

CHEMISTRY THAT MATTERS™



# SUSTAINABLE GROWTH FOR A BETTER WORLD

SUSTAINABILITY REPORT 2022



WITH SUSTAINABILITY AND INNOVATION AT THE CORE OF OUR VALUE-CREATION MODEL AND GROWTH STRATEGY, WE ARE CONTINUING TO FOCUS OUR PEOPLE AND RESOURCES ON SOLUTIONS THAT WILL MAKE THE GREATEST DIFFERENCE TO OUR CUSTOMERS AND IN THE LIVES OF GLOBAL COMMUNITIES.

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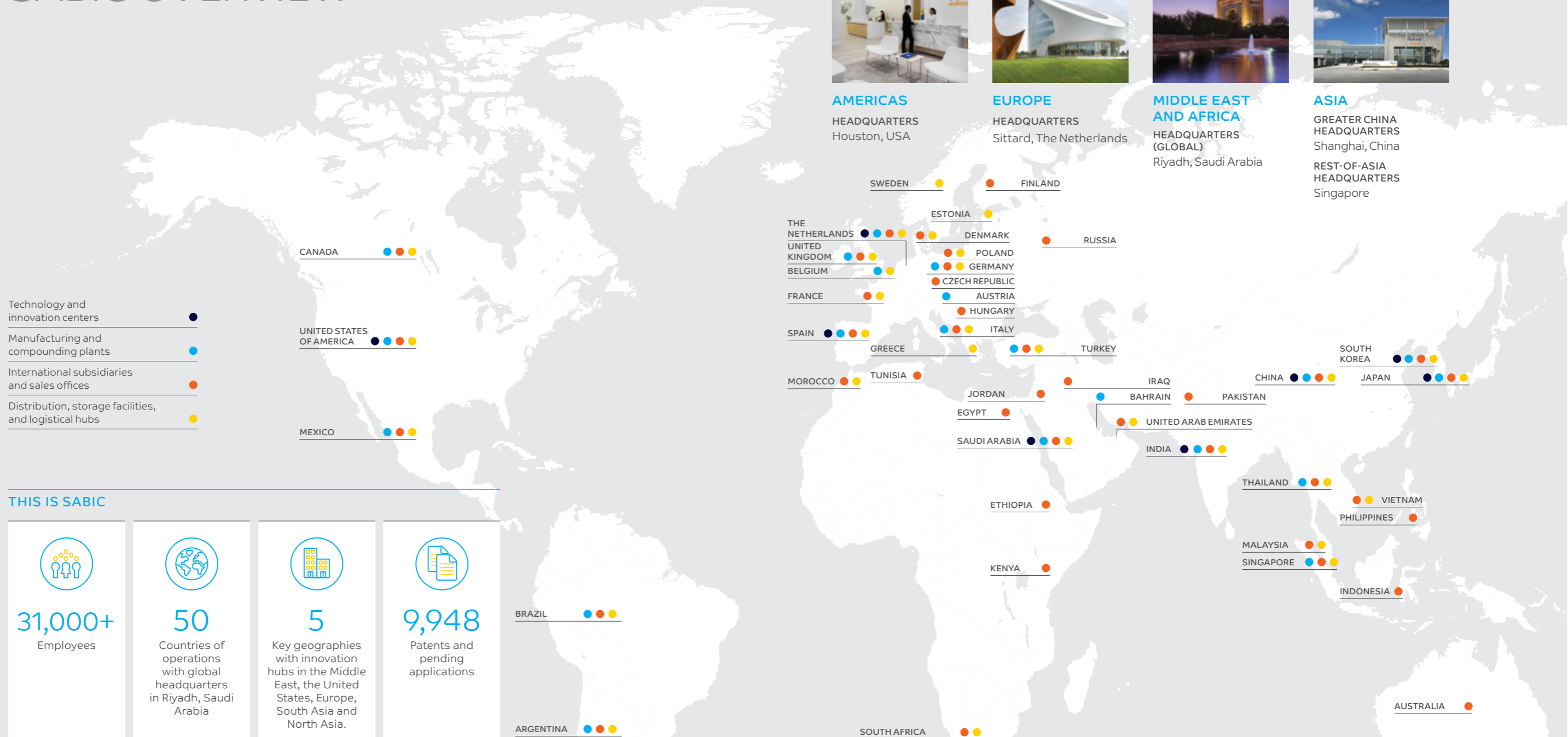
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**SABIC JUBAIL BUILDING** – a new city landmark – wears a spectacular look on its inaugural day in November 2022. The building is LEED Gold certified for its smart solutions in resource management and energy efficiency. It uses more than 1,500 solar panels enhanced by wind energy technology to generate the entire energy used in lighting the recreation center and the parking lots.



# SABIC OVERVIEW



## THIS IS SABIC

<p><b>31,000+</b> Employees</p>	<p><b>50</b> Countries of operations with global headquarters in Riyadh, Saudi Arabia</p>	<p><b>5</b> Key geographies with innovation hubs in the Middle East, the United States, Europe, South Asia and North Asia.</p>	<p><b>9,948</b> Patents and pending applications</p>
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## SUSTAINABILITY IN OUR VALUE CHAIN

<p><b>UPSTREAM</b></p> <p>Lower-carbon and renewable feedstocks</p>	<p><b>OPERATIONS</b></p> <p>Resource efficiency and energy-reduction projects; operational excellence</p>	<p><b>CUSTOMERS</b></p> <p>Materials that enable lower energy for processing</p>	<p><b>USE PHASE</b></p> <p>Energy savings by reduced material to meet consumer needs</p>	<p><b>END OF LIFE</b></p> <p>Chemistry to enable recycling; developing technology to promote circular economy</p>
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## OUR CORE MARKETS

<p><b>CLEAN ENERGY</b></p>	<p><b>MEDICAL DEVICES</b></p>	<p><b>PACKAGING</b></p>	<p><b>CONSTRUCTION</b></p>
<p><b>TRANSPORTATION</b></p>	<p><b>ELECTRICAL AND ELECTRONICS</b></p>	<p><b>AGRI-NUTRIENTS</b></p>	<p>FIND OUT ABOUT OUR CORE BUSINESSES ON PAGE 34 OF OUR ANNUAL REPORT 2022</p>

## CEO'S STATEMENT



**ABDULRAHMAN AL-FAGEEH**  
Chief Executive Officer

SABIC achieved a very respectable performance with regard to sustainability in 2022. Indeed, our sustainability underpins a new and exciting phase of growth for the company.

For many years already, SABIC has recognized how critical sustainability is. So we at SABIC make sure to keep track of our sustainability performance through a number of key performance indicators (KPIs). These KPIs are based on measurements related to various physical volumes (e.g., greenhouse-gas emissions, freshwater use, and material loss) and to energy production and consumption. And as we approach our 2025 targets, we have significantly reduced almost all materially relevant KPIs since the baseline year of 2010.

There are many other aspects of sustainability that SABIC seeks to uphold, but given our legacy and stature in Saudi Arabia, among the most important are those related to Saudi Vision 2030. Here too, we are on track. In particular, we have aligned our circularity and carbon-neutrality ambitions with the Saudi Green Initiative (SGI), an extension of Vision 2030 that addresses renewable energy, forestation, the production of clean hydrogen, and carbon capture and storage. SABIC is proud to be a part of the SGI, doing our part in launching various impactful projects, including one to address plastic marine pollution in the Red Sea and Arabian Gulf.

But we are extending these efforts throughout all our global operations, because we have to prepare our business to thrive in a world that prioritizes smaller carbon footprints as well as renewable or recyclable products. Accordingly, we are developing products and solutions predicated on circularity and carbon neutrality, in particular through our TRUCIRCLE™ portfolio. In fact, we made a public commitment at the start of 2023 to process at least one million metric tons of TRUCIRCLE products from bio based or recycled feedstock annually by 2030. We also recently joined Together for Sustainability, a global initiative for assessing, auditing, and improving procurement practices. Our participation should help us ensure that our suppliers are following appropriate processes and that our products' value chains have lower indirect, Scope 3 emissions.

Inside SABIC, employment conditions are also important. We go to great lengths to offer an attractive employee value proposition that takes employees' well-being into account. And I am pleased to note that our focused internal efforts have once again been recognized in 2022 as well. The Top Employer Institute, a globally accredited certification body, has given SABIC "Top Employer 2022" awards in five of its key Asian markets: China for the twelfth year, and India, Japan, Singapore and South Korea for the past nine years. I am proud of four SABIC women employees who were honored with Manufacturing Institute's 2022 STEP Ahead awards for their exemplary leadership in manufacturing. And I would add that SABIC retains its Ethisphere Compliance Leader Verification™ status in large part because of the way it handles employee oversight, training, and communication.

Even in an economically turbulent year like 2022, we continued to invest in the communities where we are based. SABIC invested US\$ 28.9 million in Corporate Social Responsibility (CSR) programs through charitable donations, sponsorships, partnerships, and volunteer service in 20 countries. These investments were focused on our four CSR priorities:

- water and sustainable agriculture;
- environmental protection;
- science and technology in education; and
- health and wellness.

All the 2022 achievements I have mentioned boost our overall environment, social and governance (ESG) performance. In fact, 2023 had barely begun when we were honored, for the second time running, with the "Best ESG Award" by the Saudi Capital Market Forum. But we must not rest on our laurels. We must further develop ESG systems and processes that deliver continual improvements year upon year.

Since 1976, SABIC has adapted to changing circumstances. And now, as we enter 2023, we once again are evolving to adapt to the challenges that lie ahead. Our years of investments and planning have prepared us for this moment. We are well-placed to grow to win through sustainability.

We have aligned our circularity and carbon-neutrality ambitions with the Saudi Green Initiative, an extension of Vision 2030 that addresses renewable energy, forestation, the production of clean hydrogen, and carbon capture and storage. We are extending these efforts throughout all our global operations.

# STRATEGY

Megatrends, and increasing public awareness about environmental and social impacts, are driving companies to consider ESG risks and opportunities as integral to their core strategies. Climate change is at the top of the public agenda, and stakeholders ranging from customers, investors, and regulatory authorities demand transparency.

As a materials company, our business is energy- and carbon-intensive. Avoiding engagement with stakeholders and failing to show progress on ESG issues introduces risks to our reputation and brand value, can impact capital availability and cost of capital, and can lead to reduced demand for goods and services.

But risks also imply opportunities: by delivering “first of its kind” climate change-related achievements, SABIC has significantly enhanced its reputation as a regional sustainability leader. Examples include building one of the world’s largest carbon capture and utilization (CCU) plants and carbon credit issuance under the UN Clean Development Mechanism (CDM) scheme – both of which have been widely publicized and commended by external stakeholders. The increased transparency enabled by our sustainability reporting, which has been recognized by the World Business Council for Sustainable Development, also makes us a more attractive investor and business partner.

SABIC’s sustainability strategy is guided by the need to prepare for this changing context. We are driven by four key motivating factors: addressing stakeholder needs; meeting evolving regulations; enabling responsible long-term growth; and driving a sustainable portfolio. To address these factors, we are integrating ESG principles into every function of our business, with each aspect of “ESG” playing a critical role.

Under Environment, we strive to serve as a responsible steward of nature by identifying climate risks and opportunities, exploring sustainable solutions within our portfolio, and enhancing our environmental reporting. We are committed to promoting sustainable practices and mitigating our impact on the environment.

Under Social, we recognize that SABIC is part of a larger ecosystem that includes employees, suppliers, customers, and communities. We prioritize diversity, equity, and inclusiveness, uphold human rights, engage in corporate social responsibility, and promote local content. By attracting, developing, and retaining top talent, we foster a workplace that reflects our commitment to social responsibility.

And Governance encompasses SABIC’s management, controls, structures, compliance, leadership compensation, audits, and shareholder rights. We work to enhance our corporate governance standards, promote ESG matters, and invest sustainably and innovatively. We prioritize ethical business conduct, strengthen IT security, improve tax reporting, and foster ESG attributes within our supplier management. By ensuring strong governance practices, we build a foundation for sustainable growth and success.

**We work to enhance our corporate governance standards, promote ESG matters, and invest sustainably and innovatively.**



## ACTING ON OUR SUSTAINABILITY STRATEGY

Our six sustainability materiality areas – resource efficiency; climate change and energy; innovation and sustainability solutions; circular economy; governance and ethics; and EHSS – are aligned with 10 of the 17 UN Sustainable Development Goals (SDGs), addressing issues such as poverty, climate change, environmental degradation, human rights, labor, and anticorruption. We act on and operationalize our six sustainability materiality areas through four strategic domains: climate change, circular economy, safer chemistry, and ESG disclosures.

### CLIMATE CHANGE

In 2021, SABIC unveiled its Carbon Neutrality Roadmap, laying out its strategy to decarbonize operations by 2050 in line with the goals of the Paris Agreement. The roadmap identifies five pathways to decarbonization—Reliability, Energy Efficiency, and Improvements; Renewable Energy; Electrification; Carbon Capture; and Green/Blue Hydrogen – and commits to reducing GHG emissions by 20% by 2030 in adherence to our carbon neutrality pledge. With our shift from intensity-based GHG emissions targets tCO<sub>2</sub>e/t products sold to absolute targets (tCO<sub>2</sub>e), our focus is on energy efficiency, renewable energy and carbon capture to meet our interim 2030 goals. Electrification and green/blue hydrogen remain part of a long-term plan to drive our progress to carbon neutrality by 2050.



We are committed to promoting sustainable practices and mitigating our impact on the environment.

**We recognize that SABIC has an important role in championing the chemicals industry in Saudi Arabia to pursue strategies that fulfill Saudi Vision 2030.**

# STRATEGY

## CONTINUED

We recognize that SABIC has an important role in championing the chemicals industry in Saudi Arabia to pursue strategies that fulfill Saudi Vision 2030. SABIC was represented at the COP27 climate change negotiations and was integral in doing its part for the Saudi Green Initiative. One of our most prominent efforts to advance sustainability was commencing construction, in partnership with BASF and Linde, on the world's first large-scale electrically heated steam cracker that has the potential to reduce carbon dioxide emissions from one of the petrochemical industry's most energy-intensive production processes by as much as 90%. Additionally, we studied the establishment of a complex in Ras Al-Khair, Saudi Arabia, that will convert 400,000 barrels of oil and liquids into petrochemicals daily as part of our effort to help the Kingdom's program to offer large-scale cost efficiencies and open value-creation opportunities for the energy and chemical industry.

As part of our collaboration with the Circular Carbon Economy National Program (CCE-NP) launched by the Saudi Ministry of Energy, we are establishing a Carbon Capture Use and Storage (CCUS) hub in Jubail. The aim of the hub is to capture a total of 4 million metric tons of CO<sub>2</sub> annually (with 2 million metric tons captured annually by 2030). SABIC also aims to transition to renewable energy with the ambition of facilitating an installed capacity of 4 GW by 2025 and 12 GW by 2030 in Saudi Arabia, and switching from steam-driven compressors and pumps to electric that will reduce GHG emissions. SABIC has continued to improve its reliability and energy efficiency and renewable feedstock, while commencing manufacturing blue hydrogen at Wilton Teesside.

The circular economy inspires us to adapt our processes to the use of renewable and recycled feedstock, and to create durable, recyclable product design solutions for our customers.

The only way to navigate the giant paradigm shift transforming industries is to transform our business, addressing urgent global challenges by building partnerships across the industry and enforcing efficient carbon management policies.

### CIRCULAR ECONOMY

To secure and maintain a leading position in advanced recycling, SABIC is committed to growing circular products that boost the circular economy, adapting existing processes to using renewable and recycled feedstock, and developing recyclable product design solutions for customers.



SABIC is committed to ensuring that EHSS is practiced throughout the business.

We are deeply committed to investment in the circular economy. The circular economy inspires us to adapt our processes to the use of renewable and recycled feedstock, and to create durable, recyclable product design solutions for our customers. Since launching the TRUCIRCLE™ initiative in 2019, we have contributed to the growth of the circular economy through various services, business models, and partnerships. In 2022, we launched a pilot project to investigate the use of blockchain technology in supporting end-to-end tracking of circular feedstock in customer products, and announced our commitment to processing from bio-based or recycled feedstock at least 1 million metric tons of our TRUCIRCLE™ products every year by 2030.

In 2022, we launched the BLUEHERO™ portfolio to enhance our investment into the circular economy, providing materials, solutions, expertise, and programs that will help accelerate the world's energy transition to electric power in an effort to meet global goals on climate change. In 2022, BLUEHERO™ supported the automotive industry in its mission to create better, safer, and more efficient electric vehicles (EVs); the focus fell on optimizing structural battery components with unique flame-retardant materials and solution-development expertise.

### SAFER CHEMISTRY

SABIC is committed to ensuring that EHSS is practiced throughout the business. Having identified an increasing need to manage chemicals safely and judiciously, SABIC is dedicated to decreasing or avoiding the use of Chemicals of Concern (CoCs) beyond market requirements and global regulations.

In 2022, SABIC placed 25 prioritized CoCs used in manufacturing products under review to identify opportunities that could be taken to decrease their use. In addition, the Safer Chemistry program team is setting formal targets to enhance transparency to develop metrics that will improve our ability to take greater action on CoCs in the years ahead. Meanwhile, the SABIC Sustainable Chemistry program followed the Circular Chemistry and Sustainable Solutions programs to fulfil the Safer Chemistry ambition. Circular Chemistry aims to develop chemicals and technologies to enhance reusing products (mechanically recycled products,

certified circular products, and certified renewable products) while Sustainable Solutions develops a portfolio of chemicals with favorable sustainability features (reducing CO<sub>2</sub> emissions, improving energy efficiency, and increasing resource efficiency). This two-pronged approach should allow us to address the issues of Safer Chemistry to phase out substances of concern and provide solutions to reduce hazards while addressing existing industry challenges. This year, our efforts marginally improved in our most recent ChemScore performance, earning a C-Grade. We have established a dialogue with ChemSec to support an enhanced SABIC score in the future.

SABIC works to comply with all applicable government regulations for chemical management, along with the EU's Registration, Evaluation, Authorization, and Restriction (REACH) framework. Our ESG disclosures will provide transparency to external stakeholders and monitor SABIC's Safer Chemistry performance. Our overall objective is to embed Safer Chemistry principles in every facet of SABIC's business and product design processes.

In terms of process safety, we focused on using smart KPIs to encourage reporting risks and advocating for adequate risk responses as part of our 2025 EHSS strategy this year. SABIC adapts to improve where necessary in sustaining its journey toward Process Safety Excellence, continuing to bolster Process Safety competency across the entire organization. We maintained certification in ISO 45001:2018 for occupational health and safety,

SABIC works to comply with all applicable government regulations for chemical management, along with the EU's Registration, Evaluation, Authorization, and Restriction (REACH) framework.



# STRATEGY

## CONTINUED

conforming with the best international EHSS standards of excellence to achieve our EHSS objectives, and meet regulatory and contractual requirements through periodic auditing.

In our bid to increase transparency, SABIC made significant progress in enabling employees and external customers to view product safety data and hazard information through its new One Safety Data Sheet (SDS) Portal launched in 2022. It improves the effectiveness of our compliance management systems and processes, and is poised to enhance our compliance position moving forward.

### ESG DISCLOSURES

The publication of SABIC's first Sustainability Report in 2011 marked our first steps in sharing our ESG journey. Although ESG factors are considered non-financial, they possess measurable financial consequences by bringing into focus hidden investment risks and value drivers. Since that milestone, we have made progress over the decade in increasingly identifying opportunities to weave ESG considerations into our business.

This year, we modified our governance approach by creating a dedicated PMO, which is governed by the ESG Steering Committee, to develop ESG processes for internal focus. This enables SABIC to execute the roadmap on critical areas that require capabilities to be built. The ESG Reporting Practitioners Group worked to create more engagement, both functionally and regionally. For the immediate short-term, it will deal with new disclosures as part of the current ESG-development state and focus on developing ESG content over the next 2–3 years. It will also provide oversight of the overall strategic transition to integrated reporting in 2023.

We have developed an internal ESG ecosystem at SABIC that encompasses various components such as drivers, a framework, foundation projects and enablement. Our ESG drivers include a range of efforts that strive to enhance the efficiency of ESG disclosures, ensure transparency and compliance; bolster our sustainable portfolio to retain our competitive-market edge; and embed sustainable investments discipline for better scrutinized decision-making. We strive to achieve all of this while maintaining cost efficiencies.

Our ESG framework at SABIC is designed as a pyramid structure. It begins with the foundation of ESG KPIs, metrics, and narratives, which are used to develop and improve systems and processes. This is followed by ESG-enabled risk management to identify ESG risks and opportunities, and integrated into the company's strategic planning processes. Finally, the governance component represents the tip of the pyramid and thereby ensures robust ESG frameworks that guide good governance.

We have implemented several ESG foundation projects at SABIC that address every aspect of our sustainability efforts. These include product carbon footprint, sustainability assessments, biodiversity assessments, Task Force on Climate-related

We have implemented several ESG foundation projects at SABIC that address every aspect of our sustainability efforts.

Financial Disclosures (TCFD) assessments, sustainable investments, risk management, monetizing ESG impacts, and EU taxonomy. Additionally, we focus on ESG enablement, which involves developing ESG frameworks and definitions, automating ESG data, ensuring ESG quality assurance, implementing ESG governance and controls, and promoting ESG culture and change management. Our approach will serve as a template for building a sustainability-focused future at SABIC that benefits all stakeholders, including shareholders, customers, investors, and others.

Along with aligning our strategies with the UN SDGs, we are also working with the World Economic Forum (WEF) framework and are active participants of the WEF ESG Practitioners group. We are also working to further improve the quality of our reporting with reference to or consultations with various bodies and agencies such as the Global Reporting Initiative (GRI); UN Global Impact; the World Business Council for Sustainable Development (where we joined the CFO network this year); EcoVadis; Ethisphere Institute; and TCFD. We also contributed to the open consultations on the International Financial Reporting Standards Foundation's creation of the International Sustainability Standards Board (ISSB), providing support for its formation and calling for fair representation of developing countries. These frameworks and guides provide a standardized outline map that will be valuable in our ESG journey.

SABIC was recently awarded a Gold EcoVadis Medal, receiving a score of 72 points out of 100. EcoVadis is a worldwide ratings agency that provides assessment and feedback about the sustainability and corporate social responsibility performance of evaluated companies. Many of our customers, in fact, use EcoVadis's assessments to qualify their suppliers. Our score places us in the top 5% of companies assessed by EcoVadis in the "manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber" industrial category.



We are building a sustainability-focused future at SABIC that benefits all stakeholders, including shareholders, customers and investors.

# MATERIALITY

Materiality analyses allow SABIC to determine how to direct our resources toward the most pressing issues for our company and stakeholders.

Since conducting our first materiality analysis in 2011, we refresh the analysis every 3-4 years along with a new stakeholder analysis. As part of these analyses, we examine our internal and external stakeholder needs, major trends, benchmarks, and relative business impacts to determine the most relevant priorities for SABIC. Taking into consideration all three dimensions of sustainability – economic, social, and environmental – our materiality results reflect the importance of climate change and validates our focus on this global challenge.

The materiality topics that anchor this report were generated in 2018, and reviewed annually as part of the report-preparation process. A new materiality analysis and stakeholder analysis was initiated in 2022 and will be completed in 2023. A critical component of this materiality analysis is the concept of double materiality, and key reference points are the EU Taxonomy, the GRI standards, and the forthcoming ISSB standards as SABIC plans to move to a single integrated annual report in the coming years. SABIC will use this renewed materiality assessment as a foundation for integrating material aspects of sustainability into our business strategy and processes.



Our materiality results reflect the importance of climate change and validates our focus on this global challenge.

## STEP-CHANGE TARGETS

Dimensions	Target	Base Year	Target Year
<b>Resource efficiency</b>			
Energy intensity GJ/t sales	25% reduction by 2025	2010	2025
Material loss intensity t material loss/t sales	50% reduction by 2025	2010	2025
Absolute waste reduction	% gap to below 2010 by 2025	2010	2025
Flaring	65% reduction	2010	2025
Water Intensity m <sup>3</sup> /t sales	25% reduction	2010	2025
<b>Climate</b>			
GHG intensity tCO <sub>2</sub> e/t sales	25% reduction by 2025	2010	2025
Renewable energy	4 GW Installed Capacity (12 GW by 2030)		2025
<b>Circular economy</b>			
Sales materials in kt	1,000 kt TRUCIRCLE™ materials (recycled and renewable) per annum		2030
<b>EHSS/Product stewardship</b>			
Fatalities	zero		Yearly
<b>Governance &amp; integrity</b>			
Employee integrity assessment score	50% improvement against benchmark	2010	2025

## STAKEHOLDER ENGAGEMENT

An integral aspect of our sustainability strategy is staying connected with our stakeholders to ensure we create sustainable and impactful value for all our stakeholders. We have identified our primary stakeholders as our employees, suppliers, customers, shareholders, community members, and civil society and have in place formal and transparent mechanisms of engagement with each group.

Guided by the functional and business expertise across the company, the SABIC leadership team handles overall stakeholder engagement. By identifying each group's priorities and expectations through soliciting feedback at varying intervals, we attempt to balance these occasionally conflicting expectations with SABIC's purpose of sustainable value creation.

We engage with our stakeholders to educate, raise awareness, and improve overall industry standards. Over the past years, we have worked with leading global corporates and international bodies to develop innovative new solutions that drive industry sustainability. This year, we continued our COVID-19 initiatives under our CSR strategy and spotlighted mental health in the workplace particularly in the wake of the distressing pandemic.

### ONGOING COLLABORATIONS IN 2022 SUSTAINABILITY ENGAGEMENTS

- Low Carbon-Emitting Technologies Initiative
- The Saudi Green Initiative
- The Future Investment Initiative
- The Alliance to End Plastic Waste
- Values 20
- World Economic Forum
- The HolyGrail 2.0 Initiative
- Pearl Initiative
- BASF
- Saudi Ministry of Energy Circular Carbon Economy National Program
- Working groups within the World Business Council for Sustainable Development
- UN Global Compact
- International Sustainability Standards Board
- King Abdullah University of Science and Technology
- University of Bradford, United Kingdom

### SUSTAINABILITY PERFORMANCE PLATFORMS

- EcoVadis
- Ethisphere Institute
- CDP climate and supply chain programs
- Top Employer

### MEMBERSHIP IN INDUSTRY AND TRADE ASSOCIATIONS

- The Gulf Petrochemicals and Chemicals Association (GPCA)
- The International Council of Chemical Associations (ICCA)
- The American Chemistry Council (ACC)
- Plastics Europe, the European Chemical Industry Council (CEFIC)
- World Plastics Council

### SABIC GOVERNMENT COMMUNICATIONS AND ADVOCACY

Every day, government officials make decisions that can impact SABIC's operations, and it is important that they understand who we are, the importance of our products to modern society, and our contribution to the communities in which we operate and live. Responsible engagement between the private sector and political stakeholders is an important part of effective policymaking. We employ many scientists and other experts, and governments, international organizations, non-governmental organizations (NGOs), industry associations and wider society often ask us to share our views.

In doing so, we are committed to complying with all applicable laws and regulations of the countries in which we operate. Our activities relating to governments and other authorities meet legitimate business objectives and serve the interests of SABIC and our stakeholders.

## ETHICS AND COMPLIANCE

The SABIC Code of Ethics is the bedrock of our culture of integrity. It applies to all employees, management, and directors.

Our Code of Ethics is designed to hold SABIC accountable to the highest standards of integrity and to help us comply with the laws and regulations of all countries in which we operate. It is a continual evolving process and we strive to engage in an ongoing dialogue with our workforce, customers, suppliers, investors, community members, and other stakeholders to maintain a framework for conducting business in an ethical manner, addressing risk and mitigating issues and other concerns.

At SABIC, we provide employees regularly updated training manuals, and mandate that every employee is required to complete the in-person or online compliance training that covers specific topics related to their work duties, such as antitrust legislation, fair employment practices, and trade controls. Our employees are encouraged to report any compliance concerns, and to inquire and ask for guidance on any doubts they may have.

SABIC's Chief Compliance Counsel, responsible for managing the implementation of the compliance program, regularly reports to the Audit Committee of the Board on all progress at the program level, risks, and any other significant results. In addition, we keep our reporting channels available to external stakeholders such as customers, suppliers, and community members.

SABIC closely works with external organizations specializing in important compliance issues in order to keep our company up to date with the latest regulatory developments, learn best practices, adopt a broader perspective, and even act collectively to drive change. Since 2013, SABIC has participated in the annual G20/B20 policy process on anti-corruption. In 2022, we were part of the Indonesian B20 Integrity and Compliance Task Force. In the Middle East, we are part of an organization called the Pearl Initiative—a group for Gulf-based companies to share best practices on compliance and good governance. These partnerships enable us to learn about pioneering efforts undertaken at other companies and allow us to share our best practices with others.

Developing compliance capacity matters to our customers, suppliers, and other third parties. They wish to have visibility across the entire supply chain to ensure that it is free from corruption, forced labor, child labor, environmental violations, and other unsustainable practices. In 2021, SABIC launched a wide-ranging training program for third-party business partners including suppliers, distributors and contract/temporary workers. Through this online, local-language training, we are able to ensure that our third parties have a grounding in the compliance concepts that we adhere to.

	Courses Assigned	Courses Completed	% Completed
Temporary Workers	4,707	2,249	47.7%
Suppliers	2,422	852	35.1%
Distributors	178	105	58.9%
	Total Users Enrolled	Total Completed	% Completed
Temporary Workers	1,142	485	42.5%
Suppliers	1,156	412	35.6%
Distributors	154	97	62.9%

### COMPLIANCE INVESTIGATION DATA

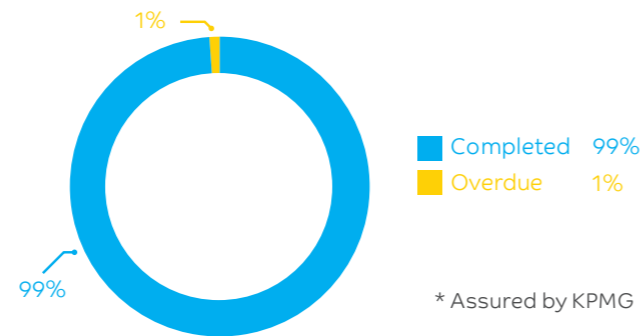
In 2022, we investigated 136 Code of Ethics policy concerns, of which 42 were concluded to have violations. Accordingly, 73 associated corrective actions were taken.

As of December 31, 2022	Compliance concerns raised	Violations found (addressed)	Investigations Closed
SABIC and its wholly owned affiliates	136*	42*	113*

\* Assured by KPMG

# ETHICS AND COMPLIANCE CONTINUED

## COMPLIANCE TRAINING DATA (AS OF JANUARY 1, 2023)\*



These internal and external efforts benefit us in many ways, including through independent recognition. SABIC retained Ethisphere's Compliance Leader Verification™ status through 2024. The Compliance Leader Verification process examines in detail every aspect of a company's program, including ethics and compliance program structure and oversight, training and communication, risk measurement, monitoring for misconduct, disciplinary measures, ethical corporate culture, and employee perceptions. The rigorous review process and verification indicates that our compliance efforts are widely recognized to assure our stakeholders.

### SCREENING FOR SANCTIONS

SABIC's International Trade Controls Policy ensures that all transactions are screened against restrictions on sanctioned countries, persons, and prohibited end uses. Transactions are prohibited with entities subject to sanctions administered by the United Nations, the European Commission, UK's HM Treasury, United States Department of Treasury

Office of Foreign Assets Controls, Japan's Ministry of Economy, Trade, and Industry, and others.

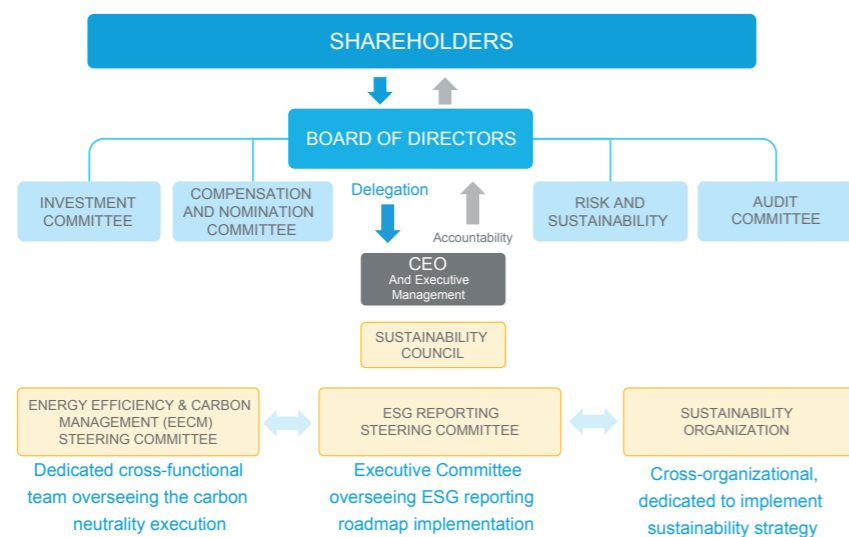
### REPORTING CONCERNS

In-person, online, and telephone channels are available for employees, suppliers, customers, and other stakeholders, including community members and civil society to report any violations of regulations or ethics.

### ANTI-BRIBERY TRAINING

Under our leadership of the Saudi B20 Integrity and Compliance Task Force, an anti-bribery training and mentorship program was initiated for entrepreneurs and those working in small and medium-sized enterprises. The program gained significant attention from numerous organizations that work against corruption, including the OECD, UN Development Program, and the World Bank Group. These organizations are taking this program forward amongst their constituencies.

## OUR ESG AND SUSTAINABILITY GOVERNANCE



# PERFORMANCE SUMMARY

Most material key performance indicators	Unit	2018	2019	2020	2021	2022
<b>Resource Efficiency**</b>						
Energy intensity	GJ/t product sales	17*	17*	16.3*	16.2*	15.6*
Water intensity	m³/t product sales	2.6*	2.6*	2.5*	2.6*	2.3*
Material-loss	t/t product sales	0.070*	0.070*	0.065*	0.066*	0.063*
Flaring reduction since 2010	Percent	43*	48*	56*	51*	55*
CO <sub>2</sub> utilization	Million metric tons	4.0*	3.6* <sup>3</sup>	3.7*	3.6*	3.8*
Absolute waste reduction since 2010	Percent			29.8%	11.9%	1.4%
<b>Climate**</b>						
Absolute GHG (Total Scope 1&2)	tCO <sub>2</sub> e	56,794,358*	54,949,506*	54,261,985*	51,118,829*	52,126, 771*
GHG emission intensity	tCO <sub>2</sub> e/t product sales	1.22*	1.17*	1.14*	1.12*	1.06*
<b>Ethics + Integrity</b>						
Compliance concerns raised	Number	152*	157*	90*	99*	136*
Investigations closed	Number	119*	135*	69*	89*	113*
Violations found (addressed)	Number	42*	41*	30*	41*	42*
Training completion <sup>2</sup>	Percent	99*	99*	99*	99*	99*
<b>Innovation and sustainability solutions</b>						
Total patent portfolio	Number	11,738	12,540	9,946	10,090	9,948
<b>Environment, Health, Safety, and Security</b>						
EHSS rate <sup>4</sup>	Incidents/200,000 hours worked	0.43*	0.57*	0.42*	0.34*	0.34*
Total recordable incident rate	Incidents/200,000 hours worked	0.14*	0.14*	0.10*	0.11*	0.10*
Occupational illness rate	Incidents/200,000 hours worked	0.003*	0.008*	0.003*	0.002*	0.001*
Fatalities	Number	0*	0*	3*	0*	0*
Fatalities rate	Fatalities/200,000 hours worked	0.000	0.000	0.003	0.000	0.000
API 754 PSE Tier 1	Incidents	7	25	10*	15*	11*
API 754 PSE Tier 2	Incidents	-	-	13	6	8
Security incidents	Class A + Class B + Class C (SHEM-10)	1	1	1	1	2
Security incident rate	Incidents/200,000 hours worked	0.001	0.001	0.001	0.001*	0.002*
Hazardous substances released	Metric tons	-	-	14.3*	2.8*	6.8*
<b>Human Capital Development</b>						
Women in the workplace	Percent of workforce	7.3	7.5	7.4	7.4	7.7
Learning programs	Participants	22,222	15,388	15,462	9,632	14,584
<b>Social Impacts</b>						
Community giving	Million US\$	36.7	15.6	39.6	33.6	28.9
<b>Supply Chain</b>						
Safety and quality assessment system - liquids	Percent of suppliers	100	100	100	81	94
Safety and quality assessment system - solids	Percent of suppliers	91	93	98	85	87

\* Assured by KPMG.  
 \*\* Note that the reporting boundary for Environmental Sustainability KPIs (Resource Efficiency and Climate) is current financial consolidation plus 3.5 SABIC affiliates – Kemya, Sharq, Yanpet and 50% of SAMAC – that were moved outside financial boundaries in 2020.  
 # Adjusted for comparison purposes.  
<sup>1</sup> Flaring reduction calculations are based on reduction of GHG emissions.  
<sup>2</sup> Compliance data are reported for the 23,500 employees of Saudi Basic Industries Corporation and its wholly-owned affiliates, but not for employees of SABIC's non-wholly owned manufacturing joint ventures (or affiliates) in the Kingdom of Saudi Arabia (KSA). Note this is a severity-weighted rating.  
<sup>3</sup> 2019 CO<sub>2</sub>-utilization numbers were recalculated and adjusted for comparison purposes.  
<sup>4</sup> This is a severity-weighted rating.

# INNOVATION AND SUSTAINABILITY SOLUTIONS



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## OUR APPROACH

A sustainable future requires finding new solutions, new practices, and new ways of conducting business. Structural changes in the energy industry are putting pressure on SABIC's carbon-intensive oil and gas portfolio. In the consumer-goods industry, a growing number of buyers are placing importance on sustainability.

From innovative products made with recycled plastic, process improvements that reduce emissions, and collaboration with industry partners to minimize environmental impact across the value chain, SABIC is committed to responding to these challenges and discovering avenues that benefit our business, our customers, and society.

As a materials company positioned between the energy industry and the consumer-goods industry, innovation is the linchpin that connects our ambitious growth agenda with our sustainability goals. Through our capabilities and investments in innovation, SABIC continues to make progress in its circular economy efforts and in building a future that allows us to protect the planet for the decades ahead.

Our approach to innovation and sustainability solutions is framed around three focused chemical-sector strategic priorities that support our vision of being the preferred world leader in chemicals. Using feedstock optimization as a key lever to increase flexibility and competitiveness in our petrochemicals and agri-nutrients business, we are prioritizing segment-driven innovation, which opens up growth opportunities through new markets and applications, and process innovation, which allows us to improve reliability, capabilities, and cost efficiencies in manufacturing. In our Specialties business, technology is the lever that allows us to create a competitive edge and differentiation by customizing solutions for pioneering OEMs.

We view external collaborations as essential to accelerating technology delivery and advancing disruptive innovation. Our collaborators include international universities and institutes (such as the Massachusetts Institute of Technology (MIT), Peking University, and the University of Toronto); technology ventures (such as Finboot Tech, Pangaea Ventures Limited, and BiOWiSH Technologies), and Saudi Arabian universities and institutes (such as King Saudi University, King Abdulaziz City for Science and Technology (KACST), and Qassim University). By building a robust external innovation

eco-system, SABIC is in a strong position to acquire new and unique competencies; support projects and expand capabilities; scout for new opportunities; extend capacity and reduce Trailing 12 months (TTM) and cost; build talent to create a pipeline of groundbreaking ideas; and, additionally, make a broader impact in our partnerships with Saudi Arabian universities by helping develop their capabilities through knowledge sharing and collaborations.

### ENABLING AND IMPACTING TRANSFORMATIONAL ECONOMIES

New innovations and technologies, along with greater impetus toward decreasing GHG emissions and moving toward a circular economy, are creating advanced market niches that have the potential to benefit society and open avenues for economic growth. SABIC has been working to enable these transformational economies, and made a significant impact in key areas in 2022.



SABIC is focusing on new innovations and technologies that are creating advanced market niches.

The Exabyte Economy promises to create an ecosystem of hyperconnected devices, data, and people that is estimated to be worth US\$ 8 trillion. Our R&D100 award-winning LNP™ THERMOCOMP™ OFC08V compound is a material well suited for 5G base station dipole antennas and other electrical applications to speed up 5G networking access and to enable an industry leading all-plastic antenna design.

Meanwhile, our progress to tap into the US\$ 4.5 trillion Circular Economy\* is already underway. SABIC is constructing its first demonstration advanced recycling unit, that holds an initial capacity to convert 15-20 kt per annum of raw pyrolysis oil into certified circular polymers.

The Wellbeing Economy is poised to redefine health – particularly in a post-COVID-19 world – with a total expected value of over US\$ 7 trillion by 2025\*. SABIC is leveraging its technology and resources to provide a broad portfolio of healthcare materials that span our product line from polyolefins to high performance plastics including ULTEM™ (PEI) resin, LNP™ELCRES™ copolymer resin, LEXAN™ (PC) resin, SABIC® PP resin, and other specialty compounds. At our Technology and Innovation (T&I) facilities, we are also working on new technologies and advanced materials to address the major challenges faced by the healthcare industry. By enabling the provision of surgical, pharmaceutical, patient testing, fluid & blood handling, respiratory & sleep therapy, and medical facility infrastructure solutions, SABIC aims to help contribute to a healthier future.

The Net Zero Economy, worth US\$ 2.3 trillion\*, includes our efforts to reduce carbon emissions, such as the construction of the world's first demonstration plant for an electrically-heated steam cracker furnace; and developing products for EVs to help the automotive industry transition faster to a cleaner, electrical world.

The increase in the world's population requires expanding food production and constructing larger robust infrastructure that provides access to energy to more people in a sustainable manner. SABIC has tapped into the US\$ 1 trillion-worth Bio-growth Economy<sup>1</sup> by deploying our Edison Award-winning technology to enhance agri-nutrients to grow food crops that have up to 10% higher yield with lower CO<sub>2</sub> emissions. Simultaneously, we are using our patented Blue Urea innovation produced via third-party certified (TÜV-R) Blue Ammonia with zero Carbon Footprint and Next Generation Fertilizer. To help with building sustainable infrastructure, our enhanced pipe technology has a 30% thickness reduction while guaranteeing longer durability, ensuring system structures that will last many lifetimes without needing to be replaced.

Our efforts to push for a more circular and sustainable future were recognized at the Edison Awards in 2022, where we won five Edison Awards across four different categories. Moreover, SABIC showcased its TRUCIRCLE™ program for manufacturers along with our new program, BLUEHERO™, at K-Show 2022. At the show, SABIC also exhibited a broad range of differentiated material solutions and applications samples targeting improved functionality, sustainability, safety, design, cost, and patient and consumer convenience that meet the needs of the hygiene and healthcare industry.

<sup>1</sup> UN Future Possibilities 2020 Report

SABIC is constructing its first demonstration advanced recycling unit that holds an initial capacity to convert 15-20 kt per annum of raw pyrolysis oil into certified circular polymers

# OUR PERFORMANCE

## PERFORMANCE METRICS

TOTAL ACTIVE PATENT PORTFOLIO (PATENTS AND PENDING APPLICATIONS)/ NEW PRIORITY-PATENT APPLICATIONS IN 2022	% OF NEW PRIORITY PATENT APPLICATIONS IN 2022 ASSOCIATED WITH PSA-ASSESSED RESEARCH PROJECTS AS HAVING A SUSTAINABILITY CLASSIFICATION	SUSTAINABILITY-DRIVEN SOLUTIONS	IMPROVEMENT IN % OF INNOVATION EBITDA/ BUSINESS EBITDA (2019-2022 YTD)
9,948/233	~55%	>50%	15+%
ACTIVE R&D PROJECTS	R&D CENTERS WORLDWIDE	R&D EMPLOYEES	
450+	18	2,000+	

Strategic Intellectual Property protection is one of the cornerstones of SABIC's technology-development efforts. By the end of 2022, SABIC's active patent portfolio stood at 9,943 granted patents and pending applications, including 233 new priority-patent applications filed during the year. Innovation around sustainable technologies, such as carbon neutrality, circularity, process improvements, operational efficiencies, light-weight solutions, chemical safety and sustainable applications, continues to be a key driver for SABIC research efforts and is systematically monitored by the organization. 20% of SABIC's active patent portfolio relates to sustainability as per the Portfolio Sustainability Assessment (PSA) methodology; similarly, ~55% of new priority patent applications filed in 2022 relate to sustainability.

### SABIC'S PORTFOLIO SUSTAINABILITY ASSESSMENT (PSA) APPROACH

The PSA approach, sponsored by the World Business Council for Sustainable Development (WBCSD), is a robust methodology and framework of sustainability criteria to analyze companies' product portfolios. SABIC, along with several other industrial peers in the chemical sector, has participated in the design and development of this methodology since its inception.

By providing an assessment of the sustainability of applications and products, the PSA enables better decision-making and more impactful, market-driven sustainability and innovation strategies. This, in turn, allows SABIC to maintain a strong presence in the market, where new demands and needs – and more stringent environmental regulations – are emerging, and meet our customers' and other stakeholders' expectations and ambitions for sustainable solutions.

After gaining experience from running two pilot assessments with some polymers segments in 2018 and 2020 (the details of which were published in our previous Sustainability Reports), SABIC applied the full scale of the PSA methodology to a broad part of its business for the first time in 2022, covering 48% of revenues at corporate level and assessing 412 grades in 149 products/applications.

Products with strong sustainability-related benefits were categorized as A++ (advanced) and A+ (progressing) and comprised 37% of the screened revenues. Such products contribute to reducing customers' carbon footprint or conserving resources at the application level, and help customers develop their own sustainable applications. To date, some key A++ and A+ products in our portfolio include foam insulation products, lightweight polymer solutions, and low carbon steel products.

In addition, the PSA identified some flagged (C-) and challenged (C--) products/applications. These products are related to 1) additives that are substances of concern, which we are addressing through our product stewardship program, "Safer Chemistry" and 2) applications with risk derived from end user responsibility, which we are addressing through our TRUCIRCLE™ program.

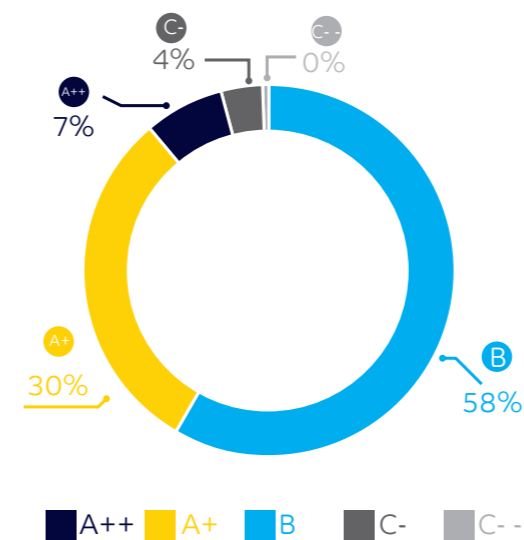
By the end of 2023, we aim to expand our PSA coverage and enhance the granularity of our PSA specifically in relation to risk assessment. After establishing a robust baseline of SABIC's portfolio by the end of 2023, the intention is to perform a PSA update every four years.

In addition to our commercial portfolio, the PSA methodology was also adopted across the entire T&I portfolio in 2022 to assess the sustainability performance of all research and development projects. In 2014, we implemented an in-house second generation sustainability assessment methodology for all T&I projects with the intent of tracking the sustainability attributes of projects at the portfolio level. This assessment was guided by lifecycle assessment (LCA) principles and used to evaluate T&I projects against three sustainability metrics: environment, economics and social. While this methodology has been effectively utilized for internal tracking and decision-making over the past years, the recent developments in PSA guidelines presented a great opportunity to upgrade and standardize our sustainability assessment in line with external, global standards and practices to ensure transparency and consistency.

As part of the rollout of the new PSA-based sustainability assessment framework across the T&I portfolio, we also upgraded our portfolio analytics to be able to track the contributions of projects under 20+ solution directions such as circularity, decarbonization, etc. This classification enables us to assess the distribution of projects under key sustainability focus areas, leading to informed decision-making on the portfolio over near and long-term. Assessment scores based on the PSA framework are also being validated using LCA studies. Additionally, further analysis on sustainability patents as a proportion of overall patents has been introduced as a new metric in our sustainability reporting for 2022 (see 'Performance Metrics' above).

In the coming years, the PSA will be a crucial tool in enabling SABIC to accelerate growth in sustainable sectors and increase our abilities to help challenged sectors become more sustainable. The PSA will identify and document the sustainability contribution of new technological developments, such as our TRUCIRCLE™ product line, as well as changes in process like the use of renewable electricity, helping us steer our portfolio toward more sustainable solutions. Moreover, our intention is to have the PSA become a regular disclosure in our Sustainability Report, offering a standardized, credible communication on our approach to sustainability to our investors and stakeholders.

PSA PERFORMANCE CATEGORIES  
% REVENUE, 2022



48% COVERAGE

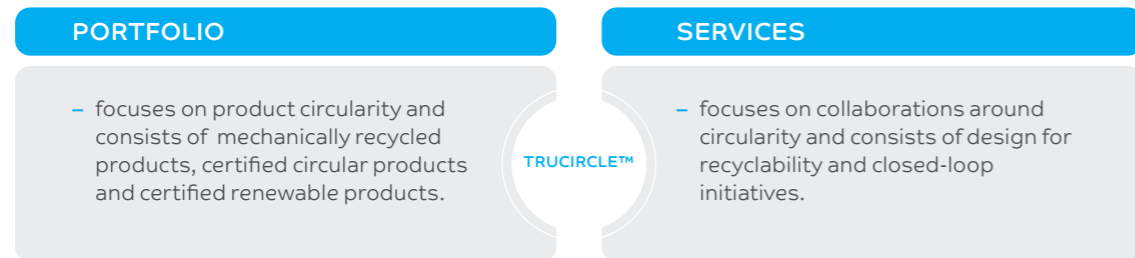
Advanced	A++
Progressing	A+
Compliant	B
Flagged	C-
Challenged	C--

# SEGMENT-DRIVEN APPROACH

In pushing for sustainability in the Petrochemicals and Agri-Nutrients businesses, SABIC has directed its efforts toward recycled and bio-based feedstock and using renewable resources to design innovative new products and sustainable solutions for our customers.

Our goal to deliver sustainable products and applications that reduce carbon footprints without compromising high performance led to the creation of the TRUCIRCLE™ and BLUEHERO™ initiatives.

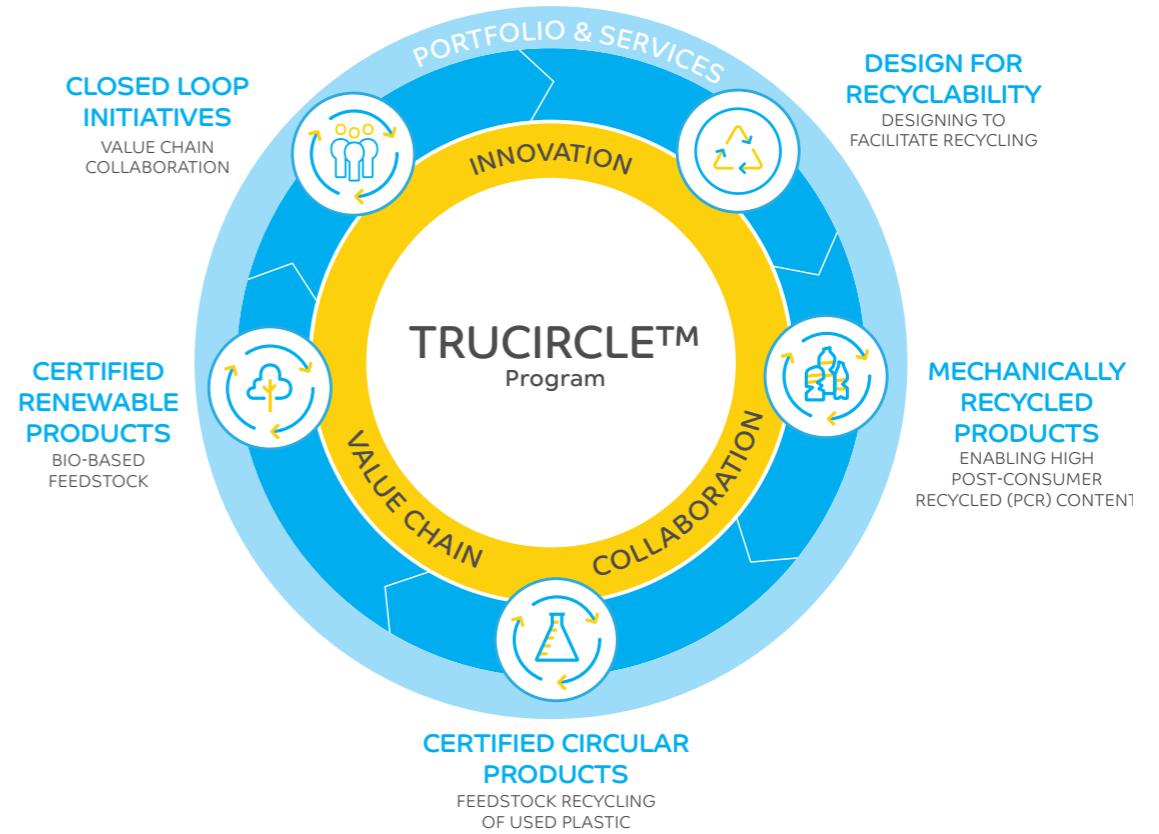
## TRUCIRCLE™



### PORTFOLIO



### SERVICES



At the recent WEF Annual Meeting in Davos, SABIC unveiled its plans to process one million metric tons (1,000 kt) of TRUCIRCLE™ solutions annually by 2030, reaffirming its pledge to accelerate the circular carbon economy. In order to fulfil this ambition and meet the 2030 target, SABIC aims to upscale the volume of globally-advanced, recycled, as well as bio-based materials, as catalogued in the various initiatives below.

Under the TRUCIRCLE™ portfolio, we developed a variety of innovative applications used across the value chain especially in the packaging industry. In the past three years, SABIC has focused its efforts on five key drivers to address challenges faced by the market: reducing waste; increasing circularity; closing the loop & reusing ocean-bound plastic; using bio-based feedstock solutions; and enhanced functionality and consumer appeal. These projects build on previous commitments to close the loop on soft plastic goods packaging, along with new pledges to create materials using renewable residues from vegetable oil processing.

### REDUCING WASTE

Using durable, lightweight, and mono-material solutions and applications designed for recycling is one of the most effective strategies to decrease waste. In 2022, SABIC undertook the following measures to contribute to waste reduction.

### HEAT-RESISTANT MONO-POLYETHYLENE (PE) POUCHES

SABIC collaborated with Covestro to develop a new heat-resistant coating resin technology for BOPE films, engineered specifically for recyclable, mono-material stand-up pouches. A viable solution to replace polyethylene terephthalate (PET) or Polyamide (PA) laminates in stand-up pouches, this transparent coating solution is in the trial phase; it has been tested in collaboration with Verpakingsindustrie Veenendaal (VIV) and Volpak to validate a broader sealing temperature window when processing on FFS lines. The solution prevents the film from shrinking and from sticking to heat seal bars. The new recyclable mono-material stand-up pouch structure will push the flexible packaging industry to achieve a circular economy as a viable alternative to PET or PA laminates.

### SUSTAINABLE FOAMED PACKAGING SOLUTIONS

SABIC partnered with IP Verpackung to develop two solutions: a food tray using a re-usable recyclable PP-UMS resin, a new generation of high-melt strength, foamable PP solutions; and a foam blow-molded bottle from SABIC made with chemical and mechanical recycled content from our TRUCIRCLE™ portfolio that is both cost-effective and offers up to 25% savings in weight.



# SEGMENT-DRIVEN APPROACH CONTINUED

## INCREASING CIRCULARITY

Our certified circular polymers, based on a mass balance accounting approach according to ISCC PLUS, validate the feedstock content that comes from advanced recycling of mixed plastic waste. In 2022, SABIC processed 2.6 kt of pyrolysis oil in its crackers along with an additional 10 kt of renewable feedstock. The first commercial advanced recycling unit at Geleen, The Netherlands, is in the final stages of construction and will significantly upscale production of certified circular polymers derived from used plastic to expand the possibilities within the TRUCIRCLE™ ecosystem. In addition, we undertook a wide range of efforts to expand our solutions to increase circularity.

## BLOCKCHAIN PILOT PROJECT

SABIC, in collaboration with technology company Finboot, advanced recycling pioneer Plastic Energy, and packaging specialist Intraplás, embarked on a pilot project to research the ways in which blockchain technology can enable end-to-end digital traceability of circular feedstock in customer products. The objective is to validate the feasibility of using a blockchain-based, value-chain IT application to trace a product across every step of the supply chain. In doing so, the project should lower costs, save time, and improve data integration for all value chain partners and validate sustainability proof points as well as organizations' ESG credentials. The potential in this blockchain technology is significant, and will help to reduce the risk of human error in the certification process of materials.

## FRESH-CUT SALAD BAGS

SABIC collaborated with Bonduelle to deliver a premium range of fresh-cut salad packaging made from certified circular SABIC® biaxially oriented polypropylene (BOPP) polymer produced by advanced recycling of post-consumer plastics that comply with food-contact regulations and contain 30% recycled content via mass balance certification. Additionally, they are fully recyclable in flexible packaging polyolefin waste streams.

## GABRIEL-CHEMIE

SABIC identified a need for a cosmetic packaging solution that was recyclable, refillable, reusable, or recoverable, preserved the quality of the product and reduced its environmental footprint without compromising processing. Using certified polymers from the TRUCIRCLE™ portfolio, SABIC developed masterbatch samples for Gabriel-Chemie, one of Europe's leading masterbatch manufacturers, that can be broken down to produce purified chemical products and used as a feedstock to recreate high-performance plastics back to a virgin PE.

## CHANEL

SABIC developed a cosmetic packaging tube that supports circular solutions and full recyclability in line with strict cosmetic industry standards without affecting the tube's content quality. The tube was made with certified circular polymers from SABIC's TRUCIRCLE™ portfolio produced through the advanced recycling of mixed and used post-consumer plastics. The pyrolysis oil produced is used as feedstock to create certified circular polymers with the same properties as virgin material. Our collaboration with Chanel showcases how advanced recycling solutions can add value to recycled content in cosmetic packaging.

## SPECIALTY FILMS IN ABSORBENT HYGIENE APPLICATIONS

SABIC teamed up with Plastik Group, a major international manufacturer of films and bags for the hygiene market, and Drylock Technologies to use certified circular polymers from SABIC's TRUCIRCLE™ portfolio to develop specialty films to use in absorbent hygiene applications, such as sanitary pads, panty liners, towels and diapers in feminine, baby, and incontinence care. The TRUCIRCLE™ initiative is part of our initiative towards developing solutions for single-use disposable absorbent hygiene products. The partnership will boost efficiency and help to reduce the waste ending up in landfill sites or incineration plants while serving as a role model for responsible, circular product solutions.

## ELLA'S KITCHEN AND GUALAPACK

SABIC collaborated with Ella's Kitchen, the number-one baby-food brand in the UK, to develop a baby-food cap made with advanced recycled plastics for over 3.5 million of Ella's Kitchen's Organic Strawberries and Apples pouches starting from January 2022. Using certified circular polymers from SABIC's TRUCIRCLE™ portfolio, these resins will be utilized by Gualapack, market leader of spouted pouches in the baby-food segment and supplier to Ella's Kitchen, to produce the cap. In the process, Ella's Kitchen became the first company in the baby-food category to use SABIC's TRUCIRCLE™ certified circular polymers as part of the company's wider commitment to make all of its packaging widely recyclable by 2024.

## CLOSING THE LOOP & REUSING OCEAN BOUND PLASTIC

A challenge in achieving circularity is developing solutions that will effectively close the loop of plastic packaging. Another involves utilizing the vast amounts of ocean-bound plastic polluting coastal areas in the material stream of new packaging products. By tackling the problem on two fronts, SABIC has made significant headwinds in this approach in 2022.

## POLIVOUGA AND NUEVA PESCANOVA

As part of our initiative to reduce plastics that end up in our oceans, we collaborated with Portuguese flexible-film-products manufacturer, Polivouga, to develop a new pioneering TRUCIRCLE™ project to convert reused post-consumer plastic waste recovered from areas up to 50 km inland from waterways into a new sustainable seafood packaging solution. It was launched on June 8, 2022, to coincide with World Oceans Day 2022 and in collaboration with the Nueva Pescanova Group, a leading Spanish brand owner specializing in the fishing, farming, processing and marketing of fresh, chilled and frozen seafood products. This venture marks SABIC's first TRUCIRCLE™ project to use recycled ocean-bound plastic in certified circular polyethylene and food packaging solutions to reduce the amount of plastic that ends up in the seas.

## UPM RATAFLAC

SABIC teamed up with UPM Rataflac to launch the world's first packaging label material made from SABIC® certified circular polypropylene (PP) based on advanced, recycled ocean-bound plastic (OBP) ethically collected from South-East-Asian beaches and islands and audited. The labels will help reduce plastic waste and align with our TRUCIRCLE™ program vision of circular solutions.

## MESS-FREE MICROWAVABLE HEINZ BEANZ SNAP POTS

SABIC has teamed up with Heinz, Tesco and Berry in a recycling trial in the UK that aims to close the loop on soft-plastic-goods packaging using certified circular PP from SABIC's TRUCIRCLE™ portfolio for microwavable Heinz Beanz Snap Pots. The project encourages consumers to return their soft-plastic packaging to collection points set up at various Tesco stores. The packaging is subsequently converted into pyrolysis oil, via a thermal anaerobic conversion process that SABIC uses to produce the certified circular PP. Berry Global, a leading supplier of packaging solutions, uses these pellets to manufacture the new Beanz Snap Pots and sends them to Heinz. In turn, the empty pots and sleeves can be returned to designated collection points as part of the closed-loop project.

## KIND® SNACK BAR PACKAGING FROM MARS AND LANDBELL GROUP

We joined forces with Mars and Landbell Group on an advanced recycling project to develop BOPP film based on SABIC's TRUCIRCLE™ certified circular PP from feedstock recycling of post-consumer used plastics to close the loop on flexible packaging. Mars introduced the new BOPP film in packing its KIND® primary healthy snack-bar brand. Landbell collected and sorted mixed plastics and delivered the mixed materials to Plastic Energy, to be converted into pyrolysis oil via a patented thermal anaerobic conversion process. The pyrolysis oil is an alternative feedstock in SABIC's production process of virgin-quality food-contact-approved PP polymer. The project helped Mars to contribute to a circular economy to recycle, reuse, or compost all packaging material to aid its sustainable packaging journey.

## PROCTER & GAMBLE

Our joint pilot project with Procter & Gamble (P&G) and Fraunhofer resulted in a sustainable closed-loop solution to reduce critical waste and mitigate resource depletion of single-use facemasks discarded in public spaces during the COVID-19 pandemic. P&G sites in Germany collected all facemasks worn by employees and visitors, automatically shredding and converting them to pyrolysis oil that SABIC uses as feedstock in the production of certified circular PURECARES PP resin, which we then supply to P&G to process into nonwoven fibers material.

## RECYCLING OCEAN-BOUND PET BOTTLES FOR UPCYCLING POLYBUTYLENE TEREPHTHALATE

In our efforts to mitigate plastic waste that ends up in the seas, our R&D 100 Award-winning LNP™ ELCRIN™ WF0061BiQ resin uses ocean-bound PET bottles as a feed stream for chemical upcycling into polybutylene terephthalate (PBT) resin. It is the latest addition to SABIC's extensive portfolio of chemically upcycled LNP ELCRIN iQ materials that support circularity.

## SEGMENT-DRIVEN APPROACH CONTINUED

### USING BIO-BASED FEEDSTOCK SOLUTIONS

Our certified renewable solutions do not compete with human-food or animal-feed production and are ISCC PLUS mass balance accredited. This year, SABIC's efforts to use certified renewable feedstock spanned different industries.

#### MATTEL

SABIC collaborated with Mattel to incorporate certified renewable polymers from SABIC's TRUCIRCLE™ program across Mattel's product range to support the leading global toy company's goal to achieve 100% recycled, recyclable or bio-based plastic materials in all its products and packaging by 2030. This is a huge step as Mattel is the first company in the toy industry to work with SABIC to develop high-quality new plastic applications.

#### W. MÜLLER GMBH

SABIC and W. Müller GMBH collaborated to develop a recyclable bottle that uses certified renewable high-density polyethylene (HDPE) polymer from SABIC's TRUCIRCLE™ portfolio for the inner layer and SABIC® HDPE mechanical recycled compounds for the core and outer layers. The bottles are a drop-in solution for replacing fossil-based plastics with no compromise on food safety. It contributes to circularity by saving the use of virgin material in bottles without facing processing issues or machine-efficiency reduction and upholding bottle-quality standards.

#### CHIP BAGS

SABIC, Orkla, and IRPLAST launched a chips packaging using certified renewable PP polymer in substitution of fossil-based plastics in the packaging that does not compromise on food safety, and is converted into a BOPP or Natural BOPP (NOPP) food packaging film by IRPLAST. The material solution from bio-based feedstock will lower the carbon footprint of all three partners' value chain by about 50% compared to the use of traditional non-renewable plastics.

### ENHANCED CONSUMER APPEAL AND CONVENIENCE

Although consumers are in favor of sustainable solutions, they expect advanced new packaging products to offer a highly salient aesthetic appeal and user convenience. In 2022, SABIC kept this pillar in mind when working on new projects with its partners to produce sustainable packaging products for popular consumable items.

#### TEA CAPSULES

SABIC and Melitta Single Portions used a food-grade SABIC® QRYSTAL PP copolymer with certified feedstock from recycled used plastic waste to create a new capsule for the Avoury® tea brand that is transparent, lightweight, and aesthetic while supporting up to 80% reduction of fossil depletion versus conventional designs.

#### ICE CREAM CUPS

SABIC and the Piber Group developed SABIC PP PHC60, an impact copolymer aimed to be used for chilled and frozen foods packaging, which offers up to 40% higher drop impact performance, thereby reducing material consumption and saving costs.

#### YOGHURT CUPS

SABIC and NESTAL collaborated to transfer the technology of injection-compression molding (ICM) to the thin-wall packaging market to create lightweight yet stiff and stackable, aesthetic yoghurt cups molded in a phthalate-free SABIC PP FLOWPACT grade that ensures high product safety at lower material consumption.

### BLUEHERO™

BLUEHERO™ is a new initiative aimed at delivering solutions that accelerate the world's energy transition to electric power in a bid to move toward a cleaner environment for the benefit of future generations. The expansive ecosystem of BLUEHERO™ initially focused on supporting the automotive industry's mission to create safer and more efficient EVs by improving structural battery components using unique flame-retardant materials and solution-development expertise, and leveraging specific knowledge and expertise around large-part injection molding, compression molding, advanced injection molding, and polymer flame interaction. In time, BLUEHERO™ intends to strengthen and expand its thermoplastic offering to help enable electrification with new investments.



BLUEHERO™ is a new initiative aimed at delivering solutions that accelerate the world's energy transition to electric power.

Our aim is to support the automotive industry to shift over 70% of vehicles to electrification by 2030. To this effort, Original Equipment Manufacturers (OEMs) have committed US\$ 560 billion to deliver industry solutions across all verticals— materials; manufacturing; assembly; fire-polymer interaction; application/verification; and solution development. Our objective is to deliver industry-specific solutions that cater to the evolving needs of the automation industry, including lightweight and cost-effective products with lower environmental impact, and enhanced safety and performance standards. In addition, SABIC is eyeing a 2030 ambition of achieving over 150 kt in resin sales to establish SABIC's position as a leader.

### THE BATTERY SHOW EUROPE 2022

SABIC showcased its BLUEHERO™ electrification initiative for the first time at The Battery Show Europe 2022 in Stuttgart, Germany. The company highlighted its comprehensive materials offering and expertise for next-generation batteries and energy-storage applications, emphasizing its commitment to support the shift to electric power. SABIC presented its results from a stringent test based on the new UL standard 2596, demonstrating how the new solution combined pressure, ablative force, heat, and fire into one repeated test, packing 25 battery cells (type 18650) into a steel box and then heating two cells to the point of thermal runaway. The pressure from the explosion was higher than the requirements of several OEMs; a 4 mm sheet of STAMAX™ flame retardant resin, a long glass fiber polypropylene material, passed this test six times without displaying any perforation.

### THE BATTERY SHOW NORTH AMERICA 2022

At The Battery Show North America 2022, SABIC continued to exhibit its materials, solutions, and expertise under the BLUEHERO™ initiative, including:

- An all-plastic prototype EV battery tray with integrated cooling channels and crash protection elements.
- A prototype plastic honeycomb structure in XENOY™ HTX resin for possible battery pack side impact protection, significantly lighter and lower in costs compared to using metal.

## PROCESS INNOVATION

Creating sustainable solutions requires improving existing processes and continuously innovating new processes that reduce waste, minimize environmental impact, and increase efficiency. At SABIC, the objective is to refine the process while enabling growth.

Our polymers and chemical processes were the focus of two such process innovations implemented in 2022.

### POLYMERS

In 2022, we took steps to revamp the Dry Catalyst Feeder technology for general-purpose PE that would help SABIC achieve lower costs and simultaneously enhance reliability. Meanwhile, our Integrated Multizone Technology for Differentiated PE allowed us to introduce new PE products in future assets.

### CHEMICALS

This year, we reduced the bottlenecks at our plant sites to boost productivity; our SABIC Butadiene Extraction Technology benefitted from this upgrade and saw its output increase significantly. Additionally, we upgraded our SABIC ANJEVOC Technology that converts complex hydrocarbon feeds to chemicals that will increase chemical output that is more sustainable.

### ELECTRICALLY-HEATED STEAM CRACKER FURNACE

In 2022, we began construction of the world's first demonstration plant for an electrically-heated steam cracker furnace. The plant, located at BASF's Verbund site in Ludwigshafen, Germany, is a collaboration with BASF and Linde, and is capable of reducing the CO<sub>2</sub> emissions of ethylene production by approximately 90% by using electricity from renewable resources instead of burning fossil fuel.

### ISOBUTANE DEHYDROGENATION UNIT

We commissioned the PKN methyl tertiary-butyl ether (MTBE) Improvement Project to replace the existing Petrokemya North Isobutane Dehydrogenation unit with a new SABIC-licensed Isobutane Dehydrogenation Unit; this process innovation is set to modify the existing Isomerization Unit, MTBE Synthesis Unit, and OSBL facilities in order to achieve 1000 kt per annum of MTBE at average operational conditions.

### AR-RAZI CO<sub>2</sub> PROJECT

The Ar-Razi CO<sub>2</sub> project is being undertaken to limit energy consumption and increase sustainability by constructing a pipeline to inject 900 t per day into the Ar-Razi plants. The expected outcome will reduce natural gas consumption, and lower GHG emissions by 2030.

### OTHER PROCESS INNOVATION INITIATIVES

SABIC electrified its steam-driven compressors and pumps to reduce GHG emissions, repurposing existing infrastructure for blue hydrogen and ammonia production with CO<sub>2</sub> capture for use in zero-carbon power generation. Our goal is to secure 4 GW installed capacity of renewable energy by 2025 and 12 GW installed capacity by 2030.

Furthermore, we launched multiple process optimization initiatives at ethylene-based PK Butene-1 plants that reduced steam consumption by 0.15 MMBtu per metric ton. This is the equivalent to lowering the energy intensity by 3.5% compared to plant design. We initiated "free-of-cost" process optimization, utilizing SABIC ethoxylate reaction, production, and development know-how in addition to advanced process-control strategies, process modeling, and simulation at the ethoxylate plant in Saudi Kayan. Meanwhile, plant-production capability was enhanced by a 50% increment in the batch size for all PEG grades and tangible reductions were made in overall plant sustainability indices compared to last year, including energy intensity (19% lower than 2021) and Scope 1 and 2 GHG emissions (17% lower than 2021).

Additionally, Ibn Zahr awarded the Mega Project and Global Procurement of constructing a brand-new LTRS-1 unit to China Tianchen Engineering Corporation (TCC). The LTRS-1 unit is capable of achieving a C4 recovery at a minimum rate of 99.5%. It can also maximize C3 recovery by offering a throughput increase of 10 wt% of feed to the unit based on its current design. We expect these steps to help improve process innovation across SABIC sites moving forward to achieve sustainability on a large scale.

Meanwhile, SABIC and PepsiCo signed a Memorandum of Understanding (MoU) to establish a recycling program and focus on expanding existing capabilities and recycling infrastructure to promote a more circular economy for plastics in line with Saudi Arabia 2030 environmental goals and the Saudi Green Initiative. We also signed a supply agreement with SASREF and Sharq to replace pyrolysis with cleaner fuel gas, which will contribute to cleaner combustion.

## UNIQUE MARKET SOLUTIONS

As technological breakthroughs in optoelectronics, dielectrics, light and thermal management shape emerging megatrends, SABIC recognizes that these will reshape industries and market potential in the coming years.

SABIC has already made investments to introduce new solutions that will enable top OEMs to deliver on transformational megatrends under the following categories: Infrastructure, Electronics, Industrial, Medical Devices, and Mobility.

### INFRASTRUCTURE

SABIC's focus on Infrastructure is driven by the potential to enable faster data transmission and support emerging technologies. To achieve this goal, SABIC is actively pursuing opportunities in 5G towers, 5G antennas, printed circuit boards, and fiber optic connectors that will facilitate lightning-fast networks.

### ELECTRONICS

Recognizing the vital role that electronic devices play in modern society, SABIC is committed to providing sustainable solutions that also help enable smart devices connect seamlessly. To achieve this goal, SABIC is investing in a range of new technologies to help improve the functionality and support the sustainability goals of our customers. SABIC solutions used in smart phones, laptops, tablets, Augmented Reality/Virtual Reality (AR/VR) solutions, and smart appliances will revolutionize the way we live and work while reducing our environmental impact. We also introduced the Edison Award-winning LNP™ ELCRIN™ EXL7414B, our first bio-based Specialty polycarbonate (PC) copolymer, to help advance the consumer electronics industry's net-zero carbon emissions goals. It is formulated with over 50% bio-based content from waste materials, according to the mass balance approach, and it does not compete with the food chain. A preliminary internal assessment indicated that one kilogram of the new bio-based resin equals two kilograms of CO<sub>2</sub> reduction versus its fossil-based alternative.

In 2022, SABIC won an Edison Award for its new LNP™ ELCRES™ EXL7414 and ELCRIN EXL7414B resins that offer superior flame retardance, enabling compliance with the latest IEC 62368-1 safety standard for consumer electronics to meet enhanced product-safety requirements for ultra-thin-wall components. Realme, a leading Chinese smartphone manufacturer, selected the new LNP™ ELCRES™ EXL7414 copolymer resin for the battery enclosure of its C25 phone to achieve UL 94 V0 FR compliance at 0.6 mm that addresses the new IEC standard.

Additionally, we won another Edison Award in 2022 for LNP™ THERMOCOMP™ DC0041PE-7M1D145W, a bio-based and carbon fiber-reinforced compound engineered for the injection molding of equipment and device housings. It is specifically designed to deliver superior structural performance, flame resistance, and maximum sustainability, ideal in the consumer electronics industry where compact, lightweight devices are in high demand. Moreover, it has a lower carbon footprint compared to the petrochemical-based version.

## UNIQUE MARKET SOLUTIONS CONTINUED



The new LNP™ ELCRES™ EXL7414 copolymer resin helps consumer electronics to meet enhanced product-safety requirements.

### INDUSTRIAL

As the Internet of Things (IoT) continues to expand, SABIC recognizes the immense potential it offers to revolutionize the industrial sector while reducing carbon emissions compared to existing technologies. As a result, SABIC is making strategic investments in robotics, smart manufacturing, connected homes, and smart water meters that promise to significantly reduce carbon emissions.

### MEDICAL DEVICES

The COVID-19 pandemic has underscored the critical importance of upgrading medical devices to enable faster and more effective healthcare delivery through enhanced connectivity. Looking ahead, we foresee a future in which remote diagnostics, distant patient monitoring, drug delivery, and remote surgical devices play an increasingly central role in transforming the medical treatment landscape around the world. As the world gradually emerges from the pandemic, we remain committed to investing in new technologies that will help advance the frontiers of medical science and improve medical treatment globally.

### MOBILITY

Additionally, SABIC released five new products to complement our material portfolio of flame-retardant plastics with very high fire performance (capable of withstanding flame exposure to 1,000°C for 15 minutes or more). Our global SABIC Technology Centers also established new laboratory capabilities for testing flame performance along with a characterization lab for dielectric properties of materials at the frequencies used for automotive RADAR in North America. SABIC is performing extensive research on new products with variable contents of post-consumer mechanical recycle and viability of using renewable feedstocks as OEMs embrace sustainability and take action on their years of interest in recyclable solutions. Our focus has turned to a new area of research that uses energy absorption capabilities of plastics for protection against battery cell runaways. We validated several designs that use the freedom of design of thermoplastics to increase thermal performance of batteries that will take place in Q1 2023.

SABIC launched its Edison Award-winning LNP™ THERMOCOMP™ WFC06I and WFC06IXP compounds, designed to meet the need for high-performance materials that can enhance capabilities of higher-frequency (>75 GHz), millimeter-wave (mmWave) radar for advanced driver-assistance systems (ADAS), to build the front and back covers of next-generation radar units. Our Edison Award-winning EV battery-pack cover for Honda meets stringent fire-safety requirements, eliminates thermal blankets and reduces weight by 40% compared to a similar design made from metal. It is a global automotive first and addresses a key industry challenge.

Our focus has turned to a new area of research that uses energy absorption capabilities of plastics for protection against battery cell runaways.

## LOOKING FORWARD

By placing sustainable impact at the heart of our growth strategy, we are positioned to become the world's preferred leader in chemicals while breaking new ground in innovating sustainable products in the coming years and decades.

Our Petrochemicals business expects sustainability to exert pressure on the industry to act on plastic waste, to utilize waste as a feedstock, and to take meaningful steps to reduce and eliminate the GHG released in manufacturing processes. Although capacity growth is still exceeding demand in certain products in 2023, SABIC expects more favorable supply/demand dynamics after the additions of announced capacity.

SABIC Agri-Nutrients expects a growing global push to replenish grain stocks, safeguard crop yield against adverse weather, and control escalating food prices. This will place demands on agricultural and energy sectors and will be crucial in tapping into the Bio-growth economy moving forward.

Our Specialties business will focus on developing its competitive edge to position SABIC as one of the leading players in the "Multi-Segment Premium" specialty chemicals segment. It aims to address challenges by focusing on the growth of the Exabyte, Wellbeing, Net Zero, and Circular economies, and aiding top OEMs to deliver on transformational megatrends owing to technological advances.

Hadeed continues to work to reduce its environmental footprint through process innovations and improvements. Compared to 2021, our key environmental KPIs have shown strong improvement with GHG, energy, water, and waste intensity falling by 9%, 4%, 7% & 9% respectively. Meanwhile, our subscription of the ISO 50001 certificate reinforces our determination to reduce energy against national energy targets (SEEC).

For more information about how our SBUs are supporting SABIC in its commitment to innovation and sustainability, please refer to our Annual Report.



We are developing products and solutions in which circularity and carbon neutrality are integral and enhance performance metrics.

# CLIMATE, ENERGY, AND RESOURCE EFFICIENCY

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# OUR APPROACH

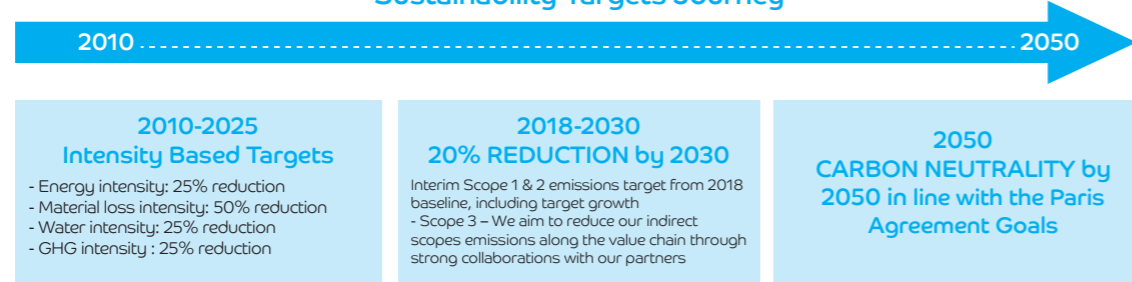
## CARBON NEUTRAL BY 2050

In 2021, we made a public pledge to ensure that all our operations are carbon neutral by 2050. To realize these ambitions, Energy Efficiency and Carbon Management (EECM) and representatives from all our businesses and Corporate Sustainability worked to develop SABIC's Carbon Neutrality Roadmap. The Roadmap establishes the overarching vision for achieving net zero emissions by 2050 and an interim target of reducing GHG emissions (Scope 1 & 2) by 20% by 2030 (from a baseline of 2018). Alongside SABIC's ongoing emphasis on circular and renewable feedstock, the Roadmap also identifies

five primary pathways to achieving net zero carbon emissions: reliability, energy efficiency, and improvements; renewable energy; electrification; carbon capture; and green/blue hydrogen.

Since this baseline of 2018, SABIC has realized a reduction of 8% in absolute Scope 1 & 2 GHG emissions, primarily driven through our efforts in energy efficiency asset improvements and renewable power incorporation.

### Sustainability Targets Journey



### WHAT ARE WE CONSIDERING IN OUR 2050 CARBON NEUTRALITY ROADMAP?

<p><b>RELIABILITY, ENERGY EFFICIENCY &amp; IMPROVEMENTS</b></p> <ul style="list-style-type: none"> <li>Technology improvement</li> <li>Energy efficiency</li> <li>Asset improvement &amp; reliability</li> <li>Asset rationalization</li> </ul>	<p><b>RENEWABLE ENERGY</b></p> <ul style="list-style-type: none"> <li>Increase renewable energy share in imported energy mix</li> <li>Approved strategy of facilitating 4 GW by 2025 and 12 GW installed capacity by 2030</li> </ul>	<p><b>ELECTRIFICATIONS</b></p> <ul style="list-style-type: none"> <li>Using renewable energy</li> <li>Electrification of different steam-driven rotating equipment</li> <li>Electric cracking furnaces for olefins and aromatic based products</li> </ul>	<p><b>CARBON CAPTURE</b></p> <ul style="list-style-type: none"> <li>High concentration potential for utilization</li> <li>CCUS collaborations</li> </ul>	<p><b>GREEN/BLUE H2</b></p> <ul style="list-style-type: none"> <li>Commercially available solutions and under early R&amp;D</li> </ul>
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In 2022, all SABIC affiliates, under the guidance of EECM, developed affiliate-specific carbon neutrality roadmaps. These roadmaps are the first step in identifying the carbon abatement mechanisms specific to an affiliate and evaluating each program for proper planning of resources and investment.

This year, we also initiated projects in renewable energy, carbon capture, electrification and green/blue hydrogen. We celebrated the groundbreaking ceremony of our collaboration

project with BASF and Linde to demonstrate technologies for large-scale electronically heated steam cracker furnaces. Once proven, the technology can have the potential to reduce carbon emissions from a cracking furnace by over 90% when coupled with renewable power. Through the CCUS Hub initiated by the Saudi Ministry of Energy as part of its CCE-NP to oversee GHG mitigation initiatives, SABIC plans to capture a total of 4 million metric tons annually of CO<sub>2</sub>, aiming for 2 million metric tons annually by 2030. In addition, as of Q4

2022, SABIC took another step forward in our long-term plan of carbon capture and utilization for methanol production at Arrazi, having recognized its future growth opportunities.

From now through 2030, major focus areas in SABIC's Carbon Neutrality strategy are energy efficiency, renewable energy, and CCUS with US\$ 3-4 billion capital expenditure anticipated. In order to minimize capital expenditure demands and utilize capital in an efficient manner, our intention is to replace fossil fuels with zero carbon alternatives, mostly utilizing existing technologies and leveraging power purchase agreements (PPAs) to replace grid-based electricity. Three of our main strategic actions to reduce carbon emissions by 20% by 2030 are:

- Renewable energy incorporation globally to reduce Scope 2 emissions
- Continuing our energy efficiency journey to achieve the SEEC second cycle target and beyond
- Capturing CO<sub>2</sub> through the Saudi Arabia CCUS hub.

Post-2030, our major focus areas will shift to executing our electrification and hydrogen strategies in order to achieve our net zero goals by 2050. Many of these abatement measures are not yet commercialized and have a large capital expenditure requirement; however, progress is already underway to develop these technologies, i.e. SABIC's joint development of an electric cracking furnace and forging industrial strategic partnerships for hydrogen hub development and off-taker agreements.

## EXPLORING GREEN/BLUE AMMONIA

SABIC aims to grow its presence in the low-carbon ammonia market, also known as "blue" and "green" ammonia, through a series of projects ranging from production and marketing initiatives.

In 2022, we dispatched the world's first commercial shipment of independently certified blue ammonia to South Korea. This represents a key milestone in SABIC's journey to developing decarbonization solutions. Blue ammonia is a low-carbon alternative to conventional grey ammonia, developed by SABIC Agri-Nutrients Company in collaboration with Aramco. The full shipment consisted of approximately 25 kmt of blue ammonia.



The world's first commercial shipment of accredited independently certified blue ammonia – part of a collaboration between SABIC Agri-Nutrients and Saudi Aramco – arrives in South Korea.

In addition, Aramco and SABIC Agri-Nutrients obtained the world's first independent certification recognizing blue hydrogen and ammonia production. TÜV Rheinland, a leading independent testing, inspection and certification agency based in Germany, granted the certifications to SABIC Agri-Nutrients in Jubail for 37,800 metric tons of blue ammonia. The certification opens new market opportunities for using ammonia as a clean fuel and will propel us towards a more sustainable future.

As the cost of renewable energy continues to decrease, the production of green ammonia via green hydrogen through water electrolysis has grown more cost-effective. In the coming years, it will eventually compete with conventional ammonia production derived from fossil fuel. SABIC Agri-Nutrients is exploring opportunities in green ammonia production that uses sustainable electricity, water, and air in a bid to reduce the carbon footprint in existing affiliates. This year, the possibility of installing a small electrolysis unit is under feasibility evaluation; the overarching goal being to reduce GHG emission and comply with local regulations.

# OUR APPROACH

## CONTINUED

### SAUDI ENERGY EFFICIENCY PROGRAM (SEEP)

SABIC is committed to SEEP and is working with various virtual teams established by EECM to develop a roadmap offering different options to support the government's 2025 SEEP goals. In 2022, SABIC continued to progress in the SEEC 2nd Cycle journey with a commitment to bring efficiency of operations & energy usage on par with global trends. To achieve this ambitious target, we invested US\$ 1.38 billion into 80 affiliate projects and 8 mega-projects. We commissioned the YANPET EG-II Energy Efficiency project that reduced the plant's energy intensity by 30% and made substantial progress on completing the Sharq EG SEEC project development plan with FEED activities progressing to the final stage (it is expected to improve the energy efficiency of the EG-1 and EG-2 plants by 20% and feedstock efficiency by approximately 2% compared to the 2018 baseline). We also completed the FEED phase of the Yanpet EG-1 Efficiency Improvement Project (which is expected to improve energy efficiency by 25% and feedstock efficiency by 7%).

Moreover, improving the energy efficiency of our operations is a vital tool overall in driving progress toward our climate goals. Efficiency optimizations planned in site-specific carbon neutrality roadmaps, along with commencing decommissioning energy intensive sites in 2025, will lead to an expected reduction of about 7.2 million tCO<sub>2</sub>e by 2030.

### CLIMATE GOVERNANCE

Climate governance is a means to ensuring that our climate strategy is carried out across SABIC's departments and teams. As ESG performance tracking is increasingly embedded across SABIC, it is critical to assess whether the Company is following appropriate and effective processes. Accordingly, we restructured the ESG Reporting Steering Committee to create more engagement both functionally and regionally to oversee the strategic transition to integrated reporting. The ESG Reporting Practitioners Group will deal with introducing new disclosures in the immediate short-term while focusing on developing more granular ESG content over the next 2-3 years. We also created a dedicated PMO to develop ESG processes for internal focus; this will enable SABIC to build capacity in critical areas. Taken together, we believe these initiatives will permit a more integrated ESG approach that improves addressing stakeholder needs, meets evolving regulations, enables responsible long-term growth, and drives a sustainable portfolio.

### CLIMATE RISK AND RESILIENCE

We are working to incorporate climate risk and resilience into our strategy to ensure that SABIC is prepared for the inevitable impacts of climate change. Our main tool is renewable energy to lower Scope 2 GHG emissions; to this effect, our goals are to secure 4 GW of renewable capacity by 2025 and 12 GW by 2030. Our polycarbonate plant in Cartagena, Spain, is set to become the world's first large-scale chemical plant to run on 100% renewable power in 2024 and reduce CO<sub>2</sub> emissions by as much as 70 kt, keeping us on track to meet our near-term target of a reduction in GHG emissions (Scope 1 & 2) of 20% by 2030.

### CORPORATE DIGITALIZATION PROGRAM

SABIC embraces digital technologies and new business models that offer end-to-end visibility and actionable insights. SABIC rolled out a company-wide digitization strategy that covers multiple domains such as supply chain, manufacturing, market and sales, procurement, and product innovation. In 2021, SABIC made plans to implement its Corporate Digitalization Program across eight affiliates after its successful pilot project. This year, the preparation phase was completed, laying the foundation for further progress on digitalization in 2023.

# OUR PERFORMANCE

### KEY METRICS

These metrics illustrate performance changes in GHG emissions, energy use, freshwater use, material loss, and flaring reduction compared to 2010. Total CO<sub>2</sub> utilization is the absolute usage in 2022. The intensities are based on units per metric ton of external product sales.

GREENHOUSE GAS INTENSITY REDUCTION	ENERGY INTENSITY REDUCTION	WATER INTENSITY REDUCTION	MATERIAL LOSS INTENSITY REDUCTION
21.8%	14.6%	22.4%	47.6%
FLARING (tCO <sub>2</sub> e)	FLARING EMISSION REDUCTION	TOTAL CO <sub>2</sub> UTILIZATION (Million t)	ABSOLUTE WASTE REDUCTION
1,660,550	55.2%*	3.82*	1.4%
ABSOLUTE GHG (TOTAL SCOPE 1&2) REDUCTION (tCO <sub>2</sub> e)**			
8%			

\* Assured by KPMG

\*\* From 2018 baseline

Our reporting boundary for our Environmental Sustainability KPIs is in line with current financial consolidation; however, we have opted to include 3.5 SABIC affiliates – Kemya, Sharq, Yanpet and 50% of SAMAC – that were moved outside financial boundaries in 2020 as part of the total numbers.

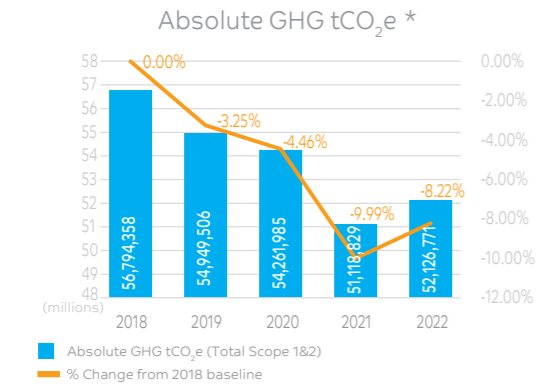
# GREENHOUSE GAS

In 2022, absolute emissions increased by 2% compared to 2021, with an increase of 3.2% in Scope 1 and a decrease of 1.1% in Scope 2 emissions. The increase in Scope 1 emissions is directionally proportional to the increase in production (+3.9%) vs 2021. The main driver for the 1.1% drop in Scope 2 emissions is the continued grid emission factor updates around the world as well as the execution of key PPAs in Europe, increasing our share of dedicated renewable power and thereby directly reducing SABIC's Scope 2 GHG emissions.

## GHG EMISSIONS BY SCOPE tCO<sub>2</sub>e\*\*\*

GHG in tCO <sub>2</sub> e	2021*	2022*
Scope 1 – Financially consolidated	29,003,145	30,439,107
Scope 2 – Financially consolidated	12,555,400	12,513,231
Scope 1 - 3.5 affiliates**	7,004,342	6,820,144
Scope 2 - 3.5 affiliates**	2,555,942	2,444,289
<b>TOTAL SCOPE 1 &amp; 2</b>	<b>51,118,829</b>	<b>52,126,771</b>

\*Assured by KPMG  
\*\*3.5 affiliates include Kemya, Sharq, Yanpet, and 50% SAMAC  
\*\*\*All numbers for Scope 2 are based on market-based accounting



\*Assured by KPMG

## SCOPE 2 REPORTING

With increased public awareness and governmental scrutiny of climate change comes heightened expectations for the depth and quality of corporate climate-related disclosures. As we seek to progress on our Carbon Neutrality Roadmap, we understand that this journey requires transparent assessments that lead to learning and improvements. For example, our CDP Climate Score declined in 2022 (for our 2021 disclosures) to a C rating from a B in the previous year. This year, in response, we undertook an initiative to report on our Scope 2 emissions using both location and market-based accounting methods. The increased granularity is necessary to tell the whole story of SABIC's net zero carbon strategy. We strive to bring significant renewable capacity through the use of PPAs in order to ensure long-term supply of clean power to our manufacturing sites. The grid itself is making

gains in reducing the CO<sub>2</sub> emissions associated with every MWh generated, but SABIC is doing even more, and this is positively reflected in the 2022 market-based Scope 2 emissions. With additional amounts of renewable energy being bought by SABIC, we should start to see significant differences in location-based and market-based reporting. This reporting initiative – alongside others like working to align our disclosures with TCFD recommendations by 2023 – will allow us to respond to the disclosure expectations of our stakeholders.

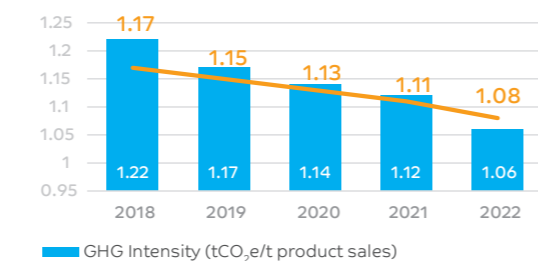
## 2022 SCOPE 2 EMISSIONS tCO<sub>2</sub>e\*\*

Source	Location-based	Market-based	Delta
Electricity	14,530,345	14,333,675	
Heating/Cooling	623,845	623,845	
<b>Total</b>	<b>15,154,190</b>	<b>14,957,520</b>	<b>196,670</b>

\*\*3.5 affiliates include Kemya, Sharq, Yanpet, and 50% SAMAC

## GREENHOUSE GAS INTENSITY

GHG Intensity (tCO<sub>2</sub>e/t product sales)\*



\*Assured by KPMG

## RENEWABLE POWER

Securing renewable energy to power operations is a priority in SABIC's Carbon Neutrality Roadmap over the next decade. We plan to procure more than 4 GW of renewable energy through solar, wind, and hydroelectric across Saudi Arabia, Europe, the Americas, and Asia-Pacific.

From January 2023, our sites in Geleen and Bergen op Zoom in The Netherlands began taking supply of renewable wind power from the SwifterwinT windfarm. The 730 GWh renewable wind power represents yet another leap forward in our global carbon neutrality strategy, providing 90% of our annual power demand in the Netherlands and helping us to reduce our indirect CO<sub>2</sub> emissions by over 300,000 metric tons.

## SCOPE 3 REPORTING

Since 2011, SABIC has been reporting its direct emissions (Scope 1) and indirect emissions connected to outsourced energy supply (Scope 2). In 2019, we commenced our Scope 3 reporting journey, taking a comprehensive look at all 15 categories as part of our commitment to improving and supporting our value chain partners' sustainability aspirations. In 2021, SABIC received limited assurance on Scope 3 emissions for the calendar year 2020, becoming one of the first companies in the industry to assure overall Scope 3 emissions.

In alignment with our Carbon Neutrality Roadmap, SABIC intends to reduce indirect Scope 3 emissions along the value chain. We aim to achieve this objective by opening a dialogue with major customers and suppliers to ascertain their carbon reduction plans to determine how SABIC can contribute to their sustainability journeys. SABIC is also working with its peers to improve the Scope 3 estimation process with the objective of standardizing it. In parallel, we continue to assess the GHG emissions of all non-consolidated companies in which SABIC holds an equity share greater than 20%, reported under Category 15. By working towards a comprehensive understanding of emissions beyond its operations, SABIC aims to make improvements in identifying and managing risks and opportunities in connection with value chain emissions.

In 2021, we reported two calculations for total Scope 3 emissions. When considering the 3.5 affiliates (Kemya, Sharq, Yanpet, and 50% SAMAC) as Joint Arrangements in accordance with IFRS criteria, Scope 3 emissions amounted to 107 million tCO<sub>2</sub>e in 2021. In these calculations, however, we did not include the sold products of the 3.5 affiliates; this year, we have included them, which has impacted Scope 3 Categories 10 and 12, resulting in total Scope 3 emissions increasing to 120 million tCO<sub>2</sub>e. When applying this criteria to 2021, the recalculated total Scope 3 emissions is 117 million tCO<sub>2</sub>e (instead of 107 million tCO<sub>2</sub>e). Hence, 2022's figure represents a 3% increase when compared to 2021 under the same criteria.

When reporting the direct emissions of the 3.5 affiliates under Scope 1 and 2, Scope 3 emissions

increased to 120.2 million tCO<sub>2</sub>e in 2022 from 117 million tCO<sub>2</sub>e in 2021, up by 3%. The primary driver of this increase was our new asset, the Gulf Coast Growth Ventures (GCGV) manufacturing facility in San Patricio County, Texas, a joint operation with ExxonMobil. Having been commissioned last year, 2022 marks the asset's first full year of operation, and this increased activity affected various Scope 3 categories.

The categories contributing the most to SABIC Scope 3 emissions were: Category 10 Processing of Sold Products, Category 1 Feedstock, Category 11 Use of Sold Products, and Category 12 End-of-life treatment of sold products.

## SCOPE 3 EMISSIONS SUMMARY\*

Scope 3 Emissions in Million tCO <sub>2</sub> e	2021	2022
Financially consolidated 3.5 affiliates** reported in Scope 3, Category 15	117	120
Total GHG Scope 3 3.5 affiliates** reported in Scope 1 & 2	117	120

\*Assured by KPMG  
\*\*3.5 affiliates include Kemya, Sharq, Yanpet, and 50% SAMAC

## OUR APPROACH TO CALCULATING SCOPE 3

In calculating Scope 3 emissions, SABIC uses primary data for Category 15 (Investments) and secondary data for all other categories. Our aim is to move to using primary data as much as possible in our Scope 3 calculations. SABIC Joint Venture Affairs, the global venture management arm of SABIC, is actively promoting carbon neutrality and encouraging SABIC's Joint Ventures to provide their Scope 1 & 2 emissions data; this year, the number of emissions reporter rose from 12 to 14.

Our approach to accounting for Scope 3 emissions draws from two sources: WBCSD's Corporate Value Chain (Scope 3) Accounting and Reporting Standard and SABIC's Procedure for Scope 3 Accounting and Reporting, a version of the above standard adapted to SABIC's needs. Several salient aspects of our Scope 3 accounting are listed below:

- We reported feedstock, a short list of strategic chemicals we purchase and use in our processes, as a separate Category 1 item, "Emissions associated with purchased goods and services: feedstock." Calculations are based on actual purchases of feedstock and cradle-to-gate emission factors sourced from the life cycle inventory database, Ecoinvent 3.6.
- We clustered all other purchases in a combined Category 1 & Category 2, "Emissions associated with purchased goods (other than feedstock), services, and capital goods." For these categories, we are applying economic activity-based emission factors from the Department for Environmental, Food and Rural Affairs (DEFRA).
- For Category 3, "Emissions associated with fuel and energy use not already reported in Scope 1 and 2," we have applied upstream purchased fuels and electricity cradle-to-gate emission factors from The Engineering Toolbox and regional



# GREENHOUSE GAS CONTINUED

- electricity grids.
- The approach to Category 4, "Emissions associated with upstream transportation and distribution," is based on inbound (suppliers) and outbound (from SABIC to direct customers) transport operations. The calculations are based on metric tons carried and mileage traveled applied to transport mode emission factors from DEFRA.
- Category 10, "Emissions associated with processing of sold products," is calculated using processing and cradle-to-gate emission factors from Ecoinvent v3.6 applied to the estimated proportion of sold products based on percentage market segment share and to the second derivative level (when the sold product is an intermediate). When internal data of the final markets are not accurate enough, we have used external market studies like IHS Markit.
- Category 11, "Emissions associated with the use phase of sold products," is primarily comprised of sold Agri-Nutrients products associated with the release of CO<sub>2</sub> and N<sub>2</sub>O emissions from urea-based fertilizers. Tier 1 emission factors linked to use phase emissions of fertilizers (from the Intergovernmental Panel on Climate Change) have been applied. In addition, emissions related to the combustion of products used as fuels have been included in this category.
- Category 12, "Emissions associated with the treatment of sold products at the end-of-life," accounts for emissions related to the typical end-of-life treatments arising during recycling, incineration, and landfilling of articles made of our plastic products at the end of their service life. For simplification, average worldwide emission factors have been used in calculations (Ecoinvent 3.6 for end-of-life treatment; and World Bank Waste 2.0 Report (2018) for regional final fate share).
- Under Category 15, "Emissions of investment companies," we have considered SABIC investments in associated and joint arrangement manufacturing companies in accordance with SABIC's Financial Statements Report. Prioritized inputs are companies' Scope 1 and 2 emissions, if available. Otherwise, DEFRA's economic activity-based emission factors have been applied to the latest audited monetary income available.

More details about our approach can be found in our

Technical Supplement 2022.

Furthermore, SABIC recently joined TFS, a procurement-driven initiative created by chemical companies with the goal of assessing, auditing, and improving sustainability practices within their supply chains. Joining TFS will enable SABIC to progress on its sustainability goals as well as help drive the kind of collaboration that is vital for the industry in increasing transparency on upstream value chains to support further reductions in Scope 3 GHG emissions. We anticipate that some aspects of our Scope 3 accounting and reporting may change in the coming years in order to align with a common approach with our TFS partners in the chemical sector. (Please see the "Sustainable Supply Chains" chapter of this report for further details.)

### REPORTING OF AVOIDED EMISSIONS AND BIOGENIC CREDITS 2022

SABIC has been gradually replacing some volumes of conventional hydrocarbon-based feedstock with alternative feedstock since we started consuming bio-based feedstock in our cracker in Geleen, the Netherlands. As part of our 2050 Carbon Neutrality Roadmap, the replacement of feedstock continues to grow steadily, which allows us to make progress in our Category 1 Feedstock emissions.

The total number of biogenic credits due to sales of certified renewable TRUCIRCLE™ products is 46 kt, from which the Biogenic CO<sub>2</sub> emissions (actuals) to be discounted from Category 12 (Emissions associated with End-of-Life) is 8,098 tCO<sub>2</sub>e (as it is estimated that the final fate of this proportion will be incineration). Avoided emissions by virtue of deviating plastic waste from incineration and converting it in certified circular TRUCIRCLE™ products is 9,233 tCO<sub>2</sub>e, which are reported separately in accordance with the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

SABIC's LCA Studies, substantiating the above reported avoided emissions and biogenic credits, have undergone a rigorous ISO Critical Review process, reviewed by a panel comprising of four renowned experts in the field of the study. The study aims at conformance with ISO 14040:2006 and ISO 14044:2006, and the third party full panel critical review aims for conformance with ISO 14071.

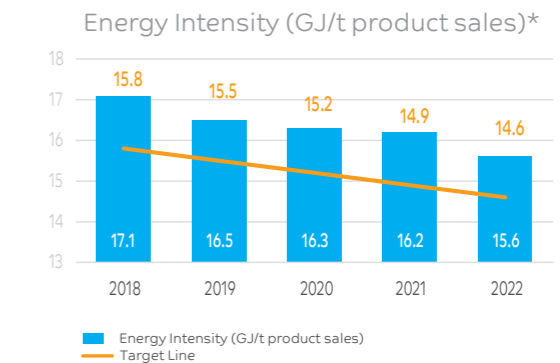
# ENERGY

Energy intensity decreased by 3.9% from 2021, due to a sharp increase in sales across all our businesses. With this increased production came an increase in absolute energy consumption of 3.5%. The primary sources of this increase in production include our GCGV asset, which completed its first full year of operations in 2022; our new United EG-3 glycols plant in Jubail, designed to be the most energy-efficient glycols plant in the world with zero steam operation, which commenced operations this year with an increase in overall plant production of 8%; and the startup of our GAS 9 expansion project, which increased capacities for various operations in Jubail.

Energy in GJ	2021*	2022*
Financially consolidated	600,739,990	629,778,246
3.5 affiliates**	140,489,510	137,602,996
<b>TOTAL ENERGY</b>	<b>741,229,500</b>	<b>767,381,242</b>

\*Assured by KPMG  
\*\*3.5 affiliates include Kemya, Sharq, Yanpet, and 50% SAMAC

### ENERGY INTENSITY



\*Assured by KPMG

# WATER

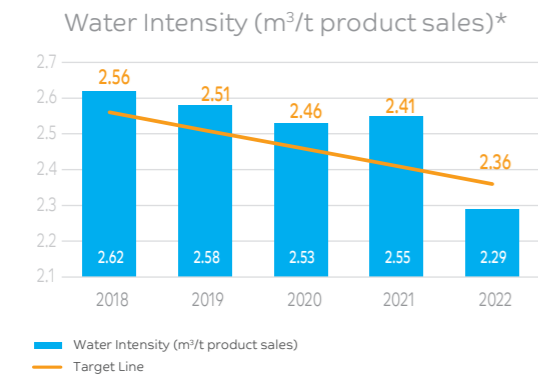
In 2022, water intensity decreased 0.5% from 2021, a result of a 4 million m<sup>3</sup> reduction in absolute water coupled with a sharp increase in sales. Major contributors to the reduction in absolute water include multiple process optimization initiatives at ethylene-based Petrokemya Butene-1 plants that reduced steam consumption by 0.15 MMBtu per metric ton (equivalent to lowering the energy intensity by 3.5% compared to plant design).

In addition, our Teesside plant's absolute raw water use decreased in 2022 compared to 2021 due to a combination of the site repairing substantial leaks from the cooling water system and potential metering errors from the site supplier and water provider. The cooling water system was in operation until June 2021 from which it was taken offline for repairs. The site is currently investigating the metering issue with the supplier to understand the potential impact.

Water in m <sup>3</sup>	2021*	2022*
Financially consolidated	100,509,077	95,714,798
3.5 affiliates**	16,079,841	16,982,482
<b>TOTAL WATER</b>	<b>116,588,918</b>	<b>112,697,280</b>

\*Assured by KPMG  
\*\*3.5 affiliates include Kemya, Sharq, Yanpet, and 50% SAMAC

## WATER INTENSITY



\*Assured by KPMG

Last year, we increased the granularity of our environmental footprint reporting with the addition of water withdrawal, water discharge, and water consumption accounting across our manufacturing sites in accordance with GRI 303 Water & Effluents. In 2022, we filled the full CDP Water Security Questionnaire for the first time, earning a robust B- rating, up from a C rating the year prior.

Water Overview SABIC 2022	Financially Consolidated Million m <sup>3</sup>	Financially Consolidated + 3.5 affiliates** Million m <sup>3</sup>
Freshwater – groundwater	9.2	9.2
Freshwater – surface water	11.4	11.4
Third-party water – desalinated water	52.5	69.5
Third-party water – groundwater	7.5	7.5
Third-party water – produced water	2.1	2.1
Third-party water – surface water	12.1	13.1
Total freshwater withdrawal	95.7	112.7
Freshwater discharge	47.9	55.2
Total freshwater consumption	47.8	57.5
Seawater withdrawal	3,635.5	5,324.6
Seawater discharge	3,500.7	5,166.4
Total seawater consumption	134.9	158.2
<b>Total SABIC water usage</b>	<b>182.7</b>	<b>215.7</b>

\*\* 3.5 affiliates include Kemya, Sharq, Yanpet, and 50% SAMAC

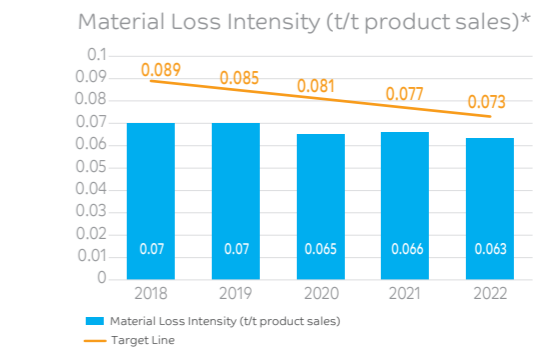
# MATERIAL LOSS

Our material loss intensity decreased by 1.4% from 2021 while our absolute material loss volumes increased by 3.2% over that same period, the result of a sharp increase in sales. Key drivers of this production increase, as discussed above, include our GCGV asset, and our new United EG-3 plant and GAS 9 project in Jubail.

Material Loss in t	2021*	2022*
Financially consolidated	2,027,852	2,207,855
3.5 affiliates**	997,163	914,702
<b>TOTAL MATERIAL LOSS</b>	<b>3,025,015</b>	<b>3,122,557</b>

\*Assured by KPMG  
\*\*3.5 affiliates include Kemya, Sharq, Yanpet, and 50% SAMAC

## MATERIAL LOSS INTENSITY



\*Assured by KPMG

# LOOKING FORWARD

SABIC remains committed to its global goal of securing renewable energy to power operations in the next decade. We plan to procure more than 4 GW of renewable energy through solar, wind, and hydroelectric, across Saudi Arabia, Europe, the Americas, and Asia-Pacific.

We hold steadfast to ensuring our strategy adheres to the Paris Agreement goals, having announced our intention to bring carbon neutrality from our operations under control by 2050. We aim to reduce our direct and indirect GHG emissions (Scope 1 and 2) globally by 20% compared to 2018, working together with our partners to reduce our indirect Scope 3 emissions along the value chain.

Our site in Cartagena, Spain, is set to become the world's first large-scale chemical plant to run on 100% renewable power by means of a 100 MW solar plant (anticipating a 70 kt annual reduction in indirect CO<sub>2</sub> emissions) that we expect to start operating in 2024.

Around the world, and in accordance with our Carbon Neutrality Roadmap development, we are assessing different low/free CO<sub>2</sub> technologies to further decarbonize our operations, such as biomass, hydrogen, heat pumps, electrical boilers and other technologies that are region- or technology-specific.

# EHSS AND PRODUCT STEWARDSHIP

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## OUR APPROACH

SABIC is committed to maintaining the highest EHSS standards throughout the organization, extending to all entities, divisions and partners. We aim to match best-in-class standards, to conduct all operations “Beyond Compliance,” and to inspire this mindset in everyone who works for or with SABIC. In keeping with this ambition, we also believe in prompt, full and transparent reporting of any non-compliance with our requirements and obligations.

Our EHSS policy is a pillar of our 2025 manufacturing strategy, provides an overall direction to the whole organization, and forms the basis that drives our efforts and journey towards EHSS improvement.

Our EHSS strategy is focused on enhancing employee competency to identify the process-hazard risks in assessments and provide high-quality risk-mitigation recommendations. In addition, we have developed several proactive/leading and reactive/lagging KPIs (EHSS Maturity) to monitor the performance of all SABIC entities globally. The objectives of this initiative are to:

- Push for strong and sustainable EHSS performance in our sites around the world.
- Bring visibility to SABIC leaders.
- Ensure proper focus on Safety, Health & Environment Management (SHEM) key aspects for implementation.
- Provide an accountability overview across all layers of SABIC Leadership.
- Allow for internal and global benchmarking of EHSS KPIs.
- Provide insight to address chronic issues.
- Deliver valuable input for the site SHEM Audit team(s).
- Provide a mechanism to support Focus-Site identification.

As EHSS becomes an integral part of our business strategy, we anticipate further opportunities to improve our EHSS approach. We aim to achieve these improvements by expanding our programs and working with stakeholders to develop better processes that will contribute to a higher EHSS performance. We will monitor emerging developments and trends in the world that will benefit SABIC in improving its EHSS, strengthen its disclosures in accordance with standardized criteria, and promote EHSS awareness to ensure SABIC’s efforts yield positive results in the years ahead.

## OUR PERFORMANCE

### 2022 HIGHLIGHTS AWARDS AND RECOGNITIONS

- The Chongqing plant achieved the highest level (Environmental Credible Enterprise) and a number 1 environmental credit rating from the Chongqing High Tech District Environmental Authority in September 2022 as per the local evaluation criteria.
- SABIC was recognized with four Year-End Corporate Awards for its 2022 Sustainability, Innovation, and CSR Efforts in Greater China by leading media and institutions.
- SABIC won the KPMG China Future ESG Award in recognition of its sustainability efforts.
- SABIC won environmental awards from the Royal Commission in Jubail.
- Our Moka, Japan site received a health and safety award from the Director of the Tochigi Prefectural Labor Bureau.

### KEY METRICS

EHSS RATE	EHSS MATURITY INDEX	CUSTOMER PRODUCT INQUIRIES ANSWERED
0.34*	87.7%	10,411

# IMPROVING EHSS PERFORMANCE

## ENGAGEMENT, DEVELOPMENT, AND VISIBILITY

A key focus area has been to investigate in depth the reasons for human failures related to personnel performance that result in most injury incidents. To this effect, SABIC introduced a human failure model in eSHEM reporting and investigations to provide a better understanding of the type of human failure involved in such incidents. Additionally, SABIC SHEM has revised and published a third-party management (SHEM-05) and SHEM-15 series for transportation safety (SHEM-15) with a training provision included.

As a sign of our commitment to ensuring the safety of SABIC's contractors across all sites, we conducted a supplier lifecycle management replacement project to qualify contractors using a new SAP Ariba platform, a system designed around qualifying and maintaining compliance of suppliers and vendors that integrates seamlessly with our other SABIC SAP tools for better collaboration among our Procurement, Legal, and EHSS teams. We have also developed an online performance dashboard for affiliates to track third-party performance.

Taskforce teams have been established to drive improvement in adherence to Basic Safety Behaviors. The taskforce team focusing on Slip-Trip-Fall incident reduction generated guidance materials to promote good practices to avoid such incidents. Furthermore, another taskforce team focused on the prevention of hand-injuries by providing guidance to improve hazard recognition and to avoid workers putting their hands in the line of fire. Physicians from sites in Saudi Arabia have been trained in principles of industrial hygiene, incident-reporting and investigation as well as health-risk assessments.

This year, we redoubled our efforts to enhance communication and learning, issuing Connect and Protect (C&P) bulletins to all sites globally. These C&P bulletins allow SABIC to facilitate meaningful dialogues about EHSS incident-learning, EHSS good practices, and lessons learned from other events to prevent reoccurrences of similar incidents and hazards at SABIC facilities. EHSS shared over 40 videos—averaging over 3,000 views—from affiliates to the technology-based EHSS Site Video Learning Center Portal for SABIC employees to use. Meanwhile, EHSS Global Resource Utilization and Networking began Phase I of its online form and database creation, training, and communications into which the experience level and skill of every EHSS employee around the world was entered. Additionally, a management system was developed with tracking dashboard and qualification results to be seamlessly uploaded to the EHSS Portal. As part of using digital solutions to enhance EHSS

performance, database quality, and incidents analysis/illustration, Power BI was utilized to improve EHSS report illustrations while technical support was extended to WP/ lock out, tag out (LOTO) for the digitalization project to ensure all requirements implemented and covered in the e-WP solution.

## RESPONSIBLE CARE® CERTIFICATION

During 2022, we merged the certification processes for all our RC14001 sites with the majority of our ISO14001 in an effort to improve learning and sharing across our manufacturing sites and the corporation. We have succeeded in maintaining our certification in responsible care 14001:2015, including ISO14001. In Saudi Arabia, we maintained certification in ISO 45001:2018 for occupational health and safety. We were able to assure conformity with the best international EHSS standards of excellence, achieve our EHSS objectives, and meet regulatory and contractual requirements through periodic auditing.



We meet regulatory and contractual requirements through periodic auditing.

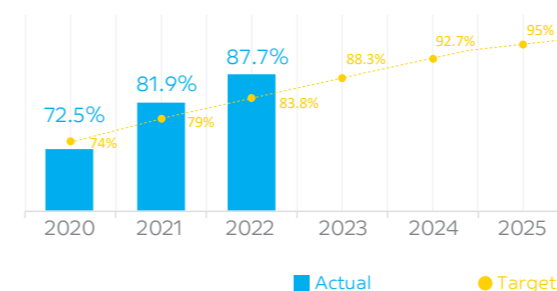
Additionally, SABIC continued to participate in global Responsible Care® programs through regional chemical associations such as the ACC in the US, Gulf Petrochemical and Chemical Association (GPCA) in the Middle East, and Association of International Chemical Manufacturers (AICM) in APAC. These activities included sponsoring and presenting at conferences, sharing EHSS practices and knowledge, and being active in Responsible Care® programs such as Responsible Care® Code peer review, while leading sub-committees and task forces.

## EHSS MATURITY INDEX

In 2020, we introduced the EHSS Maturity Index, a performance-monitoring system that uses existing EHSS KPIs to generate Maturity Indices for SABIC. The index comprises a set of relevant leading and lagging indicators, which have helped drive EHSS performance on SABIC sites, improve visibility, and develop improvement remedies. We also created a guidance manual to complement this system and drive EHSS best practices across the company. Compared to 2021, our global EHSS Maturity in 2022 has improved by 6%.

Moving forward, SABIC aims to carry out the following steps to improve the EHSS Maturity Index and address the underlying leading and lagging indicators:

- Focus on enhancing compliance through increased awareness on SHEM Management Systems and requirements for safe operations.
- Capitalize on engagement via increased interaction with Global EHSS and site management, as well as increased site inclusion of front-liners in various EHSS reviews and actions.
- Improve incident reporting, near-miss generation in the SABIC Emergency Response Academy (SERA) and share knowledge of SHEM best practices across sites.



## EHSS COMPETENCY DEVELOPMENT ENVIRONMENTAL

Environmental competency-development programs are critical to maintain the right balance of knowledge within each organization and to ensure new recruits receive specific environmental knowledge required in their jobs. The NEBOSH Certificate in Environmental Management training provides knowledge of managing environmental risk, environmental legislation, environmental hazards, and key features of an Environmental Management System (EMS).

In 2022, we successfully conducted two training programs on NEBOSH certificate in Environmental Management for 25 participants as a part of the EHSS strategy execution on human-capital development at our affiliates in Saudi Arabia.

## PROCESS SAFETY

Global Process Risk Management (PRM) continued

to build process-safety competency across the entire organization in 2022 by developing and offering relevant process-safety qualifications and training programs. Each program is incorporated within the SABIC Process Safety Competency Framework, and follows the continuous improvement approach to both content and delivery.

Process-safety competency needs are also integrated into the Operation Management System (OMS) training matrix, focusing on ensuring the continuity of key process safety programs. These include:

- Continuing to work with the Mary Kay O'Conner Process Safety Center to develop process-safety professionals. In 2022, 26 engineers completed Developing Level Batch 5 and continued to the Proficient Level (Batch 1); in 2023, the goal is to continue conducting Developing Level Batches 6 and 7.
- Process-Hazard Analysis (PHA) quality improvement through the PHA Leader Qualification program; by the end of 2022, 48 candidates completed PHA Leader-Qualification Module 3 (another 10 candidates are expected to be certified in early 2023). As per the 5-year strategy plan, it is expected to have six (small site) and nine (large site) SABIC PHA-qualified leaders at each site.
- Sustaining the delivery of Foundations of Process Safety (FoPS) training with 114 trainees in 4 sessions.
- Initiating new learning interventions through 19 training sessions globally in writing effective operation and maintenance procedures; each session was opened by a SABIC site leader, and was attended by 407 SABIC employees overall.
- Developing and conducting Management of Change and Pre-Startup Safety Review training for 98 SABIC employees.
- Awarding emergency-response certification for 117 SABIC employees.
- Delivering Explosion Risk Assessment & Protection at the Workplace by PRM SME for 58 SABIC employees.
- Conducting advanced training on Consequence Modeling & Facility Siting for 14 process-safety and fire-prevention engineers.

## INDUSTRIAL HYGIENE

In 2022, the Middle East and Africa (MEA) region

# IMPROVING EHSS PERFORMANCE CONTINUED

enrolled 14 candidates across 3 BOHS modules; 10 candidates successfully passed their assigned modules, thus achieving a pass rate of 71%. Four candidates successfully completed all seven modules and were eligible to earn the ultimate BOHS (iCertOH) certification of competency in industrial hygiene after fulfilling the requirements of the BOHS Board of Examinations.

## OCCUPATIONAL SAFETY

In 2022, 13 candidates successfully earned the NEBOSH Diploma while 45 earned the NEBOSH International General Certificate in Occupational Health and Safety. Meanwhile, 15 candidates enrolled in the NEBOSH Course in Saudi Arabia and another 15 earned the NEBOSH AMR.

This year, SABIC conducted SHEM Standard Training sessions for the newly circulated SHEMs (SHEM 05, 15, 08, 12, 10 & 02.02). These newly circulated SHEMs are revisions made to existing documents, and the training sessions on the aforementioned revised content were conducted globally (either in-person or virtually) across the regions. Confined Space Entry Training constructed confined-space simulator training units and held training scenarios in Jubail and Yanbu for the simulator project that included a training package and site selection. The company also held multiple three-hour workshops to improve leadership engagement effectiveness and visibility in a push to promote awareness, rule adherence, and hazard recognition based on SHEM-08.01 new requirements across all sites.



Confined-space simulator

## SECURITY

In 2022, the Security Center of Excellence rolled out an updated SRA tool for small sites. The tool provided a process to identify a facility's critical assets and assign mitigation strategies to secure them. The Center of Excellence also updated the process to measure the state of a facility's security systems such as its CCTV systems, lighting, access controls, and other controls. It will help sites to identify any gaps in security-equipment functionality and deploy alternate mitigation measures to address any arising issues.

## EHSS RATE METRICS AND ANALYSIS

Dimensions (Unit)	2018	2019	2020	2021	2022
Fatalities	0*	0*	3*	0*	0*
Fatalities rate (Fatalities/200,000 hours worked) <sup>2</sup>	0.000	0.000	0.003	0.000	0.000
EHSS rate (Incidents/200,000 hours worked)	0.43*	0.57*	0.42*	0.34*	0.34*
Total recordable incident rate (Incidents/200,000 hours worked) <sup>2</sup>	0.14*	0.14*	0.10*	0.11*	0.10*
Occupational illness rate (Illnesses/200,000 hours worked) <sup>2</sup>	0.003*	0.008*	0.003*	0.002*	0.001*
API 754 PSE Tier 1 (Incidents)	7	25	10*	15*	11* <sup>1</sup>
API 754 PSE Tier 2 (Incidents)	-	-	13	6	8 <sup>1</sup>
Security incidents (Class A + Class B + Class C: SHEM-10)	1	1	1	1	2
Security Incident Rate (Incidents/200,000 hours worked)	0.001	0.001	0.001	0.001*	0.002*
Hazardous substances released (t)	-	-	14.3*	2.8*	6.8*
EHSS Maturity Index (%)	-	-	72.5	81.9	87.7

\*Assured by KPMG

1. API 754 3rd Edition

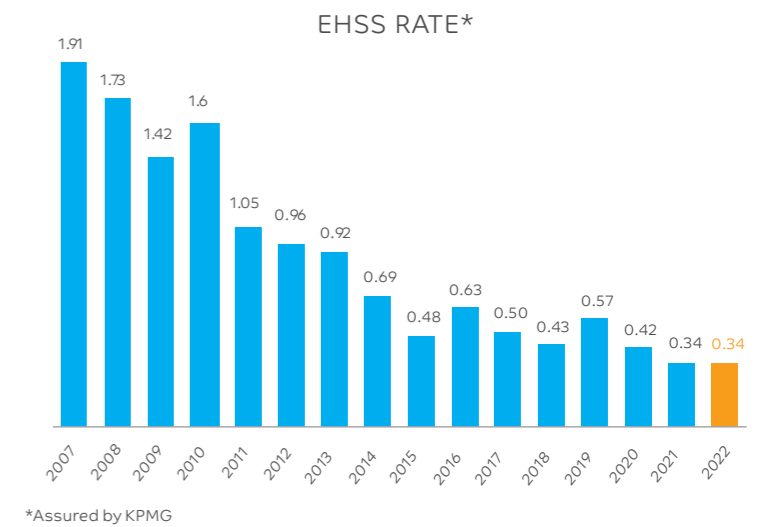
2. Fatalities, total recordable incident rate and illness rate have been split for direct hire and leased-contractor employees and outsourced-contractor employees.

## EHSS PERFORMANCE

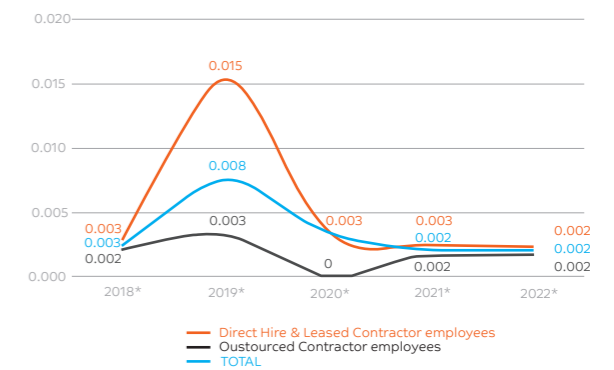
We monitor EHSS performance metrics to study a comprehensive range of incident types and improve performance. These incidents include environmental releases, process-safety loss of primary containment events, occupational health, safety injuries, illnesses, and security incidents. Although it has grown more difficult to find improvement opportunities as we progress, we strive to continually understand the underlying causes of incidents, comprehend their behavioral aspects, and identify any resulting near-misses. The objective is to reduce repeating incidents (i.e., any incidents that occurred in the past with similar root causes). We deploy IT enablers and initiate digitization initiatives to optimize EHSS performance data quality and efficiency. Our EHSS performance monitoring is built into the EHSS Management System and updated with the latest international best practices and standards.

This year, our process safety team revised our incident management procedure (SHEM-10) to implement the 3rd edition of API-754 in order to align with the International Process Safety Standard API-754.

- The EHSS rate—the main indicator of our EHSS performance—improved by 90% from 2005 to 2022, and will stabilize this year on 0.34. Having identified injury incidents as the biggest major SHER-contributing incident type with a behavior-based root cause (based on last year's incidents analysis), we introduced the Human Failure Model to gain clarity and insights about the underlying reasons for human failures in order to define better control measures that improve SABIC's EHSS Performance.
- Two Security Class C incidents affected the otherwise stable Security Incident Rate (SIR), lowly contributing (<1%) to the overall EHSS Rate.
- API 754 Tier 1 Process Safety Events improved (from 15 in 2021 to 11 in 2022).



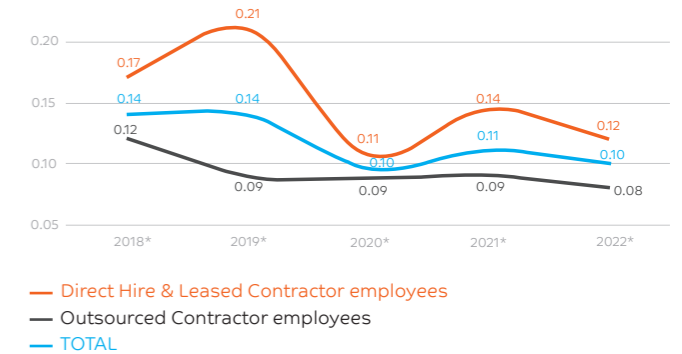
## OCCUPATIONAL ILLNESS RATE PER 200,000 HRS\*



\*Assured by KPMG

- In 2022, the occupational illness rate for outsourced contractor employees was relatively stable with low contribution (<1%) to the overall EHSS Rate despite two recorded illnesses. In 2022, the direct hire & leased contractor employee illness rate improved by 37% compared to 2021.

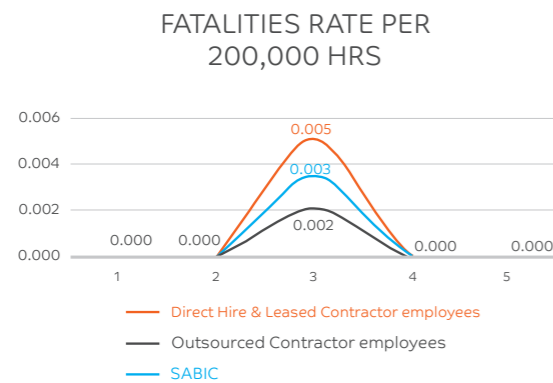
## TOTAL RECORDABLE INCIDENT RATE (INJURIES & ILLNESSES) PER 200,000 HRS\*



\*Assured by KPMG

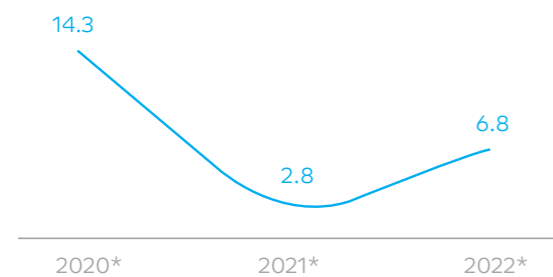
# IMPROVING EHSS PERFORMANCE CONTINUED

- The total recordable incident rate (TRIR) improved for direct hire & leased contractor employees owing to lower recordable injury and illness cases in 2022. The total recordable injury and illness cases improved by 10% (91 cases in 2022 versus 101 in 2021). Meanwhile, the outsourced contractor employees and SABIC TRIR were respectively 11% and 9% compared to 2021.



- No fatalities were recorded in 2022

## TOTAL RELEASE OF HAZARDOUS SUBSTANCES (LOSS OF SECONDARY CONTAINMENT) (t)\*



\*Assured by KPMG

- Our 2022, total loss of secondary containment hazardous chemicals released increased by 143% compared to 2021, mainly caused by one Process Safety Loss of Primary Containment (LOPC) Incident (ethylene released to atmosphere) that contributed 73% toward the total 2022 release quantity.

## EHSS INITIATIVES IN 2022

### Regional initiatives

We conducted several regional EHSS initiatives in 2022 to increase employee and contractor awareness and participation across the globe. These included:

- The Inaugural Greater China Safety Day Campaign** held across the Greater China region, where over 300 employees online and over 600 employees onsite actively participated in the campaign to promote EHSS awareness. Conducted under the theme “Connect With Right Mindset, Protect With Right Behaviors”, the initiative consisted of various engaging activities and a grand live virtual event, and resulted in over 570 posters and over 1,000 views by employees.
- The Inaugural Rest of Asia (RoA) Regional Safety Day Campaign**, a week-long campaign with over 400 employees participating in the initiative to increase awareness of SABIC’s Basic Safety Behaviors and promote a strong safety culture and mindset.

In addition, our WE CHOOSE SAFETY™ initiative emphasizes our active engagement in safety at work and in our personal lives. In 2022, WE CHOOSE SAFETY™ introduced the Terrible Three to help in recognizing and preventing the hazards that cause incidents in the Americas region: Slips, Trips & Falls; Line of Fire; and LOTO. Many SABIC employees participated in WE CHOOSE SAFETY™ webinars led by the SABIC leadership, taking part in the ‘Slips, Trips and Falls’ webinars as the mobile trailer travelled around to different sites for training purposes. Employees also had the opportunity to take a virtual visit to the Burkville site through a LOTO-enhanced reality environment that allowed them to partake in LOTO simulations and engage with colleagues about identifying and removing risks.

### Contractor Safety Program

SABIC’s Third Party Management System ensures that the process of selecting and managing third parties (engaged in a legal contract for providing or purchasing materials and services) is conducted in an EHSS responsible manner that is consistent with SABIC’s EHSS objectives. To this effect, SABIC’s approach is to partner with our contractors so they can deliver the expected results while fulfilling EHSS regulations with full compliance with our EHSS Life Saving Rules (LSR).

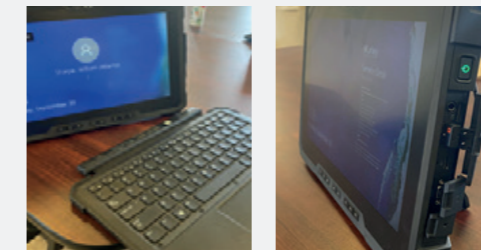
A part of the program’s goals is centered on Supplier Due Diligence, allowing SABIC to achieve consistent validations of supplier compliance levels against a range of criteria, including SHEM, Responsible Care 14001 requirements, and SABIC Supplier Code of Conduct.

In 2022, SABIC focused on identifying areas designed to develop and improve our Contractor Safety Program, including:

- Third Party Improvement – Contractor digitization initiatives (field auditing with handheld devices, integrated contractor forklift assessments, and contractor dashboard with push notifications on performance).
- Supplier EHSS Qualification – implementing new Global SABIC SLM System (SAP ARIBA).
- Enhanced Metrics and Reporting – Additional third-party transportation KPIs.

### CONTRACTOR PERFORMANCE EVALUATION TOOL

The Power BI performance evaluation tool was used at the Burkville site to input field EHSS observations and conduct field safety audits and will be rolled out at other facilities as well. The tool is a powerful digital handheld platform that enables consistency and data reporting and analytics, allowing observers to gather data in the field with better consistency and effectively, thereby reducing time spent both in the field and in duplicating work in transcribing on to spreadsheets. It also provides company representatives with full reporting capability as well as a real-time dashboard and complaint inventory.



### Digitization Enablement

SABIC’s Cooperate Digitalization program and Global EHSS worked on several EHSS initiatives to enhance the EHSS performance and decision support. This included the deployment of electronic safe work permits in several plants to drive the effective implementation of related management systems with high compliance and visibility. Other initiatives such as leveraging Artificial Intelligence (AI) to forecast environment emissions are designed to help adopt a proactive action stance that will help SABIC to avoid exceeding emission limits.

In addition, SABIC continued its efforts to enhance the deployment of Energy Isolation (LOTO) for higher risk non-routine activities. We conducted extensive field verification assessments at six sites and these assessment learnings were shared with all global sites for implementation.

### EHSS Engagement

In October 2022, SABIC participated in the fifth Saudi International Conference on Occupational

Safety and Health. The pavilion showcased the SABIC competency improvement journey through SERA and EHSS programs—where visitors were exposed to SABIC’s experience in developing capabilities—as well as virtual simulations of working at high altitudes, identifying and managing workplace hazards and home safety hazards, and emphasizing the importance of safety everywhere from home to the workplace. SABIC also participated in many panel discussions that tackled important OSH-related topics.



SABIC showcases its experience in developing capabilities in occupational safety and health.

To promote effective process safety networking at a global level, SABIC PRM sponsored several regional process safety conferences and actively participated in the GPCA newly formed process safety network. PRM also actively participated in technical meetings of the European Process Safety Centre (EPSC) and contributed to the 2022 CCPS Middle East Process Safety Conference. SABIC participated in several workshops and meetings with the Ministry of Energy and Ministry of Environment, Water and Agriculture in Saudi Arabia to negotiate challenges that industries would face when implementing the new MEWA Environmental Regulation.

As a member of the AICM in the Asia Pacific (APAC) region, SABIC joined in the regular workshops organized by AICM, and participated in different external EHSS seminars, conferences, and workshops to actively learn and understand EHSS regulation trends. We also took part in similar interactions across other regions like Europe (via CEFIC and Plastics Europe) and the United States (via ACC). Furthermore, SABIC immediately started working with the Plastics Europe Taskforce set up to develop an Operation Clean Sweep (OCS) third-party certification standard when the latter made the announcement. Over the last 2–3 years, we have actively participated in agreeing with the principles and drafting the content of the standard.

SABIC is also closely following up on the developments around the Global Plastic Treaty through its business associations, ensuring our strategy on this field is aligned and fit for its purpose.

# RISK AND EMERGENCY RESPONSE AND CRISIS MANAGEMENT

## PROCESS RISK MANAGEMENT AND RISK DISCOVERY AND MANAGEMENT

As part of SABIC's 2025 EHSS strategy, we focused on sustaining the mindset of welcome Risk Discovery through smart KPIs that encourage reporting risks while equally advocating adequate risk response to permanently mitigate them through SABIC's Assurance for EHSS Risk (SAFER) risk management and stewardship. The global implementation of the IT enabler (eSAFER), continuous monitoring, and visibility for EHSS risks were achieved along with active IT enabler enhancements to facilitate stewardship for EHSS risks. In 2022, these included:

- A Dust Hazard Analysis (DHA) task pilot conducted in the MEA region, along with training at sites that handle explosive dusts. Since several sites handle explosive dust, DHA aims to ensure adequate understanding and assessment to avoid dust-related explosions and fires.
- PRM's development of an LOPC evaluation tool that was incorporated in SABIC OMS to support consistent classification of process safety events and drive informed decisions.
- Sponsoring regional process safety conferences and active participation in the GPCA's newly formed process safety network, reflecting SABIC's responsible care outlook.
- The development of SABIC SHEM 3 operating and maintenance procedures, including a transformation journey and an updating of current standards, is undergoing a SABIC Global review with 45 participants, and will be followed by a function stakeholder review.
- Improving progress on SHEMs including developing and revising technical guidelines, such as PHA, Transient Operation HazOp (TOH), Layer of Protection Analysis (LOPA), Bowtie, the SAFER Without Further Risk Reduction (SWFRR) process, and Cost Benefit Analysis (CBA) Guidelines.
- Supporting many corporate root cause analyses (for example: steam cracker furnace tube failure, asset question root causes analysis, etc.).

## EMERGENCY PREPAREDNESS AND RESPONSE CAPABILITIES

The SABIC Emergency Response and Fire Protection (ER&FP) function focused its efforts on monitoring emergency-response KPIs through EHSS maturity and support sites to overcome challenges to ensure effective response and readiness for emergencies. ER&FP launched an emergency-response application for quick reference of resource availability and healthiness, and developed mandatory competency programs and trainings for emergency-response teams globally, such as NFPA 1072- HAZMAT and Certified Fire Professional Specialist (CFPS).



We monitor emergency response KPIs to ensure effective response and readiness for emergencies.

## PROCESS-RISK ASSURANCE

In line with MFG 2025 EHSS strategy, PRM focused on Risk Discovery and Management Capabilities, incorporating the improvements of SAFER structures and work processes. The Process Safety Maturity Index was developed to improve visibility and remedies to those areas of focus, as well as findings from the assessments cycle done on the EHSS management system. To assure process-safety element performance and compliance:

- SABIC conducted several audits related to PS elements under I-MEA, such as Hadeed, Gas, Sabtank, Yanpet, etc.
- We initiated a PS SHEM elements committee network that meets on a quarterly basis.
- We updated the process safety competency development program for frontline staff in alignment with WFD-OMS 131.
- SABIC continuously responded to SHEMs system clarifications from end-users and updated the process safety standard glossary.

## GLOBAL CRISIS MANAGEMENT

While regional and local crisis-management teams continue to respond to the COVID-19 pandemic and climate-related emergencies, cybersecurity has become a priority concern as an ongoing threat to the industry, as a cyber-attack can have a major negative impact on manufacturing operations. SABIC is committed to ensuring its crisis-management teams receive continuous training, including conducting exercises, and continuing to review and update crisis management plans. This year, SABIC's cybersecurity response team partnered with the regional Security and Crisis Management teams to conduct 15 site-based and region-wide exercises. These exercises challenged the teams with their responses to cyber-attacks.

In addition, SABIC initiated the third phase of the Crisis Management Mobile Application, a communication and announcement tool used by all crisis teams globally. Scope and blue prints were finalized in Q4 2022, and go-live is planned for Q1 2023. The biggest challenge in 2023 lies in the process of successfully incorporating and synchronizing all SABIC businesses with the Crisis Management Mobile Application.

## ENVIRONMENTAL STRATEGY

As a Responsible Care® company, we are committed to making our operations as safe, stable, and compliant as possible in an effort to protect our environment and communities and conserve natural resources.



We are committed to operating our facilities in a safe, stable, and compliant manner.

## WASTE

Realizing that sustainable waste management and transitioning toward a circular economy are vital to mitigating our environmental footprint, we applied rigorous waste-management principles, including effective and compliant waste identification, segregation, packaging, labelling, storage, and transportation. We regularly visited the external waste-management facilities to ensure that waste is properly managed. Moreover, our waste-minimization programs are focused on reducing SABIC's footprint in waste generation. We continuously seek options to eliminate or reduce toxicity, reuse/recycle, and recover waste.

We worked on decoupling waste-related data from the material loss metric as part of SABIC's efforts to improve environmental-related disclosures and provide more information about our performance on waste generation. SABIC directed its efforts at enhancing its definition of waste in KPIs, including an internal guidance that meets the requirements in GRI 306 and provides the right granularity. The plan is aimed to start disclosing waste in accordance with GRI criteria in 2023.

## WATER

SABIC constantly explores technologies to conserve natural resources and ensure minimal environmental impact from water use. Our sustainable-water initiatives include support for Access to Safe Water, Sanitation and Hygiene (WASH) and implementation of OCS—both of which are embedded in our OMS. We maintain an inventory of wastewater sources and their characteristics that

includes complete drawings of the sewer systems, potable/body contact water, process water, and on-site wastewater treatment. In addition, we obtained representative samples for process quality and compliance from reliable sampling, monitoring, record keeping, and reporting processes. Moreover, SABIC has also established processes to periodically identify potential for optimizing water usage—including maximizing its reuse—by deploying SABIC Value teams, a group of technical experts, to evaluate different ideas to optimize performance, including resource usage.

Our facilities handling plastic pellets are committed to the OCS program. This year, manufacturing and supply chain leaders from SABIC in Europe came together for a special workshop on OCS. Led by EHSS and Regulatory Affairs, SABIC's progress in moving toward Zero Pellet Loss was discussed along with some of the challenges encountered. All the attending leaders renewed their commitment on behalf of their site or function to the OCS pledge that was instated in 2014. As part of the pledge, our pellet-handling sites in Europe are committed to gaining Third Party OCS certification through the European industry audit scheme.

## AIR EMISSIONS

Most of our chemical-production facilities around the world have government-specified limits for air emissions. As compliance with these limits requires specific expertise, infrastructure, and focus on complex regulations, we ensure the use of best available technique (BAT) in the design phase of any new project. Consequently, all our sites have processes in place to identify, monitor, report, and document all air emission point sources as part of our strategy. We are continuously looking for improvements and new technologies through our global T&I centers and our external partners to further reduce our carbon footprint.



Most of our chemical-production facilities around the world have government-specified limits for air emissions.



# RISK AND EMERGENCY RESPONSE AND CRISIS MANAGEMENT

## CONTINUED

We introduced a comprehensive guidance for calculation of NOx emission (the emission of nitric oxide and nitrogen dioxide) and SOx Emission (Sulphur dioxide emissions from combustion equipment and installation such as boilers, furnaces, and heaters). This reporting guidance document provides a basis to calculate NOx/SOx Emission from all significant sources within all SABIC manufacturing affiliate(s), including T&I centers globally and its reporting requirements in accordance with GRI-305-7 emission reporting disclosure.

Parameter	t/year
SOx	3,086.42
NOx	24,636.29

### NANSHA ODOR ABATEMENT

In 2022, our Nansha plant had a scrubber +UV Oxidation+Activated carbon filter installed in addition to the existing High Efficiency Aerosol Filtration (HEAF) system to reduce its odor in air emissions. The plant completed the improvement and volatile organic compounds reduced by a further 50% while odor reduced by 70% at maximum concentrated level. The odor abatement project at Nansha is the first successful application across SABIC's compounding sites.

### BIODIVERSITY

SABIC is committed to designing and operating its facilities in an environmentally responsible manner, with a focus on reducing negative impacts on the environment and biodiversity. Our efforts to minimize these impacts include solutions that address the major drivers of biodiversity degradation in development projects, such as habitat loss and fragmentation. We prioritize the protection of biodiversity through thorough Environmental Impact Assessments (EIAs) for all our projects. EIA is the most commonly used site-specific planning tool that evaluates the effects of a project on biodiversity, and we integrate measures for avoidance, reduction, and offsetting of these impacts into our mitigation hierarchy. Our EIAs also identify biodiversity risks, which are then integrated into the EMS at our manufacturing sites.

This year, we commenced our journey to further develop our strategy and approach toward biodiversity-related aspects in view of the need for global action on this topic. We volunteered to participate in the 2022 Global Nature Benchmark from the World Benchmarking Alliance to receive feedback on how SABIC has performed in its efforts

to reduce negative impacts on nature, and contributed to the protection and restoration of ecosystems in alignment with the goals of the Global Biodiversity Framework. Our aims for 2023 include incorporating all the lessons learnt in developing our own Biodiversity Framework moving forward.

### GLOBAL SECURITY MANAGEMENT

SABIC has implemented a number of security programs that focus on developing security maturity through SRAs at all our locations. We rolled out an updated SRA tool for small manufacturing sites that allows site security leaders to better identify threats to critical assets and implement appropriate risk response strategies. In addition, we conducted training awareness sessions in all regions on how to use the SRA tool.

New Security Maturity KPIs were introduced at SABIC sites that were monitored quarterly. The KPIs already included the tracking of SRA recommendations to assist leadership drive and monitor security management at SABIC manufacturing sites; now they have audit action status and security system healthiness indicators that reflect the current preparedness and functionality of the electronic security systems.

Meanwhile, SABIC continued the development of security programs and initiatives to strengthen protection, including the development of security competency (JADEER Site Security Program) for security guards in the MEA region.

# PRODUCT STEWARDSHIP

Since the launch of our Corporate Product Stewardship program in 2010, SABIC has been committed to evolving our company culture and internal capabilities to rise to challenges and become a high-performing organization in the eyes of both our internal and external stakeholders. This year, our efforts revolved around key themes of cultural improvement, safer & sustainable products, and our product compliance programs.

### STRONG CULTURE

#### PRODUCT STEWARDSHIP KNOWLEDGE AND COMPETENCY

2022 marked the inaugural year for The Product Stewardship Experience in which we provided regular scheduled virtual training sessions to a broad internal audience. The six-module course was conducted across nine global training sessions, overseen by the SABIC product-stewardship staff and taught to over 180 employees in eight functional areas including legal, sales, supply chain, manufacturing, and R&D.

The training course was designed for SABIC personnel to understand the fundamentals of product stewardship and how they could connect these concepts to their roles to contribute to SABIC's overall program success. It became a part of the formal SABIC learning and development program, and employees were given the opportunity to sign up online to attend future training sessions. The positive response from the employees boosted the program's credibility and the feedback received from the facilitation team and the trainees will be taken into consideration when updating the course. We have also used the content to provide focused training to external stakeholders, including a group of scientists from the Saudi National Authority responsible for implementing the Chemical Weapons Convention mandates.

### MANUFACTURING CENTER OF EXCELLENCE

In our ongoing effort to enhance the effectiveness of our Product Stewardship Center of Excellence program, we have strengthened our connections with our manufacturing and EHSS partners worldwide. A dedicated Manufacturing Focal Point (MFP) facilitates the flow of information between all parties on a range of critical topics, including product and raw material, human health and environmental hazard communication, Safer Chemistry initiatives, Occupational Exposure Limits (OELs), REACH readiness, and Responsible Care® Product Safety Code management practices. This year, we expanded the MFP role eligibility from Product Steward Specialists to include toxicologists, allowing for even greater technical dialogue on OELs and identification and control of high hazards.



**LUIZA GOUVÊA SANTOS**

Product Engineer, South America Region  
Brazil, SABIC Petrochemicals

“Participating in the 2022 Product Stewardship Experience was a great opportunity for me to engage with other colleagues from SABIC and learn more about the initiatives Product Stewardship is implementing around the globe to assure product compliance, sustainable solutions, and safe use of chemicals. The case studies explored were my favorite part of the course. We discussed in multi-functional groups solutions to proposed and real-world situations using the knowledge we developed during the course. As a Product Engineer for the South America sites, I am applying what I've learned from the course into my daily work, which is to make sure raw materials and grades are introduced in South America sites in line with regulatory requirements and with the proper hazard communication. I also plan to help continuously improve the Good Manufacturing Practices (GMP) at sites in my region. I encourage my colleagues at SABIC to take part in this Product Stewardship Experience to explore how your role supports SABIC in the path towards safer chemistry and a more sustainable future.”

# PRODUCT STEWARDSHIP CONTINUED



**SCOTT C. LEE**

Manager Raw Materials, North America Region (USA), SABIC Specialty Chemicals

“Product safety and sustainability are important to me both professionally and personally. The Product Stewardship Experience connected SABIC’s efforts on these fronts to SABIC’s businesses, functions and to the roles of my supply chain team that is responsible for managing raw materials for the Specialties business. The training content showed Product Stewardship’s engagement with topics such as the European Union REACH regulations that highly impact SABIC’s raw materials and supply chain across our manufacturing sites. SABIC’s raw material supply chain has also seen an increase in requests for sustainable materials and solutions, which was a key topic during the Product Stewardship Experience. Thanks to the Product Stewardship team for a job well done in delivering a meaningful and engaging learning experience.”

## SAFE PRODUCTS

### RESPONDING TO CUSTOMER INQUIRIES

In our ongoing commitment to providing exceptional service, SABIC Product Stewardship endeavors to furnish our customers with top-notch product regulatory compliance documentation in a timely manner, ensuring that their needs are met with urgency and diligence.

This year, we continued to look for even greater efficiency with our Customer Declaration Portal (CDP) and use of Regulatory Data Sheets (RDS); this combines a number of product regulatory topics into a single document made available on the SABIC website. The RDS covers important information about our products, such as status related to Restriction of Hazardous Substances (RoHS), Phthalate Directives, REACH Substances of Very High Concern (SVHC), REACH Registration, Volatile Organic Compounds (VOC), Persistent Organic Pollutants (POPs), Conflict Minerals, Ozone Depleting Substances (ODS) and GHG Substances, Transmissible Spongiform Encephalopathies/Bovine Spongiform Encephalopathy/Genetically Modified Organisms (TSE/BSE/GMO), Polycyclic Aromatic Hydrocarbons (PAH), and many more.

In the first year that the RDS was made available on the company website, customers downloaded them 13,511 times. We saw the total number of cases for which we provide customized responses reduced for a second year in a row. In 2022, we responded to 10,411 specific customer inquiries (cases), in comparison to 12,001 inquiries in 2021. The total number of documents handled from these cases fell from 24,354 in 2021 to 21,201 in 2022, representing a 15% reduction in cases handled and documents prepared by our team over the year. SABIC looks forward to increasing efficiency in the coming years as new RDS are added for additional products while we increase the number of regulatory topics per RDS.

As a key aspect of our efforts this year, we developed a new tool to track Restricted Substance List (RSL) from many of our customers. The Product Stewardship team built this new database with a search engine to house an inventory of Brand Owners RSL from over 80 customers and it holds over 20,000 rows of data on chemicals under public scrutiny. The RSL tool will serve as a proactive data-mining tool to better understand our customers’ concerns while supporting our Safer Chemistry program and other sustainability initiatives.

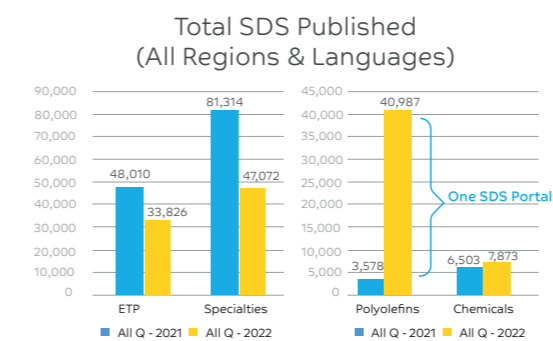
### PUBLISHING SAFETY DATA SHEETS

In 2022, SABIC launched the new One SDS Portal—an Integrated Product Compliance System Initiative. This multi-year project provides great new features, such as the readily accessible SDS Portal that allows a single location for employees and external customers to search and view SDS for SABIC products. Meanwhile, internal SABIC users can now also retrieve an SDS via the MySABIC Fiori Mobile app. In the event of an emergency, it offers greater

access to product safety data and hazard information, and has improved hazard communication delivery for stakeholders. The SDS portal also improves the effectiveness of our compliance management systems and processes, gaining new analytic and functional capabilities and providing centralized access to formulation data.

This year, we published approximately 130,000 SDS across all business groups; this is a slight shortfall overall when compared to the approximately 140,000 SDS published in 2021 as a result of the ongoing OneSDS project implementation as well as a reduced number of product SDS up for cyclic review. The large increase in published SDS for the Polyolefin business unit was due to a full transition of all SDS to the SAP-based OneSDS platform.

These special milestones were achieved thanks to the combined efforts of the Product Stewardship and IT project teams, and SAP consultants, enhancing SABIC’s compliance position and ability to operate more efficiently. We look forward to leveraging these advancements as part of the transformation in SABIC and creating value with our partners.



### ASSESSING RESEARCH & DEVELOPMENT PROJECTS USING SABIC’S ACCOLADE TOOL

Since 2018, the EHSS and Product Stewardship assessments have become a key deliverable in the stage gated process, helping portfolio managers to spot regulatory compliance gaps, hazards, and opportunities and to react by making faster and better-informed decisions to maximize profitability in line with the highest SABIC process and safety standards. Accolade, SABIC’s Project Portfolio Management Tool, empowers T&I teams to collaborate in creating and updating the information that drives the management of SABIC innovation strategies, portfolios, and development activities. As a result of our efforts in the previous years to enhance Product Stewardship assessments and visual outputs, nearly 100% of projects launched in 2022 underwent a PST assessment of hazard potential, regulatory compliance, and overall risk to human health and the environment.

## REGULATORY COMPLIANCE

### FOOD CONTACT APPLICATIONS

In 2022, Product Stewardship worked closely with product managers from different SABIC business units to evaluate SABIC’s portfolio applicable for food-contact applications. This meticulous analysis led to identifying substances that were not listed in the latest positive-list draft for Japan’s food-contact materials. Consequently, Product Stewardship successfully advocated for the inclusion of these substances in the final positive list to the Japanese regulatory body. This enables SABIC to supply a portfolio of food-contact materials in Japan, where a positive-list-based food contact regulatory framework will be fully enforced as of June 1, 2025.

### K-REACH

SABIC met its goals for regulatory compliance with the inclusion of the basic risk-assessment result in SABIC SDS for South Korea, as mandated by the K-REACH Template 26 requirements.

### DUE DILIGENCE

The product stewardship team is firmly embedded in the due-diligence process of evaluating new technologies and mergers and acquisitions. The team played a key role in obtaining licenses to sell in different regions for various new products that were added to the SABIC portfolio from the Aramco assets and GCGV asset. Additionally, the product stewardship team has evaluated various technology-venture projects to secure product-safety compliance that further drive SABIC’s sustainability agenda.

### ANALYTICAL TESTING

Our global analytical science lab at STC Bengaluru is a center of excellence (CoE) facility for Product Stewardship testing. This facility is equipped with advanced instrumentation capabilities that are needed for regulatory compliance data and product-safety evaluation. Partnering with global product stewards over the past two decades has enabled SABIC to secure compliance from renowned global regulatory agencies (for example, US Food and Drug Agency, US Environmental Protection Agency, European Food Safety Authority, Chinese Food Safety Authority, and the Japanese Ministry of Economy, Trade and Industry). This lab is accredited with ISO 17025-2017 quality-management systems and has successfully completed its external process audit cycles in 2022 from NABL (a government of India statutory agency) to deliver reliable experimental data and advice for its stakeholders working on sustainable growth programs.

In 2022, we developed and validated 13 new trace-level analytical methods adopting internationally accepted standards. To help enable market expansion with new product portfolios, six polymers were assessed for environmental impact required for registration/notification across various regional global regulatory agencies. Nine chemical substances, spread across various business units (BUs), were characterized in detail to meet the EU-REACH compliance obligations. The lab performed risk-based product-safety evaluations for dozens of different work requests; in the area of

# PRODUCT STEWARDSHIP CONTINUED

food contact, pharma, healthcare, Global Harmonized System (GHS)/SDS, raw material qualification, substance of concern testing; and drinking-water compliance, which enabled the global Product Stewardship function in securing compliance for the business.

## SUSTAINABLE SOLUTIONS SAFER CHEMISTRY

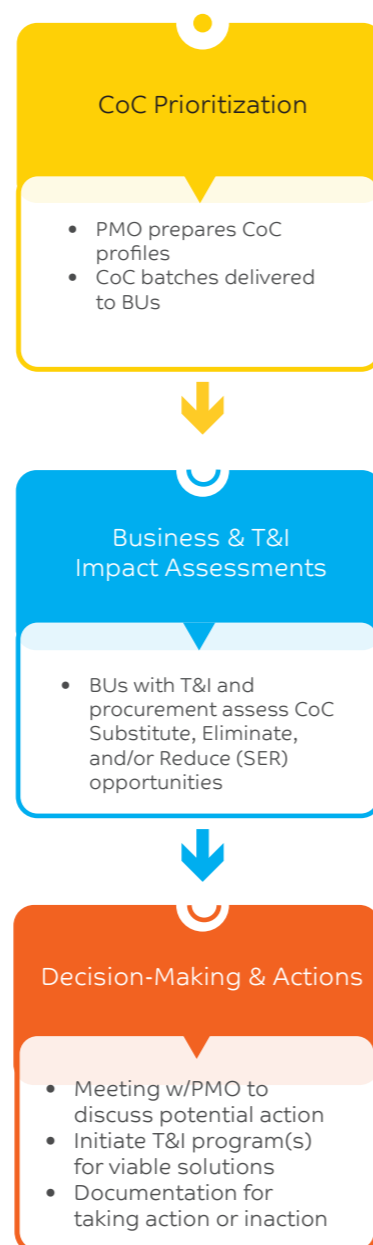
The Safer Chemistry program is an integral pillar in the overall SABIC Sustainability strategy. SABIC has a deep understanding of the global imperative for responsible chemical management, and is dedicated to promoting practices that minimize negative impacts on both the environment and human health through the production and use of chemicals. The objective is to define suitable actions that reduce the hazard footprint of the products sold in the marketplace. Each potential CoC undergoes several reviews by Product Stewardship, Technology, Business, and Procurement personnel, and if viable opportunities exist, action is taken and documented. Even if action is not taken at the time, the documentation will be reviewed on a cyclic basis or if new information becomes available to warrant high priority review.

In 2022, SABIC scrutinized the first 25 prioritized CoCs currently used in production and found opportunities to take varied action according to the following groupings:

- Substitution of a CoC with a substance with a lower GHS hazard footprint.
- Concentration reduction of a CoC as used in product formulations.
- Banning a CoC for future use in product design.
- Eliminate use of CoC.
- Stop production and repurpose assets (for CoCs that SABIC produces as an end-product).
- No action(s), continue with current use.

The outcome of our assessment of the first 25 is listed in the table below:

Proposed actions to be taken on CoCs	# (From first 25 reviewed CoCs)
Substitute CoC with lower hazard profile substance	3
Stop CoC production and close or repurpose manufacturing assets	1
Eliminate raw material CoC use	3
Lower product concentration of CoC (typically 10-100%)	0
Ban use of CoC in new product design	4
<b>Total</b>	<b>11</b>



In total, there were 11 CoCs from the first batch of 25 CoCs for which proposed actions were identified. Another outcome of our assessment of batch 1 was discovering that about one-third of the CoCs were present as low-level unintentional impurities in purchased raw materials. As a result, we implemented a current threshold limit of 10 ppm for unintentional impurities; this is two orders of magnitude lower than major regulatory thresholds of 1,000 ppm. If the unintentional impurity in the substance (not the final product) is above 10 ppm, then it falls under the scrutiny of the Safer Chemistry program. This allows for a more conservative approach since many raw materials would be further diluted to the sub ppm level in the final product. Meanwhile, another 25 prioritized CoCs (batch 2) were released and are undergoing technology reviews as the program progresses into 2023.

The Safer Chemistry program team has defined four potential business metrics that are currently under review for final approval. The purpose of these metrics is to set formal targets regarding CoCs and enhance the transparency of our actions to the outside world. These metrics focus on identifying opportunities to take action; committing to take action; and making quantitative measurements on the number of products and sales revenue associated with CoC actions. We aim to have these metrics approved and in place in the first half of 2023.

## RESPONSIBLE CARE® PRODUCT SAFETY CODE MANAGEMENT PRACTICE

SABIC participated in the ACC's development of the newest edition of the Responsible Care® product safety code. Refinements to the new code were made to increase understanding of the implementation requirements and, more appropriately, measure the Company's performance in meeting its obligations to the 11 management principles. The new code was ratified and will begin its roll-out in 2023.

SABIC Product Stewardship also held several workshops during the regional summits, focusing on the Responsible Care® Product Safety Management Practice, reviewing the current state of implementation, and identifying the areas in which SABIC has excelled and where there are opportunities for continuous improvement. These include leveraging the new OneSDS platform and updating regulatory content; improving overall transparency in our risk characterization process; strengthening our partnerships with EHSS via the Manufacturing Center of Excellence concept; increasing our Safer Chemistry awareness within business and T&I communities; and expanding our overall value chain stakeholder network.

The team also started the five-year cyclic review for the first 10 of 50 high-priority, comprehensive risk characterizations for SABIC key products. The results identified no changes over the last five years in either human health or environment hazards, exposures or risks. The team aims to complete a review of a new batch of 10 products every year as well as risk prioritization for new products that

entered the SABIC portfolio in the past year. The same will apply to all high priority products.

## PRODUCT REGULATORY ADVOCACY EUROPEAN REGIONAL ADVOCACY: THE CHEMICALS STRATEGY FOR SUSTAINABILITY

Launched in December 2019 by the European Commission, the European Green Deal is a growth strategy with an overarching aim to turn Europe into a toxic-free and climate neutral environment by 2050. The European Commission presented the Chemicals Strategy for Sustainability (CSS) on October 14, 2020, providing a detailed strategy for implementing this vision, and it lays out more than 50 actions that will have a direct impact on the industry and users of chemicals products.

SABIC supports the Green Deal's goal to achieve climate neutrality by 2050 and the approach to make the economy and society in Europe more sustainable. To this effect, our innovative solutions and processes such as our TRUCIRCLE™ portfolio and SABIC Safer Chemistry program are well-placed to actively contribute to achieving the ambitious goals.

## ARABIAN GULF REGIONAL ADVOCACY

SABIC plays a significant role in implementing the Globally Harmonized System of Classification and Labelling of Chemicals projects in the Gulf Corporation Council (GCC—Saudi Arabia, UAE, Qatar, Kuwait, Bahrain, and Oman) and Africa.

The GHS implementation project is sponsored by the Responsible Care® Committee at GPCA. SABIC, as the Chair of the Product Stewardship Sub-Committee at GPCA, had the opportunity to engage with the Supreme Council of the GCC to explain why the United Nations' endeavor for all countries to adopt the GHS as regulation holds benefits for the government, industry, and society. As SABIC continuously engages with the Chemicals Management Committee at the GCC, the Company will lead a one-day workshop focusing on the requirements to transform the existing GCC Standardization Organization (GSO) and GHS standards into a formal regulation.

SABIC also plays a significant role in the United Nations Environment (UNEP) GHS Africa Project by chairing the Industry Working Group that consists of members from key players in the chemicals industry, trade associations, and other factions. GHS Africa Project is a four-year program led by UNEP and financed by the European Commission and ICCA, targeting Kenya, Ghana, Nigeria, and Ivory Coast, with a completion date in December 2026.

In 2022, SABIC worked with the steering committee to set the foundations of the project, and hired a consulting firm to perform a gap analysis and an industry consultant to focus on the role of industry and its contribution to the project. A key milestone was achieved in making a public announcement about this project after the steering committee meeting in UNEP'S headquarters in Nairobi, Kenya, alongside government officials and regulators from the four targeted countries.

# PRODUCT STEWARDSHIP

## CONTINUED

### ESG DISCLOSURES RELATED TO PRODUCT STEWARDSHIP

In our 2021 Sustainability Report, SABIC Product Stewardship initiated a discussion on ESG matters. We highlighted our efforts to enhance the transparency of our programs and our objective to bolster public trust concerning hazard and risk assessment metrics, the management of CoCs, and the disclosure of any product stewardship-related compliance incidents that led to fines, penalties, or warnings.

We have discussed our core Product Stewardship pillars, such as responding to customer inquiries, hazard communication, regulatory compliance, Responsible Care® Product Safety Code Management Practice, EHSS/Product Stewardship reviews of our technology & innovation programs, and our Safer Chemistry sustainability initiative. The goal is to continue our Product Stewardship mission of a strong Product Stewardship culture leading to excellence in product risk management, adding business value across the global value chain through safe, compliant, and sustainable solutions.

In 2022, our ESG Product Stewardship-related disclosures are as follows:

- Percentage of products that underwent a hazard assessment = 100%
  - Note: All products and raw materials are evaluated for their hazard potential using the GHS for Classification and Labelling of Substances. All hazards are disclosed in our Product SDS when present at or above the regulatory threshold of 0.1%.
- Number of REACH SVHC that may be present in SABIC products above the regulatory threshold of 0.1% = 3
  - Note: All SVHC that may be present above the regulatory threshold of 0.1% are disclosed on our Product SDS. Specific details on the SVHC compounds and the specific grades impacted can be found on our RDS for ETP, Specialties, polyolefins, and several chemical products.
- Number of chemicals used that are listed by California Prop65 = 8
  - Note: All chemicals (bisphenol A, tetrabromobisphenol A, styrene, carbon black, antimony trioxide, dichloromethane, acrylonitrile, and 1,3-butadiene) that are listed by California Prop65 are disclosed on our Product SDS where applicable. (<https://www.sabic.com/en/sustainability/product-stewardship/product-regulatory-documents>).

- Detailed strategy and procedures for managing hazardous chemicals:
  - SABIC Product Stewardship adhered to the Responsible Care® Product Safety Code Management Practices as our foundation for identifying and managing hazardous chemicals. All hazard information is disclosed on our Product SDS and comprehensive risk characterizations are done for all high priority products.
  - SABIC solidified the Safer Chemistry program as a sustainability pillar for sound chemical management.
  - SABIC's Project Portfolio Management Tool, Accolade, enables Product Stewardship to engage with the company's Technology & Innovation function to help identify potential new hazards and risks early in project development.
- Commitment to developing alternatives to reduce or avoid (phase-out) the use of CoCs.
  - 11 substances with proposed actions to be taken (following evaluation of first 25 potential CoC candidates)
- Number of potential CoCs to be evaluated = ~350
  - Approximately 350 out of 1,800 raw materials, monomers, process chemicals, additives, impurities, and products.
  - <1% of SABIC products contain a CoC above the regulatory threshold of 0.1% and are typically bound to the polymer matrix and therefore not bioavailable.
- Number of incidents (non-compliance with regulations resulting in fines, penalties, warnings, or voluntary codes) = 0

# LOOKING FORWARD

Given that EHSS, regulatory compliance, and product stewardship is a pillar of the SABIC 2025 Manufacturing Strategy, we will continue to direct our efforts toward expanding our programs and working with our stakeholders to improve EHSS performance and build EHSS awareness over the coming years.

### EHSS

EHSS will continue to play an important role in SABIC's global operations moving forward. A key objective is to address underlying factors to improve our EHSS Maturity Index such as:

- Increasing awareness on SHEM Management Systems and requirements for safe operations through enhanced compliance.
- Increasing interaction with Global EHSS, site management, and site inclusion of front-liners in various EHSS reviews and actions to capitalize on engagement.
- Improving incident reporting and near-miss generation in SERA, while sharing SHEM best practices across sites.

SABIC also intends to continue key process-safety programs as process-safety competency needs are integrated into the OMS training matrix. These include:

- Developing Level Batches 6 and 7 will be conducted in 2023 via the Process Safety programs in association with the Mary Kay O'Conner Process Safety Center.
- Encouraging more candidates to participate in the PHA Leader Qualification program as another 10 candidates prepare to be certified in early 2023.
- Conducting advanced training on Consequence Modeling & Facility Siting for 14 Process Safety and Fire Prevention engineers.

In addition, SABIC will closely monitor developments surrounding the United Nations Global Plastic Treaty through its business associations to keep its strategy aligned with the Treaty's purpose.

### RISK AND EMERGENCY RESPONSE MANAGEMENT

Moving into 2023, we continue to keep our 2025 EHSS strategy on risk discovery and management in line to enhance the competency of SABIC's SMEs to follow risk discovery methods practiced at SABIC. Having completed the third enhancement phase of our Crisis Management Mobile Application to coordinate crisis teams globally, we are eyeing a Q1 2023 go-live.

As we place increasing emphasis on sustainable waste management as a tactic to minimize our environmental footprint, it is vital to enhance the definition of waste in our KPIs to provide more details about our waste generation performance and improve environment-related disclosures. Therefore, SABIC intends to start disclosing waste metrics in accordance with GRI criteria in 2023.

Moreover, we aim to incorporate the lessons learnt from our participation in the 2022 Global Nature Benchmark from the World Benchmarking Alliance to develop a SABIC Biodiversity Framework to improve our efforts in minimizing negative impacts on biodiversity.

### PRODUCT STEWARDSHIP

For Product Stewardship, several key areas of concentration are apparent for 2023 and the near future. We plan to reboot the Responsible Care® program by implementing the new Product Safety Code; along with continuous improvement in our product risk management and value chain expansion, this will significantly improve the Responsible Care® program and expand its scope.

From a cultural vantage point, SABIC will be moving to a hybrid training system for our Product Stewardship Experience program. Due to previous Covid limitations, we plan to hold both virtual and in-class training sessions in 2023; the in-class pilots will focus on manufacturing operations and associated personnel in the Middle East.

Meanwhile, the Safer Chemistry program will be further strengthened by incorporating the new Responsible Care® product safety code into our Product Stewardship management system (SHEM-16). These new Safer Chemistry business metrics and a new communications strategy will further solidify its position internally and be embedded further into the business processes at SABIC.

SABIC will continue to invest in the Product Stewardship program, growing its capacity and capabilities to keep pace with global growth and societal expectations. A new team focused on product compliance systems and master data will be officially staffed and in operation to take the program forward in 2023.

# ENGAGEMENT & COLLABORATION

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## OUR APPROACH

Since its inception in 1976, SABIC has evolved into a global leader in the chemicals industry, operating in around 50 countries and serving diverse stakeholders. To satisfy their expectations and to ensure the future of SABIC, we have aligned our strategy with Saudi Vision 2030, expanding rapidly with new collaborations that combine business growth with cooperation and sustainability as integral components to create lasting value.

The actions we take today help to bring our vision for tomorrow alive. In close alignment with our stakeholders, we have developed insights that connect our CSR initiatives with our 2025 strategy. In 2022, SABIC accelerated its investments into CSR programs that are expected to play a crucial role in improving the lives of millions. We have assessed global megatrends, including urbanization and consumerism trends, climate-change impact, and economic and technological advances that open the doors to opportunities as well as internal and external collaboration. As the industry changes, SABIC continues to adapt, addressing new priorities with an effective and sustainable approach.

In a post-COVID-19 world, we have recognized the importance of maintaining a committed workforce especially in challenging circumstances. This year, SABIC's Human Resources (HR) increased its commitment to cultivate a work culture that attracts exceptional talent, recognizes and rewards performance, and provides attractive career opportunities that align with our 2025 objectives. In 2022, we offered over 51,000 virtual courses and joint social-learning groups to foster lifelong learning that nurtures employee development and creates a more competitive talent pool. We increased e-learning hours to almost 60% while our in-person core leadership offerings, in partnership with top business schools, delivered its new curricula for the first time in a hybrid format that extended access to 140 emerging future leaders. In addition, our new human-resources platform, HR One, streamlined the HR processes by combining employee recruitment, onboarding, learning, compensation, performance & goals, succession & development, and core competencies into a single unified system. We also introduced a "New Hire Experience" portal to provide resources and channels for new employees to enhance their onboarding process.

The combination of geopolitical tensions and the lingering effects of the COVID-19 pandemic pushed SABIC to look into scenarios and their resulting

impact on the supply chain strategically and globally. We had to sustain healthy inventory levels, secure capacity and balance customer service levels with cost effectiveness while reducing emissions in our approach. We assured our partners and collaborators that preventive measures have been taken to ensure smooth operations in supply chains, improving communications in our supply chain strategy and reinforcing our social and environmental responsibilities moving forward.

### SABIC HUMAN RIGHTS PROGRAM

At SABIC, we seek to create Chemistry that Matters™ in a manner that respects and fosters human rights in our daily operations. We embrace this same position with our business partners in our value chain, in the communities where we operate and in the application and use of our products. Our approach to human rights is in accordance with the following frameworks:

- UN Guiding Principles on Business and Human Rights
- International Labour Organization Declaration on Fundamental Principles and Rights at Work
- Principles of the UN Global Compact

To further engage stakeholders in our ongoing efforts, in 2022 we launched our Human Rights Program webpage with links to our commitments and the programs we run in support of those commitments. For further information, please see <https://www.sabic.com/en/about/our-compliance-culture/our-human-rights-program>.

## OUR PERFORMANCE

### 2022 HIGHLIGHTS

#### HUMAN CAPITAL

In 2022, SABIC received the "Top Employer Asia Pacific" award for the 10th consecutive year from the Top Employer Institute; SABIC Mexico was named "Great Place to Work," ranking 13th among the Top 100 companies to work at in Mexico; and we were also honored at the 2022 STEP Ahead Awards. These awards, among others, provide strong testimony to our position as a preferred employer in the chemicals industry.

#### SOCIAL IMPACTS AND COMMUNITY RELATIONSHIPS

This year, we invested US\$ 28.9 million in 124 Global CSR programs that reached over 160,000 people in 20 countries. We initiated the SABIC Pioneers program with 1,468 retired employees; this program allows us to collaborate and benefit from the expertise and knowledge of SABIC retirees. The Evansville Mayor and the Human

Rights Commission recognized the Mt. Vernon Allyship team for their leadership in developing supportive diversity strategies in SABIC during the Annual Celebration of Diversity Dinner. SABIC was honored by the Ministry of Education for its valued efforts in supporting Saudi male and female students through robot laboratories, science support, and creative classes. SABIC's Global CSR gained membership in the National Committee for Social Responsibility in the Saudi Ministry of Human Resources and Social Development for policy, guidelines, and incentive program development.

#### SUPPLY CHAIN

Embedding sustainability into the company's procurement processes, policies and culture as a foundational pillar is a key part of SABIC's sustainable procurement strategy. SABIC recently joined TfS, a procurement-driven initiative created by chemical companies.



We have embedded sustainability into the company's procurement processes.

# HUMAN CAPITAL

The past two years have been a huge, unexpected catalyst that drove changes for a “new norm” around the world, SABIC not exempted. “Be the Impact” lies at the heart of the SABIC Leadership Way (SLW) model and even though the world is facing many challenges, our employees have emerged stronger. SABIC continues to invest in leadership development and culture-shaping, inspiring its employees. The SABIC model has proven to be successful: the global research and advisory firm, Gartner, recognized it in 2021 as a best practice model for other businesses to emulate.

In particular, the initiative is about constantly seeking opportunities, experimenting, and learning in an environment of shared ownership between all stakeholders. This is reflected in our approach to SABIC wellbeing, to our learning, and to our stakeholder outreach initiatives.

The New Norm initiative offers best-in-class programs that provide a support infrastructure for physical, mental, social, and financial aspects of wellbeing and address crucial issues of the moment, such as the increasing importance of ESG factors in our business.



SABIC continues to inspire its employees by investing in leadership development and culture-shaping initiatives.

## PERFORMANCE METRICS

<b>EMPLOYEES GLOBALLY</b>  <b>31,000+</b>	<b>WORKFORCE DISTRIBUTION</b>  65% Middle East & Africa 14.8% Europe 9.3% Asia 10.9% Americas	<b>WOMEN IN THE WORKFORCE</b>  <b>7.7%</b> of total workforce
<b>SABIC SCHOLARSHIP PROGRAM</b>  <b>428</b> (Male 278, Female 150)	<b>GLOBAL ASSIGNMENTS</b>  <b>219</b>	<b>SABIC LEADERSHIP LEARNING</b>  <b>587</b> Participants
<b>LEARNING AND DEVELOPMENT PROGRAMS</b>  <b>1,519</b>	<b>TRAINING PROGRAM PARTICIPANTS</b>  <b>14,584</b>	<b>NEW HIRES</b>  <b>1,986</b>
<b>TURNOVER</b>  <b>5.3%</b> of total workforce	<b>AVERAGE HOURS OF TRAINING PER EMPLOYEE PER YEAR</b>  <b>20</b>	

“As business needs evolve, SABIC’s HR leaders redefine their leadership culture to align with new internal and external challenges. In response to an increasingly dynamic business environment, we realized a need to unify and modernize our leadership culture to move away from one that focused on traditional and process-driven competency models to one that would focus on shaping balanced, transformational leaders.”

– Mohammed Al-Nafea,  
GM of HR, MEA & Asia, SABIC

# HUMAN CAPITAL

## CONTINUED

### REFLECTING ON OUR HUMAN RESOURCES MODEL

SABIC is committed to being an Employer of Choice because we believe that our success starts with our employees. To sustain this culture, SABIC's HR has been structured in a manner that cultivates a work culture that encourages continuous learning, provides exceptional career opportunities, and offers attractive rewards and recognition for performance. By building and deploying our capabilities to support our organizational & cultural transformation, this strategy aligns with our 2025 objectives.

HR One streamlined our HR processes by integrating employee recruitment, onboarding, learning, compensation, performance & goals, succession & development, and core competencies into a unified system. SABIC also introduced a "New Hire Experience" portal to provide resources and channels for new joiners and young employees to complement their onboarding process.

In addition, SABIC has a robust learning management system (LMS) that offers over 51,000 virtual courses and joint social learning groups to foster lifelong learning to drive employee development and nurture a more competitive talent pool. We increased e-learning hours to almost 60% while our in-person core leadership offerings delivered its new curricula for the first time in a hybrid format in partnership with top business schools, extending access to 140 emerging future leaders, as part of our efforts to support SLW.

### COVID-19 RESPONSE

Since the start of the COVID-19 pandemic, SABIC has been swift to respond to the multiple and complex challenges that affected our employees and our business processes. While different global concerns have taken center stage this year, we are mindful that the pandemic is still ongoing and continues to cause disruptions in the work and lives of our stakeholders. In April, we launched an ongoing internal campaign to help ease anxiety and lift morale of our employees in Shanghai during a prolonged lockdown.

### EMPLOYEE SURVEY

From November 1 to December 1, 2022, we carried out the 2022 SABIC Employee Survey, which was open to all SABIC employees across 12 Survey Dimensions. The Dimensions included teamwork and collaboration, career development, team leadership and learner mindset, and yielded a 63% participation rate.



SABIC is committed to being an Employer of Choice.



# OUR WORKFORCE

## CONTINUING THE DIALOGUE

### 2022 GLOBAL TOWN HALL

The 2022 Global Employee Town Hall was held at SABIC's headquarters in Riyadh in January, and employees from all regions had the opportunity to participate virtually. Leaders and employees reflected on the 2021 performance, outlined the priorities for 2022, and discussed the future of SABIC as new norms were adopted for the long-term.

### U MATTER 2022

U MATTER 22 was a new corporate HR initiative, an employee interactive global "roadshow," designed to strengthen connections and engagement throughout SABIC. The ambition was to connect with SABIC employees around the world and showcase all initiatives designed to enable employees to thrive. The roadshow featured over nine booths, covered 37 sites in 17 countries, and engaged in major themes related to a wide range of relevant topics including safety, employee wellbeing, ESG, talent discovery, cybersecurity, strategic growth, and capability building.



U MATTER 22 was designed to strengthen connections and engagement throughout SABIC.

The first stop was in Sittard and provided a unique opportunity for employees to connect with colleagues and engage with leaders to explore personal growth and discuss SABIC's desired future footprint in Europe. The final stop in Greater China closed the roadshow with engaging activities held in STC-Shanghai, Shanghai Plant and Nansha Plant, along with virtual interaction with remote offices. The campaign served as a testament to the collaboration across various teams and communities.

## FOCUSING ON EMPOWERMENT

SABIC launched three employee-engagement initiatives this year with the aim of enhancing empowerment perception and joint efforts with all employees to create a more empowered agile organization. The Empowerment Program Portal provides employees with an overview of the Empowerment Program in Greater China, along with latest updates, best-practice sharing, event calendar, and learning materials to create a stronger resilient workforce. SABIC & YOU Empowerment Campaign's offline campaign roadshow took place across five sites in Greater China, engaging over 700 employees via participation in interactive activities, quiz games, and a special photo session to select the most preferred empowerment behavior that offered employees a deeper understanding of the platform and the program. The Collaboration Roadshow was organized under the theme, "Know Each Other, Grow Together," to enhance mutual understanding and strengthen cross-function collaboration. Over 250 participants joined the online sessions and answered a survey that would better address their interests in topics for future programs.

### GLOBAL REWARD & RECOGNITION PROGRAM

SABIC's Reward & Recognition program is another important initiative that celebrates and acknowledges great work and role-model behavior. In 2022, 45% (14,096) of our employees across all functions and regions were recognized, resulting in 27,825 awards in total.

### FLEXIBLE BENEFITS – ASIA-PACIFIC

With a new generation coming of working age and entering the workforce in the immediate present and future, SABIC recognizes that different generations have different work expectations and needs than their predecessors. Flexible benefits focus on creating greater value for existing benefits to better meet their respective needs. In 2022, we offered flexible benefits to both professionals and paraprofessionals at our sites in India and enhanced our existing offerings in China and Singapore. These three countries comprise 83% of our total employee population in Asia.

## SABIC PIONEERS

Our four-decade history has a built-in legacy. To sustain an ongoing dialogue between the employees who joined SABIC in its early days and the new generation of employees, SABIC launched the SABIC Pioneers program to continue nurturing the culture that enabled the company's success. The program opens an ongoing communication link between retired SABIC employees and the company to form a two-way sustainable relationship, recognizing their expertise and knowledge and providing a sense of belonging to the retirees.

## SABIC LEADERSHIP WAY

SABIC aspires to be the preferred leader in the Chemicals industry. To train and prepare leaders at every level who are motivated to reach their fullest potential individually and collectively, we continued the SLW initiative for the second year running to conduct leadership-improvement programs for the Yanbu governorate's leaders. In 2022, we refreshed our in-person core leadership offerings and delivered the new curricula in a hybrid format for the first time, partnering with top business schools extending access to 140 future leaders. SABIC also offered alternatives to formal classroom training, accelerating development through self-assessments, 360s, deeper accountability through talent review processes, and strengthening the talent pipeline through cross-functional talent communities to achieve the goals laid out in Saudi Vision 2030 for improving human capital. SLW also inspired "The Impactful Leader" Leadership programs conducted for Yanbu Governorate leaders, and the SABIC Leadership Program was launched in Madinah for high-ranking officials.

### ASIA LEADERSHIP ACCELERATION PROGRAM

Launched in 2020, our Asia Leadership Acceleration Program (ALAP) is a tailor-made leadership-development program combining classroom training with real application challenges. It has since become SABIC's flagship leadership-development program, which continues as a two-year program in rest of Asia. In 2022, the second cohort of enrollees (accepted in 2021) graduated and the program accepted its third batch of candidates. ALAP's comprehensive training and learning approach teaches participants to adopt leadership skills

extending to not only their mindset, but also their actions and behaviors to help them solve challenges or create opportunities to engage and inspire employees.

## SABIC MENTORING PROGRAM

Mentoring has been practiced in SABIC informally since inception. We place great importance on focusing on people's capability, capitalizing on tacit knowledge and mentoring our employees. After launching our mentoring pilot in 2019, it has grown in popularity and in October 2021, we officially launched our in-house mentoring module system. In 2022, the Global Mentoring program grew to almost 700 employees while an additional 14 professional in-house coaches were accredited by the International Coaching Federation. We have grown our mentoring relations to over 650 formal relations being tracked and continue to grow organically by 10% per month with a total of 1,500 employees being signed up at any given time. This is an encouraging indicator of the program's success and critical to fulfilling SABIC's 2025 vision and ensuring future growth.

## PERFORMANCE MANAGEMENT

Even as the working landscape undergoes dramatic shifts, it is vital to keep a pulse on what is happening with our employees. Every year, SABIC's professional population, including executives, participate in a globally defined and managed performance annual review. This year, employee participation stood at 16,354 employees, which amounts to 51.3% of the workforce. In addition, SABIC paraprofessionals participated in locally defined and managed performance appraisals suited to local requirements. For the 2022 talent review process performance cycle, 88.7% of eligible employees completed a midyear review, re-visiting and updating their annual objectives.

## CAREER CHOICES TAMKEEN

As technological changes reshape the labor market and work environment, it is important to ensure that employees are prepared to make any shifts and adapt to external forces that affect their job. Additionally, we worked to empower our employees by launching an internal campaign, "Empower Yourself, Empower Others!" and also empowered more than 4,700 non-technical professionals at our Career Choices program, Tamkeen, to apply for high positions such as managers and senior managers.

# OUR WORKFORCE CONTINUED

### PROJECT GAUGE

To address changes in US manufacturing sites in the most complex areas of operations, our Building a Future Workforce for Manufacturing project (Project Gauge) created career paths to train and develop highly skilled critical chemical operators, revised compensation strategy, incentivized rotating shift work, and set up SABIC to meet the challenges of a competitive labor market and become an employer of choice.

### EMPLOYER AWARDS

SABIC continued to be recognized for its outstanding performance in talent strategy and longstanding commitment to personal development. For the ninth consecutive year, we were named “Top Employer Asia Pacific” in 2022. Additionally, our Mexico sites were awarded “Best Places to Work,” and we were bestowed the 2022 STEP Ahead award for our employee engagement efforts. The STEP Ahead Awards are highly regarded in the industry for recognizing the accomplishments of outstanding women in Science, Technology, Engineering and Production (STEP). SABIC is proud that four of its employees were recognized for demonstrating leadership and excellence in their careers and community. This award also coincided with the re-launch of the SABIC Women’s Network (SHE), and will help to encourage female participation at SABIC and the chemicals industry at large.

### SAUDI VISION 2030

#### SABIC SUMMER PROGRAM FOR EMPLOYEES’ CHILDREN

More than 700 male and female students—including children of SABIC employees, beneficiaries of the Takaful Foundation, and children from other backgrounds—participated in the annual SABIC Summer Program 2022, held in Riyadh, Jubail, Yanbu and Abha under the theme, “Grow with Sustainability.” The three-week program focused on three main tracks (track one: sustainability, the environment, and their relationship with the UN SDGs, SABIC’s sustainability strategy, and Saudi Vision 2030; track two: society, energy efficiency, water, and the human impact of carbon and water; track three: economics, recycling, lean manufacturing, and circular economy) to create a learning environment around the concepts of sustainability and its applications, developing creative skills and encouraging innovation using various educational means.

### SABIC SCHOLARSHIP PROGRAM

The SABIC Scholarship Program 2022 is SABIC’s investment in human capital, scouting for prospective talent to help them successfully graduate in key academic disciplines such as Chemical Engineering, Mechanical Engineering, Finance & Accounting, Industrial Engineering, Supply Chain, and Business. The Scholarship Program is part of our talent-development strategy, aligning with a key pillar of Saudi Vision 2030 in growing human capital.

### EHSS WORKSHOP FOR SABIC SCHOLARSHIP PROGRAM

Before our future employees even join SABIC, we conduct the EHSS Workshop for the SABIC Scholarship Program students at our manufacturing site in Selkirk, New York. The purpose of this program is to train prospective employees in important safety measures to observe in their line of work.

### SABIC YOUNG LEADERSHIP COUNCIL

The SABIC Young Leadership Council (SYLC) was launched to empower young leaders to shape future business decisions via direct interaction with the CEO and executive leadership. It opens a dialogue between SABIC and young leaders to propose new solutions to new challenges, creating a forum for the company to engage with the youth who will be leaders one day. This year, SYLC 2022 welcomed six new members to be a part of the council as part of its diverse and inclusive culture, and updated its priorities under the endorsement of the CEO to include People Engagement, Organization Behaviors and Business & Industry Engagement.

### SABIC INTERNATIONAL SCIENCE AND ENGINEERING FAIR (ISEF)

This year, we partnered with Mawhiba to sponsor the 2022 Saudi science and engineering team that won 22 awards at the International Science and Engineering Fair (ISEF) 2022 held in Atlanta, USA. The long-running partnership with Mawhiba enables SABIC to contribute its extensive resources to help unlock the capabilities of youth. We recognize the youth as a driving force for building excellence in the future and support Saudi talent to excel in international forums and demonstrate competitive advantages in science and innovation, contributing to achieving Saudi Vision 2030 goals.

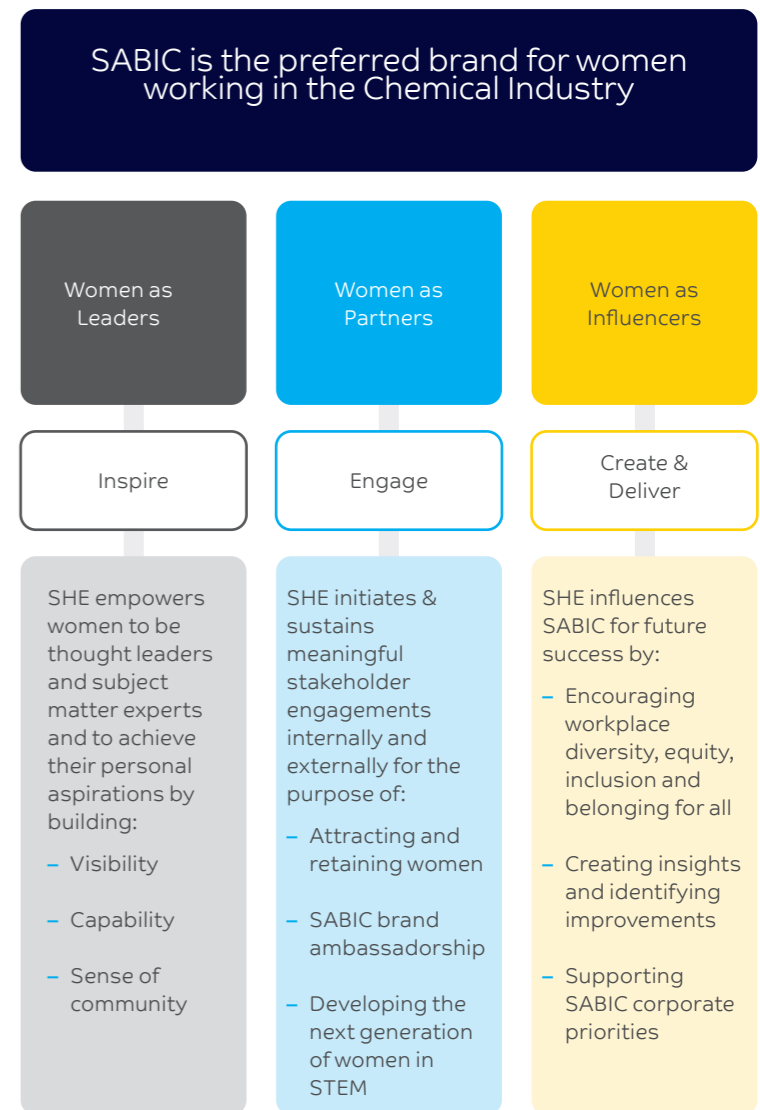
# DIVERSITY, INCLUSION, AND COLLABORATION

As a multi-national corporation, SABIC recognizes that its workforce is made up of diverse people with differing needs. Moreover, changing work patterns and increasing awareness have created new challenges in engaging with employees. Our 2022 Global Employee Town Hall and Employee Survey initiatives were carried out to connect with the concerns, thoughts, and goals of our dynamic global workforce.

### DRIVING DIVERSITY IN THE INDUSTRY

SABIC is focused on increasing female participation rates in the global petrochemicals industry. At the heart of our efforts is the SHE Network, which plays a key role in SABIC’s recruitment, retention and promotion of women. Women in the SHE Network serve as mentors and role models, encourage a culture of high performance, and seek ways to make SABIC an even better place for women to work. SHE emphasizes and empowers women to be leaders and achieve their aspirations by building visibility, capability, and a sense of community. Our employees embody these values: four employees—Suzanne Echevarria, Michelle Kohr, Maureen MacDonald-Stein and Elizabeth “Liz” Miakisz—were honored with the “Women Breaking the Mold” annual award in the July issue of Plastic News for their inspirational work. The publication said the award “is about recognizing and exposing the wealth of experience within the industry and making it clear that women belong in every facet of the plastics industry.” This marks the first time that more than one SABIC employee was named to the ‘Breaking the Mold’ list. All four women were honored at the Women Breaking the Mold Networking Forum in Nashville.

On International Women’s Day 2022, we celebrated our female employees and renewed our commitment to empower women, ensuring that all employees, irrespective of gender, have equal opportunities to advance in their careers. Observed under the theme, “Break the Bias,” the International Women’s Day event was an opportunity for all at SABIC to reflect on our ongoing transformation journey where the issue of leadership advancement and eliminating barriers for our female employees is critical to our success in the short and long terms.



# DIVERSITY, INCLUSION, AND COLLABORATION CONTINUED

As part of our commitment to Vision 2030 to increase women's participation in the labor market to 30% by 2030, we continue to be a strong contributor to national growth and economic vitality and are working to develop the national workforce – with a particular focus on women and young people.

SABIC trained its fourth batch of female employees in the EXSABIC program, an initiative under NUSANED™ that trains women to join the industrial sector in specific fields, making them eligible for skilled jobs in small and medium-sized enterprises. The six-month on-the-job training covered various sectors within SABIC, including HR, Finance, Information Technology, Technology and Innovation, Procurement, Supply Chain and Local Content Unit. We believe this will aid Saudi Vision 2030 to boost female participation in the country's labor market.

### MT. VERNON ALLYSHIP TEAM

At the 2022 Annual Celebration of Diversity Dinner, the SABIC Mt. Vernon Allyship team won the Mayor's Celebration of Diversity Leadership Award, recognizing business leadership that has encouraged supportive diversity strategies in an organization. The team was feted by the Evansville Mayor and the Human Rights Commission for various initiatives to promote diversity, including:

- Commemorating Mental Health Awareness month

to encourage employees to share their struggles with mental health and the value in healing and getting help.

- Celebrating Juneteenth at the plant site with the African American Museum to raise awareness on the importance of Juneteenth.
- Sponsoring and supporting the 1878 Memorial to honor the last lynching in Posey County;
- Engaging with local minority groups for the clean-up and restoration of an African American Cemetery adjacent to the Mt. Vernon property.
- Highlighting 15 different nationalities represented at the Mt. Vernon site for Cultural Celebration, where employees shared elements of their own cultures and food items. Additionally, the team celebrated cultural dances from India, China, and Latinx cultures.

The team also embarked on a new initiative working with local elementary schools to create inclusive playgrounds for students with special needs.

The regional Allyship network created the "Dialogues that Matter" session, available to all employees and covering special guest speakers in a move to encourage diversity. As part of the session, the group celebrated Juneteenth with freedom fighters from the civil rights movement and celebrated National Hispanic American Heritage Month.

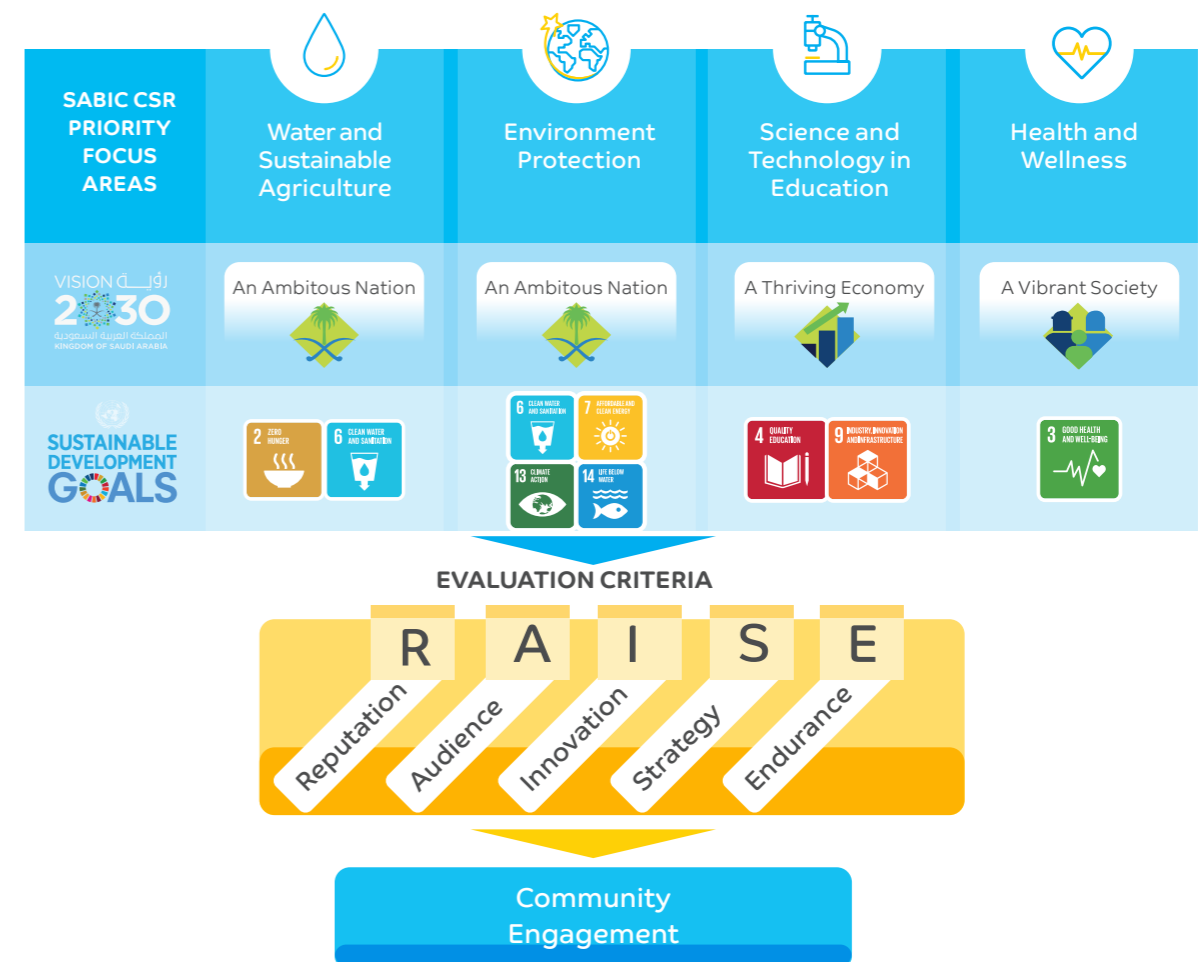
# SOCIAL IMPACTS AND COMMUNITY RELATIONSHIPS

SABIC has integrated a strong sense of environmental and social responsibility into its business. By cultivating a culture of giving back to the community and volunteerism, we have invested into CSR programs throughout our 46-year history to create a lasting, positive impact in the communities that we serve.

In 2022, we used our global CSR strategic tool, RAISE – Reputation, Audience, Innovation, Strategy, and Endurance – to invest in programs that promote our values and direct our priorities into four strategic focus areas – Science & Technology Education, Environmental Protection, Health & Wellness, and Water & Sustainable Agriculture. These pillars are aligned with SABIC's 2025 strategy and contribute to 3 Saudi Vision 2030 pillars and 10 UN SDGs. RAISE assesses whether our initiatives have the desired positive impact by asking whether it raises SABIC's overall visibility and reflects positively on its identity; whether it addresses community needs and engages key stakeholders; whether it uses new

technology or takes a new approach that singles out SABIC's leadership; whether it complements business interests and aligns with our values; and whether it promotes a socially responsible culture and generates a positive, lasting impact.

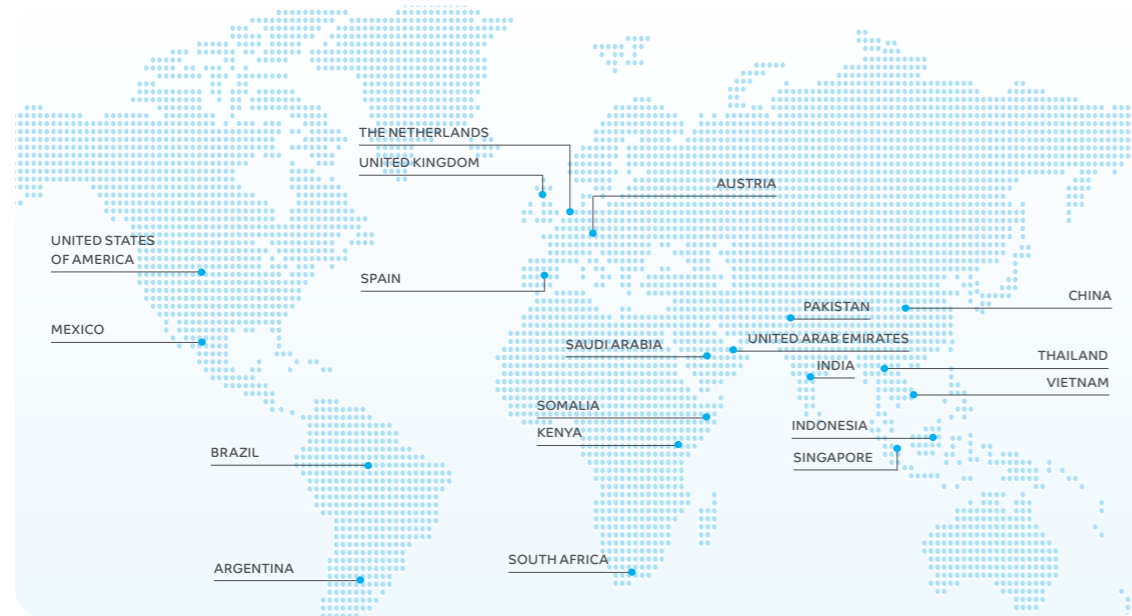
Through NUSANED™, our pioneering local-content initiative to strengthen the local manufacturing base, SABIC continues to commit to meeting the ambitious goals of Saudi Vision 2030, bridging the public and private sector to foster small and medium enterprise (SME) start-ups and help scale established SMEs, thereby reducing our dependency on foreign imports.



# SOCIAL IMPACTS AND COMMUNITY RELATIONSHIPS

CONTINUED

## CORPORATE SOCIAL RESPONSIBILITY HIGHLIGHTS



### HEALTH AND WELLNESS

With the growing public consciousness about mental health, employees are increasingly turning to their employers for support on their mental and social well-being. SABIC promotes a holistic concept of wellbeing through its Global Health Initiative and Global Social Initiative, tacitly recognizing that health and wellness require both social and medical interventions. Our programs in Health & Wellness reached 10 countries – USA, Argentina, Saudi Arabia, Somalia, Pakistan, China, Vietnam, the UK, the Netherlands and Spain – in 2022.

### GLOBAL HEALTH INITIATIVE

We participated as a strategic partner at the first Tabuk Mental Health Conference 2022, organized by the Qadir Association for the Promotion of Mental Health in the region, on the urgent need to promote mental health in educational and practical environments and its importance. The two-day conference covered a variety of topics and held a number of workshops such as analyzing the concept of mental health, focusing on health promotion skills from treatment to recovery, dealing with life traumas, and developing techniques to cope with life stresses and changes.



Our social visit program in China – one of the 10 countries where our Health & Wellness programs reach – provide employee volunteers with opportunities to connect with local communities.

At the global level, we created a new SABIC benefits website, “Benefits that Matter for the Moments that Matter,” a freely-available resource portal accessible to all employees as well as their families providing access to all the available benefits in relation to health, wealth, wellness and work/life balance. We also initiated the Benefits Tour 2022 to promote the benefits offered at SABIC to provide an all-round support of employee wellbeing.

We established the Madinah Autism Center in Saudi Arabia, capable of handling 500 cases of diagnosing autistic children early, offering vocational rehabilitation and treatment plans, expanding research, training Saudis specialized in this field, and spreading autism awareness in society. SABIC also invested SAR 3 million into Jazan Autism Center for detecting autism early as cases have risen in recent years; this initiative will help over 570 beneficiaries in the region.

On World Blood Donor Day, we organized blood donation programs in Jubail, Yanbu, and our Riyadh headquarters, where 207 staff members generously donated blood for the cause. For the second year in Houston, SABIC continued its relationship with the Gulf Coast Regional Center to allow SABIC employees, family members, friends, and tenants in CityWest to donate blood.

At the community level, we encourage the importance of maintaining an active lifestyle in the digital age. Given that health is one of the main pillars of our social responsibility strategy, we sponsored the Riyadh Marathon 2022 to motivate members of society to participate. Around 10,000 contestants participated in the 42-kilometer run,

and 200 runners were from SABIC. Over in America, 50 SABIC employees participated in the Houston Marathon weekend and ran in the three races. In the UK, 40 SABIC Teesside employees partook in the Headlight Charity Walk to raise funds for the Russ Devereux Foundation, a local mental health charity.

We believe that a key element in promoting healthy behaviors is by raising awareness and making available the necessary facilities for tackling the situation. To this effect, we opened Breast Cancer Screening Clinics in Saudi Arabia, in collaboration with Zahara Association and the Ministry of Health, to expand the field of early breast cancer detection. We also partnered with the University of Texas MD Anderson Cancer Center to create awareness about breast cancer, providing a mobile mammogram unit that offered mammograms to SABIC employees, their families, and other tenants at CityWest, Houston.

As shortages of resources and supplies affected communities during COVID-19-related lockdowns in Shanghai in 2022, SABIC worked with the Shanghai Charity Federation to donate quarantine relief to support people quarantined in cabin hospitals and other people in need.

In Saudi Arabia, SABIC started a Medical Insurance program in a two-year partnership with Kanaf to provide for families in need.

Outside Saudi Arabia, SABIC worked with Vietnam Red Cross and donated US\$ 20,000 in the form of family food parcels to help disadvantaged families adversely affected by the ongoing COVID-19 pandemic, reflecting SABIC’s long-term commitment to Vietnam.

As part of our Global Health Initiative, SABIC concluded its participation in the 5th Saudi International Conference on Occupational Safety and Health 2022 held in Riyadh. At the conference, SABIC showcased numerous activities pertaining to Occupational Safety, including virtual simulations of working in high-risk environments, identifying and managing workplace and home safety hazards, and emphasizing the importance of home and workplace safety. We also participated in panel discussions that included recommending companies on how to implement the latest technologies and use the IoT to maintain high OSH standards, create a safe work environment, and get employees working for other contractual partners and companies to identify and control workplace hazards.

### GLOBAL SOCIAL INITIATIVE

# SOCIAL IMPACTS AND COMMUNITY RELATIONSHIPS CONTINUED

In 2022, SABIC's Global Social Initiative included several programs around the world as part of our CSR strategy to help the communities in which we operate.

SABIC employees in Spain contributed non-perishable food baskets and blankets and made a monetary donation to a Murcia-based charitable foundation that supports people in need. The food campaign ran for over four weeks.

Our CSR focus also aims to improve the lives of underprivileged individuals and communities. Under the slogan, "Together for a Positive Impact", we held an Entertainment Day for orphans in Abha in collaboration with the Orphans' Welfare Society, organizing various activities and awarding many prizes to over 100 children.

Inflation and rising food costs have made it difficult for many families to have nutritious meals. In cooperation with the SABIC Employees Charity Fund (BRR), 148 male and female volunteers prepared 250 food baskets at our Riyadh headquarters for families in need. Throughout the year, our Food Basket initiative ensures that 1,500 families per month and 18,000 families annually in the Kingdom receive our food baskets. In the US, SHE SABIC volunteers sorted and packed 11,772 pounds of food, amounting to 9,810 meals, for children and families in the Houston area.

SABIC Employees Charity Fund (BRR) worked under the "Volunteer for Them" community campaign to provide 4,000 winter clothes for beneficiaries of charitable associations in Saudi Arabia, offering company leaders and employees the opportunity to take part in charitable work. SABIC employees also worked with non-governmental organizations (NGOs) in Argentina to donate clothes and blankets for the homeless to keep warm during the winter season.

## ENVIRONMENTAL PROTECTION



SABIC's CEO participates in a food-basket initiative for the underprivileged.

By taking part in clean-up activities, SABIC employees learn to connect with each other and the wider communities, providing a model for complementing our CSR activities with the sustainability concepts inherent in our core business. It takes a combination of coordinated international and inter/intra industry efforts with small-scale, localized public activities to propel changes. This year, our Global Environmental Protection Initiative reached seven countries – India, Singapore, Indonesia, China, Thailand, Spain, and USA.

In 2022, we signed the SABIC National Afforestation Initiatives for Saudi Green Initiative to reduce the effects of desertification, restore biodiversity in natural environments, rehabilitate degraded vegetation cover sites, and promote positive behaviors to preserve our environment. This initiative is in cooperation with the National Center for the Development of Vegetation Cover and Combating Desertification.

We conducted a Circular Economy ("PALS") Program in Spain in collaboration with the Universidad Politécnica de Cartagena on cleaning marine litter, during which we held different activities related to beach cleaning, a Circular Economy Workshop, and getting involved with high schools to raise awareness among the student population.

As part of our efforts to help minimize air pollution

and control erosion, SABIC partnered with Houston Wilderness Tree Planting (NGO) for the second consecutive year for a large-scale native tree-planting project to increase water absorption and erosion control to help with the area's flooding problems. SABIC will be mentioned as a sponsor on the Houston Wilderness website.

In commemoration of World Environment Day 2022 and in support of the Alliance to End Plastics Waste's (AEPW) #Clean4Change initiative, SABIC organized a half-day community cleanup activity program in Nansha of Guangzhou and Chongqing for the second year. The coastal cleanup was held to emphasize to our employees the responsibility we have as a company toward conserving and keeping the water areas clean for the communities to enjoy. Our efforts resulted in collecting 108.6 kg of trash including plastics waste. SABIC also held World Environment Day Clean Up Activities in Indonesia, Thailand, Singapore and India, highlighting our environmental awareness and cultivating a culture of responsible waste management as part of our commitment in the community. In Houston, SABIC supported Trash Bash, the largest, single-day waterway cleanup in Texas for the second year to pick up trash and clear debris that will assist in avoiding flooding situations after heavy rains.

## WATER AND SUSTAINABLE AGRICULTURE

Water and sustainable agriculture are increasingly vital due to their collective impact on our daily lives, from ending hunger to achieving food security and improving nutrition. At SABIC, we support farmers through sharing ideas and experiences on effective farming practices, crop productivity, quality and variety. This year, SABIC sponsored the Coffee Bean Al Dayer Festival and the annual Olive Festival in Al Jouf that enabled agri-nutrients business growth in Saudi Arabia, and was a Diamond Sponsor of the Al-Hariq Citrus Festival.

SABIC also leveraged its technological centers and expertise to unlock growth opportunities and jobs via localizing advanced unmanned aircraft systems with applications in agriculture. To this effect, we signed an MoU with the Autonomous Technology & National Center for Vegetation Cover Development & Combating Desertification and involving the Ministry of Human Resource Social Development to study how this technology could replace 500 non-Saudi low-skilled jobs with 80 jobs fit for Saudi citizens. In tandem, the joint team finalized its technology validation protocol, assessment criteria and work plan activities needed for the Al Jouf field trial.

## SCIENCE & TECHNOLOGY EDUCATION

For its four decade-plus history, SABIC has always been at the intersection of new technologies and innovation, making it uniquely positioned to train and provide educational and career opportunities for future generations to make early valuable contributions. Through our partnerships with charities, NGOs, schools, communities and other

stakeholders, we have undertaken different initiatives to help youth interested in STEM fields enter the environment.

This year, we partnered with Junior Achievement (JA) Worldwide, one of the world's largest and most impactful youth-serving NGOs to deliver hands-on, immersive learning in work readiness, financial health, entrepreneurship, sustainability, STEM, economics, citizenship, and ethics. As part of SABIC's Global Initiative for Education and Innovation, JA brings together like-minded young people to develop the employment and entrepreneurial tools they need to start sustainable companies and find meaningful work. This initiative benefitted 63,434 students in 12 countries - Argentina, Egypt, India, Mexico, Singapore, South Africa, Saudi Arabia, South Korea, Spain, the UAE, USA and Vietnam.

SABIC also believes that it is crucial to encourage and inspire children at an early age to dream big. SABIC was honored this year by the Minister of Education, Dr. Hamad bin Mohammed Al Al-Sheikh, Minister of Education and Chairman of the Board of Trustees of the Takaful Charity Foundation, for its strategic partnership and national leadership in supporting Saudi male and female school students through its specialized initiatives and programs, such as creative classes, electronic remedial teaching, robot laboratories, science support, schoolbag distribution, and more. Under our Global Back-to-School Initiative, our efforts this year included:

- The SABIC World Robot Olympiad 2022 (Saudi Arabia) to benefit over one million students between the ages of 8 and 19 to improve their STEM skills in an effort to groom the next generation of inventors, scientists, and engineers.
- The Children Inspired by Science program in the UK, where SABIC employees at Chemicals T&I volunteered to talk to children at a local Teesside primary school during British Science Week about SABIC and inspire them to consider a future in studying chemistry given the potential career opportunities in the chemical industry.
- The SABIC Summer Innovation Program Exhibition, with the non-profit organization Takaful, creating the opportunity for 250 students to display their work and creative efforts under the theme of sustainability.
- SABIC's support to underdeveloped primary schools in China, where employees and their families provided school children in remote areas with pairs of personalized shoes, school bags, sports equipment, and other school supplies to support their learning and growth.
- Four SABIC volunteers providing 200 backpacks and other needed school supplies to students in two Argentinian elementary schools, Tortuguitas.
- SABIC sponsoring the Technical Camp for Orphans in Saudi Arabia for over 120 students.
- The inauguration of the SABIC Life Gallery project

# SOCIAL IMPACTS AND COMMUNITY RELATIONSHIPS CONTINUED

- at King Salman Science Oasis in Riyadh to provide an exceptional educational experience to visitors.
- Signing a Memorandum of Cooperation with the Regional Center of Quality and Excellence in Education (RCQE), under the auspices of the UNESCO, to collaborate on developing human capabilities in Saudi Arabia.
- The signing of a Memorandum of Cooperation with the High Commission for Industrial Security (HCIS) to provide a framework for the exchange of experiences and developing a mechanism for collaboration in areas pertaining to industrial security.

## CREATING VALUE THROUGH LOCAL CONTENT

We are committed to supporting Saudi Vision 2030 through NUSANED™ with the ultimate aim of strengthening the local manufacturing base and encouraging local businesses to grow and thrive while gradually reducing dependency on imports. Since its inception in 2018, the NUSANED™ program has created several job opportunities across national industrial sectors such as metals, renewables, medical supplies, and more.

## MADE IN SAUDI EXHIBITION

SABIC was the exclusive sponsor for the Made in Saudi Exhibition that showcased Saudi-made products by various individuals and organizations, pushing to increase the competitiveness of local industries.

## FUTURE MINERALS SUMMIT

The Future Minerals Summit, an international initiative convened by Saudi Arabia to highlight advanced mining opportunities to unlock opportunities across the Middle East, Central Asia, and North and East Africa, was sponsored by SABIC to symbolize the unrivaled future opportunities and investments in the global mining community.

## EASTERN REGION HACKATHON

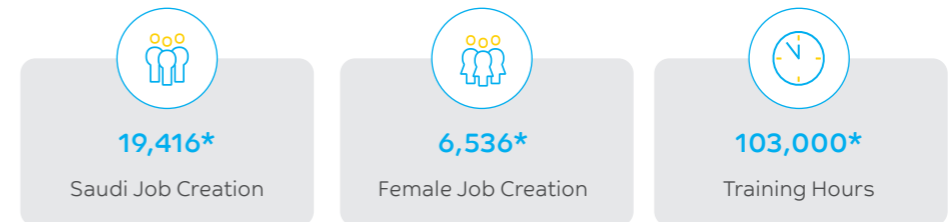
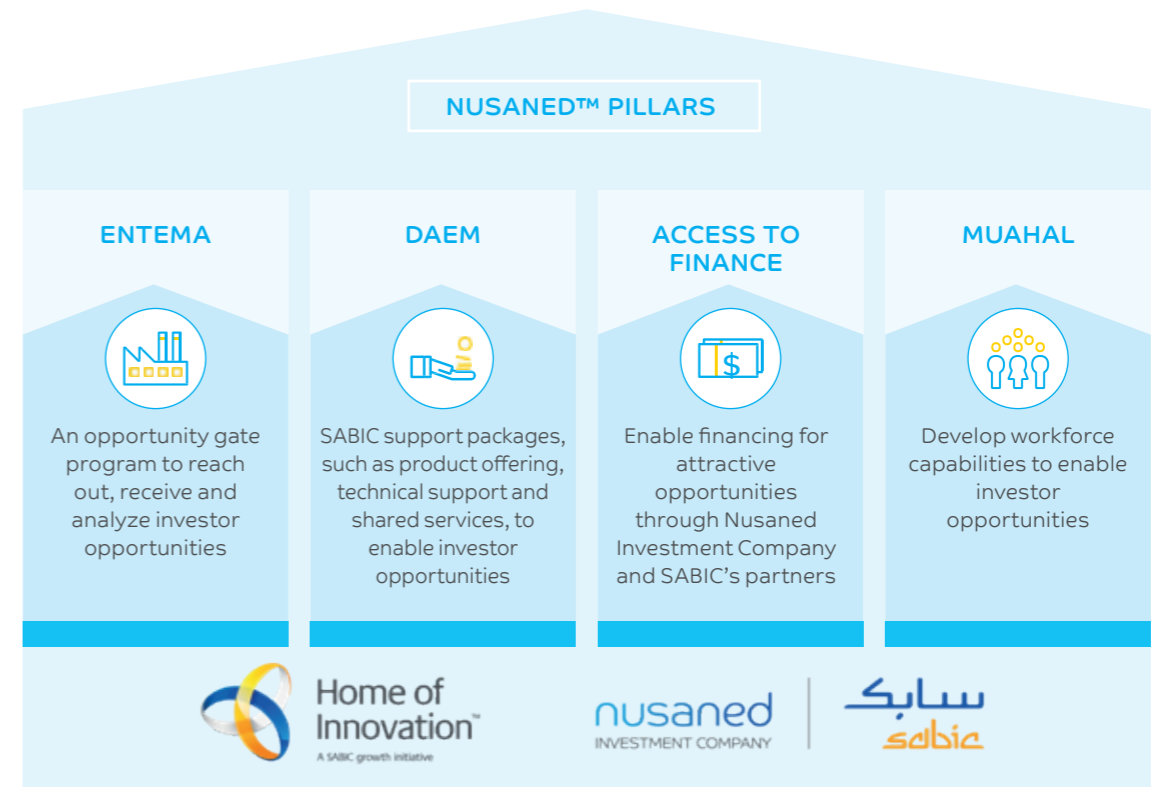
Organized by the Eastern Region Municipality, SABIC was a Platinum Sponsor in the Eastern Region Hackathon held this year under the slogan "Cooperation and competition for innovation in the municipal sector." The eight-week competition brought together innovators and businessmen from diverse sectors to deliver creative solutions to advance municipal services and raise urban life quality, and sought to bolster community cooperation and participation.

## LOOKING FORWARD

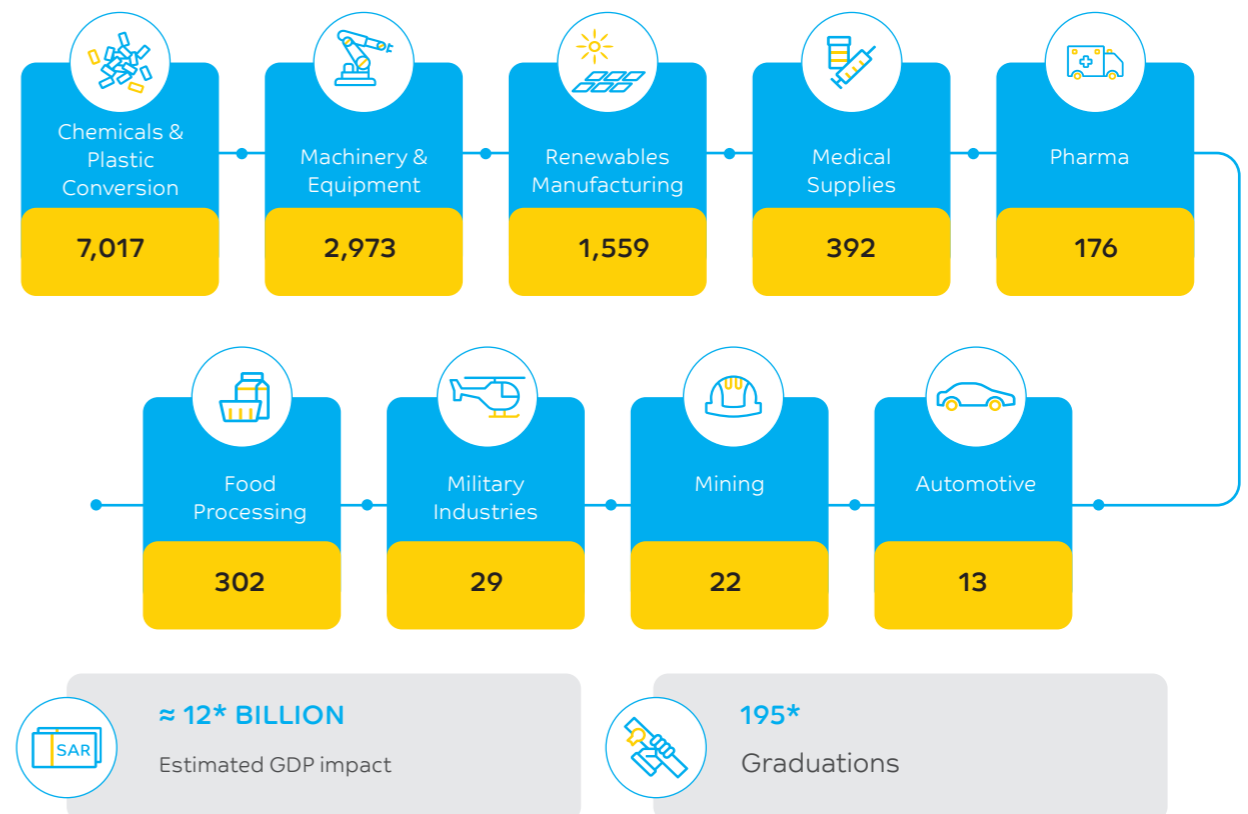
SABIC has numerous projects in the pipeline for the years ahead that aim to tackle health, environment, and drug addiction. The SABIC Mental Health Hospital will open in 2023 to address the critical issues of behavioral health and addictions facing the Saudi community. In collaboration with the Saudi Ministry of Health, our goal is to provide community awareness sessions and programs; medical and non-medical forms of biological, social and psychological therapy; opportunities for education and research; and develop a world-class model of care that offers every patient personalized treatment.

Another initiative set to launch in 2023 is the MADAC Academy, a project that aims to build a world-class educational complex, balancing the best educational theories and practices with a supportive environment for education and cultural values. SABIC has invested SAR 20 million into the Saudi Arabia center to provide an all-round education for children and young people to encourage studying across a breadth of subjects and skills.

SABIC also signed three research, technology and training agreements with the Minister of Interior's Research Chair's Project for Crime Prevention, providing financial support of SAR 15 million over five years to develop crime prevention methods in three universities in Saudi Arabia for many vital security areas, including drug control and industrial security promotion. The initiative reflects SABIC's commitment to enabling Saudi Vision 2030, providing its acumen to fulfill its national and social obligations.



## NUSANED™ GRADUATES' ESTIMATED GDP IMPACT (IN SAR MILLIONS) ACROSS VARIOUS NATIONAL STRATEGIC INDUSTRIAL SECTORS (2018-2022)



\*Since inception of NUSANED™ in 2018

# SUSTAINABLE SUPPLY CHAINS

The challenges arising from dealing with the ongoing COVID-19 pandemic and the 2022 Ukraine conflict had complex effects on the global supply chain. As a result, we reinforced our procurement processes to protect our business operations and customers.

Some of these disruptions included limited port operations, logistics service disruptions, drop in schedule reliability and container displacement. Our aim was to maintain a sustainable supply chain while balancing cost-effectiveness with healthy inventory levels, customer service, and secure capacity. Furthermore, we are committed to fostering International Maritime Organization (IMO) 2020/2030 objectives as part of our global sustainability approach to reduce emissions in collaboration with our stakeholders.

We successfully maintained our service levels to serve our customers in over 130 countries due to heavily investing into building a resilient network. Through the launch of the global optimization program spanning all areas of the supply chain, we leveraged our collaboration with logistic-service partners and used economies of scale to reduce transportation, storage, and documentation costs to successfully deliver 32 million metric tons of product deliveries.

SABIC has always strived to be the employer of choice in all domains. People development and leadership focus remain cornerstones for supply chain organization. In 2022, we activated the Supply Chain Local Talent Community across the globe in all our businesses, focusing on developing competitive employees and leaders who can work together towards building a transparent supply chain that fits into the circular economy.

This year, we introduced a regional dialogue forum to provide more clarity and frequent communication of mid- and long-term supply-chain strategy. The objective of this forum was to create the best practices for the supply chain and make innovative projects visible. We also continued to cultivate a leadership mindset through our development program focus in a bid to promote cost-consciousness in the organization.

## TOGETHER FOR SUSTAINABILITY (TfS)

A key part of SABIC's sustainable procurement strategy is embedding sustainability into the company's procurement processes, policies and culture as a foundational pillar. To progress in these efforts, SABIC recently joined TfS.

By joining TfS, SABIC is gaining access to established methodologies and infrastructure that will help accelerate the implementation of its sustainable procurement strategy and ESG goals. For example, members of TfS jointly operate global supplier assessments and audit programs through independent experts, eliminating the need for each member to conduct their own assessment programs and also reducing the burden on suppliers to participate in numerous different programs. This initiative also highlights the importance of collaboration within the industry, especially in increasing transparency on upstream value chains to support further reductions in Scope 3 GHG emissions. Joining TfS will enable SABIC to help raise sustainability standards in procurement in partnership with a network of 40+ other chemical companies.

## SAFETY AND QUALITY ASSESSMENT SYSTEM

The Safety and Quality Assessment System (SQAS) is a vital tool in helping the chemical industry measure logistics service providers' (LSP) EHSS performance, assess and address gaps and areas for improvements, and identify top providers. Over the past several years, SABIC has been collaborating with other industry stakeholders, including CEFIC, to develop robust criteria for sustainability assessment in the SQAS. Additionally, in 2020, we created and started using OCS templates in our SQA assessments, making it easier to collect data in our goal to keep plastics from waste streams and waterways.



We successfully maintained our service levels to serve our customers in over 130 countries due to heavy investments in building a resilient network.

At site-level, we are working towards OCS certification. This process includes our commitment to encouraging our plastics-engaged logistics service providers and third party logistics service providers (3PLs) to also embrace the OCS guidelines via CEFIC and SQAS – and most of our LSPs and 3PLs have been working on this over the past SQAS cycle. We initially focused on the hubs and near-site warehouses and carriers but also included other parties further along the supply chain. Where Supply Chain Management interfaces with site logistics, we ensure that OCS care seamlessly connects with manufacturing commitment and implementation.

By using the developing roll-out of OCS in SQAS as the basis for evaluating our supply chain partners, we ensure that renewed questionnaires, specific control points, and mandatory criteria have been included in our analysis. Suppliers that score on all applicable OCS questions can be included in a public register so that everyone can follow their implementation trajectory in a fully transparent and auditable trail.

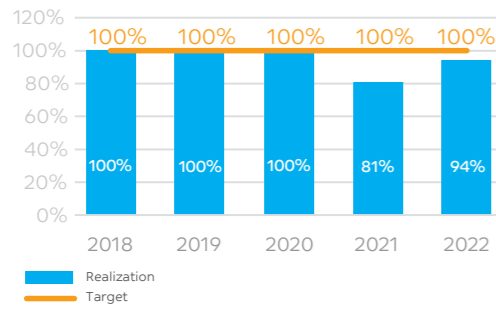
The SQAS assessments are valid for three years. Any service provider involved with transport or handling of plastics must request a new assessment, which includes OCS verification by trained and accredited assessors. Reports submitted since 2022 include a reduced list of requirements but since early 2023 the entire list is mandatory to apply for becoming a SABIC logistics partner. In three years, all our service providers will have been assessed, and we intend to have OCS mandatory for LSPs from the end of 2025 and to work only with SQAS- and OCS-certified companies.

In China, SABIC has been working with the Chemical Warehouse Safety Assessment System (CWSAS), an initiative sponsored by the Hazardous Goods Branch of the China Association of Warehousing and Distribution (CAWD) and the AICM for assessing the quality, safety, security, and EMS of warehouse service providers in China. Together with international chemical enterprises and well-known warehousing enterprises in China, SABIC has been contributing to CWSAS since its period of gestation at the end of 2020. Through relentless efforts and close collaboration, chemical warehouse safety workshops, committee meetings, and training sessions have been conducted over the past two years. CWSAS represents a great milestone for the chemical industry in China.

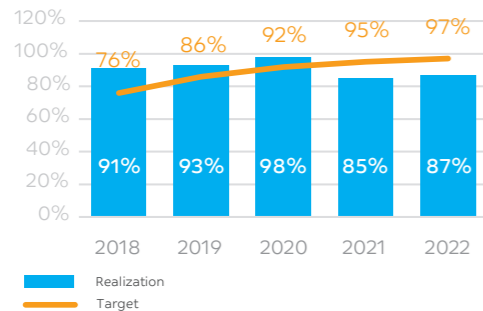
# SUSTAINABLE SUPPLY CHAINS CONTINUED

SABIC has also had a representative on the technical committee of the Chemical Road Transportation Safety Assessment System (CRSAS) in China since 2021. SABIC will continue to support the initiative and will use it as the primary forum to verify and support the implementation of responsible care through the supply chain. SABIC's contribution to CWSAS and CRSAS demonstrates its strong commitment to responsible care.

SQAS for Total Liquids



SQAS for Total Solids



## PROGRESSIVE COLLABORATIONS SAUDI ARAMCO

In 2022, SABIC took the lead in marketing and selling numerous Saudi Aramco products. Five Aramco joint venture sites benefited from the supply-chain readiness, enabling the transfer of marketing rights to SABIC along with integration into the SABIC business and supply chain operating model. By completing several process and system changes across supply-chain operations in both companies, we have grown more efficient in ways that benefit our customers.

## SAUDI RAILS

To sustain our leading position in the era of localized markets and increasing competitive intensity, we need to strike partnerships and make collaborative investments. This year, our cooperation with Saudi Rails led to an agreement to diversify network reach and accessibility in Saudi Arabia as part of our strategy to become the logistics center for supplying other regions in the Kingdom and GCC. SABIC, in collaboration with Saudi Aramco, supports transportation policy reforms for it is a reliable and environmental-friendly means to deliver bulk commodities with reduced carbon emissions while reducing long-term shipping costs. This allows greater access to competitive freight rail service in the Kingdom and signals a change in the pattern of supply chains for chemical industries.

## UNINTERRUPTED ORDERS INITIATIVE

To improve our work efficiency through seamless operations, we implemented our Uninterrupted Orders (UIO) initiative to automate repetitive activities in the field of Order Management, Order Fulfilment, Documentation and Reporting to improve work. For instance, automating order-closing activities reduced the touches by 80% in this field. Together with other process-automation initiatives, all this contributed to the objective of improving our work efficiency in customer service and elevating our customer interaction.

## DIGITAL INITIATIVES

SABIC implemented a number of digital technologies and new business models to optimize processes and business operations. These included:

- Expanding the Corporate Digitization Program to cover multiple domains such as supply chain, manufacturing, market and sales, and procurement as well as product innovation.
- Global initiation of Track & Trace, a visibility solution expecting to deliver work efficiency and proactive response to our customers, after a successful pilot.
- Taking the next step in the AI-Powered S&OP initiative, as part of our Corporate Digitalization Program to further improve and integrate the S&OP process.

## NETWORK AND PLANNING OPTIMIZATION

To build resilience across our supply chain, it is necessary to study market trends and impacts that shape business operations. Sustainability is a crucial trend and will be a key factor in our strategy for the supply chain moving forward. As a part of SABIC's ESG governance model and Scope 3 partner engagement, the supply chain continues to evolve and contribute to the circular economy through joint thinking, innovation and collaboration with customers and service providers.

## SUSTAINABLE PROCUREMENT

Contracts with our suppliers are governed by the SABIC Sustainable Procurement Policy, which has been developed in compliance with legal and ethical standards. In addition, we also have a Supplier Code of Conduct, which was reviewed and updated in 2020, impressing behavioral and operational best practices on our suppliers. We procure materials and services from qualified suppliers through lawful, ethical, and fair practices, as specified by the SABIC Code of Ethics, and they must meet our technical, quality, EHSS, and social responsibility standards.

The SLM Program is used to evaluate new suppliers and verify their level of compliance. As a key component of our sustainable procurement model, we provide opportunities for local suppliers, wherever possible. We also invest in developing the skills and competencies of women and young people to support local entrepreneurship, which contributes toward the local economy. Suppliers are also assessed for environmental sustainability through an environmental questionnaire under our SLM process. Consequently, our supplier base, in general, meets the minimum requirements on EHSS.

## SUPPLIER LIFECYCLE MANAGEMENT

We use our SLM Program to vet new supplier qualifications and verify ongoing compliance. Suppliers must meet our standards to be included in our global database for procurement and supply chain needs. In 2022, we registered 1,510 suppliers through SLM, bringing the total to 32,340. We identified 82 suppliers that were inactive, underperforming, or had failed to comply with our Supplier Code of Conduct, and we removed those suppliers from the database.

### KEY METRICS

NEW SUPPLIERS THROUGH SLM

1,510

SUPPLIERS REMOVED FROM SLM

82

TOTAL SUPPLIERS THROUGH SLM

32,340



# ADDENDUM

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## ABOUT THIS REPORT

SABIC is a publicly traded, global leader in diversified chemicals with its global headquarters in Riyadh, Saudi Arabia. We manufacture on a global scale and have five key geographies with innovation hubs in the United States, Europe, the Middle East, Southeast Asia, and Northeast Asia.

Ranked among the world's largest petrochemicals manufacturers, 70% of the company's shares are owned by Saudi Aramco, with the remaining 30% traded on the Saudi Stock Exchange. Since SABIC began in 1976, we have grown rapidly and globally, with operations today in more than 50 countries and a global workforce of more than 31,000 talented individuals. Our materials help our customers create solutions in key end markets – construction, medical devices, packaging, agri-nutrients, electrical and electronics, transportation, and clean energy – providing the building blocks for a better future through Chemistry that Matters™.

### REPORTING PERIOD, SCOPE AND BOUNDARIES

SABIC publishes an Annual Report, which targets the financial and investor audience, and this Sustainability Report, which targets a wide internal and external audience. Published on April 13, 2023, this report covers SABIC's sustainability performance from January 1 to December 31, 2022. It includes all SABIC businesses and operations that are financially consolidated in our 2022 Annual Report, available at: <https://www.sabic.com/en/reports/annual-2021>.

Additional sustainability content, technical details and definitions are available in the Technical Supplement 2022 on our corporate sustainability web page: <https://www.sabic.com/en/sustainability>.

We believe external assessments improve our sustainability reporting, and for the last ten years, we have used KPMG to increase our confidence in certain reported data. The limited assurance engagement includes absolute and intensity operational metrics: energy consumption, GHG emissions, freshwater usage, material loss, flaring reduction, and CO<sub>2</sub> utilization, as well as selected corporate EHSS metrics, and compliance metrics, as noted in the KPMG assurance report and marked by "\*" throughout the Report.

For compliance data, we have applied a more limited scope. Compliance data is reported for the 23,500 employees of SABIC and its wholly owned affiliates, but not for employees of SABIC's non-wholly owned manufacturing joint ventures (or affiliates) in Saudi Arabia. The exception to this is the reporting boundary for Environmental Sustainability KPIs, which is current financial consolidation plus 3.5 SABIC affiliates – Kemya, Sharq, Yanpet and 50% of SAMAC – that were moved outside financial boundaries in 2020 (for further details on boundaries, please see the notes to the Performance Summary in this Report).

### REPORTING FRAMEWORKS

#### REPORTING CRITERIA

The SABIC 2022 Sustainability Report was prepared in accordance with our internally developed reporting criteria.

#### OTHER REPORTING FRAMEWORKS

To guide the selection of report content and improve report quality, our internal reporting criteria refers to the GRI Standards. Our report has been prepared with reference to the GRI standards, and a GRI Content Index for this Report can be found on the SABIC sustainability website.

We also continue to be inspired by the International Integrated Reporting <IR> Framework to capture SABIC's journey toward creating economic, natural, human, and social value in both the long and short term.

This Report serves as our official UN Global Compact (UNGC) Communication on Progress. An overview of how we are meeting our UNGC commitments is available on the SABIC sustainability website.

## ASSURANCE REPORT OF THE INDEPENDENT AUDITOR



To: the Board of Directors of Saudi Basic Industries Corporation

### OUR CONCLUSION

We have reviewed the data and the accompanying disclosures for the following indicators (hereafter 'the sustainability indicators') in the Sustainability Report 2022 (hereafter the 'Sustainability Report') of Saudi Basic Industries Corporation (hereafter 'SABIC') based in Riyadh, Saudi Arabia, for the year ended 31 December 2022.

#### The total absolute values and the intensity values (per metric ton of product sales) at corporate level of the Environmental Footprint indicators:

- Greenhouse gas emissions (scope 1 and 2) (p. 23, 46)
- Greenhouse gas emissions (scope 3) (p. 47)
- Energy consumption (p. 23, 49)
- Water usage (p. 23, 50)
- Material loss (p. 23, 51)

#### The total percentages at corporate level of the Environmental Footprint indicators:

- Flaring reduction compared to 2010 (p. 23, 45)
- CO<sub>2</sub> utilization (p. 23, 45)

#### The corporate values of the Ethics and Integrity indicators:

- Compliance concerns raised (p. 21, 23)
- Incidents closed (p. 21, 23)
- Violations found and addressed (p. 21, 23)
- Code of Ethics training completion (p. 22, 23)

#### The corporate values of the Environmental, Health, Safety and Security indicators:

- EHSS rate (p. 23, 58, 59)
- Total Recordable Incident Rate (p. 23, 58, 59)
- Occupational Illness Rate (p. 23, 58, 59)
- Fatalities (p. 23, 58)
- API 754 PSE Tier 1 (p. 23, 58)
- Hazardous substances released (p. 23, 58, 60)
- Security Incident Rate (p. 23, 58)

The data for the indicators included in the scope of our engagement are marked in the Sustainability Report 2022 with an asterisk (\*) with the footnote 'Assured by KPMG'.

A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that the sustainability indicators are not prepared, in all material respects, in accordance with the reporting criteria as described in the 'Reporting criteria' section of our report.

### BASIS FOR OUR CONCLUSION

We performed our review in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of SABIC in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics). We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### REPORTING CRITERIA

The sustainability indicators needs to be read and understood together with the reporting criteria. SABIC is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability indicators are the applied internally developed reporting criteria as disclosed in the section 'Reporting Frameworks' on page 98 of the Sustainability Report.

### MATERIALITY

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability indicators. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and SABIC.

### SCOPE OF THE GROUP REVIEW

SABIC is the parent company of a group of entities. The sustainability indicators incorporate the consolidated indicators of this group of entities to the extent as specified in the section 'Reporting period, scope, and boundaries' on page 98 in the Sustainability Report.

# ASSURANCE REPORT OF THE INDEPENDENT AUDITOR CONTINUED

Our group review procedures consisted of both review procedures at corporate (consolidated) level and at site level. Our selection of sites in scope of our review procedures is primarily based on the site's individual contribution to the consolidated indicators. Furthermore, our selection of sites considered relevant reporting risks and geographical spread.

By performing our review procedures at site level, together with additional review procedures at corporate level, we have been able to obtain sufficient and appropriate assurance evidence about the group's sustainability indicators to provide a conclusion about the sustainability indicators.

## OUR KEY ASSURANCE MATTER

Key assurance matters are those matters that, in our professional judgement, were of most significance in our review of the Sustainability Report. We have communicated the key assurance matter to General Manager Corporate Sustainability. The key assurance matter is not a comprehensive reflection of all matters discussed.

The Scope 3 indicator is subject to estimations and assumptions

### Description

The Scope 3 indicator includes both upstream and downstream emissions of the organization's activities. These are the result of activities from assets not owned or controlled by the reporting organization but that the organization indirectly impacts in its value chain. Inherent to the nature of information and data on Scope 3 is that these are to a large extent based on the use of estimates and underlying assumptions.

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

### Our response

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

- Perform interviews with the Scope 3 category owners, for example on: business data- & corporate finance, performance reporting, finance and procurement, in order to understand the judgements and assumptions used and we have gained an understanding of the data gathering process;

- Evaluating the suitability of the reporting criteria (based on the Greenhouse Gas Protocol)
- Assessing the plausibility of the estimations and assumptions made against the Greenhouse Gas Protocol;
- Limited sampling procedures in order to review the accuracy of items in areas that rely on assumptions, for example on: purchased goods, processing sold goods and use of sold products;
- Review of applied emission factors, for example by determining whether these are based on widely known and commonly adopted sources.

We have no matters identified that management's key assumptions and estimates are inadequate with respect to the reported Scope 3 indicator.

## LIMITATIONS TO THE SCOPE OF OUR REVIEW

The sustainability indicators include prospective information such as ambitions, strategy, plans, expectations and estimates. Inherently the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability indicators.

References to external sources or websites relating to the sustainability indicators are not part of the sustainability indicators itself as reviewed by us. Therefore, we do not provide assurance on this information.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE

The Board of Directors of SABIC is responsible for the preparation of the sustainability indicators in accordance with the applicable criteria as described in the 'Reporting criteria' section of our report, including the identification of stakeholders and the definition of material matters.

Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability indicators is free from material misstatement, whether due to fraud or error.

Those Charged with Governance is, amongst other things, responsible for overseeing the SABIC reporting process.

## AUDITOR'S RESPONSIBILITIES

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

### Our review included among others:

- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability indicators;
- Obtaining an understanding of the reporting processes for the sustainability indicators, including obtaining a general understanding of internal control relevant to our review, but not for the purpose of expressing a conclusion on the effectiveness of SABIC's internal control;
- Identifying areas of the sustainability indicators where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion. These procedures included, amongst others
  - Interviewing management and relevant staff at corporate level responsible for the strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the data in the sustainability indicators;

- Determining the nature and extent of the review procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive. Based thereon we selected the components and locations to visit. The visits to 7 production sites in the Kingdom of Saudi Arabia, Asia, Europe and United States of America are aimed at, on a local level, validating source data and evaluating the design and implementation of internal controls and validation procedures;

- Obtaining assurance information that the sustainability indicators reconcile with underlying records of SABIC;
- Reviewing, on a limited test basis, relevant internal and external documentation;
- Performing an analytical review of the data and trends.
- Evaluating the consistency of the sustainability indicators with the information in the Sustainability Report which is not included in the scope of our review;
- Evaluating the presentation, structure and content of the sustainability indicators;
- Considering whether the sustainability indicators as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Board of Directors of SABIC regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amstelveen, 30 March 2023

KPMG Accountants N.V.

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