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كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤
المركز الرئيسي في الرياض

Independent limited assurance report to Saudi Basic Industries Corporation on selected quantitative indicators disclosed in SABIC's Integrated Annual Report for the year ended 31 December 2023

To the management of Saudi Basic Industries Corporation ("SABIC")

We have been engaged by the management of Saudi Basic Industries Corporation ("the Company", "SABIC") to carry out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter information detailed below ("Subject Matter"), has not been prepared, in all material respects, in accordance with the applicable criteria ("Applicable Criteria") as set out below.

Subject Matter

The Subject Matter for our limited assurance engagement were the selected quantitative indicators ("the Indicators") as detailed in Annexure 1(a) of this report, as detailed in SABIC's 2023 Integrated Annual Report for the year ended 31 December 2023 ("the Report"), as prepared and presented by the management of the Company.

The Indicators are aggregated based on the reporting boundaries developed by the Company which are detailed in Annexure 1(b) of this report.

Applicable Criteria

The Applicable Criteria for this limited assurance engagement is SABIC's internally developed criteria, the details of which are mentioned in Annexure 2 of this report and extracts of which that are relevant to the measurement of the Subject Matter information are detailed in the *Sustainability KPI Standards and Methodologies* section provided on page 335 to 337 of the Report.

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان. جميع الحقوق محفوظة.



Independent limited assurance report

To the management of Saudi Basic Industries Corporation (“SABIC”) (continued)

Saudi Basic Industries Corporation’s responsibility

The management of the Company is responsible for preparing and presenting the Subject Matter information that is free from material misstatement in accordance with the Applicable Criteria and for the information contained therein.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter information that is free from material misstatement, whether due to fraud or error. It also includes developing the Applicable Criteria as the criteria to evaluate the Subject Matter information.

The management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities. The management of the Company is responsible for ensuring that staff involved with the preparation of the Subject Matter information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibility

Our responsibility is to examine the Subject Matter information prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the procedures we have performed and the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (“ISAE”) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance Engagements On Greenhouse Gas Statements* as endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company’s management. ISAE 3000 (Revised) and ISAE 3410 require that we plan and perform the engagement to obtain limited assurance about whether the Subject Matter information has been properly prepared, in all material respects, in accordance with the Applicable Criteria.

Our firm applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Subject Matter and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.



Independent limited assurance report

To the management of Saudi Basic Industries Corporation (“SABIC”) (continued)

Our responsibility (continued)

In obtaining an understanding of the Subject Matter information and other engagement circumstances, we have considered the process used to prepare the Subject Matter information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company’s internal control over the preparation and presentation of the Subject Matter information. A limited assurance engagement in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the risks of material misstatement of the Subject Matter information, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances of the engagement and evaluating the overall presentation of the Subject Matter information.

Our engagement also included: assessing the appropriateness of the Subject Matter, the suitability of the criteria used by the Company in preparing the Subject Matter information in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the Subject Matter information and the reasonableness of estimates made by the Company, where applicable.

Limited assurance is less than absolute assurance and reasonable assurance. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted.

Procedures performed

Our limited assurance engagement on the Subject Matter information consisted of making enquiries, primarily of persons responsible for the preparation of the Subject Matter information, and applying analytical and other procedures, as appropriate. These procedures were based on our professional judgement and included the following, amongst others, for the year ended 31 December 2023:

- Obtaining an understanding of the collection, compilation and reporting processes for SABIC, including obtaining an understanding of internal controls, systems and processes relevant to the preparation of the Subject Matter;
- Interviewing management and other relevant staff / personnel at corporate and site level responsible for data collection, data management, and data analysis pertaining to the Indicators in scope;



Independent limited assurance report

To the management of Saudi Basic Industries Corporation (“SABIC”) (continued)

Procedures performed (continued)

- Reviewing management documentation and Company’s data reporting tools to the extent they underpin the preparation of the Subject Matter;
- Assessing the appropriateness of the conversion and or emission factors applied by the Company in arriving at the Indicator’s quantitative data in accordance with the assigned unit of reporting, where applicable;
- Obtaining inventory data for each selected Indicator, at aggregated corporate level and selected site level, as per the reporting boundary developed by management and agreeing the data with the information detailed in the Subject Matter;
- Obtaining inventory breakdown data for each selected Indicator, at site level, as per the reporting boundary developed by management.
- Selecting a sample of sites, and performing the following for each selected site in relation to the Indicators:
 - Agreeing the site level Indicator’s information to consolidated data inventory;
 - Obtaining supporting evidence, source information, or underlying records for selected data points to evaluate site level information;
 - Checking aggregation of quantitative data for the Indicators to include all sites in the reporting boundaries set by the management; and
 - Performing recalculation, where applicable, of the Indicator data of the relevant selected sites based on site level data obtained from system outputs, reports and other relevant records.
- For the Indicators tested at corporate level, selected samples based on corporate data inventory and agreed the same with supporting evidence, source information, or underlying records;
- Performing an analytical review of the Indicator data and trends; and
- Reviewing the consistency of the Subject Matter information in relation to the wider Report, including review of qualitative narratives that support the Subject Matter information.



Independent limited assurance report

To the management of Saudi Basic Industries Corporation (“SABIC”) (continued)

Characteristics and limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Subject Matter may occur and not be detected. The assurance relies on documentation furnished by the Company and interactions with relevant personnel within the Company to validate the Subject Matter information. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the Subject Matter information as the procedures performed were undertaken on a test basis.

Our engagement was not designed to test, verify or audit the completeness and accuracy of system outputs from the Company.

Furthermore, for the purpose of this limited assurance engagement, we have not performed any procedures around:

- Checking the disclosure of indicators in reference to any framework or guidance other than what is entailed in the Applicable Criteria, such as for example, Integrated Reporting Framework, World Economic Forum (“WEF”) sustainability metrics, United Nation’s Sustainability Development Goals (“SDGs”), etc.
- Checking accuracy of the GRI content indexation, as featured in the Report.
- Assessing compliance of any other indicators or related information, either qualitative or quantitative, which is not part of the Indicators selected for this engagement, featuring in the Report with the disclosure requirements of any applicable internal or external standards.
- Assessment of accuracy and completeness of the reporting boundaries determined by the management for the purposes of the Report;
- Audit, review or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted;
- Assessing the appropriateness of the materiality approach applied by management in preparation of the Report and selection of the material sustainability related indicators that were subject to limited assurance;
- Testing effectiveness of and detecting any weaknesses in the internal controls over the preparation of the Subject Matter information as the procedures performed were undertaken on a test basis;
- Assessing the completeness and reasonableness of the methods, data and assumptions applied by the management for the purpose of estimating Greenhouse Gas Scope 3 emissions, including evaluating management’s judgement in terms of inclusion / exclusion of relevant categories; and
- Assessing management’s judgment in relation to the categorization and subsequent resolution of the compliance concerns reported under the *Ethics and Integrity* topic, as our procedures were limited to the quantitative absolute figures of such compliance concerns.



Independent limited assurance report

To the management of Saudi Basic Industries Corporation ("SABIC") (continued)

Limited assurance conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter information is not prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Company on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

KPMG Professional Services



Fahad Mubark Aldossari

License no: 469



Riyadh, 28 March 2024

Corresponding to: 18 Ramadan 1445



Annexure 1

(a) Details of the selected quantitative indicators (“the Indicators”) comprising of the Subject Matter:

Environment

Indicator description	Page number of the Integrated Annual Report 2023 where the Indicators are disclosed
1- Greenhouse gas (GHG) (Scope 1 & 2) emission & GHG intensity	333
2- GHG Scope 3 emissions	333
3- Energy intensity	332
4- Water intensity	332
5- Material loss intensity	332
6- Flaring reduction since 2010	332
7- CO2 Utilization	332

Ethics and integrity

Indicator description	Page number of the Integrated Annual Report 2023 where the Indicators are disclosed
8- Compliance concerns raised	333
9- Incidents closed	333
10- Violations found and addressed	333
11- Code of ethics training completion	333

Environmental, Health, Safety and Security (“EHSS”)

Indicator description	Page number of the Integrated Annual Report 2023 where the Indicators are disclosed
12- Total recordable incidents rate	334
13- Occupational illness rate	334
14- Fatalities and fatalities rate	334
15- API 754 Tier 1 incidents	334
16- SOx & NOx air emission	332
17- Hazardous and non-hazardous waste	332



Annexure 1

(b) Details of reporting boundaries established for the aggregation of the Subject Matter information:

Environment

Indicator description	Reporting boundaries
1- GHG (Scope 1 & 2) emissions & GHG intensity 2- GHG Scope 3 emissions 3- Energy intensity 4- Water usage and water intensity 5- Material loss and material loss intensity 6- Flaring reduction since 2010 7- CO2 Utilization	Reporting boundaries comprise of: <ul style="list-style-type: none"> • 100% of the sustainability footprint of financially consolidated entities. • 100% of the sustainability footprint of integral joint ventures (these include: Kemya, Sharq, and Yanpet). • The sustainability footprint for joint operations entities is considered based on equity share (these include: SAMAC and GCGV) • 0% of sustainability footprint is considered for all non-controlled investments. • Sustainability footprint of SABIC Iron and Steel Company (“Hadeed”) is not included. For Greenhouse Gas Scope 3 emissions, GCGV is not included.

Ethics and integrity:

Indicator description	Reporting boundaries
8- Compliance concerns raised 9- Incidents closed 10- Violations found and addressed 11- Code of ethics training completed	Reporting boundaries are similar to environment related indicators as mentioned above, with following exceptions: <ul style="list-style-type: none"> • SAMAC is included 100% • GCGV is not included as data is not available

Environmental, Health, Safety and Security:

Indicator description	Reporting boundaries
12- Total recordable incidents rate 13- Occupational illness rate 14- Fatalities and fatalities rate 15- API 754 Tier 1 incidents 16- SOx & NOx air emissions 17- Hazardous and non-hazardous waste	Reporting boundaries are same as for the Environment related Indicators as mentioned above, with the following exceptions: <ul style="list-style-type: none"> • GCGV not included • SAMAC is included 100% • Mega projects are included • T&I centers are included



Annexure 2

Applicable requirements of SABIC’s internal reporting framework, as applicable to the respective Indicator in scope, comprising of the Applicable Criteria

Indicator	Framework document detailing Applicable Criteria	Relevant section of the framework document which was referred to as Applicable Criteria
GHG (Scope 1 & 2) emissions & GHG intensity	SABIC manufacturing footprint development standards	Section 3 GHG accounting principles and 4 GHG emission sources
GHG Scope 3 emissions	Procedure for Scope 3 accounting and reporting	Section 0 to 8, except for 0.1, 0.2a,0.2e, 0.3, 0.6.
Energy intensity	SABIC manufacturing footprint development standards	Section 5 Energy Accounting
Water usage & water intensity	SABIC manufacturing footprint development standards	Section 6 Water Accounting
Material loss & material loss intensity	SABIC manufacturing footprint development standards	Section 7 Material Loss Accounting
Flaring reduction since 2010	CSD 02-02 Flaring reduction matric protocol	Section 3,4 and 5
CO2 utilization	CSD 02 03 CO2 utilization matric	Section 3,4 and 5
Compliance concerns raised	Code of ethics	FAQ 2 “ What happens when a compliance concern is raised”
Incidents closed	Code of Ethics	FAQ 2 “ What happens when a compliance concern is raised”
Violations found and addressed	Code of Ethics	FAQ 2 “ What happens when a compliance concern is raised”
Code of ethics training completion	Code of Ethics	Clause IV of “Read and understand the Code of ethics”

Annexure 2 (continued)

Indicator	Framework document detailing Applicable Criteria	Relevant section of the framework document which was referred to as Applicable Criteria
Fatalities and fatalities rate	Operation Management System SHEM 10 EHSS incident reporting, classification Investigation and analysis	Indicator definition as mentioned in “EHSS master glossary sheet” - “Fatality” Formula used for computation of indicator as defined in “EHSS master glossary sheet”: (Number of fatality incidents x 200,000) / (Company Employees and Outsourced contractors Man-hours worked)
API 754 (Tier 1 incidents)	Operation Management System SHEM 10 EHSS incident reporting, classification Investigation and analysis	Definition of classification based SHEM 10 Attachment 1: <i>Mandatory - EHSS Incident Severity Determination Matrix and relevant clauses of API 754 ‘process safety’</i> Formula is not applicable since it is absolute indicator
Hazardous and non-hazardous waste	CSD-02-04: Absolute Hazardous and Non-Hazardous Wastes Reduction Metric Protocol	Section 3 to Section 5
SOx and NOx air emissions	Guidance on Non GHG emission KPI calculation	Section 4 to Section 9
Total recordable incidents rate	Operation Management System SHEM 10 EHSS incident reporting, classification Investigation and Analysis – including the attachments to the document [Attachment 1B, & glossary in particular]	Incident classification and definition as per SHEM 10 Attachment 1B: <i>Mandatory - EHSS Incident Severity Determination Matrix</i> Formula used for computation of indicator as defined in “EHSS master glossary sheet”: (Number of Recordable Injuries + illnesses x 200,000) / (Company Employees and Outsourced contractors Man-hours worked)

Annexure 2 (continued)

Indicator	Framework document detailing Applicable Criteria	Relevant section of the framework document which was referred to as Applicable Criteria
Occupational illness rate	Operation Management System SHEM 10 EHSS incident reporting, classification Investigation and analysis	Illness classification and definition as per SHEM 10 Attachment 1: <i>Mandatory - EHSS Incident Severity Determination Matrix</i> Formula used for computation of indicator as defined in "EHSS master glossary sheet": (Number of Occupational illnesses incidents x 200,000) / (Company Employees and Outsourced contractors Man-hours worked)