



# ALIGNING SUSTAINABILITY WITH CHEMISTRY

2023 ESG  
EXECUTIVE SUMMARY



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

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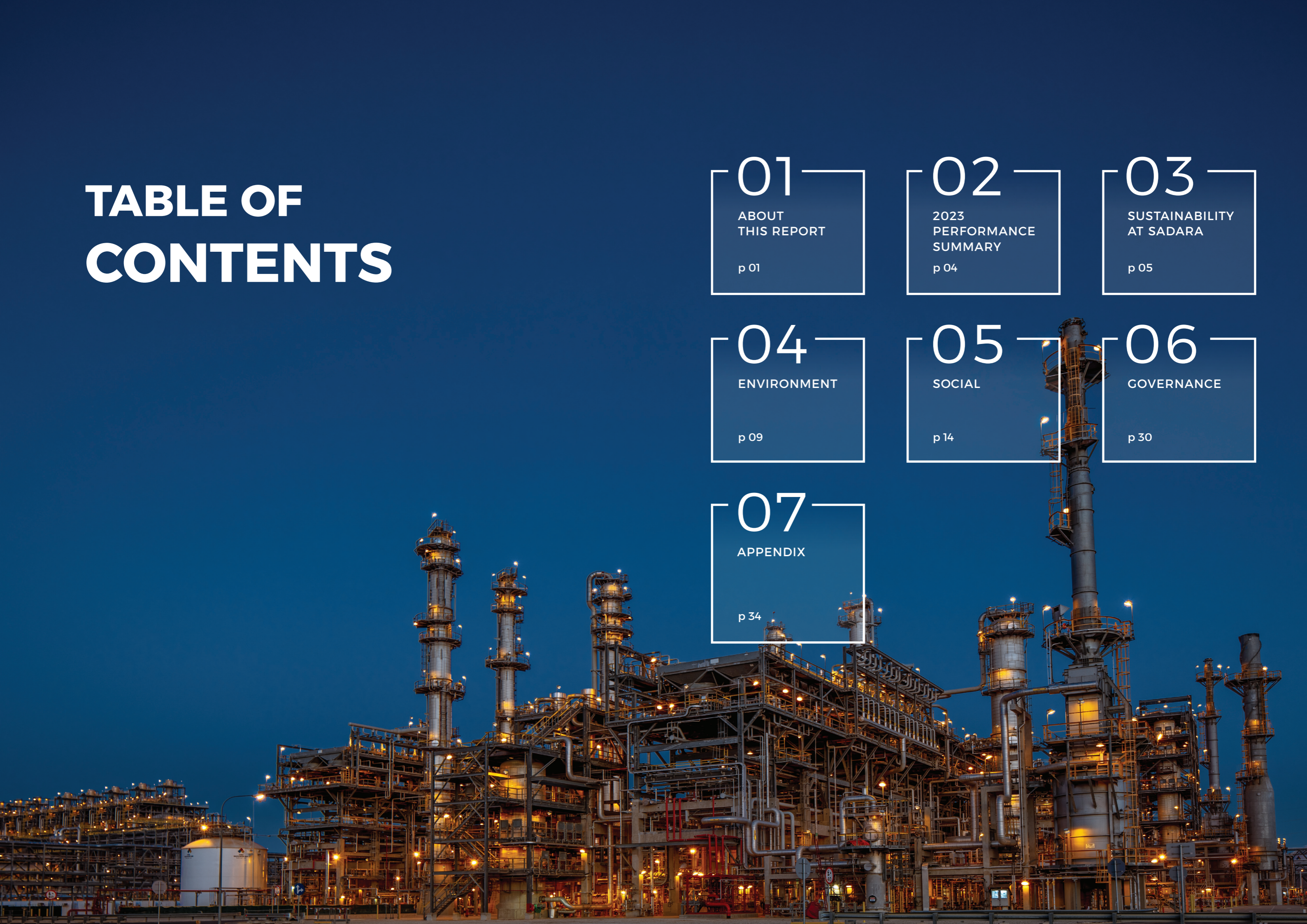
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# ABOUT THIS REPORT

We are pleased to present Sadara's third annual Environmental, Social, Governance (ESG) Executive Summary, for 2023. This summary highlights our key achievements for the year, aligned with Sadara's updated material topics. It provides an overview of our 2023 Sustainability Report, covering Sadara's strategy, targets, and ESG performance. For a more comprehensive look at our sustainability efforts, please refer to the full 2023 Sustainability Report.

## 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.



## 2023 PERFORMANCE SUMMARY (ESG HIGHLIGHTS)

### ENVIRONMENT

- Achieved a **10.55%** reduction in total GHG emissions compared to 2022.
- Overall energy consumption decreased by **10.12%** compared to the previous year.
- **No violations** or non-compliance with water quality regulations.
- Increased waste recycling to **47%** of all waste generated in 2023, up from 44% in 2022.

### SOCIAL

- Maintained a **Total Recordable Injury rate (TRIR) of < 0.05** for **three** consecutive years.
- Achieved **Zero** Level 1 Process Safety and Containment Events for **three** consecutive years.
- Achieved **100%** employee medical checkups.
- Maintained **zero** transportation incidents for **three** consecutive years.
- Increased the number of local suppliers and contracted spending by **86%**.
- **100%** overall product quality rating achieved in 2023.
- Successfully increased the percentage of Saudi-made materials by **10%**, enhancing localization efforts.
- Improved customer service by **87%** as measured by the Defects Per Million Opportunities (DPMO).
- Achieved a **24%** increase in female hires.
- Full-time workforce comprises **77.77%** Saudi nationals.
- Increased community investments for the third consecutive year, reaching **SAR 13,080,778**.
- Employee volunteer accumulated hours increased to **5,948 hours**.

### GOVERNANCE

- There were **no confirmed incidents** of corruption.
- Achievement of **100%** compliance with the Business Continuity (BC) standards and requirements for all Sadara Business Lines.
- **18** security drills conducted in 2023.
- The **2023 External Audit Plan** was successfully completed, and three ISO & one Responsible Care certificates were maintained.

# SUSTAINABILITY AT SADARA

## MATERIALITY ASSESSMENT

GRI 2-25, 3-1

In 2020, we conducted a comprehensive materiality assessment, identifying 35 key areas important to both the organization and its stakeholders. In 2022, we refined this list to 20 material topics, aligned with Sadara's Sustainability Strategy. Each topic was assigned to a responsible officer for accountability, and priority was given based on market trends and stakeholder input. Digital Transformation was highlighted as a key focus, along with Human Rights Management and Biodiversity. While all material issues remain important, our prioritization reflects our current management approach. Sadara remains committed to addressing these topics effectively.

## Stakeholder Engagement

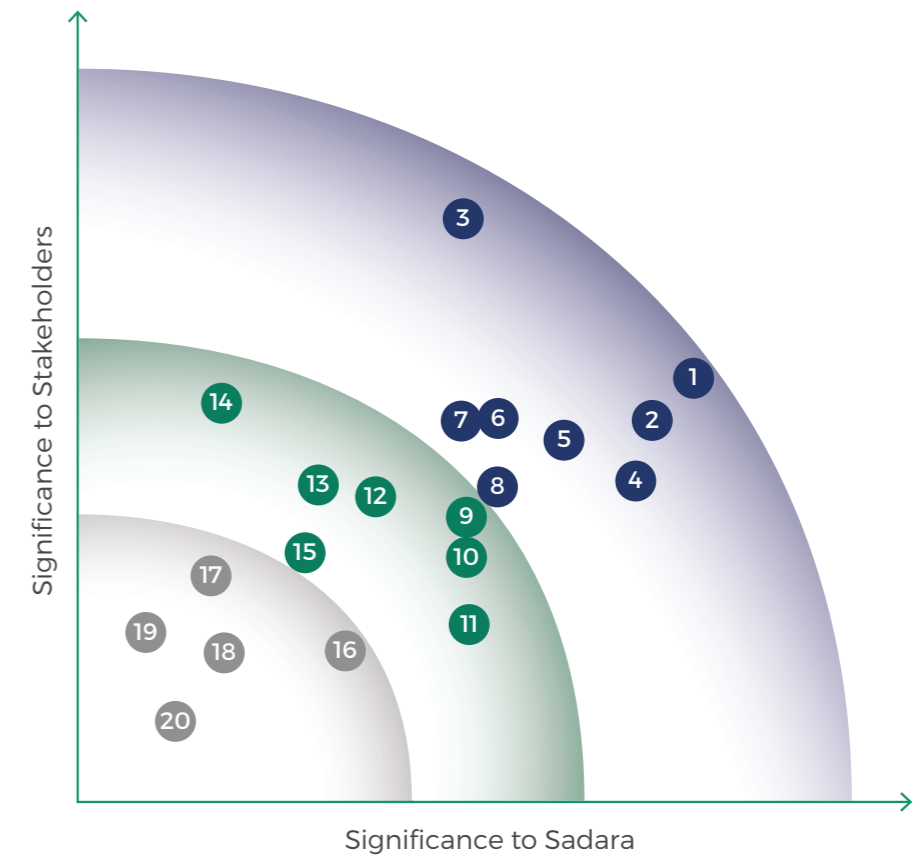
GRI 2-16, 2-29

**At Sadara, we value our stakeholders' role in shaping our business and fostering a sustainable future.**

We actively engage with them to understand their expectations and needs, building trust and collaborative partnerships aligned with our sustainability goals. By working closely with stakeholders, we generate long-term value for both our business and society. We keep them informed through transparent reports and collaborative 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

At Sadara, establishing a comprehensive sustainability strategy is more than just a statement of intent; it is a commitment to long-term, impactful results.

By anchoring our approach in a reliable and structured framework, we ensure that every initiative we pursue aligns with Sadara's core values and measurable outcomes. The sustainability framework drives meaningful progress toward our sustainability goals. With a clear pathway defined, we are better equipped to deliver lasting environmental, social, and economic benefits that resonate with stakeholders and contribute to a more resilient future.

	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
	Control Transportation Incident L1 Rate		
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		

	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		Support Downstream Industry Local Content	Increase number of PlasChem Park tenants
	Supply Chain Management			Raise percentage of local procurement spending
PEOPLE AND COMMUNITY	Economic Impact	Strengthen the Value of Employee Proposition	Increase employee engagement score	
	Customer Relations			Accelerate Saudization
	Employee Engagement & Satisfaction		Increase employee training hours and development programs	
	Human Rights Management	Support the Local Community	Increase the rate of women's inclusion and employment	
	Community Engagement		Increase community engagement initiatives	
	Diversity & Inclusion		Raise employee volunteering hours	

# ENVIRONMENT

## SUSTAINABILITY STRATEGY KPIS:

	STRATEGIC GOALS	KPIs	UNIT	2023 PERFORMANCE	2023 TARGET	2025 TARGET
CLIMATE CHANGE & NATURAL RESOURCES CONSERVATION	5. Minimize Environmental Impact	Reduce energy intensity	GJ/metric ton product <sup>1</sup>	<b>27.220</b>	27.952	27.668
		Reduce GHG intensity	Metric tons CO <sub>2</sub> e/ton product	<b>1.823</b>	2.024	1.983
		Reduce water intensity	m <sup>3</sup> /metric ton product	<b>10.655</b>	9.509	9.313
	6. Support Circular Economy	Reduce plastic pellet losses	Percentage	<b>0.21</b>	1	0
		Reduce material effectiveness intensity	Metric tons material loss/tons product	<b>0.152</b>	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 emphasizes strong environmental governance, holding ISO 14001, ISO 50001, and RC 14001 certifications. Its Sustainability Policy ensures compliance with regulations, optimizes resources, and reduces GHG emissions. We regularly conduct internal assessments and third-party audits to ensure accountability manner and continuous improvement.

## DECARBONIZATION

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

Sadara's decarbonization strategy, which comprises various initiatives, aims to reduce emissions by 2035 and achieve net zero by 2050. Initiatives include improving energy efficiency, investing in renewable energy, optimizing manufacturing processes, and exploring carbon capture technologies. Detailed emissions analysis helps identify improvement areas and measure progress. Sadara is committed to using advanced technologies and best practices to ensure sustainable growth.

### GHG and Other Air Emissions

Sadara tracks GHG and non-GHG emissions to meet stakeholders and internal requirements, using a standardized methodology integrated into its Footprint Protocol. In 2023, GHG intensity decreased by 0.5%, with total emissions reduced by 10.5%. Sadara engages with Saudi Arabia's governmental GHG programs, including the Circular Carbon Economy and the Energy Information Center, ensuring compliance with the Royal Commission's GHG inventory requirements.

GHG EMISSIONS	UNIT	2021	2022	2023
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>

## ENERGY CONSUMPTION

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

Sadara prioritizes energy efficiency to protect the environment, mitigate climate change, and improve performance. As an ISO 50001:2018 certified company, Sadara reduced energy consumption in 2023 by implementing measures like optimizing the Chlorine unit's power usage, saving 32,871 GJ. The fuel switch initiative cut heavy fuel oil consumption by 27%. Petrol and diesel use also dropped by 4.81% and 66.5%, respectively, contributing to a 10.15% overall energy consumption reduction 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>

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



ENERGY CONSUMPTION	UNIT	2021	2022	2023
Diesel consumption from vehicles	Liters	18,021	36,236	12,135
<b>Indirect energy consumption</b>				
Electricity consumption (branches, offices, etc.)	GJ	9,503,437	10,260,534	9,832,645
Renewable energy consumption (branches, offices, etc.)	GJ	10.41	31.22	31.22
Total energy consumption (direct + indirect)	Million GJ	83.499	81.665	73.400
Energy intensity (total energy consumption in Gigajoules/ total products sold in tons)	GJ/ton	28.097	27.265	27.220

## WATER AND EFFLUENTS

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

Sadara has made significant strides in water management, reducing water consumption by 14.51% in 2023 and reducing water intensity by 5.05%. Recycled wastewater increased by 4.31%, while Total Organic Carbon (TOC) in wastewater discharged dropped by 28.30%, reflecting enhanced treatment processes. The company remains compliant with all water and wastewater regulations, with no violations reported. Water is primarily sourced from the Marafiq Seawater Reverse Osmosis plant and is used across operations for steam, cooling, and equipment washing.

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 focuses on enhancing material efficiency and waste management at its manufacturing plants while ensuring environmental compliance. The company oversees the entire waste disposal process, from collection to disposal at third-party facilities in Jubail, and conducts routine audits of these facilities to ensure legal compliance and recommend improvements. Sadara also seeks additional recycling opportunities, particularly for waste streams currently being disposed.

MATERIAL EFFECTIVENESS	UNIT	2021	2022	2023
Total waste generated	Thousand tons	28.909	43.376	85.801 <sup>2</sup>
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.

In 2023, Sadara's material losses increased to 10.53%, and material effectiveness intensity stalled, deviating from our target which can be attributed to a significant rise in industrial waste, up by 42 metric tons compared to 2022. To address this, Sadara will implement measures to reduce flaring losses and lower industrial waste generation.

## CIRCULAR ECONOMY

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

Sadara embraces circular economy principles, optimizing resources and minimizing waste. In 2023, this approach saved SAR 22.8 million in disposal costs and generated SAR 2.2 million in recycling revenue. Although plant shutdowns increased both recycled and incinerable waste, the volume of incinerable and landfill waste surpassed recycled materials due to the nature of the processes involved.

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
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

RECYCLED MATERIALS	UNIT	2021	2022	2023
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 committed to protecting biodiversity and minimizing its operational impact, as reflected in our RC14001 standard. In 2023, there were no incidents of spills or substance releases into the environment resulting from Sadara's activities.

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

In 2021, Sadara was the first GCC company to receive the Operation Clean Sweep (OCS) certification for preventing environmental spills. The company uses measures such as supersacks and green mesh to prevent pellet loss and integrates OCS into its Operational Document Management System. In 2023, four OCS walkthroughs were performed to ensure continued compliance and performance.

## SOCIAL

### SUSTAINABILITY STRATEGY KPIS:

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
5. Ensure Operational Excellence	Increase Product Supply Reliability (PSR)	Percentage	84.1	93.6	94.9
	Decrease DPMO	Number	312	4,000	9,000
6. Support Downstream Industry Local Content	Increase Number of PlasChem Tenants	Number	9	8	10
	Increase Percentage of Local Procurement Spending	Percentage	79	78	80

STRATEGIC GOALS		KPIs	UNIT	2023 PERFORMANCE	2023 TARGET	2025 TARGET
PEOPLE AND COMMUNITY	7. 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
	8. Support the Local community	Increase Community Engagement Initiatives	Number	25	20	25
		Increase Employee Volunteering Hours	Hours	5,948	5,035	10,000

## OCCUPATIONAL HEALTH AND SAFETY

### EHS MANAGEMENT SYSTEM

GRI 403-1, 403-2

To drive continuous improvement in sustainability and EHS practices, Sadara benchmarks against local, regional, and international standards. We uphold global EHS standards, including RC 14001, ISO 14001, ISO 50001, and ISO 45001, surpassing these through rigorous internal processes within our Environment, Health, and Safety Management System (EHSMS), part of the Sadara Operating Discipline Management System (ODMS). This system includes protocols and procedures for safeguarding employees, contractors, and communities. We conduct annual reviews, implement an Injury Prevention Program (IPP), and manage ongoing EHS programs such as integrated assessments and risk evaluations. Improvements to the ISO 45001 standard are made through periodic meetings, investigations, and the Management System Review (MSR), with updates communicated via the Catalyst intranet. Our Risk and Opportunities Register (ROR) is regularly updated to address EHS-related risks and opportunities.

### 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
Total workers covered by the Health and Safety Management System	Percentage	100	100	100

### HEALTH AND SAFETY PERFORMANCE

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

Sadara is committed to attain exceptional EHS performance in line with its vision and mission. We encourage employees to contribute their ideas for sustainability and EHS enhancement. Our sustainability and EHS performance reports are regularly shared, and we assess suppliers to ensure that they meet EHS standards and Responsible Care principles. We aim for zero recordable injuries, with no fatalities among employees or contractors since 2021, despite an increase in total work hours in 2023.

OHS-RELATED KEY PERFORMANCE INDICATORS	UNIT	2021	2022	2023
Total employee manhours	Number	7,307,459	6,826,393	7,280,816
Total contractor manhours	Number	12,477,989	11,801,449	13,918,180
Employee fatalities as a result of work-related injury	Number	0	0	0
Contractor fatalities as a result of work-related injury	Number	0	0	0
Fatalities as a result of work-related ill health	Number	0	0	0
Cases of recordable work-related ill health	Number	0	0	0

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

GRI 403-2

Sadara’s EHS&S Assessment and Assurance Program ensures our systems meet high international standards through standardized audits and assessments. In 2023, we conducted nine Integrated Management System Audits and one Internal Management System (IMS) Assessment for a third-party tenant. We maintain ISO 45001, ISO 14001, ISO 50001, and RC 14001 certifications, verified annually by independent auditors. The program reviews EHS&S Management Systems for compliance with internal and external requirements and includes third-party assessments of Waste Management Facilities at REVIVA and Suez Veolia to meet RC-14001 standards.

### Process Safety

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

Sadara uses the Process Risk Management Standard and Loss Prevention Principle to manage safety risks across its facilities, including chemical manufacturing, pipelines, and warehouses. This includes a Reactive Chemicals Standard for managing reactive chemical risks. Sadara promptly reports and addresses Loss of Primary Containment (LOPC) events, categorized as Level 1 or Level 2 based on impact. We are proud to have had zero Level 1 Process Safety and Containment Events in the past 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 receive job specific EHS&S training on process safety, personal safety, chemical spill management, and handling chemicals. Our Health & Wellness center is available to all employees. In 2023, we streamlined our training programs to focus on the most relevant courses, which resulted in reducing the number of trainings conducted.

HEALTH AND SAFETY TRAINING AND MANAGEMENT	UNIT	2021	2022	2023
Total hours of HSE training provided to employees	Hours	69,355	59,166	24,895
Average hours of HSE training per employee	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 product stewardship and environmental preservation by evaluating safety, health, and environmental information to protect employees, the public, and the environment. We adhere to local labelling regulations and embed risk management in our ISO 14001 strategy and Facility LOPC requirements. In 2023, there were no significant chemical spills, and we have an emergency response plan and dedicated unit for any incidents.

### Globally Harmonized System

Sadara has fully implemented the UN’s Globally Harmonized System of Classification and Labelling and is working towards complete adoption. We also comply with regulatory requirements such as REACH and Royal Commission Environmental Regulations 2015. In 2023, there were no incidents of non-compliance affecting the health and safety of our products or services.

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 ensures health, safety, and environmental protection throughout the lifecycle of its products, including energy use in manufacturing. We regularly review and prioritize less harmful chemicals while maintaining quality. Hazards related to new and existing products are assessed, and information is communicated to customers through Safety Data Sheets (SDS), Emergency Response Guides (ERG), and product labelling. We manage operations to protect product safety and customer health, engaging with stakeholders through site walkthroughs and risk assessments. In 2023, we upheld high standards in product stewardship.

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

## Product Transportation

Sadara evaluates the EHS&S competencies of new contractors to minimize personnel and environmental impacts related to the handling, storage, transportation, and warehousing of chemicals. We investigate any incidents and work with drivers to enhance transportation safety. Over the past three years, we have maintained a record of zero transportation incidents.

TRANSPORTATION SAFETY	UNIT	2021	2022	2023
Number of transport incidents	Number	0	0	0

## BUSINESS GROWTH AND OPERATIONAL EXCELLENCE

### FINANCIAL PERFORMANCE

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

Sadara is dedicated to operational efficiency, customer satisfaction, and local procurement. We focus on enhancing departmental performance to meet shareholder and customer expectations. In 2023, our financial performance declined due to decreased sales volume from a planned turnaround, lower sales prices amid global economic challenges, and margin compression from feedstock price reductions.

Sadara's asset management strategy emphasizes regulatory compliance and asset effectiveness through value generation, optimization, and reliability. In 2023, total capitalization reached USD 276 million, reflecting our commitment to sustainable asset management and 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

## Tax Strategy

GRI 207

Sadara adopts updated tax strategies and reviews them quarterly with senior leaders. The tax team ensures compliance with Zakat, Tax and Customs Authority (ZATCA) regulations and follows corporate governance procedures, supported by the ethics and internal audit committee. The team is trained on tax regulations, and it prepares monthly VAT and Withholding Tax Returns, and annual Income Tax Returns and Transfer Pricing reports. Sadara's tax data is audited frequently, maintaining transparency and accuracy. Sadara Chemical Company and Sadara Basic Services are under ZATCA's jurisdiction, while five Sukuk entities report under the Netherlands' jurisdiction. Over the past three years, Sadara has effectively managed costs, achieving 72% and 71% of the budgeted costs in 2021 and 2022, respectively, and 99% in 2023.

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

## PRODUCT DEVELOPMENT

GRI 3-3

Sadara promotes innovation to diversify production and boost long-term profitability. In 2023, the Hydrocarbons Optimization program targeted the MFC Feedslate, generating over USD 20 million in value. This initiative improved processes, tools, and competencies, optimizing throughput and feedstock efficiency based on a thorough assessment of operating conditions and market impacts.

## MANUFACTURING OPERATIONAL PERFORMANCE

GRI 403-2, 403-8

Despite market challenges, Sadara maintains high EHS&S and production performance. Our complex operations involve 26 integrated plants, coordination with raw material suppliers, and adherence to both international and local standards. We prioritize employee health and safety while ensuring smooth operations.

## Measuring Manufacturing Operational Performance

We use the Product Supply Reliability measure to ensure consistent product quality, reasonable costs, and timely delivery. Operational KPIs are monitored in real-time at each unit’s control room, allowing for prompt responses and decisions.

PRODUCTION DATA	UNIT	2021	2022	2023
Total products sold to the market	Million metric tons	2.972	2.995	<b>2.697</b>

## SUPPLY CHAIN MANAGEMENT

GRI 2-6, 3-3

Sadara is committed to a top-tier procurement system, prioritizing local procurement to support the local economy and fostering partnerships with suppliers who align with our values and standards. These collaborations emphasize safety and quality. We have formal assessment and audit programs to evaluate and monitor suppliers. The Prequalification Committee assesses supplier suitability using EHS and ESG criteria.

## LOCAL CONTENT

GRI 204-1, 308-1

Local Content is vital for Saudi Vision 2030. Sadara’s Local Content Development Division focuses on boosting local spending and integrating local suppliers into procurement processes. In 2023, Sadara successfully localized Flame-Resistant Clothing and Hard Helmets, increasing the proportion of local suppliers contracted to 55%. Other initiatives included the opening of a satellite office at Jubail Chamber and participation in regional events, resulting in over 30 new local manufacturers qualifying to do business with Sadara and more than 250 local suppliers registering. Spending on local suppliers rose from 79% to 86%, and procurement of “Saudi-Made” materials increased from 47% to 53%, despite a reduction in total material expenditure.

SPENDING	UNIT	2021	2022	2023
<b>Including Feedstock</b>				
Percentage of spending on local suppliers <sup>1</sup>	Percentage	90	94	<b>95</b>
<b>Excluding Feedstock</b>				
Percentage of spending on local suppliers <sup>2</sup>	Percentage	75	79	<b>86</b>

<sup>1</sup> The above percentages are Local Spend by Procurement categories and include feedstock.  
<sup>2</sup> The above percentages are Local Spend by Procurement categories and exclude feedstock.

Over the past three years, Sadara has significantly improved local content in its procurement practices. The percentage of local content in procurement services has been high, achieving 96% in 2021 and improving to 97% in both 2022 and 2023. There has been a notable increase in the procurement of raw materials, rising from 53% in 2021 to 81% in 2023, reflecting our commitment to sourcing more materials locally.

However, the local content score for spares and equipment has declined from 81% in 2021 to 67% in 2023, indicating a need for increased efforts in this area. 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	<b>97</b>
Percentage of Local Content score in Procurement (Raw Materials)	Percentage	53	61	<b>81</b>
Percentage of Local Content score in Procurement (Spares & Equipment)	Percentage	81	74	<b>67</b>

## SUPPLIER QUALIFICATION AND AUDITING

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

Sadara has assessment and audit programs to monitor suppliers, using the Prequalification Committee and EHS assessment program. Key factors include HSE policies, SMART objectives, training, and ISO certifications. In 2023, we qualified over 2,118 local manufacturers and conducted regular audits to assess performance and ESG compliance. The number of audited suppliers increased from 612 in 2021 to 712 in 2022, then slightly decreased to 610 in 2023.

SUPPLIER AUDITS	UNIT	2021	2022	2023
Suppliers subject to audits	Number	612	712	<b>610</b>

### Supplier Code of Conduct

Sadara extends its sustainability responsibility to suppliers and the community through our [Supplier Code of Conduct](#), which addresses human rights, labor practices, environmental protection, and business integrity.

Over the past three years, adherence to our Supplier Code of Conduct has improved significantly. A total of 68% of suppliers acknowledged the Code of Conduct in 2021, 86% in 2022, and 87% in 2023.

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

### Supplier Sustainability Assessment

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

Sadara conducts a Sustainability Assessment for Key Suppliers to evaluate their impact from a sustainability perspective. The assessment questionnaire addresses ESG topics in alignment with the Global Reporting Initiatives (GRI) and the Saudi National Sustainability Reporting Standards. This process allows Sadara to identify the best sustainability performers, enabling knowledge sharing and collaboration to ensure sustainability across the value chain.

### Supplier Satisfaction

Sadara conducts an annual supplier satisfaction survey, achieving a 98% satisfaction rate with no complaints in 2023. The Procurement department hosts meetings with key suppliers, including sessions with the CEO, and plans to introduce an annual event for top suppliers and performance-based incentives.

## CUSTOMER RELATIONS AND PRODUCT QUALITY

Sadara focuses on meeting customer needs promptly and maintaining high product quality. We hold quarterly meetings with marketers and have enhanced process automation. Product quality is evaluated using the Six Sigma methodology, tracking defects per million opportunities (DPMO).

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

### Customer Survey

GRI 3-3

Customer surveys are crucial for understanding service quality and identifying improvement opportunities. In 2023, 46% of customers were very satisfied, 47% were satisfied, resulting in a 93% overall satisfaction rating. To maintain high service and product standards, Sadara uses a Corrective Action Management Process (CAMP) to address quality and supply chain complaints.

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
Customer Satisfaction Score (0 to 10)	Number	10	10	9.3

## INNOVATION AND TECHNOLOGY

GRI 3-3

Sadara prioritizes innovation to maintain industry leadership and to align with Saudi Vision 2030. We cultivate a culture of innovation through our Technology Center, which manages R&D efforts with an annual budget of SAR 4 million. The Corporate Innovation Committee (CIC) supports this culture. The Innovate@ software, structured into General Ideation, Manufacturing Ideation, and Intellectual Property Innovation, automates idea management from conception to execution. In 2023, we received 850 submissions from the employees, with 150 evaluated.

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

## DIGITAL TRANSFORMATION

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

Sadara continues to advance its Digital Transformation journey, guided by a strategy aimed at achieving target maturity scores. This includes annual digital maturity assessments, the introduction of emerging technologies, and the development of business cases for digital initiatives. In 2023, Sadara implemented key digital projects such as using 3D printing to manufacture a crucial spare part for continuous operations, enhancing the tendering process with Robotic Process Automation (RPA), and introducing digital business cards for chief positions. Additionally, projects utilizing AI, Video Analytics, and Conversational AI are expected to generate USD 27 million in value over the next five years.

## Downstream Investment Opportunities in PlasChem Park

Sadara provides feedstock to PlasChem Park tenants and other inputs for producing specialized products vital to key downstream industries in Saudi Arabia, such as oil and gas chemicals, construction materials, and personal care products. 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

## PEOPLE AND COMMUNITY

### OUR PEOPLE

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

Sadara values its employees and focuses on their growth, development, and engagement. We attract top talent by offering competitive benefits such as housing, training, and fast career advancement. We promote a collaborative and diverse work environment, with equal opportunities for men and women. Our Ethics and Compliance Policy ensures that all issues are addressed with strict measures.

#### 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. In 2023, female hires increased to 18, and six women have entered middle management. 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	<b>2,892</b>
Female full-time employees	Number	76	89	<b>80</b>
Male full-time employees	Number	3,016	2,898	<b>2,812</b>

TURNOVER	UNIT	2021	2022	2023
Total number of employees who left the organization	Number	183	217	<b>219</b>
Turnover rate	Percentage	5.8	7.1	<b>7.4</b>

ABSENTEE RATE	UNIT	2021	2022	2023
Total number of missed workdays	Number	21,201	24,122.73	<b>18,687.84</b>

### Saudization

GRI 202-2

Sadara's Saudization efforts focus on developing local talent and supporting Saudi Vision 2030. Through initiatives such as the Apprenticeship, Internship, and Student Sponsorship Programs, Sadara offers practical experience and career opportunities for Saudi nationals. The proportion of Saudi employees in the workforce has increased to reach 77.77% compared to 74% in 2021.

WORKFORCE BY NATIONALITY	UNIT	2021	2022	2023
<b>Number of full-time national employees</b>	Number	2,288	2,267	<b>2,249</b>
Number of employees of other nationalities	Number	804	720	<b>643</b>

### WOMEN'S EMPOWERMENT

GRI 3-3, 405-1

Sadara is dedicated to fostering a diverse workforce and advancing gender diversity. The company's Women's Empowerment Program aims to enhance professional development and provide equitable opportunities for all. Since 2019, the percentage of female employees has steadily increased.

WORKFORCE BY CATEGORY AND GENDER	UNIT	2021	2022	2023
<b>Senior Management</b>	Number	114	108	<b>145</b>
Male employees in senior management	Number	114	108	<b>145</b>
Female employees in senior management	Number	0	0	<b>0</b>



WORKFORCE BY CATEGORY AND GENDER	UNIT	2021	2022	2023
<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 leadership, technical, and business skills through a range of training programs. The centralized Learning Management System (LMS) and digital platforms support this effort, offering regular classes aligned with role competencies. Employees undergo biannual performance evaluations and career reviews, with a 100% completion rate. In 2023, Sadara expanded training offerings, resulting in a significant increase in training sessions.

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

## WAGES AND BENEFITS

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

Sadara attracts and retains top talent with competitive compensation, benefits, and development opportunities. Our compensation system rewards exceptional performance and aligns with goals. We match 9.75% of salary and housing for GOSI, ensuring 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	765,130
Benefits paid (includes elements such as Pension, Gratuity, Medical Insurance, Annual Passage, Education etc.)	SAR million	215,435	367,635	432,614

## PARENTAL LEAVE

GRI 401-3

Sadara offers comprehensive parental leave in line with Saudi Labor Law, including work-from-home options for pregnant employees in their third trimester. Female employees can extend maternity leave by one month unpaid. In 2023, 7 female and 237 male employees utilized parental leave, with all returning to work, indicating high retention rates.

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

## Employee Satisfaction

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

## EMPLOYEE ENGAGEMENT & EMPLOYEE WELL-BEING

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

Sadara supports employee well-being with facilities such as recreation centers, a desert camp, and Sadara Resort. The Self-Directed Group Program promotes extracurricular activities, while employee feedback helps enhance the work environment. Benefits include discounted gym memberships, travel accommodations, and health initiatives. Employee engagement is assessed through surveys on motivation and satisfaction, and the Success Factors e-IDP program aids in personal development. Annual appraisals align performance with business goals.

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 dedicated to community investment as a key part of its Sustainability Strategy, focusing on supporting those in need, youth development, social awareness, and environmental and health education. In 2023, community investments grew by 26.9%, and the number of local development programs increased by 31.6%, from 19 to 25. Donations and sponsorships rose by 26.2%, from SAR 1.44 million in 2022 to SAR 1.82 million.

COMMUNITY ENGAGEMENT	UNIT	2021	2022	2023
Total value of community investments	SAR	2,620,164	10,310,931	13,080,778
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.

### Volunteerism

GRI 413-1, 413-2

Volunteerism is crucial to Sadara's community outreach, driven by Sadara Volunteer Club (SVC). In 2023, employees contributed 5,948 hours to support social causes and enhance community engagement. In 2023, our employees collectively devoted 5,948 hours to volunteer activities.

VOLUNTEERISM	UNIT	2021	2022	2023
Employee volunteer hours	Hours	280	3,035	5,948

## GOVERNANCE

### SUSTAINABILITY STRATEGY KPIS:

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

## 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. Our corporate governance practices align with both national and international regulations and guidelines.

## ORGANIZATIONAL STRUCTURE AND BOARD OF MANAGERS

GRI 2-9

Sadara’s corporate governance ensures high standards of integrity, ethics, and compliance across all operations. The company is owned by Saudi Aramco (65%) and The Dow Chemical Company (35%).

Sadara’s Board of Managers, appointed by the founding shareholders, meets quarterly to provide guidance and oversee performance. Each meeting includes a report on sustainability performance and key ESG topics.

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

For more information on our organizational structure and Board of managers, please refer to Sadara’s 2023 Sustainability Report.

### Sadara’s Sustainability Council

Sadara’s Sustainability Council integrates efforts across the company’s five sustainability pillars to align with its vision, mission, and values. The Council engages various stakeholders, including employees and regulators, to achieve company objectives. It consists of committees led by chairpersons focused on key areas: Governance and Integrity, Occupational Health and Safety, Climate Change and Natural Resource Conservation, Business Growth and Operational Excellence, and People and Community.

### Sadara’s Committees

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

Sadara’s committees, including Finance, EHS&S, Audit, and Compliance. All of them work to ensure sustainable and compliant operations. The Sustainability Council aligns efforts across Sadara’s five sustainability pillars with its vision and values. It includes committees on Governance and Integrity, Occupational Health and Safety, Climate Change and Natural Resource Conservation, Business Growth and Operational Excellence, and People and Community, each led by a chairperson.

## INTERNAL AUDIT

The Internal Audit Department (IAD) at Sadara, led by the General Auditor, provides independent assurance and consulting services to support company objectives. The IAD reviews controls, conducts audits, and offers recommendations to improve operations. In 2023, the IAD completed 14 audits and aims to execute the 2024 audit plan on time, within budget, and enhance auditors’ skills in modern techniques, including 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 used across all departments to ensure operational excellence through policies, processes, and best practices. Governed by the Operational Excellence Department, the ODMS includes periodic self-assessments and internal audits to maintain compliance with external standards. The certification process is crucial for maintaining high-quality products and services.

### 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’s Code of Ethics & Business Conduct emphasizes integrity, respect, equality, and environmental protection. It guides employee and external conduct, supports reporting of breaches, and promotes corporate citizenship and positive change in all interactions.

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

Of all the training programs conducted, 198 were specifically focused on Fraud Prevention and Detection Awareness, while the remaining sessions 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

## HUMAN RIGHTS MANAGEMENT

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

Sadara upholds international human rights standards for equal opportunity and working conditions, extending these principles to our supply chain and aligning with Saudi Vision 2030. We provide training on rights and obligations, ensure access to grievance mechanisms, and promote human rights awareness.

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

For more information on how Sadara manages Human Rights, please visit our 2021 and 2022 Sustainability Reports.

## RISK MANAGEMENT

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

Sadara's Enterprise Risk Management (ERM) unit focuses on maintaining responsible and sustainable operations by identifying and analyzing risks across safety, security, health, environment, finance, strategy, and business continuity. The unit works with senior management to monitor and mitigate risks, using a comprehensive risk matrix to develop effective mitigation strategies.

### Business Continuity

GRI 2-23

Sadara's Business Continuity Management (BCM) process focuses on prevention, crisis management, and recovery to address potential threats. It ensures preparedness for maintaining critical functions during disruptions, aligning with Saudi Aramco's BCM Lifecycle. In 2023, Sadara achieved 100% compliance with BCM standards and conducted two major drills across Sadara's main business line. Moving forward, Sadara aims to secure international certification.

## INFORMATION AND CYBERSECURITY

GRI 3-3, 418-1

Sadara's Information Security (IS) division oversees governance, risk management, and compliance with cybersecurity standards. It protects organizational assets from threats, aligns with Saudi National Cybersecurity Authority standards, and guides best practices. In 2023, Sadara conducted 17 cybersecurity risk assessments, provided training, and performed yearly maturity assessments using NIST CMMI and C2M2 frameworks. The IS division also runs regular cybersecurity awareness campaigns, bi-weekly simulations, and Clear Desk Assessments to ensure security.

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.

## APPENDIX

### ACRONYMS

<b>BC</b>	Business Continuity
<b>BCM</b>	Business Continuity Management
<b>CEO</b>	Chief Executive Officer
<b>CO2</b>	Carbon Dioxide
<b>CSR</b>	Corporate Social Responsibility
<b>EHS</b>	Environment Health & Safety
<b>EHS&amp;S</b>	Environmental Health, Safety & Security
<b>ERM</b>	Enterprise Risk Management
<b>GHG</b>	Greenhouse Gas
<b>GPCA</b>	Gulf Petrochemicals and Chemicals Association
<b>GRI</b>	Global Reporting Initiative
<b>HSE</b>	Health, Safety & Environment
<b>IPP</b>	Injury Prevention Program
<b>ISO</b>	International Organization for Standardization
<b>ISS</b>	Information Systems Security
<b>KPI</b>	Key Performance Indicator
<b>LDAR</b>	Leak Detection and Repair
<b>M&amp;E</b>	Manufacturing and Engineering
<b>NGOs</b>	Non-Governmental Organizations
<b>OCS</b>	Operation Clean Sweep
<b>R&amp;D</b>	Research & Development
<b>RC</b>	Royal Commission
<b>SAR</b>	Saudi Riyal
<b>SE</b>	Saudi Electricity
<b>SVC</b>	Sadara Volunteers Club
<b>VP</b>	Vice President



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