Objectives

SABIC recognizes that effective Risk Management is essential to safeguard operations, protect and enhance our global brand reputation and enable SABIC to achieve its strategic goals.

Our primary objective is to proactively identify, understand and manage threats while leveraging opportunities in pursuit of achieving our strategic goals. Our Risk Management Framework aims to create value and protect SABIC's interests and comply with applicable legal and regulatory requirements, as part of the continuous commitment to our stakeholders' welfare.

This Risk Management Policy ("the Policy") establishes the objectives, principles and responsibilities by which all risks will be managed by SABIC.

Scope

The scope of this policy covers SABIC and its operated entities, and their employees.

Principles

We aim to achieve our Risk Management Objectives through the following principles:

- Visible Leadership commitment to drive the effective execution of Risk Management Frameworks.
- A robust continuous improvement and learning culture providing employees with necessary authority, knowledge, skills & tools to demonstrate accountability, transparency and inclusion in implementation of risk management frameworks and risk control solutions.
- Effective implementation of Risk Management Frameworks and risk control solutions to protect and create value for SABIC while ensuring compliance with applicable legal & regulatory requirements.
- Institutionalization of risk management into key decision-making strategic & operational processes thereby ensuring effective engagement and insights of Risk Management team.
- Decisions based on calculated risks that are guided by clearly defined risk tolerance and appetite levels which are periodically reviewed and communicated.
- Effective Business Continuity Management to proactively build resilience in response to adverse events.
- Integrated and rigorous internal controls to manage business process risks.
- Best available risk information to support decision makers in a timely and accurate manner.
- Continuous assessment and improvement of the Risk Management system.

Responsibility

The implementation of this policy is the responsibility of the Chief Executive Officer (CEO), while the responsibility for monitoring implementation of this policy is with SABIC's Board supported by the relevant Committee as defined in the Committee's charter.

Definitions

| Terms	Explanation
Risk Management Framework	It is a set of components, which provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management practices throughout the organization.
Risk Tolerance	is the boundaries of risk taking outside of which the organization is not prepared to venture in pursuit of its long term objectives.
Risk Appetite	is the Amount and type of risk that an organization is willing to pursue or retain.
Business Continuity Management	Holistic management process that identifies potential threats to an organization and the impacts to business operations those threats, if realized, might cause, and which provides a framework for building organizational resilience with the capability of an effective response that safeguards the interest of its key stakeholders, reputation, brand and value-creating activities.

References

ERM Risk Management Framework

Annexure I

ERM Risk Management Procedure

The purpose of this procedure is to describe the Enterprise Risk Management process.
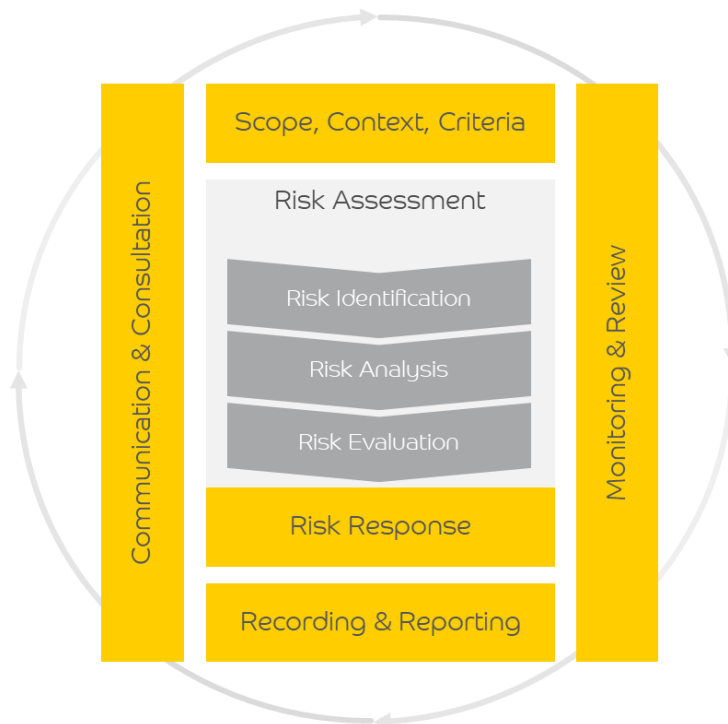
1. Establish the Scope, Context, Criteria
Responsible: Management Consulted: ERM

Establishing the scope, context and criteria is to customize the risk management process, enabling effective risk assessment and appropriate risk response. Activities here involve identifying the organizational objectives, scope of the process, and understanding the external and internal context, risk assessment matrix etc.

1. Risk Assessment
Responsible: All employees Consulted: ERM

Risk assessment is the overall process of Risk identification, Risk analysis and Risk evaluation using Risk Register Templates.
Risk assessment is conducted systematically, iteratively and collaboratively, drawing on the knowledge and views of both Stakeholders and Risk Management using various techniques such as interviews, workshops, brainstorming, and questionnaires.

1.1 Risk Identification
The purpose of risk identification is to find, recognize and describe risks that might help or prevent an organization achieving its objectives.

1.2 Risk Analysis
Risk analysis involves detailing of the uncertainties, risk sources, consequences, likelihood, scenarios, existing controls and their effectiveness, risk category.

1.3 **Risk Evaluation**
Detailed risks evaluated using the established SABIC Risk Matrix to help in decision on whether risk needs to be treated and how, and on the most appropriate risk response strategy to be applied.

2. Risk Response

Responsible: Risk Owners Consulted: ERM

Risk Responses are aimed to influence either the likelihood or the consequence of the risk event considering the cost of applying the response vs benefit it will deliver to achieve the objectives. Select the appropriate risk response strategy as maintained in the ERM RM Framework.

Develop robust SMART (Specific, Measurable, Achievable, Relevant, Time bounded) detailed risk treatment plans based on the strategy selected.

Execute the risk response plans and check for their effectiveness on influencing the risk level.

3. Recording & Reporting

Responsible: Risk Champions Consulted: ERM

Documenting the Risk Management processes and its outcomes through tools such as Risk Registers, Risk Management Information Systems (if available).

Reporting on risks and response plan status through different mechanisms such as monthly reports, management meetings.

Quarterly Risk Reviews (QRR) to be done by each Level 1 entity at SABIC. At the QRR, review of each entity's major risks and risk responses progress and effectiveness will take place.

Monitoring & Review

Responsible: ERM

Monitoring and review should take place in all stages of the process. Includes planning, gathering and analysing information, and providing feedback

Regular reporting on status of company-wide Top & Major risks along with their response plans progress to the respective Executive leaders, Risk Management Committee & relevant Board sub- committee for risk management.

Communication & Consultation

Responsible: All employees
The purpose of communication and consultation is to assist relevant stakeholders in understanding risk, the basis on which decisions are made and the reasons why particular actions are required.

Communication seeks to promote awareness and understanding of risk, whereas consultation involves obtaining feedback and information to support decision-making.

Communication and consultation with appropriate external and internal stakeholders should take place within and throughout all steps of the risk management process.