



2023

# SUSTAINABILITY REPORT

Petrolube Oil Company  
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2023

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# INTRODUCTION

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# A MESSAGE FROM THE CEO



**Salman Saadat**  
CEO, Petrolube Oil Company

As the largest independent lubricants producer and supplier in Saudi Arabia and a market leader in the Middle East, we at Petrolube recognize our responsibility to manage the impacts of our business in ways that drive positive change for people, the environment, and our region.

To this end, Petrolube is systematically working to integrate robust environmental, social, and governance standards and world-class sustainability practices into every element of our operations. Our efforts are guided by the sustainability commitments of our parent company Al-Dabbagh Group and driven by our own commitment to leading the way towards a greener future for our industry through demonstrable support for the United Nations Sustainable Development Goals, Saudi Green Initiative goals and the environmental, social, and economic ambitions of Saudi Vision 2030.

This second annual sustainability report shares Petrolube's progress, highlighting our accomplishments in 2023, and pointing us towards the next critical steps on our journey to becoming the number one high-performance, low carbon lubricant and e-fluids manufacturer in our region and beyond. It was prepared in accordance with the Global Reporting Initiative (GRI) Standards.

Building on the foundation we established in 2021 and 2022, in 2023 Petrolube focused on evolving and refining our sustainability strategy by refreshing our materiality assessment, defining ambitious environmental and social measures, and amplifying our work to integrate sustainability across our whole value chain, from raw materials sourcing to production and distribution. This meant centering our core initiatives around carbon reduction and energy efficiency, waste management, recycling, and logistics efficiency, as well as our commitment to putting people first.

Some of the notable results of our efforts included reducing our total energy consumption by 13% compared to our 2022 baseline, and recycling 63% of all waste generated from our

operations. We were also proud to complete the installation of a 452 kWp solar project at our Technolube facility designed to deliver enough renewable energy to meet 45% of the plant's energy requirements.

Knowing the most game-changing opportunity for Petrolube lies in the way we produce oil-based lubricants to begin with, in 2023 we started to explore innovative technologies for our most ambitious initiative: developing viable biodegradable lubricants as part of our product portfolio. This journey of innovation will create valuable opportunities for collaboration and partnership throughout our value chain as we explore options for using renewable, biodegradable base oils and approaches to dramatically reducing the carbon impact of these critical products.

This kind of innovation would not be possible without the people who power Petrolube's success. Underscoring our drive to accelerate Petrolube's environmental performance is an equally strong drive to ensure a people-first approach in our company's culture, workplace, and roles as a community member and global corporate citizen. We are proud to employ and invest in some of the region's most talented men and women, and to use our resources to support and empower women, youth, and the communities we operate in.


As a company dedicated to delivering superior products to meet the evolving needs of our customers, working collaboratively with our stakeholders and business partners and investing in technological innovations and sustainable production are crucial. We know that this year's efforts are part of a longer journey, and that there are many challenges and opportunities ahead. With your continued support, we can lead the way towards a sustainable lubricants industry. Thank you for being part of our journey.

**Salman Saadat**  
CEO, Petrolube Oil Company



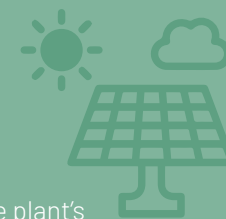
# 2023 SUSTAINABILITY PERFORMANCE HIGHLIGHTS

**3,775 metric tons CO2 emissions reduction**



through logistics optimization and trip management (37% decrease from 2018 baseline)

**452 KW solar power plant**




installed, which covers 45% of the plant's energy consumption

**5.5% female in workforce**



**25% reduction (11.3 km less)**



in average fleet distance per ton of product delivered (a 19% improvement in trip efficiency compared to the 2018 baseline)

**2,025 hours of safety talks conducted**



(60% increase from 2021 baseline)

**39% Saudization**



**63% of waste recycled**



**2.01 Lost Time Injury Frequency Rate (LTIFR)**



for both employees and contractors

**Zero data breaches reported**



# ABOUT THE REPORT

This 2023 report is the second annual sustainability report for Petrolube Oil Company (Petrolube). The report details our ongoing commitment to the highest standards of environmental, social, and governance (ESG) performance, and it highlights our progress towards key sustainability issues most material to our business and to our stakeholders.



## Report Scope and Boundary

This report covers Petrolube's ESG performance for the period of 1 January 2023 to 31 December 2023.

Petrolube Group operates as a distinct business entity under the parent company Petromin Corporation, serving as a lubricant and grease manufacturing company. Petrolube Group includes Petrolube KSA, Technolube Dubai, Petrolube Egypt and Petrolube Pakistan Unless otherwise specified, the contents of this report cover the operations and impacts of Petrolube's plant facilities in the Kingdom of Saudi Arabia (KSA) and in the United Arab Emirates (UAE), where we maintain operational control over all aspects of the plants and warehouses.

Petrolube has two plant facilities situated in KSA and one plant in Dubai, UAE which operates under the

name of Technolube LLC. The report scope excludes operations in Egypt and Pakistan. Whenever we use "Petrolube", "we", "our", "us", we are referring to the operations of both Petrolube KSA and Technolube Dubai.

In terms of reporting data boundaries, the environmental data in this report includes the operations of the plants and warehouses only, whereas the social and governance data also covers the head offices in KSA and UAE.

## Reporting Frameworks and Sustainability Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. It also takes other sustainability-related standards and

ambitions into consideration, such as the ESG guidelines issued by the Saudi Exchange, sector-specific Sustainability Accounting Standards Board (SASB) Standards (now part of the IFRS Foundation), Saudi National Standards, Saudi Vision 2030, Saudi's Net Zero by 2060 target, UAE Net Zero Strategy 2050, Dubai Clean Energy Strategy 2050 and the United Nations Sustainable Development Goals (UN SDGs), and the expectations of ESG rating agencies.

***Petrolube's sustainability initiatives are aligned with the UN SDGs and Saudi Vision 2030 objectives, and this report highlights how our initiatives and activities contribute towards these goals and objectives.***

## External Assurance

This report has not been audited externally. However, Petrolube has robust internal verification processes in place to provide assurance about the accuracy of the data and content in this report. In addition, we continuously monitor and measure our sustainability performance. We also set ambitious targets to drive continuous improvement and progress towards a more sustainable future.

## Materiality

This report has been developed with consideration for the priorities, needs, and expectations of Petrolube's stakeholders. The material topics covered in this report have been determined through a materiality assessment that considered Petrolube's objectives, operations and impacts in conjunction with the views, concerns, and interests of our stakeholders. The content of this report has been organized in alignment with these material topics.

## Feedback and Suggestions

Petrolube welcomes enquiries, feedback, or suggestions regarding the content of this report. Please contact us at:

✉ [info@petrolubegroup.com](mailto:info@petrolubegroup.com)

🌐 [linkedin.com/company/petrolube-sa/](https://www.linkedin.com/company/petrolube-sa/)

🌐 [www.petrolube.sa/sustainability/](https://www.petrolube.sa/sustainability/)



## 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. While Petrolube has made every effort to ensure the accuracy and completeness of the information in this report, forward-looking statements are valid only 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.

# PETROLUBE AT A GLANCE

Petrolube is a technology-driven manufacturer of 300+ different lubricants and grease products for the automotive, industrial, and governmental sectors. Headquartered in Jeddah, Petrolube was established in 1968.

Petrolube (a wholly owned subsidiary of Petromin Corporation) functions as a dedicated lubricants company and is the largest downstream lubricants company and market leader in its sector in KSA, serving 41 countries throughout the GCC, Middle East, Africa, and Asia. Petromin Corporation is a subsidiary company of the Al-Dabbagh Group (ADG), a family-owned business conglomerate established in 1962 by His Excellency Sheikh Abdullah Al-Dabbagh, former Agriculture Minister of Saudi Arabia.

Our aim is to be the number one high-performance, low carbon lubricant and e-fluids manufacturer in our key markets. We offer customers superior products that meet their evolving needs via a diverse

and unrivalled range of high-quality, increasingly sustainable portfolio of brands. From sustainable raw materials sourcing and logistics efficiency to end-of-life products, we are focused on accelerating progress towards a sustainable value chain for our company and our industry.

We operate the most modern lube oil blending plants in the MENA region, with state-of-the-art lube and grease blending and lab facilities in Jeddah and Riyadh, along with the Technolube plant in Dubai, and six warehouses in Jeddah, Riyadh (2), Dammam, Abha, and Dubai. Note that our Qaseem warehouse was transferred to a third-party towards the end of 2023.



- Blending Plant & Warehouse
- Warehouse
- Lubes capacity/year (MT) per 2 shifts
- Grease capacity/year (MT) per 2 shifts



# #1

**LUBRICANT MANUFACTURER IN THE GCC**



# 97%

**BRAND RECOGNITION IN KSA**



# 41%

**MARKET SHARE IN KSA**



# ABB/SMB

(AUTOMATIC BATCH BLENDING)

(SIMULTANEOUS METERING BLENDING)

**FULLY AUTOMATED BLENDING TECHNOLOGY**



# 700+

**COLLEAGUES**



# 300+

**LUBRICANT AND GREASE PRODUCTS ACROSS 1000+ SKUS**



# 41

**COUNTRIES SERVED ACROSS GCC AND MENA**



# FULLY AUTOMATED

**HIGH-SPEED FILLING LINES**



# 3

**PLANTS IN JEDDAH/ RIYADH / DUBAI**



# 6

**WAREHOUSES IN JEDDAH, RIYADH (2), DAMMAM, ABHA, AND DUBAI**



# 31,000 m<sup>2</sup>

**STORAGE CAPACITY**



# ASSOCIATIONS AND MEMBERSHIPS

Petrolube has associations and/or memberships with the following industry and professional organizations



Saudi National Committee for Lubricants and Base Oil



Growth from Knowledge (GfK)



SASO (The Saudi Standards, Metrology and Quality Organization)



المركز السعودي للاعتماد  
Saudi Accreditation Center

Saudi Accreditation Center (SAAC)



High Commission of Industrial Security (HCIS)



Emirates Authority of standardization and Metrology (ESMA)



Saudi Made Authority



هيئة المحتوى المحلي والمشتريات الحكومية  
Local Content & Government Procurement Authority



Emirates International Accreditation Centre (EIAC)



American Society for Testing and Materials (ASTM)



American Petroleum Institute (API)



National Lubricating Grease Institute (NLGI)



Asian Lubricants Industry Association (ALIA)



# VISION, MISSION AND VALUES

## Our Vision



To be a regional fluids leader in select emerging markets, attracting top talent who work together to set new standards in commercial excellence and driving to best-in-class cost competitiveness, all while emphasizing environmental, social and governance sustainability.

## Our Mission



- Aim for market leadership through brand equity and excellence in marketing, quality manufacturing and product development;
- Grow to a critical size by expanding its product and service offering while improving operations and optimizing sales channels;
- Integrate value chains upward through blending and refining its product and downward through strategic partnerships with distributors;
- Embed sustainability in all aspects of the Petrolube Group; and
- Attract top talent capable of collectively setting new commercial excellence standards

## Our Values



**INTEGRITY**



**PASSION**



**RESPECT**



**FORWARD-THINKING**



**TEAMWORK**





# OUR VALUE CHAIN

## How We Manage Sustainability Across Our Value Chain

Petrolube has mapped our value chain by identifying the steps we take and the partners we engage to create the finished products we deliver to end consumers. Through this mapping exercise, we have identified where value is added to the product lifecycle as either a primary activity or a supporting activity and the material issues associated with those steps.

Equipped with this understanding, Petrolube aims to address the material issues, which represent our most significant sustainability impacts, beginning with sustainable raw materials sourcing, supplier selection, and logistics efficiency, and extending all the way through to the end of product life. Through this approach, Petrolube also addresses five of the UN SDGs across various stages of our value chain.

**Our value chain analysis is central to our sustainability strategy and roadmap. Continuously reviewing our activities across the value chain to identify opportunities that minimize negative environmental impacts is an integral part of our business.**

**Salman Parwez**  
VP Operations



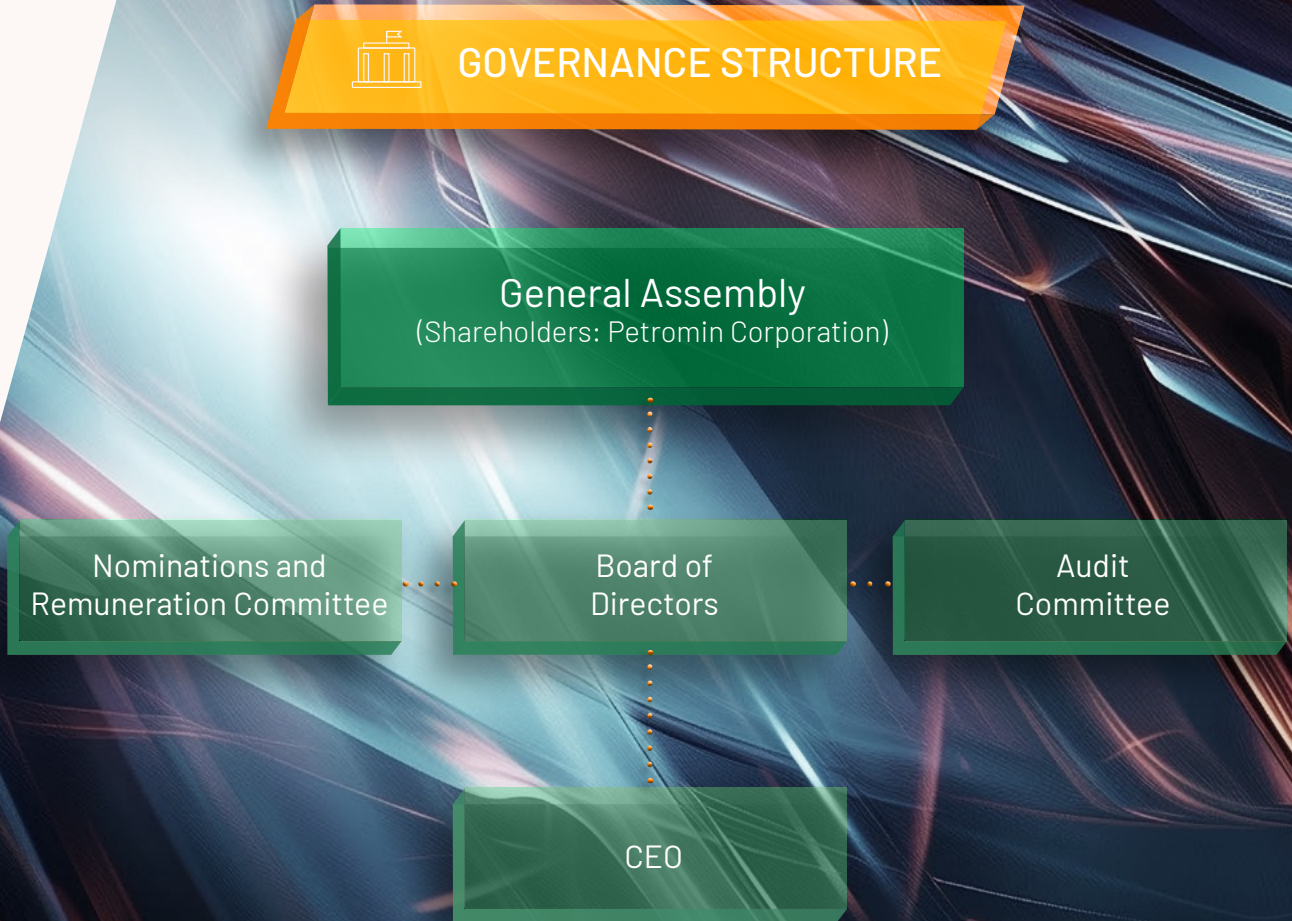
# GOVERNANCE AT PETROLUBE

## Corporate Governance

The governing body of ADG serves as the highest governing body for Petrolube. The Board of Directors holds responsibility for the strategic direction of Petrolube.

The Board is tasked with convening board meetings, forming committees, and making strategic decisions for the organization. Petrolube's CEO reports to the Board. The Board is comprised of one executive, three independent, and three non-executive directors (four men and three women) who represent different nationalities, educational backgrounds, cultures, and experience.

Petrolube's Board performance is monitored annually via a self-assessment, and an external performance assessment is conducted by a third party every three years.



# Board of Directors

Members of the highest governance body, the **Board of Directors**, are selected by the Shareholder Assembly based on recommendations from the Nominations and Remunerations Committee.

This committee carefully evaluates the required skills and competencies needed for effectively managing the organization. Directors are appointed for a tenure not exceeding five years.



## Composition and Diversity (2023)



7

TOTAL NUMBER OF BOARD MEMBERS



3

TOTAL NUMBER OF INDEPENDENT MEMBERS



4

TOTAL NUMBER OF NON - INDEPENDENT MEMBERS



1

TOTAL NUMBER OF EXECUTIVE MEMBERS



3

TOTAL NUMBER OF NON - EXECUTIVE MEMBERS



3

TOTAL BOARD SEATS OCCUPIED BY WOMEN



4

TOTAL BOARD SEATS OCCUPIED BY MEN



4

BOARD MEMBERS BETWEEN 30 TO 50 YEARS OF AGE



0

BOARD MEMBERS UNDER 30 YEARS OF AGE



3

BOARD MEMBERS ABOVE 50 YEARS OF AGE

## Board Committees

The Board committees include a Nomination and Remuneration Committee, and an Audit Committee, which are both composed of four board members each.



### Nomination and Remuneration Committee

This committee enables the long-term sustainability of talent management by helping to retain, motivate and report talent within Petrolube. The Committee is responsible for the identification, nomination, and selection of the Board of Directors. The Committee is also responsible for selecting remuneration consultants, setting up a remuneration process, and determining executive remuneration including salary and bonuses.



### Audit Committee

This committee ensures the adequacy of internal controls, identifies operational inefficiencies, and promotes best practices and the responsible use of resources. It is also responsible for appointing an external financial auditor, supervising financial audits, and ensuring internal financial audit.

## Group-level Sustainability Council

Sustainability oversight is delivered by a Group-level Sustainability Council that represents all companies of the ADG. The aim of the Council is to develop an overall sustainability approach to facilitate the growth of the company. It is responsible for supervising all sustainability initiatives and for establishing new initiatives, as well as setting sustainability targets and monitoring progress towards those targets.

The Council is comprised of one representative from each ADG company in addition to the ADG Sustainability Director. The Sustainability Council convenes quarterly. After each meeting, the ADG Sustainability Director and The Chairman offer consultations with Petrolube management to review, assess and identify opportunities to implement sustainability initiatives at Petrolube in alignment with ADG's objectives.



# OUR APPROACH TO SUSTAINABILITY

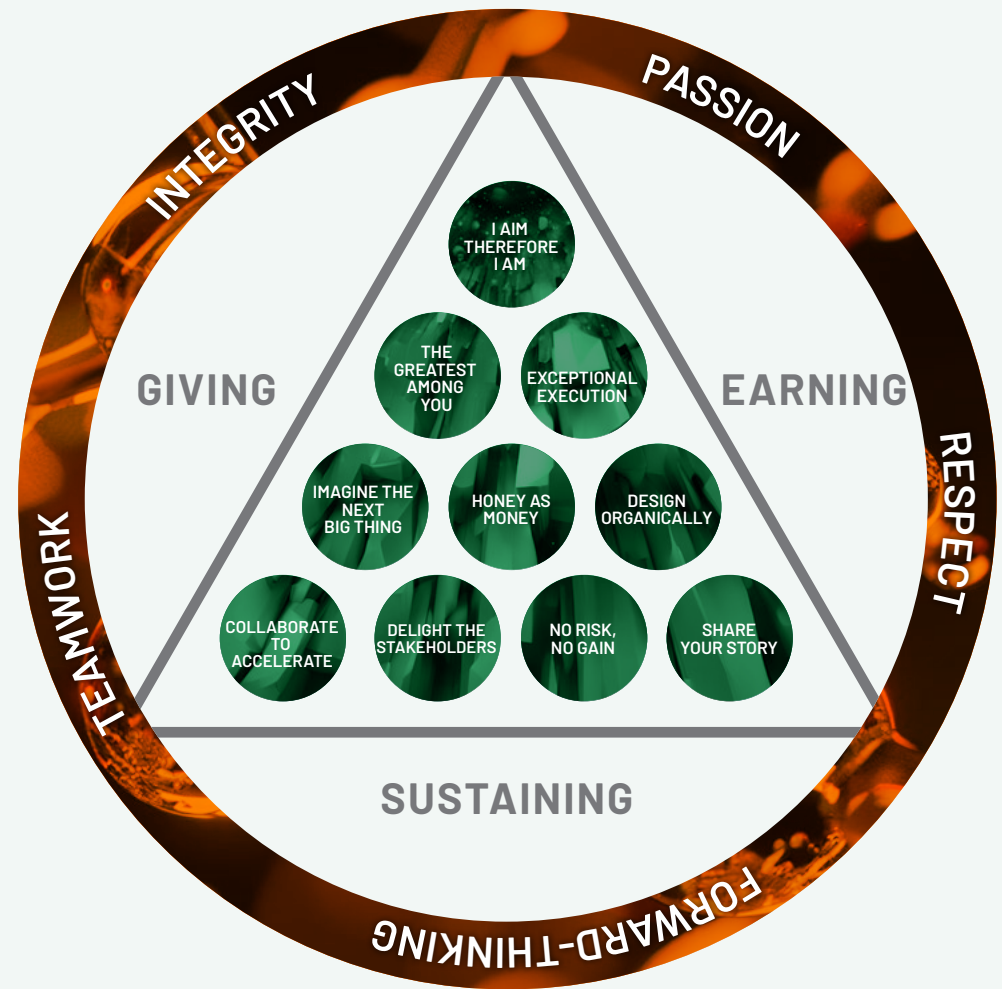
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# OMNIPRENEURSHIP: OUR GUIDING PHILOSOPHY

In today's rapidly evolving, interdependent world, the concept of entrepreneurship as a driver of innovation and profit alone no longer serves our society, our environment, or our values. That is why Petrolube's philosophy and approach to sustainability is guided by the philosophy of Omnipreneurship instead.

Developed by our parent company ADG, Omnipreneurship is a holistic and comprehensive approach to building a meaningful life.

It is made up of three principles, five values and ten golden rules that can be universally applied from the business or non-profit sectors to family and personal life. It centers on the principle of giving to society in ways that advance, support, and sustain the health, wellbeing, and development of people, planet, profit and philanthropy.



# 3 THREE PRINCIPLES

## GIVING /

**A SENSE OF PURPOSE**  
We give our compassion and respect to others as well as our time, resources, and money, and it is integral to our work.

## EARNING /

**THRIVING TODAY FOR TOMORROW**

Earning ensures we are gathering the fuel and resources today that will enable us to thrive tomorrow, including knowledge, reputation, respect, partnership, and wealth.

## SUSTAINING /

**INVESTING IN THE FUTURE**

By investing in the protection and enrichment of our planet's resources and in those who will carry the torch, we are investing in the promise of a brighter future.



# 5 FIVE VALUES

## RESPECT /

Maintaining deep respect for one's self and for others, abiding my morals and manners for treating others, including our colleagues and our elders.

## TEAMWORK /

Embracing a win-win attitude and collaborating with others, including colleagues, friends, and community members to achieve shared goals.

## PASSION /

Putting heart and mind into everything we do to succeed, staying focused and constantly reminding ourselves of the greatness ahead at the finish line.

## FORWARD-THINKING /

Continuously seeking improvement and keeping a broad perspective and anticipating what is ahead by being competitive, bold, ambitious, dynamic, futuristic, and on the alert for the next breakthrough.

## INTEGRITY /

Adherence to doing the right thing and avoid doing or saying the wrong things in alignment with our code of conduct.



# 10 TEN GOLDEN RULES

/ I AIM THEREFORE I AM

/ DESIGN ORGANICALLY

/ HONEY AS MONEY

/ SHARE YOUR STORY

/ NO RISK, NO GAIN

/ THE GREATEST AMONG YOU

/ COLLABORATE TO ACCELERATE

/ DELIGHT THE STAKEHOLDERS

/ IMAGINE THE NEXT BIG THING

/ EXCEPTIONAL EXECUTION

# OUR SUSTAINABILITY POLICY

Our sustainability policy is designed to integrate environmental, social, and governance considerations into all aspects of our business operations.



We engage colleagues at all levels to ensure that sustainability initiatives are implemented effectively and report our progress in alignment with global standards, including the Global Reporting Initiative (GRI) and the United Nations Sustainable Development Goals (SDGs). We have established management systems to reduce waste, minimize occupational health and safety risks, prevent incidents, and conserve natural resources through resource efficiency. Full compliance with all applicable safety and environmental regulations is a cornerstone of our policy, and we ensure that this policy is periodically reviewed and communicated effectively to our stakeholders.



With operations across KSA and UAE, Petrolube recognizes first-hand the impact of climate change on our business, our industry, and most importantly, our colleagues, customers, and stakeholders.

**Petrolube Group’s Sustainability Ambition is to become the #1 high performance, renewable lubricants and e-fluids provider.**

We also recognize that as one of the region’s leading lubricants manufacturers, we have a responsibility to identify and understand the environmental and social impacts of our operations across the value chain, and to systematically and proactively reduce and mitigate those impacts in ways that protect our environment and contribute to sustainable development throughout the region.

## Recognized Sustainability Leadership

In 2023, Petromin Corporation, the parent company of Petrolube, was recognized as one of the Middle East’s Sustainability Leaders (in the Manufacturing and Industrial Category) during the Forbes Middle East Sustainability Leaders’ Summit. Petromin Corporation’s inclusion among the top 22 companies from Saudi Arabia, and specifically as one of the ten leaders in the Manufacturing & Industrials category, is truly exceptional. This recognition underscores our commitment to fostering sustainable practices.

Petrolube has contributed to these successes through its sustainability initiatives, including waste management, chemical safety, clean energy opportunities, and product carbon footprint.



# STAKEHOLDER ENGAGEMENT AND MATERIALITY

As sustainable development and climate action become increasingly important for our stakeholders, Petrolube's own sustainability strategy and initiatives take on even greater urgency. Our primary stakeholders include our customers, colleagues, suppliers, shareholders/investors, regulatory/government bodies, industry associations and members of the communities in which we operate.

With this in mind, we engage regularly with our stakeholders through various means, including customer satisfaction surveys and customer service system, direct communication with Petrolube management for our colleagues and surveys initiated by our holding group, trade and industry events, and regular meetings and correspondence. These serve to help us better understand their expectations of Petrolube now, and to ensure we are equipped to meet their needs in the future. **Please see Appendix (p78)** for a list of our stakeholders and how we engage with them.

In **2022**, we included internal and external stakeholders in a formal materiality assessment that helped us define 15 sustainability topics materially important to our stakeholders and our business. This process included engaging our stakeholders through a survey to invite their feedback on the topics most material to Petrolube.

In **2023**, we conducted additional research and ongoing engagement to refresh our materiality assessment. This resulted in a refined list of 13 material topics that most materially impact Petrolube's strategic objectives and are most important to our stakeholders. The content of this report is organized around these 13 material topics.

## MATERIAL TOPICS

### Environment



- Energy Management
- GHG Emissions
- Waste Management
- Water and Effluents

### Social



- Human Rights and Labor Standards
- Diversity and Inclusion
- Occupational Health and Safety
- Talent Development
- Community Engagement

### Governance



- Business Ethics and Compliance
- Data Privacy and Information Security
- Product Stewardship
- Supply Chain Management

# OUR SUSTAINABILITY FRAMEWORK

Based on the refreshed list of material topics, we developed a sustainability framework to represent the core aspects of sustainability at Petrolube.

It sets out the material topics together with targets and initiatives according to three pillars: environmental, social and governance. The framework also references ADG's Omnipreneurship principles, values and 10 Golden

Rules as its basis and is aligned with Saudi Vision 2030 and the UN SDGs.

## Supporting Saudi Vision 2030

Sustainability is at the core of Saudi Vision 2030. Petrolube is proud to align our sustainability ambitions with the Vision 2030, which focuses on promoting climate resilience across all sectors of the Saudi economy and the enactment of a comprehensive set of policies, investments, and infrastructure for the Kingdom's environmental sustainability.

## UN SDG Alignment

The UN SDGs are a universal call to action to end poverty, protect our planet, and ensure all people can enjoy peace and prosperity by 2030. Through our sustainability initiatives and activities, Petrolube actively contributes to many of the 17 SDGs.





# ENVIRONMENT

## Material topic

## Commitments/ Targets

(by 2025 with 2021 baseline unless otherwise stated)



Energy Management

Optimize energy resources and consumption within operations

Reduce energy intensity (kWh/Mt product) by 20%



GHG Emissions

Reduce GHG emissions across operations, including logistics' footprint

Reduce Scope 1 and Scope 2 emissions by 20%

Maintain meeting 45% of the energy requirement of Technolube Plant from the solar year-on-year

Reach 40% reduction in logistics carbon footprint (compared to 2018 baseline)

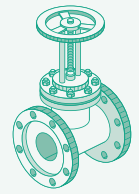
Reach 30% reduction in average fleet distance per ton (compared to 2018 baseline)



Waste Management

Promote waste management and recycling, including the adoption of circular economy principles and green technology

Achieve 70% recycling of generated waste in Operations



Water and Effluents

Reduce water consumption and prevent pollution of water sources

Zero significant spills (year-on-year)

## Omnipreneurship

Principles

Sustaining / Giving / Earning

Values

Forward Thinking

Golden Rules

Exceptional Execution

Exceptional Execution / Collaborate to Accelerate

Collaborate to Accelerate

Exceptional Execution

## Saudi Vision 2030

A Vibrant Society  
Achieving environmental sustainability

A Vibrant Society  
Achieving environmental sustainability

A Vibrant Society  
Achieving environmental sustainability

A Vibrant Society  
Achieving environmental sustainability

## UN SDGs



# SOCIAL



## Material topic

## Commitments/ Targets

(by 2025)

Human Rights and Labor Standards

Diversity and Inclusion

Occupational Health and Safety

Talent Development

Community Engagement

Uphold fair employment practices and positive workforce relations

Foster an inclusive work environment with equitable growth opportunities

Ensure a safe and healthy work environment for all

- Achieve 1 Million Safe working hours without LTI or any serious injuries
- 2,500 hours of safety talks
- Achieve zero Lost Time Injury Frequency Rate (LTIFR)
- Zero fatalities or Permanent Disabilities

Contribute to employee engagement, and professional growth

Contribute to the well-being and development of the community

## Omnipreneurship

Principles

Sustaining / Giving

Values

Respect

Respect

Teamwork  
Respect

Forward thinking  
Passion

Teamwork  
Respect

Golden Rules

Delight The Stakeholders

The Greatest among you

Delight The Stakeholders

I Aim, Therefore I AM

Delight The Stakeholders

## Saudi Vision 2030

A Thriving Economy  
Attracting the talents we need

A Thriving Economy  
Providing equal opportunities

A Thriving Economy  
Learning for working  
Attracting the talents we need

An Ambitious Nation  
Being Responsible in Business

A Vibrant Society  
Empowering our Society

An Ambitious Nation  
Being responsible in business

A Thriving Economy  
Learning for working  
An education that contributes to economic growth

## UN SDGs



# GOVERNANCE



## Material topic

## Commitments/ Targets

(by 2025)



Business Ethics and Compliance

Ensure responsible governance and foster a culture of compliance



Data Privacy and Information Security

Safeguard company and customer information and digital assets



Product Stewardship

Manage product quality and safety, with focus on minimizing environmental impact

- 100% on-time resolution of customer complaints
- Zero repeated customer complaints



Supply chain Management

Ensure transparent and ethical practices throughout the supply chain and prioritize local suppliers

## Omnipreneurship

Principles

Sustaining / Giving / Earning

Values

Integrity

Integrity

Forward thinking Integrity

Teamwork

Golden Rules

No Risk, No Gain

Design Organically

Imagine The Next Big Thing / Design Organically

Collaborate to Accelerate

## Saudi Vision 2030

An Ambitious Nation  
| Embracing Transparency

A Vibrant Society  
| Achieving environmental sustainability

A Vibrant Society  
| Achieving environmental sustainability  
  
An Ambitious Nation  
| Being Responsible in Business

## UN SDGs



# ENVIRONMENTAL RESPONSIBILITY

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# MINIMIZING OUR ENVIRONMENTAL IMPACT

From sourcing raw materials to end-of-life product, Petrolube understands that manufacturing lubricants is environmentally impactful.

We are actively working to manage, mitigate, and transform those impacts into positive force for people and planet through strategic approaches. These include reducing our primary environmental impacts by implementing world-class environmental management systems and a range of initiatives for energy efficiency and carbon reduction, effluent and waste reduction, and responsible water consumption.

The environmental data in this section includes the operations of the plants and warehouses only (see 'Report Scope and Boundary' section above).

## Material Topics covered in this chapter

- Energy Management
- GHG Emissions
- Waste Management
- Water and Effluents

## UN SDGs



# ENVIRONMENTAL MANAGEMENT SYSTEMS

Petrolube’s comprehensive approach to health, safety, and environmental management is structured around an Integrated Management System and a QHSE (Quality Health Safety Environment) policy that includes an organizational environmental policy aligned with international standards.

To ensure full compliance with all applicable environmental regulations and standards, Petrolube’s Environmental Management System encompasses detailed HSE work instructions for individual operational activities, as well as policies and guidance for a spectrum of procedures including:





- Environmental impact assessment
- Incident investigations
- HSE communications
- HSE emergency preparedness and response
- Evaluation of compliance
- HSE legal and other requirements
- HSE resources, roles, responsibilities, authorities and accountabilities
- Operational controls
- Performance measurements and monitoring
- Consultations and participations

All three Petrolube plants in Jeddah, Riyadh, and Dubai have ISO14001 Environmental Management System certification.

There were no environmental fines at any of our operations sites during the reporting period.



# PETROLUBE'S 2025 ENVIRONMENTAL PERFORMANCE TARGETS

| MATERIAL TOPIC                                                                                                   | 2023 ACHIEVEMENTS<br><small>(WITH 2021 BASELINE UNLESS OTHERWISE STATED)</small>                                                                                                                                                                                                                                                                                                                               | 2025 TARGETS<br><small>(WITH 2021 BASELINE UNLESS OTHERWISE STATED)</small>                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>ENERGY MANAGEMENT</b>       | <ul style="list-style-type: none"> <li>— <b>18% reduction</b> in energy intensity (kWh/Mt product)</li> </ul>                                                                                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>— Reduce energy intensity (kWh/Mt product) by <b>20%</b></li> </ul>                                                                                                                                                                                                                                                                                                                  |
|  <b>GHG EMISSIONS</b>           | <ul style="list-style-type: none"> <li>— Overall <b>13% reduction</b> of Scope 1 and Scope 2 emissions</li> <li>— <b>45%</b> of the power consumption at Technolube is met by the on-site solar power plant</li> <li>— <b>37% reduction</b> in logistics carbon footprint (compared to 2018 baseline)</li> <li>— <b>25% reduction</b> in average fleet distance per ton (compared to 2018 baseline)</li> </ul> | <ul style="list-style-type: none"> <li>— Reduce Scope 1 and Scope 2 emissions by <b>20%</b></li> <li>— Maintain <b>meeting 45%</b> of the energy requirement of Technolube Plant from the solar year-on-year</li> <li>— Reach <b>40% reduction</b> in logistics carbon footprint (compared to 2018 baseline)</li> <li>— Reach <b>30% reduction</b> in average fleet distance per ton (compared to 2018 baseline)</li> </ul> |
|  <b>WASTE MANAGEMENT</b>      | <ul style="list-style-type: none"> <li>— Recycled <b>63%</b> of waste generated</li> </ul>                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>— Achieve <b>70% recycling</b> of waste generated from operations</li> </ul>                                                                                                                                                                                                                                                                                                         |
|  <b>WATER &amp; EFFLUENTS</b> | <ul style="list-style-type: none"> <li>— <b>ZERO</b> significant spills (year on year)</li> </ul>                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>— <b>ZERO</b> significant spills (year on year)</li> </ul>                                                                                                                                                                                                                                                                                                                           |

# ENERGY MANAGEMENT

Our efforts to reduce Petrolube’s carbon footprint are directly driven by the improvements we make to the energy efficiency of our operations.

The more we optimize our energy efficiency, the more we reduce our carbon emissions. With this in mind, we have continued to strategically invest in energy management initiatives designed to drive down our overall energy consumption and increase the energy efficiency of our plants and processes. These efforts include conducting regular energy audits to identify opportunities to eliminate energy loss, upgrade to advanced technologies, and transition to the use of high-efficiency products and systems. We are also working to accelerate our transition to the use of alternative energy sources to drive greater reductions in our carbon footprint and contribute to Saudi Vision 2030 and Net Zero by 2060 ambitions.

Our 2023 energy reductions were driven by these key energy management initiatives:

- The use of an Energy Monitoring System at our Jeddah plant to collect energy management data from the field, enabling managers to monitor, control, and optimize energy usage via a central energy management dashboard.

- Continuing the transition to LED lighting across all our plants, facilities, and offices, including the installation of smart LED lighting in our warehouses, and the replacement of over 80 units of 300Watt Halogen lights with 200Watt LED lights in 3 different areas, resulting in 61,074 kWh of energy savings in our Jeddah plant.
- Installing Variable Frequency Drives (VFDs) on pump monitors in 4 grease mills and reducing pump speed by 20%, yielding an average of 30% energy savings, the equivalent of 81,720 kWh of energy annually.

**As a result of our energy management initiatives, we reduced our total energy consumption by 1,204,418 kWh in 2023, a 13% reduction as compared to a 0.7% reduction in 2022**

## Electricity

|                                         | 2021      | 2022      | 2023        |
|-----------------------------------------|-----------|-----------|-------------|
| Total electricity consumption (kWh)*    | 9,382,960 | 9,320,065 | 8,115,647** |
| Renewable electricity consumption (kWh) | 0         | 0         | 382,701     |
| Energy intensity (kWh/Mt product)       | 37.6      | 36.19     | 31.87       |

## Fuel Usage

|                                                          | 2021      | 2022      | 2023      |
|----------------------------------------------------------|-----------|-----------|-----------|
| Petrol consumption from operations and vehicles (liters) | 8,508     | 11,772    | 9,890     |
| Diesel consumption (liters)***                           | 4,516,253 | 4,587,489 | 4,220,408 |

**Note:** Petrol consumption represents operations and company vehicles at the plants. It excludes colleagues’ job-related cars and retail sales vans. Petrol consumption was higher in 2022 due to the use of company vehicles to transfer disinfection materials to warehouses to complete COVID disinfection activities, and the use of the company shuttle to transfer colleagues from the gates to the inside of the plant (this has since ceased for security reasons).

\*Total electricity consumption includes the plants and operations sites, and excludes the head offices.

\*\*Total electricity consumption includes renewable electricity.

\*\*\* 2021 and 2022 diesel consumption data was previously reported for operations only. The previous consumption figures of 729,007 liters for 2021 and 740,465 liters for 2022 have been restated to include logistics.

CASE STUDY:

# Technolube: Advancing the Use of Renewable Energy

In 2023, our Technolube lube oil blending plant in Dubai became the first Petrolube plant to advance the use of clean and renewable energy for our operations and manufacturing processes by entering a 15-year partnership with a renowned energy supplier to install Solar Voltaic Power Generation Systems.

The 452 kWp solar plant installed in June 2023, has a capacity to generate 730,000 kWh. The project aligns with the Shams Dubai initiative for sustainable energy use, and helps contribute towards Dubai's Clean Energy Strategy 2050, which aims to have 75% of Dubai's energy generated from clean sources by 2050.

The Shams Dubai initiative is managed by the Dubai Electricity and Water Authority (DEWA), which has connection conditions and a net metering scheme in place.

Per DEWA requirements\*, the solar plant delivers approximately 45% of the plant's total power requirements – a reduction of 500,000 kg/year in CO<sub>2</sub> emissions. Through the net metering scheme, any excess power generated by the solar system is transferred to the DEWA grid and credits are provided for the excess electricity generated. These credits are then used to offset future electricity bills.

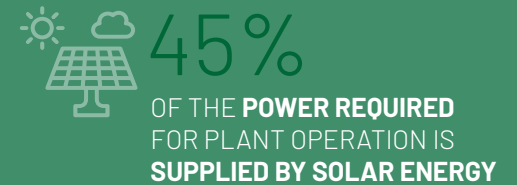
\* Source: [DEWA Connection Conditions](#)

**“Technolube’s leadership in sustainable energy helps to set a standard for the industry and for Petrolube. The project will drive short- and long-term value for our company in the form of greener operations, greater energy and cost savings, and a lighter carbon footprint, while helping to diversify energy mix sources to build a sustainable future for the Emirate.”**

**Irfan Minhas**  
Technolube Operations Excellence  
and Projects Manager

In addition to energy reductions, the project has yielded significant cost savings and positioned Technolube as an industry innovator and role model for other companies seeking to develop and implement renewable energy strategies.

## BY THE NUMBERS



As of year-end 2023, 25% of energy consumed by the Technolube plant was already powered by solar energy.

[WATCH VIDEO HERE](#)

# GHG EMISSIONS

Petrolube’s goal is to achieve 20% carbon footprint reduction by 2025. To drive us closer to our ambitious target, in 2023 we looked beyond energy management alone to identify and enact targeted carbon initiatives designed to effectively reduce Petrolube’s greenhouse gas (GHG) emissions across Scope 1, 2, and 3.

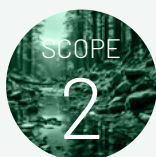


By 2025, we aim to achieve a 20% reduction in our carbon footprint and 20% reduction in our energy intensity.

In 2023 we achieved measurable reductions in our GHG emissions via the following initiatives and projects:



- Continuing the process of replacing diesel forklifts with electric forklifts (13 replaced in 2023, out of which 6 forklifts in Petrolube KSA and 7 forklifts in Technolube Dubai). Our aim is to replace 100% of all forklifts with electric forklifts in all locations within five years.
- Leveraging logistics efficiency to reduce emissions by better utilizing outbound logistics trucks to improve tons loaded per trip, and to reduce kilometers driven per ton of products.



- Implementing energy efficiency projects such as transitioning to LED lighting and installing VFDs to pump motors (see Energy Management)
- Installing a solar energy system for our Technolube plant in Dubai (see Energy Management)



- Reducing the use of plastic in packaging materials
- Using 85% recycled materials in our packaging cartons
- Recycling waste generated from our operations

## GHG Emissions

|                                                                         | 2021          | 2022          | 2023          |
|-------------------------------------------------------------------------|---------------|---------------|---------------|
| Scope 1 emissions (MtCO <sub>2</sub> e)                                 | 12,231*       | 12,287        | 10,973        |
| Scope 2 emissions (MtCO <sub>2</sub> e)                                 | 6,733         | 6,688         | 5,550         |
| <b>Total GHG emissions (MtCO<sub>2</sub>e)</b>                          | <b>18,964</b> | <b>18,975</b> | <b>16,523</b> |
| <b>GHG emissions intensity (MtCO<sub>2</sub>e/ per production unit)</b> | <b>0.072</b>  | <b>0.074</b>  | <b>0.065</b>  |

\*2021 scope 1 emissions reviewed and updated to include Technolube Dubai

Note: GHG Data Sources and Factors

- **Data Sources:** GHG emissions data is collected through different sources, including our ERP system for data related to logistics emissions and from actual bills for data related to diesel and electricity consumption.
- **Emissions Sources:** Scope 1 emissions sources are from outbound logistics and plant operations, such as diesel forklifts, and operations of the oil heaters and steam generators. Scope 2 emissions are from electricity consumption.
- **Emissions Factors:** For Scope 1, a factor of 2.6 kg CO<sub>2</sub>/liter of diesel consumed. For Scope 2, a factor of 0.7176 kg CO<sub>2</sub>/ kWh electricity use.
- **Location / Market Based:** Emissions from non-stationary equipment are location-based. Emissions from the outbound logistics are market-based.

CASE STUDY:

# Leveraging Logistics to Reduce Our Carbon Footprint

With a 41% market-share in KSA, state-of-the-art blending plants in Jeddah, Riyadh, and Dubai, and a network of six warehouses across the Kingdom, the carbon impact of transporting raw materials, supplies, and finished product is a significant part of Petrolube's overall footprint.

Petrolube is strategically focused on optimizing the

efficiency of our operational outbound logistics to drive ongoing reductions in our carbon footprint using 2018 as a baseline.

Understanding that every improvement in logistics efficiency leads to measurable reductions in CO2 emissions, Petrolube continuously evaluates and adopts new technologies to increase the energy

efficiency of its fleet, optimize the load-carrying capacity of its trucks, and accelerate the transition to clean energy alternatives such as hybrid, electric, hydrogen, or biodiesel vehicles.

Led by our logistics management team, the initiative focuses on three critical opportunities to improve efficiency and reduce emissions:



### Capacity:

By upgrading to 15-meter trailers, we have increased our hauling capacity, allowing us to transport 22-24 pallets of lubricants or 32-34 drums in a single trip, compared to the previous capacity of 20-22 pallets or 26 drums. This enhancement reduces the number of trips needed, leading to lower fuel consumption and reduced CO2 emissions.



### Route Optimization and Trip Planning:

By optimizing our transportation routes to ensure shorter distances and minimal wasted travel and consolidating shipments on common delivery routes, we achieve decreased fuel consumption and CO2 emissions.



### Modernizing Our Fleet:

We have partnered with our transporters and fleet suppliers to phase out older, high-emissions trucks in our fleet, replacing them with newer, more fuel-efficient models and cleaner technologies.

## BY THE NUMBERS

**25%**  
REDUCTION IN AVERAGE KM DRIVEN PER TON OF PRODUCT DELIVERED. EQUIVALENT TO A REDUCTION OF AROUND **4.3 MILLION KM** SINCE 2018

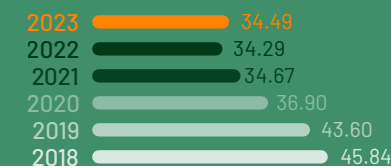
**19%**  
**IMPROVEMENT** IN CAPACITY EFFICIENCY FOR EVERY TRIP

**3,775 metric ton (37%) REDUCTION IN CO<sub>2</sub> EMISSIONS** COMPARED TO 2018 BASELINE – THE EQUIVALENT ANNUAL EMISSIONS OF 820 CARS (VIEW SOURCE)

## TON/TRIP



## KM/TON



**“ Petrolube remains committed to ongoing innovation and exploration of new sustainable practices to further reduce our environmental impact and contribute to a greener future for the transportation industry.”**

**Amr Iraqi**  
Petrolube Logistics Manager

# WASTE MANAGEMENT

Our commitment to waste reduction begins with a focus on preventing the generation of waste in the first place. And when waste is generated, we are equally committed to reusing and recycling as many valuable materials as possible with the aim of recycling 70% of all waste generated by 2025



**Petrolube aims to recycle 70% of all waste generated by 2025. In 2023 we recycled 63% of waste generated from our operations.**

We take a holistic approach to eliminating waste across our manufacturing, operations, and supply chain activities:

— **Education, Awareness, and Action:**

All Petrolube colleagues are educated and trained on the concept of reducing, reusing, and recycling waste (the 3Rs) from our operations. In addition, colleagues are trained on the importance of categorizing and segregating waste for compliance purposes and to maximize the volume of materials we successfully keep in valuable streams of reuse and recycling. Regular awareness sessions and monitoring of the waste categorization and segregation process are conducted.

— **Moving towards Circularity:**

As a step towards achieving a circular production system, our lubricant blending units are already circular, and any waste generated during the blending process is consumed as part of the same batch. In addition, any flushing oil generated during the production process is reworked in future batches. 99% of generated flushing oil was reworked within the same month it was generated in 2023.

— **Plastic Reduction:**

In mid-2023, we launched an initiative to reduce the volume of plastic used in our packaging materials. As a result of the steps taken, we have already saved around 54 tons of plastic by the end of 2023, and we aim to save more around 150 - 200 tons per year. Additionally, last year we launched an initiative to eliminate single use plastic by providing colleagues with reusable water bottles, thereby reducing the need for single-use plastic water bottles.

– **Supplier Collaboration:**

Petrolube works closely with our suppliers to reduce packaging waste by re-sending wooden pallets and carton trays for reuse – an important step towards creating a circular supply chain.

– **Recycling:**

Petrolube has established a comprehensive recycling program for waste generated from operations such as cartons, plastic cans, polythene, wood waste and steel scrap. These materials are segregated, collected, and sent to recycling facilities to be repurposed and reused. We recycle all non-hazardous waste through contracted municipal approved companies. Our hazardous waste treatment is handled by contracted third-party agencies approved by the relevant governmental entities in KSA and Dubai.

– **Waste Segregation:**

Meticulously segregating all our waste not only enables us to channel materials towards their best use, reuse or recycling, it also enables us to closely measure and monitor the volume of waste we generate in any one category – identifying opportunities to explore further waste management solutions and reductions.

CASE STUDY:

# Categorizing Waste to Better Apply the 3Rs

To maximize the volume of material we have the capacity to recycle, our operational and environmental management procedures require that all waste material is categorized, measured, and reported. Petrolube colleagues receive regular training on waste categorization and management to ensure compliance with this approach.

Categorizing waste enables us to identify the highest and best pathway for the waste material to be reduced, reused and/or recycled. Different labelled and colour coded waste bins are distributed in all locations to allow our colleagues to maintain the proper waste segregations.

TYPE A

## REWORKABLE WASTE (100% REUSED)

Refers to lubricant waste such as oil and grease that can be reworked and/or reused again in the manufacturing process.

TYPE B

## GENERAL WASTE

Includes materials that must be segregated and collected by municipality-approved cleaning contractors.

TYPE C

## CONTAMINATED (HAZARDOUS) WASTE (100% TREATED)

Refers to materials such as contaminated paper or plastic, drainage water mixed with oil, damaged bottles containing oil, grease, chemicals, or additives, and lab chemical waste. This waste must be segregated into special containers, then collected, transported, and treated by an approved waste disposal contractor certified by the National Center of Environmental Compliance (NCEC).

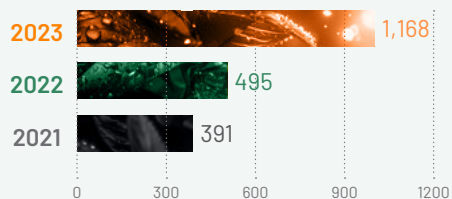
TYPE D

## RECYCLABLE WASTE (100% RECYCLED / REUSED)

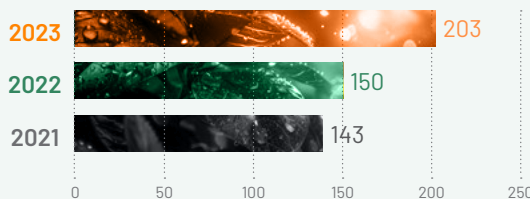
Includes cartons, plastic, steel, and other materials that can be recycled. Petrolube sells these types of waste to a recycling company for recycling or reusing.

## Waste recycled vs sent to landfill

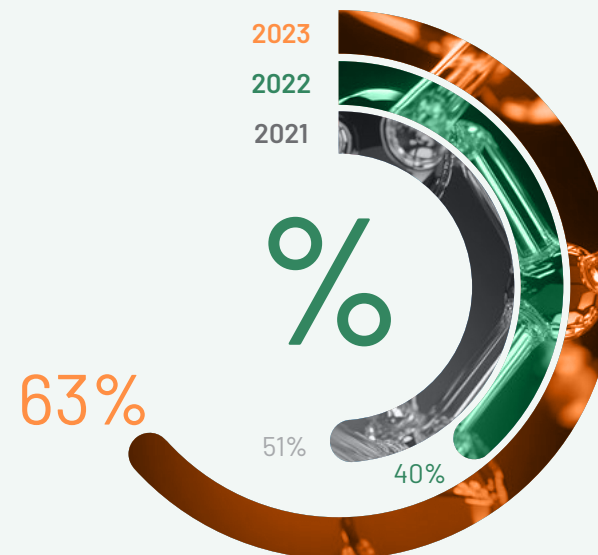
Total waste recycled (Mt)



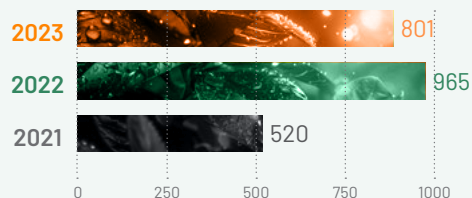
Total waste reused (Mt)



Total waste reused & recycled



Total waste sent to landfill (Mt)

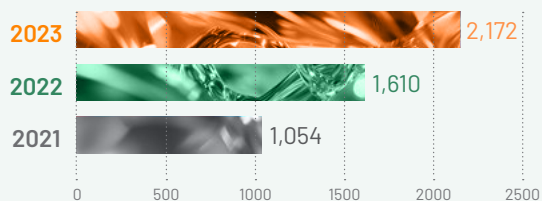


**Note:**

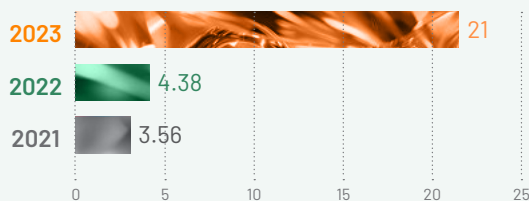
While total waste generation increased in 2023 due to the enhancement of packaging materials as part of an initiative to prevent product quality complaints, our total volume of waste recycling increased and our total volume of waste to landfill decreased comparing to 2022.

## Waste Generated

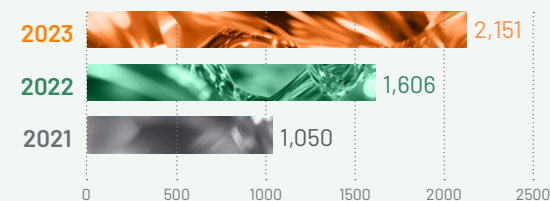
Total waste generated (Mt)



Total hazardous waste generated (Mt)



Total non-hazardous waste generated (Mt)



## Potential Future Initiatives in Packaging, Used Lubricants Re-refining and Green Lubricants

### The Path to Better Packaging

The volume of single-use plastic produced and used in our region is escalating. More than 1.2 million tons of plastic is produced each year – approximately 9% of global plastic production overall (reference source link). At Petrolube, we package most of our products using plastic bottles, cartons, stretch wrap, and steel drums. While our packaging cartons in KSA currently contain 85% recycled content, we know we need to do more.

We are actively seeking and exploring optimal solutions for handling key aspects of our plastic waste, particularly high-density polyethylene (HDPE) packaging that is contaminated with oil residue, which presents challenges to recycling and/or reuse. We are also exploring solutions to collect used steel drums then recondition them to a standard that matches that of a new drum – enabling us to refill and reuse them over again, limiting pollution and reducing the cost of our packaging materials. There continues to be ongoing exploration with local partners to identify long-term solutions for these two projects.

### Creating a Circular System for Lubricants

Petrolube is exploring and evaluating the technologies that can successfully re-refine used lubricants. With support and collaboration from the Ministry of Energy, Luberef, SASO, Lube oil companies, and Saudi Investment Recycling Company (SIRC), Petrolube has been driving the exploration of avenues for collecting, re-refining, and distributing used lubricants.

**Re-refining used lubricants can help avoid 80% GHG emissions and 99.5% heavy metal emissions into the atmosphere – and as much as 34 times less usage of fossil fuels\*.**

### Revolutionizing Green Lubricants

How do we manufacture lubricants without relying upon fossil fuel-based raw materials? Finding a viable solution to this challenge has the potential to revolutionize Petrolube’s business and our industry and the power to transform our customers’ environmental impacts, too. By using regenerative, biodegradable vegetable oil in place of a mineral base oil, we can significantly reduce dependence upon fossil fuel-based raw materials, dramatically reducing emissions in the process as compared to conventional lubricants.

We began to explore the concept of using vegetable oil to produce biodegradable lubricants through collaboration with universities and research centers to help us accelerate the development of scalable, market-viable biodegradable lubricants that continue to meet or exceed our customers’ expectations.

\* Source: [Life Cycle Carbon Footprint of Re-Refined versus Base Oil That Is Not Re-Refined](#), ACS Sustainable Chemistry & Engineering



# WATER & EFFLUENTS

Because the use of base oils and additives in lubricant products do not bond well with water, lubricant manufacturing is not a water-intensive process. For that reason, most of the water Petrolube consumes comes from municipal water sources.

However, in a region where water scarcity is a growing concern, we remain committed to keeping our water consumption as low as possible, and to ensuring any water we do consume is properly treated, disposed of, and handled in compliance with all applicable regulations. In addition, any oily water that is generated at our plants is safely treated or disposed of through certified third-party providers. Petrolube has also received treatment certificates as assurance of our water treatment initiatives.

Knowing every drop of water counts, Petrolube regularly monitors our water usage so that we can use the insights to continuously improve our water conservation performance. As a result, we are continually looking for new technologies and solutions to optimize our water efficiency, such as replacing our normal faucets to motion-sensor activated faucets.

## Water consumption

|                                     | 2021         | 2022        | 2023         |
|-------------------------------------|--------------|-------------|--------------|
| Groundwater withdrawal (megaliters) | 0.32         | 0.48        | 0.26         |
| Seawater withdrawal (megaliters)    | 9.69         | 7.86        | 9.89         |
| <b>Water consumed (megaliters)</b>  | <b>10.01</b> | <b>8.34</b> | <b>10.15</b> |

**Note:** For 2023, water consumption increase is due to an increase in the number of employees

## Water treated

|                                 | 2021 | 2022 | 2023 |
|---------------------------------|------|------|------|
| Wastewater treated (megaliters) | 5.19 | 4.85 | 3.48 |

**Note:** Not all consumed water requires treatment

## Water consumption intensity

|                                                          | 2021  | 2022  | 2023  |
|----------------------------------------------------------|-------|-------|-------|
| Water consumption intensity (m <sup>3</sup> /MT product) | 0.04  | 0.03  | 0.04  |
| Water consumption intensity (m <sup>3</sup> /employee)   | 0.016 | 0.013 | 0.015 |



## Spill Prevention and Management

The high volume of oil and other fluids used in the manufacturing of lubricants makes spill prevention and management a high priority for our operations. Our multi-faceted risk-based approach to preventing accidental spills encompasses a range of activities, including prioritization, regular preventive maintenance for our equipment, the implementation of engineering controls such as high-level alarm system in storage tanks, bund walls, drip trays, regular training to forklift drivers and truck drivers and the regular inspection of our transportation trucks to avoid road accidents and spills.

**No significant spills occurred during 2023.**

In the event that a spill does occur, Petrolube has a comprehensive emergency response plan in place. Our plan includes procedures for handling loss of primary containment (LOPC) as well as spills into the general working area (e.g. escaping secondary containment).

It sets forth an immediate set of actions to be implemented in the event of any spill or LOPC incident. In addition, a full incident investigation is undertaken to identify the root cause of the spill and to identify a course of corrective action to prevent future instances of the same incident. Three minor spills occurred in 2023 in three Petrolube locations (Jeddah, Riyadh,

and Technolube Dubai). All were oil spills on soil, representing a total volume of 4.3 barrels, which were cleaned and picked up by a third-party service without any damage to the surrounding environment.

Additionally, 15 LOPCs occurred in 2023 in the three Petrolube plants representing a total volume of 20 barrels, which were released from the primary containment, but were prevented by the secondary containment without damaging the environment, these LOPCs were immediately recovered and cleaned without impacting the soil.



# SOCIAL RESPONSIBILITY

|                                      |    |
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# EMPOWERING OUR PEOPLE

Petrolube understands that our business is only as good as our people, and we see our colleagues as our most important business partners.

In keeping with our commitment to the economic development objectives of Saudi Vision 2030 and the UN SDGs, we are proud to employ and invest in some of the most talented people in KSA and UAE. We also take pride in providing the tools, training, resources and education necessary to support every step of their career journeys. Along the way, we work hard to cultivate a welcoming, fair, and engaging work environment and a culture that prioritizes health, safety, diversity, inclusion, and equal opportunity.

For a detailed overview of our 'Workplace Profile', please refer to the [appendix](#)

## Material Topics covered in this chapter

- Human Rights and Labor Standards
- Diversity and Inclusion
- Occupational Health and Safety
- Talent Development
- Community Engagement

## UN SDGs



# PETROLUBE'S 2025 SOCIAL PERFORMANCE TARGETS



| MATERIAL TOPIC                                                                                                          | 2023 ACHIEVEMENTS <small>(WITH 2021 BASELINE UNLESS OTHERWISE STATED)</small>                                                                                                   | 2025 TARGETS <small>(WITH 2021 BASELINE UNLESS OTHERWISE STATED)</small>                                                                  |
|-------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>DIVERSITY &amp; INCLUSION</b>      | <ul style="list-style-type: none"> <li>5.5% female in workforce</li> </ul>                                                                                                      | <ul style="list-style-type: none"> <li>Foster an <b>inclusive</b> work environment with <b>equitable</b> growth opportunities*</li> </ul> |
|  <b>OCCUPATIONAL HEALTH AND SAFETY</b> | <ul style="list-style-type: none"> <li>2,025 hours of safety talks</li> <li>2.01 Lost Time Injury Frequency Rate (LTIFR)** (includes both employees and contractors)</li> </ul> | <ul style="list-style-type: none"> <li>2,500 hours of safety talks</li> <li>Zero LTIFR (year-on-year)</li> </ul>                          |
|  <b>TALENT DEVELOPMENT</b>           | <ul style="list-style-type: none"> <li>39% Saudization</li> <li>493 number of training hours</li> </ul>                                                                         | <ul style="list-style-type: none"> <li>Maintain <b>Platinum</b> status for Saudization</li> </ul>                                         |
|  <b>COMMUNITY ENGAGEMENT</b>         | <ul style="list-style-type: none"> <li>Hosted a successful <b>Manufacturing Day</b></li> </ul>                                                                                  | <ul style="list-style-type: none"> <li>Host <b>Manufacturing Day</b> event every year</li> </ul>                                          |

\* Our diversity vision is to achieve 35% women in workforce

\*\* Lost time injury frequency rate (LTIFR) refers to the number of lost time injuries occurring per million hours. Lost time injuries are workplace injuries that result in an employee or contractor being unable to work a full shift or more.

# HUMAN RIGHTS & LABOR STANDARDS

Petrolube is committed to supporting international human rights standards.

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We endeavor to ensure the rights of all colleagues and those we do business with by embedding human rights principles and practices into corporate policy, culture, and ways of working. Stakeholder engagement and participation is also critical to our human rights and labor practices, and we seek to include both internal and external stakeholders in our corporate committees to ensure a safe, healthy, and fair work environment for all. As part of our commitment to preventing child labor, Petrolube has a strict policy forbidding the hiring of any person under the age of 18.

# DIVERSITY & INCLUSION

Petrolube is dedicated to cultivating a culture built upon mutual respect for every colleague associated with our company regardless of age, race, gender, or nationality. We are also committed to creating a workplace that ensures all colleagues share equal opportunities for promotion, training, rewards, and recognition.

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**// We believe that a diverse and inclusive workplace is a strong, successful and dynamic workplace. Petrolube is dedicated to ensuring the representation and inclusion of qualified colleagues without regard for gender, race or background, and to celebrating the contributions of every colleague associated with our company.**

**H.E. Amr Al-Dabbagh**

Chairman & CEO, ADG



## Petrolube's diversity vision is to achieve 35% women in workforce.

Petrolube's Diversity and Inclusion policy is designed to strengthen and grow the diversity of our company by providing guidelines for hiring and supporting under-represented groups in our workforce, including people with disability, members of racial, ethnic and ethno-religious minority groups, young people under 25, and women in workforce and senior leadership roles. All Petrolube business units hold responsibility for implementing, monitoring, and reporting on their diversity initiatives and contributions towards our diversity targets. Our progress is reviewed at quarterly board meetings, and the scope and scale of our Diversity and Inclusion policy is reviewed by the Group Chief of Human Resources at least every three years.

## In 2023, all Petrolube managers received training on the company's diversity and inclusion policy and practices.

To help balance our overall diversity, Petrolube maintains a cap on each nationality represented within the company. We also have a mandate in place requiring that the heads of Finance, Internal Audit, Legal, and Human Resources (and/or equivalent titles) should not be of the same nationality unless it is the nationality of the location of the company's headquarters.



### Increasing the Number of Women in Our Workforce

To realize our diversity vision, and to further expand the diversity of our colleagues overall, in 2023 we continued to focus our recruitment activities on attracting more women to the Petrolube workforce. To do this, we have introduced standardized hiring targets at all levels of the organization.



### Diversity and Inclusion Policies and Procedures

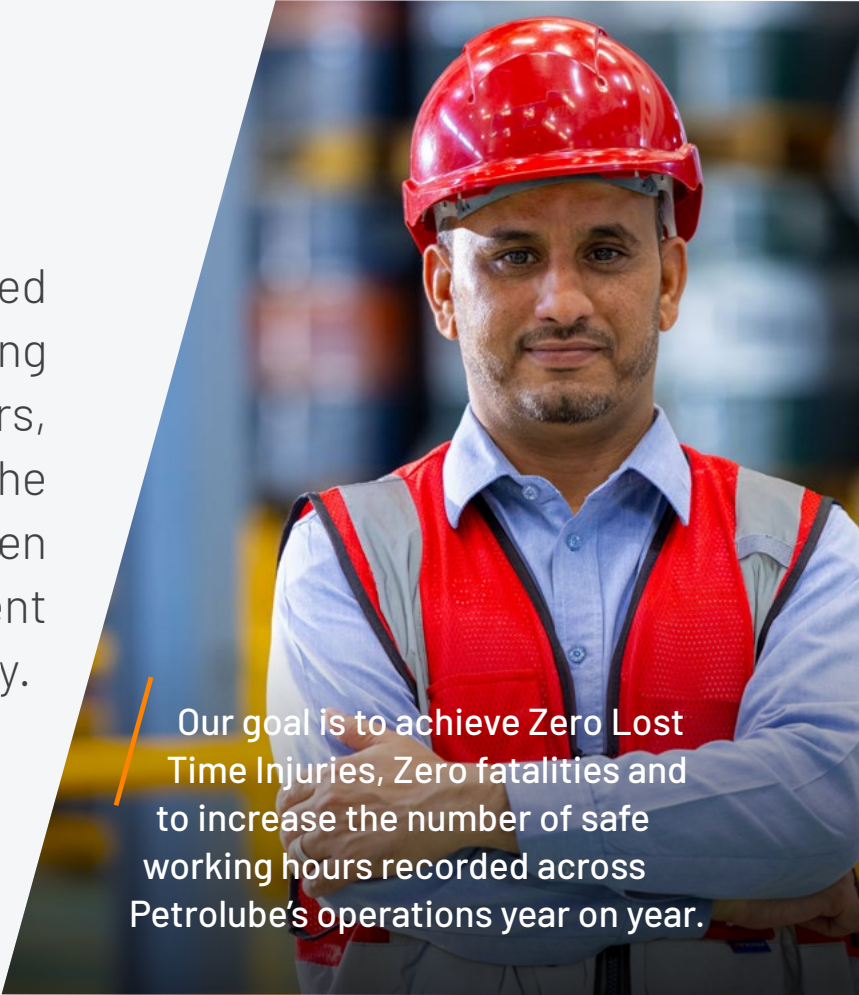
Petrolube also adheres to the diversity, equal opportunity, and inclusion policies and procedures of our parent company ADG, including:

- Recruitment and hiring
- Anti-harassment
- Market competitive remuneration
- Working conditions
- Training and development



# OCCUPATIONAL HEALTH & SAFETY

Petrolube's commitment to putting people first is underpinned by a strong safety culture and a deep commitment to ensuring the health, safety, and wellbeing of our colleagues, contractors, and others associated with our operations, including the communities and environment in which we operate. Driven by our ambitious KPIs, we take a continuous improvement approach to managing HSE measures throughout our company.



Our goal is to achieve Zero Lost Time Injuries, Zero fatalities and to increase the number of safe working hours recorded across Petrolube's operations year on year.

## How We Manage Health, Safety, and Environment (HSE)

Petrolube's HSE Committee is responsible for overseeing the adoption, implementation and performance of our HSE standards in accordance with our HSE policy and management system. The HSE system complies with applicable legal requirements in jurisdictions where we operate and recognized risk management system standards and guidelines such as the ISO 45001:2018 Occupational Health and

Safety Management System, ISO 14001:2015 Environmental Management System, ISO 9001:2015 Quality Management System and ISO/IEC 17015:2017 Lab Quality Management System. Petrolube's HSE Policy, IMS Manual and management system also establish requirements and guidance for key risk management procedures, applicable in all operation sites (plants, warehouses and offices).

# CULTIVATING A STRONG SAFETY CULTURE

Everyone at Petrolube has an important role to play in identifying potential hazards and opportunities to reduce risk and improve our safety standards, and in perpetuating safety behaviors.

## Joint Safety Committee

To ensure all colleagues have the opportunity to provide input and oversee HSE concerns, Petrolube has a formal joint management-employee Safety Committee in place in each of the three manufacturing plants. The Committee comprises representatives from a range of Petrolube departments and employment levels, including colleagues from production, HSE, QA, Lab, Maintenance and Logistics. This helps ensure inclusive participation in the development of new safety policies and improvements to our occupational health and safety system, along with valuable insight into health and safety concerns should they arise.

The joint Safety Committee reviews all health and safety concerns from colleagues. It is charged with recommending control action plans, as well as conducting and reviewing risk assessments and recommending safety measures and improvements to Petrolube management, who hold responsibility for implementation. The Committee meets monthly to discuss ongoing and new safety concerns, review incidents, and plan safety initiatives.

To cultivate a strong safety culture, we encourage employee participation in safety committees and feedback mechanisms (such as Potential Incident reporting) ensuring senior management's commitment to safety management system is a core value.

## Communication of safety Practices

Regular communication regarding safety standards and behaviors is our frontline approach to creating a strong safety culture.

These regular practices include:

- Structured Safety Walks (SSW) for which colleagues from different functions team up to tour a site and identify any potential safety risks
- Daily huddle meetings with supervisors, line managers, and colleagues, providing opportunity to keep safety behaviors top of mind, and for colleagues to offer input
- Regular safety talks to keep colleagues informed of health and safety updates and/or changes
- Clear signage and posters in common areas to highlight key safety behaviors, protocols, and emergency procedures
- Potential incident reporting and employee participation in HSE incident investigations
- Safety forums between Petrolube's three production plants to share best practices and lessons learned
- Ensuring clear, detailed Standard Operating Procedures for all operations are available in the local language and that these procedures are regularly updated to reflect best practices



CASE STUDY:

# Hazard Identification and Risk Assessment (HIRA) Procedure

Petrolube’s HSE Committee carry out the HIRA procedure before every new activity and whenever changes are made to the working environment and practices. Line managers and supervisors are responsible for completing control action plans in their respective departments.

**The procedure includes the following key steps:**

1. Identifying hazards and associated risks.
2. Analyzing risks and assigning a risk rating based upon potential consequences and their likelihood.
3. Evaluating the efficacy of existing risk controls.
4. Identifying opportunities for improvement and proposing further risk treatments to bring the risk to As Low As Reasonably Practical (ALARP) level.



### Hierarchy of Controls

A hierarchy of controls is applied during the risk assessment process to manage and mitigate identified risks. The preferred hierarchy sequence includes elimination, substitution, engineering controls, administrative controls (warnings/signage), and use of personal protective equipment (PPE).



### Quality Assurance

The quality of the HIRA process is maintained through the involvement of competent personnel familiar with the working area and practices, with ultimate responsibility assigned to the Plant Manager for ensuring the proper completion of all risk assessments at their site or area. In addition to continuous monitoring through safety walks and internal audits are carried out to ensure the effectiveness of existing risk control and mitigation actions.



### Continuous Improvement

The results from HIRA are used to continually evaluate and improve the occupational health and safety management system. Regular monitoring, consultation, and reviews are integral to this process. The system incorporates feedback from various stakeholders to refine safety measures and update hazard analysis plans as necessary.



### Making Incident Prevention Easy

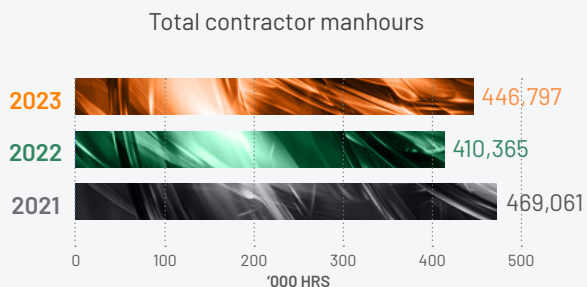
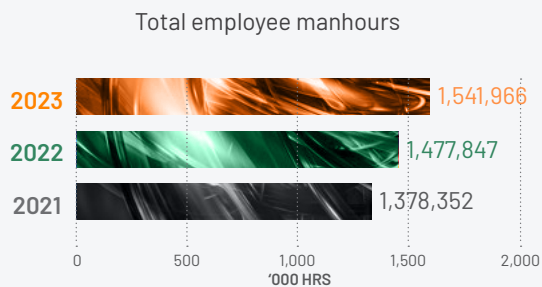
To increase engagement and participation in the HSE management system and the identification of potential safety risks in the workplace, we encourage our colleagues to report any HSE potential incidents (PIs) (unsafe acts and/or conditions) to address potential hazards and take preventive actions to avoid incidents.

In 2023, we placed QR codes around our plants to enable colleagues to rapidly scan and immediately submit reports of PIs on the spot. When a PI is submitted, the HSE team engages with the owner of the relevant area to identify the appropriate steps for rectifying the PI and a target date for implementation. Through awareness, and engagement, we encourage each colleague in the Operations department to submit at least two PIs per year. A total of 323 PIs were submitted in 2023, out of which 265 were closed in the same year (82% closure rate).

**// To curb the number of incidents in the workplace, we encourage our colleagues to report potential incidents to address potential hazards before they cause harm.**

**Mohammed Amir Faizan**  
QHSE Officer, Technolube Dubai

## Manhours



100% of our workers are covered by our health and safety management system

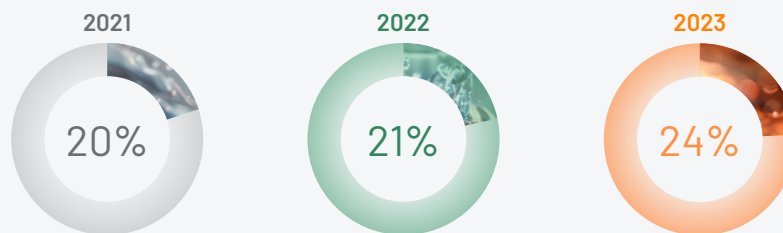
## Health & Safety

Total workers covered by the health and safety management system (%)



## Workforce represented in joint management-worker H&S committees (%)

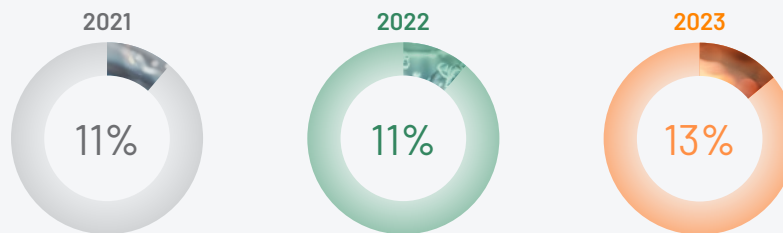
Petrolube KSA



Total percentage of workers covered by the health and safety management system that has been both internally and externally audited (%)



Technolube Dubai



## Emergency Preparedness and Response Management

Petrolube has a set of emergency plans in place for each of our sites and locations to ensure our preparedness for various types of emergencies including fire, gas leaks, oil spills, and natural emergencies such as heavy rain, heat stress, or earthquakes. The plans set forth critical emergency preparedness and response requirements such as emergency assembly points, evacuation routes, emergency lights, emergency contact numbers, first aid tools, and firefighting and evacuation team members.

Each site must conduct a mock drill for each type of emergency at least once per year. The HSE team at each site is tasked with recording the results of each mock drill to measure time required for evacuation, corrective actions, and status of implementation. In 2023, 32 mock drills were conducted as follows:

### Mock Drills 2023

| LOCATION          | NO. OF MOCK DRILLS |
|-------------------|--------------------|
| Jeddah Plant      | 12                 |
| Riyadh Plant      | 10                 |
| Technolube Plant  | 5                  |
| Dammam Warehouse  | 1                  |
| Qaseem Warehouse* | 1                  |
| Makkah warehouse  | 1                  |
| Abha warehouse    | 1                  |
| Madinah warehouse | 1                  |
| <b>Total</b>      | <b>32</b>          |

**Note:**  
Qaseem warehouse was transferred to a third-party towards the end of 2023.

Department managers and supervisors are responsible for cooperating and coordinating with the HSE team to map out emergency evacuation plans for colleagues, contractors, and visitors at each Petrolube location.

## Safety Training

All Petrolube colleagues receive extensive occupational health and safety training on a regular basis, including general safety training and specific training regarding work-related hazards. Training begins with new employee orientation covering essential health and safety procedures, emergency response, and incident reporting. Ongoing refresher sessions, led by supervisors, keep employees updated on general safety practices, compliance requirements, and any safety regulatory changes. These sessions cover topics such as heat stress, first aid, fire safety, and PPE compliance. Additionally, targeted safety training

### Safety training

|                          | 2021         | 2022         | 2023         |
|--------------------------|--------------|--------------|--------------|
| Petrolube KSA (hours)    | 394          | 997          | 1,068        |
| Technolube Dubai (hours) | 861          | 948          | 957          |
| <b>Grand Total</b>       | <b>1,255</b> | <b>1,945</b> | <b>2,025</b> |

**Zero high consequence work related injuries for employees and contractors.**

addresses specific job-related hazards like dangerous goods handling, spill prevention, confined space entry, and working at height.

## Incident Reporting and Investigation

In 2023, Petrolube KSA recorded 4 incidents of injury which included one incident at our Jeddah plant, one incident at our Riyadh plant, and two incidents at our Technolube Dubai plant (one LTI and one medical treatment case). In each instance, a full incident investigation was conducted, a root cause was identified, and corrective actions were taken to prevent recurrence, including further safety training, direct engagement with the individuals involved, and in some instances modifications and improvements to physical equipment to enhance safety.

### Work-related injury

(excluding fatality and high consequence work)

|                                            | 2021        | 2022        | 2023        |
|--------------------------------------------|-------------|-------------|-------------|
| Number of employee work-related injuries   | 0           | 2           | 2           |
| Number of contractor work-related injuries | 1           | 2           | 2           |
| Employee work-related injury rate          | 0.00        | 1.35        | 1.30        |
| Contractor work-related injury rate        | 2.13        | 4.87        | 4.48        |
| <b>Overall work-related injury rate</b>    | <b>0.54</b> | <b>2.12</b> | <b>2.01</b> |

CASE STUDY:

# Improving Safety through Collaboration: HSE Excellence Forum

Sharing best practices can have a huge impact on continuous improvement, particularly for HSE performance. In 2023 we launched the HSE Excellence Forum designed to provide personnel from all Petrolube and Technolube Operations sites with the opportunity to share their best practices and lessons learned with colleagues at other sites with the aim of boosting everyone to the highest levels of HSE performance.

Via a monthly forum, safety team members, plant managers, operations managers, warehouse managers, and production managers from different operations sites across KSA and UAE meet to exchange knowledge, best practices, ideas, and lessons learned for continuously improving our capacity to identify and address potential risks, and to safeguard the health and safety of everyone at Petrolube.

The Excellence Forums have already become a valuable tool for aligning safety objectives, targets, and approaches, sharing lessons learned from incidents, and improving our risk assessments. Looking ahead, we plan to continue the forums throughout 2024 and make a shared knowledge base accessible to all participants via our Operations Excellence Portal.



**// In an effort to encourage sharing of best practices, seek feedback to resolve issues, and bring all three plants to the same level of professionalism and standards, functional forums have been formed including the HSE excellence forum. As a result, we now adopt a much more proactive approach to process improvement, encompassing both safety culture and operational excellence.**

**Salman Parwez**

VP Operations



## Materials Safety Data Sheets (MSDS)

Petrolube reviews the Materials Safety Data Sheets of every raw material, additive, and lab chemical material at the time of purchase to ensure we understand and are equipped to avoid any potential safety hazards resulting from that material. MSDS copies are also shared with all relevant departments, including but not limited to our lab, production, and logistics teams, to ensure full awareness of safe storage and handling practices, potential hazards, and appropriate first aid.



# TALENT DEVELOPMENT

Petrolube aims to provide a work environment that enables every employee to build a fulfilling career with us, whether they are a recent graduate or part of our senior leadership.

Because we want Petrolube to remain an employer of choice for individuals at every stage of their career, we offer competitive remuneration and benefits for all eligible colleagues. Talent development, including training, education, and engagement, is central to this commitment and vital to our capacity to attract and retain some of our region's top talent.

All Petrolube, colleagues have access to a range of technical, soft, and behavioral skills development via on-the-job, classroom, and virtual training. All new joiners also receive some general training as part of their orientation. In 2023, training sessions offered included:



## TECHNICAL SKILLS

- / Basics of Lubricants
- / Carbon Accounting 101
- / Environmental Risk Assessment
- / Good Lab Practices

## SAFETY & COMPLIANCE

- / Fire Fighting
- / First Aid
- / IMS Internal Auditor
- / ISO 45001:2018 Lead Auditing

## OPERATIONAL & SOFT SKILLS

- / Omnipreneurship
- / Communication Skills
- / Giving and Receiving Feedback
- / Leadership Workshop
- / Presentation Skills

| SITE             | HOURS OF TRAINING | EMPLOYEES BENEFITED | AVERAGE TRAINING HOURS |
|------------------|-------------------|---------------------|------------------------|
| Petrolube KSA    | 136               | 136                 | 1                      |
| Technolube Dubai | 357               | 357                 | 1                      |
| <b>Total</b>     | <b>493</b>        | <b>493</b>          | <b>1</b>               |

# COMMUNITY ENGAGEMENT

Petrolube has a corporate responsibility to support the communities in which we operate, and in which our colleagues, customers, and other stakeholders live.



Our goal is to continue to train around 20 interns every year through our internship program.

Our Omnipreneurship philosophy takes a holistic and comprehensive approach to living a meaningful life at work, and at home. At the core of this approach is the belief that giving is the purpose of life, and that it is important to give and to encourage others to give.

On this basis, Petrolube actively supports a variety of non-profit and charitable organizations focused on doing good work in communities throughout our region. For instance, every year during the Holy Month of Ramadan, Ramadan food baskets are distributed to Petrolube colleagues during the Holy month.

In 2023, Petrolube supported the following organizations and initiatives:

- Effat University (internships)
- King Abdulaziz University (internships)
- University of Business and Technology (UBT) (internships)
- University of Essex (post-graduate project)
- Manufacturing Day
- Ramadan Food Baskets distributions



## Investing in Future Professionals

We are proud to invest in our region's next generation of talented professionals and future leaders through Petrolube's internship program. During 2023, we had the pleasure of training 20 university student interns (a total of over 5240 training hours) during a summer-long program spanning our Operations, Human Resources, Sales, Procurement, Finance, IT, Legal, and Government Relations departments. This program helps equip them with some of the necessary skills for their careers upon graduation.



In alignment with Saudi Vision 2030 and the Saudi government’s national employment program aimed at employing more Saudi nationals, Petrolube is committed to prioritizing the hiring of qualified Saudi nationals wherever possible. Currently, **39%** of the colleagues in Petrolube KSA locations are Saudi nationals.

Tamheer and Internship are flagship training, skills development and employment programs focused on providing livelihood opportunities to fresh graduates from Saudi universities. Under the internship program we hire students from universities as interns and train them in various operational tasks in our facilities for specific duration as per their university requirements.

In the Tamheer apprenticeship program, the fresh graduates are provided with on-the-job training. Through this program, we allow Saudi students to develop technical skills and understand the know-how of an actual work environment and have higher chances for employment within the company. Based on their performance, we offer them job opportunities within the company.

In the past few years, Internship and Tamheer have been the go-to programs for Petrolube not only to encourage Saudization but also to hire talented entry-level candidates.

|      | INTERNSHIP | TAMHEER |
|------|------------|---------|
| 2023 | 20         | 7       |



# ENGAGING COLLEAGUES IN CONTINUOUS IMPROVEMENT

Petrolube encourages all colleagues to help drive continuous improvement by contributing their ideas and suggestions for enhancing our operations. We encourage collaboration through an online portal that collects new ideas, feedback, and suggestions from Petrolube colleagues. Ideas received via the portal or through brainstorming sessions are evaluated by our Kaizen committee, who then determine the requirements for implementation, feasibility, and efficacy. The owners of successful ideas are then recognized in our Kaizen Wall of Fame.

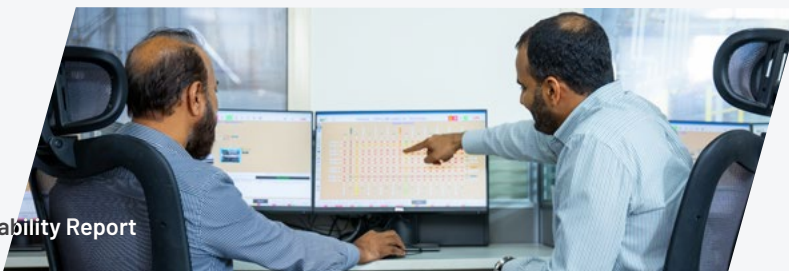
Since the last quarter of 2023, we have also introduced a series of events, activities and sessions designed to engage and connect colleagues around a particular topic or interest.

**Examples include:**

- Breast cancer awareness
- Sahlab (traditional pudding drink) activities
- Arabic Language Day
- Health Nutrition seminar
- Women’s Day activity
- Reading Day activity
- Health Lounge Check-Up
- No Smoking Day

To recognize colleagues for their contributions to Petrolube we also have a range of awards and recognition, including:

- Years of Service rewards
- Star of the Quarter
- Quality Award of the Month
- Team of the Quarter in Operations
- Safe Colleague of the Month
- Kaizen Awards in Operations



CASE STUDY:

## Recognizing Ingenuity: Internal Omnipreneurship Awards

ADG’s Omnipreneurship Awards program is designed to engage and encourage internal and external stakeholders to participate in solving critical sustainability challenges for our company based around the interlocking principles of Giving, Earning, and Sustaining.

In 2023, we conducted the third internal Omnipreneurship awards designed to recognize the ingenuity and innovation of Petrolube colleagues by inviting them to submit ideas for the use of innovative technologies designed to minimize the use of natural resources. Submissions were evaluated based on feasibility, scalability, viability, implementation cost, impact potential, alignment to group strategy, and the skillset of the submitting team. More than 16 Petrolube teams/colleagues participated with 24 ideas, out of which three were shortlisted for further exploration.



CASE STUDY:

# From Theory to Practice: Manufacturing Day for Future Engineers

Without benefit of practical experience, making the shift from theory to practice can be a challenging transition for university students. To facilitate the transition, Petrolube has started to collaborate with Saudi universities to provide students with on-site opportunities to learn first-hand.

With the slogan **“Manufacturing Insights”**, the event was held in May 2023, when 17 engineering students from Effat University and King Abdulaziz University undertook a field trip to our Jeddah plant to gain an understanding of its operations and to find out how their individual areas of research can have valuable practical application.

The day included a safety orientation, an overview of Petrolube’s operations and supply chain, a look at what makes the Petromin brand an industry leader in KSA, an interactive session on the functions and applications of lubricants, a presentation on industrial automation, a plant tour and a practical workshop on pneumatic and electronic systems. The day ended with the presentation of certificates, trophies and souvenirs to the students and faculty members.

**RELATED LINKS**

[Petrolube LinkedIn Post](#)

**“ Petrolube is a well-developed and professional organization. We are truly grateful to the management team for arranging such experienced demonstrators and for letting us examine the most advanced automation equipment, as well as watch and analyze the plant’s operations. We gained knowledge and witnessed the use of electrical engineering in the field.**

**Arbaz Shafique**  
Lab engineer,  
Effat University



Throughout the event, the students had the opportunity to interact with the plant’s operations team, visit the manufacturing shop floor, logistics area, and lab, all while gaining insight into our operations and supply chain processes, as well as establishing a basic understanding of lubricants and their applications.

Similar events are in development in collaboration with the Saudi universities in Riyadh and Jeddah.

**“ What I learned at Petrolube was great for my future as an engineer but even more amazing for my future as a team player, a leader, and a forward-thinking citizen.**

**Sara Al Galayene**  
Industrial engineering student,  
King Abdulaziz University

# GOVERNANCE

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| Supply Chain Management .....               | 68 |

# FOSTERING GOOD GOVERNANCE AND ETHICAL BUSINESS PRACTICES

Petrolube’s role as a leading lubricants manufacturer in Saudi Arabia and across the Middle East makes our company an influential contributor to the region’s social development and economic growth.

Our approach to conducting business is pivotal to our long-term success and credibility in our various roles as a manufacturer, supplier, customer, partner, employer, community member and global corporate citizen. As such, we hold a deep responsibility to upholding robust governance in every aspect of our operations. In accordance with our mission, vision, and values and in alignment with our support for Saudi Vision 2030 and the UN SDGs, we are committed to enacting the highest standards of business ethics, conduct, and management practices.

## Material Topics covered




### in this chapter

- Business Ethics and Compliance
- Data Privacy and Information Security
- Product Stewardship
- Supply Chain Management

## UN SDGs



# PETROLUBE'S 2023 GOVERNANCE PERFORMANCE

| MATERIAL TOPIC                                                                                                                   | 2023 ACHIEVEMENTS                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>DATA PRIVACY &amp; INFORMATION SECURITY</b> | <ul style="list-style-type: none"> <li>Zero data breaches reported</li> </ul>                                                                                                                                                                                                     |
|  <b>PRODUCT STEWARDSHIP</b>                     | <ul style="list-style-type: none"> <li>Two of Petrolube's three laboratories are <b>ISO 17025:2017 certified</b></li> <li>Riyadh plant achieved <b>ISO 14001:2015 certification</b></li> <li><b>Recertification of ISO 9001, ISO 45001 and ISO 14001 in all plants</b></li> </ul> |
|  <b>SUPPLY CHAIN MANAGEMENT</b>               | <ul style="list-style-type: none"> <li>Obtained Saudi Made approvals for <b>19 products</b></li> <li><b>77%</b> local procurement</li> <li>Obtained <b>Local Content Certificate</b></li> </ul>                                                                                   |



# HOW WE ENSURE GOOD GOVERNANCE

Petrolube ensures responsible business conduct and good governance practices by embedding policies, procedures, and controls into our culture and ways of working. This includes clearly defining responsibilities at all levels of our company in alignment with our corporate strategy, maintaining rigorous internal oversight, and a dedication to continuous improvement process. These practices and expectations also extend to our suppliers and partners. The policies and principles we have in place which directly or indirectly support good governance include:

#### **Governance policy:**

addresses various aspects of business conduct, including policies on maintaining working assets and tools, and efficiently managing operational and capital expenditures.

#### **Conflict of Interest policy:**

mandates that all colleagues declare any potential conflicts of interest every two years. New hires must also disclose potential conflicts of interest immediately as part of their induction process.

#### **Gift policy:**

allows staff to accept small branded souvenirs like plaques, pens, and t-shirts, but these should be exceptions, not the norm. Staff cannot accept entertainment items from vendors. For business events in Petrolube's location, Petrolube will host or share costs, while vendors are expected to host in their own locations. Vendors cannot pay for Petrolube's business travel and accommodation, and each party must cover their own expenses.

#### **Labor Organization policy:**

ensures a healthy workplace environment, embraces multinational diversity, and supports fair wages for all colleagues regardless of nationality or gender.

#### **Labor Rights principles:**

embedded into our processes and business systems to ensure we protect and respect labor rights throughout our workplace and across our practices. As part of our commitment to continuously improving labor conditions for all colleagues, we also closely monitor employee feedback.



# BUSINESS ETHICS & COMPLIANCE

Petrolube's board-level Audit Committee holds responsibility for ensuring we maintain ethical business practices across all our operations and business endeavors. This includes overseeing the implementation of Petrolube's Code of Conduct and Ethics, and our grievance mechanisms.

## Code of Conduct and Ethics

Aligned with Petrolube's five core values, our Code of Conduct requires all our directors, management personnel, colleagues, and suppliers to adhere to anti-corruption, conflict of interest, and anti-bribery standards. It serves as a central, guiding framework for defining the ethics, behaviors and standards of compliance and professionalism expected of all associated with Petrolube.

All colleagues are mandated to sign the Code of Conduct as a condition of joining Petrolube. They also receive regular training on workplace ethics, morals and ethical business practices.

Should a conflict of interest arise in any area, colleagues and other stakeholders are required to disclose all relevant information to the company.

### **Building Awareness of Competition Law**

With support from the Saudi government's General Authority for Competition, Petrolube's Legal department began providing key departments with training sessions along with the circulation of information regarding competition laws that affect our business activities. The project aims to help prevent competition law violations and protect our customers from the impact of unauthorized competition.



## Grievance Reporting and Handling

To enable all Petrolube colleagues and stakeholders to maintain the highest ethical standards and to ensure we maintain an inviting workplace, we actively cultivate a culture of openness, transparency, and accountability. The company has established grievance reporting mechanisms for employees and stakeholders to report any suspected breaches of ethics or misconduct. Reports, which may include issues like discrimination, harassment, fraud, and other violations, can be submitted confidentially via a dedicated email ([reportnow@petrolubegroup.com](mailto:reportnow@petrolubegroup.com)).

All grievances are treated confidentially, with involvement from the CEO and senior management as needed. The Grievance Committee holds regular townhall meetings and engagement sessions to discuss and address recurrent issues by investigating the root cause, identifying corrective action, and recommend preventive measures. The Committee is also responsible for ensuring all parties involved in the grievance resolution process are satisfied with the process and felt able to share their opinion while maintaining confidentiality.

Depending upon the nature of the complaint, Petrolube reserves the right to refer any concern/complaint to appropriate external regulatory authorities. In cases where senior executives and/or the CEO are involved, complaints are escalated to the Audit Committee. In other instances, the CEO decides on escalating cases to the Chairman of the Board. In cases of non-compliance or confirmed violations, disciplinary actions will be taken as per company policy.

## Audit and Internal Control

Petrolube's Internal Audit department regularly audits and monitors internal functions, and processes across our operations to ensure that we remain in compliance with all applicable rules, standards, and regulations. The department holds responsibility for planning, scheduling and conducting internal audits, alongside our quality control team, which is responsible for inspecting product quality, working conditions, and occupational health and safety at our sites.

The QHSE internal audit teams include members who have no direct responsibility for the activities being audited. All auditors are suitably trained to conduct audits in the best interests of the company to make sure the Integrated Management system is implemented and in compliance to the applicable regulations and ISO standards.

Location audits are conducted at least once a year, with additional audits conducted as necessary based

upon past compliance history and associated risks. In addition, Petrolube's product quality, financial, and non-financial information is also subject to regular external audits by some clients and external auditors (including ISO certification bodies).

We are also audited by the government for compliance with legal regulations, including environmental audits conducted by the National Centre of Environmental Compliance, SASO and Ministry of Energy.



CASE STUDY:

# Pushing Beyond Compliance: How We Drive Continuous Improvement

As the region’s leading manufacturer of lubricants, Petrolube has an obligation to deliver the highest standards of product quality, stewardship, and service to our customers and our stakeholders. Maintaining these standards requires us to push beyond compliance alone, and to actively engage in continuously improving every aspect of our performance, from product quality and customer service, to HSE responsibility.

Our enterprise-wide approach to continuous improvement is based upon the Kaizen method, which focuses on engaging colleagues at every level to contribute their experiences, insights, and ideas towards the systematic improvement of specific aspects of our business.

The process is structured around a Plan-Do-Check-Act model that enables teams to identify opportunities for improvement, collaboratively propose and map potential solutions, implement the most viable solutions, check the results to assess success, then act by adopting successful solutions as company standard. The improvement ideas are collected through an online platform, these ideas are then evaluated by the Kaizen Committee members and the approved ideas are planned for implementation. The idea owners as well as the implementation teams are recognized during the quarterly CEO Quality, Safety, and Kaizen awards events.

**“ We believe that small incremental changes can make a big difference, hence we focus our efforts on removing the eight types of waste from our operational activities to continuously improve our processes and effectively utilize our resources. ”**

**Mostafa Gaballah**  
Quality Assurance & Operations Excellence Manager,  
Petrolube

This ongoing, collaborative approach helps us to achieve these aims:

- Increase productivity
- Reduce waste
- Optimize energy, water, and resource efficiency
- Enhance safety
- Lower costs
- Increase colleague engagement and satisfaction
- Increase customer satisfaction



# DATA PRIVACY & INFORMATION SECURITY

In alignment with our commitment to robust governance and ethical standards, Petrolube takes a stringent approach to data privacy and security.

As outlined in our Data Privacy policy and in compliance with Saudi Arabian regulations, we focus on safeguarding all data associated with our company and our transactions, including both customer data and operational data. In 2023, our multi-layered approach to data safeguarding included:

- Annual internal and external audits
- Ongoing systems stress test
- Regular employee training

Petrolube also developed a robust cyber security roadmap which is aligned with:

- The Security Framework of National Cybersecurity Authority (NCA) in Saudi Arabia
- The Security Framework of Saudi Aramco, CCC certificate
- ISO/IEC 27000:2018

## Accelerating Digitalization

In alignment with Saudi Vision 2030 ambitions and the drive to accelerate digitalization throughout the region, Petrolube is in the process of developing its own digitalization strategy and framework to be applied across all business functions and operations.

Knowing our technology and digital systems have energy and environmental impacts, Petrolube is also working to minimize the impact of our digital workstreams through three key approaches:

**Petrolube had zero data breaches in 2023.**



### Handling Confidential Information

All Petrolube colleagues are prohibited from sharing confidential business information including financial data, facts, and figures outside our organization. In addition, colleagues must also adhere to strict guidelines and principles for handling confidential information, including the secure storage of documents and files, using secure communications channels, taking all necessary precautions to protect sensitive information, and reporting suspected breaches or concerns.

- Enhancing energy efficiency in data centers by consolidating servers, increasing virtualization, and upgrading to energy-efficient hardware.
- Recycling e-waste and refurbishing old equipment to recapture valuable materials like silver, copper, and gold.
- Enabling paperless workflows by amplifying our use of cloud storage and digital document management systems.

**Petrolube aims to be 75% paperless by 2025.**

# PRODUCT STEWARDSHIP

To ensure top quality products and services for our customers, we have stringent quality controls in place that encompass products, working conditions, sales and service, and post-sale service.



## Product Quality

Petrolube's Integrated Management System and policy sets forth strict requirements and guidelines for products.

Petrolube's three testing laboratories are fully equipped with state-of-the-art testing equipment. Our labs in Jeddah and Dubai are **ISO 17025:2017** accredited. Petrolube's plants also fulfill the requirements of international quality, environment and occupational health and safety standards, including:

- **ISO 9001:2015 (Quality Management Standard)**
- **ISO 14001:2015 (Environmental Management Standard)**
- **ISO 45001:2018 (Occupational Health & Safety Standard)**

## Product Quality Audit Process

Petrolube has an internal auditing process to help ensure product quality. The process includes team familiarization with audit requirements, followed by a checklist to ensure all key audit elements are covered. The audit team then records all audit activities, including the collection and logging of samples taken for testing.

A Corrective Action Report (CAR) is issued if a product quality concern is identified during the audit process. In such instances, the responsible manager must then carry out a root cause investigation, and then propose and undertake corrective action.

The audit team then conducts a check to ensure all corrective actions have been properly implemented.

To drive continuous improvement, audit documentation is compiled, analyzed, and presented as case studies during management review meetings.



CASE STUDY:

# Enabling Customers to Reduce Diesel Emissions: Petromin PetroBlue

An increasing number of diesel trucks complying with the latest Euro VI European emissions specifications are being imported into KSA to meet transportation needs across the country. To maintain air quality and keep the vehicles' emissions after-treatment systems operational, a urea solution (AdBlue) must be regularly injected into their exhaust systems. Because AdBlue is not available in KSA, Petrolube's product development team developed a local equivalent, Petromin PetroBlue.

Designed to work with Euro VI trucks, PetroBlue is helping KSA truck owners and operators ensure they are doing their part to reduce and improve air quality – while creating a new opportunity for Petrolube to support our customers with the products they need.



**Thinking out of the box and having the flexibility to work on a fluid that is not a lubricant to satisfy our customer needs demonstrates Petrolube's strengths. Developing Petromin PetroBlue has opened a new business opportunity for us, and we are now working on localizing and scaling products like these as much as possible.**

**Eric Holthusen**

Director Technology & Technical Services



# Customer Satisfaction

We want all Petrolube customers to experience world-class service every time they engage with our company. To help us make good on this commitment, our Quality Assurance department works in partnership with our Operations and Sales teams to continually measure and monitor customer satisfaction with the aim of continuously improving our operational approach and practices. Should a customer complaint arise, we follow a clear Customer Satisfaction Procedure for receiving and logging feedback directly from customers and/or via our sales representatives and for swiftly addressing those concerns.

## Customer Complaints

|                                                             | 2021 | 2022 | 2023 |
|-------------------------------------------------------------|------|------|------|
| Customer complaints received through communication channels | 26   | 31   | 50   |
| Customer complaints resolved                                | 26   | 31   | 50   |

**Note:**  
This includes customer complaints received from customers by both Petrolube KSA and Technolube Dubai.

Petrolube has two primary KPIs associated with customer satisfaction: no repeated complaints, and timely customer complaint resolutions.



CASE STUDY:

# Proudly Saudi Made

The Saudi Made program provides recognition for products manufactured in Saudi Arabia that represent 40% value-added in KSA, or for which the value of non-originating materials does not exceed 60% of the ex-factory product price. Products approved by the program carry the Saudi Made branding on their packaging.

Petrolube is proud to have received the approval from the Saudi Made authority for 19 of our products, demonstrating our contribution to the Saudi economy and Saudi Vision 2030 ambitions.

Petrolube aims to add more of our Saudi-made products to the program in the coming year.

**Being part of the Saudi Made initiative is another expression of our pride in being a Saudi company producing Saudi-made products. It is also a valuable opportunity to showcase Petrolube's products to new markets and partners through the Saudi Made brand.**

**Mostafa Gaballah**

Quality Assurance & Operations Excellence Manager



صناعة  
سعودية



SAUDI  
MADE



[WATCH VIDEO HERE](#)

# SUPPLY CHAIN MANAGEMENT

Petrolube prides itself on the strong relationships we have built with trusted suppliers across our region.

Aware of the challenges associated with the lubricant supply chain, including human rights, labor, and environmental impact, Petrolube carefully assesses all prospective vendors for their performance on these issues as part of the supplier selection process. In alignment with our commitment to supporting regional economic growth, Saudi Vision 2030 and the UN SDGs, we actively seek to engage and include local suppliers in our network as much as possible.

**All Petrolube suppliers are asked to strictly adhere to our Procurement Code of Conduct, which sets forth our company's policies, standards, and expectations for business practices, behaviors, and ethics.**

We conduct annual supplier audits to make sure our supplier network continues to fully meet the needs of our internal business units. The audits include social and environmental screening such as the implementation of occupational health and safety procedures, training and development, and the implementation of environmental initiatives such as waste management and recycling. The sustainability practices of our major suppliers are further assessed via an annual review of supplier sustainability reports. When concerns or opportunities for improvement are identified through the audit process, we collaboratively engage with the relevant suppliers to develop and implement appropriate solutions.

We expect all our suppliers to thoroughly investigate the root cause of any complaints that may be raised, and to take corrective action to avoid recurrence.

## 6 CORE VALUES

### FOR OUR VENDORS

01

**FAIRNESS & IMPARTIALITY**



02

**COLLABORATION FOR MANAGING EXPECTATIONS**



03

**INTEGRITY**



04

**EFFICIENCY & EFFECTIVENESS**



05

**PROFESSIONALISM**



06

**PROTECTION & SECURITY OF INFORMATION**



## Selecting New Suppliers

Petrolube's Procurement policy aims to ensure a fair, transparent, and competitive sourcing environment for all our vendors. We also aim to select and engage suppliers who share our values, and with whom we can develop trusted, long-term partnerships. To accomplish this, our procurement team takes great care in selecting new suppliers.

As part of the selection process, prospective suppliers must respond to a pre-qualification questionnaire that assesses social responsibility and environmental performance in addition to vendor scope, capacity, and business performance. Where possible, local suppliers are given preference.

## Conflict of Interest Declaration

In alignment with our commitment to transparency and disclosure, Petrolube requires all vendors and suppliers to disclose any conflict of interest whether real or apparent that may arise from their direct or indirect involvement, financial or otherwise, or that of their family members, close relatives, or close friends, with Petrolube or with any other companies or entities registered or unregistered that conduct business with Petrolube.

## Local Procurement

Petrolube prioritizes the purchase of goods and services from local suppliers. We were awarded the Local Content Certificate (LLC), a testament to our significant contribution to enhancing local content (i.e. the prioritization of localization of goods and services) within our supply chain. In 2023, 77% of our suppliers were local suppliers, accounting for 83% of our procurement spend.

## Anti-Corruption

In alignment with Petrolube's legal, ethical, and moral standards, our suppliers and vendors must not directly or indirectly offer, promise, give, or accept any form of payment or incentive to gain an improper business advantage. Vendors must not engage in fraud, bribery, kickbacks, embezzlement, or any other form of corruption.

# SUPPLIER

## SELECTION PROCESS

1. **VENDOR LIST**  
Select three or more vendors from the Approved Vendor List
2. **PRE-QUALIFICATION**  
Quality pre-qualification including sustainability plans
3. **QUOTES**  
Request and receive quotations from three or more vendors
4. **EVALUATION**  
Evaluate quotations in coordination with proponent
5. **SELECTION**  
Select appropriate supplier
6. **CONTRACTS**  
If approved by VP then, draft contract to be prepared & submitted to/by vendor



# APPENDIX

|                                  |    |
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| GRI Content Index .....          | 71 |
| Material Topic Definitions ..... | 75 |
| Stakeholder Engagement .....     | 78 |
| Workforce Profile .....          | 79 |
| Glossary of Abbreviations .....  | 81 |

# GRI CONTENT INDEX

|                         |                                                                                                                              |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>Statement of use</b> | Petrolube Oil Company has reported in accordance with the GRI Standards for the period of 1st January to 31st December 2023. |
| <b>GRI 1 Used</b>       | GRI 1: Foundation 2021                                                                                                       |

| GRI Standard                           | Disclosure                                                                       | Page and/or direct answers                                                                                                                        |
|----------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>General Disclosures</b>             |                                                                                  |                                                                                                                                                   |
| <b>GRI 2: General Disclosures 2021</b> | 2-1 Organizational details                                                       | 8 - 10                                                                                                                                            |
|                                        | 2-2 Entities included in the organization's sustainability reporting             | 6                                                                                                                                                 |
|                                        | 2-3 Reporting period, frequency and contact point                                | 6 - 7                                                                                                                                             |
|                                        | 2-4 Restatements of information                                                  | 30                                                                                                                                                |
|                                        | 2-5 External assurance                                                           | 7; Not externally assured                                                                                                                         |
|                                        | 2-6 Activities, value chain and other business relationships                     | 12                                                                                                                                                |
|                                        | 2-7 Employees                                                                    | 79 - 80                                                                                                                                           |
|                                        | 2-8 Workers who are not employees                                                | 79                                                                                                                                                |
|                                        | 2-9 Governance structure and composition                                         | 13 - 15                                                                                                                                           |
|                                        | 2-10 Nomination and selection of the highest governance body                     | 13 - 15                                                                                                                                           |
|                                        | 2-11 Chair of the highest governance body                                        | 13 - 15                                                                                                                                           |
|                                        | 2-12 Role of the highest governance body in overseeing the management of impacts | 13 - 15                                                                                                                                           |
|                                        | 2-13 Delegation of responsibility for managing impacts                           | Delegation of authority document is developed in accordance with Company Laws, Capital Market Regulations and Best Corporate Governance Practices |

| GRI Standard | Disclosure                                                           | Page and/or direct answers                                                                                                                                                                                                                                                                                                                                                                            |
|--------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|              | 2-14 Role of the highest governance body in sustainability reporting | 15                                                                                                                                                                                                                                                                                                                                                                                                    |
|              | 2-15 Conflicts of interest                                           | 59, 60, 69                                                                                                                                                                                                                                                                                                                                                                                            |
|              | 2-16 Communication of critical concerns                              | 61                                                                                                                                                                                                                                                                                                                                                                                                    |
|              | 2-17 Collective knowledge of the highest governance body             | 14                                                                                                                                                                                                                                                                                                                                                                                                    |
|              | 2-18 Evaluation of the performance of the highest governance body    | 15; The Performance of Directors, Senior Executives, and members of the committees shall be evaluated annually in accordance with the rules and procedures to be set out in further detail in the nomination policy. The General Assembly can terminate the membership of absent members of the Board of Directors due to their absence from three consecutive Board meetings without a valid excuse. |
|              | 2-19 Remuneration policies                                           | 15                                                                                                                                                                                                                                                                                                                                                                                                    |
|              | 2-20 Process to determine remuneration                               | 15; If the Audit Committee or the Board finds that the remuneration paid to any Board member is based on incorrect or misleading information presented to the General Assembly or included in the Annual Report of the Board of Directors. In that case, it shall return it to the Company, and the Company may request its refund.                                                                   |

| GRI Standard                           | Disclosure                                              | Page and/or direct answers                                                                                                                                                          |
|----------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GRI 2: General Disclosures 2021 (cont) | 2-21 Annual total compensation ratio                    | Ratio of annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees<br>KSA 12.86 : 1<br>Technolube 6.05 : 1 |
|                                        | 2-22 Statement on sustainable development strategy      | 4                                                                                                                                                                                   |
|                                        | 2-23 Policy commitments                                 | 17 - 19                                                                                                                                                                             |
|                                        | 2-24 Embedding policy commitments                       | 23 - 25                                                                                                                                                                             |
|                                        | 2-25 Processes to remediate negative impacts            | 60, 61                                                                                                                                                                              |
|                                        | 2-26 Mechanisms for seeking advice and raising concerns | 60, 61                                                                                                                                                                              |
|                                        | 2-27 Compliance with laws and regulations               | 60 - 61                                                                                                                                                                             |
|                                        | 2-28 Membership associations                            | 10                                                                                                                                                                                  |
|                                        | 2-29 Approach to stakeholder engagement                 | 21, 78                                                                                                                                                                              |
|                                        | 2-30 Collective bargaining agreements                   | Collective bargaining is not legally permitted in KSA and Dubai per the Labor Law                                                                                                   |
| <b>Material Topics</b>                 |                                                         |                                                                                                                                                                                     |
| GRI 3: Material Topics 2021            | 3-1 Process to determine material topics                | 21                                                                                                                                                                                  |
|                                        | 3-2 List of material topics                             | 21                                                                                                                                                                                  |

| GRI Standard                          | Disclosure                                                                     | Page and/or direct answers      |
|---------------------------------------|--------------------------------------------------------------------------------|---------------------------------|
| <b>Supply Chain Management</b>        |                                                                                |                                 |
| GRI 3: Material Topics 2021           | 3-3 Management of material topics                                              | 68 - 69                         |
| GRI 204: Procurement Practices 2016   | 204-1 Proportion of spending on local suppliers                                | 58; 77% local procurement spend |
| <b>Business Ethics and Compliance</b> |                                                                                |                                 |
| GRI 3: Material Topics 2021           | 3-3 Management of material topics                                              | 59 - 61                         |
| GRI 205: Anti-corruption 2016         | 205-2 Communication and training about anti-corruption policies and procedures | 60                              |
| <b>Energy Management</b>              |                                                                                |                                 |
| GRI 3: Material Topics 2021           | 3-3 Management of material topics                                              | 30                              |
| GRI 302: Energy 2016                  | 302-1 Energy consumption within the organization                               | 30                              |
|                                       | 302-3 Energy intensity                                                         | 30                              |
|                                       | 302-4 Reduction of energy consumption                                          | 30 - 31                         |
| <b>Water and Effluents</b>            |                                                                                |                                 |
| GRI 3: Material Topics 2021           | 3-3 Management of material topics                                              | 38                              |
| GRI 303: Water and Effluents 2018     | 303-2 Management of water discharge-related impacts                            | 38                              |
|                                       | 303-3 Water withdrawal                                                         | 38                              |
|                                       | 303-5 Water consumption                                                        | 38                              |

| GRI Standard                                        | Disclosure                                                                                    | Page and/or direct answers |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------|
| <b>GHG Emissions</b>                                |                                                                                               |                            |
| <b>GRI 3: Material Topics 2021</b>                  | 3-3 Management of material topics                                                             | 32                         |
| <b>GRI 305: Emissions 2016</b>                      | 305-1 Direct (Scope 1) GHG emissions                                                          | 32                         |
|                                                     | 305-2 Energy indirect (Scope 2) GHG emissions                                                 | 32                         |
|                                                     | 305-4 GHG emissions intensity                                                                 | 32                         |
|                                                     | 305-5 Reduction of GHG emissions                                                              | 32 - 33                    |
| <b>Waste Management</b>                             |                                                                                               |                            |
| <b>GRI 3: Material Topics 2021</b>                  | 3-3 Management of material topics                                                             | 34-37                      |
| <b>GRI 306: Waste 2020</b>                          | 306-2 Management of significant waste-related impacts                                         | 34-37; 39                  |
|                                                     | 306-3 Waste generated                                                                         | 36                         |
|                                                     | 306-4 Waste diverted from disposal                                                            | 36                         |
|                                                     | 306-5 Waste directed to disposal                                                              | 36                         |
| <b>Occupational Health and Safety</b>               |                                                                                               |                            |
| <b>GRI 3: Material Topics 2021</b>                  | 3-3 Management of material topics                                                             | 45 - 50                    |
| <b>GRI 403: Occupational Health and Safety 2018</b> | 403-1 Occupational health and safety management system                                        | 45 - 46                    |
|                                                     | 403-2 Hazard identification, risk assessment, and incident investigation                      | 47                         |
|                                                     | 403-4 Worker participation, consultation, and communication on occupational health and safety | 48 - 49                    |

| GRI Standard                                               | Disclosure                                                                      | Page and/or direct answers |
|------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------|
| <b>GRI 403: Occupational Health and Safety 2018 (Cont)</b> | 403-5 Worker training on occupational health and safety                         | 49                         |
|                                                            | 403-8 Workers covered by an occupational health and safety management system    | 48                         |
|                                                            | 403-9 Work-related injuries                                                     | 49                         |
| <b>Talent Development</b>                                  |                                                                                 |                            |
| <b>GRI 3: Material Topics 2021</b>                         | 3-3 Management of material topics                                               | 51                         |
| <b>GRI 404: Training and Education 2016</b>                | 404-1 Average hours of training per year per employee                           | 51                         |
|                                                            | 404-2 Programs for upgrading employee skills and transition assistance programs | 51                         |
| <b>Diversity and Inclusion</b>                             |                                                                                 |                            |
| <b>GRI 3: Material Topics 2021</b>                         | 3-3 Management of material topics                                               | 43 - 44                    |
| <b>GRI 405: Diversity and Equal Opportunity 2016</b>       | 405-1 Diversity of governance bodies and employees                              | 14 - 15, 79                |
| <b>GRI 401: Employment 2016</b>                            | 401-1 New employee hires and employee turnover                                  | 80                         |
|                                                            | 401-3 Parental leave                                                            | 80                         |
| <b>Human Rights and Labor Standards</b>                    |                                                                                 |                            |
| <b>GRI 3: Material Topics 2021</b>                         | 3-3 Management of material topics                                               | 43                         |
| <b>GRI 408: Child Labor 2016</b>                           | 408-1 Operations and suppliers at significant risk for incidents of child labor | 43                         |

| GRI Standard                                    | Disclosure                                                                                          | Page and/or direct answers                   |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------|----------------------------------------------|
| <b>Community Engagement</b>                     |                                                                                                     |                                              |
| <b>GRI 3: Material Topics 2021</b>              | 3-3 Management of material topics                                                                   | 52 - 53                                      |
| <b>GRI 413: Local Communities 2016</b>          | 413-1 Operations with local community engagement, impact assessments, and development programs      | 52 - 53; 55                                  |
| <b>Product Stewardship</b>                      |                                                                                                     |                                              |
| <b>GRI 3: Material Topics 2021</b>              | 3-3 Management of material topics                                                                   | 64                                           |
| <b>GRI 416: Customer Health and Safety 2016</b> | 416-1 Assessment of the health and safety impacts of product and service categories                 | 64 - 65                                      |
| <b>Data Privacy and Information Security</b>    |                                                                                                     |                                              |
| <b>GRI 3: Material Topics 2021</b>              | 3-3 Management of material topics                                                                   | 63                                           |
| <b>GRI 418: Customer Privacy 2016</b>           | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data  | 63; Petrolube had zero data breaches in 2023 |
|                                                 | 418-2 Incidents of non-compliance concerning the health and safety impacts of products and services | Zero                                         |

# MATERIAL TOPIC DEFINITIONS

| MATERIAL TOPICS     | CATEGORY    | DEFINITIONS / DESCRIPTIONS                                                                                                                                                                                                                                                                                                                                                                                 | ACTUAL/ POTENTIAL IMPACTS (NEGATIVE / POSITIVE)                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GHG emissions       | Environment | The acknowledgment, assessment, and management of the impacts associated with climate change, particularly focusing on greenhouse gas (GHG) emissions, including logistics' carbon footprint. This involves understanding Petrolube's carbon footprint, taking measures to reduce emissions, and adapting strategies to cope with the effects of climate change.                                           | Positive impacts include lower operational costs, reduces GHG emissions, mitigates climate change, enhances sustainability, and ensures regulatory compliance.                                                                                                                                                                                                                                                                                       |
| Energy management   | Environment | The strategic planning, monitoring, and optimization of energy resources and consumption within Petrolube's operations. This involves implementing practices to enhance energy efficiency, minimize waste, and often includes the adoption of renewable energy sources. Effective energy management contributes to cost savings, environmental sustainability, and the overall resilience of the business. | Positive impacts include Cost savings, reduced environmental impact, and enhanced operational efficiency.<br>Potential challenges include initial investment costs, technological constraints, and regulatory compliance requirements.                                                                                                                                                                                                               |
| Waste Management    | Environment | The systematic control of the generation, collection, storage, transportation, treatment, and disposal of waste, including the adoption of circular economy principles and green technology.                                                                                                                                                                                                               | Reduces pollution, conserves resources, promotes recycling and reuse, ensures regulatory compliance, and enhances the company's environmental reputation. Implementing circular resource management practices can lead to cost savings, improved resource efficiency.<br>Potential challenges may include the complexity of handling hazardous materials, the need for specialized recycling infrastructure, and regulatory compliance requirements. |
| Water and Effluents | Environment | The systematic approach of efficiently and responsibly using, conserving, and managing water resources within Petrolube's operations and facilities. This encompasses strategies to reduce water consumption, mitigate pollution of water sources, and ensure compliance with pertinent regulations and standards.                                                                                         | Positive impacts include reduced water usage, decreased environmental impact, and improved water resource sustainability and minimized strain on local water sources.<br>Potential negative impacts include initial investment costs for water-saving technologies, regulatory compliance complexities, and water scarcity risks in some regions.                                                                                                    |

# MATERIAL TOPIC DEFINITIONS (CONT)

| MATERIAL TOPICS                  | CATEGORY | DEFINITIONS / DESCRIPTIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | ACTUAL/ POTENTIAL IMPACTS (NEGATIVE / POSITIVE)                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Occupational Health and Safety   | Social   | Commitment to ensuring a safe and healthy work environment for all colleagues. This involves implementing robust policies, procedures, measures and training programs to minimize workplace hazards, prevent accidents, and protect the well-being of workers.                                                                                                                                                                                                                                                                                                                                                        | Positive impacts of health and safety initiatives include reduced workplace injuries and illnesses, improved employee morale and productivity, and enhanced organizational reputation as a responsible employer. Potential negative may include the need for continuous monitoring and improvement of health and safety practices, ensuring compliance with health and safety regulations, and addressing emerging health and safety risks in the workplace. |
| Human Rights and Labor Standards | Social   | Policies, procedures, and interactions between Petrolube and its workforce, including colleagues, contractors, and other stakeholders. This encompasses fair employment practices, such as hiring, compensation, and promotion, as well as fostering positive relationships with unions and employee representatives.                                                                                                                                                                                                                                                                                                 | Positive impacts include improved employee morale, satisfaction, and retention, as well as enhanced productivity and organizational stability. It also ensures compliance with international standards and reduces the risk of human rights violations.<br>Challenges include addressing labour disputes, ensuring compliance with labour laws and regulations, and balancing the needs and interests of various stakeholders.                               |
| Diversity and Inclusion          | Social   | Cultivating a supportive work environment that embraces and celebrates the unique characteristics of every individual, while providing equitable opportunities for growth and success. This involves fostering a sense of belonging and inclusivity for all colleagues, regardless of their gender, nationality, age, race, ethnicity, disability, or other distinct attributes.                                                                                                                                                                                                                                      | Positive impacts include enhanced employee engagement, creativity, and innovation, as well as improved organizational performance and competitiveness.<br>Challenges may include addressing unconscious biases, ensuring fair and transparent recruitment and promotion processes, and promoting cultural sensitivity and awareness among colleagues.                                                                                                        |
| Talent Development               | Social   | The commitment of creating and sustaining a motivated, engaged, and professionally fulfilled workforce, while striving to be an employer of choice. This involves ongoing communication with colleagues to understand their needs and aspirations, as well as implementing programs, trainings, and development sessions aimed at enhancing their skills and overall capabilities. This also requires being committed to fostering positive, transparent, and respectful relationships within the workplace while prioritizing employee well-being and job satisfaction. This also includes prioritizing Saudization. | Positive impacts include improved employee morale, productivity, and loyalty, as well as enhanced organizational performance and competitiveness.<br>Challenges include the need for investment in training and development programs, addressing skills gaps and talent shortages, and ensuring alignment between employee aspirations and organizational goals.                                                                                             |
| Community Engagement             | Social   | Active engagement and participation in the local or broader community where it operates, with the aim of making positive contributions beyond its business activities. This involves initiatives, partnerships, and programs designed to address community needs, enhance social well-being, and contribute to sustainable development. Community involvement may include support for education, healthcare, environmental conservation, social welfare, and other areas that align with the company's values and priorities.                                                                                         | Positive impacts include improved quality of life, enhanced community resilience, and strengthened social cohesion.<br>Challenges may include addressing complex social issues, ensuring meaningful stakeholder engagement, and measuring the effectiveness of social impact initiatives.                                                                                                                                                                    |

# MATERIAL TOPIC DEFINITIONS (CONT)

| MATERIAL TOPICS                       | CATEGORY   | DEFINITIONS / DESCRIPTIONS                                                                                                                                                                                                                                                                                                                                                           | ACTUAL/ POTENTIAL IMPACTS (NEGATIVE / POSITIVE)                                                                                                                                                                                                                                                                                           |
|---------------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Product Stewardship                   | Governance | Managing the lifecycle of products responsibly from design to disposal, with a focus on minimizing environmental impact and enhancing product quality.                                                                                                                                                                                                                               | Reduces environmental footprint, ensures product safety, enhances brand reputation, and complies with environmental regulations.                                                                                                                                                                                                          |
| Supply Chain Management               | Governance | Petrolube’s transparent and ethical practices throughout its supply chain. This commitment includes supporting local suppliers, promoting local content, and implementing a traceability system to meticulously track the journey of raw materials and final products, ensuring responsible sourcing and minimizing environmental and social impact.                                 | Positive impacts include enhanced supplier relationships, reduced environmental footprint, and improved social welfare in local communities.<br>Challenges include ensuring compliance with ethical standards and regulations, addressing supply chain disruptions, and managing risks associated with sourcing.                          |
| Business Ethics and Compliance        | Governance | Ensuring adherence to ethical standards and compliance with legal requirements, industry regulations, and internal protocols, encompassing adherence to company policies and strategies, transparency in regulatory reporting, enforcement of business code of conduct and ethics, implementation of audit and internal control measures, and establishment of grievance mechanisms. | Positive impacts include building trust and credibility with stakeholders, enhancing investor confidence, and mitigating legal and reputational risks.<br>Challenges include addressing conflicts of interest, ensuring compliance with regulatory requirements, and promoting ethical decision-making at all levels of the organization. |
| Data Privacy and Information Security | Governance | Protecting sensitive information and digital assets from unauthorized access and cyber threats. This involves ensuring compliance with privacy regulations, implementing encryption and access controls, and defending against malware and data breaches to maintain trust and confidentiality in digital interactions.                                                              | Positive impacts include safeguarding customer trust, protecting sensitive information, and preserving brand reputation.<br>Challenges include keeping pace with evolving cyber threats, addressing vulnerabilities in systems and networks, and ensuring awareness and compliance among colleagues and partners.                         |

# STAKEHOLDER ENGAGEMENT

| STAKEHOLDER                                                  | FOCUS AREA                                                                                                                                                                                                                             | CHANNELS OF ENGAGEMENT                                                                                                                                                                                                            |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders<br>(Al Dabbagh Group /<br>Petromin Corporation) | <ul style="list-style-type: none"> <li>– Safe and reliable operations</li> <li>– Process efficiency</li> <li>– Market share</li> <li>– Financial returns</li> <li>– Reputation</li> <li>– ESG Performance</li> </ul>                   | <ul style="list-style-type: none"> <li>– Board meetings</li> <li>– Annual sustainability report</li> <li>– Quarterly Sustainability Council meetings</li> </ul>                                                                   |
| Employees                                                    | <ul style="list-style-type: none"> <li>– Health and safety</li> <li>– Competitive pay and benefits</li> <li>– Continuous career development</li> <li>– Open and transparent communications</li> <li>– Supportive management</li> </ul> | <ul style="list-style-type: none"> <li>– Company newsletters</li> <li>– Employee satisfaction surveys (Omnipreneurship Cultural Index Survey and the Great Place To Work (GPTW) Survey)</li> </ul>                                |
| Customers                                                    | <ul style="list-style-type: none"> <li>– Quality products</li> <li>– Service excellence</li> </ul>                                                                                                                                     | <ul style="list-style-type: none"> <li>– Customer feedback surveys</li> <li>– Enterprise Resource Planning systems</li> <li>– Annual product seminars</li> </ul>                                                                  |
| Contractors & Suppliers                                      | <ul style="list-style-type: none"> <li>– Fair contract bidding/awarding</li> <li>– Timely payments</li> <li>– Safe working conditions</li> </ul>                                                                                       | <ul style="list-style-type: none"> <li>– Contractual arrangements and bidding</li> <li>– Conferences and exhibitions</li> <li>– Third-party endorsement</li> <li>– Safety orientations and work permits</li> </ul>                |
| Local Community                                              | <ul style="list-style-type: none"> <li>– Responsible business practices</li> <li>– Minimal environmental impacts</li> <li>– Employment opportunities</li> <li>– Safe operations</li> <li>– Development of national talent</li> </ul>   | <ul style="list-style-type: none"> <li>– Career forums/fairs</li> <li>– Community investment projects</li> <li>– Interaction with colleagues and their families</li> </ul>                                                        |
| Government & regulatory bodies                               | <ul style="list-style-type: none"> <li>– Saudi Vision 2030</li> <li>– Development of national talent</li> <li>– Saudization</li> <li>– Compliance with regulations</li> <li>– Compliance with ISO Standards</li> </ul>                 | <ul style="list-style-type: none"> <li>– Meetings with government entities</li> <li>– Partnerships with government entities</li> <li>– Conferences and exhibitions</li> <li>– Performance reports to regulatory bodies</li> </ul> |

# WORKFORCE PROFILE

## Total Employees

|                            | 2021       | 2022       | 2023       |
|----------------------------|------------|------------|------------|
| Female full-time employees | 25         | 32         | 37         |
| Male full-time employees   | 586        | 624        | 648        |
| <b>Full-time employees</b> | <b>611</b> | <b>656</b> | <b>685</b> |

## Workforce by Management

|                                       | 2021       | 2022       | 2023       |
|---------------------------------------|------------|------------|------------|
| <b>Senior Management</b>              | <b>25</b>  | <b>29</b>  | <b>34</b>  |
| Male employees in senior management   | 25         | 27         | 33         |
| Female employees in senior management | 0          | 2          | 1          |
| <b>Middle Management</b>              | <b>158</b> | <b>165</b> | <b>175</b> |
| Female employees in middle management | 1          | 2          | 4          |
| Male employees in middle management   | 156        | 163        | 171        |

## Workers who are not employees

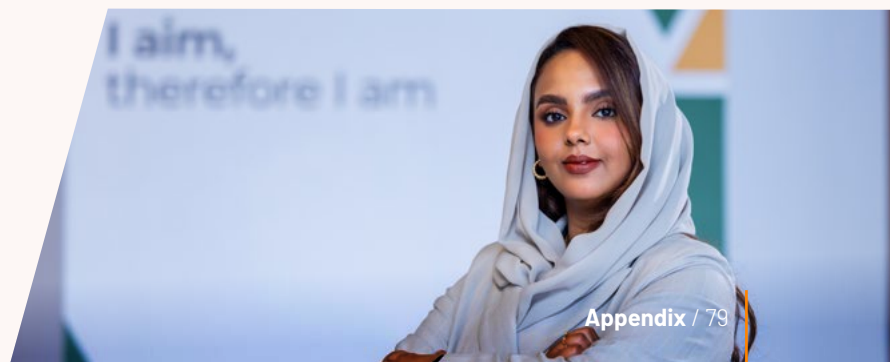
|             | 2021 | 2022 | 2023 |
|-------------|------|------|------|
| Contractors | 197  | 168  | 186  |

## Workforce by Age Group

|       | 2021 | 2022 | 2023 |
|-------|------|------|------|
| 18-30 | 77   | 75   | 75   |
| 31-40 | 250  | 270  | 280  |
| 41-50 | 179  | 194  | 204  |
| 51+   | 105  | 117  | 126  |

## Workforce by Nationality

|                                                   | 2021       | 2022       | 2023       |
|---------------------------------------------------|------------|------------|------------|
| <b>Number of full-time national employees</b>     | <b>165</b> | <b>176</b> | <b>181</b> |
| Female employees                                  | 8          | 12         | 14         |
| Male employees                                    | 157        | 164        | 167        |
| <b>Number of employees of other nationalities</b> | <b>446</b> | <b>480</b> | <b>504</b> |



# WORKFORCE PROFILE (CONT)

## New Hires

|                                                                      | 2021      | 2022      | 2023      |
|----------------------------------------------------------------------|-----------|-----------|-----------|
| <b>Total number of new employees who joined the organization</b>     | <b>74</b> | <b>55</b> | <b>53</b> |
| Total number of new employees who joined the organization (female)   | 11        | 7         | 9         |
| Total number of new employees who joined the organization (male)     | 63        | 48        | 46        |
| Total number of new employees who joined the organization (Under 30) | 23        | 13        | 19        |
| Total number of new employees who joined the organization (31-50)    | 47        | 36        | 30        |
| Total number of new employees who joined the organization (Over 50)  | 4         | 6         | 4         |

## Turnover

|                                                                | 2021      | 2022      | 2023      |
|----------------------------------------------------------------|-----------|-----------|-----------|
| <b>Total number of employees who left the organization</b>     | <b>51</b> | <b>57</b> | <b>32</b> |
| Total number of employees who left the organization (female)   | 3         | 4         | 1         |
| Total number of employees who left the organization (male)     | 48        | 53        | 31        |
| Total number of employees who left the organization (Under 30) | 12        | 12        | 6         |
| Total number of employees who left the organization (30-50)    | 31        | 30        | 17        |
| Total number of employees who left the organization (Over 50)  | 8         | 15        | 9         |

## Parental Leave

|                                                                                                                                       | 2021 | 2022 | 2023 |
|---------------------------------------------------------------------------------------------------------------------------------------|------|------|------|
| Total number of employees that were entitled to parental leave (female)                                                               | 36   | 21   | 37   |
| Total number of employees that were entitled to parental leave (male)                                                                 | 673  | 422  | 648  |
| Total number of employees that took parental leave (female)                                                                           | 2    | 2    | 1    |
| Total number of employees that took parental leave (male)                                                                             | 22   | 17   | 23   |
| Total number of employees who returned to work after parental leave ended (return to work)(female)                                    | 2    | 2    | 1    |
| Total number of employees who returned to work after parental leave ended (return to work)(male)                                      | 22   | 16   | 23   |
| Total number of employees returned from parental leave who were still employed twelve months after return to work (retention)(female) | 2    | 4    | 1    |
| Total number of employees returned from parental leave who were still employed twelve months after return to work (retention)(male)   | 22   | 23   | 5    |



# GLOSSARY OF ABBREVIATIONS

| ABBREVIATION | DEFINITION                                                    |
|--------------|---------------------------------------------------------------|
| ABB          | Automatic Batch Blending                                      |
| ADG          | Al-Dabbagh Group                                              |
| ALARP        | As Low As Reasonably Practical                                |
| ALIA         | Asian Lubricants Industry Association                         |
| API          | American Petroleum Institute                                  |
| ASTM         | American Society for Testing and Materials                    |
| CEO          | Chief Executive Officer                                       |
| DCD          | Dubai Civil Defense                                           |
| EIAC         | Emirates International Accreditation Centre                   |
| ERP          | Enterprise Resource Planning                                  |
| ESG          | Environmental, Social, and Governance                         |
| ESMA         | Emirates Authority of Standardization and Metrology           |
| GCC          | Gulf Cooperation Council                                      |
| GHG          | Greenhouse Gas                                                |
| GRI          | Global Reporting Initiative                                   |
| HCIS         | High Commission of Industrial Security                        |
| HDPE         | High-Density Polyethylene                                     |
| HIRA         | Hazard Identification and Risk Assessment                     |
| HSE          | Health, Safety, and Environment                               |
| ICIS-LOR     | Independent Commodity Intelligence Services London Oil Report |
| IFRS         | International Financial Reporting Standards                   |
| IPO          | Initial Public Offering                                       |
| ISO          | International Organization for Standardization                |
| KSA          | Kingdom of Saudi Arabia                                       |
| kWp          | Kilowatt peak                                                 |
| KYC          | Know Your Customer                                            |

| ABBREVIATION      | DEFINITION                                          |
|-------------------|-----------------------------------------------------|
| LOPC              | Loss of Primary Containment                         |
| LTIFR             | Lost Time Incident Frequency Rate                   |
| MBA               | Master of Business Administration                   |
| MENA              | Middle East and North Africa                        |
| MSDS              | Material Safety Data Sheets                         |
| MtCO <sub>2</sub> | MEtric Tons of Carbon Dioxide                       |
| NCEC              | National Center of Environmental Compliance         |
| NLGI              | National Lubricating Grease Institute               |
| PCFC              | Port, Customs and Free Zone Corporation             |
| PI                | Potential Incident                                  |
| PPE               | Personal Protective Equipment                       |
| QA                | Quality Assurance                                   |
| QHSE              | Quality, Health, Safety, and Environment            |
| SAAC              | Saudi Accreditation Center                          |
| SAE               | Society of Automotive Engineers                     |
| SAGIA             | Saudi Arabian General Investment Authority          |
| SASB              | Sustainability Accounting Standards Board           |
| SASO              | Saudi Standards, Metrology and Quality Organization |
| SDGS              | Sustainable Development Goals                       |
| SIRA              | Security Industrial Regulatory Authority            |
| SIRC              | Saudi Investment Recycling Company                  |
| SKUS              | Stock Keeping Units                                 |
| SMB               | Simultaneous Metering Blending                      |
| SSW               | Structured Safety Walks                             |
| UAE               | United Arab Emirates                                |
| UN SDGs           | United Nations Sustainable Development Goals        |



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