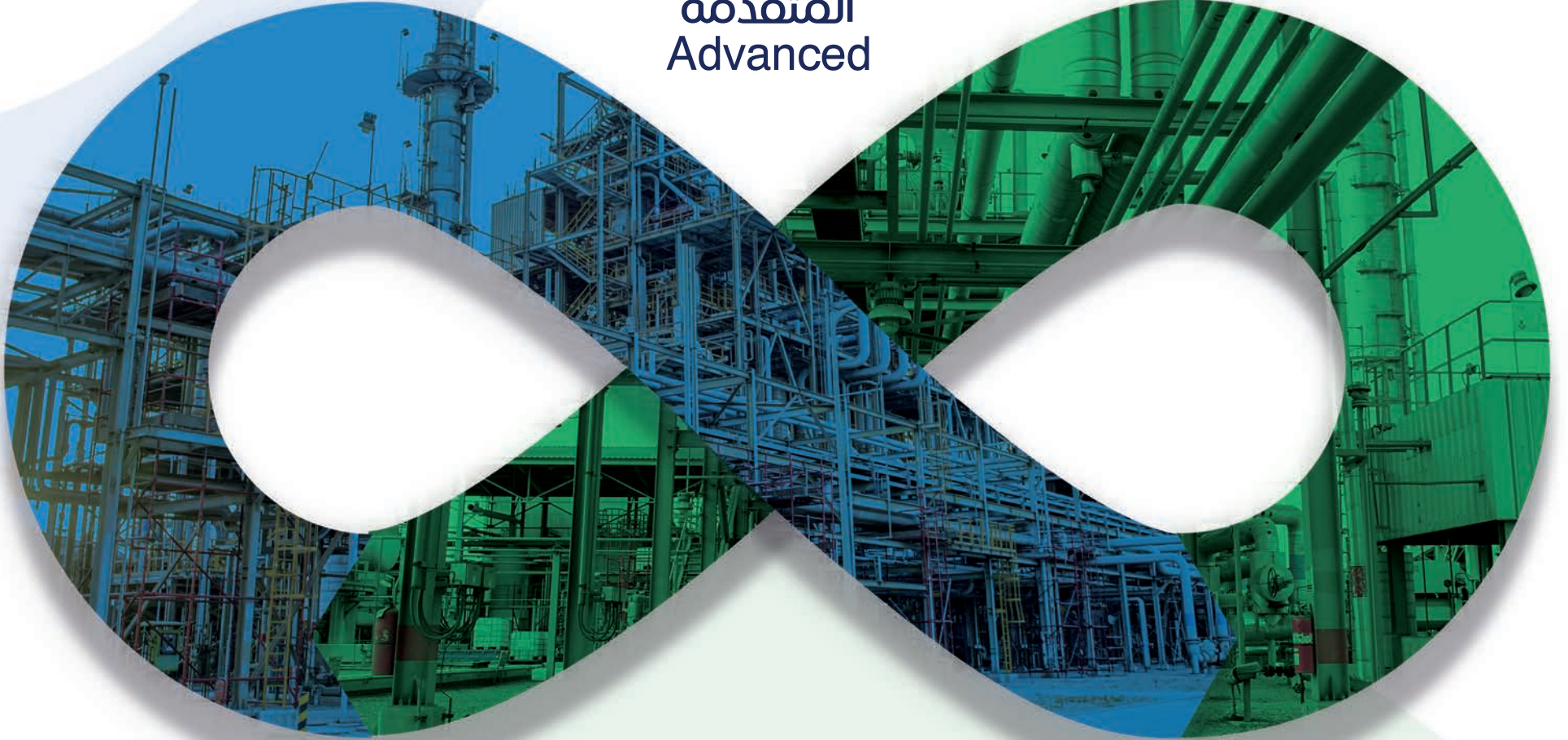




المتقدمة  
Advanced



# ENVIRONMENT, SOCIAL & GOVERNANCE REPORT 2021

ESG EXCELLENCE





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 ESG report reflects Advanced Petrochemical's performance throughout the reporting year from 1 January 2021 to 31 December 2021.

## REPORTING GUIDELINES

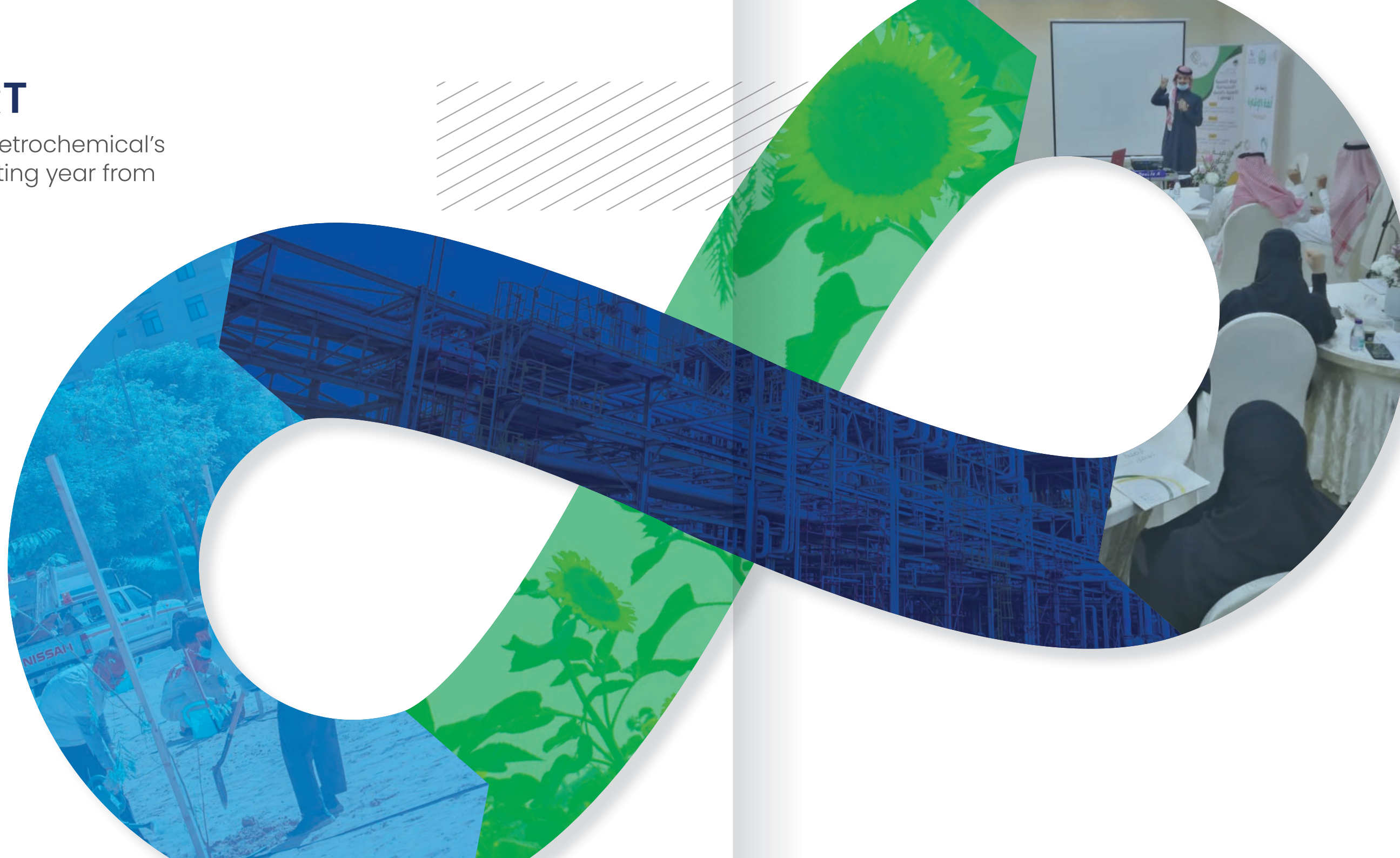
This report has been prepared in accordance with the GRI Standards: Core option. Our GRI Index can be found in Appendix C. The report focuses on the material sustainability issues identified as significant to both Advanced Petrochemical Company and its stakeholders.

## EXTERNAL FRAMEWORKS

While we prepared this report in accordance with the GRI Standards: Core option, at a global level, we also welcome 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. Advanced's activities which contribute 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, (API754): OSHA; SASB; IPIECA; NSS; and others.

Further information about our ESG-related activities and performance can be found in our published Reports from previous years, on our website: [www.advancedpetrochem.com](http://www.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 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:

E-mail address:  
[Sustainability@advancedpetrochem.com](mailto:Sustainability@advancedpetrochem.com)

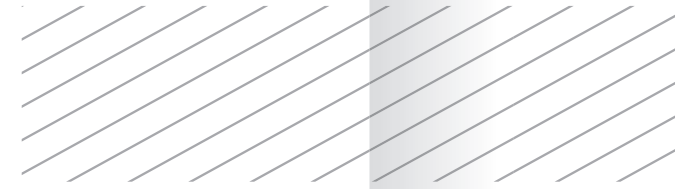
## Cautionary Message

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.



# CHAIRMAN MESSAGE



ESG and sustainability are integral parts of our business that ensures Advanced operates effectively and responsibly. The pillars of ESG have become essential in today's world.

“ WE STRIVE TO EXCEL IN ESG PERFORMANCE AND ENSURE THAT WE CAN MANAGE CONSTANTLY THE DYNAMIC MARKET CHALLENGES. ”

**Mr. Khalifa bin Abdullatif Al Mulhem**

Chairman of the Board

It has never been more pertinent to consider the long-term impacts and benefits of companies' operations to society, the environment and resource utilization. As the world continues to grapple with the challenges faced by the global pandemic and associated supply chain impacts, Advanced has continued to work with a global network of colleagues, companies, and advocates to strengthen further the quality of people's lives.

After Saudi Arabia signed the Paris Agreement in 2015, it aimed to substantially reduce CO2 emissions to tackle global climate change with a commitment to reach Net Zero by 2060. The Saudi Green Initiative is one of many programs that will bring these aims into reality. Climate change is a key area of focus at Advanced. It is a significant challenge, and one that must be actively converted into an opportunity through innovation and business solutions.

Advanced has embedded sustainability and ESG concept into its business practices since its inception. This has been developed over the years before formalisation in 2021. In this year Advanced established its ESG framework, which is aligned with international and national standards including the United Nations Sustainable Development Goals, the UN Global Compact, and the Saudi Vision 2030. This framework will support the company as we strive to excel in ESG performance and ensure that we can manage constantly the dynamic market challenges. This document is our first ESG report and marks the beginning of our move towards ESG excellence.

I would like to take this opportunity to thank the Executive Management and all Advanced employees, and further wish them the very best in taking Advanced's ESG to its next level as a part of our "Culture of Excellence."



# CEO MESSAGE

At Advanced, we recognize the importance of ESG, as we have always been striving to build a better and more sustainable future.

On behalf of the Executive Management Team, I am proud to present our first ESG report. It reflects Advanced's journey for the year 2021, and outlines our strategy, commitments, achievements, and progress towards reaching our ESG goals.

Since Advanced was formed, there has been an extensive and dedicated journey to adopt ESG concepts throughout the business. The journey began by establishment of our carbon footprint, measuring and control of our carbon footprint and resource utilization metrics, focused on emissions, energy, water, and materials.

Stakeholder opinions are extremely important for understanding materiality so, throughout our journey we have sought to consult with various groups and experts; benchmark against industry best practices; and support global international frameworks such as the UNSDGs and the Saudi Vision 2030. This consultation resulted in the establishment of our key pillars of focus: Environmental Stewardship; Workforce and Human Capital; Governance and Social Responsibility; and Sustainable Growth & Innovation which will also further help to create a balance between manufacturing and ESG excellence.

In relation to the environment we are aiming by 2030, to reduce our Emissions and Energy intensities by 13% and improve Water Intensity and Material Effectiveness by 26%, from the baseline. Our continuous improvement has been recognized by the Saudi Energy Efficiency Centre for reducing energy consumption by 1.3 million MMBTU (1st cycle 2014 -2019). We believe that our ESG Strategy and Framework will be our roadmap to support in committing to achieving Net Zero Carbon by 2060. In further recognition of our efforts Advanced was also awarded 1st Place among the Primary Industries in Environmental Performance Award.

Human capital is one of the main pillars of the Company's Framework which focuses on attracting, developing, and retaining employees. Advanced has achieved around 80% Saudization and spent almost 84 thousand hours on employees' training despite of pandemic precautionary measures. Safety and Health is part of our Culture of Excellence and we are proud to achieve 20 million safe man-hours without lost workday's injury since 2008. Furthermore, we continue excel our efforts in supporting communities in several aspects through 45 different CSR programs.

We continued to improve our governance programs and the Corporate Governance framework encompasses accountability, integrity, and transparency whilst allowing to highlight, reflect and monitor the Company's performance. Advanced also has a well-established Enterprise Risk Management system that is regularly reviewed by the Board and Executive Management which outlines risk identification and mitigation to ensure business continuity. Further, all aspects of ESG are embedded in our growth plans, including choice of efficient technologies, better environmental control, human capital development, and resource utilization efficiency.

Transparency is one of our core values and Advanced are proud to publish this ESG report to highlight the key strategy and achievements for 2021. I would like to thank all Advanced employees who have supported in making this a grand success, and we are confident that we will steadily move towards reaching excellence in all aspects of ESG as we move forward.

## Fahad Salem Al Matrafi

President & CEO

“ALL ASPECTS OF ESG ARE EMBEDDED IN OUR GROWTH PLANS”





# ABOUT ADVANCED

Advanced Petrochemical Company ('Advanced' or "Company") was established as Saudi Closed Joint Stock Company in October **2005**, Its current **2021** paid up capital is **SAR 2,164,734,000**. The company has been publicly listed on the Saudi Stock Exchange ("Tadawul") since **2006**.

Advanced Petrochemical started the construction of its plants in May 2005. The company designed to produce 455,000 tons per year of propylene and 450,000 tons per year of polypropylene (Name plate capacity) 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, for the production of propylene, and it also uses the Novolen Technology for the production of polypropylene.

Advanced's new expansion project to set up a PDH-PP complex in Jubail-2, to produce 843 KTA Propylene and 800KTA Polypropylene, is in the execution phase. This new PDH unit will adopt the same Catofin Technology and the PP units will adopt LyondelBasell's Spheripol and Spherizone Technologies with PP capacity of 400 KTA each.

## Advanced Petrochemical Company in Numbers

**566**

employees

**5**

affiliates

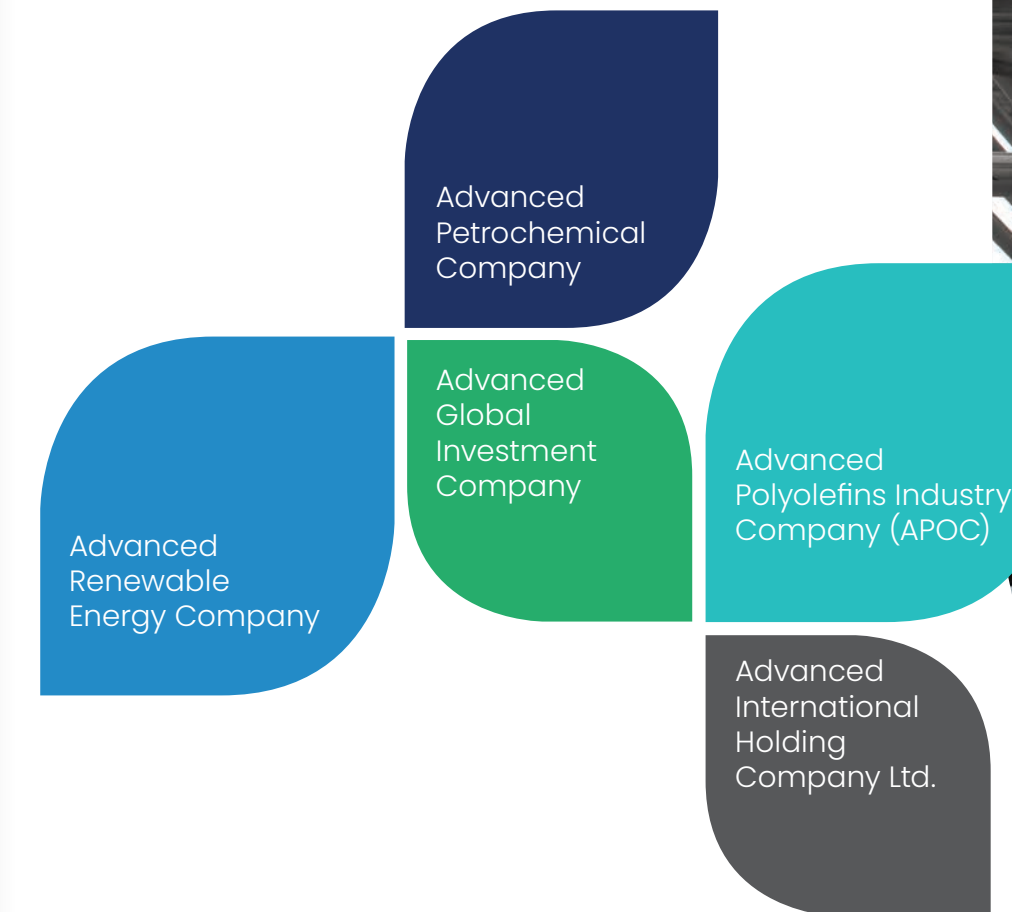
**SAR 3.1B**

revenues

**SAR 1.1B**

EBITDA

## The main activity of the company and its subsidiaries..



Advanced Petrochemical Company

Advanced Global Investment Company

Advanced Polyolefins Industry Company (APOC)

Advanced International Holding Company Ltd.

Advanced Renewable Energy Company



# 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.



# Our Values



## Transparency

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



## Team Spirit

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



## Continuous Improvements

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



## Customer Care

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



## Excellence

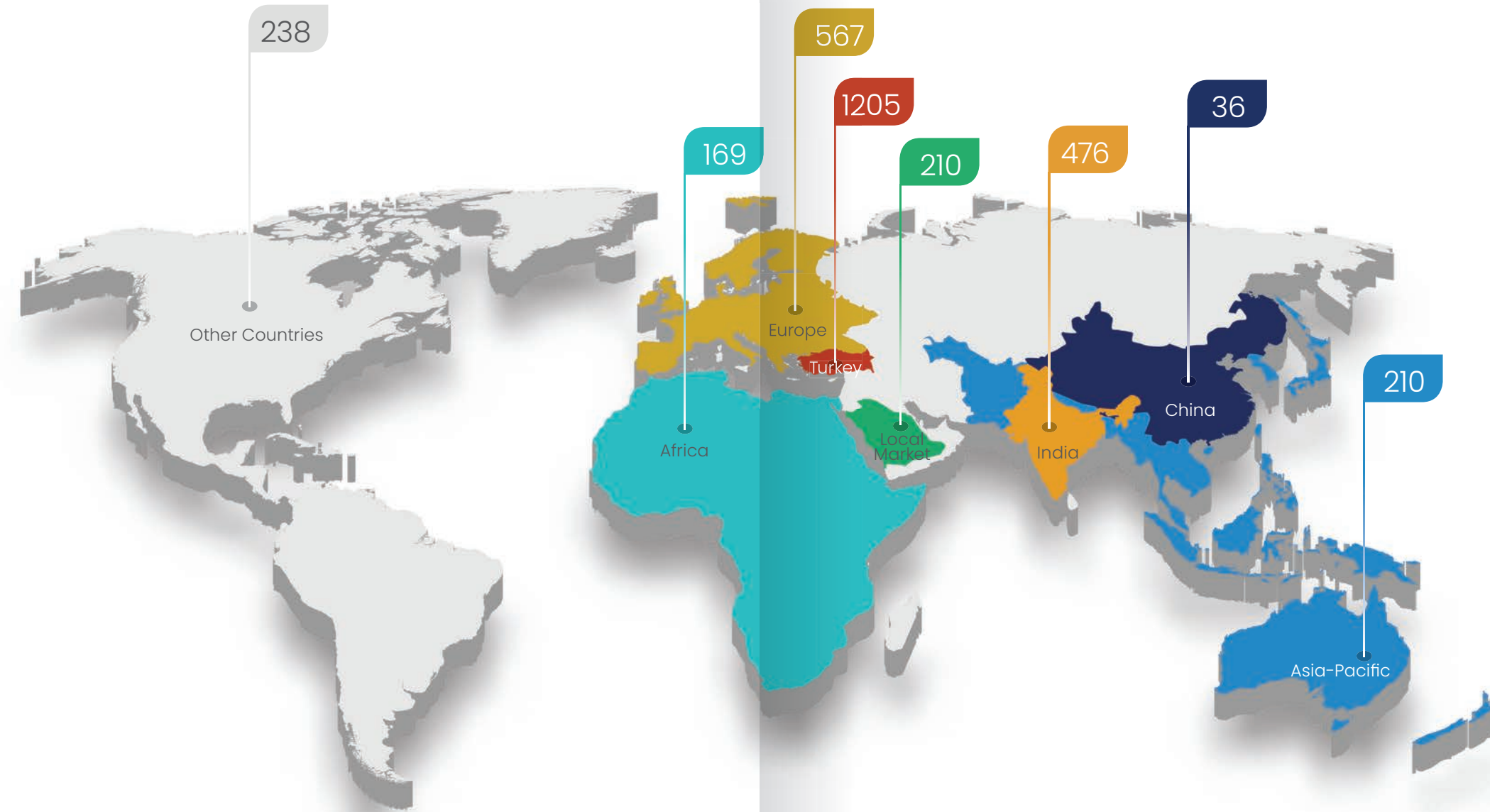
We do the right things right first time; deliver on commitments.



# Business Strategy and Marketing

Currently Advanced has one operating unit producing polypropylene and the sales and marketing division is centralized locally at Advanced Jubail office.

Advanced is predominantly an export-oriented unit with almost 95% of the product being exported. Currently, we produce Polypropylene homo-polymers, and our export market caters to various regions around the globe. We utilize well established and experienced off takers to market our products globally. Furthermore, for the domestic market in the Kingdom, Advanced distributes its products to local converters directly. Advanced have catered to more than 20 converters locally in past decade covering all major Application sectors.

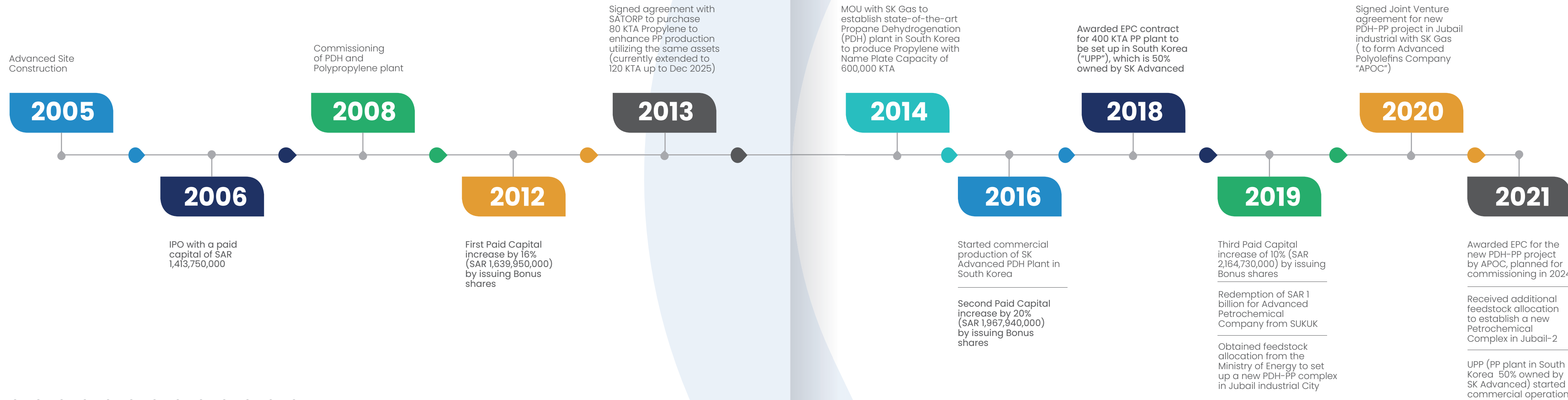


Through our marketing strategy, Advanced aims to carry out product-market segmentation in the most dynamic and efficient manner to expand and maintain our customer base as well as to maximize the netback. Supporting the local market, thus the Saudi Vision 2030, is also one of our prime focus areas and is an essential part of the business strategy of the company. Another critical factor that Advanced considers is "product stewardship" where the

applicable grades are also approved for Africa food contact applications including the EU REACH Regulations, in addition to complying with various other regulatory requirements.

In the long term the company will strive to enhance its sales and marketing capability to the next level to be self-sufficient to gradually increase direct sales in the most efficient and sustainable manner, as well as to cater to marketing multiple products from other growth projects in the future.

# Advanced's Journey





# Memberships

Advanced is a member of the following organizations:



The Gulf Petrochemical and Chemical Association (full member).



Jubail Area Mutual Aid Association (JAMA'A).



Royal Society for the Prevention of Accidents

# Certifications

Advanced is committed to the highest standards possible and has worked hard to align its business and operations to international standards, bodies, and certifications. These include:



# Awards



1st Cycle Energy Saving Credits Certified

Awarded by: Saudi Energy Efficiency Center (SEEC) 2021



1st Rank Environmental Performance Award

Awarded by: Royal Commission 2021



3rd Rank Environmental Performance Award

Awarded by: Royal Commission 2019



2nd Rank Environmental Performance Award

Awarded by: Royal Commission 2016



RoSPA Gold Award

Awarded by: Royal Society for the Prevention of Accidents 7 consecutive times 2021, 2020, 2019, 2018, 2017, 2016, 2015



HRH Princess Seetah award for CSR

Awarded by: HRH Seetah Est. 2020

Best Company in Middle East



Awarded by: Arab Best 2018



International Quality Star - Diamond

Awarded by: International Core Quality 2017

# 2021 ESG PERFORMANCE

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

## Environmental Performance

<b>GHG Intensity</b>	<b>1.35</b> tCO <sub>2</sub> e/t product	<ul style="list-style-type: none"> <li>GHG intensity per volume of product reduced by <b>1.2%</b> from our 2017 baseline</li> <li>GHG intensity per sale reduced by <b>32%</b> compared to 2020</li> </ul>		
	<b>0.26</b> tCO <sub>2</sub> e/ SAR; thousand			
<b>Energy Intensity</b>	<b>23.32</b> GJ/ t product	<ul style="list-style-type: none"> <li>Energy per volume of product reduced by <b>2.6%</b> from baseline of 2017</li> <li>Energy intensity per sale reduced by <b>33%</b> compared to 2020</li> </ul>		
	<b>4.5</b> GJ/ SAR; thousand			
<b>Water Intensity</b>	<b>1.18</b> tH <sub>2</sub> O/t product	Water intensity per sales reduced by <b>30%</b> compared to 2020	<b>4%</b> reduction in NOx Intensity (kg NOx/ Ton PP), comparing with 2020 performance	<b>Zero</b> record of Process safety Tier 1 & Tier 2 incidents (according to API754)
	<b>0.23</b> tH <sub>2</sub> O/ SAR; thousand			
<b>Waste</b>	Achieved <b>50%</b> rate of waste recycling from the total waste generated	<b>96%</b> Increase in electronic waste recycling compared with 2020 Electronic waste recycling	Recognized as 1st ranked on Environmental performance among Jubail primary industries provided by Royal Commission of Jubail industrial city	<b>Zero</b> PSISR & PSTIR. (according to API754)



## Social Performance

Achieving **20M** Safe man-hours without lost workday injury for employees and contractors (13 years of safe operations)

Awarded ROSPA Health & Safety Gold Standard for **seven consecutive years** to 2021

>**10,000** hours of EHSS training (**19** EHSS training hours per employee)

**Zero** Fatality & Zero Lost Work Day injury

**Zero** incident rates related to employees and contractors (according to OSHA)

Total of SAR **5.7** Million invested in **45** CSR programs, with an impact on >**45,000** beneficiaries

Approximately **84,000** hours Training & Development (equivalent to **148** training hours per employee)

SAR **27.2** Million value added from employee engagement through innovation ideas

**80%** Saudization

**272** volunteering hours (an increase of **11%** since 2020) from Advanced's employees

**Zero** Product Safety Incidents

**Zero** rates of occupational illness in Advanced employees and contractors

## Governance and Economic

**76%** of spending on goods and services from local suppliers

**Zero** incidences of non-compliance from Authorities

Net profit SAR **815** Million (**37%** increase from 2020 Net profit)

SAR **3,111** Million Revenue (Highest ever achieved in the history of Advanced with **39%** increase from 2020 revenue)



# ESG AT ADVANCED

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

“ OUR APPROACH IS  
DRIVEN THROUGH OUR  
CLOSE ENGAGEMENT  
WITH STAKEHOLDERS ”



# Advanced Approach

Today's global challenges in the spheres of financial markets, the environment and society at large demand a bolder response from businesses around the world. More importantly, these systemic problems call for collaborative solutions. Advanced recognises this and has committed to new ways of partnering with stakeholders to achieve a shared ambition for a

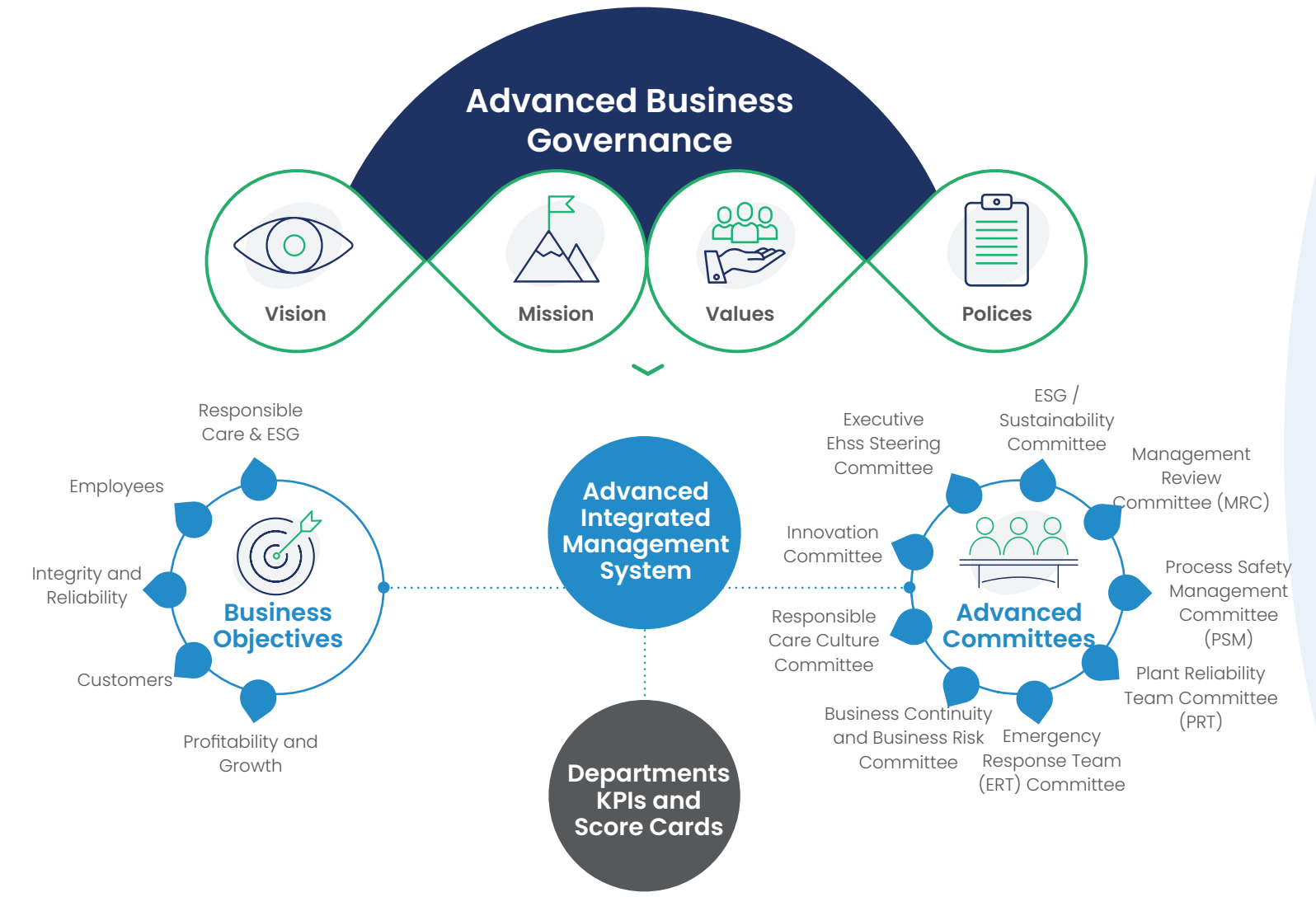
sustainable future. From serving clients and engaging people, to respecting natural resources in workplaces and building community relationships, This progressive approach leads to responsible business decisions with healthier, safer, more engaged people, and increased value for all. Advanced's sustainability & ESG framework reflects high expectations of our stakeholders.



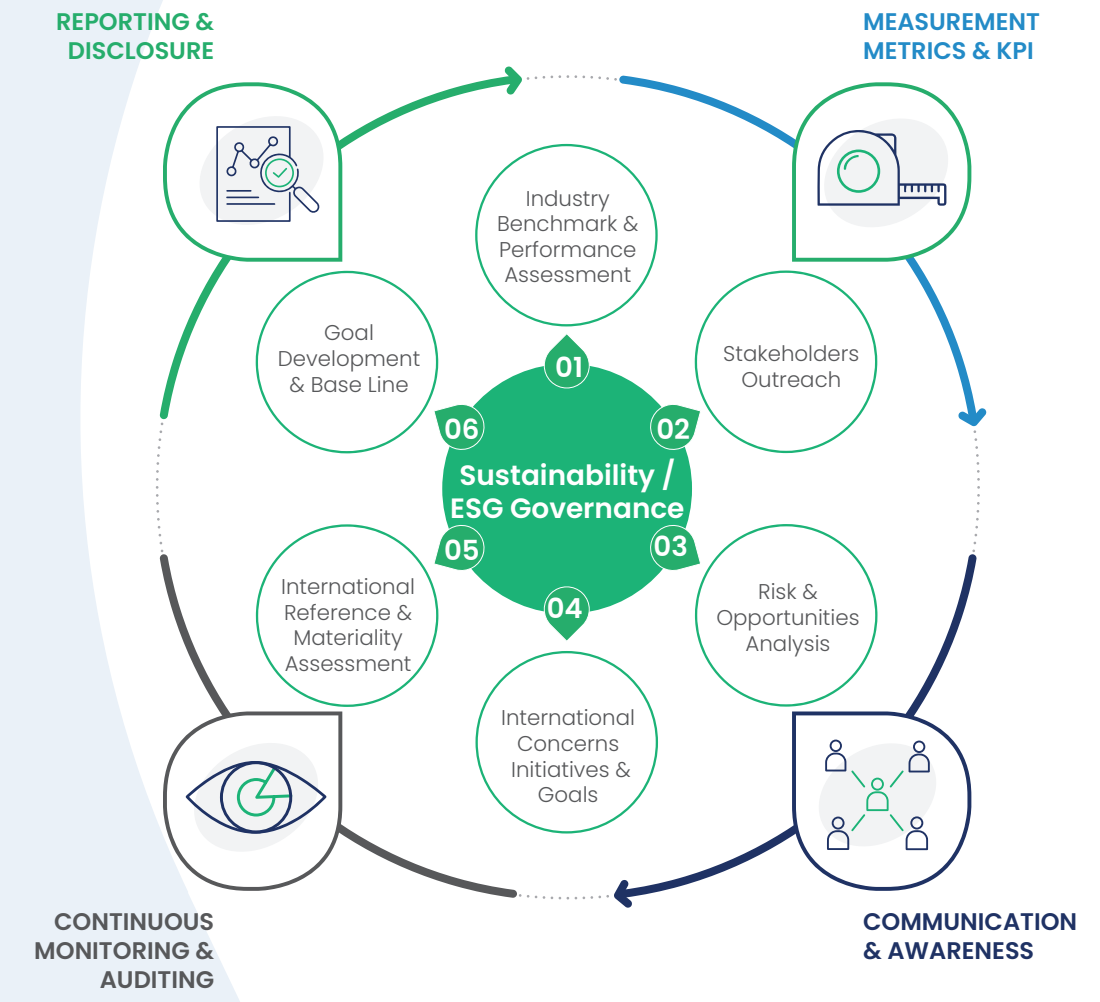
# Advanced Business Governance

In 2021, Advanced aligned its key sustainability focus areas with the overall business strategy. The company actively involved employees and external stakeholders when defining these topics. Through this engagement, stakeholders reaffirmed the importance and relevance of these focus issues. These issues continue to form the framework for our sustainability journey and apply to the entire company.

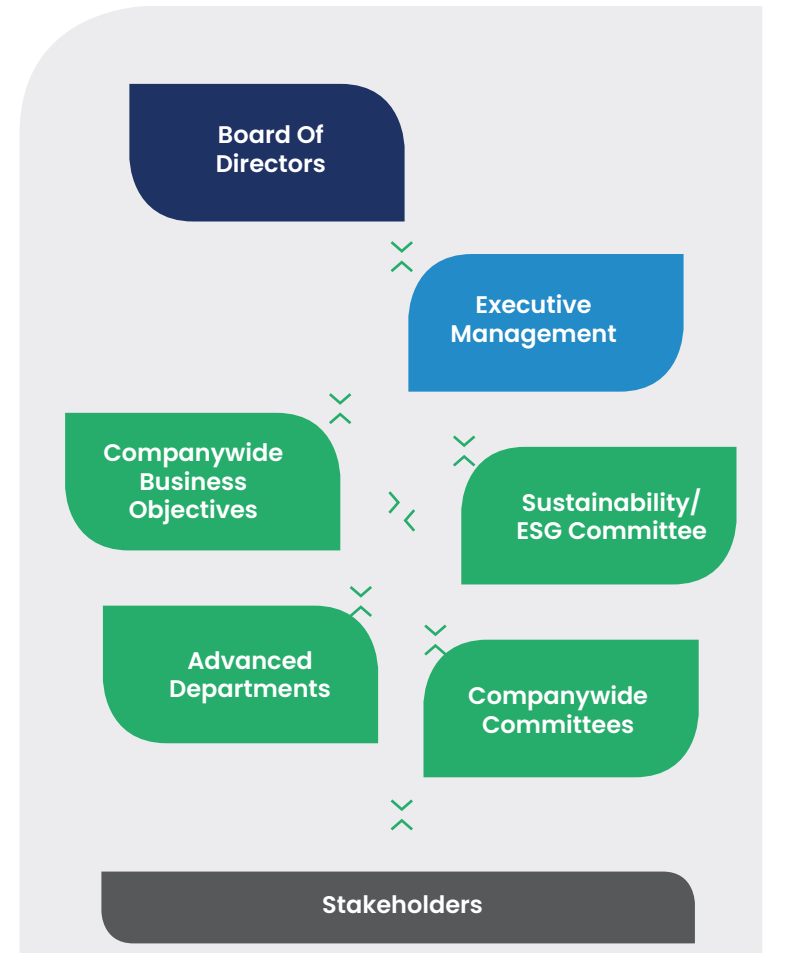
The key areas cover environmental, social, and governance issues. They range from systemic global concerns such as climate change and greenhouse gas (GHG) emissions, to national and local considerations such as working towards the Saudi Vision 2030. Advanced believes this strategy will be successful as it is in line with the company's vision to maintain our leadership position in the regions with regard to operational excellence, safety, and cost optimization.



# Sustainability/ESG Governance Model



# ESG & Sustainability Governance Structure





# 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:

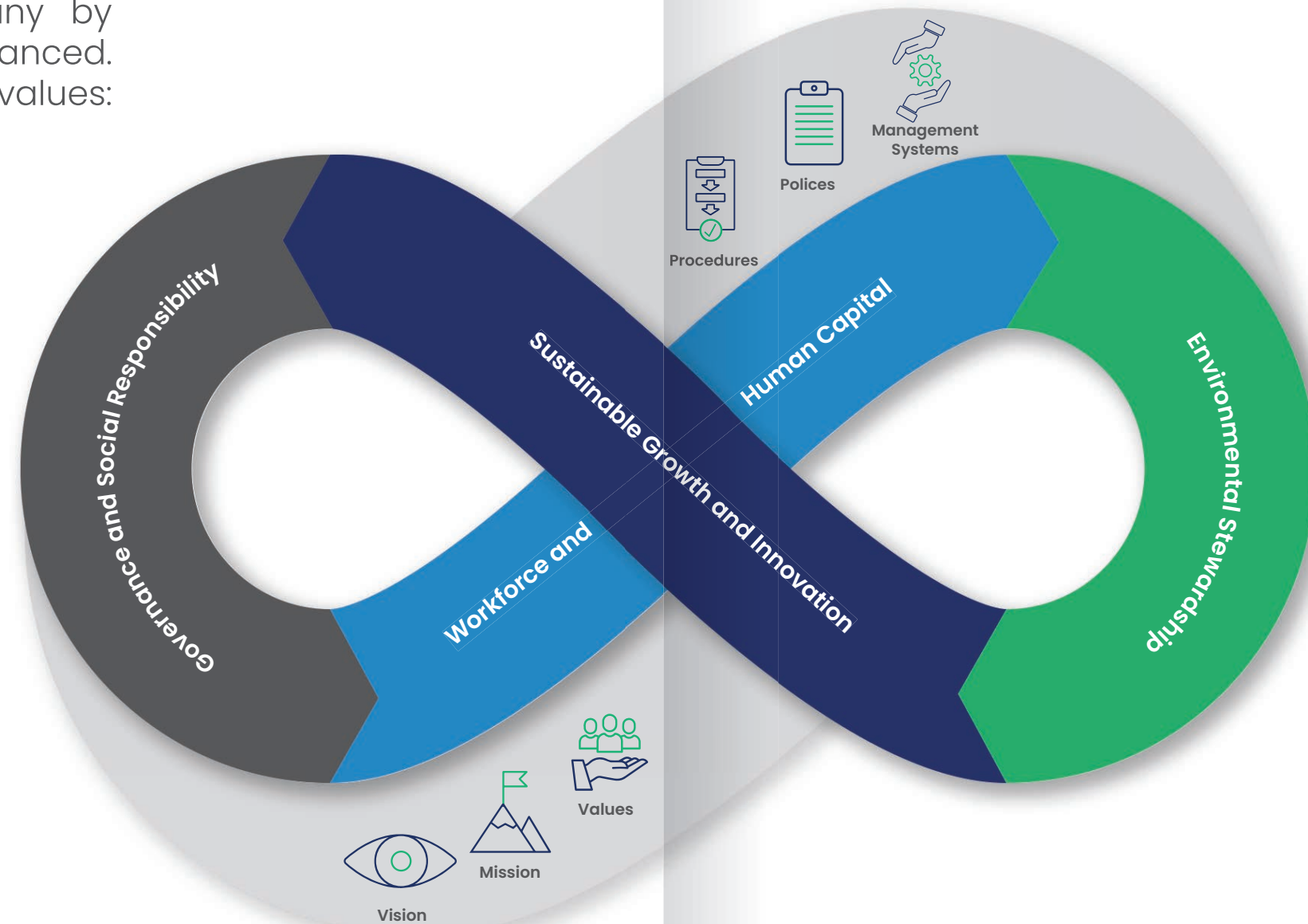
## 01 Governance and Social Responsibility

- 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



# Long Term ESG Objectives



“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%.”

Using 2017 as the baseline year for sustainability improvements, in 2018 Advanced launched its Sustainability Program. This marked the start of a journey towards lowering environmental impacts and enhancing efficiency. Advanced appreciates that it will take time to develop and execute various elements of this program. Therefore, the company set 2030 as its target measurement year. 2030 is also a critical milestone for reducing CO<sub>2</sub> emissions for signatories of the Paris Agreement and the KSA Vision. 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%.

The company also deepened its efforts in Corporate Social Responsibility (CSR) and joined a number of initiatives. These have laid important foundations for the 5-year CSR Strategy which is expected to be launched in 2022.

Advanced’s long-term strategy is one of continued growth in the chemicals sector and it is aiming for multiples of our current size. The company also

wants to be recognized as a leader in operational and manufacturing excellence in the petrochemical sector, while complying with, and improving performance across, all aspects of ESG.

In support of its growth strategy, Advanced is currently executing its multi-billion-dollar Propane Dehydrogenation; Polypropylene & Isopropanol (PDH-PP-IPA) project in Jubail-2, Saudi Arabia, with approximately twice its current size, which is expected to come on stream by 2024. This project aims to produce various specialized PP product grades which will provide an edge for Advanced to penetrate value added PP segments.

Further to this, Advanced also obtained feedstock allocation from the Ministry of Energy in 2021 to set up an integrated world scale cracker complex. This project will also focus on producing various downstream products for conversion and for local industry. It will serve to enhance and boost local consumption and employment.

Indicators	Baseline 2017	Reporting year	2030 Plan
 SHE Index*	0	0	0
 Incident rate direct hire*	0	0	0
 Incident rate contractors*	0	0	0
 GHG tCO <sub>2</sub> e/t product	1.37	1.35	1.19
 Energy GJ/t product	23.95	23.32	20.84
 Water tH <sub>2</sub> O/t product	1.18	1.18	0.87
 Material effectiveness KG/t product	11.55	19.87	8.55

\* Refer to Appendix A: Glossary & Formula



# Stakeholder Engagement

(GRI 102 - 40, GRI 102 - 42, GRI 102 - 43)

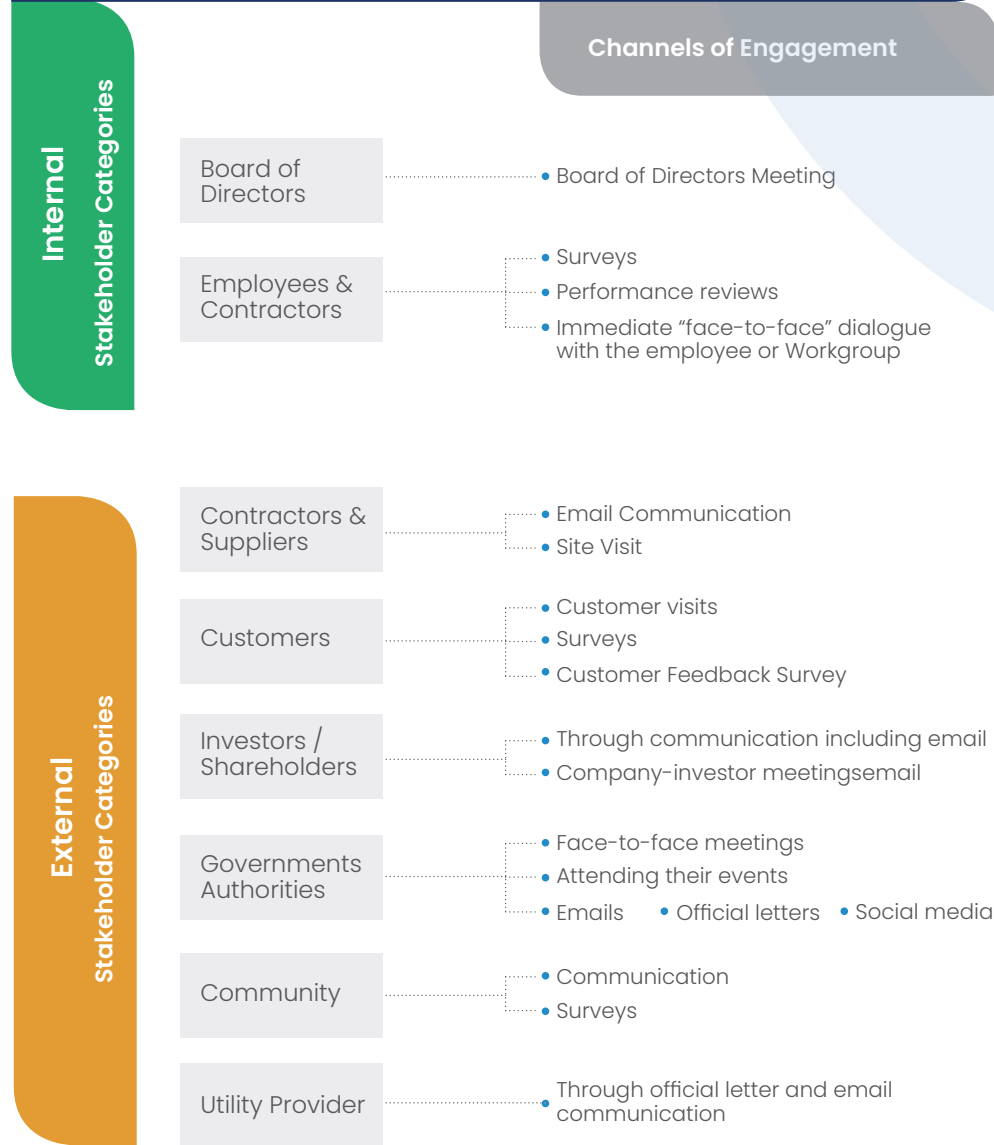
Advanced's goal is to respectfully engage with stakeholders to understand their values and interests, reduce the impact of our operations and contribute to economic opportunities. By first listening to understand concerns, finding mutually agreeable solutions to mitigate these concerns with our actions and integrating those into planning and decision-making, the company builds long-term benefits for both the company and stakeholders.

Key stakeholder groups were identified based on the research and knowledge of Advanced Petrochemicals. A detailed stakeholder map was developed capturing the value each stakeholder group provides to the company, what they need or expect from Advanced Petrochemicals, and main methods of engagement with those stakeholders to understand their needs and expectations.

## Stakeholder Map

- Customers
- Our People
- Shareholders & Investors
- Communities
- Government Regulators
- Partners (Supplier & Vendor)

## Stakeholder Engagement Channel



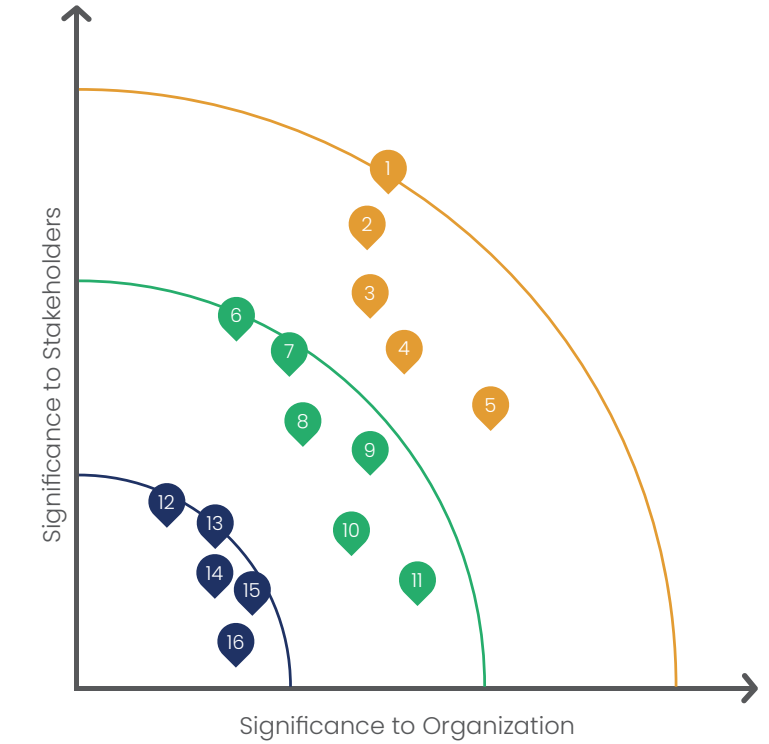
# Materiality Principle

(GRI 102 - 44, GRI 102 - 46, GRI 102 47)

Advanced undertook a materiality review in 2021 to identify which issues are deemed to be material to the business. Our strategy and approach to each material issue is regularly evaluated to ensure we're responding appropriately and that we can effectively identify priority areas for action over the short, medium, and long term. Our materiality assessment involved engaging different

groups of stakeholders and allowed them to prioritise each material topic in order of importance and across two dimensions: the stakeholder perspective and the company perspective.

This assessment resulted in the company identifying and updating 16 material issues. The results will help Advanced align its sustainability strategy and business strategy moving forward.



- | 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                  |                           |



# Mapping Contributions to Global Frameworks

Advanced is mapping its contributions to several key frameworks from global and national organizations. These include the UN Sustainable Development Goals (UNSDGs); Saudi Vision 2030; GRI Global Reporting Standards; the UN Global Compact (UNGC) and others. These frameworks are used both internally and externally to help the

company to contribute to a more sustainable future.

Advanced actively support the implementation of the 17 UNSDGs believing they are an urgent call for action by all countries - developed and developing - in a global partnership. The company continuously reviews our targets and initiatives to ensure

they reflect the priorities set out by the SDGs. Advanced Framework has been closely aligned to the SDG's, through strategic review, the company has identified key material topics and significant impact areas.

Advanced is fully committed to the aims and objectives of the Saudi Vision, embedding

many of the principles and practices into our business operations including in resource management, talent retention, governance, and overall business strategy.

The UNGC is a global call to align strategies and operations with universal principles on human rights, labour, environment, and anti-

corruption, and take actions that advance societal goals. This year Advanced aligned its business goals to the UNGC. Advanced is planning to officially join the UNGC and take further action in these fundamental areas.

## Mapping our contributions

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
<b>Energy, GHG emissions and climate change</b>	(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 (E) Opportunities in cleaner hydrocarbon energy (such as CCUS)			
<b>Community Investment and Engagement and CSR</b>	(AN) Enable social contribution of businesses (AN) businesses Enable citizen responsibility	(S) Social Opportunities		Goal 1: No Poverty Goal 2: Zero Hunger Goal 4: Quality Education Goal 11: sustainable city and community	GRI 202, 413
		(S) Health & Safety			
<b>Health and Safety</b>		(S) Chemical Safety		Goal 3: Good health and well-being	GRI 403
<b>Customer Satisfaction</b>	(TE) Grow contribution of the Private Sector to the economy				GRI 416, 418

Material Topic	Saudi Vision 2030	ESG Common Topics	UNGC	UNSDG	GRI
<b>Economic Performance</b>	(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			
<b>Waste Management</b>	(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			
<b>Circular Economy</b>	(TE) Maximize value captured from the energy sector (VS) Ensure environmental sustainability			Goal 12: Responsible consumption and production	GRI 301, 306
<b>Water Management</b>	(AN) Protect vital resources of the nation	(E) Water Stress		Goal 6: Clean water and sanitation Goal 14: life below water	GRI 303
<b>Technology and Innovation</b>	(TE) Maximize value captured from the energy sector	(E) Opportunities in Clean Tech		Goal 9: Industry, innovation, and infrastructure	
<b>Governance, Ethics and Compliance</b>		(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			
<b>Human Welfare and Development</b>	(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
<b>Diversity and Equality</b>	(TE) Ensuring equal access to job opportunities	(S) Labour Management	Principle 6	Goal 5: Gender Equality	GRI 405, 406
<b>Biodiversity</b>	(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
<b>Product Stewardship</b>		(S) Product Safety & Quality			GRI 416, 417, 418
<b>Data Security</b>		(S) Privacy & Data Security			
<b>Sustainable Supply chain</b>	(TE) Maximize value captured from the energy sector	(E) Raw Material Sourcing			GRI 204, 308, 414



# 01

## GOVERNANCE AND SOCIAL RESPONSIBILITY

Environmental, social and governance (ESG) performance is important to stakeholders and company success. Environmental and social performance is a key component of our long-range planning process, and we have a comprehensive governance framework for sustainable development risks and opportunities that extends from the board of directors, through executive and senior management, to the working levels.



“GOVERNANCE WITH STRONG INTEGRITY PROVIDE CONFIDENCE AND TANGIBLE FINANCIAL BENEFITS TO STAKEHOLDERS”



## Governance

(GRI 102-18 NSS-G-1 UNSDG-16, SE11, SE12)

Corporate governance is considered one of the most important subjects for all businesses and has been a top priority due to financial crisis faced by various entities in recent past. It activates the role of the board of directors, enhances internal control, follows up on the implementation of strategies, and determines the roles and responsibility of shareholders, the board of directors, executive management, and stakeholders, as well as confirming the importance of transparency and disclosure.

Therefore, Advanced, as represented by its Board of Directors and executive management, is committed to develop the highest professional standards in the company, complying with the norms and principles hereof and shall apply to all the business of the company. This regulation also includes the provisions and rules of Corporate Governance issued by the Saudi Capital Market Authority and Company's Management.

### Board of Directors

Advanced conducts its corporate governance arrangements according to national standards and gives the ultimate responsibility for overseeing its business to Board of Directors. The Management Team, with the Board's oversight, is responsible for conducting the company's business.

The Board of Directors works closely with and guides the management to drive performance in line with Advanced's identified corporate strategy. The Board has the legally required number of independent board members to ensure compliance.

The Corporate Governance Framework aims to serve the companies' stakeholders' needs for accountability, integrity, and transparency, while helping them to understand and monitor the company's performance.

### Corporate Governance Principles

01

Enhancing the role of the shareholders and facilitating the exercise of their rights.

02

Stating the competencies and responsibilities of the Board and the Executive Management.

03

Activating the role of the Board and its committees for enhancing the decision-making mechanisms.

04

Achieving transparency, impartiality and equity in the stock market, its transactions, and the business environment and enhance disclosure therein.

05

Providing effective and balanced tools to deal with conflicts of interest.

06

Enhancing accountability and control mechanisms for the Company's employees.

07

Establishing the general framework for dealing with Stakeholders and protecting their rights.

08

Determining the general framework of the social responsibility program and the initiatives that Advanced implements and supports, and to determine the controls that govern it in order to ensure the achievement of the objectives set for it.

## Ethics and Compliance

(GRI-205-1, GRI-205-2, GRI-307-1, GRI-416-2, GRI-419-1, NSS-G-6, NSS-S-12, NSS-S-13, UNSDG-16)

Advanced is committed to a corporate culture that embraces and promotes strong principles of business ethics at every business level. Code of Professional Conduct and Ethical Values policy sets the expectations for our ethics and provides guidance to our employees to ensure that they maintain our Values wherever they conduct business while Advanced Compliance Programme addresses detailed compliance requirements for many important subjects, including anti-corruption, internal controls, international trade, anti-boycott, operational excellence, data privacy and competition law.

In addition to its internal processes to secure ethical practices, Advanced abides by local laws and regulations, make every effort to uphold its values within all countries of operations and encourages all stakeholders to report instances of violations or non-compliance.

### Code of Professional Conduct and Ethical Values

Advanced Code of Professional Conduct and Ethical Values (the "Code"), which outlines the guiding principles for implementing the company's policies on conflict of interest, integrity, transparency, and fairness in order to ensure the sustainability of a healthy, safe and exemplary workplace environment, applies to all employees and anyone conducting business with the company and is the cornerstone of its expectations, culture, practices and professional standards.

Advanced regularly reviews and updates the Code in line with changing best practice, whilst keeping the core principles in mind and getting approval of the Board of Directors during this process. During workforce on boarding process, the employees receive training in the Code ensuring the alignment to their roles and responsibilities. For existing employees, Advanced notifies and provides ongoing training to ensure familiarity. Advanced employees have continuous access to the Code through internal channels or via human resources.

### Grievance reporting mechanism

Advanced's independent and confidential whistleblowing procedure is available to all employees and suppliers, formed into a full policy in 2021. An employee is entitled to file a complaint under Advanced grievance procedure if they have been treated in any way that contradicts applicable legislation, their employment contract, the Human Resources (HR) policy or have been subjected to prejudicial treatment. The grievance procedure has defined steps that are communicated to all employees. Based on the case, the HR Department, Grievance Committee, and relevant management will be involved to address the grievance.

All reports to the helpline are fully investigated and followed up. Additionally, Advanced requires suppliers to maintain a means by which workers can openly communicate and share grievances with management, without fear of reprisal, intimidation, or harassment.





## Human Rights

(GRI-404-1 UNSDG-4 UNSDG-8)

Advanced recognizes the dignity of all human beings, and its core values embrace these inalienable rights for all people to live their lives free from social, political, or economic discrimination or abuse. This is clearly applied on Advanced HR policy and The Code.

As an organization, Advanced's intentions regarding human rights is also reflected in its Purpose and Values and in business ethics. The company conducts business with respect for people and the environment, holds accountability and responsibility to communities, and builds ethical and trustworthy relationships with all stakeholders. These policies are cascaded via procedures and systems with frequent audits to drive continual improvement.

Human Rights Issues	2019	2020	2021
Total incidents of non-compliance with laws and regulations	0	0	0
Total number of non-monetary sanctions	0	0	0
Percentage of legal and regulatory fines and settlements that resulted from whistleblowing actions (%)	0	0	0
Grievance mechanism			
Number of performance grievances filed in the reporting period (#)	0	0	0
Harassment cases (#)	0	0	0
Incidents of discrimination (#)	0	0	0



## Risk Management

(GRI 102-30, GRI-412-3)

Advanced operates in a global, competitive environment, which gives rise to operating and market risk exposure. Risk management is considered as a strategic activity and supports the company's ability to manage risks effectively, while also creating business opportunities.

The risk assessment process is carried out continuously at the strategic and operational level, whereby the relevant procedures are monitored periodically and continuously in order to deal with them and take the necessary preventive measures to minimize these risks.

A dedicated Business Risk Management Committee and Team is involved in reviewing the business risks on a periodic basis to evaluate the residual risk and take any further preventive actions, if required. The Board of Directors continuously reviews the company's policies related to risk management to ensure that the approved policies and programs are implemented in order to minimize the risks that the company may face. The Executive Management of Advanced also ensures that the risk management processes, and the followed systems operate efficiently at all levels.

Further, Advanced carried out a business risk re-validation in 2021, in coordination with third party experts, wherein the current risks were re-validated and new potential risks were identified. These business risks were categorized into "high", "medium" and "low" risks, and controls as well as mitigations, as applicable, are in place. Controls and mitigations are already in place for all the identified risks which are being monitored on a regular basis.

**Current categorized significant risks of Advanced are as follows:**



Environment, health, safety, security, process safety risks



Supply chain related risks



Human capital related risks



Cyber security risks



Finance & Market risks



Integrity and reliability risks

## Audits

(GRI 103-3)

The Audit Committee is assisted in its oversight role by Internal Audit team. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. Advanced Internal Audit team also assess and monitor the implementation of Environmental Policy and risk assessment and mitigation processes and procedures. The purpose of audit program is to identify the deficiency and non-compliance, corrective and preventative actions are taken for continual improvement.

In 2021, Internal Audit Team carried out assignments throughout various areas of the business to check the compliance with existing company policies, procedures, and Applicable national regulations. The result of these audits found that more compliance was required with existing policies. Management is in the process of implementing these recommendations and are tracked by internal audit regularly.

# Data Security

(NSS-S-11, UNSDG-9, SE10)

- Data security has become a key challenge for organizations to secure data that is constantly transposed by digital processes and business ecosystems spanning storage silos on-premises and in the cloud. Data needs to be fully safeguarded and protected to reduce the exposure to financial and reputational risks whilst maintaining best practices and compliance with regulations.

Advanced views data as an important corporate asset and recognises the need to protect its stakeholders to maintain trust. Thus, the company has implemented a data security strategy to organize efforts that include all the measures implemented for the purpose of protecting data in the organization to ensure security standardization of sensitive data and corporate information, ensuring the privacy of customers, employees, and the security of trade secrets.

- Data security strategies typically involve multi-step processes that define how security measures are implemented and maintained. The goal is to minimize the footprint of sensitive data and secure business-critical and regulated data. In particular, Advanced uses security controls on data throughout its lifecycle from creating, storing, sharing until disposal. Moving forward, the company has implemented a Cybersecurity Governance, Risk, and Compliance (GRC) in 2021 as part

of its governance systems and enterprise risk management and corporate compliance. It utilizes approaching security activities in a mature manner and enhances the likelihood of achieving cybersecurity objectives by aligning processes that support each other in the greater context of cybersecurity organization.

GRC is one of our many layers of security management and protection. This year Advanced continued to develop and apply defence-in-depth architecture that leverages multiple security measures to protect the company from physical, technical, and administrative aspects including Access Control, Cyber Defences, Data Protection and Continuous Monitoring. Those security controls are connected, controlled, and managed by the data governance framework which brings together our data activities, operating practices, and day-to-day actions.

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).



## Data Governance

Organizational Awareness



### Data Activities

Collect

Use

Share

Dispose



### Operating Practices

Rules

Decision-Making Models (People)

Process



### Day to Day Actions

Organize Development of Operating Practices

Putting Practices into Action



# Customer Satisfaction

(NSS-S-10, UNSDG-3, UNSDG-16)

Advanced conducts an annual global customer satisfaction survey to ensure collection of feedback from its customers and develop plans to improve its performance. One of the key initiatives developed in 2021 to improve the overall customer experience and facilitate participation is transforming the survey from its traditional form to a digital survey. This allows the customer to participate in the survey from any available device with multiple language options supported, whilst maintaining the required confidentiality level.

Due to the recent digitization to the survey, Advanced recorded highest ever participation in 2021. The customer survey feedback shows that there is an improvement in the performance of 2020 in categories such as product quality, packaging, export documentation, delivery, product technical support, and complaint handling time, which improved over the previous year, indicating high customer satisfaction. The overall performance rating was 4, up from 3.8 the previous year (on a scale of 5).

Complaint Status	2019	2020	2021
Customer Complaint Received	2	1	0
Open	0	0	0
Closed	2	1	0





# Community Investment and CSR

(GRI 413-1, GRI 413-2, NSS-S-8, UNSDG-10, UNSDG-11, SEI, SE4)

Advanced's Corporate Social Responsibility Policy outlines the company's ambition and targets, providing a general framework of the social responsibility programme and the initiatives implemented and supported by the company. The policy covers five core focus areas: community service, health, environment, supporting the charitable sector and voluntary programmes. Sponsorships and donations also form a part of this Policy.

During 2021, Advanced has continued to support many of its long-standing community programs, reaching 45 community investment programs across a range of sectors.

Community Investments	2019	2020	2021
Total value of community investments (SAR)	<b>8,010,304</b>	<b>6,642,000</b>	<b>5,721,000</b>
Total number of local community development programmes based on local community needs (#)	<b>22</b>	<b>41</b>	<b>45</b>
Operations with significant actual or potential negative impacts on local communities (#)	<b>0</b>	<b>0</b>	<b>0</b>

Employee Volunteering	2019	2020	2021
Total number of volunteers (employees)	<b>57</b>	<b>63</b>	<b>64</b>
Total number of employee volunteering hours	<b>450</b>	<b>300</b>	<b>272</b>



**45**  
CSR Programs

- 3** Health Programs
- 7** Education Programs
- 11** Community Services Programs
- 24** Charity Programs







## Responsible Care Culture Committee (RCCC)

Advanced Responsible Care Culture Committee governs its Approach to Environment, Health, Safety and Security as part of the EHSS and Responsible Care program. In recent years it has focused on running various initiatives for employees and their family members and have led support on CSR programs. During the Covid-19 pandemic, the Committee has helped support various individuals through the introduction of awareness programs, supporting and enhancing charitable giving, building new partnerships, and running engagement events. As Advanced transitions out of the pandemic, the Group will continue the company's efforts through its ongoing CSR programs and community engagement.

### Some of the programs conducted in 2021 include

COVID-19 Awareness Campaign

Anti- Smoking Campaign

Car Safety During Summer

Flu Vaccination Campaign

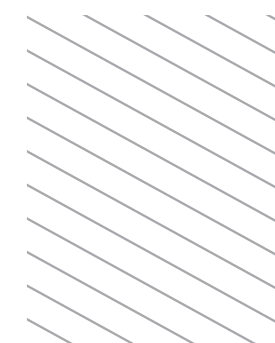
Holy Ramadan Health Campaign

COVID-19 Vaccination Campaign

Defensive Driving Campaign

Blood Donations Campaign

General Occupational EHSS Campaign



### Advanced has a reward and recognition program, and winners receive gifts for their contribution. The different recognitions available include:

Best Unsafe Condition or Unsafe Act Report

High Value Unsafe Condition or Unsafe Act report

Campaigns Participation

Safe Man of the Year

Safe Man-Hours Milestone without Lost Time Injury

Best SCAN Checklist (Behaviour Based Audit)

Best Safe Work Permit Issuer or Receiver

Best Emergency Response Team Member

Best Incident Commander

Best Root Cause Analysis investigation





# 02

## WORKFORCE AND HUMAN CAPITAL

(GRI 102-8, GRI 405-1, UNSDG-8)

Companies that show effective management human capital based on principles of equal opportunity, inclusivity, and diversity, are more able to respond to tomorrow's needs. Advanced aims to provide a productive, safe, and inclusive work environment where development of its employees is supported through training and career development opportunities. Advanced also places great importance on employee participation, to increase satisfaction, and strives for the highest levels of health and safety, both through management systems and training.



“OUR ABILITY TO DELIVER ON OUR PURPOSE AND THE SUCCESS OF OUR COMPANY ULTIMATELY DEPENDS ON HUMAN CAPITAL”



# Advanced Team

Workforce Composition	2019	2020	2021
Total number of employees (#)	352	358	566
Full time employees (#)	352	358	566
<b>By employment level</b>			
Full time employees in senior management (#)	4	6	7
Full time employees in middle management (#)	11	13	22
Full time employees (not senior or middle management) (#)	337	339	537
<b>Workforce age profile</b>			
Workforce by age 18-30 (#)	61	62	204
Workforce by age 31-50 (#)	254	260	320
Workforce by age 51+ (#)	37	36	42
<b>Workforce by gender profile</b>			
Female full-time employees (#)	0	0	0
Male full-time employees (#)	352	358	566

## Success Story: Improved Digitalisation

In 2021, Advanced continued to implement successful digitalisation techniques to improve the experience of employees using HR or talent development systems. The company introduced the latest technology available in market as an automated system covering the HR process and its related tools to the employees. This tool helps accessibility of employees to benefits and information by creating a more efficient systematic workflow process, which also has knock on environmental benefits due to reduced paper use, savings on device maintenance and lower usage of printers.



# Attraction and Retention

(GRI-401-1 NSS-S-2, UNSDG-5, UNSDG-8 UNSDG-10, UNSDG-16, SE15, SE16)

Advanced strongly believes that its people are its most valuable asset and strives to attract and retain the best talent by providing a world-class employment experience. Employee engagement plays an important role in creating an empowering culture where employees, no matter their position in the company, feel valued and appreciated.

Advanced Human Resources (HR) Policy supports establishing mutual understanding between the company and its employees across all aspects of employment and aims to implement fair and equitable practices that will enable the attraction, retention, development, and motivation of employees. In addition to robust learning and development opportunities, employees are provided with benefit packages, which include financial and non-financial incentives. Advanced recruitment policies follow all government regulations and bodies including the Ministry of Human Resources and Social Development and General Organization for Social Insurance GOSI.

Advanced provides a wide range of attractive opportunities for young professionals through internship and graduate programs. All new hires receive specific training, mentoring and career advice, thus facilitating their transition to full-time employment.

Employee Hires by Category	2019	2020	2021
Male (#)	19	29	194
<b>New employee hired by age</b>			
Workforce by age 18-30 (#)	4	12	144
Workforce by age 31-50 (#)	12	1	43
Workforce by age 51+ (#)	3	16	7
<b>Employee turnover</b>			
Total number of employees who left the organization (#)	19	15	39
Turnover rate* (%)	5.4 %	4.2 %	7%

\* Refer to Appendix A: Glossary & Formula

# Training and Development

• (GRI-404-1, NSS-S-4, UNSDG-4, UNSDG-8, SE17)

Advanced is focused on enhancing career development opportunities to invest in its people and keep employees engaged with the company for the long-term. The company has refreshed and updated its career development and management tools and continue to centralize the tools to become more globally integrated. Advanced focuses heavily through training and development opportunities that put particular focus on innovation, improvement and building a knowledgeable and effective workforce. The company tailors its training to each individual under an IDP (Individual Development Programme), this is implemented to all employees and provides a programme for ongoing career development and skills acquisition. Along with IDP, Advanced has built an integrated and accessible Advanced E-Learning Academy that is available to all of its employees, which provides all employees with variety of general and core business training programs. In addition, Advanced has developed various training programmes to suit certain roles to help employees learn and develop particular skills. These include:

- Implementing HR training programmes for leadership, coaching and soft skills courses.
- Implementing an EDP (Engineer's Development Programme) – for fresh engineers to learn and refine their skills.
- Implementing a JQP (Job Qualification Programme)- for Operators, Technicians, and Inspectors.
- Provision of technical courses for the Technical Division and Security Skills for EHSSQ security personnel.

In addition, Advanced extended the collaboration with universities in providing more support to students in COOP which resulted in an increase on number of COOP students to more than 130 % compared with the previous year.

Employee Training	2019	2020	2021
Total hours of training for employees (Hr.)	<b>11,804</b>	<b>2,486</b>	<b>83,960</b>
Average hours of training per employee (Hr.)	<b>24.04</b>	<b>8.57</b>	<b>148</b>
Training hours per employee on sustainability aspects (Hr)	<b>721</b>	<b>180</b>	<b>2464</b>
Training sessions			
Employees participating in training (#)	<b>491</b>	<b>290</b>	<b>566</b>
No of Employees Support for higher education	<b>0</b>	<b>6</b>	<b>4</b>
Training of COOP Students	<b>12</b>	<b>16</b>	<b>38</b>

# Employee Engagement

(GRI-403-2, GRI-404-3 UNSDG-5 UNSDG-8)

Advanced is committed to giving its people better ways of working and greater access to career opportunities. Advanced aims to see its employee value proposition come to life, through new initiatives and progress in recruiting, onboarding, career development and performance management. The company is constantly looking for new ways to engage its employees and collect their feedback.

Absentee Rate	2019	2020	2021
Total number of missed workdays (#)	<b>1,835</b>	<b>2,833</b>	<b>1,529</b>
Total workdays (full time employees) (#)	<b>92,928</b>	<b>94,512</b>	<b>140,934</b>
Employee absentee rate* (%)	<b>0.02</b>	<b>0.03</b>	<b>0.02</b>

\* Refer to Appendix A: Glossary & Formula

Employee Engagement and Satisfaction	2019	2020	2021
Employee engagement (%)	<b>100%</b>	<b>100%</b>	<b>100%</b>
Full time employees who received a performance and career development review (#)	<b>335</b>	<b>333</b>	<b>414</b>



# Saudization

(GRI-202-2, UNSDG-8, SE6)

Increasing local talent and the implementation of Saudization schemes are crucial part of the Saudi Vision 2030 and can allow for a stronger and more talented workforce.

Advanced set the ambitious target to achieve a Saudization rate of 80%. The company has worked to engage current employees to make genuine efforts to train, develop and advance the skills and capabilities of national co-workers.

Saudization	2019	2020	2021
Nationals in senior management (#)	4	5	7
Nationals among total full-time workforce (#)	244	255	280
Expat employees (full time) (#)	108	103	272

# Employee Benefits

(GRI-401-3, NSS-9, UNSDG-4, UNSDG-5, UNSDG-8)

Advanced believes that in order to attract, develop and retain talented employees, it must follow best practices in offering a comprehensive employment package on top of typical pay. Therefore, the company offers benefits including but not limited to Employee Loan Facility Programmes, Employee Shares Ownership Programme, retirement benefits and end of service benefits and health care programs for employees and their families.

Employee Benefits	2019	2020	2021
Salaries paid (includes standard elements basic pay and consolidated allowances etc.) (SAR)	142,758,631	129,262,671	194,183,140
Benefits paid (includes elements such as Pension, Gratuity, Medical Insurance, Annual Passage, Education etc.) (SAR)	31,109,437	31,024,493	50,627,106



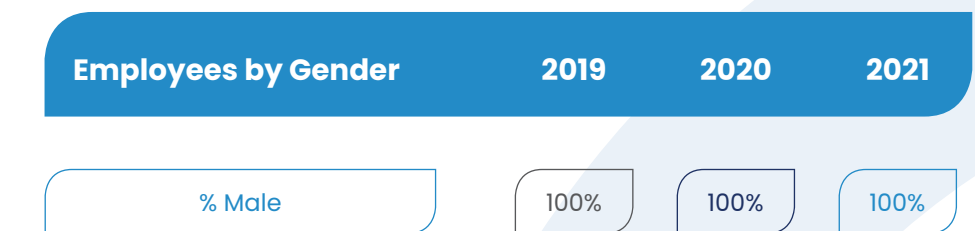
# Diversity, Inclusion and Equal Opportunity

(GRI 405-1, UNSDG-5, UNSDG-10, SE8, SE15)

Advanced shows commitment to strengthening and expanding its inclusive culture and the diversity of its workforce. That is why the company is pursuing a diversity and inclusion strategy, which forms part of its general business practices including, attracting, developing, and retaining the best employees; serving various customers and markets; and driving forward innovations through inclusion.

Advanced employs individuals from 7 different countries, we are actively seeking and maintaining to grow the diversity of our employees into the future. This is to further enhance the work environment towards more inclusive workplace.

Our policies and procedures are under ongoing update to accommodate an important pillar of diversity through female recruitment, which is planned to be implemented by 2022.





# Occupational Health and Safety

(GRI 403-1, GRI 403-2, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-9, GRI 403-10, NSS-S-3, UNSDG-3, HS1, HS2, HS3, HS5)

Advanced takes responsibility for the health and safety of its employees, contractors, and visitors, placing upmost importance to this issue. Advanced seeks to promote the health and well-being of all employees and sustain their ability to perform over the long term, which necessitates a safe workplace and take organizational safety culture to the next level. Accordingly, Advanced has an Integrated Management System covering and highlighting its strategy in Quality, Environment, Occupational Health & Safety, Process Safety, Responsible Care and Cybersecurity.

The following elements are some of EHSS and Process Safety Management systems:

Process Safety Information

Risk Assessment

Contractor Safety

Pre-Start up Safety Review (PSSR)

Environment and Industrial Hygiene programs

Security Standards

Mechanical Integrity Program

Management of Change (MOC)

Incident Reporting, Classification, and Investigation

Emergency Response Plans

Product Stewardship



As a result of the company's compliance and implementation of health and safety measures, Advanced has been awarded a RoSPA Gold Medal for achieving the golden rank for six consecutive years from The Royal Society for the Prevention of Accidents. In 2021, In addition to that, the company achieved zero EHSS recordable incidents and recognize achieving 20 million safe man-hours without lost workday incident.

Health and Safety Performance	2019	2020	2021
Safe Man-hours	<b>1.646 M</b>	<b>1.708 M</b>	<b>2.6 M</b>
Work hours (employees)	<b>727,831.03</b>	<b>782,781.10</b>	<b>1,029,599</b>
Work hours (contractors)	<b>918,590.55</b>	<b>926,094</b>	<b>3,104,393</b>
SHE Index*	<b>0</b>	<b>0</b>	<b>0</b>
Incident rate direct hire**	<b>0</b>	<b>0</b>	<b>0</b>
Incident rate Contractors***	<b>0</b>	<b>0</b>	<b>0</b>
Employees Occupational Illness	<b>0</b>	<b>0</b>	<b>0</b>
Contractors Occupational Illness	<b>0</b>	<b>1</b>	<b>0</b>
Violation From Local Authorities	<b>0</b>	<b>0</b>	<b>0</b>
Employee fatalities (#)	<b>0</b>	<b>0</b>	<b>0</b>
Contractor fatalities (#)	<b>0</b>	<b>0</b>	<b>0</b>
Employee lost time injuries (#)	<b>0</b>	<b>0</b>	<b>0</b>
Contractor lost time injuries (#)	<b>0</b>	<b>0</b>	<b>0</b>
Employee total recordable injuries (#)	<b>0</b>	<b>0</b>	<b>0</b>
Contractor total recordable injuries (#)	<b>0</b>	<b>0</b>	<b>0</b>
Total number of emergency response drills conducted (#)	<b>52</b>	<b>28</b>	<b>36</b>
Safety incident investigations initiated & completed (#)	<b>77</b>	<b>70</b>	<b>59</b>
Total hours of EHSS training provided to employees (hours)	<b>1,786</b>	<b>674</b>	<b>10,290</b>
Average hours of HSE training per employee (hours)	<b>5.1</b>	<b>1.9</b>	<b>19</b>

\* (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 for 50 weeks per year (OSHA guidelines).

## Success Story: Implementation of Advanced Electronic Global Information Management System

A significant change in 2021 was the implementation of Advanced Electronic Global Information Management System (GIMS), which provides a systematic platform for evaluation of EHS Leading Indicators to ensure continuous improvement. The program enables the project EHSS team with a repository of recorded inspections and audits and allows for tracking and monitoring of actions.

The Electronic Work Permit System provides a real-time tracking of Approved and authorized work activities on site that resolves potential interfaces of simultaneous work activities. The online system also provides clear visibility of current field risks depending on the work activities in order to optimize EHS resources effectively including active monitoring and vigilance.

The QR code-based incident reporting system enables any employee to report an incident in the field leading to quick initiation, correction, and action tracking. The system also helps eliminate paper.



# 03

## ENVIRONMENTAL STEWARDSHIP

(GRI 308-1, NSS-12, NSS-E-1)

Advanced environment related processes are governed by the ISO 14001 Environmental Management System and RC 14001 for Environmental Management Systems standards, which are also integrated with its ISO 9001 Quality Management System as well as other best practices reflected from industries. These systems ensure that the company's operations remain fully compliant with regulations and guidelines relating to waste, water, energy and impacts on climate change. These management systems align to Advanced EHSSQ Policy that outlines its position statement and expectations on all environmental related issues. The company is working

to align its internal policy to the precautionary principle, which will involve applying caution and review in its approach to implementing any changes or updates in processes with respect to the environment and business impact. Such approach is evident in its internal process in management of change (MOC) as well as the company's pursuit for proven technologies and processes to minimize associated risks, if any. Furthermore, Advanced Applies Environmental Impact Assessments for new projects works with the precautionary principle in mind by analysing various impacts of a potential new project.

“VALUING ENVIRONMENTAL OPPORTUNITIES WILL ACCELERATE THE JOURNEY TOWARD NET ZERO TARGETS”





# Emissions

(GRI 302-1, GRI 302-2, GRI 302-3, UNSDG-7, UNSDG-8, UNSDG-12, UNSDG-13, UNSDG-14, NSS-11 NSS-E-3, NSS-E-7, E1, E4, E8)

Advanced applies continual improvements to align with industry best practices when managing and monitoring its environmental impact. Annual emissions monitoring is carried out on all stacks and a fugitive emission monitoring program is also implemented, resulting in the conservation of natural resources (including energy efficiency indirectly) and thereby reducing some atmospheric pollution. These measures form part of Advanced's climate change impact approach and has been recognised as fully compliant to the Royal Commission Environment Regulation 2015.

In 2021, Advanced received zero violation and nonconformity notices from the Royal Commission Monitoring Parameters. This achievement comes after rigorous monitoring and timely preventive maintenance of all equipment.

The company's equipment is regularly updated and improved to reduce the risk of excess pollution. In 2021, Advanced carried out an effective preventive maintenance program to reduce the fugitive emission to less than 1% of the total 3751 inspected components.

GHG Emissions	2019	2020	2021
Direct GHG emissions (Scope 1) (tons of CO <sub>2</sub> eq)	<b>637,681</b>	<b>644,367</b>	<b>623,252</b>
Indirect GHG emissions (Scope 2) (tons of CO <sub>2</sub> eq)	<b>196,899</b>	<b>197,528</b>	<b>183,551</b>
Total GHG emissions (sum of Scope 1 and Scope 2) (tons of CO <sub>2</sub> eq)	<b>834,580</b>	<b>841,896</b>	<b>806,803</b>

GHG Intensity	2019	2020	2021
GHG Intensity per product (Scope 1) (tCO <sub>2</sub> e/t product)	<b>0.99</b>	<b>1.02</b>	<b>1.04</b>
GHG Intensity per product (Scope 2) (tCO <sub>2</sub> e/t product)	<b>0.306</b>	<b>0.311</b>	<b>0.307</b>
Total GHG emissions (sum of Scope 1 and Scope 2) (tCO <sub>2</sub> e/t product)	<b>1.30</b>	<b>1.33</b>	<b>1.35</b>
GHG per Sales (tCO <sub>2</sub> e/ SAR; thousand)	<b>0.32</b>	<b>0.38</b>	<b>0.26</b>

Advanced's impact from nitrous oxide emissions has been steadily decreasing overtime both in total emissions released and from an intensity standpoint.

NOx Emissions	2019	2020	2021
NOx, Emission (KG/y)	<b>160,318</b>	<b>153,865</b>	<b>137,662</b>
NOx, Intensity (kg NOx/t Product)	<b>0.25</b>	<b>0.24</b>	<b>0.23</b>





# Energy Management

(GRI 302-1, GRI 302-2, GRI 302-3, NSS-11, NSS-E-3, NSS-12, NSS-E-1, UNSDG-7, UNSDG-12, UNSDG-13, E2, E3)

Managing the energy usage through energy efficiency measures as well as through process optimization is important for Advanced. As an energy-intensive organization, Advanced is continuously seeking opportunities for effectively managing its energy consumption including taking steps to reduce the use of fossil fuels. As an organization, Advanced is also working to enable the transition to cleaner energy sources.

Advanced's approach to energy and natural resource consumption is built in line with the National Transformation Programme of the Saudi Vision 2030, which consists of several realisation programmes such as Saudi Energy Efficiency Centre (SEEC).

Advanced has taken significant initiatives in terms of day-to-day energy optimization and capital projects to reduce energy intensity, which resulted in significant savings compared to targets set by regulatory bodies. The company has executed several initiatives including the deployment of Heat Generation Material (HGM) in PDH reactors to drive significant improvements in energy intensity and feed efficiency.

Advanced are exploring the possible implementation of renewable resources and optimization of existing systems to further reduce its impact.



Energy Consumption	2019	2020	2021
Total m3 of space across all the company's facilities (branches, offices, etc.)	<b>90,755</b>	<b>90,755</b>	<b>90,755</b>
Direct energy consumption (Scope-1)			
Direct Energy Consumption (Process - Stationary Combustion, Process - No Combustion, Combustion Non-Energy and Utilities Steam It only shows the diesel consumption.) (GJ)	<b>13,844,521</b>	<b>14,054,169</b>	<b>13,050,294</b>
Diesel consumption from operations (L)	<b>3042.9</b>	<b>2496</b>	<b>2704</b>
Indirect energy consumption (Scope 2)			
Electricity consumption (Process, offices, etc.; GJ)	<b>939,863</b>	<b>942,865</b>	<b>876,150</b>
Renewable energy consumption (branches, offices, etc.; GJ)	<b>0</b>	<b>0</b>	<b>0</b>

Energy Intensity	2019	2020	2021
Energy Intensity Scope 1 (GJ/ t product)	<b>21.52</b>	<b>22.14</b>	<b>21.85</b>
Energy Intensity Scope 2 (GJ/ t product)	<b>1.46</b>	<b>1.49</b>	<b>1.47</b>
Energy Intensity (GJ/ t product)	<b>22.98</b>	<b>23.63</b>	<b>23.32</b>
Energy Per Sales (GJ/ SAR; thousand)	<b>5.7</b>	<b>6.7</b>	<b>4.5</b>

## Success Story: Saudi Energy Efficiency Centre (SEEC) Performance

Saudi Energy Efficiency Centre (SEEC) started the first cycle of energy efficiency programs for industrial sector established the energy intensity (EI) baseline based on 2011 performance data for PDH and PP plants in which the targeted 1st cycle energy intensities have to be achieved based on the performance of 2019. Furthermore, it is followed by the 2nd cycle of energy efficiency program including with a new initiative which is feedstock utilization efficiency where the baseline is established based on the performance year of 2018, and it is required to meet or outperform the Energy Intensity (EI) targets and Feedstock Utilization Efficiency (Yield) target by the performance year 2025.

During the first SEEC cycle of 2011-2019, Advanced's achieved energy intensity for Polypropylene (PP) plant was 23% lower than its target, and this represented largescale and intensive reductions throughout its business operations. Energy intensity achieved for the propane dehydrogenation (PDH) plant was a reduction of 8.5%. Both these achievements came from the help of various stakeholders. In addition to the recognized performance for energy intensity in the SEEC 1st cycle, Advanced has continued to maintain remarkable performance in both feed utilization and energy intensity for the 2nd Cycle. This improved performance to be clearly demonstrated in Advanced 2021 performance results where PDH Feed utilization is 2.1 % higher than the target, PDH Energy Intensity is 6.8 % better than the target and PP Energy Intensity is 20 % better than the target.

As a result of compliance to the SEEC 1st Cycle Energy Intensities (EIs) targets, Advanced was awarded the certificate of energy saving credits with 1,315,527 MMBTU saving credits.



# Water Management

(GRI 303-1, GRI 303-2, GRI 303-5, NSS-II, NSS-E-4, NSS-E-1, UNSDG-6, UNSDG-14, E6, E7)

Advanced is currently working on developing its organizational approach on tackling water usage and aims to reduce its overall consumption. The company collects 100% of its water from fresh sea water and potable water, allowing it to accurately measure and implement water saving measures.

In 2021, Advanced focused on developing an action plan for water conservation as a part of company's innovation programme. Reduction in water consumption at Advanced is achieved by reducing direct steam consumption; optimizing boiler blowdown and improving demineralized water train performance; optimizing fogging water consumption; and reducing portable water make-up to fire water.

Water Use	2019	2020	2021
Total water consumption (m <sup>3</sup> )	<b>663,351</b>	<b>736,500</b>	<b>701,877</b>
Recycled wastewater (m <sup>3</sup> )	<b>0</b>	<b>0</b>	<b>0</b>

Water Use Intensity	2019	2020	2021
Water Intensity (t H <sub>2</sub> O / t product)	<b>1.03</b>	<b>1.16</b>	<b>1.18</b>
Water Intensity per Sales (t H <sub>2</sub> O / SAR; thousand)	<b>0.26</b>	<b>0.33</b>	<b>0.23</b>



# Water Quality

Advanced discharges two types of water to external wastewater treatment facilities, these are sanitary wastewater and industrial wastewater. The quality of Industrial waste water are being monitored continually and comply with the standard requirements of the Royal Commission's Environmental Regulations.

In addition we monitor the quality of the sea water cooling water discharge to the sea water return canal on a continuous basis and the quality of which comply with the standard requirements of the Royal Commission's Environmental Regulations and are reported by the industrial self-monitoring reporting system.

Tables below outlines our sea water cooling to sea water channel monitoring parameters as well as waste water stream that is discharge to Industrial waste water treatment plant.

### SEA WATER COOLING WATER TO SEA WATER CHANNEL:

Parameters	Limits	2019	2020	2021
		Maximum		
Delta T. (degrees Celsius)	<b>0-10</b>	<b>9.6</b>	<b>9.4</b>	<b>9.5</b>
pH	<b>6-9</b>	<b>8.3</b>	<b>8.1</b>	<b>8.1</b>
Total Organic Carbon [TOC], (mg/l)	<b>0-150</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Suspended Solids [TSS], (mg/l)	<b>0-40</b>	<b>10.8</b>	<b>11.2</b>	<b>7.6</b>

### WASTE WATER stream to industrial waste water treatment plant (IWWTP):

Parameters	Limits	2019	2020	2021
		Maximum		
pH	<b>5-10</b>	<b>7</b>	<b>8</b>	<b>8</b>
Total Organic Carbon [TOC], (mg/l)	<b>0-800</b>	<b>40</b>	<b>44</b>	<b>60</b>
Total Suspended Solids [TSS], (mg/l)	<b>0-2000</b>	<b>88</b>	<b>63</b>	<b>104</b>
Total Dissolved Solids [TDS], (mg/l)	<b>0-2000</b>	<b>1478</b>	<b>1365</b>	<b>1503</b>





# Waste Management

(GRI 306-2 GRI 306-3 GRI 306-4, NSS-II, NSS-E-1, NSS-E-2, NSS-E-4, UNSDG-12 UNSDG-14 UNSDG-15, E7, E9, E10)

Advanced has a waste management program that is in line with the Royal Commission Environmental Regulation (RCER) 2015, and it is strictly adhered to and incorporated into the company's environmental management systems. In order to save resources, Advanced works to avoid waste, where applicable, and focuses on waste recovery where applicable. However, if waste can neither be avoided nor recycled, the company ensures that it is correctly and appropriately disposed.

Advanced waste management procedure details the waste segregation, storage, transportation, and disposal/recycling of waste by utilizing only approved services of transportations and treatment facilities. It outlines the segregation of waste according to the waste characteristics and compatibility of the waste.

Material Intensity Summary	2019	2020	2021
Material Effectiveness (KG/t product)*	8.31	4.85	19.87
Material Per Sales (KG/SAR; thousand)	2.1	1.4	3.8

\*Material effectiveness: kg of material losses/ ton of polyethylene product

Waste Generation and Resource Consumption	2019	2020	2021
Total waste generated (Tonne)	1032	602	3248
Total waste disposed (Tonne)	554	124	1630
Hazardous waste disposed (Tonne)	418	58	1340
Non-hazardous waste disposed (Tonne)	137	66	290
Total waste recycled (Tonne)	478	478	1,618
Hazardous waste recycled (Tonne)	477	473	1,614
Non-hazardous waste recycled (Tonne)	1,070	3,897	3,615
Waste Recycling Rate	46%	79%	50%
Waste Recycling Intensity (KG Recycled waste/ Tonne PP product)	0.79	0.79	2.70
Waste Recycling Intensity (KG/SAR thousand)	0.00057	0.00057	0.0019
Materials			
Total IT products recycled (Tonne)	0	3,897	7,640
Ex. Printer cartridges, fluorescent light tubes, personal computers			





# Biodiversity

(E5)

Nature provides some of the best tools to remove carbon from the atmosphere. Forests, wetlands, and grasslands draw carbon from the atmosphere and store it away in their soils, roots, and branches. Protecting biodiversity also provides livelihoods for local communities and improves ecosystems. That's why Advanced is actively taking measures to understand and limit operational impact on local ecosystems for existing and new projects. A clear example has been demonstrated in Advanced Polyolefins Company (APOC) green field site through conducting a full Environmental and Social Impact Assessment (ESIA) study. The ESIA was carried out in 2020 and included ground water sampling, a noise survey, terrestrial ecology and biodiversity surveys, air dispersion modelling and socio-economic impacts modelling. The outcomes of the ESIA showed that the APOC site does not fall in a protected area, nor an area with high biodiversity value. The study concluded that the site is also not near and protected areas, no historic monuments are located near site; no endangered species (Flora and fauna) are found in or around the APOC site; and the ground water is found not contaminated and meeting the Royal Commission Ambient water quality criteria.

Advanced aims to introduce, through its CSR strategy, initiatives in biodiversity protection.





# 04

## SUSTAINABLE GROWTH AND INNOVATION

Advanced thrives to make positive contribution to the economic vitality of Saudi Arabia, while contributing on overall attainments of the Saudi Vision 2030. By optimising its asset management practices, using the resources efficiently, upholding and improving product quality standards, and streamlining project deliveries, the company aims to enhance the positive economic impact of its operations for all stakeholders.

“WE FOCUS ON DRIVING TOWARD A MORE SUSTAINABLE ECONOMY THAT WORKS FOR ALL”





# Economic performance

(GRI-201-1, GRI-201-4, NSS-G-1, NSS-G-4, UNSDG-2, UNSDG-5, UNSDG-8, UNSDG-9)

Advanced's yearly net profit has been in an increasing trend despite the challenges faced. In 2021, the company reached SAR 815 million, highest ever achieved to this date. Advanced recognizes its focus on effective cost management, operational excellence, and dynamic marketing strategy as the key pillars to contribute to this success.

Economic Performance	2019	2020	2021
Direct Economic Value Generated			
Revenues (SAR; million)	<b>2,595</b>	<b>2,231</b>	<b>3,111</b>
Total assets (SAR; thousand)	<b>3,802,588</b>	<b>3,958,819</b>	<b>5,890,668</b>
Economic Value Distributed			
Operating expenses (before impairment charge; SAR; million)	<b>1,862</b>	<b>1,639</b>	<b>2,247</b>
Employee compensation (SAR; thousand)	<b>173,868</b>	<b>160,287</b>	<b>244,810</b>
EBITDA (SAR; thousand)	<b>1,043,738</b>	<b>846,827</b>	<b>1,109,009</b>
Donations and sponsorships (SAR; thousand)	<b>6,050</b>	<b>4,235</b>	<b>2,600</b>
Community investment as a % of pre-tax profit (%)	<b>1.02%</b>	<b>1.06%</b>	<b>0.66%</b>
Economic Value Retained			
Net income (SAR, thousands)	<b>759,308</b>	<b>595,589</b>	<b>815,395</b>

\*For more information, you can refer to Advanced's 2021 Annual Report.



## Success Story: REACH registration



In 2021, Advanced achieved a very significant milestone with the achievement of the REACH registration. This demonstrates that Advanced products are compliant with EU REACH Regulation (EC) No. 1907/2006 on the Registration, Evaluation, Authorization, and Restriction of Chemicals. This was a big milestone for the company as it proves the quality and safety of Advanced products, allowing us to enter new markets and prove our operational excellence.

# Product Stewardship

(GRI 416-1, UNSDG-3)

As a company, Advanced strives to provide quality in its products and services to all its customers and achieve excellence through commitment, creativity, and innovation. The company aspires to be a quality and reliable organization, which helps to ensure environmental, health and safety excellence.

Process innovation is at the core of Advanced's initiatives and is aimed at driving quality and business performance improvement in operations. The company maintains in compliance with international management systems to ensure that it can meet the highest standards within the organization.

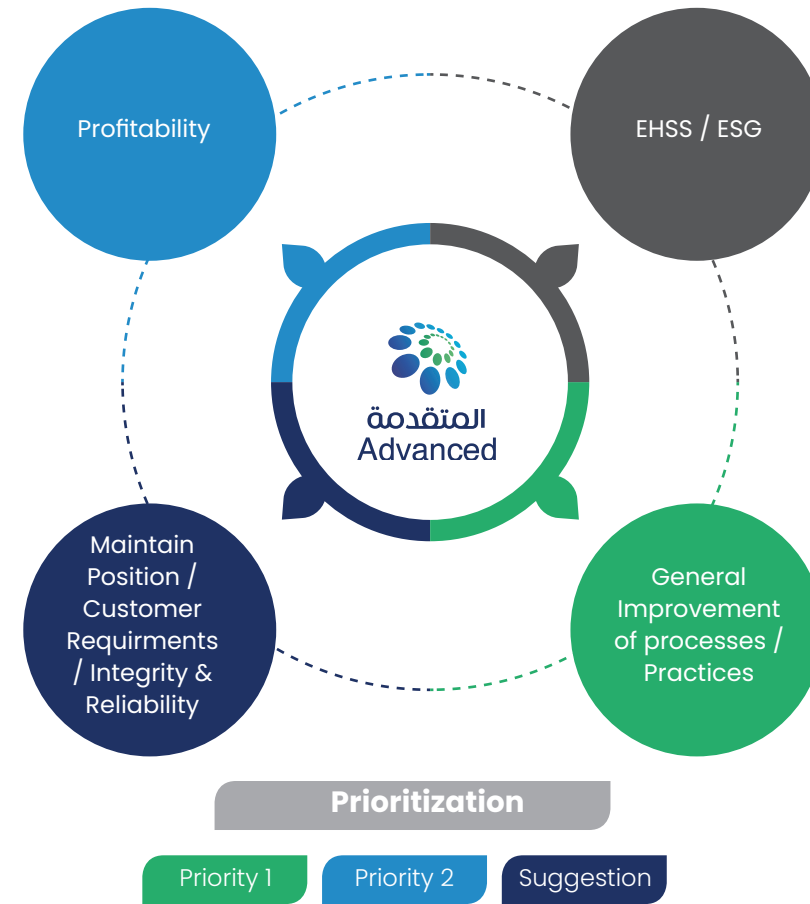
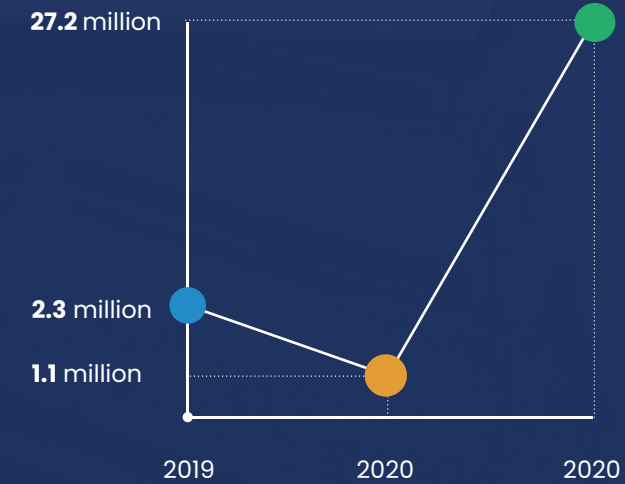
Health and Safety - Customers	2019	2020	2021
Number of incidents of non-compliance with regulations, voluntary codes, or supplier standards, concerning health and safety of products, services, or handling/transport/storage of product	<b>0</b>	<b>0</b>	<b>0</b>



# Technology and Innovation

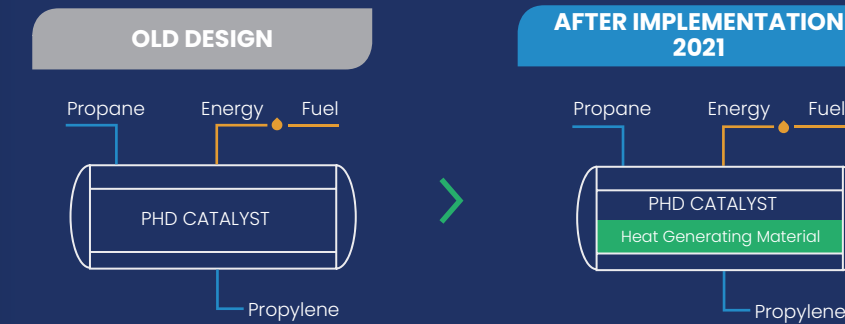
Technology and innovation are a core part of Advanced's culture of improvement and is heavily connected to the company values. Advanced encourages its employees to innovate with principles of creativity, ingenuity, and inventiveness. In 2021, the company continued excelling on its innovation system to encourage employees to generate new ideas that adds value to existing systems or to create new systems. These ideas must consider key business attributes like EHSS, ESG, Profitability, Reliability, Operational and Mechanical Integrity, and General Quality Improvements. This resulted on more than SAR 27 million value realization from the Innovation program, and part of rewards and recognition the top three ideas were recognized by board of directors and executive management for their great contribution.

## Value Addition from Innovations Ideas



## Success Story: Heat Generation Material (HGM)

During 2021, an innovative idea was submitted to deploy Heat Generation Material (HGM) in PDH reactors to drive significant improvements in energy intensity and feed efficiency. Advanced is the first CATOFIN plant, which has implemented HGM initiative in old generation PDH plant which are not originally designed with HGM hardware. This has been recognized as 1st place among the submitted ideas in year 2021.



## Realized Benefits



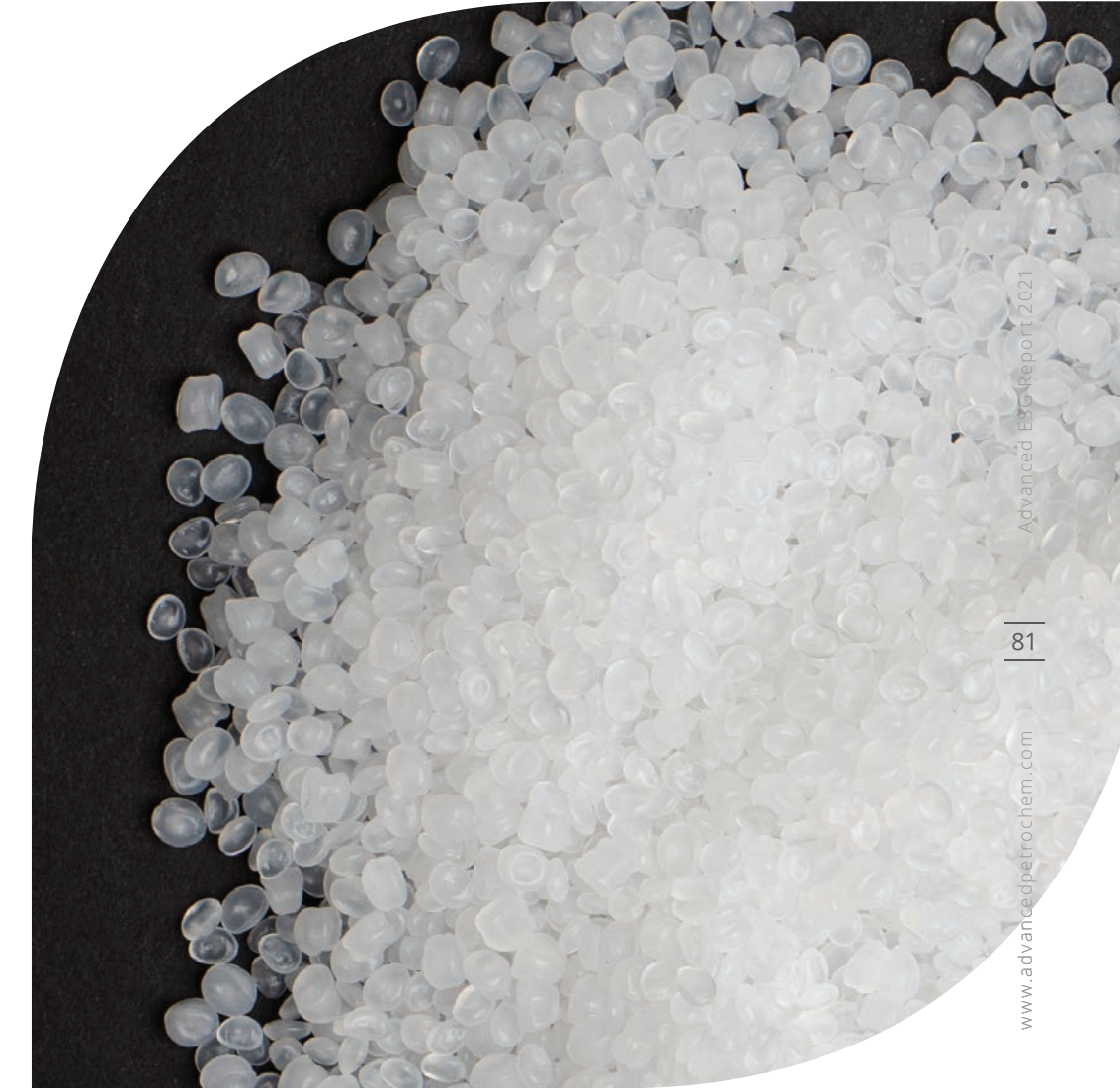
**1%**  
Reduction in  
Energy Intensity



**1%**  
Reduction in GHG  
Intensity



**+6,000 T/Y of  
Propylene**  
Increase in Feedstock  
Utilization Efficiency





# Sustainable Supply Chain and Local Procurement

(GRI-204-1, NSS-S-9, UNSDG-12, SE5, SE7, SE8, SE9)

Advanced aims to promote supply chain stability while providing its customers with high-quality products and services. One of the goals of the company supplier management is compliance with fundamental environmental and social standards, alongside high-quality, reliable delivery, and competitive prices. To achieve this, we have introduced relevant strategies, processes, and guidelines that we are continuously improving to prevent violations of supply chain standards. Advanced Vendor Performance Evaluation process evaluates frequently major suppliers and comprises of three sections.

For transportation, Advanced has a comprehensive bidding process to ensure applicants are following the highest safety and quality standards and best practices. The company asks transport service providers to be ISO 9001 QMS, ISO 14001 Environmental Management System, ISO 45001 OH & S and Gulf Surveyors certified. In order to support local transporters, Advanced hired two transport companies, to ensure on-time delivery to customers. However, during the bidding process, Advanced only selected transporters with SQAS qualifications in line with its Responsible Care Program.

Advanced supports local businesses where possible so preference is given to companies based in the Kingdom who can add value.



Local Procurement	2019	2020	2021
Total number of suppliers engaged (#)	341	468	419
Total number of local suppliers engaged (#)	263	355	337
Total procurement spending (SAR; Million)	304	368	303
Procurement spending on local suppliers (SAR; Million)	162	281	229
Percentage of spending on local suppliers (%)	53%	77%	76%

Supplier Audits	2019	2020	2021
Suppliers that are subject to audit (#)	9	6	98
Suppliers identified as having significant actual and potential negative impacts (#)	2	0	4
Suppliers with which improvements were agreed upon as a result of audit (#)	2	0	4
Suppliers with which relationships were terminated as a result of audit (#)	0	0	0



# Circular Economy

Circular economy principles and practice can play an important role in making businesses more effective and efficient, saving costs, and reducing Advanced's impact. Circularity is being embedded into various areas of the company's business where possible. In 2021, Advanced has begun its ESG transformation with the development of its framework.

Advanced is eager to start and embrace circular economy approaches by rethinking how it designs, produces, and ships its products. To jumpstart this, the company continues to improve on many of its current processes and operations. Starting by exploring all available opportunities in market and all possibility of collaboration to further enhance its product /waste recycling approaches while keeping the top quality of its products.

The company aims to achieve this ultimately through the production of environmentally friendly products from its business while minimizing the generated waste associated with it. This can be done through ensuring that its products are designed to last either by its long lifetime or ease of reuse or recyclability.





# APPENDICES

## APPENDIX A : GLOSSARY & FORMULA:

<b>Affiliate</b>	With respect to financial information, the term Affiliate is defined by IFRS, meaning the Company's subsidiaries, joint arrangements and associates.
<b>APOC</b>	Advanced Polyolefins Company.
<b>EHSS</b>	Environment, Health, Safety and Security.
<b>CSR</b>	Corporate social responsibility.
<b>EBITDA</b>	Earnings before interest, taxes, depreciation, and amortization.
<b>EDP</b>	Engineers Development Program.
<b>ESG</b>	Environmental, social and governance.
<b>EU REACH Regulations</b>	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.
<b>GHG</b>	(Greenhouse gas) - Any gas that absorbs infrared radiation in the atmosphere rather than allowing it to radiate into space. Greenhouse gases include CO2, methane, nitrous oxide, ozone, chlorofluorocarbons, hydrochlorofluorocarbons, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.
<b>Governance</b>	Governance is the framework of authority and accountability that defines and controls the outputs, outcomes and benefits from projects, programmes and portfolios.
<b>GRI</b>	Global Reporting Initiative.
<b>IPIECA</b>	International Petroleum Industry Environmental Conservation Association.
<b>ISO</b>	International Organization for Standardization.
<b>JQP</b>	Job Qualification Programme - for Operators, Technicians, and Inspectors

<b>NSS</b>	National Standards of Sustainability.
<b>OSHA</b>	The Occupational Safety and Health Administration.
<b>PSISR</b>	Process Safety Incident Severity Rate.
<b>PSSR</b>	Pre-Start up Safety Review.
<b>PSTIR</b>	Process Safety Total Incident Rate.
<b>RCCC</b>	Responsible Care Culture Committee.
<b>RoSPA</b>	Royal Society for the Prevention of Accidents.
<b>SASB</b>	Sustainability Accounting Standards Board.
<b>Saudization</b>	Saudization is officially known as the Saudi Nationalisation Scheme.
<b>UN SDGs</b>	United Nations Sustainable Development Goals.
<b>UNGC</b>	The United Nations Global Compact.

### Formulas:

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

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

**Incident rate Contractors** =  $\frac{(\text{Number of Recordable Injuries/illnesses} \times 200,000)}{(\text{Contractor Employees man - hours worked})}$

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** =  $\frac{(\text{Total of employees who left the organization})}{(\text{Total Head Count})} \times 100$

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

**Material Effectiveness** =  $\frac{(\text{kg of Material Losses})}{(\text{Ton of Polypropylene Product})}$

**GHG Intensity** =  $\frac{(\text{tCO}_2\text{e})}{(\text{Ton of Polypropylene Product})}$



# APPENDIX B. ENVIRONMENTAL AND SOCIAL PERFORMANCE

## C.1 Environmental Performance

Waste Generation	2017	2018	2019	2020	2021
Total waste generated (Tonne)	-	<b>2530</b>	<b>1032</b>	<b>602</b>	<b>3248</b>
Total waste disposed (Tonne)	-	<b>2046</b>	<b>554</b>	<b>124</b>	<b>1630</b>
Hazardous waste disposed (Tonne)	-	<b>1301</b>	<b>418</b>	<b>58</b>	<b>1340</b>
Non-hazardous waste disposed (Tonne)	-	<b>745</b>	<b>137</b>	<b>66</b>	<b>290</b>
Total waste recycled (Tonne)	-	<b>484</b>	<b>478</b>	<b>478</b>	<b>1,618</b>
Hazardous waste recycled (Tonne)	-	<b>484</b>	<b>477</b>	<b>473</b>	<b>1,614</b>
Non-hazardous waste recycled (Tonne)	-	<b>0</b>	<b>1,070</b>	<b>3,897</b>	<b>3,615</b>
Percent Recycle	-	<b>19%</b>	<b>46%</b>	<b>79%</b>	<b>50%</b>

Material Effectiveness	2017	2018	2019	2020	2021
Quantity (KG)	<b>6,902,456</b>	<b>8,756,293</b>	<b>5,345,494</b>	<b>3,080,162</b>	<b>11,865,184</b>
Material Effectiveness (KG / t product)	<b>11.55</b>	<b>1301</b>	<b>418</b>	<b>58</b>	<b>1340</b>
Material Per Sales ( KG/ SAR; thousand)	<b>2.9</b>	<b>3.2</b>	<b>2.1</b>	<b>1.4</b>	<b>3.8</b>

Water Consumption	2017	2018	2019	2020	2021
Total water consumption (m <sup>3</sup> )	<b>702,675</b>	<b>633,974</b>	<b>663,351</b>	<b>736,500</b>	<b>701,877</b>
Recycled wastewater (m <sup>3</sup> )	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Water Intensity (t H <sub>2</sub> O / t product)	<b>1.18</b>	<b>1.03</b>	<b>1.03</b>	<b>1.16</b>	<b>1.18</b>
Water Per Sales (t H <sub>2</sub> O / SAR; thousand)	<b>0.29</b>	<b>0.23</b>	<b>0.26</b>	<b>0.33</b>	<b>0.23</b>



Energy Consumption	2017	2018	2019	2020	2021
Direct Energy Consumption (Scope-1) (GJ)	<b>13,388,367</b>	<b>13,434,139</b>	<b>13,844,521</b>	<b>14,054,169</b>	<b>13,050,294</b>
Petrol consumption from operations (L)	-	-	-	-	-
Petrol consumption from vehicles (L)	-	-	-	-	-
Diesel consumption from operations (L)	-	-	<b>3,043</b>	<b>2,496</b>	<b>2,704</b>
Diesel consumption from vehicles (L)	-	-	-	-	-
Indirect energy consumption					
Electricity consumption (Process, offices, etc.; GJ) - (Scope-2)	<b>925,430</b>	<b>906,483</b>	<b>939,863</b>	<b>942,865</b>	<b>876,150</b>
Renewable energy	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Energy Intensity Scope 1 (GJ/ t product)	<b>22.4</b>	<b>21.82</b>	<b>21.52</b>	<b>22.14</b>	<b>21.85</b>
Energy Intensity Scope 2 (GJ/ t product)	<b>1.55</b>	<b>1.47</b>	<b>1.46</b>	<b>1.49</b>	<b>1.47</b>
Energy Intensity (GJ/ t product)	<b>23.95</b>	<b>23.29</b>	<b>22.98</b>	<b>23.63</b>	<b>23.32</b>
Energy Per Sales (GJ/ SAR; thousand)	<b>6.0</b>	<b>5.2</b>	<b>5.7</b>	<b>6.7</b>	<b>4.5</b>

Energy Consumption	2017	2018	2019	2020	2021
Direct GHG emissions (Scope 1) (tons of CO <sub>2</sub> eq)	<b>623,018</b>	<b>625,868</b>	<b>637,681</b>	<b>644,367</b>	<b>623,252</b>
Indirect GHG emissions (Scope 2) (tons of CO <sub>2</sub> eq)	<b>193,875</b>	<b>189,906</b>	<b>196,899</b>	<b>197,528</b>	<b>183,551</b>
Total GHG emissions (sum of Scope 1 and Scope 2) (tons of CO <sub>2</sub> eq)	<b>816,893</b>	<b>815,774</b>	<b>834,580</b>	<b>841,896</b>	<b>806,803</b>
GHG Intensity per product (Scope 1) (tCO <sub>2</sub> e/t product)	<b>1.04</b>	<b>1.02</b>	<b>0.99</b>	<b>1.02</b>	<b>1.04</b>
GHG Intensity per product (Scope 2) (tCO <sub>2</sub> e/t product)	<b>0.324</b>	<b>0.308</b>	<b>0.306</b>	<b>0.311</b>	<b>0.307</b>
GHG Intensity Total (tCO <sub>2</sub> e/t product)	<b>1.37</b>	<b>1.32</b>	<b>1.30</b>	<b>1.33</b>	<b>1.35</b>
GHG per Sales (tCO <sub>2</sub> e/ SAR; thousand)	<b>0.34</b>	<b>0.30</b>	<b>0.32</b>	<b>0.38</b>	<b>0.26</b>



## C.2 Social Performance

Human Capital	2019	2020	2021
New employee hires in senior management (#)	1	2	1
New employee hires in middle management (#)	0	2	6
New employee hires (not senior or middle management) (#)	18	25	187
New employee hires by gender			
Male (#)	19	29	194
New employee hires by age			
Workforce by age 18-30 (#)	4	12	144
Workforce by age 31-50 (#)	12	1	43
Workforce by age 51+ (#)	3	16	7
Female employment			
Number of female employees (#)	-	-	-
Female employment rate (%)	-	-	-
Females in senior management (#)	-	-	-

Employee turnover			
Total number of employees who left the organization (#)	19	15	39
Turnover rate (%)	5.4 %	4.2 %	7%
Turnover by employment			
Senior management (#)	1	0	1
Middle management (#)	1	2	7
Staff (#)	17	13	31
Turnover by gender			
Male (#)	19	15	39
Turnover by age			
Workforce by age 18-30 (#)	-	2	8
Workforce by age 31-50 (#)	16	9	15
Workforce by age 51+ (#)	3	4	16



Human Capital	2019	2020	2021
Leadership training hours	70	0	1247
Leadership training sessions	1	0	24
Leadership training employees	2	0	78
JQP training hours	78	50	18410
JQP training sessions	39	25	63
JQP training employees	71	66	51
Engineering training hours	1499	196	20482
Engineering training sessions	27	4	37629
Engineering training employees	63	12	215
Soft Skills training hours	875	138	903
Soft Skills training sessions	5	1	1032
Soft Skills training employees	51	138	94
E-Learning training sessions	NA	0	1360
E-Learning training employees	NA	0	273
JIC O&M training hours	NA	NA	42671
JIC O&M training employees	NA	NA	93
Knowledge sharing hours	10	0	158
Knowledge sharing sessions	4	0	15
Knowledge sharing employees	59	0	56

Employee Engagement and Satisfaction	2019	2020	2021
Employee engagement (%)	100%	100%	100%
Full time employees who received a performance and career development review (#)	335	333	414
Performance and career development (by employee level)	2	0	78
Senior management employees that received performance and career development review (#)	5	6	7
Middle management employees that received performance and career development review (#)	15	14	21
Non-management employees that received performance and career development review (#)	315	313	386
Performance and career development (by gender)	1499	196	20482
Male employees that received performance and career development review (#)	335	333	414
Female employees that received performance and career development review (#)	0	0	0

Employee Absentee Rates	2019	2020	2021
Total number of missed workdays (#)	1,835	2,833	1,529
Total workdays (full time employees) (#)	92,928	94,512	140,934
Employee absentee rate (%)	0.02	0.03	0.02



# APPENDIX C. GRI AND IPIECA CONTENT INDEX

(GRI 102 - 54, GRI 102 - 55)

This report has been prepared in accordance with the GRI Standards: Core option. For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with Appropriate sections in the body of the report. This service was performed on the English version of the report.

GRI Standard	Disclosure	Page number(s) and/or direct answers	IPIECA
GRI 102: General Disclosures 2016	<b>Organizational profile</b>		
	102-1 Name of the organization	Advanced Petrochemical Company	
	102-2 Activities, brands, products, and services	16, 17	
	102-3 Location of headquarters	16, 17	
	102-4 Location of operations	16, 17, 20, 21	
	102-5 Ownership and legal form	For more details on our geographical operations, activities, subsidiaries, joint operations, and ventures, please refer to our Annual Report 2021.	

GRI Standard	Disclosure	Page number(s) and/or direct answers	IPIECA
	102-6 Markets served	20, 21	
	102-7 Scale of the organization	16, 17	
	102-8 Information on employees and other workers	56	
	102-9 Supply chain	16, 82, 83	
	102-10 Significant changes to the organization and its supply chain	No significant changes	
	102-11 Precautionary Principle or Approach	The precautionary approach is embedded in Advanced Petrochemicals sustainability management	
	102-12 External initiatives	24, 38, 39	
	102-13 Membership of associations	24	
	<b>Strategy</b>		
	102-14 Statement from senior decision-maker	13, 14	
	102-15 Key impacts, risks and opportunities	45	
	<b>Ethics and integrity</b>		
	102-16 Values, principles, standards, and norms of behavior	18, 19	



GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
	<b>Governance</b>		
	102-18 Governance structure	42	
	102-19 Delegating authority	30, 31	
	<b>Stakeholder engagement</b>		
	102-40 List of stakeholder groups	36	
	102-41 Collective bargaining agreements	This does not apply to the Kingdom of Saudi Arabia.	
	102-42 Identifying and selecting stakeholders	36	
	102-43 Approach to stakeholder engagement	36	
	102-44 Key topics and concerns raised	36, 37	
	<b>Reporting Practice</b>		
	102-45 Entities included in the consolidated financial statements	Financial statements include the activities of Advanced Petrochemical.	
	102-46 Defining report content and topic Boundaries	36	
	102-47 List of material topics	36	
	102-48 Restatements of information	No restatements	

GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
	102-49 Changes in reporting	This is the first report so there have been no significant changes to the report scope and topic boundaries	
	102-50 Reporting period	January 1, 2021 – December 31, 2021	
	102-51 Date of most recent report	ESG Report 2021 is the first sustainability report disclosed by Advanced Petrochemicals.	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding the report	Sustainability@advancedpetrochem.com	
	102-54 Claims of reporting in accordance with the GRI Standards	10, Appendix C: GRI Content Index	
	102-55 GRI content index	Appendix C: GRI Content Index	
	102-56 External assurance	112, 113	



GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
<b>Material Topics</b>			
<b>GRI 200: Economic Disclosures</b>			
GRI 103: Management Approach 2016	<b>Economic Performance</b>		
	103-1 Explanation of the material topic and its Boundary	78	
	103-2 The management approach and its components	78	
	103-3 Evaluation of the management approach	78	
	201-1 Direct economic value generated and distributed	78	
GRI 201: Economic Performance 2016	201-4 Financial assistance received from government	78	
GRI 103: Management Approach 2016	<b>Market Presence</b>		
	103-1 Explanation of the material topic and its Boundary	60	
	103-2 The management approach and its components	60	SE6
	103-3 Evaluation of the management approach	60	

GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	60	SE6
GRI 103: Management approach 2016	<b>Indirect Economic Impacts</b>		
	103-1 Explanation of the material topic and its boundary	50	
	103-2 The management approach and its components	50	SE4
	103-3 Evaluation of the management approach	50	
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	50, 78	SE4
GRI 103: Management approach 2016	<b>Procurement Practices</b>		
	103-1 Explanation of the material topic and its Boundary	82, 83	
	103-2 The management approach and its components	82, 83	SE5, SE7
	103-3 Evaluation of the management approach	82, 83	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	82, 83	SE5, SE7
GRI 103: Management Approach 2016	<b>Anti-corruption</b>		
	103-1 Explanation of the material topic and its boundary	43	
	103-2 The management approach and its components	43	SE11, SE12



GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
	103-3 Evaluation of the management approach	43	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	43	SE11, SE12
	205-2 Communication and training about anti-corruption policies and procedures	43	SE12
	205-3 Confirmed incidents of corruption and actions taken	43	SE11
<b>GRI 300 Environmental Standards Series</b>			
GRI 103: Management Approach 2016	<b>Energy 2016</b>		
	103-1 Explanation of the material topic and its Boundary	68, 69	
	103-2 The management approach and its components	68, 69	E2, E3
	103-3 Evaluation of the management approach	68, 69	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	69, 90	E2, E3
	302-2 Energy consumption outside of the organization	69, 90	E2
	302-3 Energy intensity	90	E2, E3
	302-4 Reduction of energy consumption	69, 90	E2, E3
GRI 103: Management Approach 2016	<b>Water and Effluents</b>		

GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
	103-1 Explanation of the material topic and its Boundary	70, 71	
	103-2 The management approach and its components	70, 71	E6, E7
	103-3 Evaluation of the management approach	70, 71	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	70, 71	E6
	303-2 Management of water discharge-related impacts	70, 71	E7
	303-3 Water withdrawal	70, 71, 89	E6
	303-4 Water discharge	70, 71, 89	E7
	303-5 Water consumption	70, 71, 89	E6
GRI 103: Management Approach 2016	<b>Biodiversity and Management of Accidental Spills</b>		
	103-1 Explanation of the material topic and its Boundary	74	
	103-2 The management approach and its components	74	E5
	103-3 Evaluation of the management approach	74	



GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
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	74	E5
GRI 103: Management approach 2016	<b>Emissions</b>		
	103-1 Explanation of the material topic and its Boundary	66	
	103-2 The management approach and its components	66	E1, E4, E8
	103-3 Evaluation of the management approach	66	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	66, 91	E1
	305-2 Energy indirect (Scope 2) GHG emissions	66, 91	E1
	305-4 GHG emissions intensity	66, 91	E1
	305-5 Reduction of GHG emissions	66, 91	E1
	305-7 Nitrogen Oxides (NOX), Sulfur Oxides (SOX), and other significant air emissions	66	E4, E8
GRI 103: Management Approach 2016	<b>Waste</b>		
	103-1 Explanation of the material topic and its Boundary	72	
	103-2 The management approach and its components	72	E7, E9, E10
	103-3 Evaluation of the management approach	72	
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	71	

GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
	306-2 Waste by type and disposal method	72, 88	E7, E10
GRI 103: Management Approach 2016	<b>Environmental Compliance</b>		
	103-1 Explanation of the material topic and its Boundary	64	
	103-2 The management approach and its components	64	
	103-3 Evaluation of the management approach	64	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	64, 66	
GRI 103: Management Approach 2016	<b>Supplier Environmental Assessment</b>		
	103-1 Explanation of the material topic and its Boundary	82, 83	
	103-2 The management approach and its components	82, 83	
	103-3 Evaluation of the management approach	82, 83	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	83	

#### GRI 400 Social Standards Series



GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
GRI 103: Management Approach 2016	<b>Employment</b>		
	103-1 Explanation of the material topic and its Boundary	56, 57	
	103-2 The management approach and its components	56, 57	SE15, SE16
	103-3 Evaluation of the management approach	56, 57	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	56, 57	SE15, SE16
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	60	
GRI 103: Management Approach 2016	<b>Occupational Health and Safety</b>		
	103-1 Explanation of the material topic and its Boundary	52, 62, 63	
	103-2 The management approach and its components	52, 62, 63	HS1, HS2, HS3
	103-3 Evaluation of the management approach	52, 62, 63	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	52, 62, 63	HS1

GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
	403-2 Hazard identification, risk assessment, and incident investigation	52, 62, 63	HS2
	403-3 Occupational health services	52, 62, 63	HS2
	403-6 Promotion of worker health	52, 62, 63	HS2
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	52, 62, 63	HS3
	403-9 Work-related injuries	62, 63, 95	HS3
GRI 103: Management approach 2016	<b>Training and Education</b>		
	103-1 Explanation of the material topic and its Boundary	58	
	103-2 The management approach and its components	58	SE17
	103-3 Evaluation of the management approach	58	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	58	SE17
	404-2 Programs for upgrading employee skills and transition assistance programs	58	SE17
	404-3 Percentage of employees receiving regular performance and career development reviews	95	SE17
GRI 103: Management approach 2016	<b>Non-discrimination</b>		



GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
	103-1 Explanation of the material topic and its Boundary	43, 44	
	103-2 The management approach and its components	43, 44	SE8, SE18
	103-3 Evaluation of the management approach	43, 44	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	44	SE8, SE18
GRI 103: Management Approach 2016	<b>Child Labor</b>		
	103-1 Explanation of the material topic and its Boundary	44, 82	
	103-2 The management approach and its components	44, 82	SE8, SE9
	103-3 Evaluation of the management approach	44, 82	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Advanced Petroleum does not have operations where there is significant risk of child labor. Furthermore, the company does not hire anyone under the legal working ages.	SE8, SE9
GRI 103: Management approach 2016	<b>Forced or Compulsory Labor</b>		

GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
	103-1 Explanation of the material topic and its boundary	44, 82	
	103-2 The management approach and its components	44, 82	SE8, SE9
	103-3 Evaluation of the management approach	44, 82	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Advanced Petrochemical adheres to all laws relating to worker rights and follows international guidelines. Overtime is duly compensated, and employee passports are not retained. The company also takes significant steps to help ensure that there are no violations of worker rights, including forced or compulsory labor, among contractors.	SE8, SE9
GRI 103: Management Approach 2016	<b>Security Practices</b>		
	103-1 Explanation of the material topic and its boundary	46, 47	
	103-2 The management approach and its components	46, 47	SE10
	103-3 Evaluation of the management approach	46, 47	



GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	46, 47, 94	SE10
GRI 103: Management Approach 2016	Local Communities		
	103-1 Explanation of the material topic and its boundary	50, 51	
	103-2 The management approach and its components	50, 51	SE1, SE4
	103-3 Evaluation of the management approach	50, 51	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	50, 51	SE1, SE4
GRI 103: Management approach 2016	Socioeconomic Compliance		

GRI Standard	Disclosure	Page number(s) and/or direct answers	IPECA
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42, 44	
	103-2 The management approach and its components	42, 44	
	103-3 Evaluation of the management approach	42, 44	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	44	

# INDEPENDENT ASSURANCE STATEMENT

## Scope and Approach

DNV AS – DUBAI BRANCH ('DNV') was engaged by the management of Advanced Petrochemical Company ('APC' or 'the Company') to undertake an independent limited level of assurance of the all sustainability performance indicators identified through its materiality determination process ('sustainability performance data') in the APC Sustainability Report 2021 ('the Report') in its printed format for the financial year ending 31st December 2021. The data verification was completed for one (1) year period covering 1st of January 2021 to 31st December 2021. The intended user of this Assurance Statement is the management of Company. Our site visit for the assurance engagement was carried out in September 2022. We performed our work in accordance with the requirements of the International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised)

(Assurance Engagements Other than Audits or Reviews of Historical Financial Information) and DNV's assurance methodology VeriSustain™. The procedures performed in a limited assurance engagement vary in nature and timing from and are less detailed than those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced, but not reduced completely.

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 APC website for the current reporting period. The materiality assessment was performed

in November 2021 and presented in the Report in the "Stakeholder Engagement" and "Materiality Principle" chapters.

The VeriSustain protocol is available on request from [www.dnv.com](http://www.dnv.com) and is based on our professional experience, international assurance best practices including ISAE 3000 and the GRI's Principles for Defining Report Content and Quality

The reporting topic boundaries for sustainability performance chosen by APC are as set out in the Report in the Content Index.

## Responsibilities of the Management of Advanced Petrochemical Company and of the Assurance Provider

The Report discloses that this is APC's first sustainability Report. The sustainability report is prepared as per GRI Standards and assured in accordance with ISAE3000 and DNV VeriSustain. The Management ('Sustainability committee at APC) has the sole accountability for the preparation of the Report

and are responsible for all information disclosed in the Report as well as the processes for collecting, analysing and reporting the information. In performing assurance work, our responsibility is to the Management; however, our statement represents our independent opinion and is intended to inform the outcome of our assurance to the stakeholders of APC.

DNV was not involved in the preparation of any statement or data included in the Report except for this Assurance Statement and a Management Report shared with APC.

DNV's assurance engagements are based on the assumption that the data and related information provided by the Company to us as part of our assurance engagement have been provided in good faith and free from any misstatements or errors. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.



## Basis of our Opinion and Conclusion

A multi-disciplinary team of sustainability and assurance specialists in Dubai, United Arab Emirates (UAE) performed a blended work for verification of APC's Sustainability Report 2021. We adopted a risk-based approach, i.e., we

concentrated on the issues of high material relevance to Company and its key stakeholders for all performance Indicators. We carried out following activities:

- reviewed the Company's approach to its materiality determination process and its outcome as stated in this Report to validate the relevance of selected sustainability performance disclosures;
- performed a limited level of verification of the performance all disclosed indicators reported in this Report for the period 1st January 2021 to 31st December 2021. The data covers two APC's sites in the Jubail, Advanced Jubail

office, and under its direct control;

- assessed APC's facilities and offices in Jubail of, to review processes and systems for disclosing selected sustainability performance data and conducted interviews with the management team of the Company and other representatives, including process owners and decision-makers from different divisions and departments of the Company to validate the performance data. We were free to choose interviewees and interviewed those with overall responsibility to validate the Company's sustainability performance. No external stakeholders were interviewed as part of this engagement;
- carried out physical assessments at sample operational locations, that is, selected affiliates – APOC (Advanced Polyolefins Industry Company) and APC (Advanced Petrochemical Company) – to review the processes and systems for aggregating affiliate-level

- performed sample-based checks of the processes for generating, gathering and aggregating the selected sustainability performance data presented in the Report. Our verification considers an uncertainty of  $\pm 2.5\%$  for a limited level of verification towards errors in estimation and measurement, and omissions as mutually agreed;
- reviewed the performance disclosures of identified material topics and related GRI Standards; that is, carried out an assessment of the processes for gathering and consolidating performance data related to identified material topics and, for samples, checked the processes of data consolidation to assess the Reliability and Accuracy of

sustainability information, as well as overall aggregation and consolidation of data from affiliates by the sustainability team at APC and APOC, Saudi Arabia. We were free to choose the sites we sampled for our remote assessments;

- performed sample-based checks of the processes for generating, gathering and aggregating the selected sustainability performance data presented in the Report. Our verification considers an uncertainty of  $\pm 2.5\%$  for a limited level of verification towards errors in estimation and measurement, and omissions as mutually agreed;
- reviewed the performance disclosures of identified material topics and related GRI Standards; that is, carried out an assessment of the processes for gathering and consolidating performance data related to identified material topics and, for samples, checked the processes of data consolidation to assess the Reliability and Accuracy of

- reviewed the performance disclosures of identified material topics and related GRI Standards; that is, carried out an assessment of the processes for gathering and consolidating performance data related to identified material topics and, for samples, checked the processes of data consolidation to assess the Reliability and Accuracy of

performance disclosures reported based on GRI's topic-specific Standards identified as being material;

- verified of the data consolidation of reported performance disclosures in context to the Principle of Completeness as per VeriSustain for a limited level of verification;
- completed an independent assessment of the Report against the requirements of the GRI Standards: Core option of reporting.

During the process, we did not come across limitations to the scope of the agreed assurance engagement i.e. verification of selected performance indicators as mutually agreed.

## Opinion and Conclusion

We evaluated the process of data aggregation in relation to the principles of Accuracy, Reliability and Completeness of performance indicators which are based on GRI Standards and as detailed below. Based on our methodology and scope of work agreed upon, on



- the basis of the assurance undertaken, nothing came to our attention to suggest that the Report and referenced information does not properly describe APC's sustainability performance including adherence to the Principles for Defining Report Content.

Without affecting our assurance opinion, DNV provides the following observations against the principles of VeriSustain:

### Materiality

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

The Report explains the process through which material issues relevant to APC's business and stakeholders, and guide the Company's decision-making and strategic planning processes are identified. This involves a formal Materiality Assessment exercise involving management surveys and leadership interviews, peer and industry frameworks.

**Nothing has come to our attention to suggest that the**

**Report does not meet the requirements related to the Principle of Materiality.**

### Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report references its list of key stakeholders, the process of identifying these stakeholders and stakeholder priorities to the section 'Stakeholder Engagement' of APC's Sustainability Report 2021. The Company's stakeholder engagement processes consider the AccountAbility AA1000 Stakeholder Engagement Standard and the International Association for Public Participation (IAP2) Standard towards identifying and engaging its significant stakeholder groups through formal and informal ongoing mechanisms.

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

### Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report brings out APC's responses to its identified material topics through descriptions of policies, strategies and performance using selected GRI topic-specific Standards brought out in the Report in the GRI Content Index, as well as overall sustainability objectives and responses to key stakeholder priorities.

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

### Reliability

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 processes that APC has established towards monitoring, capturing and reporting its performance

related to its identified material topics from its various affiliates using customized spreadsheets. The majority of data and information verified by us with data owners and management at the Corporate Headquarters and sample affiliates were found to be fairly accurate and reliable. Some of the data inaccuracies identified during the verification process of the sample data sets verified were found to be attributable to transcription, interpretation and aggregation errors. The data inaccuracies have been communicated for correction and the related disclosures were reviewed for correctness. APC may however, strengthen the reliability and accuracy of its reported performance data through formal processes of internal audits and reviews.

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



### Completeness

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

The Report brings out APC's performance related to economic, environmental, and social topics that it has identified as material through descriptions of management approach, performance metrics, and strategy covering its chosen boundary of reporting, that is, operations of APC and its affiliates in the Kingdom of Saudi Arabia. However, APC's direction includes further strengthening of its disclosures through initiatives and best practices related to the identified material topics.

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

### Neutrality

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

neutral tone.

The Report brings out APC's sustainability performance during the reporting period including sustainability performance and challenges of the Company and its affiliates during the reporting period in a neutral tone in terms of overall content and presentation.

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, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, 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<sup>2</sup> during the assurance engagement and maintain independence as required by relevant ethical requirements including the ISAE 3000 (Revised) Code of Ethics as set out in VeriSustain. 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, Management Report, and gap assessment report. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process

### For and on behalf of DNV AS, Dubai Branch

<b>Olga Rudkovskaya</b>	<b>Oliver Javier</b>	<b>Dmitry Sukhinin</b>
Sustainability Manager Middle East DNV AS, Dubai	Lead Verifier Middle East DNV AS, Dubai	Technical Reviewer DNV Supply Chain & Product Assurance, Norway

31st October 2022, Dubai, United Arab Emirates.

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<sup>2</sup> The DNV Code of Conduct is available on request from [www.dnv.com](http://www.dnv.com) (<https://www.dnv.com/about/in-brief/corporate-governance.html>)

# FEEDBACK & INQUIRIES

Feedback and inquires or suggestions are welcome through below communication:  
E-mail address:  
[Sustainability@Advancedpetrochem.com](mailto:Sustainability@Advancedpetrochem.com)







Jubail Industrial City  
P.O.Box 11022  
Jubail 31961  
Kingdom of Saudi Arabia  
Tel: +966 13 3566000  
Fax: +966 13 3566096

[www.advancedpetrochem.com](http://www.advancedpetrochem.com)



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