



البوتاس العربية  
Arab Potash

# APC SUSTAINABILITY REPORT 2020

*Partners in Global Food Security*



**HIS MAJESTY**  
**King Abdullah II Bin Al Hussein**



**HIS ROYAL HIGHNESS**  
**Crown Prince Al Hussein Bin Abdullah II**



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## MESSAGE FROM OUR CHAIRMAN

I am pleased to welcome you to our inaugural sustainability report that covers our performance for the financial year 2020.



The report demonstrates our economic, environmental, and social performance, highlighting our commitments to Jordan Vision 2025 and our contributions to the SDGs, as set out by the United Nations.

At APC, we place sustainability at the heart of our strategic priorities, following the revamp of our five-year Corporate Strategy that emphasizes our aspirations for developing a safe working environment for our employees and contractors, continually protecting the environment, caring about our local communities, and contracting with local suppliers. Our work is geared towards contributing to a viable economic state for our beloved Kingdom, which will inevitably lead to future growth avenues and improved employment opportunities for Jordanians.

Through our Corporate Social Responsibility (CSR) programs, we supported the government's efforts to better respond to the repercussions of the COVID-19 pandemic and mitigate its impact on the Jordanian economy. In 2020, we donated JOD 20 million to the "Himmat Watan" Fund. This donation was considered the largest contribution made by any private entity to the

fund. Additionally, we donated 10 million to our local communities through our CSR programs, which was also considered the highest contribution we made to date, and the highest contribution compared to other Jordanian companies.

This year marked an exceptional year in which we had to operate during the COVID-19 pandemic and the associated lockdowns and restrictions imposed by governments worldwide. Tremendous efforts were exerted by everyone at APC, from the Board of Directors to the Executive Management and our employees, to ensure the continuation of our production and operations. Through our sound planning, responsible attitude, work ethics, and utmost dedication, we achieved new records working through shifts and under strict health and safety precautions. We are thankful to the Jordanian government for permitting APC to continue production and exportation during these challenging times. In recognition of our notable role during the COVID-19 pandemic, His Majesty King Abdullah II bestowed upon us the King Abdullah II ibn Al Hussein Order for Distinction of the First Degree in July 2020.

We are also proud to announce that for the third consecutive year, we received the Gold Award for Excellence by the International Fertilizer Association (IFA), emphasizing our ability to maintain the quality, safety, security, and occupational health requirements of our entire products' life cycle.

The health and safety of our employees, contractors, and visitors are a top priority at APC. In 2020, we implemented several initiatives to protect our employees and contractors and prevent the spread of the COVID-19 pandemic. On behalf of the Board, I would like to thank our employees and contractors for demonstrating tremendous fortitude during these challenging times. Fortunately, we did not record any employee or contractor fatalities in 2020 and achieved a 6% decrease in the rate of recordable work-related injuries compared to 2019.

Despite the unique challenges we faced in 2020, we remained conscious of our commitment to improving the environmental impact of our operations. As a testament to our unwavering efforts to enhance our environmental performance, we did not record any incident of

environmental non-compliance and implemented several energy-saving initiatives, through which we were able to reduce our energy intensity by 5% compared to 2019. Accordingly, our emissions intensity decreased by 6.5% in comparison with 2019. As water scarcity is a major global issue, and even more so in our region, we reduced our water withdrawal intensity by 9% compared to the previous year.

We have much to look forward to, as we build on our operational excellence, and immerse fully in the implementation of our new, revamped Corporate Strategy. I encourage you to read this report and learn about our sustainability performance as we embark on a new decade of seeking opportunities to create value and prosperity for all our stakeholders.

Yours sincerely,

**ENG. SHEHADAH ABU HDAIB**  
Chairman of the Board of Directors



# MESSAGE FROM OUR PRESIDENT AND CEO

It is with great pleasure that I welcome you to our first sustainability report prepared following the Global Reporting Initiative (GRI) Standards.



As part of a successful sustainability reporting process, we engaged with our internal stakeholders to determine our most significant economic, environmental, and social impacts, as well as other topics that substantially influence the assessment and decisions of our stakeholders. We also sought inputs from external stakeholders through a peer benchmarking process.

Sustainability is central to our operations and is embedded within our five-year Corporate Strategy, which we devised to help us seize new opportunities and expand on our achievements. The new Corporate Strategy revolves around three fundamental dimensions: supporting and reinforcing our primary business activities, expanding through product diversification, and preparing for the inevitable change.

The COVID-19 pandemic presented serious challenges and risks to companies worldwide. It is our dynamic operations, responsible leadership, and the fortitude of each employee that helped us navigate through these challenges and maintain a healthy financial performance. Moreover, we would like to thank the Jordanian government for supporting us to continue our operations amid lockdowns and restrictions.

We made CSR part of our business ethos. The COVID-19 pandemic had serious consequences on the vitality of the Jordanian economy and society. In our effort to support our economy, we donated a sum of JOD 20 million to the "Himmat Watan" Fund, the largest contribution by any private entity that the Fund has received in 2020. This year, we donated a total of 10 million through our CSR program, the highest contribution in APC's history, and the highest contribution when compared to other Jordanian companies.

Never has health and safety taken a more distinguished role during the ongoing COVID-19 pandemic. We undertook several measures to protect our employees and contractors and stop the spread of the virus. We follow specific processes to identify work-related hazards. Moreover, we established an Incident Investigation Committee, which identifies the incidents' direct and root causes and undertakes the needed corrective actions. Furthermore, we provide continuous safety training and awareness for all employees and publish monthly Occupational Health & Safety awareness posters. We also conduct external audits of our Occupational Health & Safety management system. The latest audit was conducted by the end of 2020, which resulted in awarding APC the ISO 45001 certificate and aligning it to leading practices when it comes to our people's wellbeing.

It is imperative to provide employees with training and development opportunities to equip them with the skills and knowledge they need to advance in their careers. We defined a clear development plan for each employee and conducted a regular discussion with employees throughout the performance cycle. All our employees received performance and career development reviews in 2020.

Our customers are important stakeholders. We care about their opinion and work relentlessly to meet their needs. We rolled out a customer satisfaction survey in 2019 to understand their concerns and gather insight into how they view our products and services. This year we achieved a satisfaction rate of 81%, which is slightly higher than that achieved in 2019.

Protecting the environment is a necessity. We recognize the impact our operations have on the environment, and we aim to mitigate all adverse effects. It is worth mentioning that we recorded no incident of non-compliance with environmental laws and regulations in 2020. Furthermore, we undertook several initiatives to enhance our environmental performance through the management of our energy, water, waste, and carbon emissions.

Work is underway to establish a 10-year Energy Strategy that will support the achievement of our long-term energy management goals. An Energy Committee was set up to review, assess and improve our Energy Strategy. We installed a new Heat Recovery Steam Generator (HRSG) to lower energy consumption and retrofitted the direct online pumps with Variable Frequency Drives (VFD) to operate at variable speeds. In addition, we installed LED lights to replace all mercury, metal halide, and high-pressure sodium units across our operations. Looking into the future, we aim to diversify our energy sources by utilizing renewable energy as part of our overall energy consumption mix.

Water is a key resource and crucial for our operations and production. The water scarcity in Jordan is a pressing issue that will affect all sectors if not addressed with concerted efforts. We developed our 10-year Water Strategy, which provides a framework and sets the pace for our efforts to reduce water consumption for the years up to 2030. We upgraded existing systems for enhanced water management and increased automation opportunities. Moreover, we aim to expand our reservoirs' storage capacities by an additional 44% in 2021, and we aim to replace the existing wastewater treatment assets to implement the latest treatment technologies. Additionally, we monitor and track our waste generation, and work with an authorized third party to dispose of radioactive wastes.

Climate change poses a serious threat to our planet. In 2020, we undertook several initiatives that contributed to improving our carbon footprint. For instance, we replaced the air conditioning units in the APC township with a new energy-saving system that uses inverter technology and an environmentally friendly refrigerant gas that contributes to lower carbon emissions. Moreover, we partnered with a third party to measure the air quality and ensure we remain compliant with all environmental rules and regulations.

As we look to the future, we rely on our strong foundations to amplify resilience and sustainability, and guided by our Corporate Strategy, we aim to build on our capabilities, seize new opportunities by diversifying our product offering, and be prepared for the inevitable change.

Yours sincerely,

**DR. MAEN NSOUR**  
President & CEO

# ABOUT THIS REPORT

This is Arab Potash Company's (hereinafter referred to as APC) inaugural sustainability report, covering the company's economic, environmental, and social performance over one calendar year, from 1<sup>st</sup> January 2020 to 31<sup>st</sup> December 2020.



Our first sustainability report aims to highlight our sustainability performance and demonstrate our efforts in contributing toward overall sustainable development through our business operations and practices. We have aligned our reporting practice with the material topics identified through our engagement with key stakeholders. Our reporting boundary considers the material impacts that result from the direct operations of APC only, and not our subsidiaries. Please refer to page 26 for more details on the list of material topics identified for APC.

In this report, we also highlight our contribution to the United Nations Sustainable Development Goals (UN SDGs), and have mapped each SDG with the identified material topics. The report also covers details on the key initiatives identified as part of our efforts to enhance our performance on the material aspects, including the progress achieved and challenges faced. Throughout the report, we communicate our resilience in the face of the COVID-19 pandemic and our ability to absorb and adapt to the challenges of the pandemic successfully.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: 'Core' option. The GRI Standards are regarded as the most widely used and recognized global reporting framework for sustainability performance disclosures by organizations.

This report aims to paint a complete picture of our performance during the reporting period. It includes both positive as well as negative impacts that we have observed across all our business operations during the period.

## LET US HEAR FROM YOU

We consider reporting as an ongoing and evolving process. We welcome your feedback on the contents of this report, as well as our approach to reporting at:

-  [sustainability@ArabPotash.com](mailto:sustainability@ArabPotash.com)
-  [linkedin.com/company/arab-potash-co](https://www.linkedin.com/company/arab-potash-co)
-  [twitter.com/ArabPotashJO](https://twitter.com/ArabPotashJO)
-  [facebook.com/pg/Arabpotashjo/photos/](https://www.facebook.com/pg/Arabpotashjo/photos/)
-  [youtube.com/channel/UCIQRYd-1o4hbW8NI-C9uqQ/about](https://www.youtube.com/channel/UCIQRYd-1o4hbW8NI-C9uqQ/about)



# 2020 PERFORMANCE HIGHLIGHTS

## PROSPEROUS FUTURE



Consolidated revenues  
**JOD 456 million**  
APC Standalone revenues  
**JOD 395 million**



**2.62 million**  
tons achieved making the highest volume production of potash in APC's history



**2,553 thousand**  
tons of potash volume sales record



**6%**  
decrease in potash production cost per ton compared to 2019



**10%**  
decrease in our operating costs compared to 2019



**8%**  
increase in total employee remuneration compared to 2019

## ENVIRONMENTAL COMMITMENT



**ZERO**  
incidents of environmental non-compliance



**5%**  
decrease in energy intensity ratio compared to 2019



**6.5%**  
decrease in emissions intensity compared to 2019



**9%**  
decrease in water withdrawal compared to 2019

## PEOPLE CENTRICITY



**King Abdullah II ibn Al Hussein Order for Distinction of the First Degree**  
prestigious award in honour of APC's outstanding efforts during the COVID-19 pandemic



**IFA Industrial Stewardship Champion**



**JOD 30 million**  
donation to local communities to lessened the repercussions of the COVID-19 pandemic



**6%**  
decrease in recordable work-related injury rate compared to 2019



**ZERO**  
cases of discrimination for the second consecutive year



**4%**  
reduction in employee turnover rate achieved compared to 2019

## ABOUT APC

APC was established in 1956 for the purpose of extracting salts and minerals from the Dead Sea and establishing industries that use these salts and minerals. Our activities concentrate on the production of potash, potassium nitrate, bromine and its derivatives to market them both domestically and internationally.

## OUR BUSINESS CONTEXT

We are the sole producer of potash in the Arab World and the eighth largest producer worldwide, by volume of production.

Potash refers to any salts that contain potassium in water-soluble form. The most common potassium-bearing salt in nature is Potassium Chloride (KCl).

Potassium is one of the three principal components of fertilizers used in plants that raise yields and food value, build disease

resistance, and improve the shipping, handling and storage qualities of crops. The surplus intake of potassium is naturally recycled by the return of potash in plant tissue at the end of each season. This element is the seventh most common element on earth, which can be found in heavy soils and sea water.

The Dead Sea is also a natural reservoir of many minerals, including potash, which is found in high concentrations for commercial production.

As a result of the lockdowns and restrictions caused by the COVID-19 pandemic, the importance of food security was accentuated, especially potash production, as it plays a critical role in the growth and development of plants used in manufacturing food products.



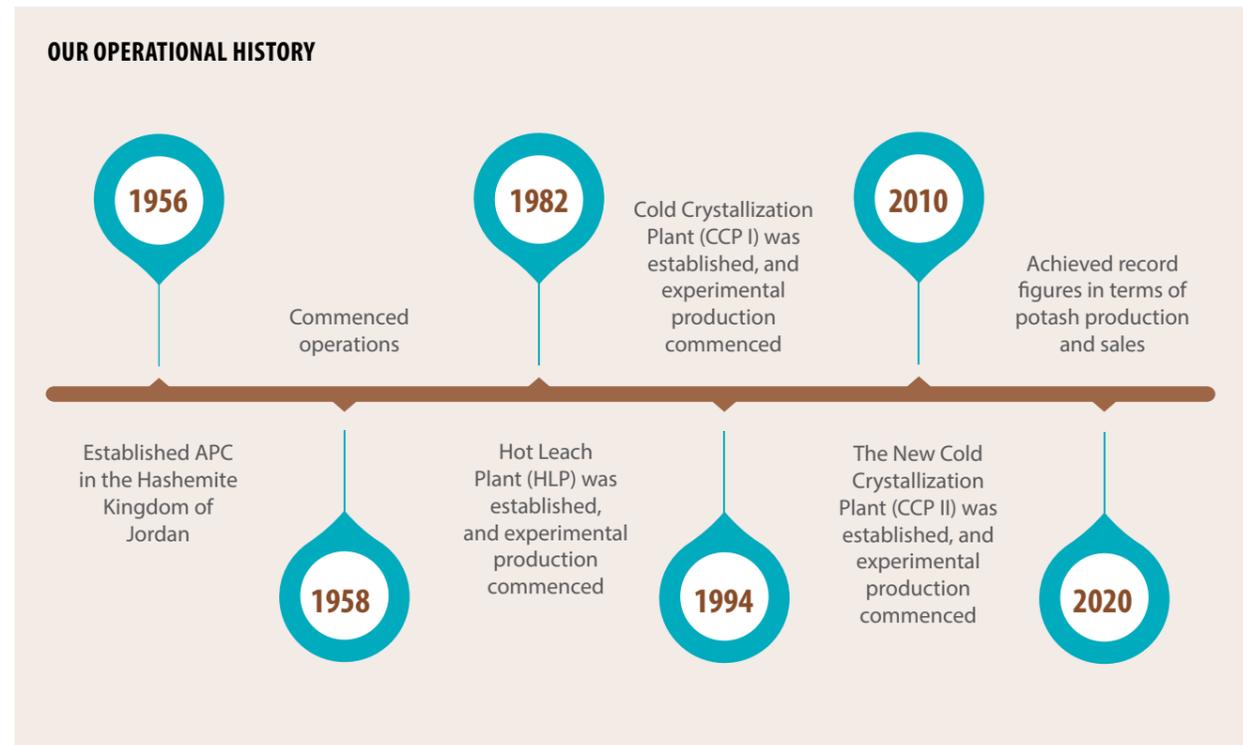
### OPERATIONAL HISTORY

Established in 1956 in the Hashemite Kingdom of Jordan as a pan-Arab venture, we operate under a concession from the Government of Jordan that grants us exclusive rights to extract, manufacture, and market minerals from the Dead Sea for a century, commencing from 1958.

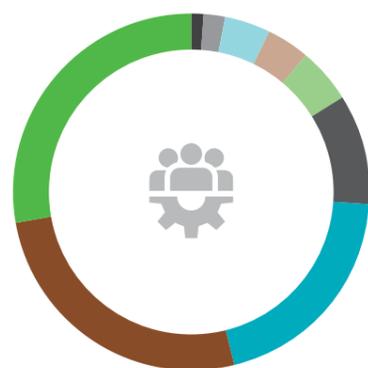
We also invest in several downstream and complementary industries related to Dead Sea salts and minerals, including potassium nitrate, bromine and other derivatives.

We have a production capacity of approximately 2.35 million tons of potash per year via our four plants in Jordan: HLP, CCP I, CCP II and the Industrial Potash Plant (IPP).

During the year, we achieved the highest volume of potash production and sales in the history of APC, with 2.62 million tons of potash produced and 2.55 million tons of potash sold. This has enabled us to achieve JOD 127 million in net profits.



### APC'S MAJOR SHAREHOLDERS



Man Jia Industrial Development Limited	28%
Government Investments Management Company - Jordan	26%
Arab Mining Company	20%
Social Security Corporation	10%
Iraqi Government	5%
Libyan Company for Foreign Investment	4%
Kuwait Investment Authority (KIA) - Kuwait	4%
Private Sector	2%
Ministry of Finance - Jordan	1%

### APC'S SUBSIDIARY AND AFFILIATE COMPANIES

#### SUBSIDIARIES



#### Arab Fertilizers and Chemicals Industries (Kemapco)

APC acquired all KEMIRA's share of capital in 2007 after the company faced financial struggles since its establishment in 1999. Currently, Kemapco is a profitable company that produces Potassium Nitrate (NOP) fertilizer. The company employs 261 Jordanian employees. There are no subsidiary and affiliate companies for Kemapco.



#### Numeira Mixed Salts and Mud Company

Numeira was established in 1997 to extract, purchase and package mud from the Dead Sea for the cosmetic industry. APC owns 100% of Numeira's capital. The company is one of only two companies in the world working on extracting and exploiting the Dead Sea raw materials. There are no subsidiary and affiliate companies for Numeira.

#### AFFILIATES



#### Jordan Bromine Company (JBC)

JBC was established in 1999 to produce bromine and its derivatives. JBC's production is marketed by Albemarle Holdings Limited. JBC's capital amounts to JOD 30 million and an additional JOD 24.7 million paid in capital was distributed equally between the two shareholders, APC and Albemarle. There are no subsidiary and affiliate companies for JBC.



#### Nippon-Jordan Fertilizers Company (NJFC)

NJFC was established in 1992 with a total capital of JOD 16.7 million. APC and Jordan Phosphate Mines Company (JPMC) hold 20% and 80% respectively. NJFC started the production of Diammonium Phosphate (DAP), Monoammonium Phosphate (MAP), NPK fertilizers, NPs in 1997. There are no subsidiary and affiliate companies for NJFC.



#### Jordan Industrial Ports Company (JIPC)

JIPC was established for the purpose of operating the new constructed jetty and the renovated old jetty to increase the loading capacity of the exported products to and from the industrial port in Aqaba. The project was developed by a coalition between Tecnicas Reunidas S.A and PHS Wesehutte S.A and is expected to be completed in 2021. The capital invested in this project amounted to JOD 140 million divided equally between APC and JPMC. There are no subsidiary and affiliate companies for JIPC.

# PRODUCTS AND CUSTOMERS

At APC, we produce several types of potash; standard, fine, white and red granular potash. In 2020, our total amount of potash production reached 2,620,000 tons, which is 7% more than the annual production plan.

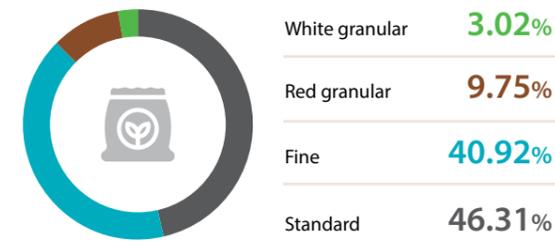
The produced potash is transported to Aqaba warehouse, JBC, and Kemapco by APC's fleet of trucks, while potash sold to NJFC and local markets are loaded at Safi site by their trucks.

We place substantial emphasis on our long-standing relationships with our key customers in local and international markets, where approximately 90% of our products are exported to over 30 countries in Africa, Asia, Europe, Middle East, North America and South America, for which APC loads around 100 ships annually.

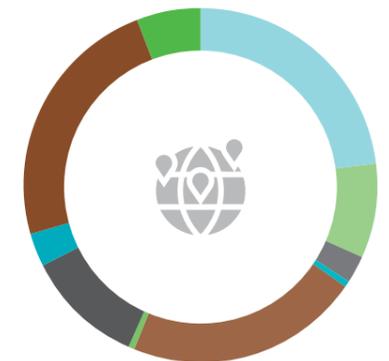
## APC'S KEY MARKETS



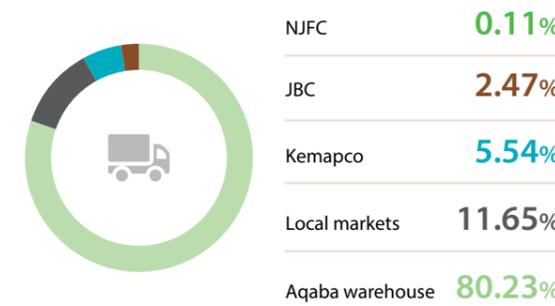
### PERCENTAGE OF POTASH PRODUCED



### APC'S MARKET OVER THE PAST TWO DECADES (TONNES)



### PERCENTAGE OF POTASH PRODUCED



South America	154,000	South East Asia	547,303
China	600,480	North America	11,000
Europe	78,808	Africa	63,544
Arab Countries	278,853	Jordan	219,051
Oceania	14,426	India	585,225

# MEMBERSHIPS AND ALLIANCES

## IFA MEMBER

APC is a member of the International Fertilizer Association (IFA); that aims to promote efficient and responsible production and use of plant nutrients. IFA has more than 430 members worldwide across several sectors in the fertilizers value chain.

## AFA MEMBER

APC is a member of the Arab Fertilizer Association (AFA) that encourages member companies to contribute to the economic, social and agricultural development and enhance food security and combat hunger.



## AWARDS AND CERTIFICATIONS



### King Abdullah II ibn Al Hussein Order for Distinction of the First Degree

Awarded the prestigious King Abdullah II ibn Al Hussein Order for Distinction of the First Degree in honor of APC's outstanding efforts during the COVID-19 pandemic.



### Indonesian National Standard (SNI)

We are in compliance with the quality requirements of the SNI and its related certificate. This enhances our position in exporting potash to the Indonesian market and increase the customers trust in Jordan's potash products.



### ISO 17025:2017

We plan to implement a quality management system for the APC chemical labs for testing and accreditations of potash products and achieve compliance with the updated international standard; ISO 17025:2017 by the Jordan Accreditation System as a member in the International Laboratory Accreditation Cooperation (ILAC).



### ISO 50001:2018

We received the ISO 50001:2018 based on the new energy management system we established in 2020 that covers all our sites and processes. The system aims to optimize the energy costs and reduce emissions without side effects on production operations and related KPIs.



### IFA Product Stewards Excellence

For the third consecutive year, APC receives the Gold Award for Excellence by the IFA in 2020. This award emphasizes our ability in maintaining the quality, safety, security, and occupational health requirements of our entire products' life cycle.



### Quality Mark

We remain in compliance with the requirements of Jordan Quality Mark Certificate (JQM) granted by the Jordan Standards Organization for the quality of potash products used for fertilizer and other industrial uses in the entire products' life cycle.



### ISO 45001:2018

The safety and occupational health of our employees, contractors and visitors are one of our core values and a top priority at APC. In 2020, we received the ISO 45001:2018 certificate by an independent certification body.



### ISO 9001:2015

Maintaining the quality of our products is pivotal to our success. Therefore, we are fully committed to implement a total quality management system and continue to obtain a valid international certificate in compliance with ISO 9001:2015.



### Australian Quarantine & Service Inspections (AQIS)

We comply with the AQIS protocol, where potash handling, storing, transporting, and shipping in both Safi Plant and Aqaba Site are subjected to annual audit surveys and risk assessments to sustain the granted certificate by the AQIS representative certification body.



### ISO 14001:2015

We strive to prevent pollution in all our operations by controlling environmental impacts to ensure a safe environment and comply with the legal requirements. Accordingly, APC works through a sustainable environmental management system and received the ISO 14001:2015 certificate.

# SETTING THE FOUNDATION

We strongly believe that it is essential to adjust and transform our business operations to better align with global shifts and help improve and strengthen food security. Embracing this outlook inspires us to achieve sustainable development and continued profitability in the market. As a testament to our beliefs, we revamped our Corporate Strategy following the COVID-19 pandemic, in an effort to remain resilient amid the unprecedented challenges. Our new 2021-2025 Corporate Strategy places sustainability at the heart of our strategic priorities through instilling a safe working environment for our employees, caring about the environment and local communities, as well as, contributing to the economic development of Jordan.

We also embarked on our sustainability reporting journey during the year, guided by the direction of APC's leadership, where we initiated a deep dive analysis of our current state in line with a comprehensive framework that assesses APC's sustainability approach in terms of our performance metrics, governance, initiatives and sustainability reporting practices. The results of our sustainability assessment, coupled with our benchmarking exercise of leading practices, enabled us to determine areas of improvement and set targets to improve our sustainability performance management across APC in the foreseeable future.

We also place tremendous emphasis on engaging with our key stakeholders to determine the most material sustainability topics that merit inclusion in our sustainability report. Therefore, we engaged with APC's internal stakeholders from different departments/divisions prior to commencing the development of the report in order to prioritize our most material sustainability topics. Further information on our sustainability reporting efforts is presented in the subsequent section of the report.

Through our first sustainability report, we aim to set the foundation for our sustainability reporting journey, this year, and for the years to come.



# APC'S SUSTAINABILITY JOURNEY

Our official sustainability journey commenced in 2020 but we have been conscious of our impacts on the economy, environment and society ever since our establishment.

Our objectives, initiatives and performance targets are in line with leading practices in sustainability. We have carefully established policies and committees to drive our sustainability efforts forward, stemming from the direction of our leadership.

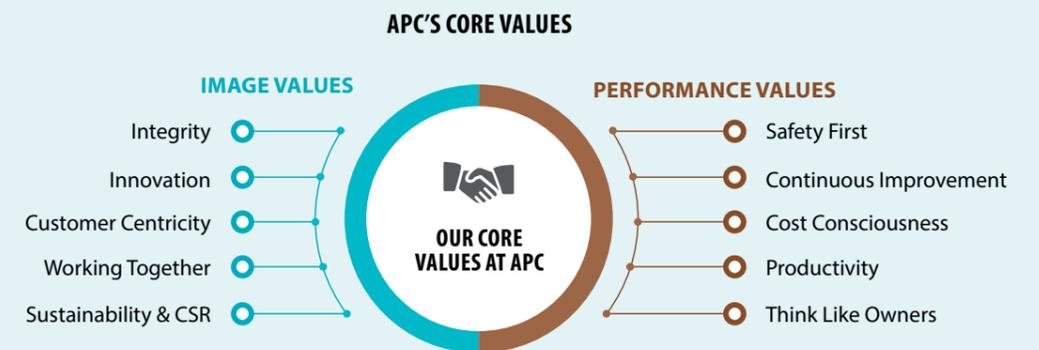
In this section we shed light on our key practices that have led to the development of our inaugural sustainability report.



## APC'S 2021-2025 CORPORATE STRATEGY



At APC, our activities and business operations are guided by our 10 core values grouped under image and performance values.



## CORPORATE STRATEGY

Under the leadership of our President and CEO, as well as the Board of Directors, our 2021-2025 Corporate Strategy aims to strategically position APC as one of the world's leading fertilizer manufacturers and a pivotal contributor to the Kingdom's social and economic landscape. Through our Corporate Strategy, we intend to diversify our products and market shares by implementing several projects and initiatives that help us realize our strategic priorities.

We implemented a comprehensive approach to revise our Corporate Strategy, through a detailed analysis of new external challenges and opportunities, as well as a detailed analysis of internal factors affecting the strategy update. The strategy and roadmap were updated internally while utilizing the expertise of the management team in understanding and analyzing the effect of global challenges and opportunities on the existing

strategy and roadmap. Several meetings and workshops were internally conducted which included subsidiaries, executive and senior management, to better understand the impacts of the new challenges and opportunities. Following a thorough analysis and understanding of the challenges, opportunities and potential actions that impact our operations, we revised our Corporate Strategy through a comprehensive Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, possible scenarios in the future, and reprioritized initiatives.

Our revised Corporate Strategy is guided by three main strategic themes to achieve our short, medium and long-term aspirations of strengthening the core, expanding through diversification and preparing for the inevitable change. These themes are not time-bound; however, each theme will be brought to focus during specific strategic terms.

## STAKEHOLDER ENGAGEMENT

Our stakeholders are individuals or groups of individuals who have a direct or indirect stake in APC and who can affect or be affected by APC's policies, objectives, and actions.

We believe in building long-lasting relationships with our key stakeholders based on mutual convictions and respect. Therefore, we engage with our stakeholders on an ad-hoc basis to understand their concerns and address their most pressing needs. During the year, we engaged with our internal stakeholders to determine our most material sustainability topics that merit inclusion in APC's first sustainability report.

To live up to our beliefs, we also have clear mechanisms for stakeholders to raise any concerns or suggestions and this is performed through our website or directly via emails.



### MATERIALITY ASSESSMENT

Materiality assessment helps to determine our most significant economic, environmental and social impacts, as well as the topics which substantially influence the assessment and decisions of our stakeholders.

Our materiality assessment process was initiated following the identification of 31 material topics in line with the GRI Standards. The initial list of material topics was further prioritized upon engaging with internal stakeholders who represent our employees from various departments. We have collated their feedback, including their concerns and recommendations which has added further value to our stakeholder engagement process. While inputs from external stakeholders were sought

through a peer benchmarking process to determine the most significant sustainability material topics.

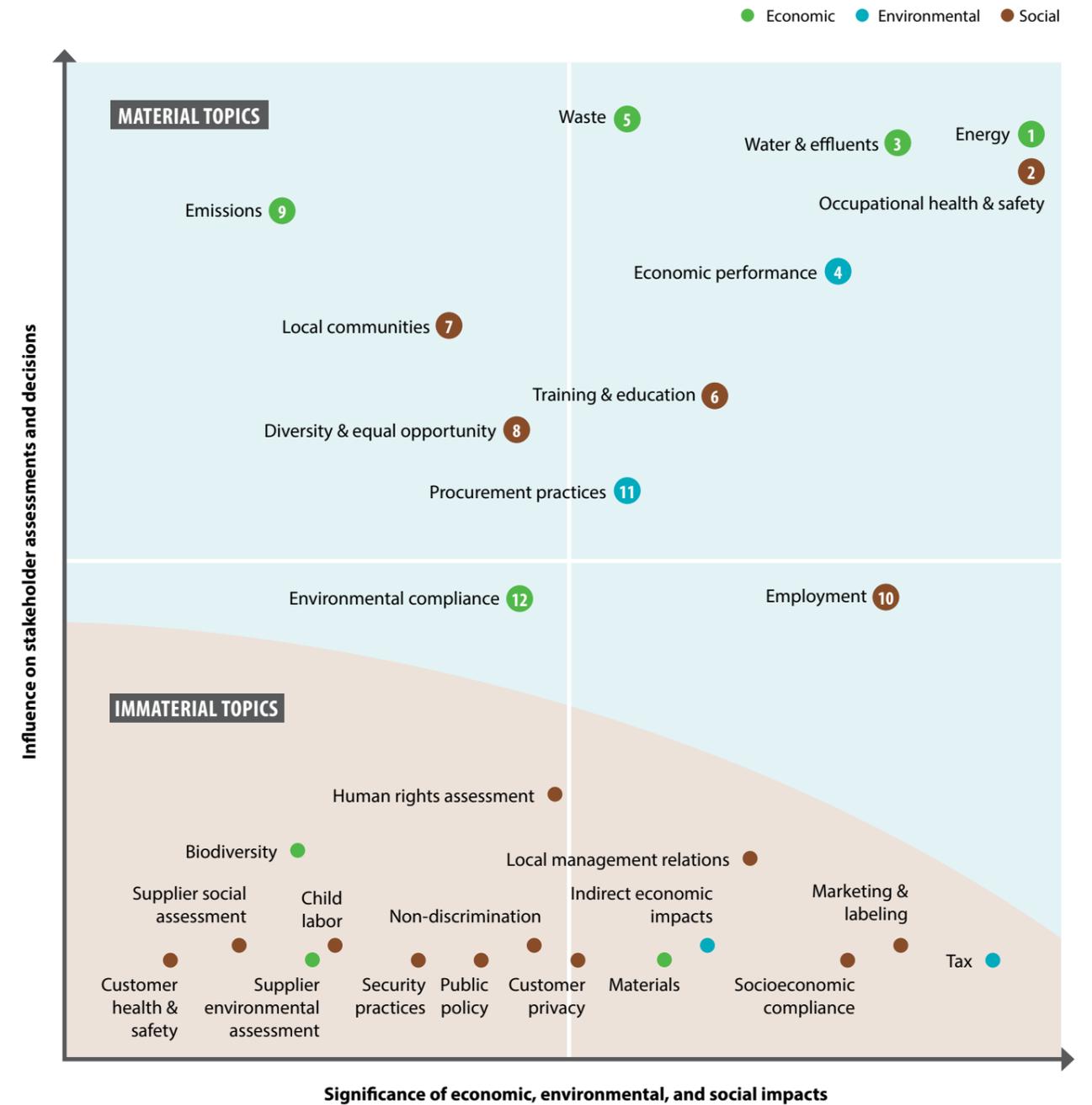
The materiality matrix on page 27 plots each topic according to the rating for the significance of economic, environmental, and social impacts for (x-axis) and the influence on stakeholder assessments (y-axis).

To demonstrate our support to the SDGs, we aligned our material topics and accordingly identified how our initiatives work toward contributing to the SDGs throughout the report. Sections of the report which are in line with our material topics are identified by relevant icons.

### LINKING APC'S MATERIAL TOPICS WITH THE UN SDGS

OUR MATERIAL TOPICS	RELEVANT UN SDGS
1 Energy	7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
2 Occupational health & safety	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
3 Water & effluents	6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
4 Economic performance	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 13 CLIMATE ACTION
5 Waste	3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 15 LIFE ON LAND
6 Training & education	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
7 Local communities	1 NO POVERTY, 2 ZERO HUNGER
8 Diversity & equal opportunity	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
9 Emissions	3 GOOD HEALTH AND WELL-BEING, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND
10 Employment	3 GOOD HEALTH AND WELL-BEING, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES
11 Procurement practices	8 DECENT WORK AND ECONOMIC GROWTH
12 Environmental compliance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

### APC'S MATERIALITY MATRIX



# CORPORATE GOVERNANCE

A strong corporate governance system is entrenched within our business conduct and operations through the oversight and commitment of our leadership. At APC, we continually aspire to remain one of the largest potash producers and a major national economic contributor through a comprehensive approach of good governance and compliance that have been embedded at each level of our business operations.



## BOARD OF DIRECTORS



**Eng. Shehadah  
Abdallah Alhamad  
Abu Hdaib**  
Chairman of the Board



**Ahmad Jamal  
Nawaf Al Bataineh**  
Board Member



**Azza Al Suwaidi**  
Board Member



**Dr. Najib Mohamed  
Mohamed Ohida**  
Independent  
Board Member



**Eng. Mofreh  
Dakhilallah Jum'a  
Al Tarawneh**  
Board Member



**Dr. Saadi Sulaiman  
Etrad Al-Trad**  
Independent  
Board Member



**Eng. Deng Hua**  
Vice Chairman  
of the Board



**Zhou Weiliang**  
Board Member



**Anmar Taleb Abd  
Allatif Al Abdujalil**  
Vice Chairman  
of the Board



**Dr. Bassam Ali  
Nayef Al-Subaihi**  
Board Member



**Eng. Shen Yi**  
Board Member



**Prof. Fayyad Melfi  
Aqil Al Qudah**  
Board Member



**Eng. Yousif Mohammed  
Jasim Al-Janabi**  
Independent  
Board Member

## EXECUTIVE MANAGEMENT



**Dr. Maen Nsour**  
President & CEO



**Mr. Mohammed  
Al Razem**  
Senior VP Finance &  
Support Services



**Eng. Rashid Lubani**  
VP Marketing & Sales



**Eng. Mohammad  
Abu Gheyab**  
VP Operations



**Eng. Adnan  
Al Ma'aitah**  
VP Human Resources  
& Corporate Affairs



**Dr. Samer Al Mofleh**  
VP Strategic Planning,  
Excellence & Growth

Our Board of Directors and Executive Management value the importance of adhering to the corporate governance standards as instructed by the regulatory authorities and in line with the legislative and legal frameworks. APC's Corporate Governance Guide was developed and approved by the Board of Directors, in a manner consistent with the 2017 Jordanian Corporate Governance Code for Listed Shareholding Companies. This Guide reflects the value we place on the significance of implementing solid corporate governance at APC.

To support the Board of Directors in fulfilling their commitments and responsibilities, several committees have been established by the Board. These vary from permanent committees such as the Audit Committee, Nomination and Remuneration, Risk Management Committees, to ad-hoc committees with defined mandates, including Corporate Social Responsibility and Donations Committee in addition to Board's Tenders Committee.

The Board of Directors has also set up the Corporate Governance Committee to support the Board in fulfilling its governance commitments and responsibilities. During this year, the Board of Directors worked on policies required and recommended by its Corporate Governance Committee, such as the Disclosure and Transparency Policy, and the Board and Committee Performance Assessment Policy.

To further support the Board in its governance endeavors, we appointed a corporate governance liaison officer for the sole purpose of following up with the Jordan Securities Commission on all matters related to APC's governance requirements.

Furthermore, stemming from the Executive Management's leadership, the Quality Assurance Department is working on implementing the governance framework as outlined in APC's

Corporate Governance Guide, approved by the Chairman. As a result, the Governance and Quality Assurance Department now reports to the Vice President for Strategic Planning, Excellence and Growth, to support the Corporate Governance Committee in carrying out its mandates.

In line with our commitments toward governance and transparency, we implemented other mechanisms, such as the implementation of a shareholders' suggestions and complaints tool, activating and publishing APC's financial and non-financial disclosures on our website, in addition to following up on and resolving complaints from the shareholders.

We provide further information on our governance framework, committees, and policies in our Annual Reports<sup>1</sup>.

**SUSTAINABILITY GOVERNANCE**

Sustainability is deeply engrained within APC and is embedded within the strategic priorities of our updated strategy. To govern the implementation and realization of our Corporate Strategy, we have set up several policies during the year that were approved by our President and CEO.

The Salt Management Committee is responsible for establishing a long-term framework and plan to manage salt resulting from dredging operations. The Water Management Committee oversees the advancement of a 10-year strategy to sustain APC's water needs. The Energy Management Committee evaluates APC's energy requirements and establishes an energy management strategy to ensure the energy efficiency of operations.

Whereas the Digital Transformation Committee guides the development of a strategy to digitize operations and automate processes. As for the Traffic and Logistics Committee, it is responsible for APC's fleet management, analyzing fuel and diesel consumption, and assessing the feasibility of shifting to hybrid or electric vehicles. Finally, the Sustainability Report Committee oversees the development of APC's inaugural sustainability report and will be in place to manage the sustainability reporting process for the future reporting cycles.

**EXECUTIVE COMMITTEES AT APC**

**AUDIT**  
The committee comprises five non-executive Board Members to assist the Board in overseeing work in relation to financial reports, internal control, and audit of APC's procedures to ensure compliance with laws, regulations and codes of ethics.

**NOMINATION & REMUNERATION**  
The committee comprises five Board Members responsible for setting, executing and monitoring the remuneration and compensation policies.

**RISK MANAGEMENT**  
The committee comprises five members, including members of APC's Executive Management. The committee is mandated with assisting the Board in identifying, monitoring and controlling APC's business risks.



**CORPORATE GOVERNANCE**  
The committee comprises six non-executive members of the Board with the purpose of assisting the Board in sustaining good standards of corporate governance by developing and recommending governance guidelines and procedures.

**CSR & DONATIONS**  
The committee comprises three members from the Board, including the CEO, with a set of mandates to support local community, develop the CSR Strategy and advise the Board on donations of more than quarter of a million.

**BOARD TENDERS**  
The committee comprises six members and was established with the provision of APC's Procurement Policy to decide on tenders with values between five and 10 million, in addition advise the Board on tenders above 10 million.

**APC'S MANAGEMENT COMMITTEES**



**ENTERPRISE RISK MANAGEMENT**

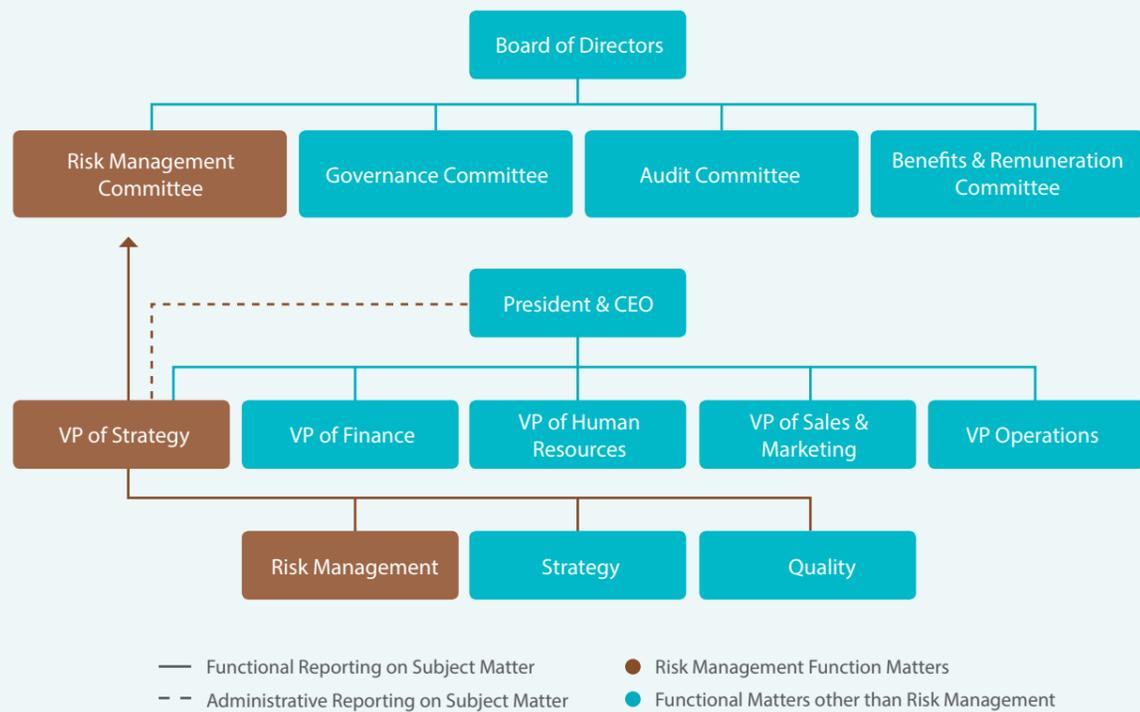
Our Enterprise Risk Management (ERM) manual is pertinent to applying the highest corporate governance standards across APC. The manual provides a unified and consistent framework for managing risks, complying with applicable laws and regulations, aligning with shareholders' risk appetite, and providing satisfactory evidence to all stakeholders that APC is conducting its business sustainably and rationally. Our risk management manual is in line with Jordanian laws and regulations, ISO 31000:2018-02: Risk management Guidelines and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management Integrated Framework:2017, as approved by our President and CEO.

To maintain a sufficient level of independence, the Risk Management Department superior (VP of Strategic Planning, Excellence, and Growth) reports to the Board Risk Management Committee and to the President and CEO.



<sup>1</sup> www.arabpotash.com/En/List/Annual\_Reports

**APC'S RISK GOVERNANCE STRUCTURE**



At APC, we aspire to go beyond the minimum requirements to reduce the levels of any risk that may adversely affect us. We currently operate with an overall medium risk range, with the lowest risk appetite relating to employees' safety, adherence to laws and regulations, and maintaining our reputation. While our strategic, operational, and financial objectives reflect a marginally higher risk appetite, with the highest risk appetite attributed to our innovation, change, and development initiatives.

Our risk appetite is developed and continually reviewed by the Board Risk Management Committee to ensure an adequate risk management framework. Most recently, the Committee advised to separate the risk management activity from the Internal Audit department and include it as a distinct department within the Strategic Planning, Excellence, and Growth function for the purpose of achieving the optimal balance of the relative independence of risk management activities against the level of authorities and tasks performed within its oversight role.

**APC'S ERM PROCESS**



**BUSINESS CONTINUITY AND CRISIS MANAGEMENT**

As a vital contributor to the national economy of Jordan, APC continued operating amid the COVID-19 pandemic while implementing the highest safety standards to protect our employees, contractors and the local community.

To strengthen our resilient response to the pandemic, the Executive Management mandated the development of a robust Management Response Plan (MRP) and an accurate evaluation model that keeps track of preventive and precautionary measures through analyzing the resulting impacts, identifying new challenges, and gaps.

The Executive Management's directives emphasized the necessity of sustaining the flow of all necessary resources, including processed water, steam and natural gas to operate equipment and operations, in addition to any supplies needed for quality control, maintenance, public safety, occupational health, and human resources. The directives also set out providing continuous support and encouragement of manpower, the provision of all its requirements, and establishment of direct communication by our management in all work sites.

Furthermore, to maintain the smooth flow of the decision-making process across the different administrative hierarchies, the MRP significantly contributed to managing this crisis and finding a relatively early solution that managed surrounding risks. Our actions and procedures during the pandemic have enriched APC's experience in dealing with similar emergencies.

We also developed a procedures manual reflecting the best practices and efficient responses with an accurate mapping to concerned functional departments, ownership of responsibility, and the proper delegation. The previously mentioned management plan and evaluation approach significantly supported APC in achieving extraordinary production performance during the pandemic.

Our fast and prompt response to COVID-19 resulted in minimizing the pandemic's effect on our operations with the objective to secure business continuity and not only recovery. For that, all department functions and line managers take necessary measures and actions to manage the emergency and provide response plans and initial crisis response activities to support business continuity and ensure incident recovery at the early stages of COVID-19 spread.



**Safety Measures Implemented During the Pandemic**

APC manages workers' safety by precisely implementing all managerial procedures and decisions and fully complying with the government laws and regulations represented by the Defense Law and its requirements. Our safety and medical services staff carried out all necessary safety and health measures to minimize the risk of any infection spread. They worked to provide safety equipment and

gears, including hygienic clothing, protective masks, gloves, wide-ranging sterilization materials and thermometers for measuring body temperature at APC's entrances daily. We also continued to carry out daily sterilization operations for our vehicles, employees' offices and conduct periodic PCR tests for all our employees.



# 01



## PROSPEROUS FUTURE

At APC, we pride ourselves in being a vital contributor to Jordan's economic condition. This also comes with great responsibilities, as we acknowledge the positive impacts of our business activities and operations on the Kingdom's economic development and long-term sustainable growth.



### KEY 2020 HIGHLIGHTS

 <p><b>2.6 million</b> tons of potash produced (highest potash production in our history)</p>	 <p><b>2,553 thousand</b> tons volume sales record of potash</p>	 <p><b>JOD 473 million</b> direct economic value generated reached</p>
 <p><b>10%</b> decrease in operating costs</p>	 <p><b>8%</b> increased of employee wages and benefits</p>	 <p>Implemented <b>safety factors to dikes</b></p>

As such, our business model equips us with the needed resilience to continue to create opportunities for the community, suppliers and customers through our direct and indirect impacts. We also aim to build strong and sustainable communities by strengthening the employment opportunities and the development of professional skills in the market. The integrity of our business is also mirrored in the quality of our products which support our customers in achieving their productivity and efficiency when using our products.

During the COVID-19 pandemic, several businesses were impacted by the repercussions of the lockdowns imposed by governments worldwide, including our operations at APC. Nevertheless, with the leadership of our Executive Management and unwavering commitments of our employees, we have persevered by producing and delivering potash locally and internationally.



Material Topics	Alignment to UN SDGs	Alignment to APC's Corporate Strategy
 <p><b>Economic performance</b></p>		<p><b>Strengthen the Core:</b></p> <ul style="list-style-type: none"> <li>Improve financial health with focus on cost optimization</li> </ul> <p><b>Prepare for the Inevitable Change:</b></p> <ul style="list-style-type: none"> <li>Institutionalize and foster sustainability practices, and create societal impact</li> </ul>



# PRODUCTION INFORMATION

We produce high-quality potash that is extracted from the Dead Sea along with other valuable salts and minerals. The potash production process is initiated post pumping the Dead Sea brine to a series of solar ponds, pre-carnallite and carnallite ponds. Water then evaporates from the ponds raising the concentration of salts. The brine concentration in salt ponds is continuously adjusted to achieve satisfactory carnallite concentration. The effluent brine is then discharged and flows back into the Dead Sea.

## HIGHLIGHTS



**2.6 million** tons of potash produced (highest potash production in our history)



**2,553 thousand** tons volume sales record of potash

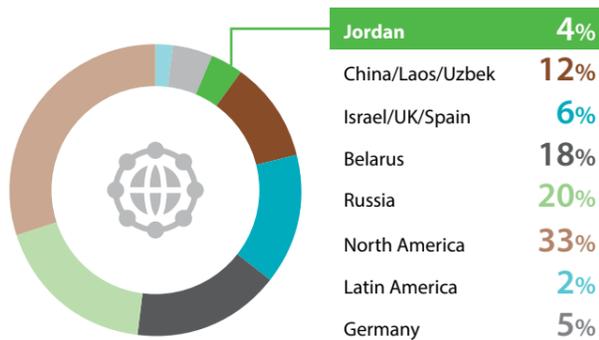
Furthermore, the carnallite is harvested and pumped into three refineries; the HLP and CCP I and CPP II to extract potash. The HLP uses a decomposition leaching and crystallization process to produce mainly standard grade potash.

The new cold crystallization plants mainly use advanced technology; flotation crystallization and screening, the plants have a combined production capacity of over 2.40 million tons per year of granular standard and fine grade potash. An advanced control system was incorporated to facilitate various processes, including highly efficient dust collection systems that minimize dust emissions and waste.

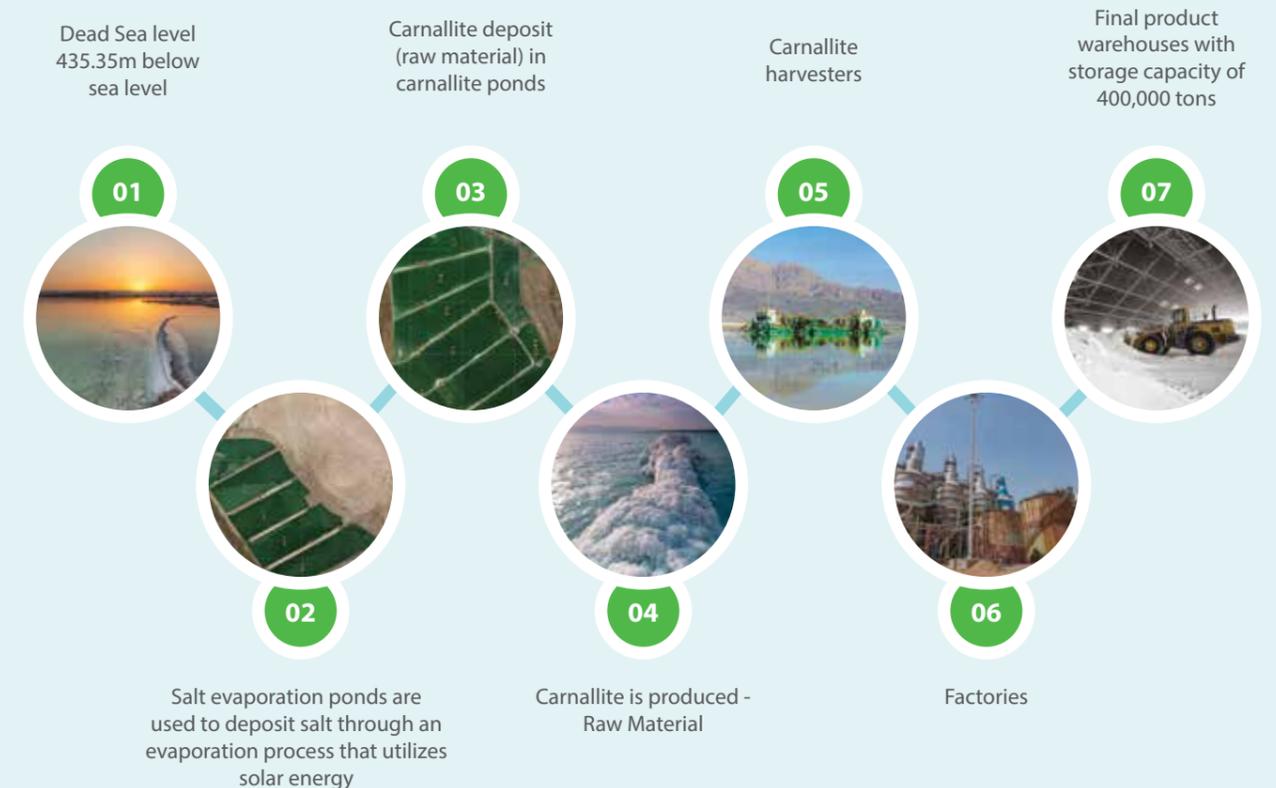
A new compaction plant is being installed to raise production capacity of high-quality granular potash to about half a million tons per year including post-treatment. APC is also expanding its port and jetty through a USD 150 million joint investment with the Jordan Phosphate Mines Company. The produced potash is

then shipped by trucks to Aqaba warehouses and the industrial jetty for shipping. The Aqaba operation includes 300,000 tons of storage capacity which is one of the largest single potash storage facilities in the world.

### GLOBAL POTASH PRODUCTION SHARE IN 2020



### APC'S PERFORMANCE MANAGEMENT CYCLE



## PRODUCTION

This year marks our highest record of potash produced, reaching 2,620,000 tons, this is more than the annual production plan by 7%, despite the challenges we faced due to the COVID-19 pandemic.

The potash we produce comprises:



### Projects to Boost our Production at APC

We seek to enhance our production capacity by implementing several projects, including the following projects:

- **Expansion project in Dike 19** in the northern region of APC's concession area, as we aim to increase our production capacity by 140,000 tons annually.
- **Economic and technical feasibility studies** on the southern region of APC's concession area (Fifa region and the Lisan area that is located outside the concession area). The studies enable us to evaluate the best options that will support us achieve our objective and determine the most feasible one to carry out our expansions.
- **Expanding production of red granular potash** through the new compacting unit, which is expected to begin production by 2022. The project is expected to contribute to our production capacity of red and white granular potash by double-fold.
- **Studying an expansion project in the eastern region** of APC's concession area with expectations that such expansion will increase production capacity by 120,000 tons annually.

## SALE AND DISTRIBUTION

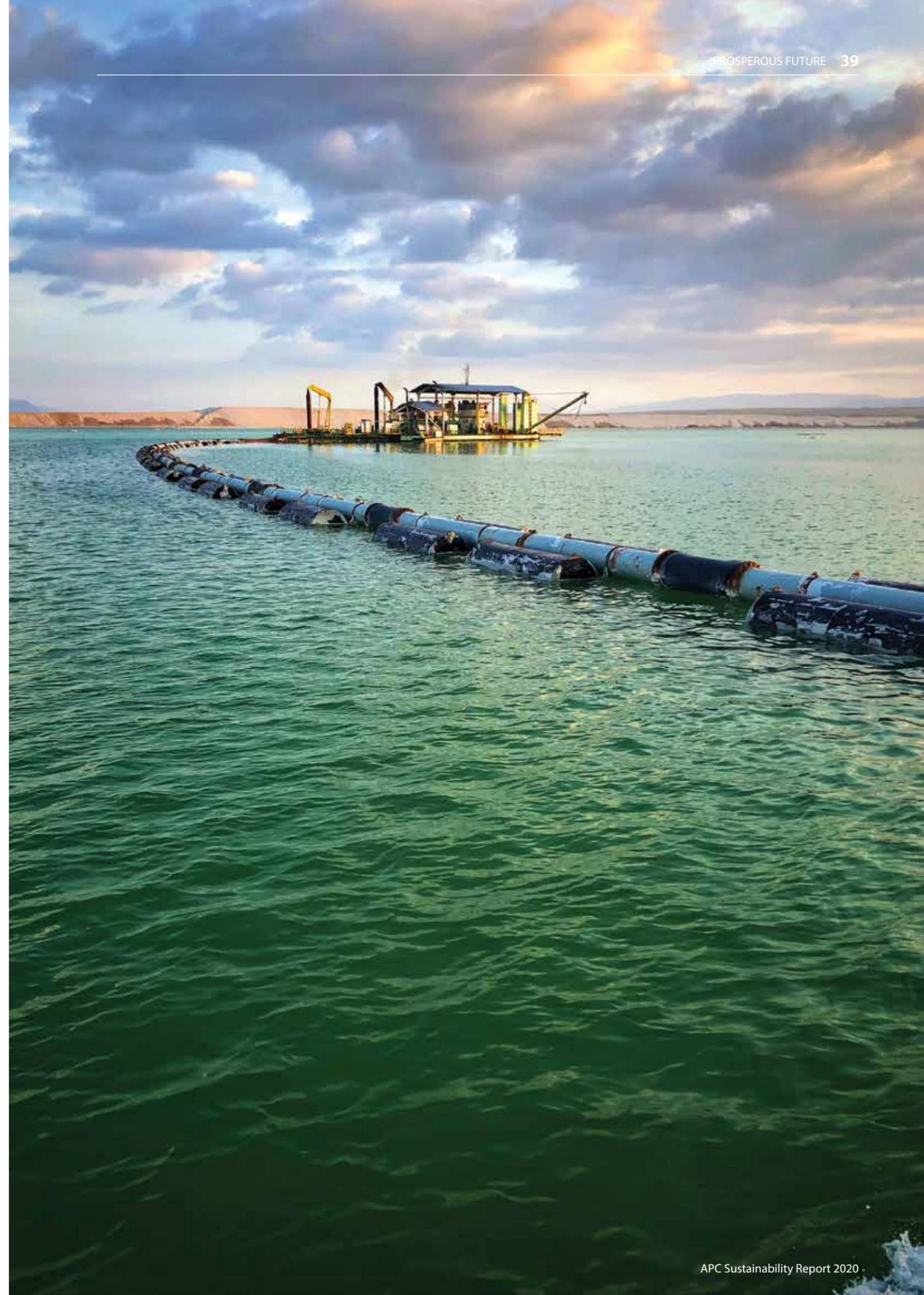
We are the sole potash producer in Jordan, having a 100% share in the local market. We transport our products from Safi plants to our internal customers and APC Aqaba warehouses by our truck fleet. Then our products are distributed from APC Aqaba warehouses to our overseas customers. During the year, we managed to sell 500,000 metric tons to local and regional markets. This constituted a slight decrease of 14% from our sales in 2019, mostly attributed to the closure of Jordan Abyyad Fertilizer & Chemical Company (JAFCCO) in Jordan, which used to purchase around 35-40 thousand metric tons of MOP for the potassium sulfate production every year. Nevertheless, sales to our subsidiaries; Kemapco and JBC increased in 2020, as Kemapco expanded its NOP and Potassium Hydroxide (KOH) production respectively.

Our market share in Egypt and Saudi Arabia remained the same in 2020 compared to previous years, whereas our sales to the oil drilling sector in the region increased by 32% this year. Additionally, our market share in countries such as Kuwait has risen significantly in 2020 which can be mostly attributed to establishing new sales channels in the Arab Gulf region.

Despite the challenges presented by COVID-19, we achieved a sales record of 2.55 million metric tons, a 6% increase from our sales in 2019, as we managed to sell more quantities in Malaysia, Indonesia, Brazil, Asia, Oceania and Europe. We also penetrated new markets through our red granular potash, which was well received in Brazil, Australia, Vietnam, the United States and Myanmar. APC hit a new sales record for granular grade sales, both white and red, at 339 thousand metric tons, a 123% increase from 2019.

Moving forward, we plan to expand its granulation capacity for both white and red products to further develop our presence in premium granular consuming markets. Our 2020 sales were also strengthened by a growing industrial customer base in India and in the oil-drilling segment in the gulf, which we plan to develop further. Our direct sales to the non-fertilizer customers reached approximately 180,000 metric tons of total sales in 2020, representing a 7% increase compared to the previous year.

Our overseas offices played an important role in maintaining market share, entering new markets, and expanding specialty customers and logistics services. On the logistical side, we are investing more resources into the containers-shipping operation to further leverage our geographic and logistic advantages which allows us to serve many of our existing customers, penetrate new markets and establish new sales channels.



# ECONOMIC PERFORMANCE

We realize, at APC, the responsibility and impact of our business activities and operations on Jordan's economic development. Our business model aims to create opportunities for our community, suppliers and customers through the creation of direct and indirect employment prospects. Through these opportunities, we truly aim to create a sustainable economic state in Jordan.



## HIGHLIGHTS



**473 million**  
direct economic value generated reached



**10%**  
decrease in operating costs



**8%**  
increased of employee wages and benefits

The COVID-19 pandemic impacted the economic conditions worldwide, disrupting business operations and impeding production and transportation. Jordan's GDP contracted with unemployment rates reaching the highest it has reached in years.

As a Group, we faced a 19% decline in the net selling price of potash, increased competition among global producers of potash, and increased global supply compared to demand. These factors resulted in a reduction in the operating profit of APC Group by 32%, a reduction in net profit of APC Group by 16%, and a 10% decrease in APC Group's revenues, compared to 2019.

As for APC, the decline in the net selling price of potash in the market, coupled with the other impacts brought about by the changing industry landscapes, led to a similar trend in our economic performance. We experienced a reduction in our operating profit by 40% compared to 2019, while our revenues dropped by 14%. In 2020, operating costs decreased by 10% compared to 2019, while employee total remuneration increased by 8%. Our commitment to support the Kingdom's economic resilience remained consistent during the challenging times experienced in 2020. As a central pillar of the industrial sector, our contribution was demonstrated through the economic value generated by APC due to our operations and market presence.

	2019	2020
<b>DIRECT ECONOMIC VALUE GENERATED BY APC GROUP (JOD) - REVENUES</b>	<b>504,608</b>	<b>456,169</b>
Total assets	1,088,573.00	1,119,039.00
Total income	145,588.00	124,394.00
Operating profit	150,483.00	102,029.00
Net profit	151,695.00	126,890.00

	2019	2020
<b>DIRECT ECONOMIC VALUE GENERATED BY APC (JOD) - REVENUES</b>	<b>544,980,737.56</b>	<b>472,579,405.75</b>
Total economic value distributed	468,262,270.00	433,390,251.00
Operating costs	219,606,827.14	197,083,674.89
Employee total remuneration	61,002,794.19	66,053,859.83
Payments to providers of capital	91,379,224.33	88,637,524.48
Payments to government by country	84,950,901.44	51,371,619.68
Community investments	11,263,660.00	30,038,559.00
Economic value retained	76,718,467.35	39,189,155.06



# EFFICIENCY AND RELIABILITY OF OPERATIONS

In line with our corporate strategic theme of strengthening our core, we aim to focus our efforts on optimizing our costs and achieving operational excellence. To achieve that, we have set specific strategic Key Performance Indicators (KPIs) to measure our performance along with strategic initiatives to further enable the achievement of our objectives.



# CUSTOMER SATISFACTION

Our customers play an integral part in our business continuity and success, they are a major stakeholder at APC, and maintaining their satisfaction through focusing on our quality and services is highlighted in our Corporate Strategy under our theme of strengthening the core.

Therefore, to meet the needs of our customers, we strive to continually maintain the quality of potash products. We are also fully committed to implementing a total quality management system and obtaining a valid international certificate in compliance with ISO 9001:2015. Furthermore, we aspire to satisfy our customers and continually learn how to better serve them, as such we rolled out our customer satisfaction survey in 2019, where we achieved 80% satisfaction rate. The results have slightly increased in the subsequent year, reaching an overall customer satisfaction rate of 81%.

## HIGHLIGHTS

Such initiatives include improving our production capacity by 450,000 tons through conducting economic and technical feasibility studies to determine the required projects to support us in achieving our objectives. Additionally, we plan to implement the expansion of Dikes 19 in the northern region of APC's concession area to increase our production capacity by 140,000 tons annually.

Furthermore, we are currently expanding the production of red granular potash through the new compacting unit, which is expected to begin production by 2022. The project is expected to double our production capacity of red and white granular potash.

By 2021, we aim to complete most of the rehabilitation works for Dikes 1, 5 and 18. We also aim to reduce the costs of pumping the brine, reduce production costs and improve the production efficiency of raw materials in our salt and carnallite ponds.

### Dikes Project



We place tremendous emphasis on the projects related to the perimeter dikes of salt evaporation ponds to ensure the sustainability of our operations. It is crucial to implement the needed safety factors in these dikes to avoid any potential risks, especially since any defect therein would directly affect the production process. We are also carrying out remedial and rehabilitation works for perimeter dikes alongside our specialized international contractors in cooperation with our technical dikes' advisor.



# 02



## ENVIRONMENTAL COMMITMENT

Protecting the environment is a vital element in APC's core values. We actively work to minimize the impact of our production activities on the environment by reducing air pollution, collecting and tracing machine oils, limiting carbon dioxide emissions, streamlining the consumption of energy and water and recycling tires used by our fleet of vehicles.



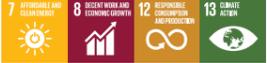
### KEY 2020 HIGHLIGHTS

  
**ZERO**  
environmental non-compliance incidents

  
**5%**  
decrease in energy intensity

  
**6.5%**  
decrease in emissions intensity

  
**9%**  
decrease in water withdrawal

Material Topics	Alignment to UN SDGs	Alignment to APC's Corporate Strategy
 <b>Energy</b>		<p><b>Strengthen the Core:</b></p> <ul style="list-style-type: none"> <li>Increase production capacity and optimize supply chain and delivery model</li> </ul> <p><b>Prepare for the Inevitable Change:</b></p> <ul style="list-style-type: none"> <li>Activate and apply innovative practices to lead disruption</li> <li>Institutionalize and foster sustainability practices, and create societal impact</li> </ul>
 <b>Water &amp; effluents</b>		<p><b>Prepare for the Inevitable Change:</b></p> <ul style="list-style-type: none"> <li>Activate and apply innovative practices to lead disruption</li> </ul>
 <b>Waste</b>		<p><b>Strengthen the Core:</b></p> <ul style="list-style-type: none"> <li>Achieve operational excellence with focus on crucial capabilities</li> </ul>
 <b>Emissions</b>		<p><b>Prepare for the Inevitable Change:</b></p> <ul style="list-style-type: none"> <li>Institutionalize and foster sustainability practices, and create societal impact</li> </ul>
 <b>Environmental compliance</b>		<p>NA</p>

# ENVIRONMENTAL MANAGEMENT

Globally, potash production results in some adverse impacts on the environment. The severity of these impacts depends on several factors, whether the impacts emanate from uncontrolled conditions, such as current climate, characteristics of the ore or the profile of the surface land. While other impacts derive from controlled elements including the mining methods, the equipment employed, the waste disposal methods and the scale of the operation.



## HIGHLIGHTS



**ZERO** environmental non-compliance incidents

As a leading potash producer, our responsibility for the environment is engrained in our core values that compels us to protect the environment and minimize our negative impacts. We are addressing the environmental impacts associated with the production of potash and we aim to reduce our impacts through the employment of state-of-the-art technologies, adherence to our environmental guidelines and policies to reduce emissions and waste, in addition to the efficient use of energy and water in line with local and international environmental legislation.

At APC, we are guided by our Environmental Policy that prompts us to identify environmental impacts resulting from our activities, manage them and continually seek to minimize pollution by effectively managing solid and liquid wastes, in addition to limiting gaseous emissions. Furthermore, we recognize the importance of environmental awareness across the company, and we are committed to setting environmental training plans and programs for all our employees.

To further protect the environment, evaluate and improve our environmental performance, we implement and maintain an Environmental Management System (EMS) which aids us in assessing our environmental goals, establishing environmental objectives, targets and action plans in line with the requirements pertained to the ISO 14001:2015. Our EMS is guided by a set of manuals, system operating procedures, and forms that are continually reviewed and approved by management, on regular basis.

As a testament to our commitments to mitigate adverse environmental impacts, we collaborate with the Royal Scientific Society (RSS) to conduct periodic environmental impact assessments which namely include air quality tests, wastewater quality tests, measurements of vehicle opacity levels, and measurements of noise levels resulting from our activities. These voluntary assessments demonstrate our leadership's commitment to the management of our environmental impacts and the continual improvement of our environmental performance in line with leading industry practices and local requirements.

We also undertake annual internal and external audits for our environmental and energy management systems to maintain our ISO certificates. The external audits that we undergo are performed by independent third-party auditors in line with the standard's requirements.

As a result of our unwavering efforts, we did not record any environmental non-compliance nor non-monetary sanctions in both 2020 and 2019.

# ENERGY MANAGEMENT

We are committed to managing our energy consumption and continuously improving our energy performance, as pertained in our Energy Management Policy, that is approved by our President and CEO. The Policy guides our energy management approach and dictates the minimum needed requirements to comply with relevant local legislation, while implementing systems that meet the requirements of ISO 50001:2018. Our Policy is communicated to employees, suppliers, contractors and other relevant stakeholders.



## HIGHLIGHTS

 **5% decrease in energy intensity**

At APC, we are aware of the importance of managing our energy consumption and we are currently working on devising a 10-year Energy Strategy that will help us achieve our long-term energy management goals. A dedicated Energy Committee has been established to review, assess and improve our Energy Strategy, coupled with an implementation plan to cover an assessment of the current state of the energy landscape in the Kingdom, alignment with local and regional agendas, and planning for energy management in the future in line with leading practices and available technologies.

We also implement a company-wide Energy Management System (EnMS) that meets the requirements of ISO 50001:2018, and we set realistic objectives for each area of significant energy use and consumption, including the natural gas consumption for our power plant, electricity consumption for our intake station, harvesters, plants, Aqaba site and other utilities, in addition to fuel oil for back-up generation, salt dredgers and road vehicles. Most of our employees have been trained on ISO 50001:2018, and an internal audit of our EnMS was conducted.

To realize our energy management objective, we implemented several energy performance management initiatives, such as:

 The installation of a new Heat Recovery Steam Generator (HRSG) to recover the exhaust waste heat from the gas turbine, thus reducing the energy consumption and corresponding carbon emissions generated.

 We also retrofitted the direct online pumps with Variable Frequency Drives (VFD) to operate at variable speeds. Our retrofit project has resulted in a decrease in the energy consumption by the pumps when compared to the previous operation at fixed speeds.

 Moreover, all mercury, metal halide, and high-pressure sodium lights were replaced with LED units, and automatic lighting controls were applied. The total energy savings achieved because of shifting to LED lighting is around 467,565 kW per year.



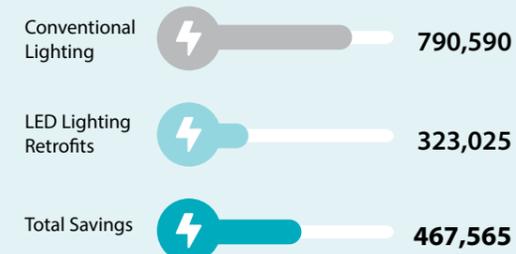
The identification and evaluation of our various energy-consuming activities are driven by our Environment and Safety Directorate that assesses APC's energy-consumption patterns and identifies appropriate conservation measures. Monitoring our energy performance and implementing energy conservation measures inevitably results in a reduction in our costs and contributes to the optimal management of natural

resources. Our operational and maintenance staff played a pivotal role in identifying leaks and areas of energy losses from our systems and processes and then carried out energy performance improvement measures to reduce compressed air leaks, insulate hot surfaces, upgrade steam traps and recover boiler condensate.

## LED Lighting Retrofits

At APC, we have converted existing lighting structures (mercury, metal halide, and high-pressure sodium lights) into LED light units. Additionally, we applied automatic lighting controls and sensors to meet target lighting levels at premises. Through these efforts, we replaced approximately 1,500 units in 2020 to achieve total savings of 467,565 kW per year, amounting to 59% decrease in energy consumption when compared to 2019.

### TOTAL ENERGY SAVINGS (KWH/yr)



## Diversification of Energy Sources



Our energy structure provides the ability to obtain the energy required to meet the production needs from various sources, including gas, electricity, diesel, and heavy fuel oil. Having completed the project of Heat Recovery Steam Generator, we will be able to reduce our energy costs by utilizing the steam of the production process efficiently. We are also considering the replacement of the current thermal plant with a larger and more efficient plant to reduce energy costs and meet the future expansion needs.

Utilizing clean energy is a priority at APC. We are looking to diversify our energy sources by incorporating renewable energy such as Photovoltaic systems as part of our overall energy consumption mix. Moreover, corporate-level initiatives such as replacement of existing corporate fleet with electric vehicles are also on our agenda as potential energy management opportunities to be explored further.

In 2020, our energy consumption stood at 8,418,647.04 GJ. Our energy intensity was 3.21 GJ per metric ton of Potassium Chloride produced in 2020, a 5% decrease when compared to the energy intensity in 2019. The increase in electricity consumption from the grid in 2020 was attributed to the gas turbine emergency shutdown, which resulted in higher electricity imports from the grid.

	2019	2020
<b>ENERGY CONSUMPTION (GJ)</b>	<b>820,854.40</b>	<b>840,257.70</b>
Diesel consumption <sup>2</sup>	468,554.25	28,026.08
Heavy fuel oil consumption	7,068,118.09	7,474,288.78
Natural gas consumption	57,792.06	76,074.49
Electricity consumption	8,415,318.80	8,418,647.04
Energy intensity (GJ/metric ton KCl)	3.39	3.21

### Retrofits and Upgrades of Equipment

We invested in retrofitting existing equipment with VFDs and installation of high efficiency motors in order to improve energy efficiencies and operate with fewer energy losses across APC systems. Existing direct online pump arrangements have been retrofitted with VFDs to allow for continuous speed range from 20% to 100% of the full speed. This has improved performance by improving efficiencies, reducing energy consumption, allowing for shorter response time for pumping equipment.



#### Benefits of the installation of VFD units:

- ✔ Improved efficiency resulting in energy savings.
- ✔ Lower maintenance costs due to downtime and improved lifespan of equipment.
- ✔ Reduction in vibration and noise pollution.

#### Benefits of power factor corrections and motor sizing:

- ✔ Enhanced load management and unit commitment.
- ✔ Improved power factors and higher utilization of the input electrical power.
- ✔ Reduction in energy losses across systems.

<sup>2</sup> Diesel consumption also includes a limited amount of gasoline fuel consumption for 2019 and 2020. Moving forward, we will report on both sources separately.



# GHG EMISSIONS

Climate change is a major global challenge and the potential impacts from climate-related risks are important to our operations. We realize that our energy consumption results in Greenhouse Gas (GHG) emissions and other air emissions, including sulfur dioxide, oxides of nitrogen and particulate matter. The World Economic Forum's Global Risks Report<sup>3</sup>, published in 2020, identified failure to mitigate and adapt to climate change as the key concern facing our world by likelihood and extent of impact. Therefore, we commit to reducing our environmental emissions and adopting the latest technologies to play a key role in combating climate change.



## HIGHLIGHTS

 **6.5% decrease in emission intensity**

To manage and assess our GHG emissions and overall carbon performance, we embarked on a project of monitoring and reporting our carbon footprint across our facilities, considering the relevant emission sources. We assessed emissions from major sources such as stationery energy sources, mobile sources, and indirect emission sources from electricity import. Through this project, we calculated our carbon footprint in line with established GHG calculation methodologies and emission factors from international standards such as the Intergovernmental Panel on Climate Change (IPCC) and the US Environmental Protection Agency (EPA).

In 2020, we implemented several initiatives to reduce our emissions that contributed to improving our carbon footprint. We replaced the air conditioning units in APC township with a new energy-saving system that uses inverter technology and an environmentally friendly refrigerant gas R410-A, that contributes to lower emissions when compared to other widely used refrigerants.

Furthermore, we installed an oxygen meter in the stacks to measure and monitor the oxygen levels in flue gases. Flue gases are byproducts of combustion plants which encompass residual substances such as particulate matter, sulfur oxides, nitrogen oxides, and carbon monoxide. The results of our analysis on flue gases were assembled in a report and shared with the operational employees, as they are the driving force to support APC in maintaining the optimum combustion levels

in all boilers. The monitoring and tracking of oxygen levels led to achieving a complete combustion process and higher energy efficiencies.

We also partner with RSS, to support us in measuring the air quality and ensure we remain compliant with environmental rules and regulations. RSS's assessments are conducted on a quarterly basis.

Stemming from our commitments of maintaining relevant air qualities, we installed de-dusting systems in all our plants, including HLP, CCP I, and CCP II to reduce potash dust emissions and help us meet the environmental and legal requirements for air quality. De-dusting systems use baghouse technology, which is a dust collector that removes the emissions of particulates or gas released from our operations. The final product is transferred from the dryer unit to the de-ducting unit and the removed potash is sent back to the production circuit. The system enhances product quality and improves the production recovery and recycling processes.

In 2020, our total emissions (scope 1 and 2) were 466,758.00 tCO<sub>2</sub>. This figure is around 1% less than the total emissions in 2019. The emissions intensity in 2020 was 171.8 kg CO<sub>2</sub> per metric ton of Potassium Chloride produced, a 6.5% decrease when compared to the emissions intensity in the previous year. The indirect emissions increased in 2020, and that was mainly due to the shutdown of the gas turbine as a result of an unexpected storm. This resulted in lower fuel consumption for on-site stationary energy generation in 2020 and higher electricity import from the grid.

## Conversion to Natural Gas

We performed extensive studies related to the negative effects of using heavy fuel on the environment and the feasibility of conversion to natural gas-based systems. We decided to switch from heavy fuel consumption to the use of natural gas as the primary fuel in all our production activities, including burners, steam, and electricity generators.

### Benefits of using natural gas instead of heavy fuel oil:

- Cleaner fuel source with less environmental impacts – radically decreases nitrogen oxides, sulfur oxides, and carbon emissions
- Almost zero particulate emissions (Ash)
- Carbon footprint reduction in alignment with international climate change conventions
- Achievement of 7-10% savings in energy costs

We currently generate about 95% of our electrical demand, which is about 50MWh, using gas and steam turbines. Based on our inventory's carbon and energy equivalent factors, the carbon emissions associated with the production of one GJ using natural gas is 30% lower than that using heavy fuel oil.

This initiative also allowed us to have dual burning systems, providing us with more flexibility and resilience of operations.

## Heat Recovery Steam Generator (HRSG)

The HRSG unit utilizes the gas turbine exhaust heat to produce high pressurized (super-heated) steam (HP) and low pressurized steam (LP). The HP steam is delivered to the Steam Turbine generator to generate electricity, whereas the LP steam is sent to the HLP to support the production processes. An average of 60% of Steam Turbine generator steam demand and 70% of HLP steam demand is supplied by the HRSG unit. The HRSG unit is accountable for reducing the natural gas consumption by approximately 24%.

### Benefits of the HRSG unit:

- Decreases carbon emissions from stationary sources by lowering natural gas consumption.
- Reduces our carbon footprint and carbon intensity.
- Increases gas turbine efficiency and carbon performance.

	2019	2020
 <b>GHG EMISSIONS (tCO<sub>2</sub>e)<sup>4</sup> - SCOPE 1 &amp; SCOPE 2</b>	<b>471,233.40</b>	<b>466,758.00</b>
Direct (Scope 1) emissions	459,835.50	451,754.40
Indirect (Scope 2) emissions	11,397.90	15,003.60
Emissions intensity (kg CO <sub>2</sub> e/ metric ton KCl)	184.90	172.90

<sup>3</sup> The 15<sup>th</sup> edition of the World Economic Forum's Global Risks Report identifies the critical risks facing the world by likelihood and extent of impact.

<sup>4</sup> CO<sub>2</sub> was the main gas considered for emission estimation in 2019 and 2020. CH<sub>4</sub> and N<sub>2</sub>O were only considered for natural gas as the main fuel consumed by APC. Moving forward, APC will report on the contribution of other GHGs as part of their scope 1 and scope 2 emission inventory.

# WATER AND WASTEWATER MANAGEMENT

The water scarcity in Jordan poses a serious challenge that will affect all sectors if not addressed with concerted serious efforts. Water is crucial for our mining operations and our production is highly dependent on water as a key resource. Therefore, this has prompted us to consider implementing efficient water production processes to reduce the depletion of water resources. We actively engage with our stakeholders and work with them to create the needed synergies and partnerships to overcome the water challenges in Jordan, and we also invest in projects that contribute to enhancing water storage from various water sources. We believe that water is a shared resource that must be used efficiently.

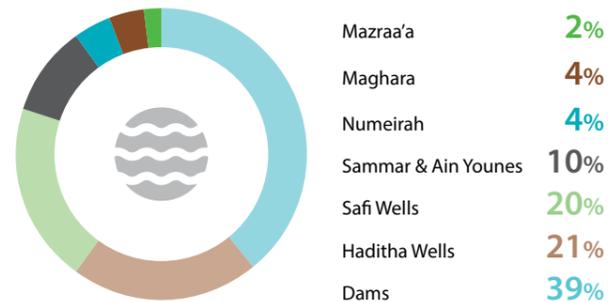


## HIGHLIGHTS

**9% decrease in water withdrawal**

In 2018, we increased our reservoirs' storage by approximately 17%, from 75,000 m<sup>3</sup> to 90,000 m<sup>3</sup>. We plan to further improve our storage capacities by an additional 44% in 2021 to reach a total of 160,000 m<sup>3</sup>. In addition to the construction of underground wells and new boreholes that are expected to compensate the depleted ones.

## WATER RESOURCES IN 2020



At APC, we developed our 10-year Water Strategy, which sets the pace for our efforts to reduce water consumption for the years up to 2030 and establishes the vision and goals for each of the major water management areas at APC. The strategy encapsulates our water management vision and objectives to overcome existing water management challenges and achieve our performance improvement goals. The strategy was developed based on internal studies, assessments and benchmarking with industry peers to identify relevant opportunities for water management and plan for actionable objectives and targets.

Our internal studies and assessments concluded that we should aim to diversify our water resources to reduce our reliance on governmental water resources and establish a secure and stable water supply during dry seasons. APC's water resources in 2020 are distributed as follows: 51% is groundwater, 39% is surface water, and 10% is recycled water. Haditha Wells are a brackish water resource, Sammar and Ain Younes are a recycled water resource, while Dams, Safi Wells, Maghara, Numeirah, and Mazraa'a are all freshwater resources. In 2020, 49% of our water supply comes from the Jordan Valley Authority (JVA), while the other 51% comes from resources that are owned by APC. The water supplied from JVA includes fresh and saline water from water dams and run-off sources. The water that we collect from APC owned water sources includes fresh and brackish water from groundwater and surface water sources.

As part of our continuous engagement with the local community, we replaced and rerouted water pipelines that passed through farmer lands.

Furthermore, we upgraded the water stations' control panels to work with the new water management and automation system. As part of the signed agreement with the Ministry of Water, we were able to receive subsidized and reliable water supply for our operations. However, we faced technical challenges relating to the increase in potash demand, reliability of existing assets (mainly Safi pumps and corroded pipeline network), as well as the limited capacity for the use of agricultural run-off water due to water quality issues. Some natural challenges were faced due to dry weather conditions that led to a reduction in access to surface water resources and the resulting pressure to divert water for agricultural purposes due to loss in crop yield. In this year, the total annual water consumption by our operations was met through the existing water resources available to us through groundwater, surface water, dams and run-off. However, we are

considering future challenges in meeting water demand due to depletion of underground wells and reduction in rainfall as part of our risk management and planning activities.

For the coming year, we are aiming to replace the existing wastewater treatment units at our APC township, plant site, and Aqaba site with new units that utilize the latest treatment technologies, to increase the usage of treated water for irrigation and land greening purposes.

Our total Dead Sea water withdrawal decreased by approximately 9% from 357,537,403 m<sup>3</sup> in 2019 to 326,485,582 m<sup>3</sup> in 2020. Our fresh water consumption slightly increased by 7% from 11,720,403 m<sup>3</sup> in 2019 to a total of 12,563,582 m<sup>3</sup> in 2020 due to an increase in production volume.

In 2020, our water discharge decreased by 9% compared to our water discharge in 2019, reaching a total of 209,281,333.30 m<sup>3</sup>.

## WATER WITHDRAWAL, CONSUMPTION & DISCHARGE (m<sup>3</sup>)

	2019	2020
Total water withdrawal from all areas (including Dead Sea Water)	357,537,403.00	326,485,582.00
Total water consumption from all areas	11,720,403.00	12,563,582.00
Total water discharge	230,544,666.70	209,281,333.30
Specific water consumption (m <sup>3</sup> /ton)	4.66	4.69

## Construction of Wadi Ibn Hammad Dam

In 2014, we commenced construction of Wadi Ibn Hammad Dam, financing a total of JOD 52.50 million. Wadi Ibn Hammad Dam is expected to increase water security in the area and form a strategic water reservoir that ensures the continuity of our operations. The construction of the dam is soon to be finalized and ready to secure rainwater during the upcoming winter season.



## New Water Pumping Station

Work is underway to construct a new water pumping station that pumps salt water from the Dead Sea to the company's ponds. The engineering design of the project is complete, and several equipment are purchased already, while the construction of berths for the new pumps will begin in 2021. The project is of great significance to sustain APC's productivity in the future.



# WASTE MANAGEMENT

At APC, we are committed to managing our waste streams in a manner that reduces the impact we pose on the environment. As part of our policy, we pursue all legal requirements related to waste management, in addition to responding to all international agreements related to the safe disposal of waste. We have clear standard operating procedures and instructions for the handling of oils, medical wastes, chemicals, batteries, and radioactive wastes, as well as for loading waste containers at plants site.

To spread the necessary awareness among employees on the issue of waste management, we held specialized courses for employees concerned with waste management, and distributed warning signs in all work areas. We train employees on waste management and perform site coaching to cover the different areas of waste management.

As an ISO 14001 certified company, we are subject to programmed and systematic external audits on waste management by third-party certification bodies to assess our compliance with the stipulated requirements of the environmental management systems. This enables us to continually track and improve the efforts we implement in managing our waste.



Furthermore, to perpetuate our good waste management efforts, we apply the 5S housekeeping management system, which promotes the elimination of waste in our facilities and improves the overall order and cleanliness of our premises. The 5S is a Japanese management technique implemented through five-stages of sorting, setting in order, cleaning, standardizing, and sustaining the cleanliness of our facilities. A Housekeeping Committee was created to support the implementation and evaluation of the 5S system across our operations.

All the waste we generate is directed to disposal. In 2020, total waste generated stood at 4,462.50 metric ton, of which 142.50 metric ton is hazardous waste and 4,320 metric ton is non-hazardous waste. About 0.50 metric ton of hazardous medical waste is disposed of by incineration. The other 142 metric tons of hazardous waste is composed of tires, batteries, battery acids, and other wastes. We sell all metallic waste, wood, oil, tires, batteries, and battery acids to legally certified contractors, while other wastes are sent to Swaqah

landfill. We also coordinate with the Ministry of Environment for all activities related to the safe disposal of unused chemicals and other hazardous waste materials.

We established radiation management policies that comply with the Jordanian laws of radiation protection and nuclear safety and security. Our radioactive waste management measures ensure the protection of the environment and the safety of personnel and the wider community. Radioactive waste disposal is handled in cooperation with the Jordanian Atomic Energy Commission, who are the authorized party to dispose of radioactive wastes.

Moving forward, we seek to construct a new scrap yard to improve sorting and management of industrial wastes and we aim to conduct a salts tail management study to evaluate the effect of salt tails on the neighboring community, examine the effective storing of salt tails and the recovery of larger brine quantity to be reused in the production cycle.

	2019	2020
 <b>WASTE GENERATED (metric ton)</b>	<b>4,462.5</b>	<b>4,462.5</b>
Total weight of hazardous waste generated	142.5	142.5
Total weight of non-hazardous waste generated	4,320	4,320
Total weight of waste directed to disposal	4,462.5	4,462.5

03



PEOPLE CENTRICITY

At APC, our employees are considered our main priority, their safety, security, motivation, and satisfaction are our core objectives. Through our Code of Conduct, we rally our values of instilling an inspiring work environment based on equality and inclusiveness.



KEY 2020 HIGHLIGHTS



**17%**

decrease in recordable work-related injuries



**1,165**

inspections were carried out on vehicles and trucks, as part of the winter vehicle safety campaign



**167%**

increase in total community investments



Developed

**Human Capital and Career Path Strategies**



**ZERO**

cases of discrimination for the second consecutive year



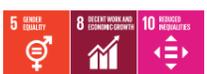
**44%**

reduction in our employee turnover rate

We also tend to the needs of the community residing in the vicinity of our operations, as we strive to provide targeted community initiatives and programs that fulfill their aspirations, including working to combat national issues of health, youth unemployment and education.

We consider our suppliers as our partners in success, through which we ensure a fair and inclusive opportunity to third-party vendors and suppliers.



Material Topics	Alignment to UN SDGs	Alignment to APC's Corporate Strategy
 <p><b>Occupational health &amp; safety</b></p>		<p><b>Strengthen the Core:</b></p> <ul style="list-style-type: none"> <li>Achieve operational excellence with focus on crucial capabilities</li> <li>Transform culture and enable talent</li> </ul>
 <p><b>Training &amp; education</b></p>		<p><b>Strengthen the Core:</b></p> <ul style="list-style-type: none"> <li>Transform culture and enable talent</li> </ul> <p><b>Prepare for the Inevitable Change:</b></p> <ul style="list-style-type: none"> <li>Institutionalize and foster sustainability practices, and create societal impact</li> </ul>
 <p><b>Local communities</b></p>		<p><b>Prepare for the Inevitable Change:</b></p> <ul style="list-style-type: none"> <li>Institutionalize and foster sustainability practices, and create societal impact</li> </ul>
 <p><b>Diversity &amp; equal opportunity</b></p>		<p><b>Strengthen the Core:</b></p> <ul style="list-style-type: none"> <li>Transform culture and enable talent</li> </ul> <p><b>Prepare for the Inevitable Change:</b></p> <ul style="list-style-type: none"> <li>Institutionalize and foster sustainability practices, and create societal impact</li> </ul>
 <p><b>Employment</b></p>		<p><b>Strengthen the Core:</b></p> <ul style="list-style-type: none"> <li>Transform culture and enable talent</li> </ul> <p><b>Prepare for the Inevitable Change:</b></p> <ul style="list-style-type: none"> <li>Institutionalize and foster sustainability practices, and create societal impact</li> </ul>
 <p><b>Procurement practices</b></p>		<p><b>Strengthen the Core:</b></p> <ul style="list-style-type: none"> <li>Increase production capacity and optimize supply chain and delivery model</li> </ul> <p><b>Expand through Diversification:</b></p> <ul style="list-style-type: none"> <li>Enhance channel mix and delivery network</li> <li>Grow and diversify customer base and market/geography presence</li> </ul>

# OCCUPATIONAL HEALTH AND SAFETY

At APC, we consider the safety of our employees, contractors, and visitors as a top priority and within our main core values. Our Board of Directors and Executive Management pay great attention to ensure that the employees are returning safely to their families by providing a safe workplace through the implementation of our established Occupational Health and Safety Management System (OHSMS). We are also committed to determining the appropriate control procedures, starting from eliminating hazards and ending with the use of Personal Protective Equipment (PPE), walking through safety engineering, developing tools and resources such as managerial procedures and instructions as well as championing positive and proper attitudes in line with our values as an organization.



## HIGHLIGHTS

 **17% decrease in recordable work-related injuries**

 **1,165 inspections** were carried out on vehicles and trucks, as part of the winter vehicle safety campaign

The following figure shows the annual Lost Time Injury Frequency Rate (LTIFR). The LTIFR in 2020 was 0.64 compared to 0.30 in 2019. The Frequency Severity Indicator (FSI) which shows the combined effect of injuries and accidents that took place and considers the corresponding working time lost was 0.11 in 2020 compared to 0.04 in 2019. The Recordable Injury Frequency Rate (RIFR) was 1.16 in 2020, compared to 1.26 in 2019. Based on these figures for 2019 and 2020, our performance in both years is considered within or below the international average RIFR.

APC has established an OHSMS, in line with OHSAS ISO 45001:2018, recognized risk management standards, and in alignment with our Occupational Health and Safety Risks Assessment Policy. The OHSMS covers all our sites including Amman, Aqaba, and Safi. All employees and contractors were governed by an OHSMS in 2019 and 2020.

## OHSMS COVERAGE

	2019	2020
Number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system	6,247	5,401
Percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system	100%	100%

## EMERGENCY RESPONSE AND SECURITY

In 2009, we established a Firefighting Center operated by Civil Defense crew through an agreement – renewed every three years – which was signed with the Civil Defense to guarantee high performance level in rescue, paramedic, and firefighting operations. The Potash Civil Defense is available 24/7 to provide the required assistance in emergency cases.

We follow specific processes to identify work-related hazards and ensure the quality of these processes through continuous assessment and suitable training. The hazard reporting process takes place through a hierarchy system, where workers report hazards to their direct supervisor, who in turn takes the appropriate measures. The supervisor either communicates with the concerned parties to take remedial measures or issues a safety work request. Workers can also communicate directly with the Safety Department and report any risks. Safety discussions, meetings, Toolbox Talks, and Suggestion boxes are

means by which workers can discuss work-related hazards. In case of incidents, we apply the TapRoot Investigation approach to ensure no future recurrence and improve safety performance in the work environment.

We conduct monthly inspections for all portable fire extinguishers in all workplaces. In 2020, we carried out a comprehensive update on the fire alarm system in our Safi site, which included the replacement of main and subsidiary panels and combustion product detectors, in line with the latest developments. We aim to complete all modernization works during the first quarter of 2021, before transitioning to the second phase, which includes updating the system at our site in Aqaba and other locations. Once completed, the third phase will commence which will cover the Amman Administration building and APC hospital in APC township.

### Safety Field Toolbox Talks



Toolbox talks are conducted at field by supervisors prior to starting any work tasks, new tasks, before shutdowns, after incidents or near-misses, after issue of new work instructions, updated work instructions, and for new workers or trainees.

Toolbox Talks are conveyed to clarify the risks accompanying the implementation of the work and the precautions that must be taken correctly and to ensure that workers understand and adhere to safe work practices during work.

### TapRoot Investigation System



The TapRoot Investigation System is used to investigate the incidents and to identify the root causes and corrective actions accordingly. Workers are always encouraged to report incidents, as we adopt a no-blame culture at APC.

We held courses to raise workers' awareness on the system. Using the TapRoot Investigation System, we successfully reduced the safety incidents and improved the positive safety culture at APC.



**SAFETY PROGRAMS AND CAMPAIGNS**

We believe in the continuous improvement of all our operations and activities in line with legal requirements, legislation, and in ensuring continuity of work without accidents and injuries. We provide continuous safety training and awareness for all employees through safety programs and campaigns, which includes the issuance of monthly Occupational Health & Safety awareness posters to all workplaces.

In compliance with the Jordanian labor law, non-supervisory employees make up approximately half of our Labor Safety Committee, which meets every month to discuss all safety related issues and ways to improve the working environment. The findings are communicated directly to the President and CEO, thus ensuring prompt action is taken to resolve any issues.

Workers form part of the Incident Investigation Committee, which identifies the incidents’ direct and root causes and undertakes the required corrective actions to prevent reoccurrence of the identified incidents. Our workers also participate in the technical evaluation of the PPE, and during the risk assessments in line with their experiences on site and during the undertaking of their day-to-day tasks. We also engage our workers in the process of establishing the needed measures to control and mitigate risks across our operations.

All our PPE comply with international standards of safety to align with our core values and focus on people centricity at APC. In addition, we cooperate with the Energy and Minerals Sector Regulatory Authority to obtain all legal licenses for radiometric instruments, which are used to measure the flow rates and level of fluid inside the tanks.

We conduct a radiological survey to check the status of the radioactive sources, their dose rates, radioactive contamination, and to ascertain that the radiation levels are within the allowable limits for workers with potential exposure to radiation. We meet safety and legal requirements of preventing the exposure of radiological workers and non-radiological workers to unjustifiable doses of radiation.

To ensure the safety of our workers while completing their duties outside our premises, about 1,165 inspections were carried out on vehicles and trucks transporting the potash product. This initiative was undertaken as part of our winter vehicle safety campaign. The vehicles were inspected to assess if they are in good working condition and are equipped with the necessary technical requirements. Appropriate identification cards and signs were also placed on each vehicle to indicate the extent of the vehicle’s suitability and eligibility to be in use.

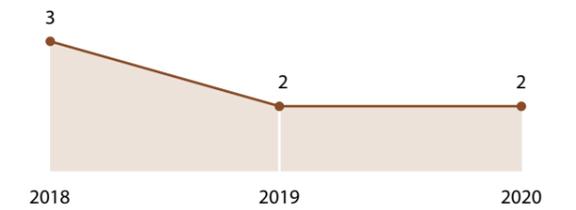
We use a Global Positioning System (GPS) tracking device to continuously monitor the vehicles’ speeds while in use by our workers. We compile and issue daily reports on the speed of our fleet of trucks and record any violations that may occur, or complaints received from public road users. An emergency control vehicle (patrolling vehicle) was also introduced to carry out specialized operations in the field of traffic and emergency control operations. The vehicle is equipped with all the necessary equipment for traffic control, emergency, and accident response. In both 2020 and 2019, we recorded two vehicle accidents, respectively.



In 2020, we did not register any employee or contractor fatality. The number of contractors’ recordable work-related injuries decreased by 17% from 29 injuries in 2019 to 24 injuries in 2020.

Whereas, employees’ recordable work-related ill health doubled from 29 injuries in 2019 to 58 injuries in 2020. We also noted an increase in the rate of high-consequence work-related injuries for employees in 2020 (0.64) when compared to 2019 (0.30), while the rate of recordable work-related injuries decreased by 6% from 1.30 in 2019 to 1.22 in 2020 due to the reduction in the number of employees by approximately 113% during the COVID-19 pandemic.

**NUMBER OF VEHICLE ACCIDENTS**



**HEALTH AND SAFETY PERFORMANCE**

	2019		2020	
	Employees	Workers	Employees	Workers
Number of fatalities as a result of work-related injury	0	0	0	0
Number of fatalities as a result of work-related ill health	0	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	6	29	12	24
Rate of high-consequence work-related injuries (excluding fatalities) (per 200,000 hours) - Employees	0.30		0.64	
Number of recordable work-related injuries	26	29	23	24
Rate of recordable work-related injuries (excluding fatalities) (per 200,000 hours) - Employees	1.30		1.22	
Number of cases of recordable work-related ill health	29	0	58	0

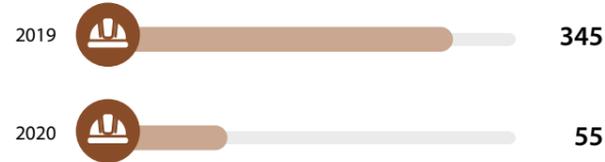
### HEALTH AND SAFETY TRAINING

We believe that the growth of the safety culture and the health of our employees is directly impacted by a set of comprehensive occupational health and safety awareness and training programs. The Environment and Safety Directorate annually identifies training requirements for each directorate/ department, and in coordination with the training department, selects the most prominent authorized and certified training firms. Training and raising awareness take several forms, the most important of which is the publication of brochures, field meetings, training sessions and supervisory follow-ups through coaching to empower field workers. We also deliver external health and safety training through contractual courses that are held with specialists from outside the company.

In 2020, we provided training to 55 employees on health and safety, an 84% decrease compared to 2019. The reduction is mainly due to the preventive measures that were taken to protect our employees from the spread of the COVID-19 pandemic.

### HEALTH AND SAFETY TRAINING

Total number of employees who have received training on health and safety



### INSPECTION OF LIVING CONDITIONS

We are committed to providing the best level of comfort to our employees and contractors. In 2020, we rehabilitated Al Hussein Housing Camp and performed maintenance work at APC township, which included general maintenance work at APC club and two swimming pools. A football field was also constructed at Al Hussein Housing Camp. Al Hussein Housing Camp contains eight buildings and has a capacity of 292 living spaces allocated for employees and their families. In addition to the camp rehabilitation project, the overseeing housing committee and relevant teams also installed entertainment facilities for visitors of the public garden at APC township.

We offer transportation services to and from the workplace to our employees. To align and abide with the instructions of the Jordanian Ministry of Health and achieve spacing between employees while transporting them, we increased the number of buses transporting employees from 24 buses to 48 buses during the COVID-19 pandemic. We also ensure the sterilization of buses and vehicles before and after the transportation of employees. Relying on the services of external contractors, we provide food and beverage services to employees at various company sites to promote a better work environment and employee satisfaction.



### MEDICAL EXAMINATION

At APC, we offer a generous health insurance system with an unlimited cap and a wide-coverage network of medical services and health service providers. Our health insurance benefits are also offered for retirees and beneficiaries of deceased employees. We are committed to maintaining the health and wellbeing of our employees. Therefore, we bear the financial costs associated with all medical services offered to our employees.

We provide direct medical services to our workers and their families living in the Southern Jordan Valley through the Potash Hospital and the factory clinic. The Potash Hospital provides integrated care and is equipped with an emergency treatment facility, radiology facility, laboratory, and pharmacy. High quality health care services are provided at the plant clinic, with a doctor, medical nurse, and an ambulance available around the clock.

As a legal requirement for companies operating in our industry, we also perform periodic preventive medical exams to ensure the fitness of workers and to diagnose any illnesses due to occupational practices. All third-party workers who are involved in preparing food on our premises are required to demonstrate a valid disease-free certificate. We conduct a periodic safety inspection to monitor the compliance of the third-party workers with our health and safety requirements. At APC, we also perform annual tests for employees who are periodically exposed to a radiation source.



### CERTIFICATIONS

For the third consecutive year, we have been recognized by the IFA as an Industry Stewardship Champion for our outstanding achievement in product stewardship. The "Industry Stewardship Champions" label is attributed to fertilizer companies that have participated in all of IFA's most recent Safety Performance, Environmental Performance, Energy Efficiency and CO<sub>2</sub> Emissions benchmarks, and that are IFA Protect & Sustain certified or have valid international certifications such as ISO, OHSAS, and Responsible Care.

Moreover, we conduct external audits of our health and safety management system. The most recent audit was conducted by the end of 2020, where we received the ISO 45001 certificate for occupational health and safety management.



# EMPLOYMENT AT APC

Our devotion to our employees' wellbeing is observed across APC. Our leadership is committed to improving the culture and enabling our talent as presented in our revamped Corporate Strategy. We maintain clear strategic initiatives to improve our work culture, enhance productivity and upskill our workforce.



## HIGHLIGHTS



Developed  
**Human Capital and Career Path Strategies**



**ZERO**  
cases of discrimination for the second consecutive year



**44%**  
reduction in our employee turnover rate

During the COVID-19 pandemic, the resilience and sense of team spirit of our 1,743 employees, who committed to working amid a worldwide pandemic with a limited number of resources. Exceeding all expectations, the average productivity of each employee increased by around 26% in 2020 compared to their productivity in 2015. We are ever grateful for the support of each and every employee at APC whose contributions and performance were a testament to our collective success in these unprecedented times.



## EMPLOYMENT AT APC

	2019	2020
<b>Total number of employees by gender</b>	<b>1,753</b>	<b>1,743</b>
Female	58	58
Male	1,695	1,685
<b>Total number of employees by employment contract</b>		
Permanent	1,532	1,544
Temporary	221	199
<b>Total number of employees by employment type</b>		
Full-time	1,753	1,743
Part-time	0	0
Full Time Regular	1,096	1,076
Shift Basis	657	667

## MANAGEMENT OF EMPLOYEES

To govern the management of employees, we recently developed the Human Capital Strategy which entails the needed caliber and skills in line with our overall goals. Our strategy is based on a comprehensive workforce plan developed with the support of our talent management team to identify the right people for the right job, including the required action plan to improve employee productivity and overall profitability of APC. Furthermore, during this year we established the Career Path Strategy to ensure each employee at APC is provided with an equal opportunity and tailored guidance to progress in their career at APC. The Human Capital and Career Path Strategies were developed by the Human Resources (HR) department following the HR and Corporate Affairs VP's guidance and our President and CEO's approval.

Our legal and ethical rules of behavior expected from each employee is covered in our Code of Business Ethics (CoBE). The CoBE reflects our policies and ensures that all dealings with our employees, service recipients and service providers are conducted with integrity and high work ethics, without discrimination of any kind, in order to guarantee high trust among all stakeholders, including trade partners.

The HR Department at APC is responsible for certifying that employees testify to reading and understanding the CoBE annually, through requesting employees to complete the Compliance and Acknowledgement Certificate when joining APC and every year thereafter. The HR Department will keep

the duly completed certificates in the employees' personnel file. While the Compliance Committee, comprising the Deputy General Manager for HR, the Manager of the Internal Audit department, and the Manager of the Legal Department oversee the implementation of CoBE and review it annually to ensure that it meets APC's evolving needs.

Employees are expected to report any violations to our CoBE as per our whistleblower and HR complaints policy, providing appropriate evidence that supports the allegation, for which a dedicated committee will ensure that proper investigations are conducted to address and resolve the issue, in liaison with the concerned parties, with due attention to timeliness and confidentiality, in compliance with APC's whistleblower and complaints policies. The committee includes members from the HR department, Operations department, Finance department, TapRoot investigators, and members from the concerned directorate. The committee members are selected according to the nature of the violation or non-conformity.

At APC, we have zero tolerance toward any forms of harassment, including but not limited to discriminatory behavior based on race, gender, origin, disability, age, or religion. Any harassment-related incidents shall be reported as indicated in our CoBE to ensure the implementation of the necessary corrective and preventive measures. In 2020 and 2019, we did not identify any cases or incidents of discrimination.

## TALENT MANAGEMENT AND DEVELOPMENT

We consider talent management and development as a catalyst to realize our mission at APC, as we must all strive to continually improve individual and departmental performance through aligning employees' objectives with APC's mission and plan. This is achieved through the combined efforts of our HR and training departments who oversee the performance management of our employees through setting a clear understanding for employees on how they contribute to the achievement of the overall business objective, defining a clear development plan and conducting regular discussion throughout the performance cycle such as coaching, mentoring, feedback and assessment.

Our employee performance management process is initiated through employees defining objectives in consultation with their performance managers or supervisors, followed by

coaching and setting of performance improvement action plans. To measure employees' performance, we implemented a performance measurement framework that evaluates performance based on the objectives and actions that employees set to achieve. The framework covers evaluation elements, specific professional behaviors that should be demonstrated by the employee in order to be able to achieve the objectives and performance standards. We are also planning to include monetary rewards associated with performance and training as part of the framework in the coming year.

In both 2020 and 2019, all our employees at APC received regular performance and career development reviews to support them along their career growth.

### APC'S PERFORMANCE MANAGEMENT CYCLE

#### PLANNING

- Defining and agreeing on objectives

#### REWARDING

- Relating pay to performance
- Linking to training, career development and succession planning



#### MANAGING

- Tracking, monitoring, supporting and coaching performance

#### REVIEWING

- Appraising performance and providing feedback

Through our performance management cycle, we aim to:

INCREASE COMMUNICATION	IMPROVE PERFORMANCE	DEVELOP EMPLOYEES	MANAGE HUMAN RESOURCES
<ul style="list-style-type: none"> <li>• Improve communication between managers, supervisors and employees</li> <li>• Clarify job responsibilities and standards</li> <li>• Provide employee feedback on their performance</li> </ul>	<ul style="list-style-type: none"> <li>• Establish challenging and mutually agreed-upon performance goals in line with APC objectives</li> <li>• Encourage employee and work teams to strive for continuous improvement and quality</li> <li>• Identify and eliminate obstacles to performance</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on and addressing employee growth and career development</li> <li>• Recognize individual and team performance</li> <li>• Optimize employee skills, abilities and interests for mutual benefit</li> </ul>	<ul style="list-style-type: none"> <li>• Justify employment actions such as promotions, transfers, salary increases, work assignments, training and termination</li> <li>• Plan for staffing, training, resources and other issues</li> </ul>

## ENHANCING WORKFORCE PERFORMANCE

APC's leadership and executive management are keen on continually equipping employees with the needed skills and knowledge to empower them. Our learning and development process considers specific targets with suitable KPIs to ensure an effective and efficient process.

At APC, we provide both internal and external trainings through preparing annual training plans based on a comprehensive Training Needs Assessment (TNA) process to ensure that actual and job-related needs are considered. Each employee is required to complete a total of 300 hours of training within two years. We also offer programs that lead to certification based on the actual training need that is defined and recommended by the direct supervisor/manager, such as operational technical requirements, computer literacy, data management, safety, environment, quality, energy management, leadership, project management and talent management. In addition to the in-house trainings conducted by APC, we also provide our employees the opportunity to attend external trainings to build their capacity across multiple areas such as project management, energy management, safe working at heights, safe working in confined spaces, supply chain, maintenance planning and time management.

During the COVID-19 pandemic, we opted to conduct virtual trainings to safeguard employees' health and safety, which has impacted the average hours of training provided for each employee in 2020.

Both on-the-job and rotation trainings proved their success in the midst of the COVID-19 pandemic where we were able to redistribute manpower to support business continuity and cover shortages of staff in many operational jobs.

The majority of our trainings require a passing grade to ensure trainees are eligible for the certificate. During this year, a total of 11 employees received training certificates.

### TRAINING TARGETS

- Over **90%** of the new employees are required to have induction training
- Achieve over **80%** of the overall training effectiveness
- Achieve over **60%** implementation of the annual internal training plan

### TYPES OF INTERNAL TRAININGS



We plan to develop a comprehensive framework for establishing the general and technical competencies relevant for our employees along with their proficiency levels and definitions of the required skills and knowledge to demonstrate a certain competency on the job.



### EMPLOYEE TRAINING

	2019	2020
<b>Average hours of employee training by gender</b>		
Female	5.3	0.72
Male	5.65	0.98
<b>Training hour per employee category</b>		
Senior Management	0	0
Middle Management	5,168	850
Staff	5,050	902

## Caliber Training Program

We laid the ground for the Caliber Training Program, which seeks to recruit the most qualified workforce in Jordan. This two-year program is designed to encourage the most accomplished and motivated newly graduated students from across Jordan to work at APC. An effective selection process is embedded in the program to assess the performance of the graduates and offer them an opportunity to engage with senior staff to learn new skills through on-the-job training. Our training policy is followed to ensure we upskill our graduates who have enrolled in this program to equip them with the required skills for the jobs they are assigned.

Throughout the training program, our learning and development professionals prepare periodical reports, interviews and assessments to monitor the effectiveness and quality of the training provided to the enrolled graduates. At the end of the training program, we conduct a comprehensive interview process that

considers input and feedback on hiring the graduates as full-time permanent employees for successful graduates. Otherwise, a decision can be made on ending or extending the training further based on the graduate's performance.

Through the Caliber Training Program, we managed to reduce our total manpower costs by upskilling graduates to join as qualified employees and empowering them across the organization. This has supported the growth journey of our employees at middle management levels as they were able to delegate appropriate tasks to newly hired qualified employees. Other employee benefits observed include lower sick leaves and higher incentives for graduates to join the organization. The employment of graduates also supports the local community through reducing unemployment rates and contributing to the economic development of the country.



## EMPLOYEE SATISFACTION AND RETENTION

We are committed to satisfying and retaining our employees as they are the key drivers to our success. We implement various benefits to attract and retain employees including social security, medical insurance, after retirement medical insurance, savings fund, scholarships, life insurance, housing loans, safety incentives, production bonus, compensations and death fund. During this year, we organized and conducted Umrah rights for about 268 employees and their families.

We also provide transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment, where we cooperate with some of the retirees who are specialized in certain tasks or have technical expertise to train employees. In turn, this enhances knowledge transfer and ensure both actual need, quality, and costs.

Furthermore, we provide one-week notice period to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.

Further information on the benefits provided to our employees are presented in page 74.

Employees at APC also benefit from parental leaves - in compliance with Jordan's Labor Law - where female employees are entitled to 10 weeks of maternity leave, while male employees are entitled to three days of paternity leave.



 PARENTAL LEAVE	2019	2020
<b>Total number of employees that were entitled to parental leave</b>		
Female	58	58
Male	1,695	1,685
<b>Total number of employees that took parental leave</b>		
Female	2	2
Male	0	22
<b>The number of employees that returned to work after parental leave ended</b>		
Female	2	2
Male	0	22
<b>The number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work</b>		
Female	2	2
Male	0	22

**APC'S EMPLOYEE BENEFITS**



**End of service indemnity**

As a token of our appreciation to employees' services, we provide end of service indemnity upon the end of their services, usually dependent on one or more factor such as age, years of service and compensation as per our internal bylaws.



**Medical insurance**

APC employees benefit from medical and life insurance packages that provide leading class coverage of life insurance, physical health - including, vision and dental insurance, covering dependents as well.



**Death & compensation fund obligations**

The death and compensation fund is paid for employees who have been employees by APC for more than five years, upon demise, retirement or resignation. The sum of the compensation is one sixth of an employees' last year's total salaries for each year of service. The employee shall not benefit from this fund if they spent less than five years of service. In that case, the employee's total contribution to the fund is returned to the employee.



**Retirees medical insurance**

We developed a medical insurance fund in 2005, stemming from our appreciation for APC's former employees. The fund covers the medical treatments for retirees and their families through a monthly deduction fee of 1.5% from out current employees' salaries, while 2% is provided by APC. The fund currently benefits a total of 5,160 members, of which 1,079 are subscribers, including 1,130 wives and 2,951 children.



**Employees unveiled leaves**

In line with Jordan's labor law, we compensate our employees for any remaining annual leaves upon their retirement or termination.



**Scholarships**

We annually provide 20 scholarships for retirees who did not benefit from our scholarship programs before based on our scholarship program policy.



**Employees' housing loans**

Employee housing loans fund was established in 1992 to grant employees loans with a maximum limit of JOD 50,000, free of interest. These loans are repayable on monthly instalments deducted from the employee's monthly salary over a period of maximum 25 years. The total number of beneficiaries reached 2,036 employees with the total housing loans granted in 2020 increased to a total of JOD 64.410 million.



**Free accommodation**

Our employees whose work require them to reside in the vicinity of APC's plants, benefit from free housing for themselves and their families. Those are granted based on the terms and conditions of our Employee Accommodation Policy. We currently have 378 occupied housing units, which houses managers, supervisors and staff.



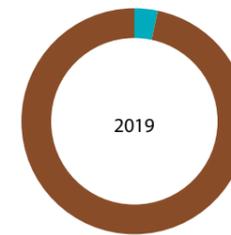
**Employee savings fund**

To further attract and retain talented employees, we provide our employees with a savings fund, where a trivial amount is deducted from employees' salaries each month and the amount is doubled by APC. The funds enables our employees to request for loans based on the terms and conditions of the Employees Savings Fund Policy.

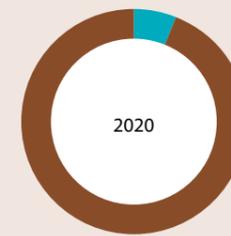
These benefits, coupled with our continuous learning opportunities led to low turnover rates of 9% and 5% in 2019 and 2020, respectively.

We also managed to attract new employees in 2020. However, due to the COVID-19 pandemic and challenging financial circumstances, we were only able to hire and onboard 65 new employees during the year.

**TOTAL NUMBER OF EMPLOYEES LEAVING EMPLOYMENT**

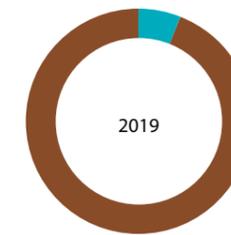


Male	146
Female	5
Under 30 years old	0
30-50 years old	81
Over 50 years old	70

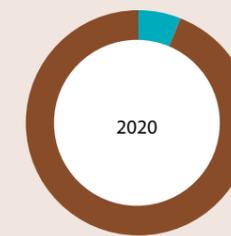


Male	80
Female	5
Under 30 years old	0
30-50 years old	31
Over 50 years old	54

**TOTAL NUMBER OF NEW EMPLOYEE HIRES**



Male	100
Female	7
Under 30 years old	87
30-50 years old	17
Over 50 years old	3



Male	61
Female	4
Under 30 years old	51
30-50 years old	12
Over 50 years old	2



# LOCAL COMMUNITIES

Enlightened by His Majesty King Abdullah II's vision in prioritizing a better life for all Jordanians, APC has fostered over the past years a national role and responsibility as a leading economic institution. Our approach to community engagement and investment is guided by a Corporate Social Responsibility (CSR) Charter and a social responsibility and donations framework.



## HIGHLIGHTS

 **167% increase in total community investments**

The Social Responsibility and Donations Committee formulates the annual strategy of social responsibility and sets up an action plan for implementing CSR activities. The Committee submits donation recommendations to the Board of Directors and follows-up on the allocated budget and the items of expenditure. The Committee is also responsible for appointing sub-committees comprising of APC employees to oversee and monitor projects in the field. The sub-committees send regular reports on the progress of work and the stages of accomplishing the projects to the Social Responsibility and Donations Committee.

### AREAS OF SOCIAL RESPONSIBILITY & DONATIONS

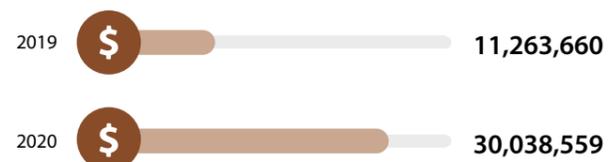
-  Literary domains
-  Health
-  Education
-  Sports
-  Water
-  Religious domains
-  Combatting poverty
-  Academic and scientific research conferences – renewable energy

### INVESTMENTS IN LOCAL COMMUNITIES

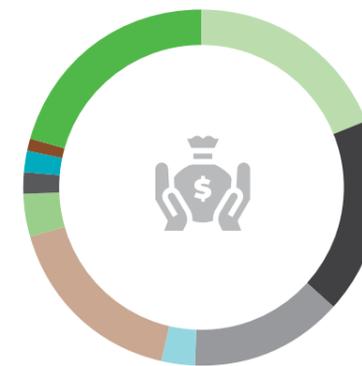
We follow a proactive approach in allocating part of our resources to serve the communities residing in the vicinity of our operations. Over the course of the past eight years, we donated around JOD 95 million on community-development initiatives across significant sectors including education, health care, water, and social development.

Supporting the community of the Southern Jordan Valley is at the top of our social responsibility priorities. Under the leadership of the Royal Hashemite Court, we funded a total of 34 initiatives and projects in the area, with donations amounting to around JOD 25 million, since 2012. Some of the most notable donations include the construction of Ghor Al Safi Hospital, Al Safi Secondary School, and Al Safi tank and pump station.

### COMMUNITY INVESTMENTS (JOD)



### PERCENTAGE OF DONATIONS PROVIDED BY APC (2013 - 2020)



Himmat Watan Fund	21%	Health Care	17%
Trade Unions	1%	Water and Environment	3%
Culture	2%	Official Representatives	14%
Place of Worship	2%	Social Development	18%
Sports	4%	Education	19%

Communities and individuals alike have suffered from the spread of the COVID-19 pandemic all around the world. This prompted us to double our donations to support the Kingdom's efforts in combating the spread of the virus. We donated JOD 30 million, of which JOD 20 million were dedicated to "Himmat Watan" Fund to assist in the fight against the COVID-19 pandemic across our communities.

During the pandemic, APC donated JOD 150,000 to King Abdullah University Hospital in Irbid, of which JOD 100,000 have been dedicated to equipping a lab for assisting the medical personnel in the hospital to detect COVID-19 as well as other diseases. We also donated JOD 50,000 to purchase protective medical equipment, in addition to donating 3,000 special N95 masks, 25 thermometers, 30 safety suits, and 100 safety glasses to the epidemiological investigation teams at Irbid's Health Directorate. Several hospitals across the Kingdom have been also assisted through APC's donations that amounted to JOD 478,000.

APC partnered with the State Development and Investment Corporation (SDIC) in China to donate USD 1.2 million to the Jordanian Ministry of Health, which has been used to purchase and transport medical equipment from the Chinese market. As a result, our local community investments significantly increased by 167% from JOD 11,263,660 in 2019 to JOD 30,038,559 in 2020.



**ENGAGEMENT WITH LOCAL COMMUNITIES**

APC’s Board of Directors approved the establishment of the Social Responsibility Association in 2020 after the approvals necessary for the registration of the Association were obtained from the relevant official authorities. The Association’s programs comprise projects in various fields, including health, education, training, social protection, water, and the environment in different regions of the Kingdom.

We place high importance on employing and qualifying the local labor market. In cooperation with the Vocational Training Institute in Ghor Al Safi, we implement an annual internship program for the residents of the Southern Jordan Valley through which students benefit from a one-year vocational training. Moreover, we cover the transportation costs and provide the students with a financial reward throughout the training period. On a similar note, and in cooperation with the Jordanian Engineers Association, we provide fresh engineer graduates from the Southern Jordanian Valley with a one-year training at our Safi Site and at a paid wage.

In 2020, we offered 52 higher diploma scholarships at AlHussein Technical University for students who earned a grade of 75% or higher in high school. The scholarships have been granted based on competitive and transparent basis, with an average of 5 scholarships per governorate.

In 2020, we planted 100 palm trees in APC township that produce approximately 3,000 kg of dates annually. A proportion of the dates are distributed to the local communities, while the remainder is allocated to our employees across different locations.

**LOCAL PROCUREMENT**

To sustain our operations, we require an ethical and dependable supply chain. We adhere to a Procurement Policy which includes a supplier evaluation process. As part of the supplier evaluation, safety and environmental requirements are considered.

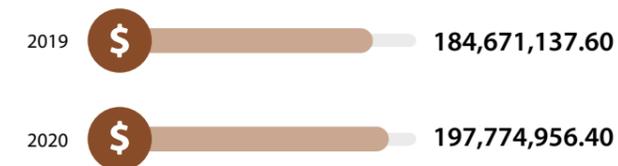
We aim to localize and regionalize our supply chain and are currently assessing the availability of reliable local suppliers with a focus on sustainability performance management. By prioritizing local suppliers, we further strengthen our contribution to the Jordanian economy and create more indirect jobs in the market.

The COVID-19 pandemic had huge implications on our procurement practices. We followed up and collaborated extensively with our suppliers to ensure the delivery of the required goods and materials with minimal disruptions to our operations. This was especially challenging during this year as many of our suppliers and vendors navigated shipping and logistics issues across the supply chain as was experienced on a global level. Supply bottlenecks and rising prices of raw materials meant high inflation that affected not only APC, but also the global economy. We took this as an opportunity to set the plan for a stronger pipeline of partnerships with local and regional vendors. Moreover, we relied on digital technologies for procurement management processes such as supplier notification and tender submission to increase the efficiency of the process while limiting contact between our employees and suppliers.

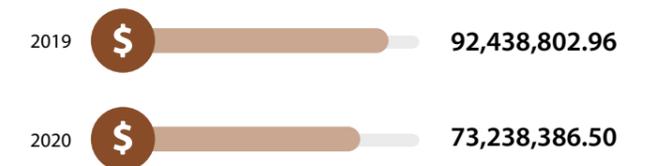
The percentage of procurement spending on local suppliers decreased by 13% from around half of all procurement budget spend on local suppliers in 2019 to 37% in 2020. Although we prioritized local suppliers, especially during the COVID-19 pandemic, we were hindered by the availability of materials in the local market, therefore, we sought other global providers.

**PROCUREMENT BUDGET (JOD)**

Total procurement budget spent on suppliers



Total procurement budget spent on local suppliers



## ANNEX

## ANNEX A: GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION
<b>GRI 101: Foundation 2016</b>			
General Disclosures			
GRI 102: General Disclosures 2016	<b>Organizational Profile</b>		
	102-1 Name of the organization	10	
	102-2 Activities, brands, products, and services	14, 15, 16, 17, 18, 19	
	102-3 Location of headquarters	16	
	102-4 Location of operations	16, 18	
	102-5 Ownership and legal form	16	
	102-6 Markets served	18, 19	
	102-7 Scale of the organization	16, 18, 19, 35, 69	
	102-8 Information on employees and other workers	69	
	102-9 Supply chain	19, 79	
	102-10 Significant changes to the organization and its supply chain	There were no significant changes during the reporting period	
	102-11 Precautionary principle or approach	30, 31, 32	
	102-12 External initiatives	None	
	102-13 Membership of associations	20	
	<b>Strategy</b>		
	102-14 Statement from senior decision-maker	6, 7, 8, 9	
	<b>Ethics and integrity</b>		
	102-16 Values, principles, standards, and norms of behavior	24, 25	
	<b>Governance</b>		
	102-18 Governance structure	28, 29, 30	
	<b>Stakeholder engagement</b>		
	102-40 List of stakeholder groups	25	
	102-41 Collective bargaining agreements	100% of employees are covered in the collective agreements related to Jordanian workers in mining and metals. 100% of engineers are covered in the collective agreements related to the engineers association.	
	102-42 Identifying and selecting stakeholders	25	
	102-43 Approach to stakeholder engagement	8, 25	
	102-44 Key topics and concerns raised	26	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION
	<b>Reporting practice</b>		
	102-45 Entities included in the consolidated financial statements	17, 41	
	102-46 Defining report content and topic Boundaries	10, 11, 26	
	102-47 List of material topics	26, 27	
	102-48 Restatements of information	This is the first sustainability report	
	102-49 Changes in reporting	None	
	102-50 Reporting period	10	
	102-51 Date of most recent report	This is the first sustainability report	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding the report	11	
	102-54 Claims of reporting in accordance with the GRI Standards	11	
	102-55 GRI content index	80, 81, 82, 83	
	102-56 External assurance	APC does not seek external assurance for its sustainability report	
<b>Material Topics</b>			
<b>GRI 200 ECONOMIC STANDARD SERIES</b>			
<b>Economic Performance</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	35, 40	
	103-2 The management approach and its components	40	
	103-3 Evaluation of the management approach	40	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	40, 41	
<b>Procurement Practices</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	61, 79	
	103-2 The management approach and its components	79	
	103-3 Evaluation of the management approach	79	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	79	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION
<b>GRI 300 ENVIRONMENTAL STANDARD SERIES</b>			
<b>Energy</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	45, 48	
	103-2 The management approach and its components	48, 49, 50	
	103-3 Evaluation of the management approach	48, 49, 50	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	50	
	302-3 Energy intensity	50	
<b>Water and Effluents</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	45, 54	
	103-2 The management approach and its components	54, 55	
	103-3 Evaluation of the management approach	54, 55	
GRI 303: Management Approach 2018	303-1: Interactions with water as a shared resource	54, 55	
	303-2: Management of water discharge-related impacts	55	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	55	
	303-4 Water discharge	55	
	303-5 Water consumption	55	
<b>Emissions</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	45, 52	
	103-2 The management approach and its components	52, 53	
	103-3 Evaluation of the management approach	52, 53	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	53	
	305-2 Energy indirect (Scope 2) GHG emissions	53	
	305-4 GHG emissions intensity	53	
<b>Waste</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	45, 56	
	103-2 The management approach and its components	56, 57	
	103-3 Evaluation of the management approach	56, 57	
GRI 306: Management Approach 2020	306-1: Waste generation and significant waste-related impacts	56, 57	
	306-2: Management of significant waste-related impacts	56, 57	
GRI 306: Waste 2020	306-3 Waste generated	57	
	306-4: Waste diverted from disposal	57	
	306-5: Waste directed to disposal	57	
<b>Environmental Compliance</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	45, 47	
	103-2 The management approach and its components	44, 47	
	103-3 Evaluation of the management approach	47	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	47	

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND/OR URL(S)	OMISSION
<b>GRI 400 SOCIAL STANDARDS SERIES</b>			
<b>Employment</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	61, 68	
	103-2 The management approach and its components	68, 69, 73, 74, 75	
	103-3 Evaluation of the management approach	69, 73, 74, 75	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	75	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	74	
	401-3 Parental leave	73	
<b>Occupational health and safety</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	61, 62	
	103-2 The management approach and its components	62, 63, 64, 65, 66, 67	
	103-3 Evaluation of the management approach	62, 63, 64, 65, 66, 67	
GRI 403: Management Approach 2018	403-1: Occupational health and safety management system	62	
	403-2: Hazard identification, risk assessment, and incident investigation	63, 64	
	403-3 Occupational health services	63, 64, 66, 67	
	403-4 Worker participation, consultation, and communication on occupational health and safety	64	
	403-5 Worker training on occupational health and safety	66	
	403-6 Promotion of worker health	67	
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	62	
	403-9 Work-related injuries	65	
	403-10 Work-related ill health	65	
<b>Training and Education</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	61, 70, 71	
	103-2 The management approach and its components	70, 71	
	103-3 Evaluation of the management approach	70, 71	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	71	
	404-2 Programs for upgrading employee skills and transition assistance programs	71	
	404-3 Percentage of employees receiving regular performance and career development reviews	70	
<b>Diversity and Equal Opportunity</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	61, 69	
	103-2 The management approach and its components	69	
	103-3 Evaluation of the management approach	69	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	28, 69	
<b>Local Communities</b>			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	61, 76	
	103-2 The management approach and its components	76, 77, 79	
	103-3 Evaluation of the management approach	76, 77, 79	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	76, 77, 79	

## ANNEX B: LIST OF ABBREVIATIONS AND ACRONYMS

ACRONYM	FULL FORM	ACRONYM	FULL FORM
AFA	Arab Fertilizer Association	JBC	Jordan Bromine Company
AQIS	Australian Quarantine & Service Inspections	JIPC	Jordan Industrial Ports Company
CCP	Cold Crystallization Plant	JQM	Jordan Quality Mark Certificate
CoBE	Code of Business Ethics	KCI	Potassium Chloride
COSO	Committee of Sponsoring Organizations of the Treadway Commission	Kemapco	Arab Fertilizers and Chemicals Industries
COVID-19	Coronavirus	KOH	Potassium Hydroxide
CSR	Corporate Social Responsibility	KPIs	Key Performance Indicators
EMS	Environmental Management System	LTIFR	Lost Time Injury Frequency Rate
EnMS	Energy Management System	LP	Low pressurized steam
EPA	US Environmental Protection Agency	MRP	Management Response Plan
ERM	Enterprise Risk Management	NJFC	Nippon-Jordan Fertilizers Company
GHG	Greenhouse Gas	PPE	Personal Protective Equipment
GPS	Global Positioning System	RSS	Royal Scientific Society
GRI	Global Reporting Initiative	RIFR	Recordable Injury Frequency Rate
HLP	Hot Leach Plant	SDIC	State Development and Investment Corporation
HP	High pressurized steam	SNI	Indonesian National Standard
HR	Human Resources	SWOT	Strengths, Weaknesses, Opportunities and Threats
HRSG	Heat Recovery Steam Generator	TNA	Training Needs Assessment
IFA	International Fertilizer Association	UN SDGs	United Nations Sustainable Development Goals
ILAC	International Laboratory Accreditation Cooperation	VFD	Variable Frequency Drives
IPCC	Intergovernmental Panel on Climate Change	VP	Vice President
JAFCCO	Jordan Abyyad Fertilizer & Chemical Company		



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