



المتقدمة  
Advanced

# ENVIRONMENT, SOCIAL & GOVERNANCE REPORT 2022





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 the performance of Advanced throughout the reporting year from 1 January 2022 to 31 December 2022.

## REPORTING STANDARDS

This report has been prepared in accordance with the GRI Standards. 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

At a global level, we 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, PSI (API754): OSHA; SASB; IPIECA; NSS; Saudi Tadawul Common ESG Metrics; and others.

Further information about our ESG-related activities and performance can be found in our Annual Report, our CSR Reports from previous years, and our website ([advancedpetrochem.com](http://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 inquiries 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 Company's ability to control and therefore do not represent a guarantee that events implied in these forward-looking statements will actually occur.



# CHAIRMAN MESSAGE



**Mr. Khalifa bin Abdullatif Al Mulhem**

Chairman of the Board



Advanced's unwavering commitment to ESG and sustainability is evident in our strategic partnerships, innovative solutions, and measurable achievements

Advanced is dedicated to being at the forefront of ESG and sustainability, actively creating and sustaining long-term value in an ever-changing world.

We recognize the urgent challenges posed by a rapidly changing climate and understand the importance of taking a proactive approach to ensure the long-term sustainability and success of our business.

At Advanced, we are committed to upscaling the positive impact on people's lives through our global network. Climate change is a focal point of our efforts, and we embrace it as an opportunity for innovation and business solutions. Since formalizing our ESG framework in 2021, we have made significant progress by aligning closely with international sustainability and ESG frameworks and initiatives.

We are proud to align our goals with influential global programs such as the United Nations Sustainable Development Goals, the United Nations Global Compact, and the National programs of Saudi Vision 2030; this alignment not only drives our ESG performance but also helps us to contribute to Saudi Arabia's commitment to achieving Net Zero emission by 2060.

Our dedication to ESG excellence extends to every level of our organization, and we would like to express our gratitude to the Executive Management and all Advanced employees for their valuable contributions. Their commitment and hard work have propelled Advanced's

ESG initiatives to the next level, establishing a "Culture of Excellence" that permeates our company.

In conclusion, Advanced's unwavering commitment to ESG and sustainability is evident in our strategic partnerships, innovative solutions, and measurable achievements. We are proud of our progress thus far and are excited to embark on this journey with our stakeholders, driving positive change and building a more sustainable world.



# CEO MESSAGE



**Fahad Salem Al Matrafi**

President & CEO



We remain steadfast in our commitment to driving positive change

The year 2022 presented us with several challenges as we faced market fluctuations in petrochemical product prices due to global events.

Through our dynamic marketing strategy and efficient product-market segmentation, we were able to navigate this difficult situation and achieve the highest possible netbacks despite squeezed margins in the petrochemical sector.

On behalf of Advanced Team, I am pleased to present our ESG report for 2022. This report demonstrates our ESG journey progress and spotlights some outstanding achievements.

In terms of our environmental efforts, we are proud to share that Advanced has made significant strides in reducing waste from our operations and increasing recycling. In 2022, we successfully recycled 94% of the industrial waste we produced, significantly reducing our environmental impact. Moreover, we achieved a remarkable reduction of over 8.5% in greenhouse gas emissions intensity per production volume compared to 2021. We are actively exploring potential synergy opportunity projects to decrease our greenhouse gas emissions further and increase circularity

in our value chain. As part of our commitment to transparency and comprehensive emissions reporting, we have begun calculating our Scope 3 emissions, following the operational control approach, and plan to expand our carbon inventory to cover other aspects of Scope 3.

Safety and health have always been core values in our Culture of Excellence. We maintain the best occupational health and safety practices, applying robust control and monitoring of EHSS performance. In 2022, we achieved 22 million safe man-hours without lost workday injuries among our employees and contractors. Furthermore, we achieved zero incident rates for both employees and contractors, demonstrating our commitment to efficient management and spill prevention.

Our commitment to governance has also been a priority for us. We have further strengthened our governance programs by adopting the latest best practices. Our Corporate Governance Framework

aims to meet the needs of all our stakeholders, ensuring accountability, integrity, and transparency and providing a platform to monitor our performance. We have a well-established risk management system in place to monitor and manage potential risks effectively. This year, we proudly joined the United Nations Global Compact as a participant, reinforcing our commitment to sustainable transformation. Moreover, we updated our Professional Code of Conduct to encompass a broader range of human rights issues. Additionally, we developed a supplier code of conduct to expand our positive impact through our vendors.

At Advanced, we are dedicated to driving gender diversity and promoting inclusivity within our workforce. In 2022, we hired our first group of female employees and continued our commitment to employee development by providing nearly 10 thousand hours of training. We proudly report that we achieved over 80% Saudization among our workforce, demonstrating our commitment to working with Saudi talents.

This ESG report reflects Advanced's progress in integrating sustainable practices into our operations and serves as a testament to our dedication to responsible business practices. We remain steadfast in our commitment to driving positive change and will continue to set ambitious targets and pursue innovative solutions in our journey towards a sustainable future.

I would like to express my gratitude to all Advanced employees who have contributed to this report's success.



## ABOUT ADVANCED

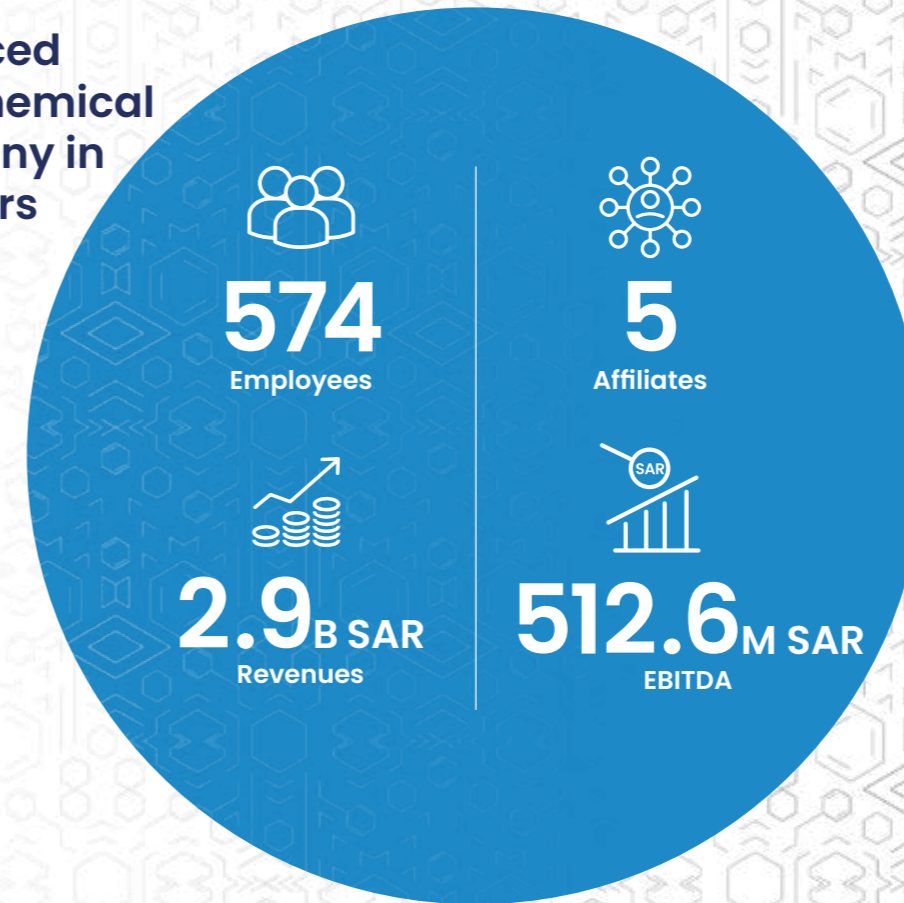
Advanced Petrochemical Company is a Saudi Joint Stock Company, established in October **2005**, with current Paid up capital of **SAR 2,600,000,000**. The company has been listed in Saudi Stock Market since **2007**.

Advanced Petrochemical Company started the construction of its plants in May 2005. The company designed to produce 455 KTA of propylene and 450 KTA of polypropylene (Nameplate 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.

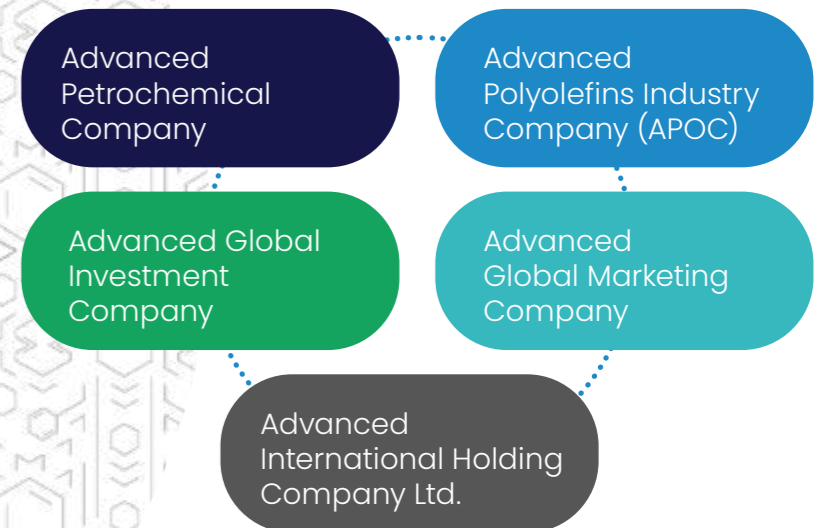
Advanced utilizes the PDH-Catofin Technology, which is licensed by Lummus, for the production of propylene, and uses the Novolen Technology for the production of polypropylene. Advanced

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

## Advanced Petrochemical Company in Numbers



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







## Values

### Vision

Growing chemical company acting responsibly towards its stakeholders.

### Mission

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



#### Transparency

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



#### Continuous Improvements

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



#### Team Spirit

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



#### Customer Care

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



#### Excellence

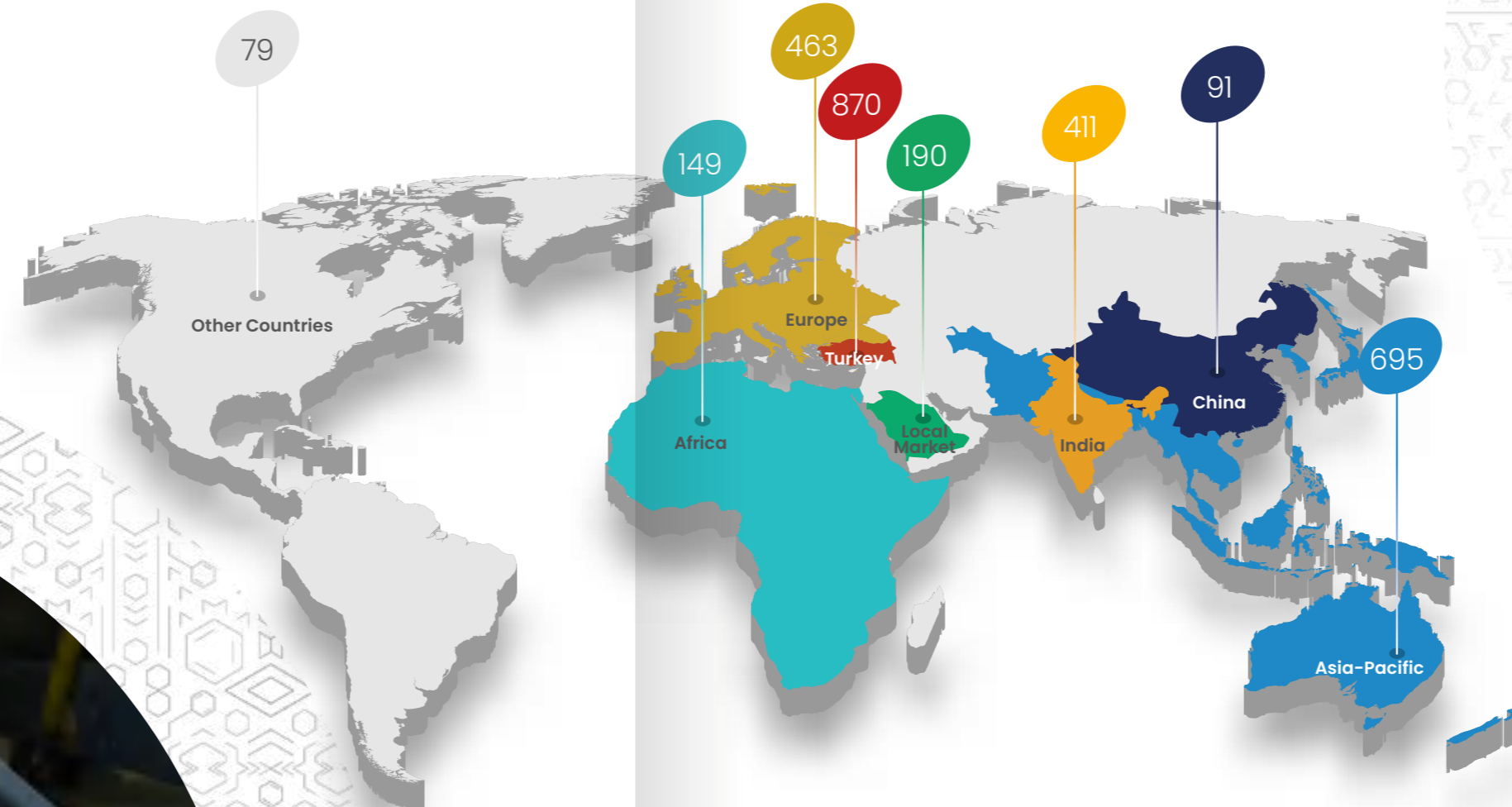
We do the right things right the first time; deliver on commitments.



# Business Strategy and Marketing

Currently, Advanced produces polypropylene homopolymers which are exported to various regions around the world. These products are marketed on a global scale by well-established off-takers. Advanced also supplies products to the domestic market in the Kingdom. We distribute our products directly to local converters covering all major application sectors.

The following geographical analysis shows the total revenue of Advanced Petrochemical Company by geographical areas:  
**2022 Geographical Analysis of the Total Revenues of Advanced Petrochemical Company (in Millions SAR)**



- Advanced has established a marketing strategy that, through product-market segmentation, aims to maintain and expand on our current client base while maximising netback. Our prime focus area and essential part of our business strategy is supporting the local market and contributing to the Saudi Vision 2030. Product stewardship is another important part of our business and as such our products are produced to meet food contact requirement standards set by several international regulations including the EU REACH regulations, as well as complying with various other regulatory requirements. Moving forward, Advanced will strive to take our sales and marketing capability to the next level, with the aim of becoming self-sufficient and gradually increasing direct sales, as well as increasing our capability in marketing multiple other products in the future.





# Advanced's Journey

Advanced Site Construction

**2005**

**2007**

IPO with a paid capital of SAR 1,413,750,000

**2008**

Commissioning of PDH and Polypropylene plant  
 Obtained Certification of ISO 9001 QMS  
 Obtained Certification of ISO 45001 (formerly OHSAS 18001)

**2011**

Paid Capital increase by 16% (SAR 1,639,950,000) by issuing Bonus shares  
 Joined GPCA as full member

**2013**

Signed agreement with SATORP to purchase 80 KTA Propylene to enhance PP production utilizing the same assets (currently extended to 120 KTA up to Dec 2025)  
 Obtained the certification of RC 14001 & ISO 14001

**2014**

MOU with SK Gas to establish state-of-the-art Propane Dehydrogenation (PDH) plant in South Korea to produce Propylene with Name Plate Capacity of 600 KTA

**2016**

Started commercial production of SK Advanced PDH Plant in South Korea  
 Second Paid Capital increased by 20% to (SAR 1,967,940,000) through issuing bonus shares

**2018**

EPC Contract Award for 400 KTA PP plant to be set up in South Korea ("UPP"), which is 50% owned by SK Advanced

**2019**

Third Paid Capital increased by 10% to (SAR 2,164,730,000) through issuing bonus shares  
 Redemption of SAR 1 billion for Advanced Petrochemical Company from SUKUK  
 Obtained the certification of ISO 27001 (ISMS)  
 Obtained feedstock allocation from the Ministry of Energy to set up a new PDH-PP complex in Jubail industrial City

**2020**

Signed Joint Venture agreement for new PDH-PP project in Jubail industrial with SK Gas (to form Advanced Polyolefins Company "APOC")

**2021**

Awarded EPC for the new PDH-PP project by APOC, planned for commissioning in 2024.  
 Received additional feedstock allocation to establish a new Petrochemical Complex in Jubail-2.  
 Establishment of Advanced Global Marketing Company  
 UPP (PP plant in South Korea 50% owned by SK Advanced) started commercial operation.

**2022**

Advanced Global Investment Company (a subsidiary of Advanced) has obtained the approval of Ministry of Energy to construct, own and operate pipelines for propane gas transport in Jubail-2 for 25 years.  
 Forth Paid Capital increased by 20.11% to (SAR 2,600,000,000) through issuing bonus shares.  
 Published the company's first ESG report.

\*IPO was submitted in 2006 but approved in 2007. Thus, this figure is restated from last year's ESG Report.



# Memberships

Advanced is a member of the following organisations:

- gopca**: The Gulf Petrochemical and Chemical Association (full member).
- JAMA'A**: Jubail Area Mutual Aid Association (JAMA'A).
- RoSPA**: Royal Society for the Prevention of Accidents.
- British Safety Council**: Member.
- Middle East Investor Relations Association**.
- UNGC Signatory**: WE SUPPORT UN GLOBAL COMPACT.

# 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:

- ISO 9001:2015**: MANAGEMENT SYSTEM CERTIFICATE.
- ISO 27001:2013**: MANAGEMENT SYSTEM CERTIFICATE.
- ISO 45001:2018**: MANAGEMENT SYSTEM CERTIFICATE.
- ISO 14001:2015 RC 14001:2015**: STATEMENT OF CONFORMITY.
- REACH COMPLIANCE CERTIFICATE**: Reference Number: 811222.L2.

# Initiatives

# Awards

- 1st Rank Environmental Performance Award**: Awarded by: Royal Commission in 2021.
- 2nd Rank Environmental Performance Award**: Awarded by: Royal Commission in 2016.
- 3rd Rank Environmental Performance Award**: Awarded by: Royal Commission in 2019.
- Occupational Safety and Health Pioneer Award (2022)**.
- Best training programs for students and graduates (2022)**.

- 1st Cycle Energy Saving Credits Certified**: Awarded by: Saudi Energy Efficiency Center (SEEC) 2021.
- HRH Princess Seetah award for CSR**: Awarded by: HRH Seetah Est. 2020.
- Best company in Environmental Program Sponsorship**: Awarded by: Royal Commission 2021.
- RoSPA Gold Award**: Awarded by: Royal Society for the Prevention of Accidents 8 consecutive times 2022, 2021, 2020, 2019, 2018, 2017, 2016, 2015.
- International Quality Star – Diamond**: Awarded by: International Core Quality 2017.



# 2022 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>1.24</b> tCO <sub>2</sub> e/t product	GHG intensity per volume of product reduced by <b>9.7%</b> from baseline of 2017 and <b>8.5%</b> compared to 2021.
	<b>0.28</b> tCO <sub>2</sub> e/ SAR; thousand	
<b>Energy Intensity</b>	<b>22.09</b> GJ/ t product	Energy use per volume of product reduced by <b>7.7%</b> from baseline of 2017 and <b>5.3%</b> compared to 2021.
	<b>4.94</b> GJ/ SAR; thousand	
<b>Water Intensity</b>	<b>1.04</b> tH <sub>2</sub> O/t product	Water intensity per product reduced by <b>11.7%</b> compared to baseline of 2017 & to 2021.
	<b>0.23</b> tH <sub>2</sub> O/ SAR; thousand	
<b>Waste</b>	Achieved <b>94.7%</b> rate of waste recycling from the total waste generated	
<b>Spill Management</b>	<b>Zero</b> record of Process safety Tier 1 & Tier 2 incidents according to API754.	<b>Zero</b> PSISR & PSTIR.



## Social Performance

Achieved <b>22 million</b> Safe man-hours without lost workday injury for employees and contractors (14 years of safe operations)	Awarded ROSPA Health & Safety Gold award for <b>eight consecutive years</b> up to 2022	SAR <b>26.3 Million</b> value added from employee engagement through innovation ideas
<b>Zero</b> Fatality & <b>Zero</b> Lost Work Day injuries, and <b>Zero</b> LTIR	<b>Zero</b> incident rates related to employees and contractors according to OSHA Incident rate	Total of SAR <b>3.2 Million</b> invested in <b>41</b> CSR programs, with an impact on <b>&gt;18,900</b> beneficiaries
<b>146</b> volunteering hours	<b>Zero</b> Product Safety Incidents	Approximately <b>10,000</b> hours Training & Development (equivalent to <b>17.4</b> training hours per employee)
Enhance gender diversity and promoting inclusivity through female employment, reaching <b>1.7% female employment</b> in 2022	Awarded <b>two Labor awards</b> on Occupational Health and Safety Pioneers, and on Best Training Program for Students and Graduates	
<b>Zero</b> rates of occupational illness in Advanced employees and contractors	<b>&gt;8,000</b> hours of EHSS training (equivalent to 14.03 training hours per employee)	<b>80%</b> Saudization

## Governance and Economic

<b>65%</b> of spending on goods and services from local suppliers	<b>Zero</b> incidences of non-compliance from Authorities	SAR <b>2,948 Million</b> Revenue
<b>Zero</b> incidents related to Human Rights	Net profit SAR <b>294 Million</b>	Development and publishing of <b>Suppliers Code of conducts</b>
Signing the <b>commitment with the UNGC initiative</b> as a participant	<b>Zero</b> incidents related to Anti-corruption compliance	



# ESG AT ADVANCED

Advanced's commitment to leadership in sustainability and 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.

## Advanced Approach

Today, there are several critical global challenges surrounding finance, the environment, and society that demand a bolder response from businesses around the world. To successfully address these issues, Advanced recognises that we need collaborative solutions. As a result, we have committed to developing new partnerships with stakeholders to achieve shared goals and progress toward a more sustainable future. This includes addressing all

areas of our company, from engaging with and serving clients, to respecting natural resources in the workplace and building relationships with the communities where we operate. This progressive approach aims to foster responsible business decisions that offer an increased value for all involved. To this end, Advanced's ESG framework has been developed to reflect and achieve the high expectations of our stakeholders.



“  
OUR APPROACH IS  
DRIVEN THROUGH  
OUR CLOSE  
ENGAGEMENT WITH  
STAKEHOLDERS



# Advanced's Business Governance Strategy

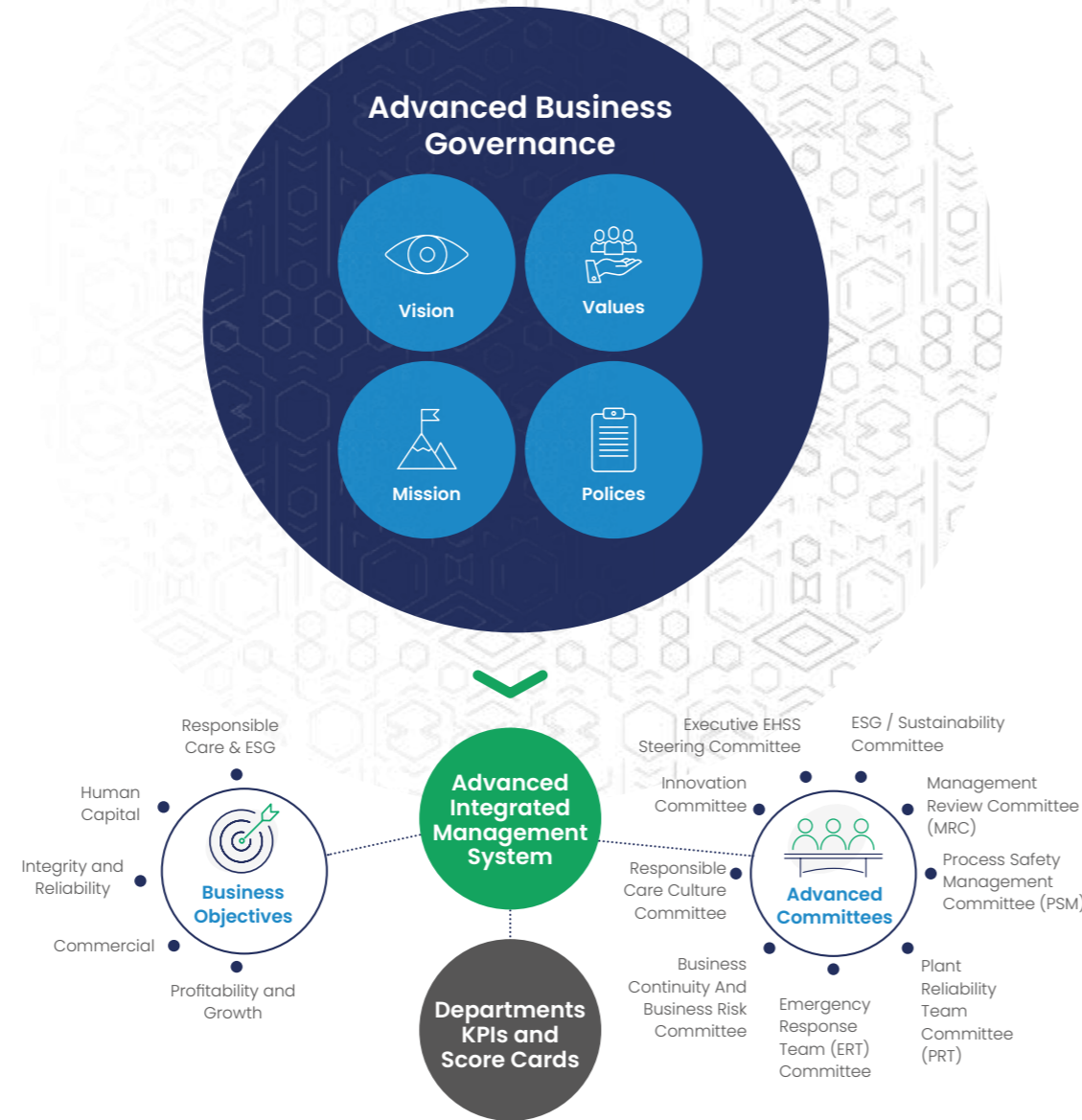
At Advanced, we are committed to adopting both short-term and long-term business strategies that align with our sustainability objectives. Our short-term strategy is centered on annual company-wide targets, with a focus on Responsible Care and Environmental, Social, and Governance (ESG) principles, Human Capital development, Customer satisfaction, Plant reliability, and Profitability.

In doing so, we prioritize compliance with and enhancement of performance across all ESG aspects. By adhering to these strategic pillars, Advanced aims to create lasting value for our stakeholders, customers, and the environment in which we operate.

At Advanced, we have aligned our key focus areas with the overall business strategy. Our ESG framework was formed through active engagement with both employees and stakeholders which enabled us to reaffirm the importance and relevance of the issues we wished to focus on. These key areas cover environmental, social, and governance issues, ranging from systemic global concerns such as climate change and greenhouse gas (GHG) emissions to more national and local considerations including working towards the Saudi Vision 2030. We believe that this framework will be successful as it is with the company's vision to maintain our leadership position in the region with regards to operational excellence, safety, and cost optimization.

To ensure the successful implementation of these objectives, we have implemented a robust monitoring system that tracks our progress on a monthly and quarterly basis. This approach enables all organizational levels to take proactive and timely actions, guaranteeing that we stay on track to achieve our short-term goals.

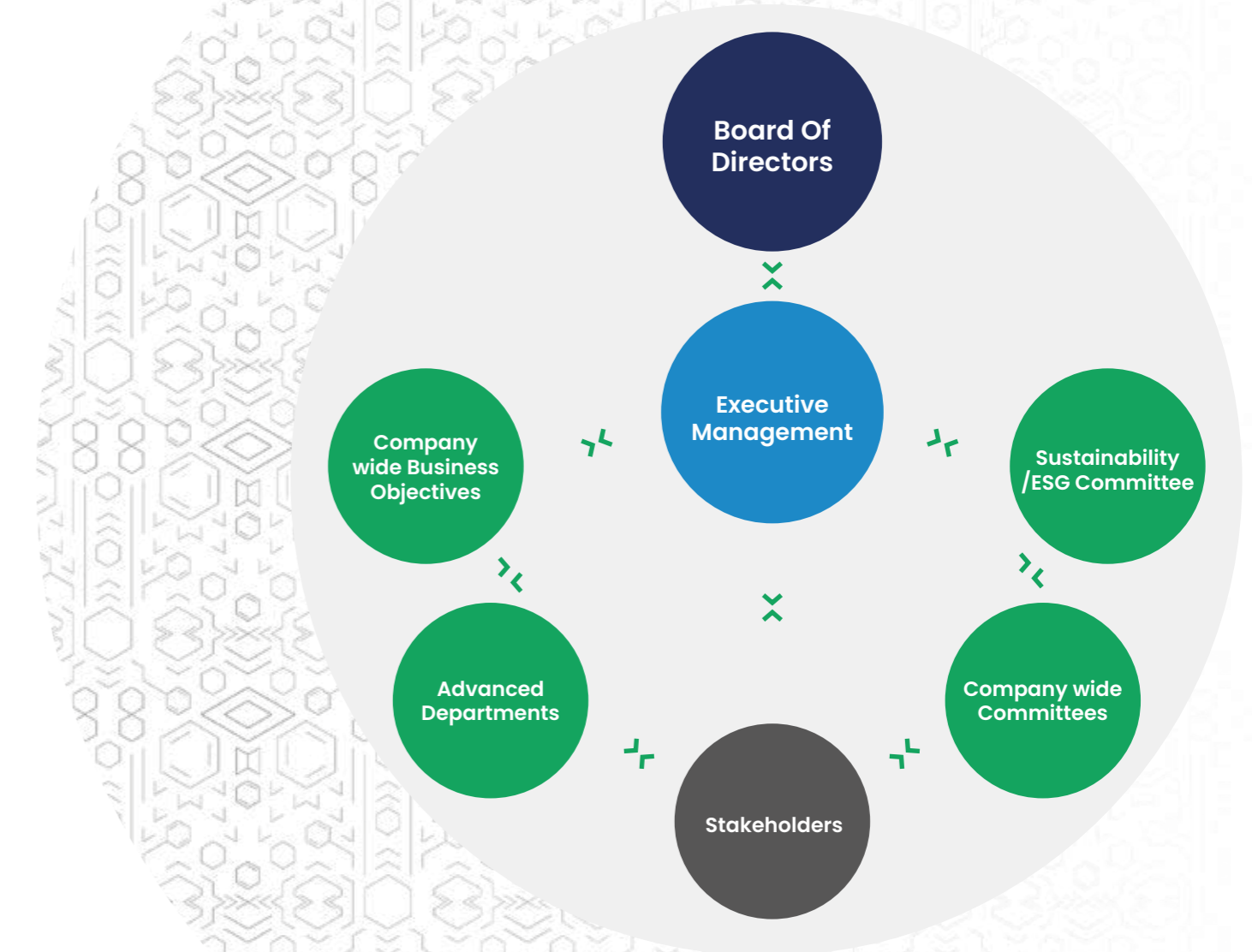
As for our long-term strategy, Advanced envisions a path of continuous growth within the chemicals sector, striving to be a benchmark in the industry to reach several times our current size. We are dedicated to establishing ourselves as a leader in operational and manufacturing excellence in the petrochemical industry.



# ESG Governance at Advanced

Advanced formed its ESG committee in 2021, to be solely responsible for the stewardship of the ESG and sustainability-related programs and initiatives. The committee is reviewing the ESG practices in different aspects, including but not limited to climate change initiatives, Social related programs, ESG Investing, and Governance practices. Moreover, the committee is responsible for publishing the annual ESG report as part of the communication to stakeholders and reviewing the progress and performance against the long and short-term targets with Executive Management and the Board of Directors. The ESG Committee is led by one of Advanced executive management members, and the committee includes a dedicated sustainability professional and expert team members from all divisions in the organization.

# ESG & Sustainability Governance Structure






# ESG Framework

Advanced Petrochemical's ESG 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:


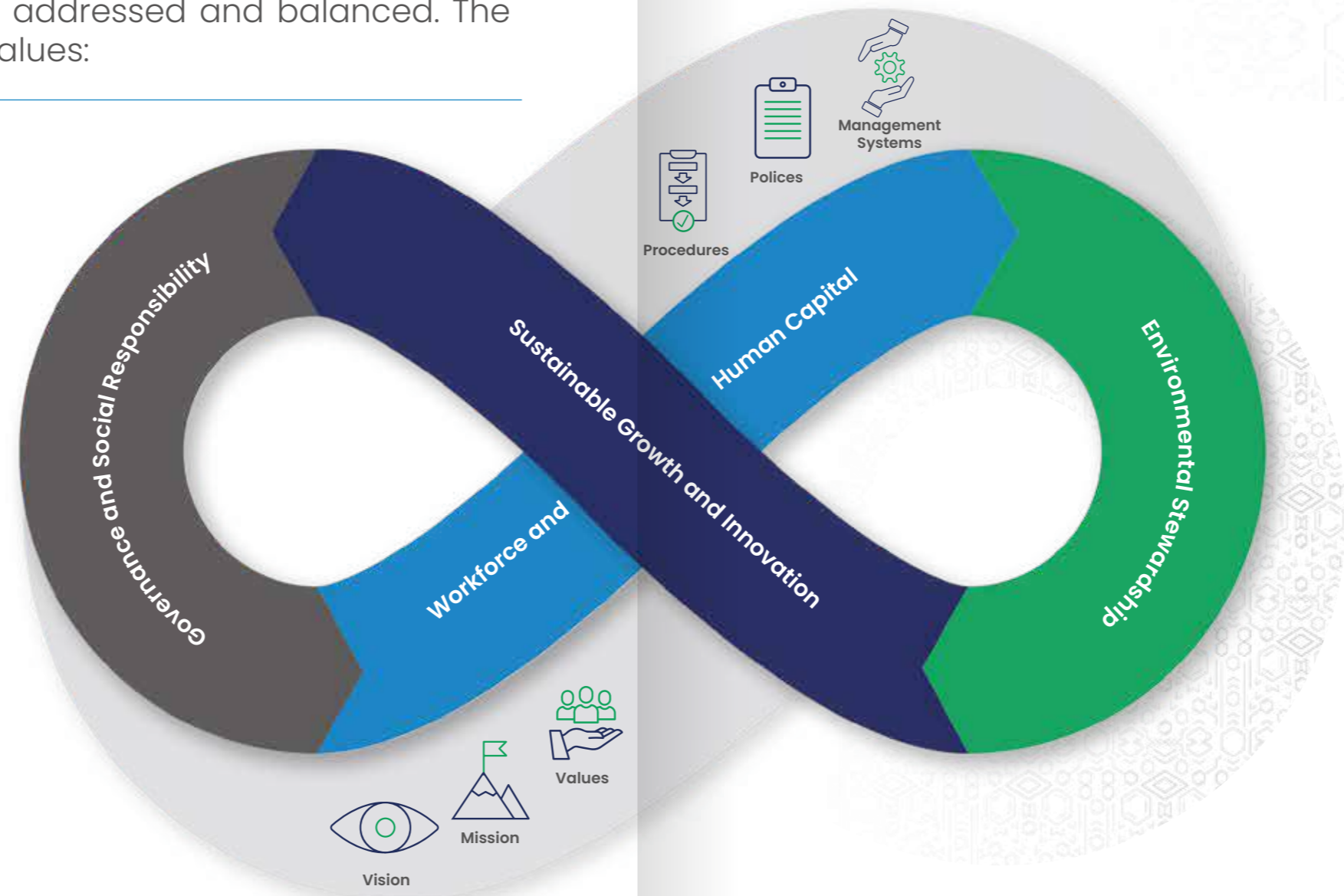
## 01 Governance and Social Responsibility

- 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

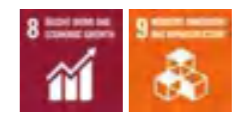
## 03 Environmental Stewardship

- 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 for reducing its environmental impact. This is in line with the critical milestones outlined in both the Paris Agreement and KSA vision for reducing CO2 emissions. 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 several initiatives and partnerships. These have laid important foundations for the CSR Program.

Indicators	2017 Baseline Year	2022 Performance	2030 Target
 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	1.24	1.19
 Energy GJ/t product	23.95	22.09	20.84
 Water Withdrawal tH <sub>2</sub> O/t product	1.18	1.04	0.87
 Material effectiveness KG/t product	11.55	11.07	8.55

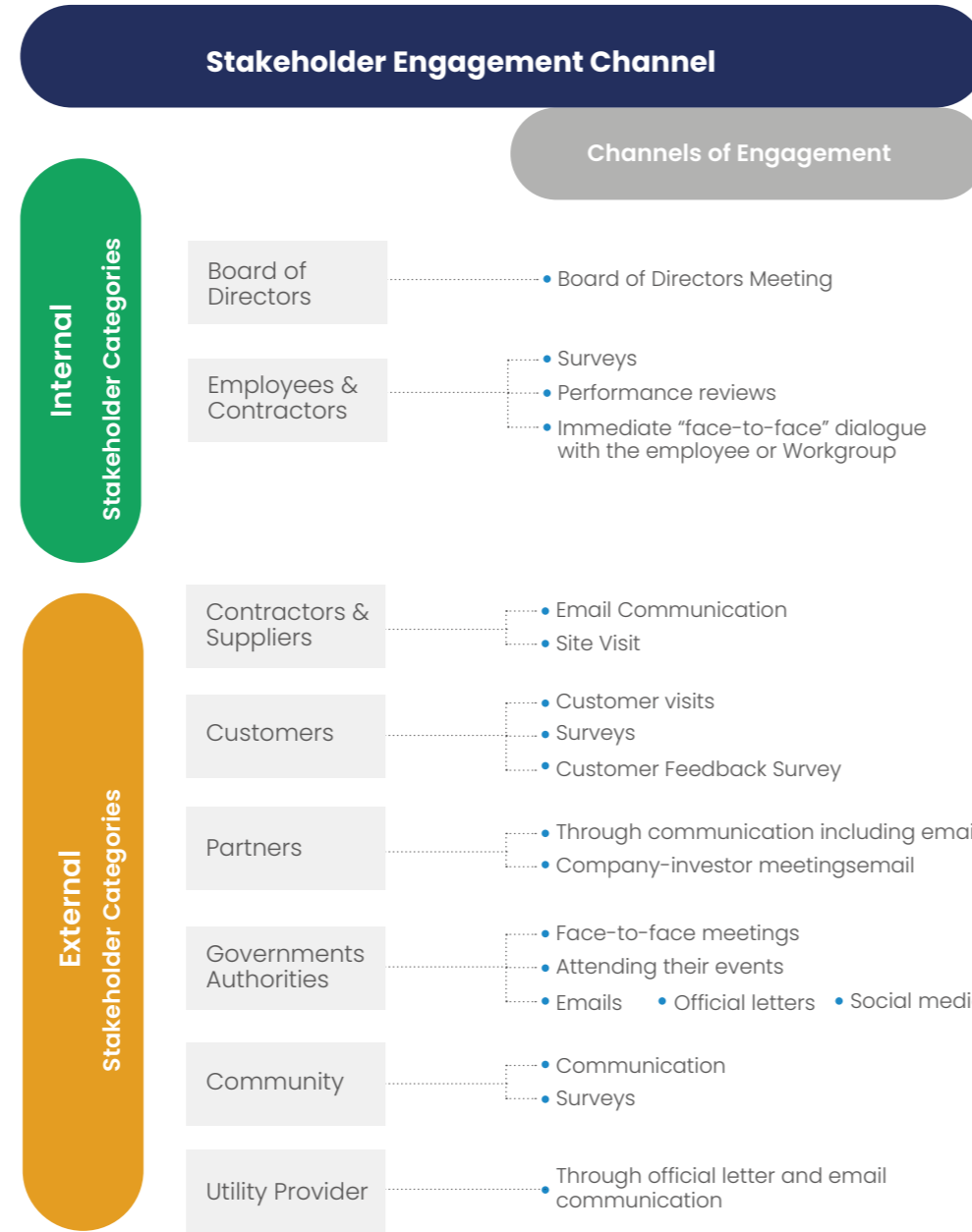
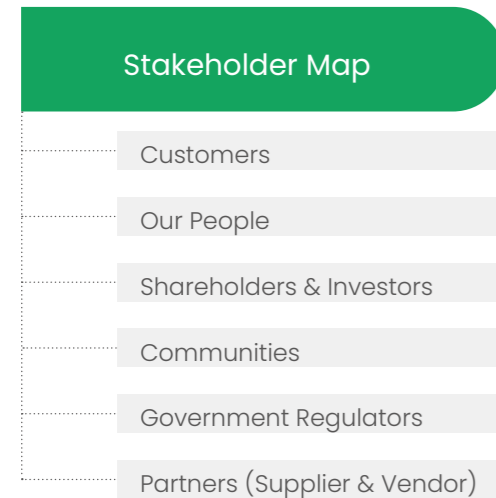
\*Refer to Appendix A: Glossary & Formula



# Stakeholder Engagement

Stakeholder engagement is a fundamental part of sustainable development. At Advanced, our goal is to respectfully engage with our stakeholders to understand their values and concerns and find mutually agreeable solutions to help mitigate these issues and integrate those into future planning and decision-making. This approach aims to reduce the impact of our operations and build long-term benefits for both the company and stakeholders.

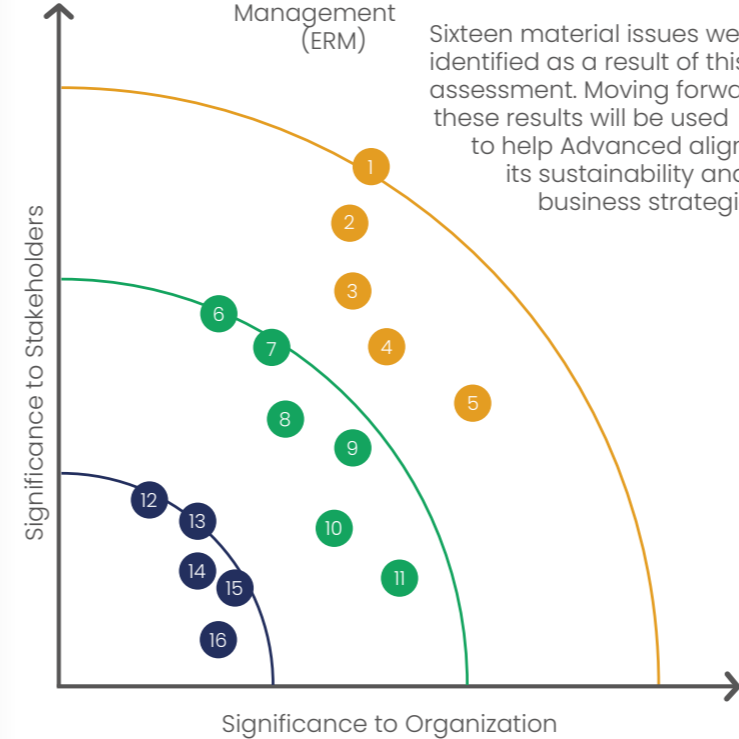
To achieve this, Advanced Petrochemicals identified key stakeholder groups and developed a detailed stakeholder map which outlined several factors including the value each stakeholder group provides to the company, what they need or expected from Advanced Petrochemicals, and the main methods of engagement with those stakeholders to understand their needs and expectations.



# Materiality Principle

In 2021, Advanced carried out a materiality review to identify issues that are deemed to be material to the business. Each material issue is regularly reviewed, and assessed based on its expected impact to ensure that we are managing each issue appropriately and to help us identify which areas should be prioritised over the short, medium, and long term. Our materiality assessment is mapped with the company's Enterprise Risk Management (ERM)

framework, ensuring a holistic approach to addressing risks and opportunities. This process reaffirms our commitment to sustainable growth, risk mitigation, and shared value creation for stakeholders and the environment. To conduct this assessment, stakeholder groups were asked to prioritise each material topic in relation to their importance from the stakeholder perspective and from the company perspective.



Sixteen material issues were identified as a result of this assessment. Moving forward, these results will be used to help Advanced align its sustainability and business strategies.

## Most Important

- 1 Health and Safety
- 2 Governance, Ethics and Compliance
- 3 Energy, GHG emissions and Climate Change
- 4 Human Welfare and Development
- 5 Product Stewardship

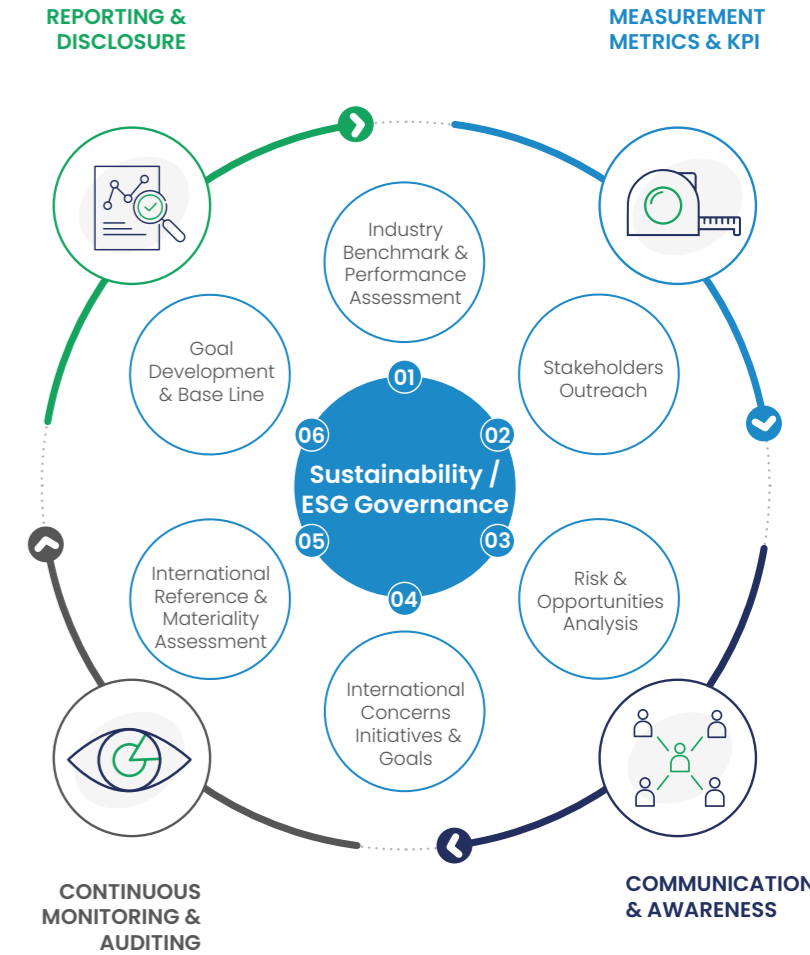
## Very Important

- 6 Waste Management
- 7 Water Management
- 8 Economic Performance
- 9 Sustainable Supply Chain
- 10 Community Investment and Engagement at CSR
- 11 Technology and Innovation

## Important

- 12 Circular Economy
- 13 Diversity and Equality
- 14 Biodiversity
- 15 Customer Satisfaction
- 16 Data Security

# Sustainability/ESG Governance Model





# Mapping Contributions to Global Frameworks

Advanced is also mapping its contributions to several key frameworks from global and national organisations. These include the UN Sustainable Development Goals (UNSDGs); Saudi Vision 2030; GRI Global Reporting Standards; the UN Global Compact (UNGC) among others. These frameworks

are used both internally and externally to help the company to contribute to a more sustainable future.

Advanced proactively contributes to the realization of the 17 United Nations Sustainable Development Goals (UNSDGs) through collaborative global

partnerships and initiatives. The company continuously reviews its strategy, sustainability targets and its related initiatives to ensure they are aligned to the priorities set out by the SDGs.

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 resource management, talent retention, governance, and overall business strategy.

The UNGC is a global call to action for companies to align strategies and operations with universal principles on human

rights, labour, environment, and anti-corruption, and take actions that advance societal goals. In 2022, Advanced demonstrated its commitment to sustainability by becoming an official participant in the initiative of the United Nations Global Compact (UNGC).

## 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			
<b>Community Investment and Engagement and CSR</b>	(AN) Enable social contribution of businesses (AN) Businesses enable citizen responsibility	(E) Opportunities in cleaner hydrocarbon energy (such as CCUS)		Goal 1: No Poverty Goal 2: Zero Hunger Goal 4: Quality Education Goal 11: Sustainable city and community	GRI 202, 413
		(S) Social Opportunities			
<b>Health and Safety</b>		(S) Health & Safety		Goal 3: Good health and well-being	GRI 403
		(S) Chemical Safety			
<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, 2-27
		(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 performance plays a critical role in meeting stakeholder expectations and ensuring the long-term success of our company. As a key component of our strategic planning process, we prioritize exceptional environmental and social performance, recognizing its importance in driving sustainable growth.

Our comprehensive governance framework is designed to effectively address risks and capitalize on opportunities related to sustainable development. This framework is deeply embedded within our organizational structure, extending from the board of directors to executive and senior management, and reaching down to the working levels. By integrating ESG considerations into every facet of our operations, we reaffirm our commitment to responsible business practices and value creation for all stakeholders.



GOVERNANCE WITH STRONG INTEGRITY, PROVIDES CONFIDENCE AND TANGIBLE FINANCIAL BENEFITS TO THE STAKEHOLDERS



# Governance

Corporate governance is an important system for all businesses. It establishes the company's direction and business integrity while promoting financial viability as well as building trust with the community through enhancing transparency and disclosure. In the recent past, this has been paramount due to financial crises faced by various bodies. The board of directors are responsible for the company's governance, establishing its internal control and following up on the implementation of strategies. In addition to the board of directors, corporate governance also determines the roles and responsibilities of shareholders, executive management, and stakeholders.

Advanced, as represented by its Board of Directors and executive management, is committed to developing and maintaining the highest professional standards in the company. This regulation also includes the provisions and rules of Corporate Governance issued by the Saudi Capital Market Authority and the Company's Management.

## Board of Directors

Advanced's corporate governance arrangements are overseen by the Board of Directors and conducted according to national standards. The Management Team, overseen by the Board, has ultimate responsibility for conducting the company's business. More specifically, the Board of Directors supports and guides the

Management Team in driving the company's performance in line with Advanced's corporate strategy. The Board has the legally required number of independent board members to ensure compliance. Further, board elections take place every 3 years as per the Saudi Capital Market Authority guidelines.

Advanced's Corporate Governance Framework aims to meet all the company's stakeholders' needs for accountability, integrity, and transparency while providing a platform to help them 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

Advanced is committed to maintaining a corporate culture that adheres to the highest level of business ethics at every level and ensures that everyone is treated with respect and integrity. Our core values are outlined in our Code of Professional Conduct and Ethical Values policy, which demonstrates the expectations we have and provides guidance to our employees to ensure that they uphold these values wherever they conduct business. In addition, our Advanced Compliance Programme provides our expectations on many important subjects that we expect

all members of our company to comply with including anti-corruption, internal controls, international trade, anti-boycott, operational excellence, data privacy, and competition law.

Advanced also abides by local laws and regulations. Advanced endeavours to make every effort to uphold its values within all countries in which it operates and encourages all stakeholders to report instances of violations or non-compliance.

Governance Performance	2020	2021	2022
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
Anti-Corruption Cases	0	0	0

## Code of Professional Conduct and Ethical Values

Advanced Code of Professional Conduct and Ethical Values (the "Code") outlines the guiding principles for implementing the company's policies on conflict of interest, integrity, transparency, and fairness. This ensures 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.

Our Code is regularly reviewed and updated, incorporating changes in best practices while maintaining our core principles. In 2022, the Code was updated to enhance the company support on identified human rights impact resulted from Human

Right Due Diligence process. The Board of Directors reviews and approves any updates at every step of this process. All new employees received training based on the Code during the onboarding process, ensuring they understand how these principles align with their roles and responsibilities within the organisation. Advanced also provides ongoing training for existing employees to ensure that they are up to date with any changes that occur and to refresh their knowledge of our principles. Advanced employees have unlimited access to the Code through internal channels or via human resources.



# Human Rights

Advanced is committed to upholding the rights of all people to live their lives free from social, political, or economic discrimination or abuse. Advanced's commitment to human rights is reflected in our HR policy and the Code, as well as in our Purpose and Values policy and in business ethics. All of our business interactions are conducted with respect to all people and the environment in which we operate. We endeavor to build ethical and trustworthy relationships with all stakeholders and are responsible for the communities in which we operate. All of our policies are subject to frequent audits to ensure that they are up to date and continually improved.

Recently, we undertook a Human Rights due diligence process to evaluate the nature and extent of impacts arising from Advanced's activities. This assessment allowed us to identify and address relevant human rights aspects, underscoring our commitment to responsible and ethical business practices. We have also made sure our current measurement tools and KPI can correctly monitor our impact.

## Grievance reporting mechanism

Advanced's whistle-blowing policy outlines to all employees and suppliers the process that needs to be followed to report a grievance. All employees are entitled to file a complaint under Advanced's grievance procedure if they feel that they have experienced unfair treatment that does not align with our company's core values. This includes any behavior that contradicts applicable legislation, their employment contract, the Human Resources (HR) policy,

or if the employee feels that they have been subjected to prejudicial treatment. All grievances are reported to and dealt with by our HR Department Grievance Committee, which fully investigates and follows up on all complaints reported to the helpline. In addition, 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

Grievance mechanism	2020	2021	2022
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

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

Our risk assessment process is carried out continuously at the strategic and operational level, whereby the relevant procedures are monitored

periodically and continuously to help identify and deal with any issues and ensure that the necessary preventive measures are taken to minimize future risks.

A dedicated Business Risk Management Committee and Team review all 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 all policies related to

risk management to ensure that the approved policies and programs are implemented. The Executive Management of Advanced also ensures that the risk management processes, and the followed systems operate efficiently at all levels.

Advanced has worked in coordination with third-party experts to identify or revalidate our risks and categorise them based on their perceived risk (high, medium, or low) to

the company. Controls and mitigations for these risks are in place for all identified risks and are monitored on a regular basis. During Q4 of 2022, some of the top risks identified in 2021 were re-categorized from High to Medium risk (for e.g., pandemic and logistics risks). Further, some of the medium risks were categorized as high risks, particularly those pertaining to global economy and market fluctuations.

Currently, categories that are perceived to pose significant risk to 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

The Audit Committee is assisted in its oversight role by the Internal Audit team. The Internal Audit team carries out regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. Advanced's Internal Audit team is also responsible for assessing and monitoring the implementation of our Environmental Management System as well as overseeing Advanced's risk assessment and mitigation processes and procedures. The purpose of our audit program is to identify areas where there are deficiencies or non-compliance and implement corrective and preventative actions for continual improvement.



# Data Security

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.

In 2022, Advanced implemented multiple digital transformation initiatives to increase security management and advance our efforts in this journey. The first was our new Human Capital Management system which aims to help automate and streamline HR processes. This system has enabled Advanced to optimise human capital while reducing the burden of administrative processes. Advanced also introduced a Documents and Electronic Signature function that improves efficiency, compliance, and productivity. This move also helps support the company in its ongoing efforts to be more sustainable by reducing paper consumption. Lastly, Advanced has also worked on moving various applications to the cloud. This is an essential part of our digital transformation strategy and increasing the effectiveness and safety of our IT infrastructure.

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 Activites

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



# Digital Transformation

Advanced has taken significant steps to digitally transform its business by integrating digital technologies into all areas, with the aim of increasing operational efficiency, enhancing productivity, improving supply chain management, creating greater agility to respond to market changes and maximizing value to its customers and other stakeholders.

The company began its transformation journey in 2022 with the establishment of the Digital Transformation Committee, comprising multiple business unit leaders, tasked with directing the company's efforts in this journey. The committee was charged with developing a Digital Transformation strategy that includes clear goals, a roadmap, and prioritised initiatives that align with the company's strategy and business needs. The three-year digital transformation strategy covers the entire organisation from leadership to employees in both corporate and industrial areas.



# Customer Satisfaction

Advanced is committed to continually enhancing customer satisfaction and experiences. To achieve this, we conduct an annual global customer satisfaction survey, which serves as a valuable tool for gathering feedback from our diverse clientele. The insights derived from this survey inform the development and implementation of targeted strategies for performance improvement. Our newly digitised customer survey is available in multiple languages and allows the customer to access the survey from any available device, whilst maintaining the required confidentiality level.

Advanced's digital survey has been a resounding success, as shown by the high participation recorded in 2022. The customer survey feedback shows that we maintained the performance of 2021 in categories of product quality, packaging, export documentation, delivery, product technical support, and complaint handling time, which indicate a high customer satisfaction. The overall performance rating was 4, maintaining our high score from the previous year (on a scale of 5).

Complaint Status	2020	2021	2022
Customer Complaint Received	1	0	1
Open	0	0	0
Closed	1	0	1



# Community Investment and CSR

Advanced's Corporate Social Responsibility Policy provides a general framework for our social responsibility programme and outlines the initiatives that have been 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 2022, Advanced has continued to support many of its long-standing community programs, reaching 41 community investment programs across a range of sectors.

Community Investments	2020	2021	2022
Total value of community investments (SAR; Thousands)	6,642	5,721	3,245
Total number of local community development programmes based on local community needs (#)	41	45	41
Operations with significant actual or potential negative impacts on local communities (#)	0	0	0

Employee Volunteering	2020	2021	2022
Total number of volunteers (employees)	63	64	71
Total number of employee volunteering hours	300	272	146



**41**  
CSR Programs

- 2 Health Programs
- 9 Education Programs
- 12 Community Services Programs
- 6 Chairty Programs
- 12 Food Basket Programs







## Responsible Care Culture Committee (RCCC)

Advanced's EHSS and Responsible care program outlines our approach to Environment, Health, Safety, and Security issues and is overseen by our Responsible Care Culture Committee. In recent years, this program has focused largely on implementing various initiatives for employees and their families as well as providing support to our CSR programs. This has included providing access to the introduction of awareness programs, supporting charitable giving, building new partnerships, and hosting engagement events. Moving forward, the committee will continue to build on these efforts through ongoing CSR programs and community engagement.

### Some of the programs conducted in 2022 include

Industrial Hygiene and Health Awareness Program

EHS week (external invitation sent to neighbouring sites to participate)

Healthy Habits Program

Blood Donation 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

Companies that manage human capital based on principles of equal opportunity, inclusivity, and diversity are better positioned to respond to current and future needs. Advanced endeavours to support the development of the knowledge and skills of all of its employees and provide a productive, safe, and inclusive work environment. Employees are supported and encouraged to realise their potential through training and career development opportunities



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



# Advanced Team

Workforce Composition	2020	2021	2022
Total number of employees (#)	358	537*	574
Full time employees (#)	358	537*	574
By employment level			
Full time employees in senior management (#)	6	7	8
Full time employees in middle management (#)	13	22	24
Full time employees (not senior or middle management) (#)	339	508*	542
Workforce age profile			
Workforce by age 18-30 (#)	62	175*	185
Workforce by age 31-50 (#)	260	320	349
Workforce by age 51+ (#)	36	42	40
Workforce by gender profile			
Female full-time employees (#)	0	0	10
Male full-time employees (#)	358	537*	564

\* 2021 FTE, staff FTE, 18-30 FTE and male FTE numbers have been revised to match FTE figures with GRI definitions.



# Attraction and Retention

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's Human Resources (HR) Policy supports a culture of trust, fairness and equitable practices by outlining the responsibilities of both the company and its employees in the employment relationship. Upholding of this policy is vital to attract, retain, develop; and motivate employees across the company. In addition to robust learning and development

programmes, employees are provided with substantial benefit packages, which include a range of 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 also offers internship and graduate programmes that offer a wide range of attractive opportunities for young male and female professionals. All young professionals hired through these programmes receive specific training, mentoring, and career advice, thus facilitating their transition to full-time employment.

Employee Hires by Category	2020	2021	2022
Female (#)	0	0	10
Male (#)	29	194	64
New employee hires by age			
Workforce by age 18-30 (#)	12	144	37
Workforce by age 31-50 (#)	1	43	31
Workforce by age 51+ (#)	16	7	6
Employee turnover			
Total number of employees who left the organisation (#)	15	39	33
Turnover rate (%)	4.2%	7%	5.7%

\* Refer to Appendix A: Glossary & Formula



# Training and Development

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 continues to centralise the tools to become more globally integrated. Advanced focuses heavily on training and development opportunities that put particular focus on innovation, improvement, and building a knowledgeable and effective workforce.

To this effect, all employees are supported in their ongoing career development through an Individual Development Programme (IDP). An IDP enables the company to tailor its training to each individual and support them in career development and skills acquisition. Along with IDP, Advanced has also developed an integrated and accessible Advanced E-Learning Academy that is available to all employees, providing access to a range of general and core business training programs. In addition, Advanced has developed various training programmes that are specific to certain roles to help employees learn and develop the skills required for these positions.

Advanced recognizes the value of investing in the development of future professionals, which is why we actively provide opportunities for both male and female COOP training students to complete their cooperative training within our organization. By offering hands-on experience and guidance, we aim to foster their growth and support their future careers.

In 2022, our commitment to nurturing talent and promoting skill development was acknowledged through the prestigious Labor Award conferred by the Ministry of Human Resources and Social Development in the Skills and Training track. This accolade reflects our dedication to empowering the workforce of tomorrow and contributing to a sustainable future.

Furthermore, the substantial decrease in training hours during 2022 can be attributed to Advanced's initiation of a one-year specialized training program in 2021 which was in collaboration with a local college. This program aimed to equip fresh operators

and technicians for the new project with the fundamental competencies necessary for their roles, and it was only intended for the year of 2021.

Employee Training	2020	2021	2022
Total hours of training for employees (Hr.)	2,486	83,960	9,998
Average hours of training per employee (Hr.)	8.57	148	17.42
Training hours on sustainability aspects (Hr)	180	2,464	341
Training sessions			
Employees participating in training (#)	290	537*	416
No of Employees Support for higher education	6	4	3
Training of COOP Students (male and female)*	16	38	28

\* 2021 FTE, staff FTE, 18-30 FTE and male FTE numbers have been revised to match FTE figures with GRI definitions.



# Employee Engagement

Advanced is committed to providing its people with a positive work environment and greater access to career opportunities. Advanced offers a compelling employee value proposition, which has facilitated our progress in recruiting, onboarding, career development, and performance management. In addition, the company regularly collects feedback from its employees to help identify new ways to enhance employee engagement.

Absentee Rate	2020	2021	2022
Total number of missed workdays (#)	2,833	1,529	1,554
Total workdays (full time employees) (#)	94,512	140,934	145,404
Employee absentee rate (%)	3	1.08	1.07

\* Refer to Appendix A: Glossary & Formula

Employee Engagement and Satisfaction	2020	2021	2022
Employee engagement (%)	100%	100%	100%
Full time employees who received a performance and career development review (#)	333	414	446





## Saudization

The implementation of Saudization schemes to increase national talent within our workforce are a crucial part of the Saudi Vision 2030. Advanced supports these schemes and recognises that they can help nurture local talent which can strengthen the workforce.

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

Saudization	2020*	2021**	2022
Nationals in senior management (#)	5	7	8
Nationals among total full-time workforce (#)	255	451	483
Expat employees (full time) (#)	103	86	91

\*2020 data is APC only.

\*\*2021 nationalization numbers have been revised to match FTE figures with GRI definitions.

## Employee Benefits

Advanced strives to follow all best practices regarding employee compensation and understands that a comprehensive employment package is important to attract, develop and retain talented employees. As a part of this package, the company offers benefits including but not limited to Employee Personal Loan without interest program. Employee Shares Ownership Programme, retirement and end of service benefits and health care programs for all employees and their families alongside the Home Loan Program.

Employee Benefits	2020	2021	2022
Salaries paid (includes standard elements basic pay and consolidated allowances etc.) (SAR)	129,262,671	194,183,140	174,373,622
Benefits paid (includes elements such as Pension, Gratuity, Medical Insurance, Annual Passage, Education etc.) (SAR)	31,024,493	50,627,106	67,881,714



## Diversity, Inclusion and Equal Opportunity

Advanced is committed to strengthening its inclusive culture and expanding the diversity of its workforce. As a result, the company is actively pursuing a diversity and inclusion strategy, as part of its general business practices, with the aim of attracting, developing, and retaining the best employees; serving a variety of customers and markets; and driving forward innovations through inclusion.

Currently, Advanced has employees from 7 different countries. Advanced recognizes that diversity in the workforce brings a wide range of qualities and perspectives to the organization. Moving forward, we want to expand on the diversity of our teams and strive towards achieving a more inclusive workplace.

Advanced acknowledges the importance of driving gender diversity and promoting inclusivity in our workforce. To accommodate this, our policies and procedures were updated to promote diversity and inclusion within Advanced. We have also completed the policy review and in 2022 have recruited 10 female employees that represent 1.7% of the total workforce.

Employees by Gender	2020	2021	2022
% Male	100%	100%	98.3%
% Female	0%	0%	1.7%



# Occupational Health and Safety

Advanced strives to ensure that the highest standards of health and safety are met, not only for its employees, but also for any contractors and visitors. Advanced aims to safeguard the health and well-being of all employees by ensuring that they operate in a safe workplace, sustaining their ability to perform over the long term. Accordingly, Advanced has an Integrated Management System that outlines its strategy in Quality, Environment, Occupational Health & Safety, Process Safety, Responsible Care and Cybersecurity. The system undergoes regular reviews and updates and is externally certified.

- These systems cover different elements, including:**
- Process Safety Information Risk Assessment
  - Contractor Safety
  - Pre-Start up Safety Review (PSSR)
  - Mechanical Integrity Program
  - Management of Change (MOC)
  - Incident Reporting, Classification, and investigation
  - Emergency Response Plans
  - Environment and Industrial Hygiene programs
  - Security Standards
  - Product Stewardship



## Advanced Industrial Hygiene Program

Advanced made a transformational enhancement in the Industrial Hygiene (IH) program and adopted international best practices in reference to International Guidelines such as OSHA & IOGP to maintain highly efficient and proactive risk control and health surveillance for Advanced team; the program covers the following IH requirement as a minimum :

1. Illumination Program
2. Chemical Exposure Program
- 3 Occupational hearing conservation program
4. Heat stress program
5. Ionizing radiation program
6. Biological monitoring program
7. Medical Surveillance Program

All relevant Health Risk Assessments (HRAs) and related mitigations have been reviewed and monitored, along with other Periodic Health related Surveys conducted through the site clinic jointly with the skilled and certified IH professionals in Advanced to reflect the IH-related risks from Locations and activities on all Advanced team. In addition to that, Targets were identified and set in 2022 to effectively govern the Industrial Hygiene Program in Advanced site.

Industrial Hygiene Performance	2020		2021		2022	
	Actual	Actual	Actual	Actual	Target	Target
Employee Total illness* frequency	0	0	0	0	0	0
Contractor Total illness frequency	1	0	0	0	0	0
Completion of Medical Surveillance Programs <small>(for all exposed / potentially exposed employees to industrial hazards)</small>	-	-	100%	100%	100%	100%

To date, the company has reported zero EHSS recordable incidents and achieved 1.7 million safe man-hours without a lost workday incident. In recognition of our commitment to creating a safe and healthy workplace, we are proud to announce that Advanced was awarded with the Labour Award for Occupational Health and Safety in the Work Environment track by the Ministry of Human Resources and Social Development in 2022. This award serves as a testament to our ongoing efforts to prioritize the well-being of our employees and create a sustainable work environment.

Health and Safety Performance	2020	2021	2022
Safe Man-hours	1.708 M	2.6 M	1.71 M
Work hours (employees)	782,781.10	1,029,599	812,948.95
Work hours (contractors)	926,094	3,104,393	901,208.09
SHE Index*	0	0	0
Incident rate direct hire**	0	0	0
Incident rate Contractors***	0	0	0
Violation From Local Authorities	0	0	0
Employee fatalities (#)	0	0	0
Contractor fatalities (#)	0	0	0
Employee lost time injuries (#)	0	0	0
Contractor lost time injuries (#)	0	0	0
LTIR Direct Hire	0	0	0
LTIR Contractor	0	0	0
Employee total recordable injuries (#)	0	0	0
Contractor total recordable injuries (#)	0	0	0
Total number of emergency response drills conducted (#)	28	36	31
Safety incident investigations initiated & completed (#)	70	59	26
Total hours of EHSS training provided to employees (hours)	674	10,290	8,052
Average hours of HSE training per employee (hours)	1.9	19	14.03

\* (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).



# 03

## ENVIRONMENTAL MANAGEMENT

As an organization, Advanced is committed to reducing its environmental impact, both in its own organization and in the value chain. To meet these goals, the company ensures that all suppliers comply with the same environmental standards that it deploys within its own operations. All of Advanced's environment related processes are governed by the ISO 14001 Environmental Management System and RC 14001 for Environmental Management Systems standards. These are also integrated with its ISO 9001 Quality Management System as well as other best practices that have been incorporated from other industries. As a result, 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 with Advanced's EHSSQ Policy which outlines

its position and expectations on all issues related to the environment. The company is working to align its internal policy with the precautionary principle, which will require the company to adopt precautionary measures when implementing any changes or updates in processes that have been recognised as a potential risk to both the business and the environment. This approach is evident in our internal process in management of change (MOC) as well as the company's pursuit for proven technologies and processes to minimise associated risks if any. Furthermore, Advanced applies Environmental Impact Assessments for all new projects and incorporates the precautionary principle into its decision-making process by carrying out significant research and analyses into the impacts of a potential new project.



VALUING ENVIRONMENTAL OPPORTUNITIES WILL ACCELERATE THE JOURNEY TOWARD NET ZERO TARGETS



# Emissions

Advanced is continually striving to improve its efforts to manage and monitor its environmental impact and to align with industry best practices. To this effect, our annual emissions from all stacks are carefully monitored and we have implemented a fugitive emission monitoring program. This programme has enabled us to conserve natural resources (including energy efficiency indirectly) and reduce some of our atmospheric pollution. These measures form part of Advanced's climate change impact approach and have been recognised as fully compliant with the Royal Commission Environment Regulation 2015.

In 2022, Advanced received zero violation and nonconformity notices from the Royal Commission Monitoring Parameters. This achievement was possible due to continued 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 2022, Advanced carried out an effective preventive maintenance program to reduce fugitive emissions to less than 1% of the total 3,760 inspected components.

While Advanced's total greenhouse gas (GHG) emissions in 2022 increased when compared to 2021, from 806,803 tons of CO<sub>2</sub> equivalent to 815,538 tons of CO<sub>2</sub> equivalent it should be noted that this is only marginally above the emissions recorded for 2020. In addition, GHG intensity per product is falling for both scope 1 and scope 2 emissions, down from 1.04 to 0.99 tCO<sub>2</sub>e/t product, and 0.31 to 0.25 tCO<sub>2</sub>e/t product, respectively. This falling trend represents a decrease in our emissions on a per-product basis and demonstrates the effectiveness of our fugitive emission monitoring program.

As part of our ongoing commitment to transparency and accountability, we have begun Scope-3 accounting and reporting for the Investment category with one of our overseas investments. By including this data in our sustainability report, we aim to provide a comprehensive picture of the environmental impact in our value chain and identify areas where we can make further improvements towards a more sustainable future.



GHG Emissions	2020	2021	2022
Direct GHG emissions (Scope 1) (tons of CO <sub>2</sub> eq)	644,367	623,252	652,276
Indirect GHG emissions (Scope 2) (tons of CO <sub>2</sub> eq)	197,528	183,551	163,262
Scope 3 emissions (Downstream investments) * (tons of CO <sub>2</sub> eq)	172,322	194,867	160,405
Total GHG emissions (sum of Scope 1 and scope 2) (tons of CO <sub>2</sub> eq)	841,895	806,803	815,538

\* Scope 3 emissions data, according to GHG protocol, originates from our joint venture in South Korea, SK Advanced Company, and is considered under "Operational Control" aspect.

GHG Intensity	2020	2021	2022
GHG Intensity Total (tCO <sub>2</sub> e/t product)	1.33	1.35	1.24
GHG per Sales (tCO <sub>2</sub> e/ SAR; thousand)	0.38	0.26	0.28

\* GHG Intensities reflect only our Scope 1 and Scope 2 emissions

In 2021, the reduction in our NO<sub>x</sub> emissions was attribute to the diligent maintenance of our plant. However, it's important to note that our current emissions production falls within the range of regular emissions for our operations.

NO <sub>x</sub> Emissions	2020	2021	2022
NO <sub>x</sub> , Emission (KG/y)	153,865	137,662	161,045
NO <sub>x</sub> , Intensity (kg NO <sub>x</sub> / Ton PP)	0.24	0.23	0.24



# Energy Management

As an energy-intensive organisation, Advanced is continuously seeking opportunities to enhance its energy efficiency and reduce unnecessary energy consumption with the aim of decreasing its use of fossil fuels. In addition, Advanced is also working to transition to cleaner energy sources.

Advanced has taken steps to reduce energy and natural resource consumption, in line with the National Transformation Programme of the Saudi Vision 2030 and several programmes which come under this umbrella including the Saudi Energy Efficiency Centre (SEEC).

Advanced has taken significant steps in reducing its energy consumption with regards to day-to-day energy optimisation and the implementation of capital projects to reduce energy intensity. This has resulted in significant savings that have gone beyond targets set by the regulatory bodies. Advanced has introduced several initiatives to reduce its energy use including the deployment of Heat Generation Material (HGM) in PDH reactors to drive significant improvements in energy intensity and feed efficiency.

In 2022, our total energy consumption increased when compared to 2021. However, our direct energy consumption (scope 1) was lower than that reported in 2020 and our indirect consumption (scope 2) was only marginally higher than those recorded in 2020. Our energy consumption on a per-product basis is continuing to fall year on year and decreased for both scope 1 and scope 2 emissions compared to values reported in 2020 and 2021. This falling trend represents a decrease in our energy usage on a per-product basis and provides support for the effectiveness of the initiatives that have been implemented. Moving forward, Advanced is looking to further reduce its energy and natural resource use by exploring the scope for implementing renewable resources and further optimization of existing systems.



## Energy Consumption

	2020	2021	2022
Total m3 of space across all the company's facilities (branches, offices, etc.)	90,755	90,755	90,755
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)	14,054,169	13,050,294	13,622,406
Diesel consumption from operations (L)	2496	2704	2496
Indirect energy consumption (Scope 2)			
Electricity consumption (Process , offices, etc.; GJ)	942,865	876,150	962,726
Renewable energy consumption (branches, offices, etc.; GJ)	0	0	0

## Energy Intensity

	2020	2021	2022
Energy Intensity Scope 1 (GJ/ t product)	22.14	21.85	20.64
Energy Intensity Scope 2 (GJ/ t product)	1.49	1.47	1.46
Energy Intensity (Sum of Scope 1 and Scope 2 intensities) (GJ/t product)	23.63	23.32	22.09
Energy Per Sales (GJ/ SAR; thousand)	6.7	4.5	4.94



# Water Management

Advanced is currently working on developing its organisational 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 2022, 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; optimising boiler blowdown and improving demineralised water train performance; optimising fogging water consumption; and reducing potable water make-up to fire water.

Water Use	2020	2021	2022
Total water withdrawal (m3)	736,500	701,877	687,672
Recycled wastewater (m3)	0	0	0

Water Use Intensity	2020	2021	2022
Water Intensity (t H <sub>2</sub> O / t product)	1.16	1.18	1.04
Water Intensity Per Sales (t H <sub>2</sub> O / SAR; thousand)	0.33	0.23	0.23



# Water Quality

Advanced employs external wastewater treatment facilities to treat wastewater produced by its facilities. These are sanitary wastewater and industrial wastewater quality of which comply with the standard requirements of the Royal Commission's Environmental Regulations and are monitored by the industrial self-monitoring reporting system. The table below outlines our sea water cooling to sea water channel monitoring parameters.

## SEA WATER COOLING WATER TO SEA WATER CHANNEL:

Parameters	Limits	2020	2021	2022
		Maximum Reading		
Delta T. (degrees Celsius)	0-10	9.4	9.5	7.76
pH	6-9	8.1	8.1	7.97
Total Organic Carbon [TOC], (mg/l)	0-75	0	0	<10
Total Suspended Solids [TSS], (mg/l)	0-40	11.2	7.6	3.02

## WASTE WATER STREAM TO INDUSTRIAL WASTE WATER TREATMENT PLANT (IWWTP):

Parameters	Limits	2020	2021	2022
		Maximum Reading		
pH	5-10	8	8	7.02
Total Organic Carbon [TOC], (mg/l)	0-800	44	60	35
Total Suspended Solids [TSS], (mg/l)	0-2000	63	104	63
Total Dissolved Solids [TDS], (mg/l)	0-2000	1365	1503	989





## Waste Management

Advanced's waste management programme is in line with the local authority and is incorporated into the company's environmental management systems. Advanced ensures that this programme is strictly always adhered to. As part of this programme, Advanced has implemented initiatives that aim to save resources by actively working to avoid waste or recycle where applicable. However, not all waste can be avoided or recycled and in these instances the company ensures that the waste is correctly and appropriately disposed of.

Advanced waste management procedure outlines all details pertaining to the segregation, storage, transportation, and disposal/recycling of waste and uses only approved transportation services and treatment facilities.

All the hazardous waste generated from Advanced is either recycled through an approved third-party recycling facility or disposed of through an approved third-party disposal facility (depending upon the waste characteristics) located inside Jubail Industrial city and in 2022, Advanced has achieved 95% industrial waste recycling. Wastes are segregated depending upon the waste characteristics, stored or packed in compatible containers (to avoid spillage during storage and transportation), labelled, and transported to the approved waste recycling or disposal facility. There were no major spills recorded during 2022.

Material Intensity Summary	2020	2021	2022
Material Effectiveness (KG / t product) *	4.85	19.87	11.07
Material Per Sales (KG / SAR; thousand)	1.4	3.8	2.48

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

Waste Generation and Resource Consumption	2020	2021	2022
<b>Total waste generated (Tonne)</b>	<b>602</b>	<b>3,248</b>	<b>1,630</b>
<b>Total waste disposed (Tonne)</b>	<b>124</b>	<b>1,630</b>	<b>86</b>
Hazardous waste disposed (Tonne)	58	1340	50
Non-hazardous waste disposed (Tonne)	66	290	36
<b>Total waste recycled (Tonne)</b>	<b>478</b>	<b>1,618</b>	<b>1,543</b>
Hazardous waste recycled (Tonne)	473	1,614	1,542
Non-hazardous waste recycled (Tonne)	3.90	3.61	1.84
Waste Recycling Rate	79%	50%	95%
Waste Recycling Intensity (KG Recycled waste/ Tonne PP product)	0.79	2.70	2.34
Waste Recycling Intensity (KG/SAR thousand)	0.214	0.520	0.524
<b>Materials</b>			
Total IT products recycled (Tonne)	3.90	7.64	1.84
Ex. Printer cartridges, fluorescent light tubes, personal computers			





# Spill Management

Advanced follows a comprehensive approach to product stewardship, beginning with its EHSS process. This process ensures the safe and responsible management of its polypropylene products by utilizing detailed strategies and measures. These measures include monitoring and evaluating the lifecycle of products and their potential impacts, minimizing and mitigating environmental and health risks, ensuring products are safe in production, transport, and use, and advocating for industry-wide safety and sustainability standards.

To further enhance safety measures, Advanced has implemented the RBI program for all static assets, including pressure vessels, heat exchangers, columns, tanks, filters, accumulators, and others. The RBI program conducts risk analysis using the MERIDIUM software platform, taking into account the Consequence of Failure and the Probability of Failure for each individual asset. From this analysis, RBI generates comprehensive inspection plans and techniques, as well as intervals to avoid any unexpected loss of containment. These inspection plans are tailored to every susceptible damage mechanism that occurs in each individual asset, with specific and detailed coverage.

Advanced recognizes the importance of emergency preparedness and response, which is why the Emergency Response and Planning System is in place to address all possible emergencies within the organization. This system covers environmental spills, security threats, and fire and safety hazards, with various scenarios on each topic, along with their effects and impacts. Preventive and mitigative measures to be taken in the event of an incident are also included in the system.

The Emergency Response Team (ERT) in Advanced consists of well-trained employees from operations, security, and fire departments.

Process Safety Indicators	2021		2022	
	Actual	Target	Actual	Target
Tier 1 Process Safety Incident (#)	0	0	0	0
Tier 2 Process Safety Incident (#)	0	0	0	0
PSTIR	0	0	0	0
PSISR	0	0	0	0



# Biodiversity

Biodiversity is essential for processes that support all life on Earth, including humans. Advanced recognises the importance of safeguarding biodiversity is actively taking measures to both understand and limit the impact that our operations have on local ecosystems. One example of this is Advanced Poly Olefins Company (APOC) green site, where a full Environmental and Social Impact Assessment (ESIA) study was conducted in 2020 to assess the suitability of the site for use in our operations.

This comprehensive evaluation involved a range of assessments such as groundwater sampling, a noise survey, ecology and biodiversity surveys, and socio-economic impact modelling. The outcomes of the ESIA demonstrated that the site did not have a high biodiversity value and was not classified as a protected area, nor an area of historical importance. There were no endangered species found at or close to the site. In addition, the ground water was not contaminated and met the Royal Commission Ambient water quality criteria (Table 3A-RCER 2015).





# 04

## SUSTAINABLE GROWTH AND INNOVATION

Advanced strives to positively impact the economic vitality of Saudi Arabia, while contributing to the overall achievements of the Saudi Vision 2030. To realise these ambitions, the company is working to enhance the positive economic impact of its operations for all stakeholders by optimising its asset management practices, using resources efficiently, upholding and improving product quality standards, and streamlining project deliveries.



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



# Economic performance

In 2022, Advanced recorded SAR 2.9B in revenue. Advanced recognises its focus on effective cost management, operational excellence, and dynamic marketing strategy as the key pillars to contribute to this success.

Economic Performance	2020	2021	2022
Direct Economic Value Generated			
Revenues (SAR; million)	<b>2,231</b>	<b>3,111</b>	<b>2,948</b>
Total assets (SAR; thousand)	<b>3,958,819</b>	<b>5,890,668</b>	<b>8,238,000</b>
Economic Value Distributed			
Operating expenses (before impairment charge; SAR; million)	<b>1,639</b>	<b>2,247</b>	<b>2,550</b>
Employee compensation (SAR; thousand)	<b>160,287</b>	<b>244,810</b>	<b>242,255</b>
EBITDA (SAR; thousand)	<b>846,827</b>	<b>1,109,009</b>	<b>512,599</b>
Donations and sponsorships (SAR; thousand)	<b>4,235</b>	<b>2,600</b>	<b>2,069</b>
Community investment as a % of pre-tax profit (%)	<b>1.06%</b>	<b>0.66%</b>	<b>1.10%</b>
Economic Value Retained			
Net income (SAR, thousands)	<b>595,589</b>	<b>815,395</b>	<b>294,501</b>

\*For more information, you can refer to Advanced's 2022 Annual Report.



## Product Stewardship

As a company, Advanced endeavours to provide its customers with high-quality products and services and aims to achieve excellence through commitment, creativity and innovation. The company aspires to be a reliable and trustworthy organisation that has a reputation for environmental, health, and safety excellence.

Our comprehensive evaluation process for petroleum-based products involves collaboration with stakeholders to assess market potential, performance, human health and environmental impact, and adherence to local and international standards. We prioritize transparent communication of HSE hazards, risk controls, transportation, and handling information through weekly driver toolbox meetings and the provision of TREM cards.

Advanced Petrochemical Company's approach to health, safety, and environmental management focuses on employee well-being and environmental preservation, implementing stringent

policies and procedures to meet local and international standards. Our holistic product stewardship is grounded in the EHSS process, employing detailed strategies and measures such as lifecycle monitoring, risk minimization, and advocating for industry-wide safety and sustainability standards.

Since 2021, all of Advanced's products are compliant with EU REACH Regulation (EC) No. 1907/2006 on the Registration, Evaluation, Authorization, and Restriction of Chemicals. This recent achievement demonstrates the quality and safety of Advanced's products, allowing us to establish our operational excellence and enter new markets.

Finally, we drive quality and performance enhancements in product stewardship by integrating stewardship principles throughout the product life cycle, emphasizing resource efficiency, environmental protection, and social responsibility.

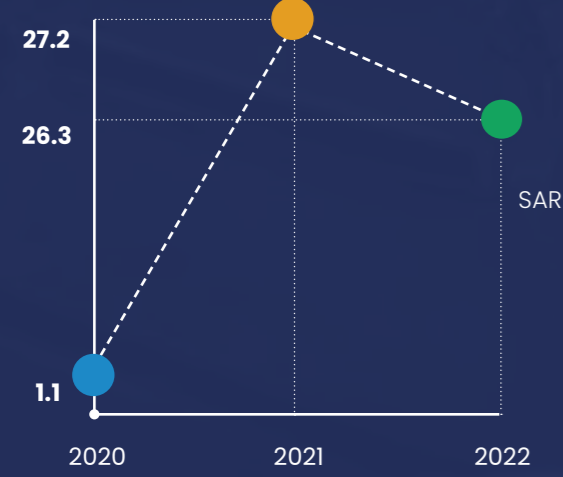
Health and Safety - Customers	2020	2021	2022
Number of incidents of non-compliance with regulations, voluntary codes, or supplier standards, concerning health and safety of products, services, or handling/transport/storage of product	<b>0</b>	<b>0</b>	<b>0</b>



# Technology and Innovation

Advanced fosters a culture of continual improvement, and technology and innovation are central to this culture. As a result, Advanced encourages its employees to actively contribute through innovative ideas that incorporate the principles of creativity, ingenuity, and inventiveness. It is important that these ideas consider key business attributes such as EHSS, ESG, profitability, reliability, operational and mechanical integrity, and general quality improvement. The development of this culture has had a positive impact on Advanced as a whole, with employees actively contributing new ideas that have added value to existing systems or created new systems entirely. For example, this has resulted in the generation of more than SAR 26.3 million value realisations from the Innovation program, and as part of our rewards and recognition programme, the top three ideas were recognised by the board of directors and executive management for their great contribution. Moreover, this year we have carried out a number of projects such as the Line-2 debottlenecking to help enhance plant capacity utilization by raising throughput from 46.5 to 48 MT/Hr, improving efficiency. This optimization led to potential savings of SAR 26 million per year and set new production records, showcasing commitment to continuous improvement and responsible operations.

Value Addition from Innovations Ideas (Millions; SAR)



### Prioritization



# Our Growth

Advanced has previously established a wholly owned subsidiary, Advanced Global Investment Company (AGIC), steering growth objectives and investment in the petrochemical businesses. Several key growth projects are already in operation at AGIC, including the development of a PDH-PP Plant in Jubail Industrial City-2 that is scheduled to start in 2024. Advanced is also involved in several other growth projects which aim to support and diversify Advanced's current operations. These include the creation of a joint venture company between SK Advanced and PolyMirae Company Ltd PolyMirae (a LyondellBasell and PolyMirae JV).





## Sustainable Supply Chain and Local Procurement

Advanced strives to provide high-quality products and services while ensuring that the supply chain remains sustainable. To this effect, one of the main goals of the company supplier management is compliance with fundamental environmental and social standards, alongside high-quality, reliable delivery, and competitive prices. To ensure that we achieve this, we have implemented several relevant strategies, processes, and guidelines and we are continuously improving on these to prevent violations of supply chain standards. Advanced's Vendor Performance Evaluation process frequently evaluates all of our major suppliers and is composed of three sections.

For transportation, Advanced has introduced a comprehensive bidding process which ensure applicants are adhering to the highest safety and quality standards and best practices. All transport service providers must be ISO 9001 QMS, ISO 14001 Environmental Management System, ISO 45001 OH & S and Gulf Surveyors certified. Service providers must also have SQAS qualifications which are in line with our Responsible Care Programme. In an effort to support local transporters, Advanced has hired two transport companies from within the Kingdom, to help ensure on-time delivery to our customers.

Advanced aims to support local businesses throughout its supply chain and so where possible preference is given to companies based in the Kingdom. The spendings on local suppliers has increased by almost 40% in comparison to the year 2021, with a total amount of 319 million SAR.



### Local Procurement

	2020	2021	2022
Total number of suppliers engaged (#)	468	419	403
Total number of local suppliers engaged (#)	355	337	318
Total procurement spending (SAR; million)	368	303	488
Procurement spending on local suppliers (SAR; million)	281	229	319
Percentage of spending on local suppliers (%)	77%	76%	65%

## Supplier Code of Conduct

In 2022, Advanced showed its commitment towards its stakeholders and specially suppliers by developing the Supplier Code of Conduct which was necessary to ensure that we fulfill our ethical commitments to our company and stakeholders. This Code of Conduct sets the general principles of conducting business with Advanced which serve as a foundation for Advanced Petrochemical Company's policies and guidelines

### Supplier Audits

	2020	2021	2022
Suppliers that are subject to audit (#)	6	98	0
Suppliers identified as having significant actual and potential negative impacts (#)	0	4	0
Suppliers with which improvements were agreed upon as a result of audit (#)	0	4	0
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. Advanced is eager to start and embrace circular economy approaches by rethinking how it designs, produces, and ships its products. Ultimately, the company aims to achieve this through the production of environmentally friendly products from its business while minimising all generated waste associated with it. This can be done through ensuring that its products are designed to last; either through longevity or through its reuse or recyclability.

In 2021, Advanced has begun its ESG transformation with the development of its framework.

Advanced Petrochemical Company has successfully recycled waste products by partnering with local organizations to obtain these materials and turn them into plastic resins for use in manufacturing other products.





# 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 CO <sub>2</sub> , 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>Occupational Illness</b>	Any abnormal condition or disorder, other than one resulting from an occupational injury, caused by exposure to factors associated with employment and/or work environment and that include the following in reference to OSHA: Respiratory Conditions, Skin Disorders, Noise -Induced Hearing Loss, Musculoskeletal Disorders, Occupational Cancers, Infectious Diseases , and Toxic Chemical Exposure.

<b>OSHA</b>	The Occupational Safety and Health Administration.
<b>LTIR</b>	Lost Time Incident Rate
<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** =  $\frac{(\text{tCO}_2\text{e})}{(\text{Ton of Polypropylene Product})}$

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

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

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

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



# APPENDIX B. ENVIRONMENTAL AND SOCIAL PERFORMANCE

## a. Environmental Performance

Waste Generation	2018	2019	2020	2021	2022
Total waste generated (Tonne)	2,530	1,032	602	3,248	1,630
Total waste disposed (Tonne)	2,046	554	124	1,630	86
Hazardous waste disposed (Tonne)	1,301	418	58	1,340	50
Non-hazardous waste disposed (Tonne)	745	137	66	290	36
Total waste recycled (Tonne)	484	478	478	1,618	1,543
Hazardous waste recycled (Tonne)	484	477	473	1,614	1,542
Non-hazardous waste recycled (Tonne)	0	1,070	3,897	3,615	1,845
Percent Recycle	19%	46%	79%	50%	95%

Material Effectiveness	2017	2018	2019	2020	2021	2022
Quantity (KG)	6,902,456	8,756,293	5,345,494	3,080,162	11,865,184	7,304,053
Material Effectiveness (KG / t product)	11.55	14.22	8.31	4.85	19.87	11.07
Material Per Sales ( KG/ SAR; thousand)	2.9	3.2	2.1	1.4	3.8	2.48

Water Withdrawal	2017	2018	2019	2020	2021	2022
Total water withdrawal (m3)	702,675	633,974	663,351	736,500	701,877	687,672
Recycled wastewater (m3)	0	0	0	0	0	0
Water Intensity (t H2O / t product)	1.18	1.03	1.03	1.16	1.18	1.04
Water Per Sales (t H2O / SAR; thousand)	0.29	0.23	0.26	0.33	0.23	0.23



Energy Consumption	2017	2018	2019	2020	2021	2022
Direct Energy Consumption (Scope-1)	<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>	<b>13,622,406</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>	<b>2,496</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>	<b>962,726</b>
Renewable energy y	<b>0</b>	<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>	<b>20.64</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>	<b>1.46</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>	<b>22.09</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>	<b>4.94</b>

GHG Emissions	2017	2018	2019	2020	2021	2022
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>	<b>652,276</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>	<b>163,262</b>
Scope 3 emissions (Downstream investments)	<b>NA</b>	<b>NA</b>	<b>213,760</b>	<b>172,322</b>	<b>194,867</b>	<b>160,405</b>
Total GHG emissions (sum of Scope 1, Scope 2 and Scope 3) (tons of CO <sub>2</sub> eq)	<b>816,893</b>	<b>815,774</b>	<b>1,048,340</b>	<b>1,014,217</b>	<b>1,001,670</b>	<b>975,943</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>	<b>0.99</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>	<b>0.245</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>	<b>1.24</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>	<b>0.28</b>



## b. Social Performance

Human Capital	2019	2020	2021	2022
New employee hires in senior management (#)	1	2	1	1
New employee hires in middle management (#)	0	2	6	1
New employee hires (not senior or middle management) (#)	18	25	187	72
New employee hires by gender				
Male (#)	19	29	194	64
Female (#)	0	0	0	10
New employee hires by age				
Workforce by age 18-30 (#)	4	12	144	37
Workforce by age 31-50 (#)	12	1	43	31
Workforce by age 51+ (#)	3	16	7	6
Female employment				
Number of female employees (#)	-	-	-	10
Female employment rate (%)	-	-	-	1.7
Females in senior management (#)	-	-	-	0

Employee turnover				
Total number of employees who left the organization (#)	19	15	39	33
Turnover rate (%)	5.4%	4.2%	7%	5.75%
Turnover by employment				
Senior management (#)	1	0	1	0
Middle management (#)	1	2	7	1
Staff (#)	17	13	31	32
Turnover by gender				
Male (#)	19	15	39	33
Turnover by age				
Workforce by age 18-30 (#)	-	2	8	4
Workforce by age 31-50 (#)	16	9	15	17
Workforce by age 51+ (#)	3	4	16	12



Employee Training (#)	2019	2020	2021	2022
Leadership training hours	70	0	1247	256
Leadership training sessions	1	0	24	1
Leadership training employees	2	0	78	16
JQP training hours	78	50	18410	
JQP training sessions	39	25	63	60
JQP training employees	71	66	51	60
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	1416
Soft Skills training sessions	5	1	1032	7
Soft Skills training employees	51	138	94	139
E-Learning training sessions	NA	0	1360	23831
E-Learning training employees	NA	0	273	574
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	2022
Employee engagement (%)	100%	100%	100%	100%
Full time employees who received a performance and career development review (#)	335	333	414	446
Performance and career development (by employee level)				
Senior management employees that received performance and career development review (#)	5	6	7	7
Middle management employees that received performance and career development review (#)	15	14	21	21
Non-management employees that received performance and career development review (#)	315	313	386	425
Performance and career development (by gender)				
Male employees that received performance and career development review (#)	335	333	414	446
Female employees that received performance and career development review (#)	0	0	0	0
Employee Absentee Rates	2019	2020	2021	2022
Total number of missed workdays (#)	1,835	2,833	1,529	1,554
Total workdays (full time employees) (#)	92,928	94,512	140,934	145,404
Employee absentee rate (%)	2	3	1.08	1.07



# GRI CONTENT INDEX

"For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report."



## GRI content index

Statement of use	Advanced Petrochemical Company has reported in accordance with the GRI Standards for the period 1 January 2022 - 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK	IPECA
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	<a href="https://advancedpetrochem.com/about-advanced/">https://advancedpetrochem.com/about-advanced/</a>	
	2-2 Entities included in the organization's sustainability reporting	11	
	2-3 Reporting period, frequency and contact point	11	
	2-4 Restatements of information	56, 58, 60	
	2-5 External assurance	104-107	
	2-6 Activities, value chain and other business relationships	<a href="https://advancedpetrochem.com/about-advanced/">https://advancedpetrochem.com/about-advanced/</a>	
	2-7 Employees	56, 57, 92, 93	SOC-1
	2-8 Workers who are not employees	All employees are full time employees.	SOC-1
	2-9 Governance structure and composition	<a href="#">Annual Board Report 2022</a> , 69	GOV-1

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK	IPECA
	2-10 Nomination and selection of the highest governance body	<a href="#">Annual Board Report 2022</a> , 71	GOV-1
	2-11 Chair of the highest governance body	12	GOV-1
	2-12 Role of the highest governance body in overseeing the management of impacts	31	GOV-1, CCE-1
	2-13 Delegation of responsibility for managing impacts	31	GOV-1, CCE-1
	2-14 Role of the highest governance body in sustainability reporting	31	GOV-1, CCE-1
	2-15 Conflicts of interest	43	
	2-16 Communication of critical concerns	44	
	2-17 Collective knowledge of the highest governance body	<a href="#">Annual Board Report 2022</a> , 72 - 83	
	2-18 Evaluation of the performance of the highest governance body	<a href="#">Annual Board Report 2022</a> , 84, 96	
	2-19 Remuneration policies	<a href="#">Annual Board Report 2022</a> , 96 - 97	
	2-20 Process to determine remuneration	<a href="#">Annual Board Report 2022</a> , 114 - 115	
	2-21 Annual total compensation ratio	Confidential information	
	2-22 Statement on sustainable development strategy	13	
	2-23 Policy commitments	43, 44	GOV-3
	2-24 Embedding policy commitments	<a href="#">Annual Board Report 2022</a> , 30-31, 42, 45	
	2-25 Processes to remediate negative impacts	44	
	2-26 Mechanisms for seeking advice and raising concerns	44	
	2-27 Compliance with laws and regulations	43	GOV-1
	2-28 Membership associations	24	
	2-29 Approach to stakeholder engagement	36	SOC-9
	2-30 Collective bargaining agreements	This does not apply to the Kingdom of Saudi Arabia.	



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK	IPECA
<b>Material topics</b>			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	37	
	3-2 List of material topics	37	
<b>Health and Safety</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	62	SHS-1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	62	GOV-1, SHS-1
	403-2 Hazard identification, risk assessment, and incident investigation	62, 63	SHS-2
	403-3 Occupational health services	62, 63	SHS-1
	403-5 Worker training on occupational health and safety	63	
	403-6 Promotion of worker health	52	SHS-2
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	62, 63	SHS-6
	403-9 Work-related injuries	63	SHS-3
	403-10 Work-related ill health	62, 63	SHS-3
<b>Governance, Ethics and Compliance</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	42, 43	GOV-3
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	43, 45	GOV-3
	205-2 Communication and training about anti-corruption policies and procedures	43	GOV-3
	205-3 Confirmed incidents of corruption and actions taken	43	GOV-3

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK	IPECA
<b>Energy, GHG emissions and Climate Change</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	66, 68	GOV-1
GRI 302: Energy 2016	302-1 Energy consumption within the organization	69	CCE-6
	302-2 Energy consumption outside of the organization	69, 90	CCE-6
	302-3 Energy intensity	69	CCE-6
	302-4 Reduction of energy consumption	68	CCE-6
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	67	CCE-4
	305-2 Energy indirect (Scope 2) GHG emissions	67	CCE-4
	305-3 Other indirect (Scope 3) GHG emissions	67	CCE-4
	305-4 GHG emissions intensity	67	CCE-4
	305-5 Reduction of GHG emissions	68	CCE-4
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	67	CCE-5, ENV-5
<b>Human Welfare and Development</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	54, 57, 58	SOC-7
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	57	SOC-5
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	57	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	58	SOC-7
	404-2 Programs for upgrading employee skills and transition assistance programs	57	SOC-7
	404-3 Percentage of employees receiving regular performance and career development reviews	59	SOC-7



GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK	IPECA
<b>Product Stewardship</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	79	SHS-5
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	74, 79	SHS-5
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	79	SHS-5
<b>Waste Management</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	72	ENV-7
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	72, 74	ENV-7
	306-2 Management of significant waste-related impacts	72, 84	ENV-7
	306-3 Waste generated	72	ENV-7
	306-4 Waste diverted from disposal	72	ENV-7
	306-5 Waste directed to disposal	72	ENV-7
<b>Water Management</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	70	ENV-1
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	70, 71	ENV-1
	303-3 Water withdrawal	70	ENV-1
<b>Economic Performance</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	78	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	78	
	201-2 Financial implications and other risks and opportunities due to climate change	Annual Board Report 2022, 63	
	201-3 Defined benefit plan obligations and other retirement plans	60	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK	IPECA
<b>Sustainable Supply Chain</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	82	SOC-1
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	83	SOC-14
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	83	
	308-2 Negative environmental impacts in the supply chain and actions taken	83	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	83	SOC-2
	414-2 Negative social impacts in the supply chain and actions taken	83	SOC-2
<b>Community Investment and Engagement at CSR</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	50	SOC-9
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	60	SOC-1, SOC-15
<b>Circular Economy</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	84	ENV-7
<b>Diversity and Equality</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	61	SOC-1
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	56	SOC-1
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	44	SOC-8





GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION / LINK	IPECA
<b>Biodiversity</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	75	ENV-3
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	75	ENV-4
	304-2 Significant impacts of activities, products and services on biodiversity	75	ENV-3
<b>Customer Satisfaction</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	49	
<b>Data Security</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	46	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaints regarding customer privacy breach was recorded in 2022.	SHS-7
<b>Topics not covered by the GRI Standards</b>			
Technology and Innovation			
GRI 3: Material Topics 2021	3-3 Management of material topics	80	

# INDEPENDENT ASSURANCE STATEMENT



## Scope and Approach

DNV Business Assurance Group AS Dubai Branch ('DNV') was engaged by the management of Advanced Petrochemical Company ('Advanced' 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 Advanced ESG Report 2022 ('the Report') in its printed format for the financial year ending 31st December 2022. The data verification was completed for one (1) year period covering January 2022 to December 2022. 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 Advanced

website for the current reporting period.

The materiality assessment was performed in November 2021 and presented in the Report in the "Stakeholder Engagement" chapter.

The reporting topic boundaries for sustainability performance chosen by Advanced 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 Advanced's second sustainability report. The sustainability report is prepared as per GRI Standards and assured in accordance with ISAE3000 and DNV VeriSustain. The Management ('ESG committee at Advanced') 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 Advanced.

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 Advanced.

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 performed a blended work at Advanced's in Jubail, Saudi Arabia, 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 2022 to 31st December 2022. The data covers two Advanced's sites in the Jubail that under its direct control;
- assessed Advanced's sites at Jubail, 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 Advanced (Advanced Petrochemical Company) – to review the processes and systems for aggregating affiliate-level sustainability information, as well as overall aggregation and consolidation of data from affiliates by the sustainability team at the Advanced site in Jubail, 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 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, written in accordance with the GRI Standard.

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 Advanced's sustainability performance including adherence to the Principles for Defining Report Content.

Without affecting our assurance opinion, we provide 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 Advanced'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 Advanced's ESG Report 2022. 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 Advanced'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 Advanced has established towards monitoring, capturing and reporting its performance related to its identified material topics from its various divisions using customized spreadsheets. The majority of data and information verified by us with data owners and management at Advanced 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. Advanced 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 Advanced’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 Advanced and its affiliates in the Kingdom of Saudi Arabia. However, Advanced may further strengthen its disclosures in future reporting periods by identifying and reporting on impacts and performance related to material topics in

its external boundaries such as significant value chain entities.

**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 Advanced’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 Business Assurance Group AS Dubai Branch**

		
<b>Vikas Bankar</b> Verifier, Middle East DNV AS, Dubai Branch	<b>Olga Rudkovskaya</b> Lead Verifier, Middle East DNV AS, Dubai Branch	<b>Oliver Javier</b> Technical Reviewer Middle East DNV AS, Dubai Branch

18th June 2023, Dubai, United Arab Emirates.

DNV AS, Dubai Branch is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.com](http://www.dnv.com)





# FEEDBACK & INQUIRIES

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

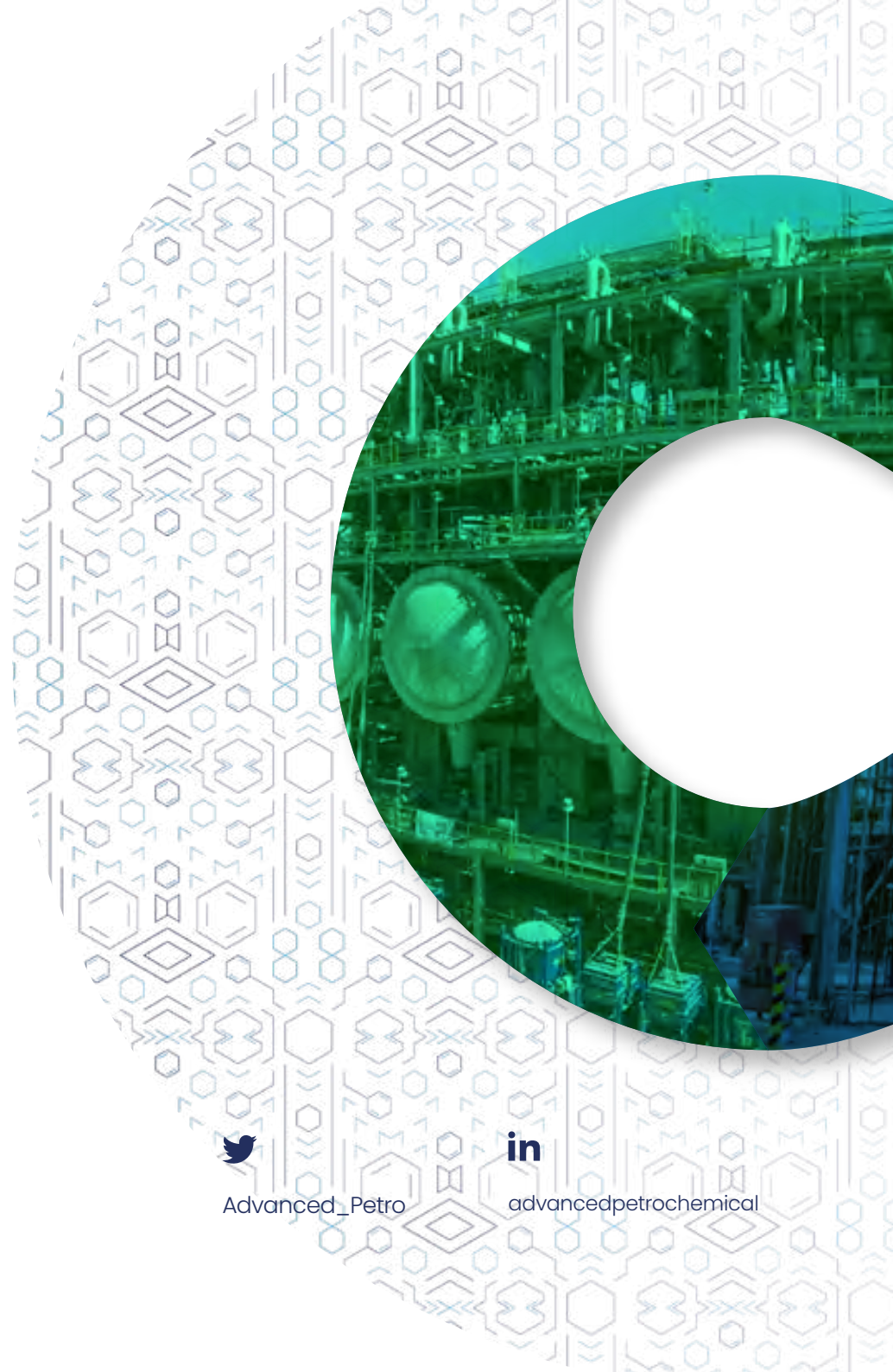






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