

CHEMISTRY THAT MATTERS™

سابك  
SABIC

# EXECUTIVE SUMMARY 2021

ANNUAL REPORT  
SUSTAINABILITY REPORT



## OVERVIEW

## THIS IS SABIC

23 bln

NET INCOME  
(SAR)6 BLN USD\*  
\* SAR/USD RATE: 3.75

318 bln

ASSETS  
(SAR)

85 BLN USD\*

175 bln

SALES  
(SAR)

47 BLN USD\*

58 mln

PRODUCTION

(METRIC TONS PER YEAR)



31,000+

Employees



50

Countries of operations  
with global headquarters  
in Riyadh, Saudi Arabia

5

key geographies with innovation  
hubs in the Middle East, the  
United States, Europe, Southeast  
Asia, and Northeast Asia

10,090

Patents and pending  
applications

## OUR LEADERSHIP



## KHALID HASHIM AL-DABBAGH

Chairman

Thanks to our foresight and resilience, we navigated 2021 successfully. The organizational transformation we launched six years ago has proven its worth. The commitment and adaptability of our employees during the COVID-19 pandemic have also been truly inspiring.



## YOUSEF ABDULLAH AL-BENYAN

Vice Chairman and Chief Executive Officer

2021 was an exceptional year. SABIC delivered on its transformation strategy with a great value realization with Saudi Aramco. There was also a strong focus on capital discipline similar to 2020 which helped to support higher dividends and position SABIC well for growth opportunities.

2021 was also the year in which we took our most far-reaching sustainability commitment yet: a public pledge to become greenhouse gas neutral by 2050. Our commitment was built on the Paris Agreement and Circular Carbon Economy Framework and drew upon the learnings of our industry peers.

We are deeply committed to creating long-term value, not only for shareholders but also for all our stakeholders under the umbrella of innovation and sustainability.

Our performance according to various environmental, health, safety, and security (EHSS) indicators was also exceptional in 2021. We achieved our best-ever overall EHSS metric score, and we remain ahead of the pace of improvement needed to reach our 2025 EHSS maturity target.

Furthermore, our Carbon Neutrality Roadmap shows how seriously we are taking innovation as we meet our long-term responsibilities. Our efforts to advance the circular economy have seen SABIC recognized globally.

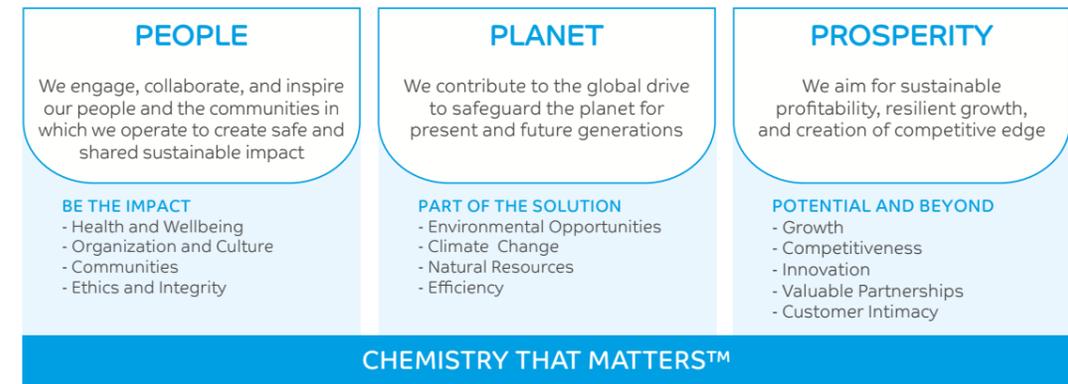
We were also honored with the “Best ESG Award” by the Saudi Capital Market Forum in the very first year of its institution – a strong testament to our industry-leading ESG proposition.

## STRATEGY

## OUR VISION

TO BE THE PREFERRED WORLD LEADER IN CHEMICALS

## VALUE PROPOSITION



SABIC's vision is to be the preferred world leader in chemicals. To realize this vision, our strategy lays out a roadmap to transform SABIC into a higher growth, sustainability-driven, more resilient, and more agile chemical company while playing a key role in Saudi Vision 2030.

For this year's annual report, we have chosen to visualize our strategy around the three fundamental pillars of the Triple Bottom Line (TBL) approach: People, Planet, and Prosperity. Our new value proposition map is a statement of intent to think about the future of our business together with the future of our society and planet, and to respond with solutions that have the pace and scale to address the challenges of our contemporary world. Our strategy continues to seek to deliver sustainable, profitable growth and create value for our broad stakeholder base, including shareholders, customers, employees, regulators, suppliers, and local communities.

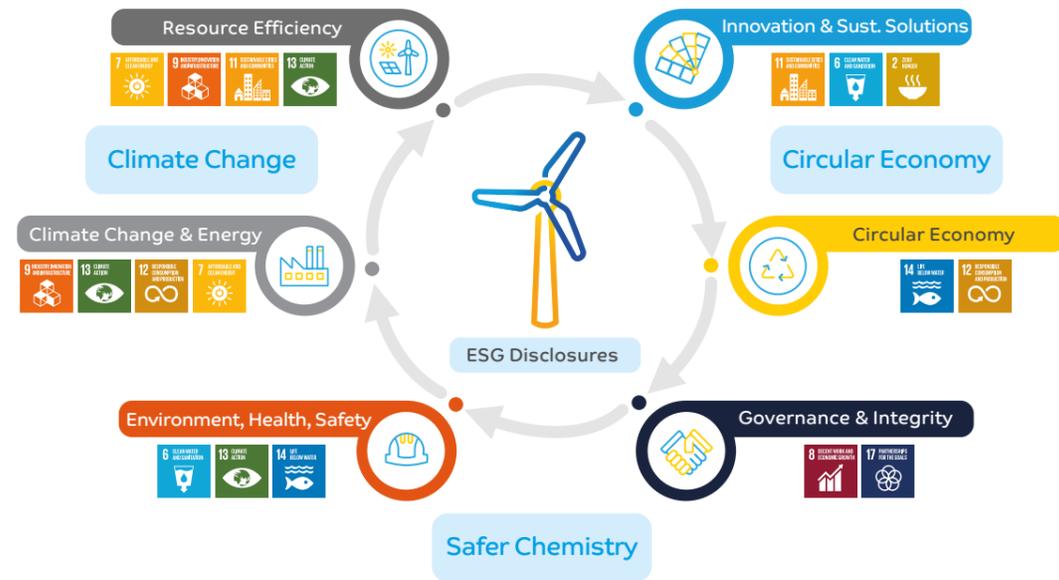
We will engage and collaborate with our stakeholders with an understanding that we have responsibility to the communities in which we operate. We will ensure long-term success via an effective and efficient organization, a robust and consistent performance culture, investments in leadership and training, and a strong set of values around inclusiveness, diversity, and integrity. We will maintain our unshakeable emphasis on process safety and product stewardship.

We will contribute to the global drive to safeguard the planet for present and future generations by acknowledging the profound effects of climate change along with recognizing the equally profound opportunity for businesses to spearhead change. We will aggressively pursue our roadmap to carbon neutrality by 2050 by reducing our greenhouse gas emissions and diligently working toward improving the efficiency of our natural resource use.

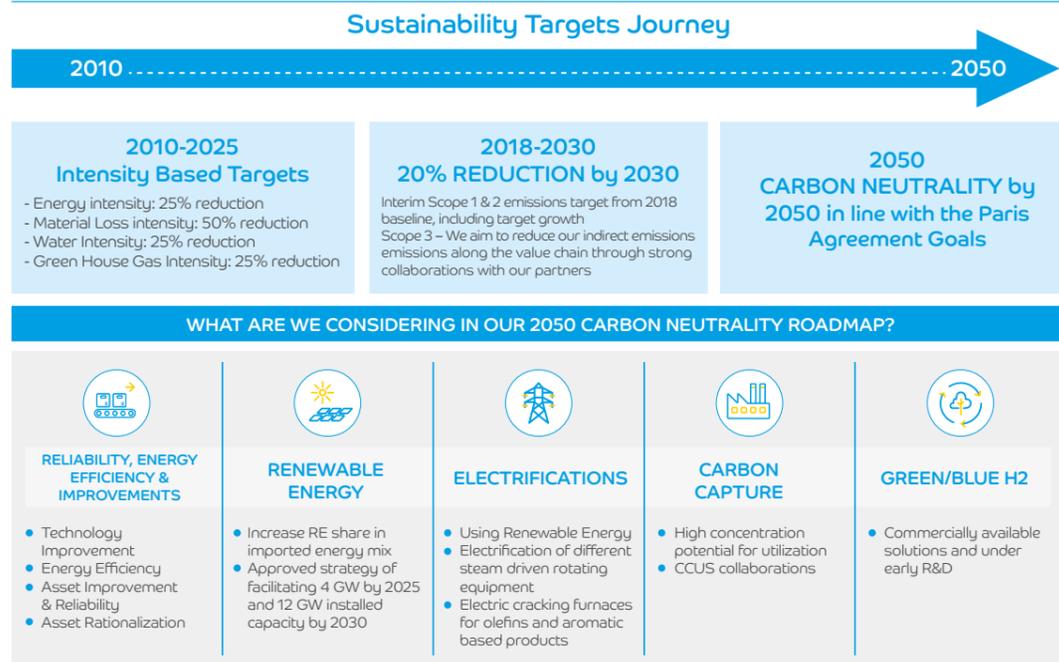
## OUR SUSTAINABILITY JOURNEY

SABIC supports the global effort to achieve the Sustainable Development Goals (SDGs) that are intended to address the world's shared challenges of poverty, inequality, climate change, environmental degradation, prosperity, and peace and justice. Our six sustainability materiality areas – resource efficiency, climate change and energy, innovation and sustainability solutions, circular economy, governance and ethics, and environment, health, safety, and security (EHSS) – are aligned with 10 of the 17 SDGs. These six materiality areas are addressed in four strategic domains: climate change, circular economy, safer chemistry, and ESG disclosures. The ESG disclosures are aimed at ensuring increased transparency in the other three domains.

MATERIALITY AREAS AND STRATEGIC DOMAINS



CARBON NEUTRAL BY 2050



In 2021, we made a public commitment for all our operations to become carbon neutral by 2050. The pledge is a statement of intent and a marker that will henceforth orient all our efforts to combat the most pressing issue of our time: climate change.

To operationalize this pledge and drive us toward our carbon neutrality ambitions, several key teams developed SABIC's Carbon Neutrality Roadmap. The roadmap identifies five primary pathways to decarbonization: Reliability, Energy Efficiency, and

Improvements; Renewable Energy; Electrification; Carbon Capture; and Green/Blue Hydrogen. These five pathways, along with SABIC's ongoing focus on circular and renewable feedstock, will organize our efforts in the years and decades to come.

In our earlier articulations of our climate ambitions, we set out intensity-based targets and mandated reductions in our greenhouse gas emission intensity (along with reductions in energy intensity, water intensity, and material loss intensity) by 2025 from a 2010 baseline. However, evolving understandings and expectations of climate change action in the corporate landscape has prompted us to re-evaluate and reshape the targets in our roadmap. We have now set a goal of a 20% reduction in absolute greenhouse emissions (Scope 1 and 2) by 2030 to support SABIC's Carbon Neutrality commitment. While we will continue to report our progress on both intensity-based and absolute reduction targets through 2025, these new absolute reduction targets will be our primary focus after 2025.

As major steps on this journey in 2021, SABIC established a groundbreaking partnership with chemical and industrial gas giants BASF and Linde to develop electrically powered steam cracker technology that will aim to reduce carbon emissions by 90%; announced plans to convert the Teesside, UK facility steam cracker from a mixed feed cracker to an ethane feed cracker, which will reduce its direct GHG emissions by up to 60%; entered into a feasibility study for the incorporation of a blue hydrogen economy at the Teesside industrial cluster, further reducing Scope 1 emissions; and signed a Memorandum of Understanding with NEOM, the planned smart city in the northwest of Saudi Arabia, to discuss and identify opportunities for collaboration for the development of a green chemistry hub using renewable energy. SABIC also entered an agreement in 2021 with the World Economic Forum and industry partners to formalize the Low-Carbon Emitting Technologies Initiative into a stand-alone entity by 2023.

In addition, SABIC and Plastic Energy commenced construction in Geleen, the Netherlands, of the world's first commercial unit to significantly upscale production of certified circular polymers derived from used plastic. The plant will chemically recycle low quality, contaminated mixed plastic waste streams into a feedstock suitable for the Company's crackers in Europe. The feedstock is created by converting the plastic waste that would otherwise be incinerated for energy recovery or diverted to landfills.

FUTURE PLANS AND INVESTMENTS

CREATING SHARED VALUE WITH SAUDI ARAMCO

Since Saudi Aramco's acquisition of a 70% majority stake in SABIC in June 2020, both entities have been working together to explore areas of synergy that will maximize value and for their respective customers, stakeholders, and shareholders.

Since the deal closed, SABIC has achieved a synergy value of US\$ 468 million. In the coming years, SABIC's share in the value creation and synergy is expected to amount to recurring annual value of US\$ 1.5 billion to US\$ 1.8 billion, which SABIC expects to achieve by 2025. Approximately 80% of this value is set to be generated from six key business areas: Procurement,

Sales and Marketing, Supply Chain, Stream Integration, Feedstock Optimization, and Maintenance.

The alignment with Saudi Aramco will also bring additional scale, technology, investment potential, and growth opportunities to SABIC. As part of the broader long-term strategy, there will be further opportunities to capture value through growth projects optimization, joint venture management and a one service delivery model.

GROWTH

This uncertain landscape demands that we capitalize on our opportunities through innovative, differentiated, and sustainable solutions. SABIC will increasingly sharpen its focus on petrochemical products in 2022, a move that will enable increased operational efficiency, create synergies, and strengthen our brand.

We are one of the first private-sector companies to support Saudi Arabia's Shareek program. Shareek, which means partner in Arabic, aims to release a wave of economic investments into the Saudi economy, primarily through industrial megaprojects. It will become an essential part of the broader economic development plan as set forth under the Kingdom's Vision 2030.

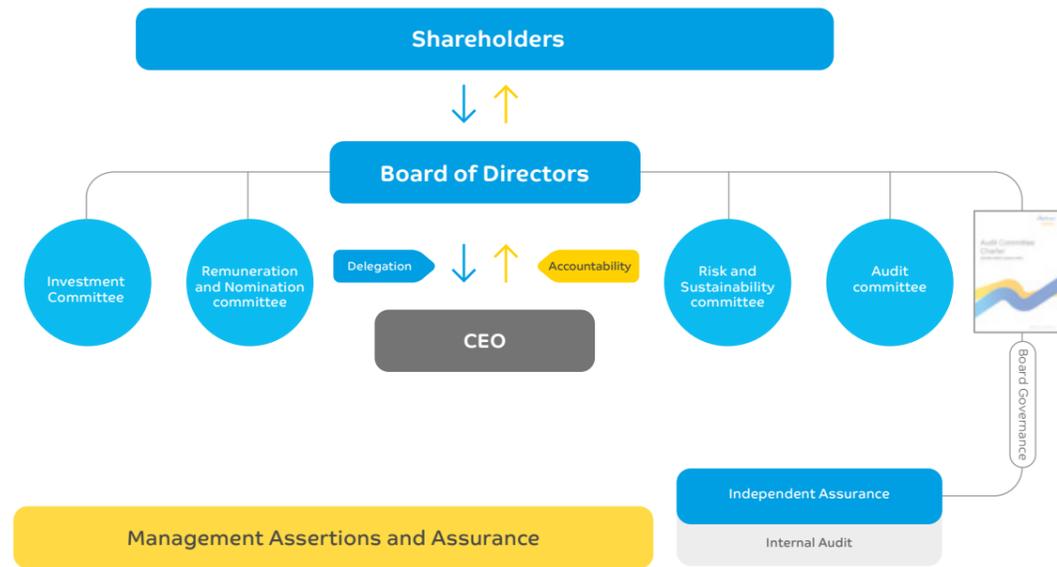
Across our operations, we will also deepen our investments in digitalization. The chemical industry has tended to lag in this area, but we see huge potential in the ability to effectively utilize big data tools/analytics to achieve superior market intelligence, gain new insights and become more responsive to our customers, as well as higher productivity and efficiency.

# CORPORATE GOVERNANCE

SABIC maintains high standards of governance as part of its commitment to maximize the company's added value. This is achieved through effective strategic planning, risk management, transparency, and social and environmental responsibility, in addition to compliance with regulatory corporate governance requirements.

Corporate governance's role goes beyond meeting compliance requirements. SABIC has developed its own corporate governance framework, which sets out roles, responsibilities, and methods of decision making, putting into action and following up. It also includes the main governance bodies of the company and clarifies how they interrelate, integrate and coordinate their activities.

## SABIC'S CORPORATE GOVERNANCE FRAMEWORK



## INTEGRITY AND COMPLIANCE

At SABIC, compliance is an ongoing process that seeks to engage our workforce, customers, suppliers, investors, community members and other stakeholders with a framework for conducting business in an ethical manner, addressing risk and mitigating issues and concerns. The SABIC Code of Ethics is the foundation of our integrity culture. Our Code of Ethics applies to all employees, management, and directors, and is communicated regularly through email outreach, mandatory online training modules, in-person trainings, and an annual integrity pledge.

Building compliance capacity in our business environment is important to our customers, suppliers and other third parties. They are not satisfied with just knowing what SABIC is doing internally, but want to have visibility over the entire supply chain and know that these are free of corruption, forced and child labor, environmental violations and other elements. In 2021, SABIC launched comprehensive compliance training program for 3rd party business partners including suppliers, distributors and contract workers. Through this online, local-language training, we are able to ensure that our third parties have a grounding in the compliance concepts that we adhere to.

All these internal and external efforts benefit us in many ways, including through independent recognition. SABIC earned Ethisphere's Compliance Leader Verification™ status for 2022 and 2023. The Compliance Leader Verification process takes a deep dive view of all aspects of a company's program, including ethics and compliance program structure and oversight, training and communication, risk measurement, monitoring for misconduct, disciplinary measures, ethical corporate culture, and employee perceptions. The rigorous review process and verification signals to SABIC and our stakeholders that our compliance efforts are widely recognized. We were also awarded a Platinum EcoVadis Medal for a second consecutive year, placing us among the top 1% of companies assessed by EcoVadis, the world's largest provider of sustainability ratings. Notably, SABIC scored 90 out of 100 for its Ethics program.



Building compliance capacity in our business environment is important to our customers, employees, suppliers and other third parties.

# FINANCIAL PERFORMANCE

Our financial performance was strong throughout 2021, driven by higher selling prices for most of our key products and a focus on capital discipline.

## SUMMARIZED CONSOLIDATED STATEMENT OF INCOME

SAR in billions	2021	2020	% change	2019	2018	2017
Sales	174.88	116.95	50%	135.40	169.13	149.77
Gross Profit	51.09	22.64	126%	29.41	57.84	49.91
Income from operations	33.24	4.57	627%	11.52	36.28	29.00
<b>Net income</b>	<b>23.07</b>	<b>0.07</b>	<b>NM*</b>	<b>5.20</b>	<b>21.52</b>	<b>18.43</b>

USD in billions	2021	2020	% change	2019	2018	2017
Sales	46.64	31.19	50%	36.11	45.10	39.94
Gross Profit	13.62	6.04	126%	7.84	15.42	13.31
Operating Profit	8.86	1.22	627%	3.07	9.67	7.73
<b>Net income</b>	<b>6.15</b>	<b>0.02</b>	<b>NM*</b>	<b>1.39</b>	<b>5.74</b>	<b>4.91</b>

\*Not meaningful

## SUMMARIZED CONSOLIDATED BALANCE SHEET

SAR in billions	2021	2020	% change	2019	2018	2017
Total Assets	318.44	295.47	8%	300.48	308.53	321.61
Total Liabilities	106.61	101.23	5%	93.67	93.28	111.47
Equity attributable to equity holders of the parent	180.14	167.63	7%	178.72	183.80	163.92

USD in billions	2021	2020	% change	2019	2018	2017
Total Assets	84.91	78.79	8%	80.13	82.27	85.76
Total Liabilities	28.43	27.00	5%	24.98	24.88	29.73
Equity attributable to equity holders of the parent	48.04	44.70	7%	47.66	49.01	43.71

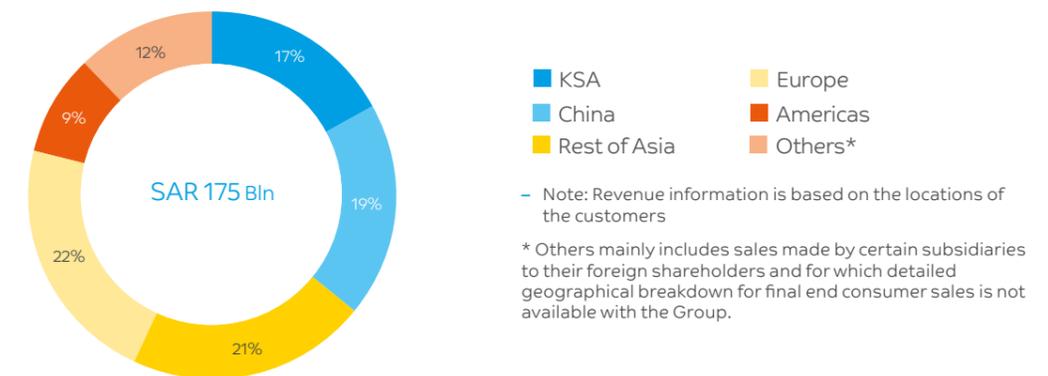
## SUMMARIZED CONSOLIDATED CASH FLOWS

SAR in billions	2021	2020	% change	2019	2018	2017
Net cash generated from operating activities	39.23	22.15	77%	33.83	44.77	38.68
Net cash used in investing activities	-8.92	-13.96	-36%	-12.36	-29.60	4.77
Net cash used in financing activities	-17.82	-14.52	23%	-23.04	-31.68	-25.72
<b>Free cash flow</b>	<b>28.26</b>	<b>8.89</b>	<b>218%</b>	<b>15.29</b>	<b>30.53</b>	<b>27.21</b>

USD in billions	2021	2020	% change	2019	2018	2017
Net cash generated from operating activities	10.46	5.91	77%	9.02	11.94	10.31
Net cash used in investing activities	-2.38	-3.72	-36%	-3.30	-7.89	1.27
Net cash used in financing activities	-4.75	-3.87	23%	-6.14	-8.45	-6.86
<b>Free cash flow</b>	<b>7.54</b>	<b>2.37</b>	<b>218%</b>	<b>4.08</b>	<b>8.14</b>	<b>7.25</b>

\* NM: Not meaningful

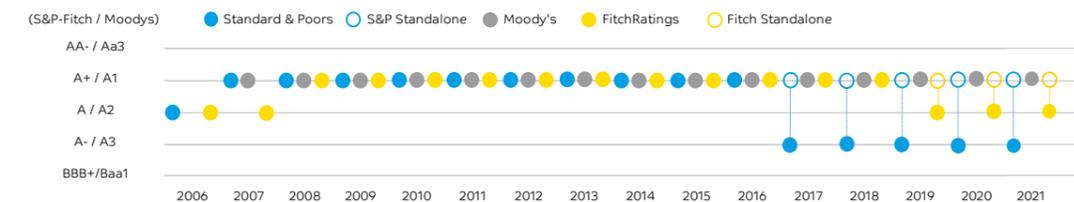
## GEOGRAPHICAL DISTRIBUTION OF REVENUES



## SABIC CREDIT RATINGS

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. SABIC's outlook is now Stable by all the three credit rating agencies, after Moodys revised it to Stable from Negative in November 2021



# STRATEGIC BUSINESS UNITS

## PETROCHEMICALS

Petrochemicals is SABIC's largest Strategic Business Unit and supplies customers all over the world with innovative solutions and products that cater to their demands for improved performance and sustainability. Our product portfolio constitutes the basic building blocks of various chemicals and advanced materials that ultimately enable the manufacture of a wide range of industrial and consumer goods.

### NON-FINANCIAL METRICS

Million MT	Production volume		Sales volume	
	2021	2020	2021	2020
Chemicals	35.75	37.33	23.05	23.59
Polythenes (PE)	4.01	4.13	7.11	7.02
Performance Polymers & Industrial Solutions (PP & IS)	6.11	6.54	6.77	6.91
<b>Total</b>	<b>45.87</b>	<b>48.01</b>	<b>36.92</b>	<b>37.52</b>

### SELECTED OPERATING HIGHLIGHTS

- SABIC was recognized by the European Chemical Industry Council (CEFIC) for its TRUCIRCLE™ solutions, which won a 2021 European Responsible Care Award in the category, "Safe and Sustainable: From design phase to use phase".
- To advance efforts to use recycled ocean plastic, SABIC collaborated with Microsoft Corporation to create the Microsoft Ocean Plastic Mouse, which features an exterior shell containing 20% recycled ocean plastic.
- SABIC is the first chemical manufacturer in the world to achieve UL 2809 Environmental Claim Validation (ECV) Procedure certification for recycled content for ocean-bound plastics in China. The ocean-bound material is mechanically recycled, compounded, and converted into components for new consumer goods and electronics applications, such as TV remote controls and electronic razors.
- SABIC received two "Golden Apple Awards" for products in its TRUCIRCLE™ portfolio from the China Plastic Reuse and Recycling Association (CPRRA). In the Advanced Recycling Product category, SABIC won for a bread packaging solution by St. Johns Packaging (a vertically integrated manufacturer) that incorporates a 30 percent content of recycled feedstock from postconsumer waste; this is the first ever bread packaging to use a circular solution. In the Ocean-Bound Recycling Product category, SABIC won for its resin NPI PCR XENOY™ T2BX2500UV, which uses 20% post-consumer recycled (PCR) content waste from ocean-bound source waste.
- In April, we signed a Memorandum of Understanding with the Saudi Recycling Investment Company (SIRC) to conduct a project feasibility study on setting up the first chemical recycling project in Saudi Arabia. The collaboration leverages the synergies and expertise between SIRC and SABIC and aims to make this massive project a role model initiative in the Middle East.

## FINANCIAL HIGHLIGHTS

**REVENUE**  
**SAR 149.9 BN**  
49% GROWTH OVER 2020

- SABIC was the first in the industry to launch circular polycarbonate produced from post-consumer mixed plastic based on advanced recycling, and first in the industry to receive ISCC PLUS certification for film and sheet products based on renewable polycarbonate.
- SABIC collaborated with Unilever and Greiner Packaging to develop an innovative new Knorr bouillon container using SABIC® PP FLOWPACT FPC45 certified circular impact polypropylene (PP) from the TRUCIRCLE™ portfolio.
- SABIC developed a new method to produce PET by using a new catalyst, antimony trioxide, in place of the existing antimony triacetate. The catalyst quantity required is half that of the previous catalyst.

### OCEAN AND OCEAN-BOUND PLASTICS

Ocean plastic is defined as plastic that has been certified by a third party as recovered from any ocean or ocean-feeding waterways or where it washed ashore from these locations. Ocean plastic differs from ocean-bound plastic in that the latter is recovered from ocean-feeding waterways, shorelines, and inland areas within a 50-kilometer radius of the ocean. The two recycled products play complementary roles in helping address the issue of ocean plastic waste.

The circular polymers produced from ocean-bound plastic form part of SABIC's TRUCIRCLE™ portfolio and services for circular innovations.



## AGRI-NUTRIENTS

SABIC is a global leader in the agri-nutrients industry, aspiring to meet the growing demand for food and solve the world's food supply challenges. Through our Agri-Nutrients business, we supply customers around the world with a wide variety of fertilizers ranging from commodity to highly specialized products, including urea, ammonia, MAP, DAP, phosphate-based fertilizers – all in a comprehensive portfolio of nitrogen-based inorganic products, and specialty solutions.

### FINANCIAL HIGHLIGHTS

**REVENUE**  
**SAR 12.2 BN**  
80% GROWTH OVER 2020

### NON-FINANCIAL METRICS

Million MT	Production volume		Sales volume	
	2021	2020	2021	2020
	7.6	8.1	6.2	6.9



SABIC Agri-Nutrients Company is poised to grow its portfolio with enhanced reliability and efficiencies.

## OPERATING HIGHLIGHTS

- We completed the consolidation and integration of our agri-nutrients investments, with all related equity shares and assets under a new company, SABIC Agri-Nutrients Company (effective January 1, 2022), in line with SABIC's diversification strategy and transformation program.
- SABIC developed three new Enhanced-efficiency fertilizers: the first-of-its-kind biodegradable polymer coated urea, formulated to deliver synchronized nutrition at exactly the time and rate the growing crop needs; stabilized nitrogen urea through the injection approach; and an enhanced efficiency fertilizer product which is built on a unique dual N technology.
- SABIC developed soluble granular NPK, a technology that meets the needs of end users who require high nutrient efficiency delivered using standard farming practices but at lower cost.
- SABIC introduced three urea-enriched products: zinc-coated urea, humic acid-coated urea, and urea calcium sulphate (UCS).
- An environmentally friendly formaldehyde-free additive was demonstrated at a commercial scale in our prilled urea plant. This would make the full capacity of our prilled urea available as a technical grade urea, which enables diesel engines to run more efficiently and reduces air emissions.
- SABIC is exploring opportunities in green ammonia production using sustainable electricity, water, and air to reduce the carbon footprint in existing affiliates. SABIC Agri-Nutrients aims to play a leading role in the low carbon ammonia market, as well as the ammonia energy market. These initiatives form a strong part of SABIC's decarbonization roadmap.

## SPECIALTIES

SABIC's Specialties business produces a range of highly differentiated products, including high-performance thermoplastics, compounds, and additives that meet complex thermal, mechanical, optical, and electrical property requirements. Our branded portfolio, which serves a wide range of industries, includes EXTEM™ resins, ULTEM™ resins and additives, NORYL™ resins and oligomers, LNP™ compounds and copolymers.

## NON-FINANCIAL METRICS

Million MT	Production volume		Sales volume	
	2021	2020	2021	2020
	0.082	0.097	0.308	0.271

## OPERATING HIGHLIGHTS

- 2021 marked the first full year in which Specialties operated as a stand-alone business, initiating a process to eventually introduce separate financial reporting and empower its business model based on customer intimacy, technological advantage, and service agility.
- 2021 Edison Award winner for LNP™ ELCRES™ CRX copolymer, a new type of material that has exceptional chemical resistance capabilities needed to enhance the durability of medical devices and equipment housings. It is a drop-in alternative that can help prevent premature part failure from environmental stress cracking due to increasingly aggressive disinfectants used to combat COVID-19 infections.

## METALS (HADEED)

While not an SBU, Hadeed operates as a fully independent entity with a strategic plan to be the preferred local and regional leader in the steel industry. Our product portfolio consists of a broad range of hot-rolled and cold-rolled flat products in coil form, long products, and wire rod coils. As one of the largest steel producers in the region, we are committed to supporting infrastructure development in Saudi Arabia and maintaining best-in-class standards in efficiency, reliability, and EHSS.



Among Hadeed's strategic priorities are boosting its EHSS culture and performance transformation.

- R&D 100 Awards winner for ELCRES™ HTV150 dielectric film and High-Purity SD1100P specialty dianhydride, aimed at advancing the 5G and electrical mobility markets.
- A new portfolio of bio-based ULTEM™ resins are the first International Sustainability and Carbon Certification Plus (ISCC+)-certified renewable high performance, amorphous polymers available in the industry, enabling a seamless means of reducing the carbon footprints of highly demanding applications in consumer electronics, aerospace, automotive, and other industries where high temperature, dimensional stability, or demanding mechanical performance is necessary.
- LNP™ THERMOCOMP™ WFC06I and WFC06IXP compounds were introduced to help designers of Advanced Driver Assistance Systems (ADAS) radar units meet goals related to size and weight reduction, signal transmission accuracy and reliability improvements, and seamless integration with vehicles.
- Bio-based LNP™ THERMOCOMP™ DC0041PE-7M1D145W compound offers customers new sustainable options for demanding applications in consumer electronics, healthcare, and other key industries. This new compound was developed with over 50 percent of recycled content from post-consumer recycled (PCR) resin and pre-consumer recycled carbon fiber sources. The total sustainable-driven formulation has potential carbon footprint reductions of up to 17 percent.

## FINANCIAL HIGHLIGHTS

REVENUE  
**SAR 12.8 BN**

35% GROWTH OVER 2020

## NON-FINANCIAL METRICS

Million MT	Production volume		Sales volume	
	2021	2020	2021	2020
	4.6	4.5	4.4	4.6

## SELECTED OPERATING HIGHLIGHTS

- Remained strongly aligned with Saudi Vision 2030 project stakeholders such as NEOM, Qiddayah, Roshen, as well as signing a Memorandum of Understanding with the Red Sea Development Company.
- With our expertise in the iron and steel making process, Hadeed supported Saudi Aramco in the development of its plate mill project jointly owned by an international partner.

# ESG PERFORMANCE

## PERFORMANCE SUMMARY

Most material key performance indicators	Unit	2017	2018	2019	2020	2021
<b>Resource Efficiency</b>						
Energy intensity	GJ/t product sales	17*	17*	17*	16.3*	16.2*
Water intensity	m³/t product sales	2.7*	2.6*	2.6*	2.5*	2.6*
Material-loss intensity	t/t product sales	0.078*	0.070*	0.070*	0.065*	0.066*
Flaring reduction since 2010 <sup>1</sup>	Percent	43*	43*	48*	56*	51*
CO <sub>2</sub> utilization	Million tons	3.5*	4.0*	3.6 <sup>3</sup>	3.7*	3.6*
Absolute waste reduction since 2010	Percent				29.8%	11.9%
<b>Climate</b>						
Greenhouse gas emission intensity	MTCO <sub>2</sub> e/MT product sales	1.23*	1.22*	1.17*	1.14*	1.12*
Renewable energy	GW				Will report in 2022	
<b>ADDITIONAL ESG METRICS Ethics + Integrity</b>						
Compliance concerns raised	Number	114*	152*	157*	90*	99*
Incidents closed	Number	97*	119*	135*	69*	89*
Violations found (addressed)	Number	58*	42*	41*	30*	41*
Training completion <sup>2</sup>	Percent	99*	99*	99*	99*	99*
<b>Innovation and sustainability solutions</b>						
Total patent portfolio	Number	11,534	11,738	12,540	9,946	10,090
Sustainability solutions	Cumulative number	82	82	88	93	93
<b>Environment, Health, Safety, and Security</b>						
EHSS rate <sup>4</sup>	Incidents/200,000 hours worked	0.50*	0.43*	0.57*	0.42*	0.34*
Total recordable incident rate	Incidents/200,000 hours worked	0.12*	0.14*	0.14*	0.10*	0.11*
Occupational illness rate	Illnesses/200,000 hours worked	0.014*	0.003*	0.008*	0.003*	0.002*
Fatalities	Number	1*	0*	0*	3*	0*
Fatalities rate	Fatalities/200,000 hours worked	0.001	0.000	0.000	0.003	0.000
API 754 PSE Tier 1	Incidents	7	7	25	10*	15*
API 754 PSE Tier 2	Incidents	-	-	-	13	6
Security incidents	Class A + Class B + Class C (SHEM-10)	3	1	1	1	1
Security incident rate	Incidents/200,000 hours worked	0.008	0.001	0.001	0.001	0.001*
Hazardous substances released	Metric tons (MT)	-	-	-	14.3*	2.8*
<b>Human Capital Development</b>						
Women in the workplace	Percent of workforce	7.2	7.3	7.5	7.4	7.4
Learning programs	Participants	24,944	22,222	15,388	15,462	9,632
<b>Social Impacts</b>						
Community giving	Million US\$	57.5	36.7	15.6	39.6	33.6
<b>Supply Chain</b>						
Safety and quality assessment system - liquids	Percent of suppliers	100	100	100	100	81
Safety and quality assessment system - solids	Percent of suppliers	93	91	93	98	85

\* All metrics marked with an asterisk (\*) in this table and on successive pages have been assured by KPMG.

<sup>#</sup> Adjusted for comparison purposes.

<sup>1</sup> Flaring reduction calculations are based on reduction of greenhouse-gas emissions.

<sup>2</sup> Compliance data are reported for the 23,500 employees of Saudi Basic Industries Corporation and its wholly-owned affiliates, but not for employees of SABIC's non-wholly owned manufacturing joint ventures (or affiliates) in the Kingdom of Saudi Arabia. Note this is a severity-weighted rating.

<sup>3</sup> 2019 CO<sub>2</sub>-Utilization numbers were recalculated and adjusted for comparison purposes.

<sup>4</sup> This is a severity weighted rating

# INNOVATION AND SUSTAINABILITY SOLUTIONS

We believe innovation is the way to a more sustainable future and despite the many market disruptions of the post-COVID-19 era, we did not waver in our determination in seeking sustainable solutions for some of the most urgent environmental problems facing humanity. Our approach is to invest in the research and development of sustainable products, operations, and business models that will influence an industry transformation and spur the transition towards more sustainable lifestyles. We collaborate with a diverse range of partners to achieve our objectives and to commercialize our new products and applications, bringing sustainable solutions as swiftly as possible to consumers across the globe.

TOTAL ACTIVE PATENT PORTFOLIO

10,090

NEW PRIORITY PATENT APPLICATIONS IN 2021

207

TOTAL SUSTAINABILITY SOLUTIONS

93



Our new focus on supporting commercial objectives allowed us to undertake strategic patent support to the business on a global basis.

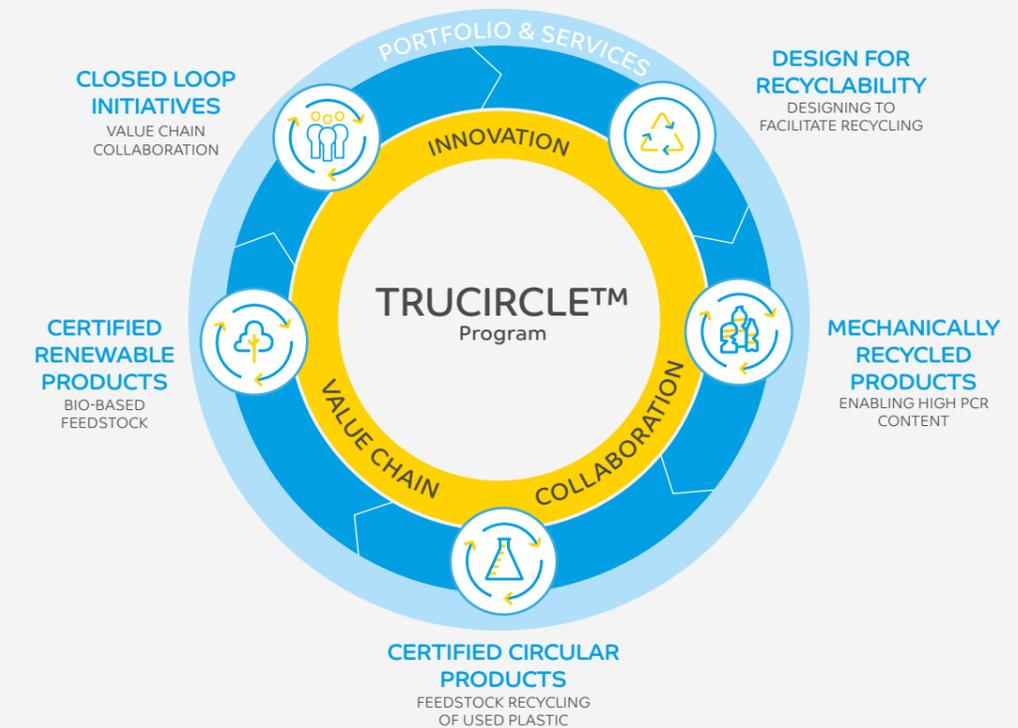
## 2021 HIGHLIGHTS

- The Petrokemya caustic soda plant in Jubail is under construction. The project aims to replace cell lines with state-of-the-art membrane electrolyze cell lines, which eliminates the use of asbestos, produces very high-quality caustic soda, and has significant power saving per ton of chlorine produced.
- Our US petrochemicals joint venture with ExxonMobil in southeast Texas, Gulf Coast Growth Ventures, is at the commissioning stage and expected to begin commercial operations in 2022. When operational, it will contribute towards diversifying our feedstock sources and establish a petrochemical manufacturing presence in North America for a wide range of products.
- The joint venture polycarbonate plant in China, the SINOPEC SABIC Tianjin Petrochemical Co. Ltd, is now under construction.
- In Singapore, our project to increase global capacity for SABIC high-performance engineering thermoplastic materials, ULTEM™ resins, is also now in the construction phase.
- SABIC won the Edison Awards for three innovative technologies – Sanitizing Agents (two silver awards) and Sustainable Farming (bronze).
- Two of the advanced materials from our Specialties portfolio were placed on the R&D 100 Awards' list of the year's top revolutionary technologies.
- We continued to extend the reach of the TRUCIRCLE™ portfolio with new global partnerships and innovative solutions to generate greater economies of scale for circular solutions.
- SABIC was named by global consulting firm Frost & Sullivan as the “Global Company of the Year” for best practices in Circular Economy (used plastics recycling and resource recovery).
- SABIC won the IHS Chemical Week 2021 Sustainability Award in the category of Best Recycling/Circularity Initiative.

## TRUCIRCLE™

Through TRUCIRCLE™, SABIC has deepened our commitment to the circular economy and developed a framework through which we rethink how we do business. TRUCIRCLE™ comprises two overarching initiatives: Portfolio and Services.

- **Portfolio** focuses on product circularity and includes three pillars: Mechanically Recycled Products, Certified Circular Products, and Certified Renewable Products.
- **Services** focuses on collaborations around circularity and includes two pillars: Design for Recyclability and Closed-Loop Initiatives.



### PORTFOLIO



### SERVICES



# CLIMATE, ENERGY, AND RESOURCE EFFICIENCY

## KEY METRICS

These metrics provide the changes in performance compared to 2010 for GHG emissions, energy use, freshwater use, material loss, and flaring reduction. Total CO<sub>2</sub> utilization is the absolute usage in 2020. The intensities are based on units per metric ton of external production sales.

<b>GREENHOUSE GAS INTENSITY REDUCTION</b>	<b>ENERGY INTENSITY REDUCTION</b>	<b>WATER INTENSITY REDUCTION</b>	<b>MATERIAL LOSS INTENSITY REDUCTION</b>
17.5%	11.3%	13.7%	45.5%
<b>FLARING (METRIC TON CO<sub>2</sub>e)</b>	<b>FLARING EMISSION REDUCTION</b>	<b>TOTAL CO<sub>2</sub> UTILIZATION (MILLION METRIC TONS)</b>	<b>ABSOLUTE WASTE REDUCTION</b>
1,811,884	51.1%*	3.61*	11.9%

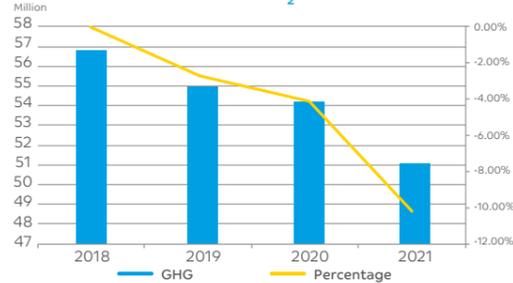
## GREENHOUSE GAS

Absolute emissions fell by 5.8% from 2020, with reductions of 2.0% in Scope 1 and 13.7% in Scope 2 emissions. The decrease in Scope 2 emissions was largely due to reduction of the carbon emission factors for electricity in Saudi Arabia, Spain, and Germany.

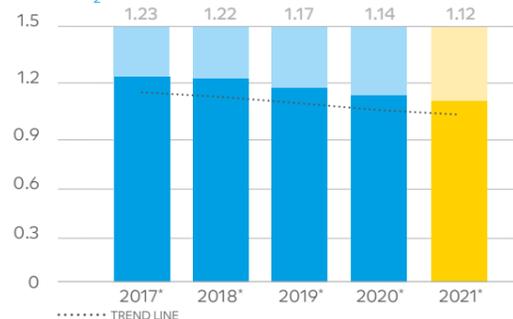
GHG in MTCO <sub>2</sub> e	2020*	2021*
Scope 1 – Financially consolidated	29,564,902	29,003,145
Scope 2 – Financially consolidated	14,484,898	12,555,400
Scope 1 - 3.5 affiliates †	7,183,996	7,004,342
Scope 2 - 3.5 affiliates †	3,028,044	2,555,942
<b>TOTAL SCOPE 1 &amp; 2</b>	<b>54,261,840</b>	<b>51,118,829</b>

†3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC

## ABSOLUTE GHG MTCO<sub>2</sub>e\*



## GREENHOUSE GAS INTENSITY (MTCO<sub>2</sub>e/MT PRODUCT SALES)\*



In line with our CEO's Carbon Neutrality announcement, we aspire to reduce our indirect Scope 3 emissions along the value chain. As part of our culture of continuous improvement and effort to support the sustainability aspirations of our partners in the value chain, we started our Scope 3 reporting journey in 2019 with an initial comprehensive look at all 15 categories. In 2021, SABIC received limited assurance on Scope 3 emissions for the calendar year 2020, becoming the first Company in the industry to assure overall Scope 3 emissions.

SABIC has continued to evaluate its scope 3 emissions, showing a total of 116 million mtco2e in 2021, a 3.3% reduction since 2020.

## SCOPE 3 EMISSIONS SUMMARY\*

Scope 3 Emissions in million MTCO <sub>2</sub> e	2020	2021
Financially consolidated		
3.5 affiliates † reported in Scope 3, Category 15	112	107
Total GHG scope 3	120	117
3.5 affiliates † reported in Scope 1&2		

\*Assured by KPMG

†3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC

† Our reporting boundary for our Environmental Sustainability KPIs is in line with current financial consolidation; however we have opted to include 3.5 SABIC affiliates – Kemya, Sharq, Yanpet and 50% of SAMAC – that were moved outside financial boundaries in 2020 as part of the total numbers. (Please see Note 39 of SABIC's Financial Statements 2020 for further details on consolidation.)

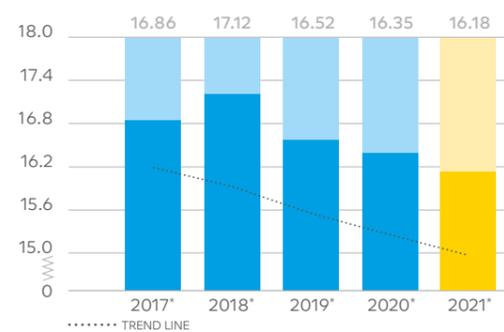
## ENERGY

Energy intensity decreased by 1% from 2020, and we saw a 4.4% reduction in absolute energy consumption from 2020. The main drivers for this reduction were strategic business decisions related to SABIC high-intensity olefins operations.

Energy in GJ	2020*	2021*
Financially consolidated	634,079,757	600,739,990
3.5 affiliates †	141,170,381	140,489,510
<b>TOTAL ENERGY</b>	<b>775,250,138</b>	<b>741,229,500</b>

†3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC

## ENERGY INTENSITY (GJ/MT PRODUCT SALES)



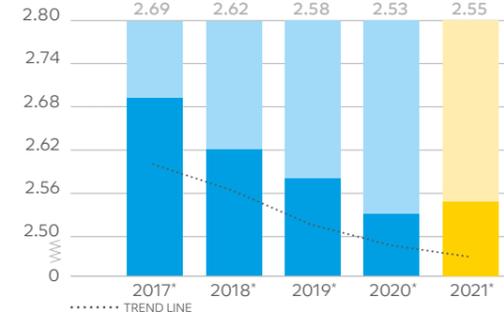
## WATER

Water intensity increased 0.5% from 2020, driven primarily by the start-up of new plants at our Gas and United affiliated as well as a seawater cooling piping failure at Yansab.

Water in m3	2020*	2021*
Financially consolidated	104,885,651	100,509,077
3.5 affiliates †	15,211,131	16,079,841
<b>TOTAL WATER</b>	<b>120,096,782</b>	<b>116,588,918</b>

†3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC

## WATER INTENSITY (m<sup>3</sup>/t PRODUCT SALES)



In 2021, we increased the granularity of our environmental footprint reporting with the addition of water withdrawal, water discharge, and water consumption accounting across our manufacturing sites in accordance with GRI 303 Water & Effluents (see page 47 of Sustainability Report 2021 for further details).

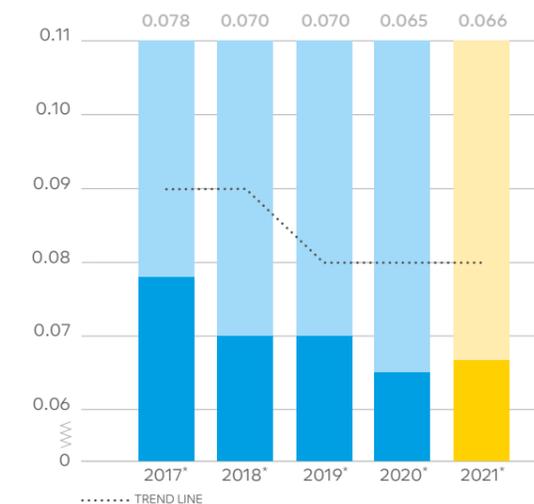
## MATERIAL LOSS

Our material loss intensity increased by 1.4% from 2020 while our absolute material loss volumes decreased by 2% over the same period. This was driven primarily by a 3.4% decrease in external sales vs. 2020 and an increase of 11% in flaring across all global affiliates.

Material Loss in MT	2020*	2021*
Financially consolidated	1,972,807	2,027,852
3.5 affiliates †	1,115,058	997,163
<b>TOTAL MATERIAL LOSS</b>	<b>3,087,864</b>	<b>3,025,015</b>

†3.5 affiliates includes Kemya, Sharq, Yanpet and 50% SAMAC

## MATERIAL LOSS INTENSITY (t/t PRODUCT SALES)



# EHSS AND PRODUCT SAFETY

Protecting environmental and human health, safety, and security (EHSS) is at the heart of our business. From educating our stakeholders, to creating sustainable product life cycles, to promoting health and safety in the communities where we live and work, we strive to create a culture of stewardship. We continually seek to improve our EHSS performance and to strengthen health and safety competencies and policies across our Organization.

EHSS RATE	EHSS SHER ABSOLUTE RATE
-19%	0.34
MATURITY INDEX	CUSTOMER PRODUCT INQUIRIES ANSWERED
81.8%	12,001

### SELECTED HIGHLIGHTS

- From 2005 to 2021, the EHSS rate improved by 90%.
- SABIC was recognized for our commitment to the Operation Clean Sweep® program by The Gulf Petrochemicals and Chemicals Association (GPCA).
- Our Certified Circular Polymers won the European Chemical Industry Council (CEFIC) award
- SABIC Asia-Pacific (APAC) won the 2021 Responsible Care® Chairman’s Award.
- SABIC EHSS Corporate achieved recertification in Responsible Care® 14001:2015 (Including ISO 14001).
- In Saudi Arabia, we also achieved certification in ISO 45001:2018 for the first time.
- In 2021, we developed and rolled out regulatory data sheets (RDS) on several polymer and chemical products for direct access to our customers through our corporate website, resulting in a decrease in the total number of cases handled through our Customer Declaration Portal from 12,559 in 2020 to 12,001 in 2021 (and the total number of documents handled from these cases decreased by about 12%).



We work with our stakeholders to enhance their awareness of EHSS.

# ENGAGEMENT AND COLLABORATION

With a global operation that spans nearly 50 countries, we have a large and diverse array of stakeholders with wide-ranging expectations from our operations and presence. Therefore, we have adopted a strategy of continuous engagement and collaboration with key stakeholders wherever we do business to enable mutual understanding and cooperation and minimize negative impacts environmentally, socially, and economically.

### HUMAN CAPITAL

In global business environments today, the pandemic has blurred the boundaries across our workforce, our workplace, and the very nature of our work itself. We have adapted to a “new normal”, which requires courage and leadership. In the face of these new challenges, we remained deeply committed to protecting the well-being of our people and providing a platform to help them unlock their full potential to support our continued global growth.

### PERFORMANCE METRICS

EMPLOYEES GLOBALLY	WORKFORCE DISTRIBUTION	WOMEN IN THE WORKFORCE	SABIC SCHOLARSHIP PROGRAM
31,000+	64.1% Middle East & Africa 15.6% Europe 9.1% Asia 11.2% Americas	7.4% of total workforce	357 (Male 270, Female 87)
GLOBAL ASSIGNMENTS	SABIC LEADERSHIP LEARNING	LEARNING AND DEVELOPMENT PROGRAMS	TRAINING PROGRAM PARTICIPANTS
117	587 Participants	1,172	9,632
NEW HIRES	TURNOVER	AVERAGE HOURS OF TRAINING PER EMPLOYEE PER YEAR	
1,278	5.4% of total workforce	17.4	

### LISTENING TO OUR PEOPLE

We recognize that we have a diverse global workforce that has a variety of needs and concerns, and changing patterns of work have introduced unique challenges in terms of employee engagement. Our 2021 SABIC COVID-10 Pulse Survey and the Global Employee Town Hall initiatives were important vehicles we used to remain connected to real employee sentiment and motivation.

- Respondents felt well informed and treated with dignity and respect: 90%
- Respondents recognize SABIC’s prioritization of employee safety: 82%
- Challenges to monitor: increased stress, health concerns, and issues around the current work-life balance

**EMPOWERING OUR PEOPLE**

In 2021, we continued building on our talent development programs and foster SABIC networks. Successful programs started in 2020 have been further solidified in 2021, like Project Endeavor, which provides opportunities for employees to work on business projects sponsored by senior leaders, the Asia Leadership Acceleration program, which enhances leadership capacities and the New Manager Learning Journey, an on-the-job learning portal for new managers.

DELIVERED GLOBAL LEADERSHIP PROGRAMS	97
EMPLOYEES WHO ATTENDED GLOBAL LEADERSHIP PROGRAMS	1,927
EMPLOYEES WHO ATTENDED SABIC LEADERSHIP WAY 2.0 WORKSHOPS	257
COACHING	14 Professionally certified coaches developed
MENTORING	605 Employees enrolled in formal mentoring program
SABIC LEADERSHIP WAYFINDER ASSESSMENTS COMPLETED	5,669
360 SLW ASSESSMENTS COMPLETED	406
MID MANAGEMENT WHO ATTENDED 5 SLW SUMMITS	690
PARTICIPANTS IN LEADERSHIP DEVELOPMENT AMERICAS WOMEN'S NETWORK	200
DEDICATED TRAININGS FOR INTERNAL EMPLOYEE RESOURCE GROUPS NETWORKS	4



We place strong emphasis on developing and encouraging internal talent.

**RECOGNIZED AS A TOP EMPLOYER & DIVERSITY LEADER**

SABIC was officially recognized as the “Top Employer Asia Pacific” for the ninth consecutive year in 2021. SABIC also received the “Top Employer 2021” awards in five of its key Asian markets – China for the twelfth year, and India, Japan, Singapore, and South Korea for the ninth year. For the third consecutive year, SABIC was featured on the Financial Times Diversity Leaders rankings, which assesses employees’ perceptions of companies’ inclusiveness and efforts to promote diversity.



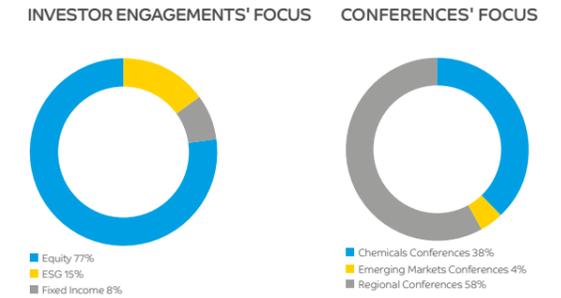
The SABIC Academy's Digital Learning Experience now provides greater opportunities for employees to develop their knowledge, wherever they are located.

**INVESTMENT COMMUNITY**

We continue to have a world-class engagement with all participants of the capital markets with continuous and open communications, including institutional, retail investors and analysts. The pandemic continued to enforce social distance throughout the year, keeping the majority of the events virtual, and bringing benefits like increased participation in existing and new events but also being able to reach several new investors.

To that effect, the Ordinary Annual General Meeting was held virtual for the second consecutive year to allow all shareholders to participate and exercise e-voting. Compared to the previous year, the participation of individual shareholders increased by 30%.

Over the course of the year, we held more than 100 meetings reaching over 700 investors and analysts, while participating in regional, emerging and international chemicals conferences. In addition, with a rising investor interest in ESG and sustainable innovation, we participated and supported several ESG focused webinars, roundtables and conferences.

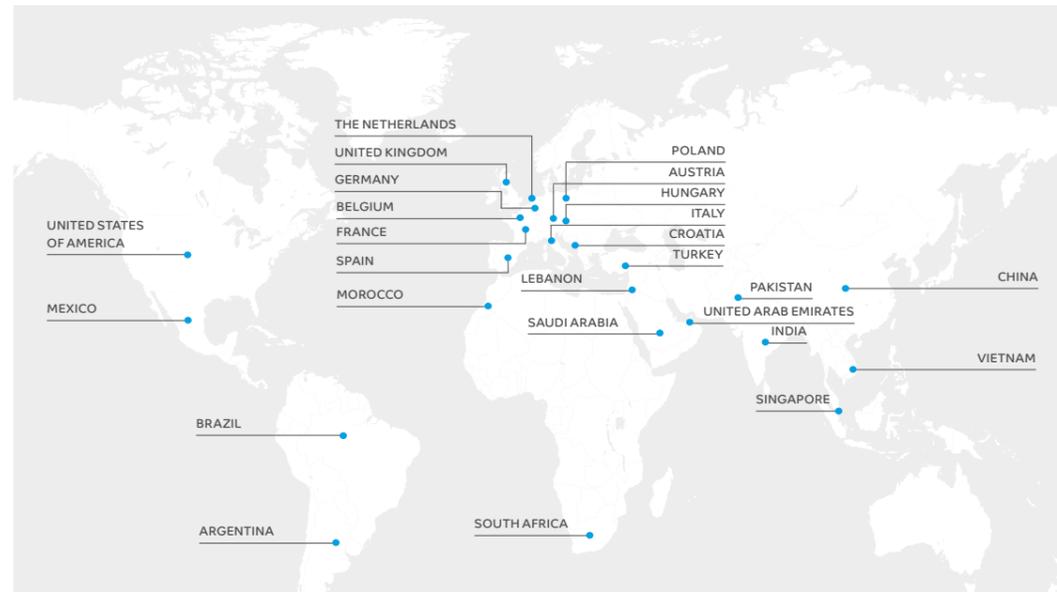


We continue to have a world-class engagement with all participants of the capital markets.

## SOCIAL IMPACT AND COMMUNITY RELATIONSHIPS



### OUR CSR FOOTPRINT GLOBALLY



Our Global Corporate Social Responsibility activities address specific community needs in each country.

SABIC's CSR program covered five key initiatives in 2021: the Global Environmental Protection Initiative; the Global Health Initiative; the Back-to-School Initiative; the Global Initiative for Education & Innovation; and the Global Social Initiative. SABIC's global CSR strategy and focus areas contribute to 10 UN Sustainable Development Goals and the three Saudi Vision 2030 pillars: "A Vibrant Society" under our Health & Wellness focus area, "A Thriving Economy" under Science & Technology Education, and "An Ambitious Nation" under Environmental Protection and Water & Sustainable Agriculture. While we invested and pursued projects under each of these initiatives in 2021, our priority focus areas were Environmental Protection and Health & Wellness.



Our Global Environmental Protection Initiative reached 16 countries this year.

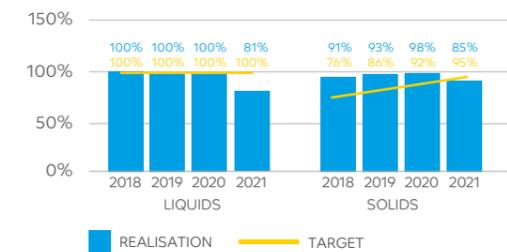
## SUSTAINABLE SUPPLY CHAINS

### SAFETY AND QUALITY ASSESSMENT SYSTEM

SABIC has been collaborating with other industry stakeholders to develop robust criteria for sustainability assessment in Safety and Quality Assessment (SQAS) to measure the EHSS performance of logistics service providers and to address areas for further improvement.

#### KEY METRICS

##### SQAS FOR TOTAL LIQUIDS AND SOLIDS



##### SQAS BY REGION FOR LIQUIDS AND SOLIDS



Apart from the unprecedented challenges resulting from evolving COVID-19 variants during the year, the global supply chain was affected by various disruptions during the year. Among them were a five-day winter and ice storm that had widespread impact across the United States, northern Mexico, and parts of Canada in February 2021, and the six-day obstruction of the Suez Canal in March 2021 causing major disruptions to logistics services worldwide. Ramifications included limited port operations, drops in schedule reliability and cargo displacement, which in turn impacted inventory levels, customer fulfillment, and cost performance across the supply chain.

In a recovering logistics landscape facing a number of new challenges in 2021, we sustained optimal service levels and successfully delivered more than 18,000 stock keeping units, adding up to 33 million tons of products to nearly 12,000 customers in over 130 countries, working in close collaboration with over 500 logistics service providers worldwide.



We have strengthened our procurement processes by proactively managing inbound and outbound logistics.

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