

CHEMISTRY THAT MATTERS™

سابك  
sabic

# THRIVING RESPONSIBLY

SUSTAINABILITY REPORT 2020



AT SABIC, WE RECOGNIZE THAT OUR SUCCESS INCREASINGLY DEPENDS ON TAKING AMBITIOUS ACTION ON ISSUES LIKE CLIMATE CHANGE, ON EMBRACING THE PROMISE OF THE CIRCULAR ECONOMY, AND ON INTEGRATING ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) PRINCIPLES INTO EVERY ASPECT OF OUR BUSINESS – AND BY DOING SO, WE HELP OUR CUSTOMERS, THE INDUSTRY, AND THE COMMUNITIES WHERE WE OPERATE TO THRIVE RESPONSIBLY.

COVER: SABIC's TRUCIRCLE™ portfolio and services for circular solutions help prevent valuable used plastics from becoming waste by recycling them back into high quality applications. Our initiative is helping customers around the world to drive the change needed to become a circular global society – in the true spirit of our value promise, 'Chemistry that Matters™'.

Note: Images and/or other multimedia featured herein may have been taken prior to the COVID-19 pandemic. Therefore, SABIC's health and safety protocols, including, but not limited to, social distancing and the use of face coverings, may not be depicted.

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# SABIC OVERVIEW

- Technology and innovation centers ●
- Manufacturing and compounding plants ●
- International subsidiaries and sales offices ●
- Distribution, storage facilities, and logistical hubs ●



**AMERICAS**  
HEADQUARTERS  
Houston, USA



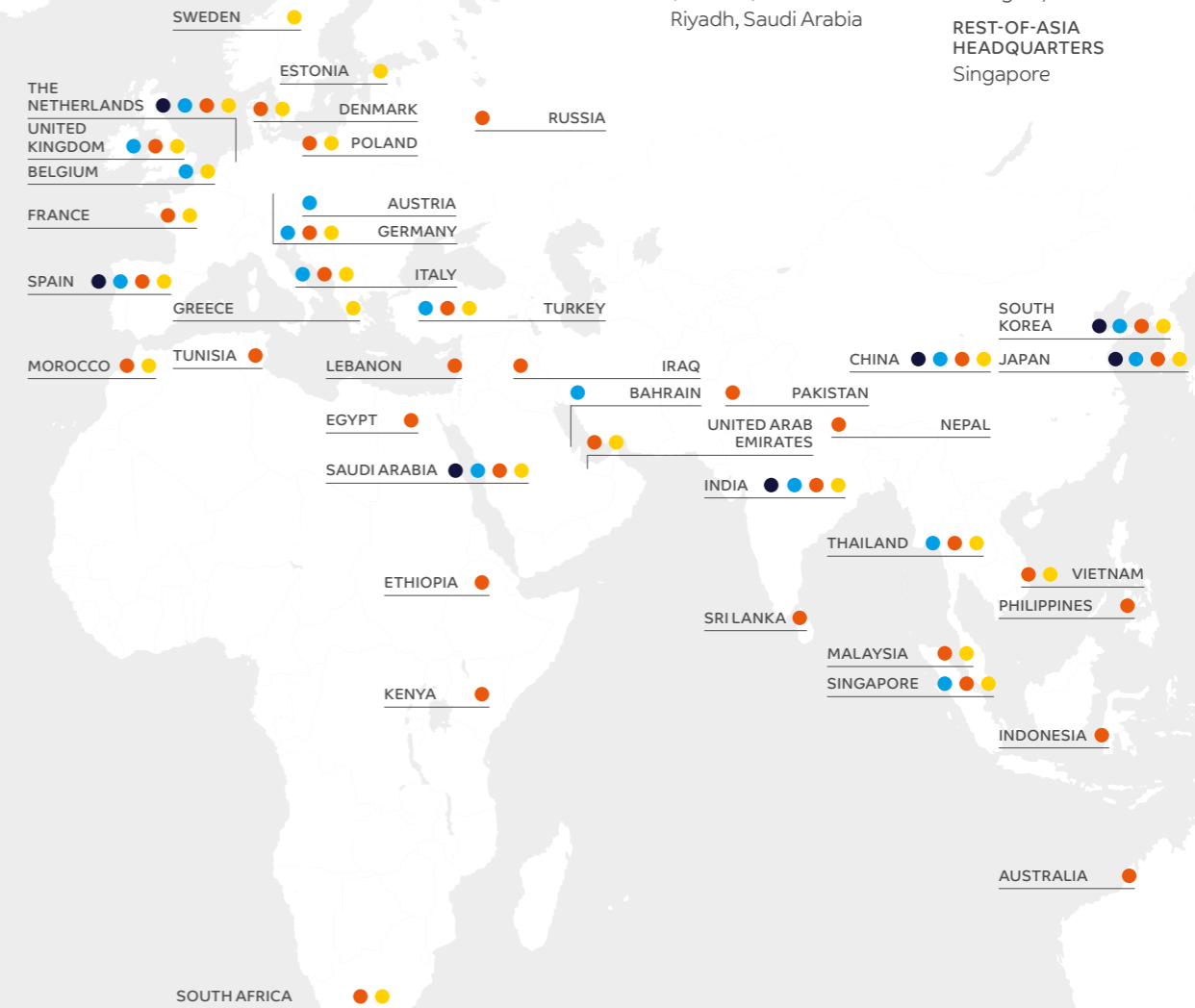
**EUROPE**  
HEADQUARTERS  
Sittard, The Netherlands



**MIDDLE EAST AND AFRICA**  
HEADQUARTERS (GLOBAL)  
Riyadh, Saudi Arabia



**ASIA**  
GREATER CHINA HEADQUARTERS  
Shanghai, China  
REST-OF-ASIA HEADQUARTERS  
Singapore



## THIS IS SABIC

<p><b>32,000+</b> employees</p>	<p><b>50</b> countries of operations with global headquarters in 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>9,946</b> patent portfolio filings</p>
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## SUSTAINABILITY IN OUR VALUE CHAIN

<p><b>UPSTREAM</b></p> <p>Lower-carbon or 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 or 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>FIND OUT ABOUT OUR CORE BUSINESSES IN OUR ANNUAL REPORT FROM PAGE 32</p>

## CHAIRMAN'S WELCOME



**KHALID HASHIM AL-DABBAGH**  
Chairman

Resilience was the key to long-term sustainability in 2020. Despite the unprecedented challenge of the global pandemic, stakeholders and investors have a renewed emphasis on environmental, social and governance (ESG) fronts. At SABIC, we strongly believe ESG is an integral part of our business success, sustainability and a license to operate in today's business environment.

The world can no longer ignore the impact of climate change. This requires us all reimagining every aspect of our value chain and collaborating with all stakeholders to build a sustainable circular economy that reduces waste and impact to our environment.

SABIC is part of an essential industry that supplies vital products which are pervasive in every aspect of modern living. The rapid global changes last year brought a reappraisal of plastics in modern society, particularly those that are single-use by design. The healthcare sector relies on these vital materials and their unique properties to reduce contamination risks. The Company also demonstrated remarkable determination to protect its people and ensure the continuity of operations in the delivery of critical materials to combat the pandemic.

Recognition and rediscovery of the value of polymers is welcome, but even in a pandemic, there is no time to pause our pursuit of a sustainable future in order to realize financial and non-financial value to all our stakeholders.

SABIC is part of an essential industry that supplies vital products which are pervasive in every aspect of modern living. The rapid global changes last year brought a reappraisal of plastics in modern society, particularly those that are single-use by design.

We scaled up the TRUCIRCLE™ portfolio – an initiative that encompasses circular materials and technologies. As a result, SABIC became the world's first petrochemical company to scale up high quality process for the chemical recycling of used mixed plastics back to the original polymer for commercial application.

In 2020, SABIC also actively participated in discussions on industrial sustainability and the development of a circular economy as part of the G20 summit hosted by the Kingdom of Saudi Arabia. Both of these initiatives are important for SABIC and are closely aligned with the Kingdom's 2030 Vision.

Collaboration is a key pillar of the Company's corporate citizenship strategy. To this end, the Company invested approx. \$40 million in various Corporate Social Responsibility programs across 34 countries. SABIC supports the urgent call to action of the global partnership to achieve 17 Sustainable Development Goals (SDGs) for a better world. The SDGs provides us a solution centric blueprint to tackle global challenges that are within our reach.

We will continue to integrate sustainability deeply into our business, creating greater value for our Company, society and the planet. I would like to extend my sincere thanks to the SABIC board members, leadership team and employees for enabling us to create new opportunities towards developing a more sustainable world; delivering Chemistry that Matters™.

In 2020, SABIC also actively participated in discussions on industrial sustainability and the development of a circular economy as part of the G20 summit hosted by the Kingdom of Saudi Arabia. Both of these initiatives are important for SABIC and are closely aligned with the Kingdom's 2030 Vision.

## VICE CHAIRMAN AND CEO'S STATEMENT



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

Our Sustainability Report provides an opportunity to reflect on the successes of our sustainability journey and the profound changes arising from a challenging year.

SABIC was created for a sustainable purpose, to transform by-products of oil extraction into products of value that could benefit the world. For more than 45 years, our commitment to sustainability has helped us thrive and deliver products that improve the lives of millions of people. It is the foundation of our business and is intrinsically linked to our long-term growth and resilience.

At SABIC, our first priority is to protect the wellbeing of our employees, customers, partners, and the communities in which we operate. As the impacts of COVID-19 began to emerge, we quickly introduced new work protocols and comprehensive guidelines that allowed our facilities to safely resume operations with minimum disruption. We are part of an essential industry and take pride in how we supported our people and communities and contributed to life-saving products and materials used in personal protective equipment, ventilators, intensive care, hospitals, and beyond.

The year in review has proven that there are very real economic challenges for organizations that cannot or will not adapt to the changing world.

ESG has become an increasingly critical part of every business and our newly formed ESG Reporting Steering Committee will further embed these considerations deep into our company and across our most valuable partnerships.

Disruption triggered by the COVID-19 pandemic accelerated many of the trends that forward-looking companies had previously identified, catalyzing new ways of working and prompting a reassessment of the value that companies can create for employees, shareholders and broader society. There is also a renewed urgency to protect the environment, alongside global societal and governance priorities which are shaping the new normal.

Against this backdrop of definitive change, SABIC is well-positioned to thrive. Our longstanding sustainability and environmental, social and governance (ESG) commitments have already helped strengthen our business resiliency, bringing enhanced operational efficiencies and timely investment in new low-carbon technologies.

ESG has become an increasingly critical part of every business and our newly formed ESG Reporting Steering Committee will further embed these considerations deep into our company and across our most valuable partnerships. This will also enable us to smartly calibrate our business and better leverage our scale and deep technical knowledge towards critical ESG issues, including the responsible management of plastic waste.

This year, our expanding TRUCIRCLE™ portfolio has accelerated new solutions, business models, and partnerships that are supporting circular product cycles. This includes value chain collaboration to create a closed-loop recycling system for food packaging and developing the world's first advanced recycling unit that will produce certified circular polymers derived from used plastic. These important initiatives have the potential to help grow the circular economy at scale.

Managing our impact on environment is a core priority and SABIC is taking action to meet ambitious targets. Since 2010, we have proactively set sustainability targets to reduce our greenhouse gas (GHG) intensity, increase energy and water efficiency, and reduce material loss. Building on this history, we have embarked on the development of a holistic new strategy that will guide our long-term goals in this area.

In 2020, we developed our global Energy Efficiency and Carbon Management initiative, which is creating an overall roadmap for SABIC's energy efficiency portfolio. At the same time, we announced several transformative initiatives that establish both short and long-term goals related to electrification and reducing our carbon footprint.

One of these initiatives, in Spain, will see our new polycarbonate facility become the world's first large-scale chemical production site to run entirely on renewable power by 2024. This is a strategic collaboration with utility company, Iberdrola. Meanwhile, in a separate project with Saudi Aramco and the Institute of Energy Economics, Japan (IEEJ), we used carbon capture and storage technology to manufacture the world's first blue ammonia shipment for zero-carbon power generation.

We are optimistic about our industry's resilience and our ability to respond to our customers' needs. We are embracing innovation and the new future of work, while remaining focused on our long-term growth ambitions and leveraging the strength of our global supply chain, operational efficiencies and capital discipline.

Our long-term vision for sustainability, our everyday efforts, and the dedication of our cross-functional teams are positioning SABIC to thrive responsibly well into the future. We are setting an example to the world of how we are building value and creating Chemistry that Matters™.

We are optimistic about our industry's resilience and our ability to respond to our customers' needs. We are embracing innovation and the new future of work, while remaining focused on our long-term growth ambitions and leveraging the strength of our global supply chain, operational efficiencies and capital discipline.

# STRATEGY

For SABIC, sustainability is about resilience: We are building the foundation that will help our company thrive in the future. 2020 has shown that we can expect uncertainty and by building back with integrity and embedding sustainability practices and mindsets into our business, we will be better prepared for the changes reshaping our industry, the economy, and our environment and society.

Even before 2020, SABIC had embarked on a transformational journey, and our sustainability efforts serve as a guide and catalyst, accelerating our shift in the right direction and preparing our company for a dynamic future. In 2020, we further aligned our strategy and operations with universal principles on human rights, the environment, labor, and anti-corruption. Program improvements from supplier due diligence and capacity building through the manufacturing and sales chain allowed us to deliver products to our customers in a manner that advances societal goals. This was of particular importance during the pandemic, as we focused on supplying materials for life-saving medical and protective equipment.

Looking ahead, we recognize that we can position our company for success by taking ambitious action on issues like climate change and used plastic; by embracing the promise of the circular economy; and by integrating Environmental, Social, and Governance (ESG) principles into every part of our business, functions, and markets.

These commitments are helping SABIC achieve our ambition to be the world's preferred world leader in chemicals while doing our part to contribute to a sustainable world.

WE RECOGNIZE THAT WE CAN POSITION OUR COMPANY FOR SUCCESS BY TAKING AMBITIOUS ACTION ON ISSUES LIKE CLIMATE CHANGE AND USED PLASTIC.

## ALIGNMENT WITH THE SDGS

SABIC supports the global effort to achieve the 17 Sustainable Development Goals (SDGs) that are intended to address the world's shared challenges of poverty, inequality, climate change, environmental degradation, prosperity, and peace and justice. The graphic on the right highlights the 10 SDGs where we focus our efforts and believe we have the biggest opportunity for impact.

## 17 GOALS TO TRANSFORM OUR WORLD



The SDGs provide us with a lens through which to translate global needs and ambitions into business solutions.

## CURRENT AND FUTURE IMPACT

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



# STRATEGY

## CONTINUED

### COVID-19 RESPONSE

For businesses and communities around the world, COVID-19 was the central challenge of 2020. At SABIC, we were fortunate that the pandemic did not place major impacts on production and therefore did not severely affect our operations. This afforded SABIC the opportunity to focus our attention on COVID-19 response, taking steps to minimize the impacts of the pandemic, lockdowns, and remote work on our employees and communities, and making adjustments to prioritize the rapid development of critical materials and products that were essential to care for COVID-19 patients and prevent the spread of infection.

We started by ensuring the health and safety of our employees, contractors, and visitors. As lockdowns began, we developed new ways of working remotely and with flexibility. We also took care to map and respond to potential challenges, including plans to check labs to ensuring instrument safety during lockdowns. Following strict protocols is critical to ensure safety during a global pandemic; and so, our Global EHSS team created a package of comprehensive guidelines on maintenance, shutdowns, and reopening of facilities.

Recognizing how our products and materials could contribute to the COVID-19 response, we also quickly increased the development and delivery of materials that are used in essential products, from personal protective equipment (PPE) to ventilators and intensive care equipment to building materials for rapidly erected new hospitals. In implementing our swift rollout of emergency measures, we made sure that these activities did not compromise our continued attention to integrity, accountability, and transparency.

Broadly speaking, the COVID-19 crisis underscored the importance of sustainability to our business. It reinforced the truth that integrating sustainability into our business model is one of the best ways to build resilience and actively contribute to a just global recovery.

### TRANSFORMATION AND COLLABORATION

The COVID-19 pandemic accelerated business trends, innovations, and global citizenship in profound and necessary ways. It demanded that we rethink the future of work and the value that companies can create for employees, shareholders, and society. We believe that the leaders who thrive tomorrow will be those who understand and embrace the opportunities emerging from radical changes, new technologies, and dynamic modes of work.

The events of 2020 have brought a renewed sense of urgency to ongoing ESG priorities, including the mandate to take action on climate change and used plastic. It has also underscored the importance of reimagining how we do business, by embracing collaborative models that are helping build the circular economy. Employees, suppliers, customers and other stakeholders, including community members and civil society, expect that we will do everything in our power to ensure the environment we share does not become a casualty of the world's prosperity. To achieve continuous global growth, large companies must elevate their global citizenship and generate value beyond the bottom line. This is why SABIC has embarked on our transformative path to build a business that is resilient in the face of these challenges.

A key part of SABIC's transformation has been our decision to double down on tackling climate change. We have begun the process of formulating a holistic new climate strategy that will put SABIC on the path to carbon neutrality near mid-century.

**THE COVID-19 CRISIS REINFORCED THE TRUTH THAT INTEGRATING SUSTAINABILITY INTO OUR BUSINESS MODEL IS ONE OF THE BEST WAYS TO BUILD RESILIENCE AND ACTIVELY CONTRIBUTE TO A JUST GLOBAL RECOVERY.**

Our strategy will include several components: We will commit to new science-based targets that align with the global goal to limit warming to well below 2 degrees Celsius above pre-industrial levels; we are creating roadmaps for action tailored to the regions where we operate; and we have already begun to implement a robust new governance structure that embeds accountability and transparency into all of our work. Alongside these long-term plans, we are continuing to build climate resilience into our business through projects that reduce the climate impacts of our daily operations.

Another part of our transformation is the deepening of our investments in the circular economy. After launching our TRUCIRCLE™ initiative in 2019, we have raised our ambition to consider not just circular product portfolios but services, business models, and partnerships that have the potential to grow the circular economy at scale. TRUCIRCLE™ now comprises two initiatives: portfolio, which includes mechanically recycled products, certified circular products, and certified renewable products; and services, which focuses on designing for recyclability and exciting closed-loop initiatives that involve teamwork with partners across our value chain.

**A KEY PART OF SABIC'S TRANSFORMATION HAS BEEN OUR DECISION TO DOUBLE DOWN ON TACKLING CLIMATE CHANGE. WE HAVE BEGUN THE PROCESS OF FORMULATING A HOLISTIC NEW CLIMATE STRATEGY THAT WILL PUT SABIC ON THE PATH TO CARBON NEUTRALITY NEAR MID-CENTURY.**

By engaging consistently with our suppliers, SABIC shares the responsibility to respect human rights for all in the value chain and provide sustainable solutions that reduce human rights risks. That emphasis on collaboration is another component of our transformation. SABIC understands that our activities have an impact on a diverse range of stakeholders, and we are committed to working with suppliers, customers, community members, and civil society, in all of the regions where we operate. Moreover, we believe that collaborating with peers in our industry, value chain, government, and beyond can catalyze innovation and expand sustainable practices.

One of our notable collaborations in 2020 included participation in Values 20, an emerging global community that came together to actively engage with the activities of the G20. Six SABIC leaders were selected as delegates and experts to help build this hub for continuous knowledge-sharing.

We also participated in two groups led by the World Economic Forum (WEF). The first focused on how the chemical industry can accelerate and scale up the use of low-carbon electrification technologies in chemical production. We are also leading a WEF initiative of 16 companies to tackle used plastic and recycling, including through new products and technologies, as well as circular products and business models.

Another example of our collaboration on used plastic and advanced recycling technologies comes from our ongoing work as a founding member of the Alliance to End Plastic Waste (AEPW). Through this partnership, we are guiding strategy; elevating the importance of this issue across our industry; and accelerating the development and use of cutting-edge products, designs, and recycling technologies.

# STRATEGY

## CONTINUED



We are making materials safer by voluntarily removing and reducing chemicals of concern.

### RESPONSIBLE CHEMISTRY AND SUSTAINABILITY ASSESSMENT OF PRODUCTS

Responsible chemistry and products is one of SABIC's ongoing commitments.

Through our Safer Chemistry program, a new pillar in SABIC's Sustainable Chemistry offering, we are making materials safer by voluntarily removing or reducing chemicals of concern, and where possible, replacing these with chemicals that have a smaller hazard footprint. This proactive positioning allows us to anticipate the substances of high concern in the design phase so that we can prevent the use of these substances from the start. Our initial focus is on polymers. SABIC is mapping all chemicals of concern in raw materials, intermediates, and our global product portfolio. Looking forward, we will be building a technology roadmap to address the highest-priority chemicals of concern in the portfolio.

We also have expanded our approach to measuring the sustainability benefits of our products. Rather than focusing strictly on the sustainability performance of individual "qualified" products, we are now using a sustainability performance lens to screen and identify the best solutions at the portfolio level. This portfolio sustainability assessment approach allows us to create strategic and comprehensive targets for revenue based on the portfolios of products and solutions that deliver the greatest sustainability benefits. While we will continue to assess sustainability benefits at a product level, our reporting going forward will focus on sustainability performance at the portfolio level.

We are also continuing our ongoing product stewardship work to ensure that SABIC products comply with all applicable government regulations. This includes our use of the EU's Registration, Evaluation, Authorization, and Restriction (REACH) framework for chemical identification and management. To expand the positive impact of REACH, we are supporting other countries and regions in following REACH-like regulations. We frequently engage with regulators in this way to ensure their decisions and policies are grounded in the realities of this sector. This is part of our strategic approach to proactively implement advanced product stewardship initiatives that meet and, when possible, go beyond regulations to support our future growth ambitions in all regions.

We are committed to delivering product safety and regulatory compliance information to our customers, as well. In addition to developing a more robust training program for our team on product stewardship knowledge and competencies, we have enhanced both the quality and quantity of our communications with customers.

### ESG REPORTING STEERING COMMITTEE

Centering our focus on ESG is an important piece of SABIC's sustainability strategy and journey of transformation. We aim 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 weighing ESG factors alongside financial considerations.

Our new ESG Reporting Steering Committee, led by SABIC's CFO complements our existing comprehensive internal governance structure and feeds directly into our Sustainability Council and Executive Management. The committee's purpose is to support SABIC's ongoing commitment to environmental, health and safety, corporate social responsibility, corporate governance, human resource, supply chain, manufacturing, and sustainability, as well as relevant public policy matters.

Comprising senior members from across the company, the committee is charged with setting general ESG strategy; developing, implementing, and monitoring initiatives and policies based on that strategy; overseeing ESG focused benchmarking, communications with employees, investors, suppliers, customers, and other stakeholders, including community members and civil society; and developing internal processes to better SABIC's ESG performance.

The committee formalizes our structured approach to meeting stakeholders' requirements, including those of investors. It is also leading SABIC on an ESG prioritization exercise to help improve our operations and enhance our company's core value proposition. By embedding this ESG-based approach into all of our decision-making processes, SABIC will fully realize opportunities to create both non-financial and financial value.



### DR. BOB MAUGHON

Executive Vice President, Sustainability, Technology & Innovation

"SABIC has committed to addressing the industry challenges of carbon neutrality and the circular economy through embracing the need for innovation, external collaboration, and new value chain partnerships. In view of the commitment on a path to carbon neutrality, SBTi target-setting is under review. Our success toward this ambition is enabled by the willingness to test new technology solutions, business models, and partnerships, and the integration of ESG principles into every part of our business, functions, and markets."

SABIC IS EMBEDDING ESG INCLUSIVELY AND HOLISTICALLY SO THAT WE WEIGH ESG FACTORS ALONGSIDE FINANCIAL CONSIDERATIONS IN OUR DECISIONS.

# MATERIALITY

SABIC continues to use a materiality analysis to set our holistic sustainability strategy and target our resources to the most pressing issues for our company and stakeholders.

We refreshed our materiality approach in 2018, and that strategy continues to guide our priorities. Just as we did in 2019, our materiality results reflect the increasing importance of climate change, which validates our deepening focus on this global challenge. In 2020, COVID-19 suddenly became an important issue to our business and stakeholders, and, as discussed earlier in this chapter, SABIC responded swiftly by contributing products and solutions to support COVID-related care and infection control.

In 2020, our most significant developments on our step-change targets related to circularity and climate change, including our work to develop science-based climate goals. We are aiming to align with regulatory climate requirements and establish absolute targets, and we have established a new structure, our Energy Efficiency and Carbon Management (EECM) body, which is creating an overall roadmap for SABIC's energy-efficiency portfolio, in line with the Saudi Energy Efficiency Center's (SEEC) government targets. We have also developed a new strategy to advance circular economy products and business models, and we have made progress toward our 2025 goal of 200 kilotons in sales of circular materials.

## 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>			
Green House Gas Intensity MTCO2/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

# LOOKING FORWARD

## CIRCULARITY

Several developments will further our leadership in circular products and business models. With TRUCIRCLE™, we are on track to construct a pioneering recycling unit to significantly increase production of certified circular polymers derived from used plastic. We are also planning to develop the technology and commercial strategy to access large quantities of used mixed plastic and pyrolysis oil, which are the raw materials for certified circular products. As part of this, we are creating tailored regional strategies that include circular economy targets, building on the strategies we have already created for Asia and the Middle East and Africa. Our ultimate aim is to develop a global certified circular polymers target beyond current targets for the EU.

**WE ARE DEVELOPING A STRATEGY TO ASSESS LARGE QUANTITIES OF USED MIXED PLASTIC AND PYROLYSIS OIL – THE RAW MATERIALS FOR CERTIFIED CIRCULAR PRODUCTS.**

## CLIMATE CHANGE

The efforts we have begun around science-based targets will bear fruit over the next few years when we announce ambitious new climate goals and increased reporting and transparency. In the meantime, a number of innovative initiatives on the horizon—including a project to use bio-based fuel instead of fossil fuels to create SABIC's first near-zero emissions site—will contribute to our short- and long-term goals to reduce our GHG intensity, increase energy and water efficiency, and reduce material loss.

## DIGITIZATION AND THE ESG ROADMAP

We have begun an effort to digitize our ESG data collection so that we can harness the power of data to accelerate sustainability work across our business. This project will also enhance our ongoing monitoring, performance assessment, and reporting, and it will improve our operational efficiency by reducing the need to track data manually. With an aim to complete the initial data footprint by the end of 2021 and begin ESG data collection by the end of 2022, this data will bolster the work of our new ESG Reporting Steering Committee.



We have begun an effort to digitize our ESG data collection.

# STAKEHOLDER ENGAGEMENT

Building a sustainable future is a collaborative effort. As one of the world’s largest chemical companies, with operations in 50 countries, we recognize that our business and industry have a broad range of impacts on a diverse group of stakeholders, including suppliers, customers, community members, and civil society.

We also know that by engaging these stakeholders, we can work together to identify, understand, and address any risks at the early stage, while capturing opportunities to use our business for good.

**Our objective in stakeholder engagement is to understand:**

- our primary stakeholders (including employees, suppliers, customers, community members, and civil society) to whom we are accountable;
- our affect on stakeholders and their priorities;
- how we can collaborate and create value; and
- the primary mechanisms at our disposal for stakeholder engagement.

The SABIC leadership team, guided by the functional and business expertise across our company, is responsible for our overall stakeholder engagement.

In 2020, we continued to take steps to improve the visibility of our sustainability and ESG programs. Globally, SABIC maintains membership in a number of industry and trade associations, including 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 Economic Forum (WEF) and World Plastics Council. For sustainability engagement, we participate in multiple working groups within the World Business Council for Sustainable Development (WBCSD) and we are signatories to the UN Global Compact. Finally, we participate in sustainability performance platforms such as EcoVadis, and the CDP climate and supply chain programs.

We continue to evolve our stakeholder engagement strategy, and we solicit input on an ongoing basis from a cross-section of stakeholders with respect to our effectiveness at communicating our sustainability performance and impacts.

**WE CONTINUE TO EVOLVE OUR STAKEHOLDER ENGAGEMENT STRATEGY, AND WE SOLICIT INPUT ON AN ONGOING BASIS FROM A CROSS-SECTION OF STAKEHOLDERS WITH RESPECT TO OUR EFFECTIVENESS AT COMMUNICATING OUR SUSTAINABILITY PERFORMANCE AND IMPACTS.**

# ETHICS AND COMPLIANCE

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

Our Code of Ethics lays out clearly defined principles that apply to all of our employees, and we communicate these regularly through email outreach, mandatory online training modules, in-person trainings, and an annual integrity pledge. SABIC’s online compliance training and Code of Ethics acknowledgment is completed by employees of both SABIC and 35 of our affiliates and joint venture companies. The overall SABIC training completion rate as of 1 January 2021 was 99.2%.

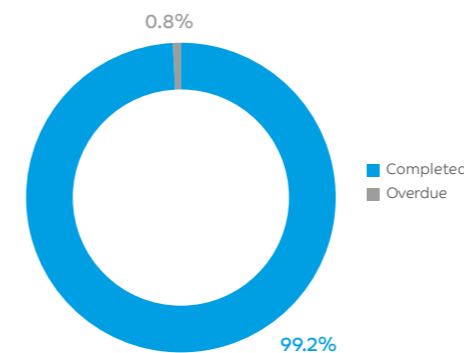
While our Code of Ethics covers a wide range of compliance policies, one important part is our International Trade Controls Policy that requires among other things, that our employees screen all transactions for restrictions on certain sanctioned countries, persons, and prohibited end uses. We forbid transactions with any 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.

An essential part of our compliance program is an official platform that allows employees, suppliers, customers, and other stakeholders, including community members and civil society, to report any concerns around business integrity. We do all we can to help people feel comfortable and secure in raising potential breaches by providing in-person, online, and telephone channels for reporting. In 2020, we took in 90 reports from persons with concerns. Of these, we closed 69 and confirmed 30 as violations.

As of December 31, 2020	Compliance concerns raised	Incidents closed	Violations found
SABIC and its wholly owned affiliates	90*	69*	30*

\*Assured by KPMG

**COMPLIANCE TRAINING DATA AS OF JANUARY 1, 2021\***



\* Assured by KPMG

We also launched our Ethical Leader Toolkit, which includes scenario training for managers. In 2020, the Ethisphere Institute delivered a second, anonymous, all-employee “Integrity Engagement Survey” on our behalf to check the pulse of employees on ethics issues and identify improvement opportunities in our program. The 2020 results showed significant advances over the survey that was conducted in 2017.

As a member of the UN Global Compact, SABIC adheres to, and supports the principles that promote awareness and respect of human rights. To further embed a culture of respect and promote human rights within our company, supply chain, and the communities where we operate, in 2020, we designated a senior member of our Legal Compliance Team to have functional responsibility for human rights. This intensified focus allows us to advance human rights across our operations and extended supply chain.

During 2020, SABIC’s Legal Compliance Team participated as co-chair of the Integrity and Compliance Task Force of the B20 Saudi Arabia, the voice of the private sector making policy recommendations to the G20. Under SABIC leadership, the task force endorsed policies that would help create a culture of high integrity in the public and private sectors, strengthen laws protecting whistleblowers, incentivize reporting directly to governments, and ensure that both anti-corruption policies and whistleblower protections empower women to become part of the solution.

Through the Integrity and Compliance Task Force leadership, SABIC also initiated an anti-bribery training and mentorship program for female entrepreneurs and women working in small and medium-size enterprises. The program was endorsed by both the B20 chair and secretariat and it gained significant attention from numerous organizations that focus on anti-corruption, including the OECD, UN Development Programme, and World Bank Group. Both B20 member companies and the international organizations are carrying the training forward with their constituencies.

# ETHICS AND COMPLIANCE

## CONTINUED

### SUSTAINABILITY GOVERNANCE



In December 2020, SABIC won the EcoVadis Platinum medal for sustainable business performance. The Platinum medal is reserved for companies that score in the top 1% for ethics, environment, labor, and sustainable procurement practices. This latest recognition comes at a time when our customers increasingly make procurement and partnership choices based on sustainability and compliance considerations.

### SUSTAINABILITY GOVERNANCE

To ensure the success of SABIC's holistic sustainability strategy, our approach to governance is integrated and comprehensive. We regularly analyze SABIC's sustainability performance, report that performance to the highest levels of our company, including the SABIC CEO and Board of Directors. We tie the financial compensation of certain executives to performance against sustainability goals and we are working on expanding to a larger portion of the executive population

Our overarching sustainability governance program has several structures and lines of accountability. The structures include the Sustainability Council, which sets SABIC's sustainability vision and is responsible for accountability to our stated goals and performance; the Board of Directors Risks and Sustainability Committee, which reports to the full board on sustainability progress and decisions; the SABIC Corporate Sustainability Department, which guides our sustainability work across the organization; our new ESG Reporting Steering Committee (described earlier), which ensures that SABIC considers ESG factors alongside traditional business factors in all decision-making; the Sustainability Steering Committee, which is responsible for both developing and implementing recommendations; and the sustainability sub-teams and champions that are responsible for project implementation and performance achievement within their business unit, function, or sustainability topic area.

Together, these structures ensure that SABIC has a strong vision that embeds sustainability into everything we do, a robust business-wide strategy, a network of cross-functional team members to implement our initiatives, and a system of accountability that reaches the highest levels of our organization. These structures meet regularly, and the Sustainability Council is chaired by SABIC CEO Yusef Abdullah Al-Benyani. Our approach is both strong and nimble, allowing our business to adapt to changing needs, risks, and opportunities to deliver sustainability value to our organization, partners, and the world.

# PERFORMANCE SUMMARY

Most material key performance indicators	Unit	2016	2017	2018	2019	2020
<b>Resource Efficiency</b>						
Energy intensity	GJ/t product sales	17*	17*	17*	17*	16.3*
Water intensity	m <sup>3</sup> /t product sales	2.6*	2.7*	2.6*	2.6*	2.5*
Material-loss intensity	t/t product sales	0.072*	0.078*	0.070*	0.070*	0.065*
Flaring reduction since 2010 <sup>1</sup>	Percent	55*	43*	43*	48*	56*
CO <sub>2</sub> utilization	Million tons	3.6*	3.5*	4.0*	3.6 <sup>3</sup>	3.7*
NEW: Absolute waste reduction	Percent	29% as compared 2010				
<b>Climate</b>						
Greenhouse-gas emission intensity	tCO <sub>2</sub> eq/t product sales	1.24*	1.23*	1.22*	1.17*	1.14*
NEW: Renewable Energy	GW	will report in 2021				
<b>ADDITIONAL ESG METRICS</b>						
<b>Ethics + Integrity</b>						
Compliance concerns raised	Number	94*	114*	152*	157*	90*
Incidents closed	Number	94*	97*	119*	135*	69*
Violations found (addressed)	Number	52*	58*	42*	41*	30*
Training completion <sup>2</sup>	Percent	99*	99*	99*	99*	99*
<b>Innovation and sustainability solutions</b>						
Total Patent Portfolio	Number	12,191	11,534	11,738	12,540	9,946
Sustainability Solutions	Cumulative number	78	82	82	88	93
<b>Environment, Health, Safety, and Security</b>						
NEW: Employee Integrity	Number	n/a	n/a	n/a	152	157
EHSS rate <sup>4</sup>	Incidents/200,000 hours worked	0.63*	0.50*	0.43*	0.57*	0.42*
Total recordable incident rate	Incidents/200,000 hours worked	0.14*	0.12*	0.14*	0.14*	0.10*
Occupational illness rate	Illnesses/200,000 hours worked	0.002*	0.014*	0.003*	0.008*	0.003*
Fatalities	Number	14*	1*	0*	0*	3*
API 754 PSE Tier 1	Incidents	7		7	25	10*
Hazardous substances released	Metric tons (MT)	61*	105*	89*	224*	14.3*
<b>Human Capital Development</b>						
Women in the workplace	Percent of workforce	7.7	7.2	7.3	7.5	7.4
Learning programs	Participants	31,062	24,944	22,222	15,388	15,462
<b>Social Impacts</b>						
Community giving	Million US\$	46.4	57.5	36.7	15.6	39.6
<b>Supply Chain</b>						
Safety and Quality Assessment System - Liquids	Percent of suppliers	100	100	100	100	100
Safety and Quality Assessment System - Solids	Percent of suppliers	69	93	91	93	98

\* Assured by KPMG.

<sup>2</sup> Adjusted for comparison purposes.

<sup>1</sup> Flaring reduction calculations are based on reduction of greenhouse-gas emissions.

<sup>2</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>3</sup> 2019 CO<sub>2</sub>-Utilization numbers were recalculated and adjusted for comparison purposes.

<sup>4</sup> This is severity weighted rating

# INNOVATION AND SUSTAINABILITY SOLUTIONS

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# OUR APPROACH

SABIC’s commitment to innovation drives our progress on the development of sustainable products, operations, and business models. This benefits our business and customers, opens new avenues for collaboration, and helps SABIC contribute to solving society’s most pressing challenges – from eliminating used plastic to reducing our global carbon footprint and slowing climate change.

A key part of innovation at SABIC involves deepening our investment in the circular economy, which will ensure that we can sustain the many benefits of plastic for society while protecting the planet.

### 2020 HIGHLIGHTS

- Expanded TRUCIRCLE™ to accelerate new solutions, business models, and partnerships that have the potential to grow the circular economy at scale.
- Pioneered the development of the world’s first advanced recycling unit that will manufacture certified circular polymers.
- Created close-loop recycling system for food packaging via value chain collaboration including Tesco and Bradburys Cheese.
- Expanded use of new portfolio sustainability assessment (PSA) to begin setting comprehensive targets for revenue from portfolios with the greatest sustainability benefits.
- Partnered with Saudi Aramco to create world’s first blue ammonia for zero-carbon power generation.
- Received SCS Global Services Responsible Sourcing Certification’s for SABIC’s LNP™ ELCRIN™ iQ proprietary portfolio—marking the first time SABIC has received this certification.
- Developed new process on sourcing sustainable palm oil and created a system to ensure supplier compliance.
- Honored with having three SABIC innovative solutions selected as finalists for 2021 Edison Best New Product Awards.™

### ADAPTING TO COVID-19 AND SUPPORTING THE NEED FOR ESSENTIAL PRODUCTS AND MATERIALS

The COVID-19 pandemic has posed unprecedented challenges for people and businesses globally. It has also highlighted the importance and security of industries like healthcare. Like other businesses in 2020, we grappled with uncertainty and disruption, working to reimagine parts of our business, even as we collaborated to provide critical materials to customers and rapidly develop solutions to pandemic-related challenges.

In record time and with staff levels that were 10-20% lower due to social-distancing requirements, SABIC helped create and deliver materials for ventilators and intensive care equipment, building materials for rapidly erected new hospitals, protective screens and barriers, personal protective equipment (PPE), and safe packaging for food and sanitizers. our engineering thermoplastics portfolio excellent solutions for ventilators, including materials that are biocompatible for airflow pathways, have strong chemical resistance to withstand potential corrosion from hospital disinfectants, have flame retardancy, and feature high-impact resistance for use as equipment housings.

SABIC took several steps to adapt our business to the challenges of COVID-19. In addition to reallocating our reduced staff capacity to focus on critical activities—such as the expedited production of essential materials and products—we mapped potential challenges across business units so that we could swiftly implement solutions, including contingency plans for critical raw materials and lab checks during lockdowns. We also developed new ways to work together with flexibility during this time of limited travel, remote work, and unpredictable lockdown schedules.

# OUR PERFORMANCE

### PERFORMANCE METRICS

TOTAL ACTIVE PATENT PORTFOLIO	NEW PRIORITY PATENT APPLICATIONS IN 2020	TOTAL SUSTAINABILITY SOLUTIONS
9,946 <sup>1</sup>	218	93 <sup>2</sup>

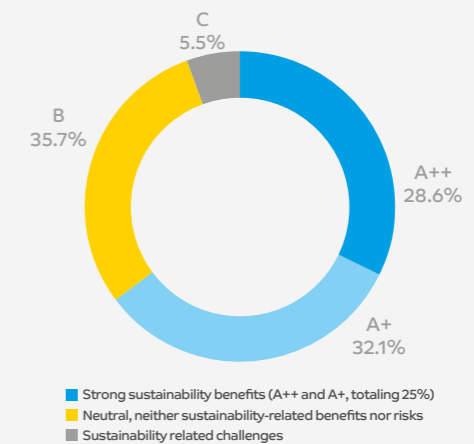
<sup>1</sup> In addition to the economic factors, COVID-19 affected our output of inventions and improvements to our technologies, and we ended 2020 with an active patent portfolio of about 10,000 cases, representing a decrease over last year. With the filing of 218 new original patent applications in 2020, SABIC continues to take a more critical view of the added-value contributions of the intellectual property (IP) estate and new filings. Our new focus on supporting commercial objectives allowed us to undertake strategic patent support to the business on a global basis. We continued with our strategic decision to file patents on projects of higher return value, especially those that are business critical and in advanced stages. We are using our IP estate to support a significant increase of our licensing of SABIC technologies. Each sustainability solution includes many products. For example, in 2020 we qualified our TRUCIRCLE™ portfolio of certified circular polymers and certified renewables, under which we offer all our fossil-based polyolefins products with renewable and circular feedstocks.

<sup>2</sup> 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.

### PROGRESS TOWARD GOAL OF SELLING 200 KILOTONS (KT) CIRCULAR MATERIALS BY 2025

- Created certified circular products for more than 30 customers, including the world’s first closed-loop advanced recycling project in the UK.
- Developed technology and commercial strategy to transform mixed plastic and pyrolysis oil into raw material for certified circular products.
- Developed circular material strategies for Asia Pacific and MENA regions, with an aim to offer these products globally.

### PRELIMINARY PORTFOLIO SUSTAINABILITY ASSESSMENT RESULTS FOR FLEXIBLE PACKAGING



### EXPANDING SABIC’S PORTFOLIO SUSTAINABILITY ASSESSMENT APPROACH

SABIC measures the sustainability benefits and impacts of our products to set smart targets. Recently, we shifted from a measurement approach that identifies unique sustainability products and applications, to using a portfolio-based sustainability assessment (PSA), which groups products and applications with similar sustainability features and identifies portfolio-level sustainability benefits.

Our PSA methodology allows us to identify product applications with the greatest sustainability features compared to incumbent product applications. Using this approach, we plan to create comprehensive targets for revenue from the products and solutions that deliver the greatest sustainability benefits.

In 2020, we expanded our portfolio sustainability assessments to additional segments, including industrial film and rigid packaging, and have also completed assessments within our engineering thermoplastics business. We have finished 56 product-application combinations, which covers about 84% of our entire polymers product portfolio, surpassing our set 80% target. Our analysis revealed that of these 56 applications, 16 have strong sustainability-related benefits, 18 have moderate benefits, 20 are neutral, and two have challenges.

The analysis of our chemicals product portfolio is still open, pending further testing of this approach, and we plan to validate PSA for chemical products in 2021.

# CIRCULAR ECONOMY

At SABIC, we envision an economy where plastic never ends up in the environment, landfills, or in our oceans and instead is reused and remade into valuable new products. This vision requires a total transformation of the value chain, and we have begun working with partners upstream and down to reinvent our way into a circular economy.

In 2020, we deepened our commitment to the circular economy, expanding the TRUCIRCLE™ portfolio of products and services that we pioneered in 2019 to develop a framework that is helping us rethink how we do business. By creating circular models that close the loop on used plastic for good, we will build resilience into our business – and the planet.

In 2020, we raised our ambition, building on our early TRUCIRCLE™ success by expanding our use of certified circular products from advanced recycling beyond food and personal packaging into new segments and markets such as personal hygiene, cosmetics, and commodity chemicals. We also evolved the initiative to encompass not just circular product portfolios but circular services that allow us to cultivate new sustainable business models and partnerships.

## SABIC TO BUILD WORLD-FIRST COMMERCIAL UNIT TO PRODUCE CERTIFIED CIRCULAR POLYMERS

SABIC partnered with Plastic Energy to build the world's first commercial unit to produce certified circular polymers made from the upcycling of mixed and used plastics. The projects is part of our TRUCIRCLE™ portfolio.

The Geleen, Netherlands, unit, which is expected to become operational in 2022, will upscale the production of certified circular polymers using Plastic Energy's advanced recycling technology to convert low-quality, mixed, and used plastic that would otherwise end up in landfills or be incinerated. SABIC will then use the new feedstock, TACOIL, as an alternative to fossil materials to create new circular polymers.

## TRUCIRCLE™ PORTFOLIO OF PRODUCTS AND SERVICES

Our revamped TRUCIRCLE™ portfolio and services are helping us achieve our vision to close the loop on used plastic.

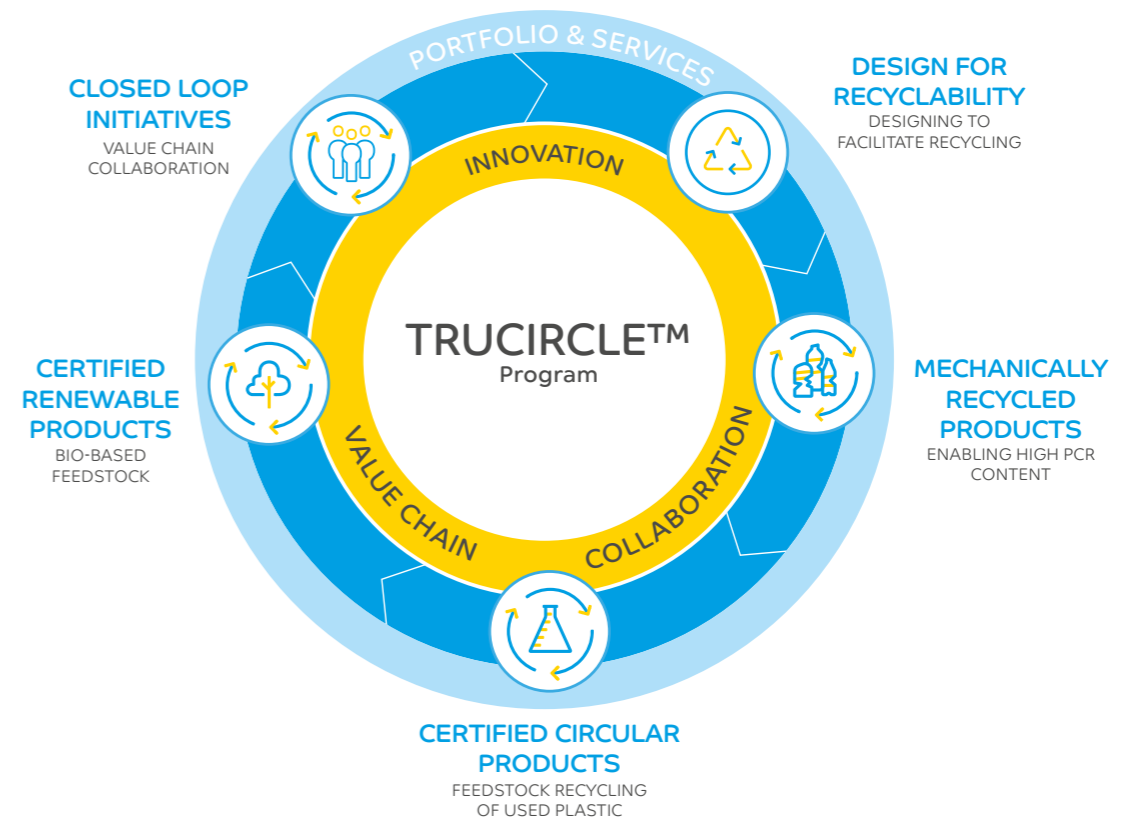
Initially, TRUCIRCLE™ focused on products in our portfolio, challenging us to address questions such as: How could we design for recyclability, maximize the value of used plastic via mechanical and advanced recycling, and create innovative renewable products that reduce the need for fossil fuels? Through this effort, our TRUCIRCLE™ certified circular and renewable products have been produced under a mass balance accounting system, gaining accreditation under the International Sustainability and Carbon Certification (ISCC) Plus scheme.

Today, TRUCIRCLE™ encompasses two overarching initiatives: Portfolio and Services.

- **Portfolio** focuses on product circularity, and we have further refined this to include three pillars: Mechanically Recycled Products, Certified Circular Products, and Certified Renewable Products.
- **Services** focuses on collaborations around circularity and includes two additional pillars: Design for Recyclability and Closed-Loop Initiatives.

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

SABIC's position in the value chain gives us unparalleled opportunities to work with upstream and downstream partners to close the loop on used plastic. The section that follows provides examples of our latest work within the five pillars of TRUCIRCLE™ portfolio and services.





# CIRCULAR ECONOMY

## CONTINUED

### PORTFOLIO



### SERVICES



### TRUCIRCLE™—PORTFOLIO OF PRODUCTS

#### Pillar 1: Mechanically Recycled Products:

These are compounds with high recycled content and booster resins for recycle-containing compounds that can improve processability and end-use properties.

An example of these products is found in our portfolio of CYCOLOY™ and LEXAN™ resins, which contain high levels of post-consumer recycled (PCR) material for use in consumer electronics and accessories. The new material has PCR levels of up to 30%, which can reduce the carbon footprint up to 25% and lower energy consumption by up to 30%.<sup>1</sup>

#### Pillar 2: Certified Circular Products:

These products use virgin-like polyolefin resins and chemicals made from difficult-to-recycle used plastics produced through advanced recycling.

To create the feedstock, we break down used plastic into its molecular building blocks, which are then used to create chemicals and high-performance plastics akin to virgin materials.

We have developed a number of applications for these materials. Together with Fibertex Personal Care, we created the hygiene industry's first nonwovens range based on recycled plastics. In collaboration with The Estée Lauder Companies and its packaging manufacturer Albéa, we created the first premium brand packaging tube made with certified circular polyolefins. Together with Schwarz Group, Europe's largest retail store operator, we launched a pilot project to use certified circular polymers in vegetable bags.

#### Pillar 3: Certified Renewable Products:

These products, which reduce reliance on fossil fuels and therefore help mitigate potential effects of climate change, consist of resins and chemicals made from tall oil, a bio-based renewable feedstock of a wood-based residue from pulping processes that are not in competition with the human food chain.

In 2021, we pursued a few notable projects using certified renewable products. Together with UPM Biofuels, SABIC produced renewable ethylene using tall oil feedstock. By applying a mass balancing approach, DSM then created bio-based Dyneema fiber, improving the environmental footprint without compromising processing efficiency or product performance. With Hammarplast, we created medicine measure cups and ear speculums using a bio-based renewable polymer that uses up to 80% less hydrocarbon resources. We also provided renewable, bio-based polypropylene polymers for IRPLAST's new S-BOPP film solutions, which must comply with rigorous food contact regulations. The solution which is 100% recyclable, removes more than two kilograms of carbon-dioxide emissions from the environment compared with non-renewable alternatives.

<sup>1</sup> Based on SABIC internal life cycle assessment following ISO14040 standards.

### TRUCIRCLE™ – SERVICES

#### Pillar 4: Design for Recyclability:

Through this line of services, we are partnering to create tailored resins for the development of products that have improved recyclability characteristics. This includes mono-material solutions that are easier to recycle than multi-material solutions.

With Brückner Maschinenbau, we supplied our certified circular BOPP and BOPE materials for films that can be used for various flexible applications, including labels, tape, and food packaging. With Syntegon Technology, we created a packaging solution for frozen food that combines a new polyethylene grade with innovative film production technology. The new solution, which is 100% recyclable, has the potential to reduce packaging material by 35–50% compared to traditional film.

#### Pillar 5: Closed-Loop Initiatives:

Through these value chain collaborations, we are working to recycle plastic back into high-quality applications and help prevent valuable used plastics from becoming waste.

An example of this is our collaboration with Tesco and others in our value chain—Plastic Energy, Sealed Air, and Bradburys Cheese—to create a closed-loop recycling system. Tesco collects post-consumer flexible packaging that customers deposit in 10 U.K. retail stores. Plastic Energy then converts that waste into pyrolysis oil, which SABIC uses as feedstock to produce certified circular polymers. Sealed Air uses these polymer pellets to produce film for Bradburys Cheese products, which are then sold at Tesco. This trial demonstrates for the first time that flexible plastic can be continuously recycled into safe, food-grade packaging.

In addition to products from our TRUCIRCLE™ portfolio, our specialty business made a significant progress with our LNP™ ELCRIN™ iQ proprietary portfolio, which is derived from chemically recycled polyethylene terephthalate (r-PET). To create this offering—which has diverse industry applications, including in consumer electronics, automotive parts, and medical devices—we partnered with both our direct (Tier 1) vendor on recycled feedstocks as well as with their sub-tier suppliers (Tier 4) on waste collection. A cradle-to-gate analysis revealed that this portfolio reduces GHG emissions impact by 29%, has 43% less energy demand, and consumes 15% less water compared to fossil-based virgin PBT. This portfolio has also earned the SCS Global Services Responsible Sourcing Certification, fulfilling requirements on material traceability, as well as legal, social, environmental and supplier management systems.

### STAKEHOLDER TESTIMONIALS

#### BARRY PARKIN, CHIEF SUSTAINABILITY & PROCUREMENT OFFICER, MARS INC.

The Mars purpose, “The world we want tomorrow starts with how we do business today”, is fundamental to our company's approach to business and its view of the world. Mars recognizes and appreciates SABIC as a pioneering and leading company who understands the need to be more sustainable in its business and the pivotal role that companies can play in addressing the critical climate and environmental issues that challenge societies and the planet. Mars is pleased to be working with SABIC in developing circular solutions to address the plastic waste issue as well as collaborating on wider advocacy initiatives with industry groups and governments in support of sustainability. Mars appreciates the partnership and the potential it has to collectively make improvements for the greater good and realize our company's purpose.

#### CARLOS MONREAL, FOUNDER AND CEO, PLASTIC ENERGY

It is excellent to see the progress that SABIC have made towards a more sustainable future for plastics. They have been an ideal partner to work with on our joint venture project, SPEAR (SABIC Plastic Energy Advanced Recycling B.V.), for an advanced recycling plant in the Netherlands, as we share a common goal to reduce the environmental impact of plastics. Once this new recycling unit is complete, we will be able to recycle thousands of tonnes of end-of-life plastic waste each year, that would have otherwise been sent to landfill or incineration.

#### MARIKA LINDSTROM, VICE PRESIDENT PROCUREMENT, UNILEVER

Committed for a waste-free world, Unilever aims to half our virgin footprint, and help to collect and process more plastic than we sell by 2025. SABIC's Circular Polymer solution plays an important role towards our commitment by unlocking recycling of hard to recycle mixed plastic waste, and by providing a material that is safe to use for food application.

Meeting our ambitious plastics sustainability goals will require innovation and collaboration with partners from across the industry and around the world. We are pleased to continue our work with SABIC to help us keep plastic out of the environment and in the circular economy.

#### TED DOHENY, PRESIDENT AND CEO, SEALED AIR CORPORATION

“Sealed Air is leading the industry with a pledge to have 100% of our products recyclable or reusable by 2025. By collaborating with partners and suppliers like SABIC, we are innovating to eliminate resource waste and create circular solutions faster. This is critical to making our world better than we found it.”

## COLLABORATION

SABIC's unique position in the value chain allows us to partner with customers upstream and downstream to advance sustainable business practices in the plastics industry and beyond. We form long-term relationships with customers, supply chain partners, and industry peers. We also align our work with government and policy sustainability objectives, and we take a collaborative approach internally to embed sustainability across our company, product portfolios, and global markets.



### THREE SABIC SOLUTIONS NOMINATED AS EDISON AWARDS FINALISTS

Three SABIC solutions have been nominated for the 2021 Edison Best New Product Awards. For the first time, SABIC teams across our business submitted solutions for consideration by the Edison Awards, which honors excellence and innovation in new product and service development.

The three products nominated for the 2021 awards are SABIC's LNP™ ELCRES™ CRX copolymer resins, which are used in medical devices to prevent premature part failure due to aggressive disinfectants used to combat COVID-19 spread; our soluble granular NPK fertilizer, which is recognized for its efficient means of crop nutrient delivery; and our urea calcium sulphate (UCS) products, which are enhanced efficiency fertilizers that deliver essential crop nutrients with lower ammonia volatilization.

All finalists will receive either gold, silver, or bronze awards, which will be announced in April 2021.

### ALLIANCE TO END PLASTIC WASTE

As a founding member of the Alliance to End Plastic Waste (AEPW), SABIC works alongside industry peers, NGOs, governments and multilateral institutions, and communities around the globe to target the problem of plastic waste. Together, we work to scale up recycling infrastructure, support innovation, educate and engage important stakeholders on the movement to end used plastic, and clean up areas where waste concentration is harmful to the environment.

SABIC team members are actively engaged in developing AEPW's overarching strategy, as well as leading work on its key themes, including advanced recovery and recycling. We also support AEPW's innovation platform Plug and Play, which gathers the best start-ups and AEPW member companies to spark ideas on ending used plastic waste. In 2020, more than 1,000 start-ups participated, including 32 that joined the accelerator program. The end goal is for these start-ups to secure their funding through AEPW or member company investments and venture capital. More than 100 pilot or investment discussions began as a direct result of Plug and Play in 2020, including a dozen confirmed pilots with AEPW and member companies.



We leverage expertise from our teams across our company to develop and implement innovative technologies that increase asset productivity and efficiency.

### SAUDI VISION 2030

Over the past decade, Gulf Cooperation Council countries have increased their focus on environmental issues and waste management. In 2017, Saudi Arabia's regulatory framework set ambitious targets for 2035, including 100% landfill diversion for municipal solid waste (the Saudi government aims to recycle 81% of this waste and transform the remaining 19% of waste to energy recovery). Also in 2017, the Public Investment Fund of Saudi Arabia established the Saudi Investment Recycling Company (SIRC), whose vision is to be the national waste management champion, driving circular economy for a sustainable society.

As part of Vision 2030, Saudi Arabia identified used plastic as an issue to tackle. To support the government's 2035 goals and help realize this vision, SABIC is implementing TRUCIRCLE™ pillars in Saudi Arabia. We are also collaborating with SIRC using knowledge we have gained through our work in Europe and directing these insights back into Saudi Arabia through partnerships with recyclers, customers, and brands.

TO SUPPORT SAUDI VISION  
2030 AND THE ISSUE OF USED  
PLASTIC, WE ARE IMPLEMENTING  
TRUCIRCLE™ IN SAUDI ARABIA.

### INTERNAL COLLABORATION FOR INVENTING AND IMPROVING PROCESSES

We leverage SABIC expertise from different teams across our company to develop and implement innovative technologies that increase asset productivity and efficiency.

In 2020, these collaborations resulted in several improvements in process technology. In response to the COVID-19 pandemic, SABIC's Technology & Innovation center developed a solution to produce isopropyl alcohol for hand sanitizer by retrofitting a section of a natural detergent alcohols plant in Saudi Kayan. SABIC's multidisciplinary team will deploy the technology and complete the retrofit by the end of 2021.

In another example, SABIC's chemicals business unit, sustainability, global procurement, and legal teams came together to respond to a customer's requirement that we use Roundtable on Sustainable Palm Oil (RSPO)-certified palm oil as a raw material in our natural detergent alcohol products. Our cross-functional team developed a new process on sourcing sustainable palm oil and created a system to ensure compliance from our suppliers.

We also worked across functions to improve the production efficiency of methyl tertiary butyl ether (MTBE), an additive that increases fuel efficiency in the automotive and transportation industry. To meet market demand, our affiliate, Petrokemya improved the process that saves catalyst used in MTBE production, resulting in improved resource efficiency and significant dollar savings.

## KEY MARKETS

Some of SABIC's greatest opportunities for sustainability impact are through our reach across diverse industries, from transportation and packaging to electronics and medical devices. We innovate to help our customers meet their sustainability goals, whether that means reducing their carbon footprint, increasing their energy efficiency, or helping them eliminate waste.

### TRANSPORTATION



Enabling a safer, smarter, and more efficient world of transportation

We are helping our partners across the transportation industry—including cars, trucks, trains, and aircraft—reduce weight and increase fuel efficiency without compromising safety.

To support aircraft manufacturers' demand for lighter components, our Specialties business worked with Compsult Inc. to design our COEXM technology, which produces hollow composite sections for applications such as seatback frames. This novel design can significantly reduce processing time, offers weight reduction for lower fuel consumption and emissions, and it meets aircraft seating structural requirements. The design could also be expanded to other aerospace applications.

For road transportation, we created a new asphalt polymer to improve pavement durability. Our modification – using styrene butadiene styrene, styrene butadiene rubber latex, crumb rubber, ethyl vinyl acetate, and ethylene copolymers – improves resistance to rutting and thermal cracking, fatigue damage, stripping, and similar degradations.

SABIC technology is also being used in bicycle transportation. To replace steel alternatives, we developed a new polypropylene-compound bicycle basket, which requires less material, less energy, and less water in the production process. This basket, which is approximately 17% lighter than the steel version, has 15% lower greenhouse gas (GHG) impacts.<sup>1</sup>

### PACKAGING



Preserving product value while minimizing environmental impacts

Our plastic- and bio-based packaging solutions help customers and suppliers reduce their resource consumption and minimize waste, while protecting product value and adhering to stringent food, consumer-safety, and environmental regulations.

The need to reduce the use of single-use plastics has gained attention globally, and we have created a solution for a flexible, collapsible water bottle that makes it easier for consumers to carry their own reusable container. Our unique Nexlene™ LLDPE technology enables the production of flexible bottles with less material, resulting in up to 50% less weight. Compared to alternative products, the SABIC solution has 60% lower GHG emissions and 61% lower energy consumption.<sup>2</sup> The bottle itself can also be recycled after its useful life.

<sup>1</sup> Internal analysis was based on ISO14040 principles, but did not undergo critical peer review.

<sup>2</sup> Internal analysis was based on ISO14040 principles, but did not undergo critical peer review.

### AGRI-NUTRIENTS



Improving food security

Food security is a perennial issue that we help tackle by creating agri-nutrient solutions that increase crop production while reducing environmental impacts of farming and promoting farmer safety.

To lower carbon dioxide emissions associated with blue ammonia production, we are applying a carbon capture and storage technology to the manufacturing process. Together with Saudi Aramco, we sent the world's first blue ammonia shipment to Japan for zero-carbon power generation. This could open a new market opportunity for using ammonia as a clean fuel.

SABIC is also working to improve the sustainability of our fertilizers by adding natural microbes, which stimulate the nitrogen fixation and phosphorus solubilization naturally. This helps farmers meet yield targets while reducing fertilizer emissions. Nanofertilizers also have the potential to increase yields and reduce nutrient loss. Our new portfolio of agri-nutrients is based on nanoscale structures that enhance fertilizers' efficiency by giving crops the precise nutrients needed for their uptake. We have also created a new class of proprietary urease inhibitors that decrease the nitrogen volatilization from urea, making more nitrogen available for the plant.

### ELECTRICAL AND ELECTRONICS



Enabling slimmer and smarter consumer electronics designs

Electronics have become a necessity in everyday life. As a top-supplier of materials for electronics, SABIC creates innovative solutions that marry high-performance with sustainability.

SABIC launched a new LNP™ portfolio using ISCC Plus-certified bio polycarbonate feedstocks. With a target for commercialization in 2021, this portfolio has the potential for application in diverse industries, including consumer electronics,

electrical, healthcare, cosmetics, and automotive. The feedstocks, derived from bio-waste or residues such as tall oil from the pulp and paper industries, have the potential to reduce GHG emissions by up to 50%.

Our LNP™ product family also has continued to expand its ELCRIN™ resin post-consumer recycling (PCR) portfolio with the launch of colorable PCR series within the specialty polycarbonate EXL copolymer portfolio. In this portfolio, an expanded color design space enables breakthrough PCR color capability in bright white and high chroma colors, while reducing GHG emissions by up to 55%.

### MEDICAL DEVICES



Innovating new materials to enable affordable healthcare

Never has the importance of access to affordable, quality, and available healthcare and medical devices been more evident than during the COVID-19 pandemic. SABIC supports customers with a range of solutions for products that have been essential during the pandemic and beyond, including materials for masks, ventilators, single-use devices, portable medical equipment, materials used in drug delivery, and much more. We take a personalized approach, working directly with our customers to tailor our solutions for their immediate needs to advance the quality and efficiency of the care they provide.

During the pandemic, we increased our production of much-needed materials for products that were in short supply, including personal protective equipment (PPE). SABIC's PURECARES™ portfolio includes polypropylene products that are used for making disposable medical gowns, masks, and coveralls. These polymers provide excellent breathability and deliver critical properties that support the safety of patients and medical staff.

We also produced thermoplastics solutions, including our LEXAN™ sheet and film, to provide high-impact strength, optical quality, scratch and chemical resistance, and flexibility for medical face shields and goggles. These properties can help reduce exposure of medical staff to viruses and bacteria. We also successfully commercialized LEXAN™ HP92AF anti-fog film, designed especially for COVID-19 PPE. The film product features a one-sided coating that extends the time-to-fog, ensuring long-lasting optical clarity.

## KEY MARKETS CONTINUED

### CONSTRUCTION



Driving sustainable, cutting-edge building designs

The built environment plays a significant role in the construction of a low-carbon economy, and SABIC's innovative materials are critical in helping the industry transition to energy- and resource-efficient buildings.

In 2020, it was clear that construction materials were also essential in infection and sanitation control in healthcare settings. Given the rapid construction and retrofitting of medical facilities, we responded to the need for new materials that ensure safe, hygienic spaces to care for the influx of COVID-19 patients. To this end, we launched our new LEXAN™ CLINIWALL™ AC6200 sheet, which provides antibacterial and hygienic wall cladding solutions.

In addition to use in this sheet, LEXAN™ polycarbonate is already a preferred material for other much-needed medical items, including separation walls, safety and medical face shields, industrial visors and goggles, sneeze guards, and other products that protect healthcare workers from harmful aerosols.

**WE ARE COMMITTED TO THE TRANSITION TOWARDS LOW-CARBON ENERGY THROUGH MORE SOLUTIONS THAT MAKE RENEWABLES MORE AFFORDABLE AND EFFICIENT.**

### CLEAN ENERGY



Advancing energy efficiency and renewables

The path to the future is fueled by clean, renewable energy systems. SABIC is committed to applying our materials expertise to support the transition to low-carbon energy through solutions that make renewables more affordable and energy more efficient.

To support the demand for larger, lighter, stronger, and recyclable wind turbine parts, SABIC has created a thermoplastic PET foam that has become a material of choice for the cores that are key components of composite wind blades. SABIC's new LNP™ COLORCOMP™ masterbatch features a nanostructured formulation that enhances the efficiency of the foaming process. This allows for a reduction of the foam's cell size by a factor of up to three for the same density and a reduction of the cell size dispersity by a factor of up to five. This significantly improves shear strength while contributing to a lighter-weight blade.

We also developed a grade of high-density polyethylene, B5308, to be used in the manufacture of floating solar farms, which are promising alternatives for clean energy in parts of India and Asia where solar energy is out of reach at scale because land is too scarce or costs are too high to build solar farms.

SABIC also successfully launched new polyolefin elastomer, which is used for encapsulant film of photovoltaic cells. Encapsulant films made from this material offers long-term thermal stability, minimizes leakage of current, and has the potential to extend the lifespan of photovoltaic modules.

## LOOKING FORWARD

We are energized by our progress in 2020, despite the challenging business environment created by COVID-19, and we look forward to deepening our investments in innovation for sustainability.

A number of developments are on the horizon, including our continued leadership in the circular economy, the expansion of our portfolio sustainability assessments, improvements in process and catalyst technology, and our low-carbon technology road maps to reduce emissions in production.

Within TRUCIRCLE™, we plan to continue to increase our customer recognition as a market leader in the circular economy. As described earlier in this chapter, we are on track to construct the world's first advanced recycling commercial unit to significantly upscale production of certified circular polymers. We are also planning to develop the technology and commercial strategy to access large quantities of used mixed plastic and pyrolysis oil, which are the raw materials for certified circular products.

As SABIC continues to apply a portfolio sustainability assessment (PSA) across our business units, we plan to complete PSAs for our chemicals portfolio and establish a baseline for our petrochemicals unit to set long-term revenue targets for portfolios with higher sustainability performance.

In recognition of the need to reduce our carbon footprint, we are also working to establish both short- and long-term goals related to electrification. Electrification of our assets is expected to increase our electricity demand greatly, and that demand must be met with renewable energy. In the short term, we are targeting technologies with high readiness levels, including the opportunity to install compressors and pumps that could reduce GHG emissions. Our long-term goal is to electrify energy-intensive furnaces such as crackers or reformers. We are developing these technologies in collaboration with our industry peers.

We are pleased by the benefits that innovation can deliver to our company, our customers, and the world. Initiatives such as TRUCIRCLE™ demonstrate the power of sustainable business solutions to address global environmental impacts such as used plastic, while paving the way for new partnerships that catalyze resilient models of business. We will continue to innovate for a future that supports the health and sustainability of our business, people, and planet.



Innovation delivers benefits to our company, our customers, and the world.

# CLIMATE, ENERGY, AND RESOURCE EFFICIENCY

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## OUR APPROACH

SABIC recognizes the profound effects of climate change and the equally profound opportunity for business to take a leading role in carving the path toward a low-carbon economy. We take this responsibility seriously, which is why we embed sustainability at the core of our work.

In recent years, we have doubled down on our climate efforts. Since 2010, we have proactively set sustainability targets to reduce our greenhouse gas (GHG) intensity, increase energy and water efficiency, and reduce material loss. We have also embarked on the development of a holistic new climate strategy that will guide our long-term goals.

We are doing our diligence to continually improve measurement of SABIC's footprint, reporting on our Scope 3 emissions to capture a comprehensive overview of the emissions across our value chain. We are also continuing to strengthen our climate governance through the creation of two new structures responsible for meeting regulation, establishing targets, guiding strategy, and ensuring transparent disclosure.

As we raise our ambition and make structural changes that will dramatically reduce SABIC's climate impacts over the long term, we are building climate resilience into our business every day through innovations in renewable energy, electrification, low-carbon hydrogen, carbon capture, and material-efficiency projects. As discussed in the Innovation and Sustainability Solutions chapter, we are deepening our investments in the circular economy and supporting the development of advanced recycling technologies that will create economic value out of waste while reducing our carbon footprint.

SABIC continues to take a leadership role in guiding our industry toward a sustainable future. The successes we have seen when we apply the ingenuity of our team members, our customers and partners, and our industry peers show the potential of a resilient world, where people, business, and the planet can thrive.

### COVID-19

Despite the challenges posed by COVID-19 in 2020, SABIC manufacturing operations continued with few disruptions, allowing us to strengthen our global supply chain and presence without diminishing our sustainability performance. One example of this comes from our Mt. Vernon, Indiana, site, where the SABIC Engineering and Project Management team has been working to replace process equipment in the chlorine plant with safer, more efficient technology. Over the past two years, and despite the global health crisis, this project has remained strong surpassing one million person-hours worked without a lost time incident and delivering a project SHER (Safety, Health and Environment Rate) rate of approximately 0.19.

### CLIMATE STRATEGY

As a leader in the petrochemicals industry, we recognize that, along with our peers, we need to make significant changes to cut GHG emissions so that we may reach carbon neutrality close to midcentury. That is why we are proactively building a new climate change strategy that feeds into and aligns with overarching government goals and is based on what science is telling us about our warming world. Our strategy will be centered around establishing long-term, science-based goals and embedding a climate focus into everything we do.

**WE ARE PROACTIVELY BUILDING A NEW CLIMATE CHANGE STRATEGY THAT FEEDS INTO AND ALIGNS WITH OVERARCHING GOVERNMENT GOALS.**

### SABIC CLIMATE ROADMAP

To succeed in the future, every global business must have a robust climate strategy, SABIC is responding to that call by taking two important steps: building climate roadmaps for different regions of our business and setting the stage to develop science-based targets for our company.

We are preparing our response to meet Europe's increasingly ambitious climate targets, which has catalyzed SABIC's overarching work on climate roadmaps for Saudi Arabia, Asia, and Americas. These roadmaps cover our manufacturing sites and take into account improvement opportunities from operational efficiency, carbon capture, circularity, bio-based feedstocks, and renewable energy.

To understand the risks and costs of climate change, we studied various possibilities, ranging from a situation in which we run business as usual, to where we took ambitious action. These studies have reinforced our approach to work in the near term toward energy-efficiency goals while pursuing investments in electrification and circular feedstocks that will get SABIC closer to the goal of achieving carbon neutrality by midcentury.

We have put these roadmaps under the direction of our Strategic Business Units to ensure that they are relevant to our work in different markets and to integrate climate action into everything we do. Currently, SABIC's Strategic Business Units—with the support of our Technology, Manufacturing, and Sustainability teams—are piloting these roadmaps, which are undergoing internal consultation and approval with SABIC's Sustainability Council, which is chaired by our CEO. We will use the analysis of this internal consultation to define SABIC's larger climate strategy and our long-term targets.

Even as we finalize our roadmaps, we know that science-based targets—goals that align with the Paris Agreement to limit global warming to well below 2°C above pre-industrial levels—will be a key part of our long-term strategy. We have begun the work necessary to establish science-based goals for our Scope 1, 2, and 3 emissions. Our aim is to understand what commitments we can make and under what time frame those commitments are feasible.



We have reinforced our approach to work in the near term toward energy-efficiency goals.

We are taking a collaborative approach to science-based targets. We gain insights from industry peers, and we contribute to industry initiatives, including the Science Based Targets initiative's (SBTi) Chemicals Expert Advisory Group, which aims to develop sector-specific methods that guide chemical and petrochemical companies in setting ambitious targets and begin decarbonization. A uniform approach can ensure rigor and comparability in disclosure, particularly around Scope 3 emissions.

Establishing Scope 3 emissions targets is a particular challenge for our company and the industry as a whole. While the chemicals value chain comprises the third-largest industrial subsector source of GHG emissions, there is currently no consensus on priority categories to address. That is why we are working with the SBTi advisory group to understand how other companies are defining Scope 3 and what is most relevant to SABIC. To this end, we contributed to the SBTi Chemicals Expert Advisory Group's December 2020 paper on "Barriers, Challenges, and Opportunities for Chemical Companies to Set Science-Based Targets."

Our next step will be to integrate our work on science-based targets into our climate roadmaps to set targets and develop plans to achieve reductions in Scope 1, 2, and 3 emissions.

# OUR APPROACH

## CONTINUED

### SUPPORTING GOVERNMENT AGENDA AND INFLUENCING CHANGE IN BUSINESS

As a global enterprise with headquarters in Saudi Arabia and an operational footprint in Europe, the Americas, and Asia, SABIC is committed to supporting and influencing the government climate agenda in each of these areas. In our home country, we are working with the Saudi Arabian Ministry of Energy and the Saudi Energy Efficiency Center (SEEC) to meet national regulations. We also helped Saudi Arabia host the G20 summit on carbon capture and storage, and we have been actively involved with G20 activities related to the energy sustainability and climate stewardship work streams.

Additionally, SABIC has supported the Circular Carbon Economy (CCE) National Program, a holistic approach to sustainability that addresses emissions through innovations such as the capture and conversion of carbon into usable raw material. Not only does this support climate goals, it generates economic growth through new jobs and the creation of value from waste. For CCE, SABIC hosted a two-day virtual forum where global experts discussed game-changing technologies and opportunities to reduce, reuse, recycle, and remove carbon emissions from the atmosphere. SABIC also played an important role leading a CCE workshop on technology and innovation.

Outside of our home country, we are working with the Dutch and EU governments to participate in discussions regarding climate targets, including the recent EU agreement to cut GHG emissions by at least 55% by the year 2030.

These efforts steer SABIC's own climate ambition and set the stage for our engagement with industry peers. Several developments from 2020 are noteworthy: SABIC's CEO participated in the World Economic Forum's "Waste Processing Cluster," focused on collaborative innovation for low-carbon emitting technologies in the chemical industry. SABIC also joined the Hydrogen Council as a new steering member, expanding the reach and diversity of the global coalition of CEOs committed to accelerating the transition to clean energy.

### CLIMATE GOVERNANCE

Climate governance is a critical way to ensure accountability and embed our climate strategy across our company'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 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 eight teams that focus on assessing initiatives, validating projects, and monitoring progress, among other responsibilities.

The second structure, described in more detail in the About SABIC chapter, is our Environmental, Social, and Governance Reporting Steering (ESG) Committee, which includes representation by senior managers across the company. This committee sets general ESG 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), which is discussed in more detail in the section below on disclosure.

SABIC IS WORKING TO IMPROVE OUR UNDERSTANDING OF CLIMATE RISK AND TO BUILD RESILIENCE SO OUR COMPANY CAN WITHSTAND THE INEVITABLE IMPACTS OF CLIMATE CHANGE.

### CLIMATE RISK AND RESILIENCE

SABIC is working to improve our understanding of climate risk and to build resilience so our company can withstand the inevitable impacts of climate change. We have begun to analyze our risk and exposure to climate impacts and we expect to share progress in the coming years.

We are already building climate resilience through ongoing investments in renewable energy, which will help us achieve net zero emissions close to midcentury.

In recognition that renewable energy is our main tool to reduce SABIC's Scope 2 emissions, which comprise roughly one third of our total emissions, SABIC has long-term targets to use 4 gigawatts of renewable energy by 2025 and 12 gigawatts by 2030. In addition to reducing our own emissions, our expansion of renewables aligns with Saudi Arabia's vision for the country to be 50% powered by renewable energy by 2030.

A few renewables projects are particularly notable. The first is a power purchase agreement that we signed to construct a 100-megawatt solar plant that will supply renewable energy to power our polycarbonate plant in Cartagena, Spain. Expected to be operational by 2024, this will be the first plant of its size to be powered 100% by renewable energy. It is projected to reduce GHG emissions by 70,000 tCO<sub>2</sub>eq per year. For the second project, a collaboration with the utility company Marafiq and the Royal Commission of Yanbu, we have concluded our feasibility study for a 400-megawatt solar park in the Saudi Arabian port city. We are developing the execution strategy to procure 2.5 gigawatts of renewable energy to provide around half of the electricity demand of our sites in Jubail Industrial City, as well.

We are also building resilience through more robust reporting and data management. SABIC has been reporting our Scope 1 and 2 emissions since 2011 and our Scope 3 emissions since 2018 in Carbon Disclosure Project (CDP).

Ultimately, our work to define and report on our Scope 3 emissions will help SABIC identify GHG emissions hot spots related to our value chain and set a robust and feasible science-based target. It will also help our company build relationships with customers in our value chain that have sought our Scope 3 data for their own disclosures.

### CLIMATE DISCLOSURE

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

Our participation in the CDP helps us manage our climate risks and demonstrate our commitment to transparency and environmental responsibility. In 2020, SABIC maintained our overall B rating and continued our efforts with the CDP Supply Chain Program, through which we help our suppliers disclose their emissions.

As we continue to integrate climate work across every function, we are proud to embark on work aligning our disclosure with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which help financial markets accurately assess the real costs of global warming. Our ESG Reporting Steering Committee has assembled a team of experts tasked with developing our approach to TCFD-aligned climate disclosure. This year's report includes disclosures on the pillars of TCFD in the Climate Strategy, Governance, Risk & Resilience and Disclosure sections.

Building on the TCFD pilot we ran in 2018 in our polyethylene business, in 2020 we undertook a TCFD-readiness assessment to understand the feasibility and implications of reporting against TCFD recommendations. This assessment revealed coverage areas and gaps, and we aim to align our approach within the next two to three years.

In addition to CDP and TCFD, we have continued to use the EcoVadis sustainability ratings platform, earning a score of 80/100 for environmental and climate disclosure as a supplier of basic chemicals, fertilizers, and nitrogen compounds, plastics, and synthetic rubber in primary forms.

Making our climate reporting more robust gives SABIC a stronger position from which to move forward on climate work that we know will have a real impact. This matters to our business, our customers and partners, our investors, and the planet.

### SEEP

As described in the governance section, SABIC complies with government initiatives such as the Saudi Energy Efficiency Center's (SEEC) initiative, Saudi Energy Efficiency Program (SEEP). Defined by three cycles, SEEP has set targets and created an extensive program, to save energy and advance energy efficiency in different sectors. SEEP is also supporting companies that rely on Saudi Aramco primary feedstock to implement the government's new feedstock utilization efficiency mandate. Our new global Energy Efficiency and Carbon Management structure steers our engagement with SEEP and ensures SABIC's commitment to meet these targets by prioritizing and optimizing our investments.

For the first SEEP cycle between 2011 and 2019, SABIC implemented 170 energy-savings and operational improvement projects that reduced the primary energy deficit by 47.2 Million MMBTU from base year 2011 to target year 2019. To close the obligation of remaining gap, SABIC took strict measure to shut down three legacy assets and complete various projects that improved the efficiency of our operations in 2020.

# OUR PERFORMANCE

## KEY RESULTS

- Maintained an overall B rating in the CDP 2020 survey, positioning SABIC as one of the best performers in the Middle East.
- Strengthened our climate strategy and governance, including through the creation of two new structures responsible for meeting regulation, guiding strategy, and ensuring transparency.
- Increased the integrity of our Scope 3 emissions reporting by creating an internal standard for data collection.
- Saved 134,000 tCO<sub>2</sub>eq through a vent recovery system that reduced flaring in the production of polyethylene at our Sharq affiliate.
- Saved approximately 40,000 m<sup>3</sup> of water and 108,000 GJ of energy through an optimization project at our Petrokemya site that reduces steam venting by about 5 tons per hour.
- Saved 306,000 m<sup>3</sup> of water by discontinuing the use of a boiler and increasing steam production from the ammonia plant at our SABIC Agri-Nutrients Company site.



Through a vent recovery system, we reduced flaring in the production of polyethylene at our Sharq affiliate.

## KEY METRICS AND TRENDS

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.

<b>GREENHOUSE-GAS INTENSITY REDUCTION</b>	<b>ENERGY INTENSITY REDUCTION</b>	<b>WATER INTENSITY REDUCTION</b>	
15.5%	10.5%	14.2%	
<b>MATERIAL LOSS INTENSITY REDUCTION</b>	<b>FLARING (TON CO<sub>2</sub>-EQ)</b>	<b>FLARING EMISSION REDUCTION(%)</b>	<b>TOTAL CO<sub>2</sub> UTILIZATION (MILLION METRIC TONS)</b>
46.3%	1,636,899	56%*	3.72*

\* Assured by KPMG

# GREENHOUSE GAS

Even as we expand our investments in renewables, SABIC has been working to reduce our GHG emissions intensity. This year, our GHG emissions intensity, measured in metric tons of CO<sub>2</sub> equivalent per metric ton of product sales (tCO<sub>2</sub>eq/ t product sales), fell from 1.170 tCO<sub>2</sub>eq to 1.144 tCO<sub>2</sub>eq. This marks a 2.2% reduction in emissions intensity from 2019 and a 15.5% reduction from our 2010 baseline.

In 2020, our total GHG emissions were as follows: Scope 1 was 36.7 million tCO<sub>2</sub>eq, Scope 2 was 17.5 million tCO<sub>2</sub>eq.

At our Baroda and Rayong sites, the solar panels we installed in 2019 have helped reduce GHG emissions by 465 tCO<sub>2</sub>eq per year.

At our Bay St. Louis site, we upgraded the chiller a more environmentally friendly refrigerant, saving an estimated 2,376 GJ and 346 tCO<sub>2</sub>eq. This translates roughly to a 1% reduction in energy intensity and 1.4% for GHG intensity for the site.

Another way we are reducing our GHG intensity is through a reduction in flaring in the production of polyethylene at our Sharq affiliate. We have applied a vent recovery system to capture nitrogen and ethylene, which were previously sent to the flare. Now we are able to recover the hydrocarbons in the olefins plant which results in a savings of 134,000 tCO<sub>2</sub>eq.

At our Geleen site, we have made a number of changes that have improved the environmental and operational performance of one of our olefins plants. This included replacing and redesigning the convection section of the furnaces, leading to increased feed flexibility, reduced fouling, and increased energy efficiency. Between 2019 and 2020, replacing two furnaces resulted in a savings of 149,000 GJ and 8,400 tCO<sub>2</sub>eq per year.

Another development that helped reduce GHG emissions intensity was the implementation of a data dashboard at the SABIC Agri-Nutrients Company to track real-time losses and savings of CO<sub>2</sub> during urea production. This helps improve sustainability targets at the SABIC Agri-Nutrients Company by reducing the intensity of not only GHG emissions, but also energy, water, and material loss.

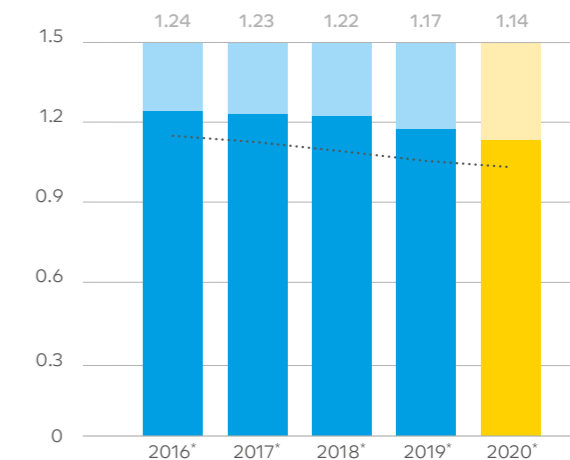
In the International Energy Agency (IEA) 2020 Emission Report, IEA restated historical Emission Factor (EF) data for Saudi Arabia back to 2012, which resulted in a 27% YoY decrease in Scope 2 emissions for KSA. With the majority of our emissions coming from our operation in KSA, we have opted to continue our 2020 Scope 2 reporting using the 2019 EF for KSA until we have a better understanding of the revised assumption basis for the 2020 EF factor. For our operations in all other countries, we used 2020 EF values.

## GREENHOUSE GAS EMISSIONS BY SCOPE (MILLION tCO<sub>2</sub>eq)

	2015*	2016*	2017*	2018*	2019*	2020*
Scope 1	38	38	37	39	37	37
Scope 2 <sup>1</sup>	18	18	17	18	18	17 <sup>#</sup>
<b>Total</b>	<b>56</b>	<b>56</b>	<b>55</b>	<b>57</b>	<b>55</b>	<b>54</b>

\* Assured by KPMG.  
<sup>1</sup> Location-based method.  
<sup>#</sup> adjusted for rounding to correct total figure

## GREENHOUSE GAS INTENSITY (tCO<sub>2</sub>eq/t PRODUCT SALES)



..... TARGET LINE

\* Assured by KPMG.



# ENERGY

Improving the energy efficiency of our operations is another tool we use to meet our climate goals. This year, our global energy intensity, measured in gigajoules (GJ) of energy used per metric ton of product sales, was lowered to 16.34 GJ per ton from 16.52 GJ per ton in 2019.

This marks a 1.1% decrease from 2019 and a 10.5% from our 2010 baseline. Our total energy use decreased from 776 million GJ to 775 million GJ.

A number of important projects at our facilities around the world helped us improve energy efficiency.

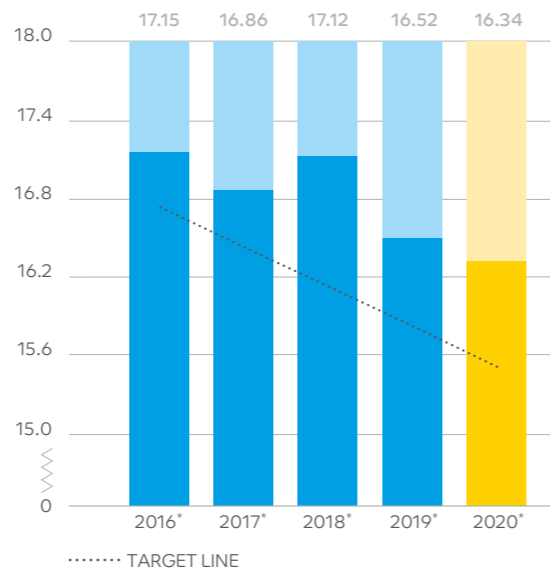
At our Petrokemya site, we implemented an optimization project that was years in the making. De-aerators are typically the largest consumers of low-pressure steam in a utility system. The flow of the low-pressure steam was increased in order to use the heat value of excess low-pressure steam more efficiently. This change reduced steam venting by about 5 tons per hour, resulting in approximately 108,000 GJ energy saving annually. It also saves approximately 40,000 m<sup>3</sup> of water.

We also reduced the operating time of all conveying blowers in the expandable polystyrene unit at PETROKEMYA's polystyrene plant by determining that they do not always need to run in parallel. This optimized the production, saving 2,331 GJ of energy in 2020.

At our specialties' Benoi manufacturing site in Singapore, we successfully reduced electricity consumption by 8.5% in 2020 through improvements in production rates and bigger lot sizes. At our Shanghai site in China, the team replaced 868 sets of fluorescent tubes with LED lights, saving 4,000 GJ of energy.

An upgrade of the evaporator column at our United plant reduced steam consumption and saved 100,000 GJ of energy annually. Optimization of the steam-to-carbon ratio in the 2-EH plant at the SABIC Agri-Nutrients Company is leading to natural gas savings and reducing overall energy intensity. Further, a change to the evaporator at our Sharq plant to reduce refluxes is lowering water consumption and saved 50,000 GJ of energy in 2020.

**ENERGY INTENSITY (GJ/MT PRODUCT SALES)**



\* Assured by KPMG.

# WATER

Water is essential to our business and to planetary sustainability. Often, water and energy efficiency go hand in hand, so savings in water translates into savings in emissions, which supports our climate goals.

SABIC measure freshwater intensity performance in cubic meters (m<sup>3</sup>) per metric ton (t) of product sales. In 2020, intensity decreased from 2.58 m<sup>3</sup>/t to 2.53 m<sup>3</sup>/t. We achieved a 14.2% improvement over our baseline year of 2010 with a 1.8% reduction from 2019 and reduced our total freshwater use to 120 million m<sup>3</sup> in 2020 from 121 million m<sup>3</sup> in 2019.

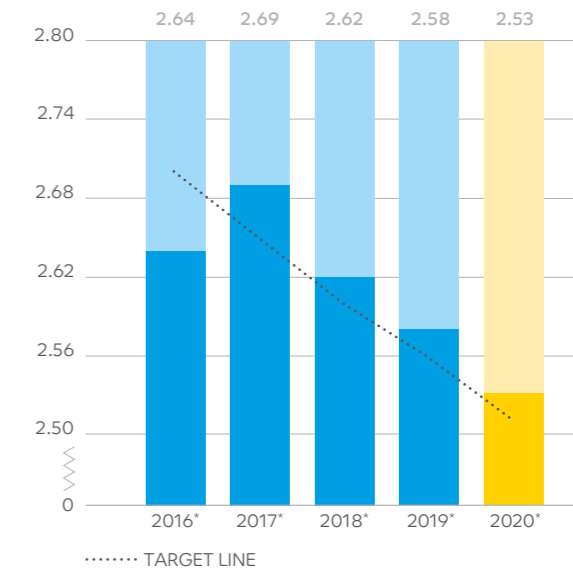
Across our operations, SABIC continue to make more effective use of water. At our HADEED site, we have been recycling different waste streams wherever possible to reduce how much freshwater we purchase from Marafiq. For instance, we have recycled waste water with dissolved gases like ammonia for cooling applications.

At our Kemya site, we have been working to optimizing the furnaces (with three out of seven complete), which has reduced excess LP steam, saving the equivalent of 19,000 GJ and 16,950 m<sup>3</sup> of water every year.

As the result of a mega-project at the SABIC Agri-Nutrients Company site, we discontinued the use of one boiler by significantly increasing steam production from the ammonia plant. This saved cost, reduced energy, and saved 306,000 m<sup>3</sup> of water annually.

Our Benoi site reduced water consumption by 46.2%, saving 5,000 m<sup>3</sup> of water by maximizing the use of recycled water for container washing and by closely monitoring the water meter to avoid unforeseen leakages at the process areas.

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



\* Assured by KPMG.

# MATERIAL LOSS

The world’s natural resources are scarce, limiting material loss is a SABIC priority. This focus helps our company reduce waste and aligns with our goal to close the loop through circular business models and production processes.

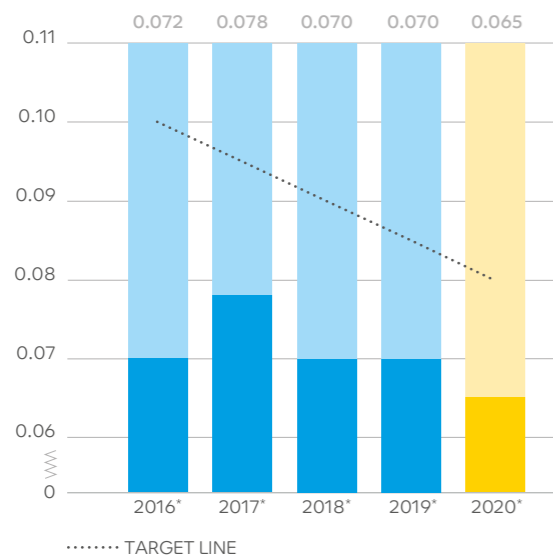
In 2020 material loss intensity improved 46.3% from the 2010 baseline and 7.3% from 2019 and our absolute material loss decreased from 3.3 million tons to 3.1 million tons. One of the most significant sources of SABIC’s material losses is CO<sub>2</sub> from process emissions and flaring. Due to stable operations in 2020, we were able to more efficiently use CO<sub>2</sub>, resulting in 165,000 tons of material loss savings. Additional material loss improvements resulted from decreased flaring of 90,000 tons, and the remainder was due to absolute waste reduction. Our total waste disposal totaled to 0.27 million tons, which is 29% reduction since 2010.

Among the key projects that reduced our material loss was the sale of waste oil at our UNITED U&O plant, which converted between 1,200 and 1,700 tons of waste into a low-value product, reducing material loss intensity by about 0.5%.

At our Mt. Vernon, Indiana, plant, our employees participated in Operation Clean Sweep to clear debris before washdowns and reduce material loss as waste was sent into the water basin. This initiative resulted in increased awareness among employees on reducing material sent to landfills.

Finally, our Sharq plant announced an agreement to eliminate waste and create value from slop oil. We expect this will eliminate more than 70% of slop oil waste, reducing material loss by up to 1.5%. The plant is using a new method that eliminates the need for slop oil disposal by converting it into heavy fuel oil, which is a valuable product for local and regional customers.

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



\* Assured by KPMG.

# LOOKING FORWARD

SABIC is making a shift when it comes to climate, deepening our commitments; aligning our strategy and goals with science; and doubling down on our ongoing work to reduce our GHG, energy, water, and material loss impacts.

In the next few years, our efforts will bear fruit, as we identify new long-term science-based targets, including targets on Scope 3 emissions, and use rigorous platforms including SBTi and TCFD to establish goals and report out on progress, risks, and opportunities.

We also have a number of innovative projects in development that will contribute to our long-term goals. This includes a project at our Bergen op Zoom site to replace fossil fuel-based boilers with biomass-fueled boilers using waste from the forestry industry. When complete, this will eliminate most of the site’s Scope 1 emissions. The project is currently in the permitting phase, and we expect the it to be implemented by 2024. Our hope is that in the future the new boilers will be fueled by a renewable hydrogen grid developed by the government.

In the Netherlands, we are working with partners to set up a significant power purchase agreement to source renewable power from a wind park that will be operational soon. The wind energy will replace electricity currently generated in gas-fired power plants. The project, which is pending final approvals, will have a notable effect on the GHG emission intensity of our Dutch assets.

**IN THE NEXT FEW YEARS WE LOOK TO ESTABLISH BOTH LONG-TERM SCIENCE-BASED AND SCOPE 3 EMISSIONS TARGETS, AND USE PLATFORMS SUCH AS SBTI AND TCFD TO REPORT ON PROGRESS.**

In Spain, our polycarbonate facility in Cartagena is set to become the world's first largescale chemical production site to be run entirely on renewable power, following the signing of a major agreement. SABIC is pursuing permits that will allow construction to begin in early 2022.

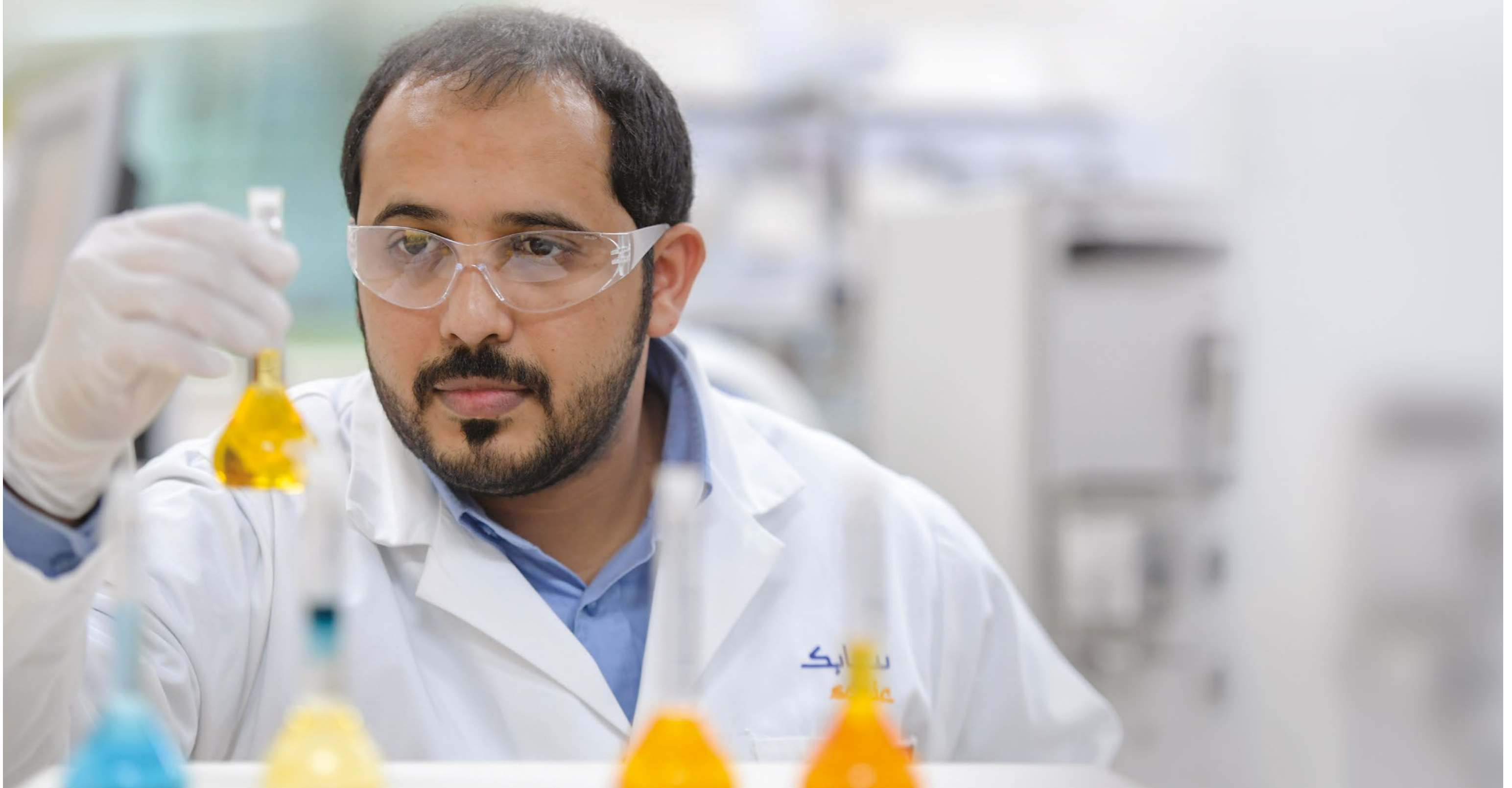
In Yanbu, we are approaching the regulators and potential project developers for consultation on and endorsement of a 400-megawatt solar photovoltaics project in partnership with the utility company Marafiq and the Royal Commission of Yanbu.

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 eight mega-projects, with an expected investment of US\$2.7 billion to help us reduce the primary energy and feedstock deficit of 47 million MMBTU. We have prioritized 90 projects in total that hold the greatest potential for improving natural resources use.

Lastly, we are also embarking on an effort to digitize our ESG data collection, which will support our ongoing monitoring, performance assessment, and reporting. It will also increase our efficiency, as manual data collection is a laborious process. We plan to create a digital data footprint from the plant to corporate level. We began this work in 2020 with a pilot project focused on 35 initiatives, nine of which are manufacturing. We also began to establish a foundation for this big data initiative by connecting our sites to a centralized database. Our aim is to complete the digitization of footprint and ESG data collection in the coming years.

# EHSS AND PRODUCT SAFETY

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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, SABIC strives to create a culture of stewardship in everything we do. We consistently seek to improve our EHSS performance and to strengthen health and safety competencies and policies across our organization.

The COVID-19 pandemic challenged many businesses, and SABIC succeeded in responding to the crisis with agility and resilience, keeping our values and standards of excellence at the forefront of our work. The health and safety of our employees and their environments remained our top priority as we navigated the uncertainty of COVID-19. We were able to respond and pivot quickly in order to comply with health advisories and actively promote safety across our global operation.

Despite significant effort focused on the pandemic, we continued to address and improve our EHSS competencies in a variety of other ways this year. We improved communications and information-sharing and enhanced and refined initiatives that drive people development, digital transformation, and risk and operations management. We also took steps to improve proactive emission monitoring, to enable timely and effective action to mitigate harmful emissions before they pose problems. We continued to build on our Safety, Security, Health and Environmental Management Standards (SHEMS), which provide a world-class framework for achieving our EHSS goals, and we introduced a new Safer Chemistry pillar to our Product Stewardship framework.

### GOVERNANCE AND OPERATING RHYTHM

EHSS is a company-wide focus at SABIC. Our EHSS Executive Council includes SABIC's CEO, executive vice presidents, EHSS functional leaders, and members of our legal team, meets biannually to monitor company performance, establish goals and benchmark successes, and review our overall strategy, making course corrections when necessary. These leaders inspire and empower employees to make EHSS a priority in everything they do.

A separate EHSS Council, which includes manufacturing-affiliate presidents and site and functional EHSS leaders, meets each quarter, to coordinate the strategies, programs, and policies that bring EHSS to life across the company. Our Product Stewardship Council complements their work by sharing best practices and addressing EHSS risks throughout our product portfolio. Together, these councils drive continuous EHSS improvement and support our functional EHSS teams in their daily work.

**DESPITE SIGNIFICANT EFFORT FOCUSED ON THE PANDEMIC, WE CONTINUED TO ADDRESS AND IMPROVE OUR EHSS COMPETENCIES IN A VARIETY OF OTHER WAYS THIS YEAR.**



Our EHSS Culture Survey helped us gauge how our employees perceive EHSS efforts and policies in their working environment.

### 2020 INITIATIVES

SABIC continued to hone our EHSS focus in 2020 through initiatives and programs that benchmarked success and improved efficiencies across our environmental and human health and safety efforts. This included conducting an EHSS Culture Survey to gauge how SABIC employees perceive EHSS efforts and policies in their working environment; more than 16,730 employees responded. Each site is working on an action plan to make improvements in the areas identified in the survey.

To reduce costs and adopt a more streamlined and unified approach, we established a long-term contract for our industrial hygiene services, and we improved our Third-Party EHSS Management Qualification process by using the SABIC Supplier Lifecycle Management (SLM) system to identify and manage our materials and service providers. The SLM ensures all SABIC contractors prioritize sustainability and EHSS, and it now includes an updated EHSS questionnaire and revised vendor classifications to include materials and service providers.

The COVID-19 pandemic challenged us to put our Maintenance, Shutdown, and Turnaround Guidance to the test to keep our equipment and spaces clean and our employees safe. Created by the SABIC Global EHSS Team, this guidance outlines requirements for disinfecting working areas, equipment, and reusable personal protective equipment (PPE) and outlines the hierarchy of control in confined spaces. Our EHSS team also worked hard to keep our critical contractors safe by making sure contractor facilities were disinfected by professionals every day, and by training for SABIC janitors in best practices for keeping contractor housing and facilities clean and safe.

**THE SABIC SUPPLIER LIFECYCLE MANAGEMENT SYSTEM ENSURES ALL SABIC CONTRACTORS PRIORITIZE SUSTAINABILITY AND EHSS.**

# OUR PERFORMANCE

## 2020 HIGHLIGHTS

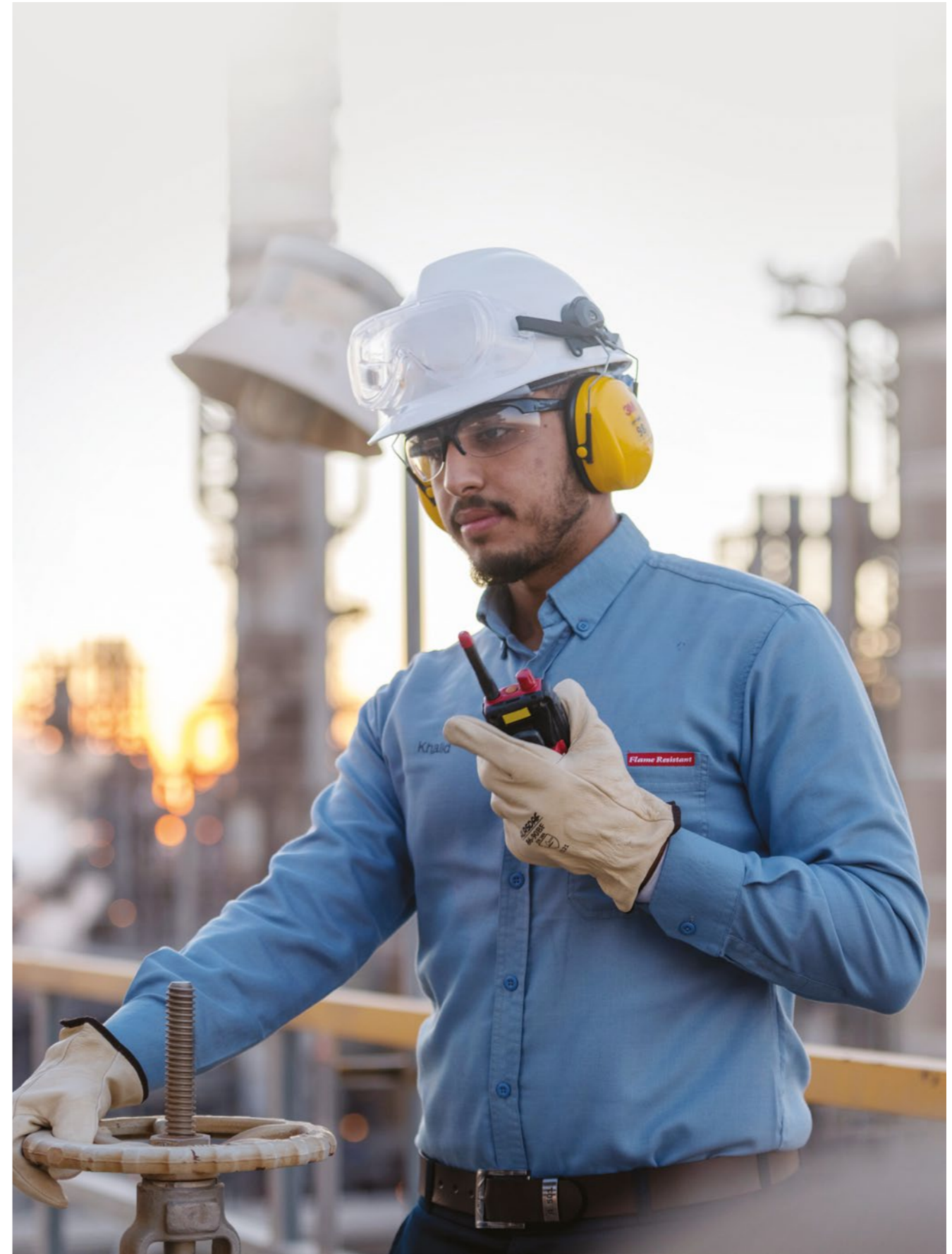
- SABIC's EHSS incident rate (SHER) decreased by 26% due to reduction in ABC injury, environmental, and process safety incidents
- Created a Safer Chemistry program to make materials safer by replacing chemicals of concern with those of a smaller hazard footprint
- Rolled out a mandatory cyber-security training to raise awareness on phishing schemes
- Developed and launched EHSS Maturity, an overarching performance monitoring system using KPIs to generate Maturity Indexes
- Hosted four sessions of SABIC's EHSS Town Hall in 2020, with more than 5,000 participants and 34 incidents shared year to date since the program was launched

## COVID-19 RESPONSE

- Participated in and facilitated SABIC global crisis management of COVID-19
- Reduced risk to SABIC workers by monitoring local conditions, educating workers, and implementing safety and risk-control measures
- Developed virtual site-assessment protocol to safely conduct warehouse assessments
- Prioritized production of materials critical to medical efforts

## KEY METRICS

EHSS RATE	EHSS ABSOLUTE RATE	CUSTOMER PRODUCT INQUIRIES ANSWERED
<p>26%</p> <p>decrease</p>	<p>0.42*</p>	<p>12,559</p>



We continue to hone our EHSS focus through initiatives and programs that benchmarked success and improved efficiencies across our environmental, human health, and safety efforts.

# CULTURE OF CONTINUOUS IMPROVEMENT

SABIC believes in driving a culture of continuous improvement across our business. To remain an industry leader in EHSS, we place particular emphasis on evolving and refining our approach to environmental and human health and safety. Beyond mere compliance, we assess and manage risk, run systemwide safety initiatives to achieve efficiency, and train our workers to recognize and address hazards. Our employees, customers, and partners expect this level of excellence from us, and we know it is vital to creating Chemistry that Matters™.

## IMPROVING EHSS PERFORMANCE

The SABIC Operations Management System (OMS) is a key performance driver and contributes to our EHSS evolution by 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 their results while maintaining the high standards we expect, and to build technical skills and competencies through OMS Connect, our immersive education platform.

This year, we continued to use our Safety, Health and Environment Management (SHEM) standard audits to assess EHSS performance and progress.

We also rolled out eSHEM Phase II in 2020 with four new EHSS modules: SAFER, EHS Risk Assessments, EHSS Audit, and Calendar, improving identification, aggregation, and communication of EHSS information. By automating these assessments, SABIC is better able to manage risks, capture findings, and track mitigation actions, which helps us reduce violations and improve our EHSS performance. Moving forward, the eSHEM system will enable us to build on and refine our data analysis, and enable SABIC to use AI technology to further improve EHSS.

## TRACKING EHSS PERFORMANCE

SABIC tracks performance metrics across our facilities and over a comprehensive range of incident types. Incidents—including accidental releases to the environment, process-safety events, occupational health and safety injuries, illnesses, and security issues—are rated based on severity and per 200,000 person hours.

To ensure alignment with the International Process Safety Standard API-754, our Process Safety team revised SHEM-10 in 2020 to include a fifth incident type: loss of primary containment (LOPC). 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.

Compared to 2019, our total recordable incident rate improved by 31%. Unfortunately, three fatalities occurred in Middle East and Africa Region in 2020. Serious injury or loss of life is never acceptable, and we remain committed to rigorous incident investigation, awareness, and action to prevent similar incidents in the future. To underscore this message, SABIC conducted incident reviews with clear takeaways from each incident to share with each individual site as well as sharing best practices and lessons learned globally. Some examples of best practices and lessons learned include, but are not limited to, focusing on leadership visibility and impactful engagement, emphasizing operational discipline and a positive workplace culture and reinforcing front-line operations for empowerment to stop unsafe acts in the plant. It is our strategic, long-term goal to reduce our global EHSS incident rate to no more than 0.25 by 2025.

## GLOBAL KEY PERFORMANCE INDICATORS AND MATURITY INDEX

SABIC implemented global EHSS KPIs in 2019 to drive EHSS excellence across our business and operations and provide SABIC leadership with better visibility into EHSS performance. This company-wide approach was designed to target gaps, increase accountability, and provide valuable data that helps us to benchmark our global progress, set goals, and measure success. It also provides valuable input for OMS-SHEM audits.

This year, Global EHSS developed and introduced EHSS Maturity, an overarching performance-monitoring system that uses existing KPIs to generate Maturity Indexes for SABIC. To support implementation—and drive safety best practices across the company—we created an EHSS Maturity KPI Guidance Manual and EHSS Maturity Analysis and Recommendations.

## EHSS APPLICATION AND ACCOUNTABILITY

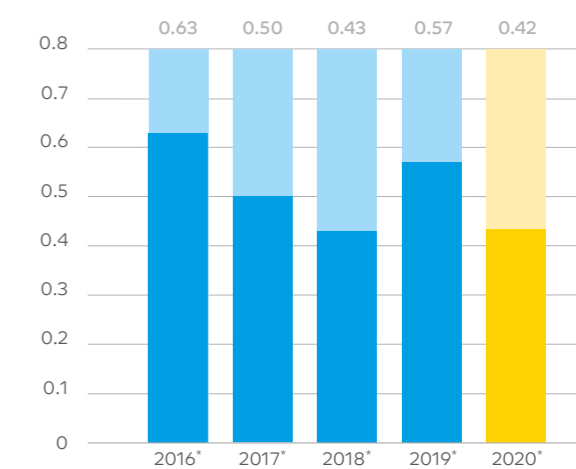
SABIC's commitment to excellence in safety systems and management is embedded in our business and part of our organizational culture. We believe every SABIC employee should be able to understand our approach to EHSS as a company core value and apply it to their day-to-day work. Our leadership strives to maintain open communication and trust, and to reinforce positive behavior around EHSS. To foster that trust, we hosted four sessions of our EHSS Town Hall in 2020, with more than 5,000 participants and 34 incidents shared.

## EHSS RATE METRICS AND ANALYSIS

	2016	2017	2018	2019	2020
EHSS Rate	0.63*	0.50*	0.43*	0.57*	0.42*
API 754 PSE Tier 1		7	7	25	10*
Total Recordable Incident Rate	0.14*	0.12*	0.14*	0.14*	0.10*
Occupational Illness Rate	0.002*	0.014*	0.003*	0.008*	0.003*
Security Incident Rate	0.001	0.008	0.001	0.001	0.001
Number of Fatalities	14*	1*	0*	0*	3*

\* Assured by KPMG

## EHSS TREND FROM 2016 TO 2020



\* Assured by KPMG

# CULTURE OF CONTINUOUS IMPROVEMENT CONTINUED

## EHSS FACTS AND FIGURES FOR 2020

### ENGAGEMENT AND SUPPORT

- Visits to local regulatory agencies to update legal and other requirements
- Conducted three Americas warehouse and repackaging site assessments for vendor qualification
- Developed virtual site assessment protocol utilizing video to conduct two warehouse assessments in North America
- At American Chemical Council's request, participated in the Chemical Facility Safety Initiative (CFSI) working group to review and revise ACC supplier assessment protocols
- Continued Industrial Hygiene Committee meetings with the following agencies:
  - Royal Commission Public Health Department (RCPHD-Jubail)
  - Saudi Food and Drug Authority (SFDA)
  - Nuclear and Radiological Regulatory Commission (NRRC)
  - Saudi Standards, Metrology and Quality Organization (SASO)
  - Ministry of Labor (MoL)

As part of our engagement with these agencies, the SABIC IH Committee reviewed changes in local requirements to ensure our Operations Management Systems standards remained in compliance and will be implementing the updates in 2021.

SABIC REVIEWED CHANGES IN LOCAL REQUIREMENTS TO ENSURE OUR OPERATIONS MANAGEMENT SYSTEMS STANDARDS REMAINED IN COMPLIANCE.

### SHEM ACADEMY TRAINING

- 121 safety experts obtained the National Examination Board in Occupational Safety and Health (NEBOSH) certification
- 82 instructors trained for new unified safe work permit and LOTO (lock-out/tag-out) across Saudi Arabia
- 10 SABIC logistics teams trained on updated warehouse inspection protocols

### EXCELLENCE AND IMPROVEMENT

- Developed a pre-incident plan for radiation leaks that will be adopted across sites
- Restructured and streamlined content on Global EHSS portal to improve searchability and company-wide EHSS awareness
- Completed five-year third-party audits of our top-priority products, with no major non-conformances
- Began recertification process for RC14001:2015 and ISO45001
- Observed significant improvements in implementing Responsible Care® practices
- Over the past five years of internal and external third party audits, no major non-conformances have been observed

### CAPABILITY BUILDING

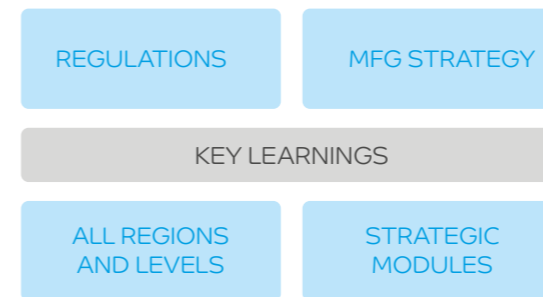
In 2020, SABIC employees engaged in the National Examination Board in Occupational Safety and Health International General Certificate NEBOSH-IGC with courses run virtually due to COVID-19.

- 29 industrial hygiene experts trained in the Board of Occupational Safety and Health (BOSH) modules
- 43 IH experts participated in Health Risk Assessment Workshop conducted for MEA staff



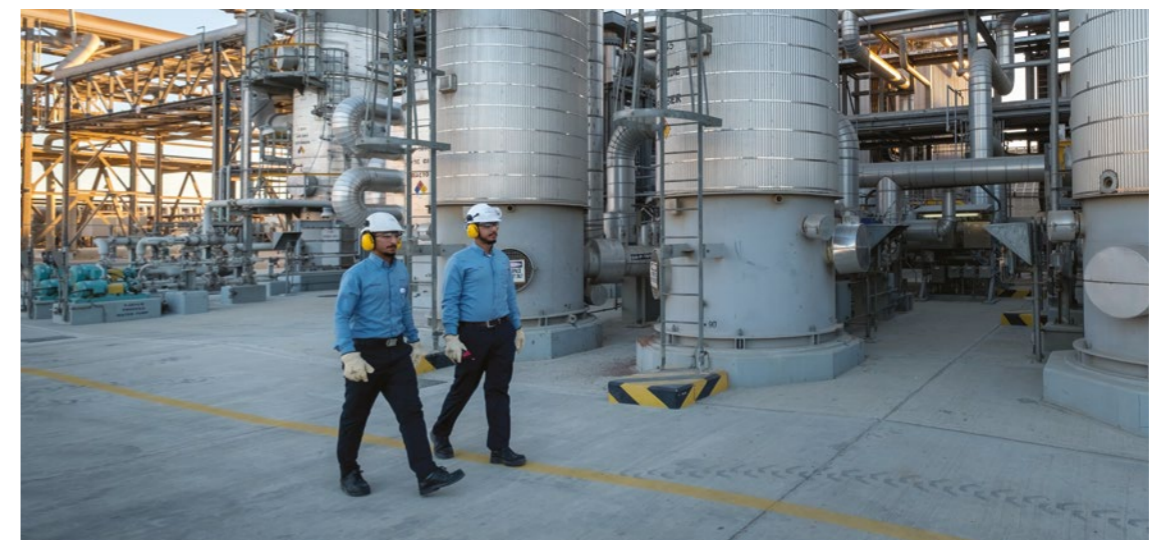
We developed more than 25 competency framework programs

### EHSS COMPETENCE & TRAININGS



### Y2020 EHSS PROGRAM PROGRESS

- 25+ competency framework programs developed
- with 1000+ participants across all regions
- 5000+ end-user trainings (work permit & LOTO)
- 650 trained on PS competency framework
- 16 crisis-management awareness sessions, with 317 participants
- 17 affiliates participated in fire-arm training sessions
- SRA awareness at 23 sites in the Americas and KSA
- Cyber security CMTR exercise lead by SS EVP, including CS CMTL and ER teams
- Electronic process safety booklet developed and shared



We remain committed to building our workforce capability.

# RISK AND EMERGENCY RESPONSE MANAGEMENT

## PROCESS SAFETY KNOWLEDGE AND COMPETENCY

At SABIC, we know risk management is critical to keeping our employees, communities, and business safe and sustainable. As a result, we have strategic objectives tied to process safety knowledge and competency development, as well as to risk discovery and management, emergency preparedness and response, and technical network support. We do our best to understand and prepare for a broad range of scenarios, and to educate our employees in the best ways to mitigate risks and respond to crises of all kinds.

This year, we focused on strategic initiatives to develop SABIC's human capital, including widespread online engagements and virtual programs to promote learning across our workforce. Through our continued work with The Mary Kay O'Connor Process Safety Center and Texas A&M Engineering Experiment Station (TEES)

- 27 engineers enrolled in Developing Batch-4 training
- 18 engineers enrolled in Proficient Level Batch 1 training
- 56 professionals attended the Fundamentals of Process Safety training program
- 230 employees participated in Layer of Protection Analysis trainings online
- 163 SMEs were trained in emergency preparedness, with particular emphasis on pre-incident planning

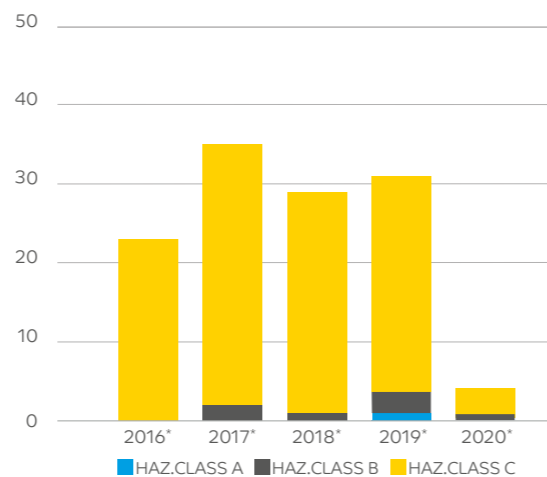
## IMPROVING RISK DISCOVERY AND MANAGEMENT

Hazard identification and risk management are critical to keeping our operations safe. We use the SABIC Assurance for EHSS Risks (SAFER) system as a key tool for risk identification, assessment, tracking, and mitigation. SAFER reviews provide better visibility into risks and mitigation measures that lead to safer SABIC facilities and employees.

In 2020, we used SAFER to support our organizational resilience and operational agility during the COVID-19 pandemic. By 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. Moving forward, we plan to implement this program across our regions to help deploy risk-mitigation actions and prioritize EHSS projects efficiently and effectively.

In 2020, we also focused on pre-incident planning, with an emphasis on identifying high-risk scenarios. Our teams developed 140 pre-incident plans (PIP) that spanned across SABIC sites in the Middle East and Africa regions. We were also able to train 121 SABIC employees, including senior managers and subject-matter experts, in the SAFER program, supporting continued learning and competency development in this critical aspect of our work.

## TOTAL NUMBER OF HAZARDOUS SUBSTANCE ACCIDENTAL RELEASE INCIDENTS



\* Assured by KPMG.  
Note: As a result of the 2020 revision of SHEM-10 and the implementation of the International Process Safety Standard API-754, the definition of process incidents and environmental incidents have changed, producing an apparent reduction in environmental incidents and an increase of process safety incidents in 2020.



Hazard identification and risk management are critical to keeping our operations safe.

## ENVIRONMENTAL STEWARDSHIP

As part of our Responsible Care® commitment, SABIC is constantly monitoring both regulatory trends and environmental initiatives and programs across the globe. We engage with the world's leading chemical associations—such as the Gulf Petrochemicals and Chemicals Association (GPCA), the European Chemical Industry Council (Cefic), the American Chemistry Council (ACC), and others—to share best practices and drive industrywide improvements. SABIC is particularly committed to addressing marine litter and microplastics in waterways through initiatives like Operation Clean Sweep.

In 2020, SABIC evaluated the potential impacts of global regulatory changes, like the Basel Convention Amendments, which focus on plastic waste. At the regional level, we continue our dialogue with the EU on Waste Gas BREF and began conversations with Saudi Arabia's Royal Commission on revisions to the environmental regulations that affect all SABIC manufacturing sites in the region. We focus on regulatory stewardship to ensure that SABIC policies and operations are aligned with—and exceed—regulatory standards.

## ENVIRONMENTAL INITIATIVES: VOLUNTARY COMMITMENTS

SABIC is part of the WASH4Work initiative, which works to provide water, sanitation, and hygiene in the workplace. We have also been engaged in a comprehensive revision of the World Business Council for Sustainable Development (WBCSD) WASH assessment tool and guidance document, helping to extend the scope to include value chain and communities, and to simplify the assessment tool.

Operation Clean Sweep® (OCS) is well established at SABIC manufacturing sites, and we engage with our customers and service providers to promote the commitment toward zero pellet loss across the value chain. We continue to execute improvement projects and targeted actions toward this goal, such as a new solids separation unit at our site in Gelsenkirchen, Germany and a truck cleaning station at Geleen, in the Netherlands. In 2020, SABIC also became a VIP member of OCS Blue, showing our strong commitment to management, measurement, and reporting—and to continuous improvement.



Our focus on regulatory stewardship helps ensure that our policies and operations are aligned with—and exceed—regulatory standards in the short and long terms.



# RISK AND EMERGENCY RESPONSE MANAGEMENT

## CONTINUED

### ENVIRONMENTAL RELEASES AND EMISSIONS MANAGEMENT

All SABIC's manufacturing strategies are based on the concept of continual improvement, and monitoring and managing our environmental impacts is no exception. To reduce environmental emissions, SABIC has set a goal to eliminate all accidental releases of hazardous substances into the air, water, and waste stream. We strive to reach this goal by carefully tracking and categorizing all accidental releases based on severity, and we work to manage and minimize our air emissions, water discharge, and waste generation. We also use best available techniques that help us continually improve emissions management across our operations. This year the total number of hazardous substance release incidents decreased from 27 to 3. The total volume of hazardous substances released also decreased to 14.3 metric tons.

In 2020, four plant retrofits in Europe and Asia used low nitrous oxide (NOx) burners that significantly reduce these emissions. In Shanghai, the retrofit reduced NOx emissions from 110 mg/m<sup>3</sup> to about 35 mg/m<sup>3</sup>. We installed a real-time effluent quality-monitoring system (EQMS) at our Baroda, India, site to monitor treated wastewater, which helps ensure it is safe prior to discharge and maximizes opportunities for water recycling. We also improved the recycling rate at our Benoi, Singapore, site by educating employees, providing recycling bins, and posting reminders.

### ENHANCING ENVIRONMENTAL COMPETENCY

SABIC is committed to supporting our workforce in identifying emerging environmental risks and opportunities. We conduct our environmental competency-development programs cyclically to give new employees the opportunity to acquire the environmental knowledge necessary for their jobs. For example, we have conducted five sessions of the NEBOSH Certification Program, and more than 50% of our environmental experts have participated.

**WE CONDUCT OUR ENVIRONMENTAL COMPETENCY DEVELOPMENT PROGRAMS CYCLICALLY, TO GIVE NEW EMPLOYEES THE OPPORTUNITY TO ACQUIRE THE ENVIRONMENTAL KNOWLEDGE NECESSARY FOR THEIR JOBS.**

### BEYOND COMPLIANCE

SABIC's Environmental, Safety, Health, and Security Policy makes it clear that our company strives to go beyond compliance in all our endeavors. We seek to identify and mitigate environmental risks throughout the life cycle of our manufacturing sites, from initial planning to final decommissioning, as we are doing at our Teesside site in the UK.

### SECURITY MANAGEMENT

SABIC maintains a robust security-risk identification and mitigation process by revalidating security risks, providing security-risk assessment trainings to our SMEs, and conducting and reviewing security risk assessments of our sites across the globe. We completed the revision of our security management system that is based upon a security-risk-based framework. By identifying and addressing our security risks, we continued to further develop our security programs and processes.

### CASE STUDY

#### TEESSIDE DECOMMISSIONING PROJECT

SABIC has nearly completed a four-year demolition project at Teesside that is designed to make the site a safer, better place to work and to bring it closer to the standards of SABIC manufacturing plants across the globe. Acquired by SABIC in 2006, Teesside currently includes a number of aging, redundant manufacturing assets that are close to end-of-life and pose potential EHSS risks.

This unique, challenging decommissioning project includes decontamination, isolation, and managing hazardous materials. We have carefully planned and executed demolition using EHSS best practices to minimize risks to people, the surrounding environment, and SABIC operations. We expect to recycle up to 95% (by weight) of materials on the site. We are proud to report that this project is being conducted on time and on budget—with an excellent EHSS record—and is scheduled to be complete by mid-2021.

SABIC maintains a robust security-risk identification and mitigation process by revalidating security risks, providing security-risk assessment trainings to our SMEs, and conducting and reviewing security risk assessments of our sites across the globe. By identifying and addressing our security risks, we continue to further develop our security programs and processes.

This year, SABIC accomplished a number of initiatives that will continue to drive improvement across our operational security. In Saudi Arabia, we completed the front-end engineering designs that will enhance of the security infrastructure at our manufacturing affiliates. and comply with directives from the High Commission for Industrial Security. We also implemented a travel security program to optimize and unify our approach to providing medical, safety, and security assistance services for all our business travelers. Throughout 2020, we also continued to collaborate with governments, industry associations, and security associations to exchange security and crisis-management knowledge and support.

### CRISIS MANAGEMENT AND COVID-19

SABIC works to continually develop our ability to manage serious events and conditions that could affect our people, communities, and business—including a global pandemic. COVID-19 triggered social, health, and economic challenges that have not been seen before in our lifetimes.

SABIC's COVID-19 response was led by our global and regional crisis management teams and implemented by our crisis management teams at the local level. Nearly half of the SABIC population began working remotely to help stop the virus spread. Our facilities followed national guidelines in the regions where we operate, requiring temporary shutdowns to support health measures, and our manufacturing facilities continued to run critical operations, taking extensive precautions to protect employee health and safety.

Corporate Occupational Medicine and Industrial Hygiene provided technical guidance on major controls regarding sanitation, social distancing, ventilation systems, and ways of minimizing worker footprint where possible. We used our Crisis Management Dashboard to help visualize impacts on our employees and sites, and to track business continuity as well as CSR efforts in SABIC communities. We quickly established systems for tracking community prevalence, recording workplaces cases, and performing contact tracing across SABIC sites. Our Operations, Human Resources, and EHSS teams at the local, regional, and global levels collaborated to activate these systems, streamline communication, and share best practices.

We are proud of our ability to leverage our crisis-management structure and readiness across our local, regional, and global operations to support our organization, stakeholders and communities, and governments. Moving forward, we will continue to use the data and lessons learned from the COVID-19 pandemic to further develop our crisis-management plans and processes, while also building readiness for other crisis scenarios, such as cyber security.

### SOCIAL RESPONSIBILITY

SABIC's 2020 corporate social responsibility (CSR) efforts focused on helping people who were significantly affected by the COVID-19 crisis around the world. Our support for healthcare workers, school children, vulnerable populations, and the hungry aimed to provide aid to those who needed it during this challenging time. In total, SABIC provided more than \$46.6 million in funding and materials, including those to construct face masks and protective clothing for frontline workers.



## PRODUCT STEWARDSHIP

SABIC focuses on product stewardship across our global supply chain and as an integral part of our EHSS and sustainability strategies and initiatives. We know that improving product stewardship will help us reach our business goals while reducing risks to environmental and human health.

Our product stewardship program advances SABIC's product health and safety knowledge and capabilities—including product risk discovery, hazard communications, and risk management—across our business. It also implements Responsible Care® concepts throughout the value chain. By assessing product safety and tracking regulatory developments, our Product Stewardship function obtains and maintains licenses to manufacture and sell products globally, which is critical to SABIC's business growth.

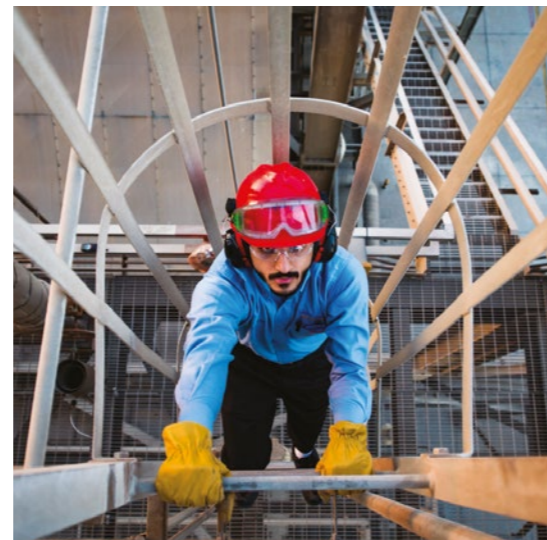
Our Product Stewardship team combines expertise in raw materials and product and process chemistry with a solid understanding of global chemical regulations. The team's deep knowledge of toxicological sciences, chemical hazard risk assessment, and sustainable chemistry helps to drive continuous improvement in product health and safety.

2020 has been a year of transformation for Product Stewardship at SABIC. From organizational changes to new processes and initiatives that make our chemicals safer for people and the environment, the continuous improvements we have made during a challenging year make us proud.

**OUR PRODUCT STEWARDSHIP TEAM COMBINES EXPERTISE IN RAW MATERIALS AND PRODUCT AND PROCESS CHEMISTRY WITH A SOLID UNDERSTANDING OF GLOBAL CHEMICAL REGULATIONS.**

### CHANGES IN THE GLOBAL PRODUCT STEWARDSHIP REPORTING LINE

This year, SABIC's Global Product Stewardship team moved from its previous home in EHSS, under Manufacturing, to the Corporate Sustainability organization, within the Technology and Innovation corporate function. This step was taken to further integrate SABIC's company-wide sustainability initiatives with Product Stewardship. While the Product Stewardship team will maintain its strong relationship with EHSS, this organizational change drives continued alignment across our sustainability initiatives.



We seek to drive continuous improvement in product health and safety.



We know that a strong product stewardship culture requires a workforce that understands and values key product safety principles.

### PRODUCT STEWARDSHIP KNOWLEDGE AND COMPETENCY

At SABIC, we know that a strong product stewardship culture requires a workforce that understands and values key product safety principles.

In 2020, the Global Product Stewardship team created "The Product Stewardship Experience," a three-day, in-class training curriculum aimed at our Sales and Marketing, Legal, Manufacturing, Procurement, and Technology and Innovation professionals. The training, which is based on education best practices, focuses on chemical regulatory management, hazard and risk assessment, toxicology, good manufacturing practices, and third-party interactions. The training includes case studies and activities based on actual SABIC experiences.

We delayed the pilots and general rollout of the training program due to COVID-19. We hope to launch the pilot in early 2021 and will be looking at options to make the course virtual.

### ENHANCED PRODUCT STEWARDSHIP ELEMENTS IN VALUE CHAIN COMMUNICATION

A key operational component of Product Stewardship is delivering product safety and regulatory compliance information to SABIC customers. We continue to work to improve efficiency in delivering quality documents to customers in a timely fashion, covering important topics including food contact compliance, Registration, Evaluation, Authorization, and Restriction (REACH) status, California Prop65 listings, and halogen-free designations.

In 2020, we authored more than 80,000 safety data sheets across our business units in over 40 languages and responded to 12,559 customer inquiries related to regulatory, hazard, and compliance topics—a 16% increase from 2019. We also added a COVID-19 standard declaration in response to customer questions about the safety of our products and packaging, and included important information on virus transmission from the World Health Organization and U.S. Centers for Disease Control and Prevention.

# PRODUCT STEWARDSHIP

## CONTINUED

### PRODUCT RISK DISCOVERY AND MANAGEMENT PROCESSES

SABIC celebrated an important Responsible Care® Product Safety milestone, as we reached the final stage of a five-year commitment to complete comprehensive risk characterizations of 50 of our high-priority products. During this timeframe, we collected extensive information on product hazards, intended uses, and potential exposures throughout each product's life cycle, and we developed and communicated risk-mitigation and management recommendations to stakeholders across the company. We also used this information to update our compliance documents and safety data sheets, and to further strengthen our downstream value-chain communications.

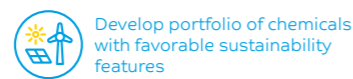
Two years ago, SABIC's Global Product Stewardship and EHSS teams launched a centralized process for reviewing technology and innovation projects, to ensure early evaluation and detection of hazards and compliance risks. In 2020, we continued to screen hundreds of technology projects and focused on product utility enhancement, material recovery, and emissions reductions. The Global Product Stewardship team also played an important role in helping SABIC incorporate sustainability considerations into the earliest stages of product research and development for the new stand-alone Specialties business.



Develop chemicals and technologies to enhance the re-use of products

#### CIRCULAR CHEMISTRY

- Design for recyclability
- Mechanically recycled polymer
- Certified circular polymer
- Certified bio-renewable polymer



Develop portfolio of chemicals with favorable sustainability features

#### SUSTAINABLE SOLUTIONS

- Increase resource efficiency
- Reduce CO<sub>2</sub> emissions
- Improve energy efficiency



Portfolio management and innovations based on chemicals safety

#### SAFER CHEMISTRY

- Phase-out substances of concern
- Hazard Reduction solutions for existing industry challenges

Sustainable chemistry is built on a foundation of Sound Chemicals Management (as currently practiced through Product Stewardship principles and processes)

We also worked to strengthen and grow our Product Stewardship Center of Excellence, created in 2019, to build awareness about product stewardship and share best practices. We continued to host workshops in Saudi Arabia and began the process of expanding the Center of Excellence concept to other SABIC regions, including Europe, North America, and Asia.

### Launch of 'Safer Chemistry' Initiative

Safe, sustainable chemistry is critically important to SABIC and our stakeholders, as well as to governments, NGOs, and communities across the globe. As part of our mission to create Chemistry that Matters™, SABIC is pushing our sustainability offerings even further by adding a third pillar, Safer Chemistry, to our existing programs: Circular Chemistry and Sustainable Solutions. Safer Chemistry intends to make our materials safer by reducing and/or removing chemicals of concerns and replacing them with chemicals that have a smaller hazard footprint.

Our initial focus will be on polymer formulations, complementing the product stewardship practices already in place and aiming to increase safety and minimize risk to environmental and human health. Polymers are used in a variety of applications—such as packaging, automotive, construction, healthcare, and electronics—and typically consist of base resin and other raw materials, such as additives, stabilizers, fillers, flame retardants, and colorants. As part of the Safer Chemistry initiative, SABIC will continue to phase out halogen-based raw materials, without compromising material performance, and replacing some colorants with safer alternatives.

The SABIC Global Product Stewardship team is currently mapping all chemicals of concern in our raw materials, intermediates, and global product portfolio. Our aim is to have a clear technology roadmap by 2021 to address the highest-priority concerns. We remain committed to Responsible Care® product safety management practices across our operations to ensure chemicals are managed safely, especially when they cannot be replaced by safer alternatives.

SAFE, SUSTAINABLE CHEMISTRY IS CRITICALLY IMPORTANT TO SABIC AND OUR STAKEHOLDERS, AS WELL AS TO GOVERNMENTS, NGOS, AND COMMUNITIES ACROSS THE GLOBE.



### CASE STUDY

#### SAFER CHEMISTRY

Priya Garg, Senior Manager – Polyethylene Products, Europe

“As a member of the Safer Chemistry program PMO (project management office), I have been actively involved in helping shape the vision, goals, and mission of this important new SABIC initiative. Working in a diverse, global, cross-functional team with representatives from a number of different technology lines, Corporate Sustainability and Global Product Stewardship has been instrumental in bringing out the essence of what Safer Chemistry means to SABIC. Having worked as a product developer, I am very aware of the importance of making our products free of potential substances of concern. I am proud that SABIC will be taking on this ambitious program to proactively and voluntarily seek out eliminating or substituting substances of concern from hazard, regulatory, and societal perspectives. This will ensure that SABIC's products worldwide continue to meet high product safety and sustainability standards.”

# PRODUCT STEWARDSHIP

## CONTINUED

### REGULATORY DEVELOPMENT, COMPLIANCE AND OTHER KEY INITIATIVES

SABIC Global Product Stewardship takes a proactive approach to compliance. We use the EU's REACH framework for chemical identification and management, and we support the countries and regions where we operate in adopting and following REACH regulations.

In 2020, Product Stewardship worked with our SABIC business stakeholders in Turkey to create a comprehensive list of more than 500 substances that are currently or anticipated to be sold, in order to comply with phase 1 of Turkey REACH (KKDIK). We also identified 300 substances to include in the inventory of existing substances that will lead to Eurasian REACH (TR EEU 041/2017). Our Global Product Stewardship team took a leadership role in reviewing the draft of India's REACH-like regulation, called Chemical (Management and Safety) Rules. We are providing input to regulators through trade bodies including the Federation of Indian Chambers of Commerce and Industry (FICCI), the Confederation of Indian Industry (CII), and the Indian Chemical Council (ICC), and we will be well-positioned to comply with these new chemical-control laws when they are finalized and implemented in 2021.

Also in 2020, SABIC's Americas region successfully submitted our chemical data reporting (CDR) to the U.S. Environmental Protection Agency (EPA), to comply with new TSCA requirements in the U.S. The CDR required detailed, four-year substance-level reporting—including volume, consumer use, and worker exposure—of all manufactured and imported substances applicable to SABIC legal entities, manufacturing sites, joint ventures, and co-manufacturing facilities. The SABIC Safer Chemistry program is another key example of our effort to advance tools and programs aimed at reducing human health risks throughout a product lifecycle.

Our Global Product Stewardship team continues to participate in chemical industry associations around the world, working with industry peers and regulators to advance sound science and regulation. Together with the American Chemistry Council, we are working to increase metrics on product safety and human health to provide transparency, build public confidence, and accelerate programs that embrace the spirit of sustainable chemistry.

### CASE STUDY TRUCIRCLE™

Our Global Product Stewardship team helps provide the balanced and science-based decision-making necessary to resolving technical challenges with sustainable solutions. This team has been particularly indispensable to our TRUCIRCLE™ initiative. Designed to provide access to more sustainable materials, our TRUCIRCLE™ portfolio and services prioritize renewables and recyclability to support a circular product cycle. By helping shape the regulatory landscape for recycled plastic, clarifying the use of recycled plastics in critical applications, and providing regulatory expertise to foster market acceptance of TRUCIRCLE™ materials, our team plays a critical role in bringing this product line to life.

SABIC has actively advocated for this initiative in Europe, North America, and the Middle East through industry trade associations. Our Product Stewardship team in the Asia Pacific region has worked closely with the Chinese CNPCA to develop new, safer recycling standards in China that will support the effort, and our team in India has successfully completed multiple safety-evaluation programs in 2020 to meet compliance and safety-assessment obligations of SABIC products before they reach their intended markets. Through these companywide efforts, SABIC hopes to launch TRUCIRCLE™ materials in select markets in 2021.

WE SUPPORT THE COUNTRIES AND REGIONS WHERE WE OPERATE IN ADOPTING AND FOLLOWING REACH REGULATIONS.

# LOOKING FORWARD

EHSS is a dynamic field in which successful companies must remain focused, vigilant and agile. In 2021, we will continue to ensure that EHSS is a core SABIC value that is embedded in our DNA.

### EHSS

SABIC EHSS will continue to work with regional EHSS teams and Affiliates towards pro-active environmental emission management and hold manufacturing technical exchange conferences. We will complete the roll out of the health and safety competency framework and curriculum, which will follow a structured progression and communications to all regions on requirements and capabilities. We will implement the EHSS incidents compliance committee and will continue to enforce accountability by addressing human leadership associated with non-compliance of SHEM standards across SABIC globally.

### RISK AND EMERGENCY RESPONSE MANAGEMENT

SABIC's focus on mitigating risk through pre-incident planning served us well as we navigated the global pandemic in 2020. We will continue to invest in efforts to plan and prepare our employees for a broad range of scenarios, including an enhanced focus on integrated emergency-response drills with external stakeholders, such as government agencies.

We will also continue developing SAFER and training employees in the program to better identify, manage, and mitigate risk, and we will continue developing EHSS Maturity to drive safety best practices across the company.

SABIC will bolster efforts to increase and improve our operational security through enhanced infrastructure. We will also place emphasis on automation and use of remote operated robotic firefighting monitor in the Middle East and Africa regions.

### PRODUCT STEWARDSHIP

SABIC Product Stewardship continues to ensure we meet our chemical compliance obligations by continually improving our foundation of sound chemicals management. As we move forward, we are excited to pursue new focus areas, such as the Safer Chemistry program and support for our Circular product portfolio, which will continue to bring value to SABIC customers and our communities at large.



The adaptability and resilience of our people during this challenging year was a true highlight for SABIC.

# ENGAGEMENT AND COLLABORATION



**INSPIRE**  
GENERATING  
EXCITEMENT &  
COMMITMENT



**ENGAGE**  
CONNECTING  
WITH OTHERS  
TO ACHIEVE MORE



**CREATE**  
FINDING AND  
EMBRACING NEW  
WAYS OF DOING  
THINGS



**THINK**  
BRING  
RESPONSIBILITY  
AND MAKING  
THINGS BETTER



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## OUR APPROACH

SABIC's operations span 50 countries. We prioritize continuous engagement and collaboration with key stakeholders wherever we do business, and we are committed to bringing benefit to the people, communities, and industries we touch as we work together to create Chemistry that Matters™.

Human capital is SABIC's most important asset. We invest in our people and provide opportunities for them to develop skills, grow as leaders, and fulfill their career potential. Together, we create a vibrant, resilient workforce—one that was put to the test during the COVID-19 pandemic. We are proud of our people's ability to quickly adapt to remote working environments, support one another, and thrive in the uncertainty created by this health crisis, and we truly believe SABIC employees are the best in the business.

SABIC also understands the importance of thriving communities. Our CSR programs endeavor to support social and environmental sustainability in all of the regions where we operate, contributing to the communities that support our business. While we place ongoing emphasis on initiatives that reduce hunger and improve access to education, we focused significant effort on helping address the challenges of the global pandemic through our CSR initiatives in 2020.

SABIC is also committed to a sustainable supply chain, from start to finish, and we continually push ourselves and our partners to improve policies and practices around energy, emissions, and waste. We rely on global initiatives to help benchmark our success, increase transparency, and assess our suppliers—and ensure the partners we work with prioritize sustainability as we do.

Our commitment to engaging and collaborating with people and communities was more important in 2020 than ever before. In the midst of global challenge, we pivoted to provide direct aid to manufacturers making sanitizer and personal protective equipment (PPE), frontline health workers in need of supplies, and underserved populations struggling with remote learning across SABIC regions. We believe in applying our chemistry and business strength to real-world problems, and we are proud of our ability to support the global effort to fight the virus spread.

**OUR CSR PROGRAMS ENDEAVOR TO SUPPORT SOCIAL AND ENVIRONMENTAL SUSTAINABILITY IN ALL OF THE REGIONS WHERE WE OPERATE.**

## OUR PERFORMANCE

### 2020 HIGHLIGHTS

#### HUMAN CAPITAL

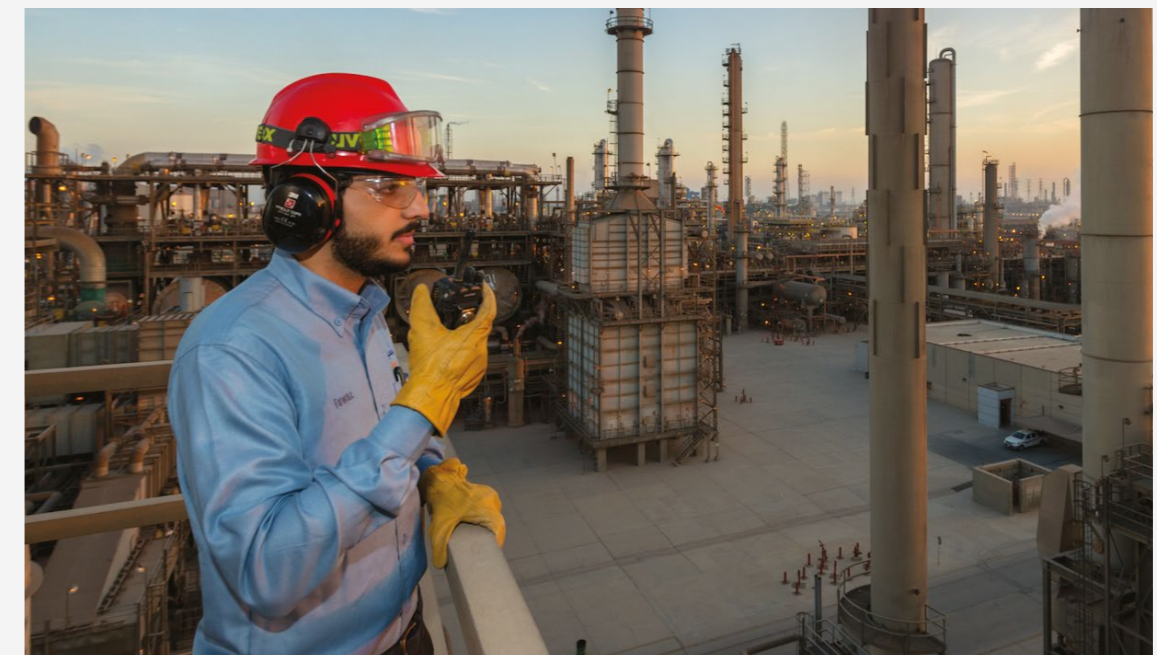
The adaptability and resilience of our people during this challenging year was a true highlight for SABIC. More than ever, we strove to put people at the heart of everything we do and to prioritize the health and safety of our people and their communities. We enhanced our Digital Learning Experience to help SABIC employees adapt to remote learning and increase our virtual instructor-led trainings. We also launched HR ONE, a one-stop shop for employee attraction, retention, and development to continue to be the employer of choice in our industry.

#### SOCIAL IMPACT AND COMMUNITY RELATIONSHIPS

Our CSR efforts to overcome COVID-19 pandemic demonstrated collaborative efforts with government authorities and NGOs that benefited people in SABIC communities globally. We leveraged our technology, skills and strategic partnerships to meet immediate needs caused by the pandemic, from addressing health and safety, to providing food and supplies to those in need. Throughout this challenging time, SABIC maintained our key CSR initiatives and priority focus areas: Science & Technology Education, Environmental Protection, Water & Sustainable Agriculture, and Health & Wellness in the communities in which we live, improving the lives of millions of people every day.

#### SUPPLY CHAIN

SABIC is committed to working with suppliers that share our standards for quality, environmental and social responsibility, and health and safety. In 2020, we added a sustainability assessment to the Safety and Quality Assessment (SQAS) and encouraged our maritime logistics service providers (LPS) to make voluntary self-inspection part of their internal assessment. We also collaborated with European Chemical Industry Council (CEFIC) on a questionnaire to help LPSs monitor their environment, social, and governance (ESG) performance, and we are taking steps to include Operation Clean Sweep in our LPS selection and assessment criteria. We know our continued commitment to reducing SABIC's carbon footprint and prioritizing equity and inclusion, human rights, and health and wellness across every aspect of the supply chain is good for our stakeholders—and for our business.



We continue to ensure that we meet our chemical compliance obligations by continually improving our foundation of sound chemicals management.

# HUMAN CAPITAL

At SABIC, we believe our success as a company starts with our employees. The people who make up our workforce are critical to our success, and they directly affect our ability to grow and flourish as a business. As a result, we strive to be an Employer of Choice and to lead the chemical industry in attracting, developing, and retaining the very best talent.

Our human resources operating model supports this goal by fostering engagement and dialogue with business partners in this space. This collaboration helps us to address workforce opportunities and challenges in ways that refine our employee experience, drive continuous improvement, and support resilience on the people side of our business.



We seek to refine our employee experience, drive continuous improvement, and support resilience on the people side of our business.

## PERFORMANCE METRICS

<p>EMPLOYEES GLOBALLY</p> <p><b>32,000+</b></p>	<p>WORKFORCE DISTRIBUTION</p> <p>64.2% Middle East &amp; Africa 15.5% Europe 8.9% Asia 11.4% Americas</p>	<p>WOMEN IN THE WORKFORCE</p> <p><b>7.4%</b> of total workforce</p>
<p>SABIC SCHOLARSHIP PROGRAM</p> <p><b>400+</b> Male &amp; Female Students</p>	<p>GLOBAL ASSIGNMENTS</p> <p><b>200+</b></p>	<p>SABIC LEADERSHIP LEARNING</p> <p><b>330+</b> Participants</p>
<p>LEARNING AND DEVELOPMENT PROGRAMS</p> <p><b>650+</b></p>	<p>TRAINING PROGRAM PARTICIPANTS</p> <p><b>15,000+</b></p>	<p>NEW HIRES</p> <p><b>1,009</b></p>
<p>TURNOVER</p> <p><b>4.6%</b> of total workforce</p>	<p>AVERAGE HOURS OF TRAINING PER EMPLOYEE</p> <p><b>10.5</b></p>	

# HUMAN CAPITAL

## CONTINUED



Our human resources model is structured to drive engagement.

### REFLECTING ON OUR HUMAN RESOURCES MODEL

The SABIC human resources model is structured to drive engagement and create a performance culture that encourages continuous learning, open dialogue, and career development. The three core pillars of our model—strategic business partnerships, operations, and specialized communities of expertise—help us leverage best practices to address challenges, seize opportunities, and elevate the SABIC employee experience.

In February 2020, we began a journey to reflect on our model and assess progress, gaps, and areas for improvement. The initiative started with a global discovery workshop that uncovered 36 potential opportunities to explore. Since then, our Human Resources teams have worked hard to address these opportunities in a remote work environment, with a plan to implement new policies and practices in early 2021.

### COVID RESPONSE

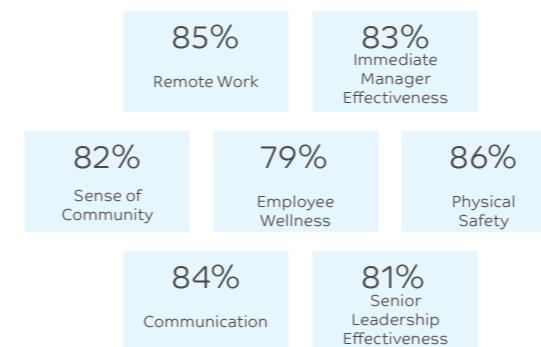
SABIC's Human Resources department met the challenge of COVID-19 with resilience and flexibility, quickly developing programs and initiatives to support our employees across the globe. To prioritize health and wellness and ease pandemic-related stress, we created a dedicated portal that provides instant access to information and advice on physical and mental health and includes enhanced online and telehealth capabilities.

Our Employee Development team pivoted to provide employees and stakeholders with opportunities for virtual education, experiences, and exposure to leaders and to equip them with the resources they need for efficient, effective remote work. We also shared inspiring messages from SABIC leadership, highlighted work-from-home experiences across the company, and encouraged teams to work together virtually to maintain synergy, connection, and comradery. SABIC's Education Program Liaison took particular care to provide urgent support to our scholarship students living in the UK our scholarship students in the UK, tracking their safe return to Saudi Arabia, organizing group video calls, and calling students to connect one on one.

SABIC also launched a COVID-19 employee donation campaign to help employees support local relief efforts in their communities. We encouraged all SABIC employees to participate, and SABIC matched employee donations dollar for dollar. Beneficiaries included initiatives and organizations that provide aid for low-income families, support for front-line workers, and medical equipment and supplies for clinics and health centers in need.

### COVID-19 PULSE SURVEY

Our 2020 employee survey focused on SABIC's company-wide response to COVID-19. The anonymous, confidential survey was conducted in May by an external service-provided and consisted of 25 questions across seven topics. The results were positive: 85% of employees felt positive about remote work, 83% about immediate manager effectiveness, 82% about sense of community, 79% about employee wellness, 86% about physical safety, 84% about communication, and 81% about senior leadership effectiveness.



SABIC LAUNCHED A COVID-19 EMPLOYEE DONATION CAMPAIGN TO HELP EMPLOYEES SUPPORT LOCAL RELIEF EFFORTS IN THEIR COMMUNITIES.

### ESTABLISHING NEW AND IMPROVED EMPLOYEE ASSISTANCE PROGRAMS

In response to the challenges of COVID-19, SABIC introduced an employee-assistance program (EAP) in the company's Middle East and Africa regions—to address the need for increased access to resources that support both physical and mental health and wellness. This initiative provided employees and members of their households with expanded healthcare opportunities within existing benefit platforms, including telehealth offerings and other resources. The EAP also provided access to a team of trained counselors offering support at the most difficult of times.

### EXTENSION TO PRIVATE HEALTH CARE OFFERING IN THE UK

SABIC enhanced our BUPA healthcare plan in the UK to include Babylon, an all-in-one healthcare app that is available around the clock. Employees and their families can use the app to evaluate symptoms, make virtual appointments, get real-time guidance from healthcare professionals, and seek mental health support.

### MANAGING STRESS IN AMERICAS

SABIC supported employees in the Americas through a webinar series designed to help them manage stress and anxiety. Sessions, created in partnership with our service provider Beacon, included "Conquering Fear and Anxiety" and "Thinking Traps."



In response to the challenges of COVID-19, we introduced an employee-assistance program in our Middle East and Africa regions.



# OUR WORKFORCE

## CONTINUING THE DIALOGUE

### CEO TOWN HALL 2020

In 2020, we continued the conversation between our global employees and SABIC leadership through our Annual Global CEO Dialogue Town Hall, at our global headquarters in Riyadh, Saudi Arabia. The event included interactive livestreaming to sites throughout our regions and highlighted SABIC's continued focus on safety, compliance, and talent development, as well as our broader commitment to environmental and social sustainability.

### SABIC LEADERSHIP WAY

The SABIC Leadership Way (SLW) 2.0 was launched in 2020, setting the standard for companywide leadership and furthering our mission to create Chemistry that Matters.™ It fosters a sustainable corporate culture that keeps our company resilient and helps SABIC remain an employer of choice. As part of SLW, we use ambassador networks across the company to conduct mid-management workshops, ensuring that SABIC employees have opportunities to refresh their knowledge and continue to build leadership skills. We conducted 89 workshops in 2020, with a total of 2,363 participants.

SABIC leaders are expected to act with integrity, be responsible and accountable, and support and develop emerging leaders. The heart of this model, "Be the Impact," is both a call to action and a reflection of SABIC employees' ability to affect and further positive change through their work. It was particularly resonant in light of the COVID-19 pandemic, as the people of SABIC demonstrated strength and positivity in our workplace, our communities, and the world. SABIC employees continue to inspire us, and we are committed to emerging from this global crisis as an even better workplace and a more resilient company.

### 2020 LEADERSHIP IMPACT SUMMIT

Like many programs and events in 2020, SABIC's Leadership Impact Summit got a virtual makeover this year. The interactive, four-day event included the company's top 150 leaders, spanned six time zones, and featured speakers from across the company. The focus on personal growth and professional leadership was particularly relevant and powerful, and participants felt inspired and ready to tackle new challenges.

## ONE HR

Launched in February 2020, SABIC's new human resources platform, ONE HR, simplifies and streamlines our process for attracting, retaining, and growing talent. ONE HR puts people at the heart of SABIC by bringing employee recruitment, onboarding, learning, compensation, performance and goals, succession and development, and core competencies into a single, integrated system. It is a holistic approach to managing our human capital and making the SABIC employee experience seamless and consistent across our global operations.

## PERFORMANCE MANAGEMENT

We believe collaboration and continuous dialogue are key to managing and enhancing employee performance, and a critical part of the SABIC way of life. All of SABIC's Professional population including Executives, participate in a globally defined and managed performance annual review, receiving a performance rating and follow-up discussion. In 2020 this equated to 16,284 employees (49.8%). For the current talent review process performance cycle, in addition to the annual review, 78% of eligible employees also completed a midyear review, which encouraged employees to revisit their annual performance objectives and amend or improve them where necessary. SABIC paraprofessionals participated in locally defined and managed performance-review programs that follow applicable requirements and timelines.

In 2020, we completed our global rollout of Talk5—an initiative launched in 2019 and intended for full use during the 2020 performance cycle—that mandates at least five conversations between managers and employees annually.

## THE SABIC ACADEMY

Since it was established in 2012, In The SABIC Academy has played an integral role in supporting employee learning and growth. To meet the challenges of COVID-19, the academy offered virtual instructor-led programs as well as classes and training programs onsite. As part of the SABIC Academy, in 2020, 4,040 employee participants devoted 192,557.50 learning hours to 245 classes.

We also launched the Digital Learning Experience (DLE) campaign to provide more virtual opportunities for employees to improve their knowledge, build skills and capabilities, and develop as leaders. DLE includes a variety of virtual classrooms and online learning options that leverage the SABIC Leadership Way and other core competencies. It is available to SABIC employees across the globe and accessible at any time.



The SABIC Academy in Riyadh – we believe in driving a culture of continuous improvement across our business.

### EMPLOYEES UTILIZED DIGITAL LEARNING EXPERIENCE

16,158

### VIRTUAL CLASSROOM HOURS

417,676

### VIRTUAL CLASSROOMS

657

### COURSE COMPLETIONS

13,703

### BOOKS REFERENCED

2,094

### AUDIO BOOKS REFERENCED

1,465

### VIDEOS REFERENCED

142,304

SABIC Learning played a vital role in empowering our commitment to development, immediately seeking design and platform adjustments that quickly transformed significant portions of our SABIC Academy curricula from traditional classroom to virtual delivery. This foresight has enabled more than 673 courses for over 15,000 employees.

## TALENT DEVELOPMENT CENTERS

SABIC's newly established Talent Development Centers (TDC) emerged from 2020 in a stronger position than we could have imagined. By transforming this personal and professional development program into a virtual experience—and removing the need to travel to a physical place in order to participate—we were able to make it more efficient and inclusive, so more employees could take advantage of this benefit.

A TDC participant in 2020: "TDC was a great experience. I wondered how it would work in virtual format, and I wasn't disappointed. I now better understand myself, my strengths, and improvement areas. The follow-up coaching approach will be the vehicle to achieving my potential."

## OUR WORKFORCE CONTINUED

### PROJECT ENDEAVOR

An exciting new pilot program starting in SABIC's Asia region, Project Endeavor, aims to provide meaningful development opportunities for employees while helping company leaders tackle business-critical projects and initiatives. Senior leaders sponsor important projects that need additional resources or expertise, and employees apply to fill the gaps on a stretch basis, giving them exposure to new areas of the business and helping them develop new skills. In 2020, leaders sponsored 21 projects, and more than 250 employees applied to support them.

### EMPLOYER AWARDS

SABIC was recognized as the "Top Employer Asia Pacific" for the eighth consecutive year. We also received the Top Employer Institute's "Top Employer 2021" award in five of our key Asian markets: China for the 11th year, and India, Japan, Singapore, and South Korea for the past eight years. This competitive program covers six human resources domains, including people strategy, work environment, talent acquisition, learning, well-being, and diversity and inclusion. We are proud to report that SABIC remains among the top 700 of more than 15,000 European companies listed in the Financial Times diversity index. Prioritizing the needs and welfare of our diverse workforce will always be our top priority, and we are honored to be recognized for our efforts to put our people at the heart of everything we do.



We put our people at the heart of everything we do.

### SAUDI VISION 2030

Developing human capital is a priority for SABIC as a company and aligns with our broader commitment to the Saudi Arabia Vision 2030. We know today's new workers are the leaders of tomorrow—and will help shape the economy of the future—and we believe in providing them with the skills, knowledge, and competences that will leverage their great potential and transform our workforce.

This year, we worked with NGOs and universities to help prepare Saudi youth and women for employment opportunities through the SABIC External Learning Program. More than 4,500 young trainees—3,700 of them women—enrolled in the program, and we look forward to continued success as this program grows.

### GOVERNMENT LEADERSHIP PROGRAM

Despite logistical challenges of the COVID-19 pandemic, we were able to continue our tradition of knowledge-sharing through the SABIC Leadership Program (SLP), with both a training and a think tank. Now in its fourth year, SLP endeavors to share SABIC's expertise with Saudi government officials, supporting professional development and thought leadership. More than 250 leaders from our government ministries and centers participated in the program this year.

### VIRTUAL BOOT CAMP

Saudi youth from across the Kingdom participated in a monthlong virtual boot camp to develop marketable skills and knowledge and prepare them for the workforce. A collaboration between SABIC and the University of Prince Mugrin in Madinah, this educational experience was conducted over eight sessions, with more than 3,500 participants.

### VALUES 20

Six SABIC leaders were selected to participate as delegates in Values 20, a global community formed to actively engage in and support the activities of the G20. We are proud to participate in this important initiative to help build a hub of knowledge-sharing, impact, and innovation.

## DIVERSITY, INCLUSION, AND COLLABORATION

SABIC is deeply committed to cultivating a culture of diversity, inclusion, and collaboration across our workforce and business. Our ability to come together virtually and support each other served us well during this unprecedented year. We leveraged the power of our people to connect, innovate, and lead, and we are proud of the challenges we overcame and progress we made together.

### SABIC WOMEN'S NETWORK

The SABIC Women's Network was created to provide our female employees with professional role models within our company and beyond. In 2020, a women's network initiative in the Middle East and Africa regions hosted a series of "Role Model" virtual talks. Successful Saudi businesswomen shared their career stories and advice to help participants navigate their own career paths. Throughout the pandemic, our global SABIC Women's Network newsletter continued to be published monthly, with a heavy focus on helping parents balance the new demands of at-home schooling, childcare, and paid work while staying engaged and motivated during this challenging time.

### STEP AWARDS

The STEP Women's Initiative is a marquee program created by the Manufacturing Institute in an effort to close the gender gap in manufacturing in the United States. The organization works to build networks and opportunities for skills development for women and identify and elevate role models who can inspire the next generation of female leaders. We are pleased to announce that three SABIC employees in the Americas region were recognized as 2020 STEP Ahead Honorees for their exemplary leadership in manufacturing.

Jessica Zirkelbach, Senior Manager, EHSS: "I am honored to be considered among this group of strong women in manufacturing who exemplify leadership within their companies. Winning this award brings a smile to my face, with the recognition that I am on the path to making a difference within our amazing company. 'Inspire' is my favorite word. I love to be inspired by the actions of others, and hope that I, too, inspire people with my actions."

SABIC IS DEEPLY COMMITTED  
TO CULTIVATING A CULTURE  
OF DIVERSITY, INCLUSION AND  
COLLABORATION ACROSS OUR  
WORKFORCE AND BUSINESS.

## DIVERSITY, INCLUSION, AND COLLABORATION CONTINUED

### SABIC YOUNG LEADERSHIP COUNCIL

The SABIC Young Leadership Council (SYLC) was created to harness the diverse skills, expertise, and perspectives in our workforce and leverage it to drive strategic, transformational change at SABIC. Now in its second year, the SYLC selected 100 young “influencers” in 2020 and empowered them to develop fresh new ideas and strategies that will enhance our workplace and our business.

Engaging emerging talent is paramount to our long-term success. That is why we offer young professionals at SABIC an inclusive, inspiring environment where they can develop at their own pace and ultimately thrive in their careers.

Central to our commitment towards providing the perfect environment for talent to evolve is the Young SABIC Professionals (YSP) Network – a society that is founded for and run by SABIC employees. As a global, organization-wide platform, it not only helps young employees set up and maintain their own network within SABIC, but also helps young people share insights with each other, gain a better understanding of all business-related activities and even acts as a valuable sounding board for management.

### TALENT COMMUNITIES

SABIC Talent Communities are another example of our commitment to building a diverse workforce through knowledge-sharing. These forums provide opportunities for company human resources leaders to share best practices on people-focused topics, including mentoring and leadership development, succession planning, and talent exchange.

### SABIC MENTORING PROGRAM

This year marked the start of our global Mentoring Program, which we launched as pilot on a virtual platform. Designed to connect our employees with internal role models at SABIC, the program fostered 300 mentoring relationships across the company, and one-third of the mentee participants were women.

OUR GLOBAL MENTORING PROGRAM IS DESIGNED TO CONNECT OUR EMPLOYEES WITH INTERNAL ROLE MODELS AT SABIC.

### CASE STUDY

#### JUNETEENTH TOWNHALL

Employees in our Americas region have taken a leadership role in opening channels for thoughtful dialogue, learning, and actions to raise awareness and accelerate progress around diversity, equity, and inclusion at SABIC. Our Juneteenth Town Hall was a moving example of this work. Three SABIC employees shared deeply personal accounts of racism in their lives and suggested ways everyone can contribute to systemic change. U.S region leaders and members of both the SABIC Young Leadership Council (SYLC) and Young SABIC Professionals (YSP) led meaningful discussions about how SABIC's values, the SABIC Leadership Way (SLW), and our purpose of creating Chemistry that Matters™ provide a clear and strong foundation for addressing racism and injustice. SABIC leaders then unveiled our pledge to end racism and inequality across our global business.

More than 800 SABIC employees joined the virtual event, and several new initiatives were set in motion, including unconscious bias awareness sessions led by YSP. SABIC has also joined the CEO Coalition for Diversity & Inclusion.

“Our Mount Vernon YSP team has been having many powerful conversations with the site leadership and the SABIC Americas corporate team leading up the Juneteenth town hall, and they have continued to push the agenda for a more equitable workplace. While these conversations have been uncomfortable, I believe our company is moving in the right direction to really evaluate where we are as an organization and how to address our systemic issues. I've been so proud to see the stance that SABIC has taken in their pledge against racism, and I'm energized by the empowerment given to our YSP group to speak in the town hall and host implicit bias discussions with our coworkers.”  
—MTV YSP Team

## SOCIAL IMPACT AND COMMUNITY RELATIONSHIPS

At SABIC, we know our actions today and our vision for tomorrow play a big part in making the world a better place – for our employees, our stakeholders, and the communities in which we work. We invest in future generations through a range of global Corporate Social Responsibility (CSR) initiatives which play a key role in making life better for millions of people every day. This year, we faced a new challenge with COVID-19, and joined hands with government authorities and NGOs worldwide to help overcome the pandemic.

Wherever we operate, we look to develop mutually beneficial partnerships with our stakeholders, using a sustainable approach that delivers lasting value through innovative programs to meet community needs. Our efforts contribute to 10 United Nations Sustainable Development Goals and are focused on four key priority areas: Health & Wellness, Science & Technology Education, Environmental Protection, and Water & Sustainable Agriculture. Every year we aim to adapt our CSR investments and activities to fit local community needs in each region. In total this year we invested over US\$ 39.6 million in 274 Global CSR programs, including 212 programs to mitigate the impact of COVID-19, reaching around 35 million people in 34 countries.

As part of our support for Saudi Vision 2030, we partnered this year with the Ministry of Human Resources and Social Development in outlining a national social responsibility strategy aimed at enhancing Saudi public, private and non-profit participation in social programs and initiatives. The project identified a number of main pillars including developing social responsibility partnerships, implementing integrated social responsibility regulations, creating a balanced portfolio of incentive schemes, building national awareness, and developing capabilities including effective monitoring and measurement tools.

We were proud this year to receive the Excellence Award for Sustainability in the Innovation and Sustainability 2020 Excellence Awards and Forum for Corporate Social Responsibility, hosted by China's Shanghai Daily, in recognition of our dedication to sustainable development and poverty alleviation. We were also recognized with the Community Chest's Community Spirit Gold Award in Singapore for our efforts in supporting vulnerable families affected by the pandemic.



274

global programs



US\$ 39.6 M

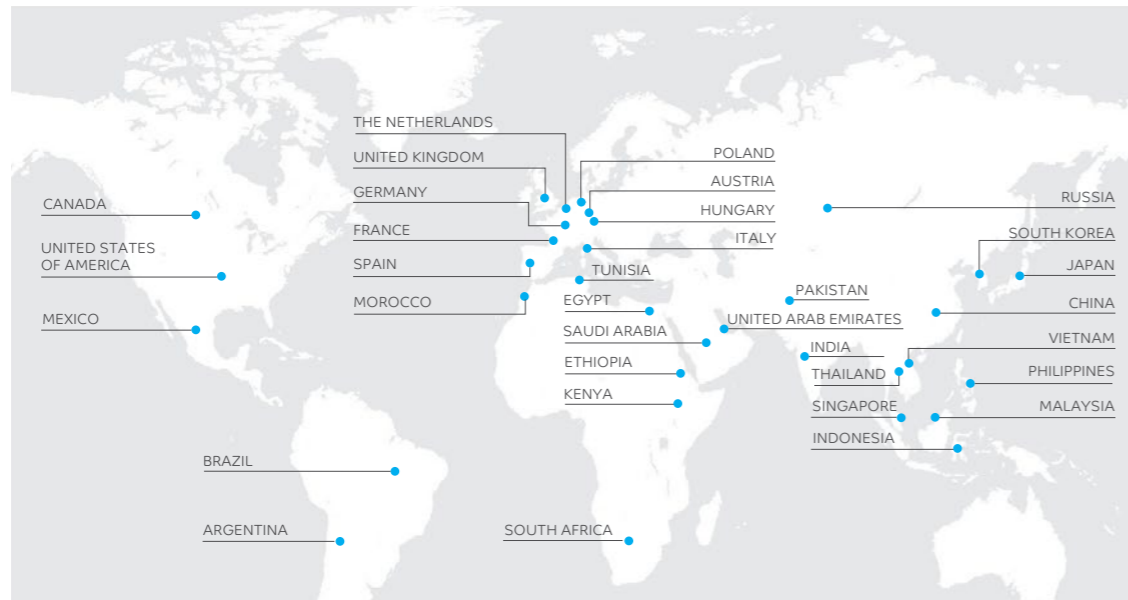
invested



34

countries reached

# SOCIAL IMPACT AND COMMUNITY RELATIONSHIPS CONTINUED



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

## SCIENCE & TECHNOLOGY EDUCATION

SABIC believes in promoting lifelong learning and quality education for all. Our goal is to foster innovation, particularly through STEM (science, technology, engineering, and mathematics) education; strengthen talent development; and prepare students for exciting careers. Despite pandemic restrictions, we were able to continue our educational programs in 2020, transitioning several to a virtual format.

We continued our Global Back to School Initiative, which benefited 120,000 students in 13 countries. This program is tailored to regional needs and provides students with supplies and programs to support their learning. Our initiative in Saudi Arabia provided backpacks and basic supplies to 70,000 students and, through a collaboration with Takaful Foundation, SABIC provided electronic tablets for 20,000 underprivileged students who were learning from home.



Our Global Back to School Initiative reached 13 countries in 2020.

In China, we continued our Love Shoes program, providing 196 students with shoes and schoolbags that were hand-painted by SABIC volunteers. We also helped bring technology support to students who needed digital-learning tools in remote areas of China, and we donated 40 bicycles to help students in rural Vietnam get to school.

In India, SABIC collaborated with the Central Institute of Plastics Engineering and Technology to provide skills training to 90 young people, equipping them for future jobs in our industry. We also supported a program to expand remote learning in India by constructing classrooms equipped with digital learning technology that enables teachers to conduct online classes and SABIC volunteers to interact with students virtually.

Our Global Initiative for Education and Innovation also continued in 2020, in partnership with Junior Achievement Worldwide and INJAZ Saudi Arabia, with a new focus on distance learning. This initiative benefited more than 12,000 students in 13 countries with the help of over 250 SABIC volunteers. Among its programs is Lights of Our Future, which invites students to consider urban sustainable development from an economic perspective, and draw on that learning to devise innovative solutions. Other programs included It's My Business, which introduces students to entrepreneurship; a STEM innovation camp; and job shadowing.

## ENVIRONMENTAL PROTECTION

Environmental stewardship is an integral part of SABIC's CSR strategy and vital to our broader efforts against climate change and other threats to communities, ecosystems, and economies. Through our investments toward innovation, sustainable energy production, environmental education, and clean water and waste management, SABIC aims to protect people and the planet, now and in the future.

In 2020, we continued our global environmental protection initiative in nine countries: Singapore, Indonesia, Thailand, Japan, South Korea, Germany, UK, Spain, and The Netherlands. Virtual programs focused on plastic waste, recycling, and climate change, and hands-on workshops taught participants to make their products, such as eco-friendly cleansers and hand sanitizers. In Spain, SABIC partnered with the Cartagena Oceanographic Research Institute and Cartagena Polytechnic University in an event called Ocean Hackathon 2020, supporting more than 100 teams of students as they developed an app to help address challenges facing our oceans.

## WATER AND SUSTAINABLE AGRICULTURE

At SABIC, we know clean water is critical to efficient, quality food production. We continue our efforts to help end hunger, achieve food security, and improve nutrition by promoting and supporting sanitation management and sustainable agriculture. We continued our three SABIC Agricultural Field Schools at Al Madinah and Al Ula in 2020 to provide a forum for collaboration and knowledge-sharing between farmers, scientists, and researchers working to improve agricultural production and efficiency. We also continued our support of Saudi Arabia's dates industry in 2020 by participating in the Al Qassim dates festivals as well as a citrus festival in Al Hariq.

## HEALTH AND WELLNESS

SABIC is committed to supporting health and wellness in our global communities. While we placed significant effort on addressing and mitigating the impact of COVID-19 this year—including more than 212 programs—we also continued our efforts to address health and wellness in other key areas, including quality of life and mental health research and awareness.

We collaborated with health and government organizations in Saudi Arabia, as well as the World Health Organization, Harvard University, and the University of Michigan, to launch the Mental Health and Life Stress Survey project, with the aim of studying mental health and examining barriers to successful treatment. Data from more than 10,000 respondents across 13 regions will help drive targeted treatments. We also continued the SABIC Award for Mental Health, which is designed to encourage and implement innovative ideas for addressing mental health challenges and raising awareness.

In 2020, our partnership with the Zahra Cancer Association and the Saudi Ministry of Health helped launch six breast cancer screening clinics, expanding the program to benefit more than 4,800 women each year. SABIC also supported a medical insurance partnership with Kanaf Association that improves the health and well-being of 3,000 orphans in Saudi Arabia.

All of our work to support health and wellness—for our employees, in our communities, and throughout the world—exemplifies SABIC's commitment to bringing value to people by creating Chemistry That Matters.™

THROUGHOUT THE YEAR,  
WE REMAINED FOCUSED ON  
PROTECTING THE HEALTH AND  
WELLNESS OF OUR EMPLOYEES  
AND COMMUNITIES, SUPPORTING  
THE BUSINESS REQUIREMENTS  
OF OUR CUSTOMERS, AND  
COLLABORATING WITH  
GOVERNMENT AND NGO  
PARTNERS AROUND THE WORLD.

# SOCIAL IMPACT AND COMMUNITY RELATIONSHIPS

## CONTINUED

### OUR RESPONSE TO COVID-19 – COOPERATION, COLLABORATION AND COMMUNITIES

As daily life and health around the world reeled under the impact of the pandemic, our global teams united under our “Together We Overcome COVID-19” campaign, which supported community outreach programs and worked with government authorities and NGOs to achieve maximum impact and address people’s needs promptly and effectively.

Throughout the year, we remained focused on protecting the health and wellness of our employees and communities, supporting the business requirements of our customers, and collaborating with government and NGO partners around the world. In recognition of the important role the chemical industry could play in the recovery of the global economy, we worked with partners to develop innovative solutions quickly that helped address the pressing challenges posed by the pandemic. We contributed over US\$ 33.4 million in monetary and in-kind donations, delivered across 212 activities and reaching more than 35 million people in five continents. We also committed to matching donations made by our employees to charities responding to COVID-19.

We are proud to have worked together with government and NGOs to bring humanitarian aid wherever it was needed and to have provided sought-after materials ranging from sanitizers and medical supplies to protective equipment for frontline healthcare workers. We continue to review these efforts and their efficacy, and to look into other geographies and actions in an effort to increase our impact.



Saudi Minister of Health Tawfiq Al-Rabiah (left) and SABIC Vice Chairman and CEO Yousef Al-Benyah at the launch of SABIC's Thank You Initiative in Saudi Arabia in partnership with the Ministry of Health.

In China, shortly after the initial outbreak, SABIC swiftly responded to the Chinese government’s calls to support frontline medical workers with a US\$ 1.1 million donation to Hubei Charity Federation. We also provided urgently needed medical supplies and personal hygiene and healthcare products, benefiting over 1.5 million people.

Throughout the rest of Asia, our investments supported local food banks, hospitals, and NGOs through 13 programs, benefiting over 1 million people in India, Singapore, Malaysia, Philippines, Thailand, Vietnam, Japan, and South Korea. We supported government initiatives, fundraising organizations, and hospitals across the region, including India’s Prime Minister Care Fund, Singapore’s National Council of Social Service, and NGOs such as Red Cross and Caritas Manila.

In Saudi Arabia, we partnered with government authorities through 26 programs. At the outbreak of the pandemic, national contributions ranged from supplying ethanol for sanitizers and polymer resins for sanitizer bottle manufacturing, to distributing medical supplies such as latex gloves and disposable medical gowns. These programs were conducted through partnerships with the Ministry of Health and National Unified Procurement Company, as well as other government entities and NGOs. We also supported several social awareness campaigns through various platforms to promote community health and highlight best practices to curb the spread of COVID-19.



Our contributions in health & wellness toward COVID-19 pandemic relief reached 30 countries.

Elsewhere in the Middle East and Africa, our investments reached 12 programs, benefiting communities in Egypt, Tunisia, Morocco, South Africa, Kenya, and Pakistan. These programs brought medical supplies and personal hygiene products to government entities, hospitals, and NGOs such as Al-Amal Association in Morocco and Tahya Misr Fund in Egypt. We also provided donations to food banks through NGOs such as Al-Amgir Welfare Trust in Pakistan and Things on Wheels in South Africa.

In Europe, our campaigns supported healthcare workers on the frontlines, the education of children kept home from school, and services for isolated elderly and vulnerable people. All told, we supported our communities through 115 programs in Austria, France, UK, Germany, Hungary, Spain, Italy, the Netherlands, Poland, and Russia. Our Technology and Innovation team expertise helped community groups in the UK develop a new protective facemask design. After a review to determine which SABIC material would be best suited, we provided 22 tons of material, allowing 500,000 facemasks to be rapidly produced by injection molding.

In the Americas, SABIC donations to food banks and NGOs such as United Way, Rotary International, Cruz Roja Mexicana, and Fundacao Esporte helped people in the U.S., Canada, Mexico, Brazil, and Argentina through 44 programs. We also contributed with products such as LEXAN™ film for the production of personal protective equipment (PPE) for healthcare workers, and medical equipment such as ventilators, monitoring devices, respiratory therapy machines, and diagnostic equipment.

As COVID-19 continues to be a global concern, we are continuing to build strategic partnerships to actively support global, national, and community responses against the pandemic.

### CASE STUDY

#### MEDICAL SUPPLY CONTRIBUTION TO SAUDI ARABIA HEALTH AUTHORITIES

Our Saudi Arabia national contribution efforts ranged from importing raw material “ethanol” for sanitizers which was under a global shortage, in partnership with Ministry of Health and the National Unified Procurement Company (NUPCO), and in collaboration with Saudi Food & Drug Authority, Ministry of Commerce, Ministry of Energy and industrial clusters to ensure sanitizer available throughout the country

Furthermore, as part of SABIC’s national effort to help combat COVID-19, we made a medical supply contribution ranging from 185,000 liters of hand sanitizers, 10 million latex gloves, and 500,000 disposable medical gowns which helped support the health segment during this critical stage of the pandemic. More than 200,000 people—most of them frontline healthcare workers—benefited from this contribution.

### CASE STUDY

#### INITIAL RESPONSE TO COVID-19 OUTBREAK IN CHINA

During the initial outbreak of COVID-19, SABIC promptly responded to the Chinese government’s efforts in the addressing the outbreak, by helping to produce sanitizers, healthcare products and medical equipment. We provided much-needed raw materials required to manufacture these critical items, which in turn benefitted more than 1.5 million people. At the height of the coronavirus outbreak in China, SABIC contributed US\$ 1.1 million to the Hubei Charity Federation to provide medical supplies and support to frontline medical workers across four hospitals in the Hubei province. These examples reflect our early and continued responsiveness throughout the global pandemic and our commitment supporting people in the communities—and countries—where we do business.

# SUSTAINABLE SUPPLY CHAINS

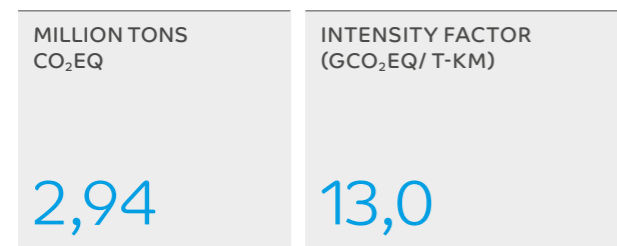
At SABIC, we aim to be a global leader in the sustainable supply chain for chemicals and polymers. Prioritizing environmental and social responsibility in our supply chain brings value to the people and communities we serve, and it is also good for our business: It challenges us to reduce costs, improve efficiencies, and perform better as a company.

Equality and inclusion, human rights within our supply chain, and health and well-being are important issues for SABIC and our stakeholders. To further embed a culture of respect and promote human rights in the supply chain, we made several improvements to our supplier processes in 2020. We upgraded our SLM system to improve our ability to investigate potential vendors, and to require our global suppliers to complete due diligence on topics including EHSS, anti-bribery, forced and child labor.

We also introduced an updated and enhanced Supplier Code of Conduct to communicate our compliance expectations. The code contains clear guidance on fundamental principles, such as the protection of workers' health and safety, and fair wages. SABIC is committed to engaging with our stakeholders on these important issues and allow any supplier or impacted community member to use our compliance help line and other reporting channels to inform us of concerns. All credible concerns are investigated and remediated where necessary, as provided in our Code of Ethics.

EQUALITY AND INCLUSION, HUMAN RIGHTS WITHIN OUR SUPPLY CHAIN, AND HEALTH AND WELL-BEING ARE IMPORTANT ISSUES FOR SABIC AND OUR STAKEHOLDERS.

## KEY METRICS AND ANNUAL TRENDS-TRANSPORTATION CARBON FOOTPRINT



## SAFETY AND QUALITY ASSESSMENT SYSTEM

For more than 25 years, the Safety and Quality Assessment (SQAS) has helped the chemical industry measure logistics service providers' (LSP) EHSS performance, assess and address gaps, and identify top providers. In order to better align assessment criteria with environmental and social responsibility, SABIC recently collaborated with other industry stakeholders to develop robust criteria for sustainability assessment in the SQAS.

This year, the European Chemical Industry Council (CEFIC) launched seven topic-specific templates to overlay the SQAS reports for road haulers. These include behavior-based safety (BBS), bulk liquids, bulk solids, dangerous goods, life-saving rules, packaged goods, and sustainability (which focuses on environmental risk management, employee training, reporting and trends, and social responsibility). This new feature allows chemical-manufacturer members of SQAS to easily sort by particular topics within the assessment, and it helps suppliers benchmark their performance and create targeted plans for improvement.

The resulting improvements enable users to filter by specific sustainability topics (as well as a variety of others), providing a clearer picture of a provider's approach to environmental risk management, employee training, social responsibility, and more. The improved assessment tool also helps providers benchmark progress and measure success.

This year, we created Operation Clean Sweep templates to include in our SQAS assessments, making it easier to collect data on our goal to keep plastics from waste streams and waterways.

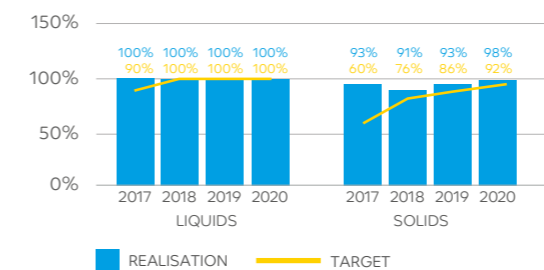
## CHEMICAL DISTRIBUTION INSTITUTE

The Chemical Distribution Institute (CDI) helps ensure that maritime LSPs meet industry standards for safety, security, and quality in chemical transportation and storage. The CDI scheme covers environmental stewardship, social responsibility, and economic vitality, and it includes a voluntary self-inspection sustainability addendum that enables terminal operators to include more details about their environmental and social responsibility, as well as risk management. SABIC encourages maritime LSPs to make the questionnaire part of their internal assessment to support this new transformation.

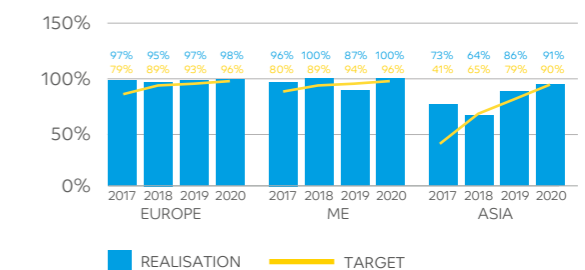
In 2020, 23 of the 32 terminals (72%) completed their CDI-T inspection report with a sustainability addendum. The COVID-19 pandemic limited the number of onsite audits, as inspectors could not travel and many sites were not able to accommodate inspectors. Despite these restrictions, 22 out of 32 terminals showed a full report before the end of the year. Ship inspection evaluation went on as usual, partly thanks to an extended report validity (12 months, rather than six) if the vessel could demonstrate it was logistically impossible to get an inspector on board.

## KEY METRICS AND TRENDS

### SQAS FOR TOTAL LIQUIDS AND SOLIDS



### SQAS BY REGION FOR LIQUIDS AND SOLIDS



# SUSTAINABLE SUPPLY CHAINS

## CONTINUED

### CHEMICAL ROAD TRANSPORT SAFETY ASSESSMENT SYSTEM

Road Transport Safety Assessment System (CRSAS) promotes safe, efficient, and sustainable road transportation of chemical products and dangerous goods in China. SABIC uses CRSAS to manage the quality, safety, security, and environmental performance of our road freight carriers. The system enables us to review assessments and work with providers to uncover gaps, set benchmarks, and develop targeted plans for improvement, and helps us fulfill our Responsible Care charter in land transportation.

### SUPPLY CHAIN INCIDENT REPORTING

SABIC takes incidents very seriously. We have set an ambitious, multiyear target of a 10% improvement in number of incidents over the average of the past three years, or a 10% improvement over the previous year's target, whichever is lower. Reporting, analyzing, and tracking incidents across our supply chain helps SABIC measure our overall safety performance and target areas for improvement. We aim to identify the root cause of every incident and take corrective and preventative measures that will help us avoid similar problems in the future.

REPORTING, ANALYZING, AND TRACKING INCIDENTS ACROSS OUR SUPPLY CHAIN HELPS US MEASURE OUR OVERALL SAFETY PERFORMANCE AND TARGET AREAS FOR IMPROVEMENT.

### REDUCING OUR CARBON FOOTPRINT

SABIC is committed to reducing the carbon footprint of our supply chain. We use our supply chain carbon footprint model to trace emissions down to individual shipments—accounting for different modes of transport as well as specific routes where actual fuel can be measured. We are also engaging more deeply with our suppliers to improve traceability and transparency.

We also participate in the CDP's climate change program to measure our sustainability performance, and we use the CDP's Supplier Engagement Rating program to gain more visibility into our supply chain. SABIC requests that our key LSPs report environmental data through the program's questionnaires and track their carbon footprint, and we consistently engage with them to identify and measure climate-related logistic risks, as well as opportunities to save energy and reduce greenhouse gas (GHG) emissions.

SABIC received a B rating on our CDP Supplier Engagement Rating Report in 2020, and we will continue to work with our suppliers to improve metrics, engagement, and collaboration around carbon to encourage progress and reduce our overall carbon footprint.

### CASE STUDY

#### OPERATION CLEAN SWEEP EUROPE

Unintentional loss of plastic pellets can occur at all stages of the value chain, despite current environmental, safety, and quality controls. To help European companies tackle this challenge, Plastic Europe and the European Plastics Converters are seeking input from SQAS to help create an Operation Clean Sweep (OCS) certification scheme and key recommendations for Europe. A longtime member of Plastics Europe, SQAS, and OCS, SABIC will provide expertise to help create and implement the OCS Europe certification scheme over the next two years, including integrating OCS into our LSP-selection process and coordinating progress across our extensive network of European logistics suppliers.

### CASE STUDY

#### ECOVADIS RATING

EcoVadis provides an independent, trusted, common platform for evaluating and rating more than 65,000 groups and companies across 200 industries in 160 countries, using assessment criteria that are based on the sustainability standards of thousands of external sources, such as NGOs, local governments, labor unions, and auditing organizations. The rating methodology is built on international standards that include the Global Reporting Initiative (GRI) and the ISO 26000 (for social responsibility), and it ranks companies based on environment, labor and human rights, ethics, and sustainable procurement.

SABIC is proud to have received a Platinum medal for sustainability—the highest EcoVadis distinction—which is awarded to companies that score in the top 1% for their sustainability practices. We know our customers increasingly make procurement and partnership choices based on sustainability, and we are honored to be designated as a leader in this space. We will continue to focus on improving and demonstrating our commitment to sustainability through progress and transparency in all ESG areas.



We are committed to sustainability at all stages of our supply chain.

### CASE STUDY

#### EAST CHINA TRANSPORTATION SUSTAINABILITY: SHANGHAI ELECTRIC TRUCK IMPLEMENTATION

SABIC is committed to sustainability at all stages of our supply chain, and we have been working to “green” our vehicle fleet in China by using electric trucks to transfer materials between our plants and external warehouses. In 2020, we conducted the first E-TRUCK pilot with our strategic service provider to deploy two electric transport trucks in Shanghai. The results were promising: With more than 45,000 tons moved, the E-TRUCKS saw a 16-ton reduction in CO<sub>2</sub>eq emissions, which benefited the surrounding communities and environments. We will continue to implement our E-TRUCK road map in order to stay head of emerging e-vehicle technology and remain an industry pioneer in sustainable transportation.

### GASCHEM BELUGA AND GASCHEM ORCA

After four years at sea, these next-generation, dual-fuel vessels continue to demonstrate outstanding performance. Their innovative design maximizes weight distribution and carrying capacity, stabilizes voyaging, and reduces fuel consumption, and their use of ethane fuel helps achieve reductions in carbon, nitrogen oxide, and sulfur emissions. In 2020, thanks to the type of fuel used and the shape of each ship, we were able to save emissions totaling 5396 t CO<sub>2</sub>eq for GasChem Beluga and 7795 t CO<sub>2</sub>eq emissions for GasChem Orca.

### NCC FAJR

The largest-capacity chemical tanker in the world, SABIC's NCC Fajr was built to carry massive amounts of cargo efficiently. The ship outperforms standard chemical tankers by nearly 50%, emitting 33,400 tCO<sub>2</sub>eq less than the industry average for a tanker doing the same work. In 2020, NCC Fajr completed seven voyages and achieved a GHG intensity of 5.28 gCO<sub>2</sub>eq/t-km.

# SUSTAINABLE PROCUREMENT

SABIC's Sustainable Procurement Policy governs our partnerships with suppliers and ensures they meet the legal, ethical, and fair practice standards outlined in our Supplier Code of Conduct. We are committed to getting the materials and services we need on time and at the lowest total cost, and to working with suppliers that share our priorities of quality, environmental and social responsibility, and safety.

## REVIEW OF SUPPLIER CODE OF CONDUCT

SABIC made several enhancements to our supplier process in 2020 to increase visibility into our supply chain and clarify compliance expectations. As part of this work, we introduced an updated and enhanced Supplier Code of Conduct to clarify our expectations around social and environmental responsibility and foster collaboration with our suppliers to promote sustainable, ethical best practices.

## SUPPLIER LIFECYCLE MANAGEMENT

SABIC uses the Supplier Lifecycle Management (SLM) Program to vet new supplier qualifications and verify ongoing compliance. The program ensures that suppliers meet our standards before they can be entered into a global database for procurement and supply chain needs. Each new registration, screening, and audit (if or when required) increases visibility into the sustainability of our global supply chain and enables us to benchmark success and assure customers of our ongoing commitment to social and environmental responsibility.

A key part of the SLM Program, our Supplier Registration Process helps ensure that all the suppliers we work with, now and in the future, demonstrate a strong commitment to safe working conditions, fair and ethical conduct, and environmental responsibility. In 2020, we registered 1,530 suppliers through SLM, bringing the total to 29,988. Based on due diligence, we identified 357 suppliers that were inactive, underperforming, or failed to comply with our Supplier Code of Conduct, and we removed those suppliers from the database.

## INCREASING LOCAL SOURCING EXPEND

As part of our commitment to Saudi Vision 2030, SABIC strives to be a strong contributor to national growth and economic vitality. We use local materials, services, and manufacturing partners whenever possible, which supports local businesses and workers, invests in our national economy, and reduces the carbon footprint of our supply chain. We also work to develop the national workforce—with a particular focus on women and young people—through education and skills initiatives that grow the talent pipeline and prepare our citizens for exciting job opportunities at SABIC. In 2020, 63% of our sourcing in Saudi Arabia came from local suppliers (a 2% increase over 2019), and we are committed to increasing this figure moving forward.

## COVID-19 RESPONSE: CARING FOR OUR COMMUNITIES

SABIC is committed to supporting and bringing benefit to the communities we touch. Our sustainable procurement team drove many initiatives in response to the outbreak of COVID-19, totaling more than US\$ 33.4 million, and we have committed to matching employee donations to charities that are addressing the pandemic.

In Saudi Arabia, SABIC donated 1.25 million bottles to contain hand sanitizer, 10 million latex gloves, and 500,00 disposable gowns. We also contributed 11,700 metric tons of ethanol to produce hand sanitizer and accelerated polypropylene resin production to aid in the manufacture of respiratory and surgical masks. Our donations to the Middle East, China, Europe, and the Americas also included much-needed raw materials for sanitizers, as well as medical equipment and PPE for frontline and healthcare workers.

### KEY METRICS AND ANNUAL TRENDS

NEW SUPPLIERS THROUGH SLM	SUPPLIERS REMOVED FROM SLM	TOTAL SUPPLIERS THROUGH SLM
1,530	357	29,988

# LOOKING FORWARD

SABIC's focus on social and environmental sustainability makes us a better business. We invest in our employees, contribute to our communities, and drive improvements across our supply chain to benefit people and the planet, and remain the employer and supplier of choice in our industry. As we move forward, we will continue to focus on engagement and collaboration efforts that reflect our commitment to sustainability—and further our goal of creating Chemistry that Matters.™

## HUMAN CAPITAL

None of us will forget the challenges of 2020. However, we will also remember the individual and team efforts of every single person at SABIC, as we came together to make a positive impact on each other and the world around us. Our Human Resources team handled ambiguity with strength and consistency and helped our business adapt to change and uncertainty in ways that will serve us well beyond the global health crisis. We will continue to implement and expand our 2020 initiatives focused on employee health, safety, and well-being, to support our workforce through COVID-19 and ensure a safe return to work for employees who are working remotely.

We will also continue to support a resilient, future-ready workforce, including through our Future of Work task force, which will shape strategic, long-term plans to ensure that our offices and operations continue to meet stakeholder needs efficiently and effectively. We also will enhance and expand our employee assistance program to reach and benefit a greater portion of the SABIC workforce. Over the next five years, we will continue the transformation of our talent-management system to create an end-to-end digital experience that spans the entire employee life cycle, from recruiting, to skill-building, to management and beyond.

## SOCIAL IMPACT AND COMMUNITY RELATIONSHIPS

Our corporate social responsibility efforts in 2021 will continue to align with our strategic focus areas (Environment Protection, Water & Sustainable Agriculture, Health & Wellness, Science & Technology Education), and contribute to United Nations Sustainable Development Goals and Saudi Vision 2030.

SABIC Specialist Hospital for Mental Health and Addiction Treatment is under construction, where it will contribute to the health segment through a 150-bed facility to provide care and rehabilitation for those struggling with mental illness and drug addiction,

while also promoting mental health education and research with the goal of developing successful models for personalized patient care and health services.

Furthermore, the Center for Autism in Al Madinah is expected to launch this year through contributions from SABIC affiliates in Yanbu. The center's programs support early diagnosis, treatment and vocational rehabilitation of autism, in addition to expanding research and spreading awareness about autism among the community. Meanwhile, SABIC's investment in breast cancer screening clinics around the kingdom is now expected to benefit over 4,800 women annually as part of our enablement of a vibrant and healthy society.

## SUPPLY CHAIN & PROCUREMENT

SABIC will continue to join efforts with Aramco to create logistics synergies, develop efficiencies, and leverage our combined strength and resources. We will further enhance our supplier registration platform, which is based on our companywide IT strategy, and continue driving local sourcing and procurement capabilities in the communities where we work, especially in Saudi Arabia. We also will support TRUCIRCLE™ initiatives such as circular feedstock purchasing efforts to promote products made of pyrolysis oil, bio-based feedstock, and mechanically recycled plastics.

As part of our engagement with CDP's climate disclosure initiative, we will increase our focus on reducing the carbon footprint of our supply chain. We will invite selected suppliers to complete a climate questionnaire so that we can identify climate risks and discuss ways to tackle them together with our suppliers.

We are also replacing time charter ships with two new, eco-design vessels that will result in a 40% reduction in carbon emissions and fuel consumption. The new ships will set sail in the spring of 2021.



# ADDENDUM

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ASSURANCE REPORT OF THE INDEPENDENT AUDITOR 99



## 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 32,000 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 in April 13, 2021, this report covers SABIC's sustainability performance from January 1 to December 31, 2020. It includes all SABIC businesses and operations that are financially consolidated in our 2020 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 eight 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 are 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 2020 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 2020 (hereafter the 'Sustainability Report') of Saudi Basic Industries Corporation (hereafter 'SABIC') based in Riyadh, Saudi Arabia, for the year ended 31 December 2020.

#### 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. 25, 47)
- Energy consumption (p. 25, 48)
- Water usage (p. 25, 49)
- Material loss (p. 25, 50)

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

- Flaring reduction compared to 2010 (p. 25, 46)
- CO<sub>2</sub> utilization (p. 25, 46)

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

- Compliance concerns raised (p. 23, 25)
- Incidents closed (p. 23, 25)
- Violations found and addressed (p. 23, 25)
- Code of Ethics training completion (p. 23, 25)

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

- EHSS rate (p. 25, 56, 59)
- Total Recordable Incident Rate (p. 25, 59)
- Occupational Illness Rate (p. 25, 59)
- Fatalities (p. 25, 59)
- API 754 PSE Tier 1 (p. 25, 59)
- Hazardous substances released (p. 25, 62)

The data for the indicators included in the scope of our engagement are marked in the Sustainability Report 2020 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 98 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 98 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.

## 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 virtual visits to 7 production sites in the Kingdom of Saudi Arabia, Europe, United States of America and China 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, 25 March 2021

KPMG Accountants N.V.

D.A.C.A.J. Landesz Campen RA



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Global Headquarters  
PO Box 5101  
Riyadh 11422  
Saudi Arabia  
T +966 (011) 225 8000  
F +966 (011) 225 9000  
E [info@SABIC.com](mailto:info@SABIC.com)

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[www.SABIC.com](http://www.SABIC.com)