

POWERING POSSIBILITIES TOGETHER

2022 Sustainability Report



Welcome to our 2022 Sustainability Report

This sustainability report covers only Sipchem's operations in Jubail, including our plants, facilities, offices, HQ, and technology and innovation center "MANAR".

The reporting period for this sustainability report is 2022, and it covers our activities and progress toward our sustainability goals during that time.

Sahara International Petrochemical Company
(Sipchem)

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VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

"Since the announcement of our wise government, under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud and His Royal Highness Prince Mohammed bin Salman Al Saud, The Crown Prince and Prime Minister, the Transition Program 2020 and the vision of the Kingdom of Saudi Arabia 2030, Sipchem has been working in a fast pace to keep abreast of the Kingdom's economic development and its direction of promoting sustainable economic resources in the interests of the nation and the Globe. As such, Sipchem has clearly prioritized Sustainability as part of it's 2030 strategic pillars."



The Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud
King of the Kingdom of Saudi Arabia



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

Corporate Profile

Sahara International Petrochemical Company (Sipchem) is one of the world's leading petrochemical companies with over 35 years of combined operating history with market presence that reaches over 100 countries

As one of the leading and most ambitious petrochemical companies in the world, Sipchem strives to deliver excellence and ensure compliance to industrial safety through our sustainable, high-quality products. Our consistent growth and success since Sipchem's inception in 1999 have enabled us to achieve a market presence that reaches over 100 countries with more than 30 products and employs more than 1,400 professionals. A major milestone in our journey was the merger of Saudi International Petrochemical Company and Sahara Petrochemical Company in 2019 to form a stronger national entity named Sahara International Petrochemical Company (Sipchem).

As of today, our assets are worth \$6.3 billion. Sipchem is listed on Tadawul and is included in the MSCI Emerging Markets Index. Our business strategy is fully aligned with Saudi Vision 2030. We are proud to be recognized as one of the top 100 petrochemical companies globally according to Forbes Middle East. Moreover, Sipchem is on the Forbes Global 2000 list.

Vision

To be a recognized leader in growth, excellence and partnerships in the chemicals industry.

Mission

To continuously create value through sustainable, innovative and quality products relying on our growing capabilities and motivated employees.





Values



Courage

Taking initiative to face fear, risk, and adversity; daring to think, ideate, and communicate assertively; confronting what's wrong, and defending what's right.



Agility

The ability to swiftly and efficiently adapt in response to change in the environment in order to achieve optimal results, while prioritizing our desired results and conserving time and resources.



Passion

Having positive energy and being enthusiastic at work; the urge that drives people towards excellence, job-loyalty, productivity, and achievement.



Collaboration

Enabling teams to achieve common goals by eliminating barriers for productivity through mutual respect, effective communication, and accountability.

About this Sustainability Report

Sipchem is a leading petrochemical company based in Saudi Arabia, producing and marketing a wide range of high-quality products to customers across the globe.

Sipchem's legal name is Sahara International Petrochemical Company, and Sipchem is publicly listed on the Saudi Stock Exchange (Tadawul). Sipchem has its headquarters (HQ) in Al-Khobar City, with the main operations in Jubail within the Eastern Province of Saudi Arabia.

This sustainability report covers only Sipchem's operations in Jubail, including our plants, facilities, offices, HQ, and technology and innovation center "MANAR". These assets represent an important portion of our total operations and are subject to the same standards and commitments that guide our companywide sustainability efforts. In addition, we are currently building sustainability alignment and reporting requirements to ensure full coverage of all aspects of sustainability. We are proud to align our sustainability strategy and goals with international frameworks, including the Sustainable Development Goals (SDGs), the United Nations Global Compact (UNGC), and the Saudi Arabian Vision 2030. Each section of this report will be mapped to these frameworks to demonstrate our progress toward these goals.

The reporting period for this sustainability report is 2022, and it covers our activities and progress toward our sustainability goals during that time. Beginning this year, we will be publishing our sustainability report annually.

Since the last sustainability report was published, Sipchem has made significant structural changes in our approach to sustainability. In 2022, we created a fully dedicated sustainability department, and we have increasingly incorporated sustainability measures throughout the company, as detailed in this report. We are proud to show our improvements in this matter and will continue disclosing our changes from previous reports.

We are committed to transparently reporting our sustainability performance, and we welcome feedback and questions from our stakeholders.

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We are proud to align our sustainability strategy and goals with international frameworks, including the Sustainable Development Goals (SDGs), the United Nations Global Compact (UNGC), and the Saudi Arabian Vision 2030.



1. Message from the Chairman

Our main priorities at Sipchem are to not only contribute to achieving global sustainability goals but also the sustainability development objectives of Saudi Arabia's Vision 2030.



Eng. Khalid A. Al-Zamil
Chairman

At Sipchem, we are committed to operating in a sustainable and responsible manner, recognizing that the decisions we make today will have an important impact on our future.

Message from the Chairman

Dear Sipchem Community,

Sipchem plays a leading role in the global petrochemical industry and we recognize that it is our responsibility to lead the sector in environmental, social, and governance practices. We incorporate sustainability as a value added part of our core business. We are proud to do our part in protecting the planet while also contributing substantially to the economic growth of Saudi Arabia and the world.

We are committed to operating in a sustainable and responsible manner, recognizing that the decisions we make today will have an important impact on our future. In this spirit, it is our pleasure to present our sustainability report for the first time since 2019, reflecting the significant progress we have made in our sustainability journey.

Our main priorities at Sipchem are to not only contribute to achieving global sustainability goals but also the sustainability development objectives of Saudi Arabia's Vision 2030. In line with national goals, we are making great efforts toward accelerating the energy transition by reducing our carbon footprint, and we will outline these critical initiatives in this report. We are fully aware that there is still much work to be done in these areas, and we will continue our efforts. This sustainability report highlights our progress so far and underscores our commitment to these goals for years to come.

Sipchem also recognizes that we have a responsibility to give back to our community, which has enabled us to grow and thrive over the years. As such, we have engaged in a wide range of educational, health, and social initiatives aimed at supporting local communities. We believe these efforts are not only the right thing to do, but will also contribute to the long-term success of our business by helping the communities in which we operate.

We know our stakeholders have a wide range of interests and concerns, and we are firmly committed to engaging in meaningful dialogue to understand and address them. We are convinced that open and transparent communication is essential to building trust with our stakeholders, which is why we provide regular updates on our sustainability performance to alleviate any concerns that may arise.

Finally, we at Sipchem understand that sustainability is a fundamental principle that leads our business. We are committed to operating sustainably and responsibly to meet our stakeholders' expectations. We believe that by doing so, we can create long-term value for our business and contribute to the sustainable development of Saudi Arabia and global communities.

Thank you for your continual support and trust in Sipchem.

Eng. Khalid A. Al-Zamil
Chairman

2. Message from the CEO

Sipchem continues to balance our responsibility toward people and the planet with our drive for perpetual business growth.



Eng. Abdullah S. Al-Saadoon
Chief Executive Officer

We believe that by integrating sustainability into our business strategy, organizational culture, and everyday operations, we can create long-term value for our stakeholders and contribute to building a sustainable world for us all.

Message from the CEO

Dear Sipchem Stakeholders,

At a time when environmental, social, and economic issues are of paramount concern at both the local and global levels, Sipchem continues to balance our responsibility toward people and the planet with our drive for perpetual business growth. Sustainability is one of our core strategic business pillars, informing and guiding our efforts to generate long-term value at the triple bottom line. To that end, I am proud to present our sustainability report for 2022, with the aim of providing insight on how sustainability practices are strengthening our core business operations and growth.

Sipchem's position as a leader in the global petrochemical sector confers on us a great responsibility, and we are committed to pursue our sustainability goals in line with Saudi Arabia's Vision 2030 as well as global objectives. This report explains how our actions meet these objectives.

Given the global nature of our business, we recognize that transitioning toward a low-carbon economy is critical for the future of our planet. Accordingly, we have set ambitious targets to realize net zero by 2050 in Scope 1 and Scope 2 emissions, which is a full decade ahead of Saudi Arabia's goal to achieve net zero by 2060. We have also detailed our plans to reduce our emissions intensity through our asset level decarbonization strategy that utilizes powerful levers, such as energy efficiency, recycling, and carbon capture, to reduce our carbon footprint.

Another of our key objectives is to promote a circular economy, reduce our dependence on feedstock, and minimize waste. We are investing in advanced technologies and collaborating with the right partners to achieve this target, making significant progress toward realizing our vision of a more sustainable future. This includes the implementation of innovative technologies and best practices to reduce overall water consumption, improve water-use efficiency, as well as minimize waste generation and promote responsible waste management practices. We are exploring several approaches to achieve our targets, including collaborative efforts with our partners.

Meaningful contributions to our community have always been an important aspect of our sustainability strategy. Sipchem has enabled and implemented community initiatives and volunteering programs that have had a significantly positive impact on the majority of KSA cities and governorates, and we are committed to continuing our efforts to contribute to the wellness of our community.

As the safety of our employees is our top priority, we are proud to report we had no fatalities or tier 1 process safety incidents for the fourth consecutive year (from 2019 to 2022). We have developed numerous safety awareness campaigns and Sipchem has set the target of having less than 0.1 TRI as per the Occupational Safety and Health Administration (OSHA) by 2025. We believe that a safe work environment is essential for the well-being of our employees, the protection of our assets, and the sustainability of our operations.

Sustainability is an ongoing journey, and we are focused on continual improvement in all aspects of our operations. This report is the evidence of our unwavering commitment to meet the challenges and grasp the opportunities inherent in sustainability, and we hope you find it insightful. We believe that by integrating sustainability into our business strategy, organizational culture, and everyday operations, we can create long-term value for our stakeholders and contribute to building a sustainable world for us all.

Eng. Abdullah S. Al-Saadoon
Chief Executive Officer

3. Business Context

As one of the leading and most ambitious petrochemical companies in the world, Sipchem strives to deliver excellence and ensure compliance to industrial safety through our sustainable, high-quality products. Our consistent growth and success since Sipchem's inception in 1999 have enabled us to achieve a market presence that reaches over 100 countries with more than 30 products and employs more than 1,400 professionals. A major milestone in our journey was the merger of Saudi International Petrochemical Company and Sahara Petrochemical Company in 2019 to form a stronger national entity named Sahara International Petrochemical Company (Sipchem).

As of today, our assets are worth \$6.3 billion. Sipchem is listed on Tadawul and is included in the MSCI Emerging Markets Index. Our business strategy is fully aligned with Saudi Vision 2030. We are proud to be recognized as one of the top 100 petrochemical companies globally according to Forbes Middle East. Moreover, Sipchem is on the Forbes Global 2000 list.

Our product portfolio consists of basic, intermediate chemicals (including industrial gas) and polymers. We serve different market segments, including automotive, construction, consumer goods, healthcare, and pharma. We are committed to providing innovative solutions that meet the needs of our customers while promoting sustainability and social responsibility.

Our vision is to be recognized as a global leader in growth, excellence, and partnerships in the chemicals industry. Our mission is to continuously create value through sustainable, innovative, and quality products relying on our growing capabilities and motivated employees. Our values are courage, passion, collaboration, and agility.

Sipchem built a world-class research and development (R&D) center (Sipchem Technology and Innovation Center) at MANAR in 2016. It features 14 laboratories and performs a variety of functions, including the enhancement of technical competencies, global benchmarking, innovation, pilot projects, product development and associated applications, technical support, and production and performance improvement.

As a responsible global corporate citizen, we are active members of various industry associations, including the Gulf Petrochemicals and Chemicals Association (GPCA), the the European Petrochemical Companies Association (EPCA), the Saudi Arabian Industrial Investment Council (SIIC), and other function-specific associations. We believe that active participation in industry associations helps us stay aligned with the latest trends and developments, and promotes collaboration and knowledge sharing.

Additionally, in 2022, Sipchem updated its strategy for the next 10 years, which is based on five main pillars:

- **Growth:** Become a medium to large petrochemical global company
- **Profitability:** Achieve high shareholder returns through cost optimization, enhanced profit margins, and capital efficiency
- **Sustainability:** Create value through continuous and responsible growth
- **Digital and Innovation:** Lead innovation and digital transformation in the chemical industry
- **People:** Be the preferred employer in the chemical and petrochemical industries

Sipchem recognizes that stakeholder engagement is critical to the success of our sustainability efforts, and we continually engage with customers, employees, shareholders, communities, NGOs, and government authorities. Stakeholders are identified through various channels, including customer feedback, surveys, and stakeholder mapping exercises.

Our purpose in engaging with stakeholders is to listen to their thoughts, understand their concerns and expectations, and incorporate their feedback into our sustainability strategy and decision-making processes. We want to ensure meaningful engagement with stakeholders by establishing open and transparent communication channels, providing them with opportunities to participate in our initiatives and join us on the exciting path toward a sustainable future.



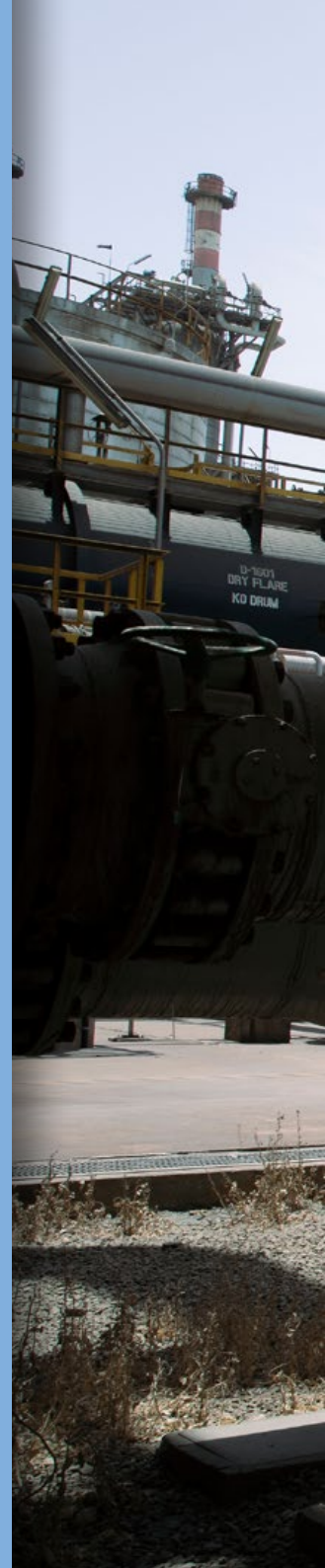
4. Sustainability at Sipchem

A HOLISTIC APPROACH

Our ESG strategy is based on six pillars that provide a holistic approach to sustainability. These pillars guide our efforts in the sustainability strategy and address the highest-impact issues for our stakeholders and the environment.

Sipchem has recently developed its ESG strategy, completing its materiality assessment and creating a dedicated sustainability department that has completed several projects regarding decarbonization, policies, procedures and other sustainability initiatives.

Our ESG strategy is based on six pillars





4. Sustainability at Sipchem

We have purposefully positioned sustainability as a core strategic business pillar, informing and guiding our efforts to generate long-term value at the triple bottom line.

Given the global nature of our business, we recognize that transitioning toward a low-carbon economy is critical for the future of our planet and that our operations have an impact on the environment and society. It is within this context that we have purposefully positioned sustainability as a core strategic business pillar, informing and guiding our efforts to generate long-term value at the triple bottom line.

To help us meet our objectives, we began by developing a strategy to address environmental, social, and governance (ESG) issues, which includes our materiality assessment and mapping our initiatives to international efforts.

4.1 ESG Strategy

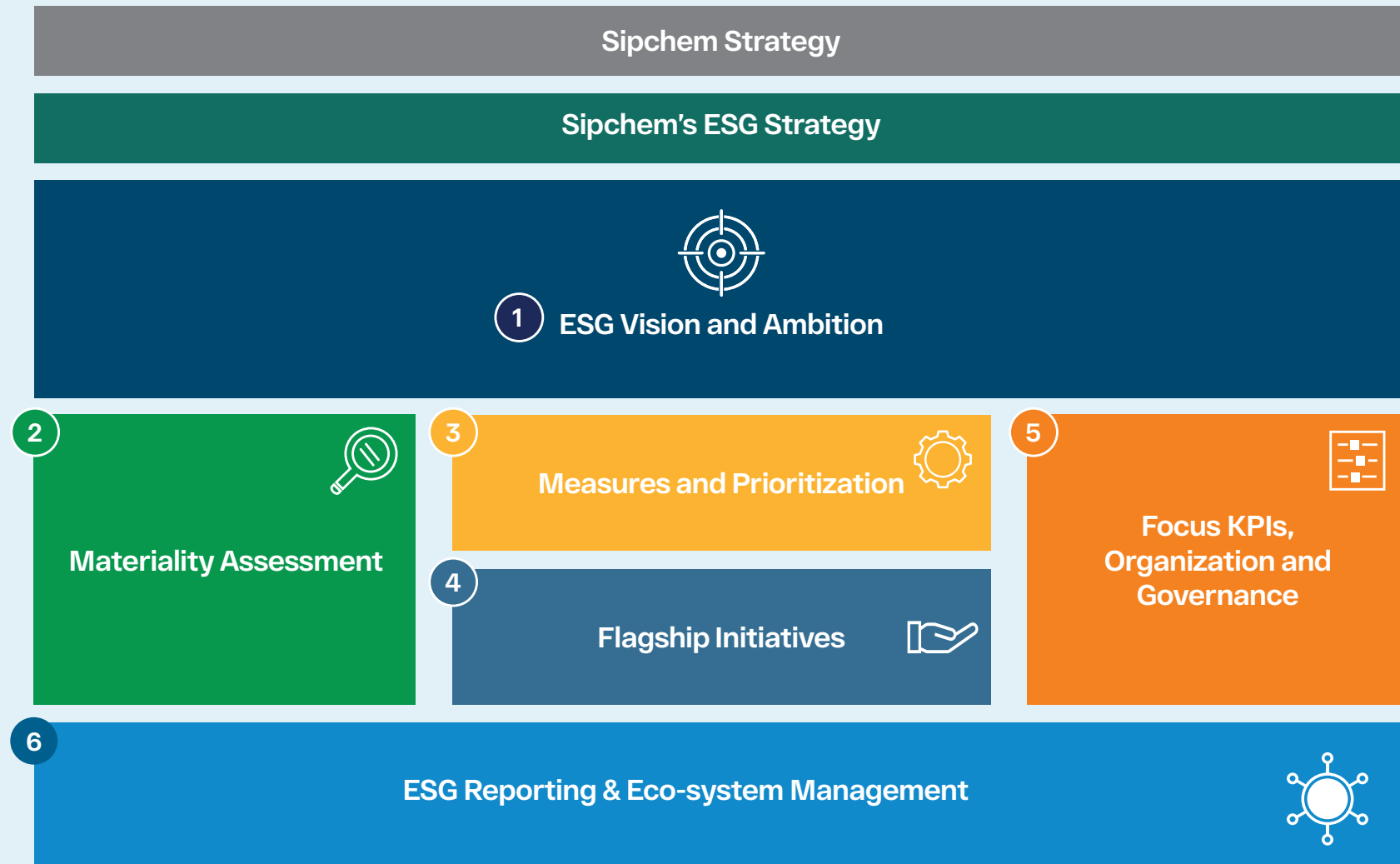
Sipchem's ESG strategy is built on six pillars that represent a holistic approach to sustainability. These pillars guide our sustainability strategy and address the highest-impact issues for our stakeholders and the environment:

1. **ESG Vision and Ambition:** We synthesized our materiality assessment, targets, and flagship initiatives. This ensured our sustainability strategy is aligned with our business strategy and reflects our commitment to creating long-term value for all stakeholders.
2. **Materiality Assessment:** We analyzed issues of importance to our stakeholders and compared our efforts with peers, helping us concentrate on the most salient targets across ESG dimensions.
3. **Measures and Prioritization:** We developed a sustainability strategy for the issues identified in the materiality assessment and derived quantifiable targets and measures to achieve our objectives.
4. **Flagship Initiatives:** We identified flagship initiatives that delivered the highest impact on target achievement, allowing us to prioritize the right projects.

5. **Focus KPIs, Organization and Governance:** We defined key performance indicators (KPIs) for performance assessment and organizational governance, ensuring we have the resources and structure needed to implement our sustainability strategy effectively.

6. **ESG reporting and Ecosystem Management:** We established a reporting framework to ensure that our stakeholders are informed about our sustainability efforts and can provide feedback to help us improve our performance. We are committed to reporting with transparency, generating buy-in across stakeholders inside and outside the company, and actively shaping the ecosystem.

4. Sustainability at Sipchem



4. Sustainability at Sipchem

4.2 Material Topics and Materiality Assessment

In 2022, Sipchem undertook an exercise to better understand the impact we have on society and the environment, and to ensure we are focusing our efforts on the areas where we can make the biggest difference. The resulting analysis considered a wide range of factors, such as stakeholder feedback, industry trends, external regulations and potential changes, and our own internal practices and performance.

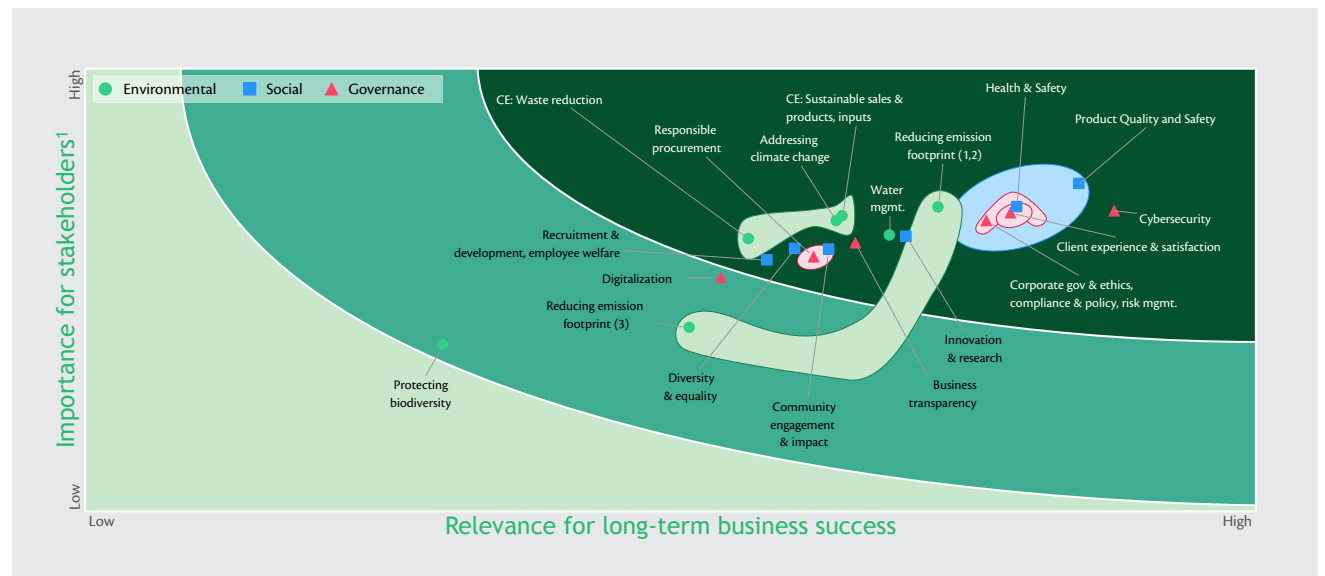
Through this process, we identified a comprehensive list of the material ESG topics that are most important to our stakeholders and deliver the greatest impact. These areas of focus include:

- Corporate governance and ethics, compliance and policy, and risk management** to ensure that operations are conducted in an ethical manner, in compliance with applicable laws and regulations, with risks identified and managed effectively.
- Business transparency in operations** which includes communicating openly with stakeholders about business practices and performance.
- Production and safety standards** of the highest quality.
- Health and safety** of employees, customers, and communities, certifying that operations are conducted in a safe and responsible manner. We have set the target of having less than 0.1 TRI as per OSHA by 2025.
- Cybersecurity** to protect our operations from cyberthreats.
- Reduced emissions** (Scope 1, 2, and 3) across operations, including those that are indirect but related to our business activities. Our main target is to achieve a 15% reduction in our plants' absolute emission intensity compared to our 2019 baseline s by 15% by 2030 and become net -zero by 2050 in Scope 1 and Scope 2 emissions by 2050, 10 years ahead of Saudi Arabia's national goal.
- Climate change** as a topic that must be urgently addressed and mitigated.
- Sustainable sales, products, and inputs** wherever possible. One of our key objectives is to produce and market up to 200 kilotons per year of circular products by 2030.

- Waste reduction** to minimize the waste generated by our operations and promote the circular economy. We are exploring various approaches to achieve our target of 85% reduction in landfill waste by 2035.
- Responsible water management** to minimize our water consumption footprint. We are making progress toward our goal of recycling and reusing up to 75% of industrial wastewater by 2030.
- Protection of biodiversity** from any impact of our operations.
- Responsible procurement**, ensuring that suppliers also operate in a sustainable manner.
- Customer experience and satisfaction** to ensure we consistently meet customer needs and expectations.
- Digitalization** as an important lever to improve operations.

- Advancements in innovation and research**, using our expertise and partners to develop sustainable solutions to pressing challenges.
- Recruitment and development**, improving employee welfare to attract and retain the best talent.
- Diversity and equality** to create an inclusive workplace that reflects the diversity of our community.
- Community engagement and impact** by continuing to be a responsible corporate citizen, engaging with our communities, and creating a positive impact on society.

We have classified these topics, which form the basis of our sustainability strategy, into our materiality matrix, ranking them according to their importance for our company and stakeholders:



4. Sustainability at Sipchem

4.3 Our Efforts Toward Sustainability

While sustainability has been a relevant topic within Sipchem's business practices for several years, the creation of a department dedicated to sustainability oversight and planning in 2022 has seen us significantly increase our efforts. The department's clear guidelines and solid structure have facilitated several recent initiatives showcasing our commitment to sustainability, including:

• Decarbonization and Baseline Project

As part of our commitment to reducing our carbon footprint, we completed a decarbonization and baselining project in 2022 that achieved several important objectives.

First, we developed an emissions baseline to calculate the exact amount of CO₂e emissions produced by our assets, following ISO14064 guidelines to ensure emissions were correctly counted. This also allowed us to calculate our current, past, and future emissions intensity, which serves as an indicator of how we have progressed in our decarbonization efforts.

With the baseline completed at an asset level, we studied applicable decarbonization levers for each asset and focused on energy efficiency, carbon capture and storage, low-carbon power, low-carbon fuels, and offsetting. Several departments at Sipchem, including business development, R&D, and manufacturing and process engineering, joined in studying the feasibility of implementing the ideas we proposed.

Following this analysis, we developed a specific marginal abatement cost curve (MACC) for each asset, in addition to a global one for the entire Sipchem complex. In each of these MACCs, the ultimate target is to reach net zero by 2050. The strategy for decarbonizing each affiliate is adaptable depending on different scenarios that could occur regarding expansions, maturation of technologies, or the implementation of proposed levers.

We consider this project to be a collaborative effort, and as such, we developed training interventions for all Sipchem staff to understand the necessity and implications of decarbonizing our current assets.

We are proud of the involvement displayed by the different departments and will continue following this roadmap to ensure we achieve a sustainable operation of our plants and products.

• Development of Policies and Procedures

To steer us on a clear path forward, we have developed the policies and procedures that will govern our sustainability agenda. These guidelines align our sustainability initiatives with our business objectives and cover all topics related to sustainability at Sipchem, including the decarbonization roadmap, governance model, and reporting.

• ESG Reporting Project

We aim to be as accountable and transparent as possible in our ESG reporting, so we have established internal KPIs that will be used to monitor our progress; we will also map them with the material topics identified in the benchmarking and materiality phase. These KPIs (soon to be digitized) are in line with global reporting standards, and we are relying on the future Corporate Social Responsibility (CSR) directive to obtain insightful KPIs and increase the maturity of our organization in terms of sustainability.

• Strategic Sustainability Initiatives

We have developed several strategic sustainability initiatives, directly governed by the CEO, that are associated with various Sipchem business functions, including human capital, corporate affairs, and risk management and strategy. These initiatives reflect our commitment to sustainability in areas where we can have the most significant impact.

4.4 Contributing to Vision 2030

As a leading player in a significant industry within the Kingdom, Sipchem is strongly committed to contributing to the development of Saudi Arabia, and accordingly, we are aligned with Saudi Vision 2030 in several ways.

• Thriving Economy

By positioning sustainability as one of our core strategic business pillars, informing and guiding our efforts to generate long-term value which in turn will contribute to the Kingdom's sustainable economic growth goals. This involves initiatives such as responsible procurement, digitalization, innovation, research, and sustainable sales and products.

• Ambitious Nation

By focusing on topics related to environmental sustainability, such as reducing emissions, addressing climate change, protecting biodiversity, and reducing waste.

• Vibrant Society

By focusing on the social impact of the company's operations, encompassing topics such as health and safety, employee welfare, diversity, and community engagement.

Through these actions, we are confident Sipchem is contributing meaningfully to the development of an ambitious, economically thriving, and vibrant nation that is committed to achieving a sustainable future.

4. Sustainability at Sipchem

4.5 Mapping Our Report to International Efforts

In each section of the report, we will address the topics that are most relevant to our sustainability strategy. By doing so, we aim to provide a comprehensive overview of our sustainability efforts and how they relate to our business operations and the broader sustainability landscape. Furthermore, we will map these efforts to the relevant SDGs, UNGC principles, and the KSA Vision 2030. This will enable us to better align our sustainability strategy with global sustainability efforts. These mappings to the sections of the report, material topics addressed, UN SDGs, UNGC principles, and Vision 2030 pillars are described below:

4.5.1 Governance and Business Ethics

Material topics:

- Corporate governance and ethics
- Compliance and policy
- Risk management
- Business transparency
- Responsible procurement
- Cybersecurity
- Sustainable sales and products.

4.5.1.1 Governance and Organization

SDG 16: Peace, Justice, and Strong Institutions
 UNGC Principle 10: Anti-Corruption
 Vision 2030 Pillar 1: Ambitious Nation



4.5.1.2 Code of Conduct

UNGC Principles 1-2: Business and Human Rights
 Vision 2030 Pillar 1: Ambitious Nation



4.5.1.3 Responsible Procurement

SDG 12: Responsible Consumption and Production
 UNGC Principles 4-6: Supply Chain Sustainability
 Vision 2030 Pillar 3: Thriving Economy

4.5.1.4 Innovation

SDG 9: Industry, Innovation, and Infrastructure
 UNGC Principle 9: Innovation and Technology
 Vision 2030 Pillar 2: Vibrant Society



4.5.2 Climate Change and Energy

Material Topics:

- Reduced Emissions (Scope 1, 2, and 3)
- Climate Change
- Circular Economy:
 - Sustainable Sales
 - Products, and Inputs

4.5.2.1 GHG Emissions and Targets

SDG 7: Affordable and Clean Energy
 SDG 13: Climate Action
 UNGC Principle 7: Environment
 Vision 2030 Pillar 2: Vibrant Society



4.5.2.2 Energy Consumption

SDG 7: Affordable and Clean Energy
 UNGC Principle 7: Environment
 Vision 2030 Pillar 2: Vibrant Society



4.5.3 Environment

Material Topics:

- Circular Economy:
 - Waste Reduction
 - Water Management
 - Protection of Biodiversity

4.5.3.1 Water Management

SDG 6: Clean Water and Sanitation
 UNGC Principle 7: Environment
 Vision 2030 Pillar 2: Vibrant Society



4.5.3.2 Waste Management and Circular Economy

SDG 12: Responsible Consumption and Production
 UNGC Principle 7: Environment
 Vision 2030 Pillar 3: Thriving Economy



4.5.3 Environment (continued)

4.5.3.3 Air Pollution

SDG 3: Good Health and Well-being
 SDG 7: Affordable and Clean Energy
 SDG 11: Sustainable Cities and Communities
 UNGC Principle 7: Environment
 Vision 2030 Pillar 2: Vibrant Society



4.5.4 Health and Safety

Material topics:

- Health and Safety

4.5.4.1 Process Safety and Industrial Security

SDG 8: Decent Work and Economic Growth
 UNGC Principle 3: Human Rights
 Vision 2030 Pillar 2: Vibrant Society



4.5.4.2 Health at Sipchem

SDG 3: Good Health and Well-being
 UNGC Principle 3: Human Rights
 Vision 2030 Pillar 2: Vibrant Society



4.5.4.3 Product Stewardship

SDG 12: Responsible Consumption and Production
 UNGC Principle 7: Environment
 Vision 2030 Pillar 3: Thriving Economy



4. Sustainability at Sipchem

4.5.5 Social

Material Topics:

4.5.5.1

Customer Experience and Satisfaction; Digital Innovation and Research; Recruitment and Development; Employee Welfare; Diversity and Equality; Community Engagement and Impact; and Product Quality and Safety

4.5.5.2 Our People

SDG 8: Decent Work and Economic Growth
UNGC Principle 2: Labor
Vision 2030 Pillar 2: Vibrant Society



4.5.5.3 Diversity

SDG 5: Gender Equality
UNGC Principle 6: Discrimination
Vision 2030 Pillar 2: Vibrant Society



4.5.5.4 Human Rights

SDG 8: Decent Work and Economic Growth
UNGC Principle 3: Human Rights
Vision 2030 Pillar 2: Vibrant Society



4.5.5.5 Wages and Benefits

SDG 8: Decent Work and Economic Growth
UNGC Principle 3: Human Rights
Vision 2030 Pillar 2: Vibrant Society



4.5.5.6 Training programs

SDG 4: Quality Education
UNGC Principle 4: Education
Vision 2030 Pillar 2: Vibrant Society



4.5.5.7 Contribution to Community

SDG 11: Sustainable Cities and Communities
UNGC Principle 8: Community
Vision 2030 Pillar 1: Ambitious Nation



We aim to provide a comprehensive overview of our sustainability efforts and how they relate to our business operations and the broader sustainability landscape. Furthermore, we will map these efforts to the relevant SDGs, UNGC principles, and the KSA Vision 2030.



5. Governance and Business Ethics

POWERING CHANGE

We recognize that without the proper governance foundations in place to support our sustainability initiatives, our pledges could be seen as empty promises. However, strong governance and business ethics form the basis of our sustainability commitment, exemplified by our organizational model, code of conduct, and robust business continuity.

Total Integrated Management System (IMS) Audit Man days utilized for conducting internal and external audits

525

Board of Directors

8

8 ISO standards have been achieved by Sipchem in various departments, promoting 16 different SDGs



5. Governance and Business Ethics

We are proud that the International Organization for Standardization (ISO) has certified several of our processes, including business continuity, occupational health and safety (OH&S), asset, energy, information security, responsible care, environment, quality, and risk management.

We recognize that without the proper governance foundations in place to support our sustainability initiatives, our pledges could be seen as empty promises. However, strong governance and business ethics form the basis of our sustainability commitment, exemplified by our organizational model, code of conduct, and robust business continuity. This firm foundation allows Sipchem to take a pragmatic – and effective – approach to sustainability. In this section, we'll cover the main topics of governance and how they contribute to Sipchem's steadfast efforts toward sustainability.

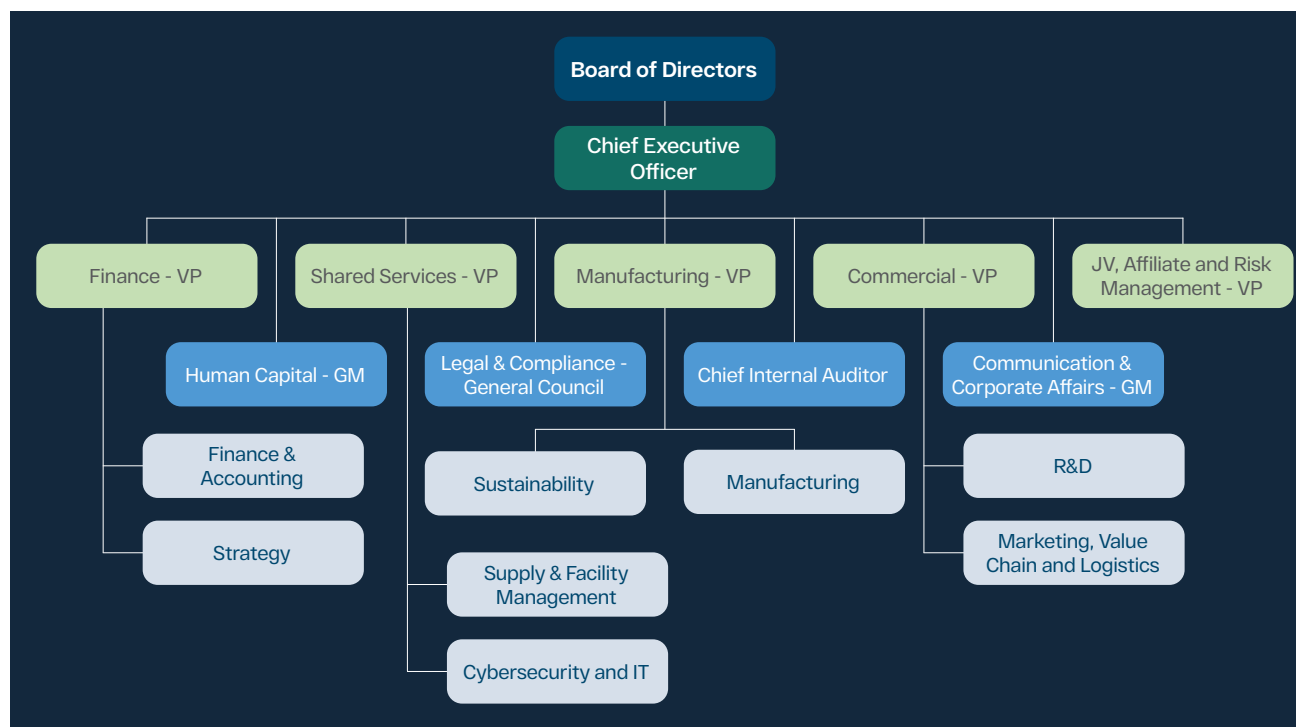
5.1 Sipchem's Governance and Organization

(GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 202-2)

Sipchem has a well-defined organizational structure designed to support its operations and achieve its strategic goals. The company is headed by a Board of Directors tasked with the overall management of the company and ensuring compliance with regulatory requirements. The Chief Executive Officer (CEO) is responsible for implementing the company's strategy and managing its day-to-day affairs. Sipchem has several functional departments, including finance, human resources, manufacturing, sales and marketing, and R&D. Each department is led by a senior executive who reports to the CEO. The company also has several subsidiaries that are managed independently by their own Boards of Directors. This organizational structure enables Sipchem to operate efficiently and effectively.

SIPCHEM'S ORGANIZATION CHART

As of the end of 2022, Sipchem is organized as per the chart below:



5. Governance and Business Ethics

5.1.1 Transparency Toward the Board of Directors

Sipchem has the privilege of having a Board of Directors whose members have extensive knowledge in petrochemicals. It is composed of 11 members elected by the Ordinary General Meeting held on November 30, 2022, with terms lasting for three years, extending to December 9, 2025. These members and their classifications are:

S	Name	Commission	Membership Status
1	Eng. Khalid A. Al-Zamil (Representative of Zamil Group Holding Company)	Chairman	Non-executive
2	Mr. Fahad S. Al-Rajhi	Vice Chairman	Non-executive
3	Dr. Abdulrahman A. Al-Zamil	Member	Non-executive
4	Eng. Reyadh S. Ahmed (Representative of Ikarus Petrochemical Holding Company)	Member	Non-executive
5	Eng. Saeed A. Basamah	Member	Non-executive
6	Eng. Yousef A. Al-Zamil*	Member	Non-executive
7	Eng. Abdullah K. Al- Buainain**	Member	Independent
8	Mr. Saeed O. Al-Esayi	Member	Independent
9	Mr. Ayidh M. Al-Qarni (Representative of the Public Pension Agency)	Member	Independent
10	Mr. Ziad A. Al-Turki	Member	Independent
11	Mr. Ahmed Saad Al Sayyari (Representative of GOSI)	Member	Independent
12	Mr. Abdulaziz A. bin Dayel	Member	Independent
13	Eng. Mosaed S. AlOhal***	Member	Non-executive
14	Mr. Feras M. Al-Abad***	Member	Non-executive
15	Mr. Ahmad A. AL-Dakheel	Member	Independent

* The date of resignation of a member of the Board of Directors is April 1, 2022

** The date of appointment of a member of the Board of Directors is April 25, 2022.

*** The date of appointment of the new members of the Board of Directors based on the decision of the Ordinary General Assembly on Nov 30, 2022.

5. Governance and Business Ethics

To provide full transparency for all stakeholders, the remuneration of the board members can be found below (in Saudi Riyals, SAR):

	Fixed Remunerations						Variable Remunerations						End-of-Service gratuity	Gross total	Expenses allowances (transportation accommodation)
	Certain amount	Attendance allowance for meetings	Sum of attendance =allowance for committees' meetings	In-kind benefits	Remuneration of technical, administrative and consultancy works	Remuneration of the Chairman Member of Board, Managing Director, or Secretary of Board, if a Board	Total	Percentage of Profits	Periodic Remunerations	Short-term incentive plans	Long-term Incentive Plans	Granted shares			
Eng. Khalid A. Al-Zamil		18,000	-				18,000		300,000				318,000	-	-
Dr. Abdulrahman A. Al-Zamil		18,000	-				18,000		300,000				318,000	-	1,100
Eng. Yusef A. Al-Zamil*		3,000	3,000				6,000		400,000				406,000	-	600
Mr. Fahad S. Al-Rajhi		18,000	27,000				45,000		400,000				445,000	-	3,400
Mr. Saeed O. Al-Esayi		18,000	15,000				33,000		400,000				433,000	-	3,400
Eng. Reyadh S. Ahmed		18,000	15,000				33,000		400,000				433,000	-	4,300
Mr. Abdulaziz A. bin Dayel		15,000	21,000				36,000		400,000				436,000	-	2,500
Eng. Saeed A. Basamah		18,000	12,000				30,000		400,000				430,000	-	1,200
Mr. Ziad A. Al-Turki		18,000	12,000				30,000		400,000				430,000	-	-
Mr. Ayidh M. Al-Qarni		15,000	33,000				48,000		400,000				448,000	-	8,800
Eng. Abdullah K. Al-Buainain**		15,000	12,000				27,000		-				27,000	-	3,500
Mr. Bandr A. Masoudi***		15,000	-				-		200,000				200,000	-	-
Mr. Ahmed Saad Al Sayyari		-	9,000				24,000		175,000				199,000	-	1,100
Eng. Mosaed S. AlOhal****		3,000	-				3,000		-				3,000	-	-
Mr. Feras M. Al-Abad****		3,000	-				3,000		-				3,000	-	-
Mr. Ahmed A. Al-Dakheel****		3,000	-				3,000		-				3,000	-	-
Total		198,000	159,000				357,000		4,175,000				4,532,000		29,900

* Date of Board Member Resignation is 01 April 2022.

** Date of Board Member Appointment is 25 April 2022.

*** Date of Board Member & Nomination and Remuneration Committee Member Resignation is 05 July 2021.

**** Date of New Board Members Appointment based on General Assembly resolution on 30 Nov 2022.

For further information about former positions and qualifications of the board members, nominations, and remuneration of the Board of Directors, executive committee, and assemblies, please refer to Sipchem's governance report to: <https://argaamplus.s3.amazonaws.com/8fd165d2-bd42-4c65-88ab-85db3406d98b.pdf>

5. Governance and Business Ethics



Our strength and competitive advantage lie in the way we work together as a team. We continuously learn, share ideas and knowledge, and encourage cooperative efforts at every level and across activities.



We aim for continuous quality improvement in everything we do and are committed to delivering the highest-quality products and services that meet or exceed customer expectations.

5.2 Financial Results

(GRI 201-1, 201-3, 207-4)

The key financial indicators for the year 2022 compared to the previous year are as follows:

- Revenues reached SAR 10,254 million vs. SAR 9,687 million in 2021, with an increase of 6%.
- Gross profit decreased to SAR 4,839 million vs. SAR 5,342 million in 2021; with a decrease of 9%.
- Net operational profit went down to SAR 4,047 million vs. SAR 4,301 million in 2021, with a decrease of 6%.
- Net profit reached SAR 3,595 million vs. SAR 3,592 million in 2021.
- Earnings per share reached SAR 4.96 vs. SAR 4.94 in 2021.

For further information about financial results, please refer to Sipchem's annual governance report.

5.2.1 Regulatory Results

(GRI 2-27, 201-4, 205-1, 205-2, 205-3, 206-1, 207-1, 207-2, 207-3, 207-4)

As proof of our commitment to operating responsibly, we are proud to report that there are no penalties, sanctions, precautionary measures, or precautionary attachments imposed on Sipchem by the Capital Markets Authority (CMA) or any other supervisory, regulatory, or judicial authority. Additionally, the company has not recorded any cases of violations in ethics in the governance body or among employees.

We do not receive any tax reliefs, credits, investment grants, or other financial benefits from the Kingdom of Saudi Arabia; we receive feedstock such as natural gas, ethane, propane butane, or power at standard prices.

Sipchem complies with all applicable tax laws and regulations in the countries where it operates. The company has a tax policy that outlines the management of tax affairs, and a procedure to determine how to proceed when communicating with tax entities. Our tax policy aims to ensure that the company pays the tax needed on time, always complying with all regulations.

Sipchem also works closely with tax authorities to ensure all obligations are met. The company maintains transparent communication with tax authorities and provides them with all the necessary documentation.

For further information on regulatory results, please visit [Sipchem's annual governance report](#).

5.3 Code of Conduct

Sipchem's code of conduct lays the foundations of our culture and guides our behavior and actions, establishing principles that are essential to creating long-term value for our stakeholders.

Our code of conduct is based on the following core values:

- **Leadership:** We strive to be world-class leaders in every aspect of our business, continuously developing our team's leadership skills as well as our own.
- **Integrity:** We always meet the highest ethical standards and honor our commitments. We take personal responsibility for our actions, treating everyone fairly, with trust and respect.
- **Quality:** We aim for continuous quality improvement in everything we do and are committed to delivering the highest-quality products and services that meet or exceed customer expectations. Our objective is to be ranked as a top manufacturer and distributor in terms of customer, employee, stakeholder, and community satisfaction.
- **Customer Satisfaction:** We achieve complete customer satisfaction by understanding our customers' needs and expectations and delivering products and services that meet or exceed them. Our focus is on providing excellent customer service and building strong, long-lasting relationships.
- **Teamwork:** Our strength and competitive advantage lie in the way we work together as a team. We continuously learn, share ideas and knowledge, and encourage cooperative efforts at every level and across activities.

In addition to the code of conduct, Sipchem has implemented several policies to prevent fraud, such as whistleblowing policy and procedure, conflict-of-interest policy and antifraud program.

The Chief Internal Auditor oversees all whistleblowing complaints; while an approved guiding procedure ensures that all people who disclose any illegal conduct feel supported and can speak up with confidence.

5. Governance and Business Ethics

5.4 Integrated Management Systems (IMS)

The Integrated Management System (IMS) is a comprehensive framework that enables organizations to manage all aspects of their operations in a cohesive and integrated way. It brings together various management systems to cover areas including health and safety, quality, the environment, business continuity, and social responsibility. By tying these systems into a single, unified platform, the IMS helps Sipchem streamline management processes, reduce duplication, and improve efficiency through performance evaluation. It also enables us to meet our sustainability objectives by providing a structured approach to managing impact on the environment, society, and the economy. In this section, we will outline Sipchem's IMS approach, including its implementation, monitoring, and continual improvement.

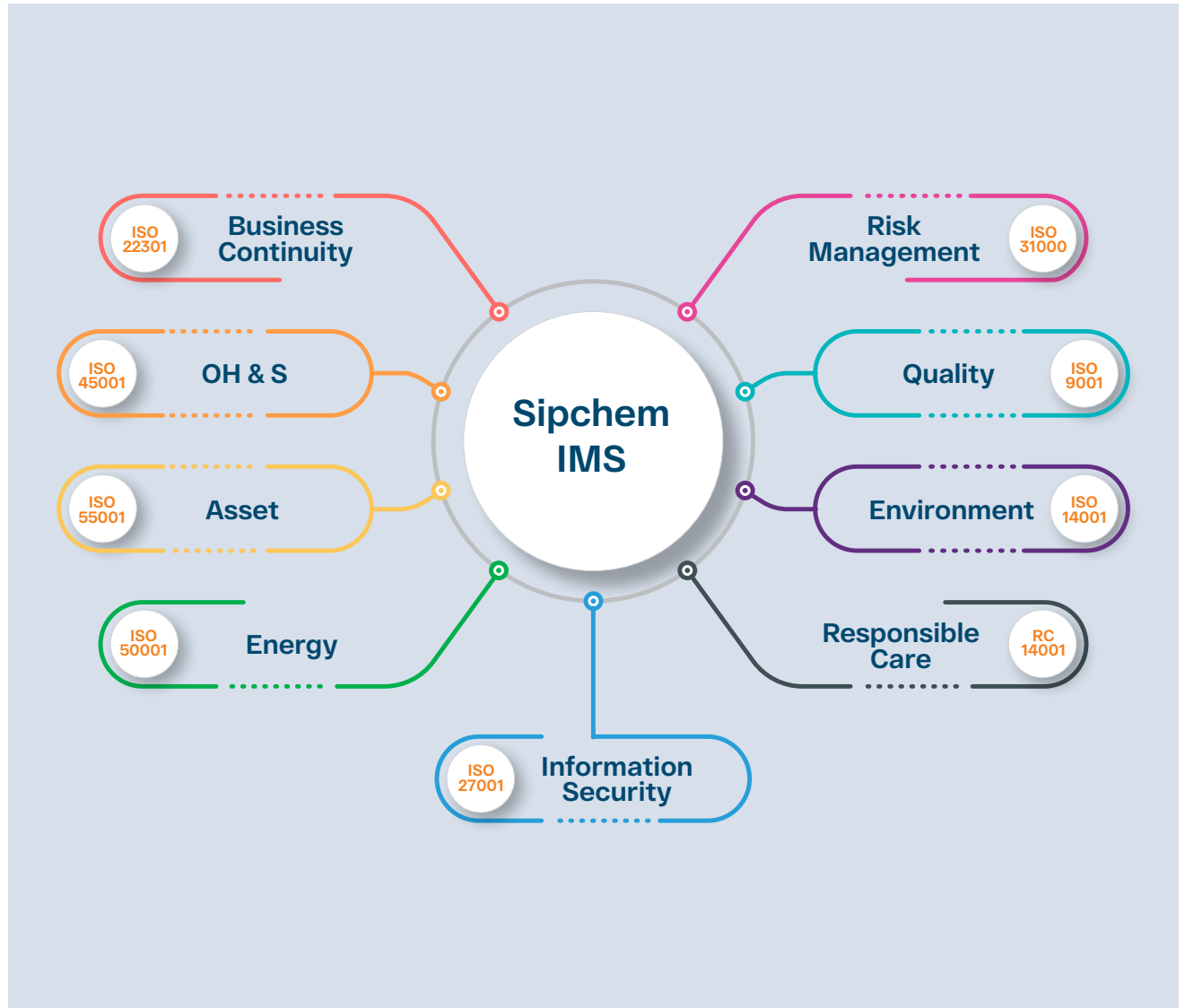
5.4.1 Overview of the IMS

Sipchem's IMS consists of globally recognized management systems and processes that have been integrated into one complete framework, enabling Sipchem to work as a single unit with unified objectives. It covers Sipchem's policies, standards, and procedures, in line with international standards.

We are proud that the International Organization for Standardization (ISO) has certified several of our processes, including business continuity, occupational health and safety (OH&S), asset, energy, information security, responsible care, environment, quality, and risk management. This remarkable achievement demonstrates our commitment to operating our business in a responsible, sustainable, and ethical manner.

ISO certification is a globally recognized standard for integrated management systems that ensures our business functions' compliance with international standards and best practices. It provides a framework for us to identify and mitigate risks, improve operational efficiency, and enhance the quality of our products and services. By achieving ISO certification in multiple areas, we obtain significant benefits such as:

- Improved business performance
- Evaluated and standardized processes
- Higher customer satisfaction
- Increased efficiency
- Enhanced risk and opportunity management



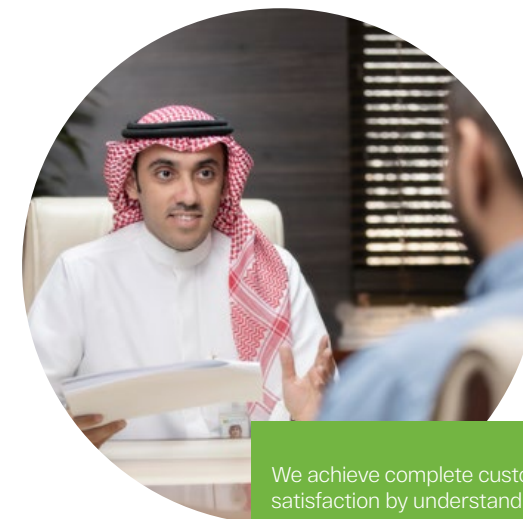
5. Governance and Business Ethics

Additionally, these ISO standards contribute to supporting the global sustainability objectives, including UN SDGs. In fact, by achieving these certificates, we are promoting 16 SDGs, as specified in the table below:

#	ISO Standards	UNSDGs#
1	9001 :2015 (Quality Management System)	
2	14001 :2015 (Environment and Responsible Care Management System)	
3	22301 :2019 (Business Continuity Management System)	
4	31000:2018 (Risk Management System)	
5	27001 :2013 (Information Security Management System)	
6	45001:2015 (Occupational Health and Safety Management System)	
7	50001:2018 (Energy Management System)	
8	55001:2014 (Asset Management System)	



Sipchem's code of conduct lays the foundations of our culture and guides our behavior and actions, establishing principles that are essential to creating long-term value for our stakeholders.



We achieve complete customer satisfaction by understanding our customers' needs and expectations and delivering products and services that meet or exceed them.



5. Governance and Business Ethics

5.4.2 Quality Assurance

(GRI 308-1, 308-2)

Sipchem places great emphasis on maintaining a high level of quality in all its management system documents. We have conducted several types of audits for our processes to ensure the top quality of these documents and their implementation in the field, as seen in the KPIs below:

Additionally, we are proud to report several achievements in our IMS approach in the past year. In 2021, we achieved documentation unification and standardization for more than 7,000 MSS documents, extended ISO 50001 and 55001 to our West Park affiliates and provided Lean Six Sigma yellow- and blue-belt training certification, extending it to green belt in 2022. The aim is to have our nominated people certified as Lean Six Sigma black belts by 2023.



3

External Audits

DNV certification, re-certification and surveillance audits conducted



525

Man days

Total Integrated Management System (IMS) Audit Man days utilized in the system for conducting internal and external audits



71

Auditors

Engaged during the year 2021 through 2023 including 5 from DNV



6

IMS Compliance Internal Audits

3 audits conducted for all operations and 3 audits for all non-operations departments



133

RCA

Issued and performed during the year 2021, 2022 & 2023 Internal- 73 External -60



288

Audit Engagements

Functions audited from the year 2021 till date and created in Q-Pulse



8

ISO Standards

Management system standards used as audit criteria



788

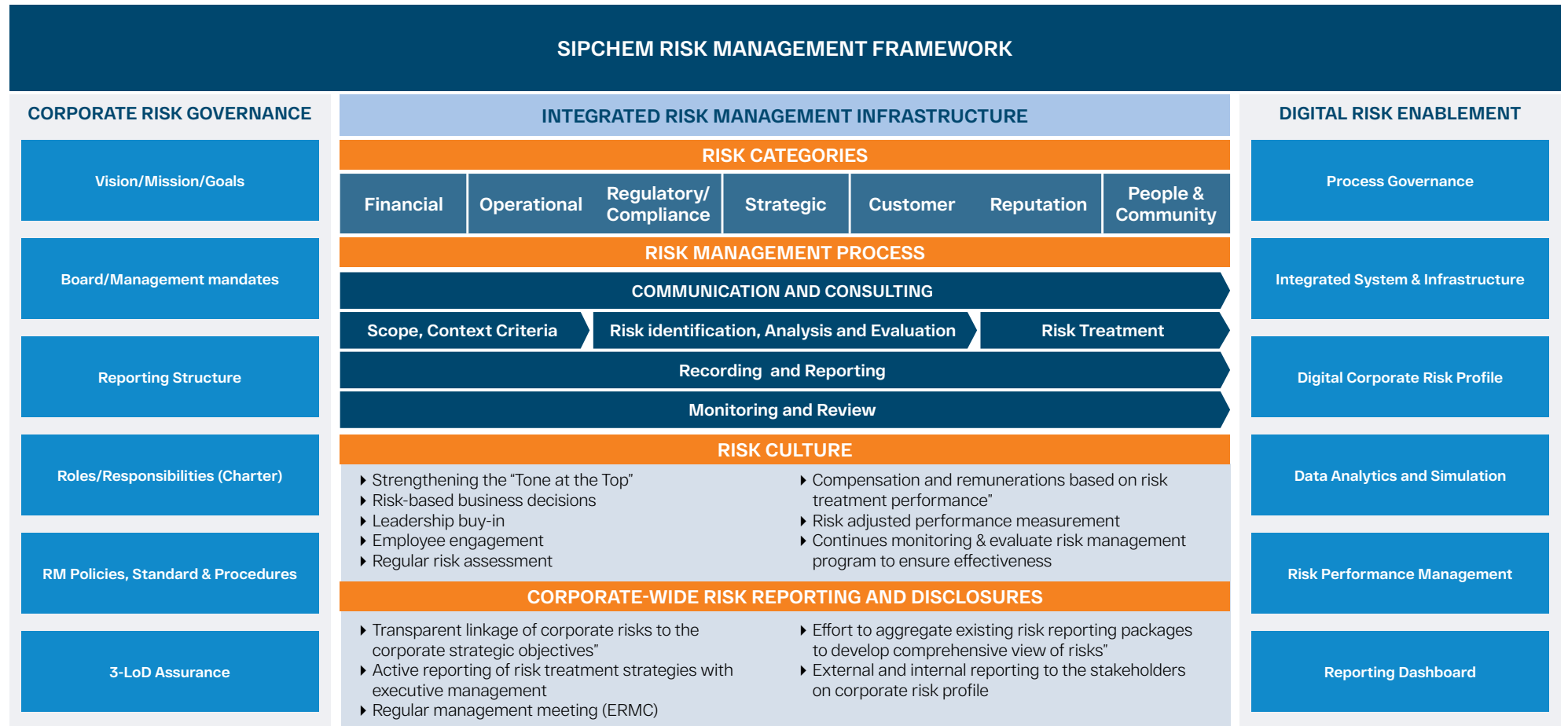
Total Findings

Internal - 522
External - 266

5. Governance and Business Ethics

5.4.3 Enterprise Risk Management (ERM) (GRI 201-2)

Enterprise Risk Management (ERM) is an essential part of any organization's governance framework. It enables companies to identify and manage risks that could impact their reputation, operations, and financial performance. At Sipchem, we have implemented a robust ERM framework that ensures that our Board of Directors, mandated by the ERM committee, implements organization-wide risk management practices. Based on ISO 31000 and other leading standards, this framework facilitates the processes of governance, risk, and digital compliance.



5. Governance and Business Ethics



We are proud that the International Organization for Standardization (ISO) has certified several of our processes, including business continuity, occupational health and safety (OH&S), asset, energy, information security, responsible care, environment, quality, and risk management.



Sipchem's code of conduct lays the foundations of our culture and guides our behavior and actions, establishing principles that are essential to creating long-term value for our stakeholders.

We count on a solid governance risk, and compliance (GRC) risk management (RM) solution for implementing a strategic and operational risk assessment methodology, which consists of GRC RM implementation, risk consolidation and controls, change management, and advanced objective-driven risk assessment.

A diagram explaining the process of digital risk enablement is shown below:

GRC RM Implementation

- Develop SAP GRC RM system enablement infrastructure with vendor.
- Implement risk assessment approach in GRC RM system (risk process digitalization).
- Provide GRC RM system access to stakeholders.

Consolidation of Risk & Controls in GRC RM

- Populate digital risk and control assessment data in GRC RM system.
- Design and implement digital risk and control reporting templates for stakeholders.



Change Management

- Design digital RM training material for stakeholders (e.g. risk champions GMs/ VPs) to utilize the GRC RM system for monitoring and reporting purposes.
- Roll-out online digital RM training content through Sipchem online training portal.

Advanced Objective Driven Risk Assessment

- Organisation-wide, 50 functions (incl. sub-functions) risk assessment workshops including assessment of controls improvement opportunities.

5. Governance and Business Ethics

5.4.4 Business Continuity

Sipchem has a robust business continuity management system in place to ensure that the organization can continue to operate in the face of disruptive events. The company conforms to the ISO 22301:2019 standard, which specifies requirements for setting up and managing a business continuity management system by nominating champions and their respective backups from each function of the organization. This standard helps us identify potential threats to our operations, assess their impact, and develop strategies to manage them effectively, including annual tests and exercises for continual improvement in a “stand-by” mode of implementation. Abiding by this standard, the following KPIs were monitored in 2022 for business continuity:

Business Impact Analysis



42

BIA registers identified and uploaded in Q-pulse, a document management platform



1

Classroom workshop conducted for BIA register & strategy and solutions template updates



28

Business impact-analysis registers updated for identified core functions



7

Bi-weekly meetings conducted for updates



6

Business continuity management system documents updated in Q-Pulse



39

Business continuity champions directly engaged for BCMS implementation



4

Audit finding non-conformities closed of those issued from the DNV certifications audit



20

Audit findings issued from the internal compliance audit conducted for manufacturing division

Business Continuity Performance

5. Governance and Business Ethics

5.5 Responsible Procurement

(GRI 301-2, 408-1, 409-1, 414-1, 414-2)

Given our commitment to reducing our carbon footprint, we are determined to make sustainable choices throughout our operations, and our procurement practices are no exception. As a company that values environmental stewardship and social responsibility, Sipchem recognizes that the products bought, and the services contracted, can have a significant impact on the planet and the communities where they are produced.

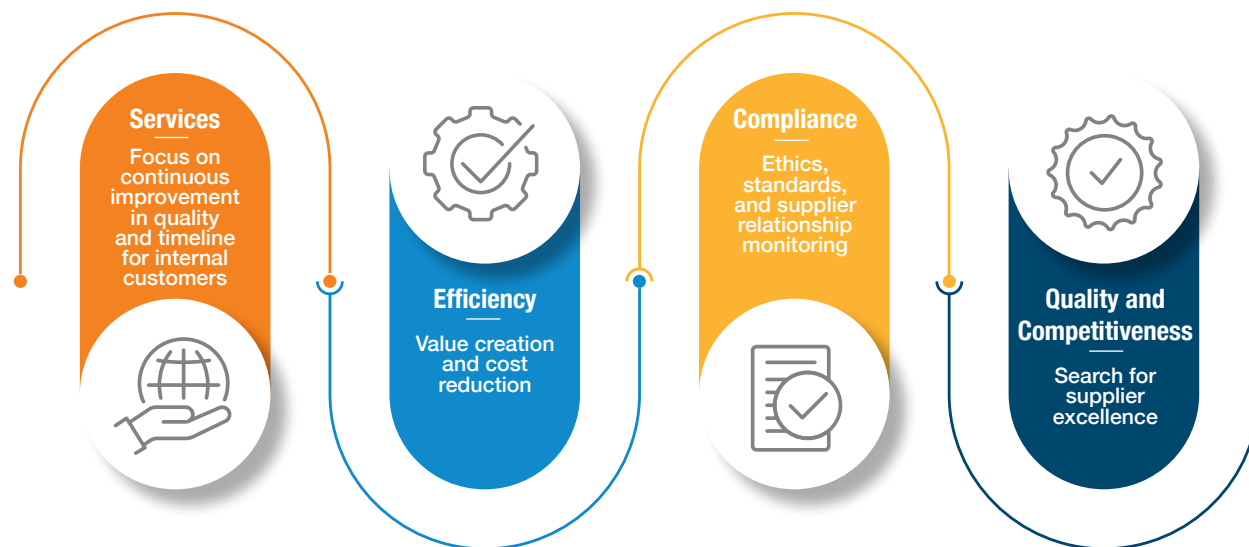
We aim to minimize this impact through responsible procurement, selecting suppliers and partners who share our values and who also prioritize sustainability in their own operations. This means they weigh factors such as environmental impact, social and labor standards, and ethical business practices when making purchasing decisions.

The mission of our procurement division is the corporate and centralized execution, for all our affiliates, of equipment and material (except power and fuel) procurement, construction and service contracts, and insurance policies. The goal is to meet the strategic objectives set by the company in terms of cost efficiency, strategic alignment, sustainability, ethics, and compliance with the regulation in force.

In this report, we outline our approach to responsible procurement and highlight some of the key initiatives we have undertaken to ensure that our supply chain is in line with our sustainability goals.

5.5.1 Values of the Procurement Function

Our procurement function is centralized, which allows us to create synergies and apply best practices throughout our affiliates. The function is based on the following four core values:



5.5.2 Priorities of the Procurement Division

The current priorities of the procurement division are:

- **Security of Supply**
The current environment (high volatility, rising logistics costs) and strong demand for strategic elements linked to business continuity make it necessary to establish purchasing strategies that guarantee the availability of materials and services that are critical to the business.
- **Competitiveness and Efficiency**
Procurement is a key element in selecting the right suppliers and optimizing costs. The procurement division of each business has annual targets to contribute to their respective growth, including cost savings and on-time delivery of materials.
- **Sustainability**
The procurement division of each business uses several criteria for analyzing the sustainable practices related to the materials we acquire, contributing to Sipchem's global sustainability effort. In that same line, we screen all suppliers to ensure they meet the Gulf Sustainability and Quality Assessment System (G-SQAS) standards.
- **Circular Economy**
We are actively pursuing a circular economy model, which means looking beyond the traditional linear "take-make-dispose" approach to manufacturing and instead reducing waste and maximizing the value of resources.

Sipchem has implemented several initiatives for the reuse of plastic products. In particular, we have recently discontinued the use of wooden pallets for transporting polymer pellets and now use only pallets manufactured from 100% recycled plastic (polypropylene and high-density polyethylene). This initiative reduces Sipchem's carbon footprint in three ways: We reuse plastic, conserve wood, and gain improved fuel efficiency and increased cargo loads as a result of increased pallet strength..



Case Study

Through waste management agreements with partners such as United Factory Specialty Chemicals and Al Qaryan Group for Trading Industrial & Contracting,, we recycle and repurpose materials that might otherwise end up in landfills or require added resources to be produced.



Specifically, our agreement with United Factory Specialty Chemicals allows us to send our waste to their facilities for recycling. This includes items such as damaged or unusable product packaging that would otherwise contribute to landfill waste. To handle this waste, United Factory Specialty Chemicals provides us with ISO tanks for safe transportation and disposal. We require a recycling manifest within 30 days to ensure that our waste is being properly disposed of in accordance with applicable laws and regulations. We currently send 470 tons (Ethyl Acetate Heavy) and 270 tons (EA Light) of waste to this vendor on an annual basis.

Our agreement with Al Qaryan Group for Trading, Industrial & Contracting allows us to supply them with used wooden pallets (received with material shipments) and empty drums. This not only reduces the amount of waste we produce, but also allows these materials to be repurposed and given a second life. As with our agreement with United Factory Specialty Chemicals, we require a recycling manifest within 30 days to ensure that proper disposal and recycling protocols are followed.

Through these efforts, we are working toward a more circular economy that prioritizes sustainability and reduces waste.

• Digital Transformation

Procurement is responsible for taking advantage of the digital tools available to optimize its processes. In this regard, objectives are set for automating procurement system processes. We use a global leading procurement platform that maximizes transparency and efficiency.

• Value Added

We implement the necessary mechanisms so that procurement decisions benefit the company, guaranteeing a balance between technical suitability, quality, and price, as well as supplier quality as a basic condition for adding value.

• Compliance with Laws, Codes, and Regulations

Sipchem's suppliers are expected to comply with all applicable laws, rules, and regulations in the Kingdom of Saudi Arabia. They must also adhere to all applicable treaties and international standards. These include, but are not limited to, human rights (embedded in regulations) and environmental laws and requirements. Moreover, they must observe anti-bribery and anti-corruption practices and regulations. Failure to comply with these requirements would result in the termination of our business relationship.

5. Governance and Business Ethics

5.5.3 Distribution of Purchases

(GRI 204-1)

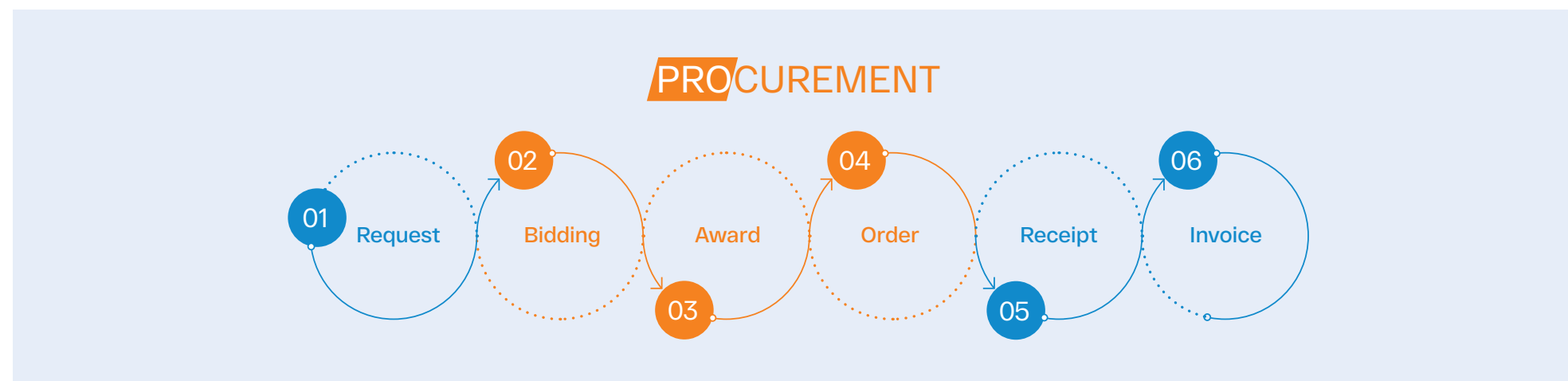
One of the key pillars of Saudi Vision 2030 is economic diversification and growth. By sourcing 67% of our suppliers from local Saudi Arabian businesses, we play a crucial role in supporting this vision. This commitment helps create job opportunities and promote economic development within the Kingdom, which is essential for ensuring long-term sustainable growth. Additionally, supporting local businesses can lead to greater cost efficiencies, improved supply chain management, and enhanced local knowledge and expertise.

	2020 (Million SAR)	2021 (Million SAR)	2022 (Million SAR)
Local	5,356,728,888.9	4,661,084,331.4	6,260,698,632.1
Foreign	1,096,311,819.9	681,917,444.4	1,078,175,841.7
Total	6,453,040,708.8	5,343,001,775.8	7,338,874,473.8
% Local	83%	87%	85%
% Foreign	17%	13%	15%

5.5.4 Procurement Stages and Procedure

The procurement procedure develops the purchasing policy for equipment, materials, labor and/or services, and includes the management of the part of the supply chain involved, from planning to formalization of contractual relationships with suppliers.

The procurement organization is the business function within Sipchem that manages these tasks on behalf of the various divisions or affiliate companies, heading up the business and their subsidiaries through the following stages:



5. Governance and Business Ethics

Before putting our trust in any supplier, we follow a very detailed screening process to ensure that they meet our standards. This process includes evaluating factors such as the percentage of Saudization, the type of business they conduct, whether they have the necessary permits to transport chemicals, and whether they have a quality management system in place. We also assess whether they have proper certification, have undergone management reviews, have a business system in place, and have proper training and driver management methods. Responsibility and auditing, operational practices, and procedural criteria are also considered during the screening process.

Once a supplier has been selected, they are required to follow Sipchem's code of conduct, which sets forth our expectations for ethical behavior and sustainability. Suppliers are expected to comply with this code in all their business dealings with Sipchem. This code of conduct is analogous to the one shown before.

• Relationships with Suppliers

We recognize that our suppliers play a crucial role in helping us achieve our sustainability goals. That's why we place a strong emphasis on selecting suppliers who share our commitment to environmental stewardship, social responsibility, and ethical business practices.

Our supplier selection processes meet objectivity, impartiality, and equal opportunities criteria, always ensuring that employees are committed to professional and ethical principles. We promote suppliers' strict compliance with contractual conditions and applicable regulations, as well as the principles of conduct included in the code of ethics.

Likewise, we foster a supplier relationship policy based on the principle of transparency, pursuing continuous improvement and mutual benefit, while promoting innovation and development.

For this purpose, we have a feedback system that is open to all suppliers. In 2022, 17% of the suppliers answered the satisfaction survey, and our target is reaching 22% by the end of 2023.

Additionally, we have earned the trust and confidence of our suppliers as evident by the absence of legal litigations or official grievances due to delayed payments in the recent years. This emphasizes the effort we exert to build a strong relationship with our suppliers, and underscores our purpose of having an optimal procurement department at Sipchem.

5.6 Innovation

Innovation is a crucial component of sustainability, as it drives progress toward a more efficient and responsible use of resources. We believe innovation is key to achieving our sustainability goals and staying competitive in an ever-changing business landscape. We are committed to exploring and implementing new ideas, technologies, and practices that help us minimize our environmental impact, enhance social responsibility, and foster long-term value for our stakeholders. In this section, we will highlight some of these initiatives.

5.6.1 Our Approach to Innovation

Innovation is a key driver of sustainability at Sipchem, and we are committed to investing in R&D to create innovative solutions that not only meet the needs of our customers but also help reduce our environmental impact. Innovation at Sipchem is driven by two departments: R&D and technical divisions. Over the past two years, we have increased our R&D expenditure from SAR 40 million in 2020 to SAR 47.2 million in 2022, and we have a team of 29 highly skilled professionals. R&D spending now accounts for ~1% of our total EBITDA, and we expect this percentage to grow in the coming years. Meanwhile, our technical divisions are staffed with highly qualified specialists who are up to date with the latest technologies and are the driving force behind implementing innovation in Sipchem's assets.

Our collaboration efforts are guided by three primary approaches. The first approach involves collaborating with academic institutions to access capabilities and equipment that are not available within

our R&D department. We have several collaboration agreements in place with the High Institute of Plastic Fabrication (HIPF), King Abdullah University for Science & Technology (KAUST), and King Fahd University of Petroleum and Minerals (KFUPM) in areas such as product development, catalyst engineering, corrosion, and sustainability.

The second approach entails collaborating with technology licensors to access technology required to support new product development and process improvement. For instance, we are developing new polypropylene (PP) and ethylene vinyl acetate (EVA) grades at Sipchem's R&D facility in collaboration with technology licensors who possess specific knowledge of producing PP with high impact and EVA with a higher grade of vinyl acetate.

Finally, we also collaborate with raw material suppliers to access any needed expertise and accelerate new product development. We are cooperating with additive suppliers to transfer knowledge of PP and EVA formulation using thermal stabilizers as well as nucleating agents to achieve enhanced functionalities for existing grades and develop new products specifically targeting food container applications via the thermoforming process.

Sipchem's collaborative approach has resulted in numerous benefits, including increased efficiency, cost savings, revenue generation, and access to additional human capital, technologies, and inventions. Additionally, these collaborations have helped elevate our image within the scientific community, identify new talent, and reduce the environmental footprint of our products.

Sipchem's R&D department is also looking to create impact at a regional level. Sipchem's Technology, and Innovation Center (R&D) was established with a mandate to support the development of the plastic industry in the Kingdom of Saudi Arabia. We are actively engaging with plastic converters in the Kingdom to promote innovation, develop local content, and support customers in optimizing operations and remaining competitive.

Case Study

The Technology and Innovation Center demonstrated its purpose in 2022 when Sipchem's R&D department conducted a study in collaboration with a local plastic converter to evaluate the feasibility of using recycled material for producing FFS (Form Fill Seal) bags, which are used for packaging plastic granules.

The study had significant environmental benefits, such as reducing the use of virgin plastic by 5% down to 25%, positively impacting carbon footprint, and promoting the use of recycled materials in the Kingdom's plastics downstream industry. From an economic standpoint, the cost of FFS bags is expected to decrease anywhere between 17% to 33%, depending on the blending ratio once the solution is fully implemented. Moreover, this collaboration allowed Sipchem to develop a closer relationship with strategic local suppliers.

Apart from all the research and development efforts, innovation is one of Sipchem's core values and part of our fundamental business strategy. The importance of innovation does not merely rest in new products, but also in the ripple effects that can propel our organization into a self-renewal process that will continuously enhance our competitiveness in the global market. As we cannot afford to misplace ideas or depend entirely on chances to improve processes and solve problems, we have developed a system called "Eureka"

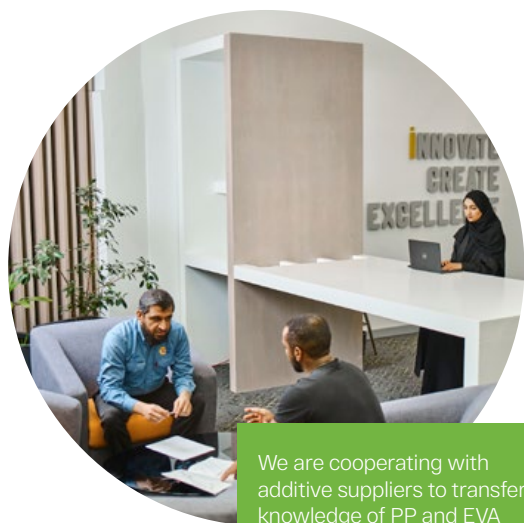
that mines our past and current ideas, thus harnessing the inherent creativity in our organization. Having a dedicated digital tool will make this process much easier. It's not only about optimizing the way we come up with ideas, but also about monitoring their development.

As an innovation management system, Eureka will capture valuable ideas and systematically identify the requirements for data gathering, expert analysis, committee evaluations, approval, and execution. The purpose of this system is to challenge everyone to sustain growth, improvements, and opportunities by providing a tool that enables ideas to be transformed into reality. As of 2022, more than 4,500 ideas have been included and considered in this portal.

5. Governance and Business Ethics



Sipchem's Product Application "MANAR" clearly plays a key role in the development of the plastics downstream industry nationally, regionally, and globally.



We are cooperating with additive suppliers to transfer knowledge of PP and EVA formulation using thermal stabilizers as well as nucleating agents to achieve enhanced functionalities.

5.6.2 MANAR

Sipchem's Product Application Development Center: Polymer Processing & Engineering, also known as MANAR, was set up in 2016 at the Dhahran Techno Valley, which is located within the King Fahd University of Petroleum & Minerals (KFUPM) campus in Dhahran. Spread across 10,000 square meters, the facility is powered by cutting-edge analytical, testing, and plastic processing equipment, and leads the way in providing innovative solutions around operational excellence. MANAR clearly plays a key role in the development of the plastics downstream industry nationally, regionally, and globally.

MANAR has identified five strategic initiatives to support Sipchem's corporate strategy:

- Develop a sustainable product/application roadmap aligned with market needs.
- Reduce landfilled waste streams.
- Maximize plant productivity through process innovation and catalyst performance enhancement.
- Enhance Sipchem's innovation management system and process to foster innovation.
- Expand Sipchem's visibility through best-in-class technical service to support sales and identify new opportunities to increase local content.

These initiatives have been designed to directly contribute to four of the five Sipchem's strategic pillars (Growth, Profitability, Sustainability, and Digitalisation & Innovation) but indirectly support Sipchem's fifth pillar (People).

These initiatives have been designed to directly contribute to four of our five strategic pillars (growth, profitability, sustainability, and digitalization and innovation) but indirectly supports a fifth pillar (people).

These strategic initiatives are also expected to enhance each area of focus in MANAR with two initiatives related to process innovation, one focused on product innovation, one addressing customer technical support, and the remaining initiative concentrated on enhancing Sipchem's innovation management system, to generate and maximize innovation benefits.

For more information about MANAR services and activities, please visit to: <https://www.sipchem.com/en/research&development>

5.6.3 Innovation at Asset-Level by the T&R Team

All the approaches above have positively impacted our business and sustainability efforts. As a result, we have been able to accelerate project delivery, reduce development cycle times, and improve the efficiency of our innovation processes. This has led to more than SAR 60 million savings in our current processes in the last two years. This was possible due to more than 25 initiatives that have been implemented by Sipchem's Technical and Reliability (T&R) team in the last three years, many of them being highly impactful:

- At IDC (International Diol Company), the four hydrogen reactors were lined up to increase plant production and reduce purges. The impact was quantified at 4.07 MMSAR per year, mainly due to catalyst savings and production increase.
- At IUC (International Utilities Company), a project was implemented to increase the process condensate recovery that was coming from the International Methanol Company (IMC), thus reducing water usage. This brought savings of SAR 2 million per year.
- At IGC (International Gases Company) and IDC, a project on hydrogen integration was completed, due to IDC being forced to reduce load in case IMC had hydrogen unavailability. This project is expected to save SAR 6 million per year, with a minimal capital expenditure (CAPEX) required of <10% of the estimated savings per year.
- At IVC (International Vinyl Acetate Company), the reaction system was optimized to achieve a record production, improving the current approach to the catalyst. This initiative is expected to improve profitability from SAR 21 million to SAR 65 million in 2023.
- At IAC (International Acetyl Company), a project to improve rhodium catalyst activation and preparation was completed, leading to a profitability of SAR 4.5 million per year.
- At CA (Chlor-alkali), 21 additional cell elements were introduced in the electrolyzer, which led to a 12% capacity increase.
- At EDC (Ethylene Dichloride), a project on reprocessing of reactor deactivated catalyst through vacuum column was completed, leading to SAR 12 million profitability.

5. Governance and Business Ethics

- At IPC (International Polymer Company), the reactor was optimized to reduce the waste of vinyl acetate, reaching SAR 2.2 million savings per year.
- At Al Waha (PDH), a cold box trim cooler was installed upstream to reduce inlet temperature, saving up to SAR 4 million per year.
- At Al Waha (PP), propylene specific consumption was improved, obtaining SAR 8.5 million in savings per year.

5.7 Cybersecurity

Keeping Sipchem free from cybersecurity risks is essential for the whole business. Our dedicated cybersecurity team is made up of 14 people who implement administrative, technical, and physical safeguards to protect the information under our care. A wide range of comprehensive data security protection measures have been included, along with a data risk management strategy that includes monitoring emerging security threats and assessing appropriate responsive measures.

5.7.1 Policy and Governance

We embed data protection throughout our operations and technology programs to safeguard our data and digital assets. To lay the foundations of this approach, Sipchem maintains a complete set of cybersecurity policies and standards, aligned with local and international standards such as the NCA (ECC-1: 2018) and ISO (27001). Cybersecurity policies and standards have been developed in collaboration with all stakeholders across the enterprise, including information technology (IT), procurement, human resources (HR), and OT (operations technology), to ensure all our business segments are covered. These policies include information and system use for employee and non-employee system users.

On an annual basis, Sipchem undergoes multiple cybersecurity audits performed by third parties to ensure full compliance with best-in-class cybersecurity standards. In addition, we regularly undertake a self-assessment against our internal policies, using our risk assessment process and other frameworks.

To ensure that our cybersecurity arrangements are subject to appropriate oversight and are independent of IT, Sipchem has established a dedicated Cybersecurity Steering Committee (CSSC) responsible for monitoring the development and operation of the cybersecurity arrangements, in accordance with NCA controls and guidance such as the ECC-1:2018.

The CSSC is a key element of our cybersecurity governance framework, which is part of our Cybersecurity Management System (CSMS) led by the company's CEO as required by the National Cybersecurity Authority (NCA). The Cybersecurity

Manager is responsible for ensuring that the terms of reference established by the CSSC are implemented, and all our executives attend the CSSC to ensure it fulfills its responsibilities as mandated by the NCA.

Cybersecurity risks are also evaluated by the Enterprise Risk Management Committee (ERMC), which is chaired by the CEO, as per the ERMC-approved charter. Residual risks are assigned with clear action plans to address them. The Risk Management function also presents the same assessment to the Audit Committee on a quarterly basis. Below is the extract of cybersecurity risk and mitigation strategies at Sipchem:

Strategic Risk: R02 - Cybersecurity Threat

Cybersecurity incidents [IT/OT] may cause disruptions in manufacturing processes and ERP transactions, data losses and reputational damages.

Risk Mitigation Strategies

	Total	Implemented	In progress
	5	2	3

Operational Cybersecurity Risk Extract

Function	Number of risks	Risk Mitigation Strategies		
		Total	Implemented	In progress
IT Cybersecurity	28	122	105	17
OT Cybersecurity	29	172	90	82

5. Governance and Business Ethics

5.7.2 Technology

To protect internal and customer information, Sipchem uses sophisticated technologies including multifactor authentication, encryption, firewalls, intrusion detection and prevention systems, vulnerability and penetration testing, and identity management systems. Our identity and access management systems employ commercial authentication products from leading companies and internally developed systems based on prevailing industry standards. We include periodic recertification access for critical data and utilize multifactor authentication based on risk level. Our Security Operations Center responds swiftly to any anomalies in our network.

In addition, Sipchem participates in a local threat intelligence information-sharing network of leading energy and petrochemical companies that provides us with access to emerging intelligence information within the sector. Likewise, we track industry and government intelligence sources for impact on the marketplace and deploy updates as necessary.

Sipchem's robust software patch management process includes risk assessment and risk-based update schedules. These systems are designed, implemented, and maintained to provide high security for sensitive data.

5.7.3 Training and Awareness

We recognize that cybersecurity is effective only if all employees are aware of the risks and take all the necessary precautions to protect our information assets. Therefore, the cybersecurity department has developed a cybersecurity awareness program that fulfills the requirements of the NCA and supports our business objectives. This program includes training on secure handling of email services, mobile devices and storage media, internet browsing, and social media. Additional training is being provided to cybersecurity personnel, staff working on software, and executive positions. We also evaluate our employees' cybersecurity and IT skills in their personal performance evaluations.

All Sipchem employees receive cybersecurity training and awareness sessions periodically. Our annual security awareness training covers various topics, from password protection and social engineering to remote working and privacy. We also provide regular targeted training on phishing and secure application development.

Our awareness program has produced positive results. In 2022, we sent three different phishing emails to all personnel, and there was a 33% decrease in data submissions through phishing emails from the first to the last email. Yammer was enabled to comment about cybersecurity threats and dangers, and since the beginning of the program, over 100 comments have been posted. Our staff has received more than 20 cybersecurity training sessions, including those on roles and responsibilities and for executive and supervisory positions.

5.7.4 Third-Party Relationships

Sipchem has a cybersecurity diligence and oversight process for its third-party vendors. This process is part of the supplier management program. Before services are rendered, our cybersecurity team carries out a vendor risk/rating assessment whereby Sipchem data is accessed and processed, and formal risk assessments are undertaken for certain service providers based on the previous risk/rating assessment. Reassessment occurs regularly, at a frequency determined by a risk assessment and rating process. The assessment process utilizes a comprehensive questionnaire that addresses aspects of vendors' data security controls and policies, including business continuity and on-site evaluations for higher-risk relationships.

5.7.5 Incident Response and Compliance

Sipchem's security incident response framework contains a set of coordinated procedures and tasks that the Incident Response team performs to ensure the timely and accurate resolution of computer security incidents. To maintain the framework's robustness, tabletop testing exercises are done several times a year, using risk analyses to select which components of the plan to test.

Additionally, our cybersecurity framework includes regular assessments of compliance with Sipchem's policies and applicable government statutes through security monitoring utilities, internal, and external audits. In addition, we proactively perform self-assessments against regulatory frameworks such as the NCA (ECC-1: 2018) cybersecurity framework.

Sipchem will be strategically working on several initiatives in the next three years to enhance our overall approach. These initiatives will include:

- 1- Tightening cloud server security
- 2- Capitalizing on AI security services
- 3- Developing a cybersecurity module for digital transformation
- 4- Enhancing our information security protocol and infrastructure



6. Climate Change and Energy

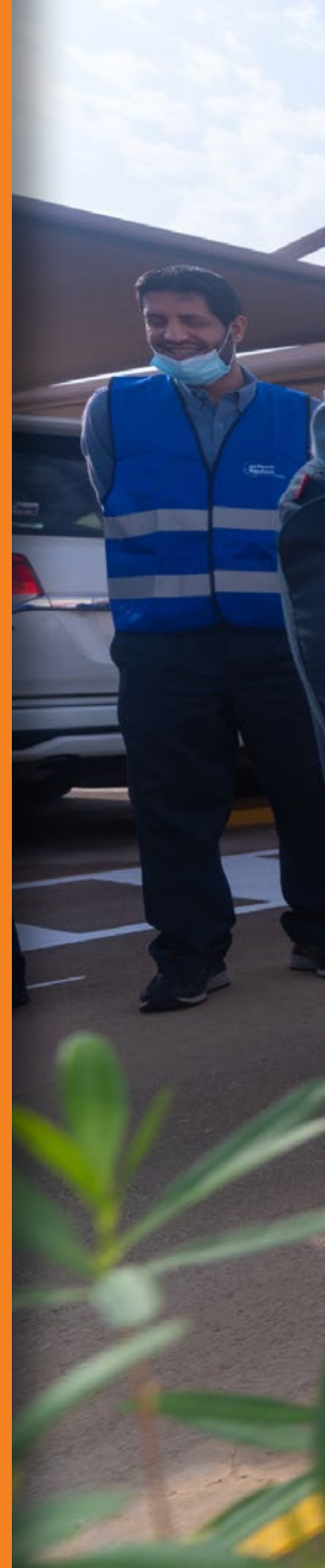
RESPONSIBLE ACTIONS

Our commitment to sustainability is reflected in our efforts to track and measure our emissions data, set ambitious targets to reduce our carbon footprint, and develop strategies to transition to a more sustainable energy system.

Our objective by 2030 is to reduce our emissions by

15%

Energy Intensity





المملكة بالخير
نصحاء

للبرامج تصمم
Sipchem Cares

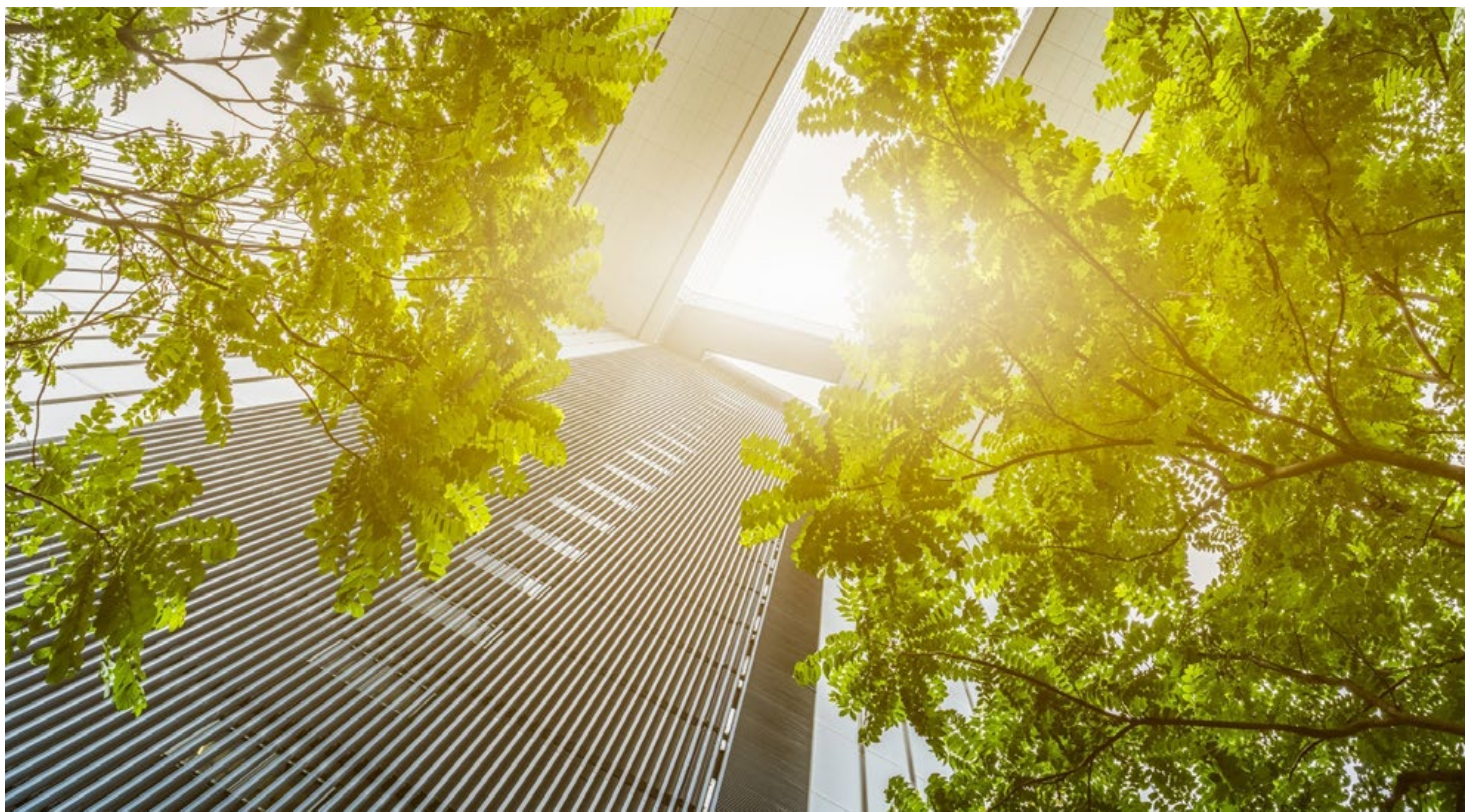
SAUDI
GREEN
INITIATIVE

6. Climate Change and Energy

As a responsible and forward-thinking company, Sipchem recognizes the urgent need to address these challenges and take concrete actions to reduce our carbon footprint and promote renewable energy.

Climate change and the transition to a more sustainable energy system are among the most pressing global challenges for humanity. As a responsible and forward-thinking company, Sipchem recognizes the urgent need to address these challenges and take concrete actions to reduce our carbon footprint and promote renewable energy.

In this section of our sustainability report, we will provide an overview of our efforts to mitigate greenhouse gas (GHG) emissions and climate change, and pursue a shift to cleaner, more sustainable sources of energy. We will include targets and progress monitoring to ensure we operate in an environmentally responsible manner and reduce our energy consumption.



6. Climate Change and Energy

6.1 GHG Emissions and Targets

(GRI 305-1, 305-2, 305-3, 305-4)

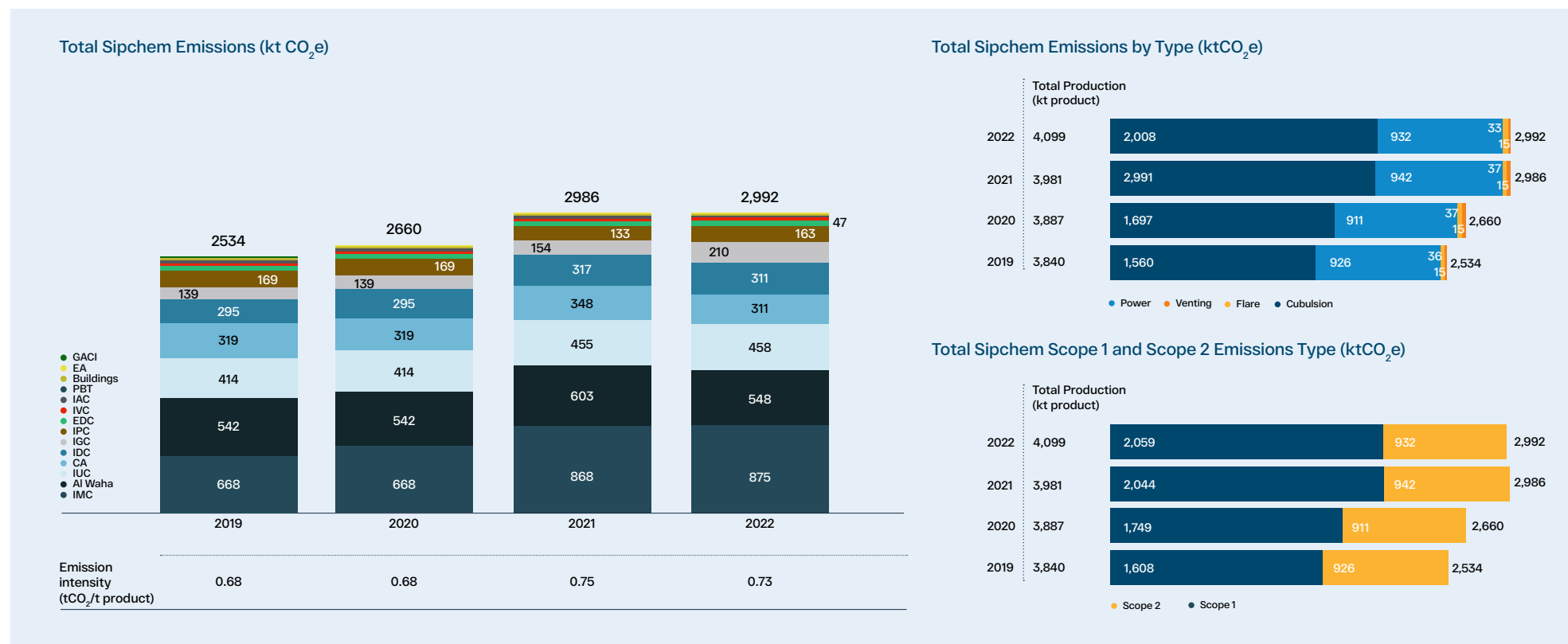
Our commitment to sustainability is reflected in our efforts to track and measure our emissions data, set ambitious targets to reduce our carbon footprint, and develop strategies to transition to a more sustainable energy system.

We calculate our emissions based on the ISO standard 14064, and use the U.S. Environmental Protection Agency (EPA) for all conversion factors needed. According to our Scope 1 and Scope

2 emissions data, we emitted 2,992 ktCO₂e in 2022, 2,986 ktCO₂e in 2021, and 2,660 ktCO₂e in 2020. In addition to tracking our total emissions, we also monitor our emissions' intensity, which represents the amount of CO₂ emissions per ton of product. We are pleased to report that our emissions intensity has decreased from 0.75 tCO₂/t of product in 2021 to 0.73 tCO₂/ton of fabricated product in 2022. Our emissions intensity in 2020 was 0.68 tCO₂/t of product, and the increase in previous years was mainly due to the import of CO₂ from a neighboring company to IMC. A graph highlighting this trend can be observed below:

To calculate our emissions, we employed a methodology based on ISO 14064 and the GHG protocol, and used emissions factors from the EPA and the Securities and Exchange Commission (SEC) for power consumption. We adopted the tier-1 approach to calculate emissions based on all the different streams in the company.

In 2022, the majority (specifically; 67%) of our emissions came from combustion, while 31% came from power, 1.5% from flaring, and 0.5% from venting. A graph depicting the breakdown of our emissions by source can be seen below:



6. Climate Change and Energy

We are fully aware of the importance of reducing our carbon footprint and have set an ambitious objective to achieve a 15% reduction in our emissions intensity compared to our 2019 baseline by 2030, and reach net-zero emissions by 2050, 10 years ahead of Saudi Arabia's national goal. Additionally, Sipchem has defined even more ambitious internal targets, with the objective of reaching the previous goals more rapidly and efficiently. That is why we are pursuing a range of strategies, including energy efficiency, renewables, low-carbon power, carbon capture, and offsetting.

• Energy Efficiency

This strategy involves implementing initiatives to reduce the amount of energy we use, such as reducing excess oxygen burnt in the boilers or improving the efficiency of steam traps. For enhancing energy efficiency in our affiliates, we have maintained the ISO 50001:2018 Energy Management System certificate and have implemented several initiatives such as Lean Six Sigma. We also invite our employees to suggest ideas to increase energy efficiency via our Eureka portal (which we previously explained in the Innovation section). These ideas are reviewed and assessed by our energy management team, which passes on feedback

from all departments. All improvement ideas are then thoroughly assessed and leveraged. In terms of energy efficiency, we greatly rely on the progress made by both our process engineering and R&D departments. Improvements in energy consumption will be detailed in the following subsection.

• Low-Carbon Power

To power our operations, we are exploring the use of low-carbon power in the form of renewable energy or clean fuels. This will help us reduce our reliance on fossil fuels and decrease our emissions. Our current efforts started with a project to install solar panels on the roofs of our administration buildings so they could run entirely on renewables, which will come to fruition by 2024. To boost growth in this initiative and lower the emissions derived from our power consumption, we have ambitious plans to engage with relevant stakeholders in Saudi Arabia to access clean energies via power purchase agreements (PPAs). An ambitious roadmap, laid out in the last quarter of 2022, has been developed for the decarbonization project.

Additionally, we are exploring the use of low-carbon hydrogen as an alternative to fossil fuels and as a fuel in our boilers to significantly reduce our carbon footprint.

• Carbon Capture and Storage (CCS)

This initiative is potentially the most powerful level to achieve all the objectives we have set. It involves capturing carbon dioxide emissions from our operations and storing them in geological formations, helping us reduce our emissions and mitigate the impact of climate change.

Accordingly, we have developed a roadmap to implement carbon capture in our affiliates. We acknowledge there is strong potential in boiler decarbonization by carbon capture, and as described in the individual MACCs for each asset, this capture is required to reach net zero by 2050.

Because carbon capture and storage is such a key lever for Sipchem to reach our decarbonization goals, we are positioning ourselves strategically to develop a strong carbon capture infrastructure that will reduce a significant component of our emissions.

• Offsetting

We are also exploring carbon offsetting to achieve our sustainability targets. Carbon offsetting involves funding renewable energy or reforestation projects that reduce greenhouse gas emissions in other parts of the world. This can help us offset our own emissions and contribute to global efforts to combat climate change.

An individual roadmap has been designed for each asset to become net zero by 2050. Our energy efficiency initiatives, which will be discussed in the following section, are already underway, and we are committed to pursuing a comprehensive range of measures to reduce our emissions and promote sustainability throughout our operations.

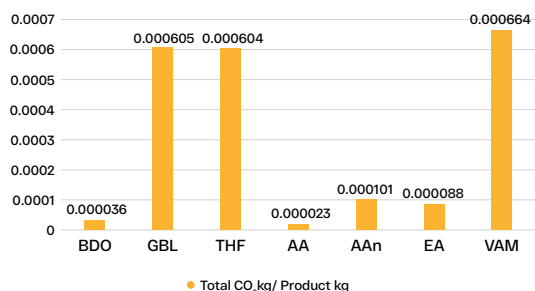
Although we are not considering Scope 3 emissions in our overall calculations, we recognize the importance of understanding the carbon footprint of our chemical distribution activities. Therefore, we are starting to track most emissions derived from transportation.



6. Climate Change and Energy

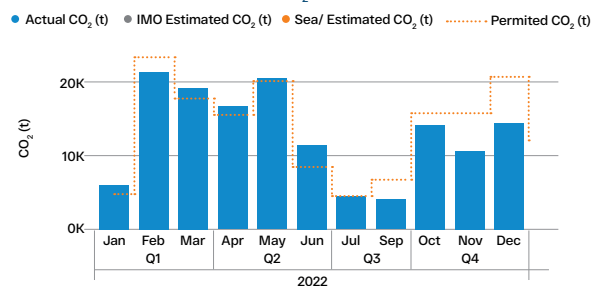
We are tracking the CO2 per kg of product for chemical distribution via road tankers and ISO tanks to the European Union, as shown in the graph below:

CO₂ kg/Product Kg 2022



Furthermore, we utilize software that tracks the emissions of all shipments of chemical products. This software provides us with the granularity needed to obtain total emissions per month produced by sea transportation logistics. This tool has helped us understand and reduce our emissions from shipments. As seen below, the emissions from the second half of 2022 were greatly reduced when compared to the first:

Actual, IMO, Sea/ & Permitted CO₂ (t) Select displa by: Year Quarter Month



We will continue to monitor and evaluate the carbon footprint of our activities to identify opportunities for further reduction and improvements. Tracking all our Scope 3 emissions is within the near-future goals for the sustainability department.

Our commitment to sustainability is reflected in our efforts to track and measure our emissions data, set ambitious targets to reduce our carbon footprint, and develop strategies to transition to a more sustainable energy system.



6. Climate Change and Energy

6.2 Energy Consumption

(GRI 302-1, 302-2, 302-3, 303-4, 305-5)

As a responsible corporate citizen, Sipchem is committed to reducing energy consumption and minimizing environmental impact while maintaining operational efficiency. In this subsection, we will provide an overview of our energy consumption in the past year and highlight the initiatives we have implemented to increase energy efficiency and reduce our carbon footprint.

We use the same procedures as specified in 5.1 in terms of conversion factors and measurement. In 2021, our energy consumption in MMBTU was 52,842,711 (13.27 MMBTU/Mton of product), which increased to 57,349,808 (13.92 MMBTU/Mton of product) in 2022. This includes all types of energy such as fuel, electricity, and steam, and considers Jubail assets and administration buildings:

	2021	2022
Energy consumption for Sipchem in MMBTU	52,842,711	57,349,808
Energy consumption for Sipchem in MWh	15,486,670	16,807,570
Energy consumption for Sipchem in terajoules	55,752	60,507
Energy intensity in MMBTU per Mton of fabricated product	13.27	13.99

The following factors contributed to an increase in energy consumption:

- Two plants (PBT and GACI) have been mothballed since mid-2021.
- It was the end of the operation cycle for IMC and IDC in terms of catalyst activities, which needed more energy to fulfill the production objective.
- We started exporting hydrogen as a product to a neighboring company and compensated with natural gas in both IGC and IUC boilers.

We anticipate a decline in this number over the next few years because of the implementation of energy efficiency initiatives and the planned equipment rehabilitation.

To ensure we effectively manage energy consumption, we implemented the ISO 50001:2018 standard for our energy management system. This standard helps us track and control energy deviation, making us more efficient. We received ISO 50001 certification, demonstrating our commitment to managing energy consumption across our operations.

Our efforts to reduce energy consumption have been recognized by the SEEC. In 2020, we achieved the first cycle target and saved 4,414,080 MMBTU. For the second cycle (2020-2025), we have submitted nine ideas to SEEC for further energy reduction that are expected to save 1,134,341 MMBTU per year and provide financial savings of SAR 18million. In this area of energy consumption, Sipchem stands ahead of others in the petrochemical industry in the Kingdom, and SEEC has recognized us as a virtuous organization.



6. Climate Change and Energy



Several key projects have helped us reduce energy consumption in our plants. These initiatives are the result of various efforts involving process engineering and R&D across affiliates; namely:

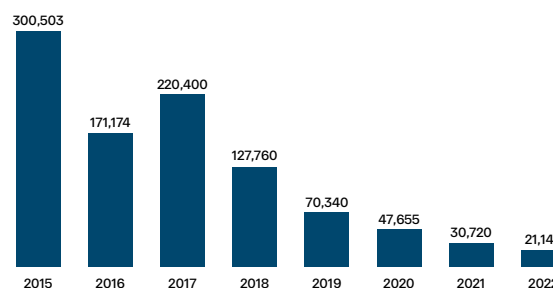
■ Steam

Several steam-related projects have been implemented that have led to a drastic reduction in consumption compared to previous years:

- Transferring low-pressure steam from phase 1 to phase 2 and using low-pressure steam in EA applications, significantly reduced steam venting. Our steam venting has declined from 70,000MT/year in 2019 to 21,000 MT/year in 2022.
- Implementing steam trap replacement in IPC (International Polymers Company), which helped us reduce energy intensity by almost 25%.

The evolution of our steam venting since the year 2015 is illustrated below:

Steam Venting History (MT/year)



■ CO₂

Recycling CO₂ and carbon capture in our methanol production process has reduced energy intensity by 3% (from 30.7 MMBtu/MT in 2020 to 29.8 MMBtu/MT in 2022).

■ Ethylene

Implementing a process improvement concept in our hydrochloric acid stripper led to the reduction of our ethylene consumption by 6.3 MT/day, thereby, saving 16,176 MMBtu (4,741 MWH) per year in energy.

The following table shows the efforts made on energy initiatives and attained targets for the years indicated:

No of initiative	Energy Savings (Million MMBTU)	Current Status
4	3.4	Already Implemented (last 6 years)
2	0.9	Under Implementations (Target by end of 2023)
4	1.4	Under Feasibility study

We remain committed to reducing our energy consumption and continually improving our processes to achieve greater energy efficiency. By doing so, not only will we reduce our environmental impact, but we will also lower costs; ultimately benefiting our stakeholders and the community.

7. Environment

SUSTAINABLE FUTURE

Protecting the planet is a core focus of sustainability efforts worldwide, and as a responsible and sustainable organization, we want to do our part to ensure a healthy future for both local and global communities.

A 75% reduction in Wastewater Discharge by 2030.

75%

Landfill Waste

85%

We have a strategic target of 85% reduction in landfill waste by 2035





7. Environment

We recognize the impact that our operations can have on the environment, and we are committed to reducing our environmental footprint and promoting sustainable practices throughout our operations.

Protecting the planet is a core focus of sustainability efforts worldwide, and as a responsible and sustainable organization, we want to do our part to ensure a healthy future for both local and global communities. We recognize the impact that our operations can have on the environment, and we are committed to reducing our environmental footprint and promoting sustainable practices throughout our operations.

In this section, we will provide an overview of our environmental initiatives and the progress we have made in mitigating our environmental impact. Specifically, we will describe our efforts in water and waste management, and in air pollution. Our aim is to create a more sustainable future for our planet and contribute to a healthier and more resilient ecosystem for generations to come.



7. Environment

7.1 Water Management

(GRI 303-1, 303-2, 303-3, 303-4, 303-5)

As all our operations take place in water-stressed areas, we deeply appreciate the importance of responsible water management practices to mitigate our environmental impact. That is why we aspire to reduce water consumption and maximize water usage efficiency. For example, reducing wastewater discharge by 75% by 2030 is one of our sustainability targets.

Over the past years, we have made significant progress in decreasing water consumption, as shown in the table below:

	2020	2021	2022
Potable water consumed (000 m ³)	5,903	5,585	5,541
Recycled water (000 m ³)	1,240	1,211	1,206
Quantity recycled %	21%	22%	22%
Water consumption intensity (000 m ³ /kt of product)	1.509	1.403	1.352

In 2020, our total potable water consumption was 5,903,000 m³. However, in 2022, we were able to reduce it to 5,541,000 m³, which represents a decrease of 6.11%. This decline is the result of our efforts to optimize water usage and implement more efficient water management practices. Additionally, in our water consumption intensity has steadily decreased in the past three years, moving from 1.509 in 2020 to 1.352 in 2022, measured in '000 m³/kt of product. This shift reflects the effectiveness of our strategies to reduce water consumption, which will continue to decrease in the future.

In addition to reducing our potable water consumption, we have also made strides in reducing wastewater generation. In 2021, we generated 1,499,000 m³ of wastewater, which decreased to 1,459,000 m³ in 2022. It is worth noting that the wastewater we discharge to Marafiq is treated before being diverted to the sea or used for irrigation. This sustainable water management practice ensures we are not contributing to water pollution.

Moreover, we have a process condensate recovery unit that allows us to treat and recycle wastewater, thus increasing water usage efficiency. The quantity of recycled wastewater remained at similar levels from 2021 to 2022, with 1,211,000 m³ in 2021 and 1,206,000 m³ in 2022. This recycled wastewater is used for non-potable purposes, such as landscaping and irrigation. These data can be observed in the table below:

Waste water Recycle Details	2019	2020	2021	2022	Unit
Quantity of wastewater	1,206	1,474	1,499	1,459	'000 M ³ / Year
Quantity of Recycled wastewater	1,284	1,240	1,211	1,206	'000 M ³ / Year

7.2 Waste Management, Circular Economy, and Low-Carbon Products

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

We are committed to minimizing waste generation to the maximum extent possible, and limiting the loss of raw materials. Therefore, we have a strategic target of 85% reduction in landfill waste by 2035, in line with the goals of Saudi Arabia's National Center for Waste Management (MWAN) to achieve sustainable waste management. Our aim is to recycle at least 60% of municipal waste and 85% of construction or demolition waste by 2035.

Over the past few years, considerable progress has been made in reducing hazardous and non-hazardous waste for disposal. In 2019, we generated 8,887.8 tons of hazardous waste, but in 2022, we were able to bring this down to 2,249.73 tons, a decrease of 74.7%. Similarly, we reduced our non-hazardous waste for disposal from 12,344.2 tons in 2019 to 7,867.06 tons in 2022, a drop of 36.3%.

These reductions are a direct consequence of our target alignment for each plant. We have monitored and developed historical waste generation data and set internal targets for all business units. This gradually reduced the quantity of waste generated by steady plant operation, without any disruptions or emergency shutdowns. In addition, individual plants strove to resolve various operational issues that were leading to higher waste generation rates than our accepted targets.

7. Environment

The table below shows the amount of waste for disposal per year:

Emission / Discharges to Environment	2019	2020	2021	2022	Unit
Hazardous Waste for Disposal	8,887.8	3,950.1	3,456.3	2,249.7	Metric tons / Year
Non-Hazardous Waste for Disposal	1,234.2	10,862.9	11,850.4	7,867.1	Metric tons / Year

We also prioritize a circular economy approach wherever possible, and have made significant efforts to reuse our byproducts, raw materials, and off-spec materials. In 2022, a total of 162,207 liters of IPC-WAX were reused, saving 854 tons of feedstock through a stream from the IDC and EA plant.

Additionally, the company has taken enormous strides in reusing CO₂. In 2022, Sipchem reused 345,393 tons of CO₂ from a third-party supplier, effectively capturing and reusing emissions to reduce its greenhouse gas impact globally. Although these emissions are emitted by a neighboring company, we have partnered with them to apply the circular economy concept, which has led them to certify their processes as low carbon. In turn, this has allowed us to increase methanol production by debottlenecking our methanol plant and building one of the largest CO₂ capture and reuse facilities in the region.

Furthermore, the company captures CO₂ emissions from IVC and reuses them in IGC, resulting in the reuse of 26,214 tons of CO₂ in 2022. This has also allowed a neighboring company to produce blue hydrogen.

Likewise, Sipchem prioritizes the use of bioethanol to feed EA. In 2022, the company used a total of 51,800 tons of bioethanol. Even though ~90% of EA is produced with bioethanol, this commitment allows us to further reduce our waste and carbon footprint, promoting a circular economy approach that minimizes environmental impact.

By Product, Raw material & OFF Spec Material Recycle/Re use:

Recycle Details (EP) (IPC-WAX)	2021	2022	Unit
	284,616	162,207	Liter / Year

Recycle/Re use Details: (IDC & EA Plant)	2021	2022	Unit
	721	854	Metric tons / Year



7. Environment



We also ensure any waste that can't be recycled is disposed of safely with Royal Commission (RC)-approved companies. In 2022, we sent 2,657.84 tons to landfills and 930.44 tons to incineration, generating power for nearby communities.

Waste details breakdown:

(EP)	2019	2020	2021	2022	Unit
Land Fill	19,657.9	14,173.6	14,735.7	2,657.8	Metric tons / Year
Incineration	1,574.2	639.4	570.9	930.4	Metric tons / Year

We are committed to responsible waste management practices and will continue to implement initiatives to reduce waste generation and promote waste recycling wherever possible. Our achievements in reducing hazardous and non-hazardous waste generation, as well as our efforts in waste recycling and responsible waste disposal, demonstrate our commitment to creating a more sustainable future.

7.3 Air Pollution

(GRI 305-7)

Air pollution is a critical issue that affects both human health and the environment. We recognize the importance of mitigating our impact on air quality in our surroundings, and we are committed to implementing measures to reduce our emissions. In this subsection, we will provide an overview of our air pollution management efforts and highlight our achievements in this area, as illustrated in the table below:

Emissions / Discharges to Environment	2019	2020	2021	2022	Unit	
Sulfur Oxides (SOX)	3.9	5.8	6.8	4.2	Metric tons / Year	
PM	9.9	10.5	8.2	5.2	Metric tons / Year	
Nitrogen Oxides (NOx)	64.9	64.8	130.1	42.9	Metric tons / Year	
Total Controlled Emissions VOC	3.3	3.2	567.7	1,697.1	kg/year	
Total Controlled Emissions HAP	4.1	3.9	985.4	4,838.0	kg/year	
Fugitive Emission leaks (East Park)	Number of leaks	78	66	5	5	-
	Percentage of leaks	0.35	0.27	0.02	0.02	%
Target - <2%						

One of the key metrics we track is the release of sulfur oxides (SOx) into the atmosphere. Over the past two years, through a combination of process improvements and the installation of emission control systems, we have significantly reduced SOx release from 5.84 tons in 2020 to 4.15 tons in 2022.

Similarly, we have made significant progress in reducing our particulate matter (PM) emissions, which are known to have harmful effects on human health. Our PM emissions decreased from 10.506 tons in 2020 to 5.21 tons in 2022.

Another critical pollutant we have been monitoring is nitrogen oxides (NOx). We have implemented several measures to reduce NOx emissions, including the installation of low-NOx burners and the optimization of combustion processes. As a result, our NOx emissions decreased from 64.79 tons in 2020 to 42.88 tons in 2022.



7. Environment

Fugitive emission leaks are also an important source of air pollution. At Sipchem, we have adopted measures to identify and control fugitive emissions, including regular equipment monitoring and maintenance. As a result, fugitive emission leaks decreased from 66 leaks in 2020 to five in 2022, a reduction from 0.35% to 0.02%. Fugitive leaks are directly related to totally-controlled emissions. The lower the emission leaks, the higher the emissions recorded in the system, as all emissions go directly to the meter. As a result of this improved performance in fugitive emission leaks, our totally-controlled volatile organic compounds (VOC) emissions increased from 567.8 kg in 2021 to 1,697.1 kg in 2022. Additionally, our hazardous air pollutant (HAP) emissions increased from 985.4 kg in 2021 to 4,838 kg in 2022.

As per the Royal Commission and environmental permitting (EPO) requirements, Sipchem has initiated a pilot project and installed two fence line analyzer stations in our premises that will be commissioned this year. The remaining analyzers will be implemented in the coming few years, depending upon approval from the Royal Commission, which is the local governing body in Jubail and Yanbu, KSA. Fence analyzers aim to monitor air quality around our operation sites so that we assure 24/7 coverage of emissions from our sites to the atmosphere, and would flag any abnormalities upon being detected.

In short, we are committed to reducing our air pollution emissions, and have made noteworthy progress in this area over the past few years. We will continue to monitor our emissions and implement measures to reduce our impact on the environment and human health.

7.4 Other Environmental Efforts

(GRI 304-1, 304-2, 304-3, 304-4, 413-2)

In addition to the specific efforts outlined in the previous subsections, we have also implemented other environmental initiatives. These follow the previously established standards and procedures for water and air quality, waste management and disposal, fugitive emission control, non-compliance reporting to the Royal Commission, noise and environmental monitoring reporting, and record keeping. These standards and procedures help ensure that we maintain high environmental performance levels and comply with all relevant regulations and guidelines.

In a demonstration of our commitment to compliance, we are proud to say that we have not received any environmental violation notifications since 2019.

Year	2019	2020	2021	2022
Environmental Violation	0	0	0	0

In terms of investment in environmental projects, we have spent more than SAR 1.875M on projects on GHG emissions, energy efficiency, and air pollution. As an example, we invested in reducing air-pollution leaks to the atmosphere, leading to better treatment and measurement of flue gases. These investments have also allowed us to reduce our environmental impact and improve environmental performance.

We do not operate in any high-biodiversity value areas, so have made no significant impact on habitat areas or living species. To further prioritize environmental stewardship across all our operations, we are working on crafting an environmental policy with a dedicated governance system that will provide visibility and drive action on our environmental data. By taking this informed, data-driven approach to reducing our environmental footprint, we hope to implement a considered strategy that safeguards the environment for current and future generations.



We invested in reducing air-pollution leaks to the atmosphere, leading to better treatment and measurement of flue gases. These investments have also allowed us to reduce our environmental impact and improve environmental performance.



In terms of investment in environmental projects, we have spent more than SAR 1.875M on projects on GHG emissions, energy efficiency, and air pollution.

8. Health and Safety

OPERATIONAL EXCELLENCE

Sipchem is committed to protecting its employees and assets through a trained and qualified security team and a reliable security system. We strive to drive security maturity through security risk assessments at all locations and compliance with local government regulations.

During 2022, Sipchem has conducted 24 security drills.

24

EcoVadis Silver Award

8%

Sipchem was honored to receive a Silver Award, placing it within the top 8% of companies evaluated by EcoVadis during 2019, 2021, and 2022.





8. Health and Safety

Sipchem drives safety priorities at every level of the organization through cultural and ritual changes, as well as the Visual Felt Leadership (VFL) program, which ensures two-way communication between shop floor employees and company leaders.

Ensuring the safety and well-being of our employees, contractors, visitors, and local communities is an integral component of our sustainability strategy. Nurturing a strong safety culture free from accidents, injuries, and occupational illnesses is fundamental to achieving operational excellence and sustainable growth. This section of our sustainability report provides an overview of Sipchem's performance in health, process safety, and industrial security during the reporting period, highlighting key achievements, challenges, and plans. A special focus is also given to product stewardship.



8. Health and Safety

8.1 Process Safety and Industrial Security

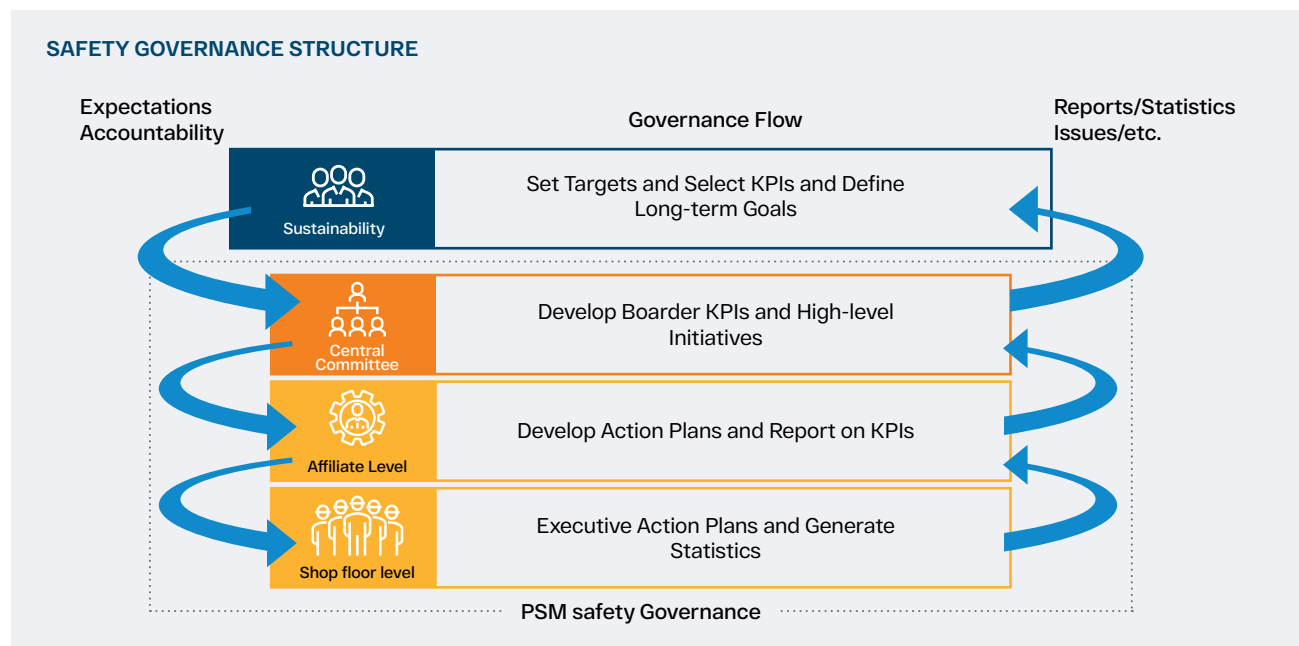
8.1.1 Governance and Leadership Commitment (GRI 403-1, 403-3, 403-4)

To achieve a world-class Environment, Health, Safety, and Security (EHSS) & Responsible Care (RC) function at Sipchem, the executive team is primarily responsible for driving decision making on safety, health, process safety, and industrial security topics. Their oversight is channeled through a well-structured governance board called the Central Sustainable Safety Committee (CSSC), which pursues the following key objectives:

1. Ensure critical safety information flows seamlessly between the shop floor and the executive leadership.
2. Proactively manage risks for the organization through effective monitoring of leading indicators.
3. Drive greater accountability by measuring and tracking performance against selected KPIs.

The CSSC serves as the link between the Sustainability Committee and line management. This committee is responsible for driving line accountability and ensuring effective oversight of process safety management (PSM) elements, occupational health, and personnel safety.

Sipchem drives safety priorities at every level of the organization through cultural and ritual changes, as well as the Visual Felt Leadership (VFL) program, which ensures two-way communication between shop floor employees and company leaders. Leaders are visible on-site through a well-established program and are on top of all EHSS & RC topics, guaranteeing compliance and setting the tone for all levels at Sipchem.



8. Health and Safety

8.1.2 Occupational Health and Safety Culture

(GRI 403-1, 403-3, 403-4, 403-5, 403-7)

At Sipchem, being proactive about safety is a critical competence for employees at all levels. Mitigating hazards before they happen is the surest way to prevent injuries and other hazardous situations, and we believe communication is at the heart of a safe work environment. Our managers and on-site supervisors are encouraged to communicate openly about work procedures and emphasize safety over productivity, allowing professionals to address safety-related issues quickly and maintain compliance with standards.

To underline our commitment to positivity and employee health, we have set up a standalone EHSS & RC communication subcommittee to steer overall safety topics, such as early risk detection and mitigation. We work hard at spreading critical knowledge to all employees through the numerous initiatives launched by this subcommittee. Below are some examples of these impactful actions:

- We begin every meeting at Sipchem with a safety moment, which serves to remind everyone that safety is a top priority. We also use these top-of-agenda safety moments to alert employees about any new hazards or procedure compliance requirements.



PLEASE START ALL MEETINGS WITH SAFETY MOMENT

A Safety Moment is:
• A pause to remind of the importance of being safe at work, at home and in all aspects of our lives
• Topics Safety Related
• Duration 3-5 Minutes
• Done at the beginning of a meeting
• Written down on a Flyer

- We distribute a monthly safety package to all departments, which includes bulletins on EHSS & RC topics from the Center for Chemical Process Safety (CCPS).










- Our year-long, multilingual, companywide safety campaigns run audits focused on life-saving rules, which are designed for high-risk positions where non-compliance poses extreme hazards.

8. Health and Safety

- To mitigate heat stress during the summer, Sipchem has categorized heat stress levels using the Wet Bulb Globe Temperature (WBGT) index. A clinic nurse measures WBGT and provides the information to all employees through the Sipchem portal.



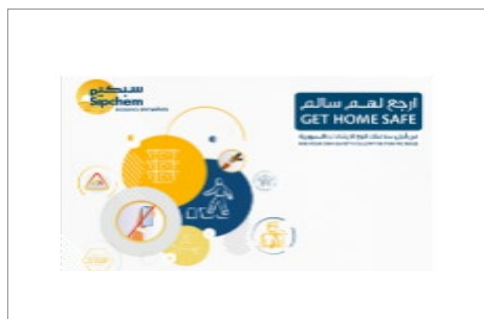
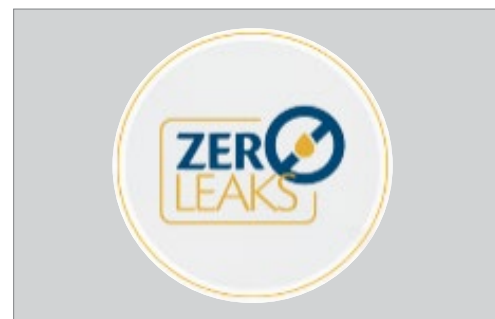
Category	Work - Rest Regime	WBGT Value
0	Continuous work outside	< 29 °C
1	75% work outside (45 min) 25% rest (15 min) Each hour	29-31 °C
2	50% work outside (30 min) 50% rest (30 min) Each hour	> 31-32 °C
3	50% work outside (15 min) 25% rest (45 min) Each hour	> 32-33 °C
4	No work outside except for emergency adhering to the following procedure 1. Supervisor should consider personnel rotation 2. Water should always be available at workplace 3. Shade should be provided	> 33 °C

- In 2022, we implemented recommendations from a third-party consultant to ensure chemical exposure risks are controlled and mitigated.

- We issue a semiannual analysis report with all EHSS & Process Safety (PS) observations, near misses, and incidents to identify common issues and initiate sitewide campaigns to raise awareness. In 2022, based on this analysis, Sipchem launched three main campaigns:
- “Zero Leaks” process safety campaign to encourage early risk detection and mitigation, and proactively prevent the leak of primary contaminants.

- A “Pinch Points” campaign to raise awareness about the hazards associated with pinch points and hand protection.

- A “Get Home Safe” campaign, focused on defensive driving initiatives and including mandatory training for all employees.



8. Health and Safety

As Sipchem has embarked on its digital transformation journey, several high-impact, proven technologies have been adopted to drive safety performance. This includes upgrading the information retrieval system to the 2021 version, digitalizing the safe work permit, and assessing risks.

We adhere to the following set of safety principles and beliefs, which guide our actions and decisions:

1. All injuries can be prevented.
2. Line managers are responsible for providing resources and leadership to ensure safe performance.
3. Safety, Health, and Environment (SHE) incidents must be reported and investigated, and lessons learned must be shared.
4. Working safely is a condition for continuity and promotion.
5. We promptly correct risky behaviors and unsafe conditions.
6. We communicate openly with employees and contractors about hazards in the workplace. It is an obligation to say "no" to unsafe jobs.
7. We investigate and respond to health and safety concerns of our employees and contractors.
8. We audit our safety processes and facilities and promptly address deficiencies.

One of the main values throughout our EHSS & RC journey is transparency. We clearly support cooperation across chemical plants that share the same space in an industrial park. The disclosure of audit results, learnings from incidents, and shared best practices helped reinforce knowledge exchange with other petrochemical companies regionally and globally. In 2022, Sipchem shared more than 10 lessons learned from incidents through the GPCA and CCPS platforms.



8. Health and Safety

8.1.3 Sipchem's Process Safety Approach

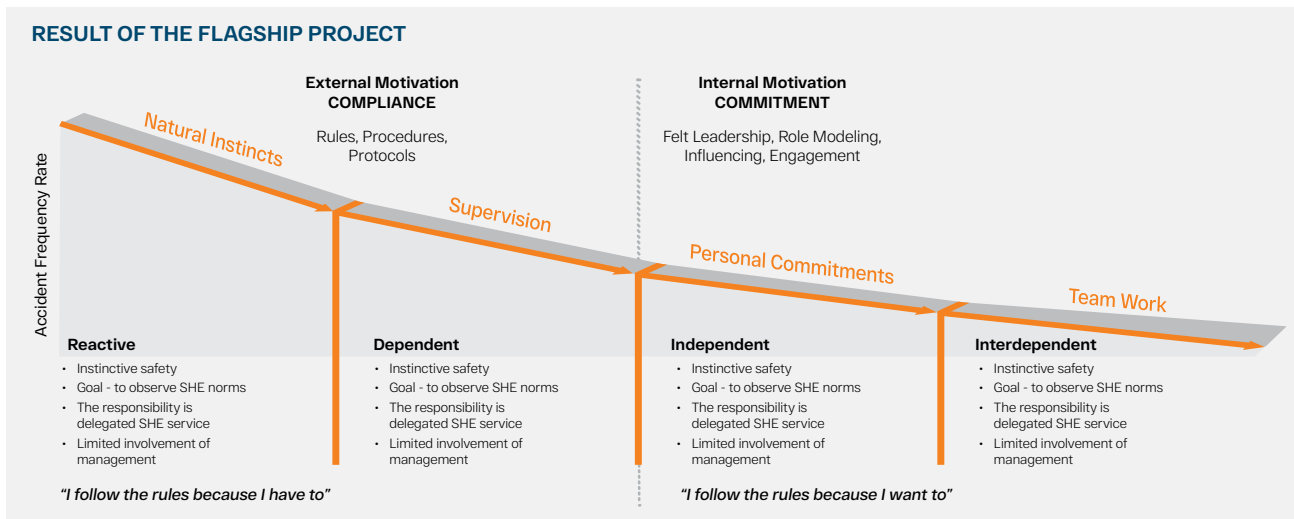
(GRI 403-1, 403-3, 403-4, 403-7)

We are committed to ensuring the highest standards of health and safety for our employees and customers. Our PSM governance model includes a set of committees that oversees our overall compliance with the PSM system. The Central Sustainability and Safety Committee, headed by the VP of Manufacturing and supported by executive management, meets monthly to review leading and lagging indicators. In addition, 11 subcommittees sponsored by executive management report to the CSSC for periodic progress and updates. These are described in the table below, along with their main functions:

Subcommittee	Main highlights
Central Sustainability Safety Committee	<ul style="list-style-type: none"> • Holds dynamic and interactive meetings where issues are discussed and high-level decisions are taken • Drives accountability at the executive level
Safe Work Practices	<ul style="list-style-type: none"> • Conducts eight SWP audits per plant monthly • Maintains 98% compliance with SWPs
Contractor Safety Management	<ul style="list-style-type: none"> • Oversees and controls the six steps of contractor safety management • Monitors contractor performance individually and shares lessons learned with other contractors
Asset Integrity & Quality Assurance	<ul style="list-style-type: none"> • Ensures asset quality and integrity through revisions and iterations with the business
Management of Change (Technical), and Pre-Startup Safety Review	<ul style="list-style-type: none"> • Maintains permanent and temporary MOCs, including validity and quality of RA as well as implementation • Carries out PSSR and MOC audits quarterly to gauge performance and unlock opportunities for improvement • Benchmarks across regional companies
Training & Development and Management of Change Personnel	<ul style="list-style-type: none"> • Validates organizational changes in all PSM-related functions through MOC-P to ensure the requirements of that position are met • Conducts MOC-P and training and development as part of the employee succession plan to ensure a pool of competent employees are ready at all times
Audit	<ul style="list-style-type: none"> • Professionally manages five-year internal audit plan • Performs all internal and external audits to ensure quality investigation and closure of all audit findings
Incident Investigation	<ul style="list-style-type: none"> • Monitors adherence to each investigation timeline • Completes semiannual audit for root cause analysis (RCA) quality, proposing required enhancements • Shares weekly report with the entire management team, reflecting the status of incident investigation as well as corrective action implementation
Process Safety Information, Process Hazard Analysis	<ul style="list-style-type: none"> • Provides 99% PSI document availability • Leads in-house Hazard and Operability Analysis (HAZOP) capabilities • Monitors the five-year plan for HAZOP revalidation
Standard Operating Procedure, Job-Cycle-Check	<ul style="list-style-type: none"> • Maintains 100% up-to-date SOPs • Improves SOP quality through human error prevention course • Includes SOP HAZOP as part of each HAZOP revalidation.
Emergency Response	<ul style="list-style-type: none"> • Ensures zero overdue preventive maintenance for all firefighting equipment • Received 100% rating in JAMAA Drill in 2022

8. Health and Safety

In partnership with DuPont Sustainable Solutions, Sipchem developed a flagship project called "S-STEP" (Sipchem Safety Transformation for Excellence Project), which has been sustained and continued since 2017. The main objective of this project was to transform the overall safety culture at Sipchem and achieve excellence in all aspects of the process safety management model. This involved moving from compliance-based approach to risk-based approach, wherein employees follow the safety rules because they want to, not because they must (in line with the Bradly curve theory).



Sipchem's process safety management governance is based on 14 elements from process safety standards that are further cascaded into 70 different procedures. These elements are based on KSA's local regulations and Recognized and Generally Accepted Good Engineering Practices (RAGAGEP) like OSHA 1910.119 and CCPS.

The foundations of Sipchem's PSM model are leadership commitment and overall process safety culture. Each PSM element is then addressed through individual management systems, procedures, KPIs, and governing subcommittees. Finally, we established certain dynamic KPIs to solidify the substantiality of our process safety management maturity level and to continue supporting our process safety improvement journey.

In doing so, Sipchem complies with the directives set by the High Commission for Industrial Security (HCIS) for process safety management to maintain process safety risks within tolerable parameters. For this purpose, we effectively apply process safety management to facility design and conduct numerous types of analysis, such as HAZID, "What If", HAZOP, LOPA, SIL, FMEA, FTA, QRA, and BRA analyses.

During normal plant operation and maintenance, we implement a five-year Process Hazard Analysis (PHA) revalidation to address ongoing risks. PHA actions are tracked through Q pulses to bring risks down, and our process safety department launches regular campaigns and raises awareness among end users to keep the momentum going. From 2019 to 2022, 958 PHA actions were raised from projects, MOCs, revalidations studies, and other risk assessments. Out of those, 593 have been completed as per target dates and 366 are in good progress. As a result of all these efforts, Sipchem achieved zero tier-1 and tier-2 process safety events in 2022.

8.1.4 Fire Prevention and Emergency Response (ER) Planning (GRI 403-2, 403-7, 403-4)

We are committed to protecting our employees, assets, and community in case of emergency through a well-structured ER management system. In collaboration with DuPont Sustainable Solutions, we developed an ER excellence roadmap to enhance and sustain our ER readiness, focusing on four main pillars: Governance, Preparedness, Equipment Management, and Training and Competency Development.

8. Health and Safety

Our efforts in ER enhancements have helped our emergency responders manage unforeseen events more effectively and with greater efficiency. Acquiring the right firefighting equipment has been key to this effort, and Sipchem is committed to strengthening the links and synergies between the ER and maintenance functions to standardize our approach, eliminate overdue work orders, and improve the overall integrity of the firefighting equipment.

Likewise, we ensure asset criticality assignment for all firefighting equipment to enable a risk-based maintenance approach, which is further enhanced by lean tracking and closure practices. This results in zero overdue preventive maintenance for all firefighting equipment, with a ratio of >95%, while compliance with corrective maintenance achieved >80%.

Sipchem believes in the importance of investing in people. That is why we have standardized a competency development framework to train more than 200 emergency responders and fire prevention employees in improving planning and readiness capabilities.

	<p>Preparedness</p>
	<p>Equipment Management</p>
	<p>Training & Competency Development</p>

8.1.5 Industrial Security at Sipchem

(GRI 403-5, 403-7, 410-1)

Sipchem is committed to protecting its employees and assets through a trained and qualified security team and a reliable security system. We strive to drive security maturity through security risk assessments at all locations and compliance with local government regulations. With this in mind, we have developed guidelines, defined and classified security incidents, and set a formula to calculate our security incident rate. We started 2022 with an objective of achieving a "≤ 0.20" security incident rate, which we accomplished through a deep commitment to the effective measures outlined below:

- We set a KPI for the availability of our security system at ≥ 98%, which is tracked in a monthly security report. We also conducted four additional internal security audits to maintain sustainability.
- We improved security performance, response agility, and readiness by conducting security drills. As a result, the observing panel has provided us with recommendations and areas for improvement.
- To expand security knowledge among our security staff, we signed a partnership agreement with Saudi Aramco's Industrial Security Operation - ISO Academy. Also, we developed an improvement career plan (ICP) based on a competency assessment, which has trained more than 100 security workers.

8.1.6 Sipchem's EHSS and RC performance

(GRI 403-7, 403-3, 403-4)

The main purpose of measuring safety performance is to monitor the ongoing status of safety practices as well as observe progress in comparison with the past. We use both leading and lagging KPIs to monitor EHSS and RC performance, continuously striving to find and fix any issue to prevent higher-class events or near misses. Direct employees as well as contractors are included in these efforts.

All observations, near misses, and incidents are reported promptly and investigated exhaustively. We monitor them closely through resolution and closure. Investigation quality is monitored as well, and repeated incidents are escalated to the top EHSS and RC authority to ensure and sustain the highest RCA quality and incident prevention.



We ensure asset criticality assignment for all firefighting equipment to enable a risk-based maintenance approach, which is further enhanced by lean tracking and closure practices.



We have standardized a competency development framework to train more than 200 emergency responders and fire prevention employees in improving planning and readiness capabilities.

8. Health and Safety

- OSHA incident performance trends:

Recordable & First Aid Cases	2019	2020	2021	2022
Fatality	0	0	0	0
Lost Time(LT)	1	1	0	0
Medical Treatment (MT)	0	1	2	2
Restricted Activity	0	0	1	1
First Aid	9	1	4	1
Total	10	3	7	4

Tier 1 and 2 process safety incidents

	2019	2020	2021	2022
Tier 1	1	0	0	0
Tier 2	4	4	4	0

Tier 1 and 2 process safety incidents

KPI for East & West Park (2019-2022)		2019	2020	2021	2022
1	Drill & Emergency response time	5.5	4.7	4.4	3.8
2	ERT Training Attendance %	94.7%	100%	97.4%	100%
3	Number of Fire Equipment's Impairments	175	90	168	170
4	Fire Water Pump Performance Test %	100%	100%	91.7%	91.7%
5	Numbers of Drill Conducted	35	48	48	48
6	JAMAA & Major Drill Conducted	2	1	2	4
7	Maintain readiness for Fire trucks %	10	3	7	4

Tier 1 and 2 process safety incidents

KPI	KPI Name	Unit	Formula	YTD Actual	YE 2023	Comments
1	Security Incident Rate	Ratio	Total (Class A & B) Security incidents *200,000/job man hours	0	Threshold> 0.2	●
2	ERT Training Attendance %	94.7%	Actual Functioning / Available	99	99	●
3	Maintain readiness for Fire trucks %	10	SEC gap analysis completion Plan	100	100	●

8. Health and Safety

Zero

Security
Incident Rate



14,720

Security Training
Man Hours



24

Security Drills
Conducted



4

Site Security System
Survey Assessments



24

Site Security
Awareness Hours



4

Security
Internal Audits



8. Health and Safety

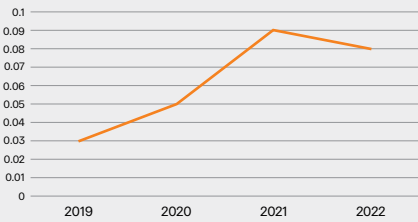
8.1.7 Performance Horizon and Sustainability

(GRI 403-8, 403-9)

To sustain our efforts, pay more attention to safety, and strive to keep our EHSS and RC events at zero incidents, we introduced a gradually reduced incident rate thresholds starting in 2022 through the year 2025. This is a challenging new milestone that will ensure the sustainability of our excellent performance and help us keep our strong focus. The new thresholds, shown in the table below, were approved by the CSSC:

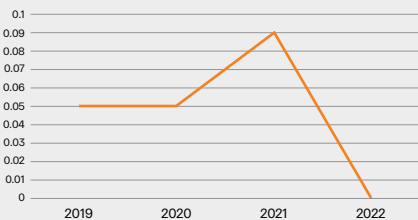
Sipchem's Incident Rate Trend and Threshold for the following years

OSHA Incident Rate



Global Benchmark 0.2 threshold

Process Safety Incident Rate



Global Benchmark 0.2 threshold

OSHA Threshold for the following years



8. Health and Safety

Petrochemical Industry's Global & Regional Commitment

- Since 2018, Sipchem has been an active member of the U.S. Center for Chemical Process Safety and has played a pivotal role in regional conferences. Sipchem sponsored the 2022 CCPS conference and won the Best Presenter award.



- Sipchem is one of the few companies selected by the HCIS to be part of the Safety and Fire Protection (SAF) and SEC security directive update.



- The company has a strong presence in GPCA's process safety network workshops, aimed at sharing knowledge and findings and learning from similar industries. Sipchem shared more than six findings from incidents in 2022.



- We were recognized by H.E Eng. Ahmed Al-Rajhi in OSH 2019 in Riyadh for our PSM excellence through effective governance.

- Sipchem was recognized by the Labor Ministry for our safety performance.

8. Health and Safety

8.2 Health at Sipchem

At Sipchem, people are our priority. We understand that a healthy workforce is critical to our success as a company, and we are committed to providing a safe and healthy work environment for all employees.

8.2.1 Occupational Health Services

Sipchem provides employees with occupational health services under the guidance of a medical doctor. All industrial parks at Sipchem have an on-site clinic to ensure prompt access to occupational health and medical services when needed.

Workplace hazards are communicated through safety data sheets that are readily available for all raw materials, products, and intermediates. Workers have access to process hazard information through our available process hazard identification system.

We provide targeted comprehensive medical monitoring services to assess the health of those employees who may have been exposed to occupational hazards. Employees also have access to medical surveillance and other occupational health services at on-site clinics at the East and West Parks.

Information on occupational health services is provided throughout the new hire onboarding process. Likewise, the company has processes in place to protect workers' privacy through health record management and confidentiality policies.

8.2.2 Health and Safety Program

Our comprehensive health and safety program covers all aspects of employee wellness, from pre-employment checkups to ongoing medical monitoring, emergency response team checkups, drug tests, and special case investigations. To ensure that all employees are fit for their positions, we conduct a thorough pre-employment medical checkup that assesses their overall health status, medical history, and physical fitness.

Once an employee joins our team, we conduct an annual medical checkup to assess their health status and identify any potential health risks. We also conduct position-tailored checkups to ensure employees are fit for their specific roles. These checkups help us identify any abnormalities early on and make appropriate interventions to maintain our employees' health and wellbeing. We aim to obtain 100% compliance and are pleased to report we had full medical checkups for all direct hires in the past year.

In addition to annual medical checkups, we conduct emergency response team checkups and drug tests. These measures ensure that our emergency response team is fit and capable of managing any emergency, and our employees are free from the influence of illegal drugs that could impair their ability to perform their job safely.

We also carry out special case investigations, including disability investigations, to understand any limitations or requirements employees may have due to a disability, then we implement appropriate support and adaptation measures. This approach ensures that all employees have equal opportunity to succeed and thrive in their roles.

For serious cases that may impact employee or business safety, we follow a special procedure, and line management deals with these cases on an individual basis. This approach ensures that the necessary support and interventions are in place to address these issues effectively. In the event of serious cases, we support employees throughout every stage of their health journey, and we have a policy in place that helps these individuals in the workplace, at home, and in every aspect of their life. We believe this type of holistic support enables our employees to manage their health issues and maintain their quality of life.

8.2.3 Health Benefits

At Sipchem, we ensure our employees' well-being both inside and outside our facilities by providing them with the best medical care available. We offer a top-quality medical insurance policy that covers not only our employees but also their spouses, children, and parents. Our annual coverage limit is SR 1million per member, ensuring our employees have access to the care they need without jeopardizing their finances. Additionally, the amount spent per employee for health coverage is SR 50,000, applicable to direct employees.

We understand that children with special needs require additional support and resources to ensure their well-being; therefore, we cover the full cost of schooling for children with special needs. For medical cases that require specialized treatment centers that are not available in the Kingdom, we pay for their treatment abroad in full. Our employees will have access to the best care available, regardless of its location..

8.2.4 Programs and Campaigns

(GRI 403-6, 413-1)

We strengthen health in our operations through various campaigns and programs that promote employee health and well-being. We have launched the following initiatives to educate, support, and empower our employees to manage their health effectively:

- **Hypertension campaign:** We recently trained 52 employees with hypertension on coping with their condition and how to measure and document their blood pressure. This initiative helped them to better understanding their condition and take steps to manage it effectively.
- **Colon cancer vigilance act:** We referred 59 employees with positive occult blood tests to undergo a colonoscopy. As a result, we discovered one early case of colon cancer that received definitive treatment. This initiative highlights the importance of early detection and timely treatment in the fight against cancer.
- **Hearing campaign:** We invited 114 employees to double-check their audiograms, leading to 14 of them receiving hearing aid devices, while the remaining are actively monitored. We recognize the importance of preserving our employees' hearing to ensure they can perform their job safely and effectively.
- **Diabetes mellitus campaign:** This initiative enrolled 254 employees, in a bid to monitor and manage cases that are not reaching their treatment targets. We made HbA1c tests available at the clinic to help our employees deal with their diabetes more effectively.
- **Seasonal flu vaccination campaign:** In 2022 we secured 500 doses of flu vaccine shots. Vaccination is available at company clinics 24/7, and we encourage our employees to get vaccinated to protect themselves and their colleagues from the flu.
- **COVID-19 support:** During the pandemic, we offered COVID-19 services to all employees 24/7. We kept track of the vaccinations record for all employees and provided certificates for visitors.

8. Health and Safety

8.2.4 Programs and Campaigns (continued)

(GRI 403-6, 413-1)

- **Family support:** Two female doctors have been added to the medical team, working at Al Mouwasat and Al Manaa hospitals, respectively, to provide support to the wives, daughters, and mothers of our employees during their treatment journey. This program has provided a case-by-case explanation, follow-up, and support to over 100 admitted female family members.
- **Breast cancer awareness campaign:** We launched this campaign in October 2022 in the Jubail and Khobar cities to raise awareness about the importance of surveillance and early detection.

To further promote workers' comprehensive well-being, we provide additional non-occupational care to address mental health and chronic disease management. Additionally, a special case assistance program that helps employees be more successful in fulfilling their responsibilities at home and at work is now up and running. It offers tools and resources on a variety of topics, including mental resilience, emotional wellness, workplace success, work-life balance, personal and family goals, and good health.

Our commitment to health and safety is a core value of the organization. We see health and safety as critical to the wellbeing of our employees and the success of our business. By prioritizing the health and safety of our workforce, we can maintain a productive and engaged workforce, while demonstrating our commitment to being a responsible corporate citizen.

8.3 Product Stewardship

Product stewardship is crucial for businesses that aim to maintain a sustainable operation. We at Sipchem understand the importance of responsible product management and the impact it has on the environment, customers, and communities. We believe that it is our responsibility to ensure that our products are manufactured, used, and disposed of in a way that minimizes their negative impact on the environment while maximizing their positive contribution to society.

Consequently, we have implemented a robust product stewardship program that focuses on reducing waste, conserving resources, and promoting circular economy. In this section, we will discuss the various aspects of our product stewardship program and the initiatives we have undertaken to achieve our sustainability goals.



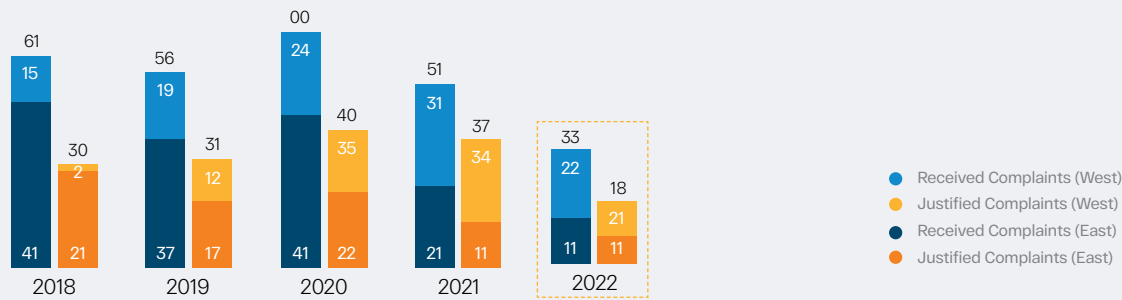
8. Health and Safety

8.3.1 Product Quality Monitoring and Improvement

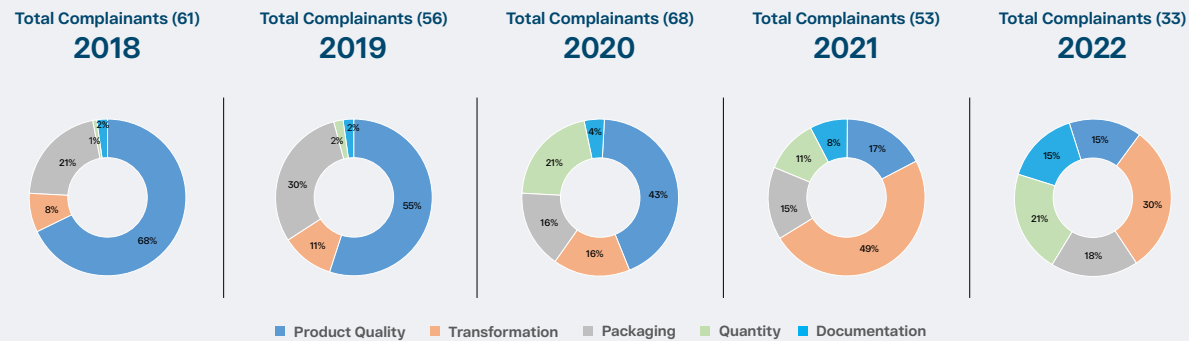
(GRI 416-1, 416-2, 417-1, 417-2, 417-3, 418-1)

The high quality of our products is not only controlled by checking final purity, but also by reducing the variation in process parameters. Product stewardship personnel are trained to apply advanced Six Sigma tools to assure the sustainability of product quality at all times. We create daily, weekly, and monthly reports, and a quality dashboard records the statistical performance of product quality on a monthly basis. In addition, dedicated improvement sessions are regularly run to meet or exceed customer expectations. As a result, from 2018 to 2022, product quality complaints have fallen by 90%.

Historical Perspective - Total Complaint Received by Year



Customer Complaint - Categories (2022 vs 2021, 2020, 2019 & 2018)



8. Health and Safety

The high quality of our products is not only controlled by checking final purity, but also by reducing the variation in process parameters.



8.3.2 Product Environment, Health, Safety, and Security

(GRI 417-1)

The journey of our products starts with safety data sheets (SDSs), which are developed per the European REACH Regulation & Global Harmonized System (GHS). These documents are periodically reviewed to ensure the accuracy of their product stewardship information. The updated SDSs can be accessed through Sipchem's website. Like an identification document, an SDS will be attached to the product to ensure proper handling in all common exposure scenarios. Furthermore, a 24/7 international emergency call center can be reached in multiple languages.

Our product journey concludes with the end customer, and it is our accountability to ensure a safe journey until products arrive in their hands. However, we take even more steps and conduct site visits to local customers to ensure all parties involved in the product supply chain are fully aware of the hazards regarding transportation, handling, and storage of Sipchem's products.

Because we are one of the manufacturers of 1,4-Butanediol (BDO) and Gamma-butyrolactone (GBL), we are part of the European Chemical Industry Council (CEFIC) network. This membership allows us to be updated on any potential changes in Europe regarding BDO & GBL hazard information. Moreover, it helps address any criminal act involving BDO and GBL, which extends to selling sensitive drug ingredients.

We are not only committed to ensuring the safe delivery of our products, but also their safe handling until disposal.

8. Health and Safety



8.3.3 Customer Feedback

(GRI 418-1)

We value customer feedback and take all complaints seriously as part of our product stewardship program. We have a policy in place to ensure that all customer feedback is recorded, analyzed, and used to improve our products and services. This approach helps us identify potential issues before they become major problems and allows us to implement solutions that benefit both our customers and the environment.

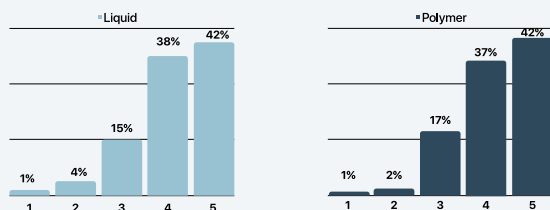
This year, we have targeted 350 customers for our surveys and received a response rate of 70%. In the survey questionnaire, we asked customers about their satisfaction with the level of communication with Sipchem, how responsive we have been to their queries, the quality of our products, and the outcome of investigations into any complaints.

We are proud to report that our customers have shown high levels of satisfaction across the board. The below graphs show the level of satisfaction of Sipchem's customers during the year 2022:

8. Health and Safety

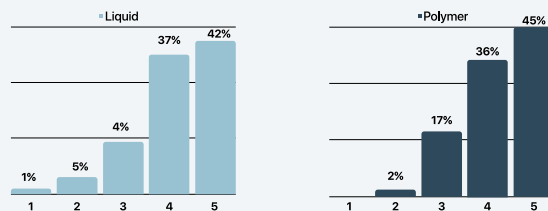
(Selection of KPIs):

1. Does the level of communication with Sipchem meets your satisfaction?



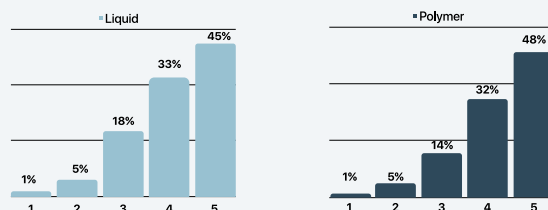
2. How responsive have we been to your queries?

1 = Unsatisfied 5 = Extremely Satisfied



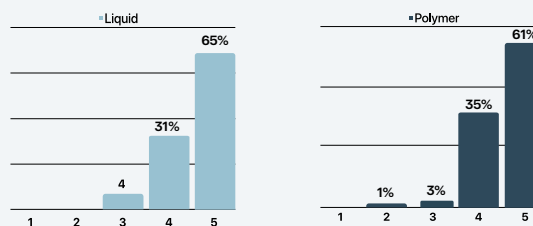
3. How did sales process meet your expectations?

1 = Unsatisfied 5 = Extremely Satisfied



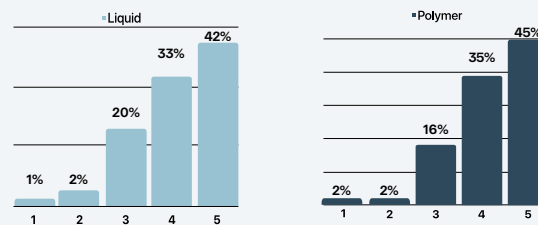
4. How would you rate the quality of our product/s?

1 = Unsatisfied 5 = Extremely Satisfied

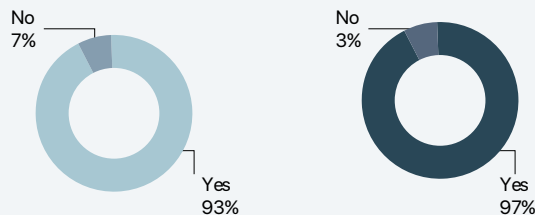


5. If you have raised a complaint, were you satisfied with the outcome of the investigation?

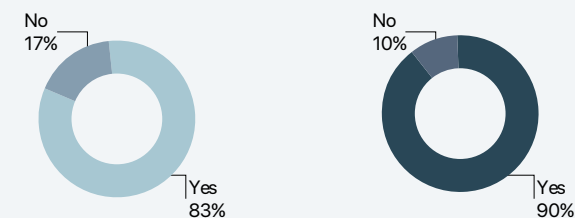
1 = Unsatisfied 5 = Extremely Satisfied



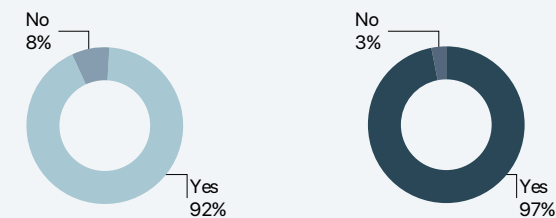
6. Would you consider SIPCHEM as preferred vendor?



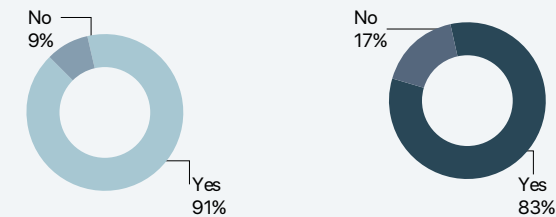
7. Have we provided shipment documents on time?



8. In terms of flexibility & support, was SIPCHEM cooperative with your additional requirements/changes?



9. Did your shipment arrive within the agreed window period?



8. Health and Safety

8.3.4 Certificates and Achievements in Product Stewardship

We are committed to ensuring that our products meet the highest standards of quality, safety, and sustainability. To this end, we have obtained a variety of certifications and complied with regulations that demonstrate our commitment to responsible product stewardship.

One of our certifications is compliance with the European Union's REACH regulations, which stands for Registration, Evaluation, Authorization, and Restriction of Chemicals. REACH is one of the most comprehensive chemical regulations in the world and aims to protect human health and the environment by ensuring the safe use of chemicals. We are proud that our vinyl acetate product complies with the requirements of EU REACH.

Recognizing the importance of sustainability ratings, Sipchem has engaged with EcoVadis, one of the world's leading sustainability rating companies with a customer base of over 75,000 companies. Sipchem's product stewardship department provided extensive input with full organizational support under the categories of Environment, Labor and Human Rights, Ethics, and Sustainable Procurement. Sipchem was honored to receive a Silver Award, placing it within the top 8% of companies evaluated by EcoVadis during 2019, 2021, and 2022.



8. Health and Safety

We also have halal and kosher certifications for several of our products. Halal certification indicates that our products meet the dietary requirements of Muslim consumers, while kosher certification indicates that our products meet the dietary requirements of Jewish consumers. We have Halal certification for our International Acetyl Company products, which include acetic acid and acetic anhydride. We also have Kosher certification for our International Acetyl Company products, International Gases Company products, International Methanol Company products, and ethyl acetate.

In addition, we have pledged to implement the Operation Clean Sweep (OCS) program to achieve zero-plastic resin loss and have obtained the OCS partner certification. The OCS program is an international initiative aimed at reducing plastic pellet loss and promoting responsible handling of plastic resin. By implementing this program, we aim to minimize the environmental impact of

our operations and promote sustainable practices throughout our supply chain. Awareness posters were distributed around Sipchem's public areas, and we visited sites and launched campaigns to focus on areas that are expected to experience accidental pellet loss. Training sessions were conducted across contributor departments emphasizing the importance of keeping our environment clean from plastic pellets and their serious impact on wildlife. In 2023, our compliance and product stewardship (C&PS) department plans to audit these areas for the implementation of OCS practices.

We take great pride in the quality and safety of our products and strive to meet a wide range of regulatory and industry standards. C&PS has a well-established program of product safety and regulatory affairs. We strive to ensure that undesirable, cancer-causing substances are not present in Sipchem's final products, manufacturing process, packaging, or transportation. C&PS is

also responsible for providing information on product hazards and risks in order to comply with the European Union's REACH regulations, Turkey's REACH-KKDIK, SVHC compliance, Bureau of Indian Standards (BIS), Korea REACH, U.S. Food and Drug Administration regulations, Nitrosamine Free, Allergen control, California Proposition 65, RoHS, TSE/BSE, CONEG (Heavy Metals), Dodd-Frank Act, Residual Solvents-International Conference on Harmonization (ICH), Pesticides Free, Cosmetic Products Compliance, VOC, PFAS, and other standards. For the past five years, no product compliance violations have been filed against Sipchem. These certifications and compliance measures demonstrate our commitment to producing high-quality, sustainable products that meet the needs of our customers while protecting the environment and promoting sustainability.



9. Social

A POSITIVE IMPACT

We believe that our success as an organization is measured not only by financial performance, but also by the impact we have on our employees, customers, suppliers, and the wider community. Therefore, we prioritize the social aspect of our company and strive to operate in a socially responsible way.

Total number of volunteering hours contributed

+1,500

Young people joining our team

36%

Increase in the total number of young people joining our team





9. Social

Our responsibility as a business extends beyond our own employees to the broader community in which we operate. Hence, we adopt fair labor practices and promote diversity and inclusion in our workforce.

We believe that our success as an organization is measured not only by financial performance, but also by the impact we have on our employees, customers, suppliers, and the wider community. Therefore, we prioritize the social aspect of our company and strive to operate in a socially responsible way.

We recognize that our employees are our most valuable asset, and investing in their development and well-being is critical to our long-term success. To help attract and retain the best talent, we offer comprehensive training and development programs, competitive wages and benefits, and a safe and supportive work environment. By prioritizing our employees' needs, we can create a more engaged, productive, and motivated workforce that can help us achieve our business goals.

Our responsibility as a business extends beyond our own employees to the broader community in which we operate. Hence, we adopt fair labor practices and promote diversity and inclusion in our workforce. By giving priority to the social aspect of our business, we create a more sustainable, ethical, and successful organization that benefits all stakeholders. To that end, our human capital department will be working on a human rights commitment policy in 2023 to monitor these targets.



9. Social

9.1 Human Capital Governance

In 2022, the Human Capital embarked on an ambitious transformation journey to redefine its operating model and align itself with the company's growth aspirations. This was only possible because of our people's engagement, skills, and capabilities.

We are also committed to aligning human capital governance with the ISO 30414:2018 Human Capital Reporting (HCR) framework. With the ISO 30414:2018 certification, the human capital function will provide greater transparency on people-related KPIs. It will also disclose human capital data to internal and external stakeholders and help develop a sustainable performance culture across Sipchem.

9.2 Our People

(GRI 2-7, 401-1)

We are committed to providing a safe and inclusive work environment that fosters personal and professional growth for all employees, including contractors.

In 2022, Sipchem had 1,418 employees, an increase from the previous year's total of 1,372. Additionally, we had 62 direct contractors collaborating with us, a decrease from 75 in 2020.

Fostering a diverse and inclusive workforce is a key part of our sustainability approach. As part of this commitment, we have been increasing the recruitment of young people, with a particular focus on those aged 30 or younger. Over the past two years, we have seen a 36% increase in the number of young people joining our team: In 2020, we had 172 employees under the age of 30, and by 2022, this number has grown to 234.

In terms of redundancies, 50 employees left the company voluntarily in 2022, a considerable improvement compared to the previous year's 167 voluntary redundancies. The main reason for this difference was that we offered those who wanted to leave after our merger a golden cheque (24 employees capitalized on this opportunity) plus end-of-service benefits and a Home Ownership Program (HOP) discount of up to 20%. While we are fully aware that there is always room for improvement, we are committed to fostering a positive and supportive workplace culture that retains top talent and boosts employee satisfaction. Therefore, our target is to reach 85% employee satisfaction in our surveys. To achieve this, we have developed a human capital excellence project that aims to make Sipchem an employer of choice in the coming years.

2022

Total number of employees

(Direct hires)

Male: 1404/Female:14

(Direct contractors)

Male: 61/Female: 1

Employee Leavers

Voluntary: **50**

Involuntary: **25**

Total management employees

Management.

Male: 18 /Female: 0

Number of employees per age

(18-30): **234**

(31-40): **849**

(41-50): **325**

(51-60): **85**

(>60): **5**

2021

(Direct hires)

Male: 1,367/Female: 5

(Direct contractors)

Male: 75/Female: 0

Employee Leavers

Voluntary: **167**

Involuntary: **93**

Management.

Male: 19 /Female: 0

Number of employees per age

(18-30): **185**

(31-40): **821**

(41-50): **339**

(51-60): **90**

(>60): **12**

2020

(Direct hires)

Male: 1,558/Female: 1

(Direct contractors)

Male: 92/Female: 0

Employee Leavers

Voluntary: **34**

Involuntary: **24**

Management.

Male: 22 /Female: 0

Number of employees per age

(18-30): **172**

(31-40): **868**

(41-50): **420**

(51-60): **164**

(>60): **27**

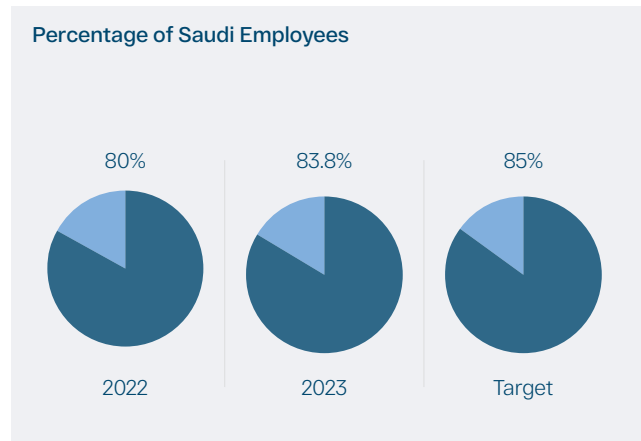


9. Social

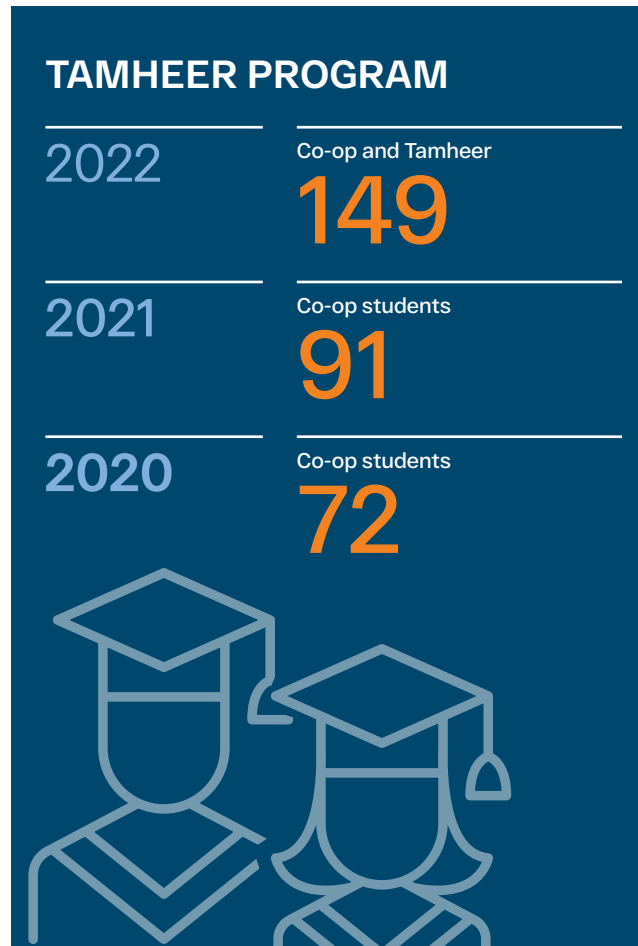
9.3 Saudization

Our commitment to Saudization is in line with the national objectives of Saudi Arabia, which aim to create more job opportunities for Saudi nationals, reduce reliance on foreign labor, and enhance the skills and capabilities of the local workforce. While we appreciate and value diversity in our workforce, supporting our national workforce would result in raising the skills and competencies of the nationals which would, in turn, raise the levels of organizational success and eliminate dependence of foreign skills, which may sometimes be scarce. By supporting these objectives, we are contributing to the long-term economic growth and stability of the country. Additionally, by investing in the development of local talent, we are supporting the goals of Vision 2030, which intends to transform Saudi Arabia into a leading global diversified economy with a thriving society that benefits the global community. We are proud to be playing our part in contributing to these national objectives and supporting the growth and prosperity of the country.

Sipchem is committed to supporting the goals of Saudization. As of 2022, we had 1,212 employees who were Saudi nationals and 286 non-Saudi employees.



To support the goals of Saudization, we have implemented several initiatives to attract, retain and develop local talent, including partnering with local universities to offer internships and job opportunities to recent graduates. The number of people attached to co-op programs and Tamheer (a program for job seekers) grew from 72 in 2020 to 149 in 2022:



9. Social



9.4 Positive Work Environment

(GRI 2-25, 2-26, 2-30)

We believe in providing a positive and supportive work environment for all our employees. We implemented a complaint redressal system in 2021 to allow employees to voice their concerns, ensuring their complaints and suggestions are heard and addressed in a timely manner.

This system allows employees to open a ticket to report concerns or issues, which is then assigned to the relevant department or individual focal point. While the necessary actions are taken to resolve the issue, the system provides regular updates to employees, that keep them informed throughout the process.

In 2022, 70 tickets were closed after their issues were resolved. We believe this system is a valuable tool in ensuring that our employees feel heard and valued, and it is our intention to continually improve and refine it. Moreover, our human capital department will be introducing the HR Business Partner role at Sipchem in 2023. We will meet with the department manager/section head to go through an agenda that can increase alignment and awareness on different policies and systems, targeting the highest management effectiveness levels.

Moreover, five cases of grievance were raised in the period of 2020 to 2022, and they were all resolved satisfactorily and closed. The procedure to submit a grievance at Sipchem is via formal communication by the employee to the appropriate stakeholders and HC team, which conducts personal interviews to resolve the issue.

We believe in creating a culture of transparency and accountability, and the complaint redressal system is just one of the ways to move forward toward this goal. We have also introduced a flexible schedule for employees to support their work-life balance. By establishing flexible work hours, employees can shift their schedule two hours daily depending on their needs, and deliver better performance as a result of satisfaction in their personal life:

Flex Schedule

Employee in general work schedule to provide perfect and safe environment increase employee's satisfaction and having balance between work & life.

Flex Work Schedule

	Flex Schedule				
Starting Time	6:30	7:00	7:30	8:00	8:30
Ending Time	15:00	15:30	16:00	16:30	17:00

Personal Time

Employees are eligible to partially to utilize personal time which is 4 hours per day and maximum of 20 hours per year.

Meal Break

Half hour period to be taken between 11:00 - 13:00

Prayer Period

Muslim employees are allowed for reasonable time to perform prayers

Ramadan Working Hours

For Muslim employees will be reduced for 6 hours, non-Muslim employees shall work their normal work schedule.

Rest Days

Friday and Saturday are the regular rest days. For shift workers, rest days will be scheduled in a manner to ensure continues operations.

9. Social

9.5 Diversity

(GRI 406-1, 411-1)

At Sipchem, we promote diversity and inclusion in our workplace. We know that a diverse, inclusive workforce not only reflect a positive culture in the communities in which we operate, it also brings a range of different perspectives and experiences that can help us innovate and grow.

We recognized the need to improve our efforts in promoting diversity; in 2020 for example, there was only one woman working in our organization. We took several steps to create a more inclusive work environment by emphasizing the importance of diversity and inclusion to all our employees.

As a result of these efforts, we are proud to say that we have seen a significant rise in the number of women in our organization. In 2022, there were 15 female workers, representing a 15 fold increase from 2020. While there is still a long way to go to improve gender diversity across all levels of our organization, we believe that this is a positive step in the right direction.

We are particularly glad to report that we have no gender pay gap at Sipchem, where all employees are paid based on their skills, experience, and job responsibilities, regardless of gender. This is essential for promoting gender equality in our workplace and we are committed to maintaining this approach. Promoting diversity and inclusion is an ongoing process, and we are determined to continue our efforts in this area. Additionally, no incidents of discrimination have been registered by our employees.

9.6 Human Rights

(GRI 2-23)

We recognize that our operations, supply chain, and relationships with stakeholders can have an impact on human rights. Therefore, we are committed to ensuring that our business activities do not violate human rights and that we respect and promote the rights of all individuals. To formalize our commitment, we are shaping a human rights policy that will guide our actions and decision-making processes. This policy will reflect our values and principles and will be aligned with internationally recognized human rights standards. By implementing a robust human rights policy, we can create a positive impact on society while enhancing our long-term sustainability and reputation. Additionally, we are following the unified Saudi Arabian Human Rights policy and labor law regulations to ensure that we meet the human rights requirements listed below:

- **Minimum Age Convention:** The minimum age of recruitment is 18 years old for men and 20 years old for women.
- **underage employment:** Sipchem has had zero records of underage employment.
- **Worst Forms of Child Labor Convention:** Sipchem is committed to hiring only adults as per the Minimum Age Convention.
- **Hours of Work Convention:** We establish a maximum of 40 working hours per week compared to labor law practices of 48 hours. Any additional working hours above this limit are justified and overtime is allocated and compensated for.
- **Protection of Wage Convention:** On a monthly basis, wage protection data for Sipchem affiliates' employees is sent to the Labor Ministry and justification (if needed) is provided as well as approval by the employee.
- **Weekly Rest:** Our human capital policies define weekly rest requirements for our employees to support work-life balance and avoid fatigue.
- **Hygiene:** We have dedicated industrial hygiene resources focused on measuring and reducing hygiene risk, in line with regulations and best practices.
- **Prevention of Major Incidents:** For details on our record, please refer to the Safety section.
- **Forced Labor and Human Trafficking:** All employees and contractors are working for Sipchem under a contract, which is now recorded in the Labor Ministry.
- **Equality in Health Care:** We spend SAR 50,000 annually on equal health coverage for all employees.
- **Equality in Pay:** There is no gender pay discrimination at Sipchem (for more details, please refer to the Gender Diversity section).
- **Equality in Education:** Training depends on meeting employee needs without discrimination (please refer to the Training section).
- **Gender Equality:** All Sipchem employees are treated equally (please refer to the Gender section).
- **Care for the Disabled System:** Our medical insurance covers treatment of disabilities and helps take preventive actions in line with our safety beliefs and principles.

9.7 Wages and Benefits

(GRI 201-3, 202-1, 401-2)

At Sipchem, we provide our employees with fair and competitive compensation based on their skills, experience, and job responsibilities. We firmly believe that pay should be based on merit, and we do not discriminate based on factors such as gender, age, or ethnicity. We are proud to report that we pay all our employees a salary above the minimum wage established in Saudi Arabia.

Even during challenging times, employee benefits remain untouched: All employees have always received annual increases, and promotions have continued. These are based on systemized performance reviews that include two cycles for employees to analyze their performance with their line managers.

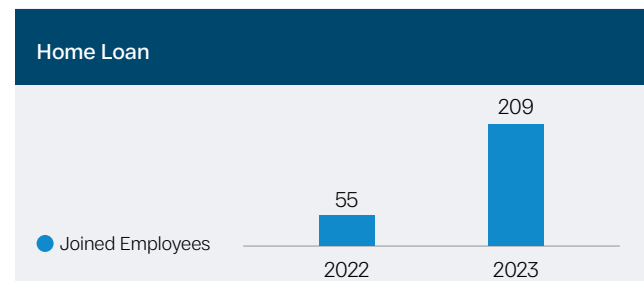
Performance Management Cycle at Sipchem



9. Social

We regularly benchmark our wages and benefits against industry standards to ensure that we remain competitive and attractive to both current and prospective employees. Our total compensation package includes a range of benefits, including health insurance, retirement plans, and paid time off. Below, we discuss key aspects of our compensation program:

- Owning a home is critical for financial stability and security. Therefore, we have implemented a home ownership/loan program as a long-term retention tool. This program provides our Saudi employees with the opportunity to own residential housing units in the city of Jubail, constructed by the company itself, or to receive a home loan for those who work for the company outside of Jubail.



- We have also established an Employee Incentive Program (SEIP) that allows our employees to purchase company shares at a generous discounted rate, which serves as a short-term retention tool and encourages employee engagement. We have two cycles for participation (May and November) and each cycle lasts three years.
- To support our employees' financial well-being, we have drawn up a thrift plan for our Saudi and Gulf Cooperation Council (GCC) workers as a long-term retention tool.
- We understand the importance of providing our employees with financial security after their retirement. Therefore, we pay end-of-service benefits (EOSB) in accordance with the provisions stated below:
 - Saudi employees receive one month's salary for each of the first five years of service and two month's salary for each year of service thereafter.
 - Non-Saudi employees receive half a month's salary for each of the first five years of service and one month's salary for each year of service thereafter.

Below are the number of employees that have adhered to each of the programs in previous years:

	2020		2021		2023
HOP	628	HOP	629	HOP	536
Home ownership Program		Home ownership Program		Home ownership Program	
SEIP	145	SEIP	46	SEIP	57
HLP	N/A	HLP	N/A	HLP	55
Home Loan Program		Home Loan Program		Home Loan Program	
Thrift	514	Thrift	787	Thrift	839

We know our employees are the foundation of our success, and we are committed to investing in their well-being and professional development. Providing a fair and competitive compensation, in with a supportive work environment, is essential to attracting and retaining top talent in our industry.

9.8 Allowances

(GRI 401-2)

 <p>Industrial security Allowance</p> <p>15% of the monthly base salary and minimum of SR 400.</p>	 <p>Transportation Allowance</p> <ul style="list-style-type: none"> 10% of the monthly base salary Minimum of SR 400 and maximum of SR 2000 per month except Managers and above. For Managers Maximum of SR 3000. 	 <p>Communication Allowance</p> <p>Sipchem shall provide a fixed monthly communication allowance of SAR 500 per month for Section head/Managers.</p>	 <p>Emergency Reponse Team (ERT) Allowance</p> <ul style="list-style-type: none"> ERT leaders will receive SR 1,000 monthly. ERT members will receive SR 500 monthly. The allowance is designated for non-fire section staff.
 <p>Vacation Allowance</p> <p>Managers will be eligible to have 35% of basic salary if applies for 10 days & more.</p>	 <p>Shift Allowance</p> <p>15% of the monthly base salary for 3 shift rotations. Or 10% for 2 shift rotations.</p>	 <p>Housing Allowance</p> <p>25% of the employee's basic monthly salary Minimum of SR 30,000 (Singles) or SR 40,000 (Married) per year.</p>	

9. Social

9.9 Training Programs

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

Our comprehensive training and development program is designed to help employees build the necessary skills and knowledge to succeed in their roles, while also providing opportunities for career advancement.

In 2022, we continued to prioritize employee training, with a total of 85.5 training hours per employee, an increase from 2021, with 80 hours per employee. Our training and development programs include both in-house training and e-learning, providing flexibility to our employees in terms of when and where they choose to learn.

We also offered personal development plans (PDPs) to 30 recent university graduates, as well as incentives and job qualification programs (JQPs) for 300 operations, maintenance, and other tech employees.

We are also building a succession and career development plan for all our management levels, with the aim of having a plan for each of our managers this year.

Through our training and development programs, we aim to support our employees at all levels in realizing their full potential, while driving business growth and success.

	2021	2022
Number of workers that participated in regular performance and career development reviews and training hours across given employee categories	1,364 (99%)	1,368 (97%) (to be increased with the trainings for new hires)
Average number of training hours per person for employees	80	85.5

9.10 Contribution to the Community

(GRI 203-1, 413-1)

We believe that it is our duty to use our resources and expertise to support initiatives that promote social and environmental sustainability seriously. Our community contribution efforts are an essential part of our sustainability strategy, and we strive to make a meaningful difference through our actions.

Throughout this section, we will highlight some of the ways we have contributed to our communities. From supporting local charities to implementing environmentally sustainable practices to our employee donation program, we are dedicated to making a positive impact. The chart below shows our dedication to CSR in numbers:

The chart below shows our dedication to CSR in numbers:



9. Social

9.10.1 Charitable, Social and Sports Programs

Ramadan Basket Campaign

In cooperation with the Saudi Food Bank (Eta'am) and Al Bir Charity Society, the Sipchem volunteer team participated in preparing 1,000 Ramadan baskets in Al- Khobar to be distributed to Al Bir beneficiaries.



1000 Ramadan Basket for **1000** Families



29 Volunteers



58 Volunteering Hours

Sipchem Ramadan Football Tournament

With the objective of enhancing internal communication and encouraging athletics, we have organized an in-house Ramadan football tournament with the participation of employees across the company.



04 Volunteers



22 Volunteering Hours

Happy Eid with Excellence

A Sipchem volunteer team participated in distributing gifts to children in Jubail Industrial City in celebration of Eid Al-Fitr.



09 Volunteers



18 Volunteering Hours

Tarmeem Restoration Initiative

Under Sipchem's initiatives to restore low-income housing, 40 houses have been restored in cooperation with Tarmeem Charity.



04 Volunteers



22 Volunteering Hours

Misbar Strategic Partner

We cooperated with the Charity Society for Orphan Care in the Eastern Region (Bena'a) to sponsor a science camp for orphans called "Misbar 5 & 6," including outstanding students in third secondary grade, to receive training on scientific and cultural tracks to build a prosperous future.



240 Students

Earth Hour

To raise awareness of the climate crisis, Sipchem employees volunteered to shut off lights and unnecessary electronic devices for one hour at night on a specific day.



08:30 - 09:30 PM

World Environment Day

We produced and posted an awareness video for World Environment Day on social media channels, under the slogan "We Only Have One Land."

"We Only Have One Land".

9. Social

9.10.1 Charitable, Social and Sports Programs (continued)

Eid Smile

In cooperation with King Fahd University Hospital in Al-Khobar (KFHU), a Sipchem volunteer team organized the Eid Smile Program to mark Eid Al-Adha, seeking to bring joy to children, adults and hospital staff.



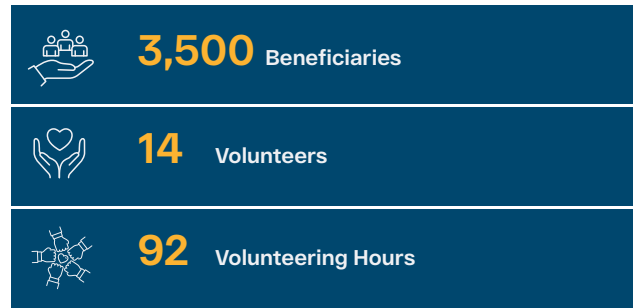
Elderly Home Visit

With the collaboration of the Social Welfare House in Dammam, a Sipchem volunteer team organized an entertainment program for social care service beneficiaries in an elderly home, fostering principles of social solidarity.



Winter Warmth Initiative

In cooperation with the Al Bir Charity Society in Hafar Al-Batin, a Sipchem volunteer team participated in Winter Clothing Initiative activities. This initiative is one of the annual projects launched in conjunction with the onset of winter, touching the lives of 3,500 family members during the year.



Sipchem Tour with Sawaeed

In conjunction with the International Day of Disabled Persons and the Sawaeed Association for Physical Disability in the Eastern Province, KSA, we sponsored the #Sawaeed_Tour initiative, which reached more than 100 beneficiaries and helped to maintain 120 wheelchairs.



Computer Refurbishment and Maintenance

In cooperation with Ertiqa, a Sipchem volunteer team helped refurbish and maintain computers, cleaning and packaging devices for distribution to charitable and educational agencies in the Kingdom.



Launching the Sipchem Volunteering Oasis

As part of Sipchem initiatives geared toward community service and sustainability, we launched the Sipchem Volunteering Oasis at the headquarters of the nonprofit Ertiqa. It aims to nurture the volunteering sector by providing sustainable, impactful volunteer opportunities that encourage young people to build skills and gain experience on how to serve the community. The workshops and dialogue sessions contribute to the Kingdom's objectives to reach 1 million volunteers in 2023.



9. Social

9.10.1 Charitable, Social and Sports Programs (continued)

National Award for Volunteer Work

Within the framework of CSR efforts to encourage the concept of volunteerism, we launched several programs to encourage Sipchem employees to participate in volunteer campaigns in various cities and regions across the Kingdom.



9.10.2 Education, Development and Cultural Programs

Social Responsibility Createathon Challenge

With the aim of creatively promoting a culture of innovation in social responsibility, we launched the "Social Responsibility Createathon" challenge in partnership with Khobar Hub (Global Shapers). The challenge ended up with three winning projects: first place in health track, second place in quality-of-life track, and third place in environment track.



Sipchem Summer Club Academy for Robotics and Artificial Intelligence

Currently in its third edition, the Sipchem Summer Club for Robotics and Artificial Intelligence Academy (Sipchem Tech) provides an integrated two-week program to stimulate a passion for AI and robotics in children aged 6 to 12.



9. Social

9.10.2 Education, Development and Cultural Programs (Continued)

Sipchem Culinary Arts Academy

In cooperation with ZADK Academy, we launched the Sipchem Summer Club for Culinary Arts for Women. It featured two training programs, running for three weeks, covering theory and practice on culinary arts and secrets. The objectives were to empower women in the labor market and develop professional cooking skills.



50 Participants

3000 Training Hours

15 Training Classes

Sipchem Football Academy

In cooperation with Sport Yard Academy, we launched the month-long Sipchem Football Academy during summer vacation in Jubail. It welcomed children aged 6 to 15 aimed at to teach them the basics and skills of football, under the supervision of qualified coaches.



50 Participants

11 Volunteers

12 Training Classes

302 Volunteering Hours

900 Training Hours

Cultural Programmers

In continuation of the community partnership with Khobar Hub (Global Shapers), Sipchem delivered several programs targeting youth and children, covering various financial awareness aspects under an initiative named "Mali". In addition, we implemented the "Majalis Al Marefa" program, which included dialogues and cultural sessions for youth. We also introduced the "Jumpstart Your Career" workshop to educate young people on how to write professional resumes and develop personal interview skills.

05 Programs

25 Volunteers

500 Beneficiaries

197 Volunteering Hours

Sipchem Scientific Excellence Award

For the fifth year in a row, we organized an award ceremony for our employees' children, in the presence of a number of executive management members. During the ceremony, we celebrated a group of academically distinguished orphans, as a way of encouraging and motivating academic excellence.

30 Sipchem employees' children honored

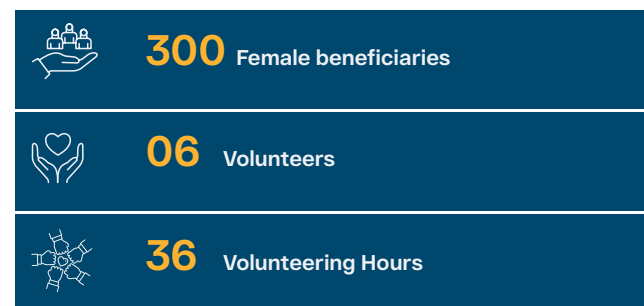
10 Outstanding orphans honored

9. Social

9.10.3 Health and environment

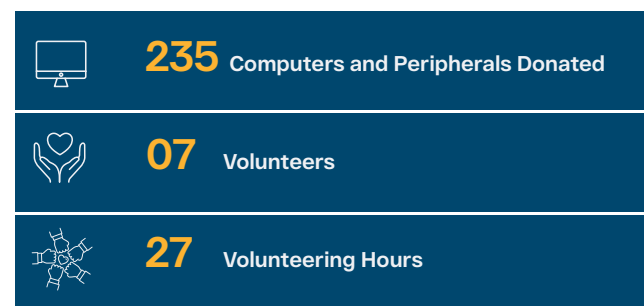
Breast Cancer Awareness Month

To raise awareness about breast cancer, we launched several campaigns targeting women in the cities of Jubail and Khobar. The campaigns featured educational lectures and workshops, along with Free consultations.



Why Keep It While Others Need It

On the occasion of Arabic Environment Day, we launched the "Why Keep it While Others Need it" campaign, in cooperation with Ertiq. The campaign urges the company's employees to donate e-devices to be refurbished and recycled to protect the environment.



Get Home Safe Campaign

As part of Sipchem's focus on employee safety, we launched a safe driving campaign under the slogan "Get Home Safe." It is one of several initiatives aimed at enhancing security and safety for all Sipchem employees, thereby, establishing a culture that promotes safe driving.



9. Social

9.10.4 Key Community Partnerships

Ehsan Platform

For the second year in a row, Sipchem participated in the National Campaign for Charitable Activities launched by the Custodian of the Two Holy Mosques through the National Platform for Charitable Work (Ehsan) during the holy month of Ramadan.

Partnering with the Misk Global Forum 2022

Based on our sustainability strategy and continuous commitment to social responsibility, Sipchem participated as a CSR partner in the sixth edition of the Misk Global Forum. The forum was held by the Mohammed bin Salman Foundation "Misk," in conjunction with its 10th anniversary, and was attended by more than 28,000 beneficiaries.

Sponsoring the GPCA Youth Forum

Sipchem participated as a main sponsor of the first GPCA Youth Forum under the theme "For The Youth. By The Youth."

The Forum aimed to promote knowledge and raise awareness about the petrochemical industry with young professionals, who could also receive career counselling.

The Forum also hosted the Sipchem CEO, Eng. Abdullah Al-Saadoon, in a dialogue entitled "When Passion Meets Purpose." This session involved discussions on various key topics, such as, inspiring and guiding youth toward success with determination and passion.

Saudi Food Bank "Eta'am"

Saudi Food Bank "Eta'am": Since its community partnership contract signed with Eta'am in 2015, Sipchem has been sponsoring the transportation and distribution sector in Eta'am branches across all major regions of the Kingdom.

Partnership Highlights

- Sponsoring Eta'am transportation and distribution work across all Eastern Province, Riyadh and Jeddah branches
- Cooperating with volunteer team in delivering Eta'am programs
- Saving and distributing over 3 million meals to beneficiaries
- Over 30,000 beneficiary families



Wahaj Society, Jubail

Since 2007, this social partnership with the Wahaj Women's Charity Society in Jubail aims to support Wahaj programs and community activities.

Partnership Highlights

- Widows & Orphans Sponsors Program
- Over 70 female beneficiaries



9. Social

Kanaf Charity Organization

Sipchem and Kanaf signed a community partnership in 2016 that gives Sipchem employees the means to provide insurance policies for orphans and widows within the Kingdom.

Partnership Highlights

- Providing 2700 insurance policies for orphans and widows

Building Productive Family Center “Jana”

Sipchem and Jana Center signed a community agreement in 2016 to create a special loan portfolio for Sipchem to finance small and micro projects for girls from low-income families.

Partnership Highlights

- Creating a loan portfolio to support women's projects
- Over 1270 beneficiary girls across the Kingdom



Saudi Cancer Foundation

Sipchem and SCF signed a 5-year strategic partnership wherein Sipchem will sponsor various SCF programs and services in care of cancer patients.

Partnership Highlights

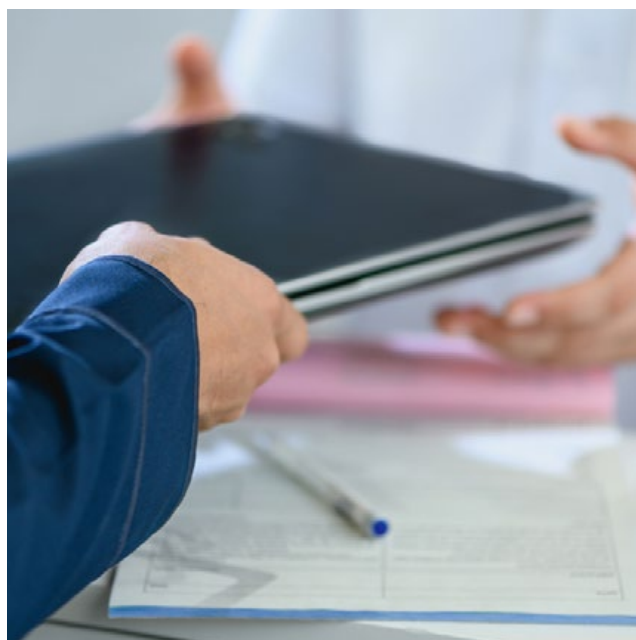
- Providing housing and transportation services for patients
- Providing medical devices and early detection services

The Computer Refurbishment Charity “Ertiqā”:

Sipchem and Ertiqā signed a 5-year strategic partnership, during which Sipchem will sponsor the entire volunteering sector at Ertiqā through the Sipchem Volunteering Oasis.

Partnership Highlights

- Sponsorship of volunteer unit
- Support Ertiqā volunteering programs
- Sipchem employees volunteering in Ertqā programs



9. Social

Muhkam Project KSA Council of NGOs

As part of its CSR endeavors, Sipchem has contributed to sponsoring the "Muhkam" Project, which aims to establish 20 governance units for 20 NGOs in the Kingdom..

Partnership Highlights

- Fostering internal control of charities
- Enabling charities to deal with potential risks
- Qualifying charities board members through best management practices



Charitable Association for People with Special Needs "Eradah"

Sipchem and Eradah Association in Jubail signed a cooperation agreement aimed at sponsoring rehabilitation and educational programs and services for people with autism spectrum disorder and Down Syndrome.

Partnership Highlights

- Support Eradah programs
- 10 buses to transport children
- +350 beneficiary children



Charity Society for Orphan Care in the Eastern Region "Benea"

This partnership with Benea is one of Sipchem key social partnerships, as it involves many programs targeting orphan and widow care, including rehabilitation, training, and securing housing for their families..

Partnership Highlights

- Providing 10 housing units for orphans
- +70 beneficiary families



9. Social

Charitable Association for Rheumatic Diseases “Rheumatism Association”

Within its CSR endeavors, Sipchem has participated in providing financial support to rheumatism patients across all KSA regions.

Partnership Highlights

- Sponsoring 30 knee joint replacement surgeries for rheumatism patients



Efaa Association for the Care of People with Disability

In cooperation with the Efaa Association in Eastern Province, Sipchem contributed to providing financial support for Efaa programs, seeking better quality of life for people with disability by empowering them in society.

Partnership Highlights

- Support Efaa programs

Al-Khayyat Charitable Center for Dialysis

In alignment with its CSR endeavors, Sipchem contributed to providing dialysis supplies and drugs to patients in Makkah.

Partnership Highlights

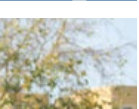
- Providing dialysis supplies and medical drugs for patients

Down Syndrome Charitable Association DSCA

In a sense of social responsibility, Sipchem contributed to providing financial support to children with Down Syndrome in Riyadh.

Partnership Highlights

- Supporting education and training of 10 students



Appendix I

Map of the GRI disclosures with Sipchem's sections

Framework Category A	Framework Category B	GRI #	Category (Theme)	Sipchem's Report
General Disclosures	Organizational details	2-1	Organization	0
General Disclosures	Entities included in the organization's sustainability reporting	2-2	Organization	0
General Disclosures	Reporting period, frequency and contact point	2-3	Organization	0
General Disclosures	Activities, value chain and other business relationships	2-6	Dignity and equality	3
General Disclosures	Employees	2-7	Dignity and equality	9.2
General Disclosures	Governance structure and composition	2-9	Quality of governing body	5.1
General Disclosures	Governance structure and composition	2-9	Quality of governing body	5.1
General Disclosures	Nomination and selection of the highest governance body	2-10	Quality of governing body	5.1
General Disclosures	Chair of the highest governance body	2-11	Quality of governing body	5.1
General Disclosures	Role of the highest governance body in overseeing the management of impacts	2-12	Risk and opportunity oversight	5.1
General Disclosures	Delegation of responsibility for managing impacts	2-13	Risk and opportunity oversight	5.1
General Disclosures	Evaluation of the performance of the highest governance body	2-18	Quality of governing body	5.1
General Disclosures	Remuneration policies	2-19	Quality of governing body	5.1
General Disclosures	Process to determine remuneration	2-20	Quality of governing body	5.1
General Disclosures	Statement on sustainable development strategy	2-22	Governing purpose	1; 2
General Disclosures	Policy commitments	2-23	Governing purpose	1; 3; 4; 9.6
General Disclosures	Embedding policy commitments	2-24	Governing purpose	1;4
General Disclosures	Approach to grievances	2-25	Ethical behavior	9.4
General Disclosures	Interaction with employees for policies	2-26	Ethical behavior	9.4
General Disclosures	Compliance with laws and regulations	2-27	Ethical behaviour	5.2.1
General Disclosures	Membership associations	2-28	Community and social vitality	3
General Disclosures	Approach to stakeholder engagement	2-29	Stakeholder engagement	3
Material topics	Process to determine material topics	3-1	Material topics	4
Material topics	List of material topics	3-2	Material topics	4
Material topics	Management of material topics	3-3	Material topics	4
Economic Performance	Direct economic value generated and distributed	201-1	Community and social vitality	5.2

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Framework Category A	Framework Category B	GRI #	Category (Theme)	Sipchem's Report
Economic Performance	Financial implications and other risks and opportunities due to climate change	201-2	Community and social vitality	6.1
Economic Performance	Defined benefit plan obligations and other retirement plans	201-3	Health and wellbeing	5.2; 9.7; 9.8
Economic performance	Financial assistance received from the government	201-4	Community and social vitality	5.2
Market Presence	Dignity and equality	202-1	Dignity and equality	9.5, 9.6
Market Presence	Proportion of senior management hired from the local community	202-2	Community and social vitality	5.1
Market Presence	Proportion of senior management hired from the local community	202-2	Community and social vitality	5.1
Indirect Economic Impacts	Infrastructure investments and services supported	203-1	Employment and wealth generation	9.10
Procurement Practices	Proportion of spending on local suppliers	204-1	Community and social vitality	5.5.3
Anti-Corruption	Operations assessed for risks related to corruption	205-1	Ethical behaviour	5.2.1
Anti-Corruption	Communication and training about anti-corruption policies and procedures	205-2	Ethical behaviour	5.2.1
Anti-Corruption	Confirmed incidents of corruption and actions taken	205-3	Ethical behaviour	5.2.1
Anti-Competitive Behavior	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-01	Ethical behaviour	5.2.1
Anti-Competitive Behavior	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	206-01	Ethical behaviour	5.2.1
Tax	Approach to tax	207-1	Community and social vitality	5.2.1
Tax	Tax governance, control and risk management	207-2	Community and social vitality	5.2.1
Tax	Stakeholder engagement and management	207-3	Community and social vitality	5.2.1
Tax	Country-by-country reporting	207-4	Community and social vitality	5.2.1
Materials	Materials used by weight or volume	301-1	Solid waste	7.2
Materials	Recycled input materials used	301-2	Solid waste	5.4; 7.2
Energy	Energy consumption within the organization	302-1	Climate change	6.2
Energy	Energy consumption within the organization	302-1	Climate change	6.2
Energy	Energy consumption outside of the organization	302-2	Climate change	6.2
Energy	Energy consumption outside of the organization	302-2	Climate change	6.2
Energy	Energy intensity	302-3	Climate change	6.2
Energy	Reduction of energy consumption	302-4	Climate change	6.2

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Framework Category A	Framework Category B	GRI #	Category (Theme)	Sipchem's Report
Water and Effluents	Interactions with water as a shared resource	303-1	Fresh water availability	7.1
Water and Effluents	Management of water discharge-related impacts	303-2	Fresh water availability	7.1
Water and Effluents	Water withdrawal	303-3	Fresh water availability	7.1
Water and Effluents	Water discharge	303-4	Fresh water availability	7.1
Water and Effluents	Water consumption	303-5	Fresh water availability	7.1
Biodiversity	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	304-1	Nature loss	7.4
Biodiversity	Significant impacts of activities, products and services on biodiversity	304-2	Nature loss	7.4
Biodiversity	Habitats protected or restored	304-3	Nature loss	7.4
Biodiversity	IUCN Red List species and national conservation list species with habitats in areas affected by operations	304-4	Nature loss	7.4
Emissions	Direct (Scope 1) GHG emissions	305-1	Climate change	6.1
Emissions	Energy indirect (Scope 2) GHG emissions	305-2	Climate change	6.1
Emissions	Other indirect (Scope 3) GHG emissions	305-3	Climate change	6.1
Emissions	GHG emissions intensity	305-4	Climate change	6.1
Emissions	Reduction of GHG emissions	305-5	Climate change	6.1; 6.2
Emissions	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	305-7	Climate change	7.3
Waste	Waste generation and significant waste-related impacts	306-1	Solid waste	7.2
Waste	Management of significant wasterelated impacts	306-2	Solid waste	7.2
Waste	Waste generated	306-3	Solid waste	7.2
Waste	Waste diverted from disposal	306-4	Solid waste	7.2
Waste	Waste directed to disposal	306-5	Solid waste	7.2
Supplier Environmental Assessment	New suppliers that were screened using environmental criteria	308-1	Risk and opportunity oversight	5.4.2
Supplier Environmental Assessment	Negative environmental impacts in the supply chain and actions taken	308-2	Risk and opportunity oversight	5.4.2

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Framework Category A	Framework Category B	GRI #	Category (Theme)	Sipchem's Report
Employment	New employee hires and employee turnover	401-1	Employment and wealth generation	9.2
Employment	Benefits provided to full-time employees that are not provided to temporary or part time employees	401-2	Health and wellbeing	9.7; 9.8
Occupational Health and Safety	Occupational health and safety management system	403-1	Health and wellbeing	8.1.1; 8.1.2; 8.1.3;
Occupational Health and Safety	Work-related ill health	403-10	Health and wellbeing	8.1.7
Occupational Health and Safety	Hazard identification, risk assessment, and incident investigation	403-2	Health and wellbeing	8.1.4
Occupational Health and Safety	Occupational health services	403-3	Health and wellbeing	8.1.1; 8.1.2; 8.1.3;
Occupational Health and Safety	Worker participation, consultation, and communication on occupational health and safety	403-4	Health and wellbeing	8.1.1; 8.1.2; 8.1.3;
Occupational Health and Safety	Worker training on occupational health and safety	403-5	Health and wellbeing	8.1.2; 8.1.3; 8.1.5;
Occupational Health and Safety	Promotion of worker health	403-6	Health and wellbeing	8.2.4
Occupational Health and Safety	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	403-7	Health and wellbeing	8.1.2; 8.1.3; 8.1.4; 8.1.5; 8.1.6
Occupational Health and Safety	Workers covered by an occupational health and safety management system	403-8	Health and wellbeing	8.1.7
Occupational Health and Safety	Work-related injuries	403-9	Health and wellbeing	8.1.7
Training and Education	Average hours of training per year per employee	404-1	Skills for the future	9.9
Training and Education	Programs for upgrading employee skills and transition assistance programs	404-2	Skills for the future	9.9
Training and Education	Percentage of employees receiving regular performance and career development reviews	404-3	Skills for the future	9.9
Non-discrimination	Incidents of discrimination and corrective actions taken	406-1	Dignity and equality	9.5
Child Labor	Operations and suppliers at significant risk for incidents of child labor	408-1	Dignity and equality	5.4.5

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Framework Category A	Framework Category B	GRI #	Category (Theme)	Sipchem's Report
Forced or Compulsory Labor	Operations and suppliers at significant risk for incidents of forced or compulsory labor	409-1	Dignity and equality	5.4.5
Rights of Indigenous People	Incidents of violations involving rights of indigenous peoples	411-1	Dignity and equality	9.5
Local Communities	Operations with local community engagement, impact assessments, and development programs	413-1	Community and social vitality	8.2.4; 9.5; 9.10
Local Communities	Operations with significant actual and potential negative impacts on local communities	413-2	Community and social vitality	7.4
Supplier Social Assessment	New suppliers that were screened using social criteria	414-1	Risk and opportunity oversight	5.4.2
Supplier Social Assessment	Negative social impacts in the supply chain and actions taken	414-2	Risk and opportunity oversight	5.4.2
Customer Health and Safet	Assessment of the health and safety impacts of product and service categories	416-1	Health and wellbeing	8.3.1;
Customer Health and Safet	Incidents of non-compliance concerning the health and safety impacts of products and services	416-2	Health and wellbeing	8.3.1;
Marketing and Labeling	Requirements for product and service information and labeling	417-1	Ethical behaviour	8.3.1; 8.3.2
Marketing and Labeling	Incidents of non-compliance concerning product and service information and labeling	417-2	Ethical behaviour	8.3.1
Marketing and Labeling	Incidents of non-compliance concerning marketing communications	417-3	Ethical behaviour	8.3.1
Customer Privacy	Substantiated complaints concerning breaches of customer privacy and losses of customer data	418-1	Ethical behaviour	5.7; 8.3.1; 8.3.3

