

Sustainability Annual Report 2022

Shapinga Sustainable Future

وَٱلْأَرْضَ مَدَدْنَهَا وَأَلْقَيْنَا فِيهَا رَوَسِيَ وَأَنْبَتْنَا فِهَا مِن كُلِّ شَيْءٍ <u>مَوْزُونِ (")</u> وَجَعَلْنَا لَكُرُ فِهُا مَعَ بِشَ وَمَن لَّسَتُمُ لَهُ بِرَ زِقِينَ ﴿ ۅؘٳڹڡؚۣۜڹۺؘؿۦؚٳؚڵٙٳۼڹۮڹؘٳڂؘۯٳٙؠؙ۫ٛ؋ۥۅؘڡؘٵڹۘڹؘڗؚۨڷ^ۿ؞ٳڵٙٳؠقؘۮڔ مۜڡ۫ڷۅمِ

سورة الحجر

صدق الله العظيم

In the name of Allah, the Most Gracious, the Most Merciful

And the earth We have spread out (like a carpet); set thereon mountains firm and immovable; and produced therein all kinds of things in due balance (19) And We have provided therein means of subsistence, for you and for those for whose sustenance ye are not responsible (20) And there is not a thing but its (sources and) treasures (inexhaustible) are with Us; but We only send down thereof in due and ascertainable measures (21)

True are the Words of God

Surah Al-Hijr



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

"My first objective is for our country to be a pioneering and successful global model of excellence, on all fronts, and I will work with you to achieve that."





His Royal Highness Prince Muhammed Bin Salman Bin Abdulaziz Crown Prince, Prime Minister, and Chairman of the Council of Economic and Development Affairs "Our real wealth lies in the ambition of our people and the potential of our younger generation. They are our nation's pride and the architects of our future."

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1. Overview



1.1. About this Report

At National Petrochemical Industrial Company (NATPET) we are aiming to show our commitment to sustainability by revealing our efforts in the three sustainability pillars, in protecting the environment, improving the people and society and achieving the economical profit.

1.2. Scope of the Report

This Commitment on Progress report covering the period from January 2022 to December 2022.

1.3. Company Profile

The National Petrochemical Industrial Co. (NATPET) has built a 400,000 MT/Year polypropylene plant in Yanbu Industrial City Saudi Arabia. Plant has capability to produce a wide range of polypropylene product mix (Homo polymers, Random & Heterophasic Copolymers) suitable for a wide variety of applications by targeting and managing satisfied customers in different parts of the globe.

NATPET has acquired state of the art Spheripol[®] process to produce Polypropylene from LyondellBasell, which is the world leader in polypropylene technology.

NATPET has received due recognition Nationally/Internationally through various accolades in Social Responsibility programs. NATPET has acquired certification for ISO-9001/14001/22000/45001 and most important RC 14001-2015 for Responsible Care.

NATPET main objective to join UNGC is to build trust with stakeholders, manage transparency, better efficiency, generate greater brand value, and more responsive to employees, customers, & society. we feel confident in corporate sustainability programs by operating business in a way that, at a minimum, meet fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption.

For NATPET corporate sustainability means operating business in a way that creates long-term value by balancing the needs of the organization with the needs of future generations through consideration of environmental, economic and social factors.

1.4. Vision:

To be one of the major global players in the production and marketing of designated petrochemicals and downstream.

1.5. Mission:

Efficiently apply best practices and processes to be the Company of preferred choice to its customers, employees, suppliers, society and investors.

1.6. Strategic Goals:

- Maximize production by efficient asset utilization.
- Optimize grade and/or product mix.
- Maximize sales in the highest net back in markets & applications (zones).
- Optimizing resources and processes.
- Grow business portfolio.

1.7. Sustainability Vision and Commitment

At NATPET, we care about the people and our community. We believe that enhancing diversity, well-being and developing our people will improve our business. We also care about our environment and we always try to spread this idea to our employees and the outside community. In NATPET we are committed to serving our community and protecting the environment for the future generations.

In addition, we are working with our customers to provide them with the best services they need. Starting with our products, we value the quality and reliability of them. Moving to the pre and after sales services where we support our customers with their needs and problems. We highly value the speed and promptness of responding to our customers in order to fulfill any quires they have.



1.8. Sustainability Strategy

The sustainability strategy of NATPET is based on the United Nations' pillars of sustainability: People, Planet and Profit. We always seek for the balance between our corporate social responsibility, caring about the environment and achieving the economical profitability. Moreover, we take into consideration our stakeholder interests, the concerns of the society and the benefits on our core business.

The business model of NATPET is centered on the principles of sustainable development. As we believe that our activities and operations can affect the environment, our stakeholders and the economical profitability. Centralizing our business model to the principles of sustainable development will guide us to perform in a sustainable way and cascade the idea of sustainability to all management levels.

Employees Development:

NATPET always puts its employees' development as one of its most important priorities. Because we believe that our employees are the main factor of success in the company. So, we train and provide our employees with the proper knowledge and skills that will help them throughout their careers. In addition, we attract, recruit and develop new talents and train them to be the leaders of tomorrow. In this way the company will be sustainable in its human capital.

Local Community Improvement and Interaction:

The local community is very important to us. We consider developing and interacting with the society as an obligation on us. Because we are operating in this society and developing it is part of developing the company. Also, we know that our operations and activities are affecting them directly and indirectly, so it is our responsibility to be aware about their interests and to respond to their needs, in order to ensure their safety and security. We consider this healthy relationship with the society as an essential part in our sustainability strategy.

Business Continuity:

At NATPET we take into account the nature, scale and complexity of our activities. We set up our operations so that in the case of a major unscheduled business interruption our critical functions can be preserved and restored as quickly as possible and the normal provision of services and activity can be resumed within a reasonable period of time. Also, we believe that our profitability is achieved by making sure that our business operations are within our market conditions and its reliability is maintained.

Growing our Business:

Business growth is essential to be a competitive player in the global market. The global market is changing and evolving very fast. Therefore, growing our business is a must to meet the demand of our customers and to add value to them. So, we always seek for opportunities to expand our business by entering new markets, improving our contracts, diversifying our portfolio and looking for joint ventures.

Protecting the Environment:

We are improving our processes and activities to consume less resources like energy, water, materials... etc. and to produce less waste and emissions. We are also accredited to Environmental Management System ISO 14001, Responsible Care management system RC 14001, which reflect the quality of our systems in terms of the environmental impact.

Alignment with the United Nations Sustainable Development Goals (SDGs):

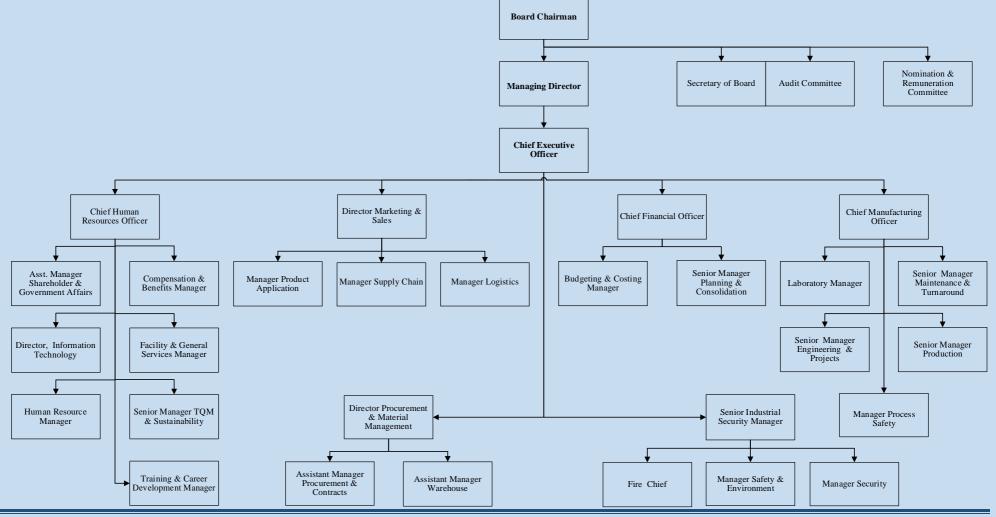
We have aligned our sustainability goals with the United Nations Sustainable Development Goal (UNSDG). We have process to spread awareness about these goals among our employees and local community.

Corporate Social Responsibility

 We at NATPET, in parallel to our daily business focus on customers and markets, we also continue to encourage our people to engage with their immediate wider community. As part of our commitment to sustainability, NATPET supports volunteer activities as a way of giving back to our communities. Employee volunteering embraces NATPET' mission to improve people's lives not only through our philanthropic activities, but also through our employees and our shared belief that each of us can touch the lives of those around us, making our world a better place, and adopting a new company culture. This cultural shift is being driven by a new set of behaviors designed to help us unlock our full potential – Eager to win, take ownership and Team up to excel.

2. Corporate Governance

NATPET believes that good corporate governance is a critical factor in achieving business success. The findings of internal and external audits are reported to executive management and are discussed by the Audit Committee. Internal management system audit (IMSA) is the part of the Company Business Objectives to monitor the quality of the business controls through risk-based operational audits. As part of the Business Control Frame work, NATPET have implemented set of standards for internal controls.



3. Message from NATPET CHRO (Othman Khojah)

Our sustained focus on environment greatly influences the strategies and polices at NATPET. We are proud of what we have achieved through joint efforts with the community and our leadership. We continue to sustain this legacy by developing not just the talent in house but our community as well. Climate change is a phenomenon that affects us all equally and we believe that awareness and education is the foundation towards a more sustainable future. Therefore, our focus on talent, processes and environment has led to impressive and quantifiable results across all our business intersections. This report covers our activities and progress over the past year and our targets for the future.

NATPET diligently reviews its environmental performance against both external and internal requirements. We continually benchmark our performance and deliverables against the gold standards in the industry and takes prompt action if issues are identified. We strive to make a significant contribution to societies and the environment.

The sustainability targets are set in accordance with long-term strategic priorities at NATPET. Our focus is on three major areas:

- 1. Environment Protection through controlled and regulated emissions, improved utilization of our facilities and energy saving initiatives.
- 2. Talent development by educating and creating transparency around sustainable values. We continue to work in harmony with our local communities and challenge ourselves to improve energy efficiency and resource management. We understand that real success is measured through organization's contribution towards the overall economy and the growth of its industry.
- 3. Health and safety of our employees, and of all our stakeholders, is fundamental to our business. Our Code of Ethics provides practical guidance on how we should conduct ourselves in our day-to-day business.

NATPET has come a long way in this journey and embraces the future with passion for innovation that bring forth ideas and solutions to improve the environment and our quality of life. We will continue to embed the principles of sustainability by working safely and ethically, and by making a positive contribution to our environment.

4. Award & Achievements





NATPET has been awarded "Best Enterprise Award" by Europe Business Assembly (EBA)



NATPET has been awarded "Supply Chain Partner of Choice Award -Process Sector" hosted by Frost & Sullivan.

5. NATPET Policies



5.1. Social Compliance Policies

5.1.1 No Discrimination Policy:

At NATPET, we shall not discriminate with regards to workers based on race, religion, beliefs, gender, marital or maternal status, age, political affiliation, national origin, disability, sexual orientation or any other basis.

Clarifications:

As a policy, our decision based for hiring, salary, fringe benefits, promotion, termination on the workers individual skills and ability to do the job.

5.1.2 Punishments and Appeal Policy:

NATPET shall not engage in or support the use of corporal punishment, threats of violence or other forms of mental or physical coercion and shall not make use of public warning and punishment systems.

Clarifications:

Reprimands for breach of duty or misconduct shall be a private matter between the employer and the employee and/or his/her representative. The employees have rights to appeal reprimands/disciplinary actions/dismissal.

5.1.3 Harassment and Abuse Policy:

The Company shall not engage, support or allow any form of harassment or abuse in the workplace.

Clarifications:

Harassment can be any offensive act, comment or display that humiliates, insults or causes embarrassment, or any act of intimidation or threat.

This includes but is not limited to: Serious or repeated rude, degrading or offensive remarks, Displaying sexist, racist or other offensive pictures, posters, threats, intimidation or retaliation.

5.1.4 Grievance Policy:

We believe that all employees should be treated fairly and with respect. All employee have rights to raise a formal grievance that should be concerned with the way in which an employee have been treated by the organization or managers acting on its behalf.

Clarifications:

Grievances may be concerned with a wide range of issues, including the allocation of work, working environment or conditions, the opportunities that employee have been given for career development or the way in which he/she have been managed.

5.1.5 Policy on Dealing with Harassment Complaints:

NATPET is committed to ensure equal opportunities and fair treatment in the workplace for all its employees. Company will ensure that no employee or other worker within the organization is subjected to any form of harassment or bullying. The NATPET shall treat all complaints of harassment seriously and investigate them promptly, efficiently and in confidence. The Company will provide a framework for resolving complaints of harassment or bullying and for stopping any behavior, which is causing offence or distress.

Clarifications:

The aim is to enable the organization to provide a working environment in which all staff feel comfortable and in which everyone is treated with respect and dignity, regardless of gender, sexual orientation, transgender status, marital or family status, color, race, nationality, ethnic or national origins, creed, culture, religion or belief, age, disability or any other personal factor or quality.

5.1.6 Disciplinary Policy:

NATPET employees shall not ordinarily be dismissed for a first disciplinary offence. The NATPET reserve the right to implement the policy at any stage as set out taking into account the alleged misconduct of an employee.

Matters that the company view as amounting to disciplinary offences include but not limited to:

- persistent bad timekeeping;
- unauthorized absence;
- minor damage to the company's property;
- failure to observe the organization's procedures;
- abusive behavior;
- unreasonable refusal to follow an instruction issued by a manager or supervisor;
- poor attendance; and
- Smoking in non-designated areas of the Head Office and plant's premises.

Clarifications:

Employees have the right to be accompanied at a formal disciplinary hearing by colleague or Human Resource of their choice.

5.1.7 Whistleblowing Policy:

NATPET encourages all employees to raise their concerns under this policy in the first instance that they may have about the conduct of others in the business or the way in which the business is run. This policy is for disclosures about matters and sets out the way in which individuals may raise any concerns that they have and how those concerns will be dealt with.

Clarifications:

All company employees including other individuals performing functions in relation to the NATPET are encouraged to use it-wrongdoing within the organization (for example, financial irregularities or health and safety concerns).

5.1.8 Anti-Bribery Policy:

NATPET shall not tolerate any form of bribery by, or of, its employees, contractor's workers, agents or consultants or any person or body acting on its behalf. Senior management is committed to implement effective measures to prevent, monitor and eliminate bribery.

Clarifications:

Any breach of this policy is likely to constitute a serious disciplinary, contractual and criminal matter for the individual concerned and may cause serious damage to the reputation and standing of the NATPET.

5.1.9 Environmental Policy:

NATPET is committed and accepted its environmental responsibilities and recognize its obligation to reduce the impact of business activities on the environment. The NATPET achieve this through a policy of continual improvement in environmental performance.

Clarifications:

Each employee is responsible for his/her adherence to the principles of the Environmental policy.

5.1.10 Office Environment Policy:

NATPET shall ensure that significant risks to the environment associated with office-based activities are assessed and minimized. Company provides suitable and sufficient information, instruction, training and supervision to employees regarding impacts on the environment and to ensure that control measures are properly used. NATPET ensures that adequate arrangements are in place to deal with accidents, incidents and emergencies related to contamination, spillages or other adverse environmental effects.

Clarifications:

This policy outlines the company's commitment to minimize the environmental impact of office-based activities.

5.1.11 Equal Opportunities Policy:

NATPET is committed to provide equal opportunities and to avoid unlawful discrimination in employment. Striving to ensure that the work environment is free of harassment and bullying and that everyone is treated with dignity and respect, which is an important aspect of ensuring equal opportunities in employment.

Clarifications:

It is unlawful to discriminate directly or indirectly in recruitment or employment because of age, disability, sex, pregnancy, maternity, race, religion or belief.

5.1.12 Equal Pay Policy:

NATPET is committed to the principle of equal opportunities for all employees and intended to set out how the company will demonstrate its commitment to equal pay. NATPET believe that its male and female employees should receive equal pay for:

- the same or similar work;
- work rated as equivalent under a job evaluation study; or
- work of equal value.

Clarifications:

Equal pay means all forms of contractual remuneration (including contractual bonus payments, overtime rates, end term benefits and holiday pay) and non-cash contractual benefits such as company car, mobile phone, etc.

5.1.13 Equal Opportunities Relating to Disability Policy:

NATPET is committed to an active equal opportunities policy from recruitment and selection, through training, development, appraisal and promotion to retirement for all employees including those with a disability. NATPET shall recruit solely on the basis of work criteria and the applicant's abilities and individual merit. A disability will not of itself justify the non-recruitment of an applicant.

Clarifications:

Disabled employees have equal access to all benefits and facilities of employment.

5.1.14 Maternity Policy:

NATPET is firmly committed to protecting the rights of expectant mothers. This policy is to treat women affected by pregnancy, childbirth or related medical conditions in the same manner as other employees unable to work because of their physical condition in all employment aspects, including recruitment, hiring, training, promotion and benefits.

Clarifications:

When the employee returns to work, she is entitled to return to the same or equivalent job with no loss of service or other rights or privileges.

5.1.15 Employee of the Year Policy:

The objective of the "employee of the year" scheme is to give recognition to employees who have performed particularly well each month. The scheme is an essential part of the reward strategy of the organization. It aims to motivate

employees to achieve high standards, encourage innovation, promote high levels of customer service and celebrate success.

Clarifications:

The determination of the employee of the year is based on a variety of factors, few of them as:

- Productivity: exceeding output expectations.
- Customer Service: going the "extra mile" for a customer.
- Exceptional Effort: giving an exceptional level of support to the organization.
- Creativity: being particularly innovative.
- Being Proactive: taking charge of a situation or solving a difficult problem.

6. Stakeholder Engagement

Our approach in reporting sustainability starts with identifying our stakeholders. All the stakeholders who can impact and influence the company in its sustainability strategy are identified through an effective process. This process starts with brainstorming in order to make a list of all possible stakeholders of the company. Then through deeper discussions and reasoning this list is ranked based on the impact of each stakeholder on NATPET and vice versa. The stakeholders with the highest ranks and most impact will be the key stakeholders of the company. Then the suitable engagement approach and the key topics of concern for each stakeholder are identified.

Following is our list of key stakeholders associated with their engagement approach and key topics of concern:

Stakeholder	Engagement Approach	Key topics of concern
1. Shareholders	Periodic meetings, annual and quarter reporting.	Company reputation and recognition, profitability, costs, market situation.
2. Customers	Satisfaction survives, asking for their suggestions and area of improvement.	Product quality, responding to complaints and resolve them.
3. Employees	Periodic meetings, surveys, emails, periodic reporting.	Job security, job satisfaction, training, career development.
4. Government	Attending conferences, participating in committees and advisory groups, periodic auditing.	Updating laws and regulations, security, compliance with legislations.
5. External Organizations e.g. GPCA	Participating in conferences, membership in committees.	Responsible Care management, innovation, supply chain.
6. Local Community	CSR programs, awareness programs, site visits to the plant.	Protecting the environment, minimizing the footprint of the company.
7. Suppliers and contractors	Periodic workshops and discussions, receiving feedbacks, frequent communications.	Service pricing, product and service quality, strategic partnership.

6.1. List of Key Stakeholders

Stakeholder	Engagement Approach	Key topics of concern
8. Distributors	Periodic discussions, frequent communications, contracts and negotiations.	Health and safety, reliability, service quality.
9. Banks	Periodic meetings and communications.	Financing, loan paying scheduling, reputation of the company.
10.Academic and Non-Profit Organizations	Research partnership and internship programs.	Scientific researches and students training.
11.Media	Responding to media questions and interviews, press releases, inviting to conferences and events.	Transparency and disclosure, enhancing company's reputation, sharing achievements and best practices.

6.2. Materiality

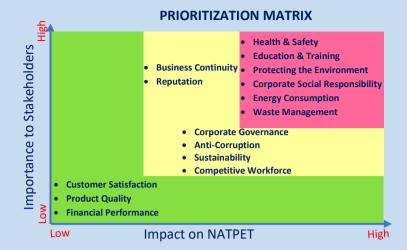
A material topic reflects a reporting organization's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders. To identify the material topics, NATPET engages its stakeholders in interviews and deep discussions to listen and benefit from everyone. These discussions are a great way to know the opinion of everyone about the topics that the company should consider as material topics. After hearing from everyone a prioritization matrix is used to identify the key material topics.

Following is our list of material topics:

- 2. Waste management. 1. Health and safety.
- 3. Customer satisfaction.
- 5. Product quality.
- 7. Financial performance.
- 9. Education and training.
- 11.Protecting the environment.
- 13. Corporate social responsibility.
- 15. Energy consumption.

- 4. Business continuity.
- 6. Anti-corruption.
- 8. Corporate governance.
- 10.Competitive workforce.
- 12.Sustainability.
- 14.Reputation.
- 16. Raw materials & resources.

6.3. Prioritization Matrix



6.4. Material Topics and Impacts Boundaries

Matorial Topics	Impact	Location
Material Topics	Inside	Outside
1. Health and safety.	~	
2. Customer satisfaction.		✓
3. Product quality.		✓
4. Financial performance.	\checkmark	
5. Education and training.	\checkmark	
6. Protecting the environment.		✓
7. Corporate social responsibility.		✓
8. Energy consumption.	\checkmark	
9. Waste management.		✓
10.Business continuity.	\checkmark	
11.Anti-corruption.	\checkmark	
12.Corporate governance.	\checkmark	
13.Competitive workforce.	\checkmark	
14.Sustainability.	✓	✓
15.Reputation.		✓
16.Raw materials & resources.	\checkmark	

6.5. Our Products

Homopolymer

Grade name	MFR g/10- min	Application
Teldene® H03ML	3.2	Injection Molding for house wares, toys, small appliance parts, Raffia and automotive compounding.
Teldene® H03BPM	3.0	Extrusion BOPP films at high speed for packaging, thermoforming, raffia and automotive compounding.
Teldene® H03BPMP	3.0	Extrusion BOPP films at very high speed with excellent processability, thermoforming, raffia and automotive compounding.
Teldene [®] H03TF	3.1	In-line and off-line thermoforming for fruit baskets, trays, transparent drinking cups and containers.
Teldene [®] H06ML	6.0	Injection Molding for consumer goods such as food containers, house wares, toys and garden furniture. Also, components for appliances and parts for the automotive industry.
Teldene® H08ML	8.0	Injection Molding for consumer goods such as food containers, house wares, toys and garden furniture. Also, components for appliances and parts for the automotive industry.
Teldene [®] H08CFM	8.0	Extrusion for transparent cast film, shopping bags production. Engaged for packing film of snacks, pasta, bakery items, books, blankets, hosiery, shirts, lamination, automotive compounding.
Teldene® H11BF	11	Extrusion blown film for Food packaging, textile packaging film, packaging for hosiery, shirts, shopping bags and straws.
Teldene® H12ML	12	Injection Molding for production of furniture, crates, containers, caps and closures and general-purpose injection molding articles.
Teldene [®] H17ML	17	Injection Molding for thin-walled articles, containers, boxes, caps & closures, household articles and toys, and components of compounding applications.
Teldene® H25FBA	25	Extrusion of fibers bulk continuous filaments (BCF) and continuous filaments (CF) such as carpet and upholstery. Also, staple fiber and non-woven.
Teldene [®] H26ML	26	Injection Molding for thin-walled articles, containers, toys, vacuum flasks, household and kitchen articles, components of compounding and master batches application, and suitable for Lamination application.
Teldene® H25FBF	25	Suitable for Extrusion application, Bulk continuous filaments (BCF) and continuous filaments (CF) for carpet and upholstery. Also good for staple fiber and non-woven. Phenol free, UV stabilized grade, excellent resistance against gas fading and discoloration.
Teldene® H04FBA	4.0	Suitable for Geotextile, Filament yarn, Staple fiber, and non-woven. Also good for agriculture, building, and furniture applications. Formulated with anti-gas-fading and UV stabilization package.

Random Copolymer

Grade name	MFR g/10- min	Application
Teldene [®] R25MLT	25.0	Suitable for thin-walled injection molding (TWIM) applications such as house wares, thin-walled articles for food and non-food applications, video cassette cases, caps and lids, sports, leisure & toys and component parts for automotive industry.
Teldene [®] R40MLT	40.0	Suitable for high clarity injection molding and Injection-Stretch Blow Molding (ISBM) applications such as housewares and cosmetic packaging, food and non-food applications, CD cases and caps & closures and component parts for automotive industry.
Teldene [®] R70MLT	70.0	Suitable for high clarity injection molding and thin-walled applications such as housewares, food & non-food packaging, cosmetic application, caps & closures and component parts of electric appliances. Excellent transparency, processability, flow-ability and dimensional stability.

Medical Grades

Grade name	MFR g/10- min	Application
Teldene® H12ML- MG	12.0	Injection Molding for Healthcare application such as sample containers, caps & closures, equipment parts.
Teldene® R25MLT- MG	25.0	Injection Molding for Healthcare application such as transparent syringes, sample containers, lab wares, and equipment parts.
Teldene [®] R40MLT- MG	40.0	Injection Molding for Healthcare application such as highly transparent syringes, pipettes, jars for lab wares. Also, vials, medicine containers and equipment parts.

Heterophasic Copolymer

Grade name	MFR g/10- min	Application
Teldene [®] B07ML	7.0	Injection Molding for products requiring a good resistance to long term heat exposure such as battery cases, automotive components and large containers and automotive compounding applications.
Teldene [®] B20ML	20.0	Injection Molding for toys, furniture, sport goods, leisure goods, Housewares, TWIM food containers, medium to Large pails, photovoltaic panel and automotive compounding application.
Teldene [®] B30ML	30.0	Injection molding for toys, furniture, sport and leisure goods, housewares, TWIM food containers, medium to large pails, photovoltaic panel and automotive compounding application
Teldene [®] B45ML	45.0	TWIM, excellent for thin-walled containers for food packaging (margarine, yoghurt, etc.), sport and leisure goods, housewares, caps with hinge. Small size pails

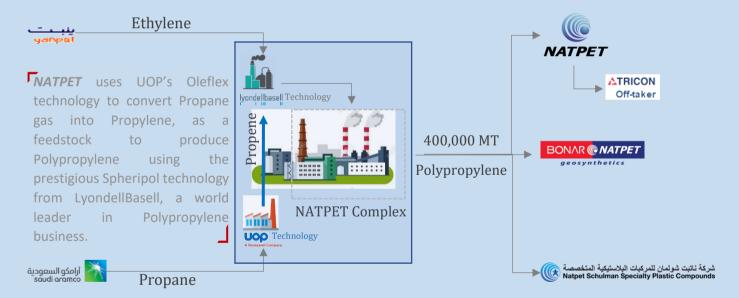
7. Supply Chain

NATPET gets its feedstock from Aramco and Yanpet which provide Propane and Ethylene gases. Then through the technology licensed by lyondellbasell, NATPET produces wide range of polypropylene grades as mentioned before and distributed to more than 90 countries around the world namely in the countries of:

- Europe.
- Africa.
- Latin America.
- Middle East.
- China.
- Southeast Asia.

7.1. NATPET Supply Chain Diagram

Our value chain is summarized in this diagram:



8. Our Management Approach

At NATPET, we discuss, monitor and evaluate the economic, environmental and social issues through regular meetings involving our employees, the management and the Board. As with our risk management approach, we apply precautionary principle when making decisions that may cause serious or irreversible damages.

At NATPET we have whistle-blowing procedure that encourages employees to raise their concerns under this procedure in the first instance. If a worker is not sure whether or not to raise a concern, he/she should discuss the issue with his/her line manager or the HR department. Negative feedback or grievances from our employees are always welcomed as they provide us with precious opportunities to improve work environment and facilitate fair settlement.

8.1. Waste Management

NATPET pollution reduction programs help in managing environmental responsibilities, comply with the applicable local/ Royal Commission, improved material and energy utilization in addition to reducing wastes and releases. The engineering and technical experts of the NATPET contribute in the way of proposing new materials, equipment modification, recycle/reuse of waste.

NATPET has initiated major project on converting a Hazardous industrial waste as raw material to other industries e.g., research on transforming NaHS a hazardous waste to become an active agent for the leather industry.

NATPET Environment section organizes environmental awareness and excellence competition in primary schools of RC, Yanbu in collaboration with the local environmental regulatory authority, Royal Commission Environment Control Department at Yanbu and RC primary education department.

Environmental Major Milestones:

- Zero violation of local & national Environmental Regulation.
- 100% compliance to set parameter for wastewater discharge to MARAFIQ IWTP.
- No Groundwater contamination as per groundwater sampling report.
- Continuous Emission Monitoring of stack Emissions.
- NOx and SOx emissions from stacks far less than RC limit.
- No incident of leakage for radioactive sources.
- RC 14001:2015 valid certification and accredited with ANAB by ABS-QE, USA.
- ISO 14001:2015 valid certification and recognition for RCMS by GPCA.

8.2. Health and Safety

Health and safety is one of our most important material topics. We give this topic the most of our focus and intention. We believe that employers are only truly sustainable when they ensure the safety, health and welfare of their workers. NATPET's leadership commitment to Safety, Health and Environment is built on a genuine belief that profitability and creating shareholder value is equal to the company's social responsibilities and commitment to health, safety and protection of the environment.

NATPET has acquired the certification of ISO 45001:2018 Occupational health and safety which ensure that we apply an effective safety management system, which can be integrated with other management systems and help us to achieve better occupational health, safety performance and economic objectives.

NATPET had received and granted a prestigious GOLD AWARD in Occupational Health and Safety from The Royal Society for the Prevention of Accidents (RoSPA). This shows that we had been demonstrating a socially responsible attitude among our employees which leads to developing a strong safety culture and enhanced safety performance in the entire plant.

The health and safety performance of NATPET in 2022 continues to be the high with much more achievements. The year was completed with Zero Lost Time Incident, and Zero Recordable Incidents, hence continue the earlier achievement of Zero Total Recordable Incident Rate (TRIR) in 2022 also, on the journey towards safe working environment.



HSE Performance Statistics:

HSE Performance statistics:

Performance Metrics	2018	2019	2020	2021	2022
Leading Indicators					
Safety Training Man Hours	2323	6372	3336	3302	6920
Employee Safety Observations (Near Miss, Unsafe Acts/ Unsafe Conditions)	2276	1565	1497	1554	1939
Lagging Indicators					
Lost Time Incident Rate (LTIR)	1.139	0.0	0.0	0.0	0.0
Total Recordable Incident Rate (TRIR)	1.709	0.0	0.0	0.0	0.0

LTIR = (Number of Lost Time Incidents X 200,000) / Total Man Hours Worked

• TRIR = (Number of Recordable Incidents X 200,000) / Total Man Hours Worked

0: Lost time incident, 0: Medical Treatment, 1: First aid incident, 0: Property damage incident, 1: fire incidents, 1: Process Safety incident, 0: Environmental spillages, 1939: Reported near miss

9. Sustainability Achievements

People/Society

Planet/Environment

Profit/Economics

At NATPET, we utilize existing resources optimally so that a responsible and beneficial balance can be achieved by using the assorted assets of the company efficiently to allow it to continue functioning profitability over time.

9.1. People/Society

9.1.1 Education and Training

At NATPET we strive to recognize and support the staff and community by being sensitive and culturally aware. We also strive to balance competence in the technical aspects of our work with sensitivity to the individual needs and situations of staff, keeping the bigger picture in mind as we administer the details.

- Our vision is to equip NATPET employees with the best training to meet Company Targets/Goals.
- Our mission is to help NATPET employee be the best among the leading competitors in Petrochemical industries.

NATPET invests in skills to prepare economies and labor markets for the demand and changes of increased global competition. NATPET also offers training opportunities and create learning potential and became learning organization in which workers have the opportunity to develop professional and social competences through peer learning. Our investments in training have a positive and significant impact on NATPET economic performance indicators.

Training Programs for Continuous Development:

- Language Training (English Improvement).
- Management & Communication Training (Soft Skills).
- Technical Training (Specialized training from the licensors).
- Academic Training (College Placement, Co-Op College students & High School -Summer Students).
- On the job trainees (OJT), and professional development programs (PDPs) training, train the trainer & Orientation.

- Safety Training (HSE & F Department).
- Courses, Conferences, Seminars and Self-study.

Training Procedures & Methodology:

- A. Training and Documentation
 - Theory and Hands-on Training Documented by Task Certificates recorded in Training Manuals by Mentor, Supervisor and Training Manager.
- B. Training Manuals:
 - Ten (10) Training Manuals were designed, documented and executed on:
 - a. Plant Operation.
 - b. Maintenance.
 - c. Laboratory Technician.
 - d. Logistics Administrative Assistance.
- C. English Improvement (In house Training) is offered as per skill test conducted.
- D. Training out source.
 - In house and External training is offered as per TNA to all employees.
- E. On Job Training is offered to College and High School Students.

Benefits of investing in training:

- Enhancing employee's competencies.
- Increase and Improve:
 - Quality of People.
 - Quality of Products.
 - Productivity: Achieved Targeted Plans.
 - Cost: Eliminate/Reduce Equipment Failure and Downtime.
 - Material Flow: Eliminate Spare Parts Shortage/Over Stocking.
 - Safety: Safe Working Environment, Procedures and Process.
 - Man Power: Control Turnover/Successful Succession Plan.
- 9.1.2 **Operations Personnel Competency Development**
 - 1. Working in any Petrochemical Unit requires specific skills, safety training, technical training and competency to ensure that daily operations and response to emergency situations can be undertaken safely and

professionally. This is achieved by having employees with the right competencies, incorporating education, training and experience to perform the tasks expected of them. The NATPET Competency Training Program addresses the training element of the core competency necessary for individuals to work on daily activity.

- 2. Competence-based training is designed to teach employees and to enhance their skills which they will use to perform day-to-day job activities. The best way to accomplish this is to impart technical knowledge enhancement utilizing demonstration-performance methods when providing on-the-job training.
- 3. Training for employees will be supplemented by Company specific induction and training, unit specific induction, task specific induction and training, drills and exercises as well as computer-based training as and when appropriate. Certain specialized courses may also require periodic simulator-based training to enhance the degree of competency to deal with predefined scenarios. Competency-based performance is a widely adopted concept in any industry. A cluster of related knowledge, soft skills, and attitudes that affects a major part of one's job (a role or responsibility), that correlates with performance on the job and can be measured against well-accepted standards, which can be improved via training and development.

		Tra	ining Mate	erial Library (levelopment		
Rotating	Static	Methods	Systems	Safety	Others	Plant Specific	General
Pumps	Heaters	Isolation	<u>Catalyst</u>	<u>MSDS</u>	Interlocks	Plant wise	Log writing
Blowers /Fans	Reactors	Purging/Flushing	Utilities	<u>LOTO</u>	Alarms	Area wise	Discipline
Compressors	Exchangers	Draining	Chemicals	Ele hazards	Instruments	SOP	Suggestions
Turbines	Filters	<u>Flaring</u>		Mech hazards	PSV/RD/Breathers	100 area	Communication
Expanders	<u>Valves</u>	Priming	Lubrication / Greasing	<u>Hoses</u>	Flow meters	200 Area	PP & Utility P& ID's
<u>Boilers</u>	<u>Pipes</u>	Cleaning	<u>Blanketing</u>	<u>Nearmiss</u>	<u>Chemistry</u> <u>Reaction</u>	300 area	PDH P&ID's
<u>Screw</u> <u>conveyors</u>	Steam trap	<u>Scaffolding</u>	DCS	Fire preplans	<u>MSDS</u>	400 area	PP & Utility PFD's
Extruder	Flare	Lubrication	PLC	PTW	PI system training	500 area	PDH PFD's
Agitators	Vessels	Temperature sensors philosophy	ESD	Safety Standards	Condition Monitoring training	600 area	PP & Utility SOP's
	<u>Seals</u>	Pressure sensors philosophy	Interlock Basics	General Safety	Emergency SOP	700 area	PDH SOP's
	Spheres	Level control philosophy	Flare	Safety Videos		800 area	Safety Standard's
	<u>piping</u>	MOV	CCR	Deluge system		900 area	PP & Utility MSDS
	Hoses	Vibration sensors philosophy	Process Control	Fire monitor System		9000 area	PDH MSDS
	Flange rating	Solenoid valve		Hydrant system		SIDA packages	PI system
	Line Size	Radio graphic philosophy		Radio graphic Risks		Coperion package	Portal

NATPET Training Programs Classification and Library

	Evaporation philosophy	LOPA	Purification Unit	Lesson Learnt from Incident
	Condensation philosophy	HEZOP	LURGI operation manual	PDH Lesson Learnt
	Flash point philosophy	HAZID	REC OEM manual	2018 {PP Incident} Photos
	LEL & UEL	JSA	ME-4501 OEM manual	PP& UTY process Description
	Boiling point	Bleve		CCR
	Ignition Temperature	LURGI safety manual		<u>RCA</u>
				Industrial Vocabulary
				Bessel Technology
				Sphereball Technology

9.1.3 Contribution to SR index for the year 2022

Following activities were performed during 2022:

- 1. Sponsored/trained best/highest GPA national students in the leaders of the tomorrow program (GPCA LOT)
- 2. Guide Students for choosing the right career and help in searching for the right job in the Petrochemical sector.
- **3.** Did philanthropy for the needy personnel in setting the small business
- 4. Developed programs for students as NATPET Social Responsibility Initiative in Education in followings:
- NATPET with GPCA together:
 - Grow local talent
 - Promote STEM
 - Create the right skillsets for STEM jobs

9.1.4 Responsible Care Training at universities.

Established a training program for universities final year students, comprising 12 sessions during one semester "GPCA & RC Outreach Program – Colleges & Universities". Yanbu Industrial college has been selected as a pilot program. This initiative is to bring industry experts at college in provide the training and awareness on industry insight. The program has been developed in collaboration with Gulf petrochemical and chemical Industries – GPCA to spread the awareness and knowledge on Responsible care:

NATPET aims to formalize the approach through which YPW can learn from industry experts about methodologies and procedures to improve Responsible Care Performance (CAER, Product stewardship, Process safety, H&S, Security, Environment & Distribution), whilst exploring new Job opportunities for the National in workforce

Training Scope

Title	Logo	Description
CE- Community Awareness & Emergency Response	CAER	To assure emergency preparedness and to foster community right-to-know through openness and community dialogue
DS- Distribution	Distribution	To reduce the risk of harm posed by the distribution of chemicals (including waste) to the general public to carrier, distributor, contractor, chemical industry employees and to the environment.
PS- Product Stewardship	Product Stewardship	To make health, safety and environmental protection an integral part of Designing, Manufacturing, Marketing, Distributing, Using, recycling and disposing of our products.
SC- Security	Security security iaxonomy	To help protect people, property, products, processes, information and information systems by enhancing security, including security against potential terrorist attack, throughout the chemical industry value chain.
HS- Health and Safety	Employee Health & Safety	To protect and promote the health and safety of people working at or visiting member company work sites
PS- Process Safety	Process Safety	To support preventing un-intended hazardous releases including fires, explosions and accidental chemical releases
EP- Environment Protection	Environment Protection	To achieve ongoing reductions in the amount of all contaminants and pollutants released to the air, water, and land from facilities

9.2. Planet/Environment

9.2.1 Environment Improvement Project

#	Description	Expected benefits
1	Waste Recycling (Waste oil / Jumbo bags / Wooden pallets / Product powders / Electronic wastes) through Royal Commission approved vendors	Pollution to the environment through incineration will be eliminated
2	Installation of Fixed Ambient air analyzer near the fence for H2S, SO2 & BTEX- Phase II	To improve Monitoring of Ambient Air around the plant. Project in progress, expected Completion by Dec-22 Note: The concentration of polluting chemicals are being monitored by the station. Every hour concentration is shared by all companies to Royal Commission Environment Department.
		The received information are analyzed by RCED and actions are initiated to prevent the pollution from the source.
3	Upgrade the Fire Hydrants from Dry Type to Wet Type	Improvement in Fire Hydrant with monitors will increase Fire protection capabilities, Water Flushing/Air freeing will be avoided after this improvement. Job in Progress, expected to complete- Q1-23
		Note: Dry type fire hydrant requires weekly air freeing activity to remove the air pockets in the system.
		Air freeing is not required in Wet type hydrant, and resulting the prevention of water wastage in air freeing.
4	FFS Bags improvement from 150 Micron to 120 Micron	Completed, Reduction in Plastic usage required for packing.
5	PP 25 Kg bags stacking/Packing Layer increase from 11 to 12 Layers	Completed, As detailed in benefits report

9.3. **Profit/Economics**

9.3.1 Plant Bad Actor Management

Based on historical data, (excluding Safety items) a list of Bad Actors has been established and reported under NATPET company objective to remove them.

Expected Results

- 1. To minimize production losses due to repeated failure.
- 2. To minimize repeated asset and EHSS failures.
- 3. Recommendations are tracked and implemented timely.
- 4. To optimize Maintenance plan, cost and time.
- 5. To improve Reliability of Plant Equipment.

10. Sustainable Programs

10.1. Business Improvement Master Plan (BIMP)

10.1.1 Returns Calculation & Verification

- Based on the initial review, the Business Improvement team determined a clear strategic to improve in the below five areas and established Business Improvement Master Plan BIMP to the target or the vision state by following project management approach for the identified gaps in the five core areas of Business Improvement Master Plan (BIMP).
- Bridging the gap brought various scenarios for cost avoidance/saving and areas of improvements, both tangible and non-tangible
- An internal independent team was appointed to verify all the savings from various projects and presented a final report of saving/Cost avoidance.

10.1.2 BIMP Core Areas:

- Governance
- HR & Legal Compliance
- Business Control and Business Continuity
- Business Excellence
- Operational Excellence

10.1.3 Tangible BIMP Initiatives Returns (Verified)

Returns – Verified and validated	Cost Avoidance + Cost Savings (CACS)
Cost avoidance / Saving CACS	SAR 214,630,000
Repeatable CACS on Annual Basis	SAR 90,850,000

11. Events Pictorial Tour

11.1. NATPET Sports Challenge, 2022

Following games have been held this year in Yanbu.

Games:

- 1. Table tennis
- 2. Chess
- 3. Badminton
- 4. PlayStation
- 5. Running race
- 6. Football
- 7. Cricket
- 8. Volleyball







11.2. NATPET COOP Program May 2022



11.3. Founding Day Celebration - February 2022





11.4. Independence Day Celebration

Visit to the Royal Commission Hospital





11.5. Participation in Flower and Gardens Festival





11.6. Student visit and gifts distribution.



11.7. Annual NATPET employee party with their families



11.8. Health Monitoring a Vaccination Oct 2022





11.9. Gift to Students:

- 100 Coupon, worth SR. 300 each from Ba-Hamdoun bookstore
- 75 Lenovo Tablet 32 GB, 10 inches





NATPET - Communication of Progress 2022

11.10. Visit of Special Need persons at NATPET from Comprehensive Rehabilitation Center - June 2022





11.11. National Day 2022 Event



11.12. Service Award 2022. Recognize the outstanding employees and awarded cash award and trophy on completion of 5, 10 and fifteen years.







SUSTAINABILITY REPORT 2022

NATIONAL PETROCHEMICAL INDUSTRIAL COMPANY (NATPET)

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