

CHEMISTRY THAT MATTERS™



# REIMAGINING ESG TOWARD A CIRCULAR ECONOMY

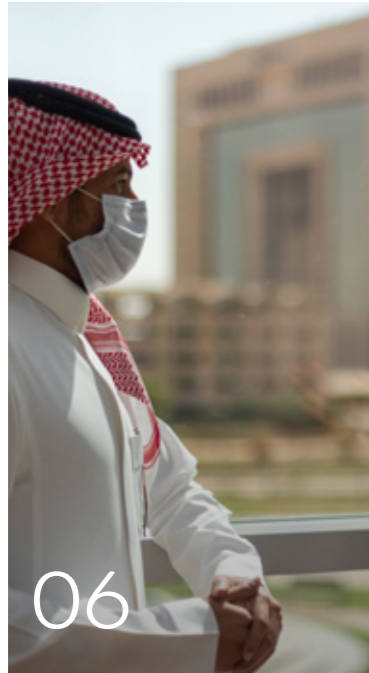
SUSTAINABILITY REPORT 2021



AT SABIC, 2021 WAS A YEAR DEFINED BY OUR EFFORTS TO REIMAGINE ESG AT THE CENTER OF OUR BUSINESS – AND TAKE URGENT, AMBITIOUS ACTION ON CLIMATE CHANGE THROUGH OUR CARBON NEUTRALITY 2050 ROADMAP, EMBRACE THE PROMISE OF THE CIRCULAR ECONOMY THROUGH INNOVATION AND COLLABORATION, AND RESPOND TO OUR STAKEHOLDERS' EXPECTATIONS FOR GREATER TRANSPARENCY AND ACCOUNTABILITY.

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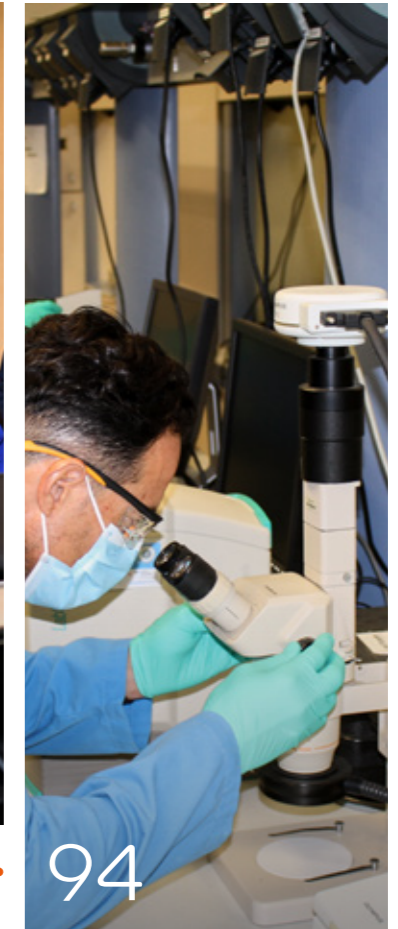
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# SABIC OVERVIEW



## THIS IS SABIC

<p><b>31,000+</b> Employees</p>	<p><b>50</b> Countries of operations with global headquarters in Riyadh, Saudi Arabia</p>	<p><b>5</b> Key geographies with innovation hubs in the Middle East, the United States, Europe, Southeast Asia, and Northeast Asia</p>	<p><b>10,090</b> Patents and pending applications</p>
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## SUSTAINABILITY IN OUR VALUE CHAIN

<p><b>UPSTREAM</b></p> <p>Lower-carbon and renewable feedstocks</p>	<p><b>OPERATIONS</b></p> <p>Resource efficiency and energy-reduction projects; operational excellence</p>	<p><b>CUSTOMERS</b></p> <p>Materials that enable lower energy for processing</p>	<p><b>USE PHASE</b></p> <p>Energy savings by reduced material to meet consumer needs</p>	<p><b>END OF LIFE</b></p> <p>Chemistry to enable recycling; developing technology to promote circular economy</p>
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## OUR CORE MARKETS

<p><b>CLEAN ENERGY</b></p>	<p><b>MEDICAL DEVICES</b></p>	<p><b>PACKAGING</b></p>	<p><b>CONSTRUCTION</b></p>
<p><b>TRANSPORTATION</b></p>	<p><b>ELECTRICAL AND ELECTRONICS</b></p>	<p><b>AGRI-NUTRIENTS</b></p>	<p><b>FIND OUT ABOUT OUR CORE BUSINESSES IN OUR ANNUAL REPORT FROM PAGE 36</b></p>

## CHAIRMAN'S WELCOME



**KHALID HASHIM AL-DABBAGH**  
Chairman

This year, we took our most far-reaching sustainability commitment yet: a public pledge to become carbon neutral by 2050.

The petrochemicals industry, like most other global industries, was not spared the impact of COVID-19. But we weathered the pandemic storm of the past few years because of the foresighted actions we took as part of our transformation program. Besides simplifying and consolidating our business portfolio, we implemented changes that place us in a stronger position to take on increasingly intense competition. In any case, 2021 marked a turning point for the ailing global economy, and the longer-term prospects for our industry continue to be encouraging.

We drew upon the learnings of our peers in the industry, and aligned with relevant internal and external stakeholders. It was also the year in which we took our most far-reaching sustainability commitment yet: a public pledge to become carbon neutral by 2050.

The SABIC Leadership Way specifies how our leaders can step up their engagement skills and focus on transparent communication, authenticity, and employee well-being.

SABIC is committed to the Paris Agreement goals and will continually pursue efforts and explore solutions to meet carbon neutrality from operations under our control by 2050, taking into account the different regional and national ambitions, commitments and initiatives. Focusing on our direct and indirect emissions generated by our own production (Scope 1 & Scope 2), we aim to reduce our carbon emissions by 2030 worldwide by 20% compared to 2018. In addition, we aim to collaborate with our partners in initiatives that aspire to reduce our indirect Scope 3 emissions along the value chain.

Indeed, our work, workforce, and workplace are undergoing irreversible change, and we must reshape our relationships not only with employees but also suppliers and customers. This will require a new culture of leadership within the Company. The SABIC Leadership Way specifies how our leaders can step up their engagement skills and focus on transparent communication and employee well-being.

We are witnessing significantly strong growth, capitalizing on the opportunities presented by economic recovery around the world. I believe that this is a true testament to our greatest asset: our people. And so I commend SABIC's employees for their great efforts, ability to work well together in the most challenging times and embrace new ways of working, and for being outstanding ambassadors of the SABIC values.

Even before 2021, our strategy and transformation program aligned with the United Nations Sustainable Development Goals. We are therefore deeply committed to creating long-term value not only for shareholders but also for all our stakeholders under the umbrella of sustainability.

Ultimately, SABIC's long-term vision is to become the preferred world leader in chemicals. I believe we are in pole position to accomplish that; we are fortunate to be based in a country whose wise leaders have a bold vision that is aligned with our own, and we are willing to adopt a set of norms that can help get us there.

We are deeply committed to creating long-term value not only for shareholders but also for all our stakeholders under the umbrella of sustainability.

## VICE CHAIRMAN & CEO'S STATEMENT



**YOUSEF ABDULLAH AL-BENYAN**  
Vice Chairman and Chief Executive Officer

Environmental and human health, safety, and security (EHSS) have proved once again to be the bedrock of SABIC culture. They helped us maintain a steady course through the turbulence of COVID-19.

Our resilience, agility, and commitment to deliver our transformation plan enabled SABIC to successfully navigate the heightened concerns caused by the pandemic affecting the chemical industry. Now, as the global economy recovers, we find ourselves well positioned for sustainable growth.

That said, we cannot afford to be complacent. Environment, health, safety, and security (EHSS) remain the bedrock of SABIC culture. They have helped us maintain a steady course through the turbulence of COVID-19. We went to great lengths to safeguard the physical and psychological health of our people and their families, as well as the wider communities in which we operate. We upheld our excellence in cybersecurity, ensuring that we could carry out our business during difficult times, even when working from home.

The chief indicator of our overall EHSS performance, the Safety, Health, and Environment Rate (SHER), stands at 0.35 – our lowest ever. There were zero Class A incidents and zero cybersecurity incidents of any consequence in 2021. We also improved our score on the overall EHSS Maturity Index, which incorporates a definition of cybersecurity maturity that we introduced two years ago.

In 2021, we concluded the first SEEC cycle requirement by optimizing our energy utilization by 7% since 2011. Moreover, we consolidated a project portfolio to comply with the second SEEC cycle in 2025. Our ESG performance, together with our impressive standalone corporate credit rating, helps us secure finance for growth. I would like to highlight, specifically in reference to our Social and Governance performance, that we continued to invest in the communities in which we operate, even during a time of recovery. SABIC invested US\$ 33.56 million in 127 Global CSR programs in 26 countries, touching the lives of more than 345,000 people. We have also been recognized for our

We were also honored with the “Best ESG Award” by the Saudi Capital Market Forum in the very first year of it being instituted – a strong testament to our industry-leading ESG proposition.

human resources management, reaffirming our commitment to provide excellent work conditions for our global employees. Moreover, we continued to raise the bar for compliance as we instill a strong ethical culture across SABIC. It is why we retained the “Compliance Leader Verification” recognition from Ethisphere, reaffirming our position as a champion of world-class corporate governance practices.

We were also honored with the “Best ESG Award” by the Saudi Capital Market Forum in the very first year of it being instituted – a strong testament to our industry-leading ESG proposition.

We recognize that we cannot lose sight of our ESG scores, however. We aim to better understand our ESG performance and establish policies for its continual improvement.

At the same time, we further evolved our operating model to better embrace sustainability, leverage technological innovation, and deliver increased value to our stakeholders in Saudi Arabia and wherever we operate. Our new operating model has enabled us to deepen our relationships with our customers in high-growth markets around the world. Having taken bold steps to reorganize and simplify our Agri-Nutrients and Specialties businesses, we have expanded into new and exciting areas this year. Meanwhile, we are rapidly embracing digitalization, leading to greater efficiencies that we will build on.

Our commitment to innovation defines our competitive advantage: we can develop not only digital but also non-digital solutions that give us a head start as the world recovers from the pandemic. We believe in our ability to capitalize on the many emerging opportunities, such as those related to electric vehicles and 5G telecommunication systems. In fact, two of the advanced materials from our Specialties portfolio, the ELCRES™ HTV150 Dielectric Film and the High-Purity SD1100P Specialty Dianhydride, were placed on the R&D 100 Awards' list of the year's top revolutionary technologies for precisely for this reason.

Our Carbon Neutrality Roadmap shows how seriously we are taking innovation as we meet our long-term responsibilities. It identifies five pathways to SABIC's decarbonization: Reliability, Energy Efficiency, and Improvements; Renewable Energy; Electrification; Carbon Capture, Utilization and Sequestration; and Green/Blue Hydrogen. These pathways complement our ongoing focus on circular and renewable feedstock. Indeed, our efforts to advance the circular economy have seen SABIC recognized globally. Chemical Week recently named SABIC as the winner of the “Best Recycling and Circularity Initiative” at its prestigious 2021 Sustainability Awards.

Above all, we remain deeply committed to Saudi Arabia's Vision 2030 and its recent outgrowth: the Saudi Green Initiative (SGI). The SGI lays out how carbon neutrality will support the Vision's three themes: Vibrant Society, Thriving Economy, and Ambitious Nation. Growing the economy is also an objective we share with the Kingdom, and the “Shareek” initiative represents a major leap forward. By enabling the private sector to work with the relevant ministries or government agencies to obtain specialized support, we can spur growth opportunities for the chemical industries and manufacturing industries in the Kingdom and further support Saudi exports. At the same time, it will strengthen the locally sourced supply chain by improving the accessibility of competitive funding to support small- and medium-sized enterprises. In short: Shareek will enhance the competitiveness of the Kingdom and SABIC on local, regional, and global levels.

Meanwhile, our NUSANED™ initiative continues to make substantial contributions to the economy, boosting localization, and achieving greater economic diversification and job creation.

From where SABIC now stands, I see a bright future ahead of us. With our comprehensive transformation and Carbon Neutrality Roadmap in place, now is the time to deliver and cement our leadership in our new reality. Our continued growth requires us to be bold, further evolve our business model, and adopt technologies that enhance our operational, sustainability, and environmental excellence as we edge ever closer to becoming the preferred world leader in chemicals.

Our ESG performance, together with our impressive standalone corporate credit rating, helps us secure finance for growth.

# STRATEGY

SABIC’s sustainability strategy is guided by our ambition to be the world’s preferred supplier of chemicals by 2025. Sustainability for us is about building resilience, which is essential to building the foundation that our business will thrive on in the future.

With global megatrends and changing societal expectations in mind, we overhauled our materiality process in 2018 and identified six core priorities and nine new areas to drive business progress. These have become even more relevant in light of the global health pandemic and the United Nations Climate Change Conference (COP26). In 2021, we further aligned our strategy and operations with universal principles on human rights, the environment, labor, and anti-corruption. Our efforts are multi-regional and collaborative in nature, contributing global value to our broader commitment to sustainable innovation.

By positioning our Company to take decisive actions on key issues such as climate change and used plastic, such as adopting the circular economy, delivering more sustainable solutions, and integrating ESG principles into every part of our business, functions, and markets, we can ensure that not only are we positioning ourselves for success but that we are also positioning ourselves for playing a key role in a sustainable world, thereby moving towards our ambition of becoming the world’s preferred supplier of chemicals.

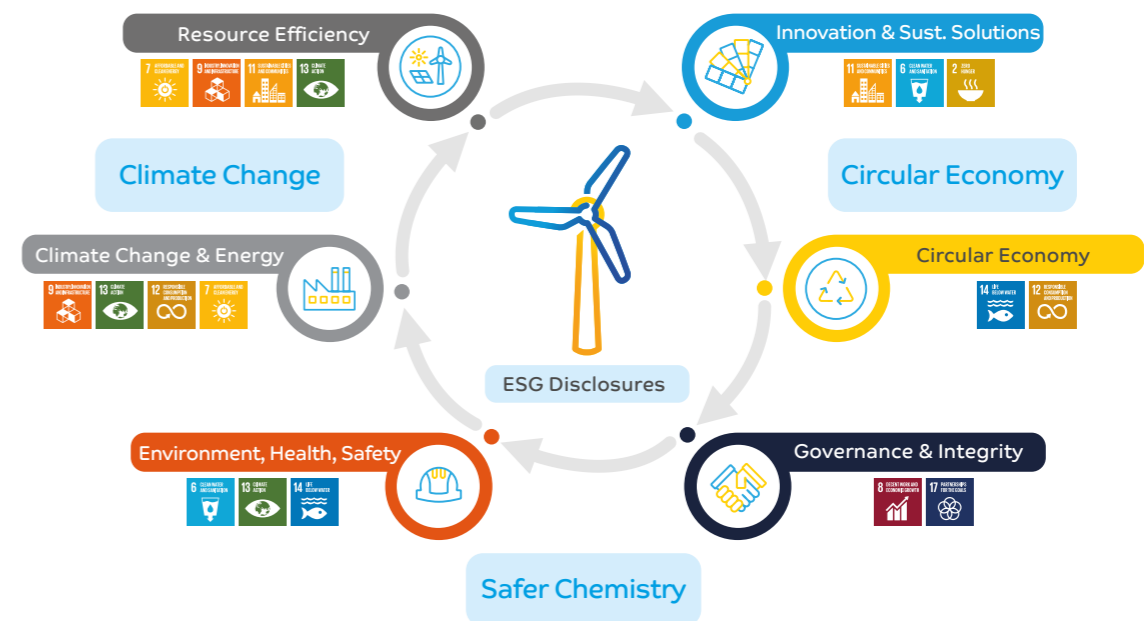
AS THE WORLD STRUGGLED TO ESTABLISH A NEW EQUILIBRIUM IN 2021, WE CONTINUED TO STAY THE COURSE OF OUR SUSTAINABILITY STRATEGY AND REAFFIRMED OUR COMMITMENT TO COMBATING CLIMATE CHANGE AT COP26.

The World Economic Forum International Business Council (IBC), which comprised of over 140 CEOs, including SABIC’s, issued the Compact for Responsive and Responsible Leadership at Davos in 2017, declaring that “society is best served by corporations that have aligned their goals to the long term goals of society.” They identified the UN’s Sustainable Development Goals (SDGs) as the roadmap for that alignment. Using that declaration as a catalyst, we initiated a sustainability materiality assessment in 2018 and aligned them with 10 of the 17 SDGs, addressing issues such as poverty, climate change, environmental degradation, and prosperity.

As the world struggled to establish a new equilibrium in 2021, we continued to stay the course of our sustainability strategy and reaffirmed our commitment to combating climate change at COP26, where a delegation from SABIC was invited to present. Our six sustainability materiality areas are resource efficiency, climate change and energy, innovation and sustainability solutions, circular economy, governance and ethics, and environment, health, safety, and security (EHSS). These are addressed in four strategic domains: climate change, circular economy, safer chemistry, and ESG disclosures. The ESG disclosures are aimed at ensuring increased transparency in the other three domains. The following chapters in our Sustainability Report are structured to provide our stakeholders a clear idea of how our materiality analysis cascades down to our performance.

## CURRENT AND FUTURE IMPACT

<b>2 ZERO HUNGER</b> 	<b>ZERO HUNGER</b> Food packaging; agri-nutrients; CSR focus area of water and sustainable agriculture.	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> 	<b>SUSTAINABLE CITIES AND COMMUNITIES</b> Sustainable solutions for electric vehicles and cities, including building insulation.
<b>6 CLEAN WATER AND SANITATION</b> 	<b>CLEAN WATER AND SANITATION</b> Pipe solutions; water intensity target; CSR focus area of water and sustainable agriculture.	<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	<b>RESPONSIBLE CONSUMPTION AND PRODUCTION</b> Natural resource optimization; circular economy opportunities; sustainable procurement.
<b>7 AFFORDABLE AND CLEAN ENERGY</b> 	<b>AFFORDABLE AND CLEAN ENERGY</b> Energy intensity target; renewable feedstocks; clean energy solutions.	<b>13 CLIMATE ACTION</b> 	<b>CLIMATE ACTION</b> Mitigation of climate change associated risk; leading role in Saudi Arabia.
<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 	<b>DECENT WORK AND ECONOMIC GROWTH</b> Saudi employment and innovation; sharing expertise; influencing national policy.	<b>14 LIFE BELOW WATER</b> 	<b>LIFE BELOW WATER</b> Collaborating to help solve marine litter and ocean acidification.
<b>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</b> 	<b>INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> Research and development; sharing benefits with local businesses.	<b>17 PARTNERSHIPS FOR THE GOALS</b> 	<b>PARTNERSHIPS FOR THE GOALS</b> Global partnerships for sustainable development





# STRATEGY

## CONTINUED

### CLIMATE CHANGE

Our climate strategy is aimed at making us carbon neutral by mid-century by building climate resilience into our business and creating roadmaps tailored to the regions in which we operate. We are already in the process of implementing a robust new ESG governance structure that embeds accountability and transparency into all our work, and we will continue to build climate resilience into our business through projects that reduce the climate impacts of our daily operations.

In 2021, we developed and unveiled our Carbon Neutrality Roadmap, which sets out a strategy to decarbonize our operations by 2050 in line with the goals of the Paris Agreement. The roadmap identifies five pathways to decarbonization – Reliability, Energy Efficiency, and Improvements; Renewable Energy; Electrification; Carbon Capture; and Green/Blue Hydrogen – along with SABIC’s ongoing focus on circular, sustainable solutions, and renewable feedstock.

As major steps on this journey in 2021, SABIC established a groundbreaking partnership with chemical and industrial gas giants BASF and Linde to develop electrically powered steam-cracker technology that will aim to reduce greenhouse gas emissions by 90%; announced plans to invest approximately US\$1.37 billion in our Teesside petrochemical facility for decarbonization initiatives, including converting the steam cracker from a mixed feed cracker to an ethane feed cracker, which will reduce its direct GHG emissions by up to 60%; and we signed a Memorandum of Understanding (MoU) with NEOM, the planned smart city in the northwest of Saudi Arabia, to discuss and identify opportunities for collaboration for the development of a green chemistry hub using renewable energy.

We will continue our commitment to securing renewable energy to power our operations through solar, wind, hydroelectric, and biomass installations across the globe.

### CIRCULAR ECONOMY

We are deeply committed to investment in the circular economy. The circular economy inspires us to adapt our processes to the use of renewable and recycled feedstock, and to create durable, recyclable product design solutions for our customers. Since launching the TRUCIRCLE™ initiative in 2019, we have contributed to the growth of the circular economy through various services, business models, and partnerships.

Our TRUCIRCLE™ portfolio of products and services is comprised of two initiatives: “portfolio”, which includes mechanically recycled products, certified circular products, and certified renewable products; and “services”, which focuses on designing for recyclability and closed-loop initiatives that involve teamwork with partners across our value chain. Together with our partners, we are developing circular solutions and fulfilling our ambition for a new ecosystem, one that closes the loop and creates a circular economy for plastics.

We have continued to unveil innovative sustainability solutions for diverse industries. In particular, we are at the forefront of the industry in recycled ocean-bound plastics. In 2021, we collaborated with the Microsoft Corporation to create the first Microsoft Ocean Plastic Mouse, which has an exterior shell containing 20% recycled ocean plastic. We also became the first global chemical manufacturer to achieve UL 2809 ECV certification for recycled content in China.

### SAFER CHEMISTRY

Recognizing the global need to foster the sound management of chemicals, SABIC is committed to reducing or avoiding the use of Chemicals of Concern (CoC) beyond current global regulations and market needs.

Through our Safer Chemistry program, we are voluntarily removing, or reducing, chemicals of concern, and where possible, replacing these with chemicals with lower hazard footprints. While initially focusing on polymers, we are mapping all CoCs in raw materials, intermediates, and our global product portfolio. We will address the most significant CoCs in our portfolio and strive to implement Safer Chemistry principles during all stages of the product lifecycle. We will engage with our suppliers and customers to create a transition to raw materials and products with a lower hazard footprint, where viable.

We comply rigorously with all applicable government regulations, and the EU’s Registration, Evaluation, Authorization, and Restriction (REACH) framework for chemical identification and management. Our Safer Chemistry performance will be monitored through ESG disclosures, ensuring transparency to external stakeholders. EHSS competencies were enhanced through our partnership with Saudi Aramco by exploring the requirements for internal safety training and resources at both companies. Ultimately, we aim to have Safer Chemistry principles that are fully embedded in the SABIC business and product design processes.

### ESG DISCLOSURES

ESG disclosures are a crucial component of SABIC’s sustainability strategy and journey of transformation. Our aim is to look beyond identifying and managing material risks by using ESG as a lens to identify opportunities to integrate ESG considerations more deeply into our business and weigh ESG factors alongside financial factors. We took our initial steps toward telling our ESG story in a formal, systematic way with the publication of our first Sustainability Report in 2011. Our ESG reporting journey has continued over the subsequent years by way of materiality assessments, the setting of targets and KPIs, and increasing transparency.

In addition to aligning our strategies with the UN SDGs, we are also working with the World Economic Forum (WEF) framework on Stakeholder Capitalism to orient SABIC’s purpose toward creating long-term value, not only for shareholders, but also our broader stakeholders. We are active members of the WEF ESG practitioners group, and we consider WEF metrics as good guidance for enhancing the standardization and value orientation of the ESG disclosures. We are also actively engaged with CDP (former Carbon Disclosure Program), Ecovadis, Ethisphere Institute, WBCSD, and the Global Reporting Initiative – all of which provide us valuable guidance on our ESG disclosure journey.

In recognition of our commitment to adopting the highest ESG standards, we were honored with the Saudi Capital Market’s “Best ESG Award” based on a range of key criteria, including ESG governance, frameworks used for ESG Reporting, and major ESG achievements, among other factors.

SABIC has shown considerable improvements in its ESG disclosure scores in recent years, with social and governance scores mostly contributing to these improvements; thus, we recognize a need to focus on our environmental disclosure scores. Our primary communications for ESG disclosures are currently our website, as well as our Annual Report and Sustainability Report. However, we intend to replace these two reports with a single Integrated Report by 2023 as part of our journey to bring our non-financial disclosures to the same standard as financial disclosures in terms of accuracy, transparency, consistency, and comparability. In doing so, our aim is to create a holistic, integrated story of SABIC’s strategy, performance, and outlook for our stakeholders.

To this end, SABIC established the ESG Reporting Steering Committee in 2020. Comprised of senior members from across the Company, the Committee’s primary task is to formulate and drive SABIC’s ESG reporting strategy and roadmap and promote the integration of ESG factors into core business processes and decisions. Headed by our CFO, the Committee includes cross-functional representation from our Human Resources, Sustainability, Legal Affairs, Corporate Affairs, including Corporate Social Responsibility and Global Communications, and Investor Relations departments. The Committee’s deliberations inform the work of the ESG reporting working team, which has direct support from numerous functions throughout the Organization. The ESG Reporting Steering Committee is responsible for:

- Understanding ESG performance and identifying the most relevant ESG disclosures for the Company.
- Identifying and proposing general ESG reporting frameworks, and prioritizing current and emerging ESG issues that may affect operations.
- Establishing a clear and well-defined ESG reporting charter for the Organization, along with a roadmap for its fulfillment, by capturing the ESG priorities from the businesses and functions.
- Serving as a strong platform to engage and enhance SABIC’s understanding of ESG matters.
- Supporting the evaluation of ESG risks and opportunities and seeking ways to monetize them.

One of the Committee’s first initiatives was commissioning an ESG Maturity Assessment Benchmark Analysis, which was completed in early 2021. The result of this analysis was translated into a workable proposal for SABIC throughout the year, setting out goals to drive business ownership of ESG issues and culminating in an ESG Reporting Consolidated Roadmap.

# MATERIALITY

SABIC uses materiality analysis to determine our holistic sustainability strategy and target our resources toward the issues that are most pertinent for our Company and stakeholders.

Continuing the materiality approach that we adopted in 2018, we analyze our internal and external stakeholder needs, major trends, benchmarks, and relative business impacts to determine the most relevant priorities for SABIC. Taking into consideration all three dimensions of sustainability – economic, social, and environmental – our materiality results reflect the importance of climate change and validates our focus on this global challenge.

We regularly review our six primary material topics to ensure that these globally significant subjects remain the most material to SABIC in terms of our operations and impact on our stakeholders as well as the communities in which we operate. During the current year, we refined and improved the effectiveness of our four strategic action areas while retaining our original targets for 2021 and long-term targets set for 2025.



We analyzed our internal and external stakeholder needs, major trends, benchmarks, and relative business impacts to determine the most relevant priorities for SABIC.

## STEP-CHANGE TARGETS

Dimensions	Target	Base year	Target year
<b>Resource efficiency</b>			
Energy intensity GJ/MT sales	25% reduction by 2025	2010	2025
Material loss intensity MT material loss/MT sales	50% reduction by 2025	2010	2025
Absolute waste reduction	% gap to below 2010 by 2025	2010	2025
Flaring	65% reduction	2010	2025
Water Intensity m3/MT sales	25% reduction	2010	2025
<b>Climate</b>			
Greenhouse gas intensity MTCO2e/MT sales	25% reduction by 2025	2010	2025
Renewable energy	4 GW Installed Capacity (12 GW by 2030)		2025
<b>Circular economy</b>			
Sales materials in kton	200 kton circular (Renewable and Recycle) materials		2025
<b>EHSS/Product stewardship</b>			
Fatalities	zero		Yearly
<b>Governance &amp; integrity</b>			
Employee integrity assessment score	50% improvement against benchmark	2010	2026

WE REGULARLY REVIEW OUR SIX PRIMARY MATERIAL TOPICS TO ENSURE THAT THESE GLOBALLY SIGNIFICANT SUBJECTS REMAIN THE MOST MATERIAL TO SABIC.

# STAKEHOLDER ENGAGEMENT

Remaining connected with our stakeholders is an integral aspect of our sustainability strategy to ensure we create sustainable and impactful value for all our stakeholders. We have identified our primary stakeholders as our employees, suppliers, customers, shareholders, community members, and civil society and have in place formal and transparent mechanisms of engagement with each group.

We communicate and solicit feedback at varying intervals to identify the priorities and expectations of each group, and we attempt to balance these sometimes conflicting expectations in line with SABIC's purpose of sustainable value creation. The SABIC leadership team, guided by the functional and business expertise across our Company, is responsible for our overall stakeholder engagement.

We engage with our stakeholders to educate, raise awareness, and improve overall industry standards. During the year, we joined hands with leading global corporates and international bodies to develop innovative new solutions that drive industry sustainability. Beyond industry initiatives, we continued our COVID-19 initiatives under our CSR strategy with a heightened focus on the longer-term issues of the pandemic, such as mental health concerns. We also implemented a wider CSR agenda in 2021 in alignment with Saudi Vision 2030.

### ONGOING COLLABORATIONS

- The Saudi Green Initiative
- The Future Investment Initiative
- The Alliance to End Plastic Waste (AEPW)
- Values 20
- World Economic Forum (WEF)
- The HolyGrail 2.0 initiative
- Pearl Initiative

### MEMBERSHIP IN INDUSTRY AND TRADE ASSOCIATIONS

- The Gulf Petrochemicals and Chemicals Association (GPCA)
- The International Council of Chemical Associations (ICCA)
- The American Chemistry Council (ACC)
- Plastics Europe, the European Chemical Industry Council (CEFIC)
- World Plastics Council

### FOR SUSTAINABILITY ENGAGEMENTS

- Working groups within the World Business Council for Sustainable Development (WBCSD)
- UN Global Compact
- International Sustainability Standards Board (ISSB)
- King Abdullah University of Science and Technology (KAUST)
- University of Bradford, United Kingdom

### SUSTAINABILITY PERFORMANCE PLATFORMS

- EcoVadis
- Ethisphere Institute
- CDP climate and supply chain programs
- Top Employer

# ETHICS AND COMPLIANCE

SABIC has long-standing formal policies that uphold our standards of behavior and integrity.

The SABIC Code of Ethics is the foundation of our integrity culture. Our Code of Ethics applies to all employees, management, and directors, and is communicated regularly through email outreach, mandatory online training modules, in-person trainings, and an annual integrity pledge. The online compliance training and Code of Ethics acknowledgment is completed by employees of both SABIC and our wholly owned affiliates and joint venture companies.

In order to stay abreast of the latest regulatory developments, to have a broader perspective, learn best practices, and in some cases, act collectively to impact change, we work closely with external organizations that lead on important compliance issues. Since 2013, SABIC has participated in the annual G20/B20 policy process on anti-corruption. In 2021, we were part of the Italian B20 Integrity and Compliance Task Force. In the Middle East, we are part of an organization called the Pearl Initiative – a group for Gulf-based companies to share best practices on compliance and good governance. Through these collaborations, we learn about the pioneering efforts of other companies, while also taking the opportunity to share our learnings with others.

Building compliance capacity in our business environment is important to our customers, suppliers, and other third parties. They are not just satisfied with knowing about what SABIC is doing internally but want to have visibility across the entire supply chain. They want assurances that the supply chain is free from things like corruption, forced labor, child labor, environmental violations, etc.

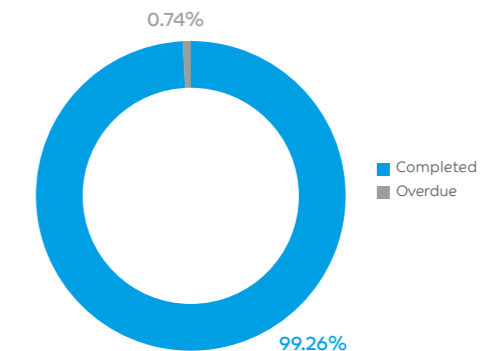
### COMPLIANCE INVESTIGATION DATA

In 2021, we investigated 99 Code of Ethics policy concerns, of which 38 were concluded to have violations. Accordingly, 71 associated corrective actions were taken.

As of December 31, 2021	Compliance concerns raised	Violations found (addressed)	Incidents Closed
SABIC and its wholly owned affiliates	99*	41*	89*

\*Assured by KPMG

### COMPLIANCE TRAINING DATA AS OF JANUARY 1, 2022\*



\* Assured by KPMG

All these internal and external efforts benefit us in many ways, including through independent recognition. SABIC earned Ethisphere's Compliance Leader Verification™ status for 2022 and 2023. The Compliance Leader Verification process takes a deep dive view of all aspects of a company's program, including ethics and compliance program structure and oversight, training and communication, risk measurement, monitoring for misconduct, disciplinary measures, ethical corporate culture, and employee perceptions. The rigorous review process and verification signals to SABIC and our stakeholders that our compliance efforts are widely recognized.

We were also awarded a Platinum EcoVadis Medal for a second consecutive year, placing us among the top 1% of companies assessed by EcoVadis, the world's largest provider of sustainability ratings. Notably, SABIC scored 90 out of 100 for its Ethics program.

# ETHICS AND COMPLIANCE CONTINUED

## SCREENING FOR SANCTIONS

SABIC's International Trade Controls Policy ensures that all transactions are screened against restrictions on sanctioned countries, persons, and prohibited end uses. Transactions are prohibited with entities subject to sanctions administered by the United Nations, the European Commission, UK's HM Treasury, United States Department of Treasury Office of Foreign Assets Controls, Japan's Ministry of Economy, Trade, and Industry, and others.

## REPORTING CONCERNS

In-person, online, and telephone channels are available for employees, suppliers, customers, and other stakeholders, including community members and civil society to report any violations of regulations or ethics.

## ANTI-BRIBERY TRAINING

Under our leadership of the Saudi B20 Integrity and Compliance Task Force, an anti-bribery training and mentorship program was initiated for entrepreneurs and those working in small and medium-sized enterprises. The program gained significant attention from numerous organizations that work against corruption, including the OECD, UN Development Program, and the World Bank Group. These organizations are taking this program forward amongst their constituencies.

## SUSTAINABILITY GOVERNANCE

Sustainability is integrated within the governance structure from the top down and bottom up from the Board of Directors to sustainability champions and functional units. Sustainability performance is reported to the highest level of the Company, including the Chairman, CEO, and Board of Directors.

Financial compensation of certain executives has also been linked to performance against sustainability goals. This system is being expanded to a larger pool of executives.

## BUILDING COMPLIANCE CAPACITY IN OUR BUSINESS ENVIRONMENT IS IMPORTANT TO OUR CUSTOMERS, SUPPLIERS, AND OTHER THIRD PARTIES.

## OUR ESG AND SUSTAINABILITY GOVERNANCE



# PERFORMANCE SUMMARY

Most material key performance indicators	Unit	2017	2018	2019	2020	2021
<b>Resource Efficiency</b>						
Energy intensity	GJ/t product sales	17*	17*	17*	16.3*	16.2*
Water intensity	m <sup>3</sup> /t product sales	2.7*	2.6*	2.6*	2.5*	2.6*
Material-loss intensity	t/t product sales	0.078*	0.070*	0.070*	0.065*	0.066*
Flaring reduction since 2010 <sup>1</sup>	Percent	43*	43*	48*	56*	51*
CO <sub>2</sub> utilization	Million tons	3.5*	4.0*	3.6 <sup>3</sup>	3.7*	3.6*
Absolute waste reduction since 2010	Percent				29.8%	11.9%
<b>Climate</b>						
Greenhouse gas emission intensity	MTCO <sub>2</sub> e/MT product sales	1.23*	1.22*	1.17*	1.14*	1.12*
Renewable energy	GW				Will report in 2022	
<b>ADDITIONAL ESG METRICS</b>						
<b>Ethics + Integrity</b>						
Compliance concerns raised	Number	114*	152*	157*	90*	99*
Incidents closed	Number	97*	119*	135*	69*	89*
Violations found (addressed)	Number	58*	42*	41*	30*	41*
Training completion <sup>2</sup>	Percent	99*	99*	99*	99*	99*
<b>Innovation and sustainability solutions</b>						
Total patent portfolio	Number	11,534	11,738	12,540	9,946	10,090
Sustainability solutions	Cumulative number	82	82	88	93	93
<b>Environment, Health, Safety, and Security</b>						
EHSS rate <sup>4</sup>	Incidents/200,000 hours worked	0.50*	0.43*	0.57*	0.42*	0.34*
Total recordable incident rate	Incidents/200,000 hours worked	0.12*	0.14*	0.14*	0.10*	0.11*
Occupational illness rate	Illnesses/200,000 hours worked	0.014*	0.003*	0.008*	0.003*	0.002*
Fatalities	Number	1*	0*	0*	3*	0*
Fatalities rate	Fatalities/200,000 hours worked	0.001	0.000	0.000	0.003	0.000
API 754 PSE Tier 1	Incidents	7	7	25	10*	15*
API 754 PSE Tier 2	Incidents	-	-	-	13	6
Security incidents	Class A + Class B + Class C (SHEM-10)	3	1	1	1	1
Security incident rate	Incidents/200,000 hours worked	0.008	0.001	0.001	0.001	0.001*
Hazardous substances released	Metric tons (MT)	-	-	-	14.3*	2.8*
<b>Human Capital Development</b>						
Women in the workplace	Percent of workforce	7.2	7.3	7.5	7.4	7.4
Learning programs	Participants	24,944	22,222	15,388	15,462	9,632
<b>Social Impacts</b>						
Community giving	Million US\$	57.5	36.7	15.6	39.6	33.6
<b>Supply Chain</b>						
Safety and quality assessment system - liquids	Percent of suppliers	100	100	100	100	81
Safety and quality assessment system - solids	Percent of suppliers	93	91	93	98	85

\* Assured by KPMG.

<sup>1</sup> Adjusted for comparison purposes.

<sup>2</sup> Flaring reduction calculations are based on reduction of greenhouse-gas emissions.

<sup>3</sup> Compliance data are reported for the 23,500 employees of Saudi Basic Industries Corporation and its wholly-owned affiliates, but not for employees of SABIC's non-wholly owned manufacturing joint ventures (or affiliates) in the Kingdom of Saudi Arabia. Note this is a severity-weighted rating.

<sup>4</sup> 2019 CO<sub>2</sub>-Utilization numbers were recalculated and adjusted for comparison purposes.

<sup>5</sup> This is a severity weighted rating

# INNOVATION AND SUSTAINABILITY SOLUTIONS

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## OUR APPROACH

SABIC believes innovation is the way to a more sustainable future. Hence, our commitment to innovation drives our development of sustainable products, operations, and business models. This enables us to contribute to solving the issues most pertinent to society, from eliminating used plastic to reducing our global greenhouse gas footprint and curbing climate change. Furthermore, it benefits our business and customers and allows for new ways to collaborate. We continue to deepen our investment in the circular economy and sustainable solutions, thereby ensuring that we can sustain the benefits of plastic for society while upholding our duty to protect the planet.

Despite the many market disruptions of the COVID-19 era, we have not wavered in our determination to seek sustainable solutions for some of the most urgent environmental problems facing humanity. Our approach is to invest in the research and development of sustainable products, operations, and business models that will influence an industry transformation and spur the transition towards more sustainable lifestyles. We collaborate with a diverse range of partners to achieve our objectives and to commercialize our new products and applications, bringing sustainable solutions as swiftly as possible to consumers across the globe.

Against the backdrop of recurring bouts of COVID-19, the urgency to lower dependence on fossil fuels, while enhancing circularity and recycling, became even more pronounced across the globe. The lower dependency on fossil fuels and significantly lower greenhouse gas (GHG) emissions, encourages the move towards Mixed Plastic Waste (MPW) as a circular feedstock of the future. The GHG emissions associated with MPW recycling are significantly lower than with the lineal non-recycling route. This, combined with other sustainability initiatives, will ensure SABIC remains competitive in the markets of the future. We are focused on providing differentiated products to support our customers' growth and will continue to invest in innovation while building and strengthening businesses where we see superior growth.

### 2021 HIGHLIGHTS

Our investments in the Kingdom of Saudi Arabia and the rest of the world to drive global scale sustainable solutions continued to make progress during 2021, taking us closer to our strategic objectives.

- We continued to extend the reach of the TRUCIRCLE™ portfolio with new global partnerships and innovative solutions to generate greater economies of scale for circular solutions.
- The Agri-Nutrient Technology & Innovation team focused on producing the next generation of environmentally friendly and efficient fertilizers, with our scientists continuing to carefully design new formulations that meet the requirements of farmers and the world at large.

- Initial startup activities of the Ethylene Glycol Plant 3 commenced at our manufacturing affiliate, Jubail United Petrochemical Company (United), with an estimated annual production capacity of 700,000 metric tons of monoethylene glycol. This additional capacity will help SABIC maintain its position as the world's largest producer of ethylene glycol.
- Our US petrochemicals joint venture in Texas is at the commissioning stage. When operational, it will contribute toward diversifying our feedstock sources and establish a petrochemical manufacturing presence in North America for a wide range of products.
- Our first commercial advanced recycling demonstration unit at Geleen, the Netherlands, is progressing and will open opportunities for further expansion of SABIC's Certified Circular Polymer business in 2022 and beyond. The plant will chemically recycle low quality, contaminated mixed plastic waste streams into a feedstock suitable for the Company's crackers in Europe. The feedstock is created by converting the plastic waste that would otherwise be incinerated for energy recovery or diverted to landfills. The feedstock will then be refined and upgraded at the new demonstration plant.
- The joint venture polycarbonate plant in China, the SINOPEC SABIC Tianjin Petrochemical Co. Ltd, is now under construction.
- In Singapore, our project to increase global capacity for SABIC high-performance engineering thermoplastic materials, ULTEM™ resins, is also now in the construction phase.
- Our polyphenylene ether project in Bergen op Zoom, the Netherlands, has also entered the construction phase and will expand the production capacity for NORYL™ resins.
- We developed a water-soluble fertilizer and a range of urea nutrient enriched fertilizers and enhanced efficiency fertilizers. With continued investments in production efficiencies at existing production sites, new production assets, development of differentiated products, and enhanced downstream distribution infrastructure, we will expand our presence in the global market with sustainable products that contribute to global food security.
- The Petrokemya caustic soda plant in Jubail is under construction. The project aims to replace cell lines with state-of-the-art membrane electrolyze cell lines, which eliminate the use of asbestos, produce very high-quality caustic soda, and has significant power saving per ton of chlorine produced.

## OUR PERFORMANCE

### PERFORMANCE METRICS

TOTAL ACTIVE PATENT PORTFOLIO	NEW PRIORITY PATENT APPLICATIONS IN 2021	TOTAL SUSTAINABILITY SOLUTIONS
10,090	207	93

We ended 2021 with an active patent portfolio of 10,090 cases, representing a slight increase over 2020. We filed 207 new original patent applications in 2021, slightly fewer than last year. We continue to monitor our patent portfolio critically and make periodic reductions to ensure patent filings and issued patents are strategically aligned with business objectives. SABIC was recognized as one of the top patent assignees in patent filings related to chemical and plastics recycling in the report "Patents for tomorrow's plastics" published by the European Patent Office in October 2021 – an achievement that reflects SABIC's commitment to sustainability-related innovation.

### SABIC'S PORTFOLIO SUSTAINABILITY ASSESSMENT APPROACH

We have taken steps towards adopting a portfolio sustainability assessment (PSA) approach, included a partial assessment in 2020, and are planning to conduct our first full assessment in 2022.



Our new focus on supporting commercial objectives allowed us to undertake strategic patent support to the business on a global basis.

Under this approach, applications and products with similar sustainability features are grouped to identify portfolio-level sustainability benefits. This method facilitates setting comprehensive targets for revenue from the products and solutions that deliver the greatest sustainability features compared to incumbent product applications.

In 2020, we expanded our portfolio sustainability assessments to additional segments, including industrial film and rigid packaging. We completed the assessment of 56 product-application combinations covering approximately 84% of our entire polymers product portfolio. The analysis indicated that 16 of the 56 applications have strong sustainability-related benefits, 18 have moderate benefits, 20 are neutral, and two have challenges.

In 2021, we decided to expand the portfolio sustainability assessment to other SBUs (Specialties, Agri-Nutrients) and Hadeed based on the recommendations from our ESG reporting roadmap exercise. To accomplish this, we are revisiting the methods employed at the corporate level to create an overarching approach, which will then be tailored and adopted by each strategic business unit. A dedicated new project structure will play an instrumental role in developing portfolio sustainability assessments for all of SABIC. Although a portfolio sustainability assessment was not conducted in 2021, we have planned for an assessment to be conducted in 2022.

Additionally, while we have introduced a number of total sustainability solutions into the market during 2021, we have not yet completed assessments of these solutions. As a result, our total sustainability solutions remained unchanged at 93 at the end of 2021.\*

\* Each sustainability solution includes many products. For example, in 2020 we qualified TRUCIRCLE™ portfolio of certified circular polymers and certified renewables, under which we offer all of our fossil-based polyolefins products with renewable and circular feedstocks.

# CIRCULAR ECONOMY

Growing public awareness of the need to reduce environmental impacts will continue to open new possibilities across value chains towards circular economy applications. The circular economy inspires SABIC to adapt our processes to the use of renewable and recycled feedstock, and to create durable, recyclable product design solutions for our customers.

We are leveraging bio-renewable, chemical upcycling technologies, and pre- and post-consumer mechanical recycling to deliver high performance materials with lower carbon footprints to optimize the use of resources and reduce waste.

Through TRUCIRCLE™, SABIC has deepened our commitment to the circular economy and developed a framework through which we rethink how we do business. TRUCIRCLE™ comprises two overarching initiatives: Portfolio and Services.

- **Portfolio** focuses on product circularity and includes three pillars: Mechanically Recycled Products, Certified Circular Products, and Certified Renewable Products.
- **Services** focuses on collaborations around circularity and includes two pillars: Design for Recyclability and Closed-Loop Initiatives.

## PORTFOLIO



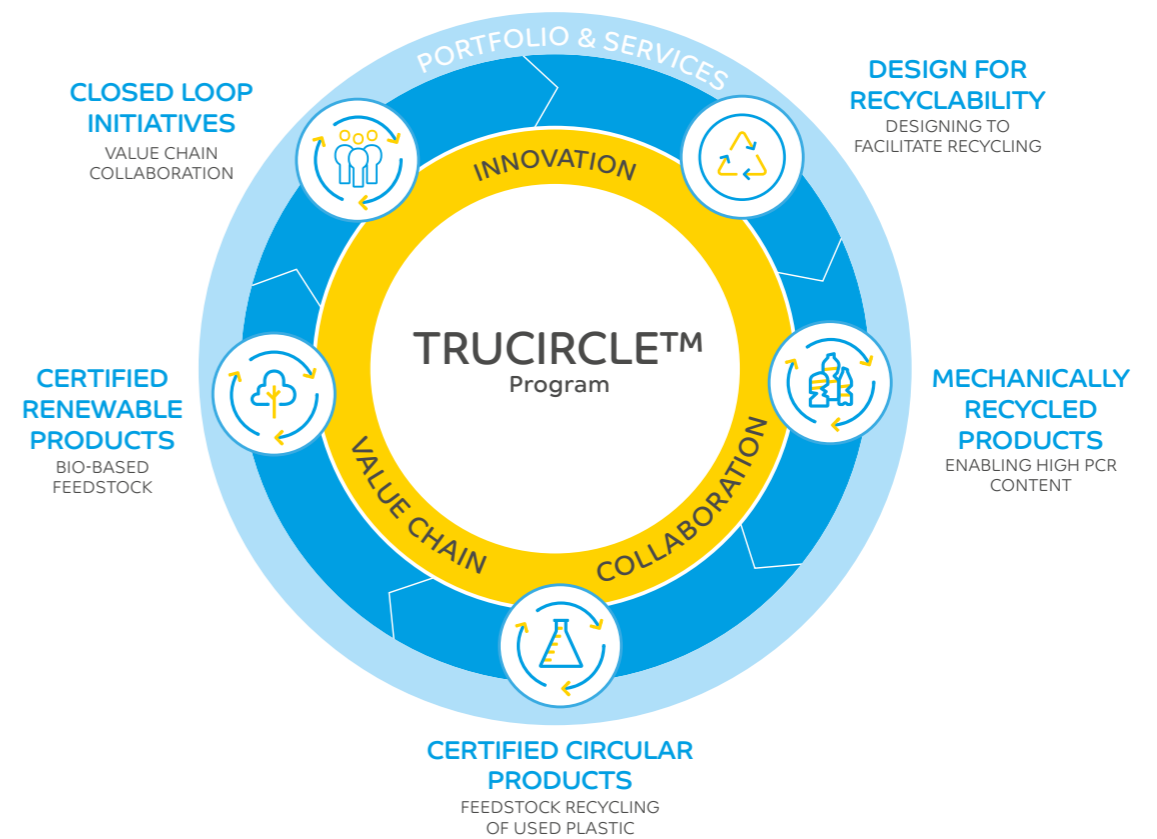
## SERVICES



Through these five pillars, we ensure that circularity is embedded into all our businesses and functions and across our global petrochemicals and specialty product portfolios in key industries and markets.

Our TRUCIRCLE™ portfolio of products and services is driving industry-wide changes globally.

We develop unique offerings with a lower carbon footprint and, combined with our application development expertise, we will help customers with applications that are durable, energy efficient, and enable circularity. Additionally, our position in the value chain enables us to work with upstream and downstream partners to close the loop on used plastic.



# CIRCULAR ECONOMY

## CONTINUED

### PROGRESS OF TRUCIRCLE™

We are the first chemical manufacturer in the world to achieve UL 2809 Environmental Claim Validation Procedure (ECVP) for recycled content for ocean-bound plastics in China. The ocean-bound material is mechanically recycled, compounded, and converted into components for new consumer goods and electronics applications, such as TV remote controls and electronic razors.

For the TRUCIRCLE™ initiative, 2021 was a year with high sense of urgency, high focus, and new technology innovation initiatives. Remaining committed to our roadmap deployed in 2020, we have continued to expand the reach and impact of TRUCIRCLE™ across multiple industries and geographies. The TRUCIRCLE™ portfolio of mechanically recycled products, certified circular products, certified renewable products, and TRUCIRCLE™ services through collaborations for closed loop initiatives and design for recyclability have all made continuous progress during the year.

### MECHANICALLY RECYCLED PRODUCTS

Based on the market needs of specific industries, such as packaging, automotive, and electronics and electrical, and based on the available quality of post-consumer recycled (PCR) sources and capability to provide solutions to the market, we have developed a strong global portfolio of mechanically recycled polymer-containing products. This globally coordinated effort has resulted in fast learning and implementation of our PCR based start-up portfolio for polyethylene, polypropylene, and engineering thermoplastics.

In our packaging solutions, we have created alternatives that can be easily recycled or eventually reused after the first usage. We offer PE-based solutions for processing technologies that support designs for recycling and we are developing a new platform of “booster” grades for both rigid and flexible packaging.

In 2021, we introduced a booster grade based on SABIC’s proprietary metallocene catalyst for flex packaging applications.

Our family of LNP™ functional compounds and NORYL™ resins contain up to 80% post-consumer and post-industrial mechanically recycled contents. According to internal life cycle assessment studies, these materials with mechanically recycled content can contribute to almost half of greenhouse gas reductions in comparison to virgin feedstock, subject to the amount of recycled content present in the material.

### CHEMICALLY RECYCLED PRODUCTS

We have developed a proprietary upcycling technology, LNP™ ELCRIN iQ, which uses chemical depolymerization to process single use PET bottles into PBT resin. The LNP™ ELCRIN iQ portfolio contains up to 60% post-consumer recycled content in weight. Compared to other recycling technologies, the LNP ELCRIN iQ portfolio can offer consistent quality, colorable space, and compliance to local food contact regulations.

### DESIGN FOR REUSE AND RECYCLING

This effort is geared towards packaging solutions where polyolefins contribute to the safety of packaging solutions but can be easily recycled or eventually reused after the first usage. For instance, PET or polyamides are being replaced with polyolefins but the packages remain safe and convenient. Other examples include HDPE caps for HDPE bottles, allowing simple sorting and recycling.

FOR THE TRUCIRCLE™ INITIATIVE, 2021 WAS A YEAR WITH HIGH SENSE OF URGENCY, HIGH FOCUS, AND NEW TECHNOLOGY INNOVATION INITIATIVES.

### RECYCLING 10 BILLION PET BOTTLES BY 2030

Our Gen 2 LNP™ ELCRIN™ iQ resin for upcycling waste PET single use water bottles into PBT with virgin-like physical performance and colorability enables the circularity of a wide variety of recycled PET streams including flexible PET film, rigid PET packaging such as colored PET bottles and ocean bound PET, among others. SABIC is among the few companies that have the know-how and have commercialized producing PBT resins from single use r-PET bottles via a chemical upcycling process. Over 100 million single-use PET beverage bottles have already been diverted from waste streams since the first ELCRIN iQ resin sales in 2019, and we anticipate diverting approximately 10 billion PET bottles by 2030.

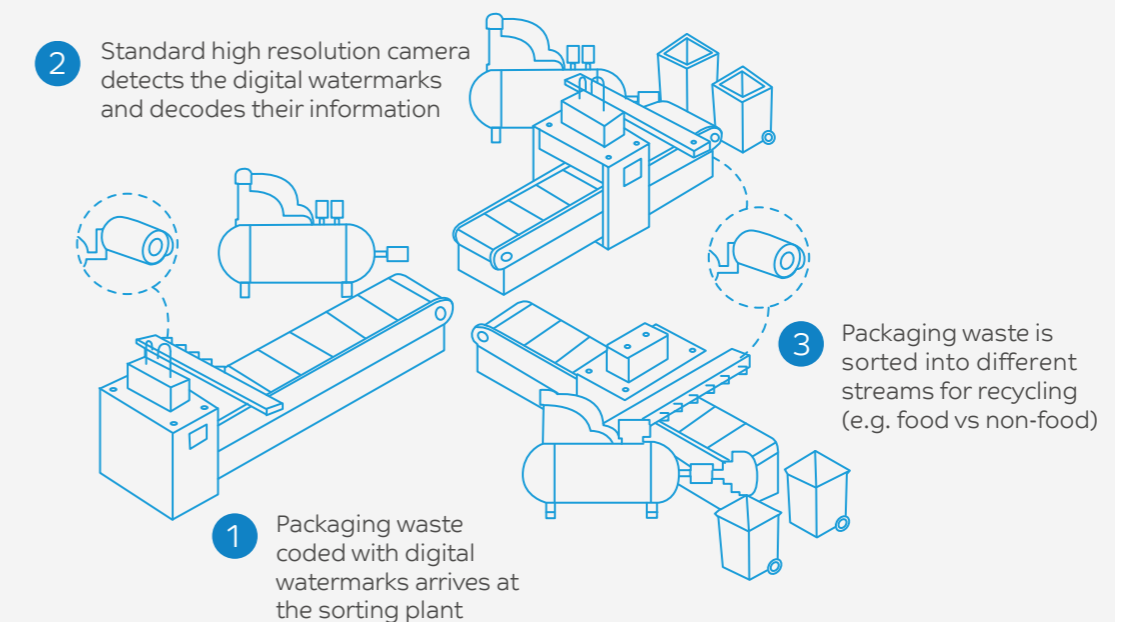
### REDUCING LANDFILL

We are the first in the industry to launch certified circular polycarbonate, produced from post-consumer mixed plastic that undergoes an advanced recycling process, thereby reducing the need for incineration and landfills.

### SMART PACKAGING

We are testing digital watermarking technologies to increase accuracy when sorting plastic packaging for recycling. A key challenge in achieving a circular economy for packaging is how to accurately sort and manage post-consumer waste. If successful, this project will provide a solution which will revolutionize the way packaging is sorted, dramatically increasing the reusability and recyclability of used plastic material.

## SMART PACKAGING SORTING FOR A CIRCULAR ECONOMY





# COLLABORATION

SABIC has established long-term relationships with our customers, supply chain partners, and industry peers. This places us in a strong position in the value chain, enabling us to partner with customers upstream and downstream to advance sustainable business practices in the plastics industry and beyond. We also align our work with government and policy sustainability objectives and take a collaborative approach to embed sustainability across our Company, product portfolios, and global markets.

## RESEARCH

### DIGITAL WATERMARKS INITIATIVE HOLYGRAIL 2.0

SABIC joined the Digital Watermarks Initiative HolyGrail 2.0 to prove the viability of digital watermarking technologies for sorting of plastics for better and more accurate sorting streams, and thereafter higher quality recyclates, which would benefit the complete packaging value chain. The digital watermark technology could also play a key part in our TRUCIRCLE™ portfolio's Design for Recyclability service offering and our efforts to help brand owners and manufacturers create products which are optimized for recycling post-consumer use.

### COLLABORATIONS WITH UNIVERSITIES

SABIC Corporate Technology and Innovation and the Manufacturing division collaborated with a team from the SABIC research center at King Abdullah University of Science and Technology (KAUST) to rapidly develop technology for multi-purpose isopropanol (IPA) production and commercialized the product this year. SABIC also collaborated with the University of Bradford, UK to successfully develop biaxially oriented polyolefin pipes.

## PRODUCTS

### BIAX PIPE TECHNOLOGY

We partnered with Tecnomatic, an innovative company for pipe extrusion equipment, and with Aquatherm, a world leading producer of polypropylene random pipes, to develop a commercial scale process for the newly introduced biaxially oriented polyolefin pipes. This technology offers substantial improvements over incumbent polyolefin pipes across the entire range of performance criteria. Higher resistance against internal pressure enables wall-thickness reduction and thus can reduce material use by at least 30%. Superior resistance to slow-crack growth facilitates trenchless pipe installation. In addition, the very smooth inner wall surface reduces the energy required for pumping. The technology renders the pipes more abrasion resistant and prolongs their lifetime. Together, these characteristics provide a major leap forward.

### CEPSA

SABIC is the first in industry to offer a polycarbonate-based certified renewable product, for various industries, including automotive. We worked closely with International Sustainability and Carbon Certification (ISCC) to provide proof of the incorporation of renewable feedstock in our polycarbonate production and the resulting sustainability claims were verified by independent third-party auditors. Cepsa, the Spanish multinational oil and gas company, is a strategic value chain partner in this project. Our polycarbonate, based on ISCC PLUS certified feedstock, will be produced initially at our manufacturing facilities in Bergen op Zoom, the Netherlands, with global availability in the future. The certified polycarbonate resin may be used for applications in automotive, consumer, electronics and electrical, building and construction, and healthcare industries.



We collaborated with Microsoft Corporation to create the first Microsoft Ocean Plastic Mouse.

### MICROSOFT

We are an industry frontrunner in recycled ocean-bound plastics, and we collaborated with Microsoft Corporation to create the first Microsoft Ocean Plastic Mouse. The mouse has an exterior shell containing 20% recycled ocean plastic.

### HENG HIAP INDUSTRIES (HHI)

SABIC collaborated with Malaysia-based plastic recycling company HHI to produce the world's first certified circular polymers through the advanced recycling of recovered mixed and used ocean-bound plastic. The project demonstrates SABIC and HHI's ongoing commitment to drive towards a circular economy for plastics and helping to protect our oceans and waterways through ocean-bound plastic collection. The recovered material is converted by HHI into pyrolysis oil through advanced recycling, which is then used by SABIC in our production process as an alternative to traditional fossil materials to make new circular polymers that have been certified under the Zero Plastic Oceans accreditation.

### POLYRAY

We worked with Polyray, an innovative leader in the eyewear lens industry, to introduce certified renewable polycarbonate into eyewear applications. Polyray used SABIC's LEXAN™ polycarbonate resin that is made of certified renewable feedstock, in the lenses of several eyewear end applications such as sunglasses, safety glasses, and sports goggles.

### NUDEC

We collaborated with Nudac, an industry leader in the manufacture of clear plastic sheets for numerous industries such as construction, personal, and machinery protection, to introduce certified renewable polycarbonate into building and construction applications.

## VALUE CHAIN

### DELICA AG

Delica AG introduced a new range of more sustainable coffee capsules based on SABIC's certified renewable polymers for use in its proprietary Delizio capsule machines made of bio-feedstock based "second generation" materials from SABIC's TRUCIRCLE™ portfolio.

### BEIERSDORF AND NIVEA

Beiersdorf commenced the production of more sustainable cosmetics packaging using certified renewable polypropylene (PP) from SABIC's TRUCIRCLE™ portfolio, replacing fossil-based virgin plastic. The packaging is based on the principle of mass balancing in accordance with the ISCC Plus scheme and approximately 76g of CO<sub>2</sub> emissions are saved per jar produced, a 60% reduction compared to fossil-based jars.

### ESTÉE LAUDER COMPANIES

The Estée Lauder Companies (ELC), skincare brand Origins Natural Resources Inc introduced an advanced beauty tube pack using certified circular polyolefins from SABIC's TRUCIRCLE™ portfolio.

### TESCO

Tesco is introducing new plastic packaging made by an innovative process of recycling flexible packaging. Cheese wrapped in packaging from this initiative is now available in Tesco stores.

### IRPLAST S.P.A.

Irplast S.p.A., a prominent global producer of simultaneously bi-oriented polypropylene (BOPP) film, has selected certified circular and certified renewable SABIC® PP polymers from SABIC's TRUCIRCLE™ portfolio for its new S-BOPP film solutions.

### MULTI-BARRIER CASING FOR MEAT PRODUCTS

SABIC, in close cooperation with DSM, Cepsa, Fibrant, and Viscofan created a multi-barrier casing for meat products. The new sustainable meat packing of Viscofan consists of several layers of different circular polymers.

### ST. JOHNS PACKAGING AND KINGSMILL

Allied Bakeries, a major UK-based supplier of bakery products, introduced bread bags made by St. Johns Packaging using SABIC's certified circular polyethylene in the packaging of their Kingsmill No Crusts 50/50.

### MARS PETCARE AND HUHTAMAKI

SABIC collaborated with Mars Petcare and Huhtamaki to introduce pet food packaging using certified circular polypropylene from the TRUCIRCLE portfolio. Mars Petcare adopted a flexible film structure with SABIC® PP BCT18F impact copolymer for retort pouches that are used in the packaging of wet pet food products for leading cat food brand, Sheba. Huhtamaki manufactures the multi-layer film.

# COLLABORATION CONTINUED

## EFFECTIVE COLLABORATIONS

### ALLIANCE TO END PLASTIC WASTE (AEPW)

SABIC is a founding member of the Alliance to End Plastic Waste (AEPW), a global cross-value chain initiative to end plastic waste in the environment. The members of AEPW, which includes producers, converters, brand owners, and the waste sector, have pledged US\$1.5 billion over five years in support of this mission. SABIC is represented in the AEPW at a variety of levels, from the Board to expert and task groups. As part of SABIC's commitment to the AEPW, SABIC supported the 2021 Clean4Change program, with employees and families from across Europe, Asia, America, and the Middle East taking part in clean-up activities to remove litter from the environment.

### OIL SUSTAINABILITY PROGRAM

SABIC is also an instrumental participant in Saudi Arabia's Oil Sustainability Program established with the aim to sustain oil as part of the global energy mix in a way that is economically and environmentally efficient. With a polymers and chemicals portfolio that is capable of supporting the strategic target of the program, SABIC continued to build on its implementation of polymer-based initiatives during 2021 across the three highest oil consuming sectors: Materials, Transportation, and Utilities, with solutions including polymer sacks for cement bags, polycarbonate sheets for sky lights, polymer-based solar panels, polymer tiles, and polymer pipes for gas networks to name a few.

### APPLE

In May 2021, SABIC signed an agreement with Apple to commit to the use of renewable energy in SABIC's manufacture of Apple products. Under this agreement, SABIC will consume, develop, invest in and/or procure electrical power from renewable energy sources equal to 100% of the electrical power used in its manufacturing operations related to Apple products. SABIC will ensure that this commitment is met by December 31, 2023 and maintained for all future manufacturing operations for Apple.

### THE SCIENTIFIC AND TECHNICAL ADVISORY COUNCIL (SAC)

The Scientific and Technical Advisory Council (SAC) was formed in 2020 and held its first meeting to discuss amongst other topics, SABIC's circular economy and TRUCIRCLE™ solutions. SAC is managed by Corporate Fellows, Dr. Fahad Al-Khodairi and Dr. Nikhil Verghese, and it comprises four non-SABIC members representing both academia and industrial expertise. The key purpose of SAC is to perform technical health checks for early-stage programs, provide content expertise for the Merger & Acquisition team, offer counsel on issues raised by project team management, give unbiased insights and ideas on topics of strategic interest to SABIC, encourage and support new ideas, act as a resource for executives, and propose research frameworks to enable the sustainable growth of the Company. The immediate focus of SAC is on differentiated materials (polymer science and processing), renewables, process break-through, feedstock diversification, and sustainability.



Working together with manufacturers and farmers, we have pioneered the use of certified biodegradable polymers in controlled-release fertilizers.

### OTHER COLLABORATIONS IN 2021

- A world-leading producer of structural core materials for wind energy chose our innovative LNP™ COLORCOMP™ compound to enhance the foam used in turbine blade cores.
- A Japanese plastics supplier has been collaborating with SABIC on an HDPE grade that delivers structural strength, weather resistance, and longevity to support floating solar panels.
- Working together with manufacturers and farmers, we have pioneered the use of certified biodegradable polymers in controlled-release fertilizers. Crops get precision-targeted nutrients, with reduced impact on the environment.
- Scientex Daibochi, one of the world's largest polyethylene and polypropylene film producers and food flexible packaging converters in ASEAN, selected SABIC's first-of-its-kind ocean-bound circular BOPP for a famous food brand.
- Sunttox, one of the most prominent Japanese PP film producers, selected SABIC's TRUCIRCLE™ renewable cast unoriented polypropylene as the first-of-its-kind in the Japanese market.
- SABIC and Plastic Energy commenced construction in Geleen, the Netherlands, of the world's first commercial unit to significantly upscale production of certified circular polymers derived from used plastic.
- BP and SABIC signed an agreement to work together to drive a circular economy at the Gelsenkirchen, Germany production site with the objective of increasing production of certified circular products that use mixed plastics as feedstock, thereby reducing the amount of fossil resources needed in the petrochemical process.
- SABIC collaborated with REN Clean Skincare and Aptar to develop an innovative airless packaging made with ISSC PLUS certified circular polypropylene and was recognized as the "Best Beauty Brand in the Recycling (innovation)" category at the 2021 Beauty Shortlist Awards.
- SABIC, Fraunhofer Institute UMSICHT, and Procter & Gamble (P&G) collaborated in an innovative circular economy pilot project aimed at demonstrating the feasibility of closed-loop recycling of single-use facemasks.
- Royal DSM, a global science-based company in nutrition, health, and sustainable living, will produce Dyneema, an ultra-high molecular weight polyethylene (HMPE) made using SABIC's certified circular ethylene in sailing rope and pelagic trawl net applications.

# KEY MARKETS

SABIC will continue to pursue opportunities for sustainable solutions across diverse industries ranging from transportation and packaging to electronics and medical devices. Our innovation helps our customers meet their sustainability goals, be it through reducing their carbon footprint, increasing their energy efficiency, or helping them eliminate waste.



Our innovation helps our customers meet their sustainability goals.

## DRIVING SUSTAINABLE CHANGE IN KEY MARKETS

### ELECTRONICS AND ELECTRICAL, AUTOMOTIVE, HEALTHCARE, BUILDING AND CONSTRUCTION, AND CONSUMER GOODS INDUSTRIES

SABIC's certified circular polycarbonate (PC) resins and blends, produced from post-consumer mixed plastic through advanced recycling, have the capability to support customers across industries such as electronics and electrical, automotive, healthcare, building and construction, and consumer goods.

### ELECTRONICS AND ELECTRICAL MARKET SEGMENT



SABIC has developed solutions for ocean-bound plastics recycling and is the first chemical manufacturer to achieve UL 2809 ECV certification for recycled content in China. The ocean-bound material is mechanically recycled, compounded, and converted into components for new consumer goods and electronics applications, such as TV remote controls and electronic razors.

### AUTOMOTIVE SEGMENT



SABIC's first sustainable automotive grades of resins – SABIC® T2E-3320EH polypropylene compound, a high-flow, low-emission, talc-filled polypropylene; XENOY™ T2NX2500UV resin, an unfilled, UV-stabilized blend of polycarbonate (PC) and polyethylene terephthalate (PET); and XENOY™ T2NX5230 resin, a mineral-filled PC/PET blend – are aimed at automotive industry sustainability. All three materials contain up to 29% recycled content.

### CONSUMER GOODS



SABIC has successfully introduced certified renewable polycarbonate into eyewear applications through the use of SABIC's LEXAN™ polycarbonate resin.

### BUILDING AND CONSTRUCTION



- SABIC has commercialized certified renewable polycarbonate into building and construction applications through the use of SABIC's LEXAN™ polycarbonate resin.
- SABIC's new range of dedicated polyethylene and polypropylene (PP) resins mark a significant leap forward in the performance profile of polyolefin pressure pipes, utilizing the BiAx Pipe technology.
- SABIC has developed a new PP mini-random grade pipe combining stiffness properties of a PP homopolymer, balanced with impact and ESCR properties of PP random, and bringing processing advantages.

### AGRI-NUTRIENTS



In 2021, SABIC developed next generation fertilizers that are environmentally friendly and sustainable, meeting the needs of farmers and the world at large. We introduced three new enhanced efficiency fertilizers: the first-of-its-kind biodegradable polymer coated urea, stabilized nitrogen urea, and slow release urea built on unique dual N technology; soluble granular NPK, a water soluble fertilizer that we developed for end-users who require high nutrient efficiency using standard farming practices but at lower cost; three new urea nutrient enriched fertilizers: zinc coated urea, humic acid coated urea, and urea calcium sulphate; and a commercial-scale environmentally friendly formaldehyde-free additive that will enable the full capacity of our prilled urea to be available as a technical grade urea that will allow diesel engines to run more efficiently and reduce hazardous emissions.

## KEY MARKETS CONTINUED

### WORLD'S FIRST BIO-RENEWABLE HIGH HEAT SPECIALTY POLYMER

SABIC introduced a new portfolio of bio-based ULTEM™ resins, the first certified renewable high performance amorphous polymers available in the industry. Carrying the International Sustainability and Carbon Certification Plus (ISCC PLUS), the specialty bio-based materials can potentially reduce carbon footprint by up to 6-8% compared to fossil-based incumbent grades in various applications such as consumer electronics, aerospace, automotive, and other industries where high temperature, dimensional stability, or demanding mechanical performance is required.

### INCREASING SUSTAINABLE CONTENT IN HIGH-PERFORMANCE FLAME-RETARDANT COMPOUNDS

The bio-based LNP™ THERMOCOMP™ DC0041PE-7M1D145W compound offers customers a new sustainable option for use in consumer electronics, healthcare, and other key industries, offering significant potential reductions in carbon footprint when compared to fossil-based incumbent material. For every 100 kg of LNP™ THERMOCOMP™ DC0041PE-7M1D145W compound, 21 kg of fossil-based materials have been replaced with bio-based materials derived from waste or residue. The new compound was developed with over 50% of recycled content from post-consumer recycled resin and pre-consumer recycled carbon fiber sources.



Our bio-based ULTEM™ resins enable a seamless means of reducing the carbon footprints of highly demanding applications in consumer electronics.

## LOOKING FORWARD

With sustainability becoming an increasing focus, there is a need to develop products and solutions that are designed with circularity and carbon neutrality in mind while also enhancing performance metrics. We will address this need by developing and delivering differentiated and sustainable solutions to our customers.

Our Petrochemicals SBU will leverage technology, innovation, and sustainability to address a range of end-user markets that include automotive, building and construction, healthcare and personal hygiene, packaging, and consumer and household goods.

Through a well-defined global expansion strategy, SABIC continually seeks opportunities to enter new markets, expand our footprint and presence in growing markets, and introduce new innovative solutions in line with our vision of being a national champion and a global leader in the agri-nutrients industry. The business is exploring opportunities in sustainable green ammonia production, having successfully produced blue ammonia for use in zero-carbon power generation in 2020. Ultimately, SABIC Agri-Nutrients aims to become a leading player in the low-carbon ammonia market and the ammonia energy market.

Our Specialties SBU addresses complex and unique customer needs through differentiation, sustainability, and speed to market. Positioned for sustainable and profitable growth, it aims to become one of the top players in the "Multi-Segment Premium" specialty chemicals segment, providing innovative solutions that address the challenges our customers face. As the Specialties business grows,

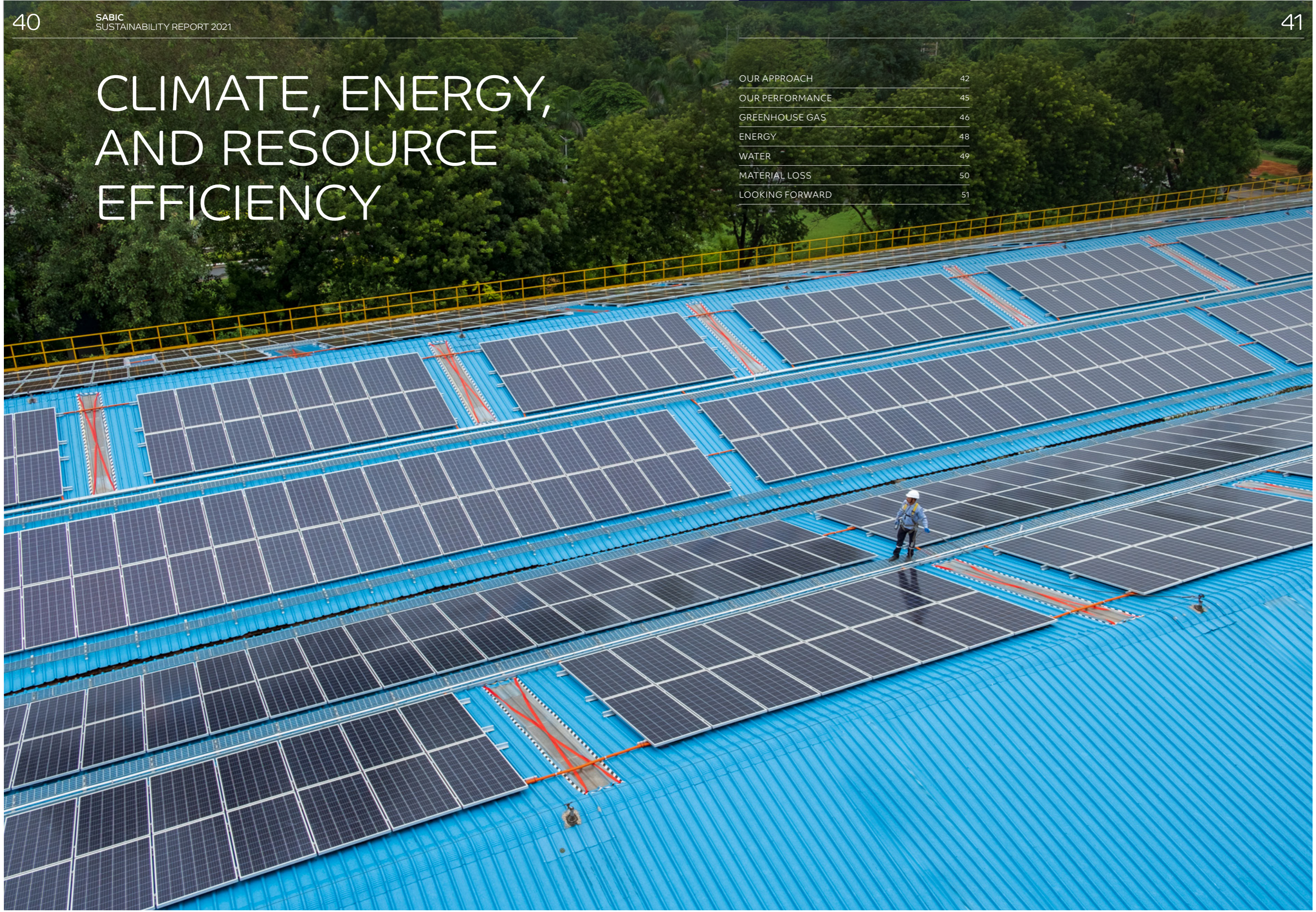
we will provide stable value creation with products without advantaged feedstocks, leveraging our global application technology centers and extensive materials processing expertise. In particular, the United Nations Future Possibilities Report (2020) identified six transformational trends in advanced market niches that will open new possibilities to benefit society and lead to economic growth in the coming years. These are the Exabyte, Wellbeing, Net Zero, Circular, Bio Growth, and Experience economies. Specialties offerings are found in applications in four of these promising areas, including Circular economies, where our experience and global networks will provide an added impetus to our pace of future growth in this emerging global space.

Hadeed will continue to offer customers quality, innovative, and diverse steel solutions, while striving to meet sustainability targets. We will continue to focus on cost controls and reliability, increasing profitability while maintaining stability in the supply of prime quality products to the local market, supporting Saudi demand. We will also remain focused on progressing toward achieving our long-term sustainability goals and the development of the circular carbon economy.

For further information about how our SBUs are supporting SABIC in its commitment to innovation and sustainability, kindly refer to our Annual Report.

# CLIMATE, ENERGY, AND RESOURCE EFFICIENCY

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# OUR APPROACH

## CARBON NEUTRAL BY 2050

In 2021, we made a public commitment for all our operations to become carbon neutral by 2050. The pledge is a statement of intent and a marker that will henceforth orient all our efforts to combat the most pressing issue of our time: climate change.

To operationalize this pledge and drive us toward our carbon neutrality ambitions, the Energy Efficiency and Carbon Management (EECM) body, together with representatives from all Strategic Business Units (SBUs) and Corporate Sustainability, developed SABIC's Carbon Neutrality Roadmap. The roadmap identifies five primary pathways to decarbonization: Reliability, Energy Efficiency, and Improvements; Renewable Energy; Electrification; Carbon Capture; and Green/Blue Hydrogen. These five pathways, along with SABIC's ongoing focus on circular and renewable feedstock, will organize our efforts in the years and decades to come.

In our earlier articulations of our climate ambitions, we set out intensity-based targets and mandated reductions in our greenhouse gas emission intensity (along with reductions in energy intensity, water intensity, and material loss intensity) by 2025 from a 2010 baseline. However, evolving understandings and expectations of climate change action in the corporate landscape has prompted us to re-evaluate and reshape the targets in our roadmap. We have now set a goal of a 20% reduction in absolute greenhouse emissions (Scope 1 and 2) by 2030 to support SABIC's Carbon Neutrality commitment. The SBUs, corporate functions, and manufacturing will be actively involved in the effort to achieve the goals of the roadmap. While we will continue to report our progress on both intensity-based and absolute reduction targets through 2025, these new absolute reduction targets will be our primary focus after 2025.

### Sustainability Targets Journey



### WHAT ARE WE CONSIDERING IN OUR 2050 CARBON NEUTRALITY ROADMAP?

<p><b>RELIABILITY, ENERGY EFFICIENCY &amp; IMPROVEMENTS</b></p> <ul style="list-style-type: none"> <li>• Technology Improvement</li> <li>• Energy Efficiency</li> <li>• Asset Improvement &amp; Reliability</li> <li>• Asset Rationalization</li> </ul>	<p><b>RENEWABLE ENERGY</b></p> <ul style="list-style-type: none"> <li>• Increase RE share in imported energy mix</li> <li>• Approved strategy of facilitating 4 GW by 2025 and 12 GW installed capacity by 2030</li> </ul>	<p><b>ELECTRIFICATIONS</b></p> <ul style="list-style-type: none"> <li>• Using Renewable Energy</li> <li>• Electrification of different steam driven rotating equipment</li> <li>• Electric cracking furnaces for olefins and aromatic based products</li> </ul>	<p><b>CARBON CAPTURE</b></p> <ul style="list-style-type: none"> <li>• High concentration potential for utilization</li> <li>• CCUS collaborations</li> </ul>	<p><b>GREEN/BLUE H2</b></p> <ul style="list-style-type: none"> <li>• Commercially available solutions and under early R&amp;D</li> </ul>
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As major steps on this journey in 2021, SABIC established a groundbreaking partnership with chemical and industrial gas giants BASF and Linde to develop electrically powered steam cracker technology that will aim to reduce carbon emissions by 90%; announced plans to convert the Teesside, UK facility steam cracker from a mixed feed cracker to an ethane feed cracker, which will reduce its direct GHG emissions by up to 60%; entered into a feasibility study for the incorporation of a blue

hydrogen economy at the Teesside industrial cluster, further reducing Scope 1 emissions; and signed a Memorandum of Understanding with NEOM to discuss and identify opportunities for collaboration for the development of a green chemistry hub using renewable energy. SABIC also entered an agreement in 2021 with the World Economic Forum and industry partners to formalize the Low-Carbon Emitting Technologies Initiative into a stand-alone entity by 2023.

## EXPLORING BLUE/GREEN AMMONIA

SABIC is an active participant in developing the low-carbon ammonia market – popularly referred to as “blue” and “green” ammonia. We aim to expand our presence in the ammonia market by maintaining a healthy pipeline of projects under evaluation, which span from ammonia production to final marketing efforts across various end uses. A major milestone in this project was in late 2020, when Aramco and SABIC collaborated to send the world's first blue ammonia shipment to Japan for zero-carbon power generation. We overcame the challenges associated with the shipping of blue ammonia and demonstrated the supply network of blue ammonia over the entire value chain, including the conversion of hydrocarbons to hydrogen and then to ammonia, and the capture of associated CO<sub>2</sub> emissions. With the use of hydrogen expected to grow in the global energy system, this milestone highlights one of several pathways within the concept of a global Circular Carbon Economy and indicates the potential of hydrocarbons as a reliable and affordable source of low-carbon hydrogen and ammonia.

In 2021, SABIC continued its low-carbon journey by exploring various applications for ammonia outside of fertilizers and chemical intermediaries and expanding into power generation, shipping fuel, and acting as a hydrogen carrier. We are also exploring opportunities in green ammonia production using sustainable electricity, water, and air to reduce the carbon footprint in existing affiliates. Producing green ammonia via green hydrogen derived from water electrolysis is becoming more cost-effective and will eventually compete with conventional ammonia production using non-renewable fossil fuels. A proposal for installing a small electrolysis unit is under a feasibility evaluation. These initiatives will become vital elements of SABIC's carbon neutrality roadmap as we progress.

## PLANT OF THE FUTURE

SABIC Engineering & Project Management and Corporate Sustainability co-hosted a Plant of the Future summit in 2021. This hybrid event brought together representatives from global functions in an effort to educate on sustainability and chart a path for transformational change in SABIC Growth Projects that will enable SABIC to design and build globally the most competitive and sustainable new capital assets in 2030-2050. The summit focused on topics in three primary areas: Growth Project Foundations, Process Technology Design, and ESG issues. Presentations by internal and external subject matter experts inspired brainstorming sessions on how to embed concepts into the SABIC project process and thereby start the journey toward a “fit for future” mindset. Topics varied from site selection, financial and risk modeling, and circular economy to decarbonization technologies, clean energy options, and the impact of digital transformation.

## DIGITALIZATION

The SABIC Corporate Digitalization Program will affect all parts of the business. The program has been an enabler for how we collect and report sustainability data in our manufacturing plants. In 2021, we completed a successful pilot at one of our manufacturing affiliates and intend to implement digitalized sustainability data tracking and disclosure at another eight affiliates in 2022.

THE PLANT OF THE FUTURE SUMMIT AIMS TO CHART A PATH FOR TRANSFORMATIONAL CHANGE IN SABIC GROWTH PROJECTS THAT WILL ENABLE SABIC TO DESIGN AND BUILD GLOBALLY THE MOST COMPETITIVE AND SUSTAINABLE NEW CAPITAL ASSETS IN 2030-2050.

# OUR APPROACH

## CONTINUED

### CLIMATE GOVERNANCE

Climate governance is a critical way to ensure accountability and embed our climate strategy across SABIC's functions and teams. We have strengthened our internal governance through the creation of two additional new structures aimed at meeting regulation, setting targets, and increasing disclosure.

The first structure is our Energy Efficiency and Carbon Management (EECM) body, which oversees the Carbon Neutrality Roadmap and contributes to the overall roadmap for SABIC's energy-efficiency portfolio. Reporting to SABIC's Chief Technology Officer and Chief Sustainability Officer and a steering committee representing Technology, Sustainability, Manufacturing, Strategic Business Units, Engineering & Project Management, and Shared Services, this team drives and monitors energy key performance indicators to meet regulatory requirements. This includes engaging with SEEC, the government body charged with helping different industrial sectors achieve targets in efficient use of natural resources. EECM comprises a steering committee, project management office, and focus teams which assess initiatives, validate, and monitor progress on SABIC carbon neutrality goals.

The second structure, described in more detail in the 'About SABIC' chapter, is our ESG Reporting Steering Committee, which includes representation by senior managers across SABIC. This committee sets general ESG reporting strategy, which includes consideration of climate risk, goals, metrics, and disclosure. The committee also manages SABIC's alignment with the Task Force on Climate-related Financial Disclosures (TCFD).

### CLIMATE RISK AND RESILIENCE

SABIC is working to improve our understanding of climate risk and build resilience so our Company can withstand the inevitable impacts of climate change. Renewable energy is our main tool to reduce Scope 2 greenhouse gas (GHG) emissions, so we have long-term targets to secure 4 gigawatts of renewable capacity by 2025 and 12 gigawatts by 2030. Construction is underway at our Cartagena, Spain site, where we will operate our polycarbonate plant with 100% renewable electricity by year-end 2023 (an expected 70 kton CO<sub>2</sub> emissions reduction). The current renewable energy capacity at SABIC is comprised of small-scale solar installations, with 2021 added capacity highlighted in the GHG emissions Scope 2 section of this Report.

### CLIMATE DISCLOSURE

Accurate, transparent disclosure of a company's climate impacts and risks is essential for progress on climate change. SABIC is committed to measuring and disclosing our carbon footprint, and we are also broadening our climate disclosure to include risk.

Our reporting boundary for our Environmental Sustainability KPIs is in line with current financial consolidation; however we have opted to include 3.5 SABIC affiliates – Kemya, Sharq, Yanpet and 50% of SAMAC – that were moved outside financial boundaries in 2020\* as part of the total numbers.

In 2021, SABIC maintained our overall B rating through our CDP climate disclosure, and we continued our efforts with the CDP Supply Chain Program. We added the CDP Water Disclosure (internal rating only) and aligned our water reporting to GRI 303 Water & Effluents, including water withdrawal, water discharge, and water consumption accounting. We are working to align our disclosure with TCFD recommendations, which help financial markets accurately assess the costs of global warming. We have also continued to use the EcoVadis sustainability ratings platform, maintaining our Platinum Medal in 2021, which is awarded to companies that score in the top 1% for sustainability practices.

### SAUDI ENERGY EFFICIENCY PROGRAM (SEEP)

In line with our commitment to SEEP, our new climate governance structure, EECM, has established several virtual teams to develop a roadmap with different options that allow SABIC to support the government's 2025 SEEP goals.\*\* To meet the more stringent targets for the second SEEP cycle, SABIC will embark on seven key megaprojects with an expected investment of US\$1.1 billion to help us reduce the primary energy deficit by 13 million MMBTUs. These new megaprojects, along with previously committed projects, corporate renewable energy initiatives, and feedstock utilization credits will allow us to close the 47 million MMBTU second cycle SEEP deficit.

\* Please see Note 39 of SABIC's Financial Statements 2020 for further details.

\*\* Note that the SEEP boundary includes all SABIC-operated assets in KSA.

# OUR PERFORMANCE

## KEY METRICS

These metrics provide the changes in performance compared to 2010 for GHG emissions, energy use, freshwater use, material loss, and flaring reduction. Total CO<sub>2</sub> utilization is the absolute usage in 2020. The intensities are based on units per metric ton of external production sales.

GREENHOUSE GAS INTENSITY REDUCTION	ENERGY INTENSITY REDUCTION	WATER INTENSITY REDUCTION	MATERIAL LOSS INTENSITY REDUCTION
17.5%	11.3%	13.7%	45.5%
FLARING (METRIC TON CO <sub>2</sub> E)	FLARING EMISSION REDUCTION	TOTAL CO <sub>2</sub> UTILIZATION (MILLION METRIC TONS)	ABSOLUTE WASTE REDUCTION
1,811,884	51.1%*	3.61*	11.9%

\* Assured by KPMG

# GREENHOUSE GAS

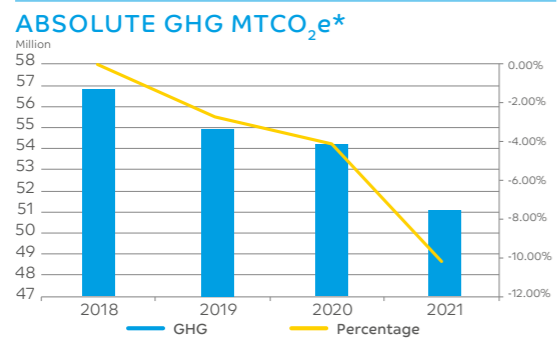
Absolute emissions fell by 5.8% from 2020, with reductions of 2.0% in Scope 1 and 13.7% in Scope 2 emissions. The decrease in Scope 2 emissions was largely due to reduction of the carbon emission factors for electricity in Saudi Arabia, Spain, and Germany.

## GREENHOUSE GAS EMISSIONS BY SCOPE (MTCO<sub>2</sub>e)

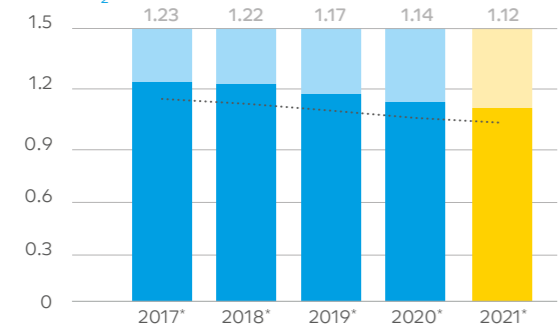
As discussed in our Sustainability Report 2020, the International Energy Agency (IEA) Emission Factor Report 2020 indicated that Saudi Arabia had an Electricity Carbon Emission Factor (CEF) reduction of 27% in one year. Due to the significant share (80%) of SABIC's Scope 2 emissions occurring in Saudi Arabia, we opted to potentially over-report in 2020, utilizing the 2019 Emission Factor in our 2020 disclosures. We have adopted the 2021 IEA emission factor for our Saudi Arabia-based purchased electricity, resulting in a year-over-year decrease in Indirect (Scope 2) emissions of 2,390,867 MTCO<sub>2</sub>e.

GHG in MTCO <sub>2</sub> e	2020*	2021*
Scope 1 – Financially consolidated	29,564,902	29,003,145
Scope 2 – Financially consolidated	14,484,898	12,555,400
Scope 1 - 3.5 affiliates †	7,183,996	7,004,342
Scope 2 - 3.5 affiliates †	3,028,044	2,555,942
<b>TOTAL SCOPE 1 &amp; 2</b>	<b>54,261,840</b>	<b>51,118,829</b>

\* Assured by KPMG  
† 3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC



## GREENHOUSE GAS INTENSITY (MTCO<sub>2</sub>e/MT PRODUCT SALES)\*



\*Assured by KPMG

## SCOPE 3 REPORTING

SABIC has been reporting its direct emissions (Scope 1) and indirect emissions associated with outsourced energy supply (Scope 2) since 2011. As part of our culture of continuous improvement and effort to support the sustainability aspirations of our partners in the value chain, we started our Scope 3 reporting journey in 2019 with an initial comprehensive look at all 15 categories. In 2021, SABIC received limited assurance on Scope 3 emissions for the calendar year 2020, becoming the first Company in the industry to assure overall Scope 3 emissions.

In line with our CEO's Carbon Neutrality announcement, we aspire to reduce our indirect Scope 3 emissions along the value chain. As we progress with our Carbon Neutrality Roadmap, SABIC intends to proactively manage Scope 3 emissions by connecting with major customers and suppliers to evaluate their carbon reduction plans and the supportive role that SABIC can provide to their respective sustainability journeys. SABIC is also engaging with its peers to improve and standardize the Scope 3 estimation process. Alongside these initiatives, SABIC will also assess the GHG emissions of non-consolidated companies in which SABIC holds an equity share, which are reported under Category 15. As we work towards a better understanding of emissions beyond SABIC's operations from upstream and downstream activities, we will continue to improve our identification and management of risks and opportunities associated with value chain emissions.

SABIC has continued to evaluate its Scope 3 emissions, showing a total of 116 million MTCO<sub>2</sub>e in 2021, a 3.3% reduction since 2020.

## SCOPE 3 EMISSIONS SUMMARY\*

Scope 3 Emissions in million MTCO <sub>2</sub> e	2020	2021
Financially consolidated		
3.5 affiliates † reported in Scope3, Category 15	112	107
Total GHG scope 3		
3.5 affiliates† reported in Scope 1&2	120	117

\*Assured by KPMG  
† 3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC

The categories with the greatest contribution to SABIC Scope 3 emissions are: Category 1 Feedstock, Category 15 Investments and downstream categories related to processing, use and end of life of Sold Products (Categories 10, 11, and 12).

## REPORTING OF AVOIDED EMISSIONS AND BIOGENIC CREDITS 2021

In order to make headway in our Category 1 Feedstock emissions, SABIC has been replacing conventional hydrocarbon based feedstock with alternative feedstock since 2014, when we started the consumption of bio-based renewable feedstock in our cracker in Geleen, the Netherlands. As part of our 2050 decarbonization program, replacement of feedstock is accelerating.

One alternative feedstock is pyrolysis oil made of mixed used plastic streams. The circular cracker products and polyolefin are produced in some of SABIC's European assets. By virtue of diverting plastic waste from incineration for producing pyrolysis oil, the total avoided emissions in 2021 were 10,196 MTCO<sub>2</sub>e. This amount of avoided emissions is reported separately from our Scope 3 inventory.

Another alternative feedstock is biomass-based, primarily (but not solely) tall oil from the pulp & paper industry. The renewable cracker products and polyolefin are produced in SABIC's European assets. The total reduction of End-of-Life emissions has led to 7,692 tons of biogenic CO<sub>2</sub> emissions (actuals), which, according to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WRI and WBCSD, September 2011) - have been discounted from the Scope 3 Category 12 (Emissions associated to End-of-Life treatment of waste based on biogenic CO<sub>2</sub>). The biogenic credits (removals linked to CO<sub>2</sub> sequestration) for the share of landfilled and recycled plastics that are not included in Scope 1, 2, and 3 are reported separately, amounting to 35,988 MTCO<sub>2</sub>e.

SABIC's LCA Studies, substantiating the above reported avoided emissions and biogenic credits, have undergone a rigorous ISO Critical Review process, reviewed by a panel comprising of four renowned experts in the field of the study. The study aims at conformance with ISO 14040:2006 and ISO 14044:2006, and the third party full panel critical review aims for conformance with ISO 14071.

## KEY INITIATIVES AND SUCCESSES

### RENEWABLES CAPACITY EXPANSION

SABIC is committed to securing renewable energy to power our operations. We have established aggressive targets for securing 4 GW installed capacity by 2025 and 12 GW installed capacity by 2030. We are currently investigating the feasibility of procuring 2+ GW renewable energy in Saudi Arabia and have initiatives to add 730 MW in Europe and 60 MW in the United States by 2025. Renewable power generation efforts have expanded across SABIC in 2021 and are focused on on-site installations, including installations in China, Thailand, and the Netherlands as highlighted below.

### SHANGHAI, CHINA

Our rooftop photovoltaic system was successfully installed and commenced operations in December 2021. The system consists of 532 solar panels and can produce around 250,000 kWh of renewable energy per year, reducing our annual carbon footprint by 250 tons.

### RAYONG, THAILAND

We completed Phase 2 of the Solar Rooftop Project at the Rayong site in December 2021 and added 188 sets of solar panels (100 kW capacity) over the car park area. This adds 140,000 kWh of renewable energy per year, bringing the site total to approximately 500,000 kWh per year, over 4% of the site's total electricity consumption.

### BERGEN OP ZOOM, THE NETHERLANDS

The site's pilot solar panel island, which has a capacity of 10 kW capacity, generated over 7,000 kWh of carbon-free electricity in 2021. The panels were installed as an island in the fire pond, where we tested panels made from two separate SABIC materials; SABIC PP Honeycomb and SABIC LEXAN™ multi-wall sheet.



# ENERGY

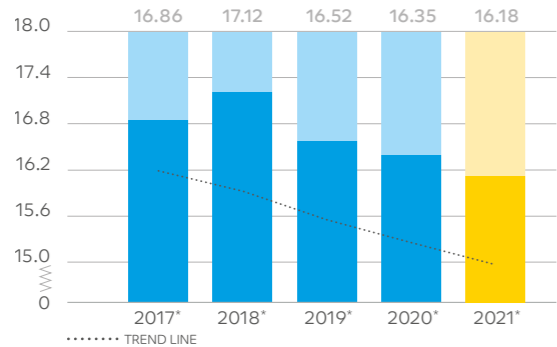
Energy intensity decreased by 1% from 2020, and we saw a 4.4% reduction in absolute energy consumption from 2020. The main drivers for this reduction were strategic business decisions related to SABIC high-intensity olefins operations.

The temporary shutdown of the Teesside, UK, olefins plant throughout 2021 resulted in a year-over-year reduction of 17.5 million GJ. Similarly, the Ibn Rushd restructuring project, which saw a permanent shutdown of olefins operations, resulted in a reduction of 8.9 million GJ from 2020.

Energy in GJ	2020*	2021*
Financially consolidated	634,079,757	600,739,990
3.5 affiliates <sup>†</sup>	141,170,381	140,489,510
<b>TOTAL ENERGY</b>	<b>775,250,138</b>	<b>741,229,500</b>

\*Assured by KPMG  
†3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC

## ENERGY INTENSITY (GJ/MT PRODUCT SALES)



\* Assured by KPMG.

## KEY INITIATIVES AND SUCCESSES

### AL JUBAIL, SAUDI ARABIA

We commissioned the United EG3 plant, which will be the most energy efficient ethylene glycol plant in the world. The plant will have an estimated annual capacity of 700,000 metric tons of monoethylene glycol and enable SABIC to maintain its position as the largest producer of ethylene glycol in the world.

The Ar-Razi methanol-manufacturing site enhanced their Sustainability and Energy Management System in 2021 with the development of an online Enabler Tool to track sustainability KPIs and main energy consumers' performance on a daily basis. This tool and greater emphasis on energy management reduced total site energy consumption by 830,000 GJ, a reduction of 1.5% in absolute energy for the site.

The Saudi Kayan plant improved energy efficiency of the C3 splitter column by upgrading with high performance sieve trays. Separation column tray efficiency increased by 24% and the steam needed to operate the column was reduced by 18.5% (15 tons/hr).

The Petrokemya site implemented continuous monitoring, advanced process control, and operating protocol acceptance with the neighboring Ibn Zahr plant, resulting in maximized C4 mixed feed and increased operational efficiency for the Butene #3 unit (a 510,000 GJ reduction, equivalent to 0.06% of all SABIC energy consumption). Additionally, several energy optimization projects were implemented, including an adjustment to the medium pressure (MP) steam header pressure and a change in boiler conductivity control parameters, leading to a combined reduction of 26,000 GJ per year.

### MT VERNON, INDIANA, UNITED STATES

The polycarbonate site in Mt Vernon, Indiana upgraded the chlorine plant's cell technology from diaphragm to best-in-class membrane technology. The upgrade increased operation efficiency by 30%, reduced steam consumption by 75%, and electrical consumption by 20%. Overall energy intensity for the entire complex was reduced by 3%.

### BERGEN OP ZOOM, THE NETHERLANDS

The Petrochemicals manufacturing site in Bergen op Zoom commenced an "Energy BoZ Savings" initiative in October 2021 that aimed at addressing quick wins for energy reduction. The site was able to realize an annualized reduction of 84,000 GJ through various energy reduction efforts that included the repair of the hydrogen boiler to generate steam from a carbon-free energy source and offset purchased fuel gas (55,000 GJ), the repair and prioritization of steam traps across the site (13,000 GJ), and strategic spare parts management to limit downtime of heat recovery system (16,000 GJ).

### MOKA, JAPAN

Replacement of the cooling water pump (CW) and installation of a variable frequency drive (VFD) to optimize operating frequency in Building Q enabled us to realize a significant energy reduction of 186 MWh/year. We realized further gains by changing the screw design for the EFN4230 of the L121 extruder. This reduced torque and increased output, resulting in an energy reduction of 441 MWh/year.

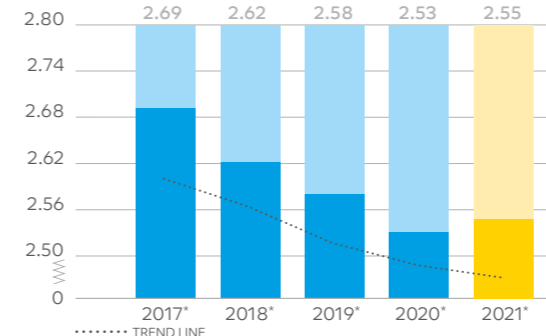
# WATER

Water intensity increased 0.5% from 2020, driven primarily by the start-up of new plants at our Gas and United affiliates as well as a seawater cooling piping failure at Yansab. The latter issue required operating the Yansab site with freshwater as cooling water, resulting in an additional 260,000 cubic meters of freshwater in 2021 and decreased production across the site.

Water in m3	2020*	2021*
Financially consolidated	104,885,651	100,509,077
3.5 affiliates <sup>†</sup>	15,211,131	16,079,841
<b>TOTAL WATER</b>	<b>120,096,782</b>	<b>116,588,918</b>

\*Assured by KPMG  
†3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC

## WATER INTENSITY (m<sup>3</sup>/t PRODUCT SALES)



\* Assured by KPMG.

In 2021, we increased the granularity of our environmental footprint reporting with the addition of water withdrawal, water discharge, and water consumption accounting across our manufacturing sites. The following table is in accordance with GRI 303 Water & Effluents and marks our first step in advancing our water accounting principles beyond freshwater usage intensity.

Water Overview SABIC 2021	Financially Consolidated	Financially Consolidated + 3.5 affiliates <sup>†</sup>
	Million m <sup>3</sup>	Million m <sup>3</sup>
Freshwater – groundwater	10.6	10.6
Freshwater – surface water	11.6	11.6
Third-party water – desalinated water	53.5	69.5
Third-party water – groundwater	8.2	8.2
Third-party water – produced water	2.4	2.4
Third-party water – surface water	14.2	14.2
<b>Total freshwater withdrawal</b>	<b>100.5</b>	<b>116.6</b>
Freshwater discharge	51	57.7
<b>Total freshwater consumption</b>	<b>49.5</b>	<b>58.9</b>
Seawater withdrawal	3,679	5,467
Seawater discharge	3,621	5,384
<b>Total seawater consumption</b>	<b>58.3</b>	<b>83.5</b>
<b>Total SABIC water usage</b>	<b>107.8</b>	<b>142.4</b>

†3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC

## KEY INITIATIVES AND SUCCESSES

### SABIC AGRI-NUTRIENTS

We developed a Water Intensity Dashboard to monitor water losses for all plants. The dashboard allows us to track and measure water losses in real time, thus enabling the operations team to take corrective actions. We have also prepared a long-term action plan that aims to improve water intensity in the coming years.

### RAYONG, THAILAND

Our site in Rayong, Thailand, achieved a 20% reduction in water intensity over the previous year. We achieved this by installing six water meters at the three main areas of water consumption in the manufacturing process. Through monitoring daily usage, we can alert our employees to fix water leakages, conduct effective cleaning activities, and respond promptly to abnormal spikes in usage. We also focused on optimizing production schedules to minimize cleaning and allow for better sequencing of United States Food and Drug Administration (FDA) grades.

### MOKA, JAPAN

We changed the water supply to the Cooling Water (CW) pit of Building K from De-ionized Water (DIW) to Ionized Water (IW). This resulted in a 904 m<sup>3</sup> reduction in water consumption in five months (annualized 2,168 m<sup>3</sup>/year). A change in the watering method to prevent freezing in winter also resulted in a reduction of 475 m<sup>3</sup>/year.

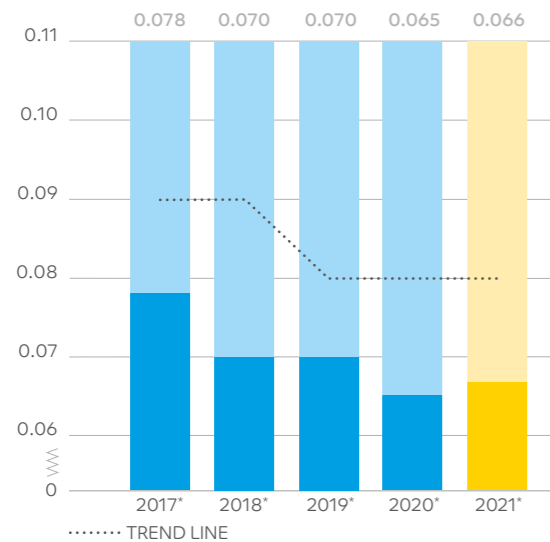
# MATERIAL LOSS

Similar to water intensity, our material loss intensity increased by 1.4% from 2020 while our absolute material loss volumes decreased by 2% over that same period. This was driven primarily by a 3.4% decrease in external sales vs. 2020 and an increase of 11% in flaring across all global affiliates.

Material Loss in MT	2020*	2021*
Financially consolidated	1,972,807	2,027,852
3.5 affiliates †	1,115,058	997,163
<b>TOTAL MATERIAL LOSS</b>	<b>3,087,864</b>	<b>3,025,015</b>

\*Assured by KPMG  
†3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC

## MATERIAL LOSS INTENSITY (t/t PRODUCT SALES)



\* Assured by KPMG.

The primary driver of this flaring increase was the commissioning of a new asset, the Gulf Coast Growth Ventures (GCGV) manufacturing facility in San Patricio County, Texas, a joint operation with ExxonMobil. Start-up flaring from GCGV added 5% to our total flaring emissions in 2021 (SABIC reports 50% of the footprint from GCGV, in line with financial consolidation).

### KEY INITIATIVES AND RESULTS

#### IBN ZAHR, SAUDI ARABIA

Through Advanced Process Control PID Tuning, optimization of the temperature control values on the propylene interchanger resulted in increased propylene recovery in the system and a 63% reduction in flaring (600 MT). This had a positive impact on the Material Loss Intensity and Flaring KPIs.

#### BAY ST LOUIS, MISSISSIPPI, UNITED STATES

We reduced material loss intensity through our Hazardous Waste Reduction campaign. The single largest waste stream at the Bay St Louis site comes from the production of AMSAN. We optimized reactor parameters to operate with zero purge for nearly half of the campaign, resulting in a 73% reduction in the generation of hazardous waste since the previous campaign in 2019. We will continue to operate with these optimized reactor parameters in 2022, which will result in the waste stream being reduced by 97% since the 2010 baseline year.

#### SAUDI KAYAN, SAUDI ARABIA

Turnarounds have led to increased waste generation, negatively impacting material loss intensity.

#### HADEED, SAUDI ARABIA

Increased production in our direct reduction plants has led to increased flaring, negatively impacting material loss intensity.

# LOOKING FORWARD

Continuing our commitment to securing renewable energy to power our operations, over the next four years, SABIC has line-of-sight to procure more than 4 GW of renewable energy through solar, wind, hydroelectric, and biomass installations across Saudi Arabia, Europe, the Americas, and Asia-Pacific.

SABIC is committed to the Paris Agreement goals and we announced our commitment to target carbon neutrality from operations under our control by 2050. By 2030, we aim to reduce our direct and indirect greenhouse gas emissions (Scope 1 and 2) worldwide by 20% compared to 2018 and will collaborate with our partners in initiatives that aim to reduce our indirect Scope 3 emissions along the value chain.

Our ongoing projects to reduce the carbon footprint of our own operations and assets include electrifying our steam-driven compressors and pumps to reduce our GHG emissions and the repurposing of our existing infrastructure for blue hydrogen and ammonia production with CO<sub>2</sub> capture for use in zero-carbon power generation. We are also expanding our use of renewables in line with the Kingdom's vision for the country to be 50% powered by renewable energy by 2030 and making strides across our global network as well.

In 2021, we established a long-term power purchase agreement to secure the supply of 300 GWH of renewable wind power for our petrochemicals site in Geleen, the Netherlands. The supply of the renewable power officially started on 1 January 2022, with the power being sourced from the newly built Fryslân Wind Farm in the Netherlands. This agreement marks a significant development in our global carbon neutrality strategy, providing 30% of our annual power demand at Geleen and helping us to reduce our indirect CO<sub>2</sub> emissions by 120,000 MT.

# EHSS AND PRODUCT STEWARDSHIP

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## OUR APPROACH

Protecting environmental and human health, safety, and security (EHSS) is at the heart of our business. From educating our stakeholders, to creating sustainable product life cycles, to promoting health and safety in the communities where we live and work, we strive to create a culture of stewardship. We continually seek to improve our EHSS performance and to strengthen health and safety competencies and policies across our Organization.

We invest in driving continuous improvement across our business to remain an industry leader in EHSS. Therefore, we emphasize monitoring and refining our approach to environmental and human health and safety. Beyond mere compliance, we assess and manage risk, run system-wide safety initiatives to achieve efficiency, and train our employees and contractors to recognize and address hazards.

The SABIC EHSS policy has been developed to fulfill all compliance obligations while instilling a mindset that goes beyond compliance. We are committed to implementing world-class processes and best practices for environment, health, and security; to operate our facilities in a safe, stable, and compliant manner; and to implement sound solutions to conserve natural resources and minimize adverse impacts. EHSS and regulatory compliance is one of the pillars that the SABIC 2025 manufacturing strategy has been built on. The EHSS strategy focuses on enhancing employees' competencies to identify process hazard risks and to provide effective risk mitigation recommendations. In addition, SABIC Global EHSS has developed proactive and reactive Key Performance Indicators (KPIs) to monitor the performance of all our entities globally.



We are committed to operate our facilities in an environmentally safe manner.

In 2021, our Global Industrial Hygiene Team conducted a high quality Health Risk Assessment at SABIC sites. In-house health risk assessment workshops and training for 43 Middle East and Africa (MEA) employees were conducted. The EHSS Maturity method, which was launched in early 2020 as a new criterion to monitor EHSS performance of each SABIC site based on a number of KPIs, was further fine-tuned. A global feedback exercise was initiated to ensure collaborative engagement between Global EHSS subject-matter experts and all SABIC sites, to further refine the Maturity approach and calculations in order to:

- Drive performance and bring visibility to SABIC leaders
- Ensure proper focus on implementation of key aspects of Safety, Health & Environment Management (SHEM), which are part of the overall SABIC Operations Management System (OMS) Provide accountability overview through all layers of SABIC leadership
- Allow benchmarking of EHSS KPIs internally and globally
- Bring insights to address chronic issues
- Provide inputs for on-site SHEM/OMS audit teams
- Provide a mechanism to identify sites that need additional support and attention (focus sites)
- Add or revise EHSS indices to improve EHSS performance at SABIC.

### EHSS GOVERNANCE AND OPERATING RHYTHM

While adopting best practices in EHSS within our own operations and complying with all applicable regulations and standards, we practice a broader approach to EHSS by extending our EHSS stewardship to stakeholders and product lifecycles. We work with our stakeholders to enhance their awareness of EHSS and invest in research and development to establish sustainable product lifecycle management through plastics recycling and resource recovery.

The SABIC EHSS Executive Council met biannually in 2021 to monitor our global EHSS performance against strategic objectives and to offer guidance and direction. In addition, the leaders of site, functional, and manufacturing affiliates, who participate in the Council, met every quarter to coordinate strategies and monitor implementation of Council directives. The SABIC Product Stewardship Council, meanwhile, shared best practices and addressed EHSS risks within the product portfolio.

### 2021 INITIATIVES

We retained our strategic focus on strengthening EHSS governance and application despite ongoing global market and supply chain disruptions due to COVID-19. The EHSS performance of all our entities were monitored globally using a number of KPIs. We have selected our KPIs to drive performance and enhance visibility, ensure focus on key SHEM/OMS priorities, provide accountability, allow for internal and global EHSS benchmarking, identify and bring insights to address chronic issues, and provide inputs for site SHEM/OMS audits as well as provide a mechanism to identify focus sites.

This year's EHSS Culture Survey involved 16,730 participants globally, with over 260 global training events, in a Hearts & Minds exercise as part of our OMS-111 standard corporate training programs and efforts to gain a better understanding of employees' perceptions of their work environment. Meanwhile, the SHEMS/OMS Training Packages Project targeted all personnel across the Organization to achieve excellence in EHSS performance. Over 25 modules and competency programs were completed. In addition, our Connect and Protect campaign, which examines safety behaviors, systems, and culture, published 32 bulletins to communicate globally. We have also strengthened our EHSS management, performance monitoring, and stewardship through digitalization and use of artificial intelligence and machine learning.



We work with our stakeholders to enhance their awareness of EHSS.

# OUR PERFORMANCE

## 2021 HIGHLIGHTS

### Awards and recognitions

- We were recognized for our commitment to the Operation Clean Sweep® program by The Gulf Petrochemicals and Chemicals Association (GPCA)
- Our Certified Circular Polymers won the European Chemical Industry Council (CEFIC) award
- SABIC Asia-Pacific (APAC) won the 2021 Responsible Care® Chairman's Award

### EHSS initiatives

- Strengthened EHSS competencies through our collaboration with Saudi Aramco
- Revised SHEM-10 to align with the International Process Safety Standard API-754
- Engaged with global regulators to respond to proposed new environmental regulations
- Continued to collaborate with leading chemical industry associations in the world
- Conducted an Integrated Emergency Response drill at Royal Commission Pipeline Corridor

- An Emergency Management Services study was conducted to enhance the emergency response of our KSA affiliates
- SABIC EHSS Corporate achieved recertification in Responsible Care® 14001:2015 (Including ISO 14001)
- In Saudi Arabia, we also achieved certification in ISO 45001:2018 for the first time
- Trained 121 SABIC employees in the SABIC Assurance for EHSS Risk (SAFER) program
- A global gap assessment was conducted at all our manufacturing sites to identify common challenges and share solutions
- Conducted two audits to measure SHEM/OMS effectiveness and 21 SHEM elements and sub-elements were updated through Global SME
- The global rollout of the eSHEM Phase II continued
- The Heart & Minds philosophy and Maturity framework is being used to support the efforts of improving culture and training was completed in the Americas, European Union and Middle East/Africa
- The Visibility Workshop at Hadeed was attended by 130 leaders

## KEY METRICS

EHSS RATE	EHSS SHER ABSOLUTE RATE	MATURITY INDEX	CUSTOMER PRODUCT INQUIRIES ANSWERED:
-19%	0.34	81.8%	12,001

# CULTURE OF CONTINUOUS IMPROVEMENT

We enhanced our EHSS competencies through our partnership with Saudi Aramco by exploring the requirements for internal safety training and resources at both companies. This initiative assessed the opportunity for sharing physical safety training resources, programs, and facilities to optimize the overall training portfolio.

A key focus area has been leadership behavior to cultivate better leadership visibility and engagement. The EHSS and Process Safety Competency Development for Leaders (ECL) program, which was piloted at SHARQ, is due to go live for our KSA affiliates in January 2022, while rest-of-world deployment is also planned in 2022.

An Emergency Management Services (EMS) study was conducted through a third party to enhance the emergency response of KSA affiliates. The EMS study will strengthen the emergency response at our sites and will ensure the availability of robust emergency response teams to respond to any major emergencies, by sharing emergency response resources.

## IMPROVING EHSS PERFORMANCE

The SABIC Operations Management System (OMS) is a key performance driver, providing clear principles, unified standards, and guidance necessary to develop consistent systems and procedures at every SABIC site. It enables our global manufacturing community to own and drive continuous improvement, take full responsibility for their results while maintaining the high standards we expect, and to build technical skills and competencies through OMS Connect, our immersive education environment.

During 2021, we also conducted two audits to measure SHEM/OMS effectiveness for the SABIC Safety, Health & Environment Management Standards. Through this process, we aimed to identify improvement in key areas such as the development of a methodology for a periodic assessment of risk management effectiveness; improvement of SHEMS implementation, including identification of key upgrades to SHEMS procedures; and identification of capability needs in SHEMS leadership roles, with associated training needs and approaches. In 2021, 21 SHEM elements and sub-elements were updated through our subject-matter experts.

## TRACKING EHSS PERFORMANCE

To drive continuous improvement in EHSS, we track performance metrics across our facilities and over a comprehensive range of incident types, including accidental releases to the environment, process-safety events, occupational health and safety injuries, illnesses, and security incidents. We ensure that our EHSS Process Safety Management Systems are up to date with international best practices and standards, and we utilize IT enablers and digitization to obtain better quality EHSS performance data. We have also introduced prevention and mitigation action plans to achieve world-class EHSS performance.

This year, to align with the International Process Safety Standard API-754, our Process Safety team revised our incident management procedure SHEM-10. This revision will provide more visibility on Process Safety, which along with Occupational Safety, is among the main contributors to the SABIC's EHSS Incident Rate.



The SABIC Operations Management System is a key performance driver, enabling our global manufacturing community to own and drive continuous improvement.

# CULTURE OF CONTINUOUS IMPROVEMENT CONTINUED

## ENABLING EHSS INFORMATION

The global rollout of eSHEM Phase II continued successfully in 2021 for several modules, enabling improved identification, aggregation, and communication of key EHSS information. Furthermore, a new project was initiated to create a smart database that includes all global EHSS resources, with intelligent search capability. Using resources more effectively will enhance collaboration and visibility, provide quicker and easier access to functional support, create opportunities for personal growth and development, enable faster and better access to resources for assessments and audits, provide cross-site assignments to create learning opportunities and enhance effectiveness of EHSS networks. In addition, a new EHSS Support Request System which is currently being designed, will be used alongside the intelligent database as a resource tool to facilitate information sharing and support among sites.

Artificial intelligence and machine learning technologies have been harnessed as a new initiative to proactively forecast EHSS performance, based on historical performance in correlation with risk register data.

## GLOBAL KEY PERFORMANCE INDICATORS AND MATURITY INDEX

In 2020, we developed and introduced EHSS Maturity, a performance monitoring system that uses existing KPIs to generate Maturity Indexes for SABIC. We also created a guidance manual to complement this system and drive safety best practices across SABIC. The Index comprises a set of relevant leading and lagging indicators, which has helped in driving process safety performance on SABIC sites, further improving visibility, and developing improvement remedies. All in all, our global EHSS KPIs in 2021 were 9% better than they were in 2020.

## EHSS APPLICATION AND ACCOUNTABILITY

Learning from incidents is a vital element of EHSS excellence. Active sharing of learnings on a global level is being achieved through townhall meetings, where critical learnings are shared in an open and transparent setting. During 2021, 4,500 participants took part in three sessions, where eight incident learnings were shared. Furthermore, 24 EHSS Connect and Protect bulletins were published globally to enhance learning.

## HEALTH AND SAFETY COMPETENCY DEVELOPMENT

SABIC Competency Development programs were not impacted despite COVID-19 containment restrictions. During the year, eight virtual trainings were conducted for 100 participants by the National Examination Board in Occupational Safety (NEBOSH) and the Health International (HI) General Certificate NEBOSH-IGC.

## EHSS RATE METRICS AND ANALYSIS

- EHSS Rate: 0.34 (-19% compared to 2020)
- API 754 PSE Tier 1: 15
- Total Recordable Incident Rate (TRIR): 0.11 (+14% compared to 2020)
- Occupational Illness Rate (Total): 0.002 (-37% compared to 2020)
- Security Incident Rate (SIR): 0.001
- Number of Fatalities: 0

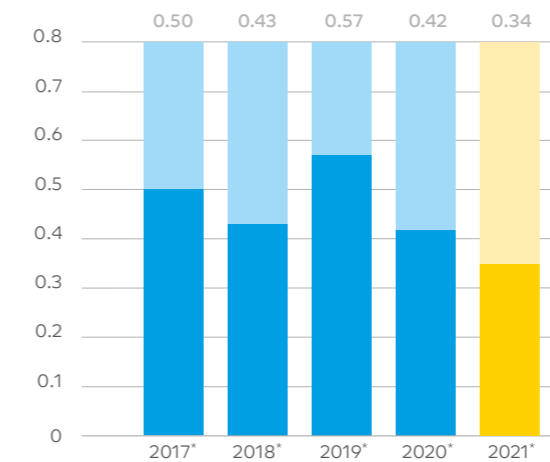
	2017	2018	2019	2020	2021
EHSS Rate	0.50*	0.43*	0.57*	0.42*	0.34*
API 754 PSE Tier 1	7	7	25	10*	15*
API 754 PSE Tier 2	-	-	-	13	6
Total Recordable Incident Rate	0.12*	0.14*	0.14*	0.10*	0.11*
Occupational Illness Rate	0.014*	0.003*	0.008*	0.003*	0.002*
Security Incidents (Total Class A/B/C)	3	1	1	1	1
Security Incident Rate	0.008	0.001	0.001	0.001	0.001*
Number of Fatalities	1*	0*	0*	3*	0*
Fatalities rate	0.001	0.000	0.000	0.003	0.000

\*Assured by KPMG

## EHSS PERFORMANCE DATA

- From 2005 to 2021, the EHSS Rate improved by 90%
- Total hazardous chemicals released (tons) declined by 80% in 2021, compared to 2020
- The Occupational Illness Rate per 200,000 hours decreased by 37% in 2021, compared to 2020
- The total Recordable Incident Rate (Injuries & Illnesses) per 200,000 hours increased by 14% in 2021, compared to 2020
- The Security Incident Rate (SIR) remained unchanged year-on-year at 0.001
- API 754 Tier 1 Process Safety Events Trend increased by 50% in 2021, compared to 2020

## EHSS TREND FROM 2017 TO 2021



\*Assured by KPMG.

## EHSS FACTS AND FIGURES FOR 2021

### SITE TECHNICAL TRAINING

- Over 77 site visits were conducted for SUWP (Start Up Work Process)/LOTO (Lock-Out, Tag-Out) and technical assessments of KSA sites
- The LOTO and Work Permit (WP) training comprised over 6,900 end-user trainings
- A total of 541 management cadre were trained for new WP/LOTO

### CONTINUOUS IMPROVEMENT

- 43 EHSS videos
- 36 recommended practices
- Over 480 lessons learned

## DIGITIZATION ENABLEMENT

- Completed the e-SAFER processes
- Over SAR 352 million (US\$ 93.9 million) in cost optimizations made possible through Chemicals and Additives Handling Stream
- Made progress in IT enhancement projects
- Improved incident reporting and investigation procedures
- Enabled e-reporting of EHSS maturity
- Approval for electronic Management of Change (e-MOC) System Upgrade
- Enhanced Crisis Management (CM) Phase 3

## EHSS ENGAGEMENTS

- Engaged with Corporate Human Resources and Sustainability Department for developing an EHSS policy for small-sized facilities in Saudi Arabia
- Participation in the activities of the Gulf Petrochemicals and Chemicals Association (GPCA) and a member of its committees
- Developed the design of a confined space simulator
- Review and influence High Commission of Industrial Security (HCIS) SAF-13 (KSA) related to Work Permit (WP) and Personnel Protective Equipment (PPE)
- Completed the digital SUWP piloting forms and process design
- Conducted the Job Safety Analysis (JSA) development and implementation quality assessment
- Provided i-MEA support for America sites
- Played a leading role in organizing the technical aspects of a safety campaign
- Developed specialized High Pressure Wash Jetting (HPWJ) procedures for Saudi Arabia
- Provided EHSS networks support to set objectives and tasks
- 10 Health & Safety and PMR streams achieved from our synergy with Aramco

# RISK AND EMERGENCY RESPONSE MANAGEMENT

## PROCESS SAFETY, KNOWLEDGE, AND COMPETENCY

We have linked our strategic objectives to process safety, knowledge, and competency development, as well as to risk discovery and management, emergency preparedness and response, and technical network support. We prepare for a broad range of scenarios and educate our employees on mitigating risks and responding to unexpected situations. In 2021, we focused on strategic EHSS initiatives to support the development of human capital and conducted a number of online engagements and virtual programs to promote learning. Through our continued work with the Mary Kay O-Conner Process Safety Center, during 2021:

- 23 engineers graduated from Developing Level Batch 4 training
- 13 engineers enrolled in Proficient Level Batch 1 training
- 28 engineers enrolled in Developing Level Batch 5, with 7 from non-SABIC companies
- 97 professionals attended the Fundamentals of Process Safety training program
- 92 employees participated in Layer of Protection Analysis online trainings
- 173 subject-matter experts were trained in emergency preparedness, with particular emphasis on pre-incident planning



Our Emergency Response & Fire Protection function conducts drills and is constantly working on improving planning and readiness capabilities.

## IMPROVING RISK DISCOVERY AND MANAGEMENT

During 2021, we emphasized pre-incident planning to identify high-risk scenarios. Our teams developed 214 pre-incident plans that spanned all SABIC sites in the MEA region. In line with our EHSS 2025 strategy, we continued to strengthen the SABIC Assurance for EHSS Risk (SAFER) structure and work processes to ensure consistency and visibility through effective implementation verification, end user networking and engagement, and IT enablement. We also trained 121 SABIC employees, including senior managers and subject-matter experts, on the SAFER program.

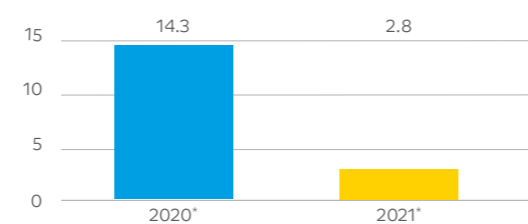
The SAFER system was utilized to support organizational resilience and operational agility during the COVID-19 pandemic. Using online engagement tools such as eSHEM to perform virtual site assessments in our Middle East and Africa regions, we enhanced our ability to monitor and manage risks and increase transparency in a virtual setting. We plan to implement this program across our regions in the future to deploy risk mitigation actions and prioritize EHSS projects to be even more efficient and effective.

In addition, our Emergency Response & Fire Protection function has worked on improving planning and readiness capabilities. We prioritized elevating our pre-incident planning to international levels, covering major risk scenarios at manufacturing sites.

## LOSS OF SECONDARY CONTAINMENT RELEASES (LOSC) (HAZARDOUS SUBSTANCES)

Due to changes in the definition of our incident management standard, we have decided to remove historical data prior to 2020. The graph below shows releases of Hazardous Chemicals from ABC Environmental/PSE (Tier 1 and 2 incidents), resulting in LOSC.

### TOTAL RELEASES OF HAZARDOUS SUBSTANCES (LOSC)



\* Assured by KPMG.

The number of hazardous substances release incidents fell in 2020 due to the introduction of Process Safety Incidents (Loss of Primary Containment) as the main incident type (SHEM-10 revision). An incident is considered an environmental incident if the released substance is going out of the secondary containment and if there is an actual consequence and/or impact to the environment (air, soil, water). Released quantities dropped due to leak preventive measures being implemented immediately and adequate cleaning by the sites, as embedded in their Operating Management Procedures, prevented the further spread of hazardous chemical substances and minimized the impact on the environment (air, soil, water).

## OUR ENVIRONMENT

### ENVIRONMENTAL STEWARDSHIP

We continued our engagement with the world's leading chemical associations, including, among others, the Gulf Petrochemicals and Chemicals Association (GPCA), the European Chemical Industry Council (CEFIC), the American Chemistry Council (ACC), the Association of International Chemical Manufacturers (AICM), and others in order to share best practices and to influence industry-level change toward more sustainable outcomes. SABIC's involvement in the Operation Clean Sweep® initiative is one such effort toward helping eradicate marine litter and microplastics in waterways.

### REGULATORY ENGAGEMENT

During 2021, we evaluated the potential impacts of global regulatory changes, and engaged with local and global regulators such as the Saudi Ministry of Environment, Water and Agriculture, the Royal Commission for Jubail and Yanbu, and the European Union to assess our readiness and commitment toward environmental protection. These included the proposed new Ministry of Environment, Water, and Agriculture (MEWA) regulation, the Royal Commission Environmental Regulation (RCER 2020), Saudi Arabia, and the Europe Industrial Emissions Directive (IED). This is part of our ongoing commitment toward environmental compliance and alignment with regulatory authorities on the challenges faced by the industry and on developing feasible alternative solutions. A detailed gap analysis will be performed following the final regulations, with a roadmap for compliance within the regulatory timeframe.

In our APAC region, we also reviewed and commented on five new EHSS regulations through AICM. In China, quarterly meetings were organized for SABIC site leadership and the EHSS team with an environmental law firm to raise awareness on new draft regulations.

### IMPROVING ENVIRONMENTAL RISK DISCOVERY

Our focus on risk management includes the appraisal of potential and existing impacts of our activities and services, on the environment. The understanding of how environmental risks affect the business environment in which SABIC operates, and the inclusion of these risks in strategy and business decision making, is vital for SABIC. Therefore, we have integrated processes such as SAFER, to manage all EHSS risks, and we have further improved the environmental risk assessment methodology of our operations to mimic Process Hazard Analysis Studies. Throughout 2021, we trained our global experts on environmental risk assessment to raise awareness on this improvement and to ensure alignment and effective implementation.

## ENVIRONMENTAL RELEASES AND EMISSIONS MANAGEMENT

### WATER

We make every effort to implement effective solutions to conserve natural resources, while minimizing environmental impact pertaining to water management. An inventory is maintained of all wastewater sources and their characteristics. Complete drawings are available of the sewer systems, potable/body contact water, process water, and on-site wastewater treatment. Reliable sampling, monitoring, record keeping, and reporting processes are operational to obtain and analyze representative samples for process quality and compliance. We have also established processes to periodically identify potential for optimizing water usage, including the potential for maximizing re-use of water. Detailed storm water pollution prevention plans have been developed and corrective actions needed to minimize any risks have been established.

### WASTE

We are cognizant of the fact that effective waste management practices and shifting toward sustainable waste management and circular economy are vital to mitigate our environmental footprint. Therefore, our corporate functions observe a waste prevention hierarchy that either controls or influences this environmental aspect. Moreover, waste minimization plans are in place to identify opportunities to reduce waste generation. Our technical teams explore all options to eliminate, reduce, lower the toxicity, reuse, or recycle our waste, and when that is not possible, we prioritize recovery options.

When revisiting the materiality assessment of waste management, SABIC identified three main drivers: changes in regulation, changes in reputation, and our own internal push for greater resource efficiency. The impact of these drivers could potentially affect SABIC and its stakeholders in different ways, for example:

- In terms of impacts to its business, SABIC might be impacted via changes in its expenditure on waste management, fines and claims, or remediation costs associated with the occurrence of waste related incidents, as well as the potential loss of its license to operate due to these incidents.
- Another impact on SABIC's business is the 'opportunity cost' lost by the Organization not finding alternative uses for certain waste streams (i.e. utilization of certain waste streams as inputs to generate new products).
- In terms of impacts to society, waste streams might affect landscape quality or air pollution levels or generate soil/water contamination.

# RISK AND EMERGENCY RESPONSE MANAGEMENT

## CONTINUED

Our management system ensures that a waste prevention hierarchy is observed by all the functions that can either control or influence this environmental aspect, and waste minimization plans are in place in order to identify opportunities for reducing waste generation and improving management practices. Our technical teams explore all options to eliminate, reduce, detoxify, reuse or recycle our waste, and, when these approaches are not possible, we prioritize recovery options. Some examples worth highlighting:

- United in Saudi Arabia implemented an innovative solution to reduce fuel gas consumption during waste oil firing by identifying an opportunity to use this stream as an input to a different process, thus reclassifying it as by-product.
- Yanpet in Saudi Arabia managed to divert several of their hydrocarbon waste streams from disposal to recycling, achieving the recycling of more than 200MT of this waste.
- Our supply chain team continued their efforts to minimize packaging waste and reduce our carbon footprint by reducing the thickness of the plastic foil used in our packed pallets. We are saving 0.5 kg of plastic per pallet, which for a site like Gelsenkirchen in Germany, for example, means reducing a total of almost 100 MT of plastic packaging.

### BIODIVERSITY

The implementation of solutions to minimize adverse environmental impacts (including biodiversity) is part of SABIC's commitment to design and operate our facilities in an environmentally sound manner. The major causes of biodiversity degradation in development projects are natural habitat loss and fragmentation. Environmental Impact Assessment (EIA) is the most commonly used site-specific planning tool that takes into account the effects of projects on biodiversity by integrating potential impacts into the mitigation hierarchy of avoidance, reduction, and offset measures. At SABIC, we undertake exhaustive EIA for all our projects, and all biodiversity risks and control measures identified are incorporated into the environmental management system of our manufacturing sites.

By making biodiversity risk management part of our systems, we try to adopt a practice of adaptive management in which the implementation of mitigation and management measures are responsive to changing conditions and the results of monitoring throughout the project's lifecycle.

### CONTINUAL IMPROVEMENT

- The Petrokemya site in Jubail, Saudi Arabia, has installed a hexa-cover in the wastewater open pond, which has reduced the volatile organic compounds (VOC) and nuisance odors by 90%.
- Several sites in Saudi Arabia have installed ambient air analyzers on their fences to detect air pollutants such as VOC and NH<sub>3</sub>; other sites have also commenced introducing air analyzers.
- In Saudi Kayan and Kemya, a pilot tracking system was installed for internal wastewater sources. This pilot will help with troubleshooting and reducing the time required for identifying potentially contaminated sources, therefore allowing us to better respond to and manage any potential upsets in our internal wastewater treatment systems parameters before discharge outside our premises. The tool also provides a quick decision aid during emergencies for corrective action that will maintain regulatory compliance, assure business continuity, enhance wastewater and sustainability metrics, and optimize overall costs.

### ENHANCING ENVIRONMENTAL COMPETENCY

Environmental competency development programs are critical to maintain the right balance of knowledge within each organization and to ensure new recruits receive specific environmental knowledge required in their jobs. In 2021, we successfully executed the NEBOSH competency development training program for environmental subject-matter experts at affiliates in Saudi Arabia as a part of our EHSS strategy execution. Two sessions were conducted in 2021 for 30 environmental experts.



We performed a global gap assessment across all our manufacturing sites to identify common challenges and share good practices and engineering solutions.

### BEYOND COMPLIANCE

#### WASH PROGRAM

One of SABIC's UN Sustainability Development Goal commitments is the sixth goal, "Clean Water and Sanitation". Additionally, SABIC is a signatory to the World Business Council for Sustainable Development (WBCSD) Pledge on Access to Safe Water, Sanitation, and Hygiene (WASH).

To implement WASH Pledge requirements at the workplace, SABIC embedded it in its Operation Management Standards (OMS). The program is in its implementation phase in all SABIC regions and is expected to achieve a minimum setup target (rating of 1.8, that is, 90% of the pledge requirements) as part of the SABIC's manufacturing strategy.

#### OPERATION CLEAN SWEEP® INITIATIVE

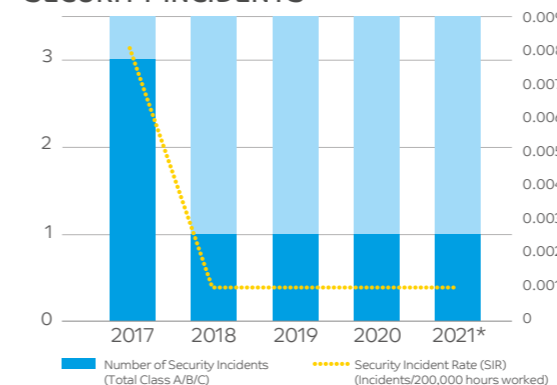
Operation Clean Sweep® (OCS) is an initiative that supports the plastics manufacturing value chain in implementing sound practices with regards to pellets, flakes, and powder handling, and maintenance of industrial sites. SABIC committed to this program when it was originally launched in the US by the American Chemistry Council (ACC) and has been actively implementing it across all regions over the past few years. In 2021, we were recognized as a partner of the OCS program in MEA after we extended our commitment to the Gulf Petrochemical and Chemical Association (GPCA) Responsible Care® initiative by signing the Association's regional pledge.

During 2021, we performed a global gap assessment across all our manufacturing sites to identify common challenges and share good practices and engineering solutions. We also extended the OCS program to two SABIC technology center sites, provided training to supply chain, sales, and logistics teams, and engaged with other companies and associations to include more checks on OCS implementation. We also plan to include it as part of our supplier qualification in 2022.

### SECURITY MANAGEMENT

SABIC is implementing several security programs, focusing on driving security maturity through security risk assessments at all our locations. Programs include Jadeer for Saudi Arabian sites' security guards, which is scheduled to go live in 2022. It also includes improvements to the digital ID system, including a unified contractor ID and a 12-hour shift control, to reduce employee stress and comply with local regulations.

### SECURITY INCIDENTS



\*Assured by KPMG

### CRISIS MANAGEMENT AND COVID-19

Our crisis management teams remained alert to respond to the COVID-19 pandemic and weather-related emergencies. Access controls were introduced at sites to limit the possibilities of COVID-19 exposure. As travel gradually resumed, our regional and global security personnel worked with cross-functional groups on conducting global travel risk assessments. Our regional crisis management teams also conducted site-based and region-wide exercises focusing on both the pandemic and cybersecurity. These exercises helped raise awareness, ensure preparedness, and contributed to business continuity planning. We also set up a Global Crisis Management Network of senior management from EHSS, Human Resources, Corporate Affairs, and Legal Affairs who met regularly to discuss crisis management strategies, learned from each other's experiences, and shared best practices.

### EMERGENCY DRILL AT ROYAL COMMISSION PIPELINE CORRIDOR (RCPC)

As part of SABIC's Responsible Care® commitment towards neighboring sites and community readiness and awareness, SABIC successfully conducted a major off-site drill to test our Integrated Emergency Response and Crisis Management Plan. The primary objective of the exercise was to test the Plan for SABIC, non-SABIC companies, and government agencies, such as the Royal Commission and Civil Defense in Saudi Arabia, in the event of flammable gas being released from the 10" butane line, which could result in a fire at RCPC. A second objective was to raise awareness on the role and responsibility of internal and external stakeholders.

### SOCIAL RESPONSIBILITY

The focus of our CSR initiatives in 2021 was primarily environmental protection and health and wellness. The SABIC Global Health Initiative testifies to SABIC's concern for the health and wellbeing of people. Our programs supporting health and wellness in different areas continued this year, in addition to our pandemic-related relief efforts.

Our Emergency Response & Fire Protection team conducted a major off-site drill in collaboration with key internal and external stakeholders, including the High Commission for Industrial Security (HCIS), the Royal Commission, Civil Defense, and the Jubail and Yanbu Area Mutual Aid Association, all in Saudi Arabia.



We adhere to all national guidelines on pandemic precautionary measures in the countries we operate.



# PRODUCT STEWARDSHIP

SABIC's Product Stewardship program is built upon a mission of creating a strong product stewardship culture leading to excellence in product risk management. We believe this adds business value across the global supply chain through safe, compliant, and sustainable solutions.

## CULTURE

### PRODUCT STEWARDSHIP KNOWLEDGE AND COMPETENCY

A key aspect of the Responsible Care® Product Safety code is to foster a company environment wherein personnel who have accountabilities for managing product safety have the proper understanding to successfully implement their related actions. To promote this understanding, SABIC created the Product Stewardship Experience, an advanced adult learning curriculum. In 2021, the program was modified from a three-day in-class environment to virtual delivery over six WebEx sessions due to the challenges presented by the global COVID-19 pandemic.

We delivered the Product Stewardship Experience across regional pilots covering North America, Europe, Middle East, and the Asia Pacific region.

Through our experience with the pilots, we continued to optimize the content and have developed a skilled group of SABIC Product Stewardship Experience trainers to sustain our formal employee delivery plans into 2022 and the years ahead.

### INCIDENTS MANAGEMENT

Since 2016, SABIC has been internally reporting and managing product stewardship incidents (PST). PST incidents are related to violations of global chemical control regulations (e.g. EU REACH), concerns of SABIC products during their life cycle, reputation, and finance, and/or failure to meet internal Product Stewardship standards and requirements. Similar to EHSS incidents, the Product Stewardship incidents are classified from class A (most severe) to class E (least severe, including near misses). In 2021, SABIC did not have any reported class A Product Stewardship incidents related to non-compliance with chemical control regulations resulting in a fine, penalty or warning.

Over the past year, SABIC introduced two systems that allow easy access and reporting of PST incidents for all global SABIC functions. In 2021, a total of 55 PST Incidents were reported, where ~80% of them were of low to very low severity (class D/E). The most prominent root cause was the absence of or not adhering to procedures. Critical to the success of incident management is the awareness of the relevance of reporting and providing a low threshold to report. Additionally, early detection and reporting of potential incidents with low severity is crucial to prevent the occurrence of higher severity incidents, which may have significant negative impact on SABIC, its stakeholders, and the environment. The enhanced capability to capture product safety and regulatory compliance-related incidents throughout the value chain and the product lifecycle will further strengthen SABIC's product stewardship culture and performance.

### MANUFACTURING CENTER OF EXCELLENCE

In 2021, we continued to expand our Product Stewardship Center of Excellence (CoE) concept within the Manufacturing and EHSS community in two new regions: Europe and North America. As with the original concept initiated in 2019 in Saudi Arabia, we are building awareness about Product Stewardship concepts and share best practices in these regions. The CoE platform allows for timely discussions and engagement on important topics such as Safer Chemistry, REACH readiness, Responsible Care® product safety codes, practices of hazard identification, communication, risk management, and mitigation.

### BUSINESS FOCAL POINT

Several years ago, Product Stewardship initiated a program to strengthen our engagement within each business unit by assigning a specific expert as a Business Focal Point (BFP). This program allows for regular two-way dialogue between each business unit and Product Stewardship on topics such as growth opportunities, challenges, and regulatory compliance, toxicology, or product safety requirements.

In 2021, Product Stewardship further strengthened the collaboration with the SABIC Agri-Nutrients business unit to engage innovative minds to develop a differentiated and integrated range of sustainable Agri-Nutrient solutions. With ambitious plans to develop highly differentiated products, solutions, and new types of fertilizers, the need for Product Stewardship support and engagement is critical to their success.



### DOREEN ZOU

Doreen Zou served as our Product Stewardship BFP to the Agri-Nutrients technology and business teams and facilitated the continuous support from the Product Stewardship organization on raw material qualifications, hazard analysis and risk assessments, and investigations of the global regulatory requirements for targeted geographies. This Agri-Nutrients collaboration is just one of many successful business partnerships. Product Stewardship will continue to get involved early in the growth and strategic planning process with all of the business units to ensure that product safety principles and regulatory compliance requirements are fully considered.

*“Working as a BFP to support the Agri-Nutrients business has been a wonderful part of my SABIC journey. I am proud to be the bridge between Product Stewardship and their business to help embed a culture of product regulatory compliance for their global fertilizer portfolio.”*

## SAFE PRODUCTS

### RESPONDING TO CUSTOMER INQUIRIES

A major goal of Product Stewardship is to continuously improve efficiency in delivering high quality SABIC compliance documents to our customers in a timely fashion.

In 2021, we developed and rolled out regulatory data sheets (RDS) on several polymer and chemical products for direct access to our customers through our corporate website. These regulatory data sheets combine a number of customer responses on product stewardship-related inquiries into a single document, such as Restriction of Hazardous Substances (RoHS), REACH declarations, and absence of restricted/banned substances, thus enabling us to address customer inquiries more rapidly and efficiently.

With RDS and several standard letters now available on the SABIC website for Engineering Thermoplastics (ETP), Specialties, Polyolefin, Agri-Nutrients, and certain Chemical products, the total number of cases handled through our Customer Declaration Portal process decreased from 12,559 in 2020 to 12,001 in 2021. The total number of documents handled from these cases decreased by about 12% (27,737 vs. 24,354 in 2020 and 2021, respectively), thereby indicating immediate efficiency benefits in our first year of the RDS roll out.

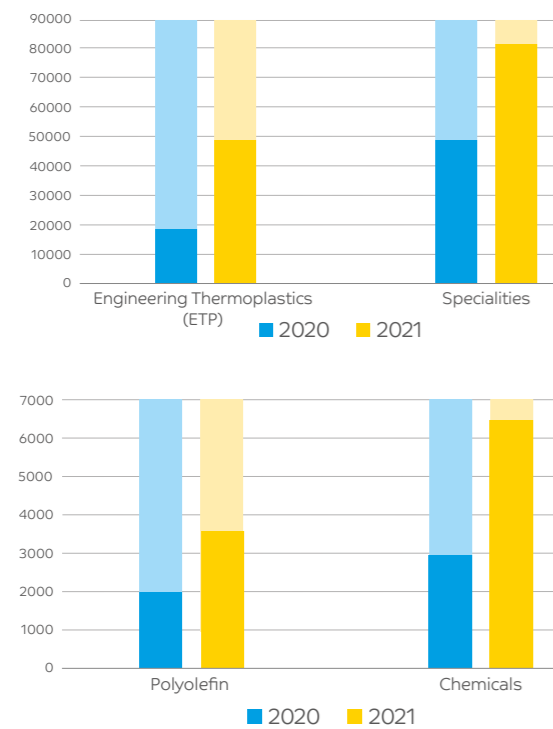
In 2022, we plan to add additional RDS and standard declarations to our product catalogue, which will continue to enhance the overall customer experience.

### PUBLISHING SAFETY DATA SHEETS

To meet our hazard communication requirements, we published approximately 140,000 Safety Data Sheets (SDS) across all business groups in 2021. This is a significant increase compared to 2020 due to new products from our JV partners and our R&D activities, changing regulatory classifications, periodic reviews, and expanding sales into new countries.

# PRODUCT STEWARDSHIP CONTINUED

Total SDS Published (All Regions and Languages)



## PRODUCT SAFETY: RISK DISCOVERY MANAGEMENT PROCESS

The Technology & Innovation department uses a Project Portfolio Management tool, Accolade, for project planning and management. This tool incorporates a stage-gate process with strategic decision-making by functions at every gate.

In 2021, the EHSS and Product Stewardship risk assessment became a compulsory deliverable. These projects are being assessed and prioritized by EHSS and Product Stewardship. This mandatory touchpoint will enhance the interaction between technology organizations and the EHSS and Product Stewardship functions, ensuring risks are identified at an early stage of innovation, and that products and processes developed meet the highest SABIC process/product safety standards.

## RESPONSIBLE CARE® PRODUCT SAFETY CODE MANAGEMENT PRACTICES

As part of our Responsible Care® commitment, SABIC continued to drive the safe use of products in its entire value chain beyond regulatory requirements.

Over the past few years, we worked on enhancing the Product Safety management practice related to value chain communication, cooperation, and outreach as defined by the American Chemistry Council. We identified 10 priority chemicals and established a proactive value chain engagement with customers that goes well beyond responding to customer inquiries. In previous years, this approach was piloted with a few selected chemicals in some regions.

In 2021, we were able to implement the program on a global scale. All customers of the defined priority chemicals have been approached with information packages, in which we encourage them to engage in proactive two-way communication. These efforts have resulted in increased understanding and prioritization of customer needs and priorities related to product safety, hazard, and regulatory communications.

## COMPLIANCE REGULATIONS

In 2021, Product Stewardship worked with SABIC business, manufacturing, and procurement stakeholders and took a leading role in submitting chemical substance registrations and notifications to comply with the UK REACH regulation as part of the UK's chemicals regulatory regime that was installed after Brexit. The team met all relevant deadlines to allow SABIC to continue to manufacture, import, sell, or distribute its products in the UK. This is just one example of how SABIC continues to address global emerging regulatory needs such as K-REACH and Turkey REACH.

## CIRCULARITY

Circularity is a key principle and compulsory business enabler for sustainable and compliant growth. The Product Stewardship team closely monitors global regulatory developments in this highly dynamic area and actively collaborates with industry associations and country regulators to define the global legislative framework in key areas such as plastics recycling, sustainable chemistry, and waste prevention.

## REGULATORY CALENDAR

Product Stewardship rolled out an EHSS Regulatory Calendar tool in 2021. This tool secures timely triggers for our global product stewardship professionals to initiate scheduled regulatory tasks. We identified over 30 regulatory obligations, such as annual reporting, certificate renewal, volume tracking under REACH, and safety data sheet (SDS) and regulatory data sheet (RDS) updates. The Regulatory Calendar is dynamically updated based on the outputs of Regulatory Intelligence and new Product Stewardship tasks. Along with multiple reminders setup for start date and due date, the task will be escalated to the manager in case it is not started on time or falls behind schedule for prompt actions. Through this tool, Product Stewardship helps to ensure regulatory compliance without misses or delays wherever we operate around the world. This also helps our Organization maintain, manage, and improve upon our performance with a sophisticated dashboard function.

## EHSS STANDARDS

Product Stewardship requirements for the business continue to be embedded within SABIC EHSS standards, with primary focus areas including raw material qualification, product qualification, and Good Manufacturing Practices (GMP). GMP practices are applicable when producing products intended for the food packaging/storage, healthcare/medical, pharmaceutical, drinking water, toys, and cosmetics market segments. Each year, audits of manufacturing sites have been successful in driving continuous improvement of Product Stewardship practices.

In 2021, we focused on the global implementation of revised requirements and engaged in several audits of manufacturing sites. These were mostly carried out virtually due to COVID-19 restrictions limiting on-site participation.

## ANALYTICAL TESTING

Our lab at SABIC Technology Center, Bengaluru, India, is equipped with state-of-the-art instrumentation facilities. The lab is ISO 17025 accredited and is periodically audited by a government statutory agency (National Accreditation Board for Testing and Calibration). The Product Stewardship Analytical Science team at SABIC Technology Center, Bengaluru, have carried out multiple compliance testing activities this year to meet global regulatory requirements, due diligence obligations (food contact, polymer notification, REACH, Globally Harmonized System of Classification and Labeling of Chemicals, drinking water, SDS, Raw Material Qualification, and Industrial Hygiene). Close to 12 new trace level methods (residual/migration) were developed to meet the compliance testing requirements of various polymeric product lines.

In 2021, the lab was equipped with an additional Gas Chromatography Mass Spectrometry (GC-MS) instrument with headspace to meet the growing product safety testing demands of our business. The food contact compliance testing performed has enabled the addition of a new high flow grade (QR) of polypropylene to our portfolio. Environmental impact assessment studies paved the way for the notification/registration of various ULTEM™ polymers with various global regulators. The EHSS industrial hygiene group has also leveraged the lab's expertise for their in-house human exposure monitoring programs for which trace level methods (passive samplers: formaldehyde, chloroform, and ethanol) were developed.

# PRODUCT STEWARDSHIP

## CONTINUED

### SUSTAINABLE SOLUTIONS

#### SAFER CHEMISTRY

SABIC is fully aware of the global need to foster the sound management of chemicals, ensuring that chemicals are produced and used in ways that minimize significant adverse impacts on the environment and human health. Therefore, we are committed to reduce or avoid the use of Chemicals of Concern (CoC) beyond current global regulations and market needs. This commitment led to the launch of the Safer Chemistry program in 2020, which is now one of the four main strategic sustainability initiatives within SABIC.

SABIC is striving to implement Safer Chemistry principles during all stages of the product lifecycle. We will be engaging with our suppliers and customers to create a transition to raw materials and products with a lower hazard footprint, where viable.

The transition starts with a clear definition of Safer Chemistry and Chemicals of Concern.

#### SABIC DEFINITIONS

**Safer Chemistry** is the name of the SABIC program that identifies and reduces the number of Chemicals of Concern, to create products and processes with a lower hazard footprint. Alternative terminology used by external stakeholders, which sometimes have similar meaning, include “Safe Chemistry”, “Sustainable Chemistry”, and “Green Chemistry”.

**Chemicals of Concern** - Chemicals that are highly hazardous to human health or the environment (GHS category 1 and 2 substances) that may be present in SABIC products or processes, will be considered by SABIC as Chemicals of Concern (CoC). In general, CoC are chemical substances which are under public scrutiny and, based on societal concerns, are scheduled by brand owner and regulators for future deselection or bans. CoC meeting the SABIC definition will be considered for substitution, elimination, or reduction.

We will initially focus on substituting CoC where suitable alternatives are available or can be readily developed. This will lead to a gradual reduction or phase-out of CoC in our products, based on product stewardship and business criteria. Where suitable alternatives are not feasible in the short term, we will consider other mechanisms to minimize the impact of our products on human health and the environment, by reinforcing current Responsible Care® Risk Management and communication practices.

The hazard footprint of the global SABIC product portfolio can be assessed by our global stakeholders by analyzing the EPA (USA) and ECHA (EU) databases, which include details on >95% of the SABIC hazardous products worldwide. When we started the substance portfolio analysis, we went above and beyond by not only including chemicals requiring registration, but also products, intermediates, additives, monomers, raw materials, process chemicals and impurities at all volume levels. Approximately 1,800 substances were part of this portfolio analysis and about 350 were identified that meet our CoC definition. This represents about 20% of the global SABIC substance portfolio. These 350 substances were ranked with a newly developed SABIC prioritization tool, using publicly available data and harmonized classifications. 25 substances with high scores from the tool were packaged and delivered to the business units and the Technology & Innovation organization. From there, they will undergo a comprehensive business assessment, identify a short list of viable opportunities, and initiate technology programs to phase out or reduce the number of CoCs in our portfolio.

In 2021, we initiated Safer Chemistry awareness with senior SABIC leaders and their teams, to ensure Safer Chemistry principles are well understood and applied in business processes, such as product design and raw material reviews.

In parallel, we continued to monitor external developments to refine program goals and value chain approaches. These include: public/NGO concerns, substance restriction lists from brand owners, substitution approaches, Safer Chemistry disclosure standards, and the development of future regulations, such as the EU Green Deal, that focuses on principles such as Safe-and-Sustainable by Design, Essential Use, and intended phase out of most hazardous chemicals in consumer uses.

Our Safer Chemistry performance will be monitored through ESG disclosures, and hence will become more transparent for external stakeholders. We encourage external parties to engage with SABIC to strengthen our program approach, so together we can develop safer chemistry solutions to support a healthy planet.

Safer Chemistry is a journey, where chemicals of concern could be continuously substituted, eliminated, or replaced by chemicals with a lower hazard footprint, whilst the product performance continues to meet evolving market needs and does not negatively impact other sustainability dimensions. In cases where alternative solutions are not readily available, we will work alongside our technology organization and external partners to innovate and create novel solutions for our highest priority CoC. Over the next few years, we hope to deliver the first success stories and have Safer Chemistry principles that are fully embedded in the SABIC business and product design processes.

### EXTERNAL ENGAGEMENTS

The Product Stewardship team continued its strong presence in chemical trade associations around the globe, to ensure that regulatory developments are identified early, and our industry response is well coordinated. In many cases, this aids the development of regulations that improve the safe use of chemicals and plastics, without putting unnecessary burdens on the chemical value chains. SABIC also remains a trusted party in the global roll-out of the Globally Harmonized System of classification and labeling of chemicals (GHS) and Responsible Care®, especially in the Middle East region through our leadership within the GPCA. Through key product stewardship and toxicology-related conferences, expertise on complex regulations is shared, thereby building a stronger global product stewardship community.

### ESG METRICS

Product Stewardship recognizes the importance of ESG disclosure and reporting. Our efforts are aimed at increasing the overall transparency of our programs and public confidence related to hazard and risk assessment metrics and managing chemicals of concern. Some core foundational elements of our Product Stewardship program are Responsible Care® Product Safety Code management practices, Globally GHS, toxicology testing to support new chemical notifications globally, EHSS/Product Stewardship reviews of Technology & Innovation projects, and Safer Chemistry.

## PRODUCT STEWARDSHIP CONTINUED

As mentioned in the section on Safer Chemistry, in 2021, we reviewed our entire chemical inventory (over 1,800 raw materials, monomers, process chemicals, additives, impurities, and products) in our GHS database to assess their hazard potential to human health or the environment. In total, there are approximately 350 substances in our entire chemical inventory, most of which are unintentionally added components present at trace levels that meet the definition of GHS category 1 or 2 hazards. In other words, we have over 1,500 chemicals in our full chemical inventory that are not considered to be hazardous substances.

With respect to SABIC products that contain REACH Substances of Very High Concern (SVHC), Product Stewardship has included this information in our Regulatory Data Sheets for ETP, Specialties, Polyolefin, and several Chemical products.

Overall, of the thousands of product formulations, SABIC only has a few grades that contain a SVHC substances over the 0.1% threshold (e.g., UV-328, tetrabutylphosphonium perfluorobutane sulfonate, or potassium perfluorobutane sulfonate). We inform our end-users about the presence of any SVHC through our product safety data sheets and regulatory data sheets. As new information becomes available from EU REACH throughout each year, these documents and communications to customers are updated accordingly.

For California Proposition 65, there are about 10 chemicals that are relevant to SABIC products, including BPA, TBBPA, styrene, carbon black, antimony trioxide, methylene chloride, acrylonitrile, 1,3-butadiene, PFOA, and tetrahydrofuran.

SABIC has a number of practices in place to manage hazardous substances or chemicals of concern, but primarily utilizes Responsible Care® practices and principles, specifically implementing the Product Safety code management practices. We follow processes to develop and maintain information on safety, health, environmental hazards, intended uses, and exposures for new and existing products to support risk characterization and product safety management.

We conduct extensive risk characterizations for our highest priority chemicals. A process is in place for the characterization of product risks based on information collected on hazards, intended uses, and exposures associated with the stages of a product's lifecycle. We also evaluate new information (hazard, use, and exposure) or conduct cyclic reviews that may trigger changes to our risk characterizations and product safety management actions. We conduct toxicology testing according to Good Laboratory Practices and follow globally harmonized test guidelines.

We then utilize Product Safety management practices to identify, implement, mitigate, document, and communicate health, safety, and environmental measures to manage risk so that products can be safely used for their intended uses. Our extensive commitment to Responsible Care® and the Risk Characterizations that have been completed over the past five years has been highlighted in previous SABIC Sustainability Reports. We also describe in this Sustainability Report our commitment to responding to customer inquiries, publishing high quality SDS, and meeting regulatory compliance mandates that enable us to manufacture, import, and sell products safely across the globe.

SABIC is very committed to substituting, eliminating, and reducing chemicals of concern from our portfolio. Product Stewardship will continue to work closely with the business and the Technology & Innovation organization to identify opportunities for phasing out priority chemicals of concern.

As described in the section on Incidents Management, SABIC had no incidents of non-compliance with regulations resulting in a fine, penalty, or warning.

## LOOKING FORWARD

With EHSS and regulatory compliance being one of the pillars that the SABIC 2025 Manufacturing Strategy is built on, we will continue to roll out our programs across all regions and work with our stakeholders to increase awareness of EHSS and invest further in improving EHSS performance.

### EHSS

EHSS will remain a priority in our global operations as we continue to extend our reach and expand our product portfolio across the globe. A key aspect of this commitment will be the training and development of our employees, contractors, and engagement with external stakeholders.

### RISK AND EMERGENCY RESPONSE MANAGEMENT

Our commitment toward SAFER and EHSS Maturity will continue to be upheld in 2022, while also enhancing our monitoring and innovative technology applications for greater responsiveness in our EHSS efforts. We will continue to develop the SAFER program, deploy the program across more regions, and train our employees on working with the system, in line with our EHSS 2025 strategy.

### PRODUCT STEWARDSHIP

Product Safety changes and challenges abound in today's global environment. It is an exciting time and SABIC continues to evolve to meet these needs. A glimpse of our future focus includes:

1. Connecting demands of enhanced transparency with increased efficiency in the way we communicate
2. Maintaining a strong product compliance foundation as we respond to these emerging needs and expectations
3. Intensifying our connection to our overall sustainability goals such as circularity and safer chemistry



EHSS will remain a priority in our global operations and a key aspect of this commitment will be the training and development of our employees.

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## OUR APPROACH

With a global operation that spans 50 countries, we have a large and diverse array of stakeholders with wide-ranging expectations. We have therefore adopted a strategy of continuous engagement and collaboration with key stakeholders wherever we do business, to enable mutual understanding and cooperation.

We make every effort to minimize negative impacts environmentally, socially, and economically while supporting our local stakeholders wherever we operate through our impactful corporate social responsibility (CSR) strategy.

In 2021, our employees demonstrated their resilience and ability to create a positive impact in their workplaces and within their communities, as they gradually returned to work within the new normal of the COVID-19 era. Despite the challenges facing the world, the dedication of our employees made us stronger, and we continued to invest in our people around the world.

As COVID-19 continued to ravage the globe, we maintained our commitment to support our local and global communities through our CSR programs.

Resilient supply chains are key to maintaining sustainable operations within the uncertain global environment in which we operate, and our expanding network of suppliers are key partners in our progress. As we extend our reach across the globe, we will ensure mutually beneficial partnerships, built upon sustainable foundations that are environmentally and socially responsible.



Our employees have demonstrated their resilience and ability to create a positive impact at their workplaces.

## OUR PERFORMANCE

### 2021 HIGHLIGHTS

#### HUMAN CAPITAL

In 2021, SABIC Asia Pacific achieved the Top Employer Institute certification as “Top Employer Asia Pacific” for the ninth consecutive year. We also received Top Employer awards in five of our key Asian markets – China for the 12th year, and India, Japan, Singapore, and South Korea for the eighth year. We continue to compare favorably with peer organizations in external scoring, indicating that we have responded well to the challenges of the global pandemic. With an 83% “Would Recommend” score and an 88% “CEO Approval” score on Glassdoor (as of August 2021), it is clear that our people are well aligned with our vision.

#### SOCIAL IMPACTS AND COMMUNITY RELATIONSHIPS

In 2021 we invested over US\$ 33.56 million in 127 Global CSR programs, reaching over 345,000 people in 26 countries. SABIC was recognized by the ACC with three Responsible Care Awards – two for energy efficiency and one for our COVID-19 response. In Spain, SABIC was publicly recognized by the Mayor of Cartagena for our efforts in providing COVID-19 relief. In China, we were awarded the Open-to-Public Best Practice Award

by the Association of International Chemical Manufacturers and the Outstanding Contribution Award in Fighting COVID-19 by the China International Council for the Promotion of Multinational Corporations (CICPMC). We were also awarded the 2021 Excellence Award for Corporate Social Responsibility by Shanghai Daily, and the 2021 Innovative Volunteering Award by CSR World in China.

#### SUPPLY CHAIN

Over the last few years, we have been investing in an operating model with a regional focus through hubs in Greater China, Rest of Asia, Middle East & Africa, Europe, and the Americas, closely integrated by one supply chain network and a unified IT platform. This model provides the necessary visibility, resilience, and ability to optimize operations and advance organizational capabilities, while serving both external and internal stakeholders better as an organization that strives to promote a culture of EHSS excellence.



We have been investing in an operating model with regional focus, closely integrated by one supply chain network.

# HUMAN CAPITAL

In 2021, we continued to build on the “New Norm” initiative that we launched in October 2020. The initiative focuses on building resilience by ensuring all employees have the capabilities to thrive in these challenging times.

In particular, the initiative is about constantly seeking opportunities, experimenting, and learning in an environment of shared ownership between all stakeholders. This is reflected in our approach to SABIC wellbeing, to our learning, and to our stakeholder outreach initiatives.

The New Norm initiative offers best-in-class programs that provide a support infrastructure for physical, mental, social, and financial aspects of wellbeing and addresses crucial issues of the moment, such as the increasing importance of ESG factors in our business.



Our New Norm Initiative focuses on building resilience by ensuring all employees have the capabilities to thrive in these challenging times

## PERFORMANCE METRICS

<b>EMPLOYEES GLOBALLY</b>  <b>31,000+</b>	<b>WORKFORCE DISTRIBUTION</b>  64.1% Middle East & Africa 15.6% Europe 9.1% Asia 11.2% Americas	<b>WOMEN IN THE WORKFORCE</b>  <b>7.4%</b> of total workforce
<b>SABIC SCHOLARSHIP PROGRAM</b>  <b>357</b> (Male 270, Female 87)	<b>GLOBAL ASSIGNMENTS</b>  <b>117</b>	<b>SABIC LEADERSHIP LEARNING</b>  <b>587</b> Participants
<b>LEARNING AND DEVELOPMENT PROGRAMS</b>  <b>1,172</b>	<b>TRAINING PROGRAM PARTICIPANTS</b>  <b>9,632</b>	<b>NEW HIRES</b>  <b>1,278</b>
<b>TURNOVER</b>  <b>5.4%</b> of total workforce	<b>AVERAGE HOURS OF TRAINING PER EMPLOYEE PER YEAR</b>  <b>17.4</b>	

# HUMAN CAPITAL

## CONTINUED

### REFLECTING ON OUR HUMAN RESOURCES MODEL

The three core pillars of our human resources model are a) strategic business partnerships, b) operations, and c) specialized communities of expertise. The model, which has been reviewed to identify gaps and areas for further improvement, is structured to drive engagement and instill a performance culture that promotes continuous learning, open dialogue, and career development. Our human resources model is constantly reviewed to identify gaps and areas for further improvement.

### COVID RESPONSE

Responding rapidly to the COVID-19 pandemic, we created a dedicated portal that provides instant access to information and advice on physical and mental health, even providing enhanced online and telehealth capabilities. In 2021, Corporate Human Resources continued to implement programs and initiatives to support our employees across the globe, including:

- Secure and 24/7 Working from Home (WFH) capabilities for more than 15,000 employees globally
- Virtual collaboration tools and capabilities for the entire organization including virtual meetings (internal and external), global and cross-regional virtual town halls and board meetings, and improved mobile applications
- Technology enablement of EHSS and HR requirements, such as health check surveys, awareness messages, etc.
- Access to onsite vaccinations in the MEA region

"In such unique and unprecedented circumstances, which have been brought about by the global pandemic, agility and adaptability have proved to be indispensable. At SABIC, we have a culture of turning challenges into opportunities. I have found working remotely to be a real enabler, allowing me to creatively engage with colleagues around the globe and learn more about them personally."

– **Ahmed Youssef**,  
Sr. Manager, ABS Process Technology  
in the United States

### COVID-19 PULSE SURVEY

In January 2021, 13,466 employees participated in the Pulse Survey 2. The survey consisted of 25 questions across seven topics: Remote Work; Immediate Manager Effectiveness; Sense of Community; Employee Wellness; Physical Safety; Communication; and Senior Leadership Effectiveness. The findings highlighted new challenges including increased stress, health concerns, and issues around work-life balance. This is unsurprising given the adjustments we have all had to make to adapt to the new normal. On the positive side, almost 90% of respondents felt that SABIC was doing a good job of keeping them informed and treating them with dignity and respect, and 82% recognized the efforts we were making to prioritize employee safety during the pandemic.

### EMPLOYEE ASSISTANCE PROGRAMS

In 2021, SABIC matured the EAP (Employee Assistance Programs) to provide a wide range of support for our employees. These EAPs provide access to expanded healthcare facilities for employees and their families. These include telehealth offerings and other resources, such as a team of trained counselors.

One such program was 'Fit Your Future', a sustainable employability program conducted in the Netherlands that recognizes the importance of employees' health and happiness outside work. In this program, employees are given free access to a third-party tool that offers life advice and opportunities based on employees' current life phase.



We continued to implement programs and initiatives to support our employees across the globe.



# OUR WORKFORCE

During the pandemic, the ability to learn on-the-job and face-to-face was severely impacted. Learning experiences were transformed out of necessity, posing considerable challenges to both learners and instructors. Our HR teams have been working hard to assure learning stability by converting most of our capability building initiatives to virtual, interactive, and hybrid learning.

We had to upgrade our personal IT skills and learn to be more flexible, creative and, above all, patient with ourselves and with one another throughout this transition. Through our HR One platform, our employees were able to progress their career path by registering for professional certificates, courses, and conferences across all disciplines. With capabilities for the “New Normal” as a priority, the 2021 staff development calendar also focused on developing leadership through several innovative programs.

## CONTINUING THE DIALOGUE

### 2021 GLOBAL TOWN HALL

The 2021 Global Employee Town Hall was held in January at SABIC’s headquarters in Riyadh, and all employees across the globe had the opportunity to participate virtually. Employee questions were submitted from across the regions, and the most requested were put forward to SABIC’s leadership, who addressed them “live”. The town hall provided an important opportunity to bring us all together and make sure we shared the same vision and understanding of our priorities, for 2021 and beyond.

### PEARL INITIATIVE

SABIC participated in a virtual panel held by the Pearl Initiative, a Gulf business-led non-profit organization that promotes a corporate culture of accountability and transparency. The panel highlighted the perspectives of leading Saudi companies in promoting integrity best practices and discussing how Gulf businesses can leverage compliance programs to create a sustainable corporate culture. SABIC highlighted our approach in how we leverage employee training to build an ethical culture. We identify capable employees to train and appoint as Integrity Ambassadors across our global offices in order to disseminate a culture of compliance. The Integrity Ambassadors embody and role model a culture of integrity at SABIC, raising awareness on best practices among fellow colleagues.

## SABIC LEADERSHIP WAY

SABIC’s vision is to be the preferred world leader in chemicals. A key factor in fulfilling this vision is leadership and culture, where leaders at all levels, individually and collectively, are motivated to reach their fullest collective potential. For this reason, emphasis on culture transformation through the SABIC Leadership Way (SLW) continued to drive change in 2021. Launched in 2020, SLW 2.0 has been designed to establish the standard for companywide leadership. While training modes and methods have changed, we demonstrated our ability to pivot and meaningfully engage in education, experiences, and exposure to leadership and resources. Leaders have stepped up their strategic engagement skills, focusing on transparent communications, authenticity, and employee wellbeing. The leadership framework has been aligned with other criteria such as talent and performance management, and made sustainable through systems and processes.

In July 2021, global research and advisory firm, Gartner, selected SLW as a best practice model of how to transform global business leadership in light of new internal and external challenges. Our response to the COVID-19 pandemic is a testament to the success of the SLW model.

### 2021 LEADERSHIP IMPACT SUMMIT

SABIC’s 2021 Leadership Impact Summit was scaled up to create a collective learning experience for all mid-managers across the globe. This interactive and invigorating two-day event for SABIC’s top 1,500 leaders across five time zones featured diverse speakers from across all parts of the Company and focused on personal growth.

## ASIA LEADERSHIP ACCELERATION PROGRAM (ALAP)

The second batch of candidates to our Asia Leadership Acceleration Program (ALAP) was accepted in 2021. The program, launched in 2020, strengthens cross-functional communication and collaboration and provides an opportunity for all participants to improve their strategic acumen, demonstrate leadership, and create organization-wide impact. Regional leadership development efforts have been tailor-made for business growth needs, especially in Asia, via ALAP. In total, 300 employees joined workshops focused specifically on empowerment to identify bottom-up strategies, resulting in a 20% increase in empowerment in the first 12 months.

### DELIVERED GLOBAL LEADERSHIP PROGRAMS

97

### EMPLOYEES WHO ATTENDED GLOBAL LEADERSHIP PROGRAMS

1,927

### EMPLOYEES WHO ATTENDED SABIC LEADERSHIP WAY 2.0 WORKSHOPS

257

### COACHING

14

Professionally certified coaches developed

### MENTORING

605

Employees enrolled in formal mentoring program

### SLWAYFINDER ASSESSMENTS COMPLETED

5,669

### 360 SLW ASSESSMENTS COMPLETED

406

### MID MANAGEMENT WHO ATTENDED 5 SLW SUMMITS

690

### PARTICIPANTS IN LEADERSHIP DEVELOPMENT AMERICAS WOMEN’S NETWORK

200

### DEDICATED TRAININGS FOR INTERNAL ESP NETWORKS

4

## SABIC MENTORING PROGRAM

We place strong emphasis on developing and encouraging internal talent, as demonstrated by the launch of a mentoring program and the development of in-house coaching capabilities as a module of the HR One tool. This initiative grew from a pilot in 2020 to more than 600 mentor-matches in 2021.

Alternatives to formal classroom training have also accelerated development, including self-assessments, 360-degree feedback, talent review processes that encourage greater accountability, and a strengthened talent pipeline through cross-functional Talent Communities, which is a forum to share best practices on human resource management and development through mentoring and leadership promotion, succession planning, and talent exchange.



We place strong emphasis on developing and encouraging internal talent.

## NEW MANAGER LEARNING JOURNEY

At SABIC, we recognize the vital role that our managers play in developing the capabilities of their teams and motivating them. The New Manager Learning Journey is an on-the-job learning portal that focuses on providing learning support and skill building under the mentoring guidance of a manager and an HR professional. The portal provides essential support for new managers transitioning into the position, and for returning managers to upgrade their skills. This portal is a global initiative covering all our businesses and functions (outside of manufacturing) and has fully matured during 2021, gaining significant positive feedback.

## GLOBAL REWARD & RECOGNITION PROGRAM FOR NON-EXECUTIVES

Through our Reward and Recognition programs, we provide every manager with a structure for immediate employee recognition, across functions and our global operations. This mechanism is building a culture of recognition across SABIC, while rewarding performance. We aim to be an Employer of Choice by providing positive work experiences, rewards, and opportunities that keep people motivated, engaged, and excited about being part of the SABIC team.

# OUR WORKFORCE CONTINUED

## PERFORMANCE MANAGEMENT

No matter what changes around us, continuous dialogue remains critical. All of SABIC's Professional population, including Executives, participate in a globally defined and managed performance annual review. In 2021, this equated to 16,018 employees (50.5%). SABIC paraprofessionals participated in locally defined and managed performance review programs that follow applicable requirements timelines. For the current talent review process performance cycle, in addition to the annual review, 79% of eligible employees completed a midyear review, re-visiting and updating their annual objectives.

## THE SABIC ACADEMY

SABIC Learning played a vital role in empowering our leadership development promise by seeking design and platform adjustments that transformed significant portions of the SABIC Academy curriculum - from traditional classroom to virtual delivery. This foresight enabled 96 leadership programs courses for over 1,900 front-line and middle managers. The SABIC Academy's Digital Learning Experience (DLE) now provides greater opportunities for employees to develop their knowledge, wherever they are located.

- Employees that utilized digital learning experience: 11,445
- Virtual classrooms: 398
- Course completions: 217,225
- Books referenced: 2,074
- Audio books referenced: 852
- Videos referenced: 192,291



The SABIC Academy's Digital Learning Experience now provides greater opportunities for employees to develop their knowledge, wherever they are located.

## PROJECT ENDEAVOR

The second batch of participants in Project Endeavor was enrolled in 2021. Project Endeavor, introduced in our Asia Pacific region in 2020, builds employee capability by providing the opportunity for them to work on actual business projects sponsored by senior leaders - in accordance with their career interests and passions. Project Endeavor strengthens cross-functional collaboration and brings talent into the spotlight.

## EMPLOYER AWARDS

Recognizing the outstanding performance in talent strategy and longstanding commitment to personal development, SABIC was officially recognized as the "Top Employer Asia Pacific" for the eighth consecutive year in 2021. SABIC also received the "Top Employer 2021" awards in five of its key Asian markets - China for the 11th year, and India, Japan, Singapore, and South Korea for the eighth year. The award also acknowledged the Company's unwavering commitment to its employees in a year that has been shaped by the COVID-19 pandemic. SABIC put the safety and wellbeing of its people first, as it continued to navigate the unprecedented challenges resulting from the pandemic.

## SAUDI VISION 2030

### QIYADAT GLOBAL-GEORGETOWN WOMEN'S LEADERSHIP PROGRAM

Aligning with the Saudi Vision 2030 to increase women's participation in the labor market to 30% by 2030, our partnership in the Qiyadat Global-Georgetown Women's Leadership Program is aimed at empowering Saudi women in the labor market. Working in collaboration with leading international experts, we aim to enhance Saudi women's competencies, preparing them to take leadership roles in various sectors, and contributing to their growth and development. The partnership is the first of its kind between a Saudi company and Georgetown University.

More than 200 graduates of the program's first batch, including 20 from SABIC, attended an honoring ceremony in Riyadh. The program benefitted women from 20 countries from the Middle East & North Africa, and the G20.

## SABIC SUMMER PROGRAM FOR EMPLOYEES' CHILDREN

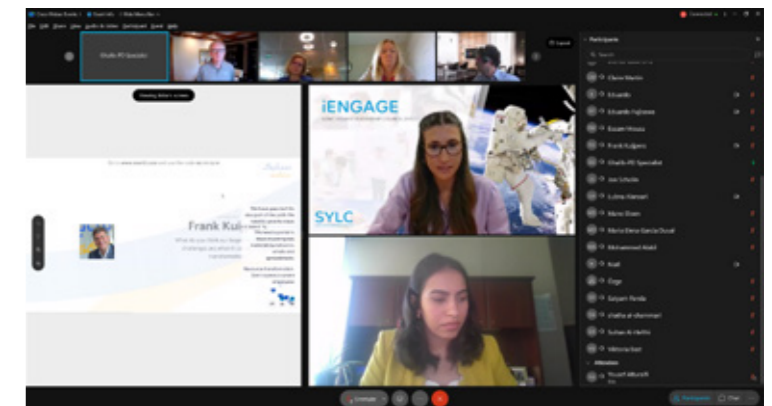
More than 500 male and female students, all children of employees, participated in the SABIC Summer Program 2021, held virtually under the theme "Our Children, Creativity that Matters".

The program focused on four main tracks to create an innovative interactive learning environment. The first track was about SABIC - including its vision, values, and role in enabling Saudi Vision 2030. The second track focused on contemporary digital transformation, with a comprehensive view of augmented virtual reality and artificial intelligence, and their importance. The third track focused on the future of business, automation of projects, and remote commercial and marketing skills using modern media channels. The fourth track centered on smart simulation by using simplified SABIC models which also mapped petrochemical production and included an introduction to cybersecurity.

Students from various regions in Saudi Arabia participated through the visual electronic platform using various educational aids. The aids were gifted to the students and were distributed earlier to the parents located in Riyadh, Jubail, and Yanbu. The five best projects, out of 20 that were submitted, were selected during the three-week training period.

## RE-LAUNCH OF SWN AS "SHE"

The SABIC Women's Network (SWN) was relaunched as "SHE" with a vision of making SABIC the preferred brand for women working in the chemicals industry. The three new pillars for SHE - Women as Leaders, Women as Partners, and Women as Influencers - have been aligned with SABIC values. Supported by senior leadership, SHE aspires to influence SABIC for future success by encouraging workplace diversity, equity, inclusion, and belonging for all by creating insights and identifying areas for improvement while supporting SABIC's corporate priorities.



Our first iENGAGE event was held virtually for our global teams, bringing together participants from 25 countries.

## SABIC YOUNG LEADERSHIP COUNCIL HOLDS FIRST "IENGAGE"

The SABIC Young Leadership Council (SYLC) moved forward in its mission of uniting our global talents to shape SABIC's future by hosting its first global iENGAGE event. The virtual event brought together participants from 56 cities, 25 countries, and four regions, providing an opportunity to explore what matters to the Organization and its young leaders.

SYLC empowers our young leaders to shape future business decisions through direct interaction with the CEO and executive leadership. It offers young leaders a forum to propose disruptive, out-of-the-box, bold solutions to various challenges and encourages them to shape the Company's culture and strategic priorities. In total, 20 focus group sessions were conducted where our talent champions made recommendations on the key SYLC focus areas, which are digitalization, future workforce and workplace, and sense of urgency. Additionally, 13 one-on-one sessions and six community sessions were held for SYLC Influencers, SABIC Young Professionals, and the SABIC Women's Network; 54 sessions were conducted for facilitators and observers. In addition, two gameshows drew 580 participants, 12 leaders, and four hosts, attracting more than 1,500 likes and over 1,550 reactions. SYLC will be taking the feedback from these engagements forward to present a recommended action plan to the CEO and Executive Committee, based on the key focus areas. This will take place during the first ever SYLC Conference in 2022.

## DIVERSITY, INCLUSION, AND COLLABORATION

For the third consecutive year, SABIC was featured on the Financial Times Diversity Leaders rankings, which assesses employees' perceptions of companies' inclusiveness and efforts to promote diversity. We recognize that we have a diverse workforce that has a variety of needs and concerns, and new patterns of work have introduced new challenges in terms of employee engagement.

This means that we have to sharpen our focus on employee motivation by listening more. Our 2021 SABIC COVID-19 Pulse Survey and Global Employee Town Hall initiatives were important events that helped us stay connected to the real thoughts, feelings, and aspirations of our 31,000 strong global workforce.

### JUNETEENTH CELEBRATION

SABIC employees in the Americas region gathered to celebrate Juneteenth 2021 and reflect on SABIC's diversity and inclusion journey over the past year.

It was on June 19, 1865, when Union General Gordon Granger arrived in Galveston, Texas and issued General Order Number 3, stating, "All slaves are free". This year was a particularly momentous day of celebration, as President Joe Biden signed legislation making June 19 – Juneteenth, National Independence Day – a US federal holiday.

SABIC's celebration, held on June 18 and themed "Dare to Hope," was inspired by a letter written by James Harris, site administrator at SABIC's Bay St. Louis, Mississippi site, following our Juneteenth gathering a year ago. Ahead of the session, employees were asked to submit statements, poems, or photos of what each would want, or for whom they would "Dare to Hope."

### CASE STUDY

#### THE FUTURE OF STEM SCHOLARS INITIATIVE (FOSSI)

SABIC announced its participation in the Future of STEM Scholars Initiative (FOSSI), the chemical industry's collaborative diversity, equity, and inclusion initiative aimed at creating pathways for underrepresented groups to enter and succeed in STEM careers within the chemicals industry. With an investment of US\$ 500,000, SABIC plans to sponsor 10 young scholars over the next two years, joining a growing list of organizations that together have raised more than \$10 million for scholarships.

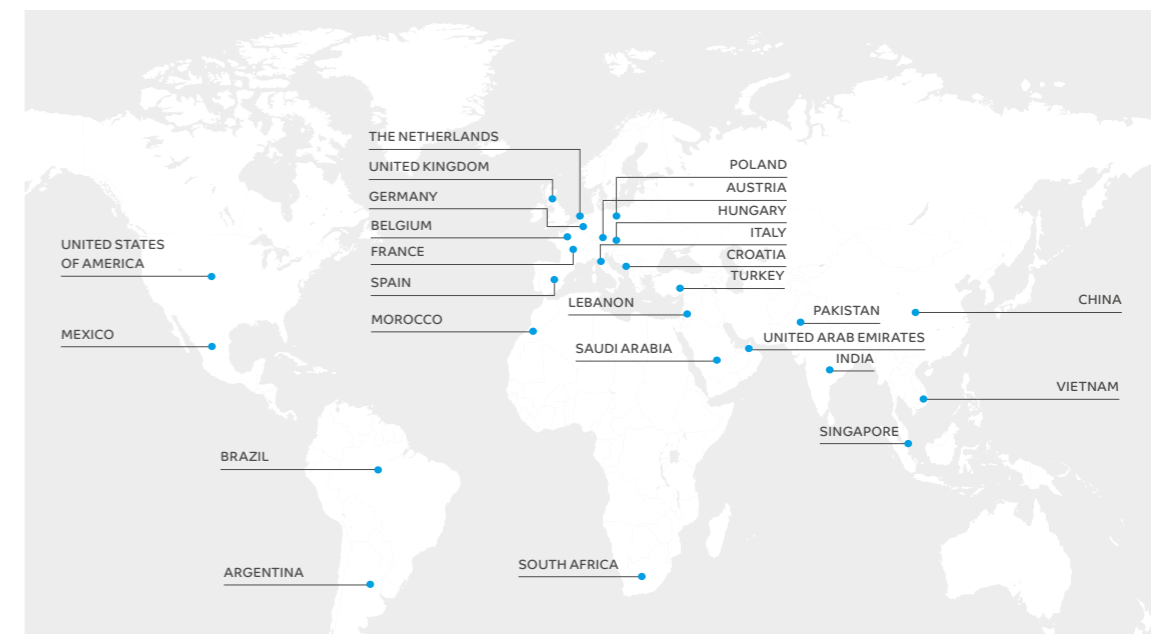
## SOCIAL IMPACTS AND COMMUNITY RELATIONSHIPS

SABIC invests in social impact and community relationships through its CSR initiatives and national social responsibility strategy.

SABIC's CSR program contributes to 10 United Nations Sustainable Development Goals, three Saudi Vision 2030 pillars, and is focused on four key priority areas: Health & Wellness, Science & Technology Education, Environmental Protection, and Water & Sustainable Agriculture. Across the year, we invested over US\$ 33.56 million in 127 Global CSR programs, reaching around 345,000 people in 26 countries.

SABIC's NUSANED™ local content program contributes to the development of communities within Saudi Arabia. The program contributes to Vision 2030 by catalyzing local content growth in Saudi Arabia through a structured program of leveraging SABIC capabilities, helping to create a value-added local manufacturing base, diversify the national economy, create jobs, and reduce dependency on imports.

### CORPORATE SOCIAL RESPONSIBILITY INITIATIVES



Our Global Corporate Social Responsibility activities address specific community needs in each country.

# SOCIAL IMPACTS AND COMMUNITY RELATIONSHIPS CONTINUED

## HEALTH AND WELLNESS

Our focus on Health & Wellness encompasses our Global Health Initiative and our Global Social Initiative and seeks to promote a broad, holistic concept of wellbeing in the communities in which we work and in society at large. In 2021, we delivered 65 health and wellness programs globally, providing relief efforts to mitigate the impact of COVID-19 on families and communities but attending to a range of other areas as well. Our programs in Health & Wellness reached 19 countries – KSA, UAE, China, Vietnam, USA, Argentina, Brazil, India, the Netherlands, Germany, Spain, UK, Austria, Italy, Poland, Hungary, France, Croatia, and Belgium.

Due to a resurgence of COVID-19 in India, the healthcare system in parts of the country was under severe pressure. SABIC provided life-saving equipment, ICU beds, oxygen concentrators, patient monitors, ventilators, and liquid oxygen tanks to help curb the spread of the pandemic. In Argentina, SABIC gave financial aid in response to an appeal for emergency assistance from the government to support families impoverished by the pandemic.

Heavy and unseasonal rain caused massive flooding in Vietnam and China, leaving a large number of people in urgent need of shelter, water, food, and income support. In Vietnam, SABIC donated US\$ 20,000 in critical aid to secure safe water to 13 schools and 7,326 students. In China, SABIC supported the Henan Flood Disaster Relief in the aftermath of floods and landslides by providing food for people whose houses and farmland have been underwater. In North India, extreme winter made life difficult for the homeless. SABIC's Gurugram office collected and donated winter clothing for the homeless and for orphans and senior citizens residing in shelter homes. After many schools were damaged in a major earthquake in late December 2020 in Croatia, SABIC partnered with Red Cross Croatia to build five temporary schools as part of our "Better Shelter" initiative, allowing around 500 students to resume their education.

One of the far-reaching consequences of the pandemic is the toll it is taking on people's mental and emotional well-being, with rates of depression and anxiety rising across the world. SABIC recognizes the need to prioritize mental health alongside physical health. For the second year, we sponsored the National Award for Mental Health Promotion and honored the winners on World Mental Health Day at our Riyadh headquarters. The SABIC award, facilitated in partnership with the National Committee for Mental Health Promotion, raises awareness about mental health issues and seeks to contribute toward a healthier society.

In the same spirit, SABIC employees and volunteers in Saudi Arabia and in China organized visits to hospitals and elderly care centers, bringing food and traditional festival gifts for those without families. In Germany, under the SABIC "Better Shelter" initiative, facilities were provided for 50 local elderly people to meet safely and lift their sense of isolation. In Spain, SABIC provided electric bikes to a local medical institute to help elderly and disabled people to be healthy and independent.



A SABIC employee participates in a blood-donation campaign in Saudi Arabia.



We launched the Halfway Home Center, a drug rehabilitation center, to help recovered addicts reintegrate into society.

An autism center in Madinah, Saudi Arabia was launched in 2021 with support from SABIC. It specializes in early diagnosis and intervention of childhood autism as well as in increasing public awareness of the disorder. The center has contributed to the integration of many autistic children into society and in developing the capabilities of families to deal with their autistic children.

A blood-donation drive with mobile units was conducted in 2021 involving SABIC employees across Saudi Arabia in partnership with local government hospitals. SABIC also sponsored the Kanaf medical insurance program for 3,000 orphans and underprivileged families in Saudi Arabia who would otherwise not have access to basic healthcare. In the UAE, SABIC supported blue collar workers and their families through in-kind donations for health and nutrition care packages benefitting 157 families.

The Halfway Home Center, a first-of-its-kind in the Kingdom drug rehabilitation center in cooperation with the Ministry of Health and Diriyah Governorate in Riyadh, was launched this year helping recovered addicts to be productive members of the community and reintegrate fully into society. We believe in the importance of creating a healthy environment to integrate recovered people into society after they undergo effective rehabilitation treatment. The center is part of larger antidrug efforts by SABIC which include NEBRAS awareness campaigns digitally and in public locations, and virtual games to build and enhance community knowledge about the dangers of drugs.

## ENVIRONMENTAL PROTECTION

In 2021, we identified and contributed to addressing key environmental issues through effective partnership and engagement in communities where we operate and our employees live. Our Global Environmental Protection Initiative reached 16 countries – KSA, Lebanon, USA, Mexico, Brazil, UK, the Netherlands, Germany, Spain, Austria, Italy, Poland, Hungary, France, China, and Singapore.

Under the Global Clean4Change program, our employees and their families engaged in extensive clean-up activities across 13 countries globally. With the theme of "Protect the Blue Planet for a Sustainable Future," our activities were aimed at raising awareness of the negative impact of human activities, particularly on our oceans. We want people to understand that SABIC's emphasis on technical innovation is also about finding solutions to these problems through recycling and reusing plastic waste that otherwise ends up in the ocean or in landfills. The coastline can be a place of intense human activity such as fishing or camping, and our awareness efforts aim to reduce garbage that is washed into the sea or left on the beach.

On World Clean-up Day SABIC employees and family members cleaned up over 450 kg of waste in cities across Saudi Arabia in collaboration with Diriyah Gate Development Authority, Municipality of Yanbu, and Royal Commission of Jubail and Yanbu. In Singapore, we hosted a virtual environmental awareness session including talks on climate change, food waste, and a hands-on workshop to make environmentally friendly products such as cleansers and hand sanitizers.

The world's wetlands provide a rich eco-system for wildlife to thrive, and their protection and preservation is critical to biodiversity. In Saltholme, UK, the water supply to the RSPB Saltholme Nature Reserve & Wetlands Centre was in urgent need of renovation. SABIC stepped in to provide the resources to ensure that the birds and wildlife continue to flourish. In the US, we supported the Houston Wilderness alliance in conjunction with Earth Day in their tree-planting effort to combat flooding and erosion and absorb air pollution for the ecoregions of the coastal prairies, forests, wetlands, and waterways around Houston, Galveston Bay, and the Gulf of Mexico.

# SOCIAL IMPACTS AND COMMUNITY RELATIONSHIPS

## CONTINUED



Our Global Environmental Protection Initiative reached 16 countries this year.

### WATER AND SUSTAINABLE AGRICULTURE

Water source and sanitation management go hand in hand with better food and energy production and are key to ending hunger, achieving food security, and improving nutrition. At SABIC, we support farmers and technical specialists meet and share ideas and experiences on effective farming practices, crop productivity, quality, and variety. This year, we sponsored Coffee Bean Al Dayer Festival, and a citrus festival in Al Hariq. In partnership with King Saud University and Diriyah Governance, SABIC also supported a Palm Tree Waste Utilization Project in Saudi Arabia to optimize the value proposition of agricultural waste. In Jubail, we launched an awareness campaign focusing on water use reduction habits along with interactive virtual games for children, and the public learned how water is purified locally from wastewater which can be reused for industrial cooling and agriculture.

In South Africa, we supported educational programs within underprivileged communities under the iGardi Project on water-wise vegetable food gardening for food security by connecting volunteer teams and NGOs and providing avenues for investment and local community involvement. In Morocco, SABIC helped set up a pedagogical garden with renewable energy through solar power for students to learn about opportunities in agriculture and the environment around them, expected to benefit 1,000 students per year.

### SCIENCE & TECHNOLOGY EDUCATION

A quality education and lifelong learning have always been prime values for SABIC. Our goal is to foster innovation, particularly through scientific and technology education, and we have kept up the momentum despite the unique challenges faced this year.

Our Global-Back-to-School Initiative works with charities, NGOs, schools, and communities across the world to help students succeed in their education. In 2021, this initiative reached students in 13 countries – KSA, Morocco, Turkey, Pakistan, USA, Mexico, Brazil, Argentina, the Netherlands, Germany, Spain, China, and India. The focus this year has been on helping children continue their schooling despite the challenges of COVID-19.

In Saudi Arabia, 50,000 students in 47 locations were given backpacks with school supplies, while 1,000 students were provided with online knowledge enrichment courses and robotics classes in a joint initiative with the Ministry of Education and Takaful Foundation. In Morocco, SABIC provided a school with a library and a computer center – a place for students to stimulate their curiosity and enhance their knowledge of the world. In India, the pandemic forced the shutdown of academic institutions for prolonged periods and students scheduled to take the Secondary School Leaving Certificate Examination were amongst the worst affected. SABIC supported 986 students from the community around the SABIC Technology Center in Bengaluru, India by distributing SABIC-branded tablets loaded with learning software.

In China, we set up ChemWorkshop, a virtual workshop in collaboration with China Petroleum and Chemical Industry Federation (CPCIF) to address talent shortages within the industry and provide employment opportunities for graduates. The platform invites a dialogue between opinion leaders, teachers, and professionals with students interested in pursuing a career in the chemical industry. In the Netherlands, we supported virtual learning by providing primary schools with STEM home tool kits.

SABIC's Global Initiative for Education and Innovation also continued in 2021, in partnership with Junior Achievement Worldwide and INJAZ Saudi Arabia. The initiative benefitted students in three countries this year – China, USA, and Saudi Arabia. In Saudi Arabia, we launched the Company Program with finalists reaching the Fekra Competition; a business simulation activity involving 1,450 High School and university students. The popular "Lights of Our Future" continued in China with the aim to build awareness and inspire creativity around environmental protection for youth. Through the speakers' series in USA, SABIC employees volunteered by sharing their career path and experiences to inspire local high school students. Since 2014, this initiative has engaged over 124,000 students, bringing real-life case studies into the classroom and cultivating critical thinking and teamwork through experimental learning.

### CREATING VALUE THROUGH LOCAL CONTENT

SABIC has made a commitment to enabling Saudi Vision 2030 through NUSANED™, our pioneering local-content initiative designed to strengthen the local manufacturing base, diversify the national economy, and create jobs. Ultimately, this initiative aims to reduce dependency on imports by helping local businesses grow and thrive by addressing some of the challenges investors and entrepreneurs face. NUSANED™ is structured around four pillars, creating a journey through an integrated localization process:

#### ENTEMA – A DIGITAL OPPORTUNITY-GATE PLATFORM

The business development journey begins with Entema, a portal that provides entrepreneurs and investors with a space to explore opportunities and test their viability and attractiveness for investment support through Da'aem. Due diligence is conducted on the submission of a pre-feasibility or business case, which involves evaluating ventures on the basis of national socio-economic impact, including potential GDP contribution, number of potential jobs created, impact on trade balance, and the long-term competitiveness and sustainability of the opportunity.

#### DA'AEM – TAILORED SUPPORT PACKAGES

Da'aem is an individualized process designed to execute the proposed support packages identified during the Entema stage and represents the tangible support SABIC provides to businesses. These packages will differ in scale and content depending on their broader socio-economic impact and includes aspects like the supply of materials and services to SABIC, product offtake from SABIC, technical support, product application and technology commercialization, and access to world-class practices at SABIC.

#### ACCESS TO FINANCE – FACILITATION OF FINANCIAL SUPPORT

The third pillar aims to provide financing for investment for NUSANED™ supported opportunities. SABIC has signed MoUs with several stakeholders to ensure that financial solutions are identified for commercially feasible projects.

#### MUAHAL – TECHNICAL AND LEADERSHIP COMPETENCY DEVELOPMENT

Muahal aims to develop the right technical and leadership capabilities within the local workforce to execute the investor opportunity in a competitive and sustainable way.

In 2021, NUSANED™ focused on the localization of recycling technologies, production of PPE, and defense applications in the local market. Key highlights for the year include:

- The number of candidates qualified to initiate new projects since the launch of NUSANED™ in 2018 reached 143. The annualized GDP impact of opportunities in 2021 was SAR 1.2 billion, reaching a total of about SAR 11.4 billion since the program was launched.

- As a part of Muahal, 5,660 jobs were created in 2021. Out of the more than 11,500 jobs created since the launch of the initiative, 1,937 have been for women.

- The Chinese company, ShenGong, started the first of the five phases of the largest NUSANED™ project in Jubail, using 43,000 metric tons of SABIC materials to manufacture electrical and electronics parts for power-saving LED lighting, smart electronics, houseware, and automotive. On completion of all the phases, the project is expected to contribute US\$ 110 million to the GDP, create 233 jobs and export 70% of the overall production.

- Ten local factories were enrolled in our operational excellence program, Tamayouz, to help local manufacturers optimize their productivity and remove manufacturing bottlenecks, saving approximately SAR 18 million in costs for three projects that applied the program.

#### SUPPLIER DEVELOPMENT

Nomou is a local-content development program that supports SABIC's local customers and suppliers who have difficulty with existing or planned opportunities in the domain of downstream development or supply localization. It aims to identify and overcome common roadblocks and maximize business opportunities to enable Vision 2030, which increases the private sector contribution to GDP. To date, the program has successfully qualified 110 opportunities across several priority national industrial sectors such as metals, renewables, and medical supplies, offering significant potential in socio-economic impact through GDP and job creation.

#### LOOKING FORWARD

SABIC's antidrug efforts will continue to expand to include the SABIC Mental Health and Drug Addiction Hospital expected to launch next year in partnership with the Ministry of Health, a long term treatment facility aiming to reduce patients' suffering, enabling them to integrate fully back into society. The community is expected to continue to benefit from our mobile and permanent breast cancer screening clinics in partnership with Zahra Cancer Association and the Saudi Ministry of Health.

SABIC will contribute from 2022 onward to the Saudi Green Initiative through cooperation with the Ministry of Environment, Water and Agriculture by planting five million trees in Saudi Arabia. The SABIC Life Gallery at King Salman Science Oasis will be opened for students and the public in 2022. MADAC Education Academy is also projected to be launched in 2022. It aims to build a world-class educational complex with a balanced environment for education and cultural values – one that applies the best educational theories and practices. SABIC will contribute to the construction of the academy's museum and exploration center, which aim to provide investigative education for young people, encouraging them to understand the historical, cultural, and scientific aspects of civilization and to develop intellectual skills in science and culture.

# SUSTAINABLE SUPPLY CHAINS

In addition to the unprecedented challenges resulting from evolving COVID-19 variants during the year, the global supply chain was affected by various other disruptions. In response, we strengthened our procurement processes to safeguard our business operations and our customers.

Among these disruptive events were a five-day winter and ice storm that had widespread impact across the United States, northern Mexico, and parts of Canada in February 2021. The six-day obstruction of the Suez Canal in March 2021 also caused major disruptions to logistics services worldwide. Ramifications included limited port operations, drops in schedule reliability, and cargo displacement, which in turn impacted inventory levels, customer fulfillment, and cost performance across the supply chain.

In a recovering logistics landscape facing a number of new challenges in 2021, we sustained optimal service levels and successfully delivered more than 18,000 stock keeping units, adding up to 33 million tons of products to nearly 12,000 customers in over 130 countries, working in close collaboration with over 500 logistics service providers worldwide.

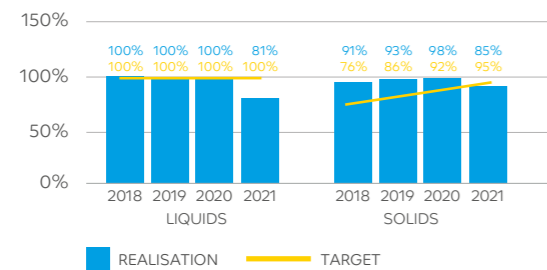
## SAFETY AND QUALITY ASSESSMENT SYSTEM

SABIC has been collaborating with other industry stakeholders to develop robust criteria for sustainability assessment in Safety and Quality Assessment (SQAS) to measure the EHSS performance of logistics service providers and to address areas for further improvement.

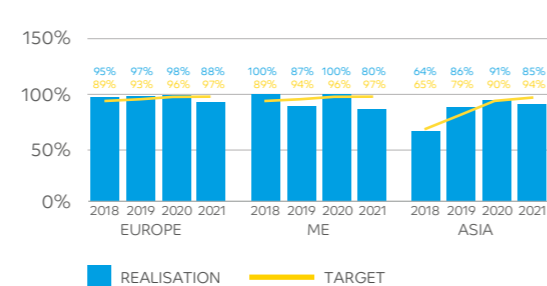
The drop in our performance in 2021 was caused by the requirement that carriers have a valid report on the SQAS scheme's database. Due to assessor unavailability and travel bans, a number of assessments had to be postponed or were conducted partially as remote assessments awaiting on-site verification in Q1 2022.

### KEY METRICS

SQAS FOR TOTAL LIQUIDS AND SOLIDS



SQAS BY REGION FOR LIQUIDS AND SOLIDS



## PROGRESSIVE COLLABORATIONS

### SAUDI ARAMCO

In 2021, marketing and sales of a number of Saudi Aramco petrochemical products and those of selected joint ventures and affiliates were transferred to SABIC, marking a major milestone in our integration journey. With a few more commercial and supply chain activity transfers carried out between the two companies, customers stood to benefit from a combined product and service offering and further operational efficiencies.

### GULF COAST GROWTH VENTURES

The world class plastics manufacturing facility in San Patricio County, Texas, USA, our third joint venture with ExxonMobil and first outside Saudi Arabia to champion geographic diversification, progressed toward operations ahead of schedule in 2021. Once completed, the facility is set to produce 1,100 kilotons of monoethylene glycol and 1,300 kilotons of polyethylene per year, building our presence in the US and supplying customers in the North and South American markets.

## SUSTAINABLE PROCUREMENT

Contracts with our suppliers are governed by the SABIC Sustainable Procurement Policy, which has been developed in compliance with legal and ethical standards. In addition, we also have a Supplier Code of Conduct, which was reviewed and updated in 2020, impressing behavioral and operational best practices on our suppliers. We procure materials and services from qualified suppliers through lawful, ethical, and fair practices, as specified by the SABIC Code of Ethics, and they must meet our technical, quality, Environment, Health, Safety & Security (EHSS), and social responsibility standards. The Supplier Lifecycle Management (SLM) Program is used to evaluate new suppliers and verify their level of compliance.

As a key component of our sustainable procurement model, we provide opportunities for local suppliers, wherever possible. We also invest in developing the skills and competencies of women and young people to support local entrepreneurship, which contributes toward the local economy. Suppliers are also assessed for environmental sustainability through an environmental questionnaire under our SLM process. Consequently, our supplier base, in general, meets the minimum requirements on EHSS.

In response to the uncertain supply chain conditions, we took several steps to proactively manage inbound and outbound logistics, including:

- Qualifying additional suppliers for certain raw materials to secure goods for our end users
- Proactively confirming orders during the year and exploring alternative grades
- Building additional stocks for certain materials
- Diverting ocean freight to air freight
- Increasing local production of certain materials
- Utilizing stock transfer between SABIC affiliates for materials to prevent shortage for repairs

## 12-LAYER PALLETIZED PRODUCTION

We scaled up our capabilities in packaging and payload by successfully regulating all palletized production to 12 layers for multiple products across many manufacturing sites. This initiative will optimize logistics and transportation while improving cost performance for customers.



We have strengthened our procurement processes by proactively managing inbound and outbound logistics.

## SUSTAINABLE SUPPLY CHAINS CONTINUED

### UNINTERRUPTED ORDERS INITIATIVE

We took considerable steps to further automate repetitive activities under our Uninterrupted Orders (UIO) initiative and increase work efficiencies, building automated workflows for work-intensive areas such as order management, order fulfillment, and documentation. We increased operational efficiencies during 2021 with the end-to-end automation of several processes, resulting in touchless operations with minimum-to-zero human intervention to improve productivity, speed, and accuracy. The integration of blockchain and other innovative technologies were also explored during the year.

### ENHANCEMENT OF LOGISTICS INFRASTRUCTURE

Together with SABIC Supply Chain Services (SSCS), our logistics affiliate company in Saudi Arabia, we continued working closely to enhance our logistics infrastructure and operations, from product handling at manufacturing sites up to delivery point. We have reached a key milestone, bringing us closer to our target of establishing SSCS as an integrated logistics operator and consolidating product handling activities using economies of scale.

### SECURING SHIPPING CAPACITIES

We established cross-functional and cross-regional command teams to face pandemic-related challenges and secure shipping capacity across our global supply chain. From securing space in advance on dedicated vessels to our proven category-sourcing strategy, we implemented a variety of initiatives to secure shipping capacity at optimal cost, reducing exposure to the spot market. The task force continued to take precautionary measures to mitigate the risk of container and shipping space limitations, supported by complementary initiatives such as the "Fixed Cash Cost Plus" program that helped us further strengthen strategic relationships with partners while nurturing a value-creating mindset across the Organization.

### DIGITAL INITIATIVES

Several digital initiatives optimized our processes and operations. These initiatives include:

- Implementing electronic submission of documents to banks, while also enabling automatic and instant notifications to financial document stakeholders, thereby reducing delays and increasing operational efficiencies across a more efficient supply chain.
- Enhancing the Jeddah Chamber of Commerce platform for electronic legalization in Saudi Arabia, improving work efficiencies of the Documentation Department.

### NETWORK AND PLANNING OPTIMIZATION

Understanding the trends and impacts of markets is crucial in building and bolstering resilience across our supply chain. We continued our network optimization journey by adopting digital twin technology to simulate a digital representation of our real world product flows and network operations. This initiative, in contrast to periodic network modeling and review, enables us to continuously review, optimize, and evolve our supply chain. In addition, we implemented several initiatives this year to further enhance our global supply chain footprint:

- Consolidated and optimized warehouses and terminals to obtain less port calls, zero demurrage, and lower rates
- Scaled up the use of efficient delivery models such as direct delivery to greatly improve on terminal/distribution center utilization for small parcels
- Supported Business/Sales teams in the exploration and penetration of new markets, such as the Red Sea Optimization
- Made data-driven and cost-based decisions for best case scenarios on supply location and delivery modality, as with the shift of the Yanbu/Jubail/Singapore Hub.

### SUPPLIER LIFECYCLE MANAGEMENT

We use our Supplier Lifecycle Management (SLM) Program to vet new supplier qualifications and verify ongoing compliance. Suppliers must meet our standards to be included in our global database for procurement and supply chain needs. In 2021, we registered 1,485 suppliers through SLM, bringing the total to 30,912. We identified 561 suppliers that were inactive, underperforming, or had failed to comply with our Supplier Code of Conduct, and we removed those suppliers from the database.

#### KEY METRICS

NEW SUPPLIERS THROUGH SLM

1,485

SUPPLIERS REMOVED FROM SLM:

561

TOTAL SUPPLIERS THROUGH SLM:

30,912

## LOOKING FORWARD

As an industry leader, we are conscious of the need to drive meaningful change, not only within our industry and region, but also among the wider global community, if we are to achieve sustainable development goals for a better future. Therefore, we are committed to stay the course in spearheading change that truly makes a difference to our business partners, customers, and communities.

Despite widespread disruptions to global markets, we will continue our philosophy of sustainable growth by building on our people capabilities, agile organization model, and proactive sourcing strategies. Within our Corporate Digitalization Program, we will continue our digitalization journey to embrace advanced solutions in the field of demand forecasting as part of our collaborative planning activities, deploy cutting-edge technology to enhance the digital customer experience, and cultivate capabilities to boost process automation. Our investments in smart solutions to create fully digitalized value chains will continue, supported by innovative business models. Additionally, we will continue to implement supply chain visibility tools in order to increase our delivery reliability and provide customers with track-and-trace information.

OUR INVESTMENTS IN SMART SOLUTIONS TO CREATE FULLY DIGITALIZED VALUE CHAINS WILL CONTINUE, SUPPORTED BY INNOVATIVE BUSINESS MODELS.

# ADDENDUM



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## ABOUT THIS REPORT

SABIC is a publicly traded, global leader in diversified chemicals with its global headquarters in Riyadh, Saudi Arabia. We manufacture on a global scale and have five key geographies with innovation hubs in the United States, Europe, the Middle East, Southeast Asia, and Northeast Asia.

Ranked among the world's largest petrochemicals manufacturers, 70 percent of the company's shares are owned by Saudi Aramco, with the remaining 30 percent traded on the Saudi stock exchange. Since SABIC began in 1976, we have grown rapidly and globally, with operations today in more than 50 countries and a global workforce of more than 31,000 talented individuals. Our materials help our customers to build a better future in key end markets – construction, medical devices, packaging, agri-nutrients, electrical and electronics, transportation, and clean energy. Our materials provide the building blocks for building a better future through Chemistry that Matters™.

### REPORTING PERIOD, SCOPE AND BOUNDARIES

SABIC publishes an annual report, which targets the financial and investor audience, and this Sustainability Report, which targets a wide internal and external audience. Published on April 13, 2022, this report covers SABIC's sustainability performance from January 1 to December 31, 2021. It includes all SABIC businesses and operations that are financially consolidated in our 2021 Annual Report, available at: [www.sabic.com/corporate/en/investorrelations](http://www.sabic.com/corporate/en/investorrelations). Additional sustainability content, technical details and definitions are available in the Report Supplement document on our corporate sustainability web page: [www.sabic.com/sustainability](http://www.sabic.com/sustainability).

We believe external assessments improve our sustainability reporting, and for the last nine years, we have used KPMG to increase our confidence in certain reported data. The limited assurance engagement includes absolute and intensity operational metrics: energy consumption, greenhouse-gas emissions, freshwater usage, material loss, flaring reduction, and CO<sub>2</sub> utilization, as well as selected corporate environment, health, safety, and security metrics, and compliance, as noted in the KPMG assurance report and marked by "\*" throughout the Report. For compliance data, we have applied a more limited scope. Compliance data is reported for the 23,500 employees of SABIC and its wholly owned affiliates, but not for employees of SABIC's non-wholly owned manufacturing joint ventures (or affiliates) in Saudi Arabia.

### REPORTING FRAMEWORKS

#### REPORTING CRITERIA

The SABIC 2021 Sustainability Report was prepared in accordance with our internally developed reporting criteria.

#### OTHER REPORTING FRAMEWORKS

To guide the selection of report content and improve report quality, we align our internal reporting criteria with the "Core" option of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. A complete GRI Content Index can be found on the SABIC sustainability website.

We also continue to be inspired by the International Integrated Reporting <IR> Framework to capture SABIC's journey toward creating economic, natural, human, and social value in both the long and short term.

This report serves as our official UN Global Compact (UNGC) Communication on Progress. An overview of how we are meeting our UNGC commitments and actions is available on the SABIC sustainability website: <https://www.sabic.com/en/sustainability>

## ASSURANCE REPORT OF THE INDEPENDENT AUDITOR



To: the Board of Directors of Saudi Basic Industries Corporation

### OUR CONCLUSION

We have reviewed the data and the accompanying disclosures for the following indicators (hereafter 'the sustainability indicators') in the Sustainability Report 2021 (hereafter the 'Sustainability Report') of Saudi Basic Industries Corporation (hereafter 'SABIC') based in Riyadh, Saudi Arabia, for the year ended 31 December 2021.

#### The total absolute values and the intensity values (per metric ton of product sales) at corporate level of the Environmental Footprint indicators:

- Greenhouse gas emissions (p. 23, 46)
- Energy consumption (p. 23, 48)
- Water usage (p. 23, 49)
- Material loss (p. 23, 50)

#### The total percentages at corporate level of the Environmental Footprint indicators:

- Flaring reduction compared to 2010 (p. 23, 45)
- CO<sub>2</sub> utilization (p. 23, 45)

#### The corporate values of the Ethics and Integrity indicators:

- Compliance concerns raised (p. 21, 23)
- Incidents closed (p. 21, 23)
- Violations found and addressed (p. 21, 23)
- Code of Ethics training completion (p. 21, 23)

#### The corporate values of the Environmental, Health, Safety and Security indicators:

- EHSS rate (p. 23, 58, 59)
- Total Recordable Incident Rate (p. 23, 58)
- Occupational Illness Rate (p. 23, 58)
- Fatalities (p. 23, 58)
- API 754 PSE Tier 1 (p. 23, 58)
- Hazardous substances released (p. 23, 60)
- Security incident rate (p. 23, 58, 63)

The data for the indicators included in the scope of our engagement are marked in the Sustainability Report 2021 with an asterisk (\*) with the footnote 'Assured by KPMG'.

A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that the sustainability indicators are not prepared, in all material respects, in accordance with the reporting criteria as described in the 'Reporting criteria' section of our report.

### BASIS FOR OUR CONCLUSION

We performed our review in accordance with Dutch law, including Dutch Standard 3000A ('Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie'). Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of SABIC in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### REPORTING CRITERIA

The sustainability indicators need to be read and understood together with the reporting criteria.

SABIC is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability indicators are the applied internally developed reporting criteria as disclosed in the section 'Reporting Frameworks' on page 96 of the Sustainability Report.

### MATERIALITY

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability indicators. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and SABIC.

### SCOPE OF THE GROUP REVIEW

SABIC is the parent company of a group of entities. The sustainability indicators incorporate the consolidated indicators of this group of entities to the extent as specified in the section 'Reporting period, scope, and boundaries' on page 96 in the Sustainability Report.

Our group review procedures consisted of both review procedures at corporate (consolidated) level and at site level. Our selection of sites in scope of our review procedures is primarily based on the site's individual contribution to the consolidated indicators. Furthermore, our selection of sites considered relevant reporting risks and geographical spread.

# ASSURANCE REPORT OF THE INDEPENDENT AUDITOR CONTINUED

By performing our review procedures at site level, together with additional review procedures at corporate level, we have been able to obtain sufficient and appropriate assurance evidence about the group's sustainability indicators to provide a conclusion about the sustainability indicators.

## UNAUDITED AND UNREVIEWED CORRESPONDING INFORMATION

We want to emphasize that for the security incident rate no review has been performed on the comparative information for the period 2020 and before. Consequently, these corresponding sustainability indicators and thereto related disclosures for the period 2020 and before are not part of our conclusion.

## LIMITATIONS TO THE SCOPE OF OUR REVIEW

The sustainability indicators include prospective information such as ambitions, strategy, plans, expectations and estimates. Inherently the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability indicators.

References to external sources or websites relating to the sustainability indicators are not part of the sustainability indicators itself as reviewed by us. Therefore, we do not provide assurance on this information.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE

The Board of Directors of SABIC is responsible for the preparation of the sustainability indicators in accordance with the applicable criteria as described in the 'Reporting criteria' section of our report, including the identification of stakeholders and the definition of material matters.

Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability indicators is free from material misstatement, whether due to fraud or error.

Those Charged with Governance are responsible for overseeing the reporting process of SABIC.

## AUDITOR'S RESPONSIBILITIES

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism

throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included among others:

- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability indicators;
- Obtaining an understanding of the reporting processes for the sustainability indicators, including obtaining a general understanding of internal control relevant to our review, but not for the purpose of expressing a conclusion on the effectiveness of SABIC's internal control;

- Identifying areas of the sustainability indicators where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion. These procedures included, amongst others:

- Interviewing management and relevant staff at corporate level responsible for the sustainability strategy, policy and results;
- Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the data in the sustainability indicators;
- Determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive. Based thereon we selected the components and locations to visit. The visits to 7 production sites in the Kingdom of Saudi Arabia, Europe and United States of America are aimed at, on a local level, validating source data and evaluating the design and implementation of internal controls and validation procedures;
- Obtaining assurance information that the sustainability indicators reconcile with underlying records of SABIC;
- Reviewing, on a limited test basis, relevant internal and external documentation;
- Performing an analytical review of the data and trends;

- Evaluating the consistency of the sustainability indicators with the information in the Sustainability Report which is not included in the scope of our review;

- Evaluating the presentation, structure and content of the sustainability indicators;

- Considering whether the sustainability indicators as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Board of Directors of SABIC regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, The Netherlands, 31 March 2022

KPMG Accountants N.V.

D.A.C.A.J. Landeszkamp RA

Partner



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