



SUSTAINABILITY  
**REPORT**  
2023

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## Contents

About this Report	3	Emissions	20	Transforming Governance and Business	38
Message from the Executive President	4	Waste Management	21	Governance and Business Ethics	39
About S-Chem	6	Water Management	22	Supply Chain Management and Procurement	40
S-Chem At a Glance	7	Biodiversity	23	Data Privacy and Security	42
Economic Impact	8	Strengthening People and Communities	24	Appendices	45
Sustainability at S-Chem	10	Our Workforce	25	Appendix A: Acronyms	46
Stakeholder Engagement	12	Health and Safety	26	Appendix B: Definition of Material Issues	48
Materiality	13	Recruitment and Retention	28	Appendix A. GRI Content Index	50
Sustainability Framework	14	Talent Growth and Development	30		
Alignment of S-Chem's Sustainability Approach with National and International Standards	15	Nationalization	32		
Safeguarding the Environment	17	Diversity and Inclusion	33		
Environmental Management System	18	Customer Satisfaction	35		
Energy Management	19	Social Responsibility	36		

## About this Report

*S-Chem is committed to upholding high standards of environmental, social, and governance (ESG) performance. This annual sustainability report highlights this commitment by detailing our progress towards the performance targets most material to our business and our stakeholders in 2023.*

### Report Scope and Boundary

This annual sustainability report covers S-Chem's ESG performance from 1 January 2023 to 31 December 2023. The scope of this report covers the operations of Saudi Chevron Phillips Company (SCP), Jubail Chevron Phillips Company (JCP) and Saudi Polymers Company (SPCo), which are collectively known as S-Chem.

### Reporting Frameworks and Sustainability Standards

This sustainability report has been prepared with reference to the Global Reporting Initiative (GRI) Standards. Other sustainability-related standards and ambitions have been considered, including the ESG guidelines issued by the Saudi Tadawul, Saudi Vision 2030 and the United Nations Sustainable Development Goals (UN SDGs), along with the expectations of ESG rating agencies.

### Materiality

S-Chem's report has been developed with consideration for the priorities, needs, and expectations of our stakeholders. The material topics covered in this report have been determined by a materiality assessment that considered S-Chem's objectives, operations, and impacts.

### Feedback and Suggestions

Feedback, suggestions, or enquiries regarding the content of this report are welcome. Please contact S-Chem via email at [SAAJRASchemSustainability@SaudiChevron.com](mailto:SAAJRASchemSustainability@SaudiChevron.com)





## Message from the Executive President

**Dear Stakeholders,**

*I am pleased to welcome you to S-Chem's 2023 sustainability report. Since our inception with the Saudi Chevron Phillips project in 1999, S-Chem has grown into a cornerstone of the petrochemical industry in Saudi Arabia. Our commitment to producing high-quality products through safe and reliable operations has driven our success, and the subsequent projects—Jubail Chevron Phillips in 2008 and Saudi Polymers Company in 2012—have solidified our position as one of the region's leading industrial players.*

Our focus has always been on maintaining the highest standards of quality across our operations while continuously evolving our organizational structure to meet the rapid growth of our business. This evolution is supported by long-term strategic planning, which allows us to quickly adapt and deploy new initiatives, ensuring that we remain at the forefront of the industry.

In 2023, we introduced our inaugural sustainability framework, structured around three core pillars: Safeguarding the Environment, Strengthening People and Communities, and Transforming Governance and Business. The framework sets forth our sustainability approach and will guide our efforts to drive positive environmental, social, and economic impacts across all our operations.

In safeguarding the environment, we are committed to reducing our environmental footprint through enhanced energy management, waste reduction, and water conservation initiatives. S-Chem's operations are both Responsible Care (RC) and ISO 14001 certified. In 2023, we completed two key energy efficiency projects, these projects resulted in energy savings and has decreased our annual CO2 emissions.

Strengthening people and communities is central to our success. We believe that the foundation of any successful company is its human capital, and we are committed to the continuous development of our employees' skills and performance. In 2023, we expanded our training programs and continued to uphold our commitment to nationalization with talented Saudi workforce. We also take great care in supporting our employees and their families, recognizing that our continued success is the result of their dedication and loyalty. Safety and security in the workplace are

paramount, and we have robust programs in place to ensure the well-being of our workforce. Notably, 100% of employees are covered by our health and safety management system.

To maintain robust standards of governance and an agile business approach, S-Chem will continue to innovate and adapt, guided by the shared vision of our stakeholders. Following the international best practices, our operations are ISO 9001 and ISO14001 certified. We are committed to strengthening our role as a trusted business partner and to positively contributing to Saudi Vision 2030 and the United Nations Sustainable Development Goals. I am confident that our collective efforts will lead to a more sustainable and prosperous future for all.

I would like to express my deepest gratitude to our employees for their unwavering commitment, outstanding performance, and continuous efforts that have been instrumental in transforming S-Chem into the industry leader it is today.

**“Our focus has always been on maintaining the highest standards of quality across our operations while continuously evolving our organizational structure to meet the rapid growth of our business.”**



Sincerely,  
**Mr. Fayez Al-Anazi**

About S-Chem

S-Chem is a leading regional petrochemical facility headquartered in Al-Jubail, Saudi Arabia. Comprised of Saudi Chevron Phillips Company (SCP), Jubail Chevron Phillips Company (JCP), and Saudi Polymers Company (SPCo), S-Chem was established through joint ventures with significant stakeholders Arabian Chevron Phillips Petrochemical Company (ACP) and National Petrochemical Company (Petrochem). All entities within S-Chem are Saudi registered joint ventures operating from Saudi Arabia.

S-Chem Production Facilities

- **Saudi Chevron Phillips Company (SCP):** Produces Benzene, Motor Gasoline, and Cyclohexane, in operation since December 1999.
- **Jubail Chevron Phillips Company (JCP):** Produces Ethylene, Styrene, and Propylene, in operation since 2008.
- **Saudi Polymers Company (SPCO):** Produces High-Density and Medium Density Polyethylene, 1-Hexene, and Polypropylene, in operation since 2012.

**Our Vision**

To be the leading regional petrochemical company, known as employer of choice, trusted partner, committed to safety, the environment, our community, and to drive sustainable growth.

**Our Mission**

To safely, reliably and sustainably produce products of the highest quality, while being accountable to all stakeholders and exceeding their expectations.

S-Chem Core Products

<b>Polyethylene</b>	Polyethylene: Commonly used in packaging materials (like plastic bags, bottles, and films), containers, and household goods. Polyethylene is one of the most produced plastics in the world.
<b>Polypropylene</b>	Derived as a co-product of ethylene production, propylene is an essential ingredient in the manufacturing of polypropylene plastics used in applications ranging from extrusion and injection molding to fibers production. Propylene is also a precursor for chemicals like acrylonitrile and cumene.
<b>1-Hexene</b>	Primarily used as a comonomer in the production of polyethylene, specifically high-density polyethylene (HDPE) and linear low-density polyethylene (LLDPE). It improves the toughness and clarity of the plastic products.
<b>Styrene</b>	Styrene is a monomer crucial for producing a wide array of polymers and copolymers, including polystyrene and expanded polystyrene, for use in packaging, insulation, and a variety of consumer goods.
<b>Benzene</b>	Benzene is a crucial chemical building block and it is a component of many chemical compounds. Also, it has several commercial uses and demand. Producing of Styrene monomer is the largest use of benzene, followed by cumene/phenol, cyclohexane and nitrobenzene. These products are used to manufacture a wide range of plastics, fibers, resin and films. Benzene is also used as a major part of gasoline, and it is an excellent solvent for waxes, resins, gums, rubber and various other organic materials.
<b>Cyclohexane</b>	Cyclohexane is an alicyclic hydrocarbon comprising a ring of six carbon atoms; the cyclic form of hexane, used as a precursor to manufacture nylon 6 and 6,6. It also has a role as a non-polar solvent, industrial catalyst carrier and process diluent. Cyclohexane is considered as cycloalkane, colorless and a volatile organic compound.

For more information regarding our products, please visit S-chem's [website](#).

S-Chem At a Glance


1,604   
Employees

Responsible  
Care®   
certified

1,230,164   
MMbtu Energy savings

35%   
decrease in customer complaints received compared to last year

3   
production facilities

ISO 14001  
ISO 9001, Halal   
certified


Zero   
high severity cyberattacks over the past three years


2,137   
participants in training programs

SAR 1.5m   
allocated toward community investment

SAR 16 B   
revenues

Zero   
fines for non- compliance with environmental laws and regulations

100%   
of employees covered by the health and safety management system

61%   
increase in training hours for female employees compared to previous year

65%   
increase in number of volunteers compared to previous year



## Economic Impact

*S-Chem’s direct economic impact is characterized by strategic investments in infrastructure, the provision of in-demand industrial products, significant employment generation, and diversification of the Saudi economy beyond oil and gas. Our ongoing commitment to sustainable growth and stakeholder engagement ensures that we remain a key contributor to the economic development of Saudi Arabia.*

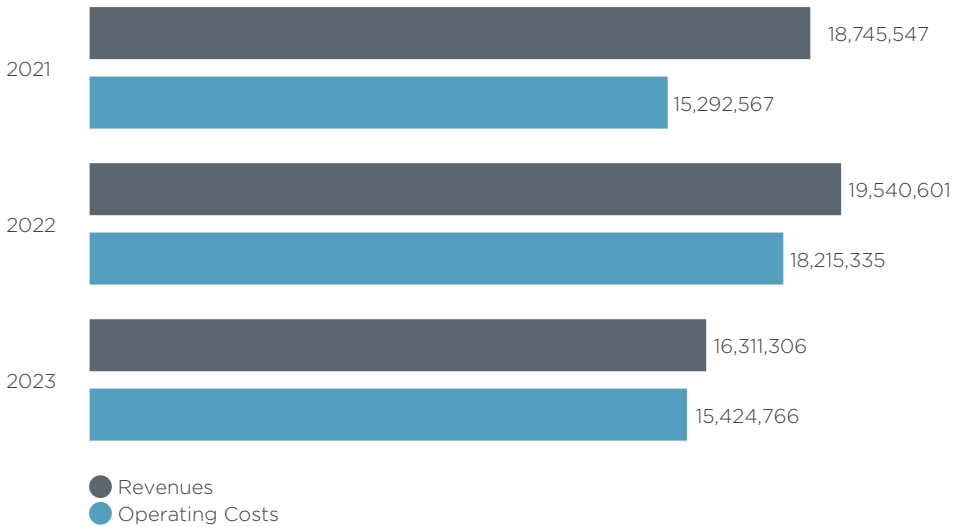
S-Chem’s investment strategy is designed to drive sustainable growth and financial stability, with capital expenditure directed towards enhancing infrastructure, optimizing operations, and ensuring long-term value creation. We continue to deliver value to our shareholders through both share buybacks and dividend payments.

While revenues in 2023 declined by 16.5% due to a temporary dip in demand and operational adjustments, including a major turnaround in 2022 and an early 2023 shutdown at SPCo, we successfully navigated these challenges independently.

Additionally, as SPCo completed loan repayments, our payments to capital providers decreased by 94.2%, further reinforcing our financial resilience.

Financial Performance	Unit	2021	2022	2023
Revenues	SAR '000	18,745,547	19,540,601	16,311,306
Operating Costs	SAR '000	15,292,567	18,215,335	15,424,766

Revenues & Operating Costs  
SAR '000



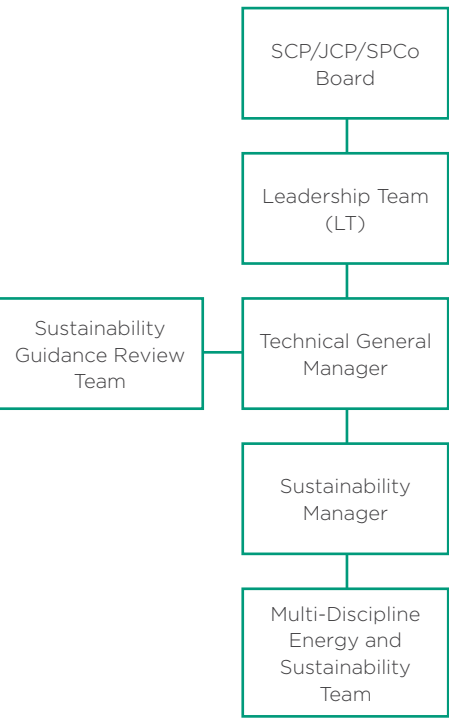


# Sustainability at S-Chem

## Sustainability at S-Chem

*As one of the region's leading petrochemical facilities, S-Chem has a responsibility to uphold stringent sustainability standards and manage the ESG impacts of our operations with the aim of cultivating sustainable growth for our customers, suppliers, partners, employees, and communities.*

To achieve these objectives, S-Chem has established social goals and environmental ambitions to measure and drive our performance. These ambitions are periodically reviewed to ensure their alignment with current sustainability challenges and opportunities. Moreover, S-Chem's Sustainability Team holds quarterly meetings with the leadership to review progress and discuss new sustainability projects. Finally, these performance metrics are integrated into our remuneration policies.





## Stakeholder Engagement

*Stakeholder engagement is crucial for understanding stakeholders’ perspectives, fostering collaboration, and ensuring that their concerns and inputs are integrated into decision-making processes. Effective stakeholder engagement builds trust, and enhances the organization’s ability to address social, environmental, and economic challenges comprehensively.*

S-Chem’s stakeholders are identified based on business needs and customer portfolios, primarily focusing on B2B engagements. Our primary stakeholders include our shareholders, employees, customers, suppliers, investors, regulatory/government bodies, industry associations, and the communities in which we operate.

In order to continuously improve our organization, we encourage all stakeholders to engage proactively with our company to share their feedback and to help us mitigate potential risks. These engagements include periodic reports, meetings, and continuous communication and involvement with our organization.



## Materiality

*From a Global Reporting Initiative (GRI) perspective, materiality refers to the process of identifying the most significant economic, environmental, and social issues that can impact an organization and its stakeholders.*

These issues, which may influence stakeholder decisions or affect the organization’s ability to create long-term value, form the basis for prioritizing and reporting sustainability performance.

In 2023 we conducted a materiality assessment to determine the sustainability topics most material to our business. Through this process, we identified and prioritized the most critical sustainability topics associated with our strategic direction and operations. These priorities have informed the development of our sustainability framework and the structure and content of this report.

### Our Materiality Process

**1. Research**  
We conducted an assessment to understand the broader impacts of our operations, as well as a detailed analysis of the sustainability requirements of industry and recognized standards and ESG rating agencies.

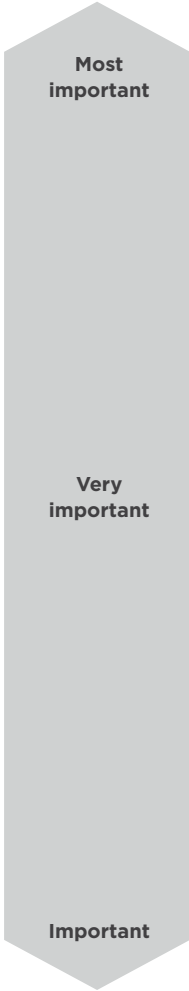
**2. Identify**  
Based on our research, we identified the sustainability topics most material to our business, our industry, and our stakeholders.

**3. Analyze**  
Using the identified topics, we ranked and prioritized each based upon the degree of significance for S-Chem. The final list of material topics was reviewed and validated by our management.

**4. Inform**  
Following the validation, we developed our sustainability framework based on the material topics to drive progress across ESG priorities.

Emissions	
Energy Management	
Health and Safety	
Governance and Business Ethics	
Customer Satisfaction	
Social Responsibility	
Talent Growth	
Nationalization	
Diversity and Inclusion	
Economical Impact	
Supply Chain	
Water Management	
Waste Management	
Biodiversity	
Data Privacy and Security	

Environment    Social    Governance





## Sustainability Framework

*S-Chem's sustainability framework centers on the sustainability priorities we have identified as most material to our company and our stakeholders through our materiality assessment. The framework sets forth S-Chem's overall approach to sustainability and is structured around three core pillars.*

The content of this report is organized according to these three pillars. Please refer to subsections to find out more about S-Chem's overall sustainability approach and ambitions.



## Alignment of S-Chem's Sustainability Approach with National and International Standards



### Saudi Vision 2030

Saudi Vision 2030 is a strategic framework aimed at transforming Saudi Arabia's economy by reducing its dependence on oil, diversifying income sources, and fostering sustainable development across various sectors. This ambitious vision promotes innovation, investment in renewable energy, and the enhancement of human capital, positioning sustainability at the heart of the nation's long-term growth strategy. Through its initiatives, Saudi Vision 2030 seeks to balance economic progress with environmental stewardship and social well-being.



### UN SDGs

The United Nations Sustainable Development Goals (UN SDGs) are a global blueprint for achieving a more sustainable and equitable future by 2030. Comprising 17 interconnected goals, the SDGs address critical challenges and environmental degradation. By aligning with the SDGs, organizations can contribute to global efforts in fostering economic growth, environmental protection, and social inclusion, ensuring long-term positive impact for both people and the planet.





At the beginning of each chapter, we highlight the ways we align with the UN SDGs and Saudi Vision 2030.

Saudi Vision 2030

UN SDGs

S-Chem's Approach and Aspirations

A Vibrant Society

3 GOOD HEALTH AND WELL-BEING

S-Chem prioritizes the health, safety, and well-being of its employees. By implementing comprehensive health and safety management systems, providing medical services, and ensuring safe working conditions, S-Chem supports the goal of ensuring healthy lives and promoting well-being for all at all ages.

6 CLEAN WATER AND SANITATION

S-Chem implements efficient water management practices aimed at reducing water consumption and minimizing wastewater discharge. Through continuous monitoring and improved treatment processes, S-Chem contributes to the responsible use of water resources.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

S-Chem's waste management approach aligns with the goal of ensuring sustainable consumption and production patterns. We focus on reducing routine waste, optimizing recycling processes, and promoting circular economy practices.

An Ambitious Nation

17 PARTNERSHIPS FOR THE GOALS

S-Chem's emphasis on governance, including supply chain management, data privacy, and security, aligns with the goal of partnering for peaceful and inclusive societies. Implementing rigorous compliance and ethical standards strengthens institutional integrity and transparency.

Saudi Vision 2030

UN SDGs

S-Chem's Approach and Aspirations

A Thriving Economy

4 QUALITY EDUCATION

Through various training and development programs, such as TAMHEER/COOP Training, Professional Development Programs, and the Educational Refund Program, S-Chem contributes to the goal of ensuring quality education and promoting lifelong learning opportunities for all.

7 AFFORDABLE AND CLEAN ENERGY

By continuously improving energy efficiency within its operations and exploring cleaner energy alternatives, S-Chem reduces its environmental impact while aligning with global goals for more sustainable energy use.

8 DECENT WORK AND ECONOMIC GROWTH

By creating a supportive work environment, offering competitive benefits, and fostering talent growth and retention, S-Chem contributes to the goal of promoting productive employment, and decent work for all.

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

S-Chem is enhancing its infrastructure and integrating practical innovations to optimize operations. Through these improvements, the company contributes to more efficient and sustainable industrial practices, supporting resilient economic development.

13 CLIMATE ACTION

Our commitment to reducing emissions through decarbonization studies and energy efficiency improvements directly supports climate action.

# Safeguarding the Environment

As a petrochemicals company, S-Chem recognizes that our manufacturing processes and products have an impact on the environment, people and society at large. We aim to reduce our impact through product and process innovation, performance monitoring, and by complying with national and international regulations. Our focus is on continually improving energy efficiency, reducing emissions, conserving water, and managing waste across our operations.

### Material Topics Covered in this Section

- Emissions
- Energy Management
- Water Management
- Waste Management
- Biodiversity

### UN SDG Alignment

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

### Saudi Vision 2030 Alignment

- A Thriving Economy
- A Vibrant Society

17

S-CHEM | 2023 SUSTAINABILITY REPORT



## Environmental Management System

*S-Chem’s Environmental Management System (EMS), certified under ISO 14001, provides a robust framework for managing environmental, operational, and maintenance procedures to ensure compliance with both regional and global standards.*

This system includes environmental control devices and monitoring systems, such as Distributed Control System (DCS) alarms linked to Continuous Emissions Monitoring Systems (CEMS), as well as a labware system for conducting and managing environmental analyses. Our EMS ensures that all procedures are aligned with environmental permit requirements, supported by comprehensive Learning Management System (LMS) training for employees. S-Chem also holds Responsible Care® certification, with both the RC and ISO 14001 certifications renewed annually through third-party audits to maintain continuous improvement. In addition, the site undergoes regular internal self-audits and a triennial third-party audit by Chevron Phillips Chemical (CPChem), ensuring rigorous adherence to environmental compliance and performance.








**Environmental Testing and Assessment**

To identify and prevent potential environmental concerns related to manufacturing and production, we conduct regular environmental testing campaigns, including stack testing and Leak Detection and Repair (LDAR). These annual programs are performed in line with environmental permit conditions to ensure compliance with local environmental regulations. We utilize an approved third party by the local legislator to conduct these test, we never exceed permit limits and remain committed to environmental protection. As part of our procedures, we also publish routine and non-routine environmental reports for local regulatory bodies.

As part of our environmental permit applications, we assess all environmental aspects related to air, water, waste, noise, and hazardous materials and ensure compliance with local regulatory and environmental requirements. Permit applications are submitted every five years or whenever there are major plant modifications.

**Zero significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2023.**

At S-Chem, we believe setting environmental targets is crucial for tracking and reducing impact, fostering innovation and improving production processes. We established a set of environmental priorities for 2024 below to address the areas where S-Chem has the most impact as:

-  Complete decarbonization study and develop goals to support climate action plan
-  Implement energy saving initiatives that reduce site energy intensity
-  Reducing greenhouse gas (GHG) in production and all unit’s performance
-  Complete Operation Clean Sweep (OCS) program certification process
-  Reduce routine waste site wide as compared to 2023 benchmark
-  Engage with Gulf Petrochemicals and Chemicals Association (GPCA) and World Plastics Council (WPC) to address business risks associated with climate change and plastic waste
-  Achieve Saudi Energy Efficiency Center targets

## Energy Management

*In addition to S-Chem’s existing energy efficiency policies, practices and Performance by Design programs, we are in the process of implementing a recognized energy management system to further optimize efficiency of our operations.*


In 2023, S-Chem’s total electricity consumption increased by 6.7% compared to the previous year, following an 8.6% reduction from 2021 to 2022. This rise in consumption reflects the operational demands required to maintain steady production levels, despite the implementation of energy-saving measures. Production in 2023 was nearly identical to 2022, with only a 1% difference, even as the company faced significant challenges, including a major turnaround in late 2022 and operational disruptions in early 2023.

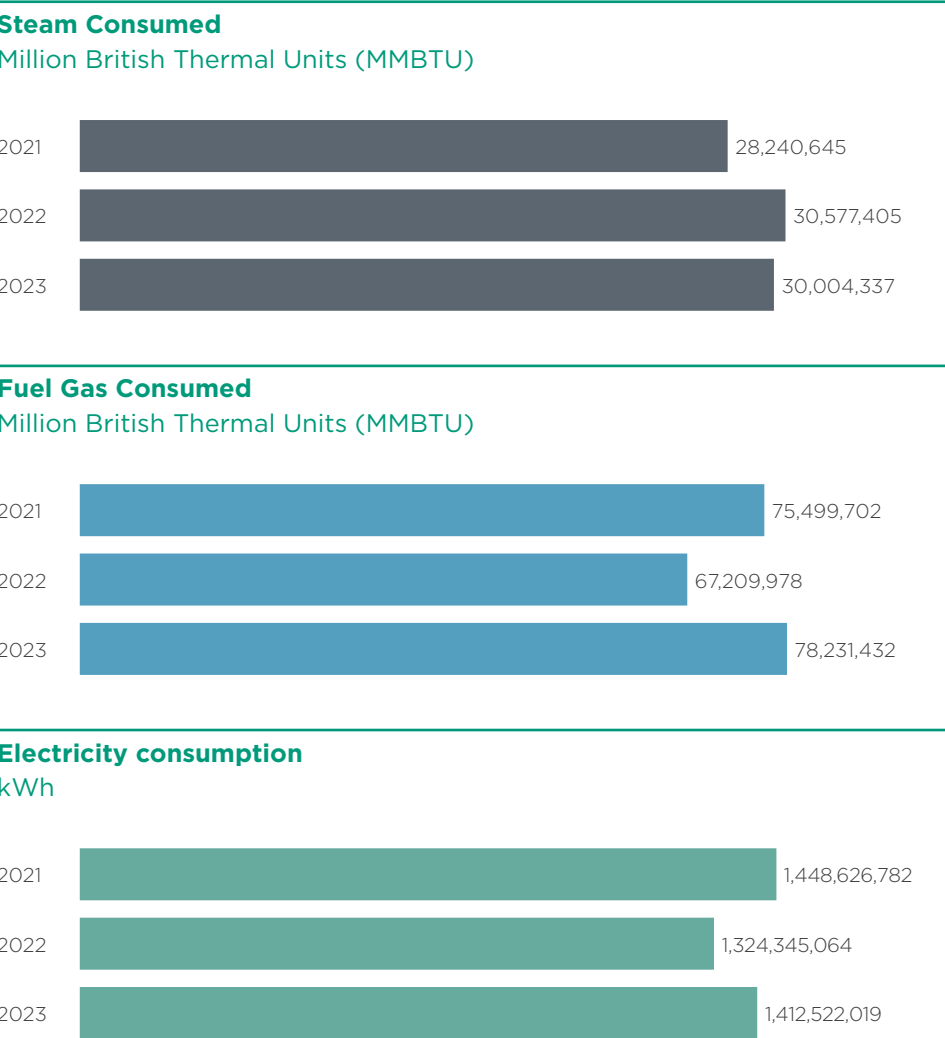
Over the past two years, we have achieved positive progress in managing energy consumption. Specific Steam Energy decreased by 1.9% in 2023, reflecting effective energy management and process optimization. Although fuel gas

consumption rose by 16.4%, due to process interruption and we are exploring alternative energy sources and efficiency measures to reduce energy consumption in the future.

### Enhancing Energy Efficiency at S-Chem

We completed two key energy efficiency projects: one optimizing our fuel gas utilization system and another reducing power consumption for pellet transfer compressors, resulting energy saving by 1,230,164 MMBTU and have decreased our annual emissions by 32,222 Co2e/yr.







Emissions

Knowing S-Chem's GHG reduction progress directly tied to our energy management strategy and approach, our goal is to reduce emissions through the integration of renewable energy solutions, energy efficiency improvements, and the adoption of additional certifications and programs.

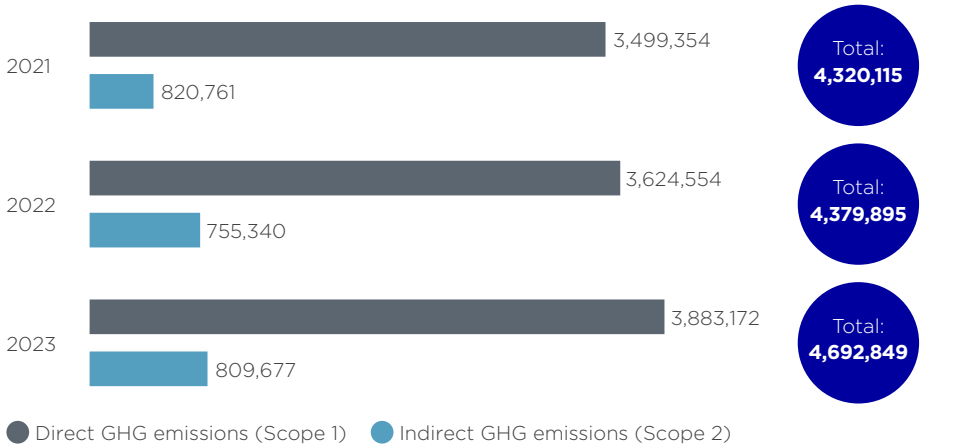
We conducted a comprehensive, site-wide Sustainability and Energy Management System campaign designed to engage employees in collaborative discussions on S-Chem's energy performance, GHG emissions sources and reduction opportunities, and energy intensity, as well as the performance of our manufacturing operations.

In 2023, we observed an increase in total GHG emissions, largely attributed to a rise in Scope 1 direct emissions. This increase was primarily driven by temporary operational challenges during the first two months of the year. In response to these challenges, we implemented practices that helped to reduce flaring, demonstrating our commitment

to maintaining operational safety and compliance, even in the face of unexpected disruptions.

In 2023, we launched our initiative toward renewable energy with the Solar Energy Project, which will be covering S-Chem facilities. This project represents our commitment to the 2030 Vision and supports Saudi Arabia's goal of achieving 50% renewable energy by 2030.

GHG emissions  
Metric tonnes of CO2eq



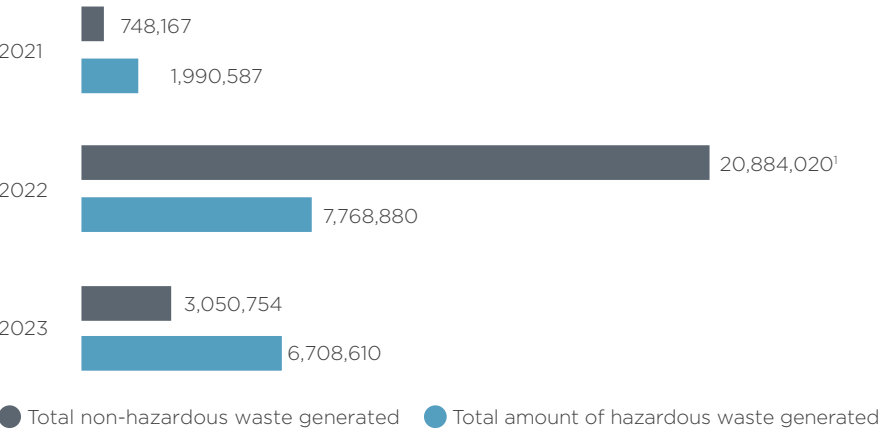
Waste Management

Waste at S-Chem originates from two sources: day-to-day operational activities, and non-routine activities such as maintenance and turnaround operations.

Because non-routine waste represents the largest annual volume of waste for S-Chem, reducing it based on our 2023 baseline by 5% is one of our top business objectives for 2024.

To achieve it, we are collaborating with stakeholders across the value chain to minimize waste generation and accelerate the path to circularity for our business and industry.

Waste management  
Kilograms



1. Increase is due non-routine waste

We also continue to employ best-in-class waste management practices, including waste segregation to facilitate appropriate disposal and recycling either onsite or off-site at approved waste management facilities regulated

by local authorities. In compliance with the waste management requirements of RC certification, S-Chem also adheres to the waste management guidelines detailed in general instruction (GI-1230).





Water Management

*S-Chem’s, primary concern regarding water-related impacts is the effect of our cooling processes, particularly the discharge of heated seawater back into the environment.*

This necessitates careful monitoring and innovative strategies to mitigate potential ecological effects. Additionally, the balance between water usage for operational needs and conservation efforts is a constant focus, particularly in the arid environment where our facilities are located.

Our organization adheres to the Marafiq Policy for Portable Water and Cooling Sea Water, and our management of industrial wastewater is in accordance with the regulations set forth by the Royal Commission. Our operations rely heavily on various types of water systems to ensure the efficient and safe functioning of our plants. The key systems include the Seawater Cooling (SWC) system and the Raw Water system, each serving distinct but essential roles.

**Seawater Cooling Systems (SWC)**  
At both SCP/JCP and SPCo, the SWC system is the backbone of our heat management processes. This system functions as the primary heat sink, absorbing and dissipating excess heat generated by our process streams. At SCP/JCP, seawater is pumped through exchangers to cool the circulating cooling water before being returned to the environment.

**Raw Water Systems**  
The Raw Water system plays a crucial role in supporting both operational and safety needs at SCP/JCP and SPCo. Sourced from the Royal Commission/ Marafiq, raw water is distributed to various tanks designated for potable, utility, and fire water. Potable water is essential for daily operations,

supplying water to all units, control rooms, and administrative buildings, as well as safety showers and eye wash systems. Utility water is primarily used in water demineralization processes, which are vital for maintaining the quality of water used in sensitive equipment. The fire water tanks, which are kept at specific levels, ensure readiness for emergency situations, highlighting the critical importance of water management in safeguarding our operations.

Water management	Unit	2021	2022	2023
Seawater	Megalitres	404,659.13	382,493.49	408,630.91
Potable water	Megalitres	3,266.55	2,977.57	2,628.51
Total water withdrawal	Megalitres	407,925.69	385,471.07	411,259.43
Water discharge				
Hydrocarbon content in water discharged to the environment	tonnes	87	73	76

In 2023, our total water withdrawal increased by 6.7% increase due to production rate and plant related activities. The lower water withdrawal in 2022 was largely attributed to the major turnaround shutdown of the SPCo complex in October and November. However, the 2023 consumption figures are closely aligned with those observed in 2021. The hydrocarbon content in water discharged to the environment has been in compliance with Royal Commission regulations over the past three years.

Biodiversity

*S-Chem operates under the strict environmental regulations set by the Royal Commission for Jubail and Yanbu (RCJY), a governmental entity committed to the Saudi Vision 2030, which includes numerous environmental initiatives like the Saudi Green Initiative. This initiative encourages both governmental and non-governmental sectors to engage in tree planting and other environmental efforts to support sustainability.*

The RCJY plays a dual role in protecting the environment and biodiversity within the Jubail Industrial City. First, it establishes and enforces environmental laws that are renewed every five years, based on international standards such as those from the United States Environmental Protection Agency (USEPA) and European environmental guidelines. Second, it monitors and controls industrial activities, ensuring compliance through robust surveillance programs that cover air, water, waste, and wildlife. Advanced technologies and regular sampling ensure that all industries, including S-Chem, adhere to these regulations.

Key environmental protections include the strategic site selection for industrial and residential areas, comprehensive Environmental Impact Assessments (EIA), and the requirement for industries to submit Environmental Permit Applications (PAP) to obtain operating licenses. These permits include conditions for ongoing monitoring, reporting, and compliance with regulated pollutants to safeguard public health and the environment.





# Strengthening People and Communities

Empowering the people who drive our success and strengthening the communities in which we operate as a fundamental part of how we do business. In alignment with our commitment to Saudi Vision 2030 and the UN SDGs, we are dedicated to leveraging our role and resources to cultivate Saudi talent and support sustainable development throughout our region.

Material Topics Covered in this Section

- Health and Safety
- Talent Growth and Retention
- Social Responsibility
- Diversity and Inclusion
- Nationalization
- Customer Satisfaction

UN SDG Alignment



Saudi Vision 2030 Alignment

- ↗ A Vibrant Society
- 🇸🇦 An Ambitious Nation

## Our Workforce

To drive continuous and measurable improvement, S-Chem has established a set of social performance targets designed to enhance our workplace environment and promote diversity, safety, and employee engagement.

- 📍 Improve the percentage of female employees in critical jobs by 10%
- ⚠️ Resolve 100% pending grievances and create a Labor Management Council to address collective grievances
- 🏢 Reduce safety and security incidents within the plant by 10%
- 💻 Maintain 80% competency levels for current roles and 50% for future roles for high potential employees
- 💬 Sustain a 75% employee engagement level
- 👥 Implement identified employee services and benefits by 2024

Progress towards these targets is monitored through dashboards, and associated metrics are integrated into annual performance evaluations of all employees with direct impact on annual merit and rewards. Progress towards these targets is also publicly disclosed and reviewed monthly.

Type of employees in 2023



Temporary 21% Permanent 79%

Workforce	Unit	2021	2022	2023
Full-time employees	Number	1,580	1,619	1,604
Permanent employees	Number	1,232	1,261	1,265
Female permanent employees	Number	5	17	20
Male permanent employees	Number	1,227	1,244	1,245
Temporary employees	Number	347	358	339





Health and Safety

*The health, safety, and well-being of our employees and all individuals associated with S-Chem is always our priority. We have developed comprehensive safety procedures tailored to the unique demands of our industry, integrating both engineering and administrative controls from the design stage to protect our employees, contractors, and the environment.*

Our health and safety standards adhere to local regulations and recognized international guidelines, including those from the High Commission for Industrial Security, the Ministry of Human Resources and Social Development (formerly Ministry of Labor), the Occupational Safety and Health Administration (OSHA), the National Institute for Occupational Safety and Health (NIOSH), the American Petroleum Institute (API), and the American National Standards Institute (ANSI).

To further safeguard well-being, S-Chem has implemented administrative measures within plant operations. S-Chem is committed to continuous improvement through our Operational Excellence (OE) system, which fosters a positive safety culture throughout our business. This risk management methodology standardizes our efforts to improve health, safety, security, reliability, quality, and environmental performance, ensuring operational discipline at every level.

**S-Chem is committed to continuous improvement through our Operational Excellence (OE) system, which fosters a positive safety culture throughout our business.**

S-Chem’s nine Life Saving Rules are central to our safety strategy. The rules focus on promoting safe behaviors for activities with a high potential for serious injury or fatality. These rules reinforce our commitment to ensuring that every employee returns home safely.

We employ various methodologies for hazard identification, including Safe Operation Procedures, Safe Maintenance Procedures, Job Safety Analysis, Process Hazard Analysis (PHA), and the Work Permit System. These programs are audited frequently, and employees receive training to ensure competence in managing hazards.



We actively encourage employees to report near-misses or incidents through S-Chem’s incident reporting system. Our EHS SWAP Program (Stop, What can go wrong, Act to Prevent injuries) also enables the reporting of unsafe conditions, which are tracked for resolution.

Employees are invited to participate in EHS improvement initiatives through channels such as the EHS Suggestion System and the Employee Safety Committee. Supported by S-Chem management, the Committee engages in improvement initiatives and meets quarterly to review suggestions and recommendations.

In-class and online safety training is provided to all employees through our electronic LMS. The training covers all identified risks and EHS management system requirements, including hazard identification. To support and promote personal health and well-being, we offer internal clinic services and comprehensive medical insurance for employees and their families.

Looking ahead, Human Performance (HP) is the next frontier in S-Chem’s safe and reliable operations. By deepening our understanding of how work is performed, HP enables us to implement more effective safeguards and enhance operational discipline, further strengthening our commitment to safety.

Over the past three years, there was a record in work-related injury incidents. To mitigate and prevent these, we developed safety bulletins, training roster and refresher training sessions to health and safety.

Health and Safety	2021	2022	2023
Total employee man hours	3,511,184	3,798,696	3,563,897
Total contractor man hours	3,182,152	8,603,236	3,167,022
RIR - Recordable Incident Rate	0	0.03	0.06
PSER - Process Safety Event Rate	0.03	0	0.03
Tier-1 Process Safety Event	0	0	0.03
Tier-2 Process Safety Event	0.03	0	0
Tier-3 Process Safety Event	4	1	5

**100%+**  
of our employees covered by the health and safety management system



## Recruitment and Retention






*S-Chem is proud to employ top talent and we are dedicated to fostering a supportive, productive work environment for everyone. To help make our organization a great place to build thriving, long-term careers, we prioritize employee engagement and offer robust, competitive benefits.*

Through our performance management system, all employees are encouraged to have face-to-face meetings with their line managers three times a year to facilitate continuous feedback and guide short- and long-term professional development.

**100%** 

**of our employees received performance and career development review**

We offer an extensive benefits package for our full-time employees. These benefits are designed to provide comprehensive support for employee well-being and are not available to temporary staff.

-  Premium medical insurance
-  Thrift saving plan
-  Home ownership program for Saudis
-  Death compensation policy<sup>2</sup> benefits
-  End-of-service benefits as per Saudi labour law, with 100% coverage and no contribution required<sup>2</sup> from their salaries

S-Chem's commitment to supporting employees through significant life events includes a parental leave policy. In alignment with Saudi law, the policy provides female employees with 28 days of maternity leave before delivery and 42 calendar days after delivery to ensure new mothers have adequate time to recover and bond with their newborns.

### Employees who joined the organization

2021	51
2022	78
2023	39

We reduced our overall turnover rate from 2.90% to 1.92% in 2023. No female employees left the company in 2023, indicating a stable retention rate for female employees.

**33%** 

**decrease in overall turnover rate from 2022 to 2023**

2. According to our Death Compensation Policy, in the event of an employee's death, except in cases of suicide or wilful participation in insurrection, crime, or unlawful acts, the company will pay the employee's beneficiary an amount equivalent to twelve months of the basic salary, with a minimum of SAR 80,000. This payment will be made in addition to the employee's final settlement. At management's discretion, any outstanding company debt owed by the employee may also be written off.

New hires	Unit	2021	2022	2023
Employees who <b>joined</b> the organization	Number	51	78	39
Employees who <b>joined</b> the organization (female)	Number	5	4	4
Employees who <b>joined</b> the organization (male)	Number	46	74	35
Employees who <b>joined</b> the organization (18-30)	Number	24	53	18

Turnover	Unit	2021	2022	2023
Total number of employees who <b>left</b> the organization	Number	25	46	30
Employees who <b>left</b> the organization (female)	Number	0	0	0
Employees who <b>left</b> the organization (male)	Number	25	46	30
Employees who <b>left</b> the organization (18-30)	Number	2	4	5

Employee wages	Unit	2021	2022	2023
Ratio of male entry level wage to minimum wage	Percentage	102.73%	102.73%	102.73%
Ratio of female entry level wage to minimum wage	Percentage	102.73%	102.73%	102.73 %
Ratio of basic salary/renumeration of women to men	Percentage	100%	100%	100%

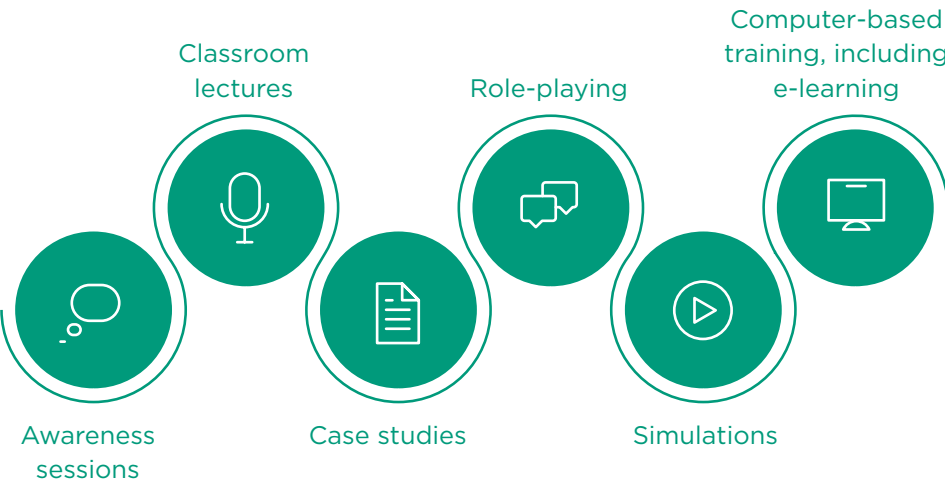
Notes: Starting salary for fresh graduates of university or diploma holders (operators and technicians) is based on the minimum salary in the grade scale. However, they are enrolled in a special development program that offers additional benefits.



## Talent Growth and Development

*We aim to enable all employees to build thriving careers with our organization by providing a comprehensive range of support, resources and training, fostering a culture of continuous learning and professional development. It is a fact that investment on employee development is limited and must be distributed equitably among various types of employees.*

Under the umbrella of our Learning and Development (L&D) Policy and operationalized via our LMS, we use a variety of training and engagement approaches to ensure all employee possess the necessary skills and knowledge to perform their responsibilities effectively.



S-Chem offered the following training programs in 2023, and recorded total number of 2,137 participants across all programs.

- **TAMHEER/COOP Training:** This program offers competitive opportunities for high-calibre graduates for field training and is considered a recruitment source.
- **Professional Development Program (PDP):** A two-year structured development program for Saudi professional employees typically with 0-2 years of experience.
- **Corporate Learning Programs:** A structured and consistent process for supporting the enrichment of employees' competencies and fulfil the emerging development needs within the organization.
- **Emergency Response Team (ERT) Training Program:** A structured program based on a specific ERT training matrix to ensure that each ERT member

has the minimum training and qualification requirements.

- **Educational Refund Program:** This program provides direct-hire Saudi employees with an 80 percent refund (up to a maximum of SAR 150,000) for actual expenses toward tuition fees. This is subject to the employee successfully completing a pre-approved formal education program in their own time.
- **Individual Development Plan (IDP):** A tool to assist employees in achieving their personal and professional development goals based on organization-developed competencies.
- **CIPS Program:** The Chartered Institute of Procurement and Supply (CIPS) program represents and supports procurement and supply professionals throughout their careers.
- **Inclusion, Cooperation, Accountability, Respect Everyday (ICARE) Program:** A program designed to promote

trust, share stories of impact, ensure constructive feedback and resolve conflict.

- **ICARE 2.0 Training Program:** Our approach to ensuring respect for human rights includes the provision of human rights policies and training for security personnel through the Program, which seeks to instil respect for human rights and foster a culture of inclusion and diversity within our security operations.
- **External Training and Conference:** Providing specialized skills and knowledge through external training and conferences, i.e. GITEX Global (Gulf Information Technology Exhibition), Middle East Process Engineering Conference & Exhibition, Ethylene Middle East Technology Conference, Saudi Plastics and Petrochem, Print and Pack Exhibition and Energy and Sustainability Forum Middle East & North Africa.

- **Leadership Training Program:** Developed to enhance the leadership skills and abilities of high potential employees.

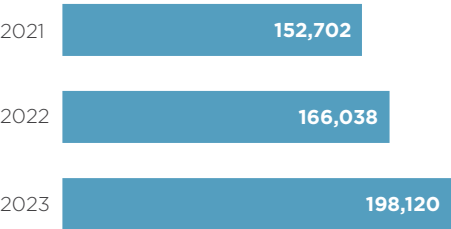
In 2023, our efforts to prioritize employee training and development resulted in a significant increase in total training hours (19.3%) across the workforce. Training hours also increased by 61.1% hours for female employees in 2023, driven by the growing number of female workers and tailored training programs aimed at supporting their professional growth. Male employees also saw an increase in training hours, with a 19.1% rise in 2023.

**19.3%**   
increase in training hours  
across the total workforce

Senior management training hours increased by 137.6% in 2023 following the implementation of specialized leadership programs. Middle management also experienced a 45.4% increase in training hours facilitated by the greater utilization of our eLearning platform, which provided enhanced access to development opportunities.

Training and Development	Unit	2021	2022	2023
Total number of trainings for total workforce	Hours	152,702	166,038	198,120
Total number of trainings for females	Hours	254	602	970
Total number of trainings for males	Hours	152,448	165,436	197,150

**Total number of trainings for total workforce**  
Hours





## Nationalization

*S-Chem actively supports Saudization in alignment with Saudi Vision 2030 by prioritizing the recruitment, development, and retention of Saudi talent across its workforce.*

Our nationalization strategy includes specialized training programs, such as the ICARE Program, designed to foster diversity and inclusion to expand gender diversity within our organization. As of 2023, the number of female Saudi nationals employed at S-Chem continuously grew since 2021 to reach almost 2% of total workforce this year – a reflection of our recent efforts to create more opportunities for women within our organization.

# 70%

of S-Chem's workforce are Saudi nationals



## Diversity and Inclusion

*S-Chem is creating a workforce that reflects the diversity of the individuals and communities we serve, and that celebrates the contributions of everyone who is part of our organization regardless of gender or age.*

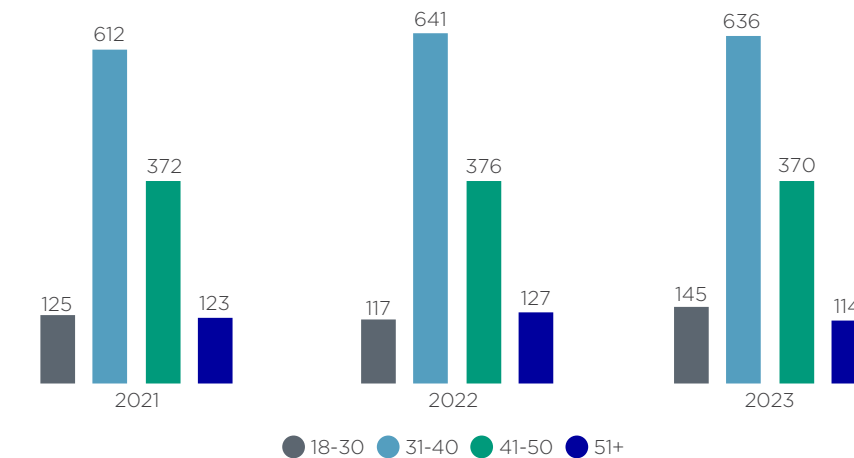
Expanding the number of roles and opportunities for women and for a range of age groups within our organization is core to our diversity and inclusion strategy. As a result of our strong focus on improving gender diversity in the workplace, there was a jump in the number of female full-time employees between 2021 and 2023, while the number of male full-time employees remained relatively stable for the same period.

Workforce distribution across age groups also reflects progress in our efforts to create a workplace that is engaging, stable, and supportive of employees at every career stage. In addition to a 43.1% increase in the 18-30 age group, 54% of our workforce falls within the 31-40 age group, ensuring strong representation of mid-career professionals who combine experience with high potential for growth and development.

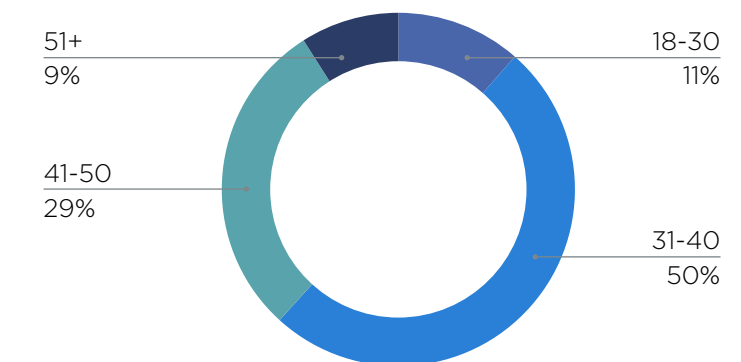
# 43.1%

increase in the 18-30 age group

Workforce per age group



Percentage of employees per age group in 2023



## Discrimination and Grievance Mechanisms

All S-Chem employees, associates, and other internal and external stakeholders are actively encouraged to report potential instances of discrimination or harassment following our Human

Resource and Administration department policies and procedures.

S-Chem ensures a workplace that is free from discrimination and harassment of any kind. All cases are reported to the Employee Relations department. In 2023, we began developing a formal grievance

mechanism for internal and external stakeholders. This anonymous grievance mechanism will provide a structured process for reporting and addressing grievances related to discrimination and harassment, ensuring all stakeholders have access to fair and transparent resolution processes.

We have also developed and implemented the ICARE Program, which includes policies specifically designed to prevent and address any incidents of workplace discrimination or harassment. These policies are reviewed and updated regularly to ensure they remain effective and relevant.



## Customer Satisfaction

*S-Chem defines our customers as the businesses that use our products, and we are committed to ensuring their complete satisfaction with both the quality of our products and the services we provide.*

Customer feedback is vital to improving our products and services, including packaging, transportation, and product quality. To monitor customer experiences and gather direct feedback, we conduct regular customer satisfaction surveys. This feedback is managed through our Customer Feedback System (CFS), which records all feedback and ensures that complaints are promptly assigned to the responsible party with a target resolution time of no more than 30 days.

Most customer feedback is received through emails, and all complaints are logged in our parent company CPChem's CFS system. Complaints received directly by S-Chem are addressed immediately, while those received through CPChem are managed by CPChem.

In 2023, we received 24 customer complaints regarding packaging, container quality, and product/technical issues, representing a 35% decrease from the previous year. All complaints were promptly resolved to ensure ongoing customer satisfaction.

**35%** 

decrease in customer complaints in 2023

To protect customer privacy, S-Chem has established robust privacy policies and procedures. Over the past three years, we have reported zero incidents of breach or loss of customer privacy.





## Social Responsibility

*S-Chem believes in contributing to the surrounding community through sponsoring social events and being involved in the charitable and community activities in support of Jubail's charitable foundations and establishments.*

We have established a set of guidelines for investment to guide our selection of sponsorships and donations, ensuring alignment with our code of conduct and corporate strategy. These guidelines are part of a broader GI policy designed to ensure that S-Chem's media presence and public relations activities positively represent the company. The policy outlines definitions, responsibilities, media interactions, company identity, charitable contributions, sponsorships, corporate rates, and gift items.

# 65%

increase in the number of volunteers in 2023

S-Chem's Environmental Department has actively organized and led numerous housekeeping campaigns and school events aimed at promoting awareness of maintaining a clean and sustainable environment. These activities are part of our broader efforts to encourage employee participation in community-based volunteer initiatives.

# SAR 1.5m

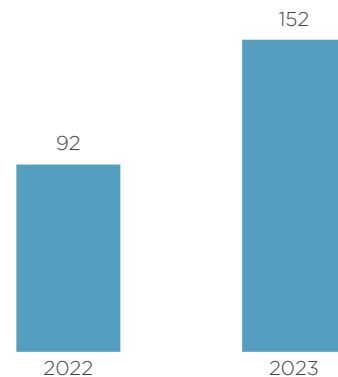
total annual budget allocated towards community investment



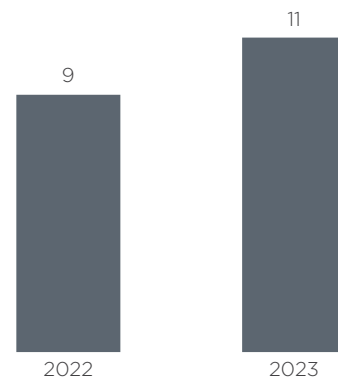
We collaborate with different organizations, NGOs, and other community-based groups:

- BENAA Charitable Associations
- ERADAH Charitable Society for Special Needs in Jubail
- Saudi Diabetes & Endocrine Association
- Wahaj Women Charitable Society
- Saudi Cancer Association
- Special Needs & Disabled Association
- Jubail Charitable Society
- Orphan Charitable Associations in Jubail
- Charity Society for Patients Care (TARABOT)
- Association for the Restoration of Old Houses (TARMEEM)
- Saudi Food Bank (ETAAM)

### Number of volunteers



### Employee volunteer hours per employee



### In 2023, we supported the following causes and initiatives:



S-Chem management team engaged in a Plant Tree Activity with Al-Ahsa High School, involving 50 students on their premises to support the environment and social activities.



Participated in the Jubail Clean Beach campaign with the Royal Commission to raise environmental awareness with the slogan "keep it clean," involving 40 people from S-Chem.



Conducted a Site Tree Plant event where employees planted trees on their premises to support the Green Saudi Initiative and S-Chem's sustainability and environmental objectives.



Led a Hera'a School Environmental Awareness campaign for 60 students to emphasize the importance of environmental conservation.



Received recognition from Benaa for supporting orphans in their lives and studies, including school tuition and daily life support.



Recognized by Tarmeem for contributions to the restoration and rehabilitation of homes for families in need, with S-Chem restoring over 20 houses.



Supported the Mutrafiyah Tree Plant, involving more than 40 people from S-Chem and the Royal Commission, planting trees in Jubail to support sustainability.



Contributed to SANAD Children's Cancer services by sponsoring medication at King Fahad Specialist Hospital in Dammam and establishing new school classes in the hospital.



Hosted an activity for employees' children on World Children Day, with around 30 kids visiting S-Chem that day.





# Transforming Governance and Business

As the region's leading petrochemical company, S-Chem has a duty to maintain robust standards of governance and business ethics. From supply chain management and stakeholder engagement to data privacy and digitalization, we are committed to conducting business in ways that reinforce our credibility and strengthen our role as a trusted business partner.

We strive for a win-win relationship with S-Chem stakeholders across our value chain, using regular engagement to ensure our alignment and understanding of the impact of our operations on our stakeholders and our organization.

## Material Topics Covered in this Section

- Governance and Business Ethics
- Supply Chain
- Economic Impact
- Data Privacy and Security

## UN SDG Alignment



## Saudi Vision 2030 Alignment



## Governance and Business Ethics

*Each of SCP, JCP and SPCo is governed by a Board of Directors who have, in turn, appointed Executive President to manage the day-to-day operations of all three entities.*





## Supply Chain Management and Procurement

*From the logistics of procuring raw materials and resources to the distribution of finished polymer products, we regularly engage with a network of suppliers and business partners up and down the supply chain, making the responsible management of our supplier engagements and our procurement practices pivotal to the success of our operations.*

In accordance with S-Chem's procurement policy, all suppliers and contractors are screened via a pre-qualification process. As mandated by the policy, this process includes safety protocol evaluations and reviews of incident reports, as well as confirmation of General Liability Insurance.

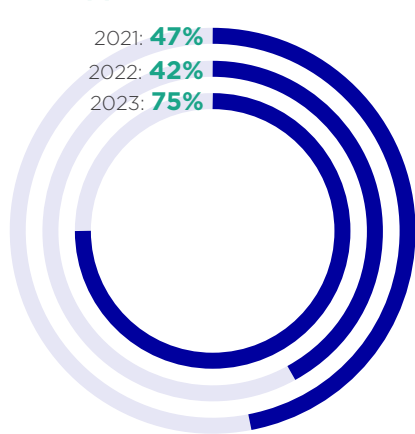
We ask all suppliers to abide by a Supplier Code of Conduct, which is publicly available on [our website](#). We use a Supplier Relationship Management (SRM) system to monitor suppliers' performance and ensure compliance with this code.

S-Chem's strategies, programs, and procedures are designed to enhance local suppliers and contractors capabilities to support our operations and projects, ensuring they meet the organization and international standards.

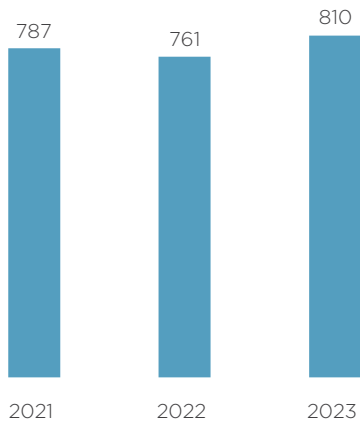


Procurement	Units	2021	2022	2023
Total number of suppliers	Number	787	761	810
Total number of local suppliers	Number	544	534	464
Percentage of local suppliers	Percentage	69%	70%	57%
Total spending on suppliers and contractors	SAR '000	3,898,039	5,441,530	2,013,301
Spending on locally based suppliers and contractors	SAR '000	1,830,116	2,273,405	1,518,629
Percentage of spending on local suppliers	SAR '000	47%	42%	75%

Percentage of spending on local suppliers



Total number of suppliers





## Data Privacy and Security

*Safeguarding data through privacy and security measures is fundamental to our operations and data governance practices.*

We comply with General Data Protection Regulation (GDPR) principles which emphasize lawfulness, fairness, transparency, purpose limitation, data minimization, accuracy, storage limitations, confidentiality, and accountability. Additionally, we follow the 3-2-1-0 rule for data backup, ensuring three copies of important data are stored on at least two different types of media, with one copy kept offsite. This approach guarantees regular data file backups.

We also provide annual training on data privacy to all employees, conduct annual internal and external audits to assess the effectiveness of our privacy and security management systems, and engage in public-private partnerships to address complex security challenges.

### Cybersecurity

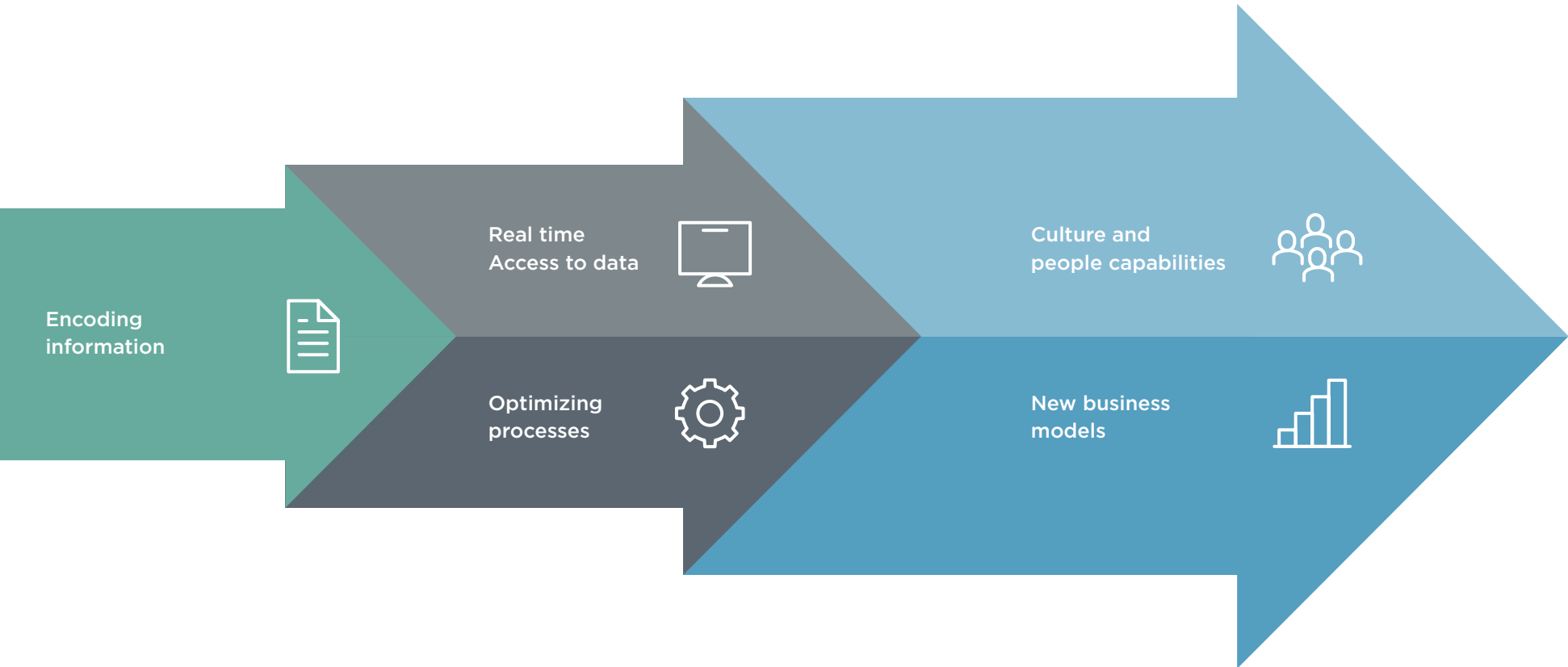
Our cybersecurity program is implemented through policies approved by senior management and is based on NIST's Cybersecurity Framework. This program is managed by a dedicated Cybersecurity Department responsible for security management and implementation of security measures. The department regularly conducts cybersecurity assessments and stress tests to evaluate the security of our IT infrastructure and detect potential risks and vulnerabilities. Our mature vulnerability and patch management process also ensures all of the organization's devices are monitored and patched regularly.

**Zero**   
high severity cyberattacks



## Digitalization

At S-Chem, we are driving digital transformation efforts via the adoption of new tools, digital platforms, and innovative ways of working designed to add value across the enterprise. The digital journey is based on the 3 phases Digitization, Digitalization and Digital Transformation:





In 2023, our digitalization initiatives encompassed several key projects aimed at enhancing efficiency and streamlining processes across S-Chem.

- 01

**Digitization of Maintenance Planning Package:** We converted maintenance documents into electronic records, followed by digital collaboration via Microsoft Teams, including collaboration with suppliers. This process is monitored using Robotic Process Automation (RPA) to synchronize Teams with the SAP Maintenance module in real-time.
- 02

**Digital Transformation of S-Chem Maintenance, Repair, and Operations (MRO) Parts Process:** We adopted practices aligned with the ISO 8000 framework, incorporating these into a cloud computing solution provided by Sphera Master Data Management (MDM) and SAP Materials Management (MM) module. The process includes the digitization of parts images, new material nomenclature, workflow automation, and automated material master creation and changes in SAP.
- 03

**Digital Transformation of the S-Chem Delegation of Authority (DOA) Process:** We onboarded our users onto the CP-Chem electronic DOA system, which also integrates with the Governance, Risk, and Compliance (GRC) system. This transformation includes automated user access provisioning for purchase requisition (PR) and purchase order (PO) releases in SAP.
- 04

**Business Process Review for Invoice Management:** We conducted a comprehensive review of our invoice management process, reducing processing time by 11 days. The digital transformation was completed using the Concur Accounts Payable Cloud solution, which is scheduled for business deployment in 2024.
- 05

**Digital Transformation of the Saudi VAT Process:** We fully automated our VAT process in collaboration with the Zakat, Tax and Customs Authority (ZATCA), eliminating 100% of manual intervention in the customer VAT government certification process.
- 06

**Time Management System:** We implemented a system that effectively controls attendance, overtime, and callout management.
- 07

**SAP SuccessFactors Employee Central Payroll (ECP) Solution:** This solution automates and accelerates payroll processing, ensuring timely and accurate payments to S-Chem's workforce while reducing the risk of errors and simplifying payroll management.
- 08

**SAP Fieldglass for Contingent Labor:** We centralized and integrated contractor management processes into a single application using SAP Fieldglass.

# Appendices



Appendix A: Acronyms

ACP	Arabian Chevron Phillips Petrochemical Company
ANSI	American National Standards Institute
API	American Petroleum Institute
B2B	Business-to-Business
CEMS	Continuous Emissions Monitoring Systems
CFS	Customer Feedback System
CIPS	Chartered Institute of Procurement and Supply
COOP	Cooperative Training
CPCChem	Chevron Phillips Chemical
DCS	Distributed Control System
DOA	Delegation of Authority
ECP	Employee Central Payroll
EHS	Environmental, Health, and Safety
EMS	Environmental Management System
ERT	Emergency Response Team
ESG	Environmental, Social, and Governance
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GI	General Instruction

GITEX	Gulf Information Technology Exhibition
GPCA	Gulf Petrochemicals and Chemicals Association
GRC	Governance, Risk, and Compliance ()
HP	Human Performance
ICARE Program	Inclusion, Cooperation, Accountability, Respect Everyday Program
IDP	Individual Development Plan
ISO	International Organization for Standardization
JCP	Jubail Chevron Phillips Company
L&D	Learning and Development
LDAR	Leak Detection and Repair
LMS	Learning Management System
LT	Leadership Team
MDM	Master Data Management
MM	Materials Management
MRO	Maintenance, Repair, and Operations
NGOs	Non-Governmental Organizations
NIOSH	National Institute for Occupational Safety and Health
OCS	Operation Clean Sweep
OE	Operational Excellence

OSHA	Occupational Safety and Health Administration
PDP	Professional Development Program
Petrochem	National Petrochemical Company
PHA	Process Hazard Analysis
PO	Purchase Order
PR	Purchase Requisition
RC	Responsible Care
RPA	Robotic Process Automation
SAP	Systems, Applications, and Products

SAR	Saudi Riyal
SCP	Saudi Chevron Phillips Company
SPCo	Saudi Polymers Company
SRM	Supplier Relationship Management
SWC	Seawater Cooling
UN SDGs	United Nations Sustainable Development Goals
VAT	Value-Added Tax
WPC	World Plastics Council
ZATCA	Zakat, Tax and Customs Authority



Appendix B: Definition of Material Issues

Material Topic	Category	Definition
Biodiversity	Environment	Preserving the variety of life within and around our operations. This encompasses initiatives to protect biodiversity, mitigate ecological impacts, and ensure responsible land and resource rights management. This involves adhering to laws that protect ecosystems, assessing and understanding the ecological impacts of our activities, implementing measures to minimize negative effects on biodiversity, and actively engaging in biodiversity conservation efforts.
Customer Satisfaction	Social	Building responsible and mutually beneficial relationships with our customers while upholding ethical standards and promoting community well-being. It encompasses proactive customer relations strategies aimed at understanding and exceeding customer expectations. This encompasses fostering responsible relationships with customers, prioritizing transparency, integrity, and responsiveness in all interactions.
Data Privacy and Security	Governance	Protecting sensitive information and ensuring the integrity, confidentiality, and availability of data. This encompasses robust measures for information security, cybersecurity, and system integrity. Implementing comprehensive protocols and technologies to protect against unauthorized access, data breaches, and cyber threats. It includes prioritizing the confidentiality of personal and proprietary data, adhering to stringent data privacy regulations and industry best practices.
Diversity and Inclusion	Social	Fostering an environment where every individual feels valued, respected, and empowered, regardless of their background or identity. This encompasses initiatives aimed at promoting equal opportunity, preventing discrimination, and championing social justice within our organization and beyond.
Economic Impact	Governance	Generating sustainable economic value while contributing positively to the communities and economies in which we operate. This includes efforts to understand and manage our economic impacts such as job creation, local procurement, and economic development. Committed to transparency and accountability in our financial dealings, including payments to governments. Adhering to international standards and regulations, striving to ensure that our financial practices are ethical, responsible, and contribute to the overall prosperity and well-being of society.
Emissions	Environment	Mitigating carbon footprint through measures such as reducing toxic emissions and waste, monitoring and reducing GHG emissions, and implementing a comprehensive climate strategy that includes efforts to transition to renewable energy sources and increase energy efficiency. Minimizing our environmental impact across all aspects of its operations, including preventing pollution, managing atmospheric emissions related to both energy consumption and other processes, and addressing the environmental impact of transportation activities. Additionally, prioritizing climate adaptation, resilience, and transition by implementing measures to enhance asset integrity, manage critical incidents, rehabilitate sites to mitigate climate-related risks, and ensuring compliance with regulatory requirements through the implementation of climate-related policies, proactive management of environmental issues, and addressing any allegations related to climate change.
Energy Management	Environment	Optimizing energy use, reducing consumption, and integrating renewable energy sources into our operations. This encompasses initiatives to enhance energy efficiency, monitor energy consumption, and increase the utilization of renewable energy sources. This includes implementing innovative technologies, conducting energy audits, and developing strategies to minimize energy waste across our facilities. Prioritizing the adoption of renewable energy sources such as solar, wind, and hydroelectric power to reduce GHG emissions and contribute to a more sustainable energy future. Ensuring compliance with legal and regulatory requirements, implementation of robust energy policies, and proactive management of environmental issues.

Material Topic	Category	Definition
Governance and Business Ethics	Governance	Upholding the highest standards of integrity, transparency, and accountability in all aspects of our operations. This encompasses robust corporate governance practices, including effective oversight by our Board of Directors and its composition, transparent reporting, and accountability mechanisms to protect shareholders' rights. It includes fostering a culture of business ethics, preventing human rights violations, combating anti-competitive behavior, and maintaining strict anti-corruption measures. Critical incident risk management and business model resilience to ensure the continuity of our operations and mitigate potential risks to stakeholders.
Health and Safety	Social	Ensuring the well-being and protection of our employees, contractors, and communities. It involves prioritizing occupational health and safety through rigorous protocols, training programs, and continuous monitoring to prevent workplace injuries and illnesses. It includes focusing on chemical safety, implementing stringent measures to handle, store, and transport hazardous materials safely.
Nationalization	Social	Supporting and participating in national efforts to promote the development and empowerment of local talent and industries. It encompasses initiatives aimed at enhancing the participation of national citizens in the workforce and fostering the growth and sustainability of local businesses. Engaging in nationalization programs and initiatives, partnering with government agencies, educational institutions, and local communities to create opportunities for skill development, employment, and economic growth.
Social Responsibility	Social	Engaging proactively with local communities through community relations initiatives aimed at building strong, mutually beneficial partnerships and addressing community concerns. Supporting community initiatives that promote social welfare, economic development, and environmental sustainability. Moreover, prioritize transparent communication and responsiveness to social allegations, ensuring accountability and addressing grievances promptly and effectively.
Supply Chain	Social and Governance	Ensuring the efficiency, sustainability, and ethical integrity of our supply chain operations. It encompasses supply chain management strategies to optimize processes, reduce costs, and enhance transparency throughout the supply chain network. It involves evaluating and mitigating the environmental impacts associated with our supply chain activities, such as carbon emissions, waste generation, and resource depletion. Social issues are prioritized through initiatives focused on labour rights, fair wages, safe working conditions, and the protection of human rights within our supply chain partners.
Talent Growth and Retention	Social	Nurturing a skilled and engaged workforce while adhering to ethical labor practices and promoting social and economic development. It encompasses effective labor management practices to ensure fair treatment, safety, and well-being of our employees. It also refers to employee training and development programs and empowering the workforce.
Waste Management	Environment	Minimizing environmental impact through the responsible handling and disposal of waste materials and pollutants. It involves managing toxic emissions and waste streams, implementing efficient waste management practices, and striving for continuous improvement in waste reduction and recycling efforts. Rigorous monitoring and control measures to minimize the release of pollutants into the environment and to ensure compliance with regulatory standards by the implementation of robust waste policies.
Water Management	Environment	Addressing water stress and implementing efficient water and wastewater management practices. It involves assessing water availability and usage patterns, mitigating risks associated with water stress, and implementing measures to minimize water consumption and optimize water use efficiency across our operations. Additionally, prioritizing the responsible management of water and wastewater, ensuring compliance with regulatory standards and implementing advanced treatment technologies to minimize the environmental impact of our effluents.



Appendix A. GRI Content Index

Statement of use	S-Chem has reported the information cited in this GRI content index for the period 01.01.2023 to 31.12.2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	6
	2-2 Entities included in the organization’s sustainability reporting	3
	2-3 Reporting period, frequency and contact point	3
	2-4 Restatements of information	This report has no restatements
	2-5 External assurance	This report has not been externally assured
	2-6 Activities, value chain and other business relationships	6
	2-9 Governance structure and composition	11, 39
	2-11 Chair of the highest governance body	39, and refer to our website
	2-12 Role of the highest governance body in overseeing the management of impacts	39
	2-13 Delegation of responsibility for managing impacts	39
	2-14 Role of the highest governance body in sustainability reporting	11
	2-15 Conflicts of interest	31
	2-16 Communication of critical concerns	31, 34
	2-19 Remuneration policies	11
	2-20 Process to determine remuneration	11

	2-22 Statement on sustainable development strategy	4, 5
	2-23 Policy commitments	22, 28, 30, 36, 40
	2-24 Embedding policy commitments	22, 28, 30, 36, 40
	2-25 Processes to remediate negative impacts	34
	2-26 Mechanisms for seeking advice and raising concerns	34
	2-27 Compliance with laws and regulations	18
	2-29 Approach to stakeholder engagement	12
GRI 3: Material Topics 2021	3-1 Process to determine material topics	13
	3-2 List of material topics	13
	3-3 Management of material topics	13
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	8
	201-3 Defined benefit plan obligations and other retirement plans	8, 28
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	29
	202-2 Proportion of senior management hired from the local community	32
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	36
	203-2 Significant indirect economic impacts	36, 40
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	40
GRI 302: Energy 2016	302-1 Energy consumption within the organization	19
	302-4 Reduction of energy consumption	19



GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	22
	303-2 Management of water discharge-related impacts	22
	303-3 Water withdrawal	22
	303-4 Water discharge	22
	303-5 Water consumption	22
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	23
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	20
	305-2 Energy indirect (Scope 2) GHG emissions	20
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	21
	306-2 Management of significant waste-related impacts	21
	306-3 Waste generated	21
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	26
	403-2 Hazard identification, risk assessment, and incident investigation	26
	403-3 Occupational health services	26, 27
	403-4 Worker participation, consultation, and communication on occupational health and safety	27
	403-5 Worker training on occupational health and safety	27
	403-6 Promotion of worker health	27
	403-8 Workers covered by an occupational health and safety management system	27
	403-9 Work-related injuries	27

GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	31
	404-2 Programs for upgrading employee skills and transition assistance programs	30, 31
	404-3 Percentage of employees receiving regular performance and career development reviews	28
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	34
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	37
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	42





#### **Forward-Looking Statements**

This report may include forward-looking statements that extend beyond historical facts and pertain to future projections. These statements may include forecasts, predictions, objectives, events, trends, or plans based upon current assumptions and expectations. Although S-Chem has made every effort to ensure the accuracy and completeness of the information in this report, forward-looking statements are only valid as of their date and it is important to acknowledge that unexpected events and uncertainties can arise that may not have been accounted for in these statements.

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