Today, change is everywhere. Our customer’s markets are evolving rapidly in response to volatile raw material prices, new feedstocks and new manufacturing trends. Sustainability is often the spur, driving demand for better, cleaner and more efficient products and ways of doing things.

For companies that can see potential in these challenges, this is a good time to be in business.

From the beginning, we have always seen change as an opportunity. It has opened up new markets and struck the creative sparks that have led to breakthrough innovations – like renewable plastics, resins for 3D printing or climate-specific fertilizers.

Now, SABIC’s new transformation program enables us to take best advantage of the latest waves of change. We have reshaped our businesses units so they are better equipped to deal with specific technology challenges.

This transformation is making us more agile and more cost efficient. Importantly, it brings us closer to our customers so we can collaborate as a true associate and innovate together. It gives us the global footprint that today’s challenges demand, with the local presence that is essential for our customers.

Driving SABIC is our way of working, “Chemistry that Matters”™. This means we apply our ingenuity to help our customers achieve their ambitions, every day. It means that we see everything we do – science, collaboration, innovation – as a force for positive change.
Our customers need a constant stream of new ideas to help them respond to tomorrow’s challenges. SABIC’s commitment to continuous innovation helps us exceed their expectations. With our ingenuity and expert knowledge of tomorrow’s materials, the future is full of new possibilities. Vehicles can be lighter, stronger and more fuel-efficient. New manufacturing techniques like this 3D printer enable mass customization and almost instantaneous production. And when sustainability is a growing priority, SABIC innovations like carbon capture and a smarter supply chain help our customers to work the way the future needs.
Organizations that can collaborate effectively are the ones that will succeed in the future. Unlocking the 21st century’s opportunities demands an understanding of customers and markets that can only come from working in close association. Our focus on continually developing our people and refining our collaborative approach means we are primed for success in a future where collaboration is key.
NEW INITIATIVES

WILL OPEN NEW MARKETS

With our commitment to ingenuity and collaborative approach to technology and innovation, SABIC created a demonstration house for its Home of Innovation™ initiative that is designed to achieve net-zero energy in the demanding climatic conditions of the Saudi Arabian desert. We delivered this by integrating our innovative solutions throughout the house, in close collaboration with others. SABIC’s Home of Innovation™ initiative showcases global innovation and forms strategic relationships with industry-leading international companies. The demonstration house and a companion collaboration center, located in Riyadh, Saudi Arabia, demonstrate our solutions and innovations and those of participating companies. The LEED-Platinum certified demonstration house and other sustainable buildings set new competitive standards and further establishes SABIC as a technology and innovation leader. The Home of Innovation™ program is a living example of what we at SABIC call, “Chemistry that Matters™.”
“TO RESPONSIBLY PROVIDE QUALITY PRODUCTS AND SERVICES THROUGH INNOVATION, LEARNING AND OPERATIONAL EXCELLENCE”
At SABIC, we are helping our customers make the modern world a better place. From planes that are more fuel-efficient to the first 3D-printed car, our ingenuity, expertise, and can-do attitude are helping us become the preferred world leader in chemicals. Today we are one of the largest producers of steel in the Middle East and one of the world’s top producers of polyethylene, polypropylene, advanced thermoplastics, glycols, methanol, and fertilizers. Our headquarters are in Riyadh, Saudi Arabia, with operations in more than 50 countries, from the Americas and Europe to the Middle East and Asia Pacific.

**THIS IS SABIC**

- **40,000** Employees
- **3rd** Largest Diversified Chemical Company
- **50** Countries
- **5** Key Geographies with Innovation Hubs – USA, Europe, Middle East, South East Asia, North East Asia
- **2,000** Scientists
- **10,960** Patent Portfolio Filings

**Net Income (Billions)**
- **US$ 5.0**

**Sales (Billions)**
- **US$ 39.5**

**Assets (Billions)**
- **US$ 87.5**
The past year saw SABIC facing a challenging market landscape, but continuing to maintain profitability as we change and adopt ingenious and pioneering approaches to meeting these challenges.

Our 2015 performance illustrates SABIC’s long-standing ability to turn challenges into opportunities, the theme we have chosen for this year’s annual report. The report shows how the company’s ingenuity constantly results in new ways to create products, markets and solutions that respond to the world’s challenges. To achieve our vision of being the preferred chemical leader in the world, we need to transform. SABIC’s story has always been one of transformation from an emerging local producer to global leader in diversified chemicals today. Throughout our history, we have been able to meet the challenges we face. In 2015, we continued this process, launching a transformation initiative that fine-tunes our 2025 strategy to become the preferred world leader in chemicals. This new program is designed to make SABIC more agile, more cost-efficient and even better prepared for today’s fast-moving business environment.

Our 2025 strategy depends on our people, especially leaders with the skills and experience to make major decisions and build winning teams. At the SABIC® Academy in Riyadh, our global center of learning, we continue to create best in class leaders who can deal with the various challenges in our business units.

Finally, our support for Saudi Arabia’s development plans will have valuable mutual benefit. By improving energy efficiency at our operations and promoting its development within Saudi Arabia, we will improve our cost position while at the same time advance national sustainability.

The Home of Innovation™ initiative is a cornerstone of this program. The initiative provides a platform for SABIC and its associates to come together and explore how to turn the world’s greatest challenges into opportunities for innovation and growth. Everyone at SABIC should be proud of what they have achieved in 2015. I strongly believe that the ingenuity, resilience and skill of our people will enable us to continue creating new opportunities as we build towards our 2025 goals and beyond.
HOW IS SABIC DEALING WITH THE CHANGING ECONOMIC CLIMATE?

SABIC is well placed to deal with economic cycles having been through several in our history. We tend to take a long term view of our investments and continue to focus on strong yield opportunities we see around the world. To meet the growing challenges in the prevailing economic climate, we remain committed to product differentiation and creating value for our customers to help them meet ever changing market requirements.

HOW IS SABIC ADDRESSING THE CHALLENGES THAT LIE AHEAD?

The good news is that in 2015 SABIC began a transformation process, realigning our Strategic Business Units, to enable us to overcome these challenges and the benefits will continue to filter through to our organization and contribute to greater profitability. This transformation process is making us more agile, cost-efficient and better prepared for today’s fast-moving business environment.

To date this has led to a reduction in the number of our Strategic Business Units (SBUs) from six to five. These steps are consistent with the strategy of optimizing our existing portfolio, while investing in innovation and our workforce, making certain they have the skills needed to lead the industry.

WHAT KIND OF YEAR WAS 2015 FOR SABIC?

The year gone by was certainly a challenging one. Nevertheless, the profitability of SABIC’s business held up well last year – in spite of a challenging global economic environment.

SABIC posted net income of US$ 5 billion in 2015, our production increased by one percent and sales volume by four percent compared to 2014. This is clear proof of the strong relationships with our customers and leverages our global presence, growth and competitiveness.

WHAT ARE THE KEY DRIVERS FOR THE BUSINESS IN 2016?

Firstly, we must accelerate SABIC’s growth to ensure we maintain our ongoing profitability. At the same time, it’s important that we deliver on innovation to ensure high levels of growth and tap opportunities driven by global megatrends.

We must also ensure that all of our businesses are profitable and drive improvement to increase profitability, while integrating the environmental, social and economic dimensions of sustainability into the company’s core business approach. Finally, we are looking to build a cadre of business leaders to be more competitive in addressing increasing and ever more complex business challenges.

We will continue to intensify our focus on the need to increase our competitiveness locally, across the GCC, as well as globally, ensuring increasing growth. We will also give special attention to technology and innovation, increasing our efficiency and solutions offering to customers. We will further broaden our market appeal by increasing our product portfolio.

Throughout 2015, the Home of Innovation™ initiative, facilitated business collaboration between SABIC, participants and other interested parties toward developing solutions that address issues of energy and water use, healthy indoor air, and overall building performance.

SABIC marked another significant milestone in this technology and innovation journey when it entered into a joint venture with SK Global Chemical™ in October, 2015 for a state-of-the-art research and development (R&D) facility in Daejeon, Republic of Korea.

WILL SABIC CONTINUE TO INVEST IN TECHNOLOGY AND INNOVATION?

Innovation is one of the key enablers of our 2025 strategy and we will continue investing in it. We are taking advantage of cutting edge technology in creating new sources of competitive feedstock and energy that will allow the company to continue to build a sustainable business. We try to fully understand and master the many applications our customers require. And we seek to develop and own the best technologies to become more competitive than our peers.

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On the horizon, you have a number of projects that are well underway. Can you tell us about some of the most exciting ones?

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WE ARE CONFIDENT THAT OUR TRANSFORMATION WILL LEAD TO A STRONGER, MORE AGILE, MORE CUSTOMER-ORIENTED SABIC, FOCUSING INTENSIVELY ON GROWTH AND INNOVATION
Headquartered in Riyadh, Saudi Arabia, SABIC is a global leader in chemicals with business operations in over 50 countries. From making cars and planes more fuel-efficient, to helping conserve the world's water supply, we find solutions to the challenges of today to build a better tomorrow.
AT SABIC WE FIND THE NEW SOLUTIONS THAT ARE CHANGING THE WORLD FOR THE BETTER. BE IT FOR TRANSPORTATION, AGRI-NUTRIENTS, CONSTRUCTION, MEDICAL DEVICES, PACKAGING, CLEAN ENERGY OR CONSUMER ELECTRONICS – EVERY DAY WE CREATE ‘CHEMISTRY THAT MATTERS™’
THE FUTURE IS LIGHT

TRANSPORTATION
Lighter vehicles use less fuel. This simple fact is driving demand for lightweight material from manufacturers looking to make cars, airplanes and mass transportation systems that meet more rigorous efficiency standards. The challenge is to combine light weight with performance – and it’s here that SABIC excels. Our materials can replace metal and glass with a weight saving of up to 50 percent, yet still provide the safety and strength that manufacturers need. And their versatility enables faster and more sustainable production.

40%
GROWTH IN DEMAND FOR LIGHTWEIGHT MATERIALS BY 2030

1 KG
SAVING IN AIRPLANE WEIGHT CUTS 5,400 TONS OF CO2 EMISSIONS PER ANNUM

50%
PLASTIC GLAZING SOLUTIONS ARE UP TO 50% LIGHTER THAN GLASS
INSPIRING INNOVATION

All airlines want to create a better experience for passengers while reducing weight and fuel costs. SABIC’s new LEXAN™ XHR LIGHT sheet, designers can create interior components that weigh up to 36 percent less than traditional materials.

The secret of LEXAN™ XHR LIGHT’s performance is its innovative closed-cell structure, which can be thermoformed into complex 3D parts that are thin-walled yet strong. When it is used to replace traditional polyvinyl chloride and acrylic-blend sheet products, the new sheet can contribute to reduced fuel consumption.

The Jeep® Renegade from Fiat Chrysler Automobiles (FCA) delivers a combination of best-in-class off-road capability with fuel efficiency. Contributing to the vehicle’s efficiency is a plastic-metal hybrid floor rocker reinforcement, which uses SABIC’s NORYL GTX™ resin. This part fits into a hollow space within the Renegade’s rocker panel, located on the side of the vehicle between the wheel wells and below the doors.

Use of SABIC’s material allowed Jeep engineers to create a part 45 percent lighter than all-metal solutions, while also enhancing side impact protection for the driver and passengers.

This unique, industry-first approach earned FCA the “Most Innovative Use of Plastics” award in the Safety category at the 2015 edition of the Society of Plastics Engineers (SPE®) Automotive Innovation Awards Competition.

AUTOMOTIVE

ACCELERATING PROGRESS

Automakers worldwide are striving to meet tough fuel efficiency targets without compromising safety. SABIC is collaborating with industry to help develop solutions.

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AGRI-NUTRIENTS

The world needs more food. But the amount of land available for growing crops is finite. In fact, it is estimated that 80 percent of the 3.5 billion tons of cereal crops and meat that the world will need by 2030 must be the result of better yields and more intensive agriculture. The challenge is to achieve this increase while producing high-quality food in a sustainable way. Advanced agri-nutrients can be tailored to specific crops for maximum efficiency, while a new generation of products will provide targeted nutrient dosages that reduce waste while increasing yields.

CULTIVATING EFFICIENCY

**8.5 BN**
WORLD POPULATION BY 2030, WITH MOST GROWTH IN DEVELOPING COUNTRIES

**3.5 BN**
TONS OF FOOD NEEDED BY 2030

**2x**
DEMAND FOR IRRIGATION COULD DOUBLE BY 2050
AGRI-NUTRIENTS

IMPROVING YIELDS

A fertilizer that improves local soil, increases palm tree water efficiency while also helping it deal with differing climatic conditions.

In November 2015 SABIC launched NPK 16-8-16 for date palms – a new single-use fertilizer that has several important benefits.

SABIC recently signed an agreement with the Ministry of Agriculture to launch a technical awareness program for agricultural workers across Saudi Arabia.

As part of the initiative, SABIC will support ten technical seminars that aim to develop the efficiency and experience of farmers and technical personnel in the sector. More than 1,500 participants are expected to benefit from the seminars, which will attract agricultural specialists, experts, researchers and technicians. The agreement reflects SABIC’s leadership in the agricultural nutrients sector, and its strong commitment to corporate social responsibility.

As well as enhancing date palm yields and improving the quality of the crop, NPK 16-8-16 for date palms also minimizes the problem of alternate bearing. In normal environments, tests show the palm trees treated with Date Palm NPK are likely to produce consistent crops every year, rather than a large yield one year and an average yield the next.

SABIC has developed a range of innovative agri-nutrient products that could provide improved nutrient efficiency and better crop yields.

SABIC’s Specialty Nutrients – an entirely new generation of special-nutrient grade – are designed to meet the precise nutritional needs of individual crops. They achieve this by balancing the components of the soil and neutralizing adverse factors, thereby improving soil quality. Specialty Nutrients can increase yield by up to 30 percent, as well as improving the size, color and taste of the produce.
CONSTRUCTION

How will we build the cities of tomorrow? As populations urbanize, especially in China and India, global construction is expected to grow 85 percent by 2030. The construction industry faces the challenge of creating this new infrastructure as fast as possible, yet without compromising on sustainability, safety or aesthetics. New technologies will help the industry respond. With SABIC’s materials, building materials can be produced with a lower carbon footprint, infrastructure can be built more quickly, and homes and offices can use less energy.

85% INCREASE IN CONSTRUCTION GROWTH BY 2030

18% OF ALL GLOBAL GROWTH FROM CONSTRUCTION BY 2030

$1.4 TRILLION WORLD MARKET

CONSTRUCTING
WITH NEW TECHNOLOGIES
CONSTRUCTION

BUILDING FOR TOMORROW

During 2015, SABIC supported architect William McDonough on his concept, design and execution of the ICEHouse™ to display circular economy concepts at the 2016 World Economic Forum Annual Meeting in Davos.

The purpose of the project was to show how cutting-edge materials can combine with ingenious design to create beautiful, energy-efficient, quick to construct, and reusable buildings.

HEAT RESISTANT PRE-PAINTED PRODUCTS

SABIC has developed pre-painted steel products that make roofing heat-resistant.

Ceramic pigments in the paint reflect infrared energy while absorbing visible light energy, reducing the effective transfer of heat through the roof. This reduces energy consumption and lowers costs, while protecting natural resources and helping reduce pollution.

STRONGER NETWORK

Gas supplies depend on a reliable supply infrastructure. Winning approvals in more markets, SABIC’s PE100 pressure pipe grades offer the durable, corrosion-free solution that converters and customers want.

SABIC’s P6006 PE100 compound is now approved for use in gas applications by standards bodies in Malaysia and France, and the grade has also been given the green light for use in the North Africa region. These strong endorsements for this pressure pipe grade underline SABIC’s reputation for dependable service, as well as its ability to provide an innovative alternative to conventional metal pressure pipe systems.

LOW-IMPACT INSULATION

In readiness for the phasing out of HFCs as blowing agents for foam insulation, SABIC is introducing new grades designed to work with CO₂.

Extruded polystyrene insulation (XPS) makes an important contribution to sustainability, cutting energy use in buildings. However, the greenhouse gas potential of hydrofluorocarbons (HFCs), which are used as blowing agents for XPS, means that the manufacturing process can have a significant impact on the environment. In response, SABIC has worked with leading manufacturers to create new polystyrene grades PS 155 and PS 160, which are optimized for use with CO₂ as the blowing agent. This has the potential to significantly reduce the environmental impact of XPS production.
MEDICAL DEVICES
The revolution currently under way in global healthcare is built around high-performance medical devices, from advanced drug delivery systems to home-use health monitors. In mature economies, the shift in emphasis from diagnosis to prevention and self-medication in aging populations drives a need for low-cost, easy-to-use equipment. Developing economies, where healthcare markets are growing rapidly, present great opportunities for device manufacturers – but equipment must combine high performance with affordability. SABIC’s materials are already part of this revolution, at the heart of the sophisticated devices that answer today’s healthcare challenges.

GROWTH IN INDIA AND CHINA DEVICE SALES AS HEALTHCARE SECTORS MATURE

3D PRINTING COULD REVOLUTIONIZE HEALTHCARE

1 BN PEOPLE WAITING TO BE INTEGRATED INTO HEALTHCARE SYSTEMS
SAFETY FIRST

Our thermoplastics and polymer technologies are helping to enhance safety standards for hospital employees and patients.

Modern medical devices and healthcare facilities need to meet evolving fire and safety standards while providing exceptional levels of infection control. New technologies in materials and thermoplastics are helping SABIC customers create safer, cleaner spaces.

LEXAN™ CLINIWALL™ sheet has been developed for cleanroom surfaces and interior wall claddings in public facilities and hospitals. It offers high strength and stain resistance and stands up to the rigors of harsh chemical cleaning agents typically used in medical environments.

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STRONGER SOLUTIONS

Medical equipment has a tough life. Today’s electronic devices need to perform highly sophisticated functions yet stand up to harsh cleaning chemicals and physical impacts.

It is also important to offer a high level of design flexibility so devices are easy to understand and use. ULTEM™ resins used within infusion pumps can provide the chemical and fire protection that electronic components need. On the outside of the device, CYCOLOY™ resins protect against impacts, provide flame retardance and give designers a wide range of color choices.

HEALTHIER HOSPITALS

Powerful hospital disinfectants can be so aggressive that they can cause equipment to crack, creating a breeding ground for bacteria. SABIC’s resins have the strength and resilience that modern hospital equipment needs.

Even when repeatedly exposed to powerful disinfectants, XENON™ resins used in hospital beds maintain their integrity, allowing for the thorough cleaning that is needed to minimize the risk of infection in healthcare environments. XENON™ resins also offer the strength and rigidity needed to withstand the impacts and mechanical forces that hospital beds are subjected to, helping to extend the lifespan of high-value equipment.
Every year, packaging achieves greater performance. Advanced plastics mean food can last longer and retain some nutritional values, products can be lighter and easier to transport, and waste can be dramatically reduced. At a time when consumers want their packaging to have minimal impact on their health and the environment, plastics offer sustainability benefits— from lightweighting to recyclability—that make it the natural low-impact choice. Today, SABIC innovations even make it possible to create polymers from renewable feedstocks, so our customers can create high-performance food and beverage packaging that is certified as 100 percent renewable.
PACKAGING

MEETING GLOBAL DEMAND

Monoethylene Glycol is an important raw material in the manufacture of polyester, resins, films and fibers and its usage is on the increase.

SABIC is the world’s largest producer of MEG (Monoethylene Glycol), a dehydrating agent, humectant and industrial solvent that’s a vital ingredient in the global fabric and packaging industry.

Much of the world’s polyester is manufactured using SABIC’s MEG, and in 2015 we produced more than six million metric tons of the liquid. SABIC’s consistent, global, high-quality supply of MEG, combined with our service-focused strategy, has helped us maintain “favored supplier” status with many of our customers. And as part of our 2025 strategy, we’re planning new MEG plants so we can continue to meet global demand.

With MEG as feedstock, SABIC produces cobalt-free PET resin for various sustainable food packaging solutions. Two new PET medical grades were recently developed and introduced to the market.

MAINTAINING WATER PURITY

New still water grade for caps and closures sets new benchmark for product performance.

The key interest of packaging producers in the bottled still water industry is to safeguard the purity of the water and maintain the products’ brand value. That’s why SABIC has expanded its caps and closures portfolio with the introduction of a new still water grade, HDPE® CC860V, rated high amongst available grades. HDPE® CC860V has been approved and is now being used by the leading brand owners in the industry.

HIGH-PERFORMANCE POLYETHYLENE

SABIC SK Nexlene Company’s cutting-edge NEXLENE™ solution process technology will enable us to manufacture a range of high-performance polyethylene products.

NEXLENE™ solution process technology offers excellent impact strength, enhanced toughness and superior transparency, and it’s already being used to manufacture flexible food packaging and wrapping materials. The exceptional heat-sealing properties of polyolefin plastomers (POP), for instance, can be used in packaging products that require low temperature sealing, adhesion and optics. And manufacturers of products that require elasticity, like footwear, cables and vehicles, will also see important advantages from polyolefin elastomers (POE).

PHTHALATE-FREE

SABIC has responded to health concerns around phthalates by co-developing a new range of polypropylene (PP) grades with our customers.

In 2015 we introduced a phthalate-free PP grade for hygiene and flexible packaging applications with a multinational company that successfully passed strict EU quality requirements. We also worked with international companies in the UAE and Europe to develop phthalate-free PP grades for food and flexible packaging. The new grades use less material to provide the same strength and mechanical properties as previous grades, reducing the energy needed for manufacturing.

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CLEAN ENERGY

Solar power costs are falling so rapidly that this clean energy technology is now expected to provide 20 percent of global energy as early as 2027. Solar energy technology has already reached grid parity in many countries and has enormous potential to drive growth in developing markets, where clean energy investment is already ahead of the developed world. Combined with advanced energy-saving and recycling technologies, clean energy is opening new markets while creating practical solutions to the world’s most urgent energy challenges. SABIC is at the forefront of products used in technologies that are part of a sustainable future for energy production and use.

3x
MORE RENEWABLE ENERGY BY 2020

$3.7 TRILLION SPENT ON SOLAR PROJECTS OVER NEXT 25 YEARS

56% POWER FROM CLEAN ENERGY BY 2040
CLEAN ENERGY

LONGER JOURNEYS

The success of any electric vehicle (EV) will depend on the distance it can travel on a single charge. SABIC technology is helping to address this issue and making it possible for automakers to increase driving range.

When used as the casing for lithium-ion batteries, SABIC’s NORYL™ resin lightens the battery pack by 20 percent – enabling EVs to travel farther.

In addition to these advantages, NORYL™ resin also offers a more sustainable solution as a recyclable, non-brominated, non-chlorinated flame retardant resin, complementing the environmental advantages of EVs and hybrids.

CLEANER MTBE

SABIC is one of the world’s leading producers of Methyl Tertiary Butyl Ether (MTBE), which helps gasoline burn better, makes engines more efficient, and eliminates the need for lead in fuels.

SABIC continues to contribute to the phase-out of lead components in gasoline, and we’re working with governments and environmental organizations to promote the sustainable use of MTBE in new markets such as Australia. SABIC also produces bio-MTBE, which uses second-generation bio-methanol from renewable sources. Because the European Union (EU) Renewable Energy Directive (RED) classifies bio-MTBE as a waste product, it’s attractive to fuel manufacturers that need to meet EU requirements for biofuel use and CO₂ reduction. As such, our research investment in bio-MTBE represents a significant move towards compliance with targets for the use of renewable energy in transportation in the coming decade.

A HOME FOR SUSTAINABLE SOLUTIONS

SABIC’s new Home of Innovation™ initiative, which fosters industry collaboration and showcases sustainable solutions, is helping to yield significant environmental benefits and support climate change goals.

The demonstration house for SABIC’s Home of Innovation™ facility in Riyadh, incorporates our PVC, steel, pipes, insulating foam and solar panels, and is projected to use 40 percent less electricity and 40 percent less potable water than a home built to current Saudi code requirements, and has achieved a net-zero energy balance. The high-performance demonstration house built to serve the Home of Innovation™ program, is the first single-family home in the Middle East region to earn platinum certification from the US Green Building Council’s Leadership in Energy & Environmental Design (LEED) rating system.
Electronics are being woven more and more deeply into the fabric of everyday life. The Internet of Things is building technology into our cities, homes, offices and automobiles, creating a new generation of smart devices. At the same time, the fierce pace of development and competition in electronics markets drives a constant demand for thinner, lighter, more energy-efficient devices. To meet these challenges, manufacturers need to make products that are cost-effective to produce, yet meet consumers’ expectations for style, ease of use and sustainability. SABIC’s materials are the foundation for the next generation of electronic devices.
CREATING CARBON-FRIENDLY COMPUTERS

Electronics manufacturers today are focused on building sustainability into their products. SABIC materials are helping them achieve this goal.

Our 2015 collaboration with Dell to incorporate reclaimed carbon fiber into materials used for its computers is an industry first. Initially, selected Latitude™ and Alienware™ laptops will use a specially formulated material that incorporates recycled carbon fiber, with plans to expand across these laptop portfolios in 2016. Dell, Inc estimates this collaboration will divert 372,000 kg of carbon fiber from landfills. The recycled materials have a carbon footprint that is approximately 11 percent smaller than virgin carbon fiber.

STRONGER BONDS

With nano-molding, metal and plastic can be joined together to create hybrid parts that help manufacturers make thinner, stronger and lighter devices. SABIC’s new THERMOTUF™ compound is specifically designed for this innovative technology.

In nano-molding, a chemical etching process creates nano-scale pores in metal that are filled with plastic during the insert injection molding process. Because this bonds metal and plastic together very strongly, it means parts can be thinner and lighter yet retain the essential characteristics manufacturers need, including strength, heat management and electromagnetic shielding. THERMOTUF™ compound also offers a wide color range for attractive and differentiated designs.

Because of its ability to strongly bond the two materials, enabling thinner, lighter weight parts, nano-molding technology, invented in 2002, has been widely adopted as an enabling process by leading consumer electronics manufacturers. Another reason for its adoption is that the use of nano-molding technology eliminates the need for secondary processes such as applying adhesives or creating complicated mechanical interlocks. This solution has been adopted by OEMs for their high-end smartphone antenna split applications, enabling the slim, light weight, aesthetically appealing design for their products.

TOUCHSCREENS

From large indoor and outdoor displays to electronic whiteboards — the need for advanced materials that are highly sensitive and quick to respond to touch has increased.

Touchscreens are an essential part of modern life. But their use beyond mobile devices has always been limited. SABIC’s new polycarbonate film makes bigger, better touchscreens a reality.

Combining nanoparticle technology with a transparent, conductive LEXAN™ polycarbonate film, our latest product that can be used in touchscreen technology made its debut at the 2016 Consumer Electronics Show in Las Vegas. This new solution makes it possible to create touchscreens that combine high sensitivity with impact resistance and formability. Using this new material, manufacturers will be able to create the next generation of touchscreen devices, extending the possibilities of this product.

ELECTRICAL & ELECTRONICS

NEXT GENERATION TOUCHSCREENS
OUR COMMITMENT

"WE ARE COMMITTED TO INNOVATION, TO CONSERVATION, AND TO COLLABORATION. EVERY DAY WE DEMONSTRATE THE VALUES AND BEHAVIORS THAT LOOK TO SECURE THE FUTURE"
Striving for a sustainable future means looking at business practices differently and being able to turn challenges into opportunities that add lasting business value. Our fifth Sustainability Report will illustrate in detail the many significant projects that will result in a more profitable and resilient business. Here, we summarize SABIC’s key sustainability achievements in 2015.

**NATURAL CAPITAL**

The efficient use of resources is one of SABIC’s foremost sustainability priorities. To improve our process efficiency, we have set our 2025 goals and we are on track to reduce four key environmental impacts: energy usage, greenhouse gas emissions, water usage and material losses per unit of product sales. With the recent startup of the world’s largest CO2 capture and purification plant at our United Arab Emirates affiliate, SABIC is making progress towards becoming a global leader in resource efficiency. The plant has the capacity to purify up to 500,000 tons of CO2 per year and is expected to feed into our neighboring manufacturing facilities to produce urea, methanol and oxygen, or for liquefaction and use in the food and beverage industry. This project was recognized at the 6th Carbon Sequestration Leadership Forum ministerial meeting. Through resource efficiency projects, we are working on similar opportunities to positively impact our GHG emissions, CO2 utilization and economic returns.

**INNOVATION FOR SUSTAINABILITY**

By embedding sustainability into our innovation process, we can create a 2025 pipeline of solutions that address the challenges of both sustainability and markets. We aim to help our customers and their customers meet sustainability goals, such as higher crop yields, smarter packaging, stronger buildings, cleaner energy and better healthcare solutions. We achieve this in different ways: for example making a product that can be recycled, using renewable feedstocks, or making production processes more efficient.

In 2015, we continued to verify and quantify the sustainability benefits and risks of our innovation pipeline, covering more than 200 projects and around 55 percent of our product portfolio. We use Life Cycle Assessment (LCA) at an early stage to understand economic and environmental hot spots and maximize sustainability benefits. We have internally qualified several of these successes are covered in our award-winning “Stories of Possible” campaign. Sustainability solutions qualified in 2015 include stabilized nitrogen agri-nutrients, lightweight aircraft materials, high-flow, thin-wall fire retardant materials for ES applications and PET starch composites. To better understand what drives SABIC customers, OEMs and brand owners towards more sustainable solutions, we continued our Design for Sustainability workshops. At these events – held in London, Milan and Paris – customers, designers and suppliers present and discuss trends, challenges and approaches to more sustainable innovations.

**SUPPLY CHAIN**

In 2015, the global SABIC supply chain organization announced its ambition to be the recognized leader for supply chain sustainability in the chemical industry. Initiatives include a system to evaluate the quality, safety, security and environmental performance of Logistics Service Providers (LSP) and Chemical Distributors; assuring high ethical standards and respectable work conditions; and estimating the carbon footprint intensity of our supply chain.

**LOOKING FORWARD**

SABIC is committed to constantly improving our operational footprint. We will continue to improve resource and energy efficiency, while exploring alternative feedstocks and energy, low-carbon technologies, CO2 capture and utilization opportunities, and embracing the “circular economy.” We aim to embed a sustainability mindset into all of our activities. In 2016, we look forward to the official launch of the Home of Innovation™ program in the Middle East/Africa market, and to finding ways to further integrate sustainability across our business.

Together with governments, charities and private and public sector organizations, we created a cycle of successful corporate social responsibility (CSR) programs in 2015. Our work in this area is aligned with community needs and with SABIC’s four CSR focus areas: health and wellness, science and technology education, environmental protection, and water and sustainable agriculture.

**RAISE STRATEGY**

In 2015 we implemented the criteria of our strategy “RAISE” in the programs adopted. “RAISE” (Reputation, Audience, Innovation, Strategy, Endurance) CSR strategy supports SABIC’s four focus areas and encourages employees to volunteer and propose CSR programs. It also helps ensure that CSR activities achieve consistent goals in all regions: to reflect SABIC’s values and corporate identity, address important community needs, utilize an innovative or novel approach to addressing an issue; align with SABIC’s corporate strategy and objectives, create a lasting, positive and socially responsible impact.

**HEALTH AND WELLNESS**

In Saudi Arabia, SABIC signed a Memorandum of Understanding with the Ministry of Health to establish a hospital in Riyadh specializing in mental health care and addiction treatment. Also in this area, we launched the five-year National Project for Prevention of Drugs (NIRAS), which has attracted praise from the Council of Ministers and Saudi Arabia’s leadership. In Q3 2015, we launched “SABIC Health Beacon” to promote healthy living practices among employees.

We continued our work with the Zahra Breast Cancer Association to provide six mobile breast cancer detection clinics, and gave endowments to charities in Riyadh, Jeddah and Yankee, including the Autism Association. Globally, we implemented several health-related programs, including volunteer activities in the US to support children with life-threatening illnesses and their families, a blood donation drive and eye care campaign in India, as well as an employee wellness program in Europe.

**SCIENCE AND TECHNOLOGY EDUCATION**

Our 2015 education initiatives focused on science and technology. The SABIC Science Caravan, which offered workshops and experiments in chemistry, mathematics, space, innovation and information technology, passed through seven Saudi Arabian cities to promote the spirit of scientific research. Over 25,000 students visited the Caravan, which was staffed by 500 volunteers including SABIC employees. To coincide with the new academic year, SABIC launched a “Back to School” program in 13 cities in Saudi Arabia and 15 countries across the world.

The program targeted more than 80,000 underprivileged students in primary and middle schools in the Middle East, Africa, Europe and Latin America.

SABIC has adopted a new innovative strategy in support of industrial research at Saudi universities in line with its 2025 strategy, which includes addressing future R&D challenges and actively contributing towards Saudi Arabia’s economic development. In addition, SABIC has initiated an Innovation Award in Saudi Arabia to identify promising future technologies and avenues to support local downstream development, address community interests, and meet sustainability needs. In Medinah, Saudi Arabia, SABIC supported the Madinah Academy for Education, which aims to educate students in modern sciences and develop their skills. In Singapore and China, SABIC’s “Lights of our Future” program taught over 1,000 students about sustainability and energy savings. In the Netherlands, SABIC supports high schools and elementary schools in the First Lego League®, which introduces young people aged 9–14 to the fun and excitement of science and technology.

**ENVIRONMENTAL PROTECTION**

Our many environmental programs in 2015 included the Waste Free Environment initiative, which we implemented in collaboration with the Gulf Petrochemicals and Chemicals Association. We also ran the environmental competition “3R” (Recycle, Reduce and Reuse) for students in Jeddah, Riyadh and Yanbu to raise community awareness about the need for better management of natural resources and the environment. SABIC organized similar environment activities in the Netherlands and South Africa.

**WATER AND SUSTAINABLE AGRICULTURE**

SABIC signed an agreement with the Ministry of Agriculture to build the awareness, efficiency and experience of both farmers and technical personnel in the agricultural sector. During the year, we continued the first phase of construction of the Estidamah Agricultural Research Center, which will promote sustainable agriculture in Saudi Arabian. Once completed, the center will be handed over to the Ministry of Agriculture, which will run its operations and research programs.

**COMMUNITY ENGAGEMENT**

To support community activities and promote talent development, SABIC sponsored community programs across the globe like a day out for orphans and cancer-stricken children, sports events, cultural activities, and technology festivals.
HUMAN CAPITAL

SABIC’s talent is our competitive advantage. We concentrate our human resources activities around finding the right people, cultivating our talent and giving people opportunities to develop and excel in their careers.

During 2015, our activities focused on enabling the SABIC global transformation journey and greater organizational effectiveness. Our work centered around three themes:

- Transformation
- Talent acquisition
- Talent retention

Through our focus on these themes we continued our progress toward:

- Building a SABIC Distinctive Employer Brand
- Building a SABIC Distinctive Leadership Brand
- Transforming Organization & Culture
- Building & Deploying SABIC Capabilities

TRANSFORMATION

To realize our SABIC 2025 strategy, our Human Resource function played a strategic enablement role with the business, developing and deploying innovative methodologies that will build our human capital value even further. This means ensuring we develop world class talent and leadership, transforming our organizational culture to an empowering, engaging, “intrapreneurship” environment. It will also involve building and deploying best HR practices, capabilities and analytics across SABIC.

As part of this transformation journey, we have refocused and remodeled the Innovative Plastics, Chemicals and Polymers SBUs to strengthen our business focus in both commodities and specialties. HR played a leading role in this project, utilizing change management and communication programs to minimize the impact of the transformation on employees. We also worked intensively to ensure the organizational transformation complies with regulations in all countries where we operate. This initiative will build a stronger, better SABIC – one capable of global leadership in meeting customer needs, maximizing shareholder value, developing employees and contributing to the communities where we live and work.

TALENT ACQUISITION

SABIC has been recognized as one of the world’s best employers in both Asia Pacific and Europe by Top Employers Institutions. In Asia, it is the third consecutive time that SABIC has been awarded Top Employer certification and we are delighted with this achievement. By helping attract high potential people, this regional recognition supports our ambitions to become the employer of choice in our industry.

To attract and inspire potential employees in a competitive labor market, we promote our employer value proposition under the theme “People Who Can”. Our demonstrated values emphasize how SABIC inspires people to make a difference through creating solutions and innovation for our customers.

TALENT RETENTION

Providing attractive career development opportunities helps inspire high potential talent, boosts engagement and productivity and strengthens the succession pipeline. To reinforce this process, we deploy talents in a global career development framework with clear paths and opportunities for professional growth. This will ensure the strength of our talent pipeline and build competencies across 12 different career lines in the corporate, sales and manufacturing disciplines.

Throughout the year, we have operated scholarship programs in engineering, business, science and law in six countries worldwide, in 17 major fields of study.

TECHNOLOGY AND INNOVATION

A strong focus on technology and innovation was key to SABIC’s 2015 growth and contributed to our position as one of the world’s largest diversified chemical companies. It is our ambition for Technology and Innovation (T&I) to be one of the main drivers of SABIC’s revenue over time.

PROJECTS AND PATENTS

We are working on over 800 research projects that are expected to add value to our business and make a significant contribution to our strategy. Looking ahead, we will focus on perfecting technology with our collaborators and on developing new technologies in-house. SABIC has ambitious patents targets: in 2015, our total patents and patent applications increased to 10,960.

HIGHLIGHTS

In 2015, SABIC renewed the joint development agreement with Cima Nanotech, continuing our joint efforts to bring the world’s first transparent conductive polycarbonate film solution to the consumer electronics industry. During the year, a fully functional 23” touch screen built on this technology was demonstrated at the IDTechEx show in the US and a 55” touch screen was exhibited at CIChoc in China.

SABIC also introduced LEXAN™ XHR2000 sheet, the world’s first and only truly transparent plastic sheet that meets strict aircraft interior requirements for heat release, flame, smoke, and smoke toxicity, while delivering the highest level of light transmission. This was the culmination of many years of technical and application development, which will revolutionize what is possible in cabin aesthetics and allow designers to create modern, light-filled cabin environments. In April, SABIC was awarded the prestigious Crystal Cabin Award for this development at the Aircraft Interiors Expo in Hamburg.

LED replacement is currently showing the biggest growth opportunity compared with other LED lighting segments, and is predicted to account for the majority of demand in the coming years. SABIC has been chosen as a development associate due to our established lighting portfolio and industry expertise.

Efficiency

SABIC’s technology and innovation efforts contributed to a 73 percent reduction in the expected capital expenditure for a new GRPWR plant. The team also succeeded in improving the purity of the CCB80W oil water HDPE grade. This led to realizing a cost reduction of $2.3 million per year. Moreover, T&I contributed towards reducing investments in future polycarbonate plants by 30 percent.

LOOKING AHEAD

SABIC acquired a thermoplastics technology in 2015 that strengthens its position in the automotive and consumer electronics markets, besides other markets such as construction and oil & gas. This technology is superior to alternatives, offering best in class quality and performance. In addition, the acquisition of new HVAC technology for the Saudi Arabian downstream business has the potential to reduce energy consumption by 30–40 percent. Offering a cost advantage compared to existing systems and using SABIC’s materials, it is currently undergoing tests to assess its performance in the Saudi Arabian environment.
Gartner, the world's leading supply chain and information technology research and advisory company, has ranked SABIC among the Top 5 petrochemical/agribusiness companies in its annual Supply Chain Top 25 rankings. This is the first time that a Middle East company has featured in this distinguished list and we at SABIC are delighted with this honor. We intend to continue investing in our Supply Chain and accelerate our journey towards excellence as we move closer to achieving our 2025 goals.

SUSTAINABILITY
Under a new program, SABIC aims to become the recognized industry leader in supply chain sustainability. In 2015, this far-reaching program launched six KPIs around the focus areas of workforce, environment, financial, people and social. One such KPI, Supply Chain Incidents Reporting, is an initiative that will help SABIC's company learn from supply chain incidents globally and is now incorporated in our SHE Management system (SHM).

SAFE TRANSPORTATION
In November 2015, SABIC began equipping its European chemical rail fleet with GPS tracking to ensure safe, reliable and cost-efficient transport of goods. In Asia, Polymers increased its LNG-powered truck fleet in China to 37 and is on the way to achieve 100 percent LNG-powered transport in 2016.

CAPABILITY
Supply chain training has also been recognized. Chief Learning Officer magazine awarded the 2015 Gold award for “Excellence in Academic Partnership” to the Applied Learning program jointly designed by SABIC's Global Supply Chain Center Of Excellence and Penn State University's Smeal College of Business. The program, which supports the continuous improvement of supply chain operations, combines face-to-face learning, applied learning projects, and coaching. It has delivered applied learning projects in the Polymer, Chemicals, Metals and Innovative Plastics businesses.

As part of SABIC’s transformation program, a cross-functional executive team has been established to optimize the supply chain organization. The first step towards implementation is expected in Q1 2016. SABIC is also progressing with a dedicated Supply Chain Academy for employees.

PROCES AND SYSTEMS
Rollout of SABIC's FANAR+ program, which delivers a global, uniform platform for standardized Supply Chain planning and operations, has been completed in Europe and is scheduled for the Specialty business in 2016. SABIC is investing in Supply Chain Network Modelling capability which will go into service by 2016. It is expected to reduce supply chain costs by 10 percent as well as bring indirect benefits such as cuts in carbon monoxide emissions and fuel consumption.

Our Chemicals business reduced its days of inventory on hand by 8 percent against a Working Capital target.

INFRASTRUCTURE
After taking delivery of the world's first gas carrier vessels that run on cleaner LNG fuel, Chemicals has pioneered its own LNG bunkering facility in the UK, which was awarded a European Union TEN-T program subsidy for “breaking the deadlock in the UK on clean LNG fuel”. Our Polymers business expanded its container hubs in Asia to include Port Klang, Malaysia and Nansha Hub in Greater China, generating significant cost savings. Polymers further reduced lead time to Ibubali, Yanbu and Rabigh ports through the usage of dedicated roads for trucks to ports. The jubail Portside Logistics Facility (PLF) and its dedicated road resulted in 6 percent increase in volume moved compared to 2014 through reduction of overall travel time, also contributing to less fuel usage and lower emissions. Dedicated roads to Yanbu and Rabigh resulted in 40 percent more volume moved compared to 2014.

SABIC joint venture Ibuli Chemicals Storage and Services Company (IPSSC) has entered into two agreements for liquid product storage and handling services at the King Fahd Industrial Port (KFIP) in jubail. At KFIP we are also exploring a urea conveying system that will replace 500 trucks per day and significantly reducing carbon monoxide emissions.

We have launched a rail feasibility study as part of our Rail Modality drive to move cargo onto rail and have appointed a global engineering company to work with us on the initiative. Our Agri-Nutrients business also dispatched a record 6.5 million tons of material during 2015.

STRATEGIC SOURCING
As part of SABIC's new procurement policy we have signed a policy for business unit supply chain sourcing and developed processes to increase compliance oriented practices.

SABIC has maintained world-class compliance and risk management processes. Its Legal Affairs, Enterprise Risk Management (ERM) and Internal Audit departments are designed to safeguard the interests of all SABIC stakeholders, including customers, employees and shareholders, and to manage our risks in a way that promotes our 2025 goal of becoming the world’s preferred leader in chemicals. In 2015, the SABIC Board of Directors fully operationalized its Risk and Compliance Committee, which was formed in 2014, to oversee management of key risks.

LEGAL AFFAIRS
Legal Affairs provides day-to-day support to manage legal risk for the business, while promoting growth in areas that include commercial transactions, M&A and strategic counsel. The team also supports the company’s 2025 goals in two key areas: it builds and maintains robust compliance processes and a strong compliance culture to foster the highest ethical standards; and it works closely with our leaders, strategically protecting intellectual property to maximize value from our innovation activities.

In our 2015 Compliance program, SABIC employees achieved a 98 percent completion rate for compliance training modules. Other highlights in this area include fully implementing our desktop compliance reporting tool, completing compliance and risk mitigation reviews for 30 executive leaders and their business or functional units, and piloting an Executive Compliance Leadership workshop.

SABIC also continued its commitment to fighting corruption. Internally, we initiated a supplier due diligence program, due for launch in 2016, which is designed to ensure integrity and ethical practices throughout our supply chain. Externally, our leadership efforts included participation in the anti-corruption Task Force, the United Nations Global Compact and the World Economic Forum’s Partnering Against Corruption Initiative. We also continued to provide Saudi and Gulf leadership at events sponsored by the Pearl Initiative and the Saudi National Anti-Corruption Commission.

In intellectual Property, innovation efforts led to 544 new original patent applications, a 20 percent increase over 2014. Our overall patent estate continues to exceed 10,000 global docket, even with increased scrutiny on existing patents to ensure they still serve SABIC’s growth objectives. We also extended our IP awareness training program to include many of SABIC’s affiliated companies in Saudi Arabia.

ENTERPRISE RISK MANAGEMENT
We have continued the rollout of our Enterprise Risk Management (ERM) framework across all internal entities subjected to rigorous risk assessments by joint ERM and Legal Compliance teams in 2015. We also continued to integrate risk management into our internal processes, for example adding risk-based decision tools to our Corporate Investment process to improve how we select and manage future investments. A new Global Risk Champions Network now enables us to leverage our collective knowledge and share risk information across the organization.

We endeavor to work to the highest compliance standards, using a best-in-class controls environment. With the FANAR+ SAP® Globalization project, we have been able to consolidate and manage our internal controls through a global platform. In 2015, we began deployment of global approach to access authorization that will structurally govern access rights across the SAP system.

Our ability to mitigate the adverse impacts of disruptive events remains a critical focus of the organization. SABIC’s Business Continuity framework is fully equipped with guidance material, customized toolkits, training packages and adoption methodologies. This capability has enabled us to develop and manage rigorous response and business continuity plans for global major projects (via FANAR+) and for ongoing operations at our affiliates. As part of a long-term plan, four affiliates have been certified to BCSI ISO 22301 during 2015.

INTERNAL AUDIT
The Internal Audit Department audited the company’s operations in 2015, in accordance with the SABIC Audit Committee Approved Annual Audit Plan. Ernst & Young (EY), the company's external auditor, also conducted periodic audits and reviewed the closing financial statements of the company. No fundamental weaknesses were reported after these audits and reviews, and the company continues to maintain a strong internal control environment.

The Internal Audit Department completed all planned audits for 2015 and included reviews within some of the company's affiliates. Internal Audit continued to enhance its operations in the areas of risk assessment, data analytics, audit development and audit methodology. Adherence to international auditing standards is maintained through the department's expertise center for quality assurance and improvement programs.
The protection of human health, safety and the environment is fundamental to operational excellence. For SABIC, EHSS (Environment, Health, Safety, Security) is more than just a priority. EHSS is a core value – a deeply held belief that is a fundamental force driving actions and behaviors, which is not compromised to achieve short-term goals. We believe it is important not only to meet regulatory requirements, but also to create a culture that goes beyond compliance to one that encourages continuous improvement.

**KEY PERFORMANCE INDICATORS**

To continuously improve EHSS performance, we monitor a set of specific key performance indicators across our facilities. A key measure is the SHER (Safety, Security, Health and Environmental Risk) Rate. Since 2005, this measure has improved by 87 percent. Over the same period, the injury rate for direct hire employees has improved by 65 percent, while the rate for contractors has improved by 74 percent. The overall improvement is 70 percent.

**RESPONSIBLE CARE®**

Our efforts to go beyond compliance include SABIC’s adoption of Responsible Care®, an industry-wide initiative to promote continuous EHSS improvement across the value chain. All SABIC chemical sites globally maintain Responsible Care® IC14001:2013 certification. Through the Gulf Petrochemicals and Chemicals Association, SABIC leads the Responsible Care® initiative in the Middle East region.

**PROCESS SAFETY**

Process Safety is critical for ensuring our processes are safely designed, constructed, maintained and operated. During 2015, we took several initiatives to improve our performance in this area and manage EHSS risks at our facilities. Based on “Baker Risk Report” recommendations, we developed a facility siting methodology and guidelines to ensure employees in permanent and temporary buildings at our facilities are not adversely affected by any explosion. We will pilot this methodology next year at selected global sites before making it part of our Safety, Security, Health & Environmental Management (SHEM) standards.

**CARBON DISCLOSURE PROJECT**

Carbon Disclosure Project (CDP) is an NGO which holds the largest collection globally of climate change data. In 2015 assessment CDP reviewed climate change related disclosures of over 4,500 organizations including SABIC. We have scored 97 out of possible 100 points. This is one of the top results among the sector worldwide.

**EHSS AWARD PROGRAM**

Recognition of excellence is a key element in creating a sound EHSS culture. Every year, we present EHSS Awards to SABIC facilities that have demonstrated excellence in their EHSS programs. The awards play an important role in driving EHSS improvement at our sites.

**MANUFACTURING EXCELLENCE**

Manufacturing’s key focus areas are to reduce operational risk, increase revenue and achieve effective cost management. To reach these goals we will deploy best-in-class work processes across all our global assets. Driving this is our IMTYAZ program for Manufacturing Excellence Management. It sets clear guidelines for site organizational structure, leadership behaviors, stewardship models, performance management and manufacturing work processes. We began to develop and deploy these guidelines in 2015 and expect to complete the process in 2016.

**KNOWLEDGE**

In 2015, we recruited global experts to build our manufacturing and innovation capability. As part of our focus on technical stewardship, we assess aging SABIC assets to determine whether to maintain, replace or retire them. In 2015, we recommended the retirement of a major gas production plant and the upgrade of another. We also introduced the Manufacturing Cold Eye Review process, in which multi-disciplinary teams assess the integrity, reliability, safety, and overall performance of our manufacturing assets. Knowledge sharing in 2015 included issuing SABIC Manufacturing Standards and delivering specialized training to improve the technical competencies of our engineers and managers.

One SABIC Manufacturing Standard for coating technology reduces heat loss, resulting in potential fuel savings of $12 million per year.

**BUSINESS PLANNING**

In 2015, we rolled out our new capacity reference points for all SABIC production assets and revised the definition, better aligning the Best Achieved Rate to external benchmark definitions. Using our new capacity reference points in the 2016 business planning, helped us to better challenge our assets’ capabilities and improved our business planning activities, keeping the same focus on our superior EHSS performance.

**MANUFACTURING**

Our asset integrity and reliability management program continues to improve the performance of our assets. Together with our continued buildup of technical expertise, our commitment to implementing world class manufacturing processes has resulted in a 0.4 percent year on year improvement in uptime. Under the SABIC 2025 strategy, we aim for manufacturing assets to be in the top quartile of performance.

Over 60 percent of SABIC manufacturing benchmarked assets are in the first and second quartile for reliability. Our aim is to continuously improve on this achievement. In 2015, we identified opportunities to improve production performance and deployed a program to drive best-in-class manufacturing processes. A focus on achieving Best Quartile performance has led to the identification of over 1,400 projects for further improvement. During the year we also debuted new initiatives for asset performance management and continued to find opportunities for synergies at our affiliates.

In 2015 we established industry benchmark-based Best Quartile (BQ) positions for most SABIC assets, identifying a 4 percent improvement opportunity in production. We aim to keep our leadership in manufacturing while promoting innovation with an optimized approach to new product introductions.
IN 2015 WE IMPLEMENTED OUR TRANSFORMATION INITIATIVE TO ADDRESS THE EVER-CHANGING NEEDS OF OUR CUSTOMERS
HIGHLIGHTS

NEW PRODUCT LINE
Our Nexlene™ solution process technology paves the way for high performance products with improved qualities such as impact-resistance, transparency and rigidity, demonstrating our commitment to continually deliver efficient, technology-based solutions.

MEETING MARKET NEEDS
In collaboration with our customers, SABIC has introduced a new range of phthalate-free polypropylene grades to help meet evolving regulations for food and hygiene.

WATER SAVING
SABIC’s HDPE pipes have helped in water savings at Al-Waha Project in Saudi Arabia where 450 cubic kms of water are supplied to 23,000 farms every day. They prevent 60 percent water from seeping caused when traditional trenches are used.

FUTURE STEPS

Our new organization structure, which brings the commodity elements of SABIC’s Innovative Plastics and Performance Chemicals businesses into Polymers, and the remaining solutions under the new Specialty business in 2016, will sharpen our focus on customers and improve our ability to innovate.

The Polymers business has now built a market-facing structure organized around the automotive, foam/lightweight and pipe segments. This enables us to deliver the full Polymers portfolio to these segments. The new structure is designed to provide sustainable solutions across the entire value chain, and accelerate the pace of our innovation and growth.

2015 WAS A YEAR OF TRANSITION FOR INNOVATIVE PLASTICS WHEN ITS COMMODITY PRODUCTS MERGED WITH THE POLYMERS BUSINESS AND THE REMAINING SOLUTIONS BECAME A NEW BUSINESS CALLED SPECIALTIES. THE CHANGE HAS ENABLED POLYMERS AND SPECIALTIES TO IMPROVE CUSTOMER RELATIONS AND MOVE TO THE NEXT LEVEL OF PRODUCT PORTFOLIO MANAGEMENT

ABDULRAHMAN AL-FAGEEH
EXECUTIVE VICE PRESIDENT
POLYMERS

ERNESTO OCCHIELLO
EXECUTIVE VICE PRESIDENT
INNOVATIVE PLASTICS

INNOVATIVE PLASTICS

HIGHLIGHTS

RECYCLING
For the first time in the consumer electronics industry, SABIC has engaged with computer manufacturer Dell to use recycled carbon fiber in selected laptops, reducing this material’s carbon footprint by 11 percent.

CLARITY WITH SAFETY
SABIC’s new transparent LEXAN™ XHR sheet helps create attractive airplane interiors that save weight yet conform to strict standards for fire resistance, smoke and toxicity.

FUTURE STEPS

The pace of change in the industries we serve is relentless. SABIC continues to deliver the materials needed to create the products that are improving the quality of life for millions of people. Our materials enable manufacturers to create products that perform new functions and extend the boundaries of what is possible, while at the same time reducing environmental impact. From better healthcare to more fuel-efficient airplanes, SABIC’s advanced materials are meeting the demands of the future.

"2015 WAS A YEAR OF TRANSITION FOR INNOVATIVE PLASTICS WHEN ITS COMMODITY PRODUCTS MERGED WITH THE POLYMERS BUSINESS AND THE REMAINING SOLUTIONS BECAME A NEW BUSINESS CALLED SPECIALTIES. THE CHANGE HAS ENABLED POLYMERS AND SPECIALTIES TO IMPROVE CUSTOMER RELATIONS AND MOVE TO THE NEXT LEVEL OF PRODUCT PORTFOLIO MANAGEMENT"

"OUR NEW ORGANIZATION BRINGS US CLOSER TO CUSTOMERS, ENABLING US TO OFFER SUSTAINABLE SOLUTIONS TO THE ENTIRE VALUE CHAIN AND MOVE FURTHER TOWARDS OUR VISION TO BE THE PREFERRED WORLD LEADER IN CHEMICALS"
CHEMICALS

HIGHLIGHTS

CO₂ PURIFICATION
At SABIC affiliate United, the largest CO₂ purification plant of its type was completed one month ahead of schedule in April 2015. The CO₂ purification technology was developed in-house at SABIC research centers.

INTEGRATION
Elements of SABIC’s former Performance Chemicals and Innovate Plastics business units were integrated seamlessly into the Chemicals business as part of SABIC’s transformation program, while the Development and Innovation departments of Technology & Innovation were also integrated into the business to help meet the goals of our 2025 strategy.

FUTURE STEPS

SABIC will continue to build on its leading position in many chemicals, using our focus on strong customer service and consistent quality to retain favored supplier status throughout the world. In glycols, where SABIC is the world leader, new plants and de-bottlenecking projects are under way to meet global demand growth. In Methanol, we will seek to maintain our leading global position, with several production improvement initiatives underway, such as CO₂ injection and off-gas utilization to increase output and meet the growing demand worldwide. As we strive toward more sustainable production and cost efficiency, we are also piloting and developing the use of both alternative and renewable feedstocks. Across the Chemicals business, our proactive supply chain operation operates a program of continuous improvement to ensure safe and sustainable supplies for our customers.

UWAIDH AL-HARETHI
EXECUTIVE VICE PRESIDENT
CHEMICALS

AGRI-NUTRIENTS

HIGHLIGHTS

TARGETED NUTRIENTS
In 2015 we launched a new NPK fertilizer grade in Saudi Arabia designed specifically for the date palm. This compound fertilizer helps to improve quality and yield of the crops year after year.

CO₂ TRANSFORMATION
In 2015, our affiliate SAFCO’s plant began producing fertilizer from captured CO₂.

KHALED AL-MANA
EXECUTIVE VICE PRESIDENT
AGRI-NUTRIENTS

FUTURE STEPS

Feeding the world’s growing population means producing more food from the same or even less land than today. Agri-nutrients have a crucial role to play in meeting this challenge and SABIC, with our focus on innovative compounds, is working to help improve yields and create nutrients that are more targeted and effective. We are doing this by creating products tailored to the specific needs of each crop, and by developing enhanced efficiency nutrients that improve yields while at the same time reducing impacts on the environment.

WE ARE REINFORCING OUR LEADING POSITION WITH PROJECTS THAT CONTINUOUSLY IMPROVE OUR OPERATIONS, INCREASING THEIR EFFICIENCY AND SUSTAINABILITY

THE NEW NAME FOR OUR BUSINESS REFLECTS OUR BROADENING FOCUS AS WE WORK TO MEET THE EVOLVING NEEDS OF THE GLOBAL AGRICULTURAL COMMUNITY

NEW PATENTS

INCREASE IN FOOD PRODUCTION FROM AGRI-NUTRIENTS NEEDED BY 2050

YEARS OF ASSOCIATION WITH THAILAND’S CHIA THAI GROUP, AN AGRI-NUTRIENTS CUSTOMER

KHALED AL-MANA
EXECUTIVE VICE PRESIDENT
AGRI-NUTRIENTS

UWAIDH AL-HARETHI
EXECUTIVE VICE PRESIDENT
CHEMICALS

WORLD LEADER IN GLYCOL PRODUCTION

24% OF GLOBAL POLYESTER PRODUCED WITH SABIC MONOETHYLENE GLYCOL

20%+ HIGHER DATE PALM YIELD WITH SPECIALIZED SABIC NUTRIENT GRADE

70% YEARS OF ASSOCIATION WITH THAILAND’S CHIA THAI GROUP, AN AGRI-NUTRIENTS CUSTOMER

150 NEW PATENTS FILED

25
METALS

“METALS HAS SHOWN RESILIENCE IN A TOUGH YEAR. WE HAVE ATTRACTION NEW INTERNATIONAL CUSTOMERS AND INCREASED OUR COMPETITIVENESS, AND AT THE SAME TIME INTRODUCED INNOVATIONS AND PROCESSES THAT MAKE OUR SUCCESS SUSTAINABLE.”

ABDULAZIZ S. AL-HUMAID
EXECUTIVE VICE PRESIDENT
METALS

HIGHLIGHTS

SUSTAINABILITY
By successfully making use of byproducts such as flared gas and waste coke, and recycling waste water, Metals has taken further steps to increase the sustainability of its operations.

INNOVATION
New antibacterial and heat-resistant steel products have expanded SABIC’s product range and added important new capabilities for our customers.

FUTURE STEPS
Metals has demonstrated its ability to create opportunities in challenging market conditions. We will carry this approach into the future to sustain our leading regional position in steelmaking.

Our long-term strategy is based around four themes: improvement, growth, innovation and transformation. We will continue on our journey to become the cost leader in steelmaking while at the same time growing both the quality and quantity of our product portfolio.

Through innovation we will create new possibilities and more sustainable production methods, while our transformation program will build the capability our people and develop new sources of revenue.

MANUFACTURING COMPANIES

INNOVATIVE PLASTICS

COMPANY
Alba
Al-Bayroni
Ar-Razi
GARMCO
GPIC
Hadeed
Ibn Al-Baytar

LOCATION
Bahrain
Al-Jubail, Saudi Arabia
Al-Jubail, Saudi Arabia
Al-Jubail, Saudi Arabia (head office); Yanbu, Saudi Arabia (branch)
Al-Jubail, Saudi Arabia
Al-Jubail, Saudi Arabia
Al-Jubail, Saudi Arabia

PARTNERSHIP
SAIC Industrial Investments Company (20%), State of Bahrain (77%), Breton Investments, Germany (3%) A 50/50 SAIC joint-venture with Taiwan Fertilizer Company A 50/50 SAIC joint-venture with a consortium of Japanese companies led by Mitsubishi Gas Chemical Company SAIC (31.28%), Kuwait (16.97%), Bahrain (38.36%), Iraq (4.12%), Oman (2.06%), Qatar (2.06%), and Gulf Investment Corporation (5.15%) SAIC (70%) and a group of Saudi Arabian private-sector companies (30%) Joint venture with equal partnership for the Petrochemical Industries Company of Kuwait, State of Bahrain and SABIC A wholly owned affiliate of SABIC

PRODUCTS
Aluminium (liquid metal, ingots, rolling slabs, and billet) Ammonia, urea, 2-ethyl hexanol, and DOP Chemical-grade methanol Aluminum sheets and can stocks Oxygen, nitrogen, argon and krypton/xenon (Al-Jubail); oxygen and nitrogen (Yanbu) Methanol, ammonia, and urea Steel rebar, wire rod, hot-rolled coils, cold-rolled coils, galvanized coil, and flat steel products Ammonia, urea, compound fertilizer, phosphate, and liquid fertilizer

MANUFACTURING COMPANIES

COMPANY
GAPIC
National Industrial Gases Company

LOCATION
Bahrain
Al-Jubail, Saudi Arabia (head office); Yanbu, Saudi Arabia (branch)

PARTNERSHIP
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<th>COMPANY</th>
<th>LOCATION</th>
<th>PARTNERSHIP</th>
<th>PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ibn Rushd Arabian Industrial Fibers Company</td>
<td>Yanbu, Saudi Arabia</td>
<td>SABIC (45.19%), RF (33.51%), and a group of Saudi Arabian and regional private-sector partners (21.30%)</td>
<td>Aromatics (xylene and benzene), purified terephthalic acid (PTA), bottle-grade chips, PET, and acetic acid</td>
</tr>
<tr>
<td>Ibn Sina Arabian Industrial Fibers Company</td>
<td>Al-Jubail, Saudi Arabia</td>
<td>SABIC (50%), CTE (10%), owned by Elwood Insurance Ltd., 25%, and Texas Eastern Arabian Ltd., 25%</td>
<td>Chemical grade methanol and MTBE</td>
</tr>
<tr>
<td>Ibn Zahr Arabian European Petrochemical Company</td>
<td>Al-Jubail, Saudi Arabia</td>
<td>SABIC (80%), Ecofuel-Italy (10%), Arab Petroleum Investment Corporation APICORP (10%)</td>
<td>MTBE and polypropylene</td>
</tr>
<tr>
<td>Ibn Sina Arabian Industrial Fibers Company</td>
<td>Al-Jubail, Saudi Arabia</td>
<td>A 50/50 SABIC joint-venture with ExxonMobil (USA)</td>
<td>Polyethylene and ethylene</td>
</tr>
<tr>
<td>Petrokemia Arabian Petrochemical Company</td>
<td>Al Jubail, Saudi Arabia</td>
<td>A wholly owned affiliate of SABIC</td>
<td>Ethylene, polyethylene, butene-1, propylene, butadiene, benzene, polyethylene, VCM, S-PVC, and ABS</td>
</tr>
<tr>
<td>Sadafi Arabian Petrochemical Company</td>
<td>Al Jubail, Saudi Arabia</td>
<td>A 50/50 SABIC joint-venture with Shell Chemicals Arabia, LLC (an affiliate of Royal Dutch Shell)</td>
<td>Ethylene, crude industrial ethanol, styrene, caustic soda, ethylene dichloride, and MTBE</td>
</tr>
<tr>
<td>SAFCO Saudi Arabian Fertilizer Company</td>
<td>Al-Jubail, Saudi Arabia</td>
<td>SABIC (42.99%), GOSI and Public Pension Agency (15.41%), public shareholders (41.61%)</td>
<td>Ammonia, urea, and urea formaldehyde</td>
</tr>
<tr>
<td>SABIC Innovative Plastics</td>
<td>Bay St. Louis, Mississippi, USA</td>
<td>A wholly owned affiliate of SABIC</td>
<td>CYCLOLAN™, CYCOLOY™, and GELOY™ resins</td>
</tr>
<tr>
<td>COMPANY</td>
<td>LOCATION</td>
<td>PARTNERSHIP</td>
<td>PRODUCTS</td>
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<tr>
<td>SABIC Petrochemicals B.V.</td>
<td>Geleen, Netherlands</td>
<td>A wholly owned affiliate of SABIC</td>
<td>Polyethylene (HDPE, LDPE, LLDPE), polypropylene, ethylene, propylene, butadiene, MTBE / ETBE, benzene, gasoline components, styrene, C9 resin feed, cracked distillate, acetylene, hydrogen, and carbon black oil</td>
</tr>
<tr>
<td>SABIC UK Petrochemicals Ltd</td>
<td>Teesside, UK</td>
<td>A wholly owned affiliate of SABIC</td>
<td>Ethylene, propylene, benzene cyclohexane, cracked distillate hydrogen, butadiene, polyethylene (LDPE)</td>
</tr>
<tr>
<td>SABIC Polyolefine GmbH</td>
<td>Gelsenkirchen, Germany</td>
<td>A wholly owned affiliate of SABIC</td>
<td>Polyethylenes (HDPE, LLDPE) and propylene polyme</td>
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REFERENCES


