THRIVING WITH RESILIENCE
ANNUAL REPORT 2020
We at SABIC have always relished a challenge. We know that whatever comes our way, our vision, our values and our sheer resilience will continue to power the ongoing transformation of everything we do and the ways that we do it, to help make tomorrow better than today.
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SABIC, headquartered in Riyadh, Saudi Arabia, employs more than 32,000 people in around 50 countries, working together to make the building blocks of the modern world ever better, ever more efficiently, and ever more sustainably.
LEADERSHIP STATEMENTS

However, SABIC demonstrated great resolve and weathered the severe business environment with strong operational resilience and a robust balance sheet. This underlying performance is directly attributable to the efforts of our employees, who in the face of extraordinary adversity, exhibited exceptional focus to delivering the business plan and maintaining operational excellence.

During the year, Saudi Aramco completed the acquisition of the Public Investment Fund’s (PIF) 70% stake in SABIC. This momentous acquisition brought together world-class portfolios and enhances SABIC’s competitive positioning globally. The resulting tangible synergies in key areas of growth projects, joint ventures and service delivery models will enable SABIC to drive increased value.

Health and safety is a top priority for SABIC and significant actions were taken during the pandemic to safeguard our people, including introduction of extensive workplace precautions and remote working. Fulfilling our commitment to the communities in which we operate, we provided both financial and equipment support to help minimize the impact of the pandemic.

The challenging business environment of 2020 reduced demand and compressed margins for our core products. This was a direct result of the unprecedented impact of the COVID-19 pandemic on our industry.

Our Environmental, Social & Governance (ESG) priorities are underpinned by a commitment to create a globally sustainable business and are linked to leadership performance incentives. The success of our brand building efforts was also evident as SABIC moved up to become the second most valuable brand in the chemical industry, according to the Brand Finance rankings.

In support of Vision 2030, our NUSANED™ program is enabling localization through economic growth, diversification and job creation in the Kingdom. In addition, our global partnerships and presence in more than 55 countries around the world continue to attract international investments and expertise to the Kingdom.

In 2020, our on-going transformation program resulted in the reorganization of our Agri-Nutrients and Specialties businesses. The changes will provide the necessary focus to create additional efficiencies and build long-term growth.

On behalf of the board, I would like to extend my sincere thanks to Dr. Abdulaziz Saleh Al-Jarbou and the outgoing SABIC board members for their leadership and service. Their contributions have cemented SABIC’s position as a market leader in the industry. Also, we welcome our new Board members who bring with them a wealth of knowledge and diversified experience.

Finally, I would like to thank the SABIC leadership team and our employees for navigating through a very difficult 2020 and look forward to enhanced shareholder contributions in the coming years.
As COVID-19 brought disruption to all corners of the global economy, the value of our careful long-term strategic planning and continuous transformation of our operating model was made clear. We were among the first to recognize the imperative for global businesses to reposition their operations and capitalize on digitalization. The advent of the ‘new normal’ accelerated the trends we first identified five years ago. Our early actions positioned us ahead of the curve in our industry.

In facing the challenges of 2020, we further embraced innovation and the new future of work, while remaining focused on our long-term growth ambitions and leveraging the strength of our global supply chain, operational efficiencies and capital discipline. These measures enabled us to mitigate short-term challenges and positioned us to thrive in the new economic landscape.

Our 2020 results underlined the resilience of our business and the strength of our long-term growth strategies. Despite external factors, including COVID-19 impacts on our end-use markets and lower prices, we recorded improved performance in sales, capital expenditure (Capex), and General and Administration (G&A) costs. In 2020, SABIC posted a net income of SR 67 million, sales of SR 117 billion, and production of 60.8 tons.

These outcomes indicate that we have learned to adjust to the “new normal” and positioned the business for success as the global economy returns to growth.

SABIC’s resilience is defined by our business model, operational efficiency, and effective customer engagement. These strengths exist because of the dedication, creativity and professionalism of our global teams. I extend my sincere gratitude to all our employees for their outstanding commitment and contributions during an extraordinary year. I am extremely proud of SABIC’s accomplishments during these times and of how our values inspire our teams and the communities in which we live and work.

Our 2020 performance was delivered with our usual uncompromising focus on our customers and delivering innovative sustainable solutions of the highest quality. At SABIC, we also understand the importance of investing in future generations through a range of Corporate Social Responsibility (CSR) initiatives that improve lives around the world. This year, in addition to our usual efforts, we collaborated closely with governments and NGOs to overcome the challenges of COVID-19.

As global responses to the pandemic demanded action, we stepped up our support - mobilizing our combined resources and donating monetary and in-kind support where it was most needed. In all regions where we operate, our efforts helped provide materials for much-needed supplies to frontline medical staff, including Protective Personal Equipment (PPE) for healthcare practitioners and other vulnerable groups. In Saudi Arabia, our NUSANED ™ local content program, a key pillar in our support for the Kingdom’s Vision 2030, collaborated with health authorities - while various means of support were extended to local companies producing PPE. This included SABIC technical centers and intermediate component manufacturers volunteering support to identify the best raw materials to develop new health protection solutions.

The pandemic was a real test of our Environmental, Health, Safety, and Security (EHS) readiness and resilience. We worked tirelessly to raise our EHS competencies, focusing on driving product stewardship and managing process risk management effectively, while safeguarding our frontline staff. EHS will always remain critical to our business, and we are fully committed to excellence in this area through training and upskilling our employees. The development and rollout of vaccines is welcome news and raises hopes for a global economic revival during 2021 and beyond. Our optimism is accompanied by our deep commitment to operate as an essential industry, maintaining output levels to help secure essential goods and meet humanitarian needs globally.

In June 2020, we entered a new era in our history and became the chemicals arm of Saudi Aramco, following its share acquisition of a 70 per cent stake in SABIC from the Public Investment Fund for a total purchase price of SAR 251.25 billion (US$ 651.1 billion).

Both SABIC and Saudi Aramco are global organizations that understand the global market. In the third quarter of 2020, we began the implementation phase of our alignment - positioning us to achieve long-term growth and deliver value for our stakeholders. SABIC’s share in value creation and synergy is expected to amount to a recurring annual value of between $1.5 billion and $1.8 billion, which we expect to achieve by 2025. Approximately 80 per cent of this annual is set to be generated from six business areas which include procurement, sales and marketing, supply chain, stream integration, feedstock optimization, and maintenance.

Our key companies’ portfolios, strategies, global reach, and human capabilities strongly complement each other – and will set us up to achieve our long-term growth ambitions. Synergies with Saudi Aramco will play an important role in our future and, likewise, our transformation journey is continuing to reshape our business so we can unlock new sustainable growth.

We enjoy a leadership position in the global petrochemicals industry and aim to become a leader in the Agri-Nutrients and Specialties sectors. During the fourth quarter of 2020, SABIC announced the completion of its share purchase agreement with SAFCO. The resulting new entity, SABIC Agri-Nutrients Company, also now owns SABIC’s share in National Chemical Fertilizers Company (Ibn Al Baytar), Al Jubail Fertilizer Company (Al Bayroni) and 33.33 per cent of Gulf Petrochemical Industries Company (GPIC). This strategic move will provide more focus and agility for the agri-nutrients business and provide SABIC with a platform for sustainable growth as both a national champion and a global leader in the agri-nutrients industry.

In Specialties, we achieved another important milestone in our growth ambitions this year with the establishment of the business as a stand-alone operation. This will unlock further growth potential and also enable it to evolve its business model to better meet customer requirements. Our leadership credentials in Specialties was also enhanced further in 2020 as we raised our stake in Clariant from 25% to 31.5%.

Digitalization is a key element of our growth strategy as the world increasingly moves toward a digital economy. We see the massive potential of digitalization to further transform our business as we steadily unlock the power of big data, machine learning, and artificial intelligence to improve our competitiveness and strengthen our leadership in the chemical industry.

At SABIC, we have laid digitalization foundations which will allow us to progress our journey to...
LEADERSHIP STATEMENTS
CONTINUED

become the preferred world leader in chemicals. In 2019, we initiated a five-year digital transformation strategy, and in 2020, we kicked off 22 digitalization initiatives across our organization, including in Technology & Innovation, Sustainability, Procurement, Petrochemicals, and Agri-Nutrients, in addition to earlier pilot projects in Manufacturing. Our 2021 plan is to scale up and expand successful digitalization pilots across the company, as well as launch new ones.

SABIC is committed to maintaining our strong identity and leadership position in relation to sustainability and Environmental, Social and Governance (ESG) matters. In 2020, I had the privilege of chairing the Business Twenty (B20) group during the G20 summit, presided over by the Kingdom of Saudi Arabia. The key takeaway from the engagement was the central importance of sustainability, which has always been part of our integrated strategy for responsible business and long-term success.

For example, in 2020 we signed a deal for the construction of a photovoltaic solar plant at our polycarbonate facility in Cartagena, Spain. Once complete, this will be the world’s first large-scale chemical production site to be run entirely on renewable power. During the year, our global technology centers also worked to create a roadmap to drive the growth of our circular economy business in line with our strategic TRUCIRCLE™ portfolio. These sustainability initiatives, along with our earlier social and governance milestones – such as recognition as the Top Employer across Asia, as a diversity leader in Europe, and as a company that operates on the highest ethical and governance standards – demonstrate how we have embedded key ESG factors successfully into our business practices.

The pandemic was a real test of our Environmental, Health, Safety, and Security (EHSS) readiness and resilience. We worked tirelessly to raise our EHSS competencies, focusing on driving product stewardship and managing process risk management effectively, while safeguarding our frontline staff. EHSS will always remain critical to our business, and we are fully committed to excellence in this area through training and upskilling our employees.

The “New Normal” is here to stay and we must embrace it then adapt to it for the long run. In the year ahead, we will continue to concentrate on maintaining capital discipline, cost management, as well as our ability to uphold a strong balance sheet and credit rating. Our strategy will remain focused on fulfilling our priorities, which include a strong emphasis on EHSS, talent development, customer intimacy, sustainability and market-facing innovation. Our value creation with Saudi Aramco will continue to gather momentum and place us on a stronger growth path by bringing additional scale, technology, investment potential and growth opportunities.

Overall, we anticipate a recovery in the global economy in 2021 that would take us into 2022 in a much better business environment. As we continue thriving with resilience, we expect consumers to emerge progressively from the setbacks of the year. We remain strongly committed to helping them meet ever-changing market requirements with sustainable and differentiated products – in the true spirit of our value promise and purpose, “Chemistry that Matters”.

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SABIC operates through three strategic units (SBUs) and Metals (Hadeed):

STRATEGIC PILLARS
CUSTOMER FOCUS
MARKET FOCUS
OPERATIONAL EXCELLENCE
TECHNOLOGY AND INNOVATION

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG)
PORTFOLIO MANAGEMENT
TRANSFORMATION
LOCALIZATION ENGINE

BUSINESS PORTFOLIO
PETROCHEMICALS
COMMODITY & PERFORMANCE CHEMICALS AND POLYMERS
SPECIALITIES
SPECIALTY PLASTICS
AGRI-NUTRIENTS
FERTILIZERS AND SPECIALTY AGRI-NUTRIENTS
METALS (HADEED)
FLAT AND LONG METAL PRODUCTS

DIVERSIFIED GLOBAL FOOTPRINT
50 COUNTRIES OF OPERATIONS
68 MANUFACTURING SITES
20 TECHNOLOGY AND INNOVATION CENTERS
+100 COUNTRIES OF SALES
To realize this vision, our strategy lays out a roadmap to transform SABIC into a higher growth, sustainability-driven, more resilient and more agile chemical company, while playing a key role in Saudi Vision 2030.

Under this strategy, SABIC will continue its focus on addressing customer and market needs, delivering innovative products and solutions, advancing technology and innovation, furthering its commitment to sustainability, delivering strong operational excellence, and sustaining its unshakeable emphasis on safety. We will ensure long-term success via an effective and efficient organization, a robust and consistent performance culture, and a strong set of values around inclusiveness, diversity and integrity.

Our strategy seeks to deliver sustainable profitable growth and create value for our broad stakeholder base, including shareholders, customers, employees, regulators, and local communities. We will remain committed to being a key enabler of Saudi Vision 2030.

BUSINESS PORTFOLIO

PETROCHEMICALS

The SABIC Petrochemicals Strategic Business Unit (SBU) strategy aims at enhancing our leadership position, by growing in fast growing and emerging regions while addressing a range of end-user markets including packaging, automotive, building and construction, healthcare and personal hygiene, and consumer and household goods. It does so by providing products and solutions with a customer-focused mindset, and by leveraging technology, innovation and sustainability.

On June 17, 2020, Saudi Aramco announced the successful completion of its share acquisition of a 70% stake in SABIC from the Public Investment Fund (PIF), the sovereign wealth fund of Saudi Arabia. The completion of this historical transaction positions SABIC to become Saudi Aramco’s chemicals arm and the national chemicals champion in Saudi Arabia, while strengthening its leadership position in the global chemical industry.

Our joint efforts with Saudi Aramco in petrochemicals will be strengthened by leveraging our strong customer and market position and attractive product portfolio to address the growth markets of China, India, South East Asia, and North America. These markets will be served through a range of feedstock asset platforms and associated investment models. These growth platforms will be located mainly in Asia, Saudi Arabia and North America and will be enabled by a combination of competitive advantages derived from both Saudi Aramco and SABIC, including advantaged and liquid feedstock, refinery and petrochemical integration, advanced technology, such as our crude-oil-to-chemicals project, and strong strategic partners where relevant.

AGRI-NUTRIENTS

SABIC Agri-Nutrients SBU continues to advance its transition to becoming the global agri-nutrients champion and a global leader in the agri-nutrients industry. Our strategy within Agri-Nutrients is to maintain our customer intimacy and market-focused approach, by selectively expanding our downstream positions, increasing our product differentiation, and growing our global assets globally.

We laid the groundwork for the legal integration of all SABIC nitrogen assets under SAFCO, due to be completed in 2021, and SAFCO was re-branded SABIC Agri-Nutrients Company. The SABIC Agri-Nutrients Company will be the platform to accelerate the expansion of our global agri-nutrients footprint to key attractive growth regions such as Africa and the Americas.

SPECIALTIES

Our Specialties SBU focuses on addressing complex and often one-of-a-kind customer needs through differentiation, sustainability and speed to market. The Specialties SBU was established as a fully independent and standalone entity in November 2020, with the intent to unlock its growth potential, add value by making it a more agile and focused company, and meet its specific business model and customer requirements.

In addition, SABIC increased its stake in Clariant from 24.99% to 31.5% earlier in 2020. This development is part of our long-term growth strategy to remain committed to product differentiation and create value for our customers. It is complementary to our existing specialties business and is well in line with our strategy of opening up new growth opportunities in specialty chemicals.

METALS (HADEED)

In Hadeed, we remain focused on cost controls and further improving reliability to increase the profitability of the business while maintaining stability of supply of prime quality to the local market, supporting Saudi demand.

STRATEGIC PILLARS

Our strategic ambitions rest on eight pillars that are critical to who we are: Customer Focus, Market Focus, Operational Excellence, Innovation and Technology, Portfolio Management, Transformation, Localization Engine, and Environmental, Social and Governance (ESG).

- **Customer Focus**: We work hard to understand the evolving needs of our customers in terms of service, product differentiation and solutions.
- **Market Focus**: We aim to accelerate growth both organically and non-organically by being close to regional markets. In our Petrochemicals business, for example, we aim to establish an asset base in the US to take advantage of shale gas opportunities, to expand in Asia where the maximum market growth is, to strengthen our asset base in Europe, and to deliver further growth in Saudi Arabia while taking advantage of our proximity to other Middle East markets.
- **Operational Excellence**: We aim to improve efficiencies in our core areas of manufacturing, commercial, supply chain and cost management.
- **Technology and Innovation**: We strive for competitive advantage selectively through process, catalyst and application development. Sustainability is central to our focus on how we run our business and address current and future challenges.
- **ESG**: We aim to integrate ESG factors into business strategies and company values.
- **Portfolio Management**: We aim to prioritize strategic options and capital allocation within SABIC’s portfolio of businesses.
- **Transformation**: We will continue enhancing SABIC’s organizational effectiveness by investing in leadership, training and culture and by improving our operating model.
- **Localization Engine**: We aim to further develop the communities within Saudi Arabia. We work hard to catalyze further local content growth in Saudi Arabia through a structured program of leveraging SABIC capabilities.
OUR CORE VALUES

Our values serve as the foundation of our organization and culture. They govern our behavior and drive our commitment to act with the highest ethical standards. We have integrated them into the fabric of our organization as a reference point for our business practice and to ensure successful implementation of our strategy.

INSPIRE
We work together to create an action-oriented environment that develops solutions and results for our customers.

ENGAGE
We respect and value differences in our people and their business approaches, fostering a great working environment. Our unfailing commitment to the communities in which we operate helps us remain a positive influence throughout the company and the world.

CREATE
Our curiosity is never satisfied. We are always challenging conventional thinking and seeking new ways to uncover opportunities in both product and process to find the next innovative solution.

DELIVER
We lead by developing extraordinary breakthroughs for our customers. Our unwavering focus on flawless execution drives our success.
MARKET REVIEW
Throughout most of 2020, the COVID-19 pandemic caused disruptions to supply chains, demand, international trade flows, and travel, along with lockdowns and collapsing stock prices. Collectively, this dealt a heavy blow to the global economy and caused a sharp downturn.

Most major advanced economies – including the US, the EU and Japan – and emerging economies – such as China, India as well as the Latin American and Middle Eastern and African economies – encountered marked slowdowns and, in some instances, tipped into recession. The trade dispute between the US and China further hurt business and investor sentiment around the world. In response to the declining economic growth, policymakers in many countries started providing more monetary and fiscal stimulus, which mitigated the adverse economic impacts to some degree.

**ADVANCED AND EMERGING ECONOMIES**

Both advanced and emerging economies contracted sharply in 2020 as a result of the pandemic after recording moderate growth rates in 2019. There was an across-the-board deterioration in all major economic areas including fixed investment, private consumption, trade and industrial production. Soft energy prices and low demand for oil and energy products dealt a further blow to the growth of major oil and commodity producing countries.

**REGIONAL ECONOMIES**

Saudi Arabian economic activity diminished significantly as a result of the COVID-19 crisis. The government’s lockdown measures to control COVID-19 brought large swathes of public life to a standstill. Religion-based tourism almost came to a standstill in 2020, severely affecting related service businesses. Industrial production also continued to decline. All this, together with softer oil prices and lower hydrocarbon revenues, caused a severe recession in Saudi Arabia. On the other hand, a slowdown in outbound tourism encouraged more consumer spending in the local economy.

The US experienced a recession in 2020 as COVID-19 cut through its economy. Uncertainty surged, risks widened, and equity markets saw strong volatility, wiping out trillions of household net worth at different times of the year. Consequently, consumers spent more cautiously and businesses put some investments on hold awaiting the outlook to improve. International trade also declined sharply. Residential construction, however, remained a bright spot during the pandemic, rebounding quickly in response to low mortgage rates and new demand for single-family homes in the suburbs. Joe Biden’s conclusive win in the presidential election reduced uncertainty and improved business and investor sentiment in the US.

There was a precipitous drop in China’s economic activity as a result of the measures it implemented to control the pandemic, particularly in the first half of 2020, with real GDP growth contracting heavily. While almost all major sectors of the economy slowed, consumer spending and exports were the ones most affected. The Chinese government implemented a stimulus package dominated by tax and business fee cuts, and shifted bank lending to small and medium-sized private firms. The central bank expanded its monetary policy to increase liquidity in the system and support growth. The changes in the government’s fiscal and monetary stance resulted in a reversal of China’s “managed” structural economic slowdown, which is designed to move the country from a state-led, investment-driven economy to a market-led, consumption-oriented economy.

The Eurozone endured a severe recession as a result of the pandemic and associated lockdown restraints. All major economies of the Eurozone went through sharp recessions and slowdowns. Spain, Italy, and France suffered double-digit declines in real GDP, reflecting the severity of their virus outbreaks. Policy responses included substantial increases in European Central Bank asset purchases, large fiscal stimuli in many member states, and the European Union’s €750-billion Recovery and Resilience Facility. Monetary policy remained highly accommodative against a backdrop of low inflation. However, increases in debt burdens from already high levels threatened to negatively affect long-term growth prospects in many countries, along with challenging demographics and poor productivity performance.

**GLOBAL INDUSTRIAL PRODUCTION**

Global industrial production, which was already growing at a meager pace in 2019, contracted heavily in 2020. While both advanced and emerging economies contributed to the global industrial recession, the industrial contraction was more pronounced in advanced economies than emerging ones. Among major economies, industrial production growth decelerated significantly in the US, the Eurozone, Japan, China and India.

**PETROCHEMICALS MARKETS**

As a result of the COVID-19 negative impact on the global economy, the petrochemicals industry saw a reduction in annual demand growth in 2020 in addition to a demand contraction of more than 4% year on year. Prices declined by 40% to 50% for some products, and bottomed during Q2. As governments around the globe relaxed lockdown measures during Q3, demand began to recover, but not to the pre-crisis level. On the supply side, extensive turnaround schedules around the globe, along with the US hurricane season related shutdowns, caused a decline in global and US supplies. This prevented further declines in prices in 2020. Recovery for some products like performance polymers and chemicals remained slow due to weak recovery in major downstream sectors like automotive and durable goods. However, in other sectors, such as consumer hygiene, healthcare and packaging, demand for petrochemicals remained strong. The bright spot has been products like polypropylene for masks and gowns, and polyethylene for all types of packaging. Agri-nutrients prices remained weak as global supply surpassed demand.

**FEEDSTOCK MARKETS**

Oil prices tumbled by 60% in Q2 2020 as supply floods opened to markets to worldwide reeling from a demand crisis. With the breakdown of the Vienna Alliance, oil markets had an unprecedented double shock: a demand crisis and market share war, pushing prices to multi-decade lows. Prices recovered by Q3 as OPEC+ coordinated to control supply and as demand slightly recovered with gradual easing of travel restrictions.

Consequently, petrochemical feedstock prices reacted to the global economic and oil situation, and followed oil to the bottom. Compared to 2019, oil prices declined by approximately 25% (year on year average) and averaged around low to mid 40s per barrel for Brent. Naphtha prices also declined by almost similar percentage – around 27% – compared to 2019, US ethane declined by around 5%, and US natural gas prices declined by around 39%, compared to 2019. Liquefied Petroleum Gas in Asia declined by around 18% as demand weakened with the global economic slowdown.
# BUSINESS PERFORMANCE

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BUSINESS PERFORMANCE

An overview of SABIC sales, income from operations, net income for the year, assets, equity and liabilities and cash flows.

SALES

SABIC’s sales revenue in 2020 was SAR 116,499 million, a decrease of SAR 18,447 million or 14%, compared to SAR 135,396 million in 2019, due to sharply lower average sales prices across key products; whereas the overall sales volume increased by 1%. Sales revenue for Petrochemicals and Specialties amounted to SAR 101,845 million, which represents 87% of total SABIC revenues, decreased by SAR 15,643 million or 13% compared to 2019; while the sales volume increased by 1%. Agri-nutrients sales revenues amounted to SAR 8,868 million, a decrease by SAR 1,805 million or 17%, and the sales volume decreased by 5% compared to 2019.

INCOME FROM OPERATIONS

SABIC’s income from operations for 2020 was SAR 4,574 million compared to SAR 11,523 million in 2019; a decrease of SAR 6,949 million or 60%. The decrease was mainly attributable to the decrease in gross profit margin by 10%. In addition, the share of results of integral joint ventures decreased by SAR 725 million or 42% compared to 2019.

Cost of sales for 2020 were SAR 94,078 million compared to SAR 105,991 million in 2019, a decrease of SAR 11,913 million or 11%. This was primarily due to the decrease in feedstock prices (Naphtha, Propane and Butane by 40%, 19% and 18% respectively).

Selling, general and administrative expenses for 2020 were SAR 19,306 million compared to SAR 19,616 million in 2019; a decrease of SAR 309 million or 2% which mainly due to the decrease in shipping costs.

NET INCOME FOR THE YEAR

SABIC’s net income for 2020 was SAR 67 million compared to SAR 5,198 million in 2019. The decrease was mainly attributed to the decline in margins by 54% despite the increase in sales volume by 1%.

Share of results of non-integral joint ventures and associates for 2020 was SAR 66 million compared to a loss of SAR 1,595 million in 2019. This was primarily due to recording an impairment provision for Clariant during 2019 of SAR 1,515 million.

Finance costs, net for 2020 were SAR 1,292 million, an increase of SAR 131 million or 11%, compared to 2019.

Other Income (Expense) for 2020 was SAR (71) million compared to SAR 431 million in 2019. The decrease is mainly due to higher donation expenses and certain restructuring provisions.

Zakat expenses for 2020 were SAR 1,683 million, which is SAR 285 million lower than 2019.

Income tax expenses for 2020 were SAR 338 million, a decrease of SAR 315 million or 48% compared to 2019. The decrease in Income tax is primarily due to a deferred tax benefits on assets impairments.
BUSINESS PERFORMANCE

CONTINUED

ASSETS

Total assets for 2020 reached SAR 295,469 million, a decrease of SAR 5,012 million or 2%, compared to 2019. This is primarily due to the decrease in cash and bank balances by SAR 3,483 million, and inventory by SAR 3,254 million. Also, right of use assets decreased by SAR 817 million which was partially offset by an increase in investment in associates and Joint ventures by SAR 1,813 million due to the acquisition of 6.5% additional stakes in Clariant.

EQUITY AND LIABILITIES

Our Financing Policy aims at ensuring sufficient liquidity levels at all times, while optimizing the returns to our shareholders. We use leverage prudently to fund our global growth ambitions. Our strong credit profile and corporate credit ratings (A+ / A1) on a standalone basis reflects the strength of our financing strategy and its execution. We evaluate the most optimal capital and financing structure to support our strategic plans and growth ambition.

Our primary sources of liquidity are the cash flows generated from our operations and borrowings under committed bank facilities. The primary use of this liquidity is to fund our ongoing operations and our capital expenditure requirements, including investments in joint ventures and other minority owned investee companies as well as dividend distribution to our shareholders.

Equity attributable to equity holders of the parent for 2020 reached SAR 167,626 million, a decrease of SAR 11,095 million or 6%, compared to 2019. The decrease is attributable to the dividends distributed of SAR 11,100 million during the year.

Liabilities for 2020 reached SAR 101,231 million, an increase of SAR 7,563 million or 8%, compared to 2019. Non-current liabilities increased by SAR 7,614 million mainly as a result of the increase in employee benefits by SAR 3,846 million and long-term debts by SAR 2,484 million.

Current liabilities decreased by SAR 50 million. Short-term borrowings, current portion of long-term debt and lease liabilities decreased by SAR 227 million. In addition, Zakat and Tax payable decreased by SAR 346 million. This was partially offset by an increase in trade payables and accruals and other current liabilities (net) of SAR 523 million.

During 2020, SABIC issued $1 billion (SAR 3.75 billion) in international bonds through its wholly-owned subsidiary SABIC Capital I B.V. The purpose of the issuance was general purpose and to refinance some of the outstanding financial obligations of SABIC and its subsidiaries. The bonds were issued in accordance with the Rule Regulation S under the U.S. securities act of 1933, as amended. The bonds are listed on the Irish Stock Exchange (Euronext Dublin) and Taipei Exchange (“TPEX”). Below are the details:

<table>
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<th>Issuing type</th>
<th>The notes are Senior, U.S.$ denominated and unsecured by assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuing Amount</td>
<td>U.S. $ 1,000,000,000.00</td>
</tr>
<tr>
<td>Total number</td>
<td>5,000</td>
</tr>
<tr>
<td>Par Value</td>
<td>U.S. $ 200,000.00</td>
</tr>
<tr>
<td>Return</td>
<td>2.15% for Bonds maturity in 10 years and 3.00% for Bonds maturity in 30 years</td>
</tr>
<tr>
<td>Maturity</td>
<td>10 and 30 years</td>
</tr>
<tr>
<td>Terms of Redemption</td>
<td>Redemption on maturity and early redemption following a change of control event</td>
</tr>
</tbody>
</table>

Remaining SABIC outstanding bonds as 31 December 2020:

<table>
<thead>
<tr>
<th>ISIN Code</th>
<th>XS1890684688 XS1890684761</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer</td>
<td>SABIC Capital II BV SABIC Capital II BV</td>
</tr>
<tr>
<td>Issuing Type</td>
<td>The notes are Senior, U.S.$ denominated and unsecured by assets The notes are Senior, U.S.$ denominated and unsecured by assets</td>
</tr>
<tr>
<td>Par Volume</td>
<td>USD$ 1 bln USD$ 1 bln</td>
</tr>
<tr>
<td>Return</td>
<td>4% 4.50%</td>
</tr>
<tr>
<td>Maturity</td>
<td>2018/2023 2018/2028</td>
</tr>
<tr>
<td>Listing</td>
<td>Ireland Ireland</td>
</tr>
</tbody>
</table>
BUSINESS PERFORMANCE CONTINUED

Below is an overview of the total debt portfolio as of 31 December 2020:

<table>
<thead>
<tr>
<th>Item (SAR '000)</th>
<th>Original loan amount</th>
<th>Beginning balance</th>
<th>Additions during the year</th>
<th>Repayments during the year</th>
<th>Non-cash</th>
<th>Ending balance</th>
<th>Period of the loans (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term and Financial Lease</td>
<td>41,507,822</td>
<td>32,417,175</td>
<td>3,375,223</td>
<td>-5,770,424</td>
<td>423,204</td>
<td>30,492,178</td>
<td>1</td>
</tr>
<tr>
<td>Short Term</td>
<td>11,817,874</td>
<td>13,346,996</td>
<td>2,970,878</td>
<td>-</td>
<td>4,312,874</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>14,499,048</td>
<td>10,582,867</td>
<td>37,726,755</td>
<td>-3,333,375</td>
<td>200,626</td>
<td>11,715,083</td>
<td>3-10</td>
</tr>
<tr>
<td>Total</td>
<td>67,824,744</td>
<td>44,345,138</td>
<td>10,616,856</td>
<td>-510,217,064</td>
<td>623,830</td>
<td>45,986,035</td>
<td></td>
</tr>
</tbody>
</table>

*This is mainly due to FX and Amortization effects.

The total debt portfolio as of 31 December 2020 can be broken down by lending party as follows:

<table>
<thead>
<tr>
<th>Lending party</th>
<th>Amount in SAR '000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks and Export Credit Agencies</td>
<td>26,471,809</td>
<td>56%</td>
</tr>
<tr>
<td>Bonds</td>
<td>13,735,993</td>
<td>26%</td>
</tr>
<tr>
<td>Public Investments Fund</td>
<td>919,683</td>
<td>2%</td>
</tr>
<tr>
<td>Industrial Development Fund</td>
<td>1,679,706</td>
<td>4%</td>
</tr>
<tr>
<td>Related parties</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Finance Leases</td>
<td>5,720,053</td>
<td>12%</td>
</tr>
<tr>
<td>Total</td>
<td>45,986,035</td>
<td>100%</td>
</tr>
</tbody>
</table>

Below is a statement of the value of any paid during 2020 and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period.

<table>
<thead>
<tr>
<th>Item (SAR '000)</th>
<th>2020</th>
<th>2019</th>
<th>Paid</th>
<th>Prin. not paid or balance at the end of the period</th>
<th>Paid</th>
<th>Prin. not paid or balance at the end of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zakat</td>
<td>2,040,725</td>
<td>1,946,894</td>
<td>2,235,077</td>
<td>2,305,675</td>
<td>2,235,077</td>
<td>2,305,675</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>698,188</td>
<td>958,622</td>
<td>1,028,182</td>
<td>941,717</td>
<td>941,717</td>
<td>941,717</td>
</tr>
<tr>
<td>Others</td>
<td>558,358</td>
<td>81,022</td>
<td>539,200</td>
<td>71,114</td>
<td>539,200</td>
<td>71,114</td>
</tr>
</tbody>
</table>

Reflecting the company’s commitment to its employees, below is a statement as to the value of any investments made or any reserves set up for the benefit of the employees of SABIC:

<table>
<thead>
<tr>
<th>Item (SAR '000)</th>
<th>2020</th>
<th>2019</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>End of Service Benefits</td>
<td>13,948,233</td>
<td>11,018,778</td>
<td>27%</td>
</tr>
<tr>
<td>Defined benefits pension schemes</td>
<td>2,991,785</td>
<td>2,590,834</td>
<td>18%</td>
</tr>
<tr>
<td>Post-retirement medical benefits</td>
<td>1,579,593</td>
<td>1,195,294</td>
<td>32%</td>
</tr>
<tr>
<td>Long-term service awards</td>
<td>165,938</td>
<td>130,312</td>
<td>26%</td>
</tr>
<tr>
<td>Early Retirement Plans</td>
<td>30,989</td>
<td>32,750</td>
<td>-4%</td>
</tr>
<tr>
<td>Saving Plans</td>
<td>1,033,447</td>
<td>901,997</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>16,655,085</td>
<td>11,810,405</td>
<td>28%</td>
</tr>
</tbody>
</table>

CASH FLOWS

Net cash generated from operating activities for 2020 was SAR 22,046 million, a decrease of SAR 11,784 million or 35%, compared to 2019. The decrease was mainly attributed to the decline in margins by 54% despite the increase in sales volume by 1%. This was partially offset by a favorable movement in working capital and lower payments for finance costs and zakat and income tax.

Net cash used in investing activities for 2020 was SAR 13,964 million, an increase of SAR 1,605 million or 13% compared to 2019. The increase was mainly attributed to acquisition of 6.5% additional stakes in Clariant; in addition to the lower cash inflow from short-term investments of SAR 5,679 million; partiality offset by a lower CAPEX spending of SAR 5,353 million.

Net cash used in financing activities for 2020 was SAR 14,525 million, a decrease of SAR 8,516 million or 37%, compared to 2019. The decrease was mainly due to the lower debt and lease repayments of SAR 3,766 million and lower dividends to shareholders and non-controlling interests of SAR 5,458 million. This was partially offset by lower debts proceed of SAR 1,271 million.

Cash and cash equivalent at the end of the year 2020 was SAR 28,838 million, a decrease of SAR 6,454 million or 18%, compared to 2019, which was mainly due to lower cash generated from operating activities.

Free cash flow for 2020 was SAR 8,908 million, a decrease of SAR 6,430 million or 42%, compared to 2019.

Note:
- Details of affiliates, joint ventures and associated companies in the financial statements, where appropriate, are listed in the Appendix.
- Details of stocks and debt instruments issued by each affiliate are listed in the Appendix.
- USD/SAR Rate: 3.75.
- 2019 figures were restated as a result of aligning the accounting policies with Saudi Aramco after the acquisition of 70% of SABIC.
BUSINESS SEGMENT ANALYSIS
SABIC operates through three strategic business units (SBUs) and Metals (Hadeed), a wholly owned manufacturing business.

- Petrochemicals, manufacturing, distribution and sale of commodity and performance chemicals and polymers
- Specialties, manufacturing, distribution and sale of specialty plastics
- Agri-Nutrients, manufacturing, distribution and sale of fertilizers and specialty agri-nutrients; and
- Metals (Hadeed), manufacturing, distribution and sale of long and flat metal products.

FINANCIAL METRICS

<table>
<thead>
<tr>
<th>Metric</th>
<th>Petrochemicals and Specialties</th>
<th>Agri-Nutrient</th>
<th>Hadeed</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>101.84</td>
<td>115.49</td>
<td>-13%</td>
<td>6.12</td>
</tr>
<tr>
<td>Income (loss) from operations</td>
<td>4.61</td>
<td>48,317</td>
<td>1%</td>
<td>2.01</td>
</tr>
</tbody>
</table>

Non-Financial Metrcs

<table>
<thead>
<tr>
<th>Metric (000 Mt)</th>
<th>Petrochemicals and Specialties</th>
<th>Agri-Nutrient</th>
<th>Hadeed</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production volume</td>
<td>48.37</td>
<td>48.003</td>
<td>0.6%</td>
<td>8.145</td>
</tr>
<tr>
<td>Sales volume</td>
<td>37.785</td>
<td>31.466</td>
<td>1%</td>
<td>6.913</td>
</tr>
</tbody>
</table>

Note:
- Specialties SBU’s Non-Financials are separately disclosed in the Specialties SBU section.
- 2019 figures were restated as a result of aligning the accounting policies with Saudi Aramco after the acquisition of 70% of SABIC.

# PETROCHEMICALS

While the ongoing pandemic has presented challenge after challenge, we have continued to come up with global solutions.

Supporting the Saudi Ministry of Health with ethanol supplies for hand sanitizer and disinfectant producers; supplying Mindray Medical International Limited, one of China’s leading medical equipment manufacturers, with the materials to produce vital ventilators for two new Wuhan hospitals; launching SABIC Purecares™ personal hygiene portfolio, aiding rapid development of an affordable, reusable COVID-19 mask; in Saudi Arabia and around the world, we have delivered what was needed, while continuing to build for the future.

FINANCIAL HIGHLIGHTS

Petrochemicals and Specialties revenues amounted to SAR 101.84 billion in 2020, a decrease of SAR 15.64 billion or -15%, compared to SAR 117.49 billion in 2019. The decrease was mainly attributable to the decrease in average selling prices despite the increase in sales volumes by 1%.

NON-FINANCIAL METRICS

<table>
<thead>
<tr>
<th>Production volume</th>
<th>Sales volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Million Mt</td>
<td>Million Mt</td>
</tr>
<tr>
<td>Chemicals</td>
<td>37.3</td>
</tr>
<tr>
<td>Polyethylene’s (PE)</td>
<td>6.4</td>
</tr>
<tr>
<td>Performance Polymers &amp; Industrial Solutions (PP &amp; IS)</td>
<td>6.8</td>
</tr>
<tr>
<td>Total</td>
<td>48.2</td>
</tr>
</tbody>
</table>
Unilever’s Magnum™ brand. This represented both production of seven million ice cream tubs for materials provided solutions for a range of advanced recycling of used plastic. These sustainable feedstocks for petchem operations. As part of our TRUCIRCLE™ program of circular economy.

SABIC’s unique material is made from bio-methanol, a fuel additive widely used to reduce emissions. Bio-MTBE addition to fossil MTBE – methyl tertiary butyl ether), further, the transformation actions include closure of a number of plants, including aromatics, Furthermore, the transformation actions include a fuel additive widely used to reduce emissions. Bio-MTBE (Methyl tertiary butyl ether), and optimizing handling materials and feedstock. Ibn Rushd will continue supplying the Saudi Arabian market with PET (polyethylene terephthalate). Furthermore, the transformation actions include a fuel additive widely used to reduce emissions. Bio-MTBE (Methyl tertiary butyl ether), and optimizing handling materials and feedstock. Ibn Rushd will continue supplying the Saudi Arabian market with PET (polyethylene terephthalate).

As part of our TRUCIRCLE™ program of circular economy. SABIC affiliates fuel/feedstock optimization SABIC continued optimizing fuel/feedstock reutilization at SABIC affiliates, taking into account supply and processing capacities. The initiative is already feeding through to significant bottom line benefits, and it will be maintained over the coming years. Ibn Rushd transformation/Phase-II project Ibn Rushd continued transforming to restructure its business and improve its financial performance. This included standardizing the operation and management of plants in collaboration with Yansab, with the aim of optimizing assets utilization, achieving Capex efficiency, recruiting national talents and optimizing handling materials and feedstock. Ibn Rushd will continue supplying the Saudi Arabian market with PET (polyethylene terephthalate). Furthermore, the transformation actions include closure of a number of plants, including aromatics, PTA (purified terephthalic acid), AA (acrylic acid) and associated utility units by the end of 2020.

IMPROVING PRODUCTS Bio-MTBE SABIC is the first producer of bio-MTBE in Europe (in addition to fossil MTBE – methyl tertiary butyl ether), a fuel additive widely used to reduce emissions. SABIC’s unique material is made from bio-methanol produced from biogas sourced from manure, sewage sludge and organic municipal waste.

Chemicals going circular With the world increasingly aware of the environmental impacts of discarded plastics, technological innovation is beginning to provide solutions, both reducing waste and creating sustainable feedstocks for petchem operations.

As part of our TRUCIRCLE™ program of circular solutions, in 2020 we saw the large-scale production of our certified circular products, from advanced recycling of used plastic. These materials provided solutions for a range of applications and industries, including for the production of seven million ice cream tubs for Unilever’s Magnum™ brand. This represented both a world first as a recycled container with food application approval, and a significant sustainability shift for the industry toward a circular economy.

New grades, new products Further product/grade initiatives included:

- Development of new PEG (polyethylene glycol) Pri grades, SABIC 400 PH & SABIC 400 PH, for the pharmaceutical, personal care and cosmetics industries.
- Launch of a new lightweight CSD (carbonated soft drink) cap grade, with excellent slip performance.
- New PPH random PP and impact PPH TWP (Thin wall packaging) grades for the MEAF and APAC markets.
- New mechanically-recycled polymers for automakers.
- New low melt viscosity grade PVC 575 for pipe-fitting application.

NEW APPLICATIONS SG network station antenna A global leader in telecommunication and information technology in China selected SABIC’s STAMAX™ resin to create a high-quality, high-efficiency antenna cover for its SG network base station.

Optimizing automobile battery packs Vehicle electrification is accelerating. Recognizing this, a dedicated SABIC team has been developing solutions to help automakers optimize the battery packs of electric vehicles (EV). These efforts led in 2020 to a ground-breaking use of thermostatic PE for the battery cover of a plug-in hybrid EV. SABIC’s emerging portfolio of materials for EV applications – and related expertise – is positioning us as an emerging leader in serving this rapidly growing space.

PV floating barrel SABIC successfully launched a new product, HDPE B5308, targeting the PV (photovoltaic) floating barrel market – an increasingly important part of the renewable energy industry. Floating photovoltaics represent increasing opportunities with leading manufacturing companies in China and India, as they play a key role in meeting their material solutions needs. Additional sales were achieved by expanding the grade’s applications into IBC (intermediate bulk container) rigid packaging – a market with significant volume potential.

Piping for Bangladesh pipeline September saw the passage of the longest convoy ever to pass through the Suez Canal since its 1869 opening. A 7220m of 2.3m diameter pipes made of SABIC RELY 5924, on its way from the fjords of Norway to the shores of Bangladesh, where it will be used in creating a power plant offshore cooling water pipeline system.

Better polymer, better pavement Asphalt modification by polymers improves pavement durability by improving resistance to rutting and thermal cracking, fatigue damage, stripping and similar degradations. A number of polymers are used, including styrene butadiene styrene (SBS), styrene butadiene rubber latex, crumb rubber, ethyl vinyl acetate (EVA) and ethylene copolymers. SABIC COHERE® B10D is currently under investigation as a binder for this application.

Expanding PCR and renewable offerings In 2020, we expanded our portfolio of engineering thermostatic resins incorporating high levels of post-consumer recycled material (PCR) destined for applications in the consumer electronics business and electronics and electronics industry. The mechanically-recycled PCR material is blended with the virgin material. It can help improve plastic recyclability, lower emissions, and drive toward closing the loop on used plastic.

2020 also saw advances with solutions for customers and value chain partners for applications in food packaging, cosmetics and healthcare applications, using SABIC’s certified renewable polyolefins. Coming from second generation, bio-based feedstock that is not in direct competition with the human food chain, these solutions can help to reduce the carbon footprint of the end-product.

COLLABORATING FOR SUCCESS Cooperation brings FIFA approval A five-year collaboration with Bellinturf, a leading producer of artificial grass producer, has led to the co-development of FIFA-approved artificial grass, using a SABIC PE & PP solution. In trials, the product demonstrated excellent mechanical performance and durability, with potential for significant growth in this application.

SABIC solution for farmers’ freshwater Increasing drought and saltwater intrusion in the Mekong Delta during the dry season has caused extensive damage to rice fields, fruit orchards and other local agriculture, and left farmers throughout the region without freshwater supplies they can rely on. Our team worked with Tan Phong Ltd, a leading Vietnamese packaging manufacturer, on designing multilayered giant plastic bags using SABIC materials, each capable of holding up to 30 cubic meters of freshwater.

SAUDI ARABIA’S FIRST POLYMER BANKNOTE

Saudi Arabia this year issued its first polymer currency, with a five-rial banknote made from SABIC polypropylene. The new banknote uses Guardian™ substrate from CO2 Innovia that is made from SABIC® PP polymer which was chosen because of its distinguishable durability and strength. The environment-friendly notes start life as polymer pellets produced by SABIC which are then transformed into Guardian™ polymer substrate film, used only for banknotes. Once the banknotes have completed their working life, they can be recycled by turning them back into petroleum pellets. These can then be used for a wide range of products, including infrastructure and building materials.

SAUDI ARABIA’S FIRST POLYMER BANKNOTE

SAUDI ARABIA’S FIRST POLYMER BANKNOTE
SABIC’s Agri-Nutrients Business supplies customers throughout the world with a wide variety of fertilizers, from general to highly specialized. The Business Unit’s product range includes urea, ammonia, MAP, DAP, phosphate-based fertilizers, and a comprehensive portfolio of nitrogen-based compound inorganic products as well as specialty solutions.

2020 was a testing year for the world’s agri-nutrients producers. With COVID-19’s economic impacts compounding those arising out of trade disputes and geopolitical tensions, continuing to help provide secure, reliable food sources to the world’s growing population has never been more challenging.

It’s been a year of contrasts, with falling crude prices feeding through to lower feedstock costs but revenues also under pressure, as increasing global production capacities make margins hard to sustain. Our agri-nutrient customers have also faced pressures on multiple fronts: environmental, regulatory, credit lines, and not least, commercial. Yet overall the fertilizer industry has been one of stability, with favorable weather bringing strong production capacities make margins hard to sustain. Our agri-nutrient customers have also faced pressures on multiple fronts: environmental, regulatory, credit lines, and not least, commercial. Yet overall the fertilizer industry has been one of stability, with favorable weather bringing strong demand, and most governments defining agri-nutrients as an “essential commodity,” in the interests of food security.

Throughout the crisis, SABIC has continued to produce and deliver the solutions the world’s food producers need, while calmly continuing the ongoing work of improving the products we make, and the ways we make them.

FINANCIAL HIGHLIGHTS
Agri-nutrients revenues amounted to SAR 6.13 billion in 2020, a decrease of SAR 1.13 billion or 14%, compared to SAR 7.12 billion in 2019. The decrease was attributable to the lower average selling prices despite the increase in sales volumes by 7%.

Income from operations for 2020 was SAR 1.53 billion, a decrease of SAR 0.48 billion or 24%, compared to SAR 2.01 billion in 2019. The decrease was mainly attributable to the lower average selling prices.

OPERATING HIGHLIGHTS
INTEGRATION, COLLABORATION
This year saw the beginning of the integration of our agri-nutrients assets under one umbrella, with all related equity shares and assets consolidated in a new company, SABIC Agri-Nutrients Company, in line with SABIC’s diversification strategy and transformation program. As production is integrated in pursuit of synergies and efficiencies, as well as accelerated, sustainable growth, the product portfolio is being actively diversified, reflecting ever more fragmented, specialized customer needs, and the pricing premiums available for those who meet them.

Special multi-disciplinary teams have worked together to model the necessary customer focus mindset, engaging directly with customers to identify unmet needs and collaborate in developing effective solution strategies that will enable an efficient supplier of commodities to become also an ever more agile and innovative supplier of differentiated value-added products.

NEW PRODUCTS, NEW APPLICATIONS
We continued developing new differentiated products and fertilizer grades.

Urea calcium sulfate (UCS), a unique fertilizer containing nitrogen and sulfur, made from locally sourced urea and gypsum, is a world’s first. Production began early this year, followed by sales to customers around the world. Commercial trials for WS NPK 13-13-13, the world’s first fully water soluble granular NPK grade – were completed, and sales to local customers began. Commercial production of three new urea differentiated products – stabilized urea, zinc enriched urea and humic acid coated urea is planned towards the end of the year.

We further expanded our NPK/SCPS portfolio produced at our joint venture company, the Ma’aden Waad Al Shamal Phosphate Company (MWSPC), and introduced new grades to the global market in 2020. MWSPC produced two grades, NPK 10-26-26 and NPK 20-20-0 +12S, and SABIC exported them to our global customers.

Our phosphate sales in India grew by 12 percent in 2020 compared to the previous year, strengthening SABIC’s position in this key market. We also strengthened our phosphate position in the US by around 30 percent.

In a “non-agricultural” application, a number of new countries joined the list of those using technical grade urea to help reduce nitrogen oxide emissions from factories and vehicles.

We are also working closely with our manufacturing facilities to develop projects and technology solutions to new regulatory energy challenges, and to enhance plant efficiency, with improved reliability, and reductions in energy consumption and CO2 footprint.

AGRICULTURE RESEARCH
The National Research and Development Center for Sustainable Agriculture (Estidamah) continued working to help spread best agricultural practices, with applied new crop management at commercial farms boosting yields and quality. It also continued to offer advice and assistance to regional greenhouse farmers, as well as launching a vertical farming partnership program to stakeholders and potential investors, with an offer to host related technologies for research and demonstration purposes.

Estidamah also joined the Ministry of Environment, Water and Agriculture caravan, providing advisory services and showcasing best agricultural practices to greenhouse farmers in seven regions throughout the Kingdom, as well as participating in numerous field days, festivals and trade fairs, spreading best practice, meeting customers, listening to their concerns, and noting their needs.

LOOKING AHEAD
We will continue to develop various differentiated products in the pipeline including stabilized nitrogen, enriched UCS, biodegradable CRFs (controlled release fertilizers) and new water soluble NPK grades. We will also continue to work with our customers to develop process solutions to key crop nutrition challenges, helping improve farm profitability and environmental performance.

Leveraging artificial intelligence and modern technologies is a cornerstone of our corporate digital transformation agenda program to introduce different, smart farming solutions. Together with our collective market experience, we are eager to elevate our customer engagement, demand fulfillment and knowledge sharing, and explore opportunities to convert threats into opportunities. This will also enable the exploration of multiple opportunities in key strategic regions (Saudi Arabia, Africa, and North and Latin Americas), and we will continually seek opportunities to enter new markets and introduce new products toward our vision of being a national champion and a global leader in the agri-nutrients industry.
Innovation inspired by megatrends propels Specialties to create value for its customers, whose complex thermal, mechanical, optical and electrical performance requirements challenge us to push the boundaries of our unique chemistries and new formulation and application development capabilities.

The Fourth Industrial Revolution, characterized by rapid and disruptive applications of technology in society, has been accompanied by a new set of megatrends – innovation spaces where Specialties continues to exert a strong technology advantage. These megatrends include the rise of artificial intelligence, including 5G infrastructure and autonomous transportation; electrification, including renewable energy, energy storage and development; and the growing circular economy, including the reuse of renewable and recycled feedstocks. SABIC’s Specialties business is positioned as a key enabler to drive these megatrends – innovation spaces where Specialties continues to exert a strong technology advantage.

OPERATING HIGHLIGHTS

MAXIMIZING COMPETITIVE ADVANTAGES

Specialties’ portfolio is just that; a distinctive suite of unique chemistries that play an instrumental role in our customers’ short- and long-term product development cycles. In 2020, Specialties aligned its offerings to maximize competitive advantages on two fronts, recognizing these cycles. The portfolio of NORYL™ resin and LNP™ compounds and copolymers leverages our agile formulations, application development capabilities, and localized resources to create customized solutions based on combinations of mechanical, thermo, electrical and optical properties. Fundamental value is driven by the ability to formulate a solution using different base resins, filler technologies and different additives. The portfolio including ULTEM™ resins and specialty additives leverages the inherent properties of these unique molecules, positioning them to be specified into growing application spaces, or modifying them to fit into the new applications and value chains.

The fundamental value here is the DNA of the final molecule and the uniqueness of the building blocks.

Both of these portfolios play a significant role in addressing new opportunities driven by megatrends.

Artificial intelligence and the Internet of Things are two megatrends driving the growth of 5G infrastructure and compatible devices. NORYL™ oligomers are high-quality materials supporting 5G infrastructure upgrades to high-speed servers, base stations, wireless antennae and other related hardware. Increasing adoption of 5G technology has led to a greater than 300% increase in the demand for NORYL™ oligomers, as printed circuit board manufacturers need new material classes to help them meet more challenging performance standards. These proprietary patented materials have strongly contributed to the ten-fold growth of Specialties’ additives business over the last four years.

Today, NORYL™ SAV5008 oligomer is recognized as the flagship material for high speed digital models, and qualified by the majority of copper clad laminate manufacturers globally, who have selected the material because the unique reactive chemistry of the oligomer reduces signal loss that occurs in either rigid or flexible printed circuit boards.

As global 5G rollouts accelerate, demand for NORYL™ oligomers is expected to increase significantly. In 2019, the Specialties business initiated capacity expansions that were realized during 2020, enabling SABIC to meet the explosive demand for this 5G enabling material.

Non-Financial Metrics

<table>
<thead>
<tr>
<th>Production Volume</th>
<th>Sales Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Specialties SBU</td>
<td>96.6</td>
</tr>
</tbody>
</table>

SPECIALITIES

SABIC's focus on innovation helps its customers to stay ahead of 5G networking trends, with advanced materials that help ensure reliable performance of parts under higher frequencies and heavier data loads, key to realizing the full potential of 5G communications. Specialties’ LNP™ compounds and copolymers can help improve active antenna unit design and performance with customized dielectric constant and dissipation factor capabilities. NORYL™ resins support 5G applications including full and high-frequency GPS antennas, microwave antenna reflectors, and cooling fans in base band units and in mmWave radomes. ULTEM™ resins feature properties that support fiber optic connectors and lenses, radio frequency connectors, board-to-board connectors and RF filter components.

Specialties’ materials also help to address the megatrend of electrification, with its focus on renewable energy, energy storage, and advances in mobility, including battery technologies and advanced driver assistance systems (ADAS). With all major OEMs offering hybrid and fully electric vehicles, the demand for materials to support powertrain, battery pack components, battery protection and EV service equipment (EVSE) is met by a range of Specialties’ materials. NORYL™ CXT™ resin can serve structurally in honeycomb metal/plastic hybrid rocker panels for EV battery crash protection, battery cell spacer, or in charging port covers, connectors and sockets for EVSE. LNP™ compounds, formulated to deliver pinpoint effects such as conductiveinity, EMI/RFI shielding, thermal dissipation, tunable dielectrics, and electro-static dissipation, have been specified into a wide range of electric vehicle applications, including those supporting ADAS.

With sustainability at the forefront of global concern, Specialties is developing new ways to help customers participate in the circular economy. This includes a focus on both renewable and circular feedstocks, such as the use of post-consumer or post-industrial recycled materials, bio-based feedstocks and chemically recycled technologies. LNP™ ECLBRN™ IQ resin, based on upcycled IQ polybutylene terephthalate (PBT) resins, a proprietary SABIC technology, is a good example of the latter. Each kilogram of LNP™ ECLBRN™ IQ resin uses up to 67 post-consumer 500ml PET water bottles, reducing the cradle-to-gate environmental footprint as assessed by lower energy requirements and global warming potential. Specialties is targeting expansion of its renewable and circular feedstock-based materials, with a third of new product introductions incorporating these feedstocks.

The COVID-19 pandemic presented extraordinary challenges for our healthcare customers. To meet their urgent needs for materials, Specialties expedited order fulfillment for two Chinese medical device manufacturers, Mindray Medical International Limited and DIRUI Industrial Co., Ltd., helping them to meet unprecedented demand for their products.

Supporting 5G Infrastructure

Artificial intelligence and the Internet of Things are two megatrends driving the growth of 5G infrastructure and 5G-compatible devices. The rapid adoption of 5G wireless technology has led to a greater than 300% increase in the demand for NORYL™ oligomers, the flagship materials supporting 5G infrastructure upgrades, as printed circuit board manufacturers need new material classes to help them meet more challenging 5G performance standards.

Mindray received a critical order from Italy for 10,000 ventilators, defibrillators, monitors and diagnostic machines, then contacted Specialties to obtain a range of its high-performance products. With its own financials, IT infrastructure, manufacturing and technology assets, legal entities and dedicated employees, SABIC first initiated the action in Q2 2019, and the move provides the necessary conditions to accelerate value creation via organic and inorganic growth opportunities for Specialties. Also during 2020, Specialties further advanced capacity expansion projects in Europe and Asia announced in 2019 to meet customers’ demand for its NORYL™ and ULTEM™ resin products respectively.

Looking Ahead

Looking toward the future, operating as a stand-alone business, at ABIC, with its own financials, IT infrastructure, manufacturing and technology assets, legal entities and dedicated employees, SABIC first initiated the action in Q2 2019, and the move provides the necessary conditions to accelerate value creation via organic and inorganic growth opportunities for Specialties. Also during 2020, Specialties further advanced capacity expansion projects in Europe and Asia announced in 2019 to meet customers’ demand for its NORYL™ and ULTEM™ resin products respectively.

We remain committed to our customers every day – our unyielding dedication to generate maximum value for our customers and our firm commitment to deliver “Chemistry that Matters.”
METALS (HADEED)

Metals products are supplied under the SABIC brand through Hadeed, a fully owned affiliate, which is the Gulf’s largest steel producer. We manufacture a wide range of long and flat products, while being committed to maintaining best-in-class standards in efficiency, reliability and EHSS, steadily improving sustainability, and delivering maximum value for stakeholders.

The pandemic’s impacts compounded pre-existing pressures stemming from raw material costs and weak demand, but none was allowed to interfere with our commitments to the building and construction sector and in maintaining our market-leading position in the region. We upheld our position as a reliable supplier of consistently high quality steel products to the Saudi market and met customer needs as closely as possible despite the mobility constraints brought about by the pandemic.

Our strategy, targeting a turnaround to achieve high quality steel products to the Saudi market and in maintaining our construction sector and in maintaining our

Sustainability KPIs came under pressure this year due to a challenging market, but a major CAPEX program designed to improve natural gas metering capability, commissioned toward the end of 2019, promises improved control with a view to Saudi Energy Efficiency Center (SEEC) second cycle targets. A further plan is in hand to address gaps and achieve 2025 SEEC targets, along with programs to reduce and reuse waste materials, water and heat, in line with our commitment to the circular carbon economy.

Despite an exceptionally difficult operating environment in 2020, morale remained high, as our people continued working on multiple fronts to improve operations and maintain momentum in our ongoing transformation:

– Targeted working capital efficiency, a new inventory aging management system was introduced to accelerate turnover and improve our cash position, helping achieve a 45% reduction in average inventory over the year.

– A new business continuity team was set up to address issues including upstream feedstock availability, engaging all stakeholders in decisions that helped limit production losses, boost exports to offset weak local markets, and synchronize plant shutdowns to bring semi-finished product inventory in line with final product plants’ requirements.

– New land transportation contracts were negotiated, saving 10% over the old contract prices and bringing a 5% overall reduction in conveyance costs as against 2019.

Despite the impact of the pandemic, around 3 million metric tons of long product were supplied to over 80 cities locally and 19 regional and international destinations. Strenuous efforts to expand exports to offset weak regional demand paid off handsomely, exceeding the initiative target by around 70%, including record single quarter exports of 118,000 metric tons – three times the normal volume.

We set a significant record in wire rod sales with 1,091,000 metric tons sold, 18% higher than last year’s figure, and 7% higher than the previous record achieved in 2014. We also achieved the first successful processing of high carbon steel wire rods from coils at customer sites; and developed a variety of new wire rod grades and sizes.

In flat products, meanwhile, September 2020 saw the highest monthly sales since August 2015, with a total of 180,000 metric tons, with first time sales to the key markets of Vietnam and China, and penetration of a new market, gas cylinders. 47,000 metric tons of aged slab inventory was successfully depleted, while effective utilization of free intermediate and finished inventory generated multi-million US$ free cash.

We have made significant strides in recent years in our efforts to explore alternatives to the costly prime grades of iron ore usually used by our direct reduction plants as well as by other similar plants around the world. Using alternative grades brought substantial financial benefits to Hadeed in 2020 when 600,000 metric tons of alternative iron ore pellets were consumed – that is, around 8% of the total iron ore pellets used. The successful implementation of this technology came after years of lab testing, plant trials, process adjustments, model developing, and training of our operation personnel on using these grades.

SAFETY AND SKILLS

Throughout the year of the pandemic, we continued to invest in our people and their safe wellbeing, maintaining the highest standards of safety, with our regular annual analysis helping identify improvement opportunities. A new program was introduced to help eliminate incidents, with four critical success factors identified: leadership and culture, people and organization, system and process, and workplace competence.

We introduced a new digital system to enable leaders to track individual employees’ development; saw 11 engineers graduate from the SEED (SABIC Engineers early Development) program; conducted Antecedent Behavior Consequence Model training for leaders; and successfully completed the second phase of Hadeed SHEM (Safety, Health & Environment Management) Center.
CORPORATE PERFORMANCE
SABIC has been a sustainability story from its very foundation, capturing the gas that was flared into the air from the oil fields in Saudi Arabia. This core principle was very clear when we released our first annual report in 1977, but it was not until 2011 that we began our Environmental, Social and Governance (ESG) reporting journey, with the publication of our first sustainability report. The journey has continued over subsequent years by way of materiality assessments, the setting of targets and KPIs, and increasing transparency, to the point where we are ready for this—our first formal ESG disclosure in the Annual Report.

In reflection of our strong tradition of sustainable business practices and socially responsible investments, Capital Finance International (CFI.co) has recognized SABIC as the Best ESG Responsible Petrochemical Company in Middle East/Africa for 2020. We have also received a platinum medal for sustainability from EcoVadis, a leader in evaluating business practices from the world. As the highest possible distinction, the platinum medal is only awarded to companies that score in the top 1% for sustainability practices.

At Davos in 2017, over 140 CEOs, including SABIC’s, from the World Economic Forum International Business Council (IBC), issued the Compact for Responsive and Responsible Leadership, declaring that “society is best served by corporations that have aligned their goals to the long-term goals of society,” and identifying the UN’s Sustainable Development Goals (SDGs) as the roadmap for that alignment.

We are also supporting the WEF framework focused on Stakeholder Capitalism, whereby SABIC’s purpose is oriented toward creating long-term value, not only for shareholders but also our stakeholders. We are active members of the WEF ESG practitioners group and we consider the WEF metrics a good guidance to enhance the standardization and value orientation of the ESG disclosures.

At SABIC, we recognize ESG’s central importance to business success in today’s global marketplace, and it soon become, if not already, a license to operate. We are actively looking to integrate these ESG factors into our core business strategy, to ensure that everyone at SABIC shares a common understanding of the megatrends that will affect our company and society over the decades ahead, and a common approach to addressing the ESG issues those trends raise. We also recognize the need to integrate our response to demands for disclosure into the very fabric of our processes, tools and practices.

The ESG steering committee is responsible for:

- Understanding ESG performance and identifying the most relevant ESG disclosures for the company.
- Identifying and proposing general ESG policies and priorities, including a current ESG report.
- Improving the company’s understanding of ESG matters.
- Supporting the evaluation of ESG risks and opportunities, and seek ways to monetize them.

The table below links SABIC’s World Economic Forum disclosures with the Global Reporting Initiative. The full disclosure story can be found on SABIC’s portal.
SAAB recognizes the core role sustainability and innovation play in our organization to help meet the challenges of maintaining a livable planet, and to accelerate the development and adoption of new market-focused solutions that respond to society’s demands for environmental protection.

Embedding sustainability and innovation into our DNA has helped us create new technologies and solutions, adopt new processes that have transformed our governance and operational efficiency, and unite our employees, partners and other stakeholders in an integrated effort to transform our supply chain and operations for the good of the planet and its people.

GOVERNANCE FOR SUSTAINABILITY
Governance is crucial. We have created a number of sustainability committees and councils at different levels of the business, reporting directly to the board, including the newly set up Environmental, Social and Governance (ESG) steering committee. This helps us manage senior management strategy, develop, implement and monitor initiatives and policies to fulfill it, manage stakeholder communications, and generally monitor and manage all SAAB ESG-related activities.

Our Sustainability Council, chaired by the Vice Chairman and CEO, is responsible for setting our sustainability vision, priorities, and goals, accountable for performance against sustainability goals. It drives the recommendations of the Corporate Sustainability Department. The Sustainability Council is accountable for defining sustainability strategies and initiatives. Sustainability has also been included in the scope of the Board of Directors’ Risk Committee, emphasizing its importance to our business.

This year, we formed the Scientific and Technical Advisory Council, managed by SAAB Corporate Fellows, with members from academia and industry, to focus on differentiated materials, renewables, process break-through, feedstock diversification and sustainability. The Council performs technical health checks for early-stage programs, provides content expertise for the M&A team, advises on issues raised by Technology & innovation management, directs and backs new ideas, contributing expert feedback, provides a sounding board for executives, and maintains a research framework to enable sustainable growth.

WORKING TOWARD CIRCULARITY
Plastics are a valuable resource which should never be wasted. However, when used plastics enter our seas, oceans, waterways and ecosystems, it is a challenge to recover the material for reuse. SAAB’s aim for the future is that plastics should not end up in the environment or in landfill and instead are reused and remade into new products.

The launch of our TRUCIRCLE™ program at the end of 2019 marked an important milestone on our journey toward closing the loop on plastic waste. Our TRUCIRCLE™ portfolio and services of circular solutions span design for recyclability, mechanically recycled products, certified circular products from feedstock recycled from used plastics, certified renewables products from bio-based feedstock and closed loop initiatives to recycle plastic back into high quality applications and help prevent valuable used plastics from becoming waste.

In 2020, our global technology centers worked to create a roadmap to drive the growth of our circular economy business and to deliver a balanced portfolio across our businesses in line with our strategic TRUCIRCLE™ initiative. One such example is our focus on the future generations of pyrolysis technologies for the global scale-up of our circular products and improved CO2 footprint.

Our efforts involve extensive cooperation with many associations, including companies involved in waste handling and conversion, direct material customers, OEMs, brand owners and retailers, industry peers, academics and other third party experts, and global policymakers. We are currently working to increase certified circular polymer production at our first commercial plant, situated in the Netherlands, by 2022.

Examples of circular solutions from our TRUCIRCLE™ portfolio include:

- Orka Group produced the first chips packaging made with SABIC’s certified renewable polypropylene (PP) using bio-based feedstock that is non-recyclable competition with the human food chain.
- Innovative TF-BOPP polymer solution for food packaging film to create a more sustainable frozen food packaging which combines a new polyethylene (PE) grade with innovative film production technology.
- Unilever and Greiner Packaging collaborated with SABIC in the development of an innovative new Knock® boulanger container using certified circular impact polypropylene (PP). The selected circular polypropylene solution - SABIC PP FLOWPACT FPC45 impact copolymer - is a phthalate-free product and compliant with certain European food contact regulations.
- SAAB’s certified circular PP used in Biassal®. Oriented PolyPropylene film structures manufactured by Huhtamäki, will be introduced in primary pet food brand packaging by Mars Inc., a global leader in confectionary, food, and pet food products.
- Plastic processor Elkamat chose SABIC’s polycarbonate based on certified renewable feedstock, which can offer significant carbon footprint and fossil depletion reductions, for several applications.
- Closed loop collaboration with UK retailer Tesco and value chain partners Plastic Energy and Sealed Air to introduce the first flexible recyclable packaging for Braburys cheese from materials returned by customers.
- Estée Lauder Companies’ global skincare brand, Origins Natural Resources Inc., and beauty packaging manufacturer, Alba, collaborated with SABIC for its new advanced beauty tube pack to be launched in 2021.
- Beiersdorf, a leading provider of innovative, high-quality skincare products with brands such as Neva, Eucerin, and La Prairie, will be using SABIC’s certified polypropylene (PP) “second generation” bio-based materials in its cosmetics packaging. The new packaging products will be introduced in the market in 2021 and replace fossil-based virgin PP.
- REN Clean Skincare introduces its pioneering new pack for their iconic moisture Evercalm® Global Protection Day Cream made with SABIC’s certified circular PP that provides a transparent look and feel while also supporting the complex assembly of parts requiring tight tolerances, such as for airless packaging systems.
- All-TRUCIRCLE™ certified products have been produced under a mass balance accounting system, gaining accreditation under the International Sustainability and Carbon Certification Plus scheme.

COLLABORATION FOR CIRCULARITY
SAAB is involved in several global alliances and frameworks working to drive systemic change, throughout the value chain. We truly believe that world challenges can be only overcome through partnerships and collaborative approaches.

We are a founding member of the World Plastics Council and the Alliance to End Plastic Waste, aiding infrastructure development to manage waste and increase recyclability.

We are also a member of The Ocean Clean Up, which is collecting plastic waste from our oceans, and support the UN and the G20 in combating marine litter.

We are founding members of the World Economic Forum Collaborative Innovation for Low Carbon Emitting Technologies Platform, working with others in petrochemicals on breakthrough solutions to reduce our industry carbon footprint.

This year also saw us launch Energy Efficiency and Carbon Management (EECM) – an initiative designed to identify compliance risks, monitor new initiatives and provide advice where needed. Two key roadmaps address SEEC (Saudi Energy Efficiency Center) short and long term perspectives, and Europe climate issues, including furnace electrification and renewable electricity. The EECM team is also responsible for aligning with SEEC regulators on boundaries and reporting methodologies for setting baselines.

We are also participating with peers in the World Resource Institute’s SBTi (Science-Based Targets initiative) project to come up with a framework for the chemicals industry, and evaluating our readiness to commit to SBTi in 2021.

RENEWABLE PRODUCTION
Our polycarbonate facility in Cartagena, Spain, is set to become the world’s first large scale chemical production site running entirely on renewable power, following the signing of a major agreement with the Spanish energy leader, Iberdrola. The project, which will come on line in 2024, our customers will have access to polycarbonate solutions produced with 100% renewable power.

We aim to have 40% of installed wind or solar energy for our sites globally by 2025, 120% by 2030. Solar panels all over our India and Thailand sites have cut greenhouse gas emissions by more than 200 metric tons in 2020, and our Home of Innovation in Riyadh, Saudi Arabia, has been completely solar powered since 2015.

In time, SAAB’s aspiration is to switch entirely from fossil-produced to renewable energy, while doubling electricity’s share of our energy mix. We also plan to procure renewable energy through long-term offtake agreements, with project developers building, owning, operating and financing solar or wind parks.

THE CONTINUING JOURNEY
Over the coming years, the global chemicals industry needs to evolve and innovate to confront the increasing impact of climate change. We also need to work with others – governments, academia, industry bodies and companies in other industries – to align our aims and objectives, and share our learning. Collaboration is key to ensure that we’re working effectively to transform the value chain in a lasting, meaningful way.

It’s a challenging prospect, but also one that offers fertile ground for new opportunities and the potential to realize huge benefits from our sustainability efforts. We foresee even greater change, as we apply our understanding of challenges and solutions, and increasingly address environmental, business and financial risk factors in a balanced way. Working together and working with others, we will continue to strive ever more effectively for a sustainable, circular future for our business, our people and the planet.
HUMAN CAPITAL

Our people have proved to be the true heroes of 2020. We extend our sincere gratitude to everyone, especially our frontline employees, who worked throughout the pandemic-affected year to secure and protect business continuity and help us remain on track to become the preferred world leader in chemicals.

We will continue to attract, retain and develop the best talent in the industry, while the safety and wellbeing of our employees remain our highest priority. The pandemic gave us the opportunity to develop and implement a number of innovative ways of global communication and connectivity. Being “connected” helped us deal with the response even at a personal level, and sustain our high safety standards and stay firmly on course to achieve our business goals.

In 2020, we evolved our observable behaviors using our core values and the SABIC Leadership Way (SLW) framework to encourage an enhanced collaborative way of working, anchoring our Employee Value Proposition that is centered on two-way dialogues. We focus on exploring what matters together and on sharing ideas, goals and ambitions – openly and candidly.

Our employees are our greatest asset and the critical factor in sustaining our success and accelerating growth.

RESPONSE ACTIONS TO THE PANDEMIC

Our global employee network worked tirelessly to organize our response to the people’s needs. With a footprint in over 50 countries, our sites were proactive in their response to COVID-19 safety measures in addition to mobilizing a significant portion of our workforce to work from home (WFH).

The HR community enabled a rapid, flexible approach to enhance and expand policies to meet the ever-changing needs of employees, their families and our communities. We also provided a number of digital platforms for people to stay connected which included dedicated channels for real-time health and wellbeing advice.

Additionally, leadership communication campaigns addressing on-the-ground concerns were launched to support and uplift employee morale. This was a heartfelt and creative space which included stories of WFH experiences relayed across to employees through short videos, selfies, actual life experiences, challenges and questions. This, in turn, increased our sense of resilience via a program we initiated: “Together We Overcome COVID-19.”

PULSE SURVEY

In May 2020, our global employees received a link to an anonymous, confidential and externally conducted survey. The survey architecture consisted of 25 questions which were targeted across seven specific areas, to gauge the employees’ views on our company’s response to the global pandemic. The participation level and overall results were very positive, with most respondents rating our pandemic-related actions as highly effective.

SABIC LEARNING

This function plays a key role in providing learning opportunities that impact the development paths of all our employees. By improving knowledge, skills and capabilities, we were able to transfer many face-to-face interactions to digital learning and engagement platforms to mitigate against the challenges presented by COVID-19. The Digital Learning Experience Campaign offers and promotes a variety of global virtual classrooms and online learning options, globally accessible to our employees.

The 2020 Global Employee Town Hall took place at our headquarters in Riyadh, with leaders live-streamed throughout the regions to communicate key messages on performance and our long-term plans, with an uncompromising focus on safety, compliance and talent.

BUILDING TEAMS

SABIC IMPACT – LEADERSHIP SUMMIT

This year, our top 150 leaders, from six time zones, came together virtually for a four-day interactive Learning Summit focusing on employee engagement, professional leadership and strategic communication. The event exemplified our commitment to developing leaders, instilling and building a sustainable growth mindset.

SABIC YOUNG LEADERSHIP COUNCIL

A hundred young “influencers” were selected from over 400 of our employees worldwide to join the SABIC Young Leadership Council (SYLC) this June in developing bold new “step change” ideas to enhance our workplace and our business. SYLC looks to harness the broad diversity of our workforce so we can inclusively drive strategic and transformational change throughout our global organization.

GLOBAL EMPLOYEE TOWN HALL

The 2020 Global Employee Town Hall took place at our headquarters in Riyadh, with leaders live-streamed throughout the regions to communicate key messages on performance and our long-term plans, with an uncompromising focus on safety, compliance and talent.

BUILDING FOR THE FUTURE

EXTERNAL LEARNING PROGRAM

Human capital development is at the very heart of the Saudi Vision 2030 program. We worked this year with various governmental and governmental entities to help prepare a diverse pool of Saudi youth and leaders for the new economy, building their skills and potential through the SABIC External Learning Program. The cohort this year was a diverse mix of trainees of over 5,000 delegates.

LEADERSHIP PROGRAM

The work of the SABIC Leadership Program for government officials, created in 2016 to share our experiences with government, continued this year despite the challenges of 2020. The planned cohort for 2020 was circa 250 leaders working in Saudi government-led ministries and institutes.

VALUES 2.0

Values 2.0 is an emerging global community that came together this year to actively engage with the activities of the G2. Six delegates were selected from SABIC as experts who contributed to and helped build this hub for continuous knowledge sharing.

SABIC Leadership Way inspires our people to “Be the impact.”
INTELLECTUAL CAPITAL

In 2020, SABIC Corporate Technology and Innovation (T&I) comprised 1,605 employees working on various research projects at 20 centers around the world, with a patent portfolio of 9,946, to deliver differentiated and sustainable product and application solutions and sustainable cost-advantaged process innovation to meet the needs of our customers and the value chain over the near-, mid- and long-term horizon.

Despite a challenging environment this year, the T&I organization continued its focus on elevating the capabilities of our people, improving our innovation portfolio, and strengthening our innovation model to increase return on investment and further strengthen SABIC’s ability to compete in the global market. We further focused on optimizing our use of global resources and capabilities, developing a more robust succession planning pipeline, and strengthening the innovation portfolio focused on delivering on our sustainability priorities.

IMPROVING PRODUCTION

Numerous projects this year aimed at generating additional value and improving our cracker assets worldwide, in areas including yield improvement, furnace optimization, capacity and feedstock margin maximization, fouling mitigation, energy intensity improvement, benzene extraction, and alternative feedstock processing. We worked closely with our manufacturing affiliates and addressed chronic plant challenges. For example, we helped resolve the longstanding PK3.1 butane quality issue, enabling the production of all LLDPE grades. Such efforts have brought substantial cost savings by averting production losses in 1-butene and PE plants.

This year saw the first commercial demonstration of a new High Space Time Yield (HSTY) technology, offering the prospect of 10% productivity enhancement over Normal Super Condensed Mode in the LLDPE gas phase process/reactor. In addition to boosting productivity, the new process also offers material product benefits — plans are in hand to deploy it in other SABIC LLDPE gas phase reactors.

Further initiatives, which were part of our MTBE-FBD4 improvement strategy and implementation of our catalyst strategy at the Petrokemia MTBE plant, resulted in an unprecedented boost in MTBE production and a significant reduction in catalyst losses from 2005. The significant catalyst savings were equal to more than 50% compared to the baseline. Reliability improved as well by sustaining operations with minimum unplanned shutdowns.

PRODUCT INNOVATION

As consumers demand ever more higher performing and more sustainable products, in everything from piping to packaging, auto to electronics, personal hygiene to agri-nutrients, our expertise and ingenuity helps customers all over the world overcome their challenges.

AUTOMATIC APPLICATIONS

The release of next-generation STAMAX™ products with improved aesthetic properties is helping us maintain our leadership in the auto sector and build our share of the valuable global tailgate business. New formulations of XENOY™ HTX resins and flame retardant SABIC® PP resins serve multiple application opportunities in the burgeoning electric/ hybrid vehicle market, from honeycombed plastic-metal hybrid rocker panels for battery crash protection to structural battery components.

FLOATING STRUCTURES FOR PHOTOVOLTAIC

Two new products — HDPE for blow molding and PP for injection molding — designed for photovoltaic floating devices for the fast-growing renewable energy market offering good processability and mechanical properties, gained positive feedback from European and Asian customers.

FLEXIBLE PACKAGING

A new SABIC POP (polyolefin plastomer) based solution for liquid container liner applications was successfully launched, with three tailor-made offerings targeting different level of CTQs (Critical to Quality criteria) on flex-crack resistance and dart impact performance. Significant weight savings compared to conventional rigid packaging along with better leakage resistance offered customers significant cost savings, as well as reductions in leakage-related failures. In addition, BCTFE, which is a new high impact polypropylene for flexible packaging, helps meet increasingly demanding gel count specifications.

NEW MELTBLOWN GRADE

A new enhanced variant of our existing PPSM432 meltblown grade offers enhanced properties and processing in the final application for lower T&P (temperature and pressure), better HH (high heat resistance), and lower fiber-fly, positioning it for numerous medical and hygiene applications.

ELECTRICAL AND ELECTRONICS

New short and long glass filled polypropylene grades were launched, realizing first successes to serve US antenna cover applications. We continue to improve our focus on supporting customer programs, and providing better transmittance, lighter, and tougher next generation solutions.

AGRI-NUTRIENTS SOLUTIONS

Two new platforms for nano-fertilizers and bio-enhanced fertilizers were established to enrich our agri-nutrients portfolio. Moreover, we worked closely with “SABIC Agri-Nutrients Company” to develop technological solutions to meet new regulatory energy requirements. We also worked on improving plant reliability and on lowering energy consumption and CO₂ emissions.

INNOVATION EXCELLENCE

We continued this year to improve operational excellence on many fronts: maximizing value creation from our global sites and other assets; increasing the efficiency of the organization and our delivery to the T&I community and other SABIC businesses; and leveraging our resources more efficiently, for a faster, more agile response to internal and external stakeholders. Key areas of focus included efforts to improve leadership across the enterprise, exploit resource synergies more effectively, improve communication, with more information more frequently, and greater transparency, enhance external collaborations, tighten the focus of the T&I portfolio, and continue to build an organization equipped to deliver sustainable disruptive innovations.

We also this year began looking into the results of the SABIC Saudi Aramco synergy assessments, developing the broad outlines of an effective collaboration and value delivery plan.

TECHNOLOGY VENTURES

This year brought an increased focus on external collaborations with universities and institutes, start-ups, and other third parties, with a view to adding more value through existing activities, and acquiring, developing and effectively leveraging complementary technologies from third parties.

We strengthened our technology-ventures footprint in Europe, North America and China, ensuring close alignment with its strategic technology goals. The investment portfolio currently consists of ten active companies, two technology licenses and four funds. 2020 investments included United Technologies and NewLeaf in the US, in support of SABIC’s differentiation and growth strategy in its target markets.

TECHNOLOGY LICENSING

Technology Licensing works to secure state of the art technologies for SABIC and its affiliates’ global growth initiatives, helping to maximize affiliates’ product activity, enhance competitiveness, reduce energy intensity, ensure compliance with SABIC/SEEC targets, and deliver significant environmental benefits. Technology Licensing is also active in deploying SABIC proprietary technologies to growth projects of both SABIC and selected third parties. SABIC this year, for one example, through its partner Technip FMC, licensed the use of its proprietary extrudable butadiene styrene (ABS) technology at a plant in China.

As we and the world emerge from the trials of 2020, we will continue to build the skills, commitment and morale of our people, build flexible teams, improve retention and succession, and enhance an agile and resilient innovation culture. We will continue to strengthen our innovation model, with coordinated centers of excellence, costs cut, efficiency boosted, and the full benefits of our innovation capabilities captured and optimally leveraged for ongoing and sustainable improvement to our Return on Investment.
Despite the challenges arising out of the pandemic in 2020, SABIC Manufacturing remained committed to achieving the highest levels of manufacturing excellence and safety standards.

The continuous pursuit of manufacturing excellence is vital to our drive to become the preferred world leader in chemicals. In a competitive industry, further challenged this year by the COVID-19 pandemic, Manufacturing at SABIC has shown resilience by employing robust standards and process technologies, supported by its knowledge pool to achieve the highest level of asset availability since 2017.

The agility of our manufacturing organization was also demonstrated by our immediate response to the pandemic. Here, our risk and crisis management systems gave us a solid foundation for business continuity, which ensured commitment to both our customers and the community.

Driven by our global manufacturing strategy, we have pursued optimization as a key principle in achieving manufacturing excellence, whilst ensuring the continual investment in the capability of our people through our Workforce Development programs.

Our strategic initiatives have provided focus, where our Asset Lifecycle Management structure has ensured optimization of plant operations and has driven Operations Discipline. We have mobilized our global talent base to support our endeavor in achieving manufacturing excellence, whilst ensuring the continual investment in the capability of our people through our Workforce Development programs.

We also continue to drive Energy Optimization at our sites in support of our sustainability objectives, ultimately reducing our overall footprint.

Our 2020 milestones were all underpinned by our core value of EHSS, where we continue to embed a culture of safety as a top priority.

**ASSET LIFE CYCLE MANAGEMENT**

Our asset maturity continues to strengthen as we build our asset capabilities through implementation of the Asset Life Cycle Management Framework. This has resulted in our lowest unplanned shutdown days leading to increased availability, and significant planned CAPEX optimization.

We are leveraging the strengths of our Operations Management System, which provides an integrated platform for safety and reliability. Through the utilization of the Asset Lifecycle Management standards, we saw improved asset capability and reliability performance, and effective governance of the SABIC defect elimination process, resulting in minimizing operating losses. It has also enabled stewardship of reliability-in-design, which has been employed in several new mega projects and integrated into the process throughout our global manufacturing sites.

Cybersecurity is a major threat to many industries, and it is of paramount importance to ensure protection against such a threat. Our cybersecurity model has been developed in line with industry best practices and is applied in our continued effort to mitigate threats across all our sites.

**ENERGY OPTIMIZATION**

In 2020, we maintained our focus on improving our energy efficiency, in support of SABIC’s sustainability objectives.

Opportunity assessments looking to identify and evaluate possible conservation measures to improve our overall footprint and assure regulatory compliance with SABIC’s energy efficiency program were carried out at four major sites. Such assessments also play a key role in evaluating any prospective mega project’s sustainability performance.

The Site Energy Optimizer Program – a key analytical tool and process, launched in 2018, to identify site-optimized scenarios in day-to-day operations and design – continued to deliver positive results. Deployment has been completed at 14 sites, helping identify “quick win” energy saving opportunities, and guide the development and deployment of improved energy system operating strategies.

**WORKFORCE DEVELOPMENT**

Our ever-stronger culture of excellence is reflected in the achievements of our sites around the world, reinforced by our SABIC values. Sustained focus on our people and their capabilities is utmost, and we have worked hard to continually improve our people competencies.

This improvement starts with our frontline employees (operators, technicians and security guards), where we have deployed a program called JADEER, which will be a single integrated platform to support frontline employees’ competency development by enhancing work processes, EHSS and process safety.

We have also conducted assessments for our engineer and chemist development programs – SABIC Engineers early Development program (SEeD) and Technical Talent program with a methodology that moves from compliance to engagement and effectiveness.

Our efforts to embed the right leadership behaviors were maintained, and despite the impacts of the pandemic, we were able to conduct a global virtual assessment of Critical Organization Behaviors (COBs). This provided key insights into our strengths and areas of improvement that will contribute to enhancing our pursuit of manufacturing excellence.
MANUFACTURING CAPITAL CONTINUED

ENVIRONMENT, HEALTH, SAFETY AND SECURITY (EHSS)
SABIC’s global EHSS organization supports our manufacturing operations, business units and corporate functions, providing a center of excellence that helps drive material improvements in our EHSS performance worldwide.

This year SABIC raised EHSS competencies, improved communications through information-sharing, and enhanced and refined initiatives driving people development, digital transformation, and risk and operations management.

While responding to the impacts of COVID-19, we also maintained momentum in embedding EHSS as a SABIC critical core-value, in line with our commitment to achieving industry-leading performance.

MANAGEMENT SYSTEMS
In 2020, we continued to embed the new risk-based assessment, introducing Maturity Level concept throughout the organization, and assess our sites’ SHEM field implementation, performance and progress.

EHSS INFORMATION ENABLEMENT
This eSHEM Phase II initiatives project underwent a global rollout this year for four EHSS tools – SABIC Assurance Program for EHSS Risks (SAFER), EHS Risk Assessments, EHS Audit, and Calendar – enabling improved identification, aggregation and communication of key EHSS information.

Information automation is also supporting SABIC to better manage risks, capture findings and track mitigation actions, helping reduce violations, equip SAFER, EHS Audit and ASSURANCE systems, and prepare for improved data analysis and artificial intelligence exploitation.

EHSS CULTURE SURVEY
This year’s EHSS Culture Survey involved 17,730 participants globally in a heart’s & minds effort as part of our Operational Management System (GMS-I-HI) standard, corporate training programs, and efforts to gain a better understanding of employees’ perceptions of their work environment culture.

GLOBAL KEY PERFORMANCE INDICATORS
Global EHSS developed and introduced EHSS Maturity, an overarching new performance monitoring concept using existing KPIs to generate maturity indexes based on existing systems and standards, designed to:
- Drive increased performance excellence, and visibility to SABIC leaders
- Ensure focus on OMS/SHEM key aspects
- Improve accountability at all levels of SABIC leadership
- Allow global KPI benchmarking throughout the organization
- Provide valuable input for OMS-SHEM audits

RESPONSIBLE CARE®
This year the saw the start of the recertification audit for ISO14001:2015 and ISO45001:2018 standards, with external auditors confirming the validity of SABIC’s Responsible Care®. Five years of internal and third-party audits have uncovered no major non-conformances, and this year saw significant improvements.

ENVIRONMENT, HEALTH AND SAFETY
SABIC participated in several CaCh (European Chemical Industry Council) and Plastics Europe groups focusing on marine litter and Operation Clean Sweep programs, and ECHA’s (European Chemicals Agency) micro plastics and waste gas chemicals restrictions. In the US, SABIC was part of the American Chemistry Council’s work group set up to define a pellet loss metric for Operation Clean Sweep Blue.

A SABIC EHSS team also joined the Association of International Chemical Manufacturers’ pollution prevention workshop, helping prepare and track new regulations, and raise understanding of new requirements. In China, quarterly meetings brought together environmental law firms, site leadership, and local EHSS teams. We also worked on:
- Discharges to water – with improved discharges and reutilization, and reduced polluted loads. At our Vadodara, India, site an online wastewater analyzer was installed to monitor Chemical Oxygen Demand, Biochemical Oxygen Demand, Total Suspended Solids, color, pH and ammonia nitrogen, helping ensure compliant discharges and maximize recycling of treated waste water.
- Emissions to air – with a number of sites seeing installation of new odor abatement equipment and retrofits of low/ultra-low NOx burners, including Tosside in the UK, and STC Shanghai, where low-NOx boiler retrofit for boilers cut NOx emissions from 110 mg/m³ to around 25 mg/m³.
- Waste generation and management – with segregation items, and training and awareness for employees, helping increase recycling at our Benoi, Singapore site.

PRODUCT STEWARDSHIP
This year saw an organization-wide move to Corporate Sustainable Development, with core programs built on key initiatives to maintain our program of continuous improvement, including developing and deploying product stewardship knowledge and competencies, improving communications, and improving our risk discovery and management processes. We this year:
- Began building our new Product Stewardship Training certification program
- Improved our efficiency in delivering SABIC compliance documents to customers
- Continued to embed EHS/PST reviews in T&I, ES&P and M&A processes
- Implement PST incidents management and product risk characterizations
- Made Manufacturing a key focal point
- Completed our top 50 Product Risk Characterizations
- Continued running workshops in Saudi Arabia, with rollout to other regions planned
- Instituted Safer Chemistry as a major theme

ENGAGEMENT AND SUPPORT
Despite fewer network meetings due to COVID-19, Industrial Hygiene Committee members continued recent years’ meetings and working with a number of agencies, including: Royal Commission Public Health Department; Saudi Food and Drug Administration; Nuclear and Radiological Regulatory Commission; Saudi Standards, Metrology and Quality Organization; Ministry of Labor.

CAPABILITY BUILDING
This year saw the restart of NEBOSH® (National Examination Board in Occupational Safety and Health) - International General Certificate in Occupational Health and Safety, with courses run virtually due to COVID-19, training:
- 20 Industrial Hygiene experts in the Board of Occupational Safety and Health modules
- 82 instructors for new unified safe work permit and LOTO (lock-out/tag-out) for all KSA sites
- 43 IH experts in the IH Assessment Workshop conducted for MEA staff
- 140 leaders and key stakeholders in crisis management awareness workshop

GLOBAL EHSS PERFORMANCE MONITORING & REPORTING
We continued to monitor trends in EHSS, the Total Recordable Incident, Occupational Illness, and Security incident rates, while dropping Process Safety. Total Incident Rate in favor of the new metric American Petroleum Institute 754 Process Safety Event Tier 1. Global EHSS Corporate Sustainability Department also approved the incorporation of fatality rates in the new metric.

In eSHM, we saw enhancements of the global system, making eSHEM compliant with OMS-31B, implementation of phases 1 & 2 for incident management, and continued quality monitoring of the eSHEM system by Performance Monitoring. Reporting with regular communication to all affiliates, to aid their ongoing EHSS data improvement efforts.
SOCIAL AND RELATIONSHIP CAPITAL

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

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

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

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

SCIENCE & TECHNOLOGY EDUCATION

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

Our Global Back to School Initiative benefitted over 120,000 students in 13 countries – KSA, Egypt, Ethiopia, UAE, Singapore, Vietnam, China, India, UK, Germany, Netherlands, Spain, and the US. In Saudi Arabia, 70,000 students across 13 regions were given backpacks with school supplies, while 20,000 received electronic tablets, through a collaboration with the Ministry of Education and Takafal Foundation.

In China, we continued our Love Shoes program, with 946 students receiving shoes and schoolbags hand-painted by SABIC volunteers with inspirational messages and drawings, along with hand-made picture books, encouraging and supporting their academic efforts. We also helped bring digital technology support to students in remote areas of rural China, extending quality education to those most in need.

In Vietnam’s Tra Vinh province, a donation of 40 bicycles helped underprivileged students in isolated rural areas get to schools in nearby towns and cities, while in India we collaborated for the fourth year running with the Central Institute of Plastics Engineering & Technology in a skills development program that delivered plastic processing operator training to 90 young people, equipping them for future jobs in the industry.

COVID-19 added impetus to a program extending remote learning in India, where construction began this year on new classrooms equipped with digital learning technology, enabling teachers to conduct online classes, and SABIC volunteers to interact virtually with students through motivational sessions.

Our Global Initiative for Education and Innovation also continued in 2020, in partnership with Junior Achievement Worldwide and INJAZ Saudi Arabia, with a new focus on distance learning, benefiting over 12,000 students in 13 countries with the help of over 250 SABIC volunteers. Among its programs is Lights of Our Future, which invites students to consider urban sustainable development from an economic perspective, and draw on that learning to devise innovative solutions. Other programs included It’s My Business which introduces students to entrepreneurship, a STEM (Science, Technology, Engineering and Mathematics) Innovation Camp, and Job Shadowing.

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

We maintained our efforts this year to tackle climate change and its impacts around the world through innovation and education, and our Global Environmental Protection Initiative in nine countries – Singapore, Indonesia, Thailand, Japan, South Korea, Germany, UK, Spain and the Netherlands.

Due to the pandemic, we have been reaching the community with virtual programs to ensure safety of participants. Many of these programs involved our volunteers engaging in online train-the-trainer workshops, before conducting their own workshops to raise environmental awareness in the wider community.

Program topics included plastic waste, recycling options and climate change, while hands-on workshops taught participants how to make DIY products such as eco-friendly cleaners and hand sanitizers.

In Spain, SABIC recently supported the Cartagena Oceanographic Research Institute and Cartagena Polytechnic University in the Ocean Hatchathon 2020, during which more than 100 teams of students worked to develop a prototype app to help address some of the challenges facing our oceans.

WATER & SUSTAINABLE AGRICULTURE

Water scarcity and sanitation management go hand in hand with better food and energy production – key to ending hunger, achieving food security, and improving nutrition. We maintained our support of Saudi Arabia’s agricultural industry by participating in dates festival in Al Qassim, and a citrus festival in Al Harras, highlighting our national efforts to increase crop productivity, quality and variety.

In an effort to further support effective farming practices in Saudi Arabia, following two phases of technical training and agricultural caravans, this year we continued our three Agricultural Field Schools, covering Al Madinah and Al Uta, providing a forum where farmers and scientific researchers can share knowledge and experiences.

HEALTH & WELLNESS

Our Global Health Initiative and Global Social Innovation initiative continue to demonstrate SABIC’s contributions toward the health and wellness of the communities in which we work, and society at large. Throughout 2020, we placed considerable emphasis towards mitigating the impact of the COVID-19 pandemic to keep our communities healthy, safe and well informed. Over the year, our contributions in Health & Wellness totaled 220 programs ranging from food bank support to provision of medical equipment and supplies, in addition to health awareness programs.

Despite the pandemic, our initiatives to support health and wellness in other areas continued, including efforts to recognize and improve mental health and quality of life. We partnered with various government entities and other institutions to launch the Mental Health & Life Stress Survey project, aiming to study mental health throughout Saudi Arabia, and to consider available treatments and the obstacles that prevent people accessing them.

The study, involving 10,000 respondents across 13 regions, was conducted by the Ministry of Health, King Salman Center for Disability Research, King Faisal Specialized Hospital and Research Center, and King Saud University, in collaboration with the World Health Organization, Harvard University, and the University of Michigan.

This year saw the continuation of the SABIC Award for Mental Health, carried out in Saudi Arabia in collaboration with the National Center for Mental Health, designed to encourage and implement innovative ideas from entrepreneurs and researchers meant to address mental health challenges, and to recognize their help in raising community awareness of mental health.

Our partnership with Zahra Cancer Association and the Saudi Ministry of Health enabled the launch of six preventative breast cancer screening clinics, expanding on previous efforts in a program now expected to benefit over 4,800 women a year. We also supported the health and wellbeing of 3,000 orphans in the Kingdom through a medical insurance program in partnership with Kanaf Association.

SABIC launched its Thank You Initiative in Saudi Arabia in partnership with the Ministry of Health.

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

As daily life and health around the world reeled under the impact of the pandemic, our global teams united under our rallying cry ‘Together We Overcome COVID-19’, supporting community outreach programs and working with government authorities and NGOs to achieve maximum impact and address people’s needs promptly and effectively.

Throughout the year, we remained focused on protecting the health and wellness of our employees and communities, supporting the business requirements of our customers, and collaborating with government and NGO partners around the world. We strengthened our external collaboration ecosystem to improve our return on innovations, and worked with partners to promptly develop innovative solutions to help address the pressing challenges posed by the pandemic – as we clearly understood the important role of the chemical industry in the recovery of the global economy and our role within that. We contributed significantly toward minimizing the impact of the pandemic through investments of over US$ 3.4 billion in monetary and in-kind donations, delivered across 212 activities reaching over 35 million people in five continents.

We were committed to matching donations made by our employees to charities responding to COVID-19.

We are proud of leading streamlined efforts in partnership with government entities and NGOs throughout the world to bring humanitarian aid wherever it’s needed, providing sought-after materials ranging from sanitizers and medical supplies to personal hygiene products to government entities, hospitals and NGOs such as Al Amal Association in Morocco and Tahya Misk Fund in Egypt. Food bank donations were also provided through NGOs such as Al Amor Welfare Trust in Pakistan and Things on Wheels in South Africa.

In Europe, our campaigns supported healthcare workers on the frontlines, the education of children kept home from school, as well as isolated elderly and vulnerable people. All told, we supported our communities through 115 programs in 10 countries across Europe – Austria, France, UK, Germany, Hungary, Spain, Italy, the Netherlands, Poland and Russia. T&I expertise helped community groups in the UK develop a new protective facemask design.

As a review to determine which materials would be best suited, we provided 22 tons of material allowing 500,000 facemasks to be rapidly produced by injection molding.

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

As COVID-19 continues to be a global concern, we are continuing to build strategic partnerships to actively support global, national and community responses against the pandemic – true to our promise: ‘Chemistry that Matters’.
ENABLING SAUDI VISION 2030
SABIC is fully committed to being a key enabler of Saudi Vision 2030, particularly under our groundbreaking NUSANED™ local content initiative, by helping to create a value-added local manufacturing base, diversify the national economy, create jobs and minimize dependency on imports.

Through NUSANED™ we have adopted a structured approach to maximizing local content development by promoting the localization of materials and services, creating downstream business opportunities, developing workforce through training and entrepreneurship, and supporting efforts to attract and enable foreign investments in Saudi Arabia.

We continue to work on developing mutually beneficial partnerships within Saudi Arabia as well as with overseas stakeholders and building relationships with foreign investors and financial institutions. We seek to attract internal investments in innovation, technology, manufacturing, procurement and creating high-skilled and specialized jobs for nationals.

We continued to support local manufacturers and service providers to help them technically qualify for projects on capital expenditures/operating expenses criteria until complete business engagement with our stakeholders. In 2020, we introduced a new concept to integrate local suppliers into our procurement function and increase the level of localization. Overall, 59 local suppliers were onboarded. Our success in material localization included product categories such as heat exchangers, valves and coolers, which brought significant advantages to local manufacturers, besides improving local capabilities.

SUPPLIER DEVELOPMENT
In 2020, three manufacturers were approved for Customer Development under our Numou program, resulting in a high level of localization across several key sectors, besides an improvement in the business participation rate of manufacturers. On an average, these manufacturers increased their spend with SABIC by 79% as against previous years.

Under Customer Development, we successfully completed four pilot projects with notable impact on sales volumes, including:

- Sustained the sales of local water bottle manufacturers utilizing 10,000 tons per annum of SABIC polycarbonate, which resulted in a saving of up to 20-35% of operating costs
- 6,000 tons per annum of additional sales of SABIC styrene to localize emulsion polymers for paints & coatings in the concrete industry
- Thousand tons per annum of additional sales of monoethanolamine, fatty acid and methanol resulting from the local manufacturing of material required for oil & gas drilling
- 1,800 tons per annum increase in sales, accounting for 30%, in the electrical sockets & extensions market, and the creation of 40 direct jobs.

SABIC™ further supported investors by facilitating the technical qualification of chemical products and manufacturing equipment. We also helped in developing investors’ technical capabilities to meet global standards and ensure product effectiveness. Seven investors were qualified in 2020 across several categories such as chemical products for clearing heat exchangers, chemical raw materials, recycling of iron slag, and safety equipment.

Through a series of workshops with our stakeholders, we identified 14 localization opportunities across five chemical categories and completed their enrollment in the NUSANED™ program to drive local investments.

FOUR MAIN Pillars

Built on four main pillars, NUSANED™ has been providing opportunities for investors, especially young people and entrepreneurs, who wish to develop their businesses in innovative and leading industrial sectors.

Each of the four pillars represents a stage of building a potential opportunity or idea:

- Entema: an opportunity gate to originate, receive and analyze investor opportunities evaluating them and determining their feasibility
- Da’sem: which reflects the real support that SABIC offers to enable investment opportunities
- Access to Finance, where feasible opportunities and financing solutions are identified for commercially feasible projects
- Muahal, where SABIC develops workforce capabilities to support investors

IMPACTFUL COLLABORATIONS

NUSANED™ received 700 registration requests in 2020 of which 43 qualified for the program across several priority national industrial sectors such as metals, renewables, and medical supplies. Overall, 1,604 application requests have been received since the program’s inception in January 2018, of which 106 have qualified.

Through NUSANED™, we have adopted a structured approach to maximizing local content development

We also conducted market research to build investor value propositions, identify raw material requirements and their availability locally, and assess national demand. Several of these potential investors are currently in discussions to drive the localization within these strategic chemical categories.

Our Local Supplier Debottlenecking Support Program has introduced our local capabilities and our manufacturing competencies to local importers, resulting in a localization spend of SAR 20 million for equipment and spare parts.

Further, during the year, we supported localization of four technologies in the Saudi market: rubber applications; 3D printing filaments; protective helmets and glasses; and medical blood bags.

We also supported localization in the production of track shoe plate and transparent armor for the defense industry.

We continued to support local manufacturers and service providers to help them technically qualify for projects on capital expenditures and operating expenses criteria.
NUSANED INVESTMENT™

Nusahed Investment™, which was launched in 2018 with the aim of providing financial support to small and medium-sized enterprises (SMEs), is offering direct equity and mezzanine financing; unlocking of debt from third party banks; and lending support through strategic and operational advisory services as well as through SABIC’s localization initiative. Since its launch, it has secured approval and commitment for six deals with a total value of around US$38 million with local and foreign partners across diverse sectors including Specialty Chemicals, Plastics, Energy, Construction Products, Services and Recycling.

In 2020, eight new opportunities were added to the pipeline taking the total to 34 across different stages of the investment evaluation process.

The SR 100 million Nusahed Private Equity Fund, in collaboration with the General Authority for Small and Medium Enterprises (Monsaah), is nearly fully committed. We are currently working on launching a second fund with new co-investors.

In October 2020, we signed a cooperation agreement with Kafalah to facilitate the financing of suitable projects and help overcome the challenges facing SMEs. Kafalah, which is a loan guarantee program, facilitates financing of economically viable SME projects.

JOB CREATION

As part of a key NUSANED™ pillar, Muahal, more than 3,500 jobs were created in 2020, out of a total of 6,000+ since the launch of the initiative in 2018. Of these, more than 1,300 jobs were for women. We also ran effective job creation campaigns in collaboration with the Saudi Chambers of Commerce and Industry to further contribute toward workforce development in Saudi Arabia.

We conducted more than 36,000 hours of virtual training to share knowledge and enhance human capital skills. Besides, more than 100 of our employees were trained under our LCBDU Fellowship Program to share knowledge on Local Content within the SABIC community.

HEALTHCARE SUPPORT

At the onset of the pandemic, we proactively collaborated with local health authorities to maximize our localization efforts. Notable outcomes:

- The number of NUSANED™ opportunities in the healthcare sector increased to more than 70, covering ventilation systems, personal protection equipment (PPE), and pharmaceuticals.

- Four key opportunities were identified for PPE localization and realization targets were developed.

- Production capacity of local medical mask manufacturers increased from two million a day to six million a day with our support.

- Five international investors were selected for localization of N95 masks production based on detailed technical and commercial assessments.

- Suitable materials and 3D printing knowhow were provided through our global technology network for the local manufacture of ventilators.

- The National Industrial Development Center (NIDC) localized four active pharmaceutical ingredients with our support.

HOME OF INNOVATION™

SABIC’s Home of Innovation™ (HoI) on-boarded 10 new participating local and global companies in 2020 – all original equipment manufacturers that fall under the National Industrial Strategy (NIS) sectors. They were Dupont, BASF, Alkhorayef, SYLVANIA, Saudi Drip, KST, Saudia Pharma, Source Global, HYTORC and SAPPICO.

HoI also commissioned eight new technologies for localization that covered a diverse range of NIS sectors: renewables, building materials, food processing, machinery & equipment, and medical supplies.

SUPPORT FOR FACTORIES

Under our Tamayouz program, we supported local factories in overcoming their operational challenges and driving excellence in their operations. We helped 10 local factories address various challenges by adopting operational excellence with the aim of increasing competitiveness and creating value-added jobs.

We are in the process of scaling up the program to cover all factories in Saudi Arabia in cooperation with the Ministry of Industry.

COMMUNICATION AND SUPPORT

We launched a NUSANED ™ Support Center to serve investors and entrepreneurs. The center is now fully operational with all strategic plans in place to empower and localize the industry sector.

We also launched our official Twitter account, under the handle, @Nusaned, to serve as a communication channel between our team, registered investors and the business community, besides those interested in local content development and entrepreneurship.

INTO THE FUTURE

As we maintain the pace of our support toward meeting the objectives embodied in Vision 2030, our Local Content initiative will be key to attracting investments in innovation and technology, procurement and manufacturing, and in helping to generate employment.
SUPPLY CHAIN

SABIC Global Supply Chain continued to deliver in the face of the COVID-19 pandemic and the resultant turbulence across countries. Despite the challenges, SABIC has outperformed, relying on its resilient supply chain network and customer-centric operating model, while remaining strongly committed to environmentally responsible practices.

Working closely with our customers and logistics service providers, we successfully delivered 37 million tons of products to around 12,000 customers in over 140 countries – with more than 18,000 stock-keeping units flowing through around 200 distribution centers, and around 500 logistics service providers worldwide collaborating to process almost 500,000 sales orders annually.

Our infrastructure proved resilient and our people adaptable. Service levels were improved, and efficiencies achieved through the efforts of cross-functional teams, with targets met, preventive measures enganged, and products delivered, including urgent supplies to address the crisis caused by the pandemic.

Throughout the year, SABIC Global Supply Chain continued its ongoing program of becoming ever more efficient, responsive and reliable.

INITIATIVES WORLDWIDE

Our initiatives around the world this year included:

- **Japan** – with the first direct shipments from Saudi Arabia to Japan.
- **Europe** – where new supply chains will enable transition towards circular feedstock and products.
- **China** – with a new ship to forecast model cutting lead-times from 45 days to 10, and increased use of DDP (delivered duty paid) arrangements building customer loyalty by saving time and hassle.
- **India** – where strategic rescheduling actually reduced costs while maintaining deliveries despite the lockdown.
- **UK** – where all preparations have been made for a smooth and seamless transition to the post-Brexit new year.

OPTIMIZATION AND EFFICIENCY

While coping professionally and efficiently with the many new challenges arising out of the pandemic, we also continued seeking opportunities to enhance the efficiency, agility and reliability of our services to customers.

AI INTELLIGENCE

Efforts continued across our global organization to explore the full potential of digitalization and Artificial Intelligence to eliminate error and systematize success, and drive waste and delay out of the supply chain, enabling both lower costs for SABIC and enhanced service to customers.

In China, upgraded digitalization solutions for SSTPC (Sinopec Sabic Tianjin Petrochemical Co. Ltd – a 50/50 joint venture with China Petroleum & Chemical Corp) and the Chongqing plant enabled online real-time tracking and enhanced safety, through applied AI technology.

HIGH SEA SALES

High sea sales shipments, with pre-booking linked to customer orders with goods in transit, brought significant savings in both time and money – five days eliminated from the Order to Cash cycle.

COSTS DOWN, SERVICE UP

Many other innovations were this year developed and delivered by agile, cross-functional teams, delivering significant cost, time and transparency benefits to both SABIC and its customers, including:

- Introduction of increased weight per pallet, educating movements and handling
- Implementation of local stock-points in Rotterdam in The Netherlands, Alexandria in Egypt, and Marín in Spain to cut lead times and improve reliability
- Automated business processes for real time tracking and tracing of goods from our China production affiliates

NETWORK & PLANNING OPTIMIZATION

A special Global Value Chain Planning & Optimization team this year worked through a number of business scenarios with colleagues from various units throughout the regions to access and assure preparedness for Covid-19’s potential effects on global inventory and sales volumes. These preparations proved their worth in the way operations were maintained despite the pandemic’s multiple impacts.

Meanwhile, a number of improvement projects were in hand, including:

- **Plant to port performance** – introducing a new holistic operating model designed to improve both physical and information flows, aiding seamless, performance-driven operations from affiliates to port in Saudi Arabia.
- **Liquids stock posting automation** – automating daily stock posting for liquid products in KSA to ensure inventory record accuracy in real time, at all times.
- **Production planning optimization** – replacing Excel-equipped personal experience with a world-class production planning solution built on ‘best in class’ technology: a major move towards optimized value-driven planning for all olefins crackers.

2020 ADAM SMITH AWARDS

SABIC Asia Pacific Pte Ltd, along with its banking partner HSBC, was announced winner of Asia Pacific’s Best Fintech Solution at the Adam Smith Awards Asia 2020, reflecting our supply chain excellence.

The award recognized a fully digitized letter of credit trade transaction between SABIC Singapore and a Malaysian customer – Malaysia’s first trade blockchain transaction.

The solution paves the way for smoother cross-border trade in the region, accelerating speed of processing by as much as 60% while potentially also cutting costs for customers.

AMERICA DISTRIBUTION CENTER MODEL

We successfully transitioned the Americas region to a Distribution Center Model with a fully rearranged network, comprising seven new US distribution centers positioned to serve 99% of SABIC customers within a two-day reach. With this initiative, SABIC has upgraded service capabilities, improving EHSS and operating standards, and brought a sustainability impact by reducing distance travelled and consequently a reduction in CO₂ emissions. In South America, the network was expanded to support growth through a new distribution center in Santa Catarina, Southern Brazil, and by converting the Diadema, Sao Paulo, state facility into a SABIC branch for enabling customer reach and service ease.

ROBOTIC PROCESS AUTOMATION

Robotic Process Automation (RPA) proof of concepts for Export Permit Declarations at our Singapore hub went live in November. The RPA enabled routine processes to be automated with greater accuracy at half the amount of time and allow our customer service personnel to focus on value added activities and improving customer satisfaction.

INDIA E-INVOICE PROJECT

As part of its crackdown on tax evasion and fraud, the Government of India recently launched its e-invoicing project, designed to promote digitalization and standardization, eliminate data re-entry and aid error-reconciliation, reducing payment cycles and processing costs and preventing disputes between transacting parties.

As part of this initiative, all invoices generated by SABIC will now be validated and recorded through a government server for tax purposes. Each invoice will carry a unique reference number and QR code for tax compliance, with full end-to-end visibility for the transacting parties.

Throughout the year, we continued our ongoing program of becoming ever more efficient, responsive and reliable.
BUSINESS OUTLOOK AND RISK FACTORS
FUTURE PLANS AND INVESTMENT

SABIC continued its efforts throughout 2020 to achieve its strategic goals, focusing primarily on accelerating growth, transformation initiatives, expanding its product portfolio, and developing innovative technologies.

DRIVING GROWTH

Both organic and inorganic, we are working to build an asset footprint in the US to capitalize on shale gas opportunities, to build our presence in Asia and Europe, and to leverage our strength in Saudi Arabia for growth and Vision 2030. We plan to leverage and reinforce our local infrastructure and capabilities in support of its growth ambitions in China.

We will continue to work toward profitable long-term growth by investing in our people and safe and reliable operations, while at the same time, maintaining strong capex discipline. We are making short-term adjustments and prioritizing our strategic initiatives to mitigate the impact of the pandemic, but we remain fully focused on realizing our vision.

We are strengthening our relationships with our customers through our operations in 50 countries. We have established an extensive network of regional offices and operational centers throughout the Americas, Europe, the Middle East, Africa and Asia to support customer needs. We have a strong presence in key regions where demand is strong, with proximity to future growth markets as well. With our strategic geographic positions and market-driven focus, we are well positioned to support our customers to grow their business with our differentiated offerings and innovative solutions.

IMPROVING BUSINESS PORTFOLIO

In 2020, as part of our global polyethylene (PE) and polypropylene (PP) product growth strategy, we acquired Albemarle’s share in the Saudi Organometallic Chemicals Company, making us self-sufficient in aluminium alkyls triethylaluminium catalysts, and taking us one step closer to our ultimate goal: a complete PE/PP production chain.

We also integrated our Agri-Nutrient production under one umbrella - a move that is expected to generate synergies and provide focus and agility to enable us to maintain our competitive edge globally. Our product portfolio is being actively diversified, reflecting ever more fragmented, specialized customer needs, and the pricing premiums available for those who meet them.

Our plans for Specialties as a standalone business reflect its strategic importance, as we plan to move toward a multisector industry profile. Organically, the business will continue to explore new growth opportunities in fast-growing and disruptive end-markets. The standalone model is expected to bring additional value to our customers who depend on our Specialties business for its innovation expertise and highly differentiated solutions.

In a challenging competitive environment, SABIC Europe engages constantly in making business improvements, working closely with major OEMs and specifiers to better exploit technology and drive innovation, in compliance with stringent regulations and sustainability targets. We are playing a leading role in addressing the challenges of climate change, and have developed circular solutions with chemically recycled mixed plastic waste.

LEVERAGING INNOVATION

Innovation is key to maintaining a competitive edge, achieving growth and driving success. We work closely with each business unit or operating function to improve existing processes and products as well as developing new ones, often working closely with our customers to do so.

In addition, as part of our research efforts, we collaborate with Saudi Aramco in advancing crude oil-to-chemicals technologies, other companies, universities and international research centers. This usually involves a joint initiation, funding, supervision and completion of the research, followed by a sharing of intellectual property rights. We are currently working with over 350 partners across the globe and major partnerships are in place in the US, The Netherlands, China, Saudi Arabia and India.

ENERGY-EFFICIENT MANUFACTURING

Our Energy Efficiency and Carbon Management (EECM) team developed an overall roadmap for the energy efficiency portfolio. They engaged with all stakeholders to consolidate the efforts of SABIC affiliates for energy initiatives. This resulted in a comprehensive, consolidated target roadmap to comply with SEC second cycle, which prioritized the portfolio projects list to 54 projects, carrying a cost of US$ 1.9 billion. These are at an advanced stage and are the highest energy-saving projects for closing the gap. In addition, EECM has also brought in game changers and high-energy saving initiatives such as Cogeneration & Renewable projects. The initial list, which had 144 projects, is part of the assessment and prioritization process, initially estimated to cost US$ 4 billion, with unforeseen challenges to close the second cycle gap.

The roadmap includes possible synergy between SABIC affiliates’ projects to create several scenarios to invest in the most lucrative initiatives through utilizing the Credit Transfer Mechanism. This mechanism is important especially for those who are in a deficit position and face financial or technical challenges to achieve the savings target by themselves. It will help them avoid stringent consequences and cover their own gaps at lesser cost. Furthermore, it encourages those sites who have already achieved their target to propose projects, as they will be rewarded for whatever credit they make available to others to cover their deficit.

COLLABORATION EFFORTS WITH SAUDI ARAMCO

SABIC’s collaboration with Saudi Aramco represents an excellent opportunity for both companies to align and harness value – for their mutual benefit and for the benefit of their respective customers, stakeholders and shareholders. Both companies have been working together to explore areas of synergies that will maximize value for both parties. SABIC’s share in the value creation and synergy is expected to amount to recurring annual value of US$ 1.5 billion to US$ 1.8 billion. This value is set to be generated from six key business areas, which include Procurement, Sales and Marketing, Supply Chain, Stream Integration, Feedstock Optimization and Maintenance.

The alignment with Saudi Aramco will bring additional scale, technology, investment potential and growth opportunities to SABIC. As part of the broader long-term strategy, there will be additional opportunities to capture value through growth projects optimization, joint venture management and one service delivery model.

In 2021, we will realign marketing & sales, commercial and supply chain activities with Saudi Aramco so that SABIC will focus on petrochemicals and Aramco Trading Company will focus on Fuel and Aromatics products.
The projects are split between Saudi Arabia and Rest of World and classified between growth projects, corporate research, corporate social responsibility, efficiency/debottlenecking/ improvement, sustainability/SEEC, research center, regional hub, training facility and for housing.

**PROJECTS IN SAUDI ARABIA**

<table>
<thead>
<tr>
<th>No.</th>
<th>Project name</th>
<th>Brief description</th>
<th>Classification</th>
<th>Capacity</th>
<th>Location</th>
<th>Expected completion date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United Ethylene Glycol</td>
<td>The project aims to expand Ethylene Glycol production by building the third Ethylene Oxide/Ethylene Glycol plant at Al Jubail United Petrochemical Company (United).</td>
<td>Growth</td>
<td>400 KTA, DEX-97 KTA, 390 KTA</td>
<td>Jubail, KSA</td>
<td>Q4 2021</td>
<td>Under construction</td>
</tr>
<tr>
<td>2</td>
<td>PSA Expansion</td>
<td>The project aims to increase the production capacity and provide continuous oxygen and nitrogen for the safe operation of related industries in Jubail and Dammam Area.</td>
<td>Growth</td>
<td>3,600 MTPD Oxygen, 3,200 MTPD Nitrogen</td>
<td>Jubail, KSA</td>
<td>Q1 2021</td>
<td>Under construction</td>
</tr>
<tr>
<td>3</td>
<td>SABIC Research Center</td>
<td>The project aims to build new pilot plants with the same technology and capacity as existing in STC-lyddah and install a new pilot plant to enhance the research and technology development capabilities of SABIC.</td>
<td>Research Center</td>
<td>-</td>
<td>Jubail, KSA</td>
<td>Q1 2021</td>
<td>Under construction</td>
</tr>
<tr>
<td>4</td>
<td>Petrokemya MTBE Expansion</td>
<td>The project aims to improve and uplift Methyl Tertiary-Butyl Ether (MTBE) plant at Arabian Petrochemical Company (Petrokemya).</td>
<td>Efficency/ debottlenecking (DBN) / improvement</td>
<td>300 KTA</td>
<td>Jubail, KSA</td>
<td>Under feasibility</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Nefinex Technology</td>
<td>The project aims to increase polyethylene production, utilizing Nefinex™ technology owned by SABIC “SA Nefinex Company (TOWEC). Nefinex™ technology is necessary for the food and non-food packaging industries, electrical cable manufacturing and chemical products.</td>
<td>Growth</td>
<td>-</td>
<td>Jubail, KSA</td>
<td>Under feasibility</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Sharq Olefins</td>
<td>The project aims to increase propylene utilization by Efficency/ debottlenecking (DBN) / improvement</td>
<td>Jubail, KSA</td>
<td>Under feasibility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>SABIC Carbon Fiber</td>
<td>SABIC and Diswika signed a technology license agreement. This allows SABIC to manufacture high quality carbon fibers in Saudi Arabia to expand its state-of-the-art carbon fiber and composites and specialty carbon fiber plants. Manufacturing the material in Saudi Arabia will allow SABIC to support the global demand for carbon fiber composites and specialty products.</td>
<td>Growth</td>
<td>3.6 bil. tons</td>
<td>KSA</td>
<td>Q4 2023</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>8</td>
<td>SABIC NaNC</td>
<td>SABIC and Dow signed three agreements related to hydrogen and sodium cyanide technologies. The three agreements mark a major milestone for SABIC to secure the critical hydrogen cyanide and sodium cyanide technologies required to set up world-class manufacturing sites for both products in Saudi Arabia.</td>
<td>Growth</td>
<td>-</td>
<td>KSA</td>
<td>Q4 2023</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>9</td>
<td>SABIC and Marafiq Co-generation Plants</td>
<td>SABIC and Marafiq signed an MoU to study an opportunity to build and steam cogeneration plants in Jubail Industrial Complex to optimize natural gas consumption and improve power generation efficiency.</td>
<td>Supply electrical power of approx. 2500 MW and heat steam of 3500 TPH</td>
<td>Jubail, KSA</td>
<td>Under feasibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Saudi Methanol</td>
<td>SABIC and Methanol Company (A-Raz)</td>
<td>Efficienncy debottlenecking (DBN) / improvement</td>
<td>-</td>
<td>Jubail, KSA</td>
<td>Under feasibility</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Yanbu Cracker</td>
<td>SABIC and Saudi Aramco are currently studying the integration of Saudi Aramco existing refineries in Yanbu with a world-scale mixed feed cracker and downstream olefin derivative units.</td>
<td>Growth</td>
<td>-</td>
<td>Yanbu, KSA</td>
<td>Under feasibility</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>SABIC Jubail Mum Building and Global Data Center</td>
<td>The project consists of administrative building, training center and advanced information center designed to the highest international standards in terms of sustainability to serve the company and its subsidiaries in all countries of the world and enhance the work of the basic information systems on which the global operations depend.</td>
<td>Regional hub improvement</td>
<td>64,4 thousand square meters</td>
<td>Jubail, KSA</td>
<td>Q4 2021</td>
<td>Under construction</td>
</tr>
<tr>
<td>13</td>
<td>SABIC Technology Center Jubail 2</td>
<td>The project aims to build a new research center in the existing SABIC Technology Center at Jubail. The new technology center is to be a world-class research center for the portfolios of Petrochemicals and Agri-Nutrients. The center will be a replacement for Lab 1 and Lab 2 at SABIC Technology Center in Riyadh. The new center will also enhance T&amp;I research capabilities and support a future growth and improvement.</td>
<td>Research center</td>
<td>65,000 square meters</td>
<td>Jubail, KSA</td>
<td>Under feasibility</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Petroleumlayers Caustic Soda Plant</td>
<td>The project aims to replace caustic soda lines with state of the art Membrane Electrolysis cell lines, which eliminates the use of asbestos, produces very high quality caustic soda and has significant power saving per ton of solvate produced.</td>
<td>Sustainability/ SEEC</td>
<td>-</td>
<td>Jubail, KSA</td>
<td>Q2 2021</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>15</td>
<td>Xi Al-Bayda’ Housing</td>
<td>This project aims to improve energy efficiency of a plant based on Saudi Energy Efficiency Center (SEEC) requirement.</td>
<td>Sustainability/ SEEC</td>
<td>-</td>
<td>Jubail, KSA</td>
<td>Q2 2021</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>16</td>
<td>Yanpet Housing</td>
<td>The project aims to improve the energy utilization intensity of EG plant.</td>
<td>Corporate Social Responsibility</td>
<td>-</td>
<td>Dhahran, KSA</td>
<td>Q4 2021</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>17</td>
<td>SABIC Techno Valley Center</td>
<td>The project aims to build a state-of-the-art world-class research center at the Dhahran Techno Valley Center (DTV), focusing on process technologies, innovation and excellence in engineering and capabilities at KFUPM. The new research center will be part of SABIC’s global network across different regions.</td>
<td>-</td>
<td>Corporate Social Responsibility</td>
<td>-</td>
<td>Under feasibility</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Al Matafia Housing</td>
<td>This is a housing project for Saudi employees at Jubail Industrial City. It occupies an area of 4.444 square kilometers, comprising 2,013 housing units, designed according to the latest structural specifications and features, alongside concordums, several facilities, and 42.5 hectares.</td>
<td>Housing</td>
<td>2,701 housing units</td>
<td>Jubail, KSA</td>
<td>Q2 2021</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>19</td>
<td>Al Jad Housing</td>
<td>This is a housing project for Saudi employees at Yanbu Industrial City. It occupies an area of 4.36 hectares.</td>
<td>Housing</td>
<td>1,500 Housing units</td>
<td>Yanbu, KSA</td>
<td>Q1 2021</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>20</td>
<td>SABIC Emergency Response Center</td>
<td>The project is for providing Security and Safety training. Project also include expansion to the existing capacity for emergency response training activities.</td>
<td>Training facility</td>
<td>14,158 sq. meters</td>
<td>Jubail, KSA</td>
<td>Q1 2024</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>21</td>
<td>Shaqin BG</td>
<td>To improve the energy efficiency (ESG-2 and 3) and reduce the feedstock consumption (ESG-1 and 2) of the glycol plants.</td>
<td>Sustainability/ SEEC</td>
<td>-</td>
<td>Jubail, KSA</td>
<td>Q1 2023</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>22</td>
<td>GAS Phase IV</td>
<td>The project is expanded partially to meet the extra gaseous oxygen and nitrogen demands in Yanbu Industrial City to meet GAD Yanbu plants configuration and operation philosophy by building a “Separation Unit (Phase IV)” Yanbu Industrial City as 2,000 MTPD gasified Oxygen.</td>
<td>Growth</td>
<td>SOE: 2000 MTPD GAS 1000 TPD</td>
<td>Yanbu, KSA</td>
<td>Q4 2022</td>
<td>Under feasibility</td>
</tr>
</tbody>
</table>
REST OF WORLD

<table>
<thead>
<tr>
<th>No.</th>
<th>Project name</th>
<th>Brief description</th>
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<th>Capacity</th>
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<th>Expected completion date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>29</td>
<td>Memorandum of understanding</td>
<td>SABIC signed a memorandum of understanding with the Fujian Provincial Government</td>
<td>Growth</td>
<td>-</td>
<td>China</td>
<td>-</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>30</td>
<td>Polycarbonate expansion</td>
<td>SABIC joint venture project with Sinopec to build a polycarbonate plant</td>
<td>Growth</td>
<td>280 KTA</td>
<td>China</td>
<td>Q2 2021</td>
<td>Under construction</td>
</tr>
<tr>
<td>31</td>
<td>ULTEM™ resins</td>
<td>The project aims to increase global capacity for SABIC high-performance engineering thermoplastic materials, ULTEM™ resins, in response to customer needs</td>
<td>Growth</td>
<td>50%+ over a 2018 baseline</td>
<td>Singapore</td>
<td>Q1 2022</td>
<td>Under construction</td>
</tr>
<tr>
<td>32</td>
<td>TRUCIRCLE™</td>
<td>The project aims to build a demonstration plant at the Geleen facility to transform waste plastic into feedstock for its crackers, as part of SABIC’s strategy to further advance its circular economy model for the business of Certified Circular Polymer. The project will target the chemical recycling of low-quality, contaminated mixed plastic waste streams into a feedstock suitable for the company’s crackers in Europe. The feedstock, known as pyrolysis oil, is created by converting the plastic waste that would otherwise be incinerated for energy recovery or end up in landfills. The feedstock will then be refined and upgraded at the new demonstration plant.</td>
<td>Sustainability / SEEC</td>
<td>18 KTA</td>
<td>Geleen, Netherlands</td>
<td>2022</td>
<td>Detailed engineering</td>
</tr>
<tr>
<td>33</td>
<td>Teesside improvement project</td>
<td>The project aims to convert the Teesside Olefin 6 cracker into 100% ethane, and improve the operating margin of the plant by rationalizing the logistics costs and increasing the use of ethane, which has an advantageous cost position versus other feedstock that will make overall capacity 450-500 KTA.</td>
<td>Improvement</td>
<td>450-550 KTA</td>
<td>Teesside, United Kingdom</td>
<td>Q2 2022</td>
<td>Detailed engineering</td>
</tr>
<tr>
<td>34</td>
<td>Polyphenylene Ether</td>
<td>The project aims to recommission SABIC’s plant in Bergen op Zoom facility in order to expand the capacity of NORYL™ resins. PPE is the base resin for SABIC’s line of NORYL™ resins and oligomers.</td>
<td>Growth</td>
<td>Adding more than 40% global capacity by over a 2017 baseline</td>
<td>Bergen op Zoom, Netherlands</td>
<td>Q3 2021</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>35</td>
<td>Memorandum of understanding</td>
<td>The memorandum is a preliminary step toward exploring the cooperation between the three parties to evaluate building and operating a methanol plant.</td>
<td>Growth</td>
<td>2 MTA</td>
<td>Amur Region, Russia</td>
<td>-</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>36</td>
<td>Mauritian Sulfur Mining and Steel Company</td>
<td>A joint venture between SABIC and the National Mining Company of Mauritania (SNIM) aimed at exploiting High Grade Sulfur Reduction Pellets (HGDRP) at 67-68% Fe &amp; Silica less than 2% level using 35% - 38% Fe magnetite ore.</td>
<td>Growth</td>
<td>10.0 MTA</td>
<td>Mauritania</td>
<td>-</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>37</td>
<td>Africa fertilizer project</td>
<td>This project involves a new plant for the production and export of urea fertilizer, which is to be constructed in Africa.</td>
<td>Growth</td>
<td>3850 MTPO (Urea)</td>
<td>Africa</td>
<td>Q2 2025</td>
<td>Under feasibility</td>
</tr>
<tr>
<td>38</td>
<td>MV Membrane Conversion</td>
<td>This project will convert the existing 124 diaphragm cell lines with new membrane cell technology to improve plant reliability and reduce energy intensity.</td>
<td>Improvement / Sustainability</td>
<td>-</td>
<td>Mount Vernon, Indiana, USA</td>
<td>Q1 2021</td>
<td>Under construction</td>
</tr>
</tbody>
</table>

PROJECTS IN SAUDI ARABIA

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>23</td>
<td>Yanpet Cracker</td>
<td>The project is to increase the cracking capacity to enable consumption of Propane, and increase the production capacity.</td>
<td>Efficiency / Debottlenecking (DBN)</td>
<td>increment of 115 KTA of additional Olefins to be total capacity of 126 KTA Olefins.</td>
<td>Yanbu, KSA</td>
<td>Under feasibility</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Yanpet EGI</td>
<td>The project is to reduce energy intensity, Co2 consumption and to optimize the selectivity of EO catalysts utilizing High Selectivity Catalyst (HSC). This will help Yanpet to achieve SABIC 2025 sustainability target and SEEC mandate for EGI plant.</td>
<td>Sustainability / SEEC</td>
<td>352 MEG, 32 TEG, 17 TEG KTA</td>
<td>Yanbu, KSA</td>
<td>Under feasibility</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>HSIC Security Compliance Upgrading Plant Security Systems for all SABIC Affiliates over 19 sites in Jeddah and Yanbu Regions to comply with HSIC SEC Directives 2011</td>
<td>HSIC compliance</td>
<td>-</td>
<td>KSA</td>
<td>-</td>
<td>Under feasibility</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>SABIC Behavioral Care Specialization Hospital</td>
<td>This project is to affirm SABIC’s commitment and social responsibility toward the community and to support the Ministry of Health (MOH) efforts to elevate the level of health care services in Saudi Arabia. It aims to establish a state of the art mental health and drug treatment hospital in KSA.</td>
<td>CSR</td>
<td>Land area: 62,300 sq. meters; Built-up area: 26,400 sq. meters</td>
<td>Riyadh, KSA</td>
<td>Q2 - 2021</td>
<td>Under construction</td>
</tr>
<tr>
<td>27</td>
<td>SABIC Halfway Home</td>
<td>The project is to affirm SABIC’s commitment and social responsibility toward the community and to support 10,000 sq. meters of additional living space along with a reception, clinic, pharmacy, auditorium, main kitchen, and gym.</td>
<td>CSR</td>
<td>Land area: 8,226 sq. meters; Built-up area: 10,200 sq. meters</td>
<td>Riyadh, KSA</td>
<td>Q2 - 2021</td>
<td>Under construction</td>
</tr>
</tbody>
</table>

FUTURE PLANS AND INVESTMENT CONTINUED

We continue to launch new projects at our global sites. They include signing of a number of strategic agreements to enhance our competitiveness in line with our strategy, especially in the diversification of feedstock sources from traditional ones. Among these projects and agreements are:

- **Projects in Saudi Arabia**
  - Yanpet Cracker: Increase cracking capacity to enable consumption of Propane and increase production capacity.
  - Yanpet EGI: Reduce energy intensity, CO2 consumption, and optimize selectivity of EO catalysts.
  - HSIC Security: Upgrading plant security systems.
  - SABIC Behavioral Care Specialization: Establishing a mental health and drug treatment hospital.
  - SABIC Halfway Home: Providing additional living space.

- **Rest of World**
  - Memorandum of Understanding: SABIC signed a memorandum of understanding with the Fujian Provincial Government to lay down a framework of cooperation for the creation and operation of a world class mega petrochemical complex with a total investment of US$ 5.7 billion in Fujian Province, China.
  - Polycarbonate Expansion: SABIC joint venture project with Sinopec to build a polycarbonate plant.
  - ULTEM™ Resins: Project aims to increase global capacity for SABIC high-performance engineering thermoplastic materials, ULTEM™ resins.
  - TRUCIRCLE™: Building a demonstration plant at the Geleen facility.
  - Teesside Improvement Project: Converting the Teesside Olefin 6 cracker.
  - Polyphenylene Ether: Recommissioning SABIC’s plant.
  - Mauritian Sulfur Mining and Steel Company: Joint venture between SABIC and SNIM.
  - Africa Fertilizer Project: New plant for urea fertilizer.
  - MV Membrane Conversion: Converting existing diaphragm cell lines.

- **Future Plans and Investment**
  - Continued expansion and investment.
  - Membrane Technology.
  - Development of new and improved products.
  - Corporate Social Responsibility (CSR) initiatives.

SABIC ANNUAL REPORT 2020
OUTLOOK FOR 2021

The path to global recovery will remain significantly uncertain and will depend mostly on the world’s success in controlling the pandemic and developing and distributing effective vaccines for COVID-19. Assuming availability of effective vaccines in the first half of 2021, the global economy is likely to begin experiencing a recovery.

Governments and central banks around the globe are expected to continue providing more fiscal and monetary stimuli to reduce uncertainty, improve liquidity, and harness growth. In particular, major central banks will keep extraordinary policy support in place until economic recoveries are well established. The support includes actions such as asset purchases, credit facilities, liquidity programs, and regulatory forbearance. Policy rates of the US Federal Reserve, European Central Bank, Bank of Japan, and Bank of England are expected to remain near zero in 2021, thus providing liquidity and a boost to recovery.

REGIONAL ECONOMIES

Like other oil and commodity exporters, Saudi Arabia will not have the benefit of a sharp recovery in oil prices as in the past and will need to address internal and external imbalances from reduced income through fiscal adjustment and reforms. In this context, the Vision 2030 program will continue to provide a broad framework to help transform Saudi Arabia during 2021 and in the following years. In terms of economic diversification, Vision 2030 relies on diverse initiatives to develop a thriving private sector and promote greater investment opportunities, while fostering greater activity in underdeveloped sectors of the economy such as mining, defense industries, retail services, and renewable energy. As a result, after experiencing a deep contraction in 2020, Saudi real GDP growth will improve moderately in 2021.

After experiencing a deep contraction in 2020, Saudi real GDP growth will improve moderately in 2021.

ADVANCED AND EMERGING ECONOMIES

Economic growth of both advanced economies and emerging economies is projected to recover in 2021, as the world is likely to develop a COVID-19 vaccine. The wide-ranging deterioration seen in all major economic sectors including fixed investment, consumption, trade and industrial production in 2020 is expected to reverse in 2021 – back to 2019 levels – with all these sectors making positive contributions to economic growth in 2021.

In the US, a successful coronavirus inoculation campaign is likely to allow the economy to transition from a recession in 2020 to an expansion in 2021. The ongoing sharp decline in the unemployment rate is expected to continue in 2021, providing a boost to consumer spending and fixed investment.

In addition, based on recent Fed communication, it is expected the Fed will tolerate inflation modestly above 2% in order to establish its 2% objective as an average rather than a ceiling.

SABIC ANNUAL REPORT 2020

Vision 2030 will continue to provide a broad framework to help transform Saudi Arabia during 2021 and in the following years.
OUTLOOK FOR 2021
CONTINUED

China’s economic growth is anticipated to recover in 2021, with the likely commercialization of a vaccine for COVID-19. The government’s fiscal and monetary policies will remain accommodative to spur consumer and investor sentiment and support growth. As a result, consumer spending and fixed investment will improve considerably. Under Joe Biden’s presidency in the US, it is likely that there will be a return to a multilateral approach to trade policy, which will help China in expanding its international trade. As soon as the Chinese economy returns to normalcy, the country will re-embark on its transformation from an export and investment-led model to a private consumption-led model.

The weakness of the Eurozone economy is likely to reverse in 2021, with the Eurozone and all major economies of the Eurozone recording an economic recovery. Private consumption, fixed investment and exports will recover. Among the larger member states, economic recovery will be the most pronounced in France, Spain, and Italy, partly reflecting their comparatively severe declines in 2020. Fiscal policy support will be extended into 2021. Disbursements from the European Union’s Recovery and Resilience Facility will continue in 2021. Given post-GFC lessons, underlying fiscal tightening is not expected until 2022. The European Central Bank will continue providing policy stimulus. The Pandemic Emergency Purchase Program will remain the preferred policy instrument, and there will also be a EUR500-billion uplift in asset purchases.

GLOBAL INDUSTRIAL PRODUCTION
The world’s global industrial production growth is expected to recover in 2021 after recording a recession in 2020. The improvement will likely be somewhat broad based, with industrial production growth increasing in most advanced economies and emerging economies in 2021. Among major economies, the US, the Eurozone, Japan, China and India will likely see a significant improvement in industrial production growth.

PETROCHEMICALS MARKETS
The World Health Organization is not expecting a full end to the pandemic before 2024, based on the global capacity to produce vaccines and distribute two billion doses/year. As a result, the petrochemicals industry is expected to continue to be challenged in 2021. In addition to the pandemic, the industry is facing other major challenges such as over-capacities, trade tensions and environmental sustainability.

Excess supply is expected for most products, many new Chinese plants start during 2021. A shrinking global economy and weak automotive and durable goods sectors is expected to suppress demand in 2021 for some products. Localized lockdowns around the globe in response to the second and third waves will add to the pressure on demand and limit prices improvement. The ethylene chain (SABIC’s major business) is expected to be the most challenged chain. Supply growth will surpass demand growth in 2021 because of additions across the chain supported by low US natural gas prices. As a result, petrochemicals prices are expected to remain under pressure during 2021.

Low global demand for methanol and additional supplies from US will continue to weigh in on prices. Plenty of US PE exports, plus new Chinese capacities, are expected to maintain pressure on prices. The US is also expected to maintain its new ethylene glycol exports to the world, while China drives for higher self-sufficiency in ethylene glycols. These two factors along with an already weaker global demand, will add more pressure on prices. Demand from most of the derivatives is expected to be weak in all regions, and will be heavily impacted by production cutbacks among Chinese PET producers due to weak market, high inventory and poor operating economics.

FEEDSTOCK MARKET
Oil prices are under pressure while supply remains abundant and demand remains weak mainly because of slow recovery in travel and transportation. Global naphtha price is expected to slightly increase with slightly better demand. US natural gas and ethane prices are expected to slightly increase as a result of better demand and tighter supply.

The world’s global industrial production growth is likely to recover in 2021 after recording a recession in 2020.
SAUBIC’s Enterprise Risk & Data Management is designed to safeguard the interests of SAUBIC stakeholders, including customers and employees, and to manage SAUBIC’s risks in a way that promotes our strategy of becoming the world’s preferred leader in chemicals.

All functions regularly provide coordinated reports to SAUBIC’s Executive Risk Management Committee. The SAUBIC Board of Directors & Risk and Sustainability Committee oversees the activities of the Enterprise Risk & Data Management department in assessing key business risks for the company.

Our risk management policy is to proactively identify assets and manage risks facing the company. In addition, we seek to evaluate their impact on our performances and take preventive measures to manage them. At the same time, we use a risk-based approach in pursuit of our goals to meet our strategic objectives. The policy covers all our operations worldwide.

The responsibility of implementing our risk management policy rests with the Chief Executive Officer (CEO), whilst the responsibility for monitoring the implementation of this policy lies with the Board of Directors, supported by Risk and Sustainability Committee. We established an Integrated Governance system to effectively identify, understand and manage the risks facing the company. What starts with our employees and management by developing detailed reports on the risks facing the company for the Risk and Sustainability Committee, which monitors these reports on a regular basis. The Risk and Sustainability Committee then makes recommendations to the Board of Directors on the efficiency of measures taken to minimize the impact of all risks. In addition, it recommends the same measures to be taken if needed, or to take additional measures to control those risks. Principally, we are exposed to inherent risks, such as strategic risks, limiting our ability to achieve our strategic objectives. Operational risks derived from the nature of our operations and financial risks affect our profitability. Simultaneously, we are exposed to several risk factors.

Below are the main risks relating to our business and detailed description of the main risk factors.

OPERATIONAL RISKS

- The cyclical nature of the petrochemicals industry may have a material and adverse impact on our business.
- Exposure to risks in connection with projects under development.
- Conditions affecting transportation of products may adversely affect the performance of our operations.
- Exposure to risks associated with the use of information technology.

SUSTAINABILITY RISKS

- Exposure to risks relating to EHS liabilities.
- Risks of an increase in pricing of greenhouse gas emissions.
- Exposure to risks arising from derisive products.
- Risks arising from accidents involving SAUBIC’s products.

POLITICAL AND SOCIAL RISKS

- Our Agri-Nutrients business is dependent on weather conditions and agricultural policies.
- Exposures to risks arising from international trade controls.
- Changes in laws or regulations, or a failure to comply with such laws or regulations, may materially and adversely affect our business.
- Exposure to risks resulting from disputes and litigation.
- Exposure to risks associated with the use of intellectual property and technology licenses.
- We are highly dependent on our personnel and management staff.
- Risks related to political and social instability in the MENA region.

FINANCIAL AND ECONOMIC RISKS

- We are subject to changes in local economic and market conditions.
- Exposure to potential difficulties in fulfilling our financial obligations or funding our planned capital expenditures.
- Exposure to customer credit risk.
- Exposure to interest rate risk and foreign exchange risk.
- Reliance on the performance of, and dividend distributions and other revenue flows from, our subsidiaries, joint ventures and affiliates.
- Exposure to risks arising from pension obligations.

CURRENT EMERGING RISKS


OPERATIONAL RISKS

INSURANCE POLICIES MAY NOT BE SUFFICIENT TO COVER ALL RISKS THAT WE FACE.

The operations of SAUBIC companies are subject to hazards and risks inherent in, among other things, refining and petrochemical operations. Such hazards and risks include fires, explosions, pipeline ruptures and spills, storage tank leaks, chemical spills, discharges or releases of hazardous substances or gases, environmental risks, mechanical failure of equipment at SAUBIC’s facilities, war, terrorism, sabotage and natural disasters. In addition, many of these risks may cause personal injury and loss of life, severe damage to or destruction of SAUBIC’s properties and the properties of others including environmental pollution which may result in the suspension of operations and the imposition of civil or criminal penalties.

SAUBIC maintains insurance coverage in amounts that are consistent with relevant industry practices, including coverage for the risk of property damage, business interruption resulting from, among other things, fire or machinery breakdown and third-party liability. However, there can be no assurance that such insurance coverage will be adequate to cover all losses that SAUBIC may incur in future periods, or that the liability imposed on such company will not exceed its total assets. SAUBIC could be subject to a material loss to the extent that a claim is made against SAUBIC which is not covered in whole or in part by insurance and for which third-party indemnification is not available. In addition, there can be no assurance that SAUBIC’s insurance coverage will continue to be available in the market or available at an acceptable cost.

If SAUBIC’s companies suffer large uninsured losses or if any insured loss suffered by any such company significantly exceeds its insurance coverage, the business, results of operations or financial condition of such companies may be materially and adversely affected. This would in turn affect the ability of the portfolio companies within SAUBIC to pay dividends and make other distributions to SAUBIC and could have a material and adverse effect on SAUBIC’s business, results of operations or financial condition.

OIL AND GAS PRICE FLUCTUATIONS AND A SUBSTANTIAL OR EXTENDED DECLINE IN CRACKING MARGINS WOULD NEGATIVELY IMPACT INTEGRATED RESULTS.

Net margins within the petrochemical sector tend to be driven mostly on a combination of supply-demand dynamics and the rising cost of raw materials.

Therefore, SAUBIC’s financial results are significantly impacted by the margin between the prices at which SAUBIC sells products and the prices at which SAUBIC purchases feedstock for use, particularly in its petrochemicals business. However, the price of SAUBIC’s feedstock and the price of the product sold to customers depend on the type of product, the location of the production and the location of the customer.

SAUBIC’s results of operations can be significantly impacted by fluctuations in the prices of a number of commodities, primarily oil, its derivatives and gas. SAUBIC’s two main feedstock in Saudi Arabia (methane and ethane) are based on prices set by the Minister of Energy, Industry and Mineral Resources in Saudi Arabia. The rest of SAUBIC’s feedstock, both gas and liquid, are subject to various fluctuations in feedstock prices. SAUBIC’s petrochemical manufacturing operations outside Saudi Arabia generally use oil derivatives (mainly naphtha) as feedstock and purchase such feedstock in the international markets at market prices.

Many of SAUBIC’s sales relate to petrochemical products and sales prices for these petrochemical products generally change in tandem with changes in oil prices, albeit sometimes with a time delay and with different dynamics in different regions. The significant decline in oil prices during the first half of 2020 had a significant adverse effect on SAUBIC’s sales as prices for (almost all) of SAUBIC’s chemical products fell during that period while a significant amount of the cost of production of SAUBIC’s operations in Saudi Arabia, which are mostly based on gas, did not change.

Therefore, during times of increasing oil prices, as manufacturers are unable to shift all such increases to their customers, the cracker margin of SAUBIC’s operations outside Saudi Arabia decrease in comparative terms. As a result, the margins in the SAUBIC’s gas-based operations (insulated in Saudi Arabia) improve significantly in periods with higher oil prices and higher petrochemical product demand, which result in lower prices for refined products in periods of low oil prices while the margins in SAUBIC’s operations (mostly outside Saudi Arabia and some of the operations in Saudi Arabia) increase profitability in periods of low oil prices.

THE INDUSTRIES IN WHICH WE OPERATE ARE HIGHLY COMPETITIVE.

The markets for most of SAUBIC’s products are highly competitive. SAUBIC is exposed to the competitive characteristics of several international geographic markets and industries. SAUBIC’s principal competitors vary from product to product and range from large global petrochemical companies to numerous smaller regional companies. Some of SAUBIC’s competitors are significantly vertically integrated than SAUBIC (in terms of their upstream and/or downstream productions) and therefore may be able to manufacture products more economically than SAUBIC can.

In addition, some of SAUBIC’s competitors have greater technical, research and technology or marketing resources. The competitive landscape in which SAUBIC operates may also change in a manner currently unanticipated by SAUBIC – for instance, existing competitors may commit more resources to the markets in which SAUBIC operates, new competitors may enter the industry, competitors may change their production capacity to meet changing demand, competitors may change their business model or strategy, new competitors may be developed, and the costs of raw materials may change. Such events may, in turn, lead to short- or long-term downward pricing pressures. Competition and innovation in the petrochemical industry will continue to increase and may result in further cost reduction. Changes in technology and new processes may also pressure SAUBIC to reduce its product costs or production costs.
RISK FACTORS CONTINUED

The implementation of SABIC’s strategy to remain competitive may require continued technological advances and innovations in its operations. Most of SABIC’s operations are based on licenses on process technologies from third-party licensors. While such licenses provide SABIC with process and product improvements on their technology licenses, there can be no assurance that SABIC will have access to the most advanced technology developments from its licensors in the future or that it will have the ability to reach adequate and competitive technology advances based on its own research and development capabilities.

A key component of SABIC’s strategy is to introduce new products and applications that offer distinct value to customers. SABIC intends to continue to devote substantial resources to the development of new technologically advanced products and processes and to continue to devote a substantial amount of expenditure to the research and development functions of its business. However, there can be no assurance that SABIC will be successful in developing new products or processes, or bringing them to market in a timely manner, that products or technologies developed by others will not render SABIC’s product offerings obsolete or non-competitive, that the market will accept SABIC’s new products and innovations, or that competitors will not be able to sell products or products at a lower cost. As a result, the implementation of these strategies may be costly and ineffective.

SABIC’s financial condition and results of operations may be adversely affected if competitors develop or acquire intellectual property rights to technology, if SABIC’s innovation lags behind the rest of the industry, or if SABIC fails to innovate and introduce successful new products.

THE CYCLICAL NATURE OF THE PETROCHEMICAL INDUSTRY MAY HAVE A MATERIAL AND ADVERSE IMPACT ON OUR BUSINESS

The petrochemicals industry is subject to the cycles of expansion and contraction in line with movements in the global economy, which can create swings in the supply and demand for petrochemical products and volatility in the prices of feedstock as well as finished petrochemical products. Due to the cyclical nature, historically the international petrochemical markets have experienced alternating periods of limited supply (which has caused prices and margins to increase), followed by an expansion of production capacity (which has resulted in oversupply, lower prices and reduced margins). SABIC cannot predict with any measurable accuracy these economic trends and cycles or the duration or dates of such trends and cycles, which could significantly affect SABIC’s business, results of operations or financial condition.

EXPOSURE TO RISKS IN CONNECTION WITH DEVELOPMENT

SABIC has a number of significant capital-intensive projects (such as investment in new production plants, expansion of existing plants and the upgrading of existing plants) under development or in the planning stages. Other additional capital-intensive projects may be undertaken during the term of the Report. Each of these projects entails a number of risks during construction such as the risk of investment cost over-run, the risk of delayed or incomplete start-up, the risk of any default by any appointed contractor or subcontractor or their ability to comply with their contractual obligations, shortages or increases in the costs of equipment, breakdown or failure of equipment, processes or technology, difficulties in connecting any related upstream or downstream facility, timely availability of the required feedstock at the time of commencement of commercial operations, start-up or commissioning problems, problems with effective integration of operations, increased operating costs, exposure to unanticipated liabilities, changes in taxes or duties, difficulties in achieving projected efficiencies, synergies and cost savings, and changes in market conditions. If any of these risks materializes, the overall profitability of the relevant project would be materially adversely affected. If any new project fails to achieve the expected levels of performance or profitability, this could have a material and adverse effect on SABIC’s business, results of operations or financial condition.

CONDITIONS AFFECTING TRANSPORTATION OF PRODUCTS MAY ADVERSELY AFFECT THE PERFORMANCE OF OUR OPERATIONS

SABIC’s operations and the transportation of materials, primarily exports of finished products, by sea and by railcars and trucks overland. Although SABIC seeks to optimize efficiencies in the distribution of its finished products, there is no assurance that SABIC’s costs to transport its products will not significantly increase in the future, which may reduce SABIC’s competitive advantage compared to regional producers.

Any issue affecting cargo transportation by sea, such as special taxes, dangerous conditions or natural disasters, among others, could adversely affect SABIC’s results of operations or financial condition. Further, some of the products that are required for transportation are classified as hazardous. SABIC’s operations may be adversely affected if the reliability of cargo transportation from the Arabian Gulf to overseas markets is affected. Other factors that could harm SABIC’s operations include shipping routes becoming blocked or unavailable, unscheduled increases in transportation costs, fuel shortages, labor disputes, port congestion, restrictions on shipping, drought and weather conditions, and other factors.

EXPOSURE TO RISKS ASSOCIATED WITH THE USE OF INFORMATION TECHNOLOGY

SABIC relies on a number of information technology (IT) systems in order to carry out its day-to-day operations. With the increasing complexity of electronic information and communication technology, SABIC is exposed to various risks, ranging from the loss or theft of data, cyber-attacks, stoppages and interruptions to the business, to systems failure and technical obsolescence of IT systems.

Increased global information security threats and more cyber-crimes that are sophisticated pose a risk to the confidentiality, availability and integrity of data, operations and infrastructure of the IT systems, networks, facilities, products and services of SABIC. The non-availability, violation of confidentiality, or the manipulation of data in critical IT systems and applications can lead to the uncontrolled flow of data and expertise and have a direct impact on the SABIC’s business operations.

While SABIC maintains back-up systems there are no assurances that these will work as efficiently or quickly as expected if at all. Should such threats overcome the information security measures implemented by SABIC, they could potentially lead to the compromise of confidential information, improper use of systems and networks, manipulation and destruction of data, production downtime and operational disruptions, which in turn could have a material and adverse effect on SABIC’s business, results of operations and financial condition.

SUSTAINABILITY RISKS

EXPOSURE TO RISKS RELATING TO EHS LIABILITIES

Companies within SABIC must comply with all environment, health, safety and security (EHS) related laws and regulations which are applicable to our operations. These laws and regulations set various standards regulating certain aspects of EHS quality, provide for civil and criminal penalties and other liabilities for the violation of such standards. In certain circumstances, obligations to remediate current and former facilities, or to install emission controls and other liabilities for the violation of such standards which are applicable to EHS related laws and regulations which are applicable to SABIC and its companies.

SABIC cannot predict what EHS legislation or regulations will be enacted in the future or how existing or future EHS laws or regulations will be administered or enforced. Compliance with more stringent guidelines or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by SABIC. The costs associated with carbon dioxide emissions could significantly increase SABIC’s costs.

RISKS OF AN INCREASE IN PRICING OF GREENHOUSE GAS EMISSIONS

The costs associated with carbon dioxide emissions could significantly increase SABIC’s costs.

SABIC expects continued political attention to the issue of climate change and adaptation or mitigation through regulation that could materially affect SABIC’s operations. Internationally, the United Nations Framework Convention on Climate Change and the Paris Agreement address greenhouse gas emissions. Carbon dioxide (CO2) is a by-product of the burning of fuels (including oil and gas) and is considered a greenhouse gas. SABIC’s operations result in the emission of carbon dioxide which in 2019 were 3.4 million metric tons (mt). Saudi Arabia is a signatory of the Paris Agreement and has ratified it. Compliance with the Paris Agreement may require the reduction of CO2 emissions in Saudi Arabia, and the responsibilities of Saudi companies may change following the implementation of any CO2 mitigation regulations. Such regulations could result in increased costs to operate and maintain SABIC’s manufacturing facilities and/or to install new emission controls and administer and manage any potential greenhouse gas emissions. These increased operating and compliance costs could have a material and adverse effect on SABIC’s business, results of operations or financial condition.

EXPOSURE TO RISKS ARISING FROM DEFECTIVE PRODUCTS

A number of products manufactured by SABIC companies are developed from highly complex and technical manufacturing processes and, accordingly, there is a risk that defects may occur in any of such products. Such exposure increases when customers integrate SABIC’s products into consumer products, which may then be sold to consumers. While SABIC limits its liability to its customers for product defects under sale and purchase agreements, the legal systems in a number of countries impose a strict liability on the manufacturer or the seller of products, which cannot be limited. Defects in products manufactured by SABIC can give rise to significant liabilities, including expenses related to recalling end-use products by downstream customers or their own customers, replacing defective items, recording defective inventory and loss of potential sales. In addition, the occurrence of such defects may give rise to product liability and warranty claims, including liability for damages caused by such defects. Any or all of such actions or costs could have a material and adverse effect on SABIC’s business, results of operations or financial condition as well as its reputation.

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RISKS ARISING FROM ACCIDENTS INVOLVING SABIC’S PRODUCTS

Accidents involving SABIC’s products could cause severe damage to property, the environment and human health, which could materially adversely affect SABIC’s business, results of operations and financial condition.

As a business working with chemicals and hazardous substances, SABIC’s business is introduction to accidents, like spills, discharges or other releases of hazardous substances into the environment. SABIC uses as feedstock, and other releases of hazardous substances into the environment. SABIC uses as feedstock, and other releases of hazardous substances into the environment. SABIC has not been subject to comprehensive environmental audits to fully assess whether contamination is present. Any findings of contamination could remove and reclamation action and result in other liabilities that could have a material adverse effect on SABIC’s business, results of operations and financial condition.

POLITICAL AND SOCIAL RISKS

OUR AGRI-NUTRIENTS BUSINESS IS DEPENDENT ON WEATHER CONDITIONS AND AGRICULTURAL POLICIES

The agricultural industry is heavily influenced by local weather conditions. Significant deviations from typical weather patterns of a given region, variations in local climates or major weather-related disasters may reduce demand for the products of the SABIC’s Agri-Nutrients business, particularly in the short term, if agricultural products or the land on which they grow are damaged or if such deviations, variations or disasters reduce the ability of agricultural customers to use different forms of fertilizer, because fertilizers are applied at specific times. Similarly, adverse weather conditions following harvest may delay or eliminate opportunities to apply fertilizer in the autumn, which is the season when fertilizers are applied in certain countries. Adverse weather conditions could also have an adverse effect on crop yields, which lowers the income of farmers and could impair their ability to purchase fertilizer. In a number of markets, SABIC benefits from government policies that support the agricultural industry. These include policies and commodity support programs that provide subsidies to farmers for the purpose of purchasing and agricultural products; export duties on agricultural products; government policies affecting prices of raw materials used in agricultural production; and other policies such as those restricting the number of hectares that may be planted, requiring a specific type of crop to be grown and limiting the use of agricultural products in certain areas or for certain types of agricultural products. As a result of such policies (which often include direct or indirect fertilizer purchase subsidies), farmers and growers are often able to supply agricultural products, which may be a target of such instruments and certain of SABIC’s export markets (such as China) which are affected by such measures. Any trade defense measures on exports or imports from SABIC, its suppliers or customers could have a material and adverse effect on SABIC’s business, results of operations or financial condition.

CHANGES IN LAWS OR REGULATIONS, OR A FAILURE TO COMPLY WITH ANY LAWS AND REGULATIONS, MAY MATERIALLY AND ADVERSELY AFFECT OUR BUSINESS

SABIC is subject to various laws and regulations related to licenses, permits, environmental obligations, health and safety, and import and export controls. Changes in these laws or regulations are outside the company’s control. A failure to comply with these laws or regulations could result in the imposition of fines, damages, claims for indemnification and sanctions. SABIC uses as feedstock, and other releases of hazardous substances into the environment. SABIC uses as feedstock, and other releases of hazardous substances into the environment. SABIC has not been subject to comprehensive environmental audits to fully assess whether contamination is present. Any findings of contamination could remove and reclamation action and result in other liabilities that could have a material adverse effect on SABIC’s business, results of operations and financial condition.

Furthermore, governmental policies may regulate the amount of land that can be used for growing crops, the mix of crops planted or crop prices, any of which could adversely impact the demand for SABIC’s products. A change in government policies due to these or other factors may result in a decrease in demand for agri-nutrient products, which could have a material adverse effect on SABIC’s business, results of operations and financial condition.

International treaties and agreements, including those promulgated by the World Trade Organization, may also have an impact on subsidies for agricultural producers or in other adverse changes to government support programs, which could undermine the growth of, or cause a decline in, demand and prices for agri-nutrient products.

In addition, a number of jurisdictions, including the European Union, could consider and may adopt limitations on the use and application of agri-nutrient products due to concerns about the impact of these products on the environment and/or may impose limits on the content of cadmium and other heavy metals in fertilisers due to health concerns of harmful effects from these elements. Statutory limitations on agri-nutrient products use, if adopted, could materially adversely affect agri-nutrient products demand and prices, including demand and prices for agri-nutrient products produced by SABIC.

EXPOSURE TO RISKS ARISING FROM INTERNATIONAL TRADE CONTROLS

SABIC exports products to countries which have adopted trade control measures such as national security measures, economic sanctions and other policies such as those restricting the number of hectares that may be planted, requiring a specific type of crop to be grown and limiting the use of agricultural products in certain areas or for certain types of agricultural products. As a result of such policies (which often include direct or indirect fertilizer purchase subsidies), farmers and growers are often able to supply agricultural products, which may be a target of such instruments and certain of SABIC’s export markets (such as China) which are affected by such measures. Any trade defense measures on exports or imports from SABIC, its suppliers or customers could have a material and adverse effect on SABIC’s business, results of operations or financial condition.

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RISK FACTORS CONTINUED

Additionally, many of SABIC’s products are used in the production of other consumer goods, such as plastic packaging. Negative public perceptions or bans, restrictions or disincentivizations from regulators relating to the use of plastic, due to environmental concerns with respect to the production and disposal of plastic, could reduce demand for SABIC’s products. In addition, some jurisdictions have introduced legislation (or in some cases, more stringent legislation) to ban, restrict or disincentivize the use of certain types of plastic packaging or products, such as single use plastic bags. For instance, number of countries have introduced regulations to ban the use of polyethylene-based lightweight non-biodegradable plastic bags, while others have imposed taxes on their use. For further legislative action could lead to a reduction in demand for SABIC’s products and could adversely affect its business, results of operations or financial condition.

Laws and regulations and their interpretation and application may change from time to time. Any such change of law, regulation or interpretation (or divergence of views by any authority from that of SABIC’s) could have a material and adverse effect on SABIC’s business, results of operations or financial condition.

EXPOSURE TO DISPUTES AND/OR LITIGATION
SABIC is subject to risks related to legal and regulatory proceedings in which it or its subsidiaries, associates and joint ventures are currently a party or which could develop in the future. These may include, in particular, risks regarding product liability, competition and antitrust law, export control, data protection, patent law, procurement law, tax legislation and environmental protection. SABIC’s involvement in litigation and regulatory proceedings or similar proceedings may result in the imposition of fines or penalties, or could adversely affect its reputation.

For example, any disputes and regulatory proceedings are unpredictable, and legal or regulatory proceedings in which SABIC is or becomes involved (or settlements thereof) could result in substantial penalties which may give rise to significant losses, costs and expenses. Such losses, costs and expenses may not be covered, or fully covered, by insurance benefits. Investigations of possible legal or regulatory violations may result in the imposition of civil or criminal penalties and/or other adverse financial consequences.

Any of the foregoing could have a material and adverse effect on SABIC’s business, results of operations or financial condition as well as on SABIC’s reputation.

EXPOSURE TO RISKS ASSOCIATED WITH THE USE OF INTELLECTUAL PROPERTY AND TECHNOLOGY LICENSES
SABIC depends upon a wide range of intellectual property to support its businesses and has obtained licenses for certain technologies which are used in its manufacturing facilities. SABIC’s petrochemical operations in Saudi Arabia are primarily based on technology process licenses from joint venture partners and other third parties. Any termination of a material technology license or dispute related to its use could require the relevant SABIC entity to cease using the relevant technology and therefore possibly adversely affect such entity’s ability to produce the relevant products. SABIC’s inability to maintain any license, which is the subject of a sub-license of technology to any subsidiary of SABIC, could require the relevant subsidiary to cease using the technology and to license such rights from other third parties on less favorable commercial terms or obtain substitute technology of lower quality or performance standards at greater cost.

Any of the foregoing could have a material and adverse effect on SABIC’s business and results of operations.

WE ARE HIGHLY DEPENDENT ON OUR PERSONNEL AND MANAGEMENT TEAMS
SABIC’s future success depends in part on its continued ability to hire, integrate and retain highly skilled employees. Experienced and capable personnel in the industries in which SABIC operates remain in high demand and there is continuous competition for their talents. SABIC may not be able to successfully recruit, train or retain the necessary qualified personnel in the future. SABIC is dependent upon its executive officers and key personnel, and the success of its business is driven by the performance of such officers and key employees and the ability of SABIC to retain them. The unexpected loss of the services of SABIC’s executive officers or key personnel could have a material and adverse effect on SABIC’s business, results of operations or financial condition.

SABIC may need to offer competitive compensation and other benefits in order to attract and retain key personnel in the future. If SABIC cannot recruit new qualified personnel to support its growing business, this could have a material and adverse effect on SABIC’s business, results of operations or financial condition.

FINANCIAL AND ECONOMIC RISKS
WE ARE SUBJECT TO GLOBAL ECONOMIC MARKET CONDITIONS
SABIC faces risks attendant to changes in the economic environment globally and in the main regions where it conducts its business. In particular, SABIC’s performance is particularly influenced by economic cycles affecting end user industries, such as the construction and automotive industries, since the products manufactured by SABIC are used as intermediates in the manufacturing of the products utilized by such companies. In the past, the global economy has continued to experience periods of slowdown, high volatility and disruption activity, unemployment, decline in interest rates and erosion of consumer confidence, that have affected downstream demand for chemical and plastic products in certain industry sectors and regions.

SABIC cannot predict adverse trends in the global economy and their effect on the market demand for SABIC’s products and SABIC’s profitability. Any downturn in regional or worldwide economies, market crisis or prolonged periods of instability could have a material and adverse effect on SABIC’s business, results of Operations or financial condition. In addition, changes in global trade policies may limit our ability to competitively operate in targeted markets and achieve our growth targets.

EXPOSURE TO POTENTIAL DIFFICULTIES IN FULFILLING OUR FINANCIAL OBLIGATIONS OR FUNDING OUR PLANNED CAPITAL EXPENDITURE
Any disruption in the global credit markets, re-pricing of credit risk and any difficulties in the conditions of the financing raise the possibility they could impact SABIC’s ability to fund its businesses or projects at all or in a similar manner, or at a similar cost, to the funding raised in the past. If the repayment of any loans or other debt instruments in respect of financing taken by SABIC or its subsidiaries cannot be refinanced or extended at acceptable terms, or paid with the proceeds of other transactions, SABIC’s cash flows and financial condition would be adversely affected. If prevailing financing costs or other factors at the time of any such refinancing result in higher financing costs, such increased financing costs would adversely affect SABIC’s financial results.

A number of products manufactured by SABIC companies are developed from highly complex and technical manufacturing processes.
External funding may not be available to SABIC on acceptable terms. If SABIC raises additional debt in the future, it may be subject to additional or more restrictive financial covenants and ratios or may be required to extend security over its assets for the benefit of lenders. Any such increased indebtedness may require a substantial portion of cash flows from operations to be dedicated to the payment of principal and interest (to the extent payable) on SABIC’s indebtedness, thereby reducing the SABIC’s ability to fund its operations and future business opportunities.

Additionally, this may limit SABIC’s ability to raise capital to fund any future capital expenditure or operations, expose SABIC to the risk of increased interest rates and/or increased costs to hedge interest rate risks and expose SABIC to refinancing risk, to the extent that SABIC is unable to repay its borrowings out of internally generated cash flow. If SABIC is not able to obtain adequate financing or other capital contributions to fund capital and investment expenditures in the future, this could require SABIC to alter, reduce the scope of, defer or cancel such projects which may, in turn, affect the profitability and competitiveness of SABIC’s operations.

Any of the foregoing could have a material and adverse effect on SABIC’s business, results of operations or financial condition.

EXPOSURE TO CUSTOMER CREDIT RISK
SABIC provides services and products to a variety of customers and is subject to the risk of non-payment for the services and products that it has supplied primarily through trade receivables. These risks are heightened when dealing with the industries in which its customers operate, or general economic conditions, deteriorate. While SABIC has procedures in place to mitigate its risk on their receivables and continuously monitors customers’ credit limits and risk associated with it, there can be no assurance that such procedures will prevent the occurrence of credit losses that could have a material and adverse effect on SABIC’s business, results of operations or financial condition.

EXPOSURE TO INTEREST RATE RISK AND FOREIGN EXCHANGE RISK
SABIC is subject to interest rate risks in the ordinary course of its business, primarily because of its long-term debt obligations with floating interest rates. Interest rate risk arises from potential changes in prevailing market interest rates. These changes can cause a change in the present value of fixed-rate instruments and fluctuations in the interest payments for variable-rate instruments, which would positively or negatively affect earnings. Any future unhedged interest rate risk could result in an increase in SABIC’s interest expense and may have a material adverse effect on SABIC’s business, results of operations and financial condition.

Furthermore, SABIC operates internationally and is exposed to foreign exchange risk arising from various currency transactions, primarily with respect to fluctuations of other currencies against the Saudi riyal. This exposure is primarily through account receivables, trade payables and certain non-SAR denominated bank accounts and borrowings. However, as long as the SAR is convertible to the US dollar and SABIC’s business is primarily conducted in US dollars, SABIC does not have any significant exposure related to the most significant foreign currency to which SABIC is exposed is the euro. SABIC is also exposed but to a lesser extent to the British pound, Japanese yen and Chinese yuan. SABIC’s policies require subsidiaries to conduct a regular review of currency exposures, while SABIC manages all derivative executions centrally. However, there can be no assurance that any hedges will adequately protect SABIC or that any future currency exchange rate fluctuations may not have an adverse effect on SABIC’s business, results of operations or financial condition.

In response to the declining price of crude oil since June 2014, certain regional oil producing countries that have traditionally “pegged” their domestic currencies to the US dollar have faced pressure to remove these foreign exchange “ pegs.” Kazakhstan, Nigeria and Azerbaijan have chosen to unwind the US Dollar peg of their domestic currencies. While the likelihood of the GCC states “pegging” their currency to the US dollar and could impact open cross-currency positions leading to currency fluctuations, SABIC manages all its foreign exchange exposure centrally. Any change to the existing exchange rate policy that results in a significant depreciation of the Saudi riyal against the US dollar or major foreign currencies could have a material and adverse effect on SABIC’s business, results of operations or financial condition.

RELIENCE ON THE PERFORMANCE OF, AND DIVIDEND DISTRIBUTIONS FROM OUR SUBSIDIARIES, JOINT VENTURES AND AFFILIATES
SABIC conducts a significant portion of its business through, and derives most of its revenues from, its subsidiaries, joint ventures and affiliates, and has limited revenues-generating activities of its own. Consequently, SABIC’s cash flows and meet its cash requirements, including the obligations depend upon the profitability and cash flows from its subsidiaries, joint ventures and affiliates. This includes the received dividends and the use of the capital surplus of SABIC, repay interest on intercompany loans extended to them by SABIC and pay fees to SABIC for any other capital services provided to them (such as the sale of their products, providing licenses for patents, licenses and providing catalyst supplies as well as providing certain administrative and other technical services).

In particular, SABIC conducts certain business operations through joint ventures, which are not controlled by SABIC. SABIC may also enter into additional joint ventures in the future. Some of SABIC’s joint ventures with third parties are managed by the respective joint venture’s own board of directors who are mandated to manage business, financial and management decisions by taking into account the corporate interest of the relevant third parties. Such decisions may therefore not be solely in the interests of SABIC and may reflect the interests of the other joint venture partners, including in relation to dividend distributions. In addition, SABIC’s joint venture partners may breach their obligations to SABIC or the joint venture, have economic or business interests inconsistent with SABIC’s or the joint venture’s interests and/or take actions contrary to SABIC’s objectives or policies, any of which may result in disputes between SABIC and its joint venture partners.

Any decline in such subsidiaries, joint ventures or affiliates profitability could affect their ability to pay dividends, interest and/or make other payments to SABIC and, in turn, could have a material and adverse effect on SABIC’s results of operations and financial condition.

EXPOSURE TO RISKS ARISING FROM PENSION OBLIGATIONS
SABIC has defined benefit pension plans in various countries (the largest of which are in the United States and the United Kingdom). In the United States, certain SABIC companies also have postretirement benefit plans that provide certain medical benefits and life insurance for retirees and eligible dependants. The relevant SABIC companies have funding and other obligations with respect to such pension plans. The accounting for these plans requires that management make certain assumptions relating to the long-term rate of return on plan assets, discount rates used to measure future obligations and expected long-term rates of inflation rate, health care cost trend rates, mortality and other assumptions. The selection of these assumptions is based on trends and known economic and market conditions at the time of valuation. However, these estimates are highly susceptible to change and are periodically reviewed.

Uncertainty in the performance of the plan assets, actuarial valuations, market conditions and contract benefit changes, unfavorable changes of those estimates, as well as actual results substantially differ from the estimates, might result in a significant increase in SABIC’s obligations or future funding requirements. This in turn could have a material and adverse effect on SABIC’s results of operations and financial condition.

CURRENT EMERGING RISKS
IMPACT OF CORONAVIRUS DISEASE (COVID-19)
The outbreak of communicable diseases on a global scale, including COVID-19, the disease caused by coronavirus that has spread rapidly across the world and was declared a pandemic by the World Health Organization on March 11, 2020, has affected investment sentiment, resulted in volatility in global capital markets and impacted demands and prices in many industrial sectors in which SABIC sells its products. In 2020, COVID-19 outbreak resulted in restrictions on travel and public transport, restrictions on trade and transportation of goods, prolonged closures of workplaces and also contributed to declines in global bond and stock valuations. While some countries have reduced or eliminated restrictions, others continue to implement restrictions or are forced to reinstate them after experiencing resurgences in the number of cases or deaths reported. In addition to the aforementioned impacts, the outbreak of COVID-19 has severely disrupted the global economy, resulted in high levels of unemployment, negatively impacted the global demand and is expected to have a material negative impact on global growth rates, which are likely to negatively impact the GDP of Saudi Arabia and other regions in which SABIC operates and, specifically, the demand in the chemicals markets where SABIC and its customers operate. On the supply side, there was a dramatic increase in feedstock volatility, while in addition, the operational performance of the industry was negatively impacted by the disruption of supply chains and the inability to operate assets normally due to social distancing considerations. The COVID-19 pandemic is ongoing and the duration, impact and severity of the outbreak cannot be predicted and may be significant, particularly in the short term, although the decline may start containing further spread.

In particular, while the vast majority of SABIC’s products are considered essential during times of crisis, demand for many of SABIC’s products declined, particularly products that serve the automotive and other durable goods sectors. The chemical sector is designated as critical infrastructure in many of the world's largest economies, therefore SABIC’s manufacturing sites were and are widely excluded from governmental shutdown orders. As a result, SABIC’s plants around the world remained and remain in operation, albeit operating under increased health and safety standards aligned with government measures, and in some cases at reduced operation rates to reflect decline in demand, both of which had an increase on costs. In addition, SABIC is committed to capital discipline and maintaining a strong balance sheet and has suspended all capital expenditures, except for non-discretionary capital expenditures, prudent and reliable operations and late stage projects.
SABIC GOVERNANCE FRAMEWORK – TO ACHIEVE STRATEGIC GOALS AND ENHANCE SUSTAINABILITY

Corporate Governance Structure
SABIC adheres to the corporate governance principles and best practices, and believes in the effect of such adherence on enhancing the Company’s added value. In addition, the Company adheres to the Corporate Governance Regulations issued by the Capital Market Authority.

SABIC has developed its own corporate governance framework, which sets out roles, responsibilities, and methods of decision-making, putting into action and following-up. It also includes the main governance bodies of the Company, and clarifies the relationships among them and how they are integrated and their activities are coordinated. SABIC believes that governance, through its Corporate Governance Framework and its governance bodies is a key enabler towards achieving its goals and enhancing its ability to sustain, and to build and maintain strategic relationships with various stakeholders.

The structure of SABIC’s Board of Directors includes four committees helping the Board to fulfill its prescribed duties. These are, the Audit Committee, the Nomination and Remuneration Committee, the Risk and Sustainability Committee and the Investment Committee. The performance of the Board and these committees is subject to periodic review and assessment in order to enhance their effectiveness in achieving the targeted goals.

The SABIC Governance Framework also embodies the shareholders’ rights and the manner of enabling them to exercise such rights in accordance with the relevant regulatory provisions and the global best practices of governance. This includes enhancing communication with shareholders through the Shareholders Management, as well as providing tools that aim to enhance the effectiveness of such communication.
SHAREHOLDERS

OWNERSHIP STRUCTURE
SABIC was established by the Government of Saudi Arabia as a 100% state-owned company. Its shares were listed on the Saudi Stock Exchange in 1984, at which time the Government divested 30% of its shareholding in SABIC. On March 27, 2019 (corresponding to 20 Rajab 1440H), the Public Investment Fund (PIF) and Saudi Aramco signed a share purchase agreement, pursuant to which Saudi Aramco agreed to acquire all of the Government stake in SABIC. The transaction was completed on June 16, 2020 (corresponding to 24 Shawwal 1441H). As of December 31, 2020, SABIC had issued and paid up share capital of SAR 30,000,000,000 consisting of 3,000,000,000 shares of SAR 10 par value per share. The following entities hold more than 5% of SABIC-issued shares:

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of shares</th>
<th>Percentage of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aramco chemical company</td>
<td>2,300,000,000</td>
<td>10%</td>
</tr>
</tbody>
</table>

The remaining 30% SABIC shares are floated in the Saudi stock exchange and owned by other investors, including certain institutions and private investors. Certain shares are also held by SABIC’s Board of Directors and Senior Executives. Other than the Aramco chemical company, SABIC is not aware of any shareholder that, directly or indirectly, owns or could exercise control over SABIC. In addition, SABIC has not been informed by persons (other than the Board, Senior Executives and their relatives) who own SABIC shares, for their holdings, together with any change to such interests during 2020.

DESCRIPTION OF DIVIDEND POLICY
Dividend is subject to realized net income and free cash flow during the year and according to Article 41 of the Company bylaws, which reads as follows:
1. Annually, the Corporation shall set aside ten percent (10%) of the net profits to form the statutory reserve. The Ordinary General Meeting may decide to stop this deduction whenever the said reserve amounts to thirty percent (30%) of the capital of the Corporation.
2. After deducting the statutory reserve and any other reserve that may be decided by the Ordinary General Meeting, five percent (5%) of the paid-up capital shall be distributed from the annual net profits of the Corporation, to the shareholders as initial dividends.
3. With due regard to the provisions of the Companies Law, the required amount shall be allocated for the Board members’ remunerations approved by the Ordinary General Meeting in compliance with Article 15 of this bylaws provided that entitlement for such remuneration shall be proportional to the number of sessions attended by the member and the member’s jurisdictions and responsibilities. Thereafter, the balance shall then be distributed to the shareholders as an additional dividend or carried over to the next years.

Note that the Board of Directors had approved first half dividend and recommended second half to the General Assembly to distribute dividends for 2020 as follows:

<table>
<thead>
<tr>
<th>Dividends cycle</th>
<th>Dividend per share</th>
<th>Percentage of distribution to share nominal value</th>
<th>No. of shares</th>
<th>Total distributed dividends</th>
<th>Date of eligibility</th>
<th>Distribution date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second half of 2019</td>
<td>SAR 2.2</td>
<td>22%</td>
<td>3 billion</td>
<td>SAR 6.6 billion</td>
<td>21st April 2020</td>
<td>12th May 2020</td>
</tr>
<tr>
<td>First half of 2020</td>
<td>SAR 1.5</td>
<td>11%</td>
<td>3 billion</td>
<td>SAR 4.5 billion</td>
<td>2nd September 2020</td>
<td>20th September 2020</td>
</tr>
<tr>
<td>Second half of 2020</td>
<td>SAR 1.5</td>
<td>11%</td>
<td>3 billion</td>
<td>SAR 4.5 billion</td>
<td>The end of the second trading day of the day of the General Assembly of the company, which will be announced later</td>
<td>Will be announced at the AGM invitation of the General Assembly of the company, which will be announced later</td>
</tr>
</tbody>
</table>

DIVIDEND ALLOCATION
Our global business model and supply chain continued to be our key strengths. They provide a platform for growth and shareholder returns by generating a sustainable free cash flow throughout the cycle.

Distributing competitive dividends to our shareholders continues to be paramount, and this is supported by our firm commitment to maintaining capital discipline, as well as our ability to uphold a strong balance sheet and credit rating.

SABIC IN CAPITAL MARKETS
SABIC SHARE PERFORMANCE
Despite the challenges brought about by COVID-19, SABIC shares gained 8.02% in 2020, outperforming the Tadawul All Shares Index (TASI), which was up 3.16%. With a market capitalization of SAR 304.2 bln or US$ $81.12 billion as on December 31, 2020, SABIC remained the biggest constituent of TASI with a weight 12.92%.

SABIC’s share price opened in 2020 at SAR 93.10 and it traded broadly in line with TASI, falling to the lowest level for the year on March 12, following the outbreak of COVID-19 outside China. Despite reaching lowest levels since early 2016, the share price recovered to the January 2020 levels early October and further rallied and passed the SAR 100 mark at the end of December for the first time since August 2019, reflecting sustained economic recovery, which translated into an improvement in earnings for SABIC.

SABIC’S INVESTOR RELATIONS
SABIC maintains a strong and active presence in the capital markets, with a dedicated team of investor relations professionals. This team is committed to providing investors with timely and accurate information about the company’s operations, performance, and strategic initiatives.

SABIC began the year with 45% foreign ownership, which increased to 56% in 2020, with 5.25% foreign ownership, with a mix of active, passive and ESG funds as new investors.

We continue to have a world-class engagement with all participants of capital markets with continuous and open communications, including institutional, private investors and analysts. As the pandemic-enforced social distancing protocol continued throughout the year, the majority of the events turned virtual, bringing benefits, like increased participation in existing and new events, and also enabling us to reach out to several new investors.

To that effect, the Ordinary Annual General Meeting and Extraordinary General Meeting were held virtually in record time to allow all shareholders to participate and exercise e-voting—an action which represented an increased participation of 48% shareholders.

Over the course of the year, we held more than 110 meetings where we met over 550 investors, participating in regional, emerging and international chemicals conferences. In addition, with a rising investor interest in sustainability, we participated in conferences focusing on Environmental, Social and Governance (ESG) issues.

EARNINGS CALLS AND BEST-IN-CLASS DISCLOSURES
A step change event in 2020 in our world-class investor relations came with the going live of Earnings Calls for the Q4 2019 results. This coincided with one of the most challenging financial performances of the past years, but the SABIC management went ahead with the belief that transparency is paramount at both good and challenging times.
As part of enhancing disclosures, we started posting Earnings Release on Tadawul Stock Exchange, which we will quarter results starting from Q1 2019. This comprises explanations and full details of the quarterly results and outlook statements. The disclosures in the Earnings Release are best-in-class and similar to our top international peers. It is 10 years since we published our first Sustainability Report. The sustainability report is posted on www.sabic.com/en/sustainability. It has been evolving over the years to include broader Environmental, Social and Governance (ESG) disclosures. ESG disclosures have been embedded into the Earnings publications from the outset, acknowledged the need from investors to also understand the ESG performance and outcome. We also merged the Annual report and the Board of Directors report for 2019 reporting within an integrated report. The Middle East investor Relations Association (MIEIRA) recognized it as the best 2020 Annual Report in Saudi Arabia and one of the best in the region.

DEBT INVESTORS AND CREDIT RATINGS

SABIC marketed a US$ 1 billion dual-tranche bond offering in September 2020, with a dual listing in the Taiwan stock exchange by a Saudi Arabian bond with a diversified investor base seeking different tenors, which stimulated demand and drove issuance. The 30-year tranche represented a debut bond offering in September 2020, with a dual listing in the Taiwan stock exchange by a Saudi Arabian company.

SABIC CREDIT RATING HISTORY

Our standalone credit ratings have been consistently on the A+/A1 level, among the highest rated global chemical companies, forming a solid credit rating. Demonstrate strong resilience over the last decade versus some of our peers.

Generous prices, reflecting continued financial tenors, which stimulated demand and drove issuance. We have been participating in CDs' program to report on climate disclosures since 2018. We retained “B” score in 2020, which is one of the best scores in the Middle East and at par with the chemical sector average. Last year, we also joined the CDP Supply Chain Program to help suppliers disclose their own emissions. We also have a BBB rating by MSO, which is placing us in several MSO ESG indices. Analysts highlighted, “SABIC has strong strategies to reduce carbon emissions, greater use and waste in its operations with ISO4001 certification for most sites”.

Earnings of the Company’s Applications for the Register of Sabic Credit Rating History

<table>
<thead>
<tr>
<th>No.</th>
<th>Application date</th>
<th>Application rational</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>28 April 2020</td>
<td>AGMA</td>
</tr>
<tr>
<td>2</td>
<td>30 June 2020</td>
<td>Standard &amp; Poor’s</td>
</tr>
<tr>
<td>3</td>
<td>31 May 2020</td>
<td>Shareholder Date Analysis</td>
</tr>
<tr>
<td>4</td>
<td>10 June 2020</td>
<td>EMG</td>
</tr>
<tr>
<td>5</td>
<td>16 June 2020</td>
<td>Shareholder Date Analysis</td>
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<td>6</td>
<td>16 June 2020</td>
<td>Shareholder Date Analysis</td>
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<tr>
<td>7</td>
<td>16 June 2020</td>
<td>Shareholder Date Analysis</td>
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<td>8</td>
<td>16 June 2020</td>
<td>Shareholder Date Analysis</td>
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<tr>
<td>9</td>
<td>16 June 2020</td>
<td>Shareholder Date Analysis</td>
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<td>10</td>
<td>06 July 2020</td>
<td>Shareholder Date Analysis</td>
</tr>
<tr>
<td>11</td>
<td>07 July 2020</td>
<td>Shareholder Date Analysis</td>
</tr>
<tr>
<td>12</td>
<td>08 July 2020</td>
<td>Shareholder Date Analysis</td>
</tr>
<tr>
<td>13</td>
<td>08 July 2020</td>
<td>Shareholder Date Analysis</td>
</tr>
<tr>
<td>14</td>
<td>08 July 2020</td>
<td>Shareholder Date Analysis</td>
</tr>
<tr>
<td>15</td>
<td>19 July 2020</td>
<td>Shareholder Date Analysis</td>
</tr>
<tr>
<td>16</td>
<td>07 September 2020</td>
<td>Dividend Entitlement</td>
</tr>
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</table>

NUMBER OF THE COMPANY’S APPLICATIONS FOR THE REGISTER OF SHAREHOLDERS AND THE DATES AND RATIONAL OF SUCH APPLICATIONS

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</tr>
<tr>
<td>8</td>
<td>16 June 2020</td>
<td>Shareholder Date Analysis</td>
</tr>
</tbody>
</table>

SABIC BOARD

They are elected by the Ordinary General Assembly for a term not exceeding three years, subject to renewal. The Board of Directors also comprises nine members—a Chairman and a Vice Chairman who shall work on a full-time basis and act on behalf of the Chairman in case of his absence. The Ordinary General Assembly shall satisfy the remuneration and allowances of the members of the Board in compliance with Companies Law and the rules and instructions issued by the competent authority. Whether such remuneration consists of a specified salary, profit and attendance allowance, or a percentage of profit. The remuneration may consist of a combination of two or more of these benefits. The Board of Directors shall include a statement of the remuneration and allowances paid to the Board members.

BOARD OF DIRECTORS

The Board of Directors sets and reviews SABIC’s corporate policies and procedures, including its main corporate objectives, strategic plans, and overall key performance indicators. The Board also approves SABIC’s annual business plans and budgets, and ensures the availability of financial and human resources required to achieve these plans. In addition, the Board has the overall responsibility for identifying the capital structure for SABIC, major capital expenditures, and asset acquisition and disposal decisions.

The Board also oversees the implementation and monitoring of internal control systems.

The Board is comprised of the following members:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Expiry of term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khalid Hashim AlAbbadi – Chairman</td>
<td>Non-Executive Member</td>
<td>April 2022</td>
</tr>
<tr>
<td>Yousef Abdullah Al-Benyan</td>
<td>Vice Chairman and CEO – Executive Member</td>
<td>April 2022</td>
</tr>
<tr>
<td>Abdulaziz Ahmed Al-Rousa</td>
<td>Board Member – Non-Executive Member</td>
<td>April 2022</td>
</tr>
<tr>
<td>Calum Maclean</td>
<td>Board Member – Non-Executive Member</td>
<td>April 2022</td>
</tr>
<tr>
<td>Ziad Thamer Al-Muhres</td>
<td>Board Member – Non-Executive Member</td>
<td>April 2022</td>
</tr>
<tr>
<td>Oliver Gerard Thorel</td>
<td>Board Member – Non-Executive Member</td>
<td>April 2022</td>
</tr>
<tr>
<td>Mohammed Talat Al-Nahas</td>
<td>Board Member – Independent Member</td>
<td>April 2022</td>
</tr>
<tr>
<td>Nader Ibrahim Al-Wabbi</td>
<td>Board Member – Independent Member</td>
<td>April 2022</td>
</tr>
<tr>
<td>Yousef Abdullah</td>
<td>Al-Benyan – Chairman (Non-Executive Member)</td>
<td>April 2022</td>
</tr>
<tr>
<td>Dr. Abdulaziz Saleh Al-Jalbout</td>
<td>Chairman (Non-Executive Member)</td>
<td>April 2022</td>
</tr>
<tr>
<td>Mr. Olivier Gerard Thorel</td>
<td>(Non-Executive Member)</td>
<td>April 2022</td>
</tr>
</tbody>
</table>

During the year 2020, the Board of Directors accepted the resignations of three members, as of June 16, 2020. The resignation was due to the completion of the acquisition by the Saudi Arabian Oil Company (Saudi Aramco) of the shares of the Public Investment Fund in SABIC. The following members resigned:

- Mr. Abboud Saleh Al-Jalbout – Chairman (Non-Executive Member). Dr. Al-Jalbout was appointed as Chairman of SABIC in October 2017. In addition, he is a board member of United Lube Oil Company Ltd. and Gulf Oil Industrial Company. He is also a member of the Advisory Board of King Fahd University of Petroleum and Minerals (KFUPM). Dr. Al-Jalbout has been a Member of the Board of Directors of a number of companies, including Saudi Paper Manufacturing Company, Riyad Bank, Philips Lighting Saudi Arabia, and Al-Bilad Credit. Dr. Al-Jalbout got his PhD in Chemical Engineering from the University of Colorado School of Mines, USA, in 1976. He also holds Master’s and Bachelor’s degrees in Chemical Engineering from the same university.

- Mr. Rashid Ibrahim Sharif – (Non-Executive Member). Mr. Sharif is the Head of Local Holdings Investments Division, Public Investment Fund. In addition, he is a board member of STC, National Commercial Bank, Saudi Electricity Company, KAF Development & Management Company, and AccorInvest. He earlier served as Chief Executive Officer of Riyadh Capital, Director of Registration and Listing Department at the Capital Market Authority, and Director of Customer Finance Relations at Al-Bilad Bank.

- Eng. Roberto Guadiz – (Non-Executive Member). Eng. Guadiz holds a Bachelor’s degree in Business Administration from Universidad de Buenos Aires in Argentina. The Board appointed the following members to replace the resigning members, to complete the Board current term (2019/2022). Their appointment will be presented to the first general meeting of shareholders for approval: Eng. Khalid Hashim AlAbbadi – Chairman of the Board of Directors (Non-Executive Member) and Eng. Ziad Thamer Al-Muhres – (Non-Executive Member). Mr. Oliver Gerard Thorel – (Non-Executive Member)

BOARD PERFORMANCE ASSESSMENT

The Board of Directors developed procedures for periodic assessment of its performance and that of the committees, and included them in the Board Charter and all Committees’ charters. The Board established a comprehensive program to assess the Board performance, and contracted with COMPASS—an independent external agency specialized in this area—to implement it.

BOARDS' MARKET RATING

The average board tenure of all Board members at the end of 2020 is six years. The average tenure of the Independent Board members is four years and eleven months.
KHALID HASHIM AL-DABBAGH
Chairman
Non-Executive Member

YOUSEF ABDULLAH AL-BENYAN
Vice Chairman and CEO
Executive Member

DR. KHALED HAMZA NAHAS
Board Member
Independent Member

MOHAMMED TALAL AL-NAHAS
Board Member
Independent Member

NADER IBRAHIM AL-WEHIBI
Board Member
Independent Member

ABDULLAH MOHAMMED AL-ISSA
Board Member
Non-Executive Member

CALUM GRIGOR MACLEAN
Board Member
Non-Executive Member

ZIAD THAMER AL-MURSHED
Board Member
Non-Executive Member

OLIVIER GERARD THOREL
Board Member
Non-Executive Member

We look forward to further contributing to the global growth of the chemical industry while continuing to support Saudi Vision 2030.
BIographies of the Board of Directors and Committee Members

KHALID HASHIM ALDABBAGH
Chairman
Non-Executive Member

CURRENT POSITION
- Eng. Al-Dabbagh is currently the Senior Vice President, Finance Strategy & Development at Saudi Aramco Oil Company (Saudi Aramco). In addition, he sits on the Board of Directors of the Saudi Aramco Development Company (SADCO); and also serves as a member of the Board of Wisayah Global Investment Company (WISAYAH).

WORKING EXPERIENCE AND PREVIOUS POSITIONS
- Eng. Al-Dabbagh assumed a number of senior roles in Saudi Aramco, including Financial Controller and Treasurer. In addition, he led the Joint Venture Development and Business Analysis with Corporate Planning departments. Prior to that, he held key positions in London, Tokyo and New York at Saudi Aramco-owned companies and became the CEO of Saudi Petroleum International, Inc. (US) and the Managing Director of Saudi Aramco-owned companies.

EDUCATIONAL QUALIFICATIONS
- He earned a Bachelor of Science in Industrial Engineering, University of Toledo. He has also completed a number of executive leadership programs, including the Senior Executive Program at the London Business School.

CURRENT BOARD MEMBERSHIP
- Wisayah Global Investment Company (WISAYAH)
- Saudi Aramco Development Company (SADCO)

PREVIOUS BOARD MEMBERSHIP
- Sadara Chemical Company
- Aramco Trading Company
- Fujian Refining and Petrochemical Companies
- Showa Shell in Japan
- Dutch ARLANXEO Holding B.V

YOUSSEF ABDULLAH AL-BENYAN
Vice Chairman and CEO
Executive Member

CURRENT POSITION
- Mr. Al-Benyan is the Vice Chairman and CEO of SABIC. Other positions he holds include Chairman of the Gulf Petrochemicals and Chemicals Association (GPIC), Chairman of the boards of the SABIC Agri-Nutrients Company and the SABIC Investment and Local Content Development Company (Nusaned Investment). He is a board member of the Saudi Stock Exchange (Tadawul) and the Saudi Information Technology Company (SITE). He is also the Chairman of the Petrochemical Manufacturers Committee.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
- Mr. Al-Benyan joined SABIC in 1987, just 11 years after the company’s formation. His first role was as a business development specialist before joining Corporate Communications. Mr. Al-Benyan relocated to Stamford, Connecticut as Operations Manager. In 1994, he became Commercial Manager for SABIC in the USA and Latin America, based in Houston, Texas. In 2002, he was promoted to General Manager of SABIC Asia, headquartered in Singapore, where he made significant contributions to SABIC’s growth in Asia, especially in China.
- Mr. Al-Benyan returned to Houston in the fall of 2005 as the General Manager of SABIC Americas. In 2007, he took on the role of General Manager at Fiber Intermediates, before being named in February 2008 as EVP Corporate Human Resources.
- As Chairman of the “1 SABIC” global unification initiative, he reorganized the company’s business structure with a new, single, global organization and operating model, moving from a responsive, transactional entity to a proactive, strategic global organization.
- In 2013, Mr. Al-Benyan was named as the EVP, Chemicals SBUs, the largest Strategic Business Unit of SABIC, to help the Company achieve its goal of becoming the preferred global leader in chemicals.
- Prior to being named Vice Chairman and Chief Executive Officer, Mr. Al-Benyan served as Executive Vice President, Corporate Finance, and CFO.

EDUCATIONAL QUALIFICATIONS
- Mr. Al-Benyan holds an Economics degree and a Master’s degree in Industrial Management, in addition to several specialized executive management course certifications.
BIOGRAPHIES OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS
CONTINUED

ABDULLAH MOHAMMED AL-ISSA
Board Member
Non-Executive Member

CURRENT POSITION
Mr. Al-Issa is a member of SABIC Board. He is also the Chairman of Asila Investment Company, the Chairman of Riyad Bank, and the Chairman of Dur Hospitality. In addition, he is a member of the boards of Etihad Etisalat (Mobily), and Clariant Company.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
Mr. Al-Issa is a prominent businessman and has previously served as a board member of several joint stock companies, and CEO of Asila Investment Co.

EDUCATIONAL QUALIFICATIONS
Mr. Al-Issa holds a Master’s in Engineering Management and a Bachelor’s in Industrial Engineering from Southern Methodist University, United States.

BOARD MEMBERSHIPS
CURRENT BOARD MEMBERSHIP
Riyad Bank
Mobily
Dur Hospitality
Asila Investment Company
Clariant

PREVIOUS BOARD MEMBERSHIP
Arabian Cement
National Medical Care
Jawhara Investment
National Shipping Company of Saudi Arabia
National Chemical Transport NCCC
Saudi Arabian Mining Company (Ma’aden)

CALUM MACLEAN
Board Member
Non-Executive Member

CURRENT POSITION
Mr. MacLean is a SABIC Board member. He is a member of the board and Chief Executive Officer of Synthomer, and a board member of Clariant.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
With 30 years' experience in the chemical industry, Mr. MacLean previously served as the Executive Chairman of the boards of Ineos Olefins, Petroineos (a PetroChina Group joint venture), Polymers Europe (where he was also the Chief Executive Officer) and Styrolution (a BASF Group joint venture). He was also a member of the board of Ineos Group and has, at various times, served as the Chief Executive Officer of EVC, Ineos Chlor/Vinyls and Ineos Phenol.

EDUCATIONAL QUALIFICATIONS
Mr. MacLean holds a Bachelor’s degree in Chemistry from Aberdeen University, United Kingdom.

BOARD MEMBERSHIPS
CURRENT BOARD MEMBERSHIP
Synthomer
Clariant

PREVIOUS BOARD MEMBERSHIP
Ineos Group
Petroineos Refining
Styrolution
Ineos Olefins and Polymers Europe
Ineos Phenol
Ineos Chlor/Vinyls
EVC

CURRENT BOARD MEMBERSHIP
Riyad Bank
Mobily
Dur Hospitality
Asilah Investment Company
Clariant

PREVIOUS BOARD MEMBERSHIP
Arabian Cement
National Medical Care
Jawhara Investment
National Shipping Company of Saudi Arabia
National Chemical Transport NCCC
Saudi Arabian Mining Company (Ma’aden)
BIographies of the board of directors and committee members

continued

ziad thamer al-murshed
Board Member
Non-Executive Member

current position
Eng. Al-Murshed is currently the Vice President, International Operations, Saudi Aramco Oil Company (Saudi Aramco) and is also Vice President, Downstream Growth and Integration, Saudi Aramco. In addition, he sits on the boards of a number of companies including Aramco Chemicals Company (ACC), Aramco Services Company, ARLANXEO Holding B.V., Motiva Enterprises LLC, Saudi Refining, Inc., S-Oil Corporation, and Saudi Aramco Asia Company. He is also a board member of the Saudi Authority for Industrial Cities and Technology Zone (MODON).

working experience and previous positions
Eng. Al-Murshed occupied several leading roles at Saudi Aramco, including: the Executive Director, New Business Development; General Manager, Transaction Development; Director, Strategic Planning; Director, Economic & Energy Analysis; and Manager, Yanbu NGL Fractionation Department.

board memberships
current board membership
Aramco Chemicals Company (ACC)
Aramco Services Company
ARLANXEO Holding B.V.
Motiva Enterprises LLC
Saudi Refining, Inc.
S-Oil Corporation
Saudi Aramco Asia Company

previous board membership
Saudi Arabian Industrial Investment Company (Dussur)
Industrialization & Energy Services Company (Taqa)
Sadara Chemical Company (Sadara).

olivier gerard thorel
Board Member
Non-Executive Member

current position
Mr. Thorel is currently the Vice President, Chemicals, Saudi Aramco Oil Company (Saudi Aramco). He also serves as a member of the boards of Aramco Chemicals Company (ACC), Aramco Performance Materials LLC, Saudi Aramco Energy Ventures LLC, and Saudi Aramco Technologies.

educational qualifications
He received his Bachelor of Science in Chemical Engineering from Arizona State University, and a Master of Business Administration from Sloan School of Management of Massachusetts Institute of Technology. He is also a graduate of the General Management Program, Harvard Business School.

working experience and previous positions
Prior to that, Mr. Thorel was the Executive Director, Chemicals, Saudi Aramco; and he also held several leading positions in Shell including Vice President, Chemicals Asia, Ventures & New Business Development; Vice President, Global Intermediates, Shell, Singapore; and Vice President, Supply, Distribution, and Shell Pipeline, Shell - North America.

board memberships
current board membership
Aramco Chemicals Company (ACC)
Aramco Performance Materials LLC
Saudi Aramco Energy Ventures LLC
Saudi Aramco Technologies

previous board membership
Pengerang Petrochemicals
Pengerang Refining Companies
Fujian Refining and Petrochemical Company Limited
Sadara Chemical Company and Saudi Aramco Total Refining and Petrochemical Company (SATORP).

educational qualifications
He was earlier a board member of several companies, including Pengerang Petrochemicals and Pengerang Refining Companies, Fujian Refining and Petrochemical Company Limited, Sadara Chemical Company and Saudi Aramco Total Refining and Petrochemical Company (SATORP).

sabic
annual report 2020
Dr. Khaled Hamza Nahas
Board Member
Independent Member

**CURRENT POSITION**
- Dr. Nahas is a SABIC Board member. He is a businessman and a board member of Mithaq Holding Co. and Arsh Investment Co.

**WORKING EXPERIENCE AND PREVIOUS POSITIONS**
- Dr. Nahas is a prominent businessman and has held a number of strategic positions in the past, including Deputy Chairman of the Industrial Committee of the Chamber of Commerce and Industry, a Member of the Consultative Council, and Mayor of Makkah.

**EDUCATIONAL QUALIFICATIONS**
- Dr. Nahas holds a PhD in Engineering of Economic Systems from Stanford University, United States.

Mohammed Talal Al-Nahas
Board Member
Independent Member

**CURRENT POSITION**
- Mr. Al-Nahas is currently the Governor of the Public Pension Agency in addition to being a SABIC Board member. He is also the Chairman of the boards of several companies including Al Raidah Investment Company, the Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO), Raza Cooperative Real Estate Company, Cooperative Real Estate Investment Company (CREIC), ASMA Capital, and Dammam Pharma. Mr. Al-Nahas is also a member of the boards of directors of Riyad Bank, Saudi Telecom Company (STC), the International Company for Water, Power Projects (ACWA Power), and the Public Pension Agency. He is member of various committees as well including the General Committee for Housing Programs.

**WORKING EXPERIENCE AND PREVIOUS POSITIONS**
- With an experience extending over more than 32 years, Mr. Al-Nahas previously held high-ranking banking, business development and managerial positions including General Manager, Branches, Al-Irma Bank, and Regional Manager, Central Region Branches, SAMBA Financial Group. He played a significant role in launching and operating the largest network of Islamic banking branches in Saudi Arabia and the Middle East for Al-Irma Bank and the Saudi Travelers Cheque Company. He was appointed Governor of the Public Pension Agency in 2016.

**EDUCATIONAL QUALIFICATIONS**
- Mr. Al-Nahas holds a Bachelor’s degree in Administration from King Saud University, Saudi Arabia, and is a graduate of the Executive Business Administration Program at the University of Michigan, United States.
BIOGRAPHIES OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS

CONTINUED

NADER IBRAHIM AL-WEHIBI
Board Member
Independent Member

CURRENT POSITION
~ Mr. Al-Wehibi is a SABIC Board member. He is the Assistant Governor for Insurance Affairs, the General Organization for Social Insurance. In addition, he is a member of Riyad Bank’s Board of Directors and the Executive Committee as well as the Nominations and Compensations Committee. He is also member of Clariant Board of Directors.

EDUCATIONAL QUALIFICATIONS:
~ Mr. Al-Wehibi holds a Master’s in Social Protection Policy, University Maastricht, The Netherlands, and a Bachelor’s in Insurance, Indiana State University, United States.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
~ Mr. Al-Wehibi held several positions at the General Organization for Social Insurance, including the General Manager of Planning and Development. He was previously a member of the boards of directors of the National Medical Care Company, and Jarir Marketing Company.

BOARD MEMBERSHIPS

CURRENT BOARD MEMBERSHIP
- Riyad Bank
- Clariant

PREVIOUS BOARD MEMBERSHIP
- National Medical Care
- Jarir Marketing

BOARD MEETINGS

The Board of Directors meets at least twice a year at the Chairman’s invitation. The Chairman may also convene a meeting if so requested by two members of the Board, the external auditor, the internal audit department, or the CEO. The quorum for a Board meeting is at least five members. A member of the Board has the right to authorize another member to attend the meeting on his behalf.

During the year ended December 31, 2020, the Board met six times.

<table>
<thead>
<tr>
<th>Member name</th>
<th>Title</th>
<th>1st meeting March 3, 2020</th>
<th>2nd meeting April 21, 2020</th>
<th>3rd meeting June 16, 2020</th>
<th>4th meeting June 16, 2020</th>
<th>5th meeting Sept. 29, 2020</th>
<th>6th meeting Dec. 15, 2020</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Abdulaziz Ibn Saleh Al-Jarbou</td>
<td>Chairman</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Resigned on June 16, 2020</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Khalid Hashim Al-Dabbagh</td>
<td>Chairman</td>
<td>Joined the Board on June 16, 2020</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Yousef Abdulrah Al-Benyan</td>
<td>Vice Chairman and CEO</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Resigned on June 16, 2020</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rashid Ibrahim Shahef</td>
<td>Board Member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Resigned on June 16, 2020</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roberto Gualdoni</td>
<td>Board Member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Resigned on June 16, 2020</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zaid Thamer Al-Munshi</td>
<td>Board Member</td>
<td>Joined the Board on June 16, 2020</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Olivier Gerard Thouvenel</td>
<td>Board Member</td>
<td>Joined the Board on June 16, 2020</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abdullah Al-n Al-Talab</td>
<td>Board Member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Resigned on June 16, 2020</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calum MacLean</td>
<td>Board Member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Resigned on June 16, 2020</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Khadeed Hamza Nahas</td>
<td>Board Member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mohammed Talal Al-Nahas</td>
<td>Board member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nader Ibrahim Al-Wehibi</td>
<td>Board member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Attendance record
BOARD OWNERSHIP

As on December 31, 2020, Board members, their spouses and their minor children had the following shareholding in SABIC and/or its subsidiaries:

<table>
<thead>
<tr>
<th>Board Member</th>
<th>SABIC</th>
<th>AGRI-NUTRIENTS</th>
<th>Saudi Kayan Yansab</th>
<th>SABIC</th>
<th>AGRI-NUTRIENTS</th>
<th>Saudi Kayan Yansab</th>
<th>SABIC</th>
<th>AGRI-NUTRIENTS</th>
<th>Saudi Kayan Yansab</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Abdulaziz Saleh Aljarbou (1)</td>
<td>111,777</td>
<td>78,245</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eng. Khalid Hashim Aldabbagh (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr. Yousef Abdullah Al-Benyan</td>
<td>2,150</td>
<td>44,000</td>
<td>2,150</td>
<td>1,000</td>
<td>14,000</td>
<td>-1,150</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr. Rashid Ibrahim Sharif (1)</td>
<td>300</td>
<td>65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eng. Roberto Gualdoni (1)</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eng. Ziad Thamer Al-Munshed (2)</td>
<td>300,000</td>
<td>22,500</td>
<td>22,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr. Calum MacLean</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Khalid bin Hamza Nahas</td>
<td>570,100</td>
<td>1,681,403</td>
<td>1,019,703</td>
<td>87,379</td>
<td>1,578,703</td>
<td>768,424</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr. Mohammed bin Talal Al-Nahas</td>
<td>11,000</td>
<td>310</td>
<td>13,000</td>
<td>310</td>
<td>13,000</td>
<td>350</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr. Nader Ibrahim Al-Wehbi</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Resigned membership in the Board of Directors on June 16, 2020
2. Joined membership in the Board of Directors on June 16, 2020

BOARD PARTICIPATION IN THE GENERAL ASSEMBLY MEETING

The company held its Ordinary General Assembly Meeting on April 21, 2020. An Extraordinary General Assembly Meeting was held on June 10, 2020. The Board Charter requires a Board member to attend General Assembly meetings. By this mandate, the Board’s aim is to meet with shareholders and receive their suggestions and observations about the company and its performance.

The following table lists Board members’ participation in the General Assembly Meeting:

<table>
<thead>
<tr>
<th>Name</th>
<th>Ordinary General Assembly Meeting</th>
<th>Extraordinary General Assembly Meeting</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Abdulaziz Saleh Aljarbou</td>
<td>Attended</td>
<td>Attended</td>
<td>Resigned membership in the Board of Directors on June 16, 2020</td>
</tr>
<tr>
<td>Khalid Hashim Aldabbagh</td>
<td>-</td>
<td>-</td>
<td>Joined membership in the Board of Directors on June 16, 2020</td>
</tr>
<tr>
<td>Yoosef Abdullah Al-Benyan</td>
<td>Attended</td>
<td>Attended</td>
<td>Resigned membership in the Board of Directors on June 16, 2020</td>
</tr>
<tr>
<td>Rashid Ibrahim Sharif</td>
<td>Attended</td>
<td>Attended</td>
<td>Resigned membership in the Board of Directors on June 16, 2020</td>
</tr>
<tr>
<td>Roberto Cialdoni</td>
<td>Attended</td>
<td>Attended</td>
<td>Resigned membership in the Board of Directors on June 16, 2020</td>
</tr>
<tr>
<td>Ziad Thamer Al-Munshed</td>
<td>-</td>
<td>-</td>
<td>Joined membership in the Board of Directors on June 16, 2020</td>
</tr>
<tr>
<td>Calum MacLean</td>
<td>-</td>
<td>-</td>
<td>Joined membership in the Board of Directors on June 16, 2020</td>
</tr>
<tr>
<td>Dr. Khalid bin Hamza Nahas</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Mohammad Talal Al-Nahas</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Nader Ibrahim Al-Wehbi</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>
BOARD COMMITTEES

AUDIT COMMITTEE
According to its charter, the Audit Committee shall comprise three to five non-executive members of the Board, whether from shareholders or otherwise, provided one of whom shall be an independent Board member. These members are nominated by the Board and appointed by a resolution of the General Assembly of SABIC’s shareholders.

The following table lists Committee members, their membership, and their participation in the Committee meetings, as well as the meeting number and date.

<table>
<thead>
<tr>
<th>Name</th>
<th>Membership</th>
<th>1st meeting 11/3/2020</th>
<th>2nd meeting 25/4/2020</th>
<th>3rd meeting 19/5/2020</th>
<th>4th meeting 14/6/2020</th>
<th>5th meeting 25/7/2020</th>
<th>6th meeting 5/8/2020</th>
<th>7th meeting 22/10/2020</th>
<th>8th meeting 23/12/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Khaled Dawood Al-Fadag</td>
<td>Chairman, Member from outside Board of Directors</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
</tr>
<tr>
<td>Mr. Abdulaziz Habdan Al-Habdan</td>
<td>Member from outside the Board of Directors</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
</tr>
<tr>
<td>Mr. Ahmad Al-Ali</td>
<td>Member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
</tr>
<tr>
<td>Mr. Nader Ibrahim Al-Wahibi</td>
<td>Member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
</tr>
<tr>
<td>Dr. Khaled Dawood Al-Fadag</td>
<td>Member from outside the Board of Directors</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
</tr>
</tbody>
</table>

The Audit Committee’s responsibilities include:
- Oversight of financial reporting, including: (i) reviewing the Group’s financial statements; (ii) providing technical opinion(s) as to the Board Report and financial statements in terms of their compliance with the regulatory requirements; (iii) examining unusual transactions in the financial statements; (iv) verifying accounting estimates; and (v) reviewing financial and accounting policies of the Group;
- Oversight of internal control systems, including: (i) reviewing internal and financial control and risk management systems and ensuring their effectiveness through regular reports from the Internal Audit Department (or External Auditors) and following up on the implementation of recommended action; and (ii) reporting to the Board in respect of the adequacy of internal control systems;
- Oversight of Internal Audit, including: (i) supervising the Internal Audit Department and verifying its effectiveness in carrying out its roles and responsibilities; (ii) reviewing and approving the annual audit plan; (iii) reviewing reports prepared by the Internal Audit Department and following up on the implementation of recommended action; (iv) ensuring the independence of the Internal Audit Department; and (v) evaluating the performance of the head of the Internal Audit Department;
- Oversight of external auditor, including: (i) recommending the appointment or dismissal of the external auditor and determining their fee after assessing their performance, independence, scope of work and terms of engagement; (ii) verifying the independence of the external auditor; (iii) reviewing the external audit plan and verifying its compliance with the applicable regulations; (iv) answering external auditor’s queries and providing requisite support for conducting the external auditing; and (v) reviewing reports prepared by the external auditor and following up on the implementation of recommended action; and
- Oversight of compliance, including: (i) reviewing reports prepared by regulatory bodies in respect of the Company’s compliance with the applicable regulations and following up on the implementation of recommended action; (ii) ensuring SABIC’s compliance with relevant rules, regulations, and policies; (iii) reviewing proposed related party transactions; (iv) establishing appropriate procedures for internal reporting of violations of internal control systems; and (v) establishing appropriate procedures for following up on any reported violation (including ensuring independence of such procedures), and, where relevant, making recommendations to the Board in respect of the foregoing.

The following table lists Committee members, their membership, and their participation in the Committee meetings, as well as the meeting number and date.

<table>
<thead>
<tr>
<th>Name</th>
<th>Membership</th>
<th>1st meeting 11/3/2020</th>
<th>2nd meeting 25/4/2020</th>
<th>3rd meeting 19/5/2020</th>
<th>4th meeting 14/6/2020</th>
<th>5th meeting 25/7/2020</th>
<th>6th meeting 5/8/2020</th>
<th>7th meeting 22/10/2020</th>
<th>8th meeting 23/12/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Khaled Dawood Al-Fadag</td>
<td>Chairman, Member from outside Board of Directors</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
</tr>
</tbody>
</table>
The Remuneration and Nomination Committee’s responsibilities include:

- Oversight of remuneration, including: (i) developing remuneration policies for Board members, Board committee members and Executive Management members and recommending them to the Board for approval by the General Assembly of SABIC’s shareholders; (ii) reviewing remuneration policies regularly to ensure consistency with changes in relevant legislation and regulations, SABIC’s strategic objectives and the skills and qualifications required, and recommending proposed changes to the Board; (iii) recommending to the Board the remuneration of Board members, Board committee members and Executive Management members in accordance with the policy approved by the General Assembly of SABIC’s shareholders; (iv) preparing an annual report on the remuneration granted to the Board members, Board committee members and Executive Management members; and (v) specifying and recommending types of incentives for employees;

- Oversight of appointments of Board members, including: (i) developing a Board membership policy and recommending it to the Board for approval by the General Assembly of SABIC’s shareholders; (ii) reviewing such policy regularly to ensure its consistency with the changes in the relevant legislation and regulations, SABIC’s strategic objectives, required skills and qualifications, and recommending proposed changes to the Board; (iii) conducting an annual review of the required skills for Board membership and preparing a description of the required capabilities and qualifications; (iv) recommending individuals for Board membership in accordance with the Board Membership Policy; (v) reviewing conflicts of interest for Board nominees, and making appropriate recommendations to the Board; (vi) reviewing the Board structure and recommending changes, if required or appropriate; (vii) establishing processes for addressing vacancies in the Board or Board committees; and (viii) recommending performance measures for assessing the Board and Board committees;

- Oversight of Board functioning, including: (i) ensuring independence of the independent Board members; (ii) recommending re-nominations/ dismissals of Board members and Board committee members; and (iii) overseeing the implementation of an orientation program for new Board members; and

- Oversight of appointments of Executive Management members, including: (i) recommending to the Board appropriate policies and standards for the appointment of Executive Management members and identifying the required capabilities and skills; (ii) reviewing such policies and standards regularly to ensure their consistency with changes in SABIC’s strategic objectives, identifying the skills and qualifications required to achieve such objectives; (iii) preparing job descriptions for Executive Management appointments; and (iv) developing succession planning process in the event of any vacancy in the Executive Management and making necessary recommendations.

The Risk and Sustainability Committee’s responsibilities include:

- Risk management functions, including: (i) working with the Executive Management to develop a corporate risk management policy in accordance with SABIC’s business and activities and pursuant to SABIC’s objectives and strategy, and recommending such policy to the Board; (ii) reviewing the corporate risk management policy periodically to ensure consistency with changes that may occur in the internal or external environments in which SABIC operates, the legislation governing its business or strategic objectives, or otherwise, and recommending proposed changes to the Board; (iii) recommending to the Board an acceptable level of risk to SABIC and how to maintain it, and monitoring that this level is not exceeded; (iv) verifying business continuity and identifying risks facing SABIC annually; (v) overseeing the risk management systems and assessing their effectiveness and mechanisms exposed to, risks regularly (for example through stress testing); (vi) evaluating the ability to take, or be exposed to, risks regularly (for example through stress testing); (vii) verifying the independence of risk management personnel; (viii) providing recommendations to the Board on risk management issues; (ix) verifying the independence of risk management personnel; and (x) reviewing any issues raised by the Audit Committee that may affect SABIC’s risk management; and

- Sustainability management functions, including: (i) working with the Executive Management to develop a corporate sustainability strategy and policies (such as EHSS) that are commensurate with the nature of SABIC’s activities and business; (ii) reviewing the sustainability strategy and policies periodically to ensure their consistency with changes in the internal or external environments in which SABIC operates, the legislation regulating its business or strategic objectives, or otherwise, and recommending proposed changes to the Board; and (iii) supervising SABIC’s EHSS systems and ensuring they are in compliance with relevant legislation and regulations, and the availability of the skills and expertise necessary for their management.
The Investment Committee’s responsibilities include:

- Working with the Executive Management to develop an investment strategy and policy commensurate with the nature of SABIC’s business, activities and risks;
- Reviewing the investment strategy and policy regularly to ensure consistency with changes that may occur in the external environment in which SABIC operates, the legislation regulating the business, or the strategic objectives or otherwise, and recommending proposed changes to the Board;
- Overseeing investment activities and establishing appropriate processes for measuring and assessing investment performance;
- Evaluating the investment opportunities proposed by the Executive Management (such as mergers or acquisitions of companies, businesses or assets; termination, sale, or transfer of ownership, exit or disposition of an existing investment; and joint venture partnerships);
- Examining financing prospects for such investment opportunities;
- Ensuring that the proposed investment opportunities comply with relevant regulations and instructions;
- Prioritizing investment proposals;
- Reviewing the Executive Management’s interim progress reports on approved investment opportunities.

### Attendance Record

<table>
<thead>
<tr>
<th>Name</th>
<th>Membership</th>
<th>1st meeting 14/6/2020</th>
<th>2nd meeting 19/9/2020</th>
<th>3rd meeting 7/12/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abdulaziz Saleh Al-Jarbou</td>
<td>Chairman</td>
<td>Attended</td>
<td>Resigned from Committee on June 16, 2020</td>
<td></td>
</tr>
<tr>
<td>Khalid Hashim Al-Dabbagh</td>
<td>Chairman</td>
<td>Joined Committee on June 16, 2020</td>
<td>Attended</td>
<td>Attended</td>
</tr>
<tr>
<td>Yousef Abdullah Al-Benyan</td>
<td>Member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
</tr>
<tr>
<td>Khaled bin Hamza Nahas</td>
<td>Member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
</tr>
<tr>
<td>Abdullah M. Al-Issa</td>
<td>Member</td>
<td>Attended</td>
<td>Attended</td>
<td>Attended</td>
</tr>
<tr>
<td>Rashid bin Ibrahim Sharif</td>
<td>Member</td>
<td>Attended</td>
<td>Resigned from Committee on June 16, 2020</td>
<td></td>
</tr>
<tr>
<td>Ziad Thamer Al-Munshid</td>
<td>Member</td>
<td>Joined Committee on June 16, 2020</td>
<td>Attended</td>
<td>Attended</td>
</tr>
</tbody>
</table>

### EXECUTIVE MANAGEMENT

The day-to-day management of SABIC’s business is led by its senior executives who together with the Vice-Chairman/CEO, represent the Company’s Executive Management Team. As of December 31, 2020, the Executive Management Team comprises the following members:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yousef Abdullah Al-Benyan</td>
<td>Vice Chairman and CEO</td>
</tr>
<tr>
<td>Abdulaziz Al Oudan</td>
<td>Executive Vice President, Corporate Human Resources</td>
</tr>
<tr>
<td>Samir Al Abdrabbuh</td>
<td>Executive Vice President, Agri-Nutrients</td>
</tr>
<tr>
<td>Anas Kentab</td>
<td>Executive Vice President, Europe Repositioning</td>
</tr>
<tr>
<td>Abdulrahman Al Fageeh</td>
<td>Executive Vice President, Petrochemicals</td>
</tr>
<tr>
<td>Timothy D. Leveille</td>
<td>Executive Vice President, Corporate Finance</td>
</tr>
<tr>
<td>Bob Maughon</td>
<td>Executive Vice President, Sustainability, Technology and Innovation</td>
</tr>
<tr>
<td>Abdulrahman Shamseddin</td>
<td>Executive Vice President, Shared Services</td>
</tr>
<tr>
<td>Ahmed Al Shaikh</td>
<td>Executive Vice President, Manufacturing</td>
</tr>
<tr>
<td>Omar Al Amoudi</td>
<td>Executive Vice President, Engineering and Project Management</td>
</tr>
<tr>
<td>Ernesto Occhiello</td>
<td>Executive Vice President, Specialties</td>
</tr>
</tbody>
</table>
BIOGAPHRIES OF MANAGEMENT MEMBERS

YOUSEF ABDULLAH AL-BENYAN
Vice Chairman and CEO

CURRENT POSITION
– Mr. Al-Oudan is the Executive Vice President for Corporate Human Resources, and is Chairman of Eastern Petrochemical Company (SHARQ).

WORKING EXPERIENCE AND PREVIOUS POSITIONS
– During his 20-year career with SABIC, Mr. Al-Oudan has held a number of senior positions. Prior to his current position, he served as General Manager, Global Talent Management, and earlier as General Manager, HR Middle East and Africa. In addition, he was the Director of Global Information Technology Center of Excellence and the Director of Global Information Technology Business Partnership.

EDUCATIONAL QUALIFICATIONS
– Mr. Al-Oudan holds a degree in Management Information Systems from King Saud University, Saudi Arabia.

ABDULAZIZ AL-OUDAN
Executive Vice President
Corporate Human Resources

CURRENT POSITION
– Mr. Al-Abdrabbuh is the Executive Vice-President for Agri-Nutrients, and is Chairman of the Board of Directors of Al-Jubail Fertilizer Co. (Al-Bayroni), Chairman of the Board of Directors of SABIC Supply Chain Services Co. (SSCS), Vice Chairman of SABIC Agri-Nutrients Company, Chairman of the Transformation Board Committee for the same company, Vice Chairman of GPCA Fertilizers Committee, Board Member of Arab Fertilizers Association (AFA), Board Member of International Fertilizers Association (IFA), Member of the Board of Directors and Managing Director of Gulf Petrochemical Industries Corporation (GPIC) and Member of the Board of Directors of the National Sustainable Agricultural Research and Development Center (Estidamah).

WORKING EXPERIENCE AND PREVIOUS POSITIONS
– With over 35 years of experience in the petrochemicals industry, Mr. Al-Abdrabbuh has held a number of senior positions at SABIC, including Vice President, Global Supply Chain, leading SABIC’s Supply Chain strategies in Liquids, Solids, Bulk, Sourcing & Excellence, and Global Value Chain Planning & Optimization.

– Prior to that, he was the Vice President of SABIC’s Oxygenates Business Unit, leading the global business of Methanol, MTBE, NDA, 2EH, DOP, IBAL, Normal Butanol, Iso-Butanol, ACN, NaCN, and MMA.

– Before that, he held the position of Vice President, Global Corporate Communications. As such, he led SABIC’s Global Branding, Global Media, Internal Communications, Events & External Relations, as well as Corporate Social Responsibility.

EDUCATIONAL QUALIFICATIONS
– He is a graduate of the King Fahd University of Petroleum & Minerals, where he earned a BSc in Computer Science & Engineering. Mr. Al-Abdrabbuh has also completed many professional courses in world-class institutions such as London Business School, UCLA and the University of Michigan.

SAMIR AL-ABDRABBUH
Executive Vice President
Agri-Nutrients

CURRENT POSITION
– Previously, Mr. Al-Abdrabbuh was Executive General Manager of SABIC affiliate, Tayf, where he was key to its successful business re-focus, leading a complete operational, financial and legal restructuring and transformation process.

– He has also held a number of prominent leadership positions in SABIC’s wholly owned affiliate Petrokemya, where he successfully led a diverse array of functions covering Technical, Operational, Projects, ERP Implementation and Finance Management roles, as well as having served as Secretary of the Board of Directors.

– In addition, he was earlier the Chairman of the Board of Directors of SABIC affiliates Sabtank and Chemtank, and was Board member of Ibn Sina and Shrouq. He had also held the post of Chairman of the Board of Directors of the Asia Clean Fuels Association (ACFA), and Chairman of SABIC affiliate Saudi Organometallic Chemicals Company (SOCC) during its inception and set-up stages.

EDUCATIONAL QUALIFICATIONS
– He is a graduate of the King Fahd University of Petroleum & Minerals, where he earned a BSc in Computer Science & Engineering. Mr. Al-Abdrabbuh has also completed many professional courses in world-class institutions such as London Business School, UCLA and the University of Michigan.
Mr. Al-Fageeh is the Executive Vice President of Petrochemicals. He is the Chair of the boards of Saudi European Petrochemical Company and a member of the boards of Petrokemya and Ar-Razi.

EDUCATIONAL QUALIFICATIONS
- Mr. Al-Fageeh holds a Bachelor of Science Chemical Engineering degree from the King Saud University, Riyadh, and an MBA from Bradford University, UK.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
- Before assuming his present position, he was the Executive Vice President of the Polymers and Performance Chemicals business units. He has held a number of senior positions at SABIC, including Vice President of the Polyethylene Business Unit, General Manager of Operations and Planning of the Basic Chemicals Business Unit, General Manager of the Oxygenates Business Unit, President of Yansab and Chairman of the Project Committee of Yansab.

Dr. Maughon earned a Bachelor’s degree in Chemistry from Rice University and a PhD in organic chemistry from the California Institute of Technology.

EDUCATIONAL QUALIFICATIONS
- Dr. Maughon is the Executive Vice President, Sustainability, Technology & Innovation and Chief Technology and Sustainability Officer. He oversees SABIC’s 20 research centers around the world. Additionally, Dr. Maughon has the responsibility for Corporate Sustainability, Product Stewardship, Technology Licensing and Technology Ventures.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
- Dr. Maughon joined SABIC after a 21 year career at Dow, where he most recently served from 2013-2019 as the R&D Vice President for Packaging & Specialty Plastics and Hydrocarbons at Dow.
- Dr. Maughon joined SABIC after a 21 year career at Dow, where he most recently served from 2013-2019 as the R&D Vice President for Packaging & Specialty Plastics and Hydrocarbons at Dow.
- In 2006, he was named the Director of Inorganic Chemistry & Catalysis, where he was responsible for leading inorganic chemistry, homogeneous and heterogeneous catalysis, and high throughput research with responsibilities for the development of new technologies for chemical and renewable feedstocks and advantaged catalytic processes.
- From 2008-2010, he served as the lead R&D Director for the Hydrocarbons and Energy Business, and from 2010-2013, he served as the R&D director for Dow Pharma & Food Solutions in the Functional Materials Business Group.

CURRENT POSITION
- Dr. Maughon is the Executive Vice President of Petrochemicals, Polymerization, homogeneous catalysis, and alternative feedstocks.
- He began his career at SABIC as Project Manager for Sharg. He held several positions in the former Intermediates business unit, where he managed financial and business reporting, strategy and investment planning, and operations planning.
- He was also a business manager for the mono-ethylene glycol business.
- He was a member of the boards of Kenya, Sharq, Safco, Al-Bayrani, Sadaf, Yanpet and SSTPC.

EDUCATIONAL QUALIFICATIONS
- Mr. Kentab holds a Bachelor’s degree in Mechanical Engineering from King Saud University in Riyadh. He has undertaken several management and executive leadership programs in GE, INSEAD, IMD, and London Business School.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
- Before assuming his present position, Mr. Kentab served as Executive Vice President of Crude Oil to Petrochemicals. He is the Chairman of the Board of Petrokemya, United, and SOCC.
- He began his career at SABIC as Project Manager for Sharg. He held several positions in the former Intermediates business unit, where he managed financial and business reporting, strategy and investment planning, and operations planning.
- He was also a business manager for the mono-ethylene glycol business.
- He was a member of the boards of Kenya, Sharq, Safco, Al-Bayrani, Sadaf, Yanpet and SSTPC.

EDUCATIONAL QUALIFICATIONS
- Mr. Kentab holds a Bachelor of Science in Mechanical Engineering from King Saud University in Riyadh. He has undertaken several management and executive leadership programs in GE, INSEAD, IMD, and London Business School.

CURRENT POSITION
- Mr. Leveille is the Executive Vice President for Corporate Finance, and Chairman of the Board of SABIC Capital B.V.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
- Before assuming his present position, Mr. Leveille served in various overseas finance roles in Asia and Africa for roughly 17 years with Caltex, including as country Chairman and Chief Financial Officer of Caltex Philippines. In 2007, he assumed the position of Vice President of Finance for Chevron’s global gas business, and in 2009 Senior Director of International Finance in Corporate Treasury.
- Mr. Leveille served in various overseas finance roles in Asia and Africa for roughly 17 years with Caltex, including as country Chairman and Chief Financial Officer of Caltex Philippines. In 2007, he assumed the position of Vice President of Finance for Chevron’s global gas business, and in 2009 Senior Director of International Finance in Corporate Treasury.
- He served previously as Assistant Treasurer of Chevron Corp., with oversight over global cash management and financing activities for Chevron’s operating companies worldwide.
- He has worked for the public accounting firm of PricewaterhouseCoopers, and in 1987, joined Caltex, an international joint venture between Texaco and Chevron that was formed originally in 1936 to market oil from the newly discovered fields in Saudi Arabia.

EDUCATIONAL QUALIFICATIONS
- Mr. Leveille holds a Bachelor’s Degree in Accounting and Computer Science from Boston College and a Master’s of Business Administration in Finance from Columbia University School of Business, United States. He is a US-certified public accountant (CPA), licensed by the state of New York.
BIOGRAPHIES OF MANAGEMENT MEMBERS

CONTINUED

ABDULRAHMAN SHAMSADDIN
Executive Vice President
Shared Services

CURRENT POSITION
– Mr. Shamsaddin is the Executive Vice President for Shared Services. He is Chairman of Yansab, and also sits on other Boards and Committees.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
– Prior to his present posting, Mr. Shamsaddin held a number of senior positions at SABIC, including Vice President of Internal Audit.

– During his career, Mr. Shamsaddin played several operational and management roles, covering Process Safety Management, Reliability, Engineering/Project Management, Maintenance and Operations functions in refinery and petrochemical plants.

– He also took up the responsibility of the company’s Enterprise Risk Management as General Manager, which encompassed Risk Management, Internal Controls, Business Continuity Management, Global Insurance and Credit Management.

EDUCATIONAL QUALIFICATIONS
– Mr. Shamsaddin holds a Bachelor’s Degree in Applied Mechanical Engineering (Hons) from King Fahd University of Petroleum & Minerals (KFUPM), Saudi Arabia.

AHMAD AL SHAIKH
Executive Vice President
Manufacturing

CURRENT POSITION
– Mr. Al-Shaikh is the Executive Vice President for Manufacturing. He is Chairman of the boards of Halieder and SSTPC and Vice Chairman and board member of Marafiq.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
– Mr. Al-Shaikh has held a number of senior positions at SABIC, including Vice President of Manufacturing Center of Excellence, President of Yanpet and President of United. With over 25 years of experience in the oil and petrochemical industries, he has also worked for Saudi Aramco Shell Refinery (SARREF) with global secondment experiences at refinery and chemical sites. He then joined SABIC as Manufacturing Turnaround Senior Manager at SABIC Manufacturing and was promoted as Manufacturing Services/Planning General Manager. He also served as Operations General Manager at Ibn Rushd and Continuous Improvement General Manager at SABIC Manufacturing Center of Excellence.

EDUCATIONAL QUALIFICATIONS
– Mr. Al-Shaikh holds a Bachelor of Science in Electrical Engineering from King Abdulaziz University, Saudi Arabia.

OMAR AL-AMOUDI
Executive Vice President
Engineering and Project Management

CURRENT POSITION
– Mr. Al-Amoudi is the Executive Vice President for Engineering and Project Management. He is the Chairman of the boards of Saudi Kayan and ALBA, and a member of the board of Gulf Coast Growth Ventures LLC.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
– Mr. Al-Amoudi has held a number of senior positions at SABIC including Executive Vice President of Shared Services, President of Petrokemya and President of Saudi European Petrochemical Company. Previously, he was the Chairman of the Board of Specialty Chemicals Company and a member of the boards of Ibn Rushd and National Plastic Company.

EDUCATIONAL QUALIFICATIONS
– Mr. Al-Amoudi holds a Master’s Degree in Chemical Engineering from Drexel University, United States, and a Bachelor’s degree in Chemical Engineering from King Fahd University of Petroleum and Minerals, Saudi Arabia.

ERNESTO OCCHIELLO
Executive Vice President
Specialties

CURRENT POSITION
– Ernesto Occhiello is the Executive Vice President for Specialties.

WORKING EXPERIENCE AND PREVIOUS POSITIONS
– Mr. Occhiello previously led SABIC Technology & Innovation as its Executive Vice President. He later joined Clariant as Chief Executive Officer.

– Prior to joining SABIC, he served as Global R&D Director of Dow Chemical Company.

EDUCATIONAL QUALIFICATIONS
– A former professor from the University of Turin in Chemistry of Materials, Mr. Occhiello has co-authored two books, more than 100 scientific papers, and communications to congresses. He is responsible for more than 45 patents and has more than 100 citations in SciFinder. Mr. Occhiello holds a Laurea in Chemistry cum laude from University of Turin.
EXECUTIVE MANAGEMENT

EXECUTIVE OWNERSHIP
As at 31 December 2019, the Executive Management had the following shareholdings in SABIC and/or its subsidiaries:

<table>
<thead>
<tr>
<th>Board Member</th>
<th>SABIC ACRO</th>
<th>SAUDI</th>
<th>NUTRIENTS</th>
<th>Kayan</th>
<th>Yansab</th>
<th>SABIC ACRO</th>
<th>SAUDI</th>
<th>NUTRIENTS</th>
<th>Kayan</th>
<th>Yansab</th>
<th>Net change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Omar Abdullah</td>
<td>214,200</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>214,200</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Abdulrahman</td>
<td>5,000</td>
<td></td>
<td>12,421</td>
<td></td>
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<td>17,421</td>
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<tr>
<td>Saleh Al-Maker</td>
<td>100,000</td>
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<td>6,000</td>
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<td>116,000</td>
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<tr>
<td>Abdulrahman</td>
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<tr>
<td>Asad Khan</td>
<td>100,000</td>
<td>110,000</td>
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<tr>
<td>Asad Khan</td>
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<tr>
<td>Timothy Lane</td>
<td>70</td>
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<tr>
<td>Bob Maughan</td>
<td>100</td>
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<td>500</td>
<td>10,000</td>
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<td>12,000</td>
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<td>12,000</td>
<td>10,000</td>
<td>14,000</td>
<td>4,000</td>
</tr>
</tbody>
</table>

1. Exit the list of senior executives on June 1, 2020.
2. Joined the list of senior executives on June 1, 2020.

RENUMERATION

The Board, based on the recommendation of the Remuneration and Nomination Committee, shall determine the remuneration of Board members, committee members (both who are and who are not members of the Board), and Senior Executives. In addition, the remuneration is determined according to the conditions set by the Board and in the Remuneration Policy of the Board Members, Committees Members and Executive Management approved by the General Assembly of SABIC’s shareholders. A member shall be entitled to the remuneration granted to him according to the foregoing conditions and principles.

RENUMERATION POLICY

OBJECTIVE
The objective of this Policy is to organize remuneration in a manner that attracts board and committee members having appropriate scientific, technical, and managerial expertise; and enable them to carry out their roles with the required professionalism and efficiency, taking into consideration SABIC business environment and required skills and capabilities.

The Company aims to create an attractive environment to attract and retain talents with required skills and expertise to ensure sustained growth and achievement of its vision. This is maintained through the Company’s remuneration framework for Executive Management that is consistent with the relevant regulations, legislation, and best practices.

RENUMERATION PRINCIPLES
Considering the provisions governing the remuneration of members of the Board of Directors and board committees – as stipulated in Companies Law, the Corporate Governance Regulations, the "Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies", and the Company’s By-Laws – remuneration of the members of the Board of Directors, its committees and senior executives, shall be in accordance with the following principles and rules:

A. Board and Committee members
- The Board, based on the recommendation of the Remuneration and Nomination Committee, determines the remuneration of Board members and committee members based on the following principles:
  - The remuneration shall be consistent with the company’s strategic objectives, act as an incentive for the members to achieve these objectives, and enhance the company’s ability to develop and sustain its business.
  - The remuneration shall be based on the nature of the company’s business and its size as well as the skills and experience required.
  - The remuneration should be a means to attract board members with the right expertise and qualifications to enhance the company’s ability to achieve its objectives.

- The Board of Directors, based on the recommendation of the Remuneration and Nomination Committee, determines the remuneration of the Chairman and its members in the manner it deems appropriate, provided the total remuneration, financial or in-kind benefits, and rewards that a member of the Board of Directors receive does not exceed an amount of one million eight hundred thousand (1,800,000) Saudi riyals annually. If the amount exceeds that limit, it must be presented to the General Assembly to decide as it deems appropriate.

- A member of a Board committee (including the Audit Committee), who is not a member of the Board, is entitled to an annual remuneration of SR200,000.

- The Company is entitled to claim compensation for damage to its reputation, and recover any paid remuneration, compensation, or other costs it incurred, in the event that the member:
  - Fails to carry out his/her responsibilities and duties resulting in damage to the interest of the company.

- Membership is terminated by a decision of the General Assembly – for being absent from three consecutive meetings within one year without a legitimate excuse acceptable to the Board.
REMUNERATION CONTINUED

**B. Executive Management**

- Based on the recommendation of the Remuneration and Nomination Committee, the Board specifies Executive Management’s remuneration according to the following principles:
  - Should be commensurate with the company’s strategic objectives and be a motivating factor for Executive Management to meet these objectives and enhance the company’s ability to grow and sustain its business.

**REMUNERATION PAID DURING 2020 (IN SAR)**
The aggregate total remuneration paid by SABIC to the members of the Board (including their chairmanship and/or membership Board committees) for the year ended December 31, 2020 is set out below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Specific amount</th>
<th>Total allowance for Board meetings</th>
<th>Total allowance for Committee meetings</th>
<th>Remuneration of technical, administrative and consulting works</th>
<th>In-kind benefits</th>
<th>Remuneration of the Chairman of the Board, the Managing Director or the Secretary of the Board of Directors</th>
<th>Total</th>
<th>Profit rate</th>
<th>Periodic bonuses</th>
<th>Short-term incentive service</th>
<th>Long-term incentive service</th>
<th>Shares awarded (enter value)</th>
<th>Total</th>
<th>End of service award</th>
<th>Grand total</th>
<th>Expenditure allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRST: INDEPENDENT MEMBERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Khaled bin Hamza Nahas</td>
<td>400,000</td>
<td>30,000</td>
<td>20,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>450,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>450,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mohammed bin Talal Al-Nahas</td>
<td>400,000</td>
<td>30,000</td>
<td>20,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>450,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>450,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nader Ibrahim Al-Wehibi</td>
<td>400,000</td>
<td>30,000</td>
<td>20,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>450,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>450,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,200,000</td>
<td>90,000</td>
<td>60,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,350,000</td>
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<td>0</td>
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<td>0</td>
<td>0</td>
<td>1,350,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SECOND: NON-EXECUTIVE MEMBERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Abdulaziz Saleh Al-Jarbou (2) &amp; (3)</td>
<td>291,530</td>
<td>30,000</td>
<td>5,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>326,530</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>326,530</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Khalid Hashim Al-Obaidallah (2)</td>
<td>108,470</td>
<td>15,000</td>
<td>10,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>133,470</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>133,470</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raed bin Ibrahim Shafeef (2) &amp; (3)</td>
<td>372,283</td>
<td>27,000</td>
<td>5,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>404,283</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>404,283</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roberto Guadorn (2) &amp; (3)</td>
<td>291,530</td>
<td>30,000</td>
<td>10,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>331,530</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>331,530</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calum MacLean (2)</td>
<td>400,000</td>
<td>42,000</td>
<td>15,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>457,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>457,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abdulrahman Al-Heba</td>
<td>400,000</td>
<td>30,000</td>
<td>20,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>450,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>450,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ziad Thamer Al-Murshed (2)</td>
<td>108,470</td>
<td>15,000</td>
<td>20,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>143,470</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>143,470</td>
<td>0</td>
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</tr>
<tr>
<td>Oliver Gerard Thorel (4)</td>
<td>108,470</td>
<td>15,000</td>
<td>10,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>133,470</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>133,470</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,945,753</td>
<td>204,000</td>
<td>95,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,244,753</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,244,753</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>THIRD: EXECUTIVE MEMBERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yousef Abdullah Al-Benyan (1)</td>
<td>400,000</td>
<td>45,000</td>
<td>15,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>460,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>460,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>400,000</td>
<td>45,000</td>
<td>15,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>460,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>460,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Important Note:
1. The Specific amount is the annual remuneration determined for membership of the Board of Directors for the years 2019 and 2020. The amount for the year 2019 was disbursed after the approval of the General Assembly held in April 21, 2020.
2. Members of the Board of Directors representing the government will have their annual remuneration amounts – covering their membership of the Board of Directors and the allowance for attending the Board meetings – paid to the account of the Public Investment Fund for the period of their representation. The allowance for their attendance of the Board meetings covers that of 2019 and 2020.

- Should be commensurate with the nature of the company’s business and size as well as with the required skills and experience.
- Enables the Company to attract senior executives with skills and qualifications necessary to enable the Company to meet its objectives.
- Should not cause conflict of interest which may adversely impact the Company’s interest and ability to achieve its objectives.
Remuneration of committee members for the year ended December 31, 2020 is set out below:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Fixed remunerations (excluding session attendance allowance)</th>
<th>Meeting attendance allowance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AUDIT COMMITTEE MEMBERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abdulaziz Habdan Alhabdan (Member from outside the Board of Directors)</td>
<td>200,000</td>
<td>40,000</td>
<td>240,000</td>
</tr>
<tr>
<td>Abdullah M. Al Issa</td>
<td>0</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Nader Ibrahim Al-Wehibi</td>
<td>0</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Khalid Dawood Al-Fadag (Member from outside the Board of Directors)</td>
<td>200,000</td>
<td>40,000</td>
<td>240,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>400,000</td>
<td>110,000</td>
<td>510,000</td>
</tr>
<tr>
<td><strong>REMUNERATIONS AND NOMINATIONS COMMITTEE MEMBERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Khaled bin Hamza Nahas</td>
<td>250,000</td>
<td>15,000</td>
<td>265,000</td>
</tr>
<tr>
<td>Mohammed bin Talal Al-Nahas</td>
<td>250,000</td>
<td>15,000</td>
<td>265,000</td>
</tr>
<tr>
<td>Roberto Guallimoni (5)</td>
<td>114,413</td>
<td>10,000</td>
<td>124,413</td>
</tr>
<tr>
<td>Ziad Thamer Al-Munchshel (6)</td>
<td>135,587</td>
<td>10,000</td>
<td>145,587</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>750,000</td>
<td>50,000</td>
<td>800,000</td>
</tr>
<tr>
<td><strong>INVESTMENT COMMITTEE MEMBERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abdulaziz Salah Al-Jarou (5)</td>
<td>114,413</td>
<td>5,000</td>
<td>119,413</td>
</tr>
<tr>
<td>Khalid Hisham Al-Dabbagh (6)</td>
<td>135,587</td>
<td>10,000</td>
<td>145,587</td>
</tr>
<tr>
<td>Yousef Abdulaziz Al-Benyan</td>
<td>250,000</td>
<td>15,000</td>
<td>265,000</td>
</tr>
<tr>
<td>Abdullah M. Al Issa</td>
<td>250,000</td>
<td>5,000</td>
<td>255,000</td>
</tr>
<tr>
<td>Khaled bin Hamza Nahas</td>
<td>0</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Rashid bin Ibrahim Sherif (5)</td>
<td>114,413</td>
<td>5,000</td>
<td>119,413</td>
</tr>
<tr>
<td>Ziad Thamer Al-Munchshel (6)</td>
<td>0</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>864,413</td>
<td>55,000</td>
<td>919,413</td>
</tr>
<tr>
<td><strong>RISK AND SUSTAINABILITY COMMITTEE MEMBERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calum Maclean</td>
<td>250,000</td>
<td>15,000</td>
<td>265,000</td>
</tr>
<tr>
<td>Mohammed bin Talal Al-Nahas</td>
<td>0</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Nader Ibrahim Al-Wehibi</td>
<td>250,000</td>
<td>5,000</td>
<td>255,000</td>
</tr>
<tr>
<td>Olivier Gerard Thorel (5)</td>
<td>135,587</td>
<td>10,000</td>
<td>145,587</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>635,587</td>
<td>35,000</td>
<td>670,587</td>
</tr>
</tbody>
</table>

Important Note:

The aggregate total remunerations paid by SABIC to five executives who received the highest remuneration, including the CEO and CFO, for the year ended December 31, 2020 are as below:

<table>
<thead>
<tr>
<th>Senior Executive</th>
<th>Salaries</th>
<th>Allowances</th>
<th>In-kind Benefits</th>
<th>Total Periodic Profits</th>
<th>Short-term incentive plans</th>
<th>Long-term incentive plans</th>
<th>Granted shares (grant not the value)</th>
<th>Total Lane of the Executive</th>
<th>Total aggregate amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total (SAR)</td>
<td>39,450,164</td>
<td>5,504,793</td>
<td>4,042,769</td>
<td>19,812,139</td>
<td>7,076,119</td>
<td>12,116,906</td>
<td>445,000</td>
<td>39,950,164</td>
<td></td>
</tr>
</tbody>
</table>

Note: SABIC discloses the remuneration of the executives in accordance with paragraph 8 of Article 60 of the Rules on the Offer of Securities and Continuing Obligations.
Throughout 2020, the Internal Audit Department carried out planned audits in accordance with the agreed schedule and changes required during the year, as approved by the Board Audit Committee, objectively and independently, the adequacy and effectiveness of Internal Control Systems. Furthermore, Internal Audit participated in some special assignments, including, for instance, reviews of compliance with company’s policies with the Compliance Team.

SABIC’s Internal Audit Department reports functionally to Board Audit Committee and administratively to Vice Chairman/Chief Executive Officer. In carrying out its duties, the Department has full access to SABIC’s sites around the world, information, documents and employee-related issues. The Internal Audit Department operates in accordance with International Internal Auditing Standards (IIA Standards) as confirmed by External Quality Assurance & Improvement assessment. Furthermore, Internal Audit maintains an internal quality assurance and improvement program, covering all aspects of the internal audit activities, to evaluate and continuously improve these activities.

Throughout 2020, Internal Audit Department regularly issued audit progress reports the Board Audit Committee during the year covering the audit plan progress, audit activities / observations, progress on internal audits’ outcome and overall update / view on internal controls effectiveness and related subjects. During 2020, the Internal Audit continued its significant progress made in closing and verifying audit findings along with strengthening the follow-up / closure process.

The Internal Audit Department continued to pursue the IA Strategy in 2020, with impactful outcome. The four strategic pillars of the IA Department are Audit Functional Excellence, Stronger 3 Lines of Assurance, Broader Technology / Data Analytics; and Talents Focus, which enabled conducting deeper, smarter and faster audits with tangible influence on Governance, Internal Controls & Risk Management across SABIC’s Corporate Functions and Regions. The Department is committed to continuous improvement through the role of dedicated Audit Expertise Center.

The Internal Audit Department’s focus on human capabilities remains to be top priority; attracting and developing talents and equip them with required skills and qualifications to perform the audit activities in effective manner. In 2020, pronounced progress was made in the area of IIA Certifications, whereby a number of auditors added more certifications through a structured preparation program with technical coaching through a third party organization.

Promoting the 3 Lines of Assurance (3 LOA) model across the company, the IA Leadership team initiated structured engagement sessions with the Company Leadership teams proactively sharing key risks and focus internal control themes to watch for and enhance.

The CERTIFIED External Auditor, Ernst & Young was assigned to audit the accounts of the company for 2020 in addition to reviewing the Internal Control System within the scope of its review of the final financial statements of the company. SABIC Internal Audit kept an active collaboration with the External Auditor, in line with the recognized audit standards, to help fulfilling both missions and adding greater value to the organization.

AUDIT COMMITTEE OPINION

As on December 31, 2020, based on the Executive Management submissions and the auditor’s reports, the Committee is of the opinion that the Executive Management has maintained an effective internal control system that provides appropriate assurances, and that the results of the auditing and the Audit Committee meeting’s discussions, have provided reasonable grounds to formulate this opinion.

SABIC’s Compliance Program establishes a framework to ensure that all our employees act with integrity and comply fully with the laws and regulations of the countries in which we operate, and also adhere to the company’s internal policies that often exceed legal requirements. The SABIC Code of Ethics governs how all employees interact with business partners, officials, colleagues and the community. The Code of Ethics can be found at https://www.sabic.com/en/about/our-compliance-culture/sabic-codeofethics.

Our approach to ethical behavior focuses on adherence to the company’s governance structures, policies and procedures in the most transparent way possible. Senior executives and leaders serve as role models for other employees in terms of compliance and ethical conduct. SABIC’s commitment to integrity and compliance goes far beyond simply seeking to prevent the consequences associated with violations, such as penalties and fines. We believe that ethical commitment to business performance is the foundation of the company’s long-term success.

To build the right foundation for ethical compliance and avoiding violations, all employees are required to attend comprehensive compliance training, refresher courses, and special training on specific topics based on work duties, such as antitrust legislation, fair employment practices or trade control systems. This training takes various forms, including face-to-face or online training, with training materials and formats being updated regularly.

SABIC’s Chief Compliance Counsel is responsible for managing the implementation of the compliance program, supported by a team of lawyers and professionals working in each region where we conduct our business. The Chief Compliance Counsel regularly reports to the Audit Committee of the Board on progress at program level, risks, as well as on any significant results.

We encourage employees to report any compliance concerns, and we encourage them to inquire and ask for guidance if there is any doubt. Employees can report to their manager, human resources, the legal department, communicate with global compliance support lines, or through a web-based reporting tool, which provides the option to report concerns, anonymously. All credible reports are processed and investigated as needed, and all questions are responded to and answered in a timely manner.

At SABIC, we have been a key contributor to the global business fight against corruption since 2012 with our founding membership in the Business 20 (B20) Anti-Corruption Task Force, as well as our active participation in the World Economic Forum’s Partnering Against Corruption Initiative. We are routinely asked to speak and lead on these issues at some of the world’s preeminent anti-corruption events.

We continued this activity in 2020 through our support to the B20 Integrity and Compliance Taskforce developing key recommendations for enhanced programs and initiatives combating anti-corruption worldwide. In 2020, one of the B20 policy recommendations to the G20 is to further strengthen a culture of integrity with the public and private sectors, including through empowering women to more fully participate in the fight against corruption. SABIC brought this recommendation to life by developing anti-corruption training and mentoring specifically tailored to women in multinational companies (MNCs), Small and Medium Enterprises (SMEs) and female entrepreneurs. This project drew upon the substantial expertise of B20 member companies to build capacity amongst women in their supply chains to contribute to the mitigation of corruption-related risks. By adding our voice to international anti-corruption efforts, SABIC is finding ways for business to work with other actors to build effective governance institutions, share best practices and technical advice, and ultimately, to improve the human rights of people living in the communities where we operate.

At the end of 2019, SABIC was awarded the prestigious Compliance Leader Verification status by Ethisphere Institute, a global leader in defining and advancing standards of ethical business practices. The recognition follows Ethisphere’s comprehensive independent review, evaluation, and validation of SABIC’s Ethics and Compliance program. This permits SABIC to display the Ethisphere Compliance Leader Verification logo through 2021 as a recognition of the excellence of SABIC’s Ethics and Compliance program and its work in building a Culture of Integrity.
Related Party Transaction

The company assumes marketing and sales of affiliates’ products in various local, regional and global markets through marketing agreements signed with those companies. The company also provides its affiliates with procurement services, involving transportation, warehouse services and delivery of materials related to spare parts through the SABIC Shared Services function. The company, represented by our Shared Services function, provides accounting, human resources, information technology, and engineering services to affiliates under an agreement signed with them.

SABIC’s Legal Affairs, Enterprise Risk Management and Internal Audit departments are designed to safeguard the interests of all SABIC stakeholders, including customers, employees and shareholders, and to manage SABIC’s risks in a way that promotes its 2025 goal of becoming the world’s preferred leader in chemicals. The SABIC Legal Department, protects the company against legal risks, through legal advice and periodic review of contracts, policies, rules and regulations to be in line with the relevant legal and periodic review of contracts, policies, rules and regulations to be in line with the relevant legal and periodic review of contracts, policies, rules and regulations.

Enterprise Risk Management focuses on ensuring a risk mindful culture, addressing key business interruption risks, ensuring a comprehensive consolidated insurance program and improving our data and process governance structure. Internal Audit performs operational review of all aspects of activities in sectors and departments of SABIC and affiliates inside and outside Saudi Arabia. In addition, our Environment, Health, Safety and Security Department is responsible for supporting and protecting the Company and its affiliates in the field of environment, health, safety and security, as well as preparing policies and procedures to comply with relevant laws and regulations.

Board of Directors Declarations

The Board of Directors acknowledges the following:

- The accounting records were properly prepared.
- The internal control system was founded on a sound basis and implemented effectively.
- There are no doubts about the company’s ability to continue business.

<table>
<thead>
<tr>
<th>Article/Clause</th>
<th>Provision of Article/Clause</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 50:</td>
<td>The Board of Directors is of the opinion that the formation of the Audit Committee from four members, including one independent member of the Board of Directors and two members from outside the Board, is capable to achieve the independence that enhances the efficiency of the Committee’s work. It should be noted that the Committee chose a member from outside the Board as its Chairman based on its approved charter.</td>
<td></td>
</tr>
<tr>
<td>Article 95:</td>
<td>Based on Article 50 of the Corporate Governance Regulations, which stipulates that the Board of Directors shall form specialized committees, based on the need and circumstances of the company, in a manner that enables it to perform effectively, the Board of Directors does not see a need to form a specialized committee on “corporate governance”. When the Board and all its existing committees, carry out their duties and achieve their objectives, they do inherently realize the corporate governance function and objectives.</td>
<td></td>
</tr>
</tbody>
</table>

Company Declarations

The company acknowledges the following:

- The company has not concluded any works or contracts of substantial interest to a member of the Board of Directors, or the Senior Executives, or any person related to any of them.
- There are no arrangements or waiver agreements of any salary or compensation by one of the Board members or Senior Executives.
- There is no arrangement or agreement under which a shareholder of the company has waived any rights to dividends.
- Auditors’ report shows that the consolidated financial statements are free of material misstatements, and any reservations towards it.
- The Board of Directors has not issued a recommendation to change the auditor before the expiry of the term for which he was appointed.
APPENDIX

DETAILS OF AFFILIATES, ASSOCIATED COMPANIES IN THE FINANCIAL STATEMENTS
## DETAILS OF AFFILIATES, JOINT VENTURES AND ASSOCIATED COMPANIES IN THE FINANCIAL STATEMENTS, WHERE APPROPRIATE

### AFFILIATES

<table>
<thead>
<tr>
<th>No.</th>
<th>Affiliate Name</th>
<th>Percentage of ownership</th>
<th>Main activity</th>
<th>Country of operation</th>
<th>Country of foundation</th>
<th>Capital in SAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SABIC Industrial Investments Co. (SIC) and its subsidiaries</td>
<td>100%</td>
<td>Establishment of metal, petrochemical, chemicals and fertilizer plants</td>
<td>Middle East and North Africa</td>
<td>Saudi Arabia</td>
<td>300,000,000</td>
</tr>
<tr>
<td>2</td>
<td>SABIC Luxembourg S. A. R. L. its subsidiaries</td>
<td>100%</td>
<td>Operation of major petrochemical complexes, production and sale of hydrocarbon products, innovative plastics, polymers and chemicals</td>
<td>Europe, America and Asia</td>
<td>Luxembourg</td>
<td>34,382,500</td>
</tr>
<tr>
<td>3</td>
<td>Arabian Petrochemical Company (PETROIRAN)</td>
<td>100%</td>
<td>Operation of complex to produce olefins, derivatives and polymers</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>1,955,540,000</td>
</tr>
<tr>
<td>4</td>
<td>Saudi Iron &amp; Steel Company (HADEED)</td>
<td>100%</td>
<td>Manufacture of long and flat steel products</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>1,070,000,000</td>
</tr>
<tr>
<td>5</td>
<td>SABIC Investment and Local Content Development (NUSANED)</td>
<td>100%</td>
<td>Involve in promoting local business and provides financial and non-financial support.</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>10,000,000</td>
</tr>
<tr>
<td>6</td>
<td>SABIC Agri-Nutrients Investment Company (SANIC)</td>
<td>100%</td>
<td>Facilitate the restructuring transaction of Agri-Nutrients business.</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>25,000</td>
</tr>
<tr>
<td>7</td>
<td>SABIC Supply Chain Services Limited Company (SOSCS)</td>
<td>100%</td>
<td>Carry out all works and operations related to logistics, transport, distribution, warehousing, shipping, export, unloading and loading networks.</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>100,000</td>
</tr>
<tr>
<td>8</td>
<td>Saudi-European Petrochemical Company (BN ZAHAR)</td>
<td>80%</td>
<td>Operation of a Complex for manufacture of methy1thoxybutyl ether (MTBE) and polypropylene</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>1,025,666,666</td>
</tr>
<tr>
<td>9</td>
<td>Jubail United Petrochemical Company (UNITED)</td>
<td>73%</td>
<td>Operation of a major petrochemical complex for the production of ethylene, polyethylene, ethylene glycol and linear alpha olefins</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>2,495,620,000</td>
</tr>
<tr>
<td>10</td>
<td>National Chemical Fertilizers Company (BN AL-BAYTABI)</td>
<td>71.50%</td>
<td>Production of chemical fertilizers</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>444,700,000</td>
</tr>
<tr>
<td>11</td>
<td>National Industrial Gases Co. (SAG)</td>
<td>70%</td>
<td>Production of industrial gases and supply to different industries</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>248,000,000</td>
</tr>
<tr>
<td>12</td>
<td>Yanbu National Petrochemical Company (YANSAIB)</td>
<td>51.95%</td>
<td>Operation of petrochemical complex for the production of ethylene, propylene, polyethylene LLDPE, HDPE, glycol ethylene, polypropylene, and methyl tertiary butyl ether, and a mixture of aromatic compounds, butane 1, butane 2, thermal gasoline, styrene and methanol</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>5,625,000,000</td>
</tr>
</tbody>
</table>

### AFFILIATES (CONTINUED)

<table>
<thead>
<tr>
<th>No.</th>
<th>Affiliate Name</th>
<th>Percentage of ownership</th>
<th>Main activity</th>
<th>Country of operation</th>
<th>Country of foundation</th>
<th>Capital in SAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Saudi Methanol Co. (AR-RAZ)</td>
<td>75%</td>
<td>Processes for developing, creating, owning and operating chemical methanol complex industry</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>215,000,000</td>
</tr>
<tr>
<td>14</td>
<td>Al Jubail Fertilizer Co. (AL-BAYRION)</td>
<td>50%</td>
<td>Build, develop and operate petrochemical complex, which produces urea, ammonia gas, ethyl hexanol, and Diisyl phthalate</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>371,500,000</td>
</tr>
<tr>
<td>15</td>
<td>National Methanol Company (BN SINA)</td>
<td>50%</td>
<td>Operation of petrochemical complex, to produce methanol, methyl tertiary-butyl ether (MTBE)</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>158,000,000</td>
</tr>
<tr>
<td>16</td>
<td>Saudi Methyl Acrylate Company (SAMAC)*</td>
<td>50%</td>
<td>Production of methyl methacrylate and polymethyl methacrylate</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>1,350,000,000</td>
</tr>
<tr>
<td>17</td>
<td>Arabian Industrial Fibers Company (BIN RUSHD)</td>
<td>48.07%</td>
<td>Production of aromatic components and Saudi Arabia derivatives and a pure terephthalic acid, acrylic acid, polyethylene terephthalate</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>2,000,000,000</td>
</tr>
<tr>
<td>18</td>
<td>SABIC Agri-Nutrients Company</td>
<td>42.99%</td>
<td>Manufacturing and marketing of urea and ammonia</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>4,356,666,660</td>
</tr>
<tr>
<td>19</td>
<td>Saudi Kayan Petrochemical Company (SAUDI KAYAN)</td>
<td>35%</td>
<td>Investment in industrial projects, including petrochemicals, owning and constructing supporting industrial ventures feeding raw materials to company activities and facilities</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>15,000,000,000</td>
</tr>
<tr>
<td>20</td>
<td>Saudi Speciality Chemicals Company (SICHEM)</td>
<td>100%</td>
<td>Manufacturing and selling of Thermo Plastic Olefins and engineering Thermo Plastic.</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>220,000,000</td>
</tr>
<tr>
<td>21</td>
<td>Saudi Organometalic Chemicals Company (SOCC)</td>
<td>100%</td>
<td>Produces and markets Thi-Ethyl Aluminum and Diethyl aluminum CH3Cl and Ethyl aluminium Soduqui chloride and other products formed by blending of these products.</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>90,000,000</td>
</tr>
<tr>
<td>22</td>
<td>SABIC Industrial Catalyst Company (SABICAT)**</td>
<td>100%</td>
<td>Develop, build, own, operate and maintain plants to produce polymers, methanol, ethylene glycol, butene and other products</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>500,000</td>
</tr>
<tr>
<td>23</td>
<td>Saudi Carbon Fiber Company (SCEC)**</td>
<td>100%</td>
<td>Development, construction, ownership, operation and maintenance of plants to produce carbon fiber and acrylic fibers.</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>520,000</td>
</tr>
<tr>
<td>24</td>
<td>Saudi Arabian Acrylonite Company (SHRUDUQ)**</td>
<td>100%</td>
<td>Production of AcN and sodium cyanide</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>177,221,500</td>
</tr>
</tbody>
</table>

** SABIC accounted as a Joint Operation.
** SABIC, SCFC and SHRUDQ are under liquidation.
### JOINT VENTURES AND ASSOCIATED COMPANIES

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of associate</th>
<th>Percentage of ownership</th>
<th>Main activity</th>
<th>Country of operation</th>
<th>Country of foundation</th>
<th>Capital in SAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gulf Petrochemical Industries Company (GIPC)</td>
<td>33.33%</td>
<td>Manufacturing of petrochemical products</td>
<td>Bahrain</td>
<td>Bahrain</td>
<td>600,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Gulf Aluminum Rolling Mills Company (GARMCO)</td>
<td>30.40%</td>
<td>Manufacturing and production of aluminum</td>
<td>Global</td>
<td>Bahrain</td>
<td>386,849,918</td>
</tr>
<tr>
<td>3</td>
<td>Ma’aden Phosphate Company (MPC)</td>
<td>30%</td>
<td>Operation of complex for the production of phosphate and fertilizers</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>6,208,480,000</td>
</tr>
<tr>
<td>4</td>
<td>Power and Water</td>
<td>24.81%</td>
<td>Maintenance, management and implementation of saline water cooling and treatment systems</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>2,500,000,000</td>
</tr>
<tr>
<td>5</td>
<td>Bahrain Aluminum Company (Alba)</td>
<td>20.62%</td>
<td>Manufacturing and production of aluminum</td>
<td>Bahrain</td>
<td>Bahrain</td>
<td>1,420,010,000</td>
</tr>
<tr>
<td>6</td>
<td>National Chemical Carrier Company (NCC)</td>
<td>20%</td>
<td>Purchase, chartering and operation of petrochemical carriers (carriers and ships)</td>
<td>Bahrain</td>
<td>Global</td>
<td>850,000,000</td>
</tr>
<tr>
<td>7</td>
<td>Ma’aden Wailed AI Shimal Phosphate Company (MISPC)</td>
<td>15%</td>
<td>Operation of complex for the production of phosphate and fertilizers</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>942,501,875</td>
</tr>
<tr>
<td>8</td>
<td>Saudi Arabian Industrial Investment Company (Dussur)</td>
<td>25%</td>
<td>Investment in downstream industries</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>2,000,000,000</td>
</tr>
<tr>
<td>9</td>
<td>Clariant AG (CLARIANT)</td>
<td>31.50%</td>
<td>Manufacturing of specialty chemical products</td>
<td>Global</td>
<td>Switzerland</td>
<td>4,680,064,491</td>
</tr>
<tr>
<td>10</td>
<td>Cosmar Inc.</td>
<td>50%</td>
<td>Manufacturing of petrochemical products</td>
<td>USA</td>
<td>USA</td>
<td>910,994,388</td>
</tr>
<tr>
<td>11</td>
<td>ARD mbr &amp; Co KG</td>
<td>25%</td>
<td>Exploration of an Ethylene pipeline</td>
<td>Germany, The Netherlands,</td>
<td>Germany</td>
<td>28,085,875</td>
</tr>
<tr>
<td>12</td>
<td>Saudi Acrylic Butanol Company (SABUCO)</td>
<td>33.33%</td>
<td>Production of butanol and isobutanol</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>480,000,000</td>
</tr>
<tr>
<td>13</td>
<td>SABIC Plastic Energy Advanced Recycling BV</td>
<td>50%</td>
<td>Plastic waste to pyrol gas demonstration plant</td>
<td>the Netherlands</td>
<td>the Netherlands</td>
<td>2,305,312.5</td>
</tr>
<tr>
<td>14</td>
<td>Sinopac SABIC Tianjin Petrochemical Co., Ltd.</td>
<td>50%</td>
<td>Production and sale of petrochemical products</td>
<td>China</td>
<td>China</td>
<td>5,342,884,554</td>
</tr>
<tr>
<td>15</td>
<td>SABIC SK NEXELIN Ltd.</td>
<td>50%</td>
<td>Operation of complex to produce low linear density polyethylene</td>
<td>Singapore</td>
<td>South Korea</td>
<td>1,025,031,500</td>
</tr>
<tr>
<td>16</td>
<td>Saudi Yanbu Petrochemical Company (YANPET)</td>
<td>50%</td>
<td>Operation of petrochemical complex to produces ethylene, glycol ethylene, polypropylene, propylene, thermal gasoline</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>4,596,000,000</td>
</tr>
<tr>
<td>17</td>
<td>Eastern Petrochemical Company (SHARQ)</td>
<td>50%</td>
<td>Operation of petrochemical complex to produce glycol ethylene, linear low density, high density polyethylene, and olefins plant</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>1,890,010,000</td>
</tr>
<tr>
<td>18</td>
<td>Al Jubail Petrochemical Company (KEMIWA)</td>
<td>50%</td>
<td>Operation of ethylene cracker and polyethylene, propylene, rubber plants</td>
<td>Saudi Arabia</td>
<td>Saudi Arabia</td>
<td>2,249,200,000</td>
</tr>
</tbody>
</table>

(Note: Debt instruments do not include internal loans among companies that were excluded for consolidating the financial statements)