

SABIC SCOPE 3 EMISSIONS 2020 REPORT

An effective corporate climate change strategy requires a detailed understanding of a company's GHG impact. A corporate GHG inventory is the tool to provide such an understanding. It allows companies to take into account their emissions-related risks and opportunities and focus company efforts on their greatest GHG impacts.

SABIC has been reporting their direct emissions (Scope 1) and indirect emissions associated to outsourced energy supplies emissions (Scope 2) since 2011 and their Scope 3 emissions to Carbon Disclosure Project (CDP) since 2018. The voluntary goal has been set to reduce the GHG emissions intensity of Scope 1 and Scope 2 emissions (kgCO₂eq emitted per kg of sold product) by 25% by the year 2025 when compared to the 2010 baseline.

SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. SABIC is part of SBTi ongoing scoping project to develop sector-specific methods, to guide chemical and petrochemical companies in setting ambitious targets. SABIC intends to do its best efforts to achieve scope 3 reduction targets once this methodology is established and agreed upon.

As a part of our culture of continuous improvement, SABIC has established a methodology and received limited assurance on the Scope 3 emissions for financial year 2020.

Reporting criteria

The calculation of the Scope 3 emissions was carried out in accordance with SABIC's 'Procedure for Scope 3 Accounting and Reporting' which is based on the Greenhouse Gas Protocol 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' as issued by the WRI and WBCSD, September 2011. The Greenhouse Gas Protocol is available online: ghgprotocol.org/standards/scope-3-standard and the internal developed reporting criteria are available upon request.

Emissions in 2020

This achievement puts SABIC in a position to capture a comprehensive overview of the emissions across our value chain. The following table illustrates SABIC's total value chain emissions for year 2020.

| FY 2020 | | | SABIC's emissions along the value chain (million tons CO2eq) | |
|-------------------|----------------------|------------------------|--|---------------------------|
| Scope 1 | Scope 2 | Total of Scope 1 and 2 | Scope 3 | Total of Scope 1, 2 and 3 |
| 37 ⁽³⁾ | 17 ⁽¹⁾⁽³⁾ | 54 | 120 ⁽²⁾ | 174 |

(1) adjusted for rounding to the correct total figure

(2) assured by KPMG on 2 July 2021

(3) assured by KPMG in the Sustainability Report 2020 on 25 March 2021, see

<https://www.sabic.com/en/sustainability/corporate-reporting>

A better understanding of the indirect GHG emissions beyond SABIC's own operations from upstream to downstream activities facilitates the identification and understanding of the risks and opportunities associated with value chain emissions.

The analysis of Scope 3 emissions is unlocking new market opportunities for producing and selling goods and services with lower environmental impact as demanded by customers and end users. Our endeavors to curb the emissions outside SABIC's boundaries will focus on ways of building relationships with our suppliers, our customers and end users in our value chain that have sought our Scope 3 data for their own disclosures. Alongside, we will take a closer look to the GHG emissions of our investment-associated companies.

Reporting period and scope

SABIC publishes an annual report, which targets the financial and investor audience, this Sustainability Report, which targets a wide internal and external audience, and this Scope 3 emissions report. This report covers SABIC's Scope 3 emissions data from January 1 to December 31, 2020. These emissions are relating to the upstream and downstream emissions for all SABIC businesses and operations that are financially consolidated in our 2020 Annual Report, available at:

www.sabic.com/corporate/en/investorrelations.

We requested KPMG to increase our confidence in certain reported data by obtaining limited assurance. The limited assurance engagement includes the Scope 3 emissions data, as noted in the KPMG assurance report and marked by “⁽²⁾” in this report.

--END OF THE REPORT--



Assurance report of the independent auditor

To: the Board of Directors of Saudi Basic Industries Corporation

Our conclusion

We have reviewed the Scope 3 Greenhouse gas emissions indicator (hereafter 'the indicator') as included in the SABIC Scope 3 emissions 2020 report (hereafter 'the Scope 3 report') of Saudi Basic Industries Corporation (hereafter 'SABIC') based in Riyadh, Saudi Arabia, for the year ended 31 December 2020.

The data for the indicator in scope of our engagement are marked in the Scope 3 report with a (2) 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 indicator is not measured, 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 reporting criteria used for the measurement of the indicator are the applied Greenhouse Gas Protocol 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' further operationalised in internally developed reporting criteria as specified in the section 'Reporting criteria' in the Scope 3 report.

Materiality

Based on our professional judgement we determined materiality levels for the indicator. 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 the company.



Scope of the group review

SABIC is the parent company of a group of entities. The indicator incorporates the consolidated data of this group of entities to the extent as specified in the section 'Reporting period and scope' in the Scope 3 report.

Our key assurance matter

The indicator is subject to assumptions and judgement

Description

The indicator includes both upstream and downstream emissions of the organization's activities. These are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain. The indicator includes all sources not within SABIC's Scope 1 and 2 boundary.

As a result, reported data relating to the indicator are inherently subject to assumptions and judgements with regard to the relevant activities and the related emissions. We put special attention on the review of these assumptions and judgements due to the thereto related certain level of subjectivity.

Our response

We have performed several review procedures in order to evaluate the applied assumptions and judgements, aimed to determine the plausibility of information. These procedures included among others:

- Review of SABIC's mass-balance in order to evaluate the completeness of procurement of all materials and services;
- Limited sampling procedures in order to evaluate accuracy of items in areas that rely on assumptions, for example on: purchased goods, processing sold goods and use of sold products;
- Perform interviews with the different topic owners, for example on: business data- & corporate finance, performance reporting, finance and procurement, in order to understand the assumptions used;
- Review of applied emissions factors, for example by determining whether these are based on widely known and commonly adopted sources.

Our observation

The results of our procedures regarding the applied assumptions and judgements to measure the indicator were satisfactory.

Responsibilities of the Board of Directors and those Charged with Governance

The Board of Directors of SABIC is responsible for the measurement of the indicator and preparation of the Scope 3 report in accordance with the applicable criteria as described in the 'Reporting criteria' section of our report.



Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the measurement of the indicator and preparation of the Scope 3 report that 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 and their consistent application;
- Obtaining an understanding of the reporting processes for the indicator, 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 indicator 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 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 indicator;
- Obtaining assurance information that the indicator reconciles 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 indicator with the information in the Scope 3 report which is not included in the scope of our review;

We have communicated with SABIC senior staff and management responsible for Sustainability regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, The Netherlands, 2 July 2021

KPMG Accountants N.V.

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