

SABIC Global Tax Strategy

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SABIC Business & Growth Strategy

SABIC is a global chemicals company, headquartered in Riyadh, Saudi Arabia, that is 70 percent owned by the Public Investment Fund of the Kingdom of Saudi Arabia and 30 percent owned by investors through the Tadawul, the Riyadh stock exchange. SABIC develops, manufactures and distributes chemicals, commodity and high performance plastics, fertilizers and metals with about 35,000 employees worldwide and operations in more than 50 countries.

SABIC's growth strategy is currently described in its 2025 Strategy, in which the SABIC Strategic Business Units (SBUs), comprising Petrochemicals, Agri-Nutrients and Specialties, are targeting revenues of US\$80 bln. The growth strategy is supported by active development of SABIC's Global Enterprise Model (GEM), consisting of extensive value chains that are continually developing. SABIC's Code of Ethics is a fundamental building block of SABIC's Strategy. The Code requires all SABIC employees and contractors to comply with the applicable laws and the Master Authority Schedule, which manages the delegation of executive approval levels for all material transactions.

GEM compliance is periodically monitored by the GEM Council, a cross-functional body of senior executives representing the SBUs and Corporate Functions, under the direct sponsorship of the Executive Vice President Corporate Finance (CFO). The CFO is a member of SABIC's Executive Committee (ExCom: the executive management board, chaired by the Chief Executive Officer and Vice Chairman). The ExCom constantly require compliance, including for tax compliance, with laws and regulations in all countries where SABIC operates. This is reflected, for example, in the ExCom's sharp focus on security and safety compliance.

The CFO supports the growth strategy through partnering by the Corporate Finance function with the SBUs. This partnering is described in the Corporate Finance Strategy, which is updated annually through strategic initiatives and operational objectives with defined KPIs for each Corporate Finance department. The tax strategy aligns fully with a key objective in the Corporate Finance Strategy Map, i.e. trusted statutory reporting to external stakeholders. For these purposes, the Global Tax Strategy can be summarized as follows:

Ensure that SABIC maintains global tax compliance, protects SABIC's global assets base and reputation, partners with the Business and Corporate Functions to manage compliance and optimize decision-making, enhance stakeholder value and develop with the SBUs awareness of the GEM.

Tax Operations

The strategy for tax operations is to:

- Develop comprehensive tracking of all tax filings and other submissions, ensure timely filings and payments to any tax authority, and have a complete tax compliance report at least quarterly.
- Arrange for SABIC employees and contractors to have adequate knowledge and training to improve continually the management and operation of effective and efficient compliance processes.
- Ensure that tax compliance processes keep up to date with legislative changes, particularly technology-based requirements.
- Ensure efficient completion of tax audits. Be responsive to document, information and technology requests by tax authorities in a timely, clear and transparent manner and to monitor responsiveness.

Tax Planning

As the growth strategy drives changes to the GEM through organic growth or transactions, Global Tax will:

- Partner with the SBUs to plan compliant solutions consistent with the capability of SABIC's Enterprise Resource Planning systems, especially where technology is critical to effective tax compliance, e.g. CbCR, and taking into account OECD Guidelines and local tax laws.
- Develop relevant awareness of tax matters to support any GEM compliance.
- Monitor legislation change that could affect optimization decisions in the GEM through a tax planning framework that will identify and assure the long-term, transparent compliance of any GEM changes.
- Claim tax incentives, reliefs and exemptions where appropriate, conditional on full disclosure.
- Engage with tax authorities and enter into formal or informal agreements and co-operative compliance arrangements.
- Avoid taking tax positions that create reputational risk, although a decision by a tax authority on an uncertain tax position may be disputed following due process of law and local best practice.
- Develop technology to support more effective tax compliance, risk management and planning.
- Develop tax management reports describing SABIC's global tax position,
- Be responsive to requests by (non-)governmental agencies or industry associations for taxpayer views on new legislation.

Tax Risk Management

To support Corporate Finance strategy, the statutory auditor's requirements and SABIC's low tolerance for risk, Global Tax will:

- Engage with the Enterprise Risk Management department (ERM) and adopt a risk management framework in accordance with SABIC's approved risk management policy.
- Set up, develop and implement a comprehensive tax control framework (TCF), as well as TCF best practices and periodically review and report TCF performance.
- Align with the Global Finance Reporting & Controllershship, Internal Audit and ERM departments to identify, monitor, control and report tax risk.
- Promote and support tax awareness as appropriate for SABIC employees and contractors.