

Sustainability Report 2023

Embracing Vision for Sustainable Future

Sustainable Vision

360°



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 bin Abdulaziz Al Saud, 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 interest of the nation, which will result in diversification of its investments and the excellence of its products supported by the researches conducted through its scientific research center.



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



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



Table of Contents

7

Overview

- About this report
- Message from our Chairman
- Message from our CEO
- Recognitions and achievements
- Focusing on what matters

20

Sipchem at a Glance

- Board of Directors
- Value chain
- Vision, mission, and values
- Sustainability at the heart of our corporate strategy

38

ESG strategy

44

Material topics

30

Beyond compliance, towards impact: our commitment to shared sustainability goals

48

Engaging our stakeholders

54

Corporate Governance & Ethics, Compliance & Policy, Risk Management

- Our code of conduct
- Process to remediate negative impact
- Our Integrated Management System
- Responsible procurement
- Cybersecurity
- Digitalization
- Innovation and research

76

Enhancing our Environmental Performance

- Reducing emissions footprint and addressing climate change
- Our net-zero ambition
- Our decarbonization and baselining projects
- Circular economy: sustainable sales & products, inputs, and waste reduction
- Water and effluent management

106

Contributing to societal development

- Health and safety
- Compliance and product stewardship
- Client experience and satisfaction
- Recruitment, development, employee welfare
- Diversity and equality
- Local communities

140

Appendix

- Appendix A - GRI Content Index
- Appendix B - Third Party Assurance Report

About this report GRI 2-2, 2-3

We are proud to publish our 2023 sustainability report highlighting our approach in managing the significant environmental, social and economic impacts of our operations, as well as our sustainability goals and initiatives.

We value your feedback

We welcome feedback and questions about the content of this report. For any comments or suggestions, please contact our sustainability department

sustainability@sipchem.com

This annual sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards.

It reflects our sustainability achievements from 1 January 2023 to 31 December 2023 across environmental, social and governance (ESG) areas in alignment with the Sustainable Development Goals (SDGs), the United Nations Global Compact (UNGC), and the Saudi Arabia Vision 2030. The boundary of this report covers Sipchem's operations in the Kingdom of Saudi Arabia including plants, facilities, offices, headquarters (HQ), in addition to the technology and innovation center "Manar R&D", and includes the following entities, except otherwise stated.



Sipchem's operations in the Kingdom of Saudi Arabia

	 International Methanol Company	 International Diol Company	
 International Vinyl Acetate Company Ltd	 Sahara Petrochemicals Company	 Al WAHA Petrochemicals Company - AL WAHA	 International Acetyl Company Ltd.
 International Gases Company	 Sipchem Marketing Company	 International Polymers Company	 International Utilities Company (IUC)
 Sahara & Ma'aden Petrochemicals Company (SAMAPCO)	 Sipchem Chemicals Company	 Sipchem Europe	 Gulf Advanced Cable Insulation Company
	 Saudi Specialized Product Company (SSPC)	 Sipchem Asia Pte Ltd	 Saudi Advanced Technologies Company (WAHAJ)

* This report focuses on our operations in the Kingdom of Saudi Arabia. Therefore, other subsidiaries located in Netherlands, Switzerland and Singapore, which are part of Sipchem's consolidated accounting group, have been excluded from the boundary of this report. The reporting period of this report is aligned with Sipchem's financial reporting period.

GRI 2-14, 2-22

Message from our Chairman

Over the past few years, Sipchem has made tremendous strides in establishing itself as a major force in the global petrochemicals field, offering its products in over 100 countries around the world. With such a large footprint, we recognize the global impact of our operations, and it is our responsibility to ensure that this impact is positive for people and the planet. Therefore, we have embedded sustainability as one of the core pillars in our corporate strategy as we aim to “create value to our stakeholders through sustainable and responsible growth”. This growth requires a balanced integration of environmental, social, and governance matters into our operations and processes to enable us to protect our planet, contribute to societal development and achieve governance excellence.

Eng. Khalid Abdullah Al-Zamil
Chairman



Protecting Our Planet

The environment is the cornerstone of sustainability, and the foundation for a stable society and a thriving economy. Therefore, we are aligned with the Saudi Green Initiative and the KSA's net zero commitment. Accordingly, we have set an ambition target to become net zero by 2050 for scope 1 and 2 emissions and to reduce our GHG intensity by 15% by 2030 in comparison with our 2019 baseline. We plan to achieve our GHG reduction targets through a decarbonization strategy comprising energy efficiency, carbon capture, nature-based offsetting, and transition to renewable energy.

A circular economy is also a key priority for us. We are focusing on increasing our use of sustainable material, designing for usability and recyclability, and producing resource efficient and waste-free products to the extent possible. We also aim to recycle and reuse 75% of industrial wastewater by 2030, and to achieve 85% reduction in waste sent to landfill by 2035.

15%

15% reduction in GHG intensity by 2030 compared to the 2019 baseline.

Contributing to societal development

We are aligned with the Saudi Vision 2030 and its emphasis on the development of a vibrant society:

For our own workforce, we aspire to be an employer of choice in the petrochemical industry. In 2023, our workforce grew to over 1,500 people in KSA alone, at 82% Saudization ratio. Despite the challenges associated with health and safety in our sector, we are proud to report that in 2023, we have maintained “zero fatalities” status within our operations.

For our communities, we have proudly engaged in a variety of impactful initiatives. Our efforts include enhancing educational opportunities for students, investing in youth skill-building workshops, and providing sponsorship to orphaned families, among other initiatives.

For our customers around the world, we continue to invest in innovation and research to deliver high-quality products and meet the ever evolving customer' needs across the 100+ countries we supply.

82%

Saudization ratio in 2023 within the workforce.

Achieving Governance Excellence

Robust governance is essential for fostering a transparent, safe and equitable business environment that supports sustainable development. Therefore, we place considerable emphasis on business transparency, ethics & compliance and robust risk management and cybersecurity practices. We are also continuously investing in digital transformation and emerging technologies to drive innovation, improve customer experience, and enhance operational efficiencies.

This report provides further insights into our continuous progress toward sustainability and our 2023 initiatives. We are committed to carrying out our sustainability mandate with integrity, rigor and speed, and to keep bringing a meaningful impact to our planet, societies, and economies.

GRI 2-22

Message from our CEO

The past two years have stood as a crucial milestone in SIPCHEM's sustainability journey. We have concentrated our efforts on formulating a forward-looking sustainability strategy that will steer our operations into the future. This strategy encompasses pioneering initiatives that present unique challenges within our industry but offer significant potential for driving sustainable development. **Reducing GHG emissions:** To propel our decarbonization strategy towards our 2050 goal, we have identified a variety of abatement levers: enhancing energy efficiency, harnessing renewable energy and battery storage, implementing carbon capture and storage. Moving towards execution, Sipchem will delineate a comprehensive strategy for each plant, establish precise targets, plot abatement levers, and craft a plant-specific roadmap that will carry us to 2050.

Eng. Abdullah Saif Al-Saadoon
Chief Executive Officer



Implementing the circular economy

We have identified four focus areas for circular economy:

- Using raw materials that are regenerative or derived from recycled products.
- Recycling to close the loop and ensuring materials are primed for future use cycles.
- Designing products that are recyclable and reusable from the outset.
- Producing products in a way that minimizes waste and maximizes resource efficiency to the largest extent possible.

Leading the way in health and safety

Given the labor-intensive nature of our industry, maintaining a steadfast focus on health and safety is imperative. While our current standing in health and safety is exemplary, we are committed to continuous improvement. To this end, we have established an ambitious goal of achieving a Total Recordable Incident Rate of less than 0.1. We will draw upon our stringent health and safety protocols and procedures as the foundation to reach this objective.

85%

reduction in landfill waste by 2035.

Focusing on diversity and equality

In line with our nation's' goals, we place a high emphasis on Saudization and gender diversity. Our organization boasts a Saudization ratio of 82%, positioning us at the forefront of nurturing local talent. Regarding gender diversity, we have pinpointed critical areas to boost female representation in our workforce. This includes a concentrated effort on recruiting women, fostering career progression, and implementing initiatives that cultivate an inclusive environment.

Driving responsible procurement

Supply chain decarbonization is essential for meeting our environmental sustainability objectives. We will concentrate on four key areas to achieve that:

- Transparency in the supply chain, by establishing baseline scope 1 and 2 emissions for our principal suppliers and creating life cycle assessments (LCAs) for our major products.
- Reducing our carbon footprint through our circular economy strategy which includes redesigning products for enhanced sustainability and sourcing sustainable materials.
- Engaging suppliers for emissions reductions and embedding sustainability considerations in our procurement processes.
- Strengthening our industry's ecosystem by deepening our engagement with our peers, customers, as well as public and private entities to improve sustainable business practices.

I encourage you to delve more into this report to gain more insights about our sustainability journey. We remain steadfast in our dedication to sustainability and will persist in our efforts to achieve them.

GRI 2-22

At Sipchem, we remain committed to enhancing effectiveness, efficiency, reliability, and safety in our operations, which are cornerstones of our vision as a sustainable manufacturer. We are dedicated to our company's purpose and committed to creating long-term value by upholding a unified standard of excellence across all our operations.

As we aim to be a leading petrochemical company that embodies excellence, innovation, and engagement with our stakeholders, we aspire to transform today's evolving challenges into shared value opportunities.

This report offers a comprehensive view of our sustainability approach—a journey towards operational excellence designed to meet stakeholder needs and expectations.

We look forward to continued partnership with our stakeholders to address challenges effectively and embrace the opportunities that sustainability brings.

Eng. Ibrahim Abdulaziz Al-Rushoud
VP, Manufacturing & Affiliates President



Recognitions and Achievements 2023 in a snapshot

Climate and Emissions

Scope 1 & 2 Emissions
Limited Third-Party Assurance since 2019

69,000 MT
Reduced CO_{2e} from the implementation of energy efficiency initiatives

Ecological Impacts

17 MT Plastic Waste
Recycled in 2023

Pet-Waste Repurposed
Into pavers, manufactured and marketed successfully as a sustainable product

7% Reduced Water Withdrawal
Water withdrawal footprint reduced compared to 2021

0
Recorded Environmental Violations since 2019.

7%



Reduced water withdrawal

27



Varied nationalities

69k_{MT}

Reduced CO_{2e}



1.2mt

Clean energy



64k+



Total training hours

Sustainable Growth & Technology

Sipchem InnoVent
Established Sipchem InnoVent in July 2023, dedicated to investing in sustainability-focused entrepreneurial and growing companies. Invested in TreaTech “A wastewater treatment startup.” Filed two patents on “Depolymerization and Polymer compounds”.

Blue Ammonia Project
Targeting to produce 1.20 million tonnes of clean energy fuel annually.

Industry (4.0) Best-in-Class
Amongst top 10% of the companies globally in demonstrating operational excellence in the Future (4.0) Manufacturing program, based on Smart Industry Readiness Index.

Workforce Diversity and Development

82%
Saudization rate

100%
Career performance review rate

64,526
Total Training hours

Sustainable Business

Cybersecurity
Zero IT/OT incidents that may have caused disruptions in manufacturing processes and ERP transactions, data losses and reputational damages.

Zero Fatalities
Zero fatalities and zero major incidents recorded since 2019.

Sustainable Procurement
Acquired ISO 20400 guidance in 2023.

High-Quality Products
Received GMP certification for Acetic Acid, Acetic Anhydride, and Ethylene Vinyl Acetate Copolymer.

Focusing on what matters

At Sipchem, we believe that focusing on the significant matters is crucial for driving meaningful and impactful progress. In 2023, we prioritized four main initiatives across the key areas of our ESG strategy: Decarbonization, Environment and Circular Economy, Digitalization, and Research & Innovation.

01

Decarbonization

Completed a decarbonization and baselining project to establish emissions baseline and to identify decarbonization levers with the goal of achieving net-zero emissions by 2050.

Exploring the possibility of producing bio-methanol via green sources.

Planned incorporation of clean energy via power purchase agreements (PPA).

Explored Carbon Capture, Utilization and Storage (CCUS) technology to capture and store atmospheric carbon into deep geological formations.

02

Environment and Circular Economy

Achieved a 12% improvement in energy efficiency, optimizing processes across all operations.

03

Digitalization

Partnered with Udacity for enhancing capabilities of in-house digital team.

Implemented Eureka portal to capture and nurture ideas.

04

Research and Innovation

Introduced two new product grades of Ethylene Vinyl Acetate and one new grade of Polypropylene through Manar R&D to the market.

Developed solutions for reusing landfill waste.

Achieved significant cost savings through plant optimization.



GRI 2-1

Sipchem Overview in Focus

Sipchem at a Glance

Sahara International Petrochemical company (Sipchem) is a Saudi Public Joint Stock Company headquartered in Al Khobar, Kingdom of Saudi Arabia. Sipchem is listed on the Saudi Stock Exchange (TADAWUL) and is a constituent of the MSCI Emerging Markets Index.

+100 Countries

Global reach

+500

Partners

+15 Countries

Products

Sipchem is one of the largest companies in the petrochemical sector in the Kingdom of Saudi Arabia, and is distinguished by its progress and technological development with its commitment to sustainability. We strive to achieve excellence by providing sustainable and high quality petrochemical and polymer products. We are committed to implementing our activities in compliance with the highest quality standards, whether in our products, or in maintaining the integrity of the surrounding environment or the safety of our employees and communities.

Our industrial complex is located in Jubail Industrial City, in the Eastern Province of Saudi Arabia on an area of 1,766,959 square meters. For more details about our growth path, activities and subsidiaries please refer to our Annual Report.

With a global reach that spans more than 100 countries, we are recognized as one of the most ambitious petrochemical companies in the region.



GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-19, 2-20

Board of Directors

Our Board of Directors plays a vital role in guiding the strategic direction and ensuring the effective management of our organization. Comprised of a diverse and seasoned group of professionals, the Board upholds the highest standards of corporate governance, ensuring that we stay true to our vision while executing our corporate strategy with integrity and excellence.

The Board consists of 10 members, including 5 independent directors and 5 non-executive directors, and is assisted by four committees in overseeing strategic plans and operations:



To access more information about our Board of Directors and Committees, please scan the QR code to view our of Directors Annual Report.

01

The Audit Committee



This committee oversees financial reporting processes, internal control system, internal audits, and ensures Sipchem's compliance with relevant laws, regulations, rules, policies and instructions.

02

The Nomination and Remuneration Committee



Its role is to devise a transparent remuneration policy for the Board of Directors, Board Committees, and Executive Management. Our remuneration policy is structured to be performance-based, ensuring that compensation aligns with individual and company achievements.

03

The Executive Committee (ExCom)



This committee oversees Sipchem's strategic plans and annual budget process for Board's approval. The ExCom also monitors and ensures the effective implementation of Sipchem's overarching strategy to achieve set goals, and periodically reviews and updates it.

04

Governance Committee



Their primary responsibilities include the regular review and revision of Sipchem's Governance Regulations and its supplementary documents to ensure they are in line with current regulatory requirements and industry best practices. Additionally, the Governance Committee is tasked with the development and continual refinement of a Professional Code of Conduct that reflects Sipchem's core values, as well as the review and enhancement of internal policies and procedures to address our company's operational needs and embody best practices. These updates and recommendations are then presented to the Board for approval. The Governance Committee also plays a vital role in keeping the Board Members informed about the latest trends and standards in corporate governance and best practices.

05

Board Remuneration



Our Board of Directors' remuneration is detailed in our annual Board of Directors report, ensuring transparency and accountability. Furthermore, in alignment with our dedication to driving positive change and creating long-term value through ESG performance, we have linked remuneration with the achievement of Environmental, Social, and Governance (ESG) targets, and in particular with the achievement of our ambitious target to decrease our carbon footprint by 18,000 kt CO_{2e} by 2030.

06

Our organizational structure

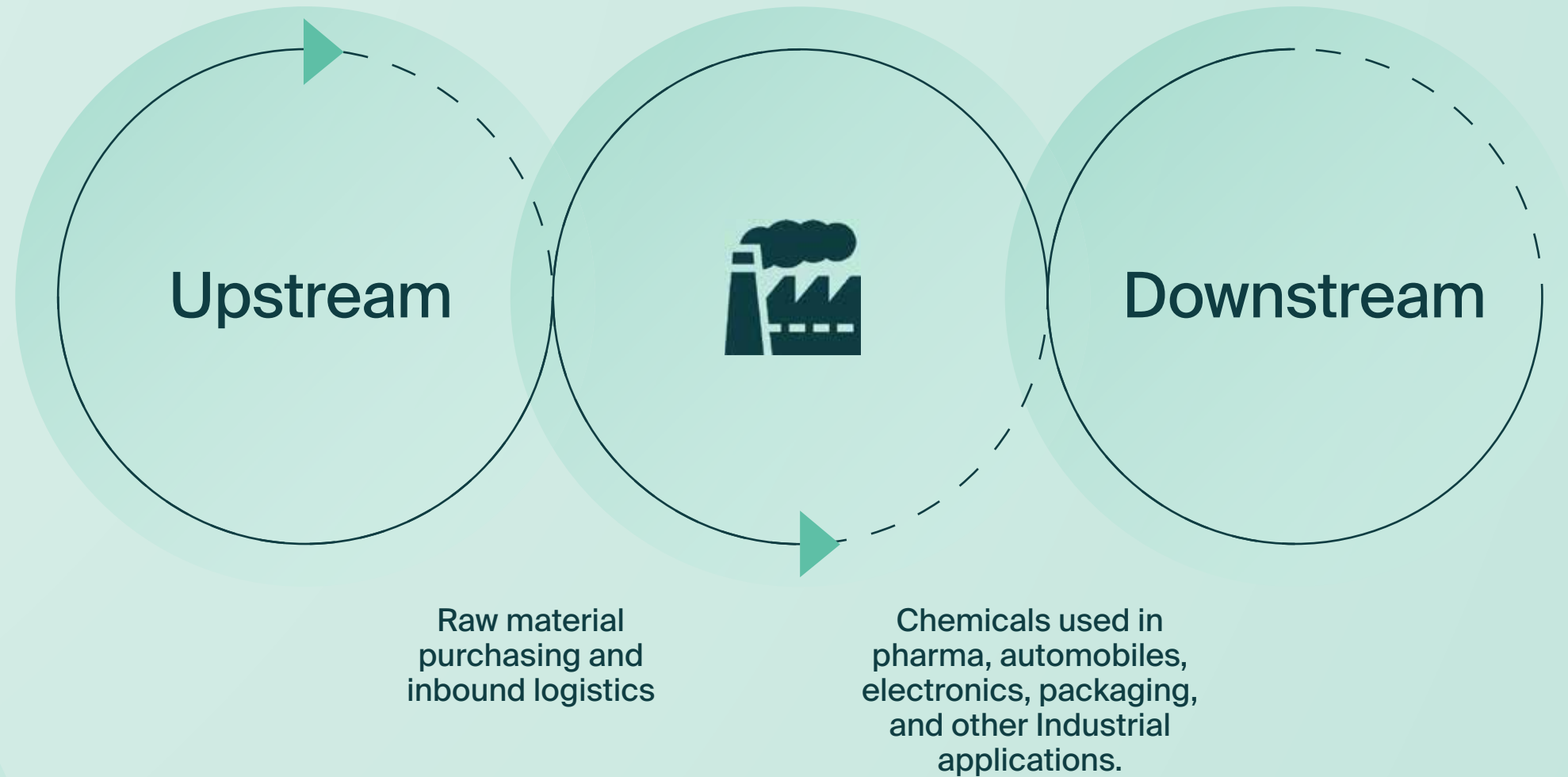


Our organizational structure underpins our operational activities and the pursuit of our strategic objectives, including those related to sustainability. Our Chief Executive Officer is tasked with executing the company's strategic vision and leading its operations' management. Each department in our organization is overseen by a senior executive who reports to the CEO. Additionally, we operate several subsidiaries, each governed by its own Board of Directors, allowing for independent management as well as effective and efficient operations.

Our value chain

GRI 2-6

Sipchem's manufacturing, distribution, research and innovation for product improvement



Our value chain

As a petrochemical manufacturer, our core operations include research, innovation, manufacturing and distribution of basic and intermediate chemicals and polymers. Our key product categories include:



Chemicals

- Acetic Anhydride (AAc)
- Acetic Acid (AA)
- Butanediol (BDO)
- Caustic Soda (NaOH)
- Ethylene Dichloride (EDC)
- Ethyl Acetate (EA)
- Gamma-Butyrolactone (GBL)
- Methanol (MeOH)
- Tetrahydrofuran (THF)
- Vinyl Acetate Monomer (VAM)

Polymers

- Ethylene-Vinyl Acetate (EVA)
- Polypropylene (PP)

Our main category of suppliers comprises raw materials and additives suppliers, technology providers, in addition to power and utilities, and health, safety and security (HSSE) service providers.

Our customers are based in over 100 countries and span across several market segments including automotive, construction, consumer goods, healthcare, and pharmaceuticals.

We collaborate with technology licensors for the development of new products' grades, such as for Polypropylene (PP) and Ethylene Vinyl Acetate (EVA). We are also part of various industry associations such as the Gulf Petrochemicals and Chemicals Association (GPCA), and the European Petrochemical Companies Association (EPCA).

Growth + Business Development

Our business development function is at the forefront of steering our growth initiatives, projects' development, and Mergers and Acquisitions (M&A) strategies that are congruent with Sipchem's corporate vision.



● Blue Ammonia Project

The Blue Ammonia Project is estimated to produce 1.2 million tons of blue ammonia annually. This project is the cornerstone of the Kingdom's vision to become the leading source of Clean Energy and aligns with our strategic goals to reduce carbon emissions by 15% until 2030 and to achieve net-zero emissions by 2050. For more information on our Blue Ammonia project, please refer to our Annual Report.



To access more information on our Blue Ammonia project, please scan the QR code to view our Annual Report.

● Sipchem InnoVent

The inception of Sipchem InnoVent marks another milestone in 2023.

1.2m
tons of blue ammonia
produced annually.

Sipchem's Philosophy: Mission, Vision, and Values

Our Mission, Vision + Core Values



Our Vision

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



Our 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.



Passion

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



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.



Collaboration

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



Our Mission

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

Sustainability at the heart of our corporate strategy

In the face of unprecedented global environmental, social, and economic challenges, we remain steadfast in our commitment to sustainability. In 2022, we developed a new corporate strategy based on five pillars:

1

Growth

Become a medium to large global petrochemical company.



3

Sustainability

Create value through continuous and responsible growth.



5

People

Be the preferred employer in the chemical and petrochemical industries.



2

Profitability

Achieve high shareholder returns through cost optimization, enhanced profit margins, and capital efficiency.



4

Digital & Innovation

Lead innovation and digital transformation in the chemical industry.

SIPCHEM 2030 AMBITION

GROWTH

PROFITABILITY

SUSTAINABILITY

DIGITAL & INNOVATION

PEOPLE



ESG strategy

In 2022, we established a new sustainability department responsible for developing our ESG and decarbonization strategies, establishing new policies and processes and initiating a new set of sustainability initiatives.

Our ESG strategy is defined by six key elements:



Beyond compliance, towards impact:
our commitment to shared sustainability goals

Aligning with the GRI 2-23 Kingdom's Vision 2030 and the UN SDGs

At Sipchem, we are committed to aligning our growth, innovation, sustainability, and people strategies with both, Saudi Arabia's Vision 2030 and the United Nations Sustainable Development Goals (UN SDGs).

Vision 2030

We actively support Saudi Arabia's transformative journey by:

- 1 Investing in technological advancements
- 2 Developing high-end human capital
- 3 Promoting economic growth
- 4 Safeguarding the environment

UN Sustainable Development Goals

Our corporate strategy and operations are designed to contribute to the UN SDGs. We recognize their interconnected nature, and are dedicated to contributing to their achievement through our business practices, ensuring sustainable development for both, people and the planet.



Aligning with UNGC

We are proud to reaffirm our commitment to the United Nations Global Compact (UNGC) and its principles in the areas of human rights, labor, environment, and anti-corruption. We recognize the critical role that businesses play in contributing to a sustainable future, and we are dedicated to integrating these principles into our core business strategy, culture and daily operations.

Labor

Our company upholds the rights of workers and ensures safe working conditions for all employees. Our unwavering focus on health and safety in the workplace exemplifies our commitment to labour rights. To this end, we have implemented rigorous health and safety management systems. We conduct regular risk assessments and provide ongoing training to our employees. Our proactive approach to health and safety has not only reduced workplace accidents, but also fostered a culture of safety awareness and empowerment among our employees.

Environment

In alignment with the UNGC principles, we have adopted a precautionary approach to environmental challenges. We have set ambitious targets to reduce our carbon footprint, minimize waste, and improve water efficiency. Moreover, we are investing in energy efficiency and continuously exploring opportunities to promote greater environmental responsibility.

Anti-Corruption

We maintain a strict anti-corruption policy and have implemented comprehensive compliance programs to prevent bribery and corruption. Our employees receive regular trainings on ethical conduct and the importance of integrity in all business dealings. Moreover, we conduct due diligence on all suppliers, partners and third parties to ensure alignment with our anti-corruption standards.

Human Rights

We are dedicated to supporting and respecting the protection of internationally proclaimed human rights. We are working towards compliance to the consolidated human rights policy of Saudi Arabia and its labor law to meet the following human rights responsibilities:

1. Age requirements

- **Minimum age convention:** All suppliers will be assessed based on the minimum recruitment age of 18 years for men and 20 years for women.
- **Combatting underage employment:** We maintain a record of zero underage employment.

2. Working conditions

- **Hours of work convention:** We set a cap of 40 working hours per week, in contrast to the 48-hour norm stipulated by labor laws. Hours worked beyond this threshold are considered overtime and are duly justified and compensated.
- **Weekly rest:** Our human resource policy stipulates mandatory weekly rest periods for our staff to promote work-life balance and prevent burnout.
- **Good hygiene:** We have allocated specialized resources for industrial hygiene who focus on assessing and mitigating hygiene-related risks, in accordance with regulatory standards and industry best practices.
- **Prevention of major incidents:** In 2023, we maintained a Process Safety Incident Rate (PSIR) rate of 0,14.

3. Employee protection

- **Combatting forced labor and human trafficking:** Every employee and contractor at Sipchem is engaged under a contractual agreement, which is currently documented with the Ministry of Labor.
- **Protection of wage convention:** Every month, we submit employee's salary protection information of Sipchem's affiliates to the Ministry of Labor. When necessary, explanations are provided along with the employee's consent.

4. Equality and inclusivity

- **Equality in healthcare:** We provide equitable healthcare insurance coverage for all employees alike.
- **Equality in pay:** Sipchem maintains equal pay across genders, with further information available in the Gender Diversity section of this report.
- **Equality in education:** Training is provided based on the requirements of employees, without any bias. For additional details, please see the Training section.
- **Gender equality:** Sipchem ensures equitable treatment for all employees. For more information, please consult the Gender Diversity section.
- **Care for the disabled:** Our health insurance provides coverage for disability treatments and supports preventative measures, aligning with our core safety values and principles.

GRI 3-1, 3-2

Material Topics

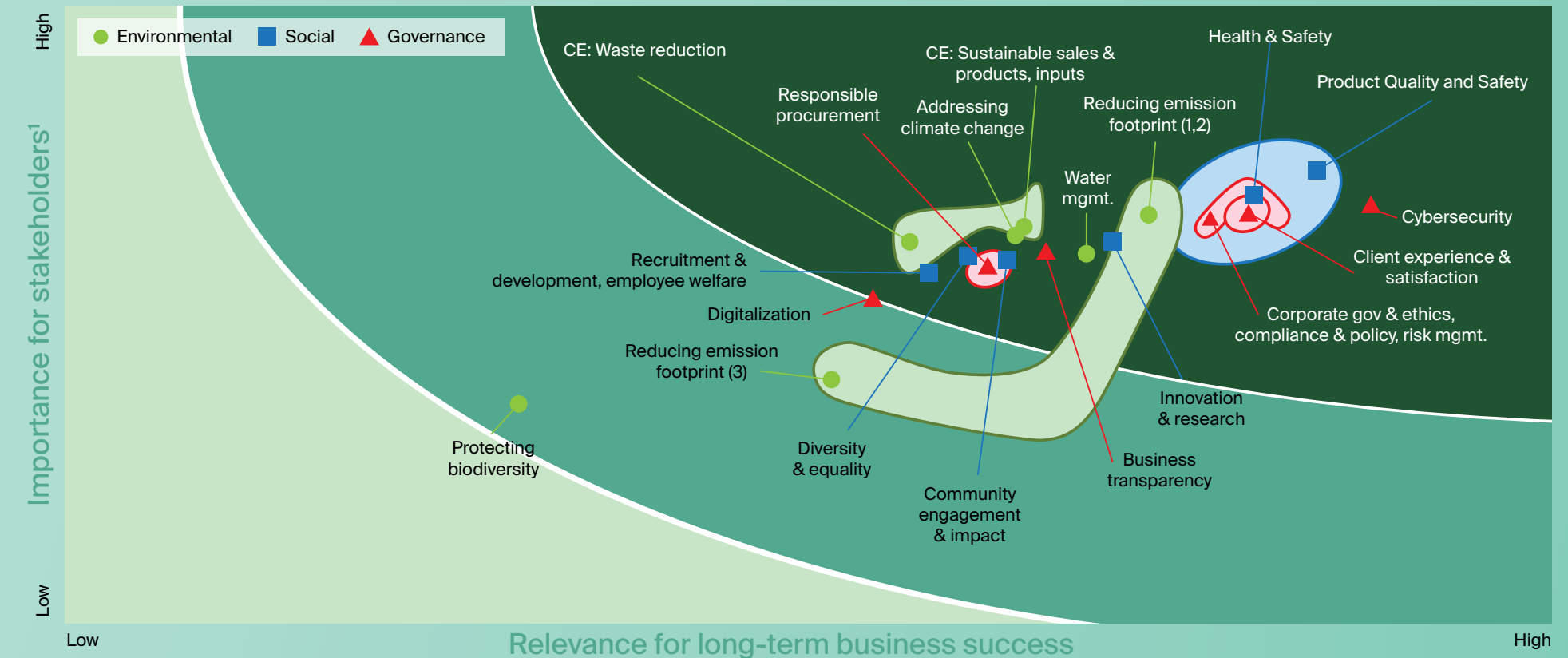
In 2022, we conducted a comprehensive materiality assessment to identify and prioritize the sustainability issues that are most significant to our business and our stakeholders. This strategic evaluation was designed in alignment with the GRI and was guided by best practices to ensure a robust and transparent process.

Through a series of stakeholder engagements, surveys, interviews, and workshops, we gathered valuable insights on our stakeholders' perspectives. We also analyzed industry trends, regulatory requirements, and our own business objectives to gain a holistic understanding of the sustainability landscape as it pertains to our operations.

The materiality assessment enabled us to identify 18 material topics where we can have the greatest impact, both in terms of business performance and societal contribution.

18 material topics

identified where Sipchem can have the greatest impact.



Aligning Sipchem's Material Topics with Global Frameworks

Corporate governance & ethics, compliance & policy, risk management	SDG 16: Peace, Justice, and Strong Institutions	UNGC Principle 10: Anti-Corruption	Vision 2030: A Thriving Economy (transparency and accountability in businesses)
Business Transparency	SDG 12: Responsible Consumption and Production SDG 16: Peace, Justice, and Strong Institutions	UNGC Principle 10: Anti-Corruption	Vision 2030: An Ambitious Nation (effective governance and transparency)
Product Quality & Safety	SDG 12: Responsible Consumption and Production	UNGC Principles 7, 8, 9: Environment	Vision 2030: A Thriving Economy (quality and responsible production)
Health and Safety	SDG 3: Good Health and Well-being SDG 8: Decent Work and Economic Growth	UNGC Principles 3, 4, 5, 6: Labor	Vision 2030: A Vibrant Society (improving workplace standards and public health)
Cybersecurity	SDG 9: Industry, Innovation, and Infrastructure SDG 16: Peace, Justice, and Strong Institutions	UNGC Principle 10: Anti-Corruption	Vision 2030: An Ambitious Nation (developing digital infrastructure)
Reducing Emission Footprint (scope 1 and 2)	SDG 13: Climate Action SDG 7: Affordable and Clean Energy	UNGC Principles 7, 8, 9: Environment	Vision 2030: A Thriving Economy (sustainable practices and energy sector diversification)
Addressing Climate Change	SDG 13: Climate Action	UNGC Principles 7, 8, 9: Environment	Vision 2030: A Thriving Economy (environmental stewardship)
Circular Economy: Sustainable Sales, Products, and Inputs	SDG 12: Responsible Consumption and Production	UNGC Principles 7, 8, 9: Environment	Vision 2030: A Thriving Economy (innovation and sustainable resource use)
Circular Economy: Waste reduction	SDG 6: Clean Water and Sanitation	UNGC Principles 7, 8, 9: Environment	Vision 2030: A Vibrant Society (environmental sustainability)

*SDG: Sustainable Development Goals

*UNGC: United Nations Global Compact

Water Management	SDG 6: Clean Water and Sanitation SDG 14: Life Below Water	UNGC Principles 7, 8, 9: Environment	Vision 2030: A Vibrant Society (resource conservation)
Responsible Procurement	SDG 12: Responsible Consumption and Production	UNGC Principles 1, 2: Human Rights UNGC Principles 3, 4, 5, 6: Labour	Vision 2030: A Thriving Economy (developing local supply chains)
Recruitment & Development, Employee welfare	SDG 8: Decent Work and Economic Growth SDG 3: Good health and wellbeing SDG 4: Quality Education SDG 5: Gender Equality SDG 10: Reduced Inequality	UNGC Principles 1, 2: Human Rights UNGC Principles 3, 4, 5, 6: Labour UNGC Principle 10: Anti-Corruption	Vision 2030: A Thriving Economy (fostering talent and skills development) Vision 2030: A Vibrant Society (job creation and education)
Digitalization	SDG 9: Industry, Innovation, and Infrastructure	UNGC Principles 7, 9: Environment UNGC Principle 10: Anti-Corruption	Vision 2030: An Ambitious Nation (embracing digital transformation)
Innovation and Research	SDG 8: Decent Work and Economic Growth SDG 4: Quality Education	UNGC Principles 3, 4, 5, 6: Labor	Vision 2030: A Thriving Economy (fostering innovation and knowledge transfer)
Diversity and Equality	SDG1: No poverty SDG 5: Gender Equality SDG 10: Reduced Inequalities	UNGC Principle 6: Elimination of Discrimination in Respect of Employment and Occupation	Vision 2030: A Vibrant Society (inclusive society and workforce)
Community Engagement and Impact	SDG 11: Sustainable Cities and Communities SDG 17: Partnerships for the Goals	UNGC Principles 1, 2: Human Rights	Vision 2030: A Vibrant Society (community development and social responsibility)

Engaging our Stakeholders

GRI 2-29

We recognize the vital importance of engaging with our stakeholders to keep them informed of our business strategy and operations. We are committed to building and maintaining open lines of communication with all our stakeholders, including our employees, business partners, customers, suppliers, investors, local communities, and government entities.



Engaging our Stakeholders

Our engagement activities are inclusive and interactive, ensuring that we capture a wide range of perspectives and insights. These activities include:

Strategic Stakeholder Engagement

Developing structured engagement strategies to facilitate communication between stakeholders and Sipchem's executive leadership, ensuring that concerns are not only heard but also addressed with decisive action at the highest levels of our organization.

Building Trust Through Collaboration

Cultivating a foundation of trust and cooperation through a variety of collaborative endeavors, including strategic alliances and memorandums of understanding.

Maintaining Transparent Communication

Scheduling consistent and frequent meetings to maintain a transparent and open dialogue, allowing us to anticipate needs, address issues proactively, and disseminate pertinent information in a timely manner.

Proactive Stakeholder Updates

Proactively informing stakeholders about new products and services and providing comprehensive insights into forthcoming developmental stages to keep them abreast of our evolving portfolio.

Strengthening Communication Channels

Establishing robust channels for communication and actively soliciting stakeholder engagement to ensure that significant concerns are promptly recognized and effectively resolved.

Memberships of Associations

We are part of the European Chemical Industry Council (CEFIC) network that includes:

GRI 2-28

Partnership with DuPont Sustainable Solutions

Partnership agreement with Saudi Aramco's Industrial Security Operation - ISO Academy

Moreover, we have established multiple partnerships with our communities, such as:

- Community partnership with Khobar Hub
- Community partnership with Eta'am
- Social partnership with the Wahaj Women's Charity Society (Jubail)
- CSR partner in the sixth edition of the Misk Global Forum
- Community partnership with Kanaf (2016)
- Community agreement with Jana Center (2016)
- 5-year strategic partnership with Saudi Cancer Foundation
- 5-year strategic partnership with Ertiq
- Sponsoring the "Muhkam" Project
- Partnership with Misbar
- Partnership with Bena
- Cooperation agreement with Eradah Association (Jubail)
- Partnership with Charitable Association for Rheumatic Diseases "Rheumatism Association"
- Partnership with Down Syndrome Charitable Association (DSCA)
- Partnership with Efaa Association for the Care of People with Disability
- Partnership with Al-Khayyat Charitable Center for Dialysis



Corporate Governance & Ethics, Compliance & Policy, Risk Management



GRI 2-15, 2-23, 2-26, 205-1, 205-3

Zero legal actions related to corruption, compliance, anti-competitive behavior, anti-trust or monopoly matters.

Integrity is our cornerstone. We are proud to report zero legal actions related to corruption, compliance, anti-competitive behavior, anti-trust, or monopoly matters in 2023.



We maintain our high standards through multiple enablers:

Our Code of Conduct

Our Code of Conduct is the bedrock of our ethical operations. It ensures that every aspect of our business is conducted with integrity, transparency, and respect. Our code of conduct is based on the following core values:



We also maintain multiple policies and programs in order to ensure compliance with legal and ethical standards, promote a safe and respectful work environment, and foster a culture of accountability and responsibility among all employees. All key policies, including the anti-fraud program, conflict of interest policy, and whistleblowing policy, are accessible in both Arabic and English on our digital platform for all direct and indirect hires.



To access more details on our governance practices and policies, please scan the QR code to view our 2023 Annual Report.

Our Conflict of Interest Policy

Our key policies, including our anti-fraud program, conflict of interest policy, and whistleblowing policy are easily accessible to all employees in both Arabic and English through our digital platforms.

Managing Conflicts of Interest

We take a proactive approach to avoiding conflicts of interest.

Our Policy:

Who it applies to:

From substantial shareholders to board members, senior executives, and their families. It even extends to those whose advice might influence company decisions.

What we require:

- Full disclosure of potential conflicts
- Regular reviews by our Audit Committee
- Compliance with all relevant laws and regulations
- Clear guidelines on gifts and confidentiality

How we enforce it:

- Potential conflicts are thoroughly investigated
- Corrective measures are taken when necessary, including reassignment of roles
- The Board of Directors maintains transparency by notifying relevant authorities about transactions with related parties

This comprehensive approach ensures that our decision-making remains untainted by personal interests, maintaining the trust of our stakeholders and the integrity of our operations.

GRI 2-16, 2-23, 2-26, 205-1, 205-2, 205-3

Our Anti-fraud Program

At Sipchem, we are committed to fostering a culture of honesty and transparency. We are actively working to prevent fraud, and to protect those who speak up:

We developed a comprehensive anti-fraud program to proactively address potential incidents of fraud and corruption. The program aims to:

-  Raise awareness about fraudulent activities
-  Empower employees to identify and prevent suspicious behavior
-  Encourage reporting of any irregularities

2023 Highlights:




- Our Chief Internal Auditor led comprehensive training sessions on anti-fraud measures and awareness
- We are developing an interactive anti-fraud awareness video which will be mandatory for all employees and will include exams at each phase to ensure knowledge retention

Communication of critical concerns: Our Whistleblowing Policy

We believe in creating an environment where everyone feels safe to voice their concerns. Our whistleblowing policy ensures:

1. A clear process for reporting critical issues
2. Escalation of concerns to the highest levels of governance
3. Protection and support for those who report misconduct

Key Features:

-  The Chief Internal Auditor oversees all whistleblowing reports
-  We have clear guidelines to protect and support whistleblowers
-  Reports are handled with the utmost confidentiality and care

GRI 2-24

Embedding Policy Commitment for Responsible Business Conduct



Our Board of Directors establishes the strategic vision of our company, which is then operationalized by our Executive Management team to ensure that policy commitments are aligned with our objectives and partnerships and implemented across the organization. Our Sustainability and Compliance department upholds ethical and regulatory standards, while middle management ensures these principles are adopted at all levels.

We embed our commitments within our organizational strategies, shaping operational policies and procedures to reflect our values and facilitate their adherence in day-to-day activities. Our management systems are designed to ensure consistent compliance, a commitment evidenced by our record of zero penalties or sanctions.

Our policies are vetted through a rigorous approval process, initiated by the Board of Directors to highlight the critical nature of these directives. Post approval, the Executive Management team and specialized committees comprising of field experts, review these policies to ensure they meet our business's evolving needs and maintain legal, compliance, and operational integrity.

Policy commitments are comprehensively applied across the organization and business relationships, including:

<h1 style="font-size: 48px; margin: 0;">01</h1> <p style="color: #00b09b; font-weight: bold; margin: 5px 0;">Internal Operations</p> <p style="font-size: 12px; margin: 0;">Guiding our daily practices and overarching strategies, fostering a culture of integrity and responsibility.</p>	<h1 style="font-size: 48px; margin: 0;">02</h1> <p style="color: #00b09b; font-weight: bold; margin: 5px 0;">Suppliers and Contractors</p> <p style="font-size: 12px; margin: 0;">Holding our suppliers to high ethical standards, promoting sustainability and fairness throughout our supply chain.</p>
<h1 style="font-size: 48px; margin: 0;">03</h1> <p style="color: #00b09b; font-weight: bold; margin: 5px 0;">Partnerships</p> <p style="font-size: 12px; margin: 0;">Establishing relationships built on trust, transparency, and shared values with other businesses, organizations, and stakeholders.</p>	<h1 style="font-size: 48px; margin: 0;">04</h1> <p style="color: #00b09b; font-weight: bold; margin: 5px 0;">Community Engagement</p> <p style="font-size: 12px; margin: 0;">Actively contributing to the societies in which we operate, guided by our commitment to responsible corporate citizenship.</p>

We prioritize clear and effective communication of our policy commitments to workers, business partners, and other relevant parties. This is achieved through:

- Employee Onboarding** We provide comprehensive trainings to new hires on our policies during onboarding.
- Internal Communications** We use various channels and involve dedicated committees to reinforce policy messages regularly.
- Training Programs** Our policy commitments are integrated into training sessions for employees.
- Contracts and Agreements** Our expectations are clearly outlined in contracts and agreements with partners.
- Regular Meetings** We hold regular meetings to discuss policies and address questions or concerns.

GRI 2-24, 2-25, 2-26, 2-29

Processes to Remediate Negative Impacts

At Sipchem, we actively encourage our team members to formally raise any concerns that they may have by reaching out to the appropriate stakeholders and our Human Capital (HC) team. In response, our HC team takes swift action by arranging interviews with the involved parties.

These interviews are conducted with the utmost professionalism and empathy, ensuring that each matter is thoroughly understood and addressed with the aim of reaching a fair and satisfactory resolution. Moreover, a grievance mechanism was introduced in 2021 and continues to be effective; it enables employees to express their issues and feedback, guaranteeing that their concerns and recommendations are acknowledged and resolved promptly.

This mechanism leverages a digitalized system that enables employees to submit a ticket detailing their concerns or problems, which is then directed to the appropriate department or person in charge. While steps are being taken to address the issues at the department level, the system keeps employees updated with regular progress reports, ensuring they are informed at every stage.

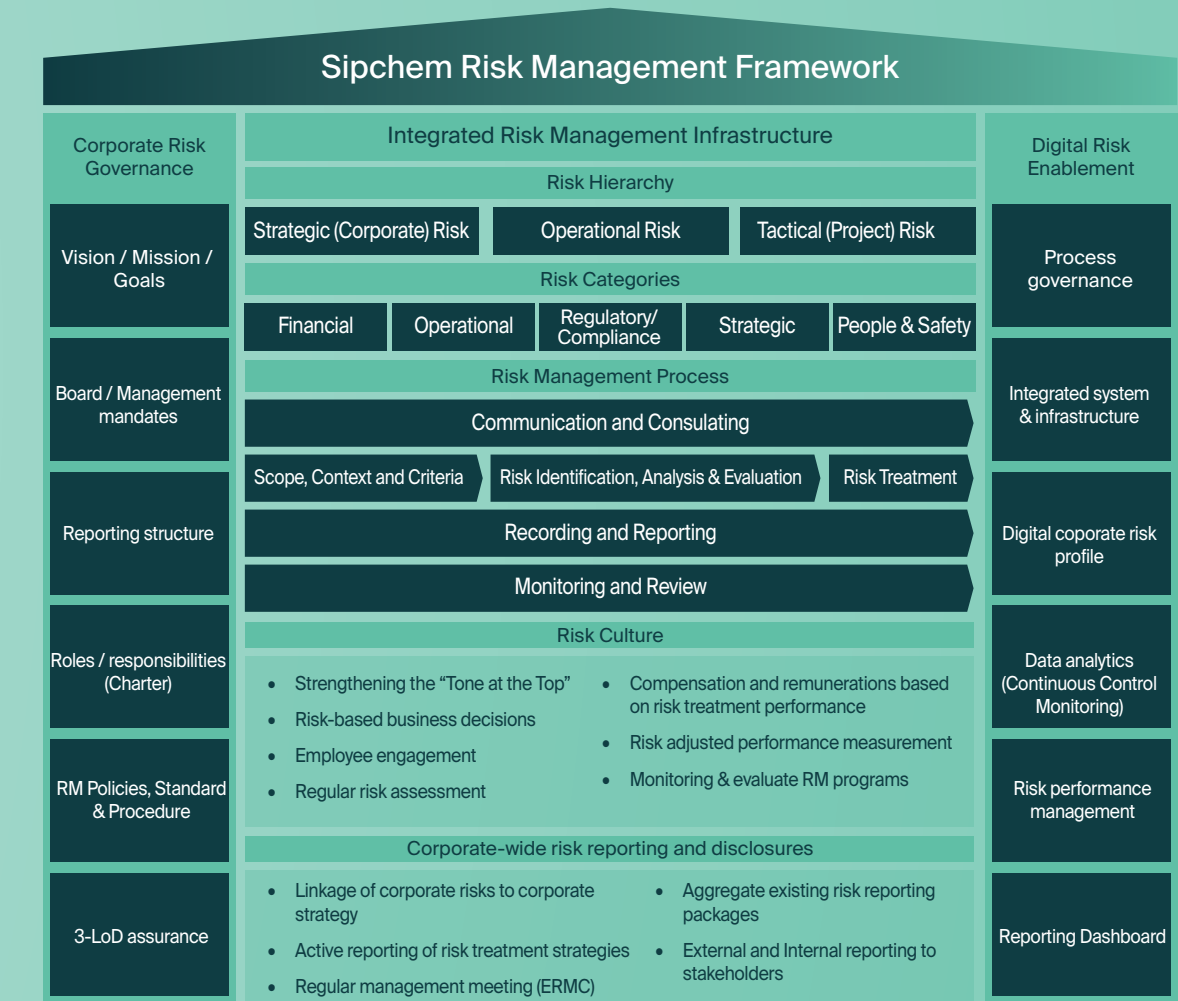
Enterprise Risk Management (ERM) framework

Risk management is a fundamental component of our strategy to achieve organizational objectives and maximize shareholder value by taking calculated risks. The integration of ERM practices throughout the organization enhances decision-making in governance, strategy, objective-setting, and daily operations.

We have established a comprehensive Enterprise Risk Management (ERM) framework, guided by our Board of Directors and the Enterprise Risk Management (ERM) Committee, aligned with the ISO 31000:2018, the Capital Markets Authority (CMA) corporate governance guidelines and other leading standards. This framework enhances our governance processes and ensures thorough risk management across our organization. Our risk management department is responsible for implementing, identifying, evaluating, and developing appropriate procedures required to manage risks in regular business activities as well as any risks that may impact organizational strategies.



To access more details about our Risk Management governance and procedures, please scan the QR code to view our 2023 Annual Report.





Responsible Procurement

We have adopted the **ISO 20400** “sustainable procurement” which provides us with guidance to consider environmental, social and economic impacts in our procurement decisions.

This aims to promote responsible consumption and production, equitable opportunity and compliance with local and international supply chain governance and human right laws.

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

Procurement practices and supplier environmental and social assessment standard

We are committed to enhancing ESG transparency within our supply chain and are developing a roadmap for sustainable procurement. This roadmap will include:



We require our suppliers to formally recognize our "supplier code of conduct" and adhere to environmental, health, and safety legislation, permits, and reporting obligations in Saudi Arabia.

Our supplier network includes over 1,500 long-standing partners. Of these:

91%

follow Sipchem's code of conduct

9%

follow their own code of conduct for environmental and social performance

Contractor Performance Evaluation Criteria

We assess our suppliers' performance through:

- Pre-assessments based on Contractor Control Standards and Contractor Performance Evaluation (CPE) criteria
- Evaluations using ISO 9001 (Quality Management) and ISO 14001 (Environmental Management) standards
- Application of the Gulf Sustainability and Quality Assessment System (GSQAS)
- Continuous assessment of vendors' Environment, Health and Safety performance using CPE scorecard criteria

Our vendors are continuously assessed for their Environment, Health and Safety performance using the CPE scorecard criteria.

CPE Scorecard Criteria		
Rating	Score	Required Action
Excellent	75 to 100	Congratulate contractor, highlight areas for improvement
Good	50 to 74	Provide feedback on areas for improvement and request improvement plan
Fair	25 to 49	Warn contractor, immediate development of tracked improvement plan based on weak score areas
Poor	0 to 24	Stop work and dismiss contractor; ensure contractor is barred from tendering for any future work



GRI 204-1

Spending on local suppliers

We are committed to supporting our local economy. This approach fosters local business growth and advances equitable opportunities in the communities where we operate

86%

of our procurement expenditure was allocated to local suppliers in 2023 (1% increase compared to 2022)

Moving forward

We have recently adopted the ISO 20400 guidance on sustainable procurement, which we will implement through company-wide policy changes to ensure clear communication with suppliers and other stakeholders.

Our implementation plan includes:

- Company-wide policy changes
- Clear communication with suppliers and stakeholders
- Promoting sustainable practices across our supply chain
- Continuously improving supplier selection criteria
- Establishing a network of responsible and sustainable suppliers

Moreover, in line with our decarbonization and circular economy strategies, we plan to:



Enter into Power Purchase Agreements (PPA) with energy providers for sustainable energy procurement



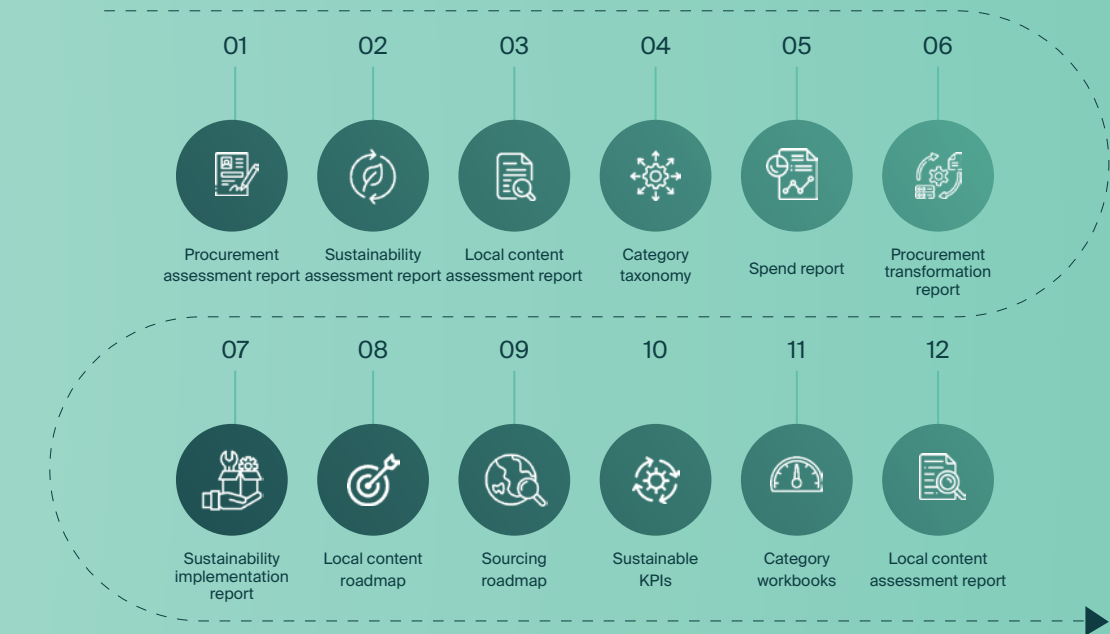
Establish agreements with suppliers for a steady supply of sustainable feedstock

These initiatives reinforce our commitment to circular economy principles and sustainable business practices.

Program IRTIQA

- We launched Program IRTIQA, a framework to refine procurement processes. This initiative includes category strategies to optimize operations. We implemented policies and procedures for category management and supplier relationships, improving efficiency and fostering strong partnerships with suppliers.
- Moreover, we have made significant progress in conducting thorough evaluations of local content at the organizational level. This evaluation process ensures that we are not only compliant with local content requirements but also actively contributing to the development of the strategic objectives of the local economy.

We have focused on streamlining our procurement organization to create a more effective, strategically aligned function that supports our business objectives and promotes sustainable growth. This restructuring aims to enhance procurement capabilities, improve supplier engagement, and drive value across the organization.



Cybersecurity



Highlights of our Cybersecurity Goals



Enhance Incident Response to Cybersecurity Threats: Develop and implement robust incident response plans to quickly and effectively address security breaches.



Implement Access Controls: Establish strong access control mechanisms to regulate who can view or use resources.



Educate and Train Employees: Conduct regular cybersecurity training and awareness programs for employees.



Monitor and Detect Threats: Continuously monitor networks and systems to detect and respond to potential threats in real-time.



Secure Endpoints: Protect endpoint devices (such as laptops, mobile devices, and IoT devices) from cyber threats.



Manage Vulnerabilities: Regularly update and patch systems to mitigate vulnerabilities and reduce the risk of exploitation.



Ensure Compliance: Adhere to relevant cybersecurity laws, regulations, and industry standards.



Protect Against Malware: Implement anti-malware solutions to detect and prevent malicious software.



Secure Cloud Environments: Ensure that cloud services and data are protected through appropriate security measures.



Conduct Risk Assessments: Perform regular risk assessments to identify and address potential security threats.



Develop a Cybersecurity Culture: Foster a culture of cybersecurity within the organization, emphasizing the importance of security practices.



Regularly Test Security: Conduct regular security assessments and penetration testing to identify and fix security weaknesses.

While technology is revolutionizing our industry and economies, it also creates a range of risks: cyber threats, supply chain vulnerabilities, domain abuse, impersonation, and risks associated with third-party services. We confront these challenges head-on with stringent measures and policies that adhere to industry best practices, ensuring a robust defense against the evolving threats of the digital age.

Cybersecurity is critical in protecting our data and securing the uninterrupted operation of our business. A cyber-attack has the potential to compromise sensitive information, tarnish a company's reputation and inflict severe financial damage.

We confront cyber challenges head-on with stringent measures and policies that adhere to industry best practices. Our approach includes:

- Deploying cutting-edge technologies for continuous vigilance
- Using intelligent scouting systems to identify threats and vulnerabilities
- Encouraging cross-departmental collaboration to increase overall awareness

Governance of Cybersecurity

We have significantly strengthened our cybersecurity team, growing from 14 employees in 2022 to 21 in 2023. This 50% increase underscores our proactive stance in mitigating cyber threats.

50%
growth in our cybersecurity team

- **The Cybersecurity Steering Committee (CSSC):** Presided over by the CEO, it guides our strategic cybersecurity efforts.
- **The Cybersecurity, Governance, Risk, and Compliance (GRC) team:** Develops and implements cybersecurity policies, evaluates risks, and ensures compliance.
- **The Cybersecurity Operations team:** Manages day-to-day cybersecurity operations and responds to threats.



Policies and Pcedures

We adhere to a robust framework of 29 policies, aligned with NCA (ECC-1: 2018) and ISO 27001-2022 standards. Our approach includes:

- 01 Cross-departmental collaboration for enhanced incident response
- 02 Regular audits to verify policy effectiveness and compliance
- 03 Continuous risk assessments to maintain operational integrity
- 04 CEO-led Enterprise Risk Management Committee (ERMC) oversight



To access more information on Cybersecurity, please scan the QR code to view our 2023 Annual Report.

Our Ambition

To become an **Innovation and Digital Transformation leader in the chemical industry, and one of the top five listed companies in KSA to create value through digital solutions.**



Monitoring Progress

We have established precise objectives and key performance indicators (KPIs) to monitor the efficacy of our implemented measures related to cybersecurity, encompassing both policies and procedures. These goals serve as a strategic guide, and our KPIs provide measurable benchmarks to gauge our advancement toward achieving them. To ensure consistent tracking, we have implemented transparent and efficient data collection systems that routinely capture information on these metrics.

Digitalization

As a reflection of our efforts towards digital enablement and significant confidence in our digital practices across the Kingdom of Saudia Arabia, we were awarded a shield of recognition by MIM (Ministry of Industry and Mineral Resources) for demonstrating operational excellence in the Future (4.0) Factories Program.

We were ranked as best-in-class, placing us among the top 10% of companies globally based on the Smart Industry Readiness Index framework assessment. This recognition highlights our dedication to digital enablement and underscores Sipchem's commitment to digitalization, fully aligned with the Kingdom's Vision 2030.

Sipchem's Digital Roadmap

Our strategic objective is centered on cultivating a dynamic and empowered workforce that is not only motivated but also equipped with the skills and tools necessary to lead the change in digital transformation within the chemical industry.

Our main value drivers for digital transformation are to:

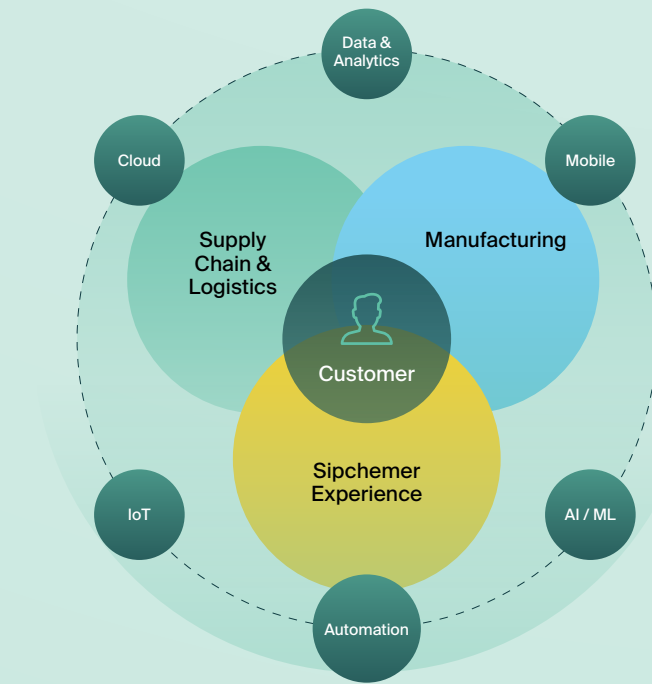
<p>Maximize Profit for Affiliates</p> <p>Ability to promptly react to market conditions to optimize shareholder returns.</p>	<p>Reduce Costs Through Operational Efficiency</p> <p>Use data and analytics as the foundation to inform decision making and optimize asset effectiveness.</p>
<p>Increase Reliability & Predictability</p> <p>Become the trusted partner of choice through reliable and safe operations.</p>	<p>Building a Sustainable Future</p> <p>Become the green partner of choice and leader in the region.</p>

“We are continuously improving our digital expertise and tools, to make the most of new opportunities and stand out in the market by using advanced technologies.”

To access details on Sipchem's digital transformation initiatives, please scan the QR code to view our 2023 Annual Report.



Four key pillars serve as enablers for our digital capabilities:



Transformation Vision
How we want a digitally transformed Sipchem to be perceived in the market to deliver on the promise of “Excellence”.

Operating Model
A methodology for how we will sustainably deliver scalable innovation.

Change Framework
Supporting employees to adopt culture of creative collaboration.

Digital Roadmap
A roadmap for enabling digital technologies.



Our first wave of technological transformation will be implemented by 2024. We have adopted several initiatives to digitalize our organizational landscape and integrate cutting-edge solutions into our core business operations. Those initiatives are characterized by several key components, each contributing to the transformation of our operations:

01

Governance

Our digital department stands at the forefront of this innovative drive. Our operating model is built upon the visionary principle of re-imagining the way we work, continuously exploring innovative approaches to our business processes, investing in the reskilling of our workforce to stay ahead of industry trends, and maintaining a commitment to program transparency.

02

Practices

We actively engage our end-users at every stage of the technology development process and place immense value on ongoing feedback, starting from identifying core areas for technology integration, employing design thinking principles, to implementing high priority ideas into our business operations.

03

Place

We have established an Innovation Factory, a creative ecosystem designed to serve our employees, stakeholders, and customers. This platform aims to foster a culture of collaborative ideas, where participants are actively encouraged to engage in brainstorming sessions and empowers them to turn their visionary ideas into tangible actions. This Innovation Factory is a symbol of our commitment to nurturing innovation, driving progress, and transforming the way we create value.

Innovation and Research



We have introduced new product grades to the market, filed a patent for proprietary process technology, developed solutions for reusing landfill waste, and achieved significant cost savings through plant optimization.

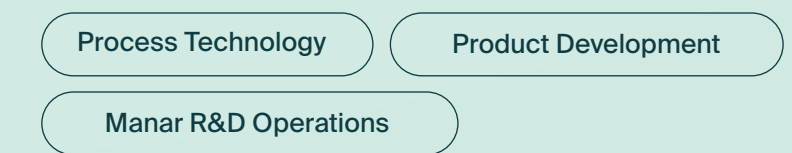
In 2016, we inaugurated the Sipchem Technology and Innovation Centre (STIC), now known as Manar R&D. This facility, with 14 laboratories, leads our R&D efforts and serves as an innovation hub for:

-  New product development
-  Piloting projects to commercialization
-  Providing technical solutions to customers
-  Supporting continuous improvement in product and process performance

Innovation: A key pillar in our corporate strategy

Innovation stands as one of the five pillars of our corporate strategy. It is integral to our business strategy, extending beyond product development to foster a culture of continuous improvement and self-renewal that reinforces our global market competitiveness.

Our innovation department is part of the commercial organization and comprises three departments that report to the Director of Innovation and Research:



Together, our departments are developing innovative process technology solutions, optimizing current assets, developing new products, providing customer technical support and leveraging analytical solutions to support research activities.



To access more information on cultural and community programs at Manar, please scan the QR code to view our 2023 Annual Report.

Spotlight on our Knowledge Sharing and Product Innovation Initiatives:

Knowledge sharing plays a vital role in driving innovation and boosting the performance of Manar R&D. We foster a culture of open innovation and collaboration through regular meetings with process engineering and operations teams and monthly product grade committees that spearhead product development efforts. In 2023, our focus on innovation led to the successful development of two new grades of **Ethylene Vinyl Acetate** and one new grade of **Polypropylene**, further enhancing our product portfolio.



Industry 4.0 and Digitalization

We are working on several projects to develop kinetic models that can predict catalyst activity and support our plant optimization to maximize productivity and reduce costs.



Innovation and intellectual property

In 2023, we placed a greater emphasis on innovation and intellectual property, filing one patent with the United States Patent and Trademark Office (USPTO) and preparing six invention disclosures. We work closely with our legal department to manage IP, including in-house, licensors, and partners.



Ventures, partnerships, and collaborations

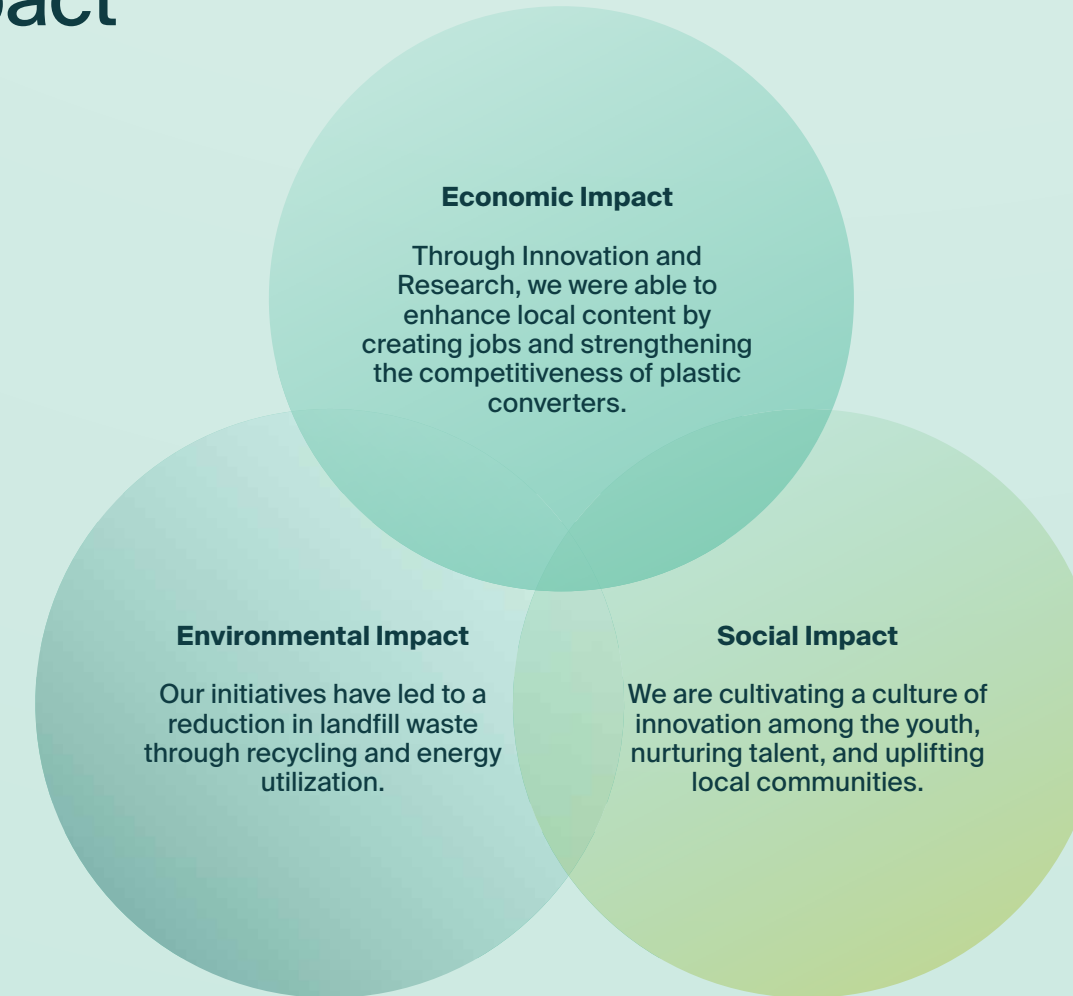
We actively collaborate with local academic institutions including King Abdullah University of Science and Technology (KAUS), King Abdulaziz City for Science and Technology (KACST) and King Fahd University of Petroleum and Minerals (KFUPM), technology licensors, joint venture partners, customers, and suppliers to leverage capabilities & expertise, and to drive innovation and development activities.



Collaborative Partnerships for Innovation

We collaborate with academic institutions, technology licensors, and raw material suppliers to enhance our capabilities and expedite the development of new products and processes.

Impact



To systematically tap into creativity in our organization, we have introduced "Eureka," a digital platform specifically designed to capture and nurture innovative ideas within our organization.


Monitoring our Progress


We monitor our progress through the following performance metrics. We have set ambitious targets for each of these metrics and are continuously striving to outperform ourselves every year:


- 01 Technical Support Effectiveness**
Monitor application development activities every year.
- 02 Innovation Effectiveness**
Enhance ability to generate new ideas and develop impactful technological solutions.
- 03 Execution Effectiveness**
Ability to plan, execute and deliver research projects in a timely manner.
- 04 Financial Impact**
Cost saving and increased profitability derived from delivering innovative solutions.
- 05 People Development**
Continuously monitor learning and development activities of our employees.

Enhancing Environmental Performance

As stakeholder awareness grows, we recognize the importance of addressing and disclosing issues such as energy and water consumption, waste management, and greenhouse gas (GHG) emissions. As a sustainability-focused company, we're committed to:

- 

Managing the consumption of natural materials and shared resources
- 

Reducing the environmental impact of our operations and supply chain
- 

Mitigating any adverse effects on the environment and society

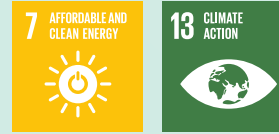
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“Since 2019, we have maintained a record of zero environmental violations, indicating our adherence to environmental standards.”

To integrate sustainability into our operations and practices, we have developed an ESG roadmap that involves the following policies and standards:



Reducing Emissions Footprint & Addressing Climate Change



Highlights of our Climate Change and Net-Zero Goals

01 We have set up an interim GHG reduction target of 15% by 2030, with 3% driven by carbon capture, utilization and storage.

02 We comply with Energy Management System - ISO 50001:2018 which enables us to improve our energy performance.

03 Our ambition is to achieve net-zero by 2050, almost 10 years ahead of Saudi Arabia's national goal.

04 Our approach is to advance energy efficiency and reduce energy consumption by bringing operational excellence and using energy-efficient technologies.

05 We encourage our employees to contribute ideas for increasing energy efficiency through our Eureka platform.



As a leading global petrochemical company, we acknowledge that our operations contribute to greenhouse gas (GHG) emissions and climate change. We recognize that these emissions occur throughout our value chain, from raw material extraction to waste disposal.

Our commitment:

We are committed to implementing sustainable practices that minimize our carbon footprint. Our approach includes:

1. Investing in innovative technologies to reduce emissions
2. Optimizing production processes for energy efficiency
3. Actively participating in industry-wide climate change initiatives

This commitment not only contributes to global environmental preservation but also ensures our business's longevity and resilience in an increasingly sustainability-focused world.

Unveiling Net-Zero Ambition

We recognize the influence of our operational activities and the entire value chain on climate change, manifested through both direct and indirect GHG emissions. In response to this, we are actively deploying a suite of measures aimed at mitigating our environmental footprint. Additionally, our energy costs, which include fuel and electricity, account for the largest portion of our GHG emissions, represent a substantial component of our operational expenses and thereby affects our financial performance. These costs are factored into our financial planning, playing a pivotal role in shaping our economic policies. The price of carbon emissions is also incorporated into our fiscal framework, exerting a direct impact on our economic choices and market competitiveness.

To tackle these environmental and corresponding financial challenges, we have established long term energy and emission policies and set targets aligned with Saudi Arabia's net zero commitment.

Furthermore, we are actively working to modernize our transportation fleet by selecting ships and road tankers, with the objective of lowering the emissions associated with the transport of our products.

15

To date, we have invested more than SAR 15.7 million in environmental projects since 2022, focusing on combating air pollution and improving energy efficiency. These projects include:

15.7m

SAR invested in environmental projects since 2022

- JAC port VCS for Aan feasibility study to assess the technical and economic implications of installing a vapor control system for the ship loading of Acrylic Acid (AA) and Acrylonitrile (AAn) as part of EPO compliance (2022)
- Deployment of fixed ambient air analyzers for the continuous monitoring of Volatile Organic Compounds (VOCs) and other malodorous substances (2022)
- Upgrade the existing IUC Boiler analyzer to the latest generation of analyzers (2023)
- Conduct a comprehensive drift loss test on the cooling towers every five years to ensure they are operating within the environmentally acceptable limits stipulated by the EPO (2023)
- Installation of an online Total Organic Carbon (TOC) analyzers for our SAMAPCO affiliate's wastewater treatment plant which allows real-time measurement of organic compounds present in effluents. This ensures that the levels of organic carbon are consistently monitored and controlled to meet the regulatory standards (2023)



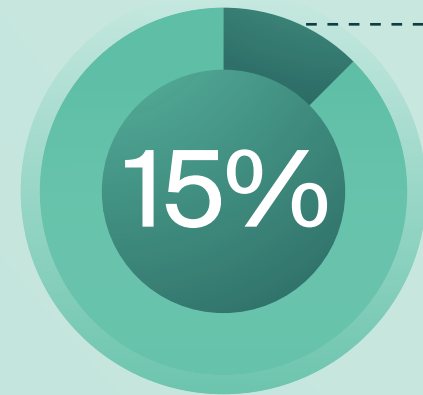
GRI 305-5

Decarbonization and Baselineing Projects

Our Commitment

We are committed to achieving a 15% reduction in our GHG emissions by 2030 and to reaching net-zero emissions by 2050. To reach these ambitious targets, we are continuously updating our decarbonization strategy by:

1. Incorporating innovative and emerging technologies
2. Collaborating with industrial and institutional experts



Reducing our GHG emissions by 15% by 2030

2022 Decarbonization Project:

In 2022, we completed a comprehensive decarbonization and baselining project that included:

- Multiple decarbonization initiatives
- Individual roadmaps for each of our assets

Our Approach Encompasses:

- Improvements in energy efficiency
- Adoption of renewable energy technologies
- Transition to low-carbon power
- Utilization of carbon capture technology
- Implementation of offsetting practices
- Exploring potential new green products

We have recently embarked onto exporting hydrogen to a neighboring plant, and in turn, we have equally compensated for this by integrating natural gas into the operation of our International Gases Company and International Utility Company boilers. Looking ahead, we are optimistic about witnessing a progressive decrease in these export levels, which can be attributed to our strategic commitment to the implementation of robust energy efficiency initiatives and the meticulous planning for the rehabilitation of our equipment.





1. Energy Efficiency

Our progress in energy efficiency is driven by our process engineering and Innovation & Research divisions. We encourage employee participation through our Eureka portal, where innovative ideas for energy efficiency are submitted. These suggestions undergo thorough evaluation by our energy management team, with input from multiple departments.

Key energy-saving initiatives include:

- Transferring low-pressure steam between Utility phases for Ethyl Acetate applications, reducing energy waste and enhancing process efficiency.
- Replacing damaged steam traps in International Polymers Company.
- CO₂ reutilization: Producing methanol by recycling CO₂ from other operations through carbon capture.
- Developing improvement plans to meet Saudi Energy Efficiency Center (SEEC) targets despite technology limitations in some affiliates.

Process Improvements:

- Implementing a hydrochloric acid stripper to reduce ethylene consumption.
- Modifying OTR suction temperature and reformer brick lining in AL-WAHA and IMC affiliates.
- Replacing aluminum fin fan blades with FRP in IDC.
- Diverting characterized wastewater for treatment instead of incineration in IDC.
- Fixing steam traps and improving boiler efficiency by reducing excess oxygen.

Our energy efficiency program aligns with Saudi Energy Efficiency Center (SEEC) targets and ISO 50001:2018 standards. Achieving SEEC certification demonstrates our commitment to energy management at affiliate and company levels. We regularly monitor energy performance indicators (EnPIs) to ensure operational efficiency. Additionally, we are exploring various initiatives, including Lean Six Sigma, to enhance production efficiency and reduce emissions.



2. Imported Electricity Decarbonization

In addition to on-site renewable energy generation, we are considering decarbonizing our electricity use through Power Purchase Agreements (PPAs) and Unbundled Renewable Energy Certificates (RECs). Power Purchase Agreements would enable us to purchase electricity from renewable sources at a fixed price over a long-term contract period. This step will ensure a stable renewable energy supply to the facility at a competitive cost.



3. Lower-Carbon Power Projects

We acknowledge the vital need to diversify our energy mix and incorporate renewable energy technologies to our energy portfolio in order to meet our energy needs and ensure the sustainability of our business operations. To ensure we are on track towards achieving our decarbonization goals, we are continuously implementing low carbon energy solutions such as the installation of solar panels on the roofs of our administrative buildings so they can completely operate on renewable energy while prioritizing power purchase agreements.

We also seek to reduce our reliance on fossil fuels and by that reduce our carbon footprint by exploring several options of waste-to-energy conversion, operating our boilers on low carbon hydrogen and electrification of some of our assets.



4. Carbon Capture, Utilization and Storage (CCUS)

At Sipchem, we have been exploring the possibility of utilizing Carbon Capture, Utilization and Storage (CCUS) technology which would allow us to store atmospheric carbon into deep geological formations. We are also aware of the importance of having the right infrastructure in place to achieve the full potential of this technology, therefore we strive to develop a robust and efficient system to integrate carbon capture into our affiliates' operations.



5. Carbon Offsetting

As part of our commitment to full decarbonization, we are exploring carbon offset initiatives, which include global investments in renewable energy projects and reforestation efforts. These projects will help us offset our carbon emissions and support in the global effort to combat climate change.

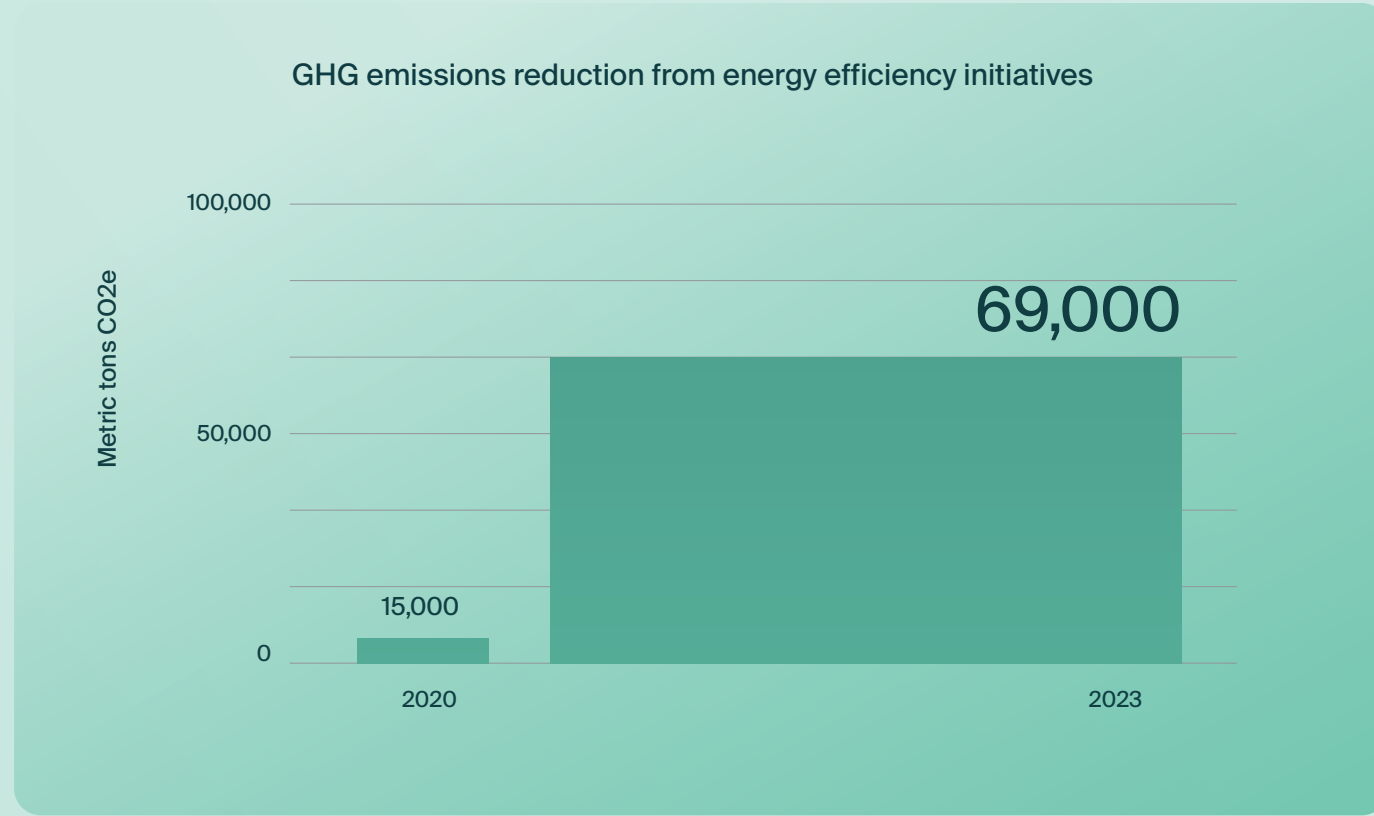


6. Potential New Green Products

We are currently exploring ways to produce e-methanol at our facility through renewable fuel sources and to synthesize bio-methanol from organic waste. We believe both products have a promising potential to replace traditional methanol. We are also pursuing efforts in manufacturing mainstream chemicals through carbon capturing and green sources to help reduce our direct emissions.

Impact of Our Initiatives

“As our decarbonization strategy was initiated and approved by the board in 2022, we commenced a monitoring program in 2023 to measure our GHG emissions and follow-up on our energy efficiency reduction initiatives which resulted in a reduction of our CO_{2e} emissions compared with 2022 levels.”



Energy Consumption and Intensity

GRI 302-1, 302-3, 302-4

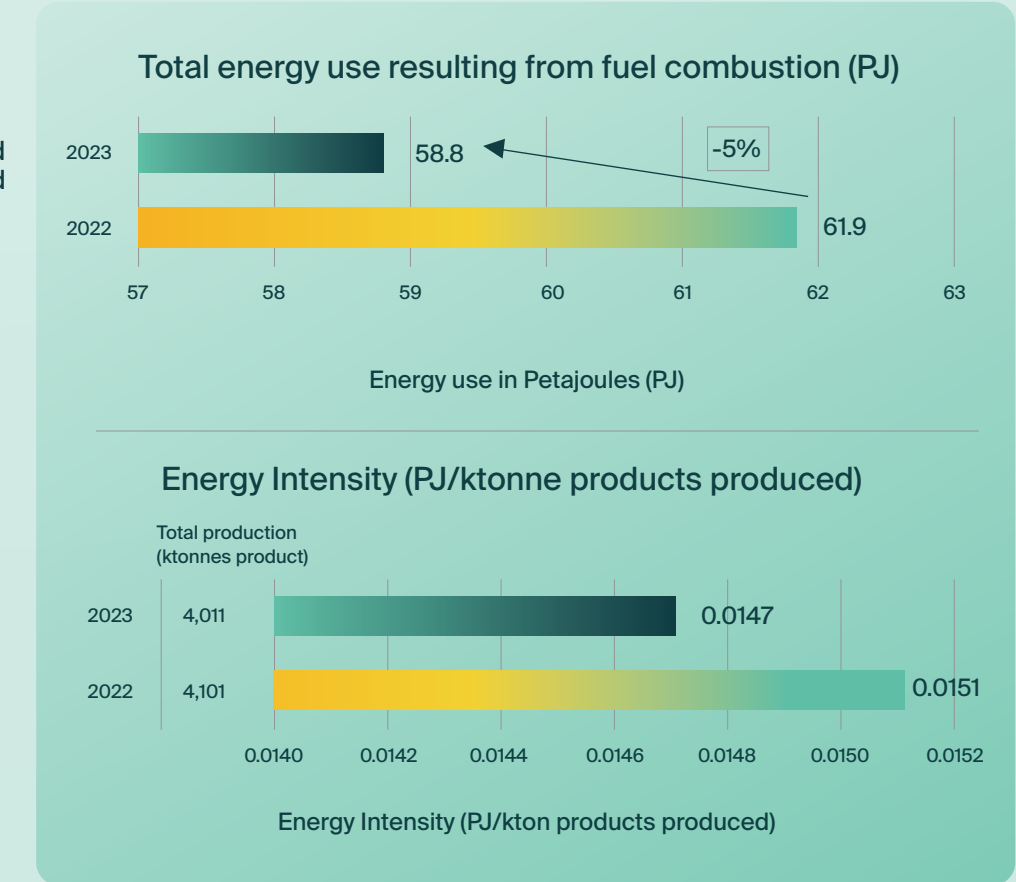
To achieve our short term and long-term climate targets, we are dedicated to reducing our energy usage which contributes to the highest share of GHG emissions. Our continuous commitment to reduce energy consumption will help us cut our operating costs, protect our business from fluctuating energy prices, and improve our competitive edge all while contributing to a cleaner environment and taking part in the global efforts to mitigate the impacts of climate change.

Having reliable energy data allows us to be transparent with our stakeholders and is key to achieving our net zero target. The continuous monitoring of energy usage enables us to take data-driven decisions regarding our current and future energy investments, ensuring we are always implementing the most beneficial energy initiatives and are continuously improving our energy performance.

In 2023, our diesel and natural gas consumption dropped by an estimated 6.4% and 7.9% respectively compared to the previous year which is equivalent to 1.3 petajoules (PJ) of energy savings achieved.

To uphold the integrity of our data and analysis, we strictly adhere to established standards, incorporating conversion factors from the U.S. Environmental Protection Agency (EPA) and power consumption data from Securities Exchange Commission (SEC). This alignment with EPA guidelines ensures that our environmental impact assessments are both credible and consistent with the national benchmarks.

The reduction in energy intensity in 2023 compared with last year's figure highlights Sipchem's continuous commitment to reducing energy consumption and the effectiveness of energy efficiency initiatives being implemented.



Our energy intensity is calculated for our 14 products and includes energy from our consumption of non-renewable fuels as well as electricity consumption, within the boundaries of our operating plants at Jubail east and west park sites.

GRI 305-7

Emissions Monitoring and Control Framework

As a testament to our commitment to continuously provide reliable emission data and adhere to the Royal Commission Environmental Regulation (RCER), we have implemented the following monitoring programs:

Monitoring Critical Air Pollutants

Air quality monitoring at Sipchem includes point source monitoring, continuous emission monitoring and fugitive emission monitoring. The gaseous pollutants that are currently being monitored include Nitrogen Oxides (NOx), Sulfur Oxides (SOx), Particulate Matter (PM), Volatile Organic Compounds (VOC) and Hazardous Air Pollutants (HAP). In 2023, our unwavering commitment to environmental stewardship and emission control practices led to a significant reduction in the emission of NOx, SOx, and HAP. However, we have observed an increase in VOCs and Particulate Matter and are therefore considering several projects, including equipment maintenance and process optimization in order to address that.

		2022	2023
Nitrogen Oxides (NOx)	Metric tons per year	43	30
Sulfur Oxides (SOx)	Metric tons per year	4	2
Volatile Organic Compounds (VOC)	kg/year	1,697	1,708
Hazardous Air Pollutants (HAP)	kg/year	4,838	4,527
Particulate Matter (PM)	Metric tons/year	5	37

Fugitive Emissions Monitoring

To manage fugitive GHG emissions, we have installed a Leak Detection and Repair System (LDAR) that facilitates monitoring and reporting of gas leakages from the plant. The program initiates repair and maintenance within 15 days of identifying leakages.

Moreover, as part of our continuous improvement journey, we are planning the following initiatives:

- Use of Carbon Capture, Utilization, and Storage (CCUS) technologies
- Emissions offsetting through tree plantation
- Life Cycle Assessments (LCA) of products to assess emissions throughout value chain
- Increase reliance on renewable energies through on-site technology implementation or through Power Purchase Agreements (PPA)



GRI 2-4, 2-5, 305-1, 305-2, 305-5
**Evaluation and Verification
of our GHG emissions**

We maintain a process of regular measurement, auditing, and reporting of emissions using the International GHG Accounting and Reporting Standard, and the ISO 14064:2018. Our progress is monitored through our annual sustainability reports and third-party limited assurance for scope 1 and scope 2 emissions.

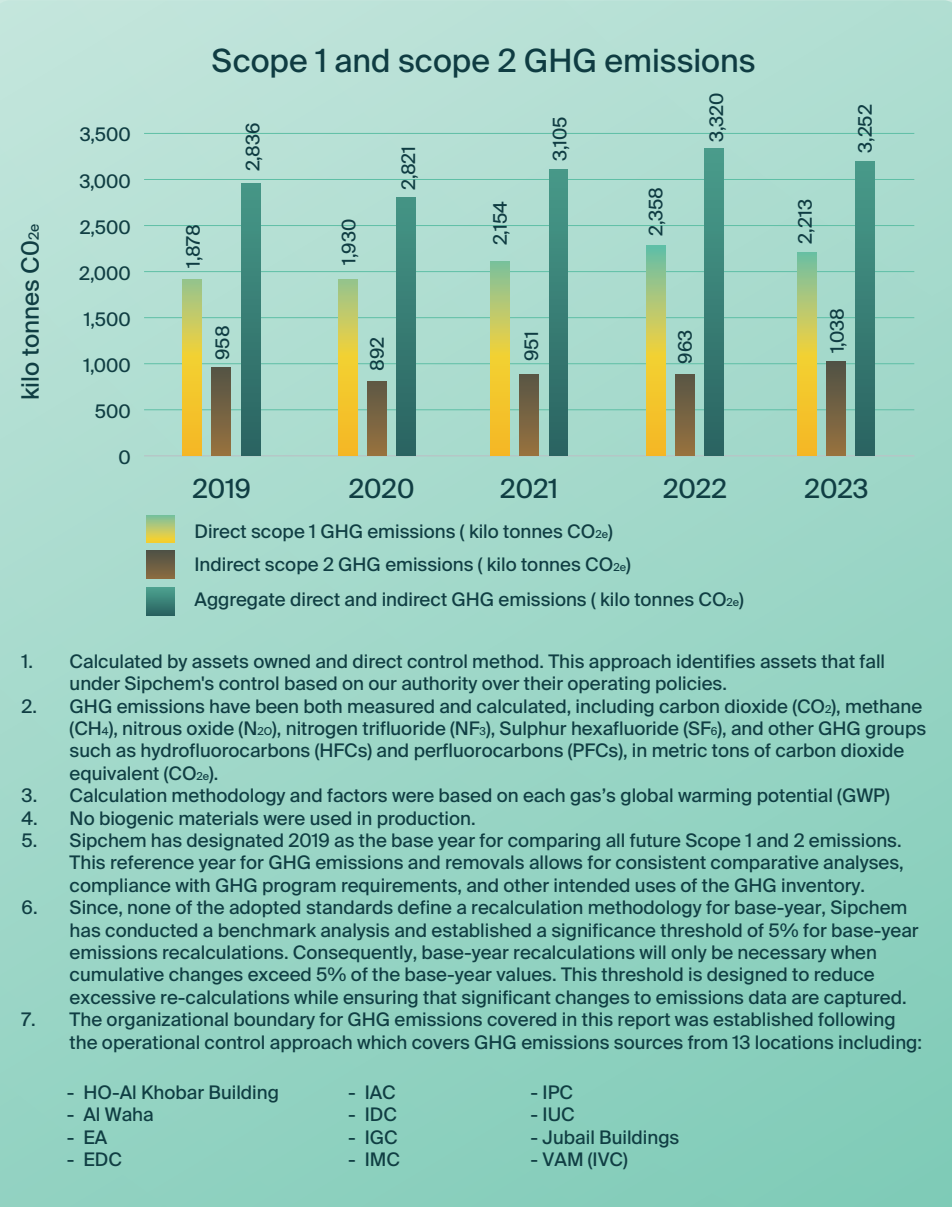
① Please refer to the Assurance report at the end of this document

Sustainability Performance Monitoring

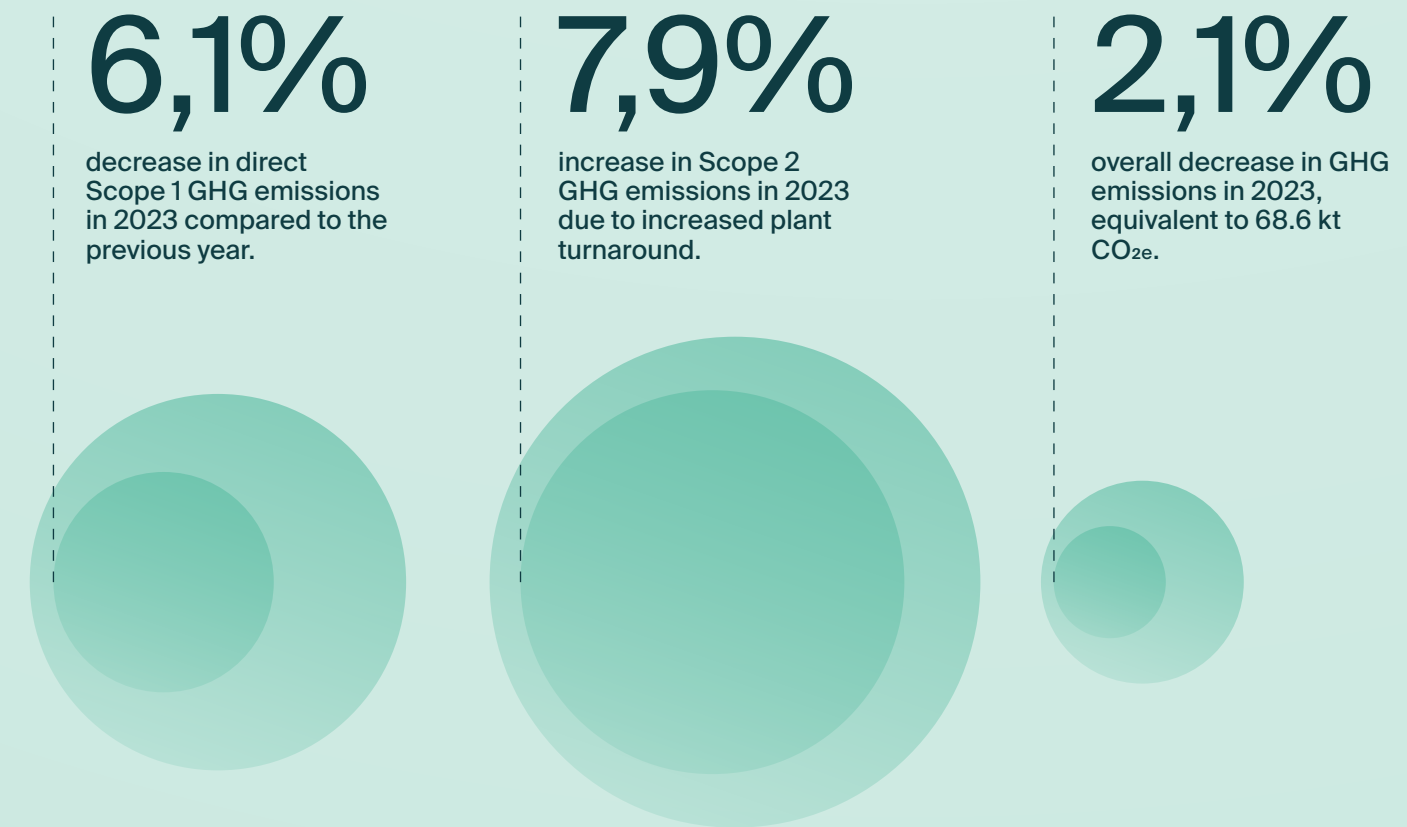
Operational policies and procedures are continuously revised to ensure continuous improvement of our sustainability performance.

Continuous monitoring of our GHG emissions has allowed us to assess the environmental performance of our operations, keep track of our progress towards achieving our decarbonization targets, have a credible source for the data and narrative presented in our sustainability reports, and have a tool to identify opportunities to further reduce emissions and continuously improve our decarbonization strategy.

The primary sources of our GHG emissions are fuel combustion, electricity use, as well as flaring, and venting. Our direct scope 1 GHG emissions witnessed a 6.1% decrease in 2023 compared to the previous year. Although scope 2 GHG emissions increased by 7.9% in 2023 due to increased plant turnaround, the overall GHG emissions decreased in 2023 by 2.1% equivalent to 68.6 kt CO_{2e}.



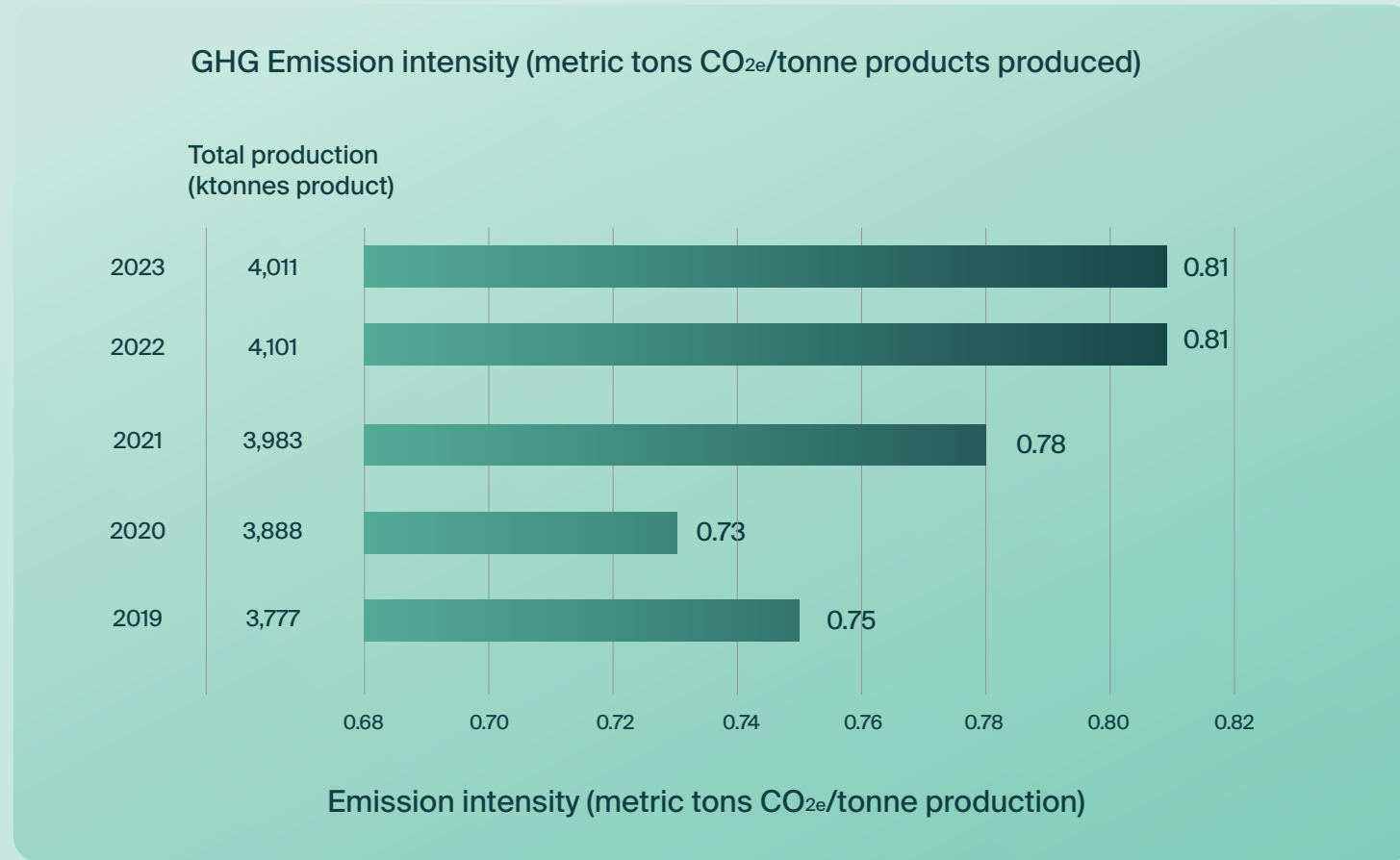
Our organization has diligently measured and calculated direct GHG emissions, including CO₂, CH₄, N₂O, NF₃, SF₆, and other GHGs. We are now focusing on quantifying GHG removals through efforts such as reforestation, afforestation, and Carbon Capture, Utilization and Storage. These removals will be also integrated into our GHG inventory following best practices and methodologies.



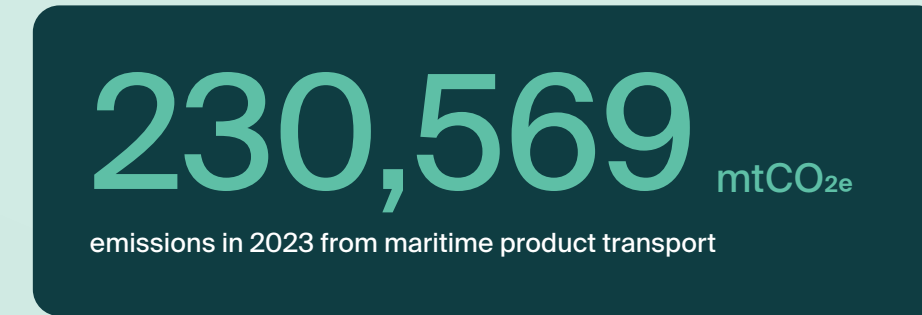
GRI 305-4 Emission Intensity

In addition to tracking our direct and indirect GHG emissions, we also assess our GHG emission intensity expressed in metric tons CO_{2e} per tonne of product produced.

The GHG emission intensity allows us to evaluate and track the environmental impact of our manufacturing practices and the efficiency of our production processes in order to implement more effective emission reduction measures and ultimately boost the market competitiveness of our products. Emission intensity has slightly increased in 2023 compared to previous years due to operational changes (some plants reached the end of their operation cycle) and production adjustments (importing CO₂ from a neighboring company). By setting targets for the upcoming years, we are now aiming to reduce 15% of our emissions intensity by 2030 against our baseline of 2019.



GRI 305-3 GHG Emissions from Product Transport



GHG Emission Reduction Initiatives for Product Transportation

Aligning with our decarbonization goals and our commitment to reducing our environmental footprint, we aim to reduce our GHG emissions from product transportation by prioritizing the chartering of newer vessels for our transportation needs. These vessels meet high environmental standards in compliance with EU Emissions Trading System (EU ETS) regulations and International Maritime Organization's benchmarks. By placing a high importance on environmental standards when selecting our logistics partners, we are making strides towards achieving a supply chain that is more sustainable.

Looking ahead, we are committed to working towards maintaining our emission levels under the permitted limits and as such we have estimated our projected emissions for the year 2030, with the aim of determining whether Sipchem's chartered fleet will meet future compliance standards.

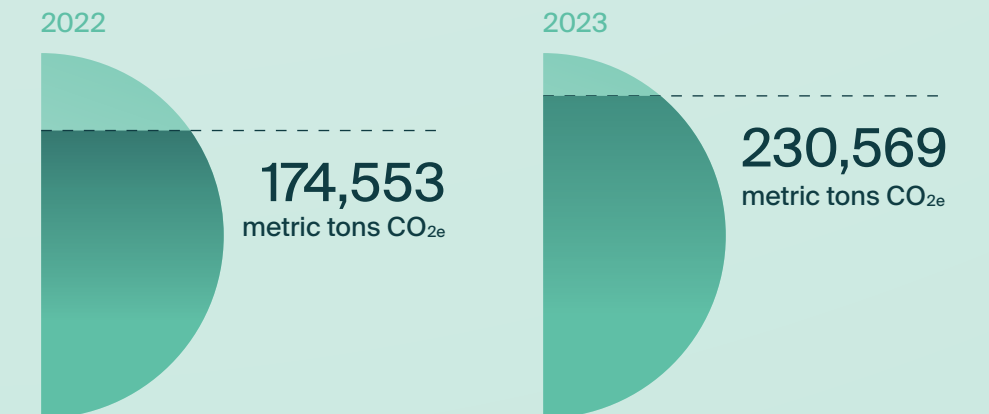
Transportation Emissions Tracking

We are currently tracking emissions from product transport to around 100 countries in the European and Asian continents to ensure continuous improvement in our emissions footprint.

Maritime Transport GHG Emissions

In 2022, our efforts have led to a notable decrease in the distance travelled resulting in lower fuel consumption with actual emissions recorded at 174,553 metric tons CO_{2e}. In 2023 these emissions increased to 230,569 metric tons CO_{2e} due to the increase in distance travelled to deliver products to European markets. This is caused by geopolitical tensions in the Middle East which compelled our fleets to adopt alternative lengthier routes.

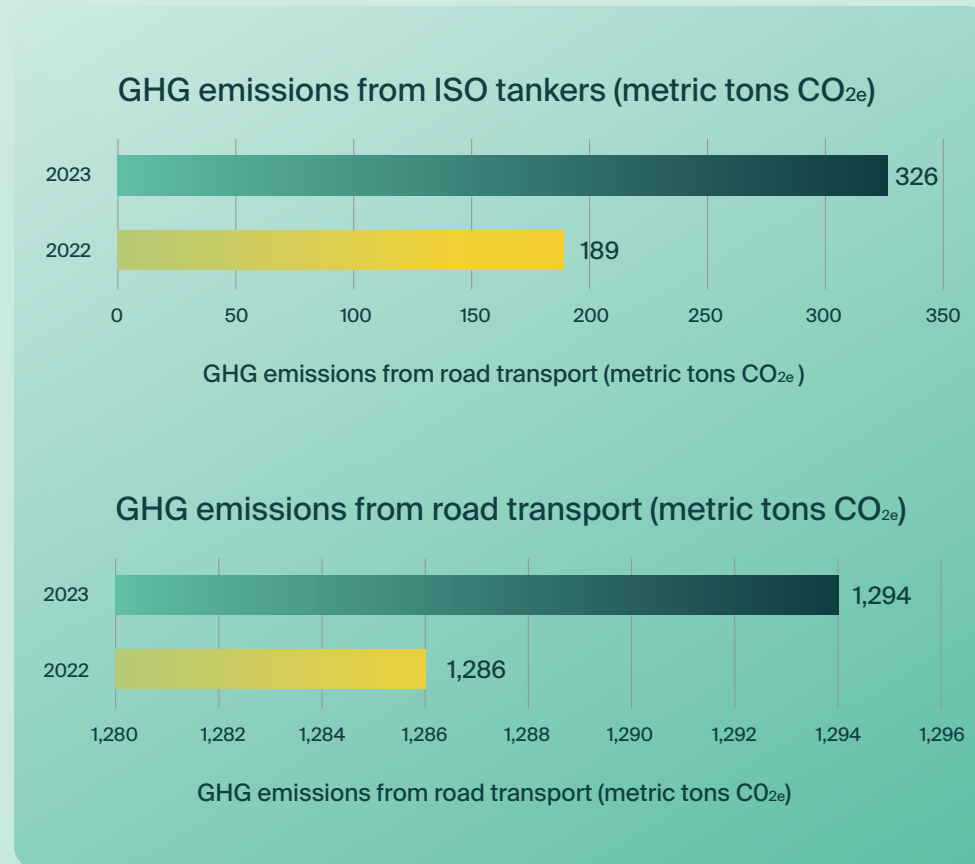
By monitoring and evaluating GHG emissions from our transportation vessels, our shipping team ensures adherence to current and future regulations and identifies as well as manages any operational shortcomings that might affect our carbon footprint.



Land Transportation Carbon Footprint

We are also committed to reducing our indirect emissions from road transportation of products by modernizing our fleet and gradually incorporating ISO tankers in our fleet. These tankers minimize the risk of spills and leaks and have a lower carbon footprint.

We estimated our carbon footprint for 3 chemicals transported through ISO tankers as well as our carbon footprint for 4 chemicals transported via road transportation in 2022 and 2023. Transportation through ISO tankers presented lower emissions when compared to road transport.



Circular Economy: Sustainable Sales & Products, Inputs and Waste Reduction



Highlights of Our Waste Reduction Goals and Circularity Initiatives.

We have set an ambitious target to significantly reduce our landfill waste, aiming for an 85% reduction by the year 2035. This initiative aligns with the Saudi Arabia's National Center for Waste Management (MWAN) goals, reflecting our commitment to environmental stewardship and national waste management strategies.

85%

reduction in landfill waste by 2035.

We acknowledge the potential adverse environmental and social consequences of our operations if they are not carefully and responsibly managed.

As a result, we are deeply committed to responsible management practices that mitigate these impacts, ensuring our activities are environmentally conscious and socially responsible. Our focus includes:

- Managing liquid and solid waste streams from on-site processes
- Overseeing maintenance activities
- Proper disposal of bio-hazard waste from our clinic
- Addressing waste generated through upstream and downstream activities

We ensure all parties involved in waste reduction and disposal adhere to the highest standards, complying with:

- Royal Commission Environmental Regulations (RCER)
- Presidency of Metrology and Environment (PME) guidelines

GRI 306-2

Waste Reduction and Communication Process

Our comprehensive waste management strategy includes:



Meticulous Waste Segregation

- Implemented across East and West Park facilities and all affiliates
- Effectively separates various waste streams
- Prevents potential contamination of surrounding environment
- Uses clear labeling and strategic storage solutions



Responsible Industrial Waste Disposal

- Target: Maximum 180 days from generation to disposal
- Strict compliance with RCER and PME regulations
- Proper treatment before disposal
- Obtaining waste disposal certificates as evidence of safe disposal



Thorough Waste Registration Process

- Generation of Waste Profile Sheet (WPS) for each new waste stream
- Includes waste from Manar R&D and maintenance activities
- WPS provides detailed information on waste composition, characteristics, and handling requirements



Approved Waste Transportation and Treatment

- Use of Royal Commission (RC) approved transporters only
- Treatment in RC endorsed facilities like Waste Reduction Management Facility (WRMF) Detailed documentation of waste types and amounts
- Completion of Waste Disposal Request Forms (WDRF) for internal tracking



Record Keeping and Compliance

- Environment Department maintains records for at least five years
- Regular audits and surveys to verify data accuracy
- Thorough documentation process for third-party transporters
- Quarterly submissions to RCER for approvals
- Close communication with approved third parties to assess their waste reduction practices

GRI 306-1

Waste Review and Evaluation Process

We proactively manage our actual and potential impacts by periodically evaluating our procedures. We track the effectiveness of our waste reduction practices through regular audits, safety checks, and formal inspections as part of our IMS Compliance Audit Program. These audits serve as tools to identify gaps and incorporate corrective actions into our policies and improve our overall waste reduction practices.

Our objectives are twofold: to minimize waste generation through efficient practices and to maximize the recycling and recovery of materials. This dual focus ensures that we not only comply with legal requirements but also actively contribute to sustainability and resource conservation.

We are actively pursuing innovative recycling and recovery strategies, which encompass the repurposing of spent catalysts and used oils. Additionally, we are evaluating the potential of waste-to-energy technologies to convert waste materials into usable power. These initiatives are part of our broader commitment to sustainability and environmental stewardship, as we seek to minimize waste and harness alternative energy sources.

Waste Across Our Value Chain

At Sipchem, our manufacturing processes result in the generation of both hazardous and non-hazardous waste.

Inputs include raw materials, solvents, and catalysts used in manufacturing processes and in equipment repair, facility maintenance and cleaning.

Outputs include residual by-products from our chemical reactions, used catalysts, spent solvents, contaminated materials, liquid effluent and sludge, as well as packaging and food waste.

We apply stringent and specialized waste reduction and disposal practices across our operation, and in particular for "Manar R&D", due to our experimentation and testing related activities which may lead to generation of potentially hazardous waste.

GRI 301-1, 301-2, 306-2

Circularity Initiatives and Partnerships

Our commitment to sustainability is reflected in our efforts to optimize our manufacturing processes to minimize the use of raw material and waste generation.

For this purpose, we have been conducting feasibility studies and have successfully implemented a range of initiatives that are both value-adding and rooted in the principles of circular economy. These initiatives include:

Waste reduction program

A dedicated waste reduction program is developed as part of Health and Safety practices which aims to estimate the quantities of waste generated from each affiliate and explore alternative uses for materials that would otherwise be disposed of. In 2023, we embarked on a series of recycling and reuse initiatives aimed at optimizing our waste management approach. These efforts were part of our ongoing commitment to environmental sustainability and resource efficiency:

8

Metric tons

Approximately 8 Metric tons of used oil was recycled in an RC approved facility namely: "Unilube", located in Jubail.

1,5k

m³

Approximately 1,500 m³ of wastewater generated from IMC & IDC decontamination was sent to wastewater discharge through International Utility Company after proper dilution.

40%

40% of Demin water resin was cleaned and reused.

17

Metric tons

17 Metric tons of total plastic waste was recycled in 2023.

AI-driven demand prediction for materials

The objective is to equip our systems with the capability to accurately predict the required quantities of materials by utilizing real-time operational data. This initiative aims to optimize inventory levels and reduce waste by aligning material procurement with actual demand.

Use of less carbon emitting materials

Aligning with Saudi Green Initiative (Oil Sustainability Program), our logistic department has started taking recycling measures which will include replacing wooden pallets from plastic and as estimated it will eliminate around 22 kilo tons of CO_{2e}/annum.

The program will also include a pooling system for third party use of the pallets, further reducing the carbon footprint of polymers.

22 kilotons of CO_{2e}
eliminated per year through the recycling initiative in the logistics department.

Product manufacturing from brine-waste

As part of our circularity initiatives, our affiliate SAMAPCO has manufactured high-quality pavers from brine-waste that we have installed at our Manar R&D. The project is expected to further open doors for sustainable product marketing.

We work closely with our upstream suppliers to ensure that the materials procured are managed responsibly and waste is reduced in the overall supply process. Downstream, we engage with our customers to encourage the responsible use and disposal of our products. We also partner with local plastic converters to promote circularity and with customers to optimize operations to remain competitive.

By dedicating ourselves to the recycling and reuse of materials, we are committed to the principles of the circular economy, aiming to keep resources in use for as long as possible.



To access more details on the recycling of plastic pallets, please scan the QR code to view our 2023 Annual Report.

GRI 306-1, 306-3

Waste Management Performance

We aim to make considerable strides in managing waste generation, aligning with the broader sustainability goals set forth by Saudi Arabia's National Center for Waste Management.

In 2022 the company had achieved a significant reduction in both hazardous and non-hazardous materials compared with our 2019 baseline. This was accomplished by maintaining stable plant operations, avoiding disruptions or emergency shutdowns, and addressing operational issues that previously led to higher waste generation rates. The company's dedication to minimizing waste aligns with its commitment to a circular economy and the responsible use of resources.

In 2023, both hazardous and non-hazardous waste quantities increased due to **East Park plant turn around maintenance**.

Turn around waste mainly included



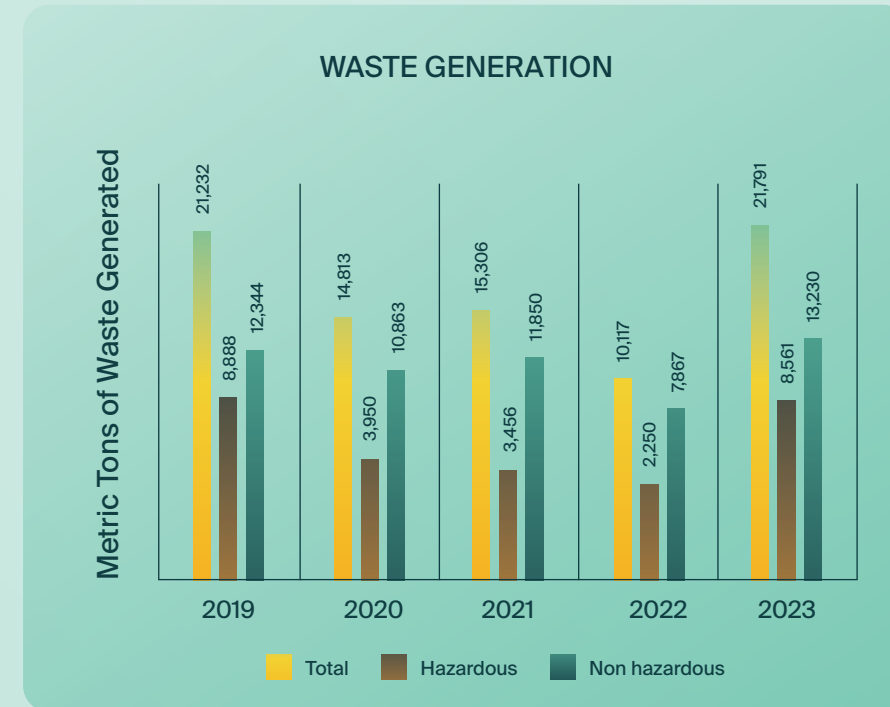
Reactor waste



Wastewater and Sludge

The total amount of hazardous waste sent for incineration and landfilling increased due to the turnaround and emergency shutdowns.

The actual quantity of waste generated during turnaround amounted to 5,257 metric tons. In 2023, we incinerated approximately 3,000 metric tons and landfilled/treated over 5,500 metric tons of hazardous waste. Additionally, 13,000 metric tons of non-hazardous waste was sent to landfill.



GRI 306-4, 306-5

Waste Diverted

Since 2021, we showcased our dedication to minimizing waste by increasing the amount of waste recycled and hence decreasing the quantity sent to landfills and incinerators. We continue to pursue initiatives that enhance waste recycling and reduce overall waste generation, thereby fostering a more sustainable future. In 2023, we were able to recycle 148,260 liters of IPC WAX.

Recycled Products (liters)	2021	2022	2023
IPC WAX	284,616	162,207	148,260

Hazardous waste (Metric tons/year)	2019	2020	2021	2022	2023
Incineration (with energy recovery)	1,574	639	571	930	3,007
Landfilling/Treatment	7,314	3,311	2,885	1,319	5,554
Total hazardous waste	8,888	3,950	3,456	2,249	8,561

148,260 litres recycled products

GRI 303-1, 303-2

Water and Effluents Management



75%

Reduction in Wastewater discharge by 2030

We understand the importance of water management in our production processes, especially that all our operations take place in a water-stressed region. Our objective is to explore smart solutions for efficient water management and increasing water reuse.

Water Footprint

To lessen our impact on freshwater and groundwater sources, we rely on seawater for all non-contact and cooling operations.

Over the past three years, we have reduced our water withdrawal footprint by 7%, which demonstrates our commitment to water stewardship and responsible consumption of resources.

7%






reduction in water withdrawal footprint over the past three years.

Managing our Water Footprint

We are acutely aware of the negative impacts of:

- Using freshwater in water-scarce regions
- Discharging polluted water into coastal habitats

To mitigate these impacts:

-  We maintain an Environment Operating Permit (EPO) and adhere to its reporting requirements
-  Our water management framework aligns with the Royal Commission's Environmental Regulations (2015)
-  We closely monitor and treat all water streams at discharge checkpoints
-  Special monitoring protocols are in place for methanol production due to high ammonia release
-  We use the Q-Pulse document management system for compliance reporting and data storage

GRI 303-3

Water Withdrawn

Water withdrawn (m ³)	2019	2020	2021	2022	2023
Sea water	164,879,000	184,253,000	191,869,000	186,656,000	176,568,000
Freshwater (<=51,000 mg/L Total Dissolved Solids)	4,431,643	4,446,985	4,199,702	4,148,300	4,099,035
Total volume of water with-drawn	169,310,643	188,699,985	196,068,702	190,804,300	180,667,035

GRI 303-5

Water Consumption

At Sipchem, fresh water is withdrawn for consumption as potable water, in addition to industrial usage as process water (e.g. steam production) as well as utility and service water for preparation of chemical solutions, cleaning, hydro jetting and other general purposes.

In 2023, our water consumption has remained practically unchanged, at a minor increase from 5,668,000 m³ to 5,689,000 m³. This underscores our ongoing efforts in water management and efficiency, as well as our improved water storage. It is noteworthy that most of our water usage is concentrated in water stressed regions where freshwater resources are particularly scarce, further emphasizing the importance of our conservation efforts.

Water Consumption (000 m ³)	2021	2022	2023
Total water consumption from all areas / potable water consumption	5,704	5,668	5,689
Water recycled	1,206	1,211	1,209
% Recycled	22%	22%	21%

GRI 303-4

Water Discharge

To manage our wastewater impact, we adopted two sustainable practices:

- Treatment of released wastewater before it is either diverted to the sea or utilized for irrigation.
- Recovery of treated and recycled wastewater through processes that condensate recovery unit

	2019	2020	2021	2022	2023
Total water discharging (000 m³)	1,326	1,474	1,499	1,460	1,540

Contributing to Societal Development



GRI 403-1, 403-8

Health and Safety

At Sipchem, guaranteeing safety is a fundamental duty for every employee. We believe that open communication is key to maintaining a safe work environment.

Our managers and on-site supervisors prioritize safety discipline over productivity by openly discussing work procedures and quickly addressing safety concerns, ensuring compliance with applicable standards.

GRI 403-1

Occupational Health and Safety Management System

Our Occupational Health and Safety (OHS) risk management system is built upon two key pillars:

ISO 45001:2015 standard - an internationally recognized standard for workplace health and safety

EU REACH regulations - European Union rules for the safe use of chemicals



This framework helps us achieve our health and safety goals, improve workplace safety, and reduce risks. We continuously monitor our safety performance to enhance our practices and integrate a safety-first culture in all our operations.

To reinforce our commitment to employee's well-being, we have also established a dedicated EHSS & RC communication subcommittee. This committee focuses on early risk detection and mitigation, spreading essential safety knowledge through various programs; namely:



Starting every meeting with a safety briefing



Adopting recommendations from a third-party consultant to control and mitigate chemical exposure risks.



Distributing a monthly safety package to all departments, featuring bulletins on Environment, Health, Safety and Security (EHSS) & Responsible Care (RC) topics from the Center for Chemical Process Safety (CCPS)



Issuing a semiannual report, that details all EHSS & Process Safety (PS) observations, near misses (close encounters to accidents) and on-site incidents to identify common issues that lead to such events.



Conducting year-long, multilingual safety campaigns across the company. The focus of these campaigns is inculcating life-saving skills, through audits of high-risk positions where non-compliance could pose severe hazards.



Launching site-wide awareness campaigns to counteract any such incidents:



Avoiding heat stress during summer by using the Wet Bulb Globe Temperature (WBGT) index to categorize heat stress levels. Our clinic nurse measures the WBGT and shares the information with all employees via the Sipchem portal.

- «Zero Leaks» process safety campaign to promote early risk detection and prevention of primary contaminant leaks.
- «Pinch Points» campaign to raise awareness about hazards related to pinch points and the importance of hand protection.
- «Get Home Safe» campaign focused on defensive driving, including mandatory training for all employees.

Hazard Identification, Risk Assessment and Incident Investigation

GRI 403-1, 403-2

Safety Governance Structure

We recognize that a strong safety governance structure is essential for maintaining a safe work environment and ensuring that our operations are conducted with the highest level of safety and in adherence to rigorous standards and best practices.

To support the implementation of our safety system, we have established a governance model which includes 11 sub-committees that oversee and ensure compliance with the process safety management (PSM) system.



The roles and functions of these 11 sub-committees are described below:

Sub-committee	Key role
Central Sustainability Safety Committee	Conducts dynamic and interactive meetings to discuss issues and make high-level decisions Promotes accountability at the executive level
Safe Work Practices (SWPs)	Conducts eight SWP audits per plant each month Maintains 98% compliance with SWPs
Contractor Safety Management	Supervises and manages the six steps of contractor safety management Monitors individual contractor performance and shares lessons learned with other contractors
Asset Integrity & Quality Assurance	Maintains asset quality and integrity through revisions and iterations with the business
Management of Change (Technical), and Pre-Startup Safety Review	Maintains permanent and temporary MOs, 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 against regional companies
Training & Development and Management of Change Personnel	Validates organizational changes in all PSM-related functions through MOC-P to ensure that safety competencies for all positions are met Conducts MOC-P and training and development as part of the employee succession plan to ensure a pool of competent employees is always ready
Audit	Oversees the development and strategic management of a risk-based internal audit plan, ensuring alignment with organizational priorities and sustainability goals Supervises internal and external audits, ensuring prompt resolution of findings, while maintaining compliance, quality standards, and effective risk management
Incident Investigation	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	Provides 99% PSI document availability Leads in-house Hazard and Operability Analysis (HAZOP) capabilities Monitors and fulfills the five-year plan for HAZOP revalidation
Standard Operating Procedure, Job-Cycle-Check	Maintains 100% up-to-date SOPs Improves SOP quality through human error prevention training course Includes SOP HAZOP as part of each HAZOP revalidation.
Emergency Response	Ensures zero overdue preventive maintenance for all firefighting equipment Received 99% rating in JAMA'A Drill in 2023

We maintain a robust safety culture through periodic trainings and certifications of employees. All personnel are qualified engineers, fulfilling company minimum requirements for the position held at Sipchem; in addition to be qualified to be a Process Hazard Analysis (PHA) leader. We also ensure the quality of implemented procedures by integrating audit findings into our processes.

Process Safety and Industrial Security

Sipchem's Process Safety Management (PSM) governance is structured around 14 elements of process safety standards that expand into 70 procedures. These elements adhere to KSA's regulations and are "Recognized and Generally Accepted Good Engineering Practices" (RAGAGEP) such as Occupational Safety Health Assessment (OSHA) 1910.119 and Center for Chemical Process and Safety (CCPS). The foundation of Sipchem's PSM model demonstrates leadership commitment and a strong process safety culture. The PSM elements are managed through specific procedures, and dynamic KPIs to reinforce our PSM maturity and ongoing safety improvement. Sipchem complies with the High Commission for Industrial Security (HCIS) directives to maintain process safety risks within acceptable limits. We apply PSM in facility design and conduct numerous analysis, such as Hazard Identification (HAZID), "What If", Hazard and Operability Study (HAZOP), Layer of Protection Analysis (LOPA), Safety Integrity Level (SIL), Failure Mode and Effects Analysis (FMEA), Fault Tree Analysis (FTA), Qualitative Risk Assessment (QRA) and Building Risk Assessment (BRA).

We revalidate the Process Hazard Analysis (PHA) every five years to manage risks, with actions tracked through our document management system "Q-Pulse". From 2019 to 2023, 1,312 PHA actions were raised, with 1,040 completed on target and 272 progressing well. Our Process Safety Incident Rate (PSIR) for the year 2023 was 0.14.



GRI 403-4

Worker Participation and Communication

Our health center gathers input from employees or their supervisors about the causes of sick leaves, outcomes of annual health examinations, and usage of medical insurance.

This feedback is instrumental in evaluating work-related hazards that have contributed to the employees' health issues and the emergence of dangerous conditions.

We follow a set of safety principles that guide our actions and decisions, listed below:



All injuries can be prevented.



Line managers must provide resources and leadership to ensure safe performance.



Safety, Health, and Environment incidents must be reported and investigated and concluded lessons must be shared; any Sipchem employee or contractor employee can raise an incident report.



Working safely is essential for continuity and for employees' job promotions.



Risky behaviors and unsafe conditions must be corrected promptly.



Communication with employees and contractors about workplace hazards must be open and transparent, and any jobs with potential safety hazards must be completed with appropriate precautions and safety measures.



Investigating and addressing any health and safety concerns of our employees and contractors must be conducted.



Regular audit of our safety processes and facilities must be conducted along with prompt handling of any deficiencies that may arise.

Transparency is a core value in our Environment, Health, Safety and Security (EHSS) journey. We support cooperation across chemical plants in industrial parks by sharing audit results, learning from incident experiences as well as best practices.

In 2023, we shared three lessons of incidents through Gulf Petrochemicals and Chemicals Association (GPCA) and Center for Chemical Process and Safety (CCPS) platforms, reinforcing knowledge exchange with petrochemical companies regionally and globally.

Our organization is dedicated to creating a safe work environment by empowering employees to refuse unsafe tasks and by providing thorough training on safety protocols. We encourage reporting of safety concerns and incidents. Safety information is readily available through data sheets for materials and products, as well as a system for identifying process hazards.

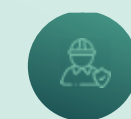


To access more information on initiatives with GPCA, please scan the QR code to view our 2023 Annual Report.



GRI 403-3, 403-6, 403-7, 403-8

Sipchem Medical Program and Benefits



On-site medical services

We maintain several around-the-clock clinics on our premises. Our medical team includes two resident doctors and six nurses who provide both general and targeted counselling services to all employees. We also extend our onsite medical service to our contractors and refer uncontrolled cases with co-occurring conditions to specialized centers for intensive multi-disciplinary management.



Annual checkups

We conduct annual checkups for all employees. The results and recommendations are consolidated and integrated into our medical program.



Self-monitoring

We review and update our scope annually to cover emerging needs and concerns while maintaining regulatory compliance. Our quality service is subject to regular checks and balances along with random third-party verification.



Sick-leave system

We utilize the current sick leave system as a checkpoint to identify cases of occupational concerns and respond appropriately.



Insurance services

Several enhancements have been made to the medical insurance benefits. All employees receive premium medical coverage that is known to be the best in the sector. Home healthcare is now available for both employees and their dependents, and out-of-country referrals are provided for needed special cases. The company also protects workers' privacy with robust health record management and confidentiality policies.



Special case management process

We follow a special case management process that offers exposure to specific surveillance. Precautionary measures and support are provided to individuals on a case-to-case basis.



Medical Insurance Utilization

It serves as a crucial source of information and provides support for needy cases.



Medical campaigns

We conduct campaigns on key medical issues to raise awareness of our employees. Moreover, we ensure safety at all organizational levels through our Visual Felt Leadership program that provides a two-way communication channel between our employees and leadership.

GRI 403-5

Worker Training on Occupational Health and Safety

Our commitment to promoting occupational health starts at the very outset of an employee's journey with us. This is achieved through a comprehensive integration of health services information into our new hire onboarding process followed by extensive training programs.

To ensure our workforce is well-versed in the latest health and safety protocols, we conducted two major safety drills in 2023. Moreover, we conduct key training programs on an annual basis, including:

- ✓ First aid training (covering all employees)
- ✓ “Heat Stress Management” workshop
- ✓ “Fire Prevention and Emergency Response Planning” workshop

GRI 403-9

Work-Related Injuries

	Unit	2019	2020	2021	2022	2023
The number of recordable work-related injuries	Number	10	3	7	4	19
The rate of recordable work-related injuries	OSHA Incident rate	0,06	0,05	0,09	0,08	0,24

The number of recorded cases of work-related injuries increased in 2023. Those cases have been effectively handled and recorded; patterns in injuries are being identified and preventive measures are being implemented to reduce risks of future injuries.

Hazard Communication and Elimination

We have implemented a comprehensive approach to mitigating work-related hazards, and in particular, those caused by non-compliance with Safe Work Practices (SWP) and contractor control elements. Therefore, we have launched a targeted SWP campaign, which includes a thorough enhancement of SWP procedure in addition to training all permit receivers.

Recognizing the critical role of permit issuers in maintaining safety standards, we have engaged a specialized consultant to provide essential support in ensuring compliance with SWP. Furthermore, we have tasked experienced senior workers with coaching permit issuers, focusing on the accurate completion of permits and fostering a deeper understanding of their importance.

We have also developed an expanded auditing program to maintain vigilance and promote continuous improvement in workplace safety. This program is complemented by ongoing risk assessments, EHS walkovers, and team site audits. To raise awareness and educate workers on potential hazards, we have conducted several campaigns, including those addressing pinch points, housekeeping, and Life Saving Rules. These efforts are aimed at reinforcing the importance of safety in the workplace and encouraging proactive behavior among employees.

Additionally, we have undertaken a HAZOP revalidation and update process to ensure that all potential risks are identified and mitigated. By incorporating safety moments into regular routines, we are actively working to elevate workers' understanding of work-related hazards.

Our adherence to OSHA's guidelines and the calculation of hazard rates based on 200,000 working hours—which encompass all employees, contractors, and visitors—demonstrates our commitment to safety in terms of being data-driven and inclusive. The data for these calculations are meticulously gathered from incident investigations and the proactive initiatives of the EHSS & Royal Commission departments.

GRI 403-10

Work-Related Illness

	2022	2023
The number of fatalities caused by work-related ill health	0	0
Rate of fatalities as a result of work-related injury	4	0
The number of cases of recordable work-related ill health	0	0
Which of these hazards have caused or contributed to cases of ill health during the reporting period	0	0

GRI 416-2, 417-1, 417-2, 417-3

Compliance & Product Stewardship (C&PS)

Sipchem proudly upholds an impeccable record of compliance, with no incidents of regulatory non-compliance that may have resulted in fines, penalties, or warnings over the past six years. This commitment extends beyond product excellence, including environmental protection and promoting sustainable practices throughout our operations.

Throughout the years, we have consistently aimed to enhance the quality of our products by improving our operational procedures and methodologies.

The superior quality of our products reflects our commitment to adopting and implementing the best practices within the industry. We adopted Six Sigma methodologies to improve our manufacturing processes and consistently perform rigorous quality checks to monitor our product quality.

The changes implemented for product enhancements are assessed by the following two practices:

Product Qualification

We provide detailed product information to our customers, allowing them to evaluate the quality and suitability of our products.

Proactive Outreach

We conduct regular reviews of our key suppliers and customers to ensure they meet our quality and safety standards, offering us essential and continuous feedback.

Considering our global client network across the Europe and Asia, we manufacture our products in compliance with international standards such as European REACH Regulations & Global Harmonized System (GHS). We also critically monitor EHS aspects of our products based on the changing regulations in order to ensure continued accessibility to all our customers.

To date, there have been no instance of non-compliance with product regulatory requirements, reflecting effective management of our Compliance & Product Stewardship (C&PS) activities across the product lifecycle.

2023 Achievements

01	GMP Certification Achieved	Received Good Manufacturing Practice (GMP) certification for Acetic Acid, Acetic Anhydride, and Ethylene Vinyl Acetate Copolymer. Holding this certification not only underscores our dedication to quality and safety but also adds value to our products, potentially allowing for higher price margins. We aspire to attain a spectrum of certifications and accreditations in the coming years keeping GMP as a benchmark.
02	BIS License Secured	Obtained the Bureau of Indian Standards (BIS) license for EVA, EDC, VAM, AA, and MeOH.
03	Halal Registration Completed	Successfully registered IAC products with the Saudi Food & Drug Authority-Halal Centre.
04	Chemical Watch Enrollment	Enrolled in Chemical Watch to provide, present and receive all updates, news, and insights regarding industrial regulations and compliance.
05	Inspector Quality Assessment	Conducted technical quality assessment of product inspectors to ensure their capability and proper handling of Sipchem's products.
06	Controlled Substances Management	Committed to ensuring that restricted substances (GBL, Aan, BDO & Ethanol) are controlled to avoid abuses acts.
07	SAP Quality Module Implemented	Robust implementation of the quality management module in SAP S/4Hana



Our Commitments

1. Quality Ratio vigilant monitoring of complaints for both chemicals and polymers.
2. Ensuring swift and reliable responses to our customer complaints through timely completion of Root Cause Analyses.
3. Facilitate the implementation of Compliance Index with inputs from key C&PS stakeholders.



Future Plans and Performance

1. Introduce a Compliance & Product Stewardship Guidance Manual to evaluate and minimize the impact of our products on health, safety, and the environment across their entire product lifecycle - including manufacturing, handling, storage, transport, product use and disposal.
2. Conduct awareness sessions for all stakeholders on the customer complaints process and conduct additional outreach sessions.

Operation Clean Sweep (OCS) Program at Sipchem

The Operation Clean Sweep (OCS) program is a pivotal global initiative that Sipchem has embraced to reduce plastic pellet loss and promote responsible plastic resin management. The initiative is led by the Gulf Petrochemicals and Chemicals Association (GPCA) in the Arabian Gulf, enhancing sustainability and environmental practices in the region's plastic manufacturing and logistics sectors.

OCS contributes to Sustainable Development Goals 6, 14, and 15, focusing on water management, marine resource conservation, and ecosystem sustainability. Sipchem participates in the GPCA's Peer Review Program, which includes site visits to ensure OCS principles are implemented effectively. Engaging in this initiative and adopting the OCS aligns with our environmental objectives, supporting sustainable practices and reducing our ecological footprint.

The program aims to:



- Preserve water quality and protect wildlife.
- Ensure compliance with various levels of regulations.
- Prioritize the health and safety of our workforce.
- Maintain our positive reputation within the local community.

Achievements:



- Conducted audits and established an internal standard for OCS activities.
- Recognized 20 OCS «Champions» across seven (7) departments.
- Held fifteen (15) OCS awareness sessions.
- Managed and recycled 17 metric tons of plastic waste in 2023.

Implemented best practices for significant plastic waste reduction, including improved housekeeping, waste segregation, and optimized lab operations, achieving a 90% saving in jumbo bag plastic waste.

90% saving in jumbo bag plastic waste.

“I strongly recommend that you participate in this program. Environmental protection is critical for our well-being and the future. Let us work together to make a difference.”

Mater Al Dhafeeri, Commercial VP

“The program has a lot of merits in numerous matters, looking forward continuous improvements and systematic implementation by the best practices provided by GPCA.”

Patrick Benavides, Polymers GM

“This program is very important to Sipchem toward its sustainability journey and being a responsible care company to the community.”

Mohammed Ibrahim, General Manager of Value Chain & Logistics

GRI 416-1

Listening to our Customers

At Sipchem, Customer Satisfaction is a top priority, and we are deeply committed to ensuring that our products and services align with the evolving needs of our clients.

We believe that understanding our customers' experiences is essential to driving improvement and fostering strong, long-term relationships.

To achieve this, we have implemented robust mechanisms to collect and analyze customer feedback. We utilize two key channels: annual customer satisfaction surveys and a dedicated customer helpline. These channels allow us to actively listen to our clients, understand their needs, and address any concerns promptly.

Voice of the Customer: Our annual customer satisfaction survey

Our annual surveys gather detailed feedback from our customers regarding the overall service quality we provide across the Middle East, Asia, Africa, and Europe.

We are proud to report that in 2023, our Net Promoter Score (NPS) for the top eight products reached 60.5. This score reflects a high level of customer loyalty and satisfaction. An NPS of 60.5 indicates that the majority of our customers are not only pleased with our offerings but are also willing to recommend our products to others—a clear testament to our commitment to excellence.

Based on the feedback received, several key factors contribute to the positive experiences of our clients:

- Efficient Sales Process and Support
- Competitive Pricing
- Consistent Quality Control
- Clear and Consistent Communication
- On-Time Delivery of Orders

Additionally, specific products such as EVA, PP, Methanol, and AA have consistently achieved high scores for their quality and strict adherence to product specifications. These results underscore our ongoing efforts to maintain exceptional standards in both production and delivery. We are currently focusing our efforts on improving the areas related to shipment handling, responsiveness during public holidays and contract management.

We give tremendous importance to customer satisfaction and are working diligently to enhance our processes to ensure that all of our customers receive the highest level of service and quality they expect. By continuing to actively listen to and act upon customer feedback, we remain committed to driving positive change and ensuring a seamless experience for all our clients.

Net Promoter Score (NPS) of 60.5

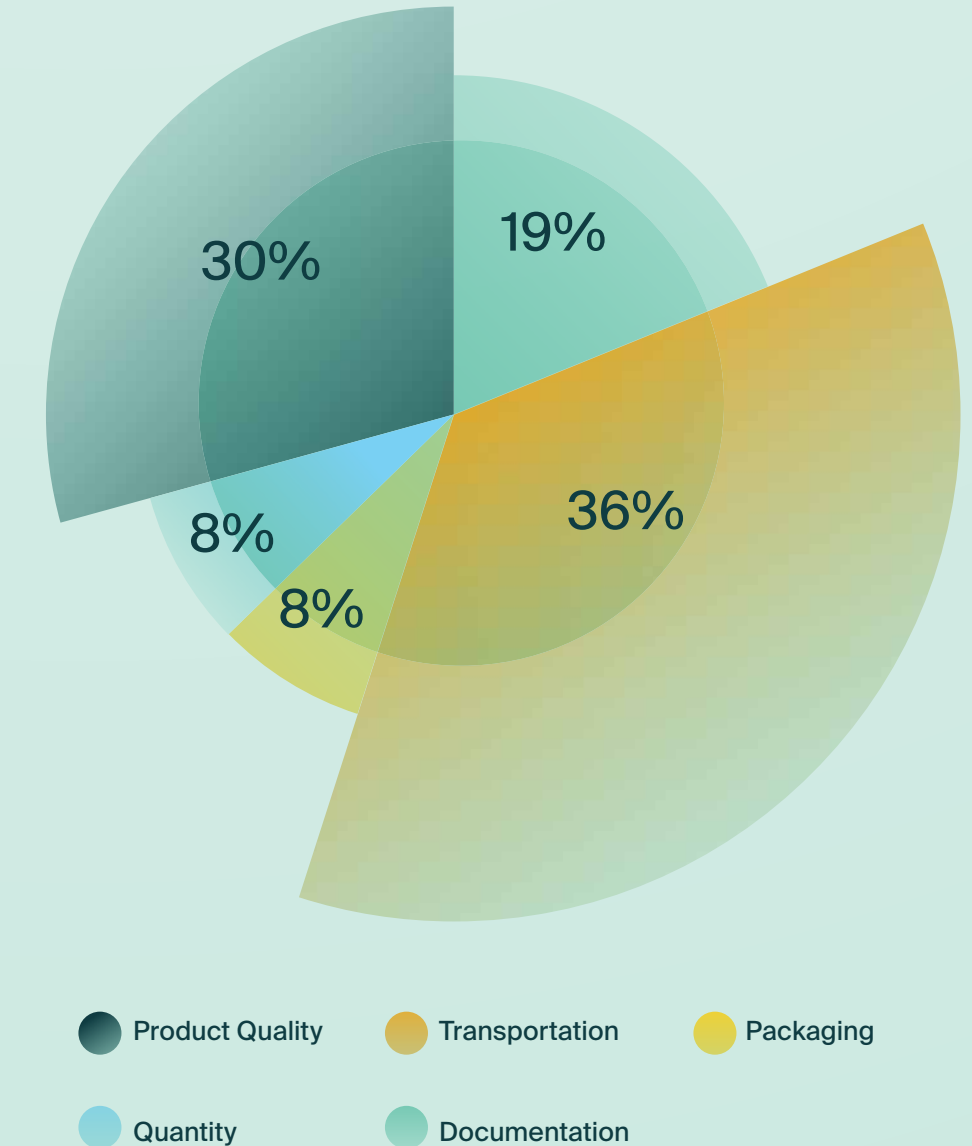
for the top eight products in 2023.

Our 24/7 Customer Helpline

Our customer helpline operates 24/7, ensuring that we are always available to provide immediate assistance to our clients around the world. Each complaint is thoroughly documented, investigated, and swift action is taken to resolve the issue, with a particular focus on addressing the root cause to prevent recurrence.

In the rare instance of a quality issue, we promptly enact our product recall procedure, mobilizing a dedicated team to handle the situation effectively and minimize any impact on our customers, ensuring the highest standards are maintained.

In 2023, our helpline played a crucial role in identifying issues raised by our clients. Most of the complaints were related to third-party documentation and transportation matters. In the few cases where quality concerns were raised, we acted swiftly with the appropriate measures, leading to no further complaints.



GRI 2-7, 2-8, 401-1

Recruitment, Development and Employee Welfare



At the heart of our sustainability strategy is a strong belief in the power of our people. Fair recruitment, employee welfare and learning and development are foundational to our long-term success, directly contributing to our ability to operate responsibly and fostering a positive impact on our society.

In line with our commitment to supporting local talent, our hiring practices give preference to Saudi nationals, while the recruitment of expatriates is based on job requirements, availability of qualified Saudi professionals, and compliance with government regulations.

Our Employees	2023	
	Number	%
Senior management	22	1.5
Middle Management	219	14.4
Staff	1,279	84.1
Total	1,520	100%

We are dedicated to fostering employee growth through a comprehensive competency framework and career progression paths. Our succession planning is strategic as it focuses on leadership and critical roles. We deploy training gap analysis to develop tailored career development plans for our employees. This structured approach ensures the continual enhancement of our employees' skills and their career paths. For more information on training and Sipchem's talent development measures, please refer to our Annual Report.

Our succession nomination ratio at the corporate level has shown a positive trend, demonstrating the success of our leadership development and talent management initiatives. We have also created a talent pool of employees identified as potential future leaders, demonstrating our high interest in cultivating internal talent. Furthermore, we have integrated ESG awareness into our core safety training, reinforcing our 'Safety-First' ethos.

Moreover, our recruitment policies comply with local and international labor laws, including adherence to minimum age requirements and the prohibition of underage employment. Our commitment to fair labor practices extends to providing a healthy work-life balance, maintaining hygiene standards, and ensuring equal opportunities for healthcare, education and pay across our workforce.

New Hires

Number of new employee hires and hiring rate	2022		2023		Direct Hire (2023)
	Number of new hires	Hiring Rate	Number of new hires	Hiring Rate	
	89	6.3%	123	8.1%	114
Breakdown by gender					
1) Male	81	5.8%	103	6.9%	94
2) Female	8	57%	20 (+150% growth vs 2022)	59%	20
Breakdown by age group					
1) Under 30	44	18.8%	62	34.8%	61
2) 30 - 50	43	3.7%	57	4.6%	49
3) Over 50	2	2.2%	4	3.9%	4

Employee Turnover

2022		2023	
Number of exits	Turnover ratio	Number of exits	Turnover ratio
75	5.2%	87	5.7%

Total Number of exits / average number of employees in a fiscal year

Employee Turnover by Gender	2022		2023	
	Number of exits	Turnover ratio	Number of exits	Turnover ratio
Female	0	0%	2	5.8%
Male	75	5.3%	85	5.7%

Employee Turnover by age group and region in 2023	2023	
	Number of exits	%
Under 30 years old	12	6.7%
30-50 years old	61	4.9%
Over 50 years old	14	13.7%
Total	87	

Saudi	49	3.9%
Non-Saudi	38	13.6%
Total	87	

GRI 404-1

Training Hours

We are dedicated to fostering professional development at every level through comprehensive training programs. In 2023, we invested an average of over 42 training hours per employee, covering foundational, intermediate, and advanced skills based on their proficiency and role.

Our unwavering commitment to evolving our team's capabilities has driven us to focus on tailored training solutions that emphasize continuous learning and professional growth.

Throughout 2023, Sipchem employees completed 64,526 hours of professional development. Our female employees participated in 760 hours of training, underscoring our commitment to workforce learning and skill enhancement. As many of our female employees were hired in the last quarter of 2023, we are eager to advance their professional development in the upcoming year.

Training hours	
Average hours of training (hours/employee)	42,5
Breakdown by Gender	
Male (hours/employee)	22,4
Female (hours/employee)	42,9
Breakdown by Designation	
Senior management (hours/employee)	4,1
Middle management (hours/employee)	22,3
Staff (hours/employee)	44,4

*The average hours of training per employee is calculated by dividing total number of training hours (per category of gender or level of employment) by total number of employees (by gender and level of employment)

64,526 hours of professional development provided to Sipchem employees in 2023.



To access information on training hours provided during Sipchem's Summer Program, please scan the QR code to view our 2023 Annual Report.

GRI 401-2

Employee Benefits

At Sipchem, we understand that comprehensive employee benefits are crucial for fostering a motivated, engaged, and resilient workforce.

Our benefits package is designed not only to enhance the overall well-being of our team members, but also to play a critical role in building a sustainable and future-proof business.

Our full-time employees enjoy a wide range of benefits:

- 01 Healthcare Insurance**
A premium policy covering employees, spouses, children, and parents, with an annual coverage limit of SR 1 million per member.

- 02 Disability and Invalidity Coverage**
Provisions for disability treatment, aligning with our safety principles and partnership with the Sawaeed Association for Physical Disability.

- 03 Retirement Provision**
End-of-service benefits (EOSB) tailored for both Saudi and non-Saudi employees.

- 04 Stock Ownership**
The Sipchem Employee Incentive Program (SEIP) offers discounted company shares.

- 05 Other Allowances**
Including industrial security, transportation, vacation, communication, shift, emergency response team (ERT), and housing allowances.

GRI 401-3

Parental Leave

At Sipchem, we strongly value work-life balance. Full-time male employees are entitled to three days of fully paid paternity leave, while female employees receive 10 weeks of fully paid maternity leave.

In 2023, 42 employees took parental leave, and we are proud to report a 100% return-to-work rate once their leave concluded. Equally impressive, all 42 employees remained with the company 12 months after resuming their roles, reflecting our commitment to both employee well-being and retention.

100% return to work rate after parental leave, with 42 employees utilizing the parental leave in 2023.



GRI 404-2

Employee Development

We actively invest in the professional growth of our workforce through a range of development programs tailored to various roles within the organization. For recent university graduates, the Personal Development Program offers a structured two-year career development plan, currently supporting 21 participants. This program is designed to ease their transition into the professional world and accelerate their career progression at Sipchem.

Additionally, the Job Qualification Program focuses on refining the technical skills of operators, technicians, and security personnel to enhance job performance.

Additionally, the Job Qualification Program targets operators, technicians, and security guards, for refining their technical skills and enhance job performance.

For broader employee development, the Career Development Plan addresses the needs of employees and their supervisors. This comprehensive program merges on-the-job training with formal educational courses, ensuring a well-rounded approach to professional enhancement that is in sync with individual career aspirations.

Complementing these skill-upgrading initiatives, we offer several transition assistance programs to ensure ongoing employability and manage career conclusions due to retirement or termination. Our training for pre-graduates prepares college students for the workforce, with 114 students participating in hands-on training in 2023. Furthermore, the Tamheer Program is dedicated to equipping graduates with essential employment skills. Tamheer's success is proven by the fact that the 12 participants who completed the program in 2022, were subsequently employed by Sipchem in 2023.

199

employees participated in our Job Qualification Program

GRI 2-18, 404-3

Employee Performance Review



At Sipchem, every employee undergoes a structured, bi-annual performance and career development review. This process includes goal setting, mid-year and year-end evaluations, and open feedback discussions with direct supervisors, ensuring clear assessment and meaningful career growth.

GRI 405-1, 406-1

Diversity and Equality

Our commitment to diversity and equality is embedded in our policies, practices, and partnerships. We actively strive to break down barriers to inclusion and create equal opportunities for everyone, regardless of gender, race, ethnicity, age, disability, or any other defining characteristic.

Female representation in our industry remains low, but we are committed to changing that within our organization. In 2023, we increased female hiring by 150% compared to 2022. Additionally, we are dedicated to ensuring women have a voice in our key decision-making processes by actively promoting their inclusion in formal groups and committees where policies are set and management oversight is exercised.

Number and % of total workforce	2022		2023	
	Number	% of total workforce	Number	% of total workforce
Males	1,404	99.0%	1,486	97.8%
Females	14	1.0%	34	2.2%
Total	1,418	100%	1,520	100%

Age group	2022		2023	
	Number	% of total workforce	Number	% of total workforce
Under 30 years old	234	16.5%	178	42.4%
30-50 years old	1,174	78.5%	1,240	54.2%
Over 50 years old	90	5.0%	102	3.4%



GRI 2-8

Supporting National Talent

Sipchem has been proactively participating in the Saudization initiative since its inception. In 2023, our workforce predominantly consisted of Saudi employees, with a strategic goal to achieve an 85% Saudization rate.

Nationality by Percentage	2022	2023
Saudi	80%	82%
Non-Saudi	20%	18%

Percentage of Saudi Permanent and Temporary	Permanent	Temporary
Saudi Nationals	96.6%	3.4%

This dedication to fostering local talent is demonstrated through a range of initiatives, including collaborations with local universities on education programs and employment opportunities for Saudi nationals. Please refer to the Annual Report for information on Sipchem's employee incentive programs for Saudi employees. Our Saudization efforts are integral to our comprehensive strategy that supports the Kingdom's Vision 2030 goals.

Therefore, by investing in the career advancement of Saudi nationals, Sipchem is not merely adhering to governmental mandates but is also actively fortifying its competitive position and securing a resilient future for both the organization and the community it serves.

85% Saudization rate goal set for the workforce.

GRI 413-1, 413-2

Local Communities

Our primary supporter and advocate for corporate social responsibility programs is the company's CEO, Engineer Abdullah Al-Saadoon. Under his vision, we firmly recognize the importance of championing community-focused initiatives through pioneering efforts in environmental protection, workforce welfare, human rights, and ethical practices, while also adopting sustainable strategies. This unwavering support is reflected in the dedicated work of the company's corporate social responsibility (CSR) team.

Local communities are at the heart of our sustainability mission, as they are integral to the success and impact of our business operations. We recognize that the wellbeing of our communities is closely intertwined with our own, and we are committed to fostering positive relationships that contribute to sustainable development. Our local communities provide the foundation upon which our business operates. By engaging and supporting them, we can create value that benefits both our business and communities.

2023 Social Initiatives



Launching of initiatives during the Saudi Environment Week.



Beach cleaning campaign on World Environment Day with the participation of employees and their families.



Silver sponsoring of the «Hajj Without Waste» campaign, which aimed at preserving surplus food during the Hajj season.



Commitment to the environment by renewing partnership with the Eta'am Association as a logistics sector sponsor.



Entering into five-year partnership with Ertiqa Association to refurbish and donate electronic devices, as well as responsibly recycling or disposing of electronic waste in an environmentally friendly manner.



This increased focus on community environmental initiatives reflects our ongoing commitment to socially and environmentally responsible practices while fostering community partnerships. To access more information on our CSR initiatives, please scan the QR code to view our 2023 Annual Report.



Our 2023 achievements

15%

increase in the number of community development programs, vs 2022

10%

increase the participation of our stakeholders in social programs, vs 2022

51%

increase in number of community programs, with involvement of non-profit organizations and increase in local community consultation (especially vulnerable groups), vs 2022

150%

increase in the number of community environmental initiatives, vs 2022

8%

increase in social impact assessment conducted, vs 2022

200%





increase in monitoring of environmental impact, vs 2022, with increased focus on goals related to health, environment and safety



GRI 2-26, 2-29, 413-1, 413-2

Our grievance mechanisms

In line with the growing emphasis on corporate social responsibility, Sipchem has expanded its CSR reach to address local community concerns. These formal local community grievance processes now include a range of official channels, such as:

-  Social media accounts
-  Dedicated email addresses
-  Public relations outreach
-  Site visits and community studies

Reporting Details	2022	2023	Variation
Social impact assessments, including gender impact assessments, based on participatory processes	71	77	8%
Environmental impact assessments and ongoing monitoring	11	33	200%
Public disclosure of results of environmental and social impact assessments	55	63	15%
Local community development programs based on local communities' needs	70	77	10%
Stakeholder engagement plans based on stakeholder mapping	51	77	51%
Broad based local community consultation committees and processes that include vulnerable groups	11	33	200%

At the heart of Sipchem's social responsibility efforts rests a dedicated focus on achieving the Sustainable Development Goals through our diverse community programs. By aligning our initiatives with these global objectives, the company would ensure that its positive impact extends beyond the boundaries of its operations, thereby, contributing to the betterment of the economy, environment, and society.



Appendix A - GRI Content Index

Sipchem has reported the information cited in this GRI content index for the period 1st Jan 2023 to 31st Dec 2023 in accordance with the GRI Standards.

GRI Standard/ Other Source	Disclosure	GRI #	Sipchem's Report
General disclosures - Sipchem's material topic: Corporate governance & ethics, compliance & policy, risk management			
	Organizational details	2-1	Pg 20
	Entities included in the organization's sustainability reporting	2-2	Pg 7- 8
	Reporting period, frequency and contact point	2-3	Pg 7- 8
	Restatements of information	2-4	Corrections to Scope 1 and Scope 2 emissions for prior years were made following a third-party audit. The latest emission factors from the SEC were used as part of the calculation methodology. Pg 92
	External assurance	2-5	Pg 92, 148-151
	Activities, value chain and other business relationships	2-6	Pg 26-27
GRI 2: General Disclosures 2021	Employees	2-7	Pg 124, 134
	Workers who are not employees	2-8	Pg 124
	Governance structure and composition	2-9	Pg 24-25
	Nomination and selection of the highest governance body	2-10	Pg 24-25
	Chair of the highest governance body	2-11	Pg 24
	Role of the highest governance body in overseeing the management of impacts	2-12	Pg 24
	Delegation of responsibility for managing impacts	2-13	Pg 24-25
	Role of the highest governance body in sustainability reporting	2-14	Pg 10-11
	Conflicts of interest	2-15	Pg 54-55

GRI Standard/ Other Source	Disclosure	GRI #	Sipchem's Report
	Communication of critical concerns	2-16	Pg 56
	Collective knowledge of the highest governance body	2-17	Annual Board of Directors Report
	Evaluation of the performance of the highest governance body	2-18	Pg 131
	Remuneration policies	2-19	Pg 24-25
	Process to determine remuneration	2-20	Pg 24-25
	Annual total compensation ratio: Confidentiality constraints	2-21	
	Statement on sustainable development strategy	2-22	Pg 10-15
	Policy commitments	2-23	Pg 40-41, 54-56
GRI 2: General Disclosures 2021	Embedding policy commitments	2-24	Pg 57-58
	Processes to remediate negative impacts	2-25	Pg 58
	Mechanisms for seeking advice and raising concerns	2-26	Pg 54-56, 58, 138, 139
	Compliance with laws and regulations	2-27	There was no legal action taken by the Legal & Compliance Department regarding corruption or compliance matters in 2023. Pg 54
	Membership associations	2-28	Pg 52
	Approach to stakeholder engagement	2-29	Pg 48-51, 58, 138, 139
	Collective bargaining agreements: Labor unions are prohibited in KSA	2-30	

GRI Standard/ Other Source	Disclosure	GRI #	Sipchem's Report
Material topics			
GRI 3: Material Topics 2021	Process to determine material topics	3-1	Pg 44
	List of material topics	3-2	Pg 44-47
Procurement Practices- Sipchem's Material Topic: Responsible Procurement			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 60-65
GRI 204: Procurement Practices 2016	Proportion of spending on local suppliers	204-1	Pg 64
Anti-corruption- Sipchem's Material Topic: Corporate governance & ethics, compliance & policy, risk management			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 40-43, 54-56
	Operations assessed for risks related to corruption	205-1	Pg 54-56
GRI 205: Anti-corruption 2016	Communication and training about anti-corruption policies and procedures	205-2	Pg 56
	Confirmed incidents of corruption and actions taken	205-3	Pg 56
Materials- Sipchem's Material Topic: Circular Economy: Sustainable Sales & Products, Inputs and Waste Reduction			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 100
GRI 301: Materials 2016	Materials used by weight or volume	301-1	Pg 100-101
	Recycled input materials used	301-2	Pg 100-101
	Reclaimed products and their packaging materials: Information unavailable/incomplete	301-3	

GRI Standard/ Other Source	Disclosure	GRI #	Sipchem's Report
Energy- Sipchem's Material Topic: Reducing Emissions Footprint & Addressing Climate Change			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 76-81, 84
	Energy consumption within the organization	302-1	Pg 89
GRI 302: Energy 2016	Energy consumption outside of the organization: The report boundary only includes the facilities, buildings and offices present within SIPCHEM's premises in Jubail Industrial Park, KSA	302-2	
	Energy intensity	302-3	Pg 89
	Reduction of energy consumption	302-4	Pg 89
	Reductions in energy requirements of products and services: Information unavailable/incomplete	302-5	
Water and effluents - Sipchem's Material Topic: Water Management			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 104
	Interactions with water as a shared resource	303-1	Pg 104
GRI 303: Water and Effluents 2018	Management of water discharge-related impacts	303-2	Pg 104
	Water withdrawal	303-3	Pg 105
	Water discharge	303-4	Pg 105
	Water consumption	303-5	Pg 105
Emissions - Sipchem's Material Topic: Reducing Emissions Footprint & Addressing Climate Change			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 76-81, 84, 86-87, 90, 92, 94-96
	Direct (Scope 1) GHG emissions	305-1	Pg 92
GRI 305: Emissions 2016	Energy indirect (Scope 2) GHG emissions	305-2	Pg 92

GRI Standard/ Other Source	Disclosure	GRI #	Sipchem's Report
GRI 305: Emissions 2016	Other indirect (Scope 3) GHG emissions	305-3	Pg 95-96
	GHG emissions intensity	305-4	Pg 94
	Reduction of GHG emissions	305-5	Pg 84, 92
	Emissions of ozone-depleting substances (ODS): Information unavailable/incomplete	305-6	
	Nitrogen oxides (NOx), sulphur oxides (Sox), and other significant air emissions	305-7	Pg 90
Waste - Sipchem's Material Topic- Circular Economy: Sustainable Sales & Products, Inputs and Waste Reduction			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 97-101
GRI 306: Waste 2020	Waste generation and significant waste-related impacts	306-1	Pg 102
	Management of significant waste-related impacts	306-2	Pg 98, 100-101
	Waste generated	306-3	Pg 102
	Waste diverted from disposal	306-4	Pg 103
	Waste directed to disposal	306-5	Pg 103
Supplier environmental assessment - Sipchem's Material Topic: Responsible Procurement			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 60-65
GRI 308: Supplier Environmental Assessment 2016	New suppliers that were screened using environmental criteria	308-1	Pg 61-62
	Negative environmental impacts in the supply chain and actions taken	308-2	Pg 61-62

GRI Standard/ Other Source	Disclosure	GRI #	Sipchem's Report
Employment - Sipchem's Material Topic: Recruitment, Development and Employee Welfare			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 124
GRI 401: Employment 2016	New employee hires and employee turnover	401-1	Pg 125-126
	Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2	Pg 128
	Parental leave	401-3	Pg 129
Occupational health and safety - Sipchem's Material Topic: Health and Safety			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 106-115
GRI 403: Occupational Health and Safety 2018	Occupational health and safety management system	403-1	Pg 106-109
	Hazard identification, risk assessment, and incident investigation	403-2	Pg 108, 109
	Occupational health services	403-3	Pg 113
	Worker participation, consultation, and communication on occupational health and safety	403-4	Pg 110
	Worker training on occupational health and safety	403-5	Pg 114
	Promotion of worker health	403-6	Pg 113
	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	403-7	Pg 113
	Workers covered by an occupational health and safety management system	403-8	Pg 106-107, 113
	Work-related injuries	403-9	Pg 114
	Work-related ill health	403-10	Pg 115

GRI Standard/ Other Source	Disclosure	GRI #	Sipchem's Report
Training and education - Sipchem's Material Topic: Recruitment, Development and Employee Welfare			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 124
GRI 404: Training and Education 2016	Average hours of training per year per employee	404-1	Pg 127
	Programs for upgrading employee skills and transition assistance programs	404-2	Pg 130
	Percentage of employees receiving regular performance and career development reviews	404-3	Pg 131
Diversity and equal opportunity - Sipchem's Material topic: Diversity and Equality			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 121, 131
GRI 405: Diversity and Equal Opportunity 2016	Diversity of governance bodies and employees	405-1	Pg 131
	Ratio of basic salary and remuneration of women to men: Confidentiality constraints	405-2	
Non-discrimination - Sipchem's Material topic: Diversity and Equality			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 13, 42-43, 131
GRI 406: Non-discrimination 2016	Incidents of discrimination and corrective actions taken	406-1	Pg 131
Local communities - Sipchem's Material topic: Community Engagement and Impact			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 57, 135
GRI 413: Local Communities 2016	Operations with local community engagement, impact assessments, and development programs	413-1	Pg 135, 138-139
	Operations with significant actual and potential negative impacts on local communities	413-2	Pg 135, 138-139

GRI Standard/ Other Source	Disclosure	GRI #	Sipchem's Report
Supplier social assessment - Sipchem's Material Topic: Responsible Procurement			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 60-65
GRI 414: Supplier Social Assessment 2016	New suppliers that were screened using social criteria	414-1	Pg 61-62
	Negative social impacts in the supply chain and actions taken	414-2	Pg 61-62
Customer health and safety - Sipchem's Material Topic: Compliance & Product Stewardship (C&PS)			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 116-117, 122-123
GRI 416: Customer Health and Safety 2016	Assessment of the health and safety impacts of product and service categories	416-1	Pg 122-123
	Incidents of non-compliance concerning the health and safety impacts of products and services	416-2	Pg 116-117
Marketing and Labelling - Sipchem's Material Topic - Compliance & Product Stewardship (C&PS)			
GRI 3: Material Topics 2021	Management of material topics	3-3	Pg 116-117
-GRI 417: Marketing and Labelling 2016	Disclosure: Requirements for product and service information and labelling	417-1	Pg 116-117
	Disclosure: Incidents of non-compliance concerning product and service information and labelling	417-2	Pg 116-117
	Disclosure: Incidents of non-compliance concerning marketing communications	417-3	Pg 116-117

Appendix B - Third Party Assurance Report



Independent Limited Assurance Statement to SIPCHEM on Scope 1 and 2 Greenhouse Gas (GHG) Emissions FY2019-FY2023

To the management of Sahara International Petrochemical Company, Saudi Arabia

Introduction

Intertek Saudi Arabia Ltd. (“Intertek”) was engaged by Sahara International Petrochemical Company (“SIPCHEM”) for independent third-party verification of Scope 1 and 2 greenhouse gas (GHG) emissions for their operations in Saudi Arabia for the calendar years 2019, 2020, 2021, 2022 and 2023 to a limited assurance level. The reporting protocol against which verification was conducted is the ISO 14064-1:2018 Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals. Further, the verification exercise was performed against the general principles of ISO 14064-3:2019 Greenhouse gases – Part 3: Specification with guidance for the verification and validation of greenhouse gas statements.

Objective

The objectives of this limited assurance verification exercise were, by review of objective evidence, to confirm whether any evidence existed that the GHG emissions, as declared in the organization’s GHG Statement, were not accurate, complete, consistent, transparent and free of material error or omission in accordance with the criteria outlined below.

Intended Users

The intended users of this assurance statement are the management and stakeholders of SIPCHEM.

Responsibilities

The management of SIPCHEM is solely responsible for the organization’s GHG emissions information system, data maintenance and reporting procedures in accordance with that system, including the data collection, inventory, calculation and determination of GHG emissions for the organization.

Intertek’s responsibility, as agreed with the management of SIPCHEM, is to provide assurance and express an opinion on the GHG Statement based on our verification following the assurance scope and criteria given below. Intertek does not accept or assume any responsibility for any other purpose or to any other person or organization. This document represents Intertek’s independent and balanced opinion on the content and accuracy of the information and data held within.

Assurance Scope

The organizational boundary was established following the operational control approach. The scope of this engagement covered GHG emissions sources for 13 locations, worldwide, for the period of 1st January 2019 to 31st December 2023. The details are provided below:

- HO-AI Khobar Building
- AI Waha
- CA
- EA
- EDC
- IAC
- IDC
- IGC
- IMC
- IPC
- IUC
- Jubail Buildings
- VAM (IVC)

The verification included Scope 1 and 2 as follows:

Direct (Scope 1) Emissions: Stationary Fuels – Natural Gas, Fuel gas, Liquid waste, Emissions from flaring, Venting and Residue gas.

Indirect (Scope 2) Emissions: Purchased Electricity and Steam.

Assurance Criteria

Intertek conducted the verification work in accordance with requirements of 'Limited Assurance' procedures as per the following standard:

- ISO 14064-3 Greenhouse gases: Specification with guidance for the verification and validation of greenhouse gas statements

The criteria in which the GHG Statement was compared against were:

- WRI GHG Protocol Corporate Accounting and Reporting Standard, v3.51 (2004)
- ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

A limited assurance engagement involves performing procedures to obtain evidence about the quantification of emissions and related information in the GHG Statement.

A materiality level of 10% was applied. Assessment of compliance and materiality was undertaken against the stated calculation methodology and criteria.

10% materiality level applied.

Methodology

Intertek performed verification work using a risk-based approach to obtain the information, explanations and evidence that was considered necessary to provide a limited level of assurance. The verification process included onsite verification and a desk review with regard to the GHG Statement, reporting and supporting records for the fiscal years 2019-2023. Data and information supporting the GHG Statement were historical in nature and proven by evidence. Our assurance task was planned and carried out during September 2023 to May 2024. The assessment included the following:

- Review of processes and systems used to gather and consolidate data.
- Site visits to the AI Waha, CA, IDC and HO-AI Khobar and on-site review of the relevant data.
- Examined and reviewed documents, data and other information made available digitally.
- Conducted virtual interviews with managers responsible for data management.
- Assessment of appropriateness of various assumptions, estimations, emission factors and thresholds used by SIPCHEM for data analysis.
- Review of GHG related data on sample basis for the duration from 1st January 2019 to 31st December 2023 was carried out on-site and remotely through virtual interactions and screen sharing tools.
- Recalculation of GHG emissions based on the data provided.
- Appropriate documentary evidence was obtained to support our conclusions on the information and data reviewed.

Conclusions

Intertek reviewed scope 1 and 2 GHG emissions of SIPCHEM for the reporting period from 1st January 2019 to 31st December 2023. Based on the data and information provided by SIPCHEM, Intertek concludes with limited assurance that there is no evidence that the GHG emissions assertion is not materially correct, and is a fair representation of the GHG emissions data, to the best of our knowledge.

GHG Emissions	2019	2020	2021	2022	2023
Scope 1 (K tonnes CO _{2e})	1,878.1	1,929.7	2,154.2	2,357.5	2,213.1
Scope 2 (Location-based) (K tonnes CO _{2e})	958.2	891.7	950.9	962.6	1,038.4
Total (K tonnes CO_{2e})	2,836.3	2,821.4	3,105.0	3,320.1	3,251.5

Attestation on Behalf of Intertek

Signature placeholder

Myvizhi Somasundaram, Verifier 1
Technical Manager-Sustainability Intertek

Signature placeholder

Sumit Chowdhury, Verifier 2
Senior Manager-Sustainability Intertek

Signature placeholder

Elizabeth Mielbrecht, Reviewer
Project Director Intertek

15th May 2024

No member of the verification team (stated above) has a business relationship with SIPCHEM, its directors or Managers beyond that is required of this assignment. No form of bribe has been accepted before, throughout and after performing the verification. The verification team has not been intimidated to agree to do this work, change and/or alter the results of the verification. The verification team has not participated in any form of nepotism, self-dealing and/or tampering. If any concerns or conflicts were identified, appropriate mitigation measures were put in place, documented and presented with the final report. The process followed during the verification is based on the principles of impartiality, evidence, fair presentation and documentation. The documentation received and reviewed supports the conclusion reached and stated in this opinion.

Intertek's Competence and Independence

Intertek is a global provider of assurance services with a presence in more than 100 countries employing approximately 43,000 people. The Intertek assurance team included competent sustainability assurance professionals, who were not involved in the collection and collation of any data except for this Assurance Opinion. Intertek maintains complete impartiality towards any people interviewed.

43,000 employees at Intertek.



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