

CHEMISTRY THAT MATTERS™

سابک  
sebic

# CHEMISTRY THAT SHAPES TOMORROW

INTEGRATED ANNUAL REPORT  
EXECUTIVE SUMMARY 2023



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## OUR GLOBAL FOOTPRINT



32,000+

Employees around the world

(Inclusive of approx. 3,300 from Hadeed)

45+

Countries of operation

64

Manufacturing/compounding sites

(Inclusive of 1 from Hadeed)

140+

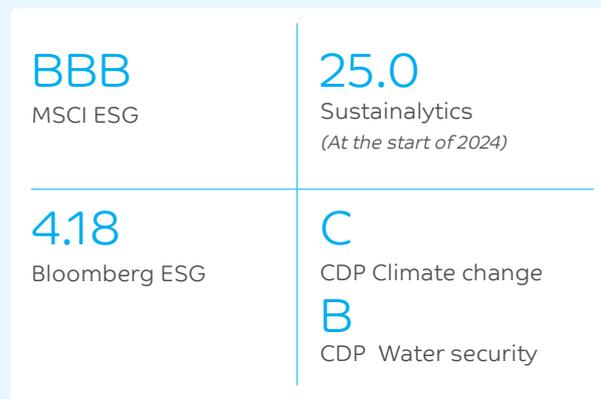
Countries served

# AT A GLANCE

## THIS IS SABIC



### ESG RATINGS



All numbers as of Dec. 31, 2023

At a glance

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## SABIC IS A GLOBAL LEADER IN

Ammonia

Engineering plastics and its compounding

Granular urea

Methanol

Methyl tert-butyl ether (MTBE)

Mono-ethylene glycol (MEG)

Polybutylene terephthalate (PBT)

Polycarbonate (PC)

Polyetherimide (PEI)

Polyethylene (PE)

Polyphenylene ether (PPE)

Polypropylene (PP)

## TO OUR SHAREHOLDERS AND STAKEHOLDERS



**KHALID AL-DABBAGH**  
SABIC Chairman

This executive summary provides a snapshot of SABIC's first integrated annual report. Our aim in this new reporting practice is to weave together a single narrative about the company's strategy, governance, performance, and outlook from the various financial, operational, and sustainability perspectives of our business, showing how these elements collectively contribute to value creation and impact over time. We view our first step into integrated reporting as a significant milestone not only because it improves the quality of our disclosures to our stakeholders, but also because of its capacity to provoke integrated thinking across our organization and help us deliver Chemistry that Matters™.

Despite a challenging macro-economic environment across 2023 marked by sluggish global growth, higher inflation, and reduced margins, SABIC's resilient free cash flow of SAR 14.0 Bn. (US\$ 3.7 Bn.) allowed us to distribute SAR 11.4 Bn. (US\$ 3.04 Bn.) in dividends to our shareholders for 2023, maintaining a stable dividend yield. The optimization of our company portfolio with a focus on core assets allows us to maintain this long-term commitment to shareholder distributions.

And in a year of challenges, we remain committed to our customers. Our customers are facing shifting regulatory frameworks and socio-political considerations along with constantly evolving consumer demands. Our approach is based on the fundamental understanding that our materials enable our customers' success: when they grow, we grow. That is why for us, our customers' success comes first. This is how we play our part in laying the foundations for a more sustainable planet where societies can thrive.



**ENG. ABDULRAHMAN AL-FAGEEH**  
SABIC CEO and Executive Member of the Board

During 2023, it was resilience and leadership from every corner of our organization that helped us navigate challenging market conditions. SABIC turned over SAR 141.5 Bn. (US\$ 37.7 Bn.) in revenues, generated an EBITDA of SAR 19.0 Bn. (US\$ 5.1 Bn.), and recognized SAR 1.3 Bn. (US\$ 0.3 Bn.) of net income from continuing operations. Beyond the challenges of this year, the cash generation of SABIC's business remains strong, and we have maintained a robust net debt position and balance sheet.

As I look back at not just the year, but SABIC's more than 47-year-long history, I am reminded that we are a homegrown, Saudi Arabian success story. In less than half a century, we have risen to the top of an industry where many of our leading peers have legacies that date back to the 1800s. But things are changing in our industry, and with a growing global population that needs and deserves sustainable solutions, we see it as a calling to meaningfully contribute to addressing some of the world's most pressing concerns.

To fulfil these ambitions, we are focused on driving our commercial and operational performance, maximizing value creation from our existing business, strengthening our operating model, and gaining greater access to capital and markets in order to pave the way for our next phase of evolution.

Our culture of innovation remains a crucial enabler for us. Even if many of our exciting and promising initiatives are only the first steps into emerging market opportunities, they represent a statement of intent and confidence in our role as an innovator and market leader, a creative partner for our customers, and a catalyst for change.

And our new Code of Ethics and diversity statement, 'Sense of Belonging', serve as rallying cries to continue building a vibrant and inclusive corporate culture that makes SABIC an employer of choice and enables our collective success as we strive for chemistry that shapes a better tomorrow.

## 2023 HIGHLIGHTS

**Local content** Page 36



Announced downstream catalysts manufacturing project as part of Shareek program in Saudi Arabia.

**Our people** Page 33



Introduced yearly surveys and assessments for stronger employee engagement.

**Circular economy** Page 10



Set target of one million metric tons of annual TRUCIRCLE™ sales by 2030.

**Growth projects** Page 8



Started operations at Singapore Benoi ULTEM™ plant in Q4 2023.

**Innovation** Page 23



Opened state-of-the-art European Pipe Innovation Center in the Netherlands.

**Climate change** Page 28

Reached crucial milestone on world's first electrically-heated steam cracker furnace project with BASF and Linde.

**Low-carbon** Page 21

Made further strides into low-carbon ammonia and urea with new shipments to India, Taiwan, and New Zealand.

**Governance and integrity** Page 38



Received Compliance Leader Verification™ from Ethisphere for the third consecutive time.

**Growth projects** Page 8



Launched new polycarbonate plant at SSTPC, SABIC's joint venture with Sinopec, in China.

**Product stewardship** Page 25



Ranked first for product stewardship among 50 global chemical companies in the 2023 ChemSec ChemScore report.

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# STRATEGIC APPROACH

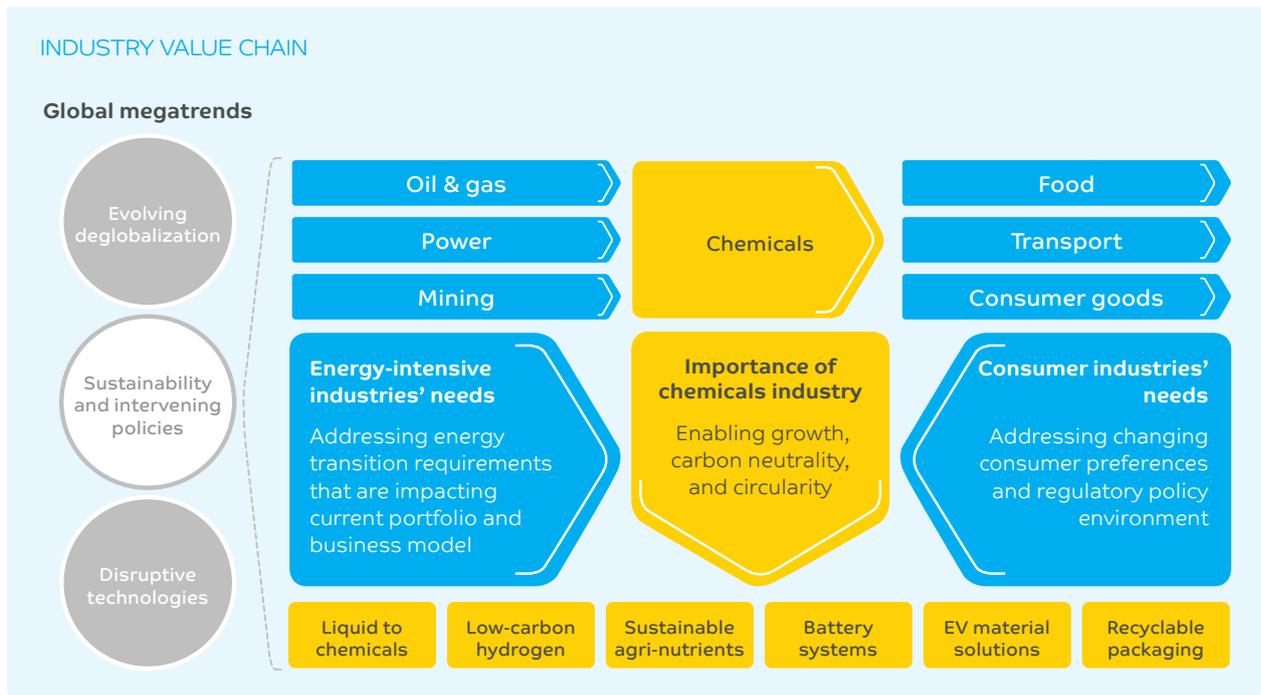
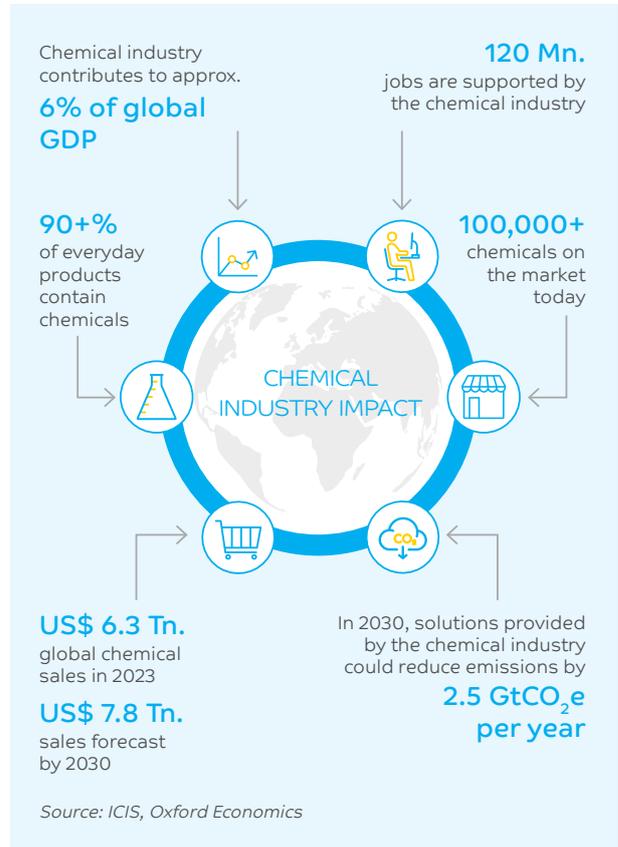
## OUR INDUSTRY AND CONTEXT

The chemical industry is one of the world's oldest established industries. It has been extremely resilient, driven by its ability to deliver solutions through progress in technology and innovation. Currently, chemicals are used in well over 90% of all manufactured products.

The global chemical industry is going through a historical period of transformation, driven by accelerating megatrends such as evolving globalization, a heightened focus on sustainability, the unfolding energy transition, advancing digitalization, and changing demographics.

Saudi Arabia is similarly in a period of transformation initiated by Saudi Vision 2030; and here, the chemical industry has a critical role to play in helping achieve Saudi Vision's objectives of economic growth and diversification.

These global and national changes highlight the increasing importance of the chemical industry across the value chain.



## OUR GROWTH STORY

SABIC was founded on the basis of sustainability, creating value from natural gas that would otherwise be flared. Today, sustainability remains a key driver in the way we develop new products/solutions and innovate our manufacturing technologies.

Our production volumes have increased nearly 10-fold between 1985 and 2023.

SABIC's revenues are generated from more than 140 countries. This is only possible with a strong and reliable supply chain network and long-term relationships with customers.

SABIC has consistently maintained an A+/A1 credit rating on a standalone basis, which is the highest in the industry. This supports our capital discipline and aspiration to maintain stable to growing dividends.

We contribute to Saudi Vision 2030 essentially as the chemicals arm of Saudi Aramco.

### IN ASIA FOR ASIA: PARTNERSHIPS FOR MUTUAL GROWTH

Since entering the Asia region in the 1980s, SABIC has been bringing innovative solutions and advanced production technologies as an investor, operator, innovator, supplier, and growth partner. Our 3,000 employees based at sites across China, India, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Thailand, Vietnam, and into Oceania—Australia—have been integral to the company's impact.

Among the most strategically significant accomplishments are SABIC's two joint ventures in China and one fully owned plant in Singapore.

- The first joint venture was signed in 2009 with SINOPEC in Tianjin (the SINOPEC SABIC Tianjin Petrochemical Co. Ltd or SSTPC), mushrooming over the years into a world-scale mega-size petrochemical complex; in early 2023, a new polycarbonate (PC) plant at this complex commenced operations, bringing supply even closer to customers.
- The second was signed in 2022 with Fujian Energy Petrochemical, leading to the 2024 groundbreaking ceremony on the SABIC Fujian Petrochemical Complex. The complex will consist of a mixed feed steam cracker, with an expected annual ethylene capacity up to 1.8 million tons, with a series of world-class downstream facilities.
- More recently, SABIC expanded its footprint in Singapore with the start-up of its Benoi plant, set to increase global production of ULTEM™ specialty resins (a thermoplastic polyetherimide material).

These endeavors strengthen SABIC's footprint in the region to meet growing customer demand volumes.

- At a glance
- Strategic approach
- Financial and business performance
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- Corporate governance
- Supplementary information

## HOW WE CREATE VALUE

### Resources and relationships

#### Financials



**US\$ 74.4 Bn.**  
in total assets\*  
SAR 279.0 Bn.

**US\$ 44.6 Bn.**  
in equity  
SAR 167.4 Bn.

#### Innovation



**2,000+**  
full-time R&D  
professionals

**US\$ 504.8 Mn.**  
in R&D expenses  
SAR 1.9 Bn.

#### Employees



**32,000+**  
employees globally  
*(inclusive of approx 3,300  
from Hadeed)*

**7.9%**  
women in  
workforce  
*(8.8% excluding Hadeed)*

#### Operations



**210**  
legal entities

**64**  
manufacturing  
sites

#### Environment



**10%**  
of annual capex for  
carbon neutrality  
initiatives

**689 Mn. GJ**  
energy usage

#### Partnerships



### Engagement and dialogue with stakeholders

Read more about our partnerships and collaborations on page 12.

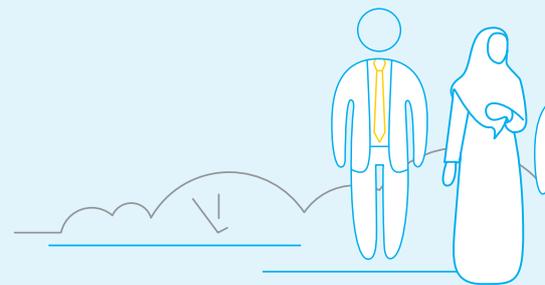
\*Hadeed, assets held for sale: US\$ 4.1 Bn. (SAR 15.4 Bn.)

\*\*Attributable to equity holders of the Parent

### SABIC

#### Purpose and aspiration

To be the preferred world leader  
in chemicals via  
**Chemistry that Matters™**



#### Markets we serve

Automotive      Hygiene & healthcare      Electrical & electronics

#### Our values

#### Be the Impact

#### INSPIRE

to be a  
**Talent  
Champion**

#### ENGAGE

to be a  
**Collaboration  
Partner**

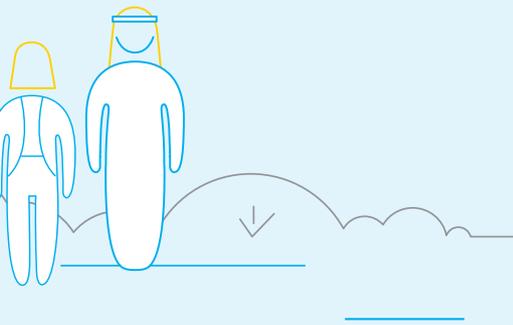
#### Our commitments

Driving performance together with customers, ensuring long-term dependability and building valuable relationships with unrelenting focus on people, planet, and prosperity while enabling Saudi Vision 2030

## Value creation

### Competitive advantages

- Competitive feedstock, assets' positions, and integration
- Global product and market leadership
- Technology and innovation
- Global partnerships
- Collaboration with Saudi Aramco
- Business and operational excellence
- Human capital
- Global brand and digitalization



Packaging   Agriculture   Building & construction   Consumer products

**CREATE**  
to be an  
**Innovation  
Pioneer**

**DELIVER**  
to be an  
**Excellence  
Driver**



### Financials



**US\$ 0.35 Bn.**  
in net income from  
continuing operations\*\*  
SAR 1.3 Bn.

**US\$ 37.7 Bn.**  
in sales  
SAR 141.5 Bn.

### Innovation



**11,070**  
patents and pending  
applications  
*(inclusive of 73 from Hadeed)*

**150**  
new products  
every year

### Employees



**6%**  
turnover of total  
workforce

**3,955**  
Saudi female job  
enablement through  
NUSANED™

### Operations



**0.10**  
incidents rate  
per 200,000 hours  
worked

**53.5 Mn. t**  
production  
volume

### Environment



**12.5%**  
reduction of absolute  
scopes 1 and 2 GHG  
emissions since 2018

**52.2%**  
reduction in material loss  
intensity from 2010 baseline,  
fulfilling 2025 target

### Partnerships



**Signatory of UN Global Compact**  
(Advanced status)  
since 2012

All numbers as of Dec. 31, 2023

At a  
glance

Strategic  
approach

Financial and business  
performance

Value chain  
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governance

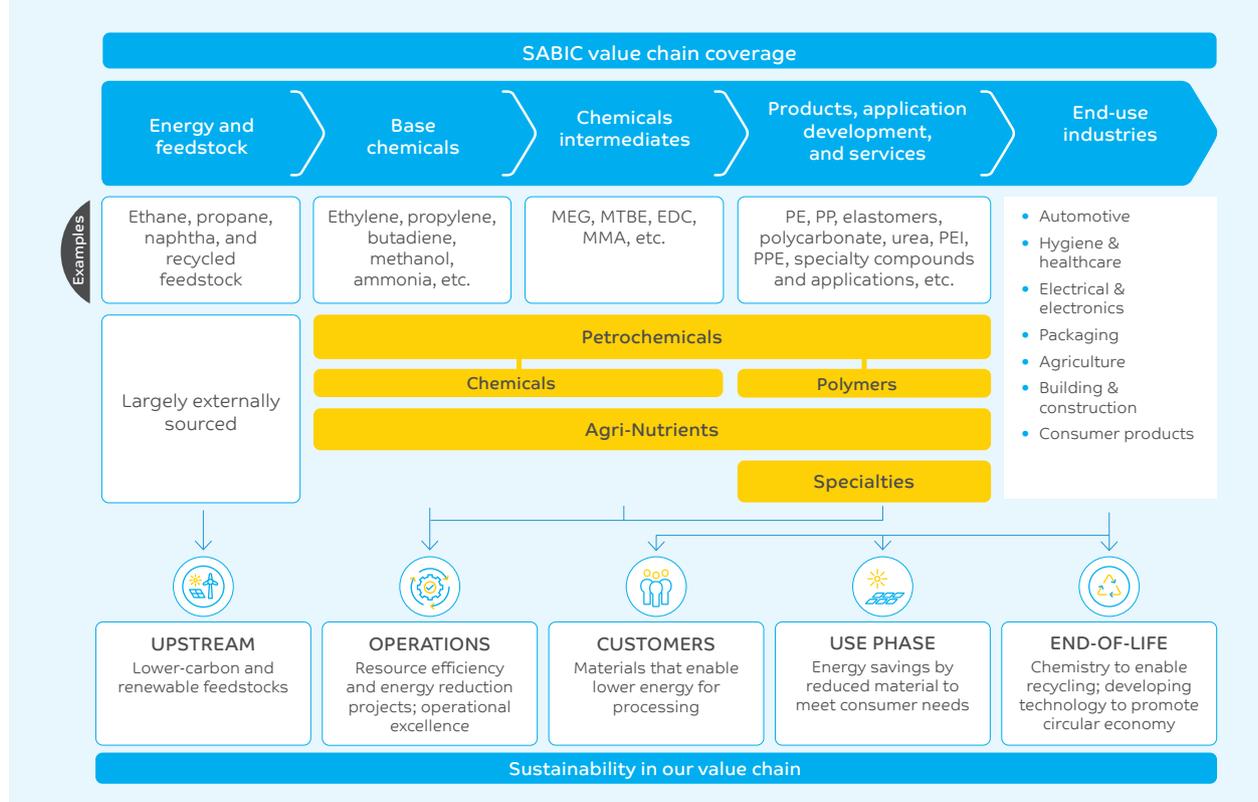
Supplementary  
information

## OUR STRATEGIC FOCUS AREAS

SABIC's vision is to be the preferred world leader in chemicals. To realize this vision, SABIC must address the transformational changes that are occurring in the chemical industry as well as those being driven by Saudi Vision 2030. Our key strategic focus areas are to transform SABIC to earn the right to grow,

realize targeted value creation and portfolio positions, and grow to win while addressing relevant risks. We will continue to support Saudi Vision 2030 through our role as national chemicals champion, helping to promote manufacturing localization and sustainability with a focus on the circular carbon economy.

### SABIC VALUE CHAIN PRESENCE



### SYNERGIES WITH SAUDI ARAMCO

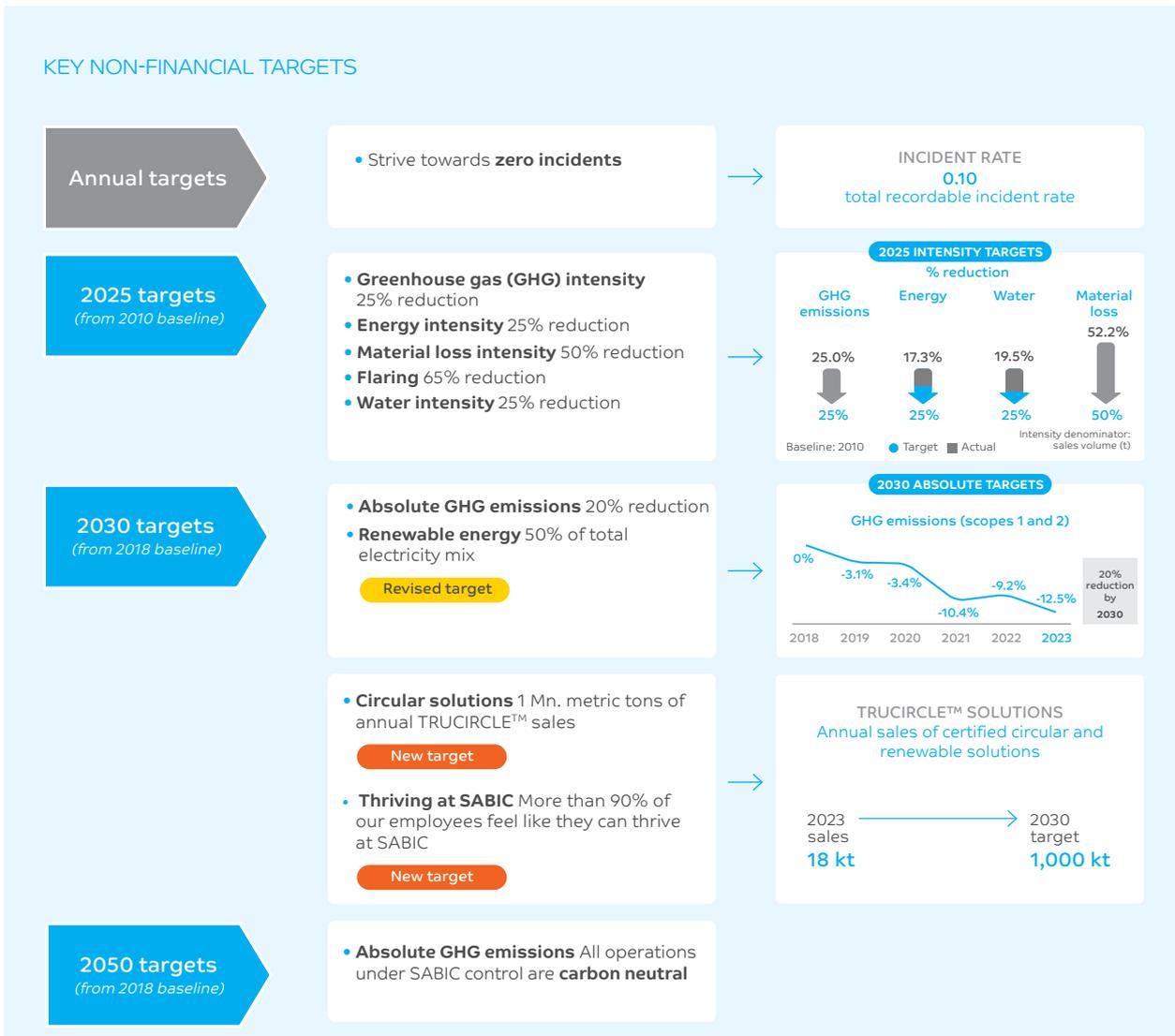
Saudi Aramco and SABIC collaborate across the value chain, merging expertise in extraction, efficient manufacturing of chemicals and plastics, novel material and application development, and recycling of materials. Together, we innovate in sustainable chemical production, streamlining processes, and developing novel catalyst systems to enhance efficiency and reduce waste.

By expanding our product portfolio, supply chain footprint, manufacturing excellence, and market reach, we have transformed our business to achieve a cumulative synergy value of approximately US\$ 1.8 Bn. to date, with an estimated US\$ 618 Mn. realized in 2023. As a result, SABIC is strongly on track to achieve a recurring annual value of US\$ 1.5-1.8 Bn. by 2025, generating value for stakeholders where synergies are closely linked

to cost optimization, capital optimization, revenue growth, transformational opportunities, and enhancing growth opportunities.

Saudi Aramco and SABIC's respective research and innovation teams are collaborating on a number of joint projects covering decarbonization, circular plastics, licensing and technology deployment, venturing, liquid-to-chemicals conversion, and non-metallics, among others. We jointly develop solutions for high-pressure demands for oil and gas pipelines, electric vehicles, and solar panels, aiming for substantial sustainability enhancements. Our efforts also extend to circular polymers via novel chemical or mechanical recycling routes, joint developments for lower-carbon products, and advanced assessments in low-carbon ammonia and hydrogen production.

# PROGRESS ON KEY NON-FINANCIAL TARGETS



All SABIC numbers as of Dec. 31, 2023

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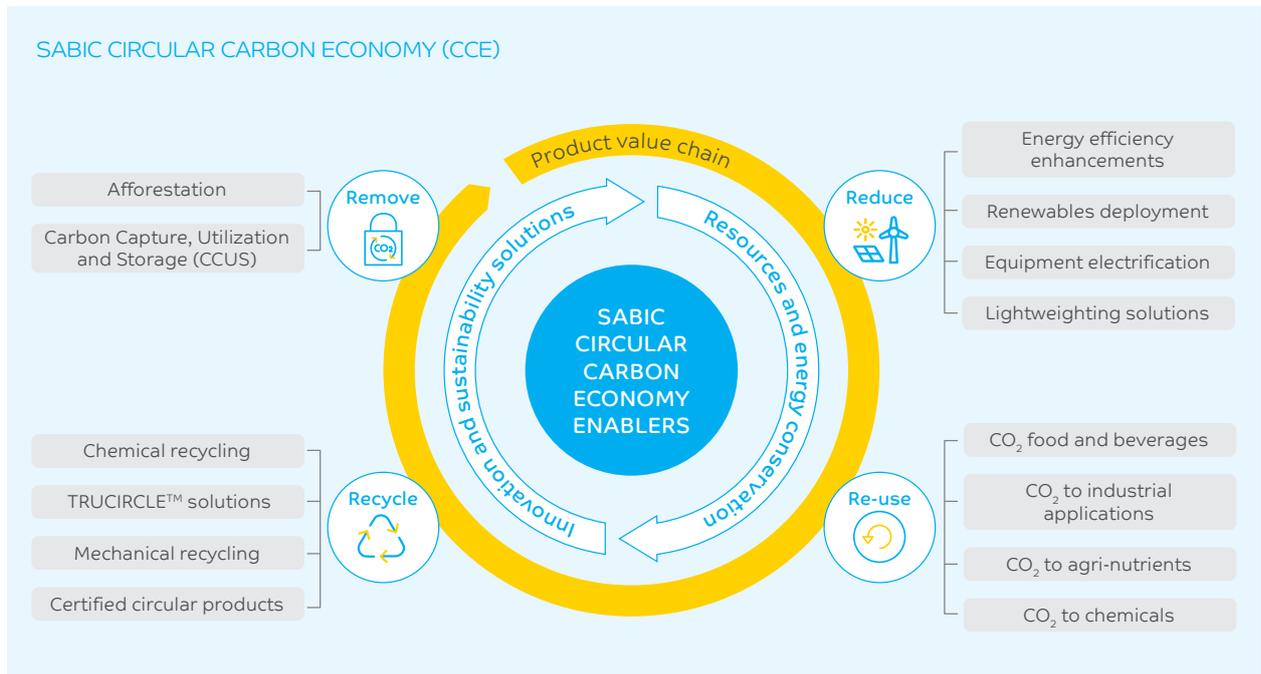
Supplementary information

Material topic

## OUR APPROACH TO CIRCULARITY

Our vision of a circular carbon economy centers on creating a system where all value chains loop back on themselves. This includes product design and development as well as our industrial processes, including capturing carbon-containing gases and

utilizing them as valuable inputs in feedstock. To establish this circular carbon system, we are advancing a strategy and set of innovative solutions that focus on four pillars: reduce, reuse, recycle, and remove.



### TRUCIRCLE™

Under the TRUCIRCLE™ portfolio, we develop a variety of innovative applications used across the value chain, especially in the packaging industry. In the past three years, we have focused on five key drivers to address challenges faced by the market: reducing waste; increasing circularity; closing the loop and reusing ocean-bound plastic; using bio-based feedstock solutions; and enhancing functionality and consumer appeal.

### TRUCIRCLE™ SALES TARGET

**In 2023, SABIC announced its commitment to processing at least 1 million metric tons of TRUCIRCLE™ products annually by 2030 from bio-based or recycled feedstock.**

In this first year of the commitment, we sold 18kt. This is a small yet steady start, setting a solid groundwork of partnerships and collaborations. SABIC's Circular Technology roadmap, issued in October 2023, provides an aligned strategy to build on this foundation and achieve this ambitious goal.

In 2023, we introduced circular products with differentiated value for customers, including:

- **Microsoft Surface Thunderbolt™4 Dock** is the first surface dock and power supply in the consumer electronics market with enclosures using polycarbonate derived from advanced recycled ocean-bound plastic from SABIC's TRUCIRCLE™ portfolio.



- **Microwavable instant rice bowls:** SABIC and CJ CheilJedang collaborated on world-first ready-to-eat rice packaging, made with 25% certified renewable SABIC polypropylene (PP), offering high dimensional stability and heat resistance for microwaving.



- **Cosmetics refill containers,** designed to be used for STELLA Alter-Care Serum and Restore Cream, feature SABIC's polyolefin resins that have a combined mass-balanced certified renewable feedstock content of up to 90% and meet the vegan branding requirements of the cosmetics manufacturer.



- **Market-first mono-material pasta packaging with post-consumer recycled (PCR) material:**

Made with certified circular SABIC® PP in collaboration with Italian pasta maker Garofalo, this is the market's first pasta bag using a basic flexible BOPP film from Polivouga and a cast PP film from GT Polifilm for a mono-material packaging solution with 30% advanced recycled post-consumer plastics, and it can easily be recycled in existing PP waste streams.



ISCC PLUS CERTIFICATIONS

SABIC's certified circular and certified renewable products are verified and authenticated in a mass balancing approach under the International Sustainability and Carbon Certification (ISCC) PLUS scheme.

For more information on TRUCIRCLE™, visit [www.sabic.com](http://www.sabic.com).

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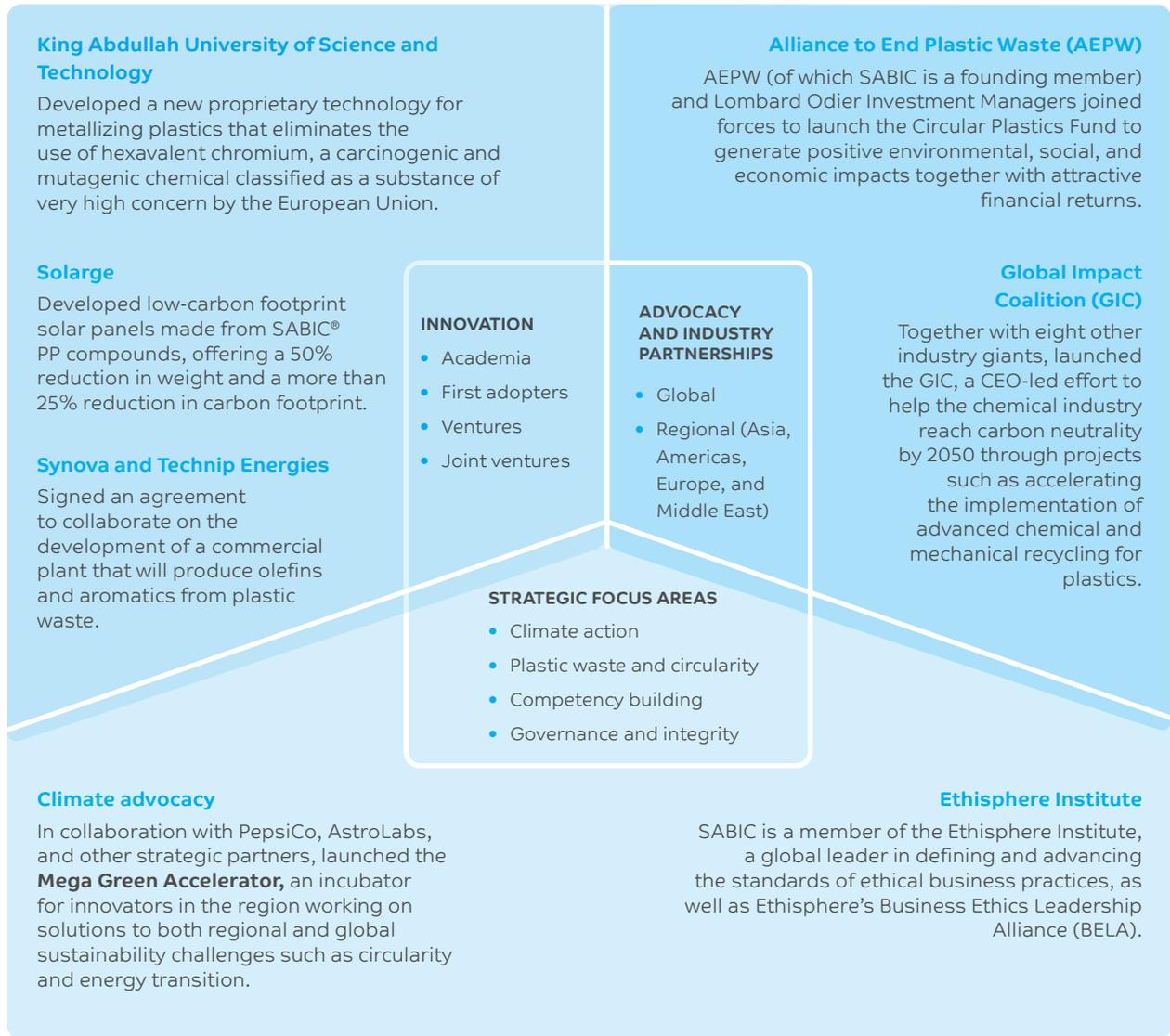
Corporate governance

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## PARTNERSHIP ECOSYSTEM

We engage with our stakeholders to educate, raise awareness, and improve overall industry standards to ensure we create impactful sustainable value for all our stakeholders. This year, we continued to work with leading global companies and international bodies to develop innovative solutions to drive industry sustainability.

### SELECTED 2023 COLLABORATIONS



### VENTURES FOCUS AREAS

SABIC Ventures is the externally focused venture capital arm of SABIC. To learn more, visit <https://ventures.sabic.com/en/home>.



Advanced materials/processes



Circular economy



Carbon neutrality



Product differentiation



Low-carbon/zero-carbon innovations for Agri-Nutrients



Fund investments

# FINANCIAL AND BUSINESS PERFORMANCE

## 2023 OPERATING ENVIRONMENT AND RISK LANDSCAPE

- In 2023, a cascade of macroeconomic shocks reshaped the global economic landscape, which resulted in diminished growth coupled with elevated inflation rates that impacted sectors like the chemicals industry.
- Slow global industrial growth manifested in weak demand for chemicals, exacerbated by expanding capacities in both the US and China that resulted in depressed prices, a saturated market, and financial losses for chemical producers. Factors such as projected increases in feedstock costs, a persistent supply surplus, and depressed prices continue to weigh heavily on the industry's prospects.
- Weak downstream demand from both the fuel and chemical sectors accompanied by an increase in feedstock supply from the US and Russia did not positively impact petrochemical profitability, as the decline in feedstock prices (though still relatively

high from a historical perspective) was accompanied by a decline in petrochemical prices, which were at historical lows.

- In Saudi Arabia, feedstock prices have increased as per the Saudi Aramco notification to producers starting from the first quarter of 2024. The new prices are considered still competitive compared to regional and global price levels.
- SABIC continues to monitor the impacts of various global and geopolitical events as well as climate change and natural disaster weather events. Noteworthy issues of focus include the Russia-Ukraine war, China-Taiwan tensions, inflation impact on banks, Pakistan debt crisis, Gaza war, Türkiye and Syria earthquake, severe drought, wildfires in Hawaii, and floods in Europe. Additionally, recent advances in artificial intelligence have the potential to pose unfamiliar risks to our business and operations. In each case, effective risk assessment is carried out to ensure business continuity and resilience.

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## 2023 FINANCIAL HIGHLIGHTS

### Revenue

**2023: SAR 141.54 Bn.  
US\$ 37.74 Bn.**

2022: SAR 183.08 Bn.  
US\$ 48.82 Bn.

### EBITDA

**2023: SAR 19.02 Bn.  
US\$ 5.07 Bn.**

2022: SAR 36.40 Bn.  
US\$ 9.71 Bn.

### EBITDA margin

**2023: 13%**

2022: 20%

### Income from operations (EBIT)

**2023: SAR 3.72 Bn.  
US\$ 0.99 Bn.**

2022: SAR 22.91 Bn.  
US\$ 6.11 Bn.

### Net income from continuing operations\*

**2023: SAR 1.30 Bn.  
US\$ 0.35 Bn.**

2022: SAR 15.79 Bn.  
US\$ 4.21 Bn.

### Net (loss) income\*

**2023: SAR -2.77 Bn.  
US\$ -0.74 Bn.**

2022: SAR 16.53 Bn.  
US\$ 4.41 Bn.

### Earnings per share from continuing operations\*

**2023: SAR 0.43  
US\$ 0.12**

2022: SAR 5.26  
US\$ 1.40

### Net cash flow from operating activities

**2023: SAR 24.45 Bn.  
US\$ 6.52 Bn.**

2022: SAR 35.81 Bn.  
US\$ 9.55 Bn.

### Free cash flow

**2023: SAR 13.96 Bn.  
US\$ 3.72 Bn.**

2022: SAR 25.59 Bn.  
US\$ 6.82 Bn.

### Net debt (cash)

**2023: SAR -8.76 Bn.  
US\$ -2.34 Bn.**

2022: SAR -13.92 Bn.  
US\$ -3.71 Bn.

### Total dividend paid to equity holders of the Parent

**2023: SAR 11.40 Bn.  
US\$ 3.04 Bn.**

2022: SAR 13.47 Bn.  
US\$ 3.59 Bn.

### Dividend per share

**2023: SAR 3.40  
US\$ 0.91**

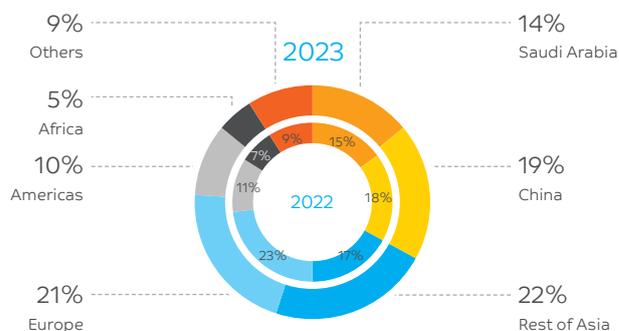
2022: SAR 4.25  
US\$ 1.13

\*Attributable to equity holders of the Parent

## FINANCIAL PERFORMANCE

While the current market dynamics had a challenging impact on SABIC's earnings this year, our robust balance sheet underlines strength in our financial stability and competitiveness. Efforts to contain costs, optimize working capital, and focus on efficient capital allocation have contributed to maintaining a strong cash flow position. Despite the challenging economic context, SABIC is committed to providing an attractive dividend to its shareholders, reflecting our dedication to delivering long-term value and stability.

### GEOGRAPHICAL DISTRIBUTION OF REVENUES\*



\*Revenue information above based on the locations of customers

### SUMMARIZED CONSOLIDATED STATEMENT OF INCOME

SAR in Bn.	2023	2022	change %
Sales	141.54	183.08	-23
EBITDA	19.02	36.40	-48
Income from operations (EBIT)	3.72	22.91	-84
Income tax and Zakat	0.83	2.36	-65
<b>Net income from continuing operations</b>	<b>1.30</b>	<b>15.79</b>	<b>-92</b>
Net (loss) income from discontinued operation	-4.08	0.74	-648
Net (loss) income	-2.77	16.53	-117

US\$ in Bn.	2023	2022	change %
Sales	37.74	48.82	-23
EBITDA	5.07	9.71	-48
Income from operations (EBIT)	0.99	6.11	-84
Income tax and Zakat	0.22	0.63	-65
<b>Net income from continuing operations</b>	<b>0.35</b>	<b>4.21</b>	<b>-92</b>
Net (loss) income from discontinued operation	-1.09	0.20	-648
Net (loss) income	-0.74	4.41	-117

A decrease in **sales** in 2023 compared to 2022 was primarily driven by lower average selling prices by 21% across all key product lines.

**Income from operations (EBIT)** in 2023 was largely impacted by lower profit margins for most key products and lower results from integral joint ventures mainly attributable to the decrease in their sales quantities and lower selling prices.

Effects from reduced capacity utilization, impairments, and restructuring provisions related to petrochemical assets mainly in the Europe and Americas regions as well as provisions pertaining to a construction project in Saudi Arabia were partially offset by a decrease in logistic costs.

**Income tax and Zakat charges** in 2023 was mostly reflecting the lower taxable income in 2023 and the release of uncertain tax provisions.

**Net losses from discontinued operations** were primarily driven by losses of SAR 2.93 Bn. from the fair valuation of the Hadeed assets as well as losses from the running Hadeed business of SAR 1.15 Bn.

In 2023, a **total net loss** of SAR 2.77 Bn. was reported, primarily driven by lower profit margins due to soft global demand leading to a decline in average selling prices as well as losses from discontinued operations. Impairments and restructuring provisions were partially offset by fair value gains in embedded derivatives in joint venture agreements, which were recorded in financial income as well as tax and Zakat gains.

**SUMMARIZED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

SAR in Bn.	2023	2022	Change %
<b>Total assets</b>	<b>294.38</b>	<b>313.11</b>	<b>-6</b>
<b>Total liabilities</b>	<b>99.10</b>	<b>95.49</b>	<b>4</b>
<b>Total equity</b>	<b>195.28</b>	<b>217.62</b>	<b>-10</b>
Non-controlling interests	27.85	31.57	-12
Equity attributable to equity holders of the Parent	167.43	186.05	-10
<b>US\$ in Bn.</b>	<b>2023</b>	<b>2022</b>	<b>Change %</b>
<b>Total assets</b>	<b>78.50</b>	<b>83.49</b>	<b>-6</b>
<b>Total liabilities</b>	<b>26.43</b>	<b>25.46</b>	<b>4</b>
<b>Total equity</b>	<b>52.08</b>	<b>58.03</b>	<b>-10</b>
Non-controlling interests	7.43	8.42	-12
Equity attributable to equity holders of the Parent	44.65	49.61	-10

**Total assets:** Reductions in cash positions, inventories, and property, plant, and equipment (the latter due to heightened depreciation and extraordinary impairments) resulted in an absolute reduction in total assets in continuing operations. The assets of Hadeed were reclassified as assets held for sale.

**Total liabilities** at year-end 2023 increased mainly driven by higher dividends payable and partially offset by lower trade payables.

**Equity attributable to equity holders of the Parent** at year-end 2023 decreased mainly due to the declared dividends to the shareholders of SAR 16.20 Bn. and reported losses for the year by SAR 2.77 Bn.

**SUMMARIZED CONSOLIDATED CASH FLOWS**

SAR in Bn.	2023	2022	Change %
Net cash generated from operating activities	24.45	35.81	-32
Net cash used in investing activities	-11.76	-12.57	-6
Net cash used in financing activities	-18.90	-25.42	-26
<b>(Decrease) increase in cash and cash equivalent</b>	<b>-6.22</b>	<b>-2.17</b>	<b>186</b>
Cash and cash equivalent at the end of the year	33.80	40.04	-16
Capital expenditures	10.49	10.22	3
<b>Free cash flow</b>	<b>13.96</b>	<b>25.59</b>	<b>-45</b>
<b>US\$ in Bn.</b>	<b>2023</b>	<b>2022</b>	<b>Change %</b>
Net cash generated from operating activities	6.52	9.55	-32
Net cash used in investing activities	-3.14	-3.35	-6
Net cash used in financing activities	-5.04	-6.78	-26
<b>(Decrease) increase in cash and cash equivalent</b>	<b>-1.66</b>	<b>-0.58</b>	<b>186</b>
Cash and cash equivalent at the end of the year	9.01	10.68	-16
Capital expenditures	2.80	2.73	3
<b>Free cash flow</b>	<b>3.72</b>	<b>6.82</b>	<b>-45</b>

**Net cash generated from operating activities** in 2023 decreased mainly as a result of lower profitability partially offset by cash release from working capital.

**Net cash used in investing activities** in 2023 decreased driven primarily by lower cash outflow from short-term financial investments partially offset by an increase in the capital injections in investments of

associates and joint ventures as well as higher capital expenditures.

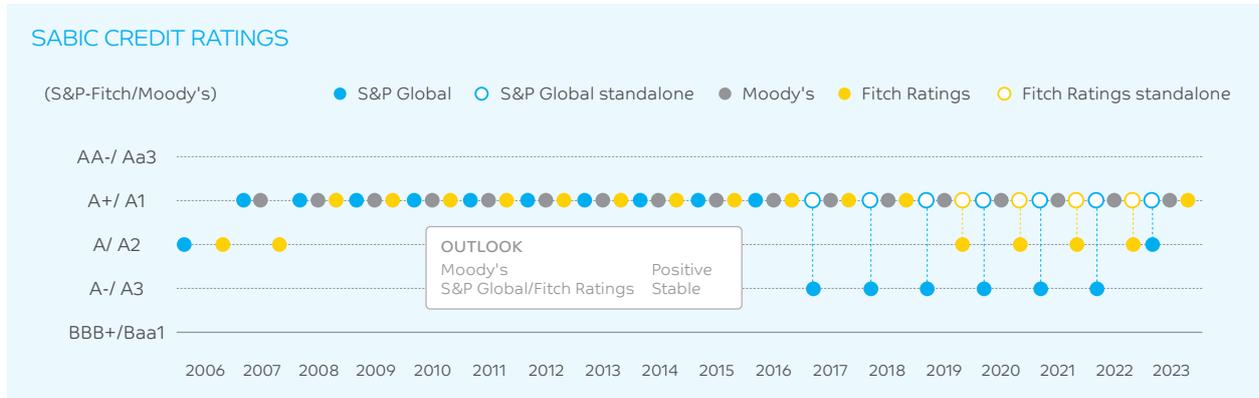
**Net cash used in financing activities** in 2023 decreased primarily reflecting lower dividend payments to both equity holders of the Parent and non-controlling interests as well as higher net borrowing in 2023 versus the prior year.

**OUR APPROACH TO TAX**

SABIC’s approach to tax is to ensure robust tax governance across the group, alignment with SABIC’s overall business objectives, and transparency and compliance with local tax authorities. In all our activities, we are committed to achieving the highest standards in corporate governance and business conduct. Our tax responsibilities are managed in line with this commitment, and we take pride in being regarded as a good corporate citizen.

**FINANCING**

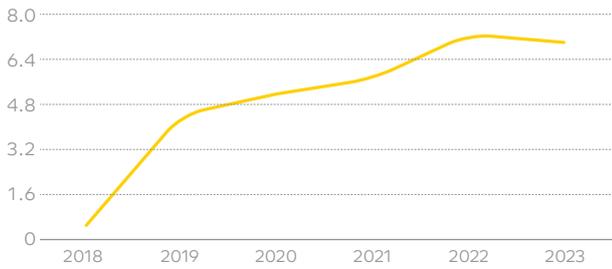
Our financing policy aims to ensure sufficient liquidity levels at all times, while optimizing returns to our shareholders. We use leverage prudently to fund our global growth ambitions. Our net debt to EBITDA of -0.46x reflects a strong net cash position at the end of the year of about SAR 8.76 Bn. Our standalone credit ratings have been consistently on the A+/A1 band, among the highest-rated global chemical companies, demonstrating consistent resilience over the last decade versus some of our peers. Both Standard & Poor’s Global and Fitch Ratings raised SABIC’s corporate rating in 2023 from A- to A and from A to A+, following the upgrade of Saudi Arabia’s sovereign rating.



## SABIC SHARE PERFORMANCE

### FOREIGN OWNERSHIP OF TOTAL SHARES (%)

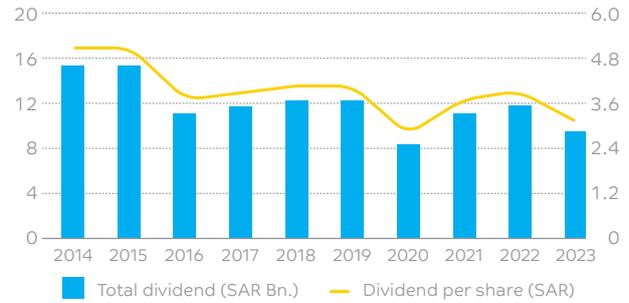
As of Dec. 31, 2023



### DIVIDEND PER SHARE AND TOTAL DIVIDEND\*

SAR Bn.

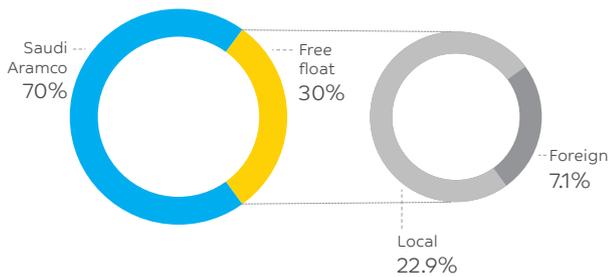
SAR



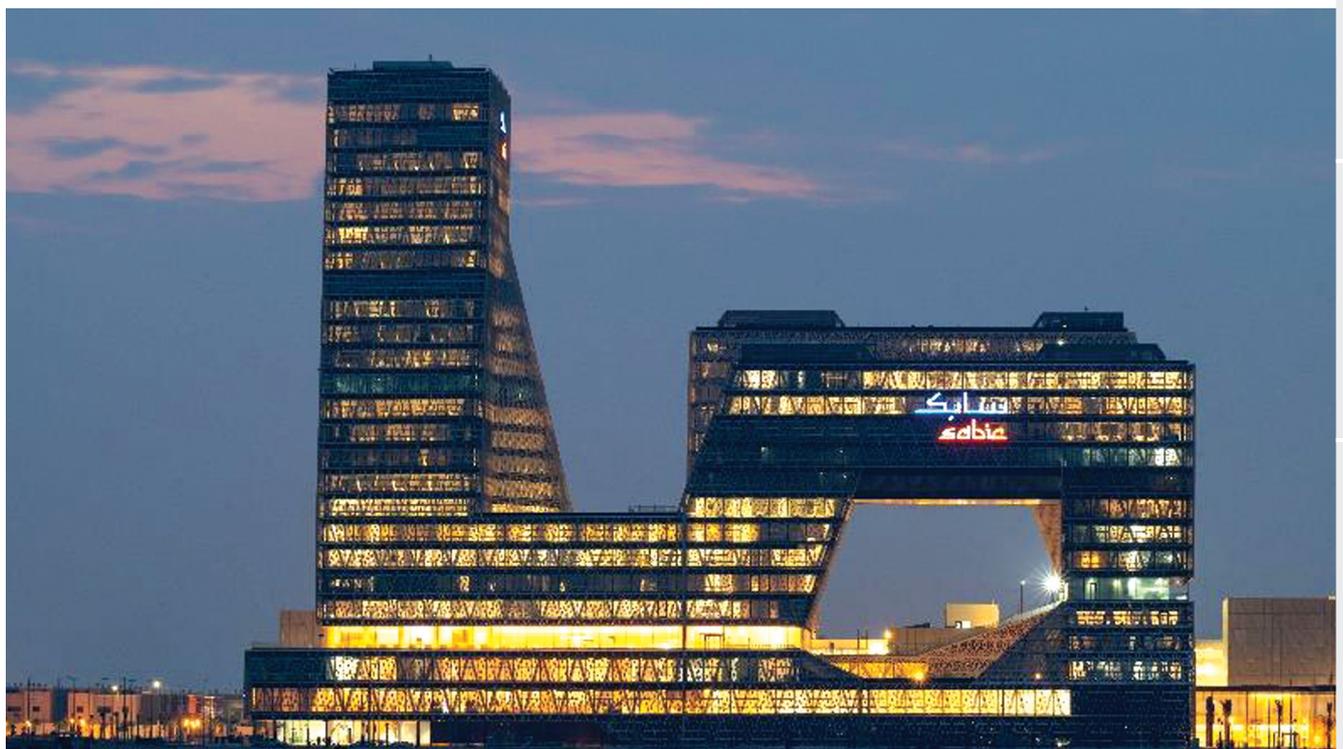
\*Total dividend based on dividend declared for respective financial year

### SHAREHOLDER STRUCTURE (%)

As of Dec. 31, 2023



Other share information	2023	2022
Registered shares issued (Mn.)	3,000	3,000
Registered shares eligible for dividend (Mn.)	3,000	3,000
Share price at year-end (SAR)	83.5	90.4
Annualized volatility	22.1	62.2
Market capitalization at year-end (SAR Mn.)	250,500	268,200
Market capitalization at year-end (US\$ Mn.)	66,800	71,520



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## BUSINESS SEGMENT PERFORMANCE

## FINANCIAL METRICS

**Petrochemicals**  
(Chemicals and Polymers businesses)  
and Specialties

**SAR 131.26 Bn.**  
US\$ 35 Bn.

Revenue  
-20%

**SAR 14.62 Bn.**  
US\$ 3.90 Bn.

EBITDA  
-42%

**SAR 0.20 Bn.**  
US\$ 0.05 Bn.

Income from  
operations (EBIT)  
-98%

**Agri-Nutrients**

**SAR 10.28 Bn.**  
US\$ 2.74 Bn.

Revenue  
-44%

**SAR 4.4 Bn.**  
US\$ 1.17 Bn.

EBITDA  
-61%

**SAR 3.52 Bn.**  
US\$ 0.94 Bn.

Income from  
operations (EBIT)  
-66%

## OPERATIONAL METRICS

**Petrochemicals**  
**Polymers**

**9.1 Mn. t**

Production  
volumes  
-11%

**15.5 Mn. t**

Sales  
volumes  
-4%

**Chemicals**

**36.2 Mn. t**

Production  
volumes  
-4%

**23.4 Mn. t**

Sales  
volumes  
0%

**Specialties**

**53 kt**

Production  
volumes  
-21%

**218 kt**

Sales  
volumes  
-21%

**Agri-Nutrients**

**8.1 Mn. t**

Production  
volumes  
-2%

**6.7 Mn. t**

Sales  
volumes  
0%

Percentages indicate change from 2022 figures

## SELECTED 2023 DEVELOPMENTS

### CHEMICALS

#### GROWTH PROJECTS

- **New MTBE plant at Petrokemya, Jubail, Saudi Arabia:** The plant—the single largest MTBE production plant in the world—will replace the existing Petrokemya North isobutane dehydrogenation unit with a new SABIC-licensed unit. It is the first MTBE project to be licensed by SABIC. The plant will meet the sustainability requirements of the Saudi Energy Efficiency Center (SEEC) and will help in eliminating existing chronic issues including safety, operability, and reliability, besides increasing the plant's nameplate capacity to 1,000kt per annum.

#### CIRCULAR ECONOMY

- **Bio-MTBE:** We successfully produced and completed a deal of Bio-MTBE by substituting conventional methanol feedstock with bio-based methanol, delivering on the needs for bio-fuels for the European gasoline market.

- **United CO<sub>2</sub> capture:** In line with our carbon neutrality and circular economy goals, a synergy between United and Ar-Razi plants, Saudi Arabia, was established whereby the CO<sub>2</sub> stream from the United glycols plant is to be injected as an additional feedstock stream to Ar-Razi's methanol plants. This initiative will improve the overall energy consumption and reduce SABIC's carbon footprint.
- **First Americas site to receive ISCC PLUS certification:** The US Styrene Monomer business unit at SABIC's Cos-Mar site (Louisiana, US) became the first site in the Americas to receive the ISCC PLUS certification, which will enable production and sale of circular/bio-renewable styrene to downstream derivative producers.

### POLYMERS

#### PRODUCT INNOVATION

- **Flame retardant STAMAX™ 30YH570** long-glass fiber polypropylene resin, developed under SABIC's BLUEHERO™ electrification initiative, became the industry's first polymer for use in EV battery systems to earn a UL Verified Mark for its flame delay performance.



- **A hydrogen-ready pipe solution** based on SABIC PE100-RC Vestolen A RELY 5922R, PE112 P6006AD, and PE100 Vestolen 6060A received the "H2 Ready" certificate from the German third-party lab DBI.



- **SABIC® PP FPC105** is a new member of the SABIC® PP FLOWPACT portfolio solutions dedicated to the thin wall packaging applications such as yellow fats, margarine tubs, dairy products, frozen, chilled and ambient food, houseware, and compounding.



- **New resin grades for hygiene and healthcare:** SABIC® PP PCGR45 for syringe applications; SABIC® LDPE PCG0330 and PCG0830 for Blow-Fill-Seal applications such as IV bottles and ampules; CYCOLACT™ HMG94MD for housings of medical devices such as continuous blood glucose monitors.



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## SPECIALTIES

### CIRCULAR ECONOMY

- **New sustainable non-brominated/non-chlorinated flame retardant LNPT™ compound for electrical industry,** LNPT™ ELCRIN™ iQ resin, suited for electrical applications capable of increasing SABIC's already significant diversion of post-consumer polyethylene terephthalate (PET) water bottles.



- **New PCR-based NORYL™ portfolio to help customers reduce carbon footprint** potential by 10%, and can be incorporated into more than 200 existing NORYL™ resin grades, as well as an unlimited number of new grades based on specific customer requirements.



### PRODUCT INNOVATION

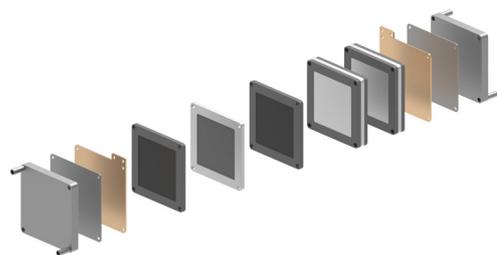
- **Empowering miniaturized, high-precision design for connectors and other thin-wall components:** The new high-heat glass fiber-reinforced ULTEM™ resin grades deliver high flow, custom colorability, and high strength, ideal for thin-wall components like fiber optic and electrical connectors, and available as ISCC PLUS certified renewable versions to advance sustainability.



- **Facilitating the adoption of LDS antennas and advanced device production:** The new LNPT™ THERMOCOMP™ WF006V compound is ideal for laser direct structuring (LDS) of antennas that are integrated into the housings and covers of consumer electronics devices, appliances, and other electronic components. It offers better chemical resistance, hydrolytic stability, and lower warpage, and delivers good surface quality for attractive aesthetics and good signal gain.



- **Advancing ADAS radar and improving safety:** The two new LNPT™ STAT-KON™ compounds are suited for ADAS radar absorbers and the adoption of millimeter wave (mmWave) radar that could provide robust and high-resolution information about remote objects, crucial in enhancing driving safety and propelling the use of autonomous vehicles.



**AGRI-NUTRIENTS**

**COLLABORATIONS**

- **Partnerships and collaborations, such as with BiOWiSH**, are enabling SABIC Agri-Nutrients to bring differentiated bio-enhanced fertilizer products to the market after achieving successful regulatory approvals in multiple countries. The first bulk shipment of SABIC bio-enhanced urea is expected to arrive in the US in early 2024.
- **SABIC Agri-Nutrients also signed an exclusive agreement to pursue ammonia production** using Atmonia’s technology in the Middle East. Atmonia ehf is an Icelandic company developing sustainable production process for ammonia in a single-step process, using only water, nitrogen from air, and clean electricity.

OUR JOURNEY ON LOW CARBON AMMONIA AND UREA

<p><b>2020</b> ▶</p> <ul style="list-style-type: none"> <li>• <b>September 2020:</b> Collaborated with Saudi Aramco for world's first shipment of low-carbon ammonia, to <b>Japan</b> (40t)</li> </ul>	<p><b>2022</b> ▶</p> <ul style="list-style-type: none"> <li>• <b>August 2022:</b> Obtained, with Saudi Aramco, the world's first independent certification for low-carbon ammonia and hydrogen production from TÜV Rheinland (37,800t of low-carbon ammonia from SABIC Agri-Nutrients; 9,075t of low-carbon hydrogen from Saudi Aramco)</li> <li>• <b>November 2022:</b> Collaborated with Saudi Aramco for world's first shipment of certified low-carbon ammonia, to <b>South Korea</b> (25,000t)</li> </ul>	<p><b>2023</b> ▶</p> <ul style="list-style-type: none"> <li>• <b>May 2023:</b> First shipment of certified low-carbon ammonia to <b>India</b>, to the Indian Farmers Fertilizer Cooperative Limited (5,000t)</li> <li>• <b>June 2023:</b> First shipment of certified low-carbon ammonia to <b>Taiwan</b>, to the Taiwan Fertilizer Co. (5,000t)</li> <li>• <b>July 2023:</b> First shipment of low-carbon urea to <b>New Zealand</b>, to Ravensdown, a New Zealand-based agricultural cooperative (2,700t)</li> </ul>
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**A WORD OF GRATITUDE AND FAREWELL TO HADEED**

Hadeed has been a key contributor to SABIC's success and value creation. As we have both grown, however, we realize that organizational separation will create benefits for both companies, given that petrochemicals and metals segments serve distinct markets with different dynamics.

The Public Investment Fund (PIF) signed a share purchase agreement to acquire a 100% shareholding in the Saudi Iron & Steel Company (Hadeed) from SABIC, a cross-conditional share exchange agreement, that will allow Hadeed to acquire a 100% shareholding in Al Rajhi Steel Industries Company. The transactions are part of PIF's broader efforts to accelerate Saudi Arabia's industrial development, contributing towards the growth of key downstream sectors, such as local construction, automotive, utilities, renewables, transport, and logistics, in line with Saudi Vision 2030. The deal was announced on September 3, 2023, and the enterprise value of the transaction is SAR 12.5 Bn. (US\$ 3.3 Bn.). The transaction is subject to customary conditions and regulatory approvals. It is expected to be closed before the end of the second quarter of 2024.

Separation will enable both businesses to allocate resources more accurately, become more agile in responding to shifts in their respective industry landscapes and customers' needs, and increase operational efficiencies and speed. Ultimately, the strategic clarity created by this separation will make SABIC and Hadeed more competitive and dynamic, setting them on a new course of growth.

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# VALUE CHAIN IMPACT

Read more about key topics across our value chain in this chapter.

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- Innovation and sustainability solutions – 23
- Product stewardship – 25

## PRODUCTION – pages 26-30

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- Climate change and resource efficiency – 28

## SOURCING – pages 31-32

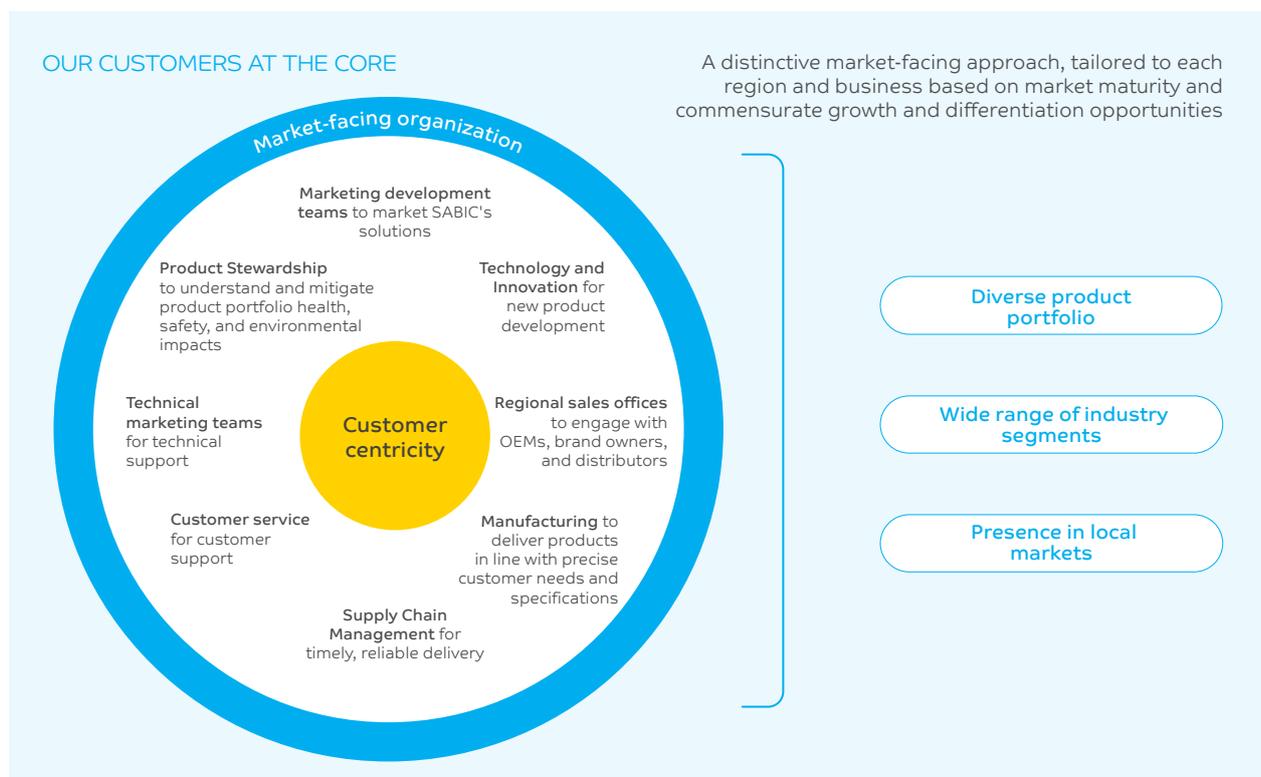
- Supply chain – 31
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## PORTFOLIO CUSTOMER CENTRICITY

Our partnership culture with customers is built through various engagement channels, an emphasis on collaboration beyond a typical customer-supplier relationship, and an ethos of always asking: how can we make things better for our customers?



In 2023, a crucial area of focus was to initiate a company-wide reorganization and realignment directed at strengthening our relationships with our customers, with a focus on market development and sales to drive strategic customer growth. This reorganization will support our approach of working back from customer needs to create integrated offerings and develop long-term solutions and partnerships for market breakthroughs.

Throughout the year, we implemented various elements of this reorganization. A highlight was a new Customer Relationship Management (CRM) portal that was progressively rolled out by the Polymers business unit (with plans for further extension across the company). The new digital tool was implemented to address fast-changing customer needs, shorten time-to-market, and improve the response time to different customer requests.

Material topic

## INNOVATION AND SUSTAINABILITY SOLUTIONS

<p><b>11,070</b></p> <p>Total active patent portfolio (inclusive of 73 from Hadeed)</p>	<p><b>224</b></p> <p>New priority patent applications</p>	<p><b>632</b></p> <p>open active R&amp;D projects of all types</p>
<p><b>67%</b></p> <p>% of total active patent portfolio* with a PSA-derived sustainability classification</p>	<p><b>68%</b></p> <p>% of new priority patent applications* with a PSA-derived sustainability classification</p>	<p><b>SAR 1.89 Bn.</b></p> <p>(US\$ 504.8 Mn.)</p> <p>R&amp;D expenses</p>

\*associated with ongoing research projects

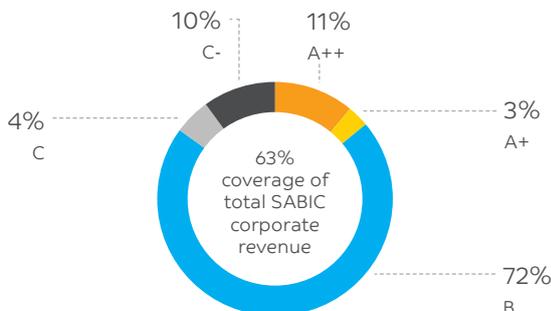
As a materials company positioned between the extraction and the consumer goods industries, innovation is the linchpin that connects our ambitious growth agenda with our focus on the needs of our customers and our sustainability goals.

### ASSESSING OUR PORTFOLIO ON SUSTAINABILITY PARAMETERS

We conduct assessments of the sustainability of our applications and products to enable better decision-making and more impactful, market-driven sustainability and innovation strategies. This, in turn, allows us to create stronger and long-lasting partnerships with our customers, while meeting stringent environmental regulations.

The portfolio sustainability assessment (PSA) methodology includes consideration of basic stakeholder requirements, such as the safety compliance of the substances in the final product and risks, regulatory trends, and relevant sustainability ambitions in the value chain. In addition, the methodology analyzes the performance of the products in specific applications against benchmarks.

2023 PSA COVERAGE BY REVENUE (%)



We applied the PSA methodology to a broad part of our business for the first time in 2022. This year, we increased coverage to 63% of total corporate revenue by including most of our chemical products in the assessment. We have assessed 430 grades in 179 products/applications. To date, we have identified:

- 14% of our portfolio - Advanced (A++) or Progressing (A+) solutions. This includes product/applications such as foam insulation, lightweighting applications in key segments such as mobility, high purity applications in healthcare and hygiene segments, and low-carbon products. Such products contribute to reducing customers' carbon footprints or to the conservation of resources at the application level.
- 15% of our portfolio - Flagged (C-) or Challenged (C-) product/applications. These negative scores are related to aspects of the product applications such as substances of concern used in additives, which are addressed by SABIC's Safer Chemistry program, or related to risks derived from regulatory developments, customer expectations, and end-user responsibility, which are being addressed by SABIC's TRUCIRCLE™ portfolio and other low-carbon solutions.

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, while also promoting a circular economy model. Ultimately, the PSA will be a robust tool to steer our product portfolio toward more sustainable solutions.

This year, a more advanced PSA methodology has been developed and implemented in accordance with the PSA v2.0, launched by WBCSD in September 2023.

### PRODUCT CARBON FOOTPRINT

Also this year, a Product Carbon Footprint (PCF) pilot project was launched targeting two of our manufacturing sites: Al-Bayroni ammonia and urea plants in Jubail, Saudi Arabia, and the Bergen op Zoom polycarbonate plant in the Netherlands.

Scaling up this project across our operations will enable us to efficiently evaluate PCFs for our business portfolio using standardized, industry-based calculation. This, in turn, will allow us to respond to our customer's increasing expectations of transparency about the carbon footprints of our products.

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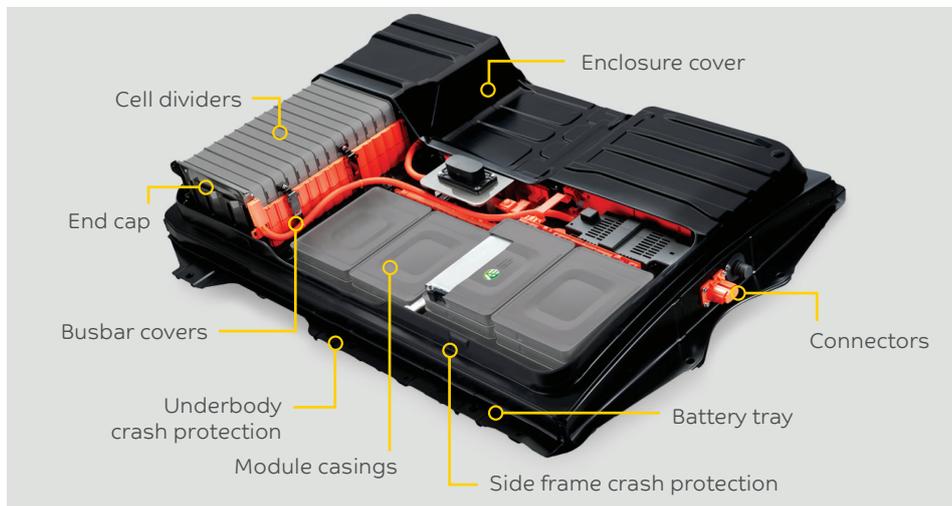
### BLUEHERO™

SABIC'S BLUEHERO™ electrification initiative aims to deliver solutions that can accelerate the world's transition to electric power. The initial focus of the initiative is supporting the automotive industry's mission to create safe, high-performing, and efficient EVs through solutions like lightweight and cost-effective products with a lower environmental impact.

In 2023, SABIC's efforts were primarily devoted to solutions for EV battery and electrical system applications, which are helping position SABIC as a preferred thermoplastic solutions provider for the EV space:

- In close collaboration with value chain partners, SABIC secured approval for the molding of a 2.2-meter EV battery pack top cover with flame retardant STAMAX™ long-glass fiber polypropylene. Based on this development work, we are collaborating with various manufacturers to advance the injection molding of large parts for EV battery packs, potentially **enabling the industry to reduce the complexity, weight, cost, and environmental impact** of these systems.
- Two new breakthrough materials—SABIC® PP compound H1090 and STAMAX™ 30YH611 resin—are well suited for the extrusion and thermoforming of large, complex structural EV battery parts such as top covers, enclosures, and module separators. Each product provides excellent thermal barrier properties to help delay or contain thermal runaway events and **offers design, system cost, inherent thermal and electrical insulation, and weight advantages** vs. stamped sheet metal.
- SABIC developed a novel **thermal runaway barrier solution to increase the fire safety** of two-wheeler batteries, leveraging existing flame retardant STAMAX™ resin technology.
- One of SABIC's flame retardant materials, SABIC® PP compound H1030, is poised to help **transform the manufacturing of high voltage busbars** (critical components for transmitting power from the battery to various electric drivetrain components) in electric vehicle battery packs.

### RETHINKING EV BATTERIES WITH BLUEHERO™



Continuous improvement topic

## PRODUCT STEWARDSHIP

12,428

customer product inquiries answered

260

Reviews of Technology and Innovation (T&I) projects in Accolade in progress

89,743

Safety Data Sheets (SDS) published

11

Chemicals of Concern social and environmental responsibility commitments to date

0

Non-compliance incidents with regulations and voluntary codes concerning marketing communications

Understanding and mitigating the health, safety, and environmental impacts linked to our diverse product portfolio is core to our mission. Our product stewardship approach is one of constant learning and progression towards excellence day by day, year over year.

### SAFER CHEMISTRY

An essential part of our efforts to lower the human and environmental hazard profiles of our products and raw materials is our Safer Chemistry program, a voluntary initiative aiming to substitute, eliminate, or reduce the use of Chemicals of Concern (CoC) beyond current global regulations.

We understand the expectations of brand owners, NGOs, and ESG-rating and investor communities to drive hazardous chemical management and the expectation to increase transparency. We share this ambition and aim to continue providing information about our Safer Chemistry approach and progress.

Safer Chemistry is an evolving journey that started within SABIC in 2021. After scrutinizing the first two batches of 25 CoCs over the past two years, we developed a third batch of 25 CoCs in 2023 for assessment in 2024. This third batch was selected and prioritized based on the results of SABIC's PSA assessment.

### HAZARD COMMUNICATION

Accurate, compliant, and up-to-date product safety information and labeling are critical to SABIC's relationships across the value chain and customers across the globe. A primary focus of the Product Hazard Communications pillar is to ensure that we respond promptly to the large volume of customer inquiries we receive each year so that they, in turn, are better able to comply with applicable chemical substance regulations, laws, and market demands to support our customers' sustainability ambitions.

The main conduit for processing our inquiries continues to be our Customer Declaration Portal, a tool that enables SABIC to field customer inquiries and ensure they are directed to the appropriate expert.

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## PRODUCTION

### OUR MANUFACTURING ASSETS

Manufacturing materials is SABIC's primary activity and, as such, the fundamental objective of our manufacturing strategy is to align our production capabilities with SABIC's overarching strategy and vision. The manufacturing strategy establishes targets, ownership, and accountability, which in turn allows us to use our resources efficiently, optimize costs, ensure a safe working environment, and maintain the health, integrity, and reliability of our assets as we work to deliver on our production goals.

Digitalization plays a central role within manufacturing and, hence, it presented one of the earliest opportunities to embrace digitalization, allowing us to elevate asset performance through several digital initiatives. A key initiative is Asset Healthcare, a digital program to complement existing manufacturing efforts toward improving asset reliability in over 100 plants globally. In the next five years, SABIC forecasts achieving close to US\$ 400 million in material loss avoidance through this program, along with being able to better predict potential failures, allowing for proactive maintenance and minimizing unplanned downtime.

### DIGITALIZATION

More broadly, the rapid development of emerging digital technologies is impacting the global petrochemicals industry, heightening the importance of swift digital adoption. We recognize the potential of digitalization and the power that lies in its tools—such as leveraging big data, machine learning, and artificial intelligence (AI) solutions—to drive efficiencies on business processes and the value chain and de-risk SABIC against upcoming digital disruptions that might affect the industry.

### CYBERSECURITY

Like many other organizations, SABIC is also navigating through cybersecurity challenges arising out of geo-political conflicts, proliferation of malicious actors, and industrial espionage. Cybersecurity becomes increasingly important in this context, to ensure that the company's manufacturing processes are not compromised, and our digital assets and data are safeguarded. SABIC's reputation for strong cybersecurity practices has bolstered the confidence of its business partners to favor SABIC as a partner of choice. In 2023, SABIC retained the ISO/IEC 27001 cybersecurity certification for its global operations. SABIC has not recorded any cybersecurity breaches in 2023, and is taking continuous measures to uphold this standard in the years to come.

#### CREATING COMMUNITY AWARENESS ABOUT CYBERSECURITY

SABIC is sponsoring a nation-wide cybersecurity program (AAMN) in liaison with the National Cybersecurity Authority and Ministry of Education of Saudi Arabia. This program caters to a cross-section of society, encompassing the general public, educational institutions, universities, and schools. The program, inspired by Saudi Vision 2030 and in line with the National Cybersecurity Strategy, aims to create effective community awareness and participation to protect the Saudi cyber-space and digital economy. The program will hold exhibitions, seminars, and interactive multi-media sessions in 14 cities spread around Saudi Arabia.

#### DRIVING PERFORMANCE ON EMISSIONS REDUCTION THROUGH DIGITALIZATION

Since the launch of the SABIC digitalization strategy, the concepts of energy efficiency, operational footprint, and GHG emissions reduction have been essential cornerstones, allowing us to identify various dimensions in which digitalization can contribute to sustainability:

- **Efficiency and optimization:** SABIC is deploying artificial intelligence models that boost asset efficiency and can provide valuable guidance to the operational teams in achieving optimum operational parameters to maximize production while reducing energy consumption and carbon emissions.

- **Asset reliability and integrity:** SABIC's AI models can also predict critical assets' deviations that could result in production upsets and, in turn, help to address any potential increases in energy consumption.
- **Real-time visibility and monitoring of SABIC's global sustainability footprint and carbon neutrality performance:** AI algorithms connected to highly advanced sensors within SABIC affiliates provide a deeper insight into operational parameters, allowing early detection of any deviation within sustainability metrics to be corrected in a timely manner.

Material topic

## ENVIRONMENT, HEALTH, SAFETY, AND SECURITY

### Occupational health and safety

1 Fatality	0.001 Fatalities rate (fatalities/ 200,000 hours worked)
0.10 Total recordable incident rate (incidents/200,000 hours worked)	0.001 Occupational illness rate (illnesses/200,000 hours worked)

### Air emissions

21,567 NOx (metric tons)
2,933 SOx (metric tons)

### Process safety

11 API 754 PSE Tier 1 (incidents)*
--

### Waste

484,585 Hazardous waste generated (metric tons)	348,774 Hazardous waste diverted from disposal (metric tons)	135,811 Hazardous waste directed to disposal (metric tons)
139,655 Non-hazardous waste generated (metric tons)	46,505 Non-hazardous waste diverted from disposal (metric tons)	93,155 Non-hazardous waste directed to disposal (metric tons)

\*API 754 3th Edition

SABIC strives to maintain the highest EHSS standards throughout the organization, extending to all entities, divisions, and partners. We consistently seek to strengthen EHSS competencies and policies across our organization through implementing world-class processes and best practices. We have developed many proactive/leading and reactive/lagging KPIs to monitor the performance of all SABIC entities globally, to drive performance improvements, and maintain a strong EHSS culture. This allows us to operate our facilities in compliance with applicable laws and regulations and in a safe and stable manner.

In addition to complying with our internal EHSS management standard, our programs are certified to comply with key external standards:

- Responsible Care® 14001 certification at all chemical manufacturing locations around the world.
- ISO 14001 certification at all chemical manufacturing plants globally plus many of our other locations.

As a certified Responsible Care® company, SABIC is committed to developing world-class EHSS programs and practices. In 2023, SABIC passed through Responsible Care® RC14001:2015 and Environmental Management System (EMS) standard ISO 14001:2015 re-certification for sites across the Middle East and Africa, the Americas, Europe, and Asia. In the Middle East and Africa, we also maintained ISO 45001:2018 for occupational health and safety through a re-certification process.

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CLIMATE CHANGE AND RESOURCE EFFICIENCY

<p><b>25.0%</b> GHG intensity reduction<sup>1</sup></p>	<p><b>17.3%</b> Energy intensity reduction<sup>1</sup></p>	<p><b>19.5%</b> Water intensity reduction<sup>1</sup></p>	<p><b>52.2%</b> Material loss intensity reduction<sup>1</sup></p>
<p><b>2.09</b> Flaring (Mn. tCO<sub>2</sub>e)</p>	<p><b>37.2%</b> Flaring emission reduction<sup>1</sup></p>	<p><b>3.84</b> Total CO<sub>2</sub> utilization (Mn. t)</p>	<p><b>12.5%</b> Absolute GHG (total scopes 1 and 2) reduction<sup>2</sup> (tCO<sub>2</sub>e)</p>

<sup>1</sup> Baseline: 2010

<sup>2</sup> Baseline: 2018

Having publicly pledged to achieve carbon neutrality in all operations by 2050, our Carbon Neutrality Roadmap outlines a 20% reduction in GHG emissions (scopes 1 and 2) by 2030 from a 2018 baseline. In addition, our resource efficiency targets are central to achieving our sustainability goals.

The roadmap identifies five key pathways toward de-carbonization: reliability, energy efficiency, and improvements; renewable energy; electrification; carbon capture, utilization, and storage; and low-carbon hydrogen. To meet our 2030 interim target, our primary emphasis will be on reliability, energy efficiency and improvements, renewable energy, and carbon capture. Carbon Capture, Utilization and Storage (CCUS) remains the most strategic option for us, while electrification and low-carbon hydrogen remain an integral part of our long-term plan to drive progress toward carbon neutrality by 2050.

In 2023, SABIC affiliates also started rolling out affiliate-specific roadmap execution plans. These plans 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.

SABIC is committed to the Saudi Energy Efficiency Program (SEEP) in firming up the roadmap to support the government’s 2025 SEEP goals. In 2023, SABIC continued to progress in the SEEC second cycle journey with a commitment to bring efficiency of operations and energy usage on par with global trends. To achieve this ambitious target, we have invested over US\$ 1 Bn. in more than 90 projects since the start of the cycle in 2020.

VALUE FROM WASTE: SABIC’S PROPRIETARY CARBON CAPTURE TECHNOLOGY

Our mega carbon capture and utilization (CCU) plant opened in 2015 at United, a SABIC affiliate, and is one of the largest facilities of its kind in the world. It uses proprietary technology to capture 500,000 metric tons of CO<sub>2</sub> per year from the production of ethylene glycol that would otherwise be emitted into the atmosphere, converting it into feedstock for industrial processes.



CARBON NEUTRALITY ROADMAP



ROADMAP ENABLERS TOWARDS 2050

<p><b>2030</b> <b>GHG EMISSIONS REDUCTION</b></p> <p> <b>Energy efficiency and improvements</b></p> <ul style="list-style-type: none"> <li>• Technology improvement</li> <li>• Energy efficiency</li> <li>• Asset improvement and reliability</li> <li>• Asset rationalization</li> <li>• 35-45% contribution to 2030 GHG emissions reduction target</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 attaining 50% of electricity needs from renewable sources by 2030</li> </ul> <p> <b>Carbon capture</b></p> <ul style="list-style-type: none"> <li>• High concentration streams potential for utilization – leveraging Saudi Arabia's CO<sub>2</sub> hub</li> <li>• CCUS collaborations</li> </ul> <div style="border: 1px dashed blue; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> <li>• Limited capital investment</li> <li>• Existing technologies and technologies with high readiness</li> <li>• Focus on renewable energy, primarily through purchase power agreements (PPAs)</li> </ul> </div>	<p><b>2050</b> <b>CARBON NEUTRAL</b></p> <p> <b>Electrification</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>Low-carbon hydrogen</b></p> <ul style="list-style-type: none"> <li>• Commercially available solutions and under early R&amp;D (see page 20)</li> </ul> <div style="border: 1px dashed blue; padding: 5px; margin-top: 10px;"> <ul style="list-style-type: none"> <li>• Larger capital investment expected</li> <li>• Technologies currently under development</li> <li>• Focus on strategic industry partnerships</li> </ul> </div>
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\*% contribution to 2030 GHG emissions reduction target. Electrification and low-carbon hydrogen are anticipated to contribute 0.8% and 0.5%, respectively, to the 2030 GHG emissions reduction target.

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**Selected decarbonization and circularity projects**

Electrically heated steam cracker furnace (demonstration plant)  Germany	In September 2023, the last transformer was installed at the demonstration plant where the world's first large-scale electrically heated steam cracker furnace is being built in partnership with BASF and Linde. Combining novel heating concepts and using electricity from renewable sources instead of natural gas, this technology holds the potential to reduce CO <sub>2</sub> emissions by at least 90% compared to conventional technologies. A stepwise commissioning phase will begin in 2024.
Advanced plastic recycling project  Saudi Arabia	In July 2023, Saudi Aramco, TotalEnergies, and SABIC, for the first time in the Middle East and North Africa, successfully converted oil derived from plastic waste into ISCC PLUS certified circular polymers. The chemical recycling process allows the use of non-sorted plastics, which can be difficult to recycle mechanically, and consequently contributes to solving the challenge of end-of-life plastics. A first milestone for the project was obtaining ISCC PLUS certification to assure transparency and traceability of the recycled origin of feedstock and products. The pyrolysis oil was processed at the SATORP refinery jointly owned by Saudi Aramco and TotalEnergies, and it was then used as a feedstock for polymers manufactured by SABIC affiliate Petrokemya.
Decarbonizing the chemical industry  Saudi Arabia	SABIC entered into a Memorandum of Understanding with Scientific Design (SD) and Linde Engineering to explore collaboration opportunities to decarbonize the SD Ethylene Glycol Process, leveraging SABIC's proprietary CO <sub>2</sub> technology at the largest CCU plant at United to SD-licensed manufacturing glycol plants worldwide.
Advanced recycling unit  The Netherlands	A joint venture between SABIC and Plastic Energy to process 20,000kt of plastic waste per annum into circular materials is expected to be completed in 2024. The new unit will enable SABIC to significantly upscale the production of certified circular polymers to provide customers with greater access to sustainable materials that have been recycled, repurposed, and produced in a way that can help protect our planet's natural resources, while acting as a drop-in solution.

**GREENHOUSE GAS EMISSIONS**

**SCOPES 1 AND 2**

In 2023, emissions have been reduced by 12.47% compared to the 2018 baseline. On year-over-year bases, the 2023 emissions were down by 3.6%. Year-over-year GHG emissions related to scope 1 were down by 2.6%, while scope 2 emissions were down by 6.1% for the same period.

Absolute scope 1 emissions in 2023 are lower as a result of planned maintenance activities and improvement initiatives. Increased flaring and operational inefficiencies offset reduction of emissions. Scope 2 emissions are down in line with lower production and through increased use of renewable energy.

**ABSOLUTE GHG EMISSIONS**



**SCOPE 3**

SABIC's scope 3 GHG emissions for 2023 was 30.12 Mn. tCO<sub>2</sub>e.

In 2023, we included all upstream categories of scope 3 emissions, including category C1 to C8. We disclose scope 3 categories, which are measurable to a reasonable degree of certainty and for which a credible methodology exists. At present, we are revisiting downstream (C9 to C15) reporting methodology to ensure clarity and parity with peers. Therefore, the reduction in the reported scope 3 emissions compared to last year is mainly due to the exclusion of downstream categories C9 to C15.

We aim to collaborate with our partners on initiatives that aspire to reduce our indirect scope 3 GHG emissions along the value chain. We follow the WBCSD's corporate value chain (scope 3) accounting and reporting standards, and have developed detailed procedures adapted to SABIC's needs.

**CLIMATE-RELATED RISKS AND OPPORTUNITIES**

We assess and evaluate the risks and opportunities related to climate change to ensure that the company's efforts are in line with climate science and holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change.

Identification and assessment of risks as part of the SABIC risk management process (which is applied for all risks including climate change-related risks) is aligned with the ISO 31000 Risk Management standard.

Continuous improvement topic

## SOURCING SUPPLY CHAIN

At the core of our supply chain initiatives, ultimately, are our customers—and our mission of delivering the right products, at the right time, in the right way. Offering a secure, reliable supply to our customers provides them and, in turn, SABIC, with a competitive advantage. Our fundamental aim is to establish a robust, sustainable upstream and downstream supply chain to act as local supplier in relevant markets and secure capacity for new growth.

The SABIC global supply chain delivers more than 31 million tons of products

We serve some 20,000 locations over 140 countries every year

Products flow through around 200 distribution centers using 500 logistics service providers

The vast majority of our supply chain is maritime transport with road and train freight comprising a much smaller portion

Sustainability/carbon-emission reduction targets influence the way we operate our supply chain. Taking into consideration the rapidly evolving customer expectations of sustainability, we have shifted from the lowest-cost focus to sustainable operations, thus balancing cost with customer service levels and environmental benefits. Anticipating the upcoming global regulation on shipping decarbonization, we are gradually transforming our hired chemical-tanker fleet by replacing the standard vessels with eco-designed and fuel-efficient vessels.

### SAFETY AND QUALITY ASSESSMENT SYSTEM (SQAS)

The 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 the European Chemical Industry Council (Cefic), to develop robust criteria for sustainability assessment in the SQAS.

The SQAS assessments are valid for three years. Any service provider involved with transport or the 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, it is mandatory to apply to become a SABIC logistics partner. All our service providers will have been assessed in three years, and we intend to make OCS mandatory for LSPs from the end of 2025, aiming to work only with SQAS- and OCS-certified companies.

### SQAS FOR TOTAL LIQUIDS AND SOLIDS (%)

Year	2023	2022
SQAS for total liquids	100	94
Target	100	100
SQAS for total solids	97	87
Target	99	98

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## PROCUREMENT

Diligent supplier screening ensures a sustainable supply chain and that the organization meets procurement requirements, allowing SABIC to comply in areas such as safe working conditions, anti-corruption, human rights, and environmental responsibility. We push for increasing localization to promote small and medium-sized enterprises (SMEs) and Saudi companies in the supply chain to advance Saudi Arabian infrastructure, boosting our export capability, while also maintaining a healthy network of suppliers across our global locations.

We procure materials and services from qualified suppliers through lawful, ethical, and fair practices, as specified by the SABIC Code of Ethics. Our suppliers must meet our technical, quality, EHSS, and social responsibility standards. All 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 have a Supplier Code of Conduct, impressing behavioral and operational best practices on our suppliers.

### TOGETHER FOR SUSTAINABILITY (TFS)



TOGETHER FOR  
SUSTAINABILITY

In 2023, SABIC joined TFS, a procurement-driven initiative created by chemical companies with the goal of assessing, auditing, and improving sustainability practices within their supply chains. By joining TFS, SABIC is gaining access to established methodologies and infrastructure that will help accelerate the implementation of its sustainable procurement strategy. This initiative also highlights the importance of collaboration within the industry, especially in increasing transparency on upstream value chains to support further reductions in GHG emissions.

## RAW MATERIALS

SABIC's most important raw materials include gas and crude oil-based petrochemical products such as methane, ethane, propane, butane, naphtha, and condensates. We mainly use natural gas and liquid gas as a fuel to generate energy and steam, and as a raw material for the production of key basic chemicals. Ethane, propane, butane, and naphtha are primarily fed into our steam crackers, where they are split into products such as ethylene and propylene, both important feedstocks for numerous SABIC value chains.

For our Saudi Arabian assets, we have access to feedstock sourced under long-term contracts with Saudi Aramco as the main supplier, representing 76% of the total local supply. Saudi Aramco is a world leader in its low levels of CO<sub>2</sub> emissions, methane emissions, and flaring in its hydrocarbon production system. Internationally, for our assets outside Saudi-Arabia, we source key raw materials from various suppliers to minimize supply risks. SABIC's European liquid crackers are using externally-sourced feedstock, and, in the US, we commenced operations in 2022 with our ethane cracker at our Gulf Coast Growth Ventures facility, a joint venture with ExxonMobil. The SABIC-SINOPEC joint venture cracker in China utilizes a mix of liquid and gas feedstock.

As part of our efforts to minimize our carbon footprint, we are continuously exploring the optimization of our feedstock resources. Partnering with our suppliers, we are exploring new feedstock resources that have lower-carbon or recyclable-based alternatives, including sourcing renewable feedstock (like bio-naphtha) and energy, both in our energy supply and in our production.

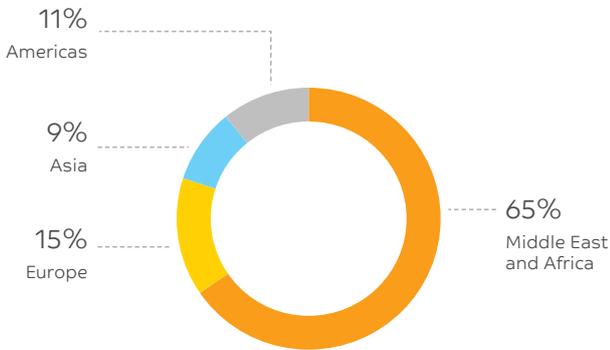
# PEOPLE AND SOCIETAL IMPACT

Continuous improvement topic

## OUR PEOPLE

<p><b>32,000+</b> Employees globally <i>(Inclusive of approx. 3,300 from Hadeed)</i></p>	<p><b>7.9%</b> Women in the workforce <i>(8.8% excluding Hadeed)</i></p>	<p><b>44</b> Average hours of training per employee per year</p>	<p><b>407</b> SABIC leadership learning participants</p>
<p><b>240</b> Employee global assignments</p>	<p><b>2,386</b> New hires <i>(Inclusive of 117 from Hadeed)</i></p>	<p><b>6%</b> Turnover rate</p>	

### WORKFORCE DISTRIBUTION



At SABIC, we believe that our people are our greatest asset. We recognize that the success of our ambitious growth agenda, plans for carbon neutrality, and commitment to the circular economy rely heavily on the skills and abilities of our workforce.

Our people play a critical role in executing our strategy and ensuring our competitiveness in an ever-evolving industry. As an organization, it is our responsibility to provide our employees with the necessary resources, training, and supportive work environment that will enable them to unleash their full potential, generate value for our stakeholders and society, and power SABIC's growth.

At SABIC, we "Explore what Matters".

### Enabling Saudi Vision 2030 – key metrics

<p><b>606</b> SABIC scholarship program (male 57%, female 43%)</p>	<p><b>1,028</b> Cooperative program students</p>
<p><b>99</b> Higher education program students</p>	<p><b>87%</b> Local hiring <i>(60.5% excluding Hadeed)</i></p>
<p><b>150%</b> Increase in Saudi female hires from 2021 to 2023</p>	



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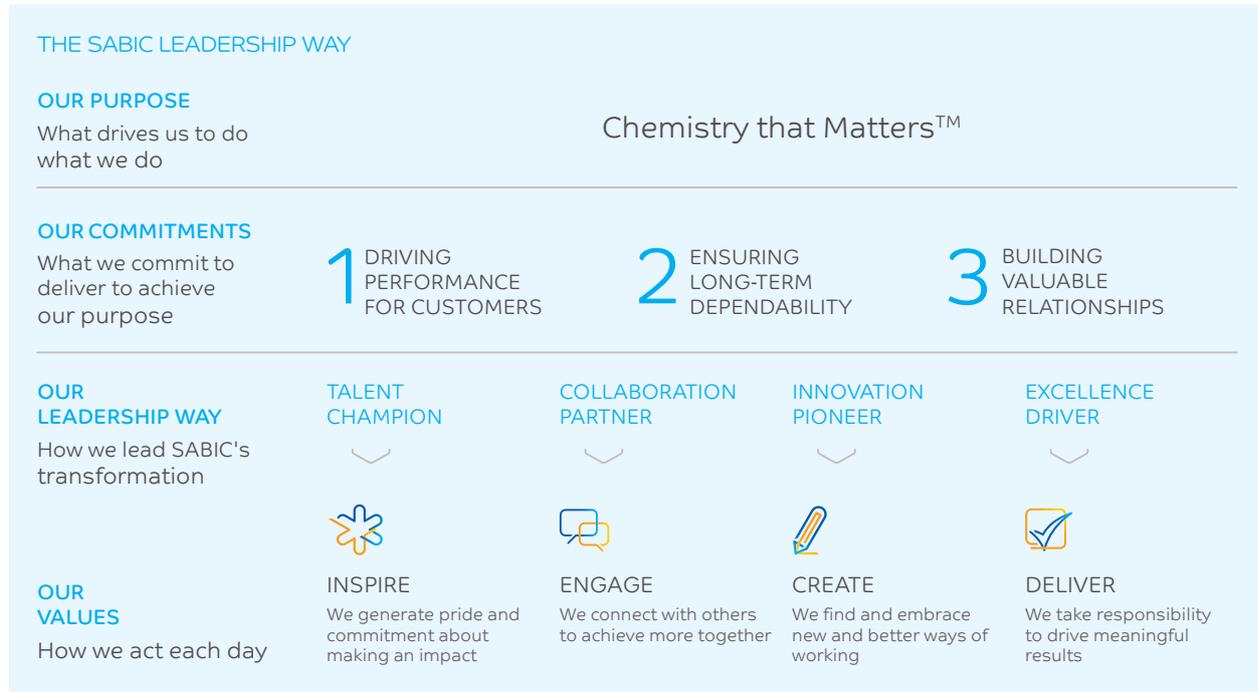
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## TALENT MATTERS



SABIC's vision is to be the preferred world leader in chemicals, and our talent development strategy is designed to support the realization of this vision. Key elements of this strategy include: instilling a corporate sense and mindset of continuous learning through the SABIC Leadership Way; building a talent pipeline; providing exceptional career opportunities in the context of meaningful work; and offering attractive rewards and recognition for performance.

SABIC plays a crucial role in supporting and contributing to Saudi Vision 2030. Recognizing the importance of nurturing local talent, we focus on developing the potential of Saudi individuals through various initiatives.

We also invest in and offer various channels for knowledge-building for all employees. These include training by external vendors as well as trainings that are designed and delivered by SABIC subject matter experts. In addition, SABIC offers all employees digital learning options that include virtual training and self-directed modules.

All of SABIC's professional population, including executives, participate in a globally defined and managed performance annual review, receiving a performance rating and follow-up discussion. As part of the review processes, we structure our approach to employee development through an annual growth plan and a broader career growth plan. In 2023, 100% of eligible employees received a performance rating

and 90% of active eligible employees completed a midyear review, revisiting and updating their annual objectives.

### GLOBAL LEADERSHIP AND MENTORING PROGRAMS

Leadership development programs have been the cornerstone of SABIC's ongoing success, enabling the sense of trust and shared purpose required in today's values-driven, hybrid, and diverse work environment. Employee engagement and wellbeing are key elements of the competition to find and retain the best talent. Our leaders must be equipped with the right skills, mindset, and tools to grow and empower their people, care for their needs, and inspire them to become leaders themselves.

In 2023, SABIC extended the range and reach of our custom-designed leadership programs, reaching a total of 407 employees, who completed various leadership development programs.

### TOTAL REWARDS AT SABIC

SABIC is committed to providing its employees with competitive compensation, good working conditions, and flexible employment opportunities that support a better balance of private and professional life. We apply a comprehensive total rewards program designed to engage the best human talent in view of our aim of being a leader in the highly competitive chemical industry.

More than 95% of SABIC employees work in countries with a statutory minimum wage. All employees are paid well above any relevant statutory minimum wage, without considering any allowances, overtime or bonus payments. We conduct periodic audits to ensure we remain compliant, with particular attention to employees in high inflation countries.

Additionally, more than 95% of employees participate in annual bonus plans designed to reward them based on a combination of company and individual performance. These bonus plans are intended to promote a pay-for-performance culture; promote teamwork by establishing shared goals; and help attract, motivate, and retain employees in a diverse and competitive marketplace.

## CULTURE MATTERS

### DIVERSITY

We believe the best ideas and greatest impact come from diverse perspectives and experiences across gender, generations, regions, and nationalities. Creating a sense of belonging for all is what makes us a great place to work and will help us realize our vision of becoming the preferred world leader in chemicals. Our new Sense of Belonging statement, adopted in late 2023, gives voice to these beliefs and embraces SABIC's globally shared workplace standards, serving as a statement of intent for shaping our corporate culture.

### THE PREFERRED BRAND FOR WOMEN IN THE CHEMICAL INDUSTRY

In 2021, we established a bold vision to be the world's preferred brand for women working in the chemical industry—a place where all women employees can thrive. A key component of this is SABIC's dynamic global women's network, SHE, that offers women across SABIC a platform to engage in key initiatives that ultimately help serve business needs while supporting a more diverse, equitable, and inclusive workplace.

The goal of SHE is to enable our women leaders to realize their potential. SHE provides resources for professional development, including mentorship opportunities, building visibility of women's achievements both internally and externally, and cultivating a sense of community where participants can exchange ideas and experiences. Throughout the year, SHE hosted several sessions to highlight the collective impact of our female workforce.

## EMPOWERING YOUTH

Alongside the SHE network, the SABIC Young Leadership Council (SYLC) is a dynamic platform that empowers future leaders and young talents at SABIC. It provides them with the opportunity to engage directly with SABIC's executive leadership team, influence future business decisions, foster a diverse organizational culture, and deliver significant value to the company.

### SAUDI WOMEN THRIVING AT SABIC

Just over 10 years ago, several new sectors were made open to women in Saudi Arabia, which increased female participation in the country's workforce. SABIC took this opportunity to bring in its first cohort of women as direct hire employees at its Riyadh, Jubail, and Yanbu locations. Over the years, these women and others who followed have helped shape SABIC's evolution and drive its growth in Saudi Arabia and worldwide.

Hiring figures underscore SABIC's efforts to recruit female employees within Saudi Arabia, in line with the Saudi Vision 2030 goals of increasing the participation of women in the national workforce to 30% by 2030. Over the last two years, SABIC has hired about 150% more women across Saudi Arabia (compared to 2021).

An important part of this development has been the expansion of our premier talent pipeline for exceptional young Saudi nationals, the SABIC Scholarship Program, to include women. This year's intake of 224 students had an equal number of men and women, bringing the overall active enrollment to 606 (57% male and 43% female).

SABIC recently opened an engineering design and drafting school in the new SABIC Jubail building, Saudi Arabia, in collaboration with Fluor, a leading engineering and construction company. The school offers postgraduate training in this specialized area, and it is the first such program at SABIC. The school currently has 34 female SABIC employees enrolled (as well as 6 male employees).

By localizing drafting services, this initiative helps protect the company's intellectual property and drive growth projects, and, more broadly, it supports the goals of Saudi Vision 2030 through contributing to the development of local talent and fostering innovation within Saudi Arabia.

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## TOWARD SAUDI VISION 2030: DRIVING LOCAL CONTENT

Although SABIC is a global business, we are committed to nurturing our roots in Saudi Arabia. By developing and investing in local content initiatives such as NUSANED™, and partnering with government programs like Shareek, we support Saudi Vision 2030's bold economic transformation plan to drive economic diversification and reduce import dependency.

## WHAT IS LOCAL CONTENT?

For SABIC, the concept of local content refers to our efforts to build national capabilities and capacities throughout our value chain and beyond in Saudi Arabia as part of our commitment to the goals of Saudi Vision 2030.

SABIC's journey of investing in local content began in January 2017, when we established our Local Content Business Development Unit (LCBDU) after the launch of Saudi Vision 2030 in March 2016.

## NUSANED™

Through our flagship local content initiative NUSANED™, launched in 2018, SABIC has been bringing together the public and private sectors in an effort to help SMEs get started and grow. NUSANED™ provides opportunities for investors, especially young people and entrepreneurs, who want to develop their businesses in innovative and leading industrial sectors. It further aims to raise the level of localization of industrial technologies, enabling the creation of new jobs and increasing the volume of Saudi exports. In addition, SABIC's global partnerships and presence attracts international investments and expertise to Saudi Arabia, enhancing the capabilities of local industries to grow and compete.

## SABIC AND THE SHAREEK PROGRAM

Launched in March 2021 by His Royal Highness the Crown Prince, the Shareek program is an initiative to develop strong partnerships between the public and private sector (both listed and non-listed companies) to build the national economy and support sustainable growth.

The objective is to encourage large companies in Saudi Arabia to invest in local enterprises in a manner that benefits SMEs and other business operations in the entire economic ecosystem to reach US\$ 1.3 Tn. in domestic investments by 2030.

SABIC has been engaged with Shareek since the program commenced. The partnership will play a big role in the next phase of SABIC's growth as it targets collaborations for initiatives within Petrochemicals, Specialties, and Agri-Nutrients. Having signed the framework agreement in the first quarter of 2023, the first project will be manufacturing catalysts hubs to transform Saudi Arabia into a center for specialized materials in line with the National Industrial Strategy.

As the country presently relies on catalyst imports to a large extent, this strategic project will help secure the needs of the petrochemical manufacturers in the region, raising both operational and energy efficiency while helping SABIC reach its carbon neutrality targets by 2050.

The word "Shareek" in Arabic means partner, an ideal embodiment of the spirit of public and private sector collaboration invigorating the program. In serving Saudi Vision 2030 goals, Shareek hopes to accelerate business expansion, broaden the country's economy, increase the private sector's contribution to GDP, and create new jobs.

## 2023 HIGHLIGHTS



Female job enablement

**3,955**

Since inception 2018 – 10,491



Graduations\*

**57**

Since inception 2018 – 251

## PROGRESS IN 2023



Saudi job enablement

**11,340**

Since inception 2018 – 30,756



Estimated GDP impact

**SAR 6.4 Bn.**

Since inception 2018 – SAR 16.7 Bn.



Training hours

**45,523**

Since inception 2018 – 150,392



\*NUSANED™ graduate refers to SMEs, entrepreneurs, and local companies who have successfully completed the program

Continuous improvement topic

## COMMUNITIES

We actively engage with the local communities where its employees live and work. Through our corporate social responsibility initiatives, we foster a culture of community giving and volunteerism to create value for society.

SABIC CSR priority focus areas	Science and Technology in Education	Environmental Protection	Health and Wellness	Water and Sustainable Agriculture
 VISION 2030 KINGDOM OF SAUDI ARABIA	A thriving economy 	An ambitious nation 	A vibrant society 	An ambitious nation 
				

### SELECTED INITIATIVES IN 2023

#### THEY SEE, THEY LEARN



Many children do not have the means to identify vision-related challenges due to a lack of awareness and financial support. This can lead to dropouts from schools and sometimes to child labor to support families. The eye care program “They See, They Learn” targets students in India’s government schools through eye-check camps. SABIC helped distribute free spectacles to children in need and directed them to partner eye hospitals should further treatment be required. The program reached over 100,000 student beneficiaries.

#### SABIC NANSHA’S COMMUNITY ENGAGEMENT



SABIC organized a series of events at its Nansha plant in Guangzhou, China. The events, held under the theme “Thrive Towards a More Sustainable Tomorrow Together”, were aimed at strengthening our relationships with the local community and raising awareness about the importance of sustainability. Students, teachers, and representatives from the local environment bureau were invited to visit the plant as part of our 2023 Open-To-Public Day. Additionally, our employee volunteers conducted a “Lights of Our Future” themed workshop on sustainability at a Nansha middle school focusing on topics such as climate change, renewable energy, and waste management.

#### THE MADAC EDUCATION ACADEMY



The MADAC Education Academy in Al Madinah, Saudi Arabia, is a world-class educational complex that seeks to use the best educational theories and practices to provide a curriculum with an equal emphasis on education and cultural values. The center, a SAR 20 Mn. initiative funded by SABIC and inaugurated in December 2023, specializes in providing an investigative education for children and young people, encouraging them to understand the historical, cultural, and scientific aspects of civilization and to develop intellectual skills in science and culture.



SABIC volunteers participate in a beach cleanup in Indonesia

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## ETHICS, COMPLIANCE, AND HUMAN RIGHTS

Critical to our ambitions of becoming the preferred world leader in chemicals is conducting business ethically, honestly, and in full compliance with the laws and regulations of the countries in which we operate. Starting with our Code of Ethics, which provides an overarching mission and policy framework, ethics and compliance are integrated into the operational and business processes through which we engage our workforce, customers, suppliers, investors, community members, and other stakeholders.

A new SABIC Code of Ethics was approved by the board in September 2023 and will be rolled out to all employees with a multi-language campaign, communications, and video, along with new guidance support during the first quarter of 2024.

### COMPLIANCE INVESTIGATIONS

We encourage employees to report any integrity concerns and to inquire and ask for guidance as necessary. We also enable external stakeholders such as customers, suppliers, and community members to raise concerns through several channels.

In 2023, we investigated 147 Code of Ethics policy concerns; 51 have been found to be violations and 114 investigations have been closed.

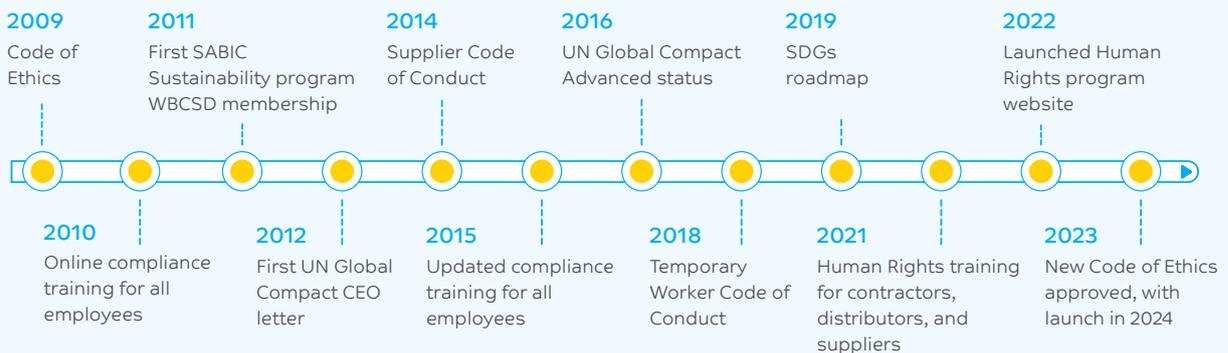
### COMPLIANCE TRAINING

To build the right foundation for our integrity culture, all employees are required to complete compliance training, covering all key regulations and laws associated with responsibilities and risks related to their work duties, once every two years. In addition, SABIC conducts in-person and virtual training where appropriate.

### ONLINE TRAINING

Completed %	Overdue %
95.98	1.08

### JOURNEYING TOWARDS EXCELLENCE IN BUSINESS ETHICS



### SABIC HUMAN RIGHTS PROGRAM

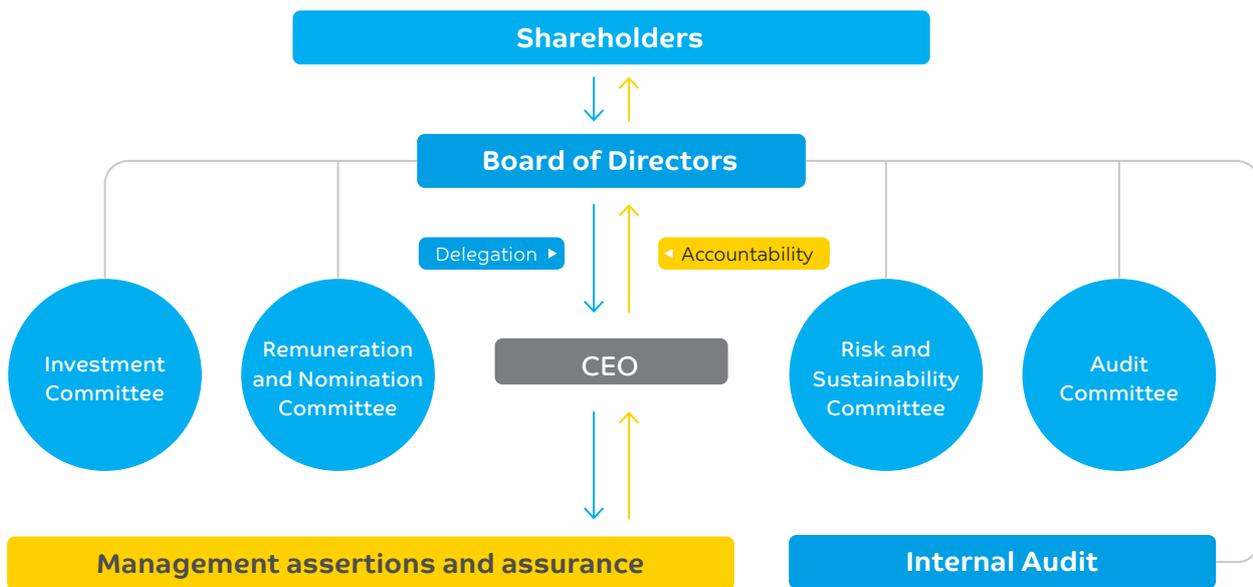
At SABIC, we seek to create Chemistry that Matters™ in a manner that respects and fosters human rights in our daily operations. We embrace this same position with our business partners in our value chain, in the communities where we operate, and in the application and use of our products.

See our website for more information on SABIC's commitments, governance, reporting mechanisms, and inclusive culture (<https://www.sabic.com/en/about/our-compliance-culture/our-human-rights-program>).

# CORPORATE GOVERNANCE

At SABIC, we have an unwavering commitment to upholding the highest standards of governance. Our approach to corporate governance extends beyond mere compliance with regulations. SABIC has methodically designed its own corporate governance framework, which establishes clear roles, responsibilities, decision-making processes, and

mechanisms for accountability in line with the board-approved delegation policy. The robust corporate governance practices at SABIC comply with relevant laws and regulations issued by the regulatory authorities including the CMA and also adheres to internationally recognized best practices.



## BOARD STRUCTURE AND COMPOSITION

SABIC has a one-tier board consisting of nine directors, the majority of whom are non-executives, including independent directors. The SABIC board has the right size and skill mix for managing the company’s business affairs.

As of December 31, 2023, SABIC board comprises the following directors:

Name	Role	Classification	Capacity	External mandates**
Khalid Al-Dabbagh	Chairman	Non-executive	In his personal capacity	1
Ziad Al-Murshed	Member	Non-executive	In his personal capacity	–
Abdulrahman Al-Fageeh <sup>(1)</sup>	Member	Executive	In his personal capacity	1
Mohammed Al-Nahas	Member	Non-executive	Representing GOSI*	1
Dr. Mohammed Al-Qahtani	Member	Non-executive	In his personal capacity	2
Yousef Al-Zamel	Member	Independent	In his personal capacity	–
Nader Al-Wehibi	Member	Independent	In his personal capacity	1
Calum MacLean	Member	Independent	In his personal capacity	–
Dr. Faisal Al-Faqeer <sup>(2)</sup>	Member	Non-executive	In his personal capacity	–
<b>9 Directors</b>		<b>3 Independent (33.3%)</b> <b>5 Non-executive (55.6%)</b> <b>1 Executive (11.1%)</b>		<b>Average external mandates 0.6</b>
Olivier Thorel <sup>(3)</sup>	Member	Non-executive	In his personal capacity	–

(1) Joined the board and BIC on Mar 21, 2023

(2) Joined the board and BRSC on Sep 1, 2023

(3) Resigned from the board and BRSC on Aug 31, 2023

\*GOSI = General Organization for Social Insurance

\*\*Listed joint stock companies

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## BOARD: KEY DELIBERATIONS AND PRIORITIES

In 2023, the board deliberations covered all the routine as well as the emerging matters reserved for the board as the ultimate responsible body for monitoring, guiding, and advising the company.



### 2023 KEY DELIBERATIONS and ACTIVITIES

- Reviewed and discussed SABIC products' applications across the market sectors in light of global trends, challenges, and opportunities from a sustainability perspective.
- Reviewed executives' total pay, benchmarked with the market.
- Reviewed operational safety and reliability indicators.
- Updated the board delegation policy and schedule.
- Approved updates to the Code of Ethics.
- Reviewed SABIC growth projects and strategy.
- Engaged with key global customers and conducted site visits.



### 2024 KEY PRIORITIES

- Review the company's strategy for growth.
- Oversee talent, human capital management, and executive succession planning.
- Review company efforts in mitigating market risks, cybersecurity, and EHSS issues.
- Monitor management efforts in improving company performance of profitability.

## SUSTAINABILITY GOVERNANCE AND ORGANIZATION

SABIC's board is ultimately responsible for promoting the long-term sustainable success of the company. Therefore, it approves SABIC's purpose, long-term strategy, objectives, and values, developing and approving all necessary policies and KPIs to ensure, through gaining assurances, alignment with desired sustainability targets.

SABIC's Executive Committee (ExCom) is chaired by the CEO and includes all Executive Vice Presidents of business units and corporate functions, including the Chief Sustainability Officer (CSO). The ExCom is responsible for setting the sustainability vision, priorities, and goals, and is ultimately accountable for the company performance measured against sustainability goals. The ExCom has the discretion of creating sub-committees to drive focus in specific areas, such as climate change, product stewardship, etc. Performance against business and functional goals is linked to the financial compensation for all executive and senior leaders.

This year, SABIC reorganized the corporate sustainability activities to bring more focus and accountability. This reorganization will improve decision-making and further drive the integration of sustainability issues into core business activities. It will also focus on governance and delivery of key sustainability initiatives while ensuring compliance with sustainability requirements and creating value for SABIC shareholders.

# SUPPLEMENTARY INFORMATION

## SELECTED 2023 AWARDS AND RECOGNITIONS

INNOVATION AND SUSTAINABILITY SOLUTIONS

EDISON AWARDS 2023



EDISON AWARDS

SUSTAINABILITY

Ocean-bound plastic

First recycled frozen food packages derived from **ocean-bound plastic**, using TRUCIRCLE™ certified circular polyethylene.



MATERIAL SCIENCE

EXTEM™ resin

**EXTEM™ TH1016UCL resin** provides transparent, heat-resistant materials for modern-day circuit boards.



FOOD AND AGRICULTURE

Low-carbon urea

SABIC's **low-carbon urea** solution is a sustainable, low-carbon nitrogen fertilizer for the food and agricultural industry.



FOOD AND AGRICULTURE

Next gen fertilizer

SABIC's **next generation fertilizer** helps increase crop yields while reducing the overall amount of fertilizer needed.



MATERIAL SCIENCE

NORYL™ resin

**NORYL™ NHP8000VT3 resin** has superior heat resistance and flame-retardant properties supporting the expansion of electric car batteries.



R&D 100 AWARDS

MECHANICAL/MATERIALS CATEGORY

**LNP™ ELCRES™ CRX** is a polycarbonate-based copolymer resin, providing a solution for photovoltaic (PV) connector bodies that is cost-effective and performs better than competitive materials.



SUSTAINABILITY INNOVATOR OF THE YEAR

**Bob Maughon, SABIC Executive Vice President, Technology & Innovation**, received a special recognition as Sustainability Innovator of the Year.





PRODUCT STEWARDSHIP

SABIC's product stewardship program was **ranked first among 50 global chemical companies** in the 2023 ChemScore report, with a ratings increase of 13 points over the previous year.



GOVERNANCE AND INTEGRITY

SABIC was awarded the **EcoVadis Gold medal** with a score of 72 out of 100, placing us in the 96th percentile of our industry peer group.



In 2023, SABIC earned the **Compliance Leader Verification™ for 2024 and 2025 from the Ethisphere Institute**, our third consecutive verification.



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## NON-FINANCIAL INDICATORS

✓ Indicators with this icon underwent limited assurance for the fiscal year 2023

○ Indicators with this icon exclude Hadeed data from 2018 to 2023.

All other indicators, unless otherwise noted, include Hadeed data from 2018 to 2023 (with the 2023 value for Hadeed provided in parenthesis where available).

Most material key performance indicators	Unit	2023	2022	2021	2020	2019	2018
<b>Resource efficiency</b>							
✓ Energy intensity	GJ/t product sales	16.1	16.2	16.6	17.0	17.2	17.9
✓ Water intensity	m <sup>3</sup> /t product sales	2.6	2.6	2.7	2.7	2.7	2.8
✓ Material-loss	t/t product sales	0.059	0.061	0.063	0.063	0.069	0.068
✓ Flaring reduction since 2010	%	37%	56%	52%	56%	47%	42%
✓ CO <sub>2</sub> utilization	Mn. t	3.8	3.8	3.6	3.7	3.6	4.0
<b>Air emissions</b>							
✓ NO <sub>x</sub>	t	21,567	23,929				
✓ SO <sub>x</sub>	t	2,933	3,071				
<b>Waste management</b>							
✓ Hazardous waste generated	t	484,585					
○ Hazardous waste diverted from disposal	t	348,774					
○ Hazardous waste directed to disposal	t	135,811					
✓ Non-hazardous waste generated	t	139,655					
○ Non-hazardous waste diverted from disposal	t	46,505					
○ Non-hazardous waste directed to disposal	t	93,155					
<b>Climate</b>							
✓ Absolute GHG emissions (total Scopes 1 and 2)	Mn. tCO <sub>2</sub> e	43.6	45.2	44.6	48.1	48.2	49.8
✓ GHG emission intensity	tCO <sub>2</sub> e/t product sales	1.02	1.03	1.08	1.12	1.14	1.19
✓ Scope 3 emissions	Mn. tCO <sub>2</sub> e	30.12					
<b>Innovation and sustainability solutions</b>							
n/a TRUCIRCLE™ sales	t product sales	18,000					
Portfolio sustainability assessment (PSA) coverage	% of total SABIC corporate revenue	63	48				
		2023 PSA classifications: A++: 11%, A+: 3%, B: 71%, C: 5%, and C-: 10%					
Total SABIC patent portfolio (Hadeed)	#	11,070 (73)	9,948 (72)	10,090 (73)	9,946 (54)	12,540 (79)	11,738 (66)

✓ Indicators with this icon underwent limited assurance for the fiscal year 2023

○ Indicators with this icon exclude Hadeed data from 2018 to 2023.

All other indicators, unless otherwise noted, include Hadeed data from 2018 to 2023 (with the 2023 value for Hadeed provided in parenthesis where available).

Most material key performance indicators	Unit	2023	2022	2021	2020	2019	2018
<b>Governance and integrity*</b>							
✓ Compliance concerns raised	#	147	136	99	90	157	152
✓ Investigations closed	#	114	113	89	69	135	119
✓ Violations found (addressed)	#	51	42	41	30	41	42
✓ Training completion	%	96	99	99	99	99	99
<i>*2023 numbers exclude Hadeed</i>							
<b>Environment, health, safety, and security</b>							
✓ Total recordable incident rate	Incidents/200,000 hours worked	0.10	0.10	0.11	0.10	0.14	0.14
✓ Occupational illness rate	Incidents/200,000 hours worked	0.001	0.002	0.002	0.003	0.008	0.003
✓ Fatalities	#	1	0	0	3	0	0
✓ Fatalities rate	Fatalities/200,000 hours worked	0.001	0.000	0.000	0.003	0.000	0.000
✓ API 754 PSE Tier 1 incidents	#	11	11	15	10	25	7
<b>Human capital development</b>							
Women in the workplace	% of workforce	7.9%	7.7	7.4	7.4	7.5	7.3
		8.8% with the exclusion of Hadeed's total workforce in 2023					
<b>Social impacts</b>							
○ Community giving	US\$ Mn.	12.8	28.9	33.6	39.3	15.6	36.7
<b>Supply chain</b>							
Safety and quality assessment system – liquids*	% of suppliers	100	94	81	100	100	100
Safety and quality assessment system – solids*	% of suppliers	97	87	85	98	93	91
Total suppliers through Supplier Life Cycle Management (SLM)	#	33,591	32,254	30,355	28,563	27,318	
Suppliers assessed through TFS-EcoVadis	#	167					
Suppliers audited through TÜV	#	165					
Suppliers qualified through TÜV	#	115					

\*SQAS data only covers Polymers and Chemicals businesses

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## MARKETS WE SERVE

### AUTOMOTIVE



#### SABIC MATERIALS USED

Engineered thermoplastics (e.g., ABS, PC & PC blends, PBT, PET, TPI); polyolefins (e.g., PP, LGF & SGF-PP) and elastomers (e.g., BR, EPDM), including polymers from SABIC's TRUCIRCLE™ portfolio and BLUEHERO™ initiative; and high performance plastics including amorphous thermoplastic polyetherimide (PEI) resin, polyphenylene ether (PPE) resin, specialty compounds and copolymers, as well as additives.

#### END APPLICATIONS

Exteriors, interiors, safety systems, EV batteries, hoses and seals, lighting systems and smart panels, sensors, structures, tires, windows.

### HYGIENE & HEALTHCARE



#### SABIC MATERIALS USED

- Dedicated medical grades with a full product line from polyolefins (PE, PP) to high performance plastics including PEI resin, specialty compounds & copolymers, PC resin, PP resin, as well as a variety of specialty resins.
- SABIC PURECARES™ portfolio – dedicated polyolefins for hygiene applications.

#### END APPLICATIONS

Insulin pens, glucose monitors, IV bottles, blood collection tubes, auto injectors, contact lens packaging, face masks, (adult) diapers, feminine products, wound absorption, surgical gowns.

### CONSUMER PRODUCTS



#### SABIC MATERIALS USED

PP and its compounds, PE, PET, PMMA, POE, Nylon, EPDM, PS, PBT, ABS, PC and its compounds; renewable, circular, and mechanically recycled PCR polymers from the TRUCIRCLE™ portfolio.

#### END APPLICATIONS

Home appliances (large and small), luggage, furniture, household products including food and drinkware, children's products, sports and leisure equipment, helmets, gardening and DIY tools, toiletries, crates and baskets, sunglasses, traffic control equipment.

### ELECTRICAL & ELECTRONICS



#### SABIC MATERIALS USED

Engineered thermoplastics, POE, PP, PE, including Polymers from TRUCIRCLE™ portfolio, high performance plastics including PEI and PPE resins, specialty compounds and copolymers, as well as additives.

#### END APPLICATIONS

Photovoltaic and solar, inverters, energy distribution components, EV charging infrastructure, energy storage, connectors, laptops, smartphones, printers, lighting.

### AGRICULTURE



#### SABIC MATERIALS USED

Granular and prilled urea, ammonia, DAP, MAP, NPK, SABIC stabilized urea, humic acid coated urea, zinc coated urea and technical grade urea (TGU).

#### END APPLICATIONS

Global broad-scale agriculture; horticulture and greenhouses; DEF manufacture; and industrial uses/resins.

### BUILDING & CONSTRUCTION



#### SABIC MATERIALS USED

EPS and LDPE (ixPE), PPUMS, HDPE, LLDPE, LDPE, PVC, PP and ABS, including polymers from TRUCIRCLE™ portfolio, LNPT™ compounds and copolymers.

#### END APPLICATIONS

EPS beads composite; PP foam sandwich panels; ixPE foaming sheets for floor underlayment; pressure and non-pressure pipes; wire and cable; building parts.

### PACKAGING



#### SABIC MATERIALS USED

PE, PP, PET, PVC, PS, PU, PMMA, ABS, PC, including circular, renewable polymers and other solutions from the TRUCIRCLE™ portfolio.

#### END APPLICATIONS

Flexible and rigid packaging for food, beverages, non-food, (bottles, caps, closures, pouches, cups, pails), personal care, cosmetics, transport packaging (crates, stretch film), industrial (jerry cans, intermediate bulk containers), and agricultural (silage wrap).



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