



المتقدمة
Advanced



Empowering Growth with ESG Excellence

ESG Report 2023



المتقدمة
Advanced
CULTURE OF
EXCELLENCE

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



My primary goal is to be an exemplary and leading nation in all aspects, and I will work with you in achieving this endeavour.

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





Our ambition is for the long term. It goes beyond replenishing sources of income that have weakened or preserving what we have already achieved. We are determined to build a thriving country in which all citizens can fulfill their dreams.

**HRH Prince
Mohammed bin Salman bin Abdulaziz Al Saud**

Crown Prince and Prime Minister



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ABOUT THIS REPORT

This **environmental, social and governance (ESG)** report reflects Advanced Petrochemical's performance throughout the reporting year from 1 January 2023 to 31 December 2023.

REPORTING GUIDELINES

This report has been prepared in accordance with the GRI Standards. Our GRI Index can be found in Appendix E. The report focuses on the material sustainability issues identified as significant to both Advanced Petrochemical Company and its stakeholders.

EXTERNAL FRAMEWORKS

At a global level, Advanced welcomes and support the vision provided by the United Nations Global Compact (UNGC), the United Nations Sustainable Development Goals (UNSDGs) and the Saudi Vision 2030 since these frameworks allow for genuine long-term and collaborative action. The contributing activities made by Advanced to the UNSDGs, and Saudi Vision 2030 are illustrated in this Report.

In reporting our performance, Advanced has also been guided by other recognized sectoral, local, regional, or global best practice standards and frameworks where these have been relevant and useful. These include: EHSS and process safety, PSI (API754): OSHA; SASB; IPIECA; NSS; and Saudi Tadawul Common ESG Metrics; and others.

Further information about our ESG-related activities and performance can be found in our Annual Report, our CSR Reports from previous years, and our website (advancedpetrochem.com).

REPORT SCOPE AND BOUNDARY

The report covers all Advanced Petrochemical company's manufacturing sites located in the Kingdom of Saudi Arabia. The report covers Advanced Petrochemical's and main business units and shared services except for data of external contractors, suppliers and clients which are not included in this report unless stated otherwise. This report has been reviewed and approved by the company Board of Directors.

FEEDBACK & INQUIRIES

Feedback and inquires or suggestions are welcome through below communication:

Links/E-mail address: Sustainability@Advancedpetrochem.com

Cautionary Message

This report contains statements that may be deemed as "forward-looking statements" that express the way in which Advanced Petrochemical intends to conduct its activities. Forward statements could be identified by the use of forward-looking terminology such as "plans", "aims", "assumes", "continues", "believes", or any variations of such words that certain actions, events or results "may", "could", "should", "might", "will", or "would" be taken or be achieved.

Advanced Petrochemical has made every effort to ensure that this report is as accurate and truthful as possible. However, by their nature forward-looking statements are qualified to inherent risks and uncertainties surrounding future expectations that could cause actual results to differ materially from these projected or implied statements. Such statements are subject to risks that are beyond the Group's ability to control and therefore do not represent a guarantee that events implied in these forward-looking statements will actually occur.



MESSAGE FROM THE CHAIRMAN



We aim to leverage ESG challenges by converting them into opportunities.

Mr. Khalifa bin Abdullatif Al Mulhem

Chairman of the Board



Advanced is striving to be with the pioneers in ESG and sustainability practices by creating and sustaining long-term value in a world that is rapidly changing.

As the global community confronts the challenges of climate change and the urgent need for sustainable development, Advanced Petrochemical Company is unwavering in its commitment to leading the sustainability movement through our manufacturing and investment initiatives. We view these challenges not only as responsibilities but also as significant opportunities for innovation, growth, and positive transformation. We are dedicated to embracing these opportunities with determination and purpose.

To this end, we have proactively embedded sustainability into the core of our business strategy.

Our efforts are aligned with key global frameworks, including the United Nations Sustainable Development Goals and the United Nations Global Compact. In addition to this alignment, we are continuously assessing international initiatives and evolving standards to identify potential risks and opportunities, ensuring our actions remain at the forefront of global sustainability practices. This approach allows us to contribute meaningfully to the global sustainability agenda while also addressing the national priorities set forth in Saudi Vision 2030, including the commitment to achieving net-zero emissions by 2060.

Corporate governance is the foundation of our sustainability agenda, underpinning sustainable growth and long-term value creation. Our governance framework is deeply integrated into our organizational structure, extending from the Board of Directors to executive and senior management, and permeating through all levels of the company. This robust framework addresses critical environmental, social, and governance (ESG) issues, such as climate change and social responsibility. By incorporating ESG principles into both our short- and long-term strategies, we are positioning Advanced Petrochemical

Company to deliver lasting value to our customers, employees, shareholders, and the broader community. At the same time, we continue to lead in operational excellence, safety, and cost-efficiency.

On behalf of the Board of Directors, I would like to express our sincere gratitude to our employees, customers, shareholders, and all stakeholders for your unwavering support. Your trust and confidence in Advanced Petrochemical Company motivate us to continually push boundaries and strive for even higher levels of excellence in everything we do.

MESSAGE FROM THE CEO



ESG principles have always been embedded in our culture of excellence.

Fahad Salem Al Matrafi

President & CEO



At Advanced, ESG is at the forefront of all areas of our business as we strive to build a better and more sustainable future.

In 2023, Advanced Petrochemical Company continued to navigate the complexities of the petrochemical industry with resilience and a steadfast commitment to sustainability. As we faced a rapidly changing landscape, our focus on embedding Environmental, Social, and Governance (ESG) principles into every facet of our operations proved instrumental in driving positive change and creating value for our stakeholders.

Aligned with the global sustainability frameworks, including the United Nations Sustainable Development Goals and Saudi Vision 2030, we have made significant strides in our ESG journey. Our efforts are not only about compliance but about leadership and innovation in sustainability.

We took decisive steps to minimize our environmental impact. Achieving a waste recycling rate of 94% and reducing both Scope 1 and 2 GHG emissions are milestones that underscore our commitment to environmental responsibility. By implementing energy-saving technologies, such as Heat Generating Material (HGM), the announced synergy project with a neighboring company to utilize one of our by-products, enhancing the industrial integration among the industrial companies and increasing operational efficiency, and optimizing power usage in extruders, we are on track to meet our 2030 targets—reducing GHG emissions and energy intensity by 13%, cutting water intensity by 26%, and improving material effectiveness by 26%.

Our commitment to social sustainability is reflected in our ongoing investment in our people and the communities we serve. In 2023, we increased our full-time workforce by 17%, provided over 10,000 hours of EHSS training, and maintained an 81% Saudization rate. We are proud of our safety achievements, with 24 million safe man-hours without a lost workday injury and zero fatalities, showcasing our robust safety management systems.

Beyond our internal operations, we continue to uplift local economies. In 2023, we invested SAR 1.4 million in 29 CSR programs, impacting nearly 19,000 beneficiaries. Our local procurement initiatives saw 86% of our procurement spend directed towards local suppliers, a 62% increase in responsible local procurement investments since 2021.

Corporate governance remains the bedrock of our long-term strategy. By integrating ESG principles into our governance framework, we ensure that our business not only meets today's demands but is also prepared for future challenges. This approach strengthens our operational excellence, enhances safety standards, and maintains cost efficiency, ensuring sustainable growth and value creation.

As we look ahead, I am confident that the unwavering dedication of our team, our collaborative efforts with stakeholders, and our investments in innovative technology will enable us to realize our ESG goals. Together, we will continue to build a more sustainable business and a resilient future for all.

AN OVERVIEW OF ADVANCED

Advanced Petrochemical Company is a Saudi Joint Stock Company, established in October **2005**, Current Paid up capital of **SAR 2,600,000,000**. The company has been listed in Saudi Stock Market since **2007**.

Advanced Petrochemical started the construction of its plants in May 2005. The company produces 455,000 tons per year of propylene and 450,000 tons per year of polypropylene from its production facility located in Jubail Industrial City, in the Eastern coast of the Kingdom of Saudi Arabia. The company started the

commercial production from its polypropylene facility on 3rd March 2008.

Advanced utilizes the PDH CATOFIN Technology, which is licensed by Lummus, to produce propylene and uses the Novolen Technology to produce polypropylene. Advanced is executing a new PDH-PP Complex project.

This new expansion project located in Jubail-2 is designed to produce 843 KTA Propylene and 800 KTA Polypropylene. The new PDH unit will adopt the same CATOFIN Technology while, the PP units will adopt LyondelBasell's Spheripol and Spherizone Technologies with PP capacity of 400 KTA each, expected to be commissioned in 2024.



Advanced Petrochemical Company in Numbers



673
Employees



2.374^B
SAR revenues

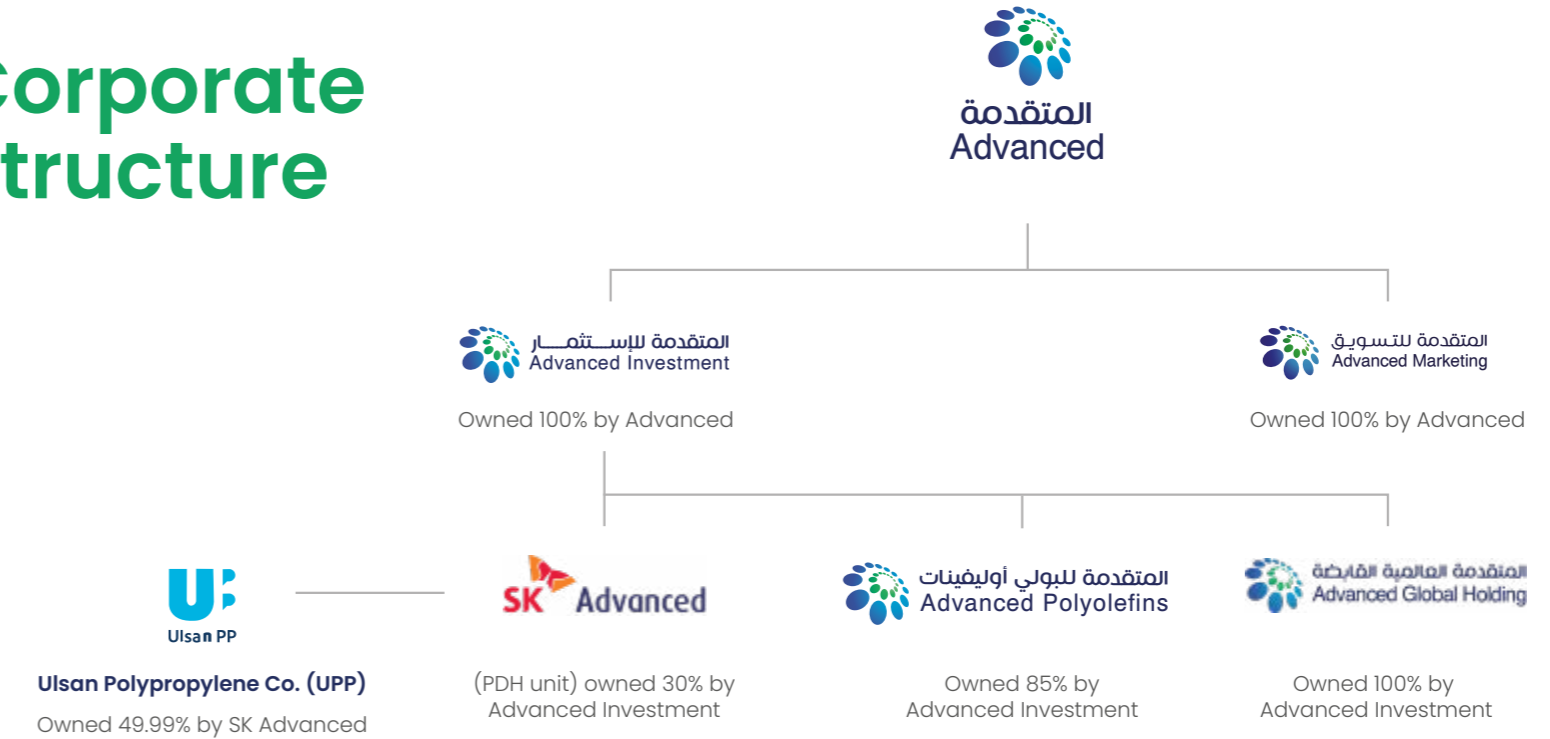


361^M
EBITDA



4
Affiliates

Corporate Structure



*For more information and activities of Advanced's affiliates, please refer to the Annual Report 2023.

Vision

Growing chemical company acting responsibly towards all stakeholders.

Mission

Provide quality products through professional work environment to maximise profit in a socially responsible and sustainable manner.

Values



Transparency

We speak up our mind; give positive and constructive feedback.



Continuous Improvements

We pro-actively recognize business opportunities; benchmark and implement best practices; challenge status quo.



Team Spirit

We sacrifice own needs for the good of the team; never undermine team efforts; celebrate achievements.



Customer Care

We adjust business processes to best meet customer needs and to ensure customer satisfaction.



Excellence

We do the right things right first time; deliver on commitments.

Business Strategy and Marketing

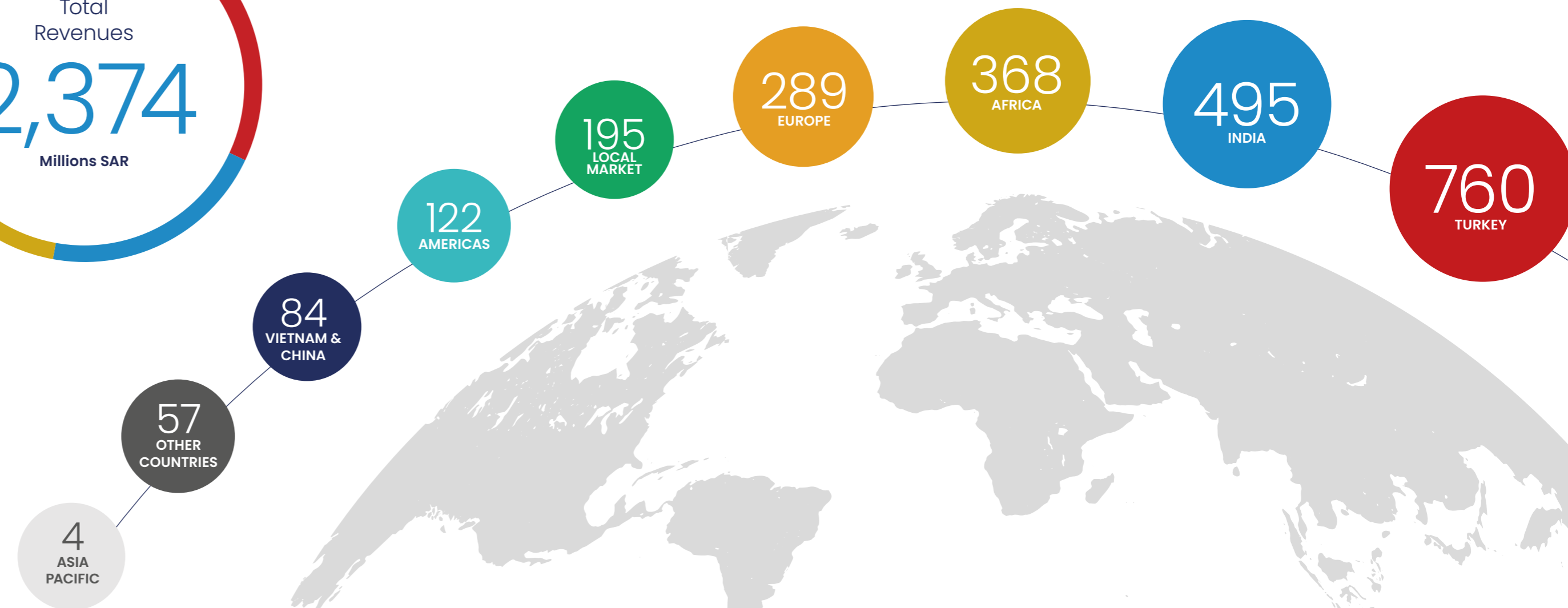
Advanced is in Jubail Industrial City and has one production facility which produces polypropylene, as well as a central office that is home to the sales and marketing division. Advanced products are being sold globally including Saudi Arabia. Presently, Advanced specializes in the production of polypropylene homopolymers, which are distributed globally through established off-takers. We also serve the domestic market within the Kingdom, directly supplying local converters over the

past decade, and we have supported more than 20 of these businesses across all major application sectors. Our marketing strategy is based on product-market segmentation, aimed at maintaining and growing our customer base while maximizing netback. A fundamental element of our business strategy is to support the local market in alignment with the objectives of Saudi Vision 2030. We are committed to product stewardship, adhering to strict food contact standards as required by

international regulations, including the EU REACH guidelines and other pertinent regulatory standards. Looking ahead, Advanced is poised to enhance sales and marketing efforts significantly. Our goal is to achieve self-sufficiency, increase direct sales, and expand our marketing capabilities to include production of wider array of products in the future.



Geographical Analysis of the Total Revenues of Advanced and Affiliated Companies in 2023



2023 Business Highlights

01 Signing the Pledge with Operation Clean Sweep initiative to prevent resin pellet, flake and powder loss to the environment.

02 Achieved the highest direct sales in the company's history

05 Achieved 94% waste recycling rate from total generated waste

04 Signing a joint venture between Shareek and Advanced to produce methionine

03 Announced a synergy project with a neighboring company to utilize one of our by-products in their processes

Awards



RoSPA Gold Medal Award for 2023 Performance



2023 Labor Award

Memberships



The Gulf Petrochemical and Chemical Association (full member).



Jubail Area Mutual Aid Association (JAMA'A).



Royal Society for the Prevention of Accidents



British Safety Council



Middle East Investor Relations Association



United Nations Global Compact (UNGC) Signatory

Certifications

Operations at Advanced are currently certified with international standards, bodies, and certifications. These include:



*For Advanced's journey in previous years, please refer to the Annual Report 2023.

*For Advanced's awards from the previous years, please refer to the ESG Report 2022.

2023 ESG Performance

In the last year, Advanced made progress across many key areas and there were achievements across several pillars including:

Environmental Performance

GHG Intensity	1.25 tCO ₂ e/ t product	0.33 tCO ₂ e/ sales volume
Energy Intensity	23.26 GJ/ t product	6.23 GJ/ SAR; thousand
Water Intensity	1.21 tH ₂ O/ t product	0.26 M ³ / SAR per million sales
Waste	Achieved 94% rate of waste recycling from the total waste generated.	
Spill Management	Zero record of Process safety Tier 1 & Tier 2 incidents according to API754.	
	Zero PSISR & PSTIR.	

Announced a synergy project with a neighboring company to utilize one of our by-products in their processes



Social Performance

Achieving 24 million Safe man-hours without lost workday injury for employees and contractors (15 years of safe operations)	Awarded ROSPA Health & Safety Gold Standard for 9 consecutive years to 2023	> 10,000 hours of EHSS training, (equivalent to 15.56 training hours per employee)
Zero Fatality, Zero Lost Work Day injuries, and Zero LTIR.	Zero incident rates related to employees and contractors according to OSHA Incident rate	Total of SAR 1.4 million invested in 29 CSR programs, with an impact on 19,000 beneficiaries.
Approximately 3,958 hours Training & Development (equivalent to 5.88 training hours per employee)	81.1% Saudization target	171 volunteering hours from Advanced's employees
Zero Product Safety Incidents	Zero rates of occupational illness in Advanced employees and contractors	

Governance and Economic

85% of spending on goods and services from local suppliers	Zero incidences of non-compliance from Authorities	SAR 2,374 million Revenue
Zero incidents related to Human Rights	Zero incidents related to Anti-corruption	Pledge to Operation Clean Sweep to prevent plastic loss to the environment

ADVANCED ESG STRATEGY

Advanced's commitment to leadership in sustainability and ESG is anchored firmly in our corporate values. The balance between economic success, environmental protection, and social responsibility is an integral part of corporate culture and is embedded in our business strategy.

Our Approach to ESG

At Advanced, we understand that ESG factors are essential to our business objectives, making sustainability a core element of our overall corporate strategy. This integration helps steer our decision-making processes and shapes our actions. We are actively exploring potential projects and initiatives

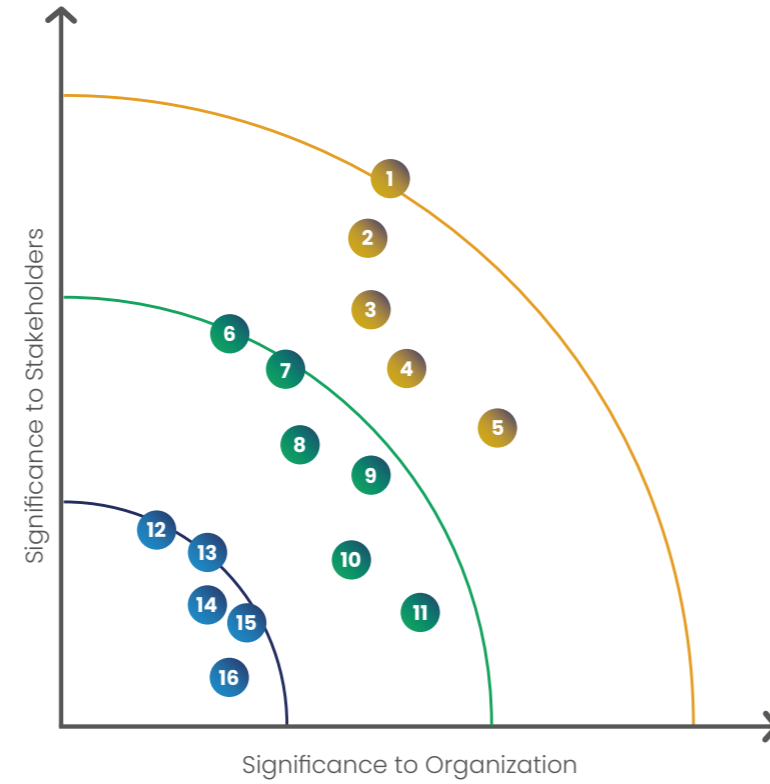
aimed at boosting our sustainability performance, including efforts to reduce greenhouse gas emissions and enhance operational efficiency. To successfully realize our goals, we acknowledge the necessity for collaborative approaches. Consequently, we have pledged to forge

new partnerships with stakeholders to pursue common objectives and advance toward a more sustainable future. This commitment extends to all facets of our operations, from client engagement and natural resource conservation to fostering community relationships where we operate.



Materiality Principle

Advanced Petrochemical Company undertook a materiality review aimed at pinpointing issues of significance to our business in reference to GRI. Each identified material issue undergoes continual reviews and assessment to gauge potential impacts on our business and stakeholders, ensuring that we manage these issues effectively and allocate resources where needed, across short, medium, and long-term horizons.



- | Most Important | Very Important | Important |
|--|---|---------------------------|
| 1 Health and Safety | 6 Waste Management | 12 Circular Economy |
| 2 Governance, Ethics and Compliance | 7 Water Management | 13 Diversity and Equality |
| 3 Energy, GHG emissions and Climate Change | 8 Economic Performance | 14 Biodiversity |
| 4 Human Welfare and Development | 9 Sustainable Supply Chain | 15 Customer Satisfaction |
| 5 Product Stewardship | 10 Community Investment and Engagement at CSR | 16 Data Security |
| | 11 Technology and Innovation | |

Materiality Assessment

Our materiality assessment process is seamlessly integrated with the company's Enterprise Risk Management (ERM) framework, facilitating a comprehensive approach to addressing both risks and opportunities.

Stakeholder engagement played a pivotal role in this

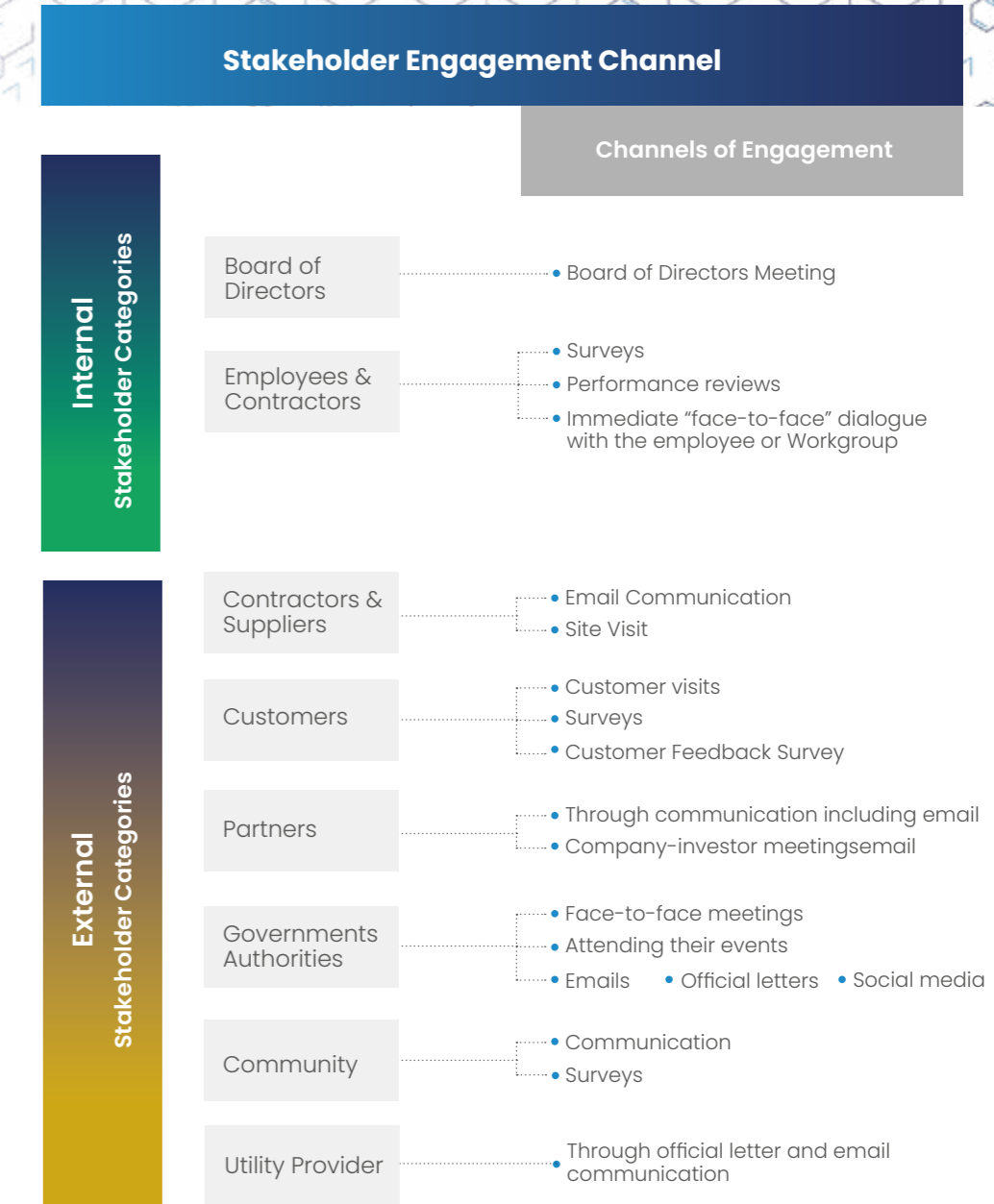
assessment, with various stakeholder groups providing insights into the importance of each material topic from their perspective as well as from the company's viewpoint. The result of this assessment identified sixteen material issues that will guide our sustainability and business strategies moving forward.

Stakeholder Engagement

We recognize the importance of fostering open communication and collaboration with our stakeholders to address concerns, build trust, and drive positive outcomes for all. Our approach to stakeholder engagement begins with the identification of stakeholders based on their potential impact on, or being impacted by, our operations. By promoting transparency and facilitating two-way communication, we aim to ensure meaningful engagement that leads to shared understanding and collaborative solutions for a sustainable future.

To facilitate stakeholder feedback and inquiries, we maintain a multi-channel

system that includes meetings, surveys, and online platforms. We actively engage with a diverse array of stakeholders, including employees, communities, investors, customers, suppliers, and industry bodies. All feedback is logged and categorized for efficient analysis, allowing us to identify trends and recurring issues. We actively utilize stakeholder input to drive continuous improvement in our polypropylene products and services. Action plans are developed and implemented to address concerns raised by stakeholders, enhance product quality, improve service delivery, and advance sustainability practices.



ESG Framework

Advanced Petrochemical's ESG and Sustainability Framework summarizes what sustainability means for the company by identifying the key areas that need to be addressed and balanced. The Framework revolves around Advanced Petrochemicals values:

01 Governance and Social Responsibility



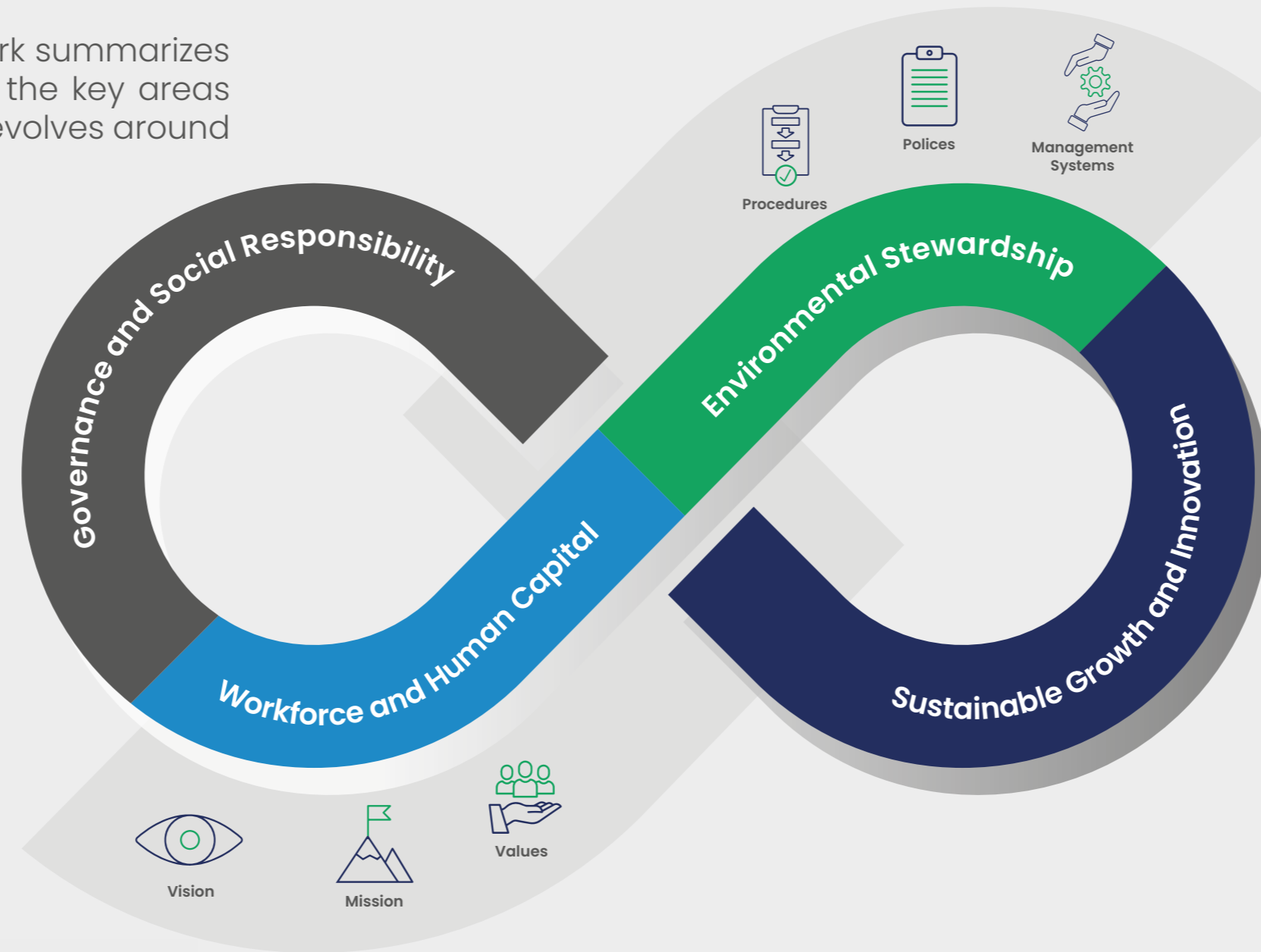
- Governance, ethics and compliance
- Community investment and CSR
- Customer Satisfaction
- Data Security



02 Workforce and Human Capital



- Health and Safety
- Human Welfare and Development
- Diversity and Equality



03 Environmental Stewardship



- Energy, GHG Emissions and Climate Change
- Water Management
- Waste Management
- Biodiversity



04 Sustainable Growth and Innovation



- Economic performance
- Product Stewardship
- Circular Economy
- Technology and Innovation
- Sustainable Supply Chain



Integrating ESG with our Business Governance Strategy

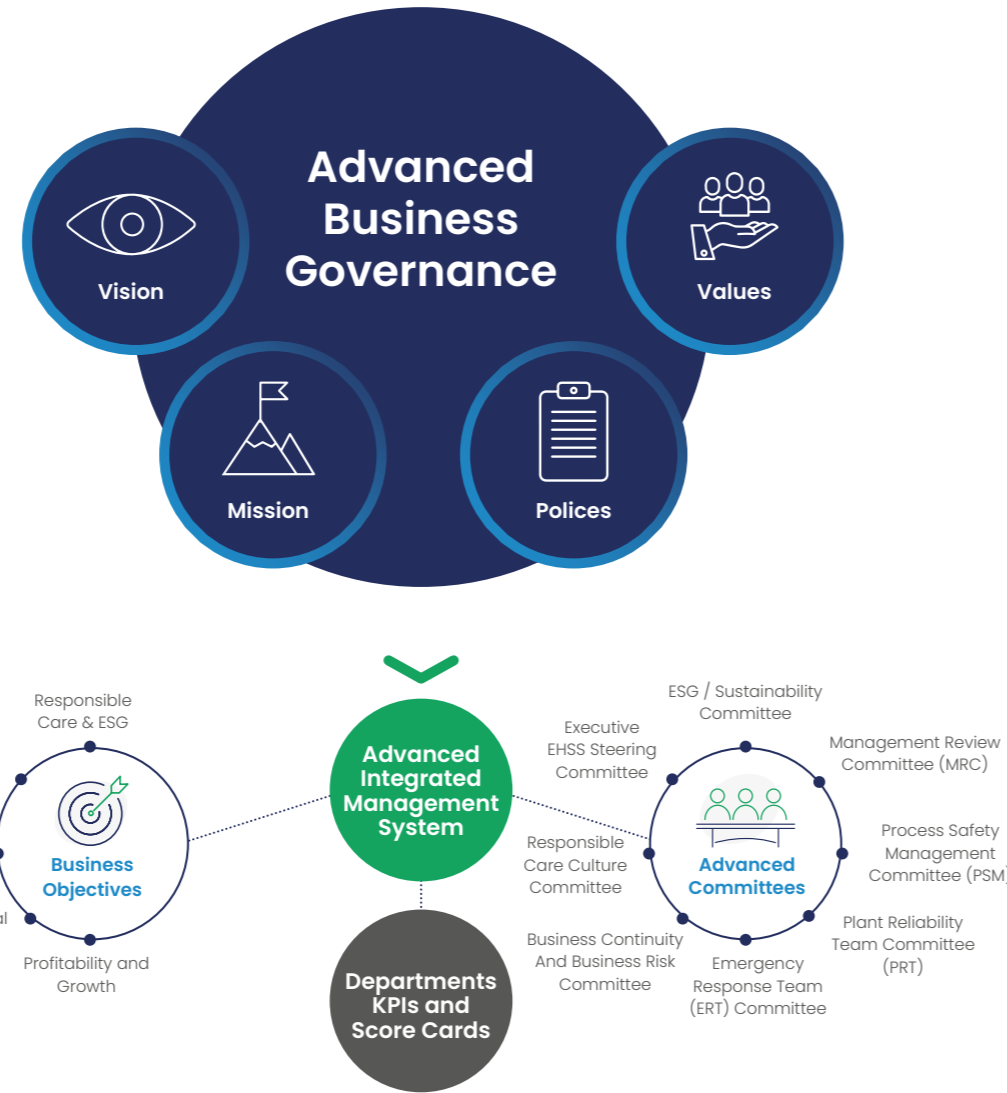
At Advanced, our commitment to sustainability and ESG is woven into both our short-term and long-term business strategies. In the short term, we focus on meeting annual company-wide objectives that are in line with Responsible Care and ESG principles, alongside goals for human capital development, customer satisfaction, plant reliability, and profitability.

To ensure we meet these goals, we've established a robust monitoring system that evaluates our progress on a monthly and quarterly basis. This proactive mechanism allows all organizational levels to respond promptly, keeping us aligned with our short-term targets.

Advanced aims for sustained growth in the chemicals sector, striving to set industry benchmarks and significantly expand our scale. Our commitment is to lead in operational and manufacturing excellence within the petrochemical industry in KSA. In achieving

this, we emphasize strict compliance and continuous improvement in all ESG dimensions, aiming to generate enduring value for our stakeholders, customers, and the community.

Our approach to ESG is tightly integrated with our broader business objectives and was shaped through active consultations with employees and stakeholders, ensuring it addresses the most pressing environmental, social, and governance issues. This strategy includes tackling global challenges such as climate change and greenhouse gas emissions, as well as addressing national priorities like contributing to Saudi Vision 2030. We believe this comprehensive framework will sustain our regional leadership, underpinning our commitment to operational excellence, safety, and cost-efficiency.

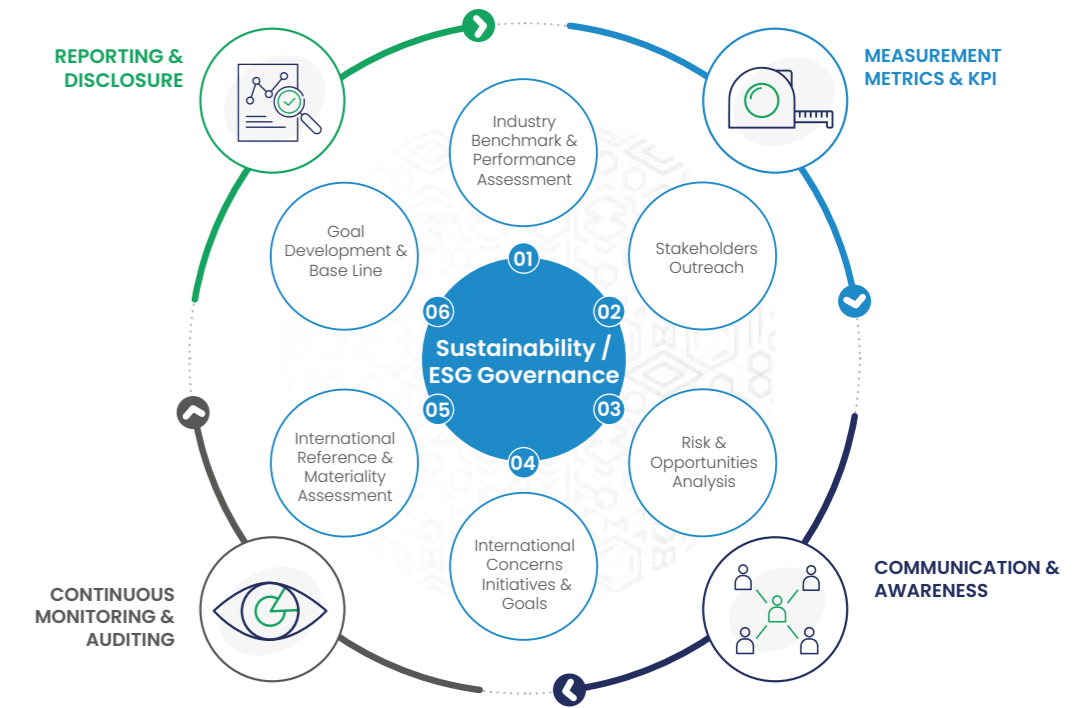
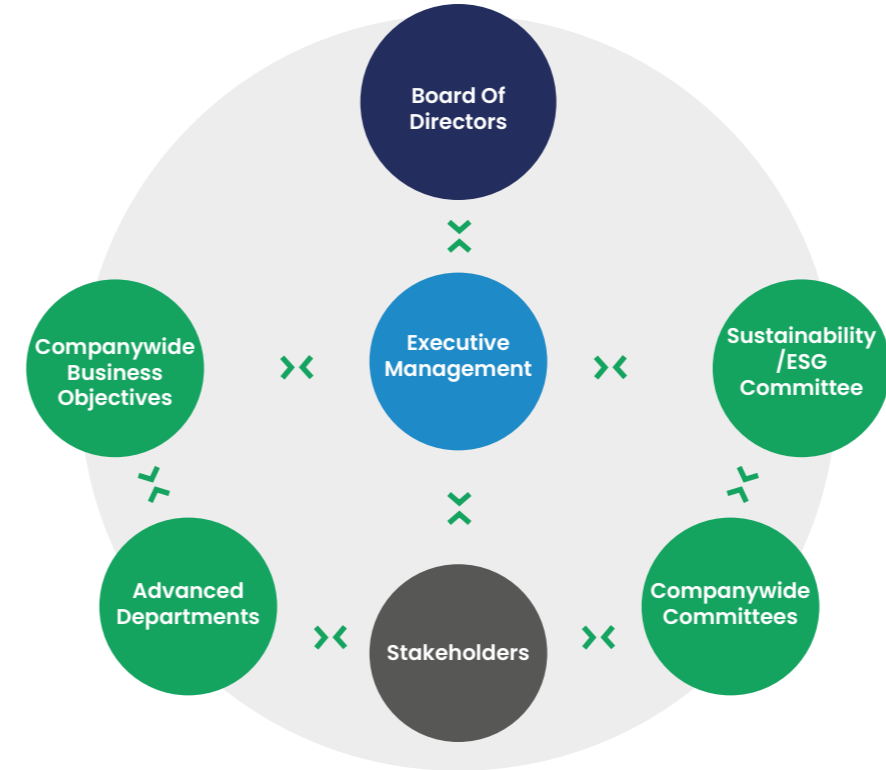


ESG Governance

Advanced's ESG Committee is tasked exclusively with overseeing ESG and sustainability-related programs and initiatives. The committee evaluates ESG practices across various domains, including climate change initiatives, social programs, ESG

investing, and governance practices. Furthermore, the committee is responsible for producing the annual ESG report to communicate with stakeholders and for reviewing progress and performance relative to our long-term and short-term objectives alongside

Executive Management and the Board of Directors. The ESG Committee is chaired by a member of our executive management team and comprises a dedicated sustainability professional as well as expert team members from all organizational divisions.



SUSTAINABILITY PROGRAM AND 2030 ESG TARGETS



By 2030, the company aims to reduce GHG emissions and energy intensity by 13%; reduce water intensity by 26%; and improve material effectiveness by 26%.



Starting with 2017 as the baseline year for sustainability improvements, Advanced's Sustainability Program initiates our commitment to reduce environmental impacts and boost efficiency. Recognizing that these goals require time to develop and implement, Advanced has set 2030 as the target year for measuring our environmental impact reductions, aligning with key objectives of both the Paris Agreement and the KSA vision

for CO2 emission reduction. By 2030, we aim to decrease GHG emissions and energy intensity by 13%, cut water intensity by 26%, and enhance material effectiveness by 26%. Additionally, the company has intensified its Corporate Social Responsibility (CSR) efforts and engaged in various initiatives and partnerships, which are crucial to the foundations of our CSR Program.

Indicators	2017 Baseline** Year	2023 Performance	2030 Plan
SHE Index*	0	0.11	0
Incident rate direct hire*	0	0	0
Incident rate contractors*	0	0.22	0
GHG tCO ₂ e/t product	1.37	1.25	1.19
Energy GJ/t product	23.95	23.26	20.84
Water Withdrawal tH ₂ O/t product	1.18	1.21	0.87
Material effectiveness KG/t product	11.55	9.5	8.55
Waste recycle from operations	-	94%	95%
Compliance with Supplier Code of Conduct	-	-	100%

** Refer to Appendix B: The reason for choosing 2017 as baseline year is mainly due to availability of our data on all the announced targets for GHG emissions intensity, water consumption, energy intensity, and material effectiveness.*

01

GOVERNANCE AND SOCIAL RESPONSIBILITY

Governance and social responsibility are fundamental pillars that guide our actions and decisions at Advanced Petrochemical Company. As a responsible corporate citizen, we are committed to upholding the highest standards of ethical conduct, transparency, and accountability in all aspects of our operations.

“

Governance with strong integrity, provides confidence and tangible financial benefits to the stakeholders

”

Governance, Ethics and Compliance

Our governance framework is designed to ensure the effective oversight and management of our operations, with a strong emphasis on integrity, compliance, and risk management. We adhere to stringent governance principles and standards, aligning our practices with regulatory requirements and best practices in corporate governance.

This framework is deeply embedded within our organizational structure, extending from the board of directors to executive and senior management, and reaching down to the working levels. By integrating ESG considerations into every

facet of our operations, we reaffirm our commitment to responsible business practices and value creation for all stakeholders.

The Shareholders General Assembly serves as the highest authority within the company, providing a platform for shareholders to exercise their rights and participate in decision-making processes. This assembly convenes to approve significant corporate matters, including the appointment of members to the Board of Directors and the approval of financial statements.

Board of Directors

The Board of Directors plays a pivotal role in guiding the strategic direction of Advanced. Comprising various committees and executive members, the Board oversees corporate governance, risk management, and performance evaluation. The Management Team, overseen by the Board, has ultimate responsibility for conducting the company's business.

In line with best practices, the roles of CEO and Chairperson are separated at Advanced. While the CEO oversees the company's operations and strategic direction, the Chairperson assumes a non-executive role, providing leadership to the Board of Directors. Although the Chairperson is non-executive, they are not independent, which is disclosed transparently in accordance with regulatory requirements.

Advanced adheres to the regulations set forth by the Saudi Stock Exchange regarding board independence. We maintain a publicly available independence statement for our Board of Directors in our Annual Reports, affirming our commitment to ensuring an effective governance framework that upholds the interests of shareholders and stakeholders alike. The Board has the legally required number of independent board members to ensure compliance. Further, board elections take place every 3 years as per the Saudi Capital Market Authority guidelines.



Total number of board members	9	9	9
Total number of independent members	3	3	3
Total number of non-independent members	6	6	6
Total number of executive members	0	0	0
Total number of non-executive members	6	6	6
Total board seats occupied by women	0	0	0
Total board seats occupied by men	9	9	9
Total number of board members under 30 years of age	0	0	0
Total number of board members between 30-50 years of age	3	3	3
Total number of board members over 50 years of age	6	6	6

The Board is involved in the following committees:

- Audit Committee:** Responsible for overseeing financial reporting, internal controls, and risk management practices. The committee comprises members with expertise in finance, accounting, and auditing. It is supported by the Internal Audit function and the Compliance Officer, ensuring compliance with regulatory requirements and internal policies.
- Investment Committee:** Responsible for evaluating investment opportunities and strategic partnerships, the Investment Committee assesses potential risks and returns associated with various ventures, contributing to informed decision-making.
- Executive Management:** Under the guidance of the Board of Directors, the Executive Management team is responsible for the day-to-day operations of Advanced, executing strategies and initiatives to achieve corporate goals and drive sustainable growth.
- Nomination and Remuneration Committee:** This committee is tasked with recommending candidates for Board membership and evaluating their qualifications. Additionally, it oversees the remuneration policies for directors and executives, ensuring alignment with company objectives and market standards.
- Executive Committee:** Comprising senior executives and board members, the Executive Committee provides strategic guidance on key operational matters, corporate initiatives, and business performance.



ESG and Leadership

ESG challenges are overseen by our dedicated ESG Committee. This committee is responsible for measuring KPIs, fostering communication and awareness on sustainability and ESG, continuous monitoring and auditing of ESG performance, and reporting on sustainability performance.

The ESG strategy and roadmap which is under Advanced Business Strategy, are presented to the Board for advice and comments to proceed accordingly. Delegation of responsibility is facilitated through the approved Delegation of Authority (DOA), ensuring clear guidelines for decision-making processes.

Advanced sets yearly Business Objectives aligned with five pillars: Responsible Care & ESG, Human Capital, Commercial, Integrity & Reliability (Manufacturing Excellence),

and Profitability & Growth. ESG-related KPIs are integrated into these objectives, with measures implemented to enhance ESG maturity levels. For example, specific KPIs targeting ESG maturity levels are outlined for both 2023 and 2024, with corresponding action plans to achieve set targets.

During Board meeting in 2023, a detailed ESG Roadmap was presented, highlighting the company's commitment to sustainability and responsible business practices. The detailed implementation plan and actions taken to date will be presented to the Board in 2024 for further review and approvals, as necessary.

Corporate Governance

Advanced adheres to a set of corporate governance principles designed to enhance the effectiveness and integrity of our operations. These principles include enhancing the role of shareholders and facilitating the exercise of their rights; achieving transparency, impartiality, and equity in the stock market and our business environment, with improved disclosure; establishing a general framework for engaging with stakeholders and protecting their rights; and clearly stating

the competencies and responsibilities of the Board and Executive Management. Additionally, we provide effective tools for managing conflicts of interest, activate the role of the Board and its committees to improve decision-making processes, and enhance accountability and control mechanisms for company employees. We also define the general framework for our social responsibility program and its initiatives, setting controls to ensure these efforts meet their objectives.



Policies and Procedures

At Advanced, we ensure that our policies, procedures, and controls are seamlessly integrated into our operational activities. To achieve this, we have implemented an Integrated Management System (AIMS) based on Responsible Care®, Environmental, Occupational Health & Safety, and Quality Management System requirements. AIMS is also fully compliant with Process Safety Management (PSM) standards. Certified by a third-party certification agency, AIMS adheres to

international standards including ISO 9001, ISO 45001, ISO 14001 & RC14001, and ISO 27001.

To ensure the effective implementation of our commitments throughout the organization, we have developed a comprehensive documentation system, to govern and maintain a world-class, best practices of business performance.



Code of Conduct

Our Code of Conduct serves as a guiding framework that reflects our unwavering commitment to integrity, ethical behaviour, and compliance with laws and regulations. To instil a deep understanding of our Code of Conduct among employees, we conduct awareness training sessions on a yearly basis. These sessions provide comprehensive insights into our ethical standards and expectations. Additionally, we facilitate communication with the Compliance section through the following options:

- **Dedicated Help Desks and Focal Points:** Employees have access to dedicated help desks and focal points where they can seek guidance, report violations, or raise concerns confidentially. These channels provide a safe and supportive environment for employees to address Code of Conduct-related matters.
- **Ombudsman and Hotlines:** We have established an Ombudsman office and hotlines to further enhance accessibility and confidentiality in reporting. Employees can raise concerns or report violations anonymously, ensuring that all issues are addressed promptly and effectively.
- **Integration into Performance Appraisal Systems:** Compliance with the Code of Conduct is integrated into our employee performance appraisal systems. By evaluating employees based on their adherence to ethical standards and compliance requirements, we reinforce the importance of upholding our principles in day-to-day activities.

In cases of Code of Conduct breaches, we enforce disciplinary actions in accordance with our zero-tolerance policy. By consistently enforcing consequences for non-compliance, we reinforce the importance of ethical behaviour and accountability throughout our organization.

Conflict of Interest

At Advanced, we prioritize transparency and integrity in all our business dealings, including the identification and management of conflicts of interest. In alignment with our governance practices, critical concerns regarding conflicts of interest are promptly communicated to the highest governance body, the Board of Directors, ensuring timely resolution and appropriate action.

To mitigate conflicts of interest, our suppliers are required to disclose any relationships they may have with members of the Board. The process begins with our assigned team notifying concerned members of any conflicts they may possess. Subsequently, these concerned members

inform the rest of the Board, leading to a declaration which is then presented to the General Assembly for approval and such power of approval can be delegated to the Board of Directors by the General Assembly.

We uphold our commitment to transparency by disclosing conflicts of interest to stakeholders through our annual report, ensuring accessibility to all relevant parties. Furthermore, transactions and outstanding balances associated with these conflicts are comprehensively reported.

Internal Audit

The Audit Committee's oversight role is supported by the Internal Audit team at Advanced. This team conducts regular and ad-hoc reviews of our risk management controls and procedures, reporting their findings directly to the Audit Committee. Additionally, the Internal Audit team is tasked with assessing and monitoring the implementation of our

Environmental Management System, as well as overseeing our risk assessment and mitigation strategies. The primary aim of our audit program is to identify and address deficiencies or non-compliance, implementing corrective and preventative actions for continuous improvement. Through systematic audits and assessments, we pinpoint

improvement opportunities and enact measures to mitigate risks and enhance internal controls, thereby bolstering transparency, accountability, and operational efficiency.

	2021	2022	2023
Total incidents of non-compliance with laws and regulations (Number)	0	0	0
Total number of non-monetary sanctions (Number)	0	0	0
Percentage of legal and regulatory fines and settlements that resulted from whistleblowing actions (Percentage)	0%	0%	0%
Number of incidents of non-compliance with regulations, voluntary codes, or supplier standards, concerning health and safety of products, services, or handling/transport/storage of product (Number)	0	0	0



Anti-Corruption

We continuously assess and monitor corruption risks at both strategic and operational levels. Our dedicated Business Risk Management Committee and Team regularly review and evaluate potential risks, taking preventive measures to minimize their impact. The Board of Directors and Executive Management oversee the implementation of risk management policies and programs to ensure effective implementation throughout the organization.

Awareness and training on anti-corruption measures are integral components of our efforts. We conduct thorough interactive learning sessions with employees,

with a focus on real-life examples and scenarios to enhance comprehension and application. While specific training programs are not provided to suppliers, we conduct thorough background checks during the registration process to mitigate corruption risks.

Our procurement and contract policies are designed with stringent anti-corruption measures in mind. We implement rigorous procedures to vet suppliers and contractors, mitigating the risk of corruption in our procurement processes. Ethical standards are enforced among our suppliers through our Supplier Code of Conduct. This document,

signed by all suppliers, outlines expectations regarding ethical behaviour, including anti-corruption measures.

To encourage transparency and accountability, we have established a Whistleblower Policy. Employees and stakeholders are encouraged to report any ethical violations or concerns through designated channels, such as a compliance email or phone call to our Compliance Officer. Reports are thoroughly evaluated, and investigations are conducted under the supervision of the Audit Committee to ensure impartiality and fairness.

	2021	2022	2023
Total number of confirmed incidents of corruption (Number)	0	0	0

Human Rights

We remain deeply committed to upholding and promoting human rights across our operations, supply chain, and broader community. We have established a comprehensive policy framework that underscores our commitment to human rights in our HR policy, and Code of Conduct. This framework is guided by international standards such as the Universal Declaration of Human Rights and the International Labour Organization's core conventions. Our policies

outline clear expectations for employees, suppliers, and partners, emphasizing the importance of respecting human dignity, diversity, and equal opportunity.

All our suppliers are required to adhere to our Supplier Code of Conduct, which includes provisions on human rights. Through regular assessments and engagement, we work collaboratively with our suppliers to ensure compliance with our

standard and maintain robust mechanisms for monitoring and reporting on human rights issues within our operations and supply chain. Through regular assessments, audits, and stakeholder engagements, we identify areas for improvement and take corrective actions as necessary.



Risk Management

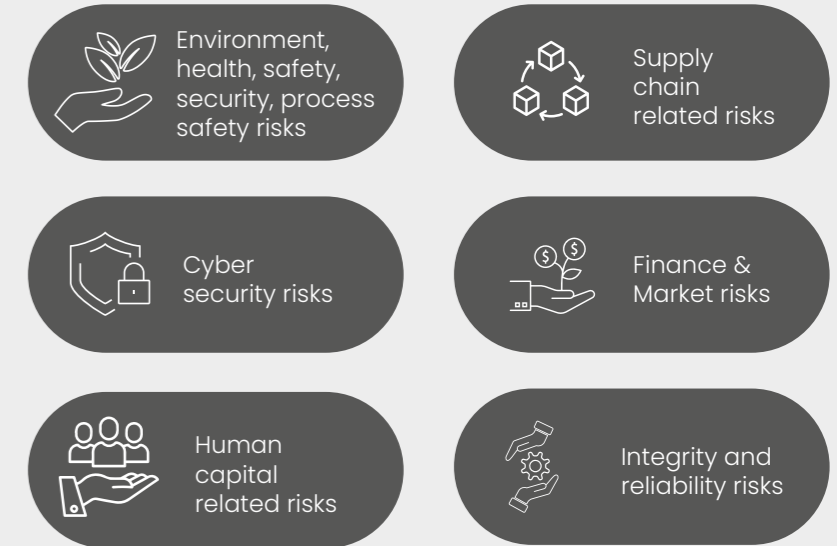
The effective management of risks is paramount to our sustainability and continued success. The Board of Directors, as the highest governing body, continuously oversees the development and implementation of robust risk management policies. These policies are designed to minimize the risks inherent in our operations and ensure resilience against potential disruptions. The risk management is driven by performance ensuring alignment with strategic objectives and organizational priorities.

Our risk management framework operates at both strategic and operational levels, with a dedicated Enterprise Risk Management Committee overseeing periodic reviews and assessments. Residual risks are diligently evaluated, and further preventive actions are taken as necessary. The Board of Directors maintains a keen

oversight of top risks, ensuring that mitigation programs remain robust and adaptive to evolving circumstances.

Under the purview of the Executive Management, our risk management processes and systems are upheld across all levels of the organization. We regularly coordinate with third-party experts to identify and revalidate our risks, categorizing them based on perceived risk of low, medium or high-risk levels. Our most recent revaluation occurred in Q4 2022, and our next comprehensive risk assessment is scheduled for 2025, further underscoring our commitment to proactive risk management and organizational resilience.

Currently, categories that are perceived to pose significant risk to Advanced are as follows:



Data Security

Data security is of high concern at Advanced, where measures are in place to protect the privacy and integrity of all data, including personally identifiable information (PII). We are committed to adhering to regulatory requirements and have implemented robust policies and procedures to ensure full compliance.

At the core of our data security efforts is a cybersecurity strategy. This strategy encompasses a range of proactive measures, including risk identification, policy development, procedure implementation, security control deployment, and ongoing awareness and training initiatives. By adopting a holistic approach, we aim to safeguard our information assets from potential risks and threats.

Data classification based on sensitivity levels is integral to our security framework. We carefully categorize data and apply appropriate controls to safeguard it, ensuring that sensitive information remains protected against unauthorized access or disclosure.

To mitigate the risk of data breaches, we employ DLP technologies. These technologies enable us to continually monitor and prevent the unauthorized leakage or exfiltration of sensitive data across various endpoints, networks, and cloud platforms.

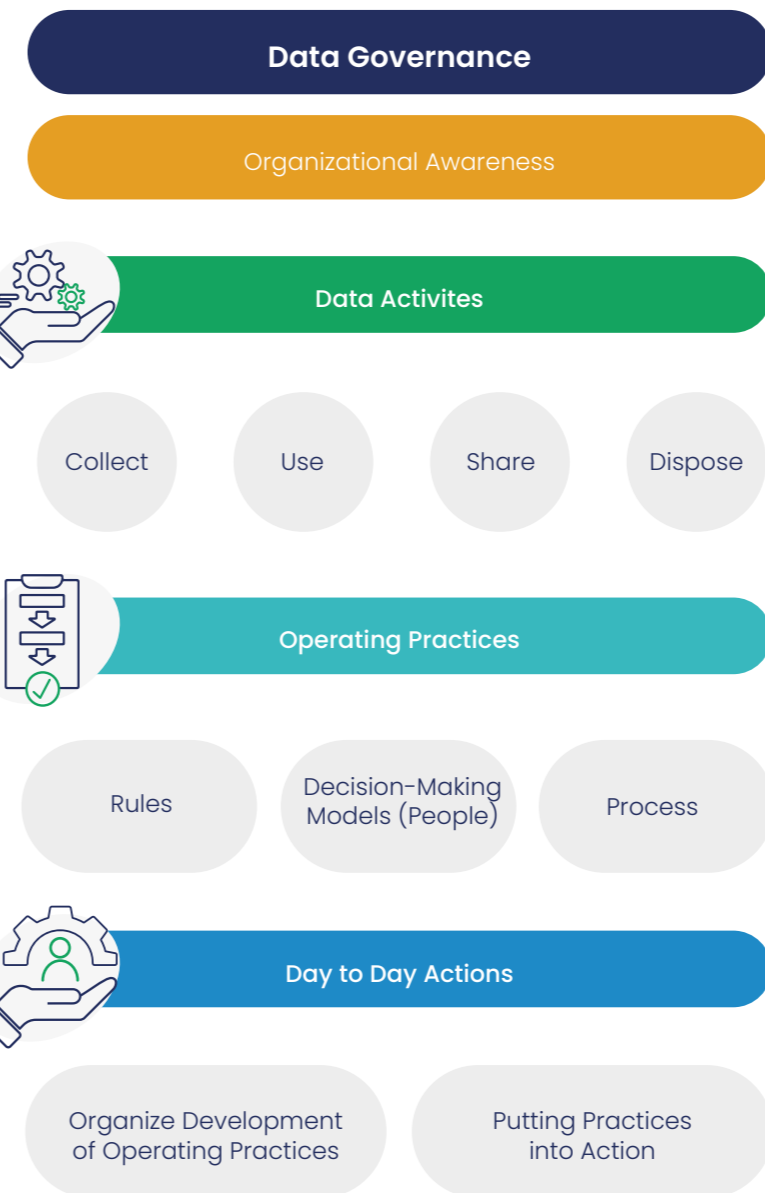
Regular data backups are performed to ensure data recovery capability in the event of a cyber-attack or data loss incident. By maintaining up-to-date backups, we minimize the impact of potential disruptions and swiftly restore operations.

We recognize the critical role of employees in maintaining data security. Regular training and awareness programs are conducted to educate employees on best practices for data protection, threat awareness, and incident reporting, fostering a culture of security awareness throughout the organization.

Routine risk assessments are conducted to identify vulnerabilities and potential threats to our data, systems, and networks. By continuously evaluating our security posture, we can proactively address emerging risks, fortify our defences against cyber threats and ensure incident response plans are activated in the event of potential security breaches.

Advanced fully complies with the data protection regulations applied by Regulatory Authorities in Saudi Arabia. The company's systems follow the ISO 27001 Information Security Management Systems (ISMS), also forming the framework of its approach and aligning to additional global standards including:

- **NIST 800-53 - NIST Special Publication 800-53 (Security and Privacy Controls for Information Systems and Organizations).**
- **Cybersecurity Capability Maturity Model (C2M2) For Industrial Security - U.S. Department of Energy (DOE).**
- **Essential Cybersecurity Controls (ECC) - National Cybersecurity Authority (NCA).**
- **The High Commission for Industrial Security (HCIS) - Security Directives for Industrial Facilities SEC-12**
- **Cloud Cybersecurity Controls (CCC-1:2020) by National Cybersecurity Authority (NCA).**
- **Critical Systems Cybersecurity Controls (CSCC-1:2019) by National Cybersecurity Authority (NCA).**
- **The National Cryptographic Standards (NCS) - by National Cybersecurity Authority (NCA).**



Cyberattacks

Advanced recognizes the critical importance of cybersecurity in safeguarding our operations, data, and stakeholders against evolving threats. To address cybersecurity risks and uncertainties, we have implemented comprehensive measures aimed at resilience, readiness, and proactive risk management. Our organization maintains robust Disaster Recovery (DR) and Business Continuity (BC) plans to ensure continuity of operations during and after disruptive events. These plans encompass various scenarios, including natural disasters, cyber-attacks, hardware or software failures, and other unexpected incidents.

Advanced conducts regular Incident Response Plan (IRP) drills with internal and external teams, to enhance readiness in the event of cyber-attacks.

We embed third-party risk management procedures to assess the security posture of vendors and service providers.

To detect, prevent, and mitigate cybersecurity risks and vulnerabilities, Advanced employs a range of assessment methodologies including vulnerability assessments, penetration testing, continuous monitoring and threat intelligence. Through these proactive measures and cybersecurity controls, Advanced remains committed to safeguarding against cyber threats, as a result, we have zero breaches of information security affecting zero clients, customers, and employees during 2023.

Digital Transformation

Advanced has embarked on a three-year digital transformation journey to integrate digital technologies across all business areas, fostering greater operational efficiency, enhanced productivity, and increased agility to respond to market changes. We established a dedicated Digital Transformation Committee comprised of representatives from various business units. This committee played a pivotal role in developing a Digital Transformation Strategy that outlines the goals, roadmap, and initiatives.

Recognizing that cultural shifts are crucial for successful transformation, the committee also developed a comprehensive Organizational Change Management plan. This plan addresses changes in processes, working styles, and company culture to

ensure employee buy-in and adoption of the new digital initiatives. In 2023, learning and awareness sessions on evolving technologies were introduced for relevant employees covering companywide departments.

Key accomplishments in 2023 include migrating IT infrastructure, applications, and data to the cloud; re-engineered business processes to break down silos; the implementation of multiple technologies to streamline and optimize workflows; and a centralized data management strategy to ensure consistent, accurate, and up-to-date data. Change management efforts were implemented to instill a culture of continuous improvement and ensure employee buy-in throughout the transformation process.

PI Vision for Real Time Monitoring

An example of the success of the digital transformation strategy is the upgrade of the DCS Network Architecture and the implementation of the PI Vision tool. This powerful tool allows for real-time visualization of plant operation data, enabling continuous monitoring and control. Benefits include safe and easy remote access for employees, facilitating informed decision-making and quicker responses to potential issues. Proactive monitoring

also played a crucial role in preventing extensive equipment damage to a utility boiler through timely intervention. Ultimately, PI Vision contributes to smooth and efficient plant operations that serves as an example of Advanced ongoing goal of fostering a culture of continuous improvement and sustainable growth.



Customer Satisfaction

We recognize that customer satisfaction is paramount to our success in a market. Our customers span a wide range of industries, including packaging, automotive, construction, textiles, and consumer goods. Each sector has unique needs, and we are committed to exceeding expectations across the board. We launched a user-friendly online portal to offer customers technical specifications, application guides, and FAQs to support

our customers in selecting the most suitable PP products for their specific needs. Furthermore, we implemented a Customer Relationship Management (CRM) system to streamline communication and ensure prompt responses to customer inquiries. This system allows us to track customer interactions and preferences, fostering stronger relationships and personalized communication.

We believe in open and

honest communication with our customers. This includes readily available safety data sheets (SDS), detailed product specifications, and clear communication regarding any potential disruptions to supply. We actively seek customer feedback through regularly conducted surveys. These surveys gather valuable insights on product quality, service delivery, and overall satisfaction. This feedback is important for maintaining our commitment to continuous

improvement, allowing us to identify areas where we can enhance the customer experience.

Overall customer satisfaction has remained consistently high at over 80% throughout the last few years. Our customers consistently rate product quality and technical support as exceeding expectations. This reinforces our commitment to excellence in these areas. In 2023 we received four

complaints, whilst this is still low it shows there is still more that we can do to ensure all customers are satisfied fully. We are focusing on enhancing communication channels to ensure even more prompt responses to customer inquiries.

We will use the insights from our customer satisfaction surveys to implement targeted improvement initiatives in the coming year.

	2021	2022	2023
Customer Satisfaction Score (0 to 10) (Number)	8.0	8.0	8.0
Percentage of customers actively responding the survey (Percentage)	51%	61%	30%
Customer complaints received through communication channels (Number)	3	4	4
Resolved issues that were raised through the complaint channels (Number)	100%	100%	100%

Responsible Care Culture Committee (RCCC), Community Investment and CSR

At Advanced, we are deeply committed to fostering sustainable development and responsible community relations. Our initiatives are guided by principles of environmental stewardship, social responsibility, and

cultural preservation, integrating these considerations into our operational planning and community engagement efforts.

Responsible Care Culture Committee

The Responsible Care Culture Committee (RCCC) at Advanced plays a pivotal role in promoting a culture of responsibility, safety, and sustainability throughout our operations. Comprised of dedicated members from various departments, the RCCC is committed to upholding the principles of the Responsible Care

initiative and fostering continuous improvement. The primary objective of the RCCC is to ensure the effective implementation of Responsible Care principles across all facets of our organization. This includes Promoting Safety Awareness, Compliance and Regulatory Adherence, Employee Training and Engagement,

Continuous Improvement, and Collaboration and Communication. The RCCC collaborates closely with other internal departments, including EHSS, operations, human resources, and corporate communications, to drive initiatives forward.

Additionally, the RCCC serves as a liaison between

Advanced and external stakeholders, including regulatory agencies, industry associations, and community groups. Through proactive engagement and transparent communication, we strive to build trust and credibility while promoting responsible practices within the broader community.



Community Investment and CSR

We believe in empowering local communities and enhancing their capacity to address the challenges they face. Since inception, we have been conducting CSR initiatives, reflecting our long-standing commitment to social responsibility.

Advanced collaborates with a diverse array of organizations and groups to address community needs effectively. These partnerships focus on areas such as environmental sustainability, education, and healthcare, aiming to create a positive impact on our local communities. Each partnership is chosen based on its potential to contribute meaningfully to our strategic objectives and the needs of the communities we serve.

We emphasize the importance of employee involvement in community service activities and prioritize the implementation of programs within the Kingdom of Saudi Arabia. Any international initiatives must receive approval from our Board of Directors and adhere to strict safety and security standards.

Through these actions, we uphold our commitment to legal compliance, employee engagement, and the careful selection of entities for support, ensuring that our efforts contribute positively to the communities we serve.

In 2023, fully aligned with our shared commitment to foster education, scientific research, and positive community impact, we formalized a partnership with Imam Abdulrahman bin Faisal University. The partnership is centred on the development of a high-fidelity simulation unit for multidisciplinary intensive care at the College of Applied Medical Sciences in Jubail. This will serve as a cornerstone for higher level education, hands-on training, and research while contributing to the betterment of healthcare services within Jubail community. As part of this partnership, Advanced will finance the procurement and maintenance of high-fidelity simulation devices tailored for adult, paediatric, and neonatal care, ensuring the unit is equipped to the highest standards.

Sponsorships and Donations

Advanced's principles for sponsorships and donations are deeply ingrained in our organizational values and corporate strategy, aligning closely with the objectives of Vision 2030. All sponsorship and donation

programs supported by Advanced Petrochemical Company undergo scrutiny and approval by our Board of Directors. These programs are subject to a stringent monitoring system and impact measurement to

ensure alignment with set goals and maximum benefit realization. This ensures that our contributions are impactful, sustainable, and aligned with our broader goals of societal development.

	2021	2022	2023
Community investment (SAR; thousands)	5,721	3,245	1,458
Community investment as % of pre-tax profits (Percentage)	0.66 %	1.1 %	0.85 %
Community investment as a % of revenue (Percentage)	0.18 %	0.11 %	0.06 %
Number of CSR projects (Number)	45	41	29



Volunteerism

Volunteerism is a way to foster a sense of community responsibility among our employees, in alignment with the objectives of the Saudi Vision 2030. We actively support volunteerism through collaboration with the National Volunteering Platform in Saudi Arabia (<https://nvg.gov.sa/>). This platform connects non-profit and public sector organizations with private sector volunteers, including those from Advanced.

Employees are encouraged to register individually on the platform, allowing authorized organizations to officially record and certify their volunteering hours. This system not only facilitates documentation but also aligns with our commitment to social responsibility and employee development. We support a wide range of activities, including environmental conservation, educational programs, health and welfare

initiatives, and support for the underprivileged.

The number of volunteers has fluctuated, decreasing by 19.7% from 2022 to 2023 after a 10.7 % increase from 2021 to 2022. Employee volunteer hours have also varied, decreasing by 46.3% from 2021 to 2022, but then increasing by 17.1% in 2023. The number of volunteering days remained consistent at 3 days in both 2022 and 2023, down from 5 days in 2021.

	2021	2022	2023
Number of volunteers	64	71	57
Employee volunteer hours	272	146	171
Number of volunteering days	5	3	3

02

WORKFORCE AND HUMAN CAPITAL

At Advanced Petrochemical, we understand that a strong, inclusive workforce is the key to our success. We are committed to fostering a diverse talent pool that reflects the global communities we serve. This commitment extends beyond demographics; it's about creating an environment where everyone feels valued,

respected, and empowered to reach their full potential. By actively promoting inclusion and removing barriers, we empower our people to thrive. This people-centric approach is not only the right thing to do, but also fuels long-term growth and positions for a successful future.

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Our ability to deliver on our purpose and the success of our company ultimately depends on human capital

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The Advanced Team

Over the past year, our team has witnessed significant growth, with the number of full-time employees increasing from 574 in 2022 to 673 in 2023, marking a notable 17% rise. This expansion reflects our commitment to talent acquisition and development, as we strive to assemble a skilled and diverse workforce capable of driving innovation and delivering exceptional results.

Gender diversity remains a key priority for Advanced, and we are dedicated to creating an inclusive workplace where all employees feel valued. While we have made

strides in enhancing female representation within our workforce, we recognize that there is still work to be done to achieve gender parity across all levels of the organization. Through targeted initiatives, mentorship programs, and leadership development opportunities, we are committed to advancing gender equality and creating pathways for women to excel in their careers at Advanced.

Workforce by category and gender (Number)

	2021	2022	2023
Full-time employees	537	574	673
Female full-time employees	0	10	11
Male full-time employees	537	564	662
Part-time employees	0	0	0
Female part-time employees	0	0	0
Male part-time employees	0	0	0
Permanent employees	537	574	673
Female permanent employees	0	10	11
Male permanent employees	537	564	662
Temporary employees	NA	NA	72
Female temporary employees	NA	NA	0
Male temporary employees	NA	NA	72

Workforce by age (Number)

	2021	2022	2023
18-30	175	185	195
31-50	320	349	434
51+	42	40	44

Attraction and Retention

Attracting and retaining top talent is essential for our continued growth and success. In 2023, we welcomed 229 new employees to our organization, representing a substantial increase from the previous year. This influx of talent underscores our ongoing efforts to expand our workforce and strengthen our capabilities. Our recruitment efforts have been successful in attracting younger talent, with 132 new employees falling within the 18-30 age bracket, consistent with our commitment to fostering a diverse and multi-generational workforce.

While attracting new talent is crucial, retaining existing

employees is equally important. To enhance employee retention and engagement, we have implemented various initiatives aimed at creating a supportive and fulfilling work environment. These include mentorship programs, career development opportunities, flexible work arrangements, and competitive compensation and benefits packages. By prioritizing the well-being and professional growth of our employees, we aim to cultivate a culture of loyalty, commitment, and longevity, ensuring that Advanced remains an employer of choice in the industry.

New Hires and Turnover (Number)

	2021	2022	2023
Total number of new employees who joined the organization	194	74	229
Total number of new employees who joined the organization (female)	N/A	10	1
Total number of new employees who joined the organization (male)	194	64	228
Total number of new employees who joined the organization (18-30)	144	37	132
Total number of new employees who joined the organization (31-50)	43	31	95
Total number of new employees who joined the organization (51+)	7	6	2
Total number of employees who left the organization	39	33	34
Total number of employees who left the organization (female)	N/A	0	0
Total number of employees who left the organization (male)	39	33	34
Total number of employees who left the organization (18-30)	8	4	9
Total number of employees who left the organization (31-50)	15	17	19
Total number of employees who left the organization (51+)	16	12	6

Parental Leave

We recognize the importance of supporting our employees through significant life events, including the birth of a child. Our parental leave policy is designed to offer flexibility and support to both new mothers and fathers. Eligible employees are entitled to paid parental

leave that can be taken consecutively or intermittently within the first year of the child's arrival, allowing parents to customize their time off to suit their individual needs and family circumstances.

Parental leave (Number)

	2021	2022	2023
Total number of employees that were entitled to parental leave (female)	-	0	2
Total number of employees that were entitled to parental leave (male)	-	0	489
Total number of employees that took parental leave (female)	-	0	2
Total number of employees that took parental leave (male)	-	0	10
Total number of employees who returned to work after parental leave ended (return to work) (female)	-	0	2
Total number of employees who returned to work after parental leave ended (return to work) (male)	-	0	10



Absenteeism

We are committed to implementing strategies to effectively manage absenteeism while promoting employee well-being and engagement. We have established systems for tracking and monitoring absenteeism rates to identify patterns, trends, and potential areas for intervention, leading to the implementation of key initiatives that include Flexible work arrangements, Employee Assistance Programs (EAPs), Health and wellness initiatives, Mental health support and a culture of open communication with managers maintaining regular check-ins with their team members, offering guidance and resources.

Absentee Rate

	2021	2022	2023
Total number of missed workdays (Number)	1,529	1,554	2,105
Total workdays (full time employees) (Number)	140,934	145,404	169,880
Employee absentee rate* (Percentage)	1.08 %	1.07 %	1.24 %

*Refer to Appendix B: Glossary & Formula.



Training and Development

We understand the pivotal role that training and development play in fostering a skilled, motivated, and engaged workforce. Our approach prioritizes the identification of needs by soliciting input from various departments across the organization at the onset of each year. Through collaboration with subject matter experts, we evaluate and prioritize training requests to ensure alignment with strategic objectives and individual employee growth goals. We then build a robust learning calendar that encompasses a diverse range of training programs and initiatives. These programs cover technical skills enhancement,

leadership development, compliance training, and personal development opportunities. The learning calendar is subjected to thorough review and approval to ensure alignment with organizational priorities and resource allocation.

We carefully select training providers and partners renowned for their expertise and effectiveness in delivering high-quality training programs. By collaborating with industry-leading experts and institutions, we ensure that our employees have access to cutting-edge knowledge, best practices, and innovative learning methodologies.

Trainings and development

	2021	2022	2023
Total number of training for females (Hours)	-	-	256
Total number of training for males (Hours)	-	-	3,702
Total number of training for total workforce (Hours)	83,960	9,998	3,958
Total amount spent on training and development (SAR)	-	-	2,441,719
Average hours of training per year per female employee (Hours)	-	-	23.27
Average hours of training per year per male employee (Hours)	148	-	5.59
Average hours of training per year per employee (Hours)	156.35	17.42	5.88



Employee Engagement

Advanced is committed to providing its people with a positive work environment and greater access to career opportunities. Advanced offers a compelling employee value proposition, which has facilitated our observed progress in recruiting, onboarding,

career development, and performance management. We prioritize providing regular performance and career development reviews to our full-time employees. In 2023, we conducted our highest number of performance reviews at 651.

Performance Development

	2021	2022	2023
Number of full-time employees who received a regular performance and career development review during the reporting period.	414	446	651
Number of female employees	0	0	11
Number of male employees	414	446	640
Number of senior management employees	7	7	13
Number of middle management employees	21	21	24
Number of non-management employees	386	425	614

Saudization

Our commitment to Saudization reflects our dedication to supporting the national workforce, driving economic growth, and contributing to the development of the local community in line with the Saudi Vision 2030. As we continue to prioritize

Saudization initiatives, we remain steadfast in our efforts to build a diverse, inclusive, and sustainable workforce for the future. In 2023 we are proud to have exceeded our Saudization target, reaching 81.1% in 2023.

2021 2022 2023

Number of full-time national employees (Number)	451	483	546
Female national employee (Number)	0	10	11
Male national employees (Number)	451	473	535
National full-time employees in senior management (Number)	7	8	12
Number of employees of other nationalities (Number)	86	91	127

Diversity, Inclusion and Equal Opportunity

We value diversity and inclusion as integral components of our corporate culture and business strategy. Our HR policy emphasizes the implementation of fair and equitable practices to attract, retain, develop, and motivate employees from diverse backgrounds. We believe that diversity enriches our workforce and contributes to innovation, creativity, and overall business success.

In addition to providing robust learning and development opportunities, our employees, both female and male, are offered comprehensive benefit packages that include both financial and non-financial incentives. We recognize the importance of supporting the well-being and professional growth of our employees, regardless of gender or background.

Our recruitment policies adhere to all government regulations and bodies, including the Ministry of Human Resources and Social Development and the General Organization for Social Insurance (GOSI).

In 2023, we successfully retained all our female employees and added one more team member. Additionally, all female employees who took parental leave returned to work.



Employee Benefits

Employee benefits play a crucial role in attracting and retaining top talent, enhancing job satisfaction, and promoting overall well-being within our organization. At Advanced, we recognize the importance of offering competitive and comprehensive benefits to our employees, ensuring their health, financial security, and overall quality of life are well-supported.

We offer our employees a variety of benefits including healthcare, retirement plans, paid time off, flexible work arrangements, professional development opportunities, wellness programs, and rewards. By offering competitive and comprehensive employee benefits, we aim to create a supportive and rewarding work environment where our employees can thrive personally and professionally.

Employee Wages and benefits (SAR)

	2021	2022	2023
Salaries paid (includes standard elements basic pay and consolidated allowances etc.)	194,183,140	174,373,622	155,962,294
Benefits paid (includes elements such as Pension, Gratuity, Medical Insurance, Annual Passage, Education etc.)	50,627,106	67,881,715	53,086,897

Occupational Health and Safety

The health and safety of our employees is paramount. We are dedicated to fostering a workplace environment where every individual feels safe, supported, and empowered to perform their duties effectively. We maintain comprehensive health and safety policies that outline our commitment to providing a safe working environment for all employees.

Continuous improvement is at the core of our health and safety efforts. We regularly review and update our processes, procedures, and safety protocols to reflect best practices and emerging industry standards. Our approach includes conducting regular safety audits, risk assessments, and employee feedback mechanisms to identify areas for improvement and implement corrective actions proactively.

A well-trained workforce is essential for maintaining a safe working environment.

Therefore, we invest in comprehensive training programs to ensure that all employees are equipped with the necessary knowledge and skills to perform their duties safely. Our training initiatives cover various topics, including hazard awareness, emergency response procedures, and ergonomic practices, empowering employees to make informed decisions and take proactive measures to protect their health and safety.

Ensuring health and safety requires collaboration at all levels of the organization. We actively involve employees in safety committees and encourage open communication channels to facilitate the reporting of safety concerns and the sharing of best practices. Additionally, we collaborate with external stakeholders, including regulatory agencies and industry partners, to stay abreast of regulatory developments and industry trends, ensuring that our health and safety practices

remain current and effective. To date, the company has reported zero EHSS recordable incidents and achieved 24 million safe man-hours without a lost workday incident.

In 2023, we provided an average of 15.56 hours of health and safety training per employee, marking a 30% increase compared to 2022. Moreover, our total number of emergency response drills saw a significant increase of 74%, reaching 54 drills in 2023.



Alarm Management

As part of our commitment to health and safety, we have implemented several improvement actions to enhance our alarm management system. This includes conducting thorough reviews of our alarm database configuration, daily monitoring of standing alarms and bad actors, and providing training to operators on proper alarm response procedures. Additionally, we have updated our alarm management system to prioritize and categorize alarms more effectively. These measures have contributed to streamlining our alarm management process, improving overall plant safety, and increasing operational efficiency.

Health and Safety Performance

	2021	2022	2023
Safe Man-hours	2.6 M	1.71 M	1.79 M
Work hours (employees)	1,029,599	812,948.95	860,268.66
Work hours (contractors)	3,104,393	901,208.09	927,293.5
SHE Index*	0	0	0.11
Incident rate direct hire**	0	0	0
Incident rate Contractors***	0	0	0.22
Employees Occupational Illness	0	0	0
Contractors Occupational Illness	0	0	0
Violation From Local Authorities	0	0	0
Employee fatalities (#)	0	0	0
Contractor fatalities (#)	0	0	0
Employee lost time injuries (#)	0	0	0
Contractor lost time injuries (#)	0	0	0
Employee total recordable injuries (#)	0	0	0
Contractor total recordable injuries (#)	0	0	1
Total number of emergency response drills conducted (#)	36	31	54
Safety incident investigations initiated & completed (#)	59	26	24
Total hours of EHSS training provided to employees (hours)	10,290	8,052	10,475
Average hours of HSE training per employee (hours)	19	14.03	15.56

* (50 x No. of Class "A"+5 x No. of Class "B"+ No. of Class "C") X 200,000 Man-hours worked ("Advanced" Employees + Contractors)

** Number of Recordable Injuries/illnesses x 200,000 Direct Hire Employees man - hours worked 200,000 is the equivalent of 100 full-time employees working for 40 hours per week for 50 weeks per year (OSHA guidelines).

*** Number of Recordable Injuries/illnesses x 200,000 Contractor Employees man - hours worked 200,000 is the equivalent of 100 full-time employees working for 40 hours per week

03

ENVIRONMENTAL MANAGEMENT

We recognize the critical importance of environmental stewardship in our operations. Our commitment to environmental management is driven by a strategy covering emissions, energy, materials, waste and water usage.

We have implemented an integrated policy that covers environmental, safety, quality, security, and information security management system requirements. Our Advanced Integrated Management System is certified for ISO 14001 (Environment Management System), RC 14001 (Responsible

Care Management System) and ISO 9001 (Quality Management System). This integrated approach ensures that environmental considerations are embedded into our organizational processes and decision-making framework.

Maintaining compliance with environmental laws and regulations is a top priority for Advanced Petrochemical Company. In 2023, we have received no fines for non-compliance with environmental laws or regulations.

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Valuing environmental opportunities will accelerate the journey toward net zero targets.

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Energy Management

We place a high priority on energy management to optimize efficiency and minimize greenhouse gas emissions. We have taken steps to reduce energy and natural resource consumption, in line with the National Transformation Programme of the Saudi Vision 2030 and several programmes which come under this umbrella including the Saudi Energy Efficiency Centre (SEEC).

We employ in-house monitoring programs to closely track energy consumption at our facilities. These programs enable real-time monitoring of energy usage, allowing for proactive measures to manage energy within target consumption levels. Continuous energy performance monitoring is

conducted to uphold this commitment and drive ongoing improvements in energy management practices. We have implemented a variety of methods of energy usage reduction that have led to an overall improvement in energy consumption and fuel usage including:

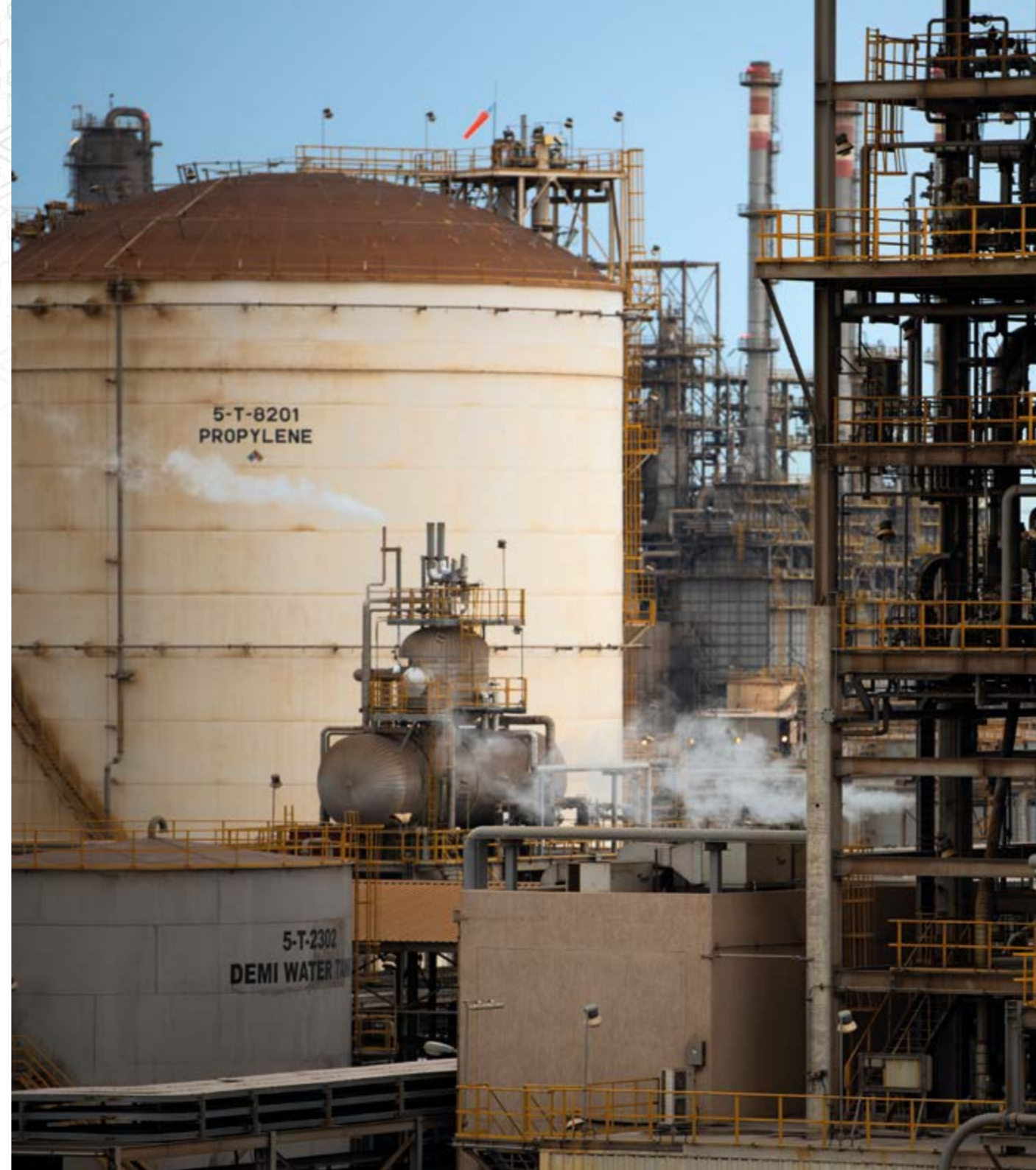
- **Heat Generating Material (HGM)** - Advanced utilizes HGM technology in CATOFIN reactors to enhance energy intensity and optimize energy usage. By implementing HGM, the company improves process efficiency and reduces energy consumption, contributing to overall energy savings and reduced emissions.

- **Power Savings in Extruder** - 5,533,511 KW/Year power savings is achieved in the extruder by optimizing screen pack selection based on the production of PP grade. By choosing the right screen pack, Advanced reduces energy consumption in the extruder, leading to enhanced efficiency and reduced environmental impact.

- **Maintaining Plant Continuity** - We ensure plant continuity by effectively managing high pressure in the knockout drum of compressors. Excessive pressure in the knockout drum can lead to compressor trips and plant shutdowns, disrupting operations

and potentially causing flaring. Through rigorous troubleshooting and risk management measures, the company identifies and addresses the causes of high pressure, implementing corrective actions to reduce pressure and optimize plant load.

Direct energy consumption from stationary combustion, non-combustion processes, and utilities, has shown a slight increase, which may be attributed to increased production activities. However, diesel consumption from operations and vehicles has remained consistent.



Energy

	2021	2022	2023
Electricity consumption (kWh)	243,375,000	264,670,833	263,496,111
Direct Energy Consumption (Process - Stationary Combustion, Process - No Combustion, Combustion Non-Energy and Utilities Steam It only shows the diesel consumption). (GJ)	13,050,294	13,622,406	13,844,839
Electricity consumption (branches, offices, etc.;;) (GJ)	876,150	962,726	948,586
Total fuel consumption (Liters)	2,704	2,496	2,496
Diesel consumption from operations and vehicles (Liters)	2,704	2,496	2,496
Energy intensity (GJ / t Product)	23.32	22.09	23.26
Energy intensity (GJ / SAR; thousands)	4.50	4.94	6.23

GHG Emissions

At Advanced, we are dedicated to minimizing our environmental footprint and mitigating the impacts of climate change through comprehensive emissions management practices. Our commitment extends across all scopes of emissions, including Scope 1, Scope 2, and Scope 3, as defined by the Greenhouse Gas Protocol.

To reduce our Scope 1 emissions, in 2023 we explored opportunities to utilize light hydrocarbons, which produce fewer CO₂ emissions compared to heavier counterparts. By adjusting our feedstock composition, we aimed to lower overall carbon emissions from our operations. Furthermore, we conduct regular monitoring and reporting of emissions, including monthly reports on flaring quantity, enabling us to implement targeted interventions for effective emissions reduction.

Investments in advanced technologies, such as HGM systems, enhance our ability to monitor and manage emissions intensity, identifying opportunities for efficiency improvements and emissions reduction.

Energy efficiency measures are implemented across our facilities, focusing on reducing electricity consumption and lowering Scope 2 emissions. This includes upgrading equipment, optimizing processes, and implementing energy-saving technologies to minimize energy losses. Through these proactive measures and strategic initiatives, we have seen our Scope 1 emissions reduced by 3.1% and scope 2 emissions by 1.3% compared to 2022. We anticipate greater reductions in the years to come as these initiatives show full results.

GHG Emissions*

	2021	2022	2023
Direct GHG emissions (Scope 1) (t CO ₂ eq)	623,252	652,276	632,242
Indirect GHG emissions (Scope 2) (t CO ₂ eq)	183,551	163,262	161,049
Indirect GHG emissions (Scope 3) (t CO ₂ eq)	194,867	160,405	171,694
Total GHG emissions (Scope 1 & Scope 2) (t CO ₂ eq)	806,803	815,538	793,291
Total GHG emissions (Scope 1, Scope 2 & Scope 3) (t CO ₂ eq)	1,001,670	975,943	964,985
GHG emissions intensity (t CO ₂ eq /Production Volume)	1.35	1.24	1.25
GHG emissions intensity (t CO ₂ eq /sales Volume)	0.26	0.28	0.33

* For the accounting of GHG emissions, Advanced has adopted "Operational Control" approach



Air Quality

At Advanced, we are committed to continuous improvement in air quality management. A range of mitigation measures have been implemented across our operations. These include investing in pollution control technologies, such as selective catalytic reactor bed, to capture and treat air pollutants before they are released into the atmosphere.

We conduct regular monitoring of air emissions to assess our compliance with regulatory standards and identify any potential areas of concern. By closely monitoring air quality parameters, we can proactively address any deviations from regulatory

requirements and implement corrective actions to mitigate environmental impact.

Our air quality performance metrics from 2021 to 2023 show a trend of increasing NOx emissions and NOx intensity, which are critical indicators of our environmental impact. From 2021 to 2023, NOx emissions (excluding N₂O) have risen by approximately 29.6%, highlighting the need for more effective emission control measures. Similarly, NOx intensity has increased by about 22%, underscoring the challenge of managing emissions relative to our production levels.

Air Quality

	2021	2022	2023
NOx emissions (excluding N ₂ O) (kg)	137,662	161,045	178,434
NOx Intensity (Kg NOx / t Product)	0.2300	0.2440	0.2805



Water Management

Our approach to water management encompasses proactive monitoring, quality assurance, and compliance with regulatory standards. We prioritize the monitoring of water consumption and water levels in our tanks monthly to track usage and identify any anomalies. Daily sampling of water is conducted to ensure good water quality, with a focus on critical properties such as pH that may affect operations.

These measures enable us to promptly detect any deviations and take corrective actions to maintain water quality and operational efficiency. Potable water, sourced from Marafiq in Jubail, serves various purposes within our operations. It is primarily utilized for producing demineralized water for steam generation, municipal use, and small amounts for

cooling water makeup. Most desalinated water is used for steam production, with a portion being recycled back into boilers and some released to reduce CO emissions from flaring. Other water discharges are directed to the wastewater system for processing by Marafiq or as sanitary wastewater.

We have implemented multiple safeguards to prevent the release of chemicals or contamination of water, ensuring compliance with regulatory standards set by the Royal Commission in Jubail Industrial City. This regulatory body closely monitors water usage and emissions from chemical and petrochemical plants in the area. Through our proactive measures and adherence to regulations, we have ensured there are no actual or potential negative impacts on local communities.

Water Use

	2021	2022	2023
Total water withdrawal (m³)	701,877	687,672	770,133
Third-party water (m ³)	701,877	687,672	770,133
Total water withdrawal intensity (m ³ / SAR per million sales)	1.18	1.04	1.21
Total water discharge (m³)	-	-	163,041
Surface water (m ³)	-	-	0
Groundwater (m ³)	-	-	0
Third-party water (m ³)	-	-	163,041
Water consumption intensity (t H ₂ O / t Product)	-	-	0.95
Water consumption intensity (m ³ / SAR per million sales)	-	-	0.26



Water Quality

In our Wastewater Stream to the Industrial Wastewater Treatment Plant, we monitor multiple parameters to evaluate water quality before treatment. We have observed a gradual decrease in pH levels over the years, indicating a slight increase in acidity. While pH levels fluctuate, they remain within acceptable limits, ensuring effective treatment processes.

Moreover, significant improvements have been observed in Total Organic Carbon (TOC), Total Suspended Solids (TSS), and Total Dissolved Solids (TDS) from 2021 to 2023, reflecting our commitment to enhancing water quality and treatment processes. TOC levels in our wastewater stream have significantly decreased by 68.2%, indicating enhanced

efficiency in our organic matter removal processes. TSS levels have also seen a remarkable improvement, dropping by 52.7%, reflecting the effectiveness of our filtration and sediment control measures. Additionally, TDS levels have decreased by 40.2%, highlighting our success in reducing dissolved impurities in the wastewater.

Sea Water Cooling Water to Sea Water Channel

	2021	2022	2023
Delta T (Degrees Celsius)	9.50	7.76	6.83
pH	8.10	7.97	8.00
Total Organic Carbon (TOC) (mg/l)	0.00	<10.0	<10
Total Suspended Solids (TSS) (mg/l)	7.60	3.02	2.52

Waste Water Stream to Industrial Wastewater Treatment Plant

	2021	2022	2023
pH	8.00	7.02	6.97
Total Organic Carbon (TOC) (mg/l)	60.00	34.51	19.10
Total Suspended Solids (TSS) (mg/l)	104.00	62.93	49.23
Total Dissolved Solids (TDS) (mg/l)	1,503.00	988.29	899.40

Waste Management

Our waste management procedures are designed to ensure effective handling, disposal, and recycling of waste materials. Waste data is collected and reviewed by management during the Monthly EHSS Steering Committee meetings, where strategies for waste reduction and improvement are discussed and implemented.

We have successfully partnered with local organizations to obtain waste

materials, which are then recycled into plastic resins for use in manufacturing other products. This initiative not only diverts waste from landfills but also contributes to the conservation of resources and reduction of greenhouse gas emissions.

Our waste recycling intensity metrics show considerable improvements, with significant increases observed in both production volume and sales volume.

From 2021 to 2023, there has been a substantial decrease in total waste generated, with a reduction of 52.7%. Additionally, the percentage of diverted from disposal has reached 94%, indicating our success in diverting more waste materials towards recycling and away from landfills. This indicates a positive trend towards greater efficiency and effectiveness in our waste recycling initiatives.

2021 2022 2023

	2021	2022	2023
Total waste generated (kg)	3,248,120	1,629,462	1,535,931
Waste diverted from disposal (kg)	1,618,100	1,543,780	1,437,703
Total non-hazardous weight of waste diverted from disposal (recycle) (kg)	3,615	1,845	2,778
Total hazardous weight of waste diverted from disposal (recycle) (kg)	1,614,485	1,541,935	1,434,925
Waste directed to disposal (kg)	1,630,020	85,682	98,368
Total non-hazardous weight of waste directed to disposal (kg)	290,380	35,800	56,150
Total hazardous weight of waste directed to disposal (kg)	1,339,640	49,882	42,218
Waste Recycling Intensity (kg recycled waste / production volume)	0.790	2.700	2.258
Waste Recycling Intensity (kg recycled waste / sales volume)	0.520	0.524	0.605
Total paper recycled (kg)	0	0	1,230
Total IT products recycled (e.g. printer cartridges, fluorescent light tubes, personal computers) (kg)	7,640	1,845	1,548

Recycling Paper Waste

Our efforts extend to specific waste streams such as paper consumption. To address issues of accumulating paper waste, we implemented reduction and recycling solutions. We established a partnership with a paper recycling company and installed

recycling bins near printing machines. This facilitated easy disposal of paper waste, which was then collected, transported, and recycled. By the end of 2023, Advanced had substantially increased the recycling of paper waste throughout the business.

Material Usage

Advanced is dedicated to optimizing material usage to minimize waste generation and bolster resource efficiency. Over the period from 2021 to 2023, Advanced achieved a reduction in material effectiveness quantity of 49%. Similarly, the material intensity, measured in kilograms per tonne of product, experienced a notable reduction of about 52.17% during the same period. The material intensity per sale also demonstrated a noteworthy decrease of approximately 33.16% from 2021 to 2023. These

declines can be attributed to the implementation of various efficiency measures, such as process optimization, equipment upgrades, and waste reduction initiatives. These efforts have enabled the company to enhance its operational efficiency and minimize material waste across its production processes.

Material Effectiveness Quantity

2021 2022 2023

	2021	2022	2023
Material intensity (kg)	11,865,184	7,304,053	6,040,204
Material intensity (kg / t product)	19.87	11.07	9.50
Material intensity per sale (kg / SAR; thousands)	3.80	2.48	2.54



Spill Management

Advanced follows a comprehensive Process Safety Management system to protect the environment, people, and assets. Our processes ensure the safe and responsible management of our polypropylene products by utilizing detailed strategies and measures. These measures include monitoring and evaluating the lifecycle of products and their potential impacts, minimizing and mitigating environmental and health risks, ensuring products are safe in production, transport, and use, and advocating for industry-wide safety and sustainability standards.

To further enhance safety measures, Advanced has implemented the RBI program for all static assets, including pressure vessels,

heat exchangers, columns, tanks, filters, accumulators, and others. The RBI program conducts risk analysis using the MERIDIUM software platform, considering the Consequence of Failure and the Probability of Failure for each individual asset. From this analysis, RBI generates comprehensive inspection plans and techniques, as well as intervals to avoid any unexpected loss of containment. These inspection plans are tailored to every susceptible damage mechanism that occurs in each individual asset, with specific and detailed coverage.

Advanced recognizes the importance of emergency preparedness and response, which is why the Emergency Response and Planning (ERP) System is in place to address

all possible emergencies within the organization. This system covers environmental spills, security threats, and fire and safety hazards, with various scenarios on each topic, along with their effects and impacts. Preventive and mitigative measures to be taken in the event of an incident are also included in the system.

The Emergency Response Team (ERT) in Advanced consists of well-trained employees to respond in case of any emergency.



Biodiversity

Our dedication to biodiversity conservation is through environmental impact assessment (EIA) processes and ongoing monitoring initiatives. We conduct regular EIA reports, with the latest update in 2023 confirming that our operational areas are not classified as a high biodiversity value area. These reports serve as critical tools for understanding and assessing the potential environmental impacts of company operations. Our environmental performance is closely monitored and regulated by the Royal Commission of Jubail and Yanbu, ensuring compliance with environmental standards and regulations.

The monitoring of groundwater quality and air emissions is a high priority to safeguard environmental health. Groundwater samples are collected annually and analysed to detect any potential contamination, ensuring the protection of local groundwater resources. Additionally, stack tests are conducted annually to verify the accuracy of emissions analyser's and ensure that no harmful gases are released into the atmosphere. Through these measures we strive to minimize its environmental footprint and preserve the

04

SUSTAINABLE GROWTH AND INNOVATION

In the dynamic landscape of modern business, the pursuit of sustainable growth and innovation stands as a cornerstone for organizations striving to navigate evolving challenges while maximizing opportunities. Through strategic investments in cutting-edge technologies, ethical sourcing practices, and collaborative partnerships with local suppliers, we endeavour to establish a robust foundation for enduring success while upholding our commitment to environmental stewardship and social responsibility.

“

We focus on driving toward a more sustainable economy that works for all.

”

Economic Performance

A strategic focus on maximizing operational efficiency, optimizing costs, and navigating market challenges underpins our strategic focus. In 2023, we encountered several economic challenges, including low spreads between PP and propane and inflationary pressures from original equipment manufacturers and sole-source suppliers. To mitigate these challenges, we implemented strategic initiatives such as maximizing

direct sales to reduce manufacturing fees, targeting high net benefit regions, and optimizing operating costs. Additionally, we closely monitored equity risks and interest rates, restructuring loans, and fully utilizing funding facilities to improve financial flexibility and mitigate risks.

	2021	2022	2023
Revenues (SAR; million)	3,111	2,948	2,374
Total assets (SAR; thousand)	5,890,668	8,238,000	11,470,251
Operating Costs (before impairment charge; SAR; million)	2,247	2,550	2,091
Employee compensation (SAR; thousand)	244,810	242,255	209,049
Dividends paid to shareholders (SAR; thousand)	562,618	569,465	142,431
EBITDA (SAR; thousand)	1,109,009	512,599	361,215
Community investment (Donations and Sponsorships) (SAR; thousand)	2,600	2,069	1,305
Net income (SAR; thousand)	815,395	294,501	171,061
Total operating income (SAR; thousand)	864,672	398,968	273,546
Shareholders' equity (SAR; thousand)	3,955,939	3,618,488	3,604,876
Total tax paid (SAR; thousand)	52,047	26,123	15,800

Local Content

The Local Content Program is an integral part of the Kingdom's Vision 2030 initiative, aimed at diversifying the economy and reducing dependency on oil. This program emphasizes increasing the domestic contribution to the economy by promoting various sectors such as manufacturing, mining, and services.

Through strategic initiatives like procurement policies mandating the use of local suppliers, financial incentives for businesses contributing to local content, and stringent regulations and standards favouring local producers, the program aims to build a competitive local supply chain. Additionally, significant investments in education, training, and capacity building are being made to ensure the local workforce can meet industry demands.

Our dedication to local content development is evident in our achievement of a Local Content score of 49.79%, certified by the Local Content and Government Procurement Authority (LCGPA). This significant milestone, amounting to more than one billion riyals, underscores our commitment to supporting local economies and fostering sustainable growth. The certification not only provides valuable insights into our current local content status but also strengthens our collaboration with the LCGPA, ensuring the sustainability and growth of our business.



Product Stewardship

Our approach to product stewardship begins with our comprehensive EHSS process, which integrates environmental, health, safety, and security considerations into all aspects of our operations. We employ a series of detailed strategies and measures to monitor and evaluate the lifecycle of our products, minimize environmental and health risks, and advocate for industry-wide safety and sustainability standards.

To effectively communicate product hazards, risk controls, and transportation and handling information, we conduct weekly driver toolbox meetings and provide TREM

cards to our drivers. These initiatives ensure that our customers and the public are well-informed about the safe use and handling of our products.

Our commitment to product safety extends to compliance with international standards and regulations. We adhere to EU Regulation 10/2011/EC, United States FDA Regulation 21 CFR 177.1520 Olefin Polymers, ROHS Directive 2002/95/EC and 2011/65/EU, Commission Delegated Directive (EU) 2015/863, Directive 94/62/EC on Packaging and Packaging Waste, and the Declaration on California Proposition 65. Additionally, we are certified with the

REACH standard, further demonstrating our dedication to product stewardship and environmental responsibility.

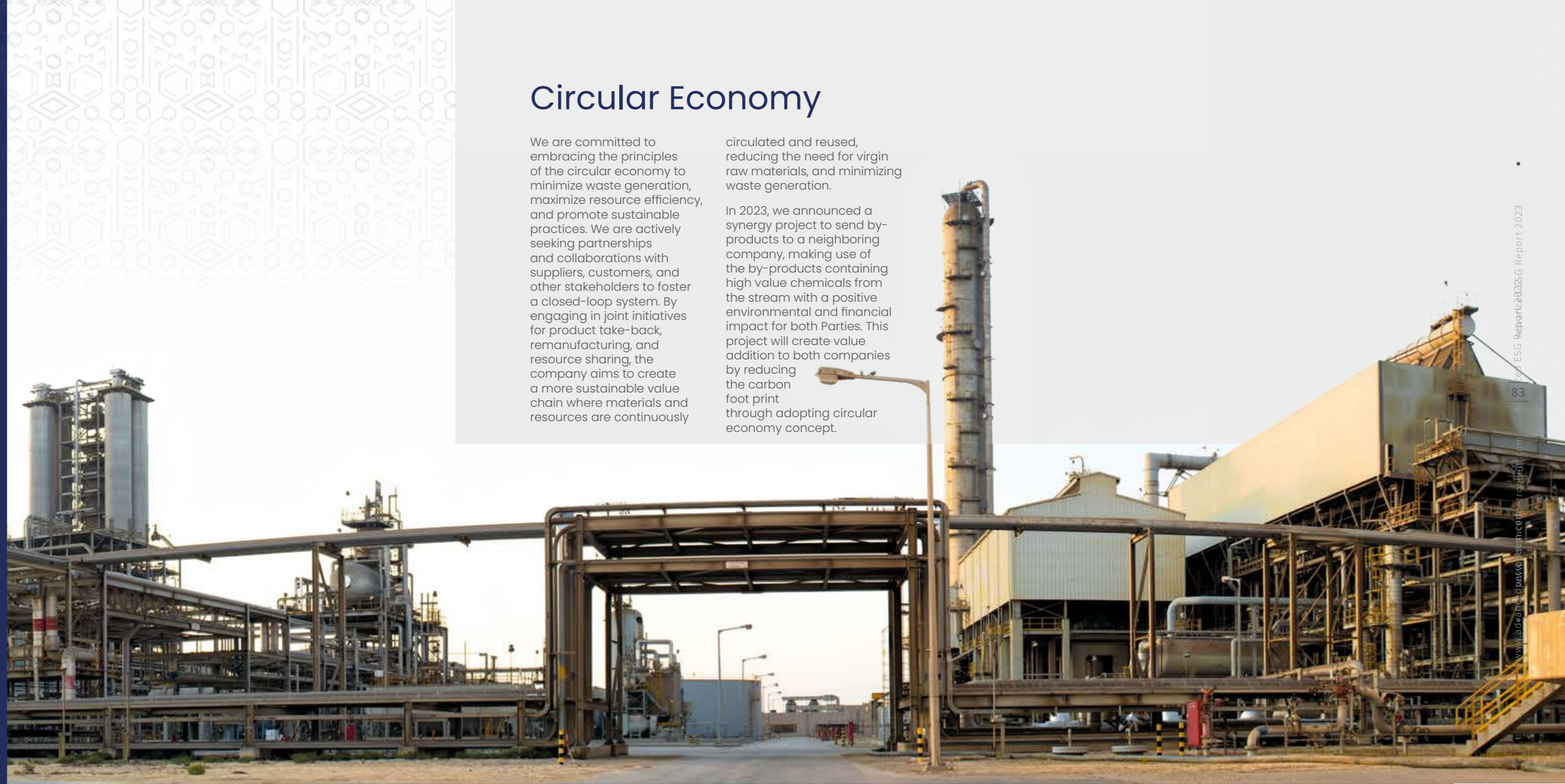
We actively contribute to circular economy initiatives by partnering with local organizations to recycle waste products and repurpose them into plastic resins for use in manufacturing other products. This commitment to recycling not only reduces waste but also promotes sustainable practices and resource conservation within our industry.

Circular Economy

We are committed to embracing the principles of the circular economy to minimize waste generation, maximize resource efficiency, and promote sustainable practices. We are actively seeking partnerships and collaborations with suppliers, customers, and other stakeholders to foster a closed-loop system. By engaging in joint initiatives for product take-back, remanufacturing, and resource sharing, the company aims to create a more sustainable value chain where materials and resources are continuously

circulated and reused, reducing the need for virgin raw materials, and minimizing waste generation.

In 2023, we announced a synergy project to send by-products to a neighboring company, making use of the by-products containing high value chemicals from the stream with a positive environmental and financial impact for both Parties. This project will create value addition to both companies by reducing the carbon footprint through adopting circular economy concept.



Technology and Innovation

Our focus on technology and innovation is to drive sustainability in the petrochemical industry. We leverage cutting-edge solutions to drive sustainability, efficiency, and operational excellence across our operations. We employ technologies and innovative approaches to minimize our environmental footprint such as reducing flaring quantity, utilizing light hydrocarbons, and implementing Heat Generating Material (HGM) in the reactors.

In energy management, Advanced utilizes state-of-the-art technologies and proactive measures to optimize energy consumption

and reduce its environmental impact. Through initiatives such as the implementation of Heat Generating Material (HGM) in CATOFIN reactors and the optimization of fuel consumption, we have achieved significant improvements in energy efficiency.

Our Growth

Advanced has previously established a wholly owned subsidiary, Advanced Global Investment Company (AGIC), steering growth objectives and investment in the petrochemical businesses. Several key growth projects are already in operation at AGIC, including the development of a PDH-PP

Plant in Jubail Industrial City-2 that is scheduled to start in 2024. Advanced is also involved in several other growth projects which aim to support and diversify Advanced's current operations. These include the creation of a joint venture company between SK Advanced and PolyMirae Company Ltd Polymirae (a LyondellBasell and Polymirae JV).



Sustainable Supply Chain

At Advanced, we prioritize sustainability and ethical practices throughout our supply chain and procurement processes. To ensure the highest standards, we have implemented a Vendor Performance Evaluation procedure that measures supplier performance. Vendors who fall below the required pass rate are promptly notified and encouraged to take corrective action.

To optimize our procurement processes further, we have established a unified procurement strategy aimed at capitalizing on economies of scale and securing longer-duration contracts. This strategic approach enhances efficiency, reduces costs, and strengthens relationships with our suppliers, driving value

creation across the supply chain. We have also been certified as a GCC Economic Operator, a certification that reflects our commitment to compliance, efficiency, and excellence.

Our total number of suppliers increased by 3.3% from 2021 to 2023, reaching 433 suppliers. The percentage of local suppliers remained relatively stable, but our spending on locally based suppliers and contractors has shown substantial growth, increasing by 61.8% between 2021 and 2023. This demonstrates our strengthened focus on supporting local economies and fostering sustainable business practices within our supply chain.

Suppliers	2021	2022	2023
Total number of suppliers (Number)	419	403	433
Total number of local suppliers (Number)	337	318	344
Percentage of local suppliers (Percentage)	80%	79%	79.45%
Total spending on suppliers and contractors (SAR)	302,752,038	488,066,461	432,672,754
Spending on locally based suppliers and contractors (SAR)	228,906,178	318,767,595	370,442,753
Percentage of spending on local suppliers (Percentage)	75.61%	65.31%	85.62%

In 2023, no suppliers were audited or assessed based on social and environmental criteria

APPENDIX A. MAPPING CONTRIBUTIONS TO GLOBAL FRAMEWORKS

Advanced is actively aligning its efforts with key global and national frameworks including the UN Sustainable Development Goals (UNSDGs), Saudi Vision 2030, GRI Global Reporting Standards, and the UN Global Compact (UNGC). By incorporating these frameworks into our internal and external operations, we aim to contribute meaningfully to a more sustainable future.

We have mapped our business strategy and impact to the Saudi Vision 2030 material ESG topics, the UNGC, the UNSDGs, and Advanced's own systems and procedures. These can be seen in full below:

Material Topic	Saudi Vision 2030	ESG Common Topics	UNGC	UNSDG	GRI
Energy, GHG emissions and climate change	(VS) Ensure environmental sustainability	(E) GHG Emissions	Principle 7, 8 and 9	Goals 7: Affordable and clean energy Goal 12: responsible consumption and production Goal 13: climate action	GRI 302, 305
		(E) Product Carbon Footprint			
		(E) Opportunities in Renewable Energy			
Community Investment and Engagement and CSR	(AN) Enable social contribution of businesses (AN) Enable citizen responsibility	(E) Opportunities in cleaner hydrocarbon energy (such as CCUS)		Goal 1: No Poverty Goal 2: Zero Hunger Goal 4: Quality Education Goal 11: sustainable city and community	GRI 202, 413
		(S) Social Opportunities			
Health and Safety		(S) Health & Safety		Goal 3: Good health and well-being	GRI 403
		(S) Chemical Safety			
Customer Satisfaction	(TE) Grow contribution of the Private Sector to the economy				GRI 416, 418

Material Topic	Saudi Vision 2030	ESG Common Topics	UNGC	UNSDG	GRI
Economic Performance	(TE) Grow contribution of the Private Sector to the economy	(G) Tax Transparency		Goal 8: Decent work and economic growth Goal 17: partnership for goals	GRI 201
		(G) Accounting			
		(G) Pay			
Waste Management	(VS) Ensure environmental sustainability	(E) Toxic Emissions and Waste		Goal 15: life on land Goal 12: Responsible consumption and production Goal 14: life below water	GRI 306
		(E) Packaging Material and Waste			
		(E) Electronic Waste			
Circular Economy	(TE) Maximize value captured from the energy sector (VS) Ensure environmental sustainability			Goal 12: Responsible consumption and production	GRI 301, 306
Water Management	(AN) Protect vital resources of the nation	(E) Water Stress		Goal 6: Clean water and sanitation Goal 14: life below water	GRI 303
Technology and Innovation	(TE) Maximize value captured from the energy sector	(E) Opportunities in Clean Tech		Goal 9: Industry, innovation, and infrastructure	
Governance, Ethics and Compliance		(G) Board	Principle 1,2,3,4,5, and 6 ,10	Goal 16: peace justice and strong institutions	GRI 205, 408, 409, 419
		(G) Ownership & Control			
		(G) Business Ethics			
Human Welfare and Development	(TE) Develop Human Capital in line with labour market needs	(S) Human Capital Development		Goal 8: Decent work and economic growth Goal 3: Good health and well-being	GRI 401, 402, 404
Diversity and Equality	(TE) Ensuring equal access to job opportunities	(S) Labour Management	Principle 6	Goal 5: Gender Equality	GRI 405, 406
Biodiversity	(VS) Ensure environmental sustainability	(E) Biodiversity and Land Use		Goal 13: Climate Change Goal 14: Life below water Goal 15: life on land	GRI 304
Product Stewardship		(S) Product Safety & Quality			GRI 416, 417, 418
Data Security		(S) Privacy & Data Security			
Sustainable Supply chain	(TE) Maximize value captured from the energy sector	(E) Raw Material Sourcing			GRI 204, 308,414

APPENDIX B. GLOSSARY AND FORMULAS

Affiliate	With respect to financial information, the term Affiliate is defined by IFRS, meaning the Company's subsidiaries, joint arrangements, and associates.
APOC	Advanced Polyolefins Company
EHSS	Environment, Health, Safety and Security
CSR	Corporate social responsibility
EBITDA	Earnings before interest, taxes, depreciation, and amortization.
EDP	Engineers Development Program
ESG	Environmental, social and governance
EU REACH	Regulations REACH is a regulation of the European Union, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals.
GHG	(Greenhouse gas) Any gas that absorbs infrared radiation in the atmosphere rather than allowing it to radiate into space. Greenhouse gases include CO ₂ , methane, nitrous oxide, ozone, chlorofluorocarbons, hydrochlorofluorocarbons, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.
Governance	Governance is the framework of authority and accountability that defines and controls the outputs, outcomes and benefits from projects, programmes, and portfolios
GRI	Global Reporting Initiative.
IPIECA	International Petroleum Industry Environmental Conservation Association
ISO	International Organization for Standardization
JQP	Job Qualification Programme - for Operators, Technicians, and Inspectors
NSS	National Standards of Sustainability
OSHA	The Occupational Safety and Health Administration.

LTIR	Lost Time Incident Rate
PSISR	Process Safety Incident Severity Rate
PSSR	Pre-Start up Safety Review
PSTIR	Process Safety Total Incident Rate
RCCC	Responsible Care Culture Committee
RoSPA	Royal Society for the Prevention of Accidents
SASB	Sustainability Accounting Standards Board
Saudization	Saudization is officially known as the Saudi Nationalisation Scheme
UN SDGs	United Nations Sustainable Development Goals
UNGC	The United Nations Global Compact.

Formulas:

SHE Index = $\left((50 \times \text{number Class "A"} + 5 \times \text{number of Class "B"} + 1 \times \text{number of Class "C"}) \times 200,000 \right) / (\text{Man-hours worked ("Advanced" Employees + Contractors)})$

Incident rate direct hire = $(\text{Number of Recordable Injuries/illnesses} \times 200,000) / (\text{Direct Hire Employees man - hours worked})$

Incident rate Contractors = $(\text{Number of Recordable Injuries/illnesses} \times 200,000) / (\text{Contractor Employees man - hours worked})$ 200,000 is the equivalent of 100 full-time employees working for 40 hours per week for 50 weeks per year (OSHA guidelines).

Turnover rate = $(\text{Total of employees who left the organization}) / (\text{Total Head Count}) \times 100$

Employee absentee rate = $(\text{All Sick Leave types, Unpaid, Accompany & Emergency Leaves}) / (\text{Total Year Working days})$

Material Effectiveness = $(\text{kg of Material Losses}) / (\text{Ton of Polypropylene Product})$
GHG Intensity = $(\text{tCO}_2\text{e}) / (\text{Ton of Polypropylene Product})$

LTIR = $(\text{total number of Lost Time Injuries} \times 200,000) / (\text{total hours worked})$

Waste Recycling Intensity per Sales = $(\text{Total number of waste recycled in kg} / \text{Sales revenue in SAR thousands})$

PSTIR = $[\text{sum of Process Safety Incidents (Level 1 + Level 2 + Level 3 + Level 4)} \times 200,000] / [\text{Total Man-hours Worked}]$

PSISR = $[(\text{sum of Level 1} \times 27) + (\text{sum of Level 2} \times 9) + (\text{sum of Level 3} \times 3) + (\text{sum of Level 4} \times 1) \times 200,000] / [\text{Total Man-hours Worked}]$

APPENDIX C. ESG PERFORMANCE

Sea Water Cooling Water to Sea Water Channel	2021	2022	2023
Leadership Training	63	60	24
Leadership Training	51	60	40
Leadership Training	20,482	0	0
JQP Training	37,629	0	0
JQP Training	215	0	0
JQP Training	903	1,416	783.5
Engineering Training (EDP)	1,032	7	3
Engineering Training (EDP)	94	139	65
Engineering Training (EDP)		1,664	641.4
Soft Skills Training	1,360	23,831	8680
Soft Skills Training	273	574	578
Soft Skills Training	104.00	62.93	49.23
E-Learning Training	1,503.00	988.29	899.40
E-Learning Training	1,503.00	988.29	899.40
E-Learning Training	1,503.00	988.29	899.40



APPENDIX D. INDEPENDENT ASSURANCE STATEMENT

1 INTRODUCTION

DNV Business Assurance Group AS – Dubai Branch ('DNV'), has been commissioned by Advanced Petrochemical Company (Commercial Registration No.: 2050049604, hereafter referred to as 'Advanced' or 'the Company') to undertake an independent assurance of the company's ESG/non-financial disclosures in its ESG Report (hereafter referred as 'Report') for the period 1st Jan to 31st Dec 2023.

The disclosures have been prepared by Advanced:

- "in accordance" to requirements of Global Reporting Initiative (GRI) sustainability reporting standards 2021.
- Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.
- ISO 14064-1:2018 –

Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

DNV carried out the assurance engagement in accordance with DNV's VeriSustain™ protocol, V6.0, which is based on our professional experience and international assurance practice, and the international standard in Assurance Engagements, ISAE 3000 (revised) – Assurance Engagements other than Audits. DNV's VeriSustain™ protocol has been developed in accordance with the most widely accepted reporting and assurance standards. Apart from DNV's VeriSustain™ protocol, DNV team has also followed ISO 14064-3 – Specification with guidance for the verification and validation of greenhouse gas statements.

The intended user of this assurance statement is the Management of Advanced Petrochemical Company.

As per agreed scope of work, DNV performed limited level of assurance of the GRI disclosures in the Report. Details of Scope are mentioned in the section 'Scope, Boundary and Limitations'. We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/or on company's website for the current reporting period.

Responsibilities of the Management of Advanced and of the Assurance Provider

The Management of Advanced has the sole responsibility for the preparation of the Report and is responsible for all

information disclosed in the report. The company is responsible for maintaining processes and procedures for collecting, analyzing and reporting the information and also ensuring the quality and consistency of the information presented in the report. Advanced is also responsible for ensuring the maintenance and integrity of its website and any referenced disclosures on their website.

In performing this assurance assessment, DNV's responsibility is to the management of the company. However, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the company.

Scope, Boundary and Limitations

The agreed scope of

work included a Limited level of assurance for the information on non-financial performance which were disclosed in the Report prepared by Advanced based on GRI Topic-specific Standards for the identified material topics (Annex 1) for the activities undertaken by the company during the reporting period 01st Jan to 31st Dec 2023. The reported topic boundaries of non-financial performance are based on the internal and external materiality assessment covering Advanced's operations as brought out in the section 'Reporting boundary and period' of the report.

Boundary covers the performance of Advanced KSA operations that fall under the direct operational control of the company's Legal structure unless otherwise specified in the 'Reporting boundary and period' of the report.

Inherent Limitation(s):

DNV's assurance engagements are based on the assumption that the data and information provided by the Advanced to us as part of our review have been provided in good faith, are true, and is free from material misstatements. Because of the selected nature (sampling) and other procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected.

The assurance scope has the following limitations:

- The assurance engagement considers an uncertainty of ±5% based on materiality threshold for estimation/measurement errors and omissions.

- DNV has not been involved in evaluation or assessment of any financial data/performance of the company. DNV opinion on financial disclosures relies on the third party audited financial reports of the company. DNV does not take any responsibility of the financial data reported in the audited financial reports of the company.

- Data outside the operations specified in the assurance boundary is excluded from the assurance, unless explicitly mentioned otherwise in this statement.

- The assurance does not cover Advanced's statements that express opinions, claims, beliefs,

aspirations, expectations, aims, or future intentions. Additionally, assertions related to Intellectual Property Rights and other competitive issues are beyond the scope of this assurance.

- The assessment does not include a review of the company's strategy, or other related linkages expressed in the Report. These aspects are not within the scope of the assurance engagement.

- The assurance does not extend to mapping the Report with reporting frameworks other than those specifically mentioned. Any assessments or comparisons with frameworks beyond the specified ones are



not considered in this engagement.

- Aspects of the Report that fall outside the mentioned scope and boundary are not subject to assurance. The assessment is limited to the defined parameters.
- The assurance engagement does not include a review of legal compliances. Compliance with legal requirements is not within the scope of this assurance, and the Advanced is responsible for ensuring adherence to relevant laws.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Assurance process

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of Advanced (Annex 2). We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the company's business and its key stakeholders. We carried out the following activities:

1. Reviewed the disclosures in the report. Our focus included general disclosures, management processes, principle wise performance (essential indicators, and leadership indicators) and any other key metrics specified under the reporting framework.
2. Understanding the key systems, processes and controls for collecting, managing and reporting the non-financial disclosures in report.

3. Walk-through of key data sets. Understand and test, on a sample basis, the processes used to adhere to and evaluate adherence to the reporting principles.

4. Collect and evaluate documentary evidence and management representations supporting adherence to the reporting principles.

5. Interviews with the senior managers responsible for management of disclosures. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data collation and reporting the selected GRI disclosures.

6. DNV audit team conducted on-site audits for corporate offices and sites (mentioned in Annex II). Sample based assessment of site-

specific data disclosures was carried out. We were free to choose sites for conducting our assessment.

7. Reviewed the process of reporting as defined in the assessment criteria.

Conclusion

Limited Level of Assurance

On the basis of the assessment undertaken, for GRI disclosures as mentioned in Annexure I, nothing has come to our attention to suggest that the disclosures are not fairly stated and are not prepared, in all material aspects, in accordance with the reporting criteria.

1. Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

The Report explains the materiality assessment



process carried out by the company which has considered concerns of internal and external stakeholders, inputs from peers and the industry, as well as issues of relevance in terms of impact for Advanced's business. The list of topics has been prioritized, reviewed and validated, and the company has indicated that there is no significant change in material topics from the previous reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

2. Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report adequately brings out the company's policies, strategies, management systems and governance mechanisms in place to

respond to topics identified as material and significant concerns of key stakeholder groups. Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Nothing has come to our attention to believe that the Report does not meet the requirements related to the Principle of Responsiveness.

3. Reliability/Accuracy

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

The Report brings out the systems and processes that the company has set in place to capture and report its performance related to identified material topics across its reporting boundary. The majority of information mapped with data verified through our assessments with

Advanced's management teams and process owners at the Corporate Office and sampled sites within the boundary of the Report were found to be fairly accurate and reliable. Some of the data inaccuracies identified in the report during the verification process were found to be attributable to transcription, interpretation, and aggregation errors. These data inaccuracies have been communicated for correction and the related disclosures were reviewed post correction.

Nothing has come to our attention to believe that the Report does not meet the principle of Reliability and Accuracy.

4. Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported?

The Report brings out the

company's performance, strategies and approaches related to the environmental, social and governance issues that it has identified as material for its operational locations coming under the boundary of the report, for the chosen reporting period while applying and considering the requirements of Principle of Completeness.

Nothing has come to our attention to suggest that the Report does not meet the Principle of Completeness with respect to scope, boundary and time.

5. Neutrality/Balance

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report brings out the disclosures related to Advanced's performance during the reporting period in a neutral tone in terms of content and presentation,



while considering the overall macroeconomic and industry environment.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IEC 17029:2019 – Conformity assessment – General principles are requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control including documented

policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct during the assurance engagement. DNV’s established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation

of any statements or data included in the Report except for this Assurance Statement for internal use of Advanced Petrochemical Company.

Purpose and Restriction on Distribution and Use

This assurance statement, including our conclusion has been prepared solely for the company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of the company for our work or this report.

For DNV Business Assurance Group AS – Dubai Branch

Sandeep Lele Lead Verifier,	Kakaraparthi Venkata Raman Assurance Reviewer,
Vikas Bankar (Verifier) Malik Alabdulqader (Verifier) Mayank Kumar (Verifier)	

26/09/2024, Dubai, United Arab Emirates.

DNV Business Assurance Group AS – Dubai Branch is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

*The assurance report has been issued and signed on September 26, 2024, and can be found on <https://advancedpetrochem.com/esg/esg-reports/>



Annex I

GRI disclosures assured for Limited level as a part of assessment:

- GRI 202: Market Presence 2016 – 202-2
- GRI 204: Procurement Practices 2016 – 204-1
- GRI 302: Energy 2016 – 302-1, 302-3
- GRI 303: Water and Effluents 2018 – 303-2, 303-3, 303-4, 303-5.
- GRI 305: Emissions 2016 – 305-1, 305-2; 305-3, 305-4
- GRI 306: Waste 2020 – 306-3; 306-4; 306-5
- GRI 401: Employment 2016 – 401-1; 401-3
- GRI 403: Occupational Health and Safety 2018 – 403-1; 403-2; 403-3; 403-4; 403-5; 403-9
- GRI 404: Training and Education 2016 – 404-1; 404-2; 404-3
- GRI 405: Diversity and Equal Opportunity 2016 – 405-1.

Annex II

Sites selected for On-site audits

S.no	Site	Location
1.	Corporate office	Jubail – Kingdom of Saudi Arabia
2.	Petrochemical Plant	Advanced Petrochemical Company P.O. Box 11022, Jubail Industrial City 31961 Kingdom of Saudi Arabia

APPENDIX E. GRI CONTENT INDEX



2024

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance

with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders.

Statement of use	Advanced Petrochemical Company has reported in accordance with the GRI Standards for the period 1 January 2023 – 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPECA 2023
			REASON	EXPLANATION	
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	https://advancedpetrochem.com/about/			
	2-2 Entities included in the organization's sustainability reporting	10			
	2-3 Reporting period, frequency and contact point	10			
	2-4 Restatements of information	No restatements were made during the 2023 reporting cycle.			
	2-5 External assurance	92			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPECA 2023
			REASON	EXPLANATION	
	2-6 Activities, value chain and other business relationships	https://advancedpetrochem.com/about/			
	2-7 Employees	56, 57			SOC-1
	2-8 Workers who are not employees	All employees are full-time employees.			SOC-1
	2-9 Governance structure and composition	39			GOV-1
	2-10 Nomination and selection of the highest governance body	Annual Report 2023 , Page 67			GOV-1
	2-11 Chair of the highest governance body	Mr. Khalifa A. Al-Mulhem			GOV-1
	2-12 Role of the highest governance body in overseeing the management of impacts	Annual Report 2023 , Page 67			GOV-1, CCE-1
	2-13 Delegation of responsibility for managing impacts	38			GOV-1, CCE-1
	2-14 Role of the highest governance body in sustainability reporting	38			GOV-1, CCE-1
	2-15 Conflicts of interest	42			
	2-16 Communication of critical concerns	Annual Report 2023 , Page 102			
	2-17 Collective knowledge of the highest governance body	Annual Report 2023 , Page 68 – 76			
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2023 , Page 73			
	2-19 Remuneration policies	Annual Report 2023 , Page 101			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPECA 2023
			REASON	EXPLANATION	
	2-20 Process to determine remuneration	Annual Report 2023 , Page 101			
	2-21 Annual total compensation ratio	Omitted	Confidentiality constraints	Confidential information due to internal Human Resources Policy.	
	2-22 Statement on sustainable development strategy	13			
	2-23 Policy commitments	41, 43, 44			GOV-3
	2-24 Embedding policy commitments	Annual Report 2023 , Page 67, 84, 103			
	2-25 Processes to remediate negative impacts	43			
	2-26 Mechanisms for seeking advice and raising concerns	43			
	2-27 Compliance with laws and regulations	42			GOV-1
	2-28 Membership associations	23			
	2-29 Approach to stakeholder engagement	29			SOC-9
	2-30 Collective bargaining agreements	The scope of the report covers Advanced's Saudi Arabia operations only, where due to legal prohibitions collective bargaining is prohibited by Saudi laws.			

Material topics

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPECA 2023
			REASON	EXPLANATION	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	28, 29			
	3-2 List of material topics	28, 29			
Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	64			SHS-1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	41, 64			GOV-1, SHS-1
	403-2 Hazard identification, risk assessment, and incident investigation	64, 76			SHS-2
	403-3 Occupational health services	64			SHS-1
	403-4 Worker participation, consultation, and communication on occupational health and safety	Advanced currently has health and safety committees in place, where workers (Employees and Contractors) are not directly represented, but are instead represented by their managers (including Contractors).			
	403-5 Worker training on occupational health and safety	65			
	403-6 Promotion of worker health	63			SHS-2
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	64, 65			SHS-6

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPEICA 2023
			REASON	EXPLANATION	
	403-8 Workers covered by an occupational health and safety management system	All employees are covered by ISO45001 Health and Safety Management System.			
	403-9 Work-related injuries	65			SHS-3
	403-10 Work-related ill health	65			SHS-3
Governance, Ethics and Compliance					
GRI 3: Material Topics 2021	3-3 Management of material topics	38			GOV-3
	205-1 Operations assessed for risks related to corruption	43			GOV-3
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	43			GOV-3
	205-3 Confirmed incidents of corruption and actions taken	43			GOV-3
Energy, GHG emissions and Climate Change					
GRI 3: Material Topics 2021	3-3 Management of material topics	70			GOV-1

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPEICA 2023
			REASON	EXPLANATION	
	302-1 Energy consumption within the organization	69			CCE-6
	302-2 Energy consumption outside of the organization	69			CCE-6
GRI 302: Energy 2016	302-3 Energy intensity	69			CCE-6
	302-4 Reduction of energy consumption	68			CCE-6
	305-1 Direct (Scope 1) GHG emissions	70			CCE-4
	305-2 Energy indirect (Scope 2) GHG emissions	70			CCE-4
	305-3 Other indirect (Scope 3) GHG emissions	70			CCE-4
GRI 305: Emissions 2016	305-4 GHG emissions intensity	70			CCE-4
	305-5 Reduction of GHG emissions	70			CCE-4
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	71			CCE-5, ENV-5
Human Welfare and Development					
GRI 3: Material Topics 2021	3-3 Management of material topics	54, 56			SOC-7

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPECA 2023
			REASON	EXPLANATION	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	57			SOC-5
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	63			
	401-3 Parental leave	58			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	60			SOC-7
	404-2 Programs for upgrading employee skills and transition assistance programs	60			SOC-7
	404-3 Percentage of employees receiving regular performance and career development reviews	61			SOC-7
Product Stewardship					
GRI 3: Material Topics 2021	3-3 Management of material topics	82			SHS-5
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Omitted	Information unavailable/incomplete	Advanced does not assess health and safety impacts of its products and services.	SHS-5
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	42			SHS-5

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPECA 2023
			REASON	EXPLANATION	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	https://advancedpetrochem.com/about/products/			SHS-5
	417-2 Incidents of non-compliance concerning product and service information and labeling	There are no incidents of non-compliance reported in 2023.			SHS-5
	417-3 Incidents of non-compliance concerning marketing communications	There are no incidents of non-compliance reported in 2023.			SHS-5
Waste Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	74			ENV-7
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	74			ENV-7
	306-2 Management of significant waste-related impacts	74			ENV-7
	306-3 Waste generated	74			ENV-7
	306-4 Waste diverted from disposal	74			ENV-7
	306-5 Waste directed to disposal	74			ENV-7
Water Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	72			ENV-1

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPECA 2023
			REASON	EXPLANATION	
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	72, 73			ENV-1
	303-3 Water withdrawal	72			ENV-1
	303-4 Water discharge	72			ENV-1
	303-5 Water consumption	72			ENV-1
Economic Performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	80			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	80, and Annual Report 2023 , Page 42-45			
	201-2 Financial implications and other risks and opportunities due to climate change	Omitted	Information unavailable/incomplete	Financial implications and other risks and opportunities due to climate change are currently not calculated/tracked.	
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report 2023 , Page 107			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	50 - 53			
	203-2 Significant indirect economic impacts	50 - 53			
GRI 415: Public Policy 2016	415-1 Political contributions	Omitted	Not applicable	Political contributions are prohibited by law in Saudi Arabia.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPECA 2023
			REASON	EXPLANATION	
Sustainable Supply Chain					
GRI 3: Material Topics 2021	3-3 Management of material topics	85			SOC-1
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	85			SOC-14
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	85			
	308-2 Negative environmental impacts in the supply chain and actions taken	85			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	85			SOC-2
	414-2 Negative social impacts in the supply chain and actions taken	85			SOC-2
Community Investment and Engagement at CSR					
GRI 3: Material Topics 2021	3-3 Management of material topics	50			SOC-9
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	62			SOC-1, SOC-15
Diversity and Equality					
GRI 3: Material Topics 2021	3-3 Management of material topics	62			SOC-1

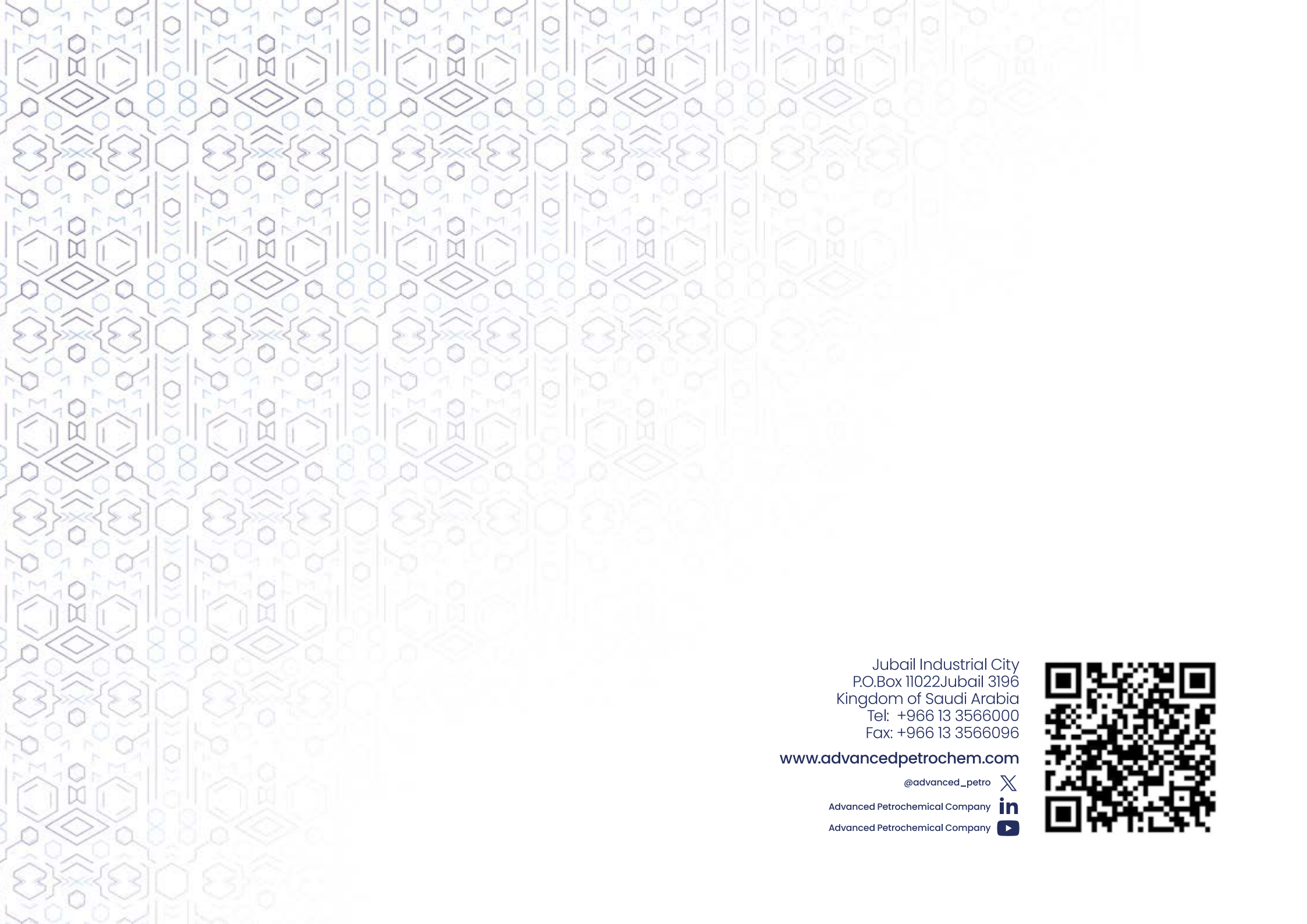
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPECA 2023
			REASON	EXPLANATION	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	39, 56			SOC-1
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There are no incidents of discrimination reported in 2023.			SOC-8
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	77			ENV-3
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Advanced's does not own, lease or manage production facilities and buildings adjacent to protected areas and areas of high biodiversity value outside protected areas.			ENV-4
	304-2 Significant impacts of activities, products and services on biodiversity	Omitted	Information unavailable/incomplete	The impact of activities, products and services on biodiversity is currently not tracked/calculated.	ENV-4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Advanced's does not own, lease or manage production facilities and buildings adjacent to protected areas and areas of high biodiversity value outside protected areas.			ENV-4

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK / DIRECT ANSWER	OMISSION		IPECA 2023
			REASON	EXPLANATION	
Data Security					
GRI 3: Material Topics 2021	3-3 Management of material topics	46			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	47			SHS-7
We also report on topics that are not covered by the GRI Topics Standards.					
Technology and Innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	48, 80			
Circular Economy					
GRI 3: Material Topics 2021	3-3 Management of material topics	84			
Customer Satisfaction					
GRI 3: Material Topics 2021	3-3 Management of material topics	49			

FEEDBACK & INQUIRIES

Feedback and inquires or suggestions are welcome through below communication:
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