



SADARA ESG REPORT

—
Towards Sustaining Excellence

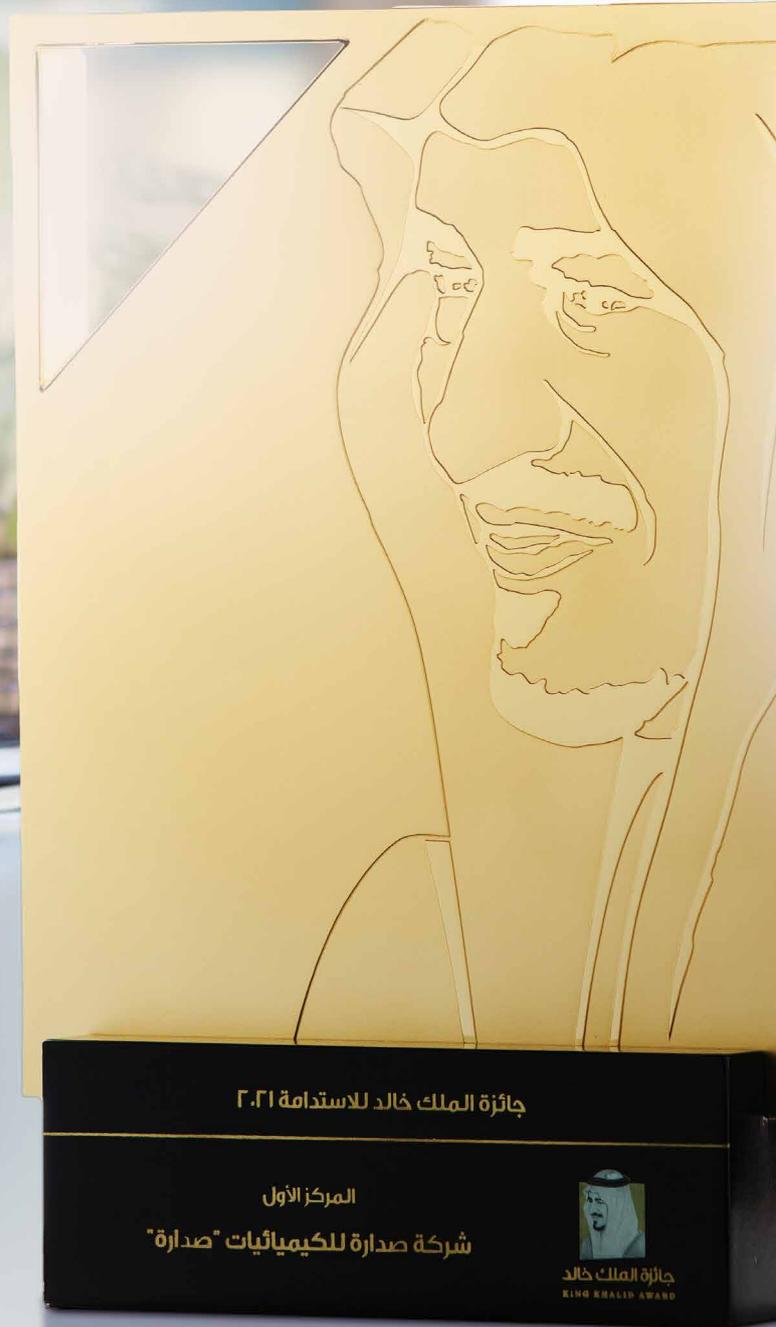


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ABOUT THIS REPORT

This report contain Environment, Social, and Governance (ESG) highlight of Sadara's ESG performance in 2021

For full information, refer to 2021 Sadara's sustainability report



SADARA AT A GLANCE

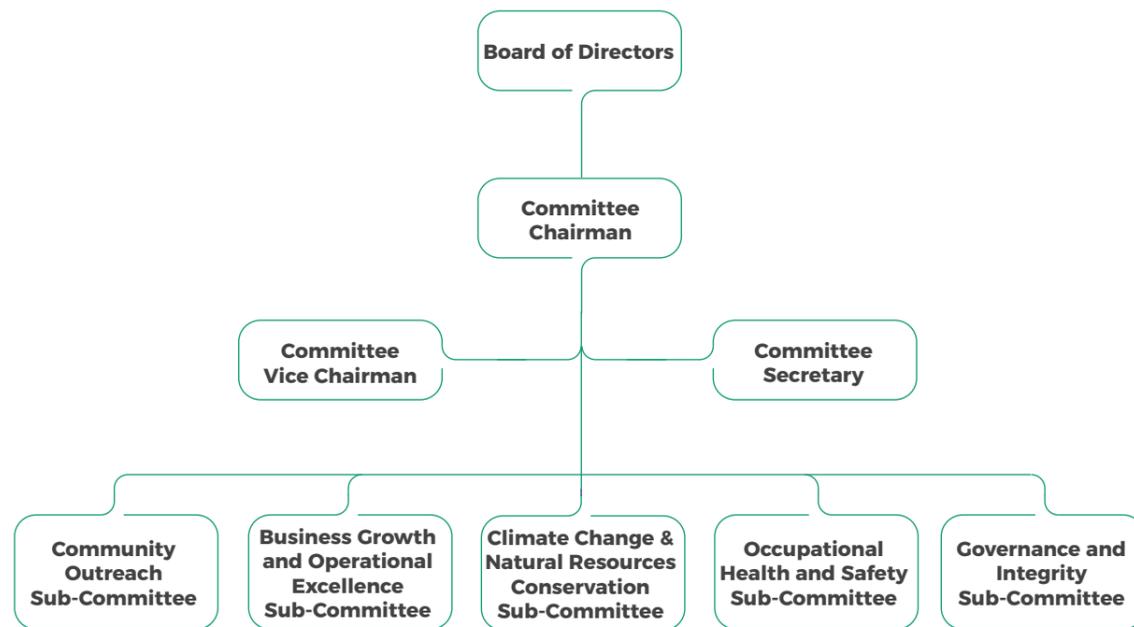
Sadara is a forward-focused chemical company, leading new technologies and innovative processes for the region within a single integrated manufacturing complex.

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

SUSTAINABILITY AT SADARA

Commitment to sustainability is at the core of Sadara’s operations. Sadara’s sustainability committee develops long-term sustainability goals aligned with the company’s corporate strategy, the Saudi Vision 2030 and the United Nations Sustainable Development Goals (SDGs). The Committee assesses Sadara’s sustainability performance, works to raise employee awareness and promotes best environmental practices among communities living in areas where the company operates.

SUSTAINABILITY COMMITTEE



SUSTAINABILITY STRATEGY

The Sadara sustainability strategy outlines five focus areas that are crucial for the success of our business and the greater good of our stakeholders. The five pillars encompass our 20 priorities:

SUSTAINABILITY PILLARS

01. GOVERNANCE AND INTEGRITY

- Strengthen Corporate Governance
- Ensure Business Ethics and Integrity

02. OCCUPATIONAL HEALTH AND SAFETY

- Achieve World Class Health and Safety Performance
- Promote Product Stewardship Practices

03. CLIMATE CHANGE AND NATURAL RESOURCES CONSERVATION

- Minimize Environmental Impact
- Support Circular Economy

04. BUSINESS GROWTH AND EXCELLENCE

- Ensure Operational Excellence
- Support Downstream Industry Local content

05. PEOPLE AND COMMUNITY

- Strengthen The Value of Employee Proposition
- Creating Value for Saudi Arabia’s Communities Through Social Impact

ESG DASHBOARD

01. GOVERNANCE AND INTEGRITY

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

02. OCCUPATIONAL HEALTH AND SAFETY

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

03. CLIMATE CHANGE AND NATURAL RESOURCES CONSERVATION

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

04. BUSINESS GROWTH AND EXCELLENCE

	2020 Baseline	2021 Performance	2025 Target
Increase Product Supply Reliability - PSR	90.4	85	94.9
Decrease Defects Per Million Opportunities	7,109	3,537	>9000
Increase Number of New PlasChem Tenants	-	1	8
Increase % of Local Procurement Spends	65%	75%	80%

05. PEOPLE AND COMMUNITY

	2020 Baseline	2021 Performance	2025 Target
Employee Engagement (rate over 10)	7.3	6.8	7.66
Job nationalization "Saudization"	71.8%	74%	82%
Women inclusion and employment (%)	2.2%	2.4 %	5%
Training hours and Development Programs (hours)	46,236	111,893	183,060
Community Engagement Initiatives	17	19	15
Volunteering initiatives (hours)	300	139	2,000

ESG PERFORMANCE HIGHLIGHTS



Environment

- **9.54%** reduction in product GHG intensity
- **6.94%** reduction in electricity consumption
- **2.88%** reduction in total water consumption
- **400%** increase in volume of recycled wastewater
- **2.1%** reduction in waste generation
- **53%** of waste recycled
- **SAR 23 million** in cost savings as a result of recycling
- **0.38%** pellets escaped from systems to the environment and were collected



Social

- **800** individuals vaccinated as part of 3-day COVID-19 vaccination campaign
- **11** internal safety assessments conducted
- **0.09** transportation incidents per million km travelled
- **93.4%** of senior management are Saudi nationals
- Average of **31.27** hours of training provided per employee
- **53** interns graduated from Internship Program
- **31** trainees on boarded post On-the-Job Training
- **42%** of procured materials are made in Saudi Arabia
- **0** employee recordable injuries
- **99%** coverage of employees' medical check-up



Governance

- Signatory of the UN Global Compact
- **68%** increase in sales from 2020 with a net profit of **SAR 3.9 billion**
- Completed planned isocyanates turnaround in **66** days
- **98%** of customer complaints resolved on first call
- **75%** of customers rated Sadara's Customer Services as "Excellent"

ALIGNMENT WITH INTERNATIONAL FRAMEWORKS

We have aligned our sustainability actions with international frameworks, including our contributions to the United Nations Sustainable Development Goals (SDGs) and the Ten Principles of the United Nations Global Compact.



United Nations Global Compact



ENVIRONMENT

Our Ambition

Sadara is committed to protecting the environment and strives to contribute to global actions aimed at mitigating climate change.

GHG Emissions

Sadara's Energy Resource Optimisation sub-committee, monitors and reports GHG and non-GHG-emissions, tracking environmental footprint improvement initiatives across the company.

- This year, our direct GHG emissions fell by **5.46%** from 2020
- Sadara achieved a **29.94%** reduction in indirect GHG emissions from grid electricity consumption

Energy Management

Sadara engaged in its first energy audit this year, whereby relevant energy saving modules were identified.

- Achieve a **1%** reduction in energy intensity

Water and Effluents

Sadara strives to conserve water through a series of initiatives across its operations, including the optimisation of cooling tower operations and the recycling of condensate for further use and reduction in the reliance on new water supplies. Through these programs, Sadara has recycled **2,258 m³** of wastewater in 2021.

Material Effectiveness

Sadara has a dedicated team responsible for serving all waste management programs and activities. The company strives to continuously apply and improve material effectiveness and management practices within the plant and to comply with relevant regulatory environmental requirements. Additionally, as per the five-year sustainability targets set, Sadara aims to increase material effectiveness by **2.5%**.

- Diverted organic waste and scrap polyol from waste to be recycled
- Recycled off spec wastewater during turnaround period

Circular Economy

Sadara continuously engages with the Kingdom's governmental GHG programs, such as the Circular Carbon Economy (CCE) to collaborate on various recycling programs to substantially reduce waste sent to landfill or incinerators.

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

Sadara has commissioned a third-party consultant to develop the circular economy framework, including the life cycle assessment (LCA), of specific Sadara products.

Operation Clean Sweep

The program was designed to support the plastics industry operations in reducing the accidental loss of pellets, flakes and powder into the environment across the entire supply chain.

- Obtain Operation Clean Sweep (OCS) certification from the Gulf Petrochemical & Chemical Association (GPCA) in 2021
- Sadara has managed to limit the escape of pellets from our systems to the environment to **0.38%**

Refer to 2021 Sadara’s sustainability report for more details:



SOCIAL

Our Ambition

Our commitment to people and communities lies in ensuring their health and safety, caring for them, supporting the local economy by sourcing national content and conducting programs targeting education, culture, health and charitable contributions to support and empower people and the communities in which we operate.

OCCUPATIONAL HEALTH AND SAFETY

Health and safety at Sadara are key priorities. Our occupational health and safety records show the efforts we put into ensuring the company and its employees operate responsibly and safely.

Health and Safety

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

Process Safety

The Sadara Process Risk Management Standard and the Loss Prevention Principle (LPP) identify and control any risk involving acute hazards.

The process safety targets set to be achieved in 2025 were surpassed this year, including total recordable injury rate, annual medical check-ups performed, and process safety containment event rates for level 1 and 2.

Product Stewardship

Sadara has pledged to implement the UN's Globally Harmonised System (GHS) of Classification and Labelling by 2025. To date, our rate is **85%**. Working toward an **100%** adoption will bring Sadara into line with an internationally agreed-upon standard of classification.

Product Transportation

We monitor transportation incidents monthly and engage with drivers to promote transportation safety awareness in line with the Sadara Distribution Risk Review Work Process. The number of recordable transportation incidents was cut by **77%** last year.

Our People

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

- Our workforce size totaled **3,092** employees in 2021
- The proportion of Saudi nationals in Sadara's workforce has consistently increased and now constitutes **74%** of the full-time workforce as well as **93.4%** of senior management positions
- **10%** increase in female employment from 2020
- Increase of total hours of training for employees to **111,893** hours
- In 2021, we obtained an employee satisfaction score of **7.1** out of **10**

Our Community

Sadara's Community Outreach Strategy serves to strengthen Sadara's community efforts and strategically align outreach with our purpose, vision, business objectives and sustainability strategy, as well as the related goals of UN SDGs and Vision 2030.

Sadara Community Outreach Strategy focuses on 5 main pillars:

Education	In 2021, Sadara graduated 53 interns from the Sadara Internship Program. We also onboarded 31 trainees in our On-Job Training (OJT) Program.
EHS awareness	<ul style="list-style-type: none"> • The 2021 Innovative Environmental Solutions Competition, judged by the National Centre for Environmental Compliance, saw the participation of 10 students and spanned 11 cities • As part of the Saudi Environmental Week, an E-waste campaign was held, where an online lecture was given to 20 students. The event was followed by a clean-up campaign • 44 Sadara employees volunteered for Clean Up Campaign that resulted in the collection of 300kg of plastic waste • This year, Sadara held an employee blood donation campaign • A live virtual event on Fire Home Safety was held for more than 160 Sadara families.
Philanthropy	In 2021, Sadara held a winter clothing and electric heaters donation campaign for families in need during the winter months.
Culture	As part of its support for the Kingdom, Sadara enjoyed grand celebrations of the Saudi National Day on September 23rd .
Volunteerism	We sponsor the Sadara Volunteering Clubs that oversaw 139 Volunteering hours.

Local Content

Supporting Local Suppliers

Sadara was certified, for the third time, by the Local Content & Government Procurement Authority (LCGPA) for its support for Local Content. This certification is a testament to Sadara's commitment to supporting local content throughout its operations, from supporting local suppliers favoring local goods and services, to hiring and training Saudi nationals.

We increased local procurement spending **10%** to **75%** compared with **65%** in 2020. In addition, more than **40%** of the materials we bought were "Made in Saudi".

Sadara Investment Opportunities at PlasChem Park

PlasChem Park is a world-class industrial park developed under collaborative efforts between Sadara and the Royal Commission for Jubail and Yanbu to boost economic growth in the region by creating jobs, reducing the Kingdom's reliance on imports and enhancing its export potential. PlasChem currently hosts nine international tenants.

- In 2021, Sadara and SADIG Industries and ILCO Chemicals (SADIG-ILCO) have signed long-term agreements through which Sadara will supply feedstock (EO & PO) to SADIG-ILCO's future chemical manufacturing facility in Jubail's PlasChem Park

EO/PO Feedstock Pipelines

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

Refer to 2021 Sadara's sustainability report or more details:

**GOVERNANCE****Our Ambition**

The sustainability of our business and its growth are achieved by ensuring our operations run smoothly, tending to our customers' needs and maintaining the highest standards of ethics, compliance and responsibility throughout the business.

Ethics and Compliance

Sadara's Code of Ethics and Business Conduct builds upon the company's core values of integrity, respect, equality and the protection of our planet. Sadara stands by critical values to ensure high ethical standards throughout the business. Furthermore, as a signatory to the UNGC, Sadara works to combat all forms of corruption.

Risk and Crisis Management

Sadara uses a risk and crisis management strategy to ensure business continuity regardless of the circumstances. Sadara's Enterprise Risk Management (ERM) unit ensures that the organisation complies with regulations, agreements and the highest standards of operations.

Human Rights Management

Sadara supports and promotes awareness and respect for human rights throughout its supply chain. The company supports international best practice and announced its support for the Ten Principles of the UN Global Compact, which include human and labor rights.

Supplier Code of Conduct

The Supplier Code of Conduct defines the expectations Sadara has of its suppliers and states that all applicable laws and regulations must be complied with, in addition to following the best practice in terms of good governance.

Anti-Corruption

Sadara's Supplier Code of Conduct provides suppliers with guidelines on what the company defines as appropriate ethical conduct when dealing with business entities and government agencies.

Financial Performance

In 2021, Sadara's total revenue from sales reached **SAR 17.7 billion**, a **68%** increase compared with 2020. After two consecutive years of net losses, we achieved a substantial net profit of **SAR 3.9 billion**.

Operational Performance

This year, Sadara safely executed its first ever mega turnaround. This entailed the planned stoppage of **14** plants so maintenance and upgrades could be carried out. During the turnaround more than **2,200** jobs were completed involving more than **2.7 million** safe working hours.

Sadara's toluene di-isocyanate (TDI) reboiler underwent an innovative modification in 2021 which allowed the achievement of an additional **7.5 KT** of TDI production.

Procurement

We believe that our ability to deliver high-value products is directly linked to the strong partnerships we build with our suppliers that are based on trust, shared principles and mutual value creation.

- Integrate our suppliers and service providers into our EHS systems ensuring standards adhere to our Responsible Care® principles

Supplier Qualification and Auditing

As part of our strong commitment to health and safety and environmental management, an EHS assessment is one of the main evaluation tools used by the pre-qualification committee. Our suppliers are audited on a regular basis to evaluate their performance and adherence to key ESG criteria as set out in our contracts, suppliers' code and other relevant policies and procedures.

- Evaluate Supplier performance as per their commitment to Key ESG Criteria

Supplier Satisfaction

Sadara engages with suppliers through a series of initiatives, including the supplier satisfaction survey and the sustainability webinar, promoting sustainability within the supply chain.

- In the 2021 supplier survey, Sadara achieved a **98%** satisfaction rate

Supply Chain

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

Product Quality and Technology Innovation

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

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

- Sadara successfully publicised **31** new methods to monitor and verify products and services and enhance customer experience
- Sadara has also developed in-house analytical software to enhance operational process

Sadara New Future & Innovate@ Program

Sadara's Innovate@ Program aims to promote innovation across the enterprise to improve operations, pioneer novel ideas and supporting long-term profitability. The program seeks to enable management and reporting tools including dashboard-based inputs.

Customer Relations

Our network of qualified, experienced personnel, coupled with Sadara's sophisticated production technologies, enables us to adjust our product offerings to meet customer expectations in a timely manner without compromising on quality. This is further supported through our corporate-wide extended sales and operations planning process which enables accurate planning and scheduling of orders. In 2021, Sadara achieved a **51%** improvement in its DPMO result with a score of **3,537**. This is considered an outstanding achievement in the petrochemical industry.

Customer Service Survey

We conduct annual customer satisfaction surveys for direct customers as well as regional distributors to gather important feedback and help us improve operations.

- **75%** of customers rated Sadara's customer services as excellent and almost
- **98%** of customer complaints were resolved on the first call

Refer to 2021 Sadara's sustainability report for more details:



**CREATING
VALUE
THROUGH
CHEMISTRY**



www.sadara.com