



MMOG/LE requests

December 2023

Dear valued customer,

This letter responds to your request for MMOG/LE implementation or derivatives thereof. SABIC is a producer of raw materials in bulk form and provides, amongst others, plastics granulate to our customers. SABIC does not deliver parts to our customers. Therefore we have reviewed the MMOG/LE version 6 requirements and found that we cannot implement MMOG/LE version 6 for the latter mentioned reason, however to meet your requirements, we have formulated a response to all of the chapters in the MMOG/LE standard as mentioned below.

MMOG/LE Chapter 1: Strategy and Improvement

SABIC response:

A corporate supply chain strategy is available within SABIC; this incorporates continuous improvement, an ESG policy and customer satisfaction monitoring. The supply chain strategy is based on risks identified in the business and implemented through various business processes as needed.

A corporate ESG program is defined and executed, as well as a subscription to UNGC is maintained ([Saudi Basic Industries Corporation \(SABIC\) | UN Global Compact](#)).

Supply chain objectives defined are smart and aimed at enhancing customer satisfaction and process optimizations while supplier performance metrics are aimed at optimization of our supply chain. Where applicable, internal objectives are managed to continually improve using the Deming circle methodology. SABIC has implemented its own problem solving process taking some customer requirements into account, however in general, customer specific requirements are not accepted, unless otherwise agreed with the customer.

Supplier performance is monitored and managed; escalation routes are defined where needed; Effective interactions between supply chain and the rest of the organization is managed in the multidisciplinary value teams. Contingency planning is in place at various stages in the supply chain as applicable.

MMOG/LE Chapter 2: Work organization

SABIC response:

Internal processes are defined within a process landscape; based on this landscape the management system is implemented, including process flow charts and interfaces with other processes (internally and externally) as well as work instructions where needed. This management system is certified according to ISO9001:2015 and RC14001 while for some manufacturing plants certification according to IATF16949:2016 and ISO14001:2015 is implemented.

HR resources are managed and balanced using strategic work force planning, job descriptions are available where needed. There is a regular Talent Review Process (TRP), documented through an internal platform where the performance of every single SABIC employee is self-measured by the employee, measured by the manager and endorsed by the manager's manager. Annually the company goals are cascaded down, and adopted by every individual in the TRP system, endorsed by the manager while evaluation moments are schedule twice per year. Training is planned where needed.

MMOG/LE Chapter 3: Capacity and production planning

SABIC response:

Business management defining strategic planning and future business scenario's including capacity checks. To introduce new materials or new products into a manufacturing location, a multi-disciplinary approach process is used assuring supply chain involvement.

Order confirmation is done based on actual stock levels and production sequence planning using our SAP system; Sales & Operations process in place to align customer demand with internal capabilities. Daily MRP runs are used for the production and raw materials planning processes.

Since SABIC is a producer of bulk materials, a PPAP is not required, however, upon request we are able to provide a Level 1 PPAP comprising of a PSW and COA.

MMOG/LE Chapter 4: Customer interface

SABIC response:

Effective order communication is in place via our customer service process; a supplier call center is 24/7 available. Customer contact data are stored and managed using our SAP system.

As part of the SABIC strategy, a business continuity process is in place and maintained as appropriate.

We have industry standard ways to label, pack and ship our products; customer specific labelling and/or packaging is not available.

Shipping quantities are checked during the loading process while our internal processes do not allow the movement of non-approved materials. Shipments are compliant to AEO requirements.

SABIC does not prefer customer managed transportation but instead use industry standard transportation solutions, including transportation optimization (e.g. FTL and Groupage) as well as a frequently review of the haulers performance and price.

Customer satisfaction is monitored using a net promotor score methodology, which includes logistical parameters.

MMOG/LE Chapter 5: Production and product control

SABIC response:

All materials and locations are identified through our SAP system, including identification of non-approved materials. Hazardous materials are stored as per regulatory requirements. Where traceability is required, industry standard practices are implemented.

Inventory management system in SAP system is implemented including cycle counting. Out of specification products are identified and stored separately; an ERP block is used to avoid material movement. Depending on the material type, red tape is used to mark off grade materials.

A maintenance management system is in place, including contingency planning to assure continued supply of material. Calibration and validation activities are managed in the maintenance management system.

Engineering changes lead to new product references and performance validation prior to implementation. When requested by the customer, a Level 1 PPAP comprising of a PSW and a COA can be supplied which states that only changes that significantly impact product performance are communicated to the customer.

MMOG/LE Chapter 6: Supplier interface

SABIC response:

Selection process for new suppliers, sub contractors and service providers is multidisciplinary, incl. SCM. In the SABIC procurement portal ESG requirements are implemented. Supply chain risk mitigation is practiced with supplier contracts, dual sourcing strategy and supply chain supplier performance evaluation. Various EDI methods with the supply chain service providers are available including time slot allocation. Incoming goods inspection activities are risk based; batch numbers are documented.

Sincerely yours,



Erik Kessels
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