIT	2021	2022	2023
Water intensity (water consumption/total products sold)	m <sup>3</sup> /products sold	9.981	11.314	10.655
Total water consumption	Million m <sup>3</sup>	29.662	33.888	28.732
Recycled wastewater	m <sup>3</sup>	2,258.21	6,312.77	6,584.87
Wastewater TOC discharged	Thousand tons	1.646	1.866	1.414





## SUSTAINABLE RESOURCE MANAGEMENT

### Material Effectiveness

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

Sadara prioritizes the application and improvement of material effectiveness and management practices at our manufacturing plants, while ensuring compliance with relevant environmental regulations.

We manage the entire waste disposal process from the collection of waste generated by various units to its eventual disposal at third-party waste management facilities in Jubail. In addition, we conduct routine audit programs on third-party waste/recycling management facilities, ensuring compliance with all relevant legal requirements for waste disposal and recycling processes, recommending opportunities for improvement, and sharing best practices. Sadara aims to find further recycling opportunities, especially on waste streams that are currently disposed.



#### MATERIAL EFFECTIVENESS

	UNIT	2021	2022	2023
Total waste generated	Thousand tons	28.909	43.376	85.801 <sup>2</sup>
Hazardous waste sent to disposal	Thousand tons	3.152	6.417	40.376
Non-hazardous waste sent to disposal	Thousand tons	7.993	15.317	13.468
Flaring loss <sup>3</sup>	Thousand tons	307.314	245.299	244.991
Material effectiveness intensity	Tons material loss/ tons products	0.148	0.131	0.152

<sup>2</sup> Higher generation is brought about by turnaround of plants.

<sup>3</sup> Includes all types of waste gases to the flares, including purge gas such as Nitrogen.

In 2023, Sadara's material losses increased to 16.03%, and material effectiveness intensity stalled, moving away from our target. This was mainly due to a significant increase in industrial waste, which was 42 metric tons higher than in 2022. To address this, Sadara will implement measures to reduce flaring losses and industrial waste in the future.

## CIRCULAR ECONOMY

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

By embracing circular economy principles, Sadara operates sustainably by optimizing resources and continuously adopting improvement initiatives. This approach protects the environment, achieves cost savings, and fosters cross-sector partnerships that value process outputs as primary resource inputs. Sadara has set ambitious goals to achieve circularity, focusing on maximizing recycling opportunities and minimizing waste generation.

In 2023, Sadara saved approximately SAR 22.8 million in disposal costs and generated over SAR 2.2 million in revenue from recycling. The turnaround and shutdown of specific plants led to an increase in both recycled and incinerable wastes. However, due to the nature of the waste produced during these processes, the volume of incinerable and landfill wastes exceeded that of recycled materials.



COST SAVINGS	UNIT	2021	2022	2023
Total revenue from recycling	SAR	891,764	931,113	2,234,645
Total saved disposal cost	SAR	22,990,888	21,783,382	22,812,225
Wooden pallets re-used	Number	13,930	8,141	8,600
Recycled input materials used: recycled fuels (pyoil, tail gas, PSA recycle, off gas)	Thousand tons	495.06	502.28	2,234
Percentage of recycled input material used	Percentage	13.90	14.22	15.26

CIRCULAR ECONOMY	UNIT	2021	2022	2023
Total waste diverted from landfill	Thousand metric tons	24.240	20.234	26.553
Percentage of waste diverted from landfill (total recycled + incinerated waste/ total generated)	Percentage	69.99	61.22	90.26

RECYCLED MATERIALS	UNIT	2021	2022	2023
Sale of by-products (by products: Co- products and Hydrocarbons) generated from operations	SAR	794,873,815	670,070,275	367,090,990
Recycled mixed materials (Plastic, paper, metal, etc.)	Thousand tons	1.281	1.354	1.500
Recycled TDI tar	Thousand tons	7.559	8.808	9.676
Recycled off-spec wastewater	Thousand tons	2.258	6.312	8.547
Total paper recycled	Kilograms	5,400	9,310	6,280
Total electronic waste products recycled	Kilograms	41,892	25,412	59,816
Portion of waste generated that was recycled	Percentage	64.50	61.44	32.67

## BIODIVERSITY

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

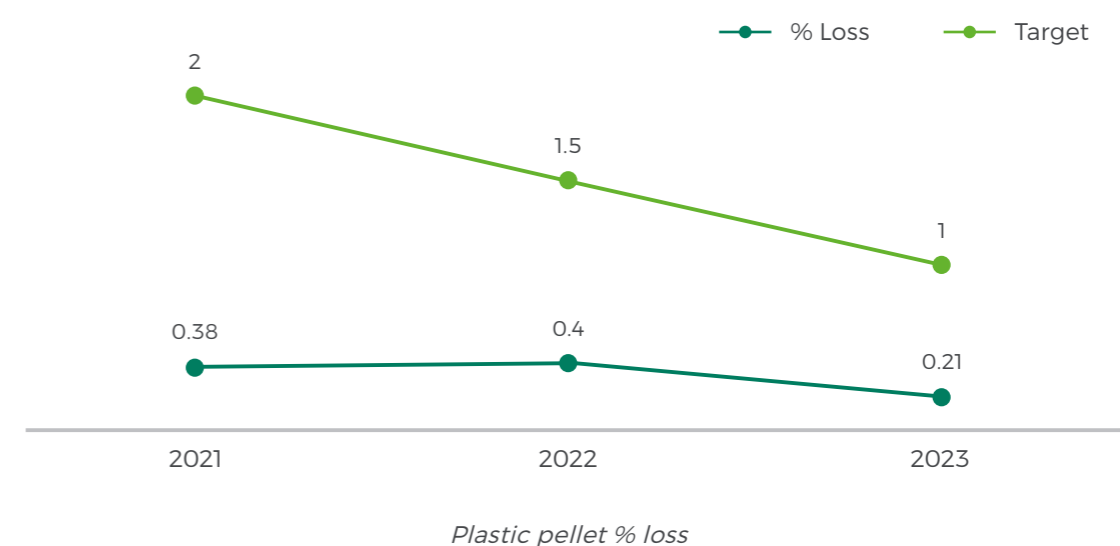
Sadara is dedicated to preserving and minimizing its operational impact on biodiversity. Our RC14001 standard specifically considers biodiversity, reflecting our commitment.

Throughout 2023 there were no incidents of spills resulting in the release of substances into the environment because of Sadara's operational activities.

In 2021, Sadara made history as the first company in the Gulf Cooperation Council (GCC) to receive the Operation Clean Sweep (OCS) certification from the Gulf Petrochemicals and Chemicals Association (GPCA). OCS aims to prevent and reduce spills into the natural environment. Sadara prevents pellet loss through measures like supersacks, green mesh, and regular cleaning. Implementing OCS into the Sadara ODMS, ensures that our teams and contractors consistently follow compliance standards across all our plastics manufacturing facilities. Moreover, four OCS walkthroughs were conducted in 2023 to ensure optimum performance.

For more information on Sadara's Climate Change and Natural Resource Conservation efforts, please visit [2022 Sustainability Report](#).

SPILLS	UNIT	2021	2022	2023
Total recorded significant spills	Number	0	0	0
Total recorded significant spills	Cubic meter	0	0	0



# 05

## BUSINESS GROWTH AND OPERATIONAL EXCELLENCE



# BUSINESS GROWTH AND OPERATIONAL EXCELLENCE

STRATEGIC GOALS	KPIs	UNIT	2023 PERFORMANCE	2023 TARGET	2025 TARGET
7. Ensure Operational Excellence	Increase Product Supply Reliability (PSR)	Percentage	84.1	93.6	94.9
	Decrease DPMO	Number	312	4,000	9,000
8. Support Downstream Industry Local Content	Increase number of PlasChem tenants	Number	9	8	10
	Increase percentage of local procurement spending	Percentage	79	78	80

## FINANCIAL PERFORMANCE

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

Sadara is committed to ensuring that our operations are efficient, meet customer needs and support local procurement. Our strategic focus is on enhancing the performance of all departments to meet the expectations of our shareholders and customers.

Sadara's financial reporting complies with the International Financial Reporting Standards and US Generally Accepted Accounting Principles to provide stakeholders with transparent financial performance reports.

Sadara's Lease Policy with guidelines enables us to make effective and efficient financing decisions for purchasing or leasing assets. Our Investment Guideline supports Sadara to maximize its Return on Investment (ROI) by providing a framework and tools for cash investments. In addition, our Strategic Planning and Business Finance division processes and recruits skilled individuals to obtain detailed estimates, forecasts, and actual figures for all products/business lines throughout the company.

In 2023, our financial performance decreased compared to the previous year. This decline can be attributed to several key factors. Firstly, there was a decrease in sales volume due to a planned turnaround in the first quarter of the year. Additionally, the company faced challenges from lower sales prices, driven by sluggish global economic conditions and market trends. Despite these lower sales prices, the reduction in feedstock prices did not occur to the same extent, resulting in margin compression.

Sadara's strategic approach to asset management prioritizes regulatory compliance while simultaneously enhancing asset effectiveness through value generation, optimization, and reliability improvements. Integral to this strategy are energy efficiency projects and decarbonization efforts, which form part of the overall capital project structure. The company categorizes its capital investments into three main streams. First, a five-year capital project plan, approved annually by the board, aligns with the organization's vision and includes both discretionary investments—such as value optimization and revenue generation—and non-discretionary investments, which cover EHS&S compliance, regulatory compliance, and reliability and sustainability improvements. Second, Sadara employs a turnaround Strategy to periodically upgrade and renew major assets. Third, a Recurring Maintenance Strategy ensures that specific asset areas remain as close to their original condition as possible. In 2023, Sadara's total capitalization reached USD 276 million, reflecting our robust commitment to sustainable asset management and strategic growth.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	UNIT	2021	2022	2023
Revenues	(SAR; million)	17,698	14,484	10,699
Operating Costs	(SAR; million)	-12,217	-13,773	-12,275
Employee wages and benefits	(SAR; million)	-1,478	-1,628	-1,601
Total payments to providers of capital	(SAR; million)	-1,015	-1,020	-693

Please refer to the [2022 ESG Report](#) for more financial information.

## Tax Strategy

GRI 207

Sadara adopts the most recent and updated strategies in the tax industry to ensure a high level of accuracy and performance. Additionally, the Tax Strategy is reviewed and approved every quarter by senior leaders.

Sadara ensures that the tax team and members continuously implement the approved plan that reflects the most recent and updated tax regulations published by the Zakat, Tax and Customs Authority (ZATCA).

Sadara follows established corporate governance procedures, deploying the support of the ethics and internal audit committee. The reporting process is transparent, and any concerns are addressed in a timely manner through an evidence-based approach and by maintaining confidentiality.

Sadara's tax team is trained and updated on the tax regulations and can benefit from the expertise of our tax advisors and shareholders. The tax team prepare Value Added Tax Returns and Withholding Tax Returns monthly. Additionally, Income Tax Returns and Transfer Pricing information, including a country-by-country report, are prepared annually. All the returns are audited frequently by the tax authority and Sadara always ensures a high level of transparency and accuracy of the submitted data.

Sadara Chemical Company and Sadara Basic Services company are under ZATCA's jurisdiction. Additionally, five Sukuk entities report under the Netherlands Jurisdiction.

Over the past three years, Sadara has shown a strong ability to manage its prime controllable costs effectively. In 2021 and 2022, we kept our actual costs significantly below the planned costs, achieving 72% and 71% of the budgeted costs, respectively. This demonstrates efficient cost management practices. In 2023, Sadara achieved 99% of its planned costs, indicating precise budgeting and cost control mechanisms.

	UNIT	2021	2022	2023
Prime controllable cost	(Actual/Plan) Percentage	72	71	99



## PRODUCT DEVELOPMENT

GRI 3-3

Sadara strives to diversify production and expand its portfolio by encouraging innovative thinking throughout the entire organization. In turn, this enhances operations and generates new ideas that will contribute to long-term profitability.

In 2023, Sadara launched a cross-departmental Hydrocarbons Optimization program targeting the MFC Feedslate, which generated over USD 20 million in value. This initiative meticulously assessed the prevailing operating and market conditions, financial impacts, and opportunities for maximizing value. Enhancements were made across the board—improving processes, tools, and competencies for evaluating the Feedslate. The team successfully optimized the existing setup, focusing on increasing throughput and enhancing feedstock efficiency and effectiveness.

## MANUFACTURING OPERATIONAL PERFORMANCE

GRI 403-2, 403-8

We are proud of continuously delivering a high-level EHS&S and production performance despite market challenges. Sadara's complex facility operations entail running 26 integrated plants, coordinating with raw material suppliers and conforming to international and local standards and regulations. We place great emphasis on maintaining employees' health and safety while ensuring seamless operations.

### Measuring Manufacturing Operational Performance

Sadara has adopted the Product Supply Reliability measure, which tracks our ability to consistently supply the same quality product, at a reasonable cost and within an acceptable timeframe. We continuously monitor our operational KPIs at each unit's control room for quick responses and decisions, prioritizing EHS as well as operational stability. The monitoring system communicates the consolidated observed KPIs along with their expected financial impacts to site management to support our management team in making critical decisions.

PRODUCTION DATA	UNIT	2021	2022	2023
Total Market Facing products manufactured	Million metric tons	2.624	2.796	2.594
Total products sold to the market <sup>1</sup>	Million metric tons	2.972	2.995	2.697
Increase Product Supply Reliability (PSR)	Percentage	85.6	91.5	84.1 <sup>2</sup>

<sup>1</sup> Includes non-market facing products

<sup>2</sup> The decrease from 2022 is due to unplanned extended turnaround of specific plants.

## 2023 MANUFACTURING OPERATIONAL MILESTONES



The company safely and successfully completed a major turnaround during 2023 for major plants, including the MFC, Aromatics, and Plastic Trains (PEs), achieving over 3.6 million safe man-hours to complete an overall scope of 3,800 jobs.



Sadara recorded the highest yearly production performance since startup for both PMDI and TDI chains.

## SUPPLY CHAIN MANAGEMENT

GRI 2-6, 3-3

Sadara is dedicated to operating a first-class procurement system. Our approach is to prioritize local procurement and support the growth of the local economy by fostering partnerships with suppliers who share our values and principles. These collaborations also promote high standards of safety and quality.

Sadara has implemented formal assessment and audit programs to verify and monitor suppliers. The Prequalification Committee assesses a supplier's suitability in a specific goods or service grouping deploying the EHS assessment program and ESG criteria.

We partner with Dow and Sabic to market our products in various locations to reach a wider market.



## LOCAL CONTENT

GRI 204-1, 308-1

Local Content is key to Saudi Arabia's economic development plans, supporting Saudi Vision 2030's objectives.

Sadara's Local Content Development Division actively identifies and develops opportunities to maximize local spending and increase Local Content levels in critical commodities. We have embedded Local Content into the company's procurement process, ensuring that local suppliers are given fair opportunities to participate in Sadara's tender awards.

In 2023, a collaborative effort between Sadara's EHS department and the Procurement department led to the successful localization of Flame-Resistant Clothing (FRC) and Hard Helmets. This initiative supports local manufacturers by enhancing their standards to meet the specifications set by Sadara.

Sadara once again increased the number of local suppliers we contracted with. The percentage of local suppliers we procured also increased in the same year, reaching 55%.

This was achieved due to several successful initiatives. Sadara's Procurement Department launched a temporary satellite office at Jubail Chamber in 2023 to provide a direct interface for the company with local vendors. This strategic milestone aims to improve efficiency and effectiveness in managing suppliers and to strengthen the company's reputation.

In addition, Sadara took part in many major regional events in 2023 including iktva and GPCA to showcase our commitment to the localization of the workstream. As a result of these initiatives, more than 30 new local manufacturers and contractors qualified to do business with Sadara, and more than 250 local suppliers registered with the company in 2023.

Sadara also signed an important agreement with the Small and Medium Enterprises (SMEs) General Authority "Monsha'at" to join its the Jadeer Service. The Jadeer Service is a free online service that aims to qualify and empower SMEs by facilitating their access to procurement opportunities offered by Monsha'at's service partners in the public and private sectors.

In 2023, the percentage of spending on local suppliers increased from 79% to 86%, reflecting a strategic shift towards greater preference for local suppliers. Similarly, while the total expenditure on materials decreased from SAR 2,077 million to SAR 1,346 million, the percentage of these materials procured from "Saudi Made" material rose from 47% to 53%.

SPENDING	UNIT	2021	2022	2023
<b>Including Feedstock</b>				
Procurement spending on all suppliers <sup>1</sup>	Million SAR	13,083	15,000	18,266
Percentage of spending on local suppliers <sup>1</sup>	Percentage	90	94	95

<sup>1</sup> The above percentages are Local Spend by Procurement categories and include feedstock.

SPENDING	UNIT	2021	2022	2023
<b>Excluding Feedstock</b>				
Procurement spending on all suppliers <sup>2</sup>	Million SAR	4,031	4,196	2,531
Percentage of spending on local suppliers <sup>2</sup>	Percentage	75	79	86
Total Procurement of materials <sup>2</sup>	Million SAR	2,115	2,077	1,346
Percentage of Saudi made materials <sup>2</sup>	Percentage	42	47	53

<sup>2</sup> The above percentages are Local Spend by Procurement categories and exclude feedstock.

Over the past three years, Sadara has made significant strides in enhancing Local Content within its procurement practices. The percentage of Local Content in procurement services has consistently remained high, achieving 96% in 2021 and slightly improving to 97% in both 2022 and 2023. In procurement of raw materials, there has been a notable increase from 53% in 2021 to 81% in 2023, reflecting Sadara's commitment to sourcing more raw materials locally. However, the Local Content score for spares and equipment has seen a decline from 81% in 2021 to 67% in 2023. This indicates a need for further efforts in boosting local procurement in this category to match the improvements seen in other areas. Overall, Sadara's focus on Local Content aligns with broader economic goals and supports local industry growth.

LOCAL CONTENT	UNIT	2021	2022	2023
Percentage of Local Content score in Procurement (Services)	Percentage	96	97	97
Percentage of Local Content score in Procurement (Raw Materials)	Percentage	53	61	81
Percentage of Local Content score in Procurement (Spares & Equipment)	Percentage	81	74	67

For more information on how Sadara defines and calculates Local Content, please refer to our 2021 and 2022 Sustainability Reports.

## SUPPLIER QUALIFICATION AND AUDITING

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

At Sadara, we have established assessment and audit programs to verify and monitor suppliers. The Prequalification Committee evaluates suppliers based on specific goods or services, deploying the EHS assessment program as a key tool. Factors taken into consideration include the supplier's HSE Policy Statement, SMART Objectives, Training Matrix, Audit Procedure, and relevant ISO certifications.

In 2023, we qualified over 2,118 local manufacturers. Suppliers are audited regularly to evaluate their performance and adherence to key ESG criteria. The number of suppliers subject to audits increased from 612 in 2021 to 712 in 2022, before slightly decreasing to 610 in 2023.

SUPPLIER AUDITS	UNIT	2021	2022	2023
Suppliers subject to audits	Number	612	712	610
Suppliers with which improvements were agreed upon as a result of audits	Number	34	31	46
Suppliers with which relationships were terminated as a result of audits	Number	1	1	0



### Supplier Code of Conduct

At Sadara, we embrace our sustainability responsibilities, extending them to our suppliers and the broader community. Our **Supplier Code of Conduct** covers human rights, labor practices, environmental protection, and business integrity. Suppliers must adhere to these standards and integrate them into their operations. Furthermore, we work collaboratively with our suppliers to ensure responsible and sustainable practices while delivering quality goods and services. We prioritize timely payment of salaries and benefits, requiring suppliers to include a letter certifying full payment to all personnel, along with their invoices, safeguarding worker rights.

Over the past three years, Sadara has made significant progress in ensuring supplier adherence to its Supplier Code of Conduct. In 2021, 68% of suppliers acknowledged the Code of Conduct. This number saw a substantial increase in 2022, rising to 86%, and further improved to 87% in 2023.

SUPPLIER CODE OF CONDUCT	UNIT	2021	2022	2023
Supplier Code of Conduct Acknowledgment	Percentage	68	86	87

## 2023 HIGHLIGHTS

2023 was a challenging year in procurement due to supply chain interruptions and availability of contractors. Despite this, Sadara's Procurement Department enjoyed many successes including:



Awarding more than 70,000 PO lines, and 93 new contracts.



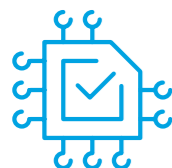
Achieved a total saving of 5% out of the spending value.



Processing more than 250 amendments on contracts and Spot Buy purchase orders despite the market's tight condition and inflation.



Introducing new local vendors with 285 new suppliers registering with Sadara and amending 1,093 vendors.



Digitalizing and enhancing 17 processes, leading to an expected saving of more than 24,000 employee-hours a year, while eliminating errors.



Qualifying 31 new local manufacturers and contractors.

For more information on how Sadara defines and calculates Local Content, please visit our 2021 and 2022 Sustainability Reports.

## Supplier Sustainability Assessment

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

Sadara conducts a Sustainability Assessment for Key Suppliers. This identifies the impact of our suppliers from a sustainability perspective to support our own sustainability performance and highlights potential future collaboration opportunities.

The assessment questionnaire covers ESG topics in alignment with the GRI Standards as well as the Saudi National Sustainability Reporting Standards.

## Supplier Satisfaction

As part of our continuous improvement process, Sadara conducts an annual survey to garner a better understanding of supplier satisfaction.

In the 2023 supplier survey, Sadara achieved a 98% satisfaction rate with no actual complaints. In addition, Sadara's Procurement department hosts meetings with strategic suppliers, involving our CEO, as part of our ongoing drive to enhance customer experience.

## CUSTOMER RELATIONS AND PRODUCT QUALITY

Sadara places great emphasis on meeting our customers' needs in a timely manner while delivering a high-quality product. To elevate customer experience, Sadara holds quarterly meetings with marketers and has implemented improvements to process automation systems.

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

PRODUCT QUALITY	UNIT	2021	2022	2023
DPMO	Number	4,152	856	312

## Customer Survey

GRI 3-3

Customer surveys are an important tool to gain insights on the services we provide and to capture potential opportunities for improvement. The 2023 customer satisfaction survey showed that 46% of customers were very satisfied and 47% satisfied with their experience with Sadara, with a 93% overall customer satisfaction rating.

To ensure that customers receive excellent service and prime products that meet their expectations, Sadara has a Corrective Action Management Process (CAMP) for quality and services (supply chain) complaints.

SUPPLY CHAIN	UNIT	2021	2022	2023
Volume of products exported	Tons	2,975,754	2,998,000	2,696,550
Number of customer shipments	Number	71,145	77,965	56,591

In 2023, the number of complaints decreased by 29% compared to 2022, and 100% of the complaints received were resolved during the first contact with the client.

CUSTOMER SATISFACTION	UNIT	2021	2022	2023
Number of customer complaints received	Number	512	335	237
Number of customer complaints resolved	Number	512	335	237
Number of first call resolution (FCR)	Number	501	331	234
Customer Satisfaction Score (0 to 10)	Number	10	10	9.3
Net Promoter Score (NpS)	Number	25	50	40
Percentage of customers actively responding the survey	Percentage	100	80	52
Resolved issues that were raised through the complaint channels	Percentage	100	100	100



## INNOVATION AND TECHNOLOGY

GRI 3-3

Innovation is key for Sadara to maintain our industry leading position and to ensure alignment with Saudi Vision 2030 and our collective national ambitions for a thriving economy. We foster a culture of innovative thinking throughout the entire organization to enhance operations, improve our product portfolio and generate new ideas that will contribute to long-term profitability.

Sadara's Technology Center leads the organization's dynamic R&D and innovation efforts in collaboration with other departments across the business. The company's annual R&D budget is SAR 4 million. To emphasize the important of innovation, a dedicated Corporate Innovation Committee (CIC) was established.

To facilitate the identification of innovative ideas, Sadara established the Innovate@ program and software that is structured into three main tracks: General Ideation, Manufacturing Ideation, and Intellectual Property Innovation.

The Innovate@ software automates the generation, tracking, and evaluation of ideas, from conception through to execution. Employees earn points for each approved action within the system, which cumulatively link to the Balance of Consequences (BOC) as a means to reward deserving employees. In 2023, 850 ideas were submitted, of which 150 ideas have been accepted for evaluation.

### Sustainable and Innovative Products

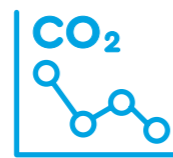
Sadara understands the importance of using rigorous methodologies to determine its carbon footprint and circularity percentage. Currently, CIC has been tasked to oversee R&D in Sadara, including developing sustainable circular and efficient products.

INVESTMENT IN R&D	UNIT	2021	2022	2023
Amount spent on research and development of sustainable products and services	SAR	NA	2,082,625	4,000,000

### 2023 INNOVATION HIGHLIGHTS



Drove the efforts for Sadara to win two SEED/ Tech Center awards at Dow for Reducing Wastewater Generation by Improving Hydrogen Peroxide Quality (SEED Award in PO&D) and Mixed Acid Reactor Failure-Innovation Solution (Tech Center Award in Isocyanates).



Maximized natural gas use in boilers, reducing reliance on high-carbon liquid fuel, has cut CO2 emissions by 21,000 metric tons annually.

Reduced flaring at plastics facilities by exporting the ethylene stream to MFC has reduced CO2 emissions by 29,700 metric tons per year.

## DIGITAL TRANSFORMATION

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

Sadara continues its journey of Digital Transformation. Our Digital Transformation Strategy supports our goal to achieve the target maturity score. This strategy includes conducting annual digital maturity assessments, exploring and introducing emerging technologies to our functions, solving complex business challenges, developing business cases from Digital Transformation initiatives and governing projects from a value realization perspective.

In 2023, Sadara successfully implemented several key digital initiatives. Among them was the pioneering use of 3D printing technology to manufacture a crucial spare part for the BGE plant's fin fan, ensuring continuous operations and showcasing the practical benefits of additive manufacturing. Additionally, the enhancement of the commercial department's tendering process through Robotic Process Automation (RPA) significantly boosted efficiency and streamlined procedures. Furthermore, the introduction of digital business cards for chief position holders marked a shift towards more sustainable and efficient corporate practices.

The adoption of emerging technologies also led to the development of innovative projects utilizing Artificial Intelligence, Video Analytics, RPA, and Conversational AI. These projects are projected to deliver substantial economic value, estimated at USD 27 million over the next five years, and have received strong endorsement from management for further implementation.

### Downstream Investment Opportunities in PlasChem Park

Sadara supplies feedstock to PlasChem Park tenants and other inputs produce diversified specialty products, enabling important applications for Saudi Arabia in several key downstream industries. These include oil and gas chemicals, construction materials, detergents, home and personal care products, water treatment chemicals and coating and paint applications.

In 2023, Sadara successfully extended its enterprise IT network connectivity to include PlasChem Park.

PLASCHEM PARK	UNIT	2021	2022	2023
Number of PlasChem Park accumulative tenants who have direct contracts with Sadara	Number	8	8	9

For more information on Sadara's downstream investment, please visit our 2021 and 2022 Sustainability Reports.



# 06

## PEOPLE AND COMMUNITY



# PEOPLE AND COMMUNITY

STRATEGIC GOALS	KPIs	UNIT	2023 PERFORMANCE	2023 TARGET	2025 TARGET
9. Strengthen the Value of Employee Proposition	Employee Engagement Score	Out of 10	6.7	7.23	7.7
	Increase Saudization	Percentage	78	77.5	82
	Increase Employee Training Hours and Developmental Programs	Hours	187,187	89,228	183,060
	Increase the Reach of Women's Inclusion and Employment	Percentage	2.8	3.7	5.0
10. Support the Local community	Increase Community Engagement Initiatives	Number	25	20	25
	Increase Employee Volunteering Hours	Hours	5,948	5,035	10,000

## OUR PEOPLE

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

At Sadara, we recognize that our people are our most valuable asset and we place great importance on promoting employee growth, development, and engagement, with the aim of achieving exceptional performance levels. We strive to attract the best talent from both regional and global labor markets, and we support this by providing benefits, including housing, training, and opportunities for swift career advancement.

Sadara values diversity within the workplace and aims to create productive relationships amongst its employees. We provide equal opportunities for both men and women in accordance with the Saudi Labor Law.

### Workforce

Over the past three years, Sadara has maintained a stable workforce with a slight decline in the total number of full-time employees, from 3,092 in 2021 to 2,892 in 2023. By 2023, female employees represented 2.77% and male employees constituted 97.23% of the workforce.

WORKFORCE	UNIT	2021	2022	2023
<b>Full-time employees</b>	Number	3,092	2,987	2,892
Female full-time employees	Number	76	89	80
Male full-time employees	Number	3,016	2,898	2,812
<b>Part-time employees</b>	Number	0	0	0

WORKFORCE BY AGE GROUP	UNIT	2021	2022	2023
18-30	Number	1,085	866	793
31-40	Number	1,154	1,217	1,227
41-50	Number	677	704	683
51+	Number	176	200	189

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

TURNOVER	UNIT	2021	2022	2023
Total number of employees who left the organization	Number	183	217	219
Turnover rate	Percentage	5.8	7.1	7.4
Turnover by gender				
Female	Number	4	6	17
Male	Number	179	211	163

ABSENTEE RATE	UNIT	2021	2022	2023
Total number of missed workdays	Number	21,201	24,122.73	18,687.84
Total workdays (full-time employees)	Number	6,504,487	6,745,440	6,631,488
Employee absentee rate	Percentage	0.33	0.26	0.28

## Saudization

GRI 202-2

Saudization is a central pillar of Sadara's sustainability efforts, demonstrating our commitment to nurture economic growth and social development within the Kingdom. Sadara promotes the localization of the workforce, promotes skill development, and creates career advancement opportunities for Saudi nationals through targeted initiatives and partnerships.

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

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

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

The proportion of Saudi nationals in Sadara's workforce continues to increase, now constituting 77.77% of the full-time workforce from 74% in 2021.

WORKFORCE BY NATIONALITY	UNIT	2021	2022	2023
<b>Number of full-time national employees</b>	Number	2,288	2,267	2,249
Female national employees	Number	76	89	80
Male national employees	Number	2,212	2,178	2,169
National full-time employees in senior management	Number	30	30	25
Number of employees of other nationalities	Number	804	720	643

## WOMEN'S EMPOWERMENT

GRI 3-3, 405-1

Attracting and retaining a diverse workforce is an important part of Sadara's hiring strategy. To advance its commitment to gender diversity, Sadara has implemented a female employment strategy to enhance continuous professional development and provide equitable opportunities for men and women. Our Women's Empowerment Program aims to make Sadara one of the leading workplaces for women in the industry. In 2023, new hires of female employees increased to 18 from 11 in 2022 and we saw our first six female employees join middle management.

Sadara marks International Women's Day on March 8 every year to recognize the contribution of its female employees to the company. As part of the celebration, the company highlights the efforts of its female employees, including a special message from the CEO to convey appreciation and recognition.

WORKFORCE BY CATEGORY AND GENDER	UNIT	2021	2022	2023
<b>Senior Management</b>	Number	114	108	145
Male employees in senior management	Number	114	108	145
Female employees in senior management	Number	0	0	0
<b>Middle Management</b>	Number	347	344	221
Male employees in middle management	Number	344	340	216
Female employees in middle management	Number	3	4	5

# TRAINING AND DEVELOPMENT

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

Sadara is committed to developing employee leadership, technical, and business skills to ensure the safe, effective, and profitable operation of our chemical complex.

We offer a range of training programs and opportunities which are regularly monitored and reviewed by our Human Capital Development team. Sadara has a centralized Learning Management System (LMS) which all employees have access to.

Sadara employees receive performance evaluations and career development reviews twice a year. Our control performance management program has proved successful with a completion rate of 100%.



### Sadara Leadership Development Program (SLDP):

The SLDP, launched in 2022, addresses the developmental needs of different leadership groups within the company. SLDP aims to support the development of current and future leaders across the organization by enhancing their competencies, skills and abilities.



### Sadara Professional Development Program (SPDP):

The SPDP, Talent Foundation Program (TFP) track, is a foundational development-level program to develop new graduates enabling them to perform their current job roles while preparing them for future careers. The SPDP provides a mix of developmental and experiential learning activities which equip participants with the skills and knowledge to meet organizational goals.

### Sadara Program for Operators and Technicians (SPOT) Automation:

The SPOT program is a competency-based development initiative that enables Sadara to set clear requirements for career progression and job qualification for operators and technicians across the company. SPOT has developed Job Certification Packages for each technical role in operations and maintenance, standardizing the training and certification framework and integrating it with the human resources (HR) and career progression system. This ensures that participants are equipped with the necessary skills and qualifications to meet organizational goals and advance in their careers.

PROGRAM	UNIT	2021 TOTAL	2022 TOTAL	2023 TOTAL
SLDP	Number of participants	144	474	480
SPOT	Number of participants	753	684	793
SPDP	Number of participants	222	915	893

In 2023, Sadara significantly expanded its training offerings through the Sadara Professional Development, Sadara Leadership Development, Safety Programs, and Technical Programs. This expansion resulted in a substantial increase in the quantity of training sessions provided.

TRAINING AND DEVELOPMENT	UNIT	2021	2022	2023
Total number of training for females	Number	63	69	141
Total number of training for males	Number	3,515	2,728	4,562
Total number of training for total workforce	Number	3,578	2,797	4,703
Total number of training for senior management	Number	32	34	60
Total number of training for middle management	Number	444	327	236

For more information on Sadara's training and development, please visit our [2021](#) and [2022](#) Sustainability Reports.



## WAGES AND BENEFITS

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

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

To recognize and reward exceptional performance, our compensation system goes beyond regular payroll salaries and is linked to individual achievements in meeting departmental objectives and goals.

Sadara matches 9.75% of basic salary and housing allowances for General Organization for Social Insurance (GOSI), as per government regulations. We aim to maintain a culture of equal opportunity and fairness.

WAGES AND BENEFITS	UNIT	2021	2022	2023
Salaries paid (includes standard elements basic pay and consolidated allowances etc.)	SAR million	774,920	789,542	<b>765,130</b>
Benefits paid (includes elements such as Pension, Gratuity, Medical Insurance, Annual Passage, Education etc.)	SAR million	215,435	367,635	<b>432,614</b>

Sadara provides a range of employee benefits. These include:

1. An educational support program which supports employee career development, offering opportunities for professional certification and continuing education. We provide yearly financial assistance to reimburse tuition costs and associated fees.
2. The Thrift Plan (Amaan) for all regular Saudi employees.
3. Long-term service awards.
4. End-of-service full award in guidance with the Saudi labor law.
5. An over base allowance, an annual benefits supplement, and a guaranteed bonus equivalent to one month's basic salary during Ramadan.
6. Sadara's Home Loan Program provides allowance granted over ten years to help employees to become homeowners.

Sadara also offers employees beneficial retirement plans. These include retirement packages and end-of-service awards which are calculated as per the Ministry of Human Resources and Social Development.

## PARENTAL LEAVE

GRI 401-3

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

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

In 2023, seven female employees and 237 male employees took parental leave. All employees who took parental leave returned to work afterward and remained employed, reflecting a high retention rate for those returning from parental leave.

PARENTAL LEAVE	UNIT	2021	2022	2023
Total number of employees that took parental leave (female)	Number	5	8	<b>7</b>
Total number of employees that took parental leave (male)	Number	326	288	<b>237</b>

## EMPLOYEE ENGAGEMENT & EMPLOYEE WELL-BEING

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

Sadara provides several facilities to enhance employee well-being. These include recreation and sports centers at Sadara sites in addition to a desert camp. Our recreational facility 'Sadara Resort' provides employees and their families with world-class facilities, helping them to achieve a healthy work-life balance and enjoy social engagements. Sadara's Self-Directed Group Program enables employees to explore extracurricular activities including sports clubs and volunteering clubs.

Sadara values employee feedback to create a positive work environment that fosters personal and professional growth. Additionally, the company offers discounted gym memberships, travel and hotel accommodations, store discounts, and promotes health initiatives.

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

Additionally, Sadara has Success Factors e-IDP program enabling employees to set their own professional development goals that will enhance their capabilities. It includes learning activities outside of the mandatory learning management system (LMS) and follows the Lombardo 70:20:10 development philosophy. The annual employee appraisal program also enables employees and their immediate supervisors/managers to exchange ideas and evaluate their annual performance, based on the business line goals which were set at the beginning of the year.

EMPLOYEE ENGAGEMENT	UNIT	2021	2022	2023
Employee Engagement	Out of 10	6.8	6.7	6.7



## OUR COMMUNITY

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

Sadara is committed to investing in the community and community outreach is a cornerstone of Sadara's Sustainability Strategy. The company's outreach efforts extend to communities in Jubail, the Eastern Province, and throughout Saudi Arabia. Our core objectives are to help those in need, support the development and education of younger generations, create social awareness, partner with non-profit organizations, and educate the community on environmental and health and safety challenges.

In 2023, Sadara's commitment to community engagement continued to grow, with significant percentage increases in key areas compared to 2022. The total value of community investments rose by 26.9% in 2023. Additionally, the number of local community development programs increased by 31.6%, from 19 programs in 2022 to 25 programs in 2023, reflecting Sadara's proactive approach to addressing community-specific needs. Donations and sponsorships also saw a substantial rise, increasing by 26.2%, from SAR 1.44 million in 2022 to SAR 1.82 million in 2023.

COMMUNITY ENGAGEMENT	UNIT	2021	2022	2023
Total value of community investments	SAR	2,620,164	10,310,931	13,080,778
Total number of local community development programs based on local community needs	Number	18	19	25
Donations and sponsorships	SAR	775,000	1,444,995	1,823,023

## Community Outreach Initiatives

GRI 413-1, 413-2

Our Community Outreach Framework, which aligns with the company's goals and brand values, is based on six pillars: Education; Environment; Health & Safety; Charity; Culture; and Volunteerism. This framework ensures that our social impact results are meaningful and sustainable.

### Education

GRI 413-1, 413-2

#### Sadara Participates in SToTme 2023 Conference:

Sadara participated in the fourth annual Shutdowns, Turnarounds, & Outages Technical Conference and Exhibition (STOTME) held in Al Khobar. Through technical presentations, the company shared best practices and experiences for achieving long-term operational excellence during Turnaround activities.

#### Sadara Internship Program:

Sadara received 62 student interns as part of its efforts to qualify national talents and support educational institutions.

#### Sadara OJT Program:

As part of its efforts to advance the qualification of Saudi graduates, Sadara welcomed 40 Saudi diploma and bachelor's degree holders to its On-the-Job Training (OJT) program. The length of the OJT programs ranges from six months to a year.

#### Local Content (LC) - External & Internal Awareness Campaign:

In August 2023, Sadara launched external and internal campaigns to spread awareness and support for Saudi Arabia's Local Content (LC) Strategy. Since we began our LC journey in 2018, Sadara has championed the growth of localization through the creation of new value chains and the introduction of new businesses and industries.

#### Sadara Showcases Sustainable Best Practices at MEICA 2023:

Sadara showcased its sustainable best practices and experience at the fourth Middle East Instrumentation, Cybersecurity, and Automation Expo (MEICA), held in Al Khobar on Sept. 12-14 2023. Sadara showcased engineered solutions for steam-assisted flare systems that minimize smoke and reduced steam consumption.

**Sadara Participates in OPEXKSA Conference:**

A Sadara delegation led by Wael Osailan, Executive Director of Environment, Health, Safety, and Industrial Security (EHS&S), participated in the second edition of Operational Excellence Conference (OPEXKSA) in Riyadh. Taking part in one of the panel discussions titled "Operational Excellence in the National Transformation Journey", Osailan showcased Sadara's efforts and initiatives in building a culture of operational excellence, achieving sustainability, and enhancing competitiveness and growth in line with Saudi Vision 2030 goals.

**Environment, Health & Safety**

GRI 413-1, 413-2

**Saudi Environment Week:**

Sadara marked Saudi Environment Week with various awareness activities and community engagement in Jubail. The Sadara team hosted local school visits to its environmental exhibition at the Knowledge and Creativity Center, welcoming over 250 students from seven schools. Additionally, they conducted a waste cleanup, an awareness lecture, and planted over 100 seedlings from the Sadara Greenhouse Project at a local school. Sadara also planted 180 outdoor seedlings on its premises and distributed 1,000 seedlings to employees, schools, and governmental entities, including the Royal Commission for Jubail and the National Center for Environmental Compliance.

**Sadara Walking Day Initiative and Weight Loss Race:**

Sadara conducted a Walking Day challenge and a Weight Loss Race as part of its commitment to employee well-being. In alignment with the Saudi Ministry of Health's initiatives to promote public health, more than 50 employees participated in the walking challenge to achieve the highest daily walking scores. The Weight Loss Campaign saw over 45 employees engage in a comprehensive program including obesity awareness sessions, baseline assessments, BMI tracking, diet and weight loss consultations, and access to discounted healthy food subscription plans.

**Sadara Blood Donation Campaign:**

As part of Sadara's wellness programs, the company held a blood donation campaign at its premises coinciding with World Blood Donor Day. The initiative, in which 74 employees donated, was implemented in cooperation with Almana General Hospital in Jubail.

**Sadara Occupational Health & Safety Awareness Sessions:**

Sadara EHS team provided two separate awareness sessions to members of Medicine and Engineering Colleges at Imam Abdulrahman Bin Faisal University. The sessions focused on Industrial Hygiene Fundamentals as well as Occupational Health & Safety Hazards in hospitals. In addition, the team conducted a session about the importance of Industrial Hygiene to Saudi Authority for Industrial Cities and Technology Zones (Modon) for Industrial Areas' members.

**Sadara Wins GPCA Sustainable Environmental Protection Award:**

In July 2023, Sadara's commitment to environmental protection was recognized at the prestigious Gulf Petrochemicals & Chemicals Association (GPCA's) 3rd Responsible Care Excellence Awards. Sadara's submission won in the category of Sustainable Environmental Protection, where Sadara efforts were recognized for the implementation of innovative and sustainable practices in energy generation, distribution, and consumption demonstrated through its Waste Heat Recovery Processes.

**Sadara Hosts Breast Cancer Awareness Program:**

Sadara in cooperation with the Jubail Health Network, hosted an awareness program about breast cancer under the slogan "Your Ribbon is Pink" at the Sadara Resort.

**Sadara Participates in KPMG Seminar on IFRS and Sustainability Reporting:**

A Sadara team comprising leaders from the Environment, Health, and Safety (EHS) and the Finance Departments recently participated in a seminar on International Financial Reporting Standards (IFRS) and Sustainability Reporting, sharing the company's sustainability best practices and gaining insights into the latest developments in the field of reporting. Organized by KPMG Saudi Arabia in Al Khobar on Nov. 8, 2023, the seminar brought together industry experts, standard setters, and top professionals to share their insights and latest developments in the field.

**Sadara's Annual Flu Vaccination Campaign:**

Organized by Sadara Health Services on Nov. 6-9, 2023, the flu vaccination campaign targeted all Sadara employees except those with exempted medical conditions. During the three-day campaign held at SBC's Administration Building and the Sadara Site, a total of 420 employees representing all business lines rolled up their sleeves and received the flu jabs.





## Charitable Work

GRI 413-1, 413-2

Sadara currently supports several charities through established MoUs as follows:

### Wahaj Women's Charity Association:

Registered with the Ministry of Social Affairs, Wahaj is one of the leading associations in charitable and development work in the Jubail region, committed to making a positive change in the lives of individuals and society through thoughtful and effective programs.

### Resalah – Advocacy, Guidance and Awareness of Communities:

An association based in Jubail Industrial City conducting programs and activities to convey the message of Islam to all segments of society through effective community partnerships.

### Ertiqa:

A non-profit organization registered with the Ministry of Human Resources and Social Development, concerned with the collection, refurbishment, and distribution of used devices to educational and social institutes.

In 2023, we successfully carried out several charity-based initiatives which include the following:

- **Ramadan Iftar and Food Baskets:**

In collaboration with Wahaj and Resalah charity associations, Sadara and its employees sponsored Ramadan Iftar and food baskets to support those in need. This initiative benefited 5,000 individuals and over 2,800 families in Jubail Industrial City.

- **Sadara Internal Campaign Raises 300,000 Riyals for Gaza:**

In alignment with the directive of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz and Crown Prince Mohammed bin Salman bin Abdulaziz, Sadara launched an internal campaign to support the Palestinian people via the "Sahem" platform. The December 2023 campaign raised SAR 300,000, with 511 employees contributing SAR 150,000. Sadara matched these contributions, fulfilling its pledge and doubling the total amount raised.

- **Sadara Donates IT Equipment to Charity Associations:**

Sadara donated computers and digital equipment to the Ertiqa Association and the Eta'am and Trabit Charitable Association in Jubail. As part of its community outreach, Sadara regularly provides IT equipment to support educational and professional development. This year's donation included 327 devices to Ertiqa, comprising desktop and laptop computers and monitors, along with 15 laptops to Eta'am and Trabit. To date, Sadara has donated over 4,070 computers and accessories to Ertiqa, which refurbishes and distributes them to charities and social organizations across Saudi Arabia.



## Culture

GRI 413-1, 413-2

### ● Sadara Celebrates Founding Day:

Sadara marked Saudi Founding Day with a festive celebration at the company's offices. The cultural gathering featured traditional sweets and the Saudi Arda, a traditional men's dance, fostering a sense of heritage and community among employees.

### ● Sadara Ramadan Activities for Employees:

During the holy month of Ramadan 2023, Sadara organized a variety of events and activities for employees and their families. These included sports tournaments and various social and cultural activities, with more than 4,000 members of the Sadara family participating. Events were held at Sadara Resort and the Sadara Business Complex (SBC), and over 300 employees attended Sadara's annual Ramadan Employee Iftar gathering at the Resort.

### ● Sadara Honored by Royal Commission for Jubail for National Day Celebrations:

Sadara was honored by the Royal Commission for Jubail for its support and participation in the 93rd Saudi National Day celebrations for Jubail Industrial City.

### ● Sadara Celebrates National Day with Family Fun at Resort:

To celebrate the 93rd Saudi National Day, Sadara hosted two days of fun-filled activities for its employees and their families at Sadara Resort.



## Volunteerism

GRI 413-1, 413-2

Volunteerism is a central pillar of Sadara's community outreach strategy, fostering a culture of service within the company and the broader community. Through the Sadara Volunteers Club (SVC), our employees dedicate their time and expertise to raise awareness on various social causes. Throughout the year, employees participate in numerous programs and initiatives aimed at supporting those in need and contributing to the communities in which we operate. In 2023, our employees collectively devoted 5,948 hours to volunteer activities.

VOLUNTEERISM	UNIT	2021	2022	2023
Number of volunteers	Number	NA	270	187
Employee volunteer hours	Hours	280	3,035	5,948
Number of volunteering days	Days	NA	28	39
Number of volunteering activities	Activity	NA	21	22



# 07

## APPENDIX



# APPENDIX A.

## ACRONYMS

<b>BC</b>	Business Continuity	<b>MENA</b>	Middle East and North Africa
<b>BIS</b>	Bureau of Indian Standards	<b>MFC</b>	Mixed Feed Cracker
<b>CED</b>	Cumulative Energy Demand	<b>MoU</b>	Memorandum of Understanding
<b>CEO</b>	Chief Executive Officer	<b>NOx</b>	Nitrogen Oxides
<b>CO2</b>	Carbon Dioxide	<b>OCS</b>	Operation Clean Sweep
<b>COO</b>	Chief Operating Officer	<b>OJT</b>	On-the-Job Training
<b>CSR</b>	Corporate Social Responsibility	<b>OSHA</b>	Occupational Safety and Health Administration
<b>EHS</b>	Environment Health & Safety	<b>PE</b>	Polyethylene
<b>EHS&amp;S</b>	Environmental Health, Safety & Security	<b>PO</b>	Propylene Oxide
<b>EMS</b>	Environmental Management System	<b>QA</b>	Quality Assurance
<b>EO</b>	Ethylene Oxide	<b>QC</b>	Quality Control
<b>EP</b>	Environmental Performance	<b>R&amp;D</b>	Research & Development
<b>ERM</b>	Enterprise Risk Management	<b>RC</b>	Royal Commission
<b>FRC</b>	Flame-Resistant Clothing	<b>SAR</b>	Saudi Riyal
<b>GDA</b>	Gulf Downstream Association	<b>SASB</b>	Sustainability Accounting Standards Board
<b>GHG</b>	Greenhouse Gas	<b>SASO</b>	Saudi Standards, Metrology and Quality Organization
<b>GPCA</b>	Gulf Petrochemicals and Chemicals Association	<b>SDGs</b>	Sustainable Development Goals
<b>GRI</b>	Global Reporting Initiative	<b>SE</b>	Saudi Electricity
<b>HR</b>	Human Resources	<b>SEED</b>	Sustainable Excellence Every Day
<b>HSE</b>	Health, Safety & Environment	<b>SLDP</b>	Sadara Leadership Development Program
<b>IAU</b>	Imam Abdulrahman Bin Faisal University	<b>SVC</b>	Sadara Volunteers Club
<b>ISO</b>	International Organization for Standardization	<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>ISS</b>	Information Systems Security	<b>VOC</b>	Volatile Organic Compounds
<b>JV</b>	Joint Venture	<b>WBCSD</b>	World Business Council for Sustainable Development
<b>KPI</b>	Key Performance Indicator	<b>WM</b>	Waste Management
<b>LCA</b>	Life Cycle Assessment		
<b>LDAR</b>	Leak Detection and Repair		
<b>M&amp;E</b>	Mechanical & Electrical		

# APPENDIX B.

## GRI CONTENT INDEX

For the Content Index - Essentials Service, GRI services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.

<b>Statement of use</b>	Sadara has reported in accordance with the GRI Standards for the period from January 1, 2023, to December 31, 2023
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	None

GRI Standard/ Other Source	Disclosure	Link / Direct Answer	Omission		GCC ESG Reporting Metrics
			Reason	Explanation	
<b>General disclosures</b>					
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	5, 6			
	2-2 Entities included in the organization's sustainability reporting	1			
	2-3 Reporting period, frequency and contact point	1			
	2-4 Restatements of information	51			
	2-5 External assurance	103-108			
	2-6 Activities, value chain and other business relationships	5, 6, 57			
	2-7 Employees	78, 79			
	2-8 Workers who are not employees	All the workers performing work for Sadara are employees and we do not have any workers who are not employees.			
	2-9 Governance structure and composition	26 - 28			
	2-10 Nomination and selection of the highest governance body	26, 27			
	2-11 Chair of the highest governance body	26, 27			
	2-12 Role of the highest governance body in overseeing the management of impacts	26, 27			
	2-13 Delegation of responsibility for managing impacts	27, 28			
	2-14 Role of the highest governance body in sustainability reporting	27, 28			

GRI Standard/ Other Source	Disclosure	Link / Direct Answer	Omission		GCC ESG Reporting Metrics
			Reason	Explanation	
GRI 2: General Disclosures 2021	2-15 Conflicts of interest	32, 33			
	2-16 Communication of critical concerns	15, 32, 33			
	2-17 Collective knowledge of the highest governance body	27, 28, 81, 82			
	2-18 Evaluation of the performance of the highest governance body	26, 28			
	2-19 Remuneration policies	Not disclosed.	Confidentiality constraints.	Due to Human Capital Policy.	
	2-20 Process to determine remuneration	Not disclosed.	Confidentiality constraints.	Due to Human Capital Policy.	
	2-21 Annual total compensation ratio	Not disclosed.	Confidentiality constraints.	Due to Human Capital Policy.	
	2-22 Statement on sustainable development strategy	3, 4			
	2-23 Policy commitments	32, 34, 36, 52, 64, 69			
	2-24 Embedding policy commitments	32, 34, 36, 52, 64, 69			
	2-25 Processes to remediate negative impacts	31 - 35, 47, 48, 53, 71			
	2-26 Mechanisms for seeking advice and raising concerns	32 - 34			
	2-27 Compliance with laws and regulations	31 - 33			
	2-28 Membership associations	29			
	2-29 Approach to stakeholder engagement	15			
	2-30 Collective bargaining agreements	Not disclosed.	Legal prohibitions.	Collective bargaining is prohibited by Saudi Arabian laws.	
<b>Material Topics</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	15, 16			
	3-2 List of material topics	16			
<b>Occupational Health and Safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	40			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	40			S7. Injury Rate
	403-2 Hazard identification, risk assessment, and incident investigation	45			
	403-3 Occupational health services	84			

GRI Standard/ Other Source	Disclosure	Link / Direct Answer	Omission		GCC ESG Reporting Metrics
			Reason	Explanation	
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	39, 41			S7. Injury Rate
	403-5 Worker training on occupational health and safety	46			
	403-6 Promotion of worker health	84			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45 - 48			
	403-8 Workers covered by an occupational health and safety management system	41			
	403-9 Work-related injuries	43			
	403-10 Work-related ill health	43			
	<b>Employee Engagement and Satisfaction</b>				
GRI 3: Material Topics 2021	3-3 Management of material topics	78, 84			
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	80			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	79			S3. Employee Turnover
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	83			
	401-3 Parental leave	84			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	82			
	404-2 Programs for upgrading employee skills and transition assistance programs	81, 82			
<b>Climate Change and GHG Emissions</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	52, 53			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	53			E1. GHG Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	53			E2. Emissions Intensity
	305-4 GHG emissions intensity	53			
	305-5 Reduction of GHG emissions	53			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	53			
<b>Ethics, Governance and Compliance</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	26, 32, 33			G5. Ethics & Prevention of Corruption

GRI Standard/ Other Source	Disclosure	Link / Direct Answer	Omission		GCC ESG Reporting Metrics
			Reason	Explanation	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	32, 33			G5. Ethics & Prevention of Corruption
	205-3 Confirmed incidents of corruption and actions taken	33			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no legal actions in 2023 for anti-competitive behavior, anti-trust, and monopoly practices.			G5. Ethics & Prevention of Corruption
<b>Energy Management</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	54, 55			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	54			E3. Energy Usage
	302-2 Energy consumption outside of the organization	54			E4. Energy Intensity
	302-3 Energy intensity	54			
	302-4 Reduction of energy consumption	54, 55			
<b>Water Management</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	56			
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	56			E6. Water Usage
	303-3 Water withdrawal	56			
	303-4 Water discharge	56			
	303-5 Water consumption	56			
<b>Waste Management</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	57, 58			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	56, 57, 58			
	306-2 Management of significant waste-related impacts	57, 58			
	306-3 Waste generated	58, 59			
	306-4 Waste diverted from disposal	58, 59			
	306-5 Waste directed to disposal	58, 59			

GRI Standard/ Other Source	Disclosure	Link / Direct Answer	Omission		GCC ESG Reporting Metrics
			Reason	Explanation	
<b>Human Rights Management</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	34, 35			S9. Child & Forced Labor
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	34, 35, 69, 70			S10. Human Rights
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	34, 35, 69, 70			S9. Child & Forced Labor S10. Human Rights
<b>Biodiversity</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	60			
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	60			
	304-2 Significant impacts of activities, products and services on biodiversity	60			
<b>CSR and Community Engagement</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	85, 86			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	85 - 92			
<b>Circular Economy</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	58, 59			
GRI 301: Material 2016	301-1 Materials used by weight or volume	59			
	301-2 Recycled input materials used	59			
<b>Data Privacy and Cybersecurity</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	36			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantiated complaints concerning breaches of customer privacy and losses of customer data in 2023.			G6. Data Privacy

GRI Standard/ Other Source	Disclosure	Link / Direct Answer	Omission		GCC ESG Reporting Metrics
			Reason	Explanation	
<b>Customer Relations</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	72			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	72			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There were no non-compliance concerning the health and safety impacts of products and services in 2023.			
<b>Economic Impact</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	64			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	64			
	201-2 Financial implications and other risks and opportunities due to climate change	35, 52			
	201-3 Defined benefit plan obligations and other retirement plans	83			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	74			
GRI 207: Tax 2019	207-2 Tax governance, control, and risk management	65			
<b>Diversity and Inclusion</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	78			S4. Gender Diversity
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	26, 78, 80			G1. Board Diversity
	405-2 Ratio of basic salary and remuneration of women to men	83			S2. Gender Pay Ratio
<b>Product Risk and Stewardship</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	46, 47			
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	46, 47			

GRI Standard/ Other Source	Disclosure	Link / Direct Answer	Omission		GCC ESG Reporting Metrics
			Reason	Explanation	
<b>Supply Chain Management</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	67			G4. Supplier Code of Conduct
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	68			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	69, 70			G4. Supplier Code of Conduct
	308-2 Negative environmental impacts in the supply chain and actions taken	69, 70			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	69, 70			G4. Supplier Code of Conduct
	414-2 Negative social impacts in the supply chain and actions taken	69, 70			

#### Sadara also reports on topics that are not in the GRI Topics Standards

##### Risk Management and Business Continuity

GRI 3: Material Topics 2021	3-3 Management of material topics	35			
--------------------------------	-----------------------------------	----	--	--	--

##### Product and Technology Innovation

GRI 3: Material Topics 2021	3-3 Management of material topics	66, 73			
--------------------------------	-----------------------------------	--------	--	--	--

##### Digital Transformation

GRI 3: Material Topics 2021	3-3 Management of material topics	74			
--------------------------------	-----------------------------------	----	--	--	--

# APPENDIX C.

## EXTERNAL ASSURANCE STATEMENT



### Independent Assurance Statement

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

Sadara Chemical Company (*hereinafter referred to as 'Sadara'*) has commissioned Sustainable Square Consultancy & Think Tank (*hereinafter referred to as 'Sustainable Square' and 'SS'*) to perform an independent assurance on its 2023 Sustainability Report, covering the period from 1st January to 31st December 2023. The scope of the assurance included an audit of ten (10) key sustainability performance indicators. The assurance was conducted and completed between July and September 2024.

#### Responsibility & Reporting Standard used by Sadara

Sadara retains full ownership of the information contained in the 2023 Sustainability Report and the 2023 Footprint Calculation Tool.

The sustainability report is prepared in accordance with GRI Standards and has been aligned with the Saudi Exchange's (Tadawul) Environmental, Social, and Governance (ESG) Disclosure guidelines and Gulf Cooperation Council's (GCC) Unified ESG Metrics for Listed Companies. The information in the report is also aligned with the United Nations Sustainable Development Goals (SDGs) and Saudi Vision 2030.

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

Sustainable Square, a licensed provider of AccountAbility Assurance (AA1000AS v3) staffed with certified sustainability assurance professional (CSAP) and GRI certified sustainability professionals, is solely responsible for the issuance of this assurance statement.

AA1000AS v3 is the leading methodology used by sustainability professionals worldwide for sustainability-related assurance engagements, to assess the nature and extent to which an organization adheres to the AccountAbility Principles (AA1000AP).

#### Scope of Work and Level of Assurance

Sadara's sustainability report is independently assessed and verified at a Type 2 (High) and Moderate Level of Assurance under AA1000AS v3 for the following scopes,

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

#### Assurance Methodology

Desk study and evaluation were conducted to provide moderate assurance and verify the scope of work, following the methodology outlined below. The independent assurance process by Sustainable Square followed an evidence-based methodology and engagements with key stakeholders. The engagement and assessment were performed remotely without requiring a site visit or analytical testing.

The following steps were undertaken:

1. **Review Report and Footprint Data:** A thorough examination of Sadara's Sustainability Report (three round of reviews by Sustainable Square) was conducted. For selected key sustainability performance metrics, review of internal documents related to the including Sadara's footprint data, conversion factors,

calculations, and emission factor sources was conducted to identify any inconsistencies in the reporting and associated calculations.

2. **Comparative Assurance Analysis:** To facilitate Sadara's comprehension of the reporting requirements and processes, Sustainable Square invited their input on the SS' Assurance Tool. This exchange enabled Sadara to share their perspective on GRI Standards alignment, AccountAbility Principles, Reporting criteria and the processes they followed during reporting period. The objective was to compare Sadara's self-assessment with the assurance standards to identify gaps and provide valid recommendations for future reporting cycle.
3. **Stakeholder Interviews:** Sustainable Square conducted interviews with departments at Sadara that were directly involved in the company's material topics, namely Supply Chain (Customer Relations); Occupational Health & Safety (OH&S); Products & Technology Innovation; Risk Management; CSR and Community; Procurement (Local Content); Human Resources; Internal Audit; Information Technology, Digitalization and Cybersecurity; and Climate Change and Natural Conservation. The interviews addressed criteria pertaining to AccountAbility Principles.
4. **Data Corroboration:** To assess the criteria of clarity, balance, completeness and timeliness, along with adherence to AccountAbility principles for data and narratives presented in the report, additional supporting documents were requested from relevant departments following the initial review and interviews.
5. **Final Assessment:** Upon the completion of report review and validation against the supporting documents and clarifications shared by Sadara, the assessment was concluded.
6. **Assurance Statement and Management Recommendations:** Assurance Statement was issued confirming the adequacy of the reporting scope. In addition, a management recommendations report was prepared to communicate observations for improving and enhancing future sustainability reports to Sadara.

#### Observations & Findings

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

AccountAbility Principle	Observations & Findings
<b>Inclusivity</b> is actively identifying stakeholders and enabling their participation in establishing an organization's material sustainability topics and developing a strategic response to them. An inclusive organization accepts its accountability to those on whom it has an impact on and to those who have an impact on it.	Sadara Sustainability Strategy has set the materiality assessment to be conducted on a 2-year cycle, and the 2023 Sustainability Report utilized the data from the previous assessment in 2022, therefore, a comprehensive stakeholder identification process was not included in this year's assurance engagement. Sadara does not expect any significant changes in the material topics within this two-year period, considering the stability of Sadara's operations, supply chain, and governance structure.





	<p>Internal stakeholder engagements underscored the efforts and processes established to engage with external stakeholders. For example, the Engineering department's Innovate@ platform invites ideas from employees and management related to cost reduction, new technologies, modifications, and process improvements in areas such as GHG reduction and air emissions, as well as energy efficiency. Sadara's internal subject matter experts evaluate the feasibility of these ideas based on business forecasts and other relevant factors.</p> <p>Sadara has presented the data in a logical structure to enable readers ranging from wider stakeholder groups to locate relevant information based on their specific sustainability interests. For topics requiring further clarification, Sadara has provided a designated email address for inquiries.</p>
<p><b>Materiality</b> relates to identifying and prioritizing the most relevant sustainability topics, taking into account the effect each topic has on an organization and its stakeholders. A material topic is a topic that will substantively influence and impact the assessments, decisions, actions and performance of an organization and/or its stakeholders in the short, medium and/or long term.</p>	<p>The report demonstrates a satisfactory level of understanding regarding the listed material topics. Specific metrics and indicators, detailed in the respective sections, are used to track progress and maturity. Sadara actively stays informed about emerging trends through various channels, including leadership directives, government regulations, shareholder discussions, conferences, industry publications, and social media. Industry partnerships and collaborations with organization such as the Gulf Petrochemical and Chemical Association (GPCA) and European Chemical Industry Council (Cefic) further enhance Sadara's capacity and response to the material topics.</p> <p>The report also presents specific case studies, such as the Waste Heat Recovery, reflecting on the regular exploration of best practices to enhance Sadara's sustainability performance.</p>
<p><b>Responsiveness</b> is an organization's timely and relevant reaction to material sustainability topics and their related impacts. Responsiveness is realized through decisions, actions and performance, as well as communication with stakeholders.</p>	<p>Sadara's Sustainability Council regularly conducts meetings that include discussions on improvement practices. Additionally, each pillar owner, including specific business line departments, has their own improvement programs tailored to their respective areas. For instance, the energy sub-committee has developed an annual energy improvement plan, while the Community, Office, Services, &amp; Logistics department has its own set of planned activities. These improvement efforts are summarized and updated annually based on the results of the Management System Reviews (MSR) and in compliance to specific stakeholder requirements.</p>



	<p>To ensure specific data accuracy, measurement and verification activities were conducted on energy data collection and consolidation, in collaboration with the government's Saudi Energy Efficiency Center (SEEC). SEEC's recommendations for improvements are being addressed by Sadara. Furthermore, Sadara has actively engaged with external assessments, such as the Saudi Aramco Greenhouse Gas (GHG) assessment, to verify the effectiveness of its GHG management system and implement their recommendations.</p>
<p><b>Impact</b> is the effect of behaviour, performance and/or outcomes, on the part of individuals or an organization, on the economy, the environment, society, stakeholders or the organization itself. Material topics have potential direct and indirect impacts — which may be positive or negative, intended or unintended, expected or realized, and short, medium or long term.</p>	<p>Sadara prioritizes transparent communication with stakeholders. We disseminate information through comprehensive reports and interactive workshops, ensuring stakeholders are updated on our projects and performance. Financial data is shared via Tadawul reporting, while energy and climate change information are provided to government and shareholders. Additionally, media reports are utilized to disseminate relevant information to a broader audience.</p> <p>Sadara conducts environmental aspect and impact analysis as per ISO 14001 requirements, as well as identify Occupational health &amp; safety risk and opportunities as per ISO 45001 requirements. Additionally, the Corporate Enterprise Risk Management division also considers other company risks and opportunities related to strategic, financial, operational, and compliance matters.</p>



## B: Evaluation of the Reliability & Quality was validated for the following sustainability KPIs, as part of the Assurance Scope

Area	Key Sustainability Performance Indicators	Validated Data by Sustainable Square
<b>Production*</b>	Total Petrochemicals Production	2.697 million metric ton of products sold
<b>GHG**</b>	GHG Intensity	1.823 metric ton of CO <sub>2</sub> equivalent per metric ton of products sold
<b>GHG**</b>	GHG Emissions Scope 1	3.230 million metric ton of CO <sub>2</sub> equivalent
<b>GHG**</b>	GHG Emissions Scope 2	1.686 million metric ton of CO <sub>2</sub> equivalent
<b>Non-GHG*</b>	SOx Emissions	0.525 thousand metric ton of SOx emissions
<b>Non-GHG*</b>	NOx Emissions (excluding N <sub>2</sub> O)	1.288 thousand metric ton of NOx emissions
<b>Energy*</b>	Energy Intensity	27.220 GJ per metric ton of products sold
<b>Flaring*</b>	Flaring Loss	244.991 thousand tonnes of flaring loss
<b>Water*</b>	Water Intensity	10.655 m <sup>3</sup> per metric ton of products sold
<b>Material Effectiveness*</b>	Material Effectiveness Intensity	0.152 metric ton of material loss per tonnes of products sold

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

## Conclusion

Based on the comprehensive review of Sadara's 2023 Sustainability Report, Sustainable Square concludes that it provides a balanced and informative account of the organization's sustainability performance. Areas for improvement have been identified and communicated to Sadara in the Management Recommendations Report.

Sustainable Square is satisfied with the quality and accuracy of the reported performance data, which aligns with the AccountAbility Principles (AA1000AP) of inclusivity, materiality, responsiveness, and impact. These conclusions are supported by interactions with Sadara personnel, a thorough examination of evidence, and in-depth desk research.

- **Materiality Assessment:** Due to the 2-year cycle of materiality assessment, a comprehensive stakeholder identification process and materiality analysis were not conducted in the reporting year.
- **Stakeholder Engagements and Collaboration:** Internal stakeholder engagements highlighted efforts to engage with external stakeholders. Ideas for deployment of best practices are evaluated by subject matter experts based on business forecasts. Memberships and associations with other organizations reflect wider engagement established by Sadara that supports improvement and continuous growth in the overall sustainability KPIs.
- **Reporting and Transparency:** Report presents data in a clear and logical structure, and a dedicated email address is available for inquiries from stakeholders. Sadara utilizes a variety of channels, including reports, workshops, and media outlets for stakeholder communication.
- **Improvement Efforts:** The Sustainability Council of Sadara conducts regular meetings to discuss improvement practices within and outside Sadara with relevant stakeholders and/or organizations.
- **Risk Assessment:** The Corporate Enterprise Risk Management & EHS&S facilitates detailed aspect & impact analysis and risk assessment on 5 areas: strategic, financial, operational, environmental, and compliance



matters. Sadara employs a risk assessment methodology that complies with the specific ISO standards, including Responsible Care® Codes of Management Practices.

## Statement of Engagement Limitation

The assurance engagements conducted for Sadara did not delve into the principle of materiality to an elaborate extent due to the materiality revision in 2023 deemed as 'not necessary'. Although the engagements addressed the concept of decision-making on sustainability material topics, the evaluation of materiality was limited and depended on the number of stakeholders engaged.

In accordance with AA1000AS, moderate assurance engagements involve procedures that are less extensive and differ in nature compared to high assurance engagements. Consequently, the level of assurance provided by Sustainable Square in a moderate assurance engagement is lower. The scope of this engagement was limited to the specified sustainability indicators, and there were no restrictions on the agreed-upon extent of work.

## Statement of Independence, Impartiality and Competence

Sustainable Square conducted the Assurance engagements as an Assurance Provider licensed by AccountAbility. The Assurance team included Senior Advisor and a Certified Sustainability Assurance Practitioner (CSAP) and Advisor, under the oversight of the Group CEO to ensure application of Assurance Standard with the best interest.

Sustainable Square, acting as an independent assurance provider, confirms that no part of the Sadara's sustainability report was developed by it or any employee of the company. This independence eliminates any potential for bias, partiality, or conflict of interest. The assurance statement is based solely on a comprehensive review of Sadara's report, stakeholder engagements, and validation of evidence on moderate level. Sustainable Square has no professional or personal affiliations with Sadara or its employees beyond the scope of this assurance engagement.

### Monaem Ben Lellahom

Partner - Group CEO  
Sustainable Square Consultancy & Think Tank  
5<sup>th</sup> September 2024



