

Luberef's Approach to Sustainability

Positively Impacting People and the Planet

Luberef leverages its dominant competitive positioning and leadership in downstream business to drive sustainable business growth, stakeholder value creation and profitability. Led by its commitment to creating a better world, Luberef focuses on integrating Environmental, Social and Governance (ESG) considerations into its operational fabric and strategic framework. Luberef strives for excellence in everything it does and believes that its approach to ESG goes beyond individual initiatives. Embedding sustainability principles and practices across its business and value chain enables Luberef to operate responsibly, stay

accountable and enhance value creation for all its stakeholders, including shareholders.

Luberef recognises the importance and supports the Kingdom's Vision 2030, which places sustainability at the heart of everything the Kingdom does. As a business and a responsible corporate citizen, Luberef believes it can make a meaningful difference to the Kingdom of Saudi Arabia and its people. Whether fostering its talented and diverse workforce or driving the industry forward and ensuring that sustainability is central to its purpose, in line with Saudi Vision 2030, Luberef prides itself on taking steps to make that vision a reality.

By linking its actions to the holistic and sustainable well-being of people and the planet, Luberef is strengthening the foundations of its long-term future-ready evolution. Luberef aims to maintain its reputation of being a responsible business with accountability for its decisions and a comprehensive evaluation of their long-term implications. Luberef is in the process of developing a robust ESG framework, which will help integrate sustainability principles and practices into its business at every level.

Luberef's Philosophy on Environment, Health and Safety

Luberef's enterprise-wide focus on environment, health and safety supports its goal of protecting its workforce, preventing property losses and avoiding business interruptions, while adapting to market and operating conditions. This involves Company standards that focus on a continuous improvement approach commonly used throughout the industry.

Luberef's robust standards reflect low risk tolerance with rigorously applied operational safety procedures. This is complemented by procedures for crisis management and business continuity designed to provide operational resilience and respond to internal or external

incidents by restoring operations in an orderly manner.

Luberef has in place an environmental policy that outlines environmental goals, actions and a performance and monitoring and measurement framework. Luberef's stand on environmental issues also relies on its relationship with Saudi Aramco. Luberef is in the process of developing a strategy that aims to achieve net zero emissions by 2050.

Luberef is diligently working on developing a sustainability framework focused on the environment and the health and safety of its employees and the community. Luberef's initiatives include tracking performance to minimize emissions and

flaring. Total flaring and energy efficiency form key components of Luberef's environmental index KPI (Key Performance Indicator), which is part of Luberef's broader corporate KPIs.

Luberef's total flaring targets are reviewed and set annually based on the technical feasibility and historical performance of the respective facility.

The 70% reduction was achieved 2022 was realized by improving the existing monitoring and troubleshooting program. Luberef is also exploring newer opportunities and collaborations for green hydrogen and ways of reducing sulfur content.



Environmental Stewardship

Luberef delivered a 70% reduction in flaring in 2022, as compared to 2021.

Luberef collaborated with KAUST to target up to 85% reduction in sulfur content of its fuel oil and base oils.

As part of Luberef’s sustainability efforts, Luberef strives to meet industry standards and is certified for the ISO 14001:2015 Environmental Management Systems, and ISO 50001:2018 Standard for Energy Management Systems.

The testing laboratories at both Yanbu and Jeddah facilities are accredited by the American Association for Laboratory Accreditation (A2LA) for technical compliance in chemical testing (ISO/IEC 17025:2017).

Luberef acknowledges its responsibility in helping achieve this goal, and is committed to playing its part in addressing climate change. Luberef will continue to monitor and report on its progress going forward to reduce its impact on the environment.

Safety, talent management and social initiatives

Luberef’s Safety Management System (SMS) has been established since 2011 based on the Dupont Sustainable Solutions program and is focused on safe operations. The systems “Safety First” approach covers all aspects of Luberef’s business activities, which help establish a safety culture that has resulted in a TRIR (Total Recordable Incident Rate) of 0.0 for the third successive year in 2022.

Talent engagement and development

Luberef has a comprehensive incentive structure and training programmes to attract and retain talent, motivate its employees and create an empowered workplace that

respects diversity of experiences, experiences and capabilities. Luberef has a home ownership programme for its Saudi employees enabling them to own suitable housing units and another initiative that assists employees in financial savings and investments.

The other key highlights are as follows;

- Programmes on workers’ safety such as E-Learning, Safety Orientation and Training Plan
- Regular investment in employee training and development related initiatives
- Other monetary and non-monetary support for educational activities such as Certification fee reimbursement and Exam leave



Saudization Requirements and Nitaqat

Like all companies in the Kingdom, Luberef is subject to Saudization requirements. Saudization is a government policy of the KSA that encourages companies to preferentially hire Saudi nationals, and the percentage of Saudi nationals employed is calculated for each Company under the Nitaqat system. The Nitaqat system places Luberef, based on its Saudization level, in different zones/classifications, the highest of which is Platinum.

The following data illustrates the compliance level of Luberef with the Saudization requirements and its classification in the Nitaqat programme as of 31st December 2022.

- Classification: Basic Materials
- Saudization Percentage: 83.76% (82.44%, as of 31 December 2021)
- Nitaqat Classification: Platinum

Luberef's Corporate Social Responsibility initiatives for 2022

Sponsorship of Events

Initiative to Support the Education Project in MADAK Academy - LUBEREF supported the MADAK Academy Education Endowment Project in Medina Province, by sponsoring a smart lab project conforming to the highest international standards. The total sponsorship amount was 2,400,000 SAR.

Sponsorship 'Let's Walk Together' Initiative - In collaboration with Al-Aoun Center, Luberef sponsored 'Let's Walk Together' initiative for those with autism. The Initiative aims to highlight the skills and athletic ability of people with disabilities, in order to raise awareness in the society. More than 850 participants from 75 specialized in-house centers attended the event. The event was organized at the Seafront in Jeddah City with total sponsorship amount of 75,000 SAR.

School Bag Initiative - In collaboration with "Waqf Maan", an endowment Association for Society Development, Luberef sponsored the Project 'Al Elm Rafaa' providing 2,000 school bags with all stationery (bag, booklet, notebook, drawing pad, wooden color pens, sharpener, pencils, calculator, book binders, etc.). The intended bags will benefit orphan students, families of inmates, students with disabilities, low-income families from all governorates of the Makkah Province. The total sponsorship amount was 56,000 SAR.

Community Initiatives

Luberef is committed to the development of communities that it operates in. Luberef has initiated several social development initiatives focused on promoting entrepreneurship, supporting housing needs, and facilitating education, including:

- The Tamkeen programme for people with disabilities
- The Easkan programme to support the building of fifteen houses in Yanbu for low-income people with a disability
- The Adaptive Sports programme to support access to sports facilities
- Work customisation and summer training programmes that support talent development of persons with disabilities.

Luberef has done exemplary work supporting the local community in the space of health, education, and safety. During Ramadan, Luberef provided clothing for families in need in Jeddah, and supported the government's efforts in combating COVID-19 by donating SAR 5 million to the Health Waqf Fund. Luberef also assisted the local authorities and schools to facilitate education during the pandemic.





Ramadan Food Bag Initiative

- In collaboration with “Waqf Maan”, an endowment Association for Society Development, Luberef and its employees have been contributing for four consecutive years now to help with distribution of food bags to more than 2500 low-income families, orphan families and people with disabilities in Makkah Region. In addition to donation of Luberef staff, Luberef contributed 50,000 SAR for this activity.

Keswa Alsaida Aisha -

Keswa Alsaida Aisha aims to provide Eid clothing for the needy families, starting with the campaign in the month of Sha’ban. The Initiative is focused on receiving and collecting used and new clothes through the contributions of community members. Luberef has sponsored this program to support our local community in Jeddah. Luberef also provided a volunteering opportunity for our employees and more than ten employees volunteered for this initiative. The total sponsorship amount was 50,000 SAR.



First Aid “IFRC Training”

Project - Luberef sponsored the “IFRC” training to support families of people with disabilities. This was coordinated by the Saudi Red Crescent Authority. The training lasted two days and was attended by 50 people. The total sponsorship amount was 45,000 SAR.

The Saudi National

Competition of Equestrians in Yanbu - Luberef has sponsored the Saudi National Competition as part of encouraging community members to engage in equestrian activities, the competition was organized by the Ministry of Sports and held in Yanbu Industrial City. The total sponsorship amount was 30,000 SAR.



Awards and Recognition

Most Improved in Maintenance and Reliability Excellence Award

P&CEO, Saudi Aramco 2022

Luberef's Corporate Social Responsibility Initiatives for 2022

The Initiative for Research & Development with King Abdul Aziz University

This is an ongoing project as Luberef has conducted several meetings with King Abdulaziz University Chemical Engineering College in order to initiate the R&D within our Corporate Social Responsibility (CSR) initiatives. After visiting the university and checking the labs there, we have discovered their need for Liquid - Liquid Extracton Pilot Plant and currently, their ab scale measurement are done using pilot plants. The Luberef team and King Abdul Aziz University Faculty are doing research on the Liquid - Liquid Extraction Pilot Plant and also it will be used as well for students' research and projects.

In 2022, Luberef concluded an agreement with King Abdul Aziz University with the following aims:

- To support eligible King Abdulaziz University students in engineering and chemistry field
- To conduct research through collaboration between Luberef and the University
- To sponsor the chemical engineering lab
- To support graduation projects and training
- To organize visits and trips to Luberef Refinery

Other activities

International Women's Day Event – To celebrate International Women's Day, which was held on March 8, the Public Relations team organized a celebration of women's achievements. Luberef also offered a 15% discount on various salons in both Jeddah and Yanbu to all company employees and their families. A workshop for female employees at Crown Plaza was also arranged to create a stronger bond between the employees.

Governance

Luberef is committed to the principles of good corporate governance and adheres to global standards of corporate governance. The current Board is composed of six members with diverse backgrounds, and includes two independent members as per the Corporate Governance Regulations - one of whom is a female director. The

Board's diverse backgrounds and experiences play an important role in Luberef's governance as it cultivates a wide range of opinions and views in the boardroom and facilitates productive and enhanced decision-making.

Luberef strives to operate its business adhering to the highest ethical standards and practices.

Luberef's Professional Conduct Policy guides its business, providing a framework for ethical conduct and integrity throughout the operation of the business. Luberef encourages and expects employees to directly report suspected violations of Luberef's Code of Conduct through appropriate channels.

